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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the fiscal year ended December 31, 1996

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

Commission File No. 0-27754

HUB GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware 36-4007085
(State or other jurisdiction of (I.R.S. Employer
incorporation of organization) Identification No.)

377 E. Butterfield Road, Suite 700
Lombard, Illinois 60148
(Address and zip code of principal executive offices)

(630) 271-3600
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Class A Common Stock, \$.01 par value
(Title of Class)

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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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the Registrant's voting stock held by non-affiliates on March 6, 1997, based upon the last reported sale price on that date on the Nasdaq National Market of \$27 3/4 per share, was \$145,314,262.

On March 17, 1997, the Registrant had 5,262,750 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.

Documents Incorporated by Reference

The Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 14, 1997, (the "Proxy Statement") is incorporated by reference in Part III of this Form 10-K to the extent stated herein. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as a part hereof.

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PART I

Item 1. BUSINESS

General

Hub Group, Inc. ("Hub Group" or the "Company") is a Delaware corporation which was incorporated on March 8, 1995. Since its founding as an intermodal marketing company ("IMC") in 1971, the Company has become a full service transportation provider. As the largest IMC in the United States, Hub Group, acting as agent, arranges for the movement of its customers' freight in containers and trailers over long distances. In addition, Hub Group arranges for the transportation of freight by truck where intermodal transportation is not available or economical and performs comprehensive logistics services.

The Company operates through an extensive nationwide network of 34 offices or "Hubs." Each Hub is strategically located in a market that has a significant concentration of shipping customers and one or more railheads. Each Hub functions essentially as a stand alone business managed locally by an executive, known as a "Principal," with significant transportation experience and, with the exception of Hub Chicago (defined below), Hub Tennessee (defined below), Hub North Central (defined below) and Hub City New Orleans, L.P., an equity ownership interest in that Hub. Local management is responsible for operations, customer service and regional marketing, while corporate management is responsible for group strategic planning and administration, financial services, relationships with the railroads, management of the Company's logistics services business and management information systems support. Hub Group also maintains a National Accounts sales force to provide centralized marketing of the Company's services to large and geographically diversified shippers.

On March 18, 1996, Hub Group purchased Hub City Terminals, Inc. ("Hub Chicago") in a stock-for-stock acquisition. Concurrent with the acquisition of Hub Chicago, Hub Group completed the initial public offering of 4,261,250 shares of its Class A common stock (the "Class A Common Stock"), with net proceeds to Hub Group of \$52.9 million. Simultaneously with the initial public offering, Hub Group, through its new wholly owned subsidiary, Hub Chicago, acquired with cash the general partnership interests in 26 operating partnerships, each with one or more offices. In addition, Hub Group directly acquired with cash a controlling interest in the Hub Group Distribution Services partnership ("Hub Distribution") which performs certain specialized logistics functions (each of the 26 operating partnerships and Hub Distribution are a "Hub Partnership" and collectively are the "Hub Partnerships"). With the exception of Hub Distribution, the Company has the continuing option, exercisable any time after the Principal currently associated with a Hub Partnership ceases to be an employee, to purchase the limited partnership interest in that Hub Partnership. The decision as to whether or when to exercise an option to acquire the limited partnership interest in a Hub Partnership will be made by the independent members of the Company's Board of Directors. Unless the context otherwise requires, references to "Hub Group" or the "Company" include Hub Chicago, the Hub Partnerships and their respective subsidiaries.

In addition to the acquisitions made in connection with the initial public offering, the Company made the following strategic investments in 1996. In April 1996, the Company's newly formed joint venture with Norton Lilly International Inc. ("Norton Lilly"), a large steamship agent, began operations. The joint venture facilitates international shipments of freight originating in or destined for the United States. The North American intermodal freight movements arranged by the joint venture are handled by the Hub network. Norton Lilly is responsible for arranging steamship passage and local transportation in foreign countries. On May 2, 1996, the Company acquired the domestic intermodal marketing business of American President Lines Domestic Distribution Services ("APLDDS") from American President Companies, Ltd. ("APC"). As a result of the APLDDS acquisition, the Company acquired the right to service APLDDS customers, but did not assume any assets or liabilities associated with that business. The Company hired 36 experienced intermodal personnel from the APLDDS organization. On August 1, 1996, the Company purchased the remaining 70% minority interest in one of the Hub Partnerships, Hub City Tennessee, L.P. ("Hub Tennessee"). On December 12, 1996, the Company purchased the remaining 70%

minority interest in another Hub Partnership, Hub City North Central, L.P. ("Hub North Central").

Services Provided

The Company's transportation services can be broadly placed into the following categories:

Intermodal As part of its intermodal services, the Company contracts with railroads to provide transportation over the long-haul portion of the shipment and, when not providing the services itself, contracts with drayage companies for local pickup and delivery. The Company also negotiates rail and drayage rates, electronically tracks shipments in transit, consolidates billing and handles claims for freight loss or damage on behalf of its customers. The Company uses its Hub network, connected through its proprietary advanced intermodal management ("AIM") system, to access containers and trailers owned by leasing companies, railroads and steamship lines. Because each Hub not only handles its own outbound shipments but also handles inbound shipments from other Hubs, each Hub is able to track trailers and containers entering its service area and use that equipment to fulfill its customers' outbound shipping requirements. This effectively allows the Company to "capture" containers and trailers and keep them within the Hub network without having to make a capital investment in transportation equipment.

The Company's ability to deliver its intermodal customers' freight on time depends on the quality and service provided by the drayage companies with which it does business. Due to the size of these drayage companies and their limited access to capital for expansion, the Company's future growth will depend in part on its ability to identify additional local drayage capacity to service the Company's customers. In some locations, drayage service is limited or customers require an enhanced level of service which cannot be competitively accommodated by a third-party provider. In these locations, the Company has begun to supplement third party drayage operations with company-owned tractors to service portions of the Company's intermodal business. See Item 7 Management's Discussion and Analysis - Liquidity and Capital Resources.

Brokerage The Company arranges for the transportation of freight by truck, providing customers another option for their transportation needs. This is accomplished by matching customers' needs with carriers' capacity to provide the best service and price combination. The Company has contracts with a substantial base of carriers allowing it to meet the varied needs of its customers. The Company negotiates rates, tracks shipments in transit, consolidates billing and handles claims for freight loss and damage on behalf of its customers. The Company's brokerage operation also provides customers with specialized programs. Through the Dedicated Trucking program, certain carriers agree to move freight for Hub's customers on a continuous basis. This arrangement allows Hub to gain control of the trucking equipment to effectively meet its customer's needs without owning the equipment. Through the Managed Carrier program, Hub assumes the responsibility for all truckloads the customer's core carriers cannot handle. This program is tailored to each customer, and provides the customer with increased control and improved service due to Hub's resources and expertise.

Logistics The Company has expanded its service capabilities as customers increasingly outsource their logistics needs. Logistics functions currently offered include comprehensive transportation management, arranging for delivery to multiple locations at the shipment's destination, third party warehousing and other customized logistics services, as well as other non-traditional logistics services such as installation of point of sale merchandise displays.

The Company operates its comprehensive transportation management business from its corporate headquarters in Lombard, Illinois. From this central location, the Company's Hub Logistics division provides complete transportation services, essentially replacing the customer's transportation department. Once the Company is hired as a single source logistics provider, Hub Logistics negotiates with intermodal, railcar, truckload and less-than-truckload carriers to move the customer's product through the supply chain and then dispatches the move for the customer. Using its advanced transportation management software, Hub Logistics consolidates orders into full truckload shipments, chooses a shipping route, electronically tenders loads to carriers and reports the move to the customer.

Hub Network

Over the past 25 years, Hub Group has grown from a single office with two employees into a network of 32 Hubs in the United States, one Hub in Canada and one Hub in Mexico. Hub Group also has several satellite sales offices. In developing this network, the Company has carefully selected each location to ensure coverage in areas with significant concentrations of shipping customers and one or more railheads. Hub Group currently has Hubs in the following cities:

Atlanta	Grand Rapids	Milwaukee	Rochester
Baltimore	Houston	Minneapolis	St. Louis
Birmingham	Indianapolis	New Haven	Salt Lake City
Boston	Jacksonville	New Orleans	San Antonio
Chicago(3)	Kansas City	New York City	San Francisco
Cleveland	Los Angeles	Philadelphia	Seattle
Dallas	Memphis	Pittsburgh	Toledo
Detroit	Mexico City	Portland	Toronto

The entire Hub network is interactively connected through the Company's AIM system. This enables Hub Group to move freight into and out of every major city in the United States and most locations in Canada and Mexico.

Each Hub manages the freight originating in or destined for its service area. In a typical intermodal transaction, the customer contacts the local Hub to obtain shipping schedules and a price quote for a particular freight movement. The local Hub obtains the necessary intermodal equipment, arranges for it to be delivered to the customer by a drayage company and, after the freight is loaded, arranges for the transportation of the container or trailer to the rail ramp. Information is entered into the AIM system by the local Hub, which monitors the shipment to ensure that it will arrive as scheduled. This information is simultaneously transmitted through the AIM system to the Hub closest to the point of delivery, which arranges for and confirms delivery by a drayage company. This arrangement among the Hubs is transparent to the customer and allows the customer to maintain its relationship solely with the originating Hub.

The Company provides brokerage services to its customers in a similar manner. In a typical brokerage transaction, the customer contacts the local Hub to obtain transit information and a price quote for a particular freight movement. The customer then provides appropriate shipping information to the local Hub. The local Hub makes the delivery appointment and arranges with the appropriate carrier to pick up the freight. Once it receives confirmation that the freight has been picked up, the local Hub monitors the movement of the freight until it reaches its destination and the delivery has been confirmed. If the carrier notifies Hub Group that after delivering the load it will need additional freight, the Hub located nearest the destination is notified electronically of the carrier's availability. The ability of Hub to provide reloads for carriers reduces the risk that the carrier will return empty.

Marketing and Customers

The Company believes that fostering long-term customer relationships is critical to the Company's success. Through these long-term relationships, the Company is able to better understand its customer's needs and to tailor transportation services for a specific customer, regardless of the customer's size or volume. The Company has created a database of current and prospective customers, profiling each customer's shipping patterns, which the Company periodically updates. This database allows the Company to target its marketing to meet each customer's specific requirements.

The Company currently has full time marketing representatives at each Hub with primary responsibility for servicing local and regional accounts. These sales representatives work from the 34 Hubs and the Company's satellite sales offices. This network provides a local marketing contact for small and medium shippers in most major metropolitan areas within the United States.

In 1985, the Company organized National Accounts to service the needs of the nation's largest shippers. The Company recognized that although large shippers originate freight from multiple locations throughout the country, their logistics function is usually centralized. The Company essentially mirrored this structure by servicing national accounts from a central location and parceling out the servicing of individual freight shipments to the appropriate Hub. There are currently 16 National Accounts sales representatives who report to the Company's Executive Vice President of National Accounts. The National Accounts sales representatives regularly call on the nation's largest shippers to develop business relationships and to expand the Company's participation in servicing their transportation needs. When a business opportunity is identified by a National Accounts sales representative, the Company's market development and pricing personnel and the local Hubs work together to provide a transportation solution tailored to the customer's needs. Local Hubs provide transportation services to National Accounts customers. After the plan is implemented, National Accounts' personnel maintain regular contact with the shipper to ensure customer satisfaction and to refine the process as necessary.

This unique combination of local and regional marketing has produced a large, diverse customer base. The Company services customers in a wide variety of industries, including consumer products, printing, paper, retail, chemicals and electronics.

Management Information System

A primary component of the Company's business strategy is the continued improvement of its AIM system and other technology to ensure that the Company will remain a leader among transportation providers in information processing for intermodal transportation. The AIM system consists of a network of IBM AS/400 computers located at the Hubs and linked to a host computer at the Company's headquarters. Hub Group uses IBM's Global Network as the nucleus for linking its computers and databases. This configuration provides a real time environment for transmitting data among the Hubs and the Company's headquarters using electronic data interchange ("EDI"), electronic mail and other protocols. It also allows Hub to communicate electronically with each railroad, certain drayage companies and those customers with EDI capabilities.

The Company's proprietary AIM system is the primary mechanism used by the Hubs to process customer transportation requests, schedule and track shipments, prepare customer billing, establish account profiles and retain critical information for analysis. The AIM system provides mainframe-to-mainframe connectivity with each of the major rail carriers, enabling the Company to electronically schedule and track shipments in a real time environment. In addition, the AIM system's EDI features offer customers with EDI capability a completely paperless process, including load tendering, shipment dispatch, shipment tracking, customer billing and remittance processing. The Company aggressively pursues opportunities to establish EDI interfaces with its customers and carriers.

Relationship with Railroads

A key element of the Company's business strategy is to strengthen its close working relationship with each of the major intermodal railroads in the United States. The Company views its relationship with the railroads as a partnership. Due to the Company's size and relative importance, many railroads have dedicated support personnel to focus on the Company's day-to-day service requirements. On a semi-annual basis, senior executives of the Company and each of the railroads meet to discuss major strategic issues concerning intermodal transportation. Several of the Company's executive officers, including both the Company's Chairman and President, are former railroad employees, which makes them well-suited to understand the railroads' service capabilities.

The Company has contracts with each of the following railroads:

Atchison, Topeka & Santa Fe	Illinois Central
Burlington Northern	Kansas City Southern
Canadian Pacific	Norfolk Southern
Conrail	Southern Pacific
CSX	Union Pacific

These contracts govern the transportation services and payment terms pursuant to which the Company's intermodal shipments are handled by the railroads. The contracts have staggered renewal terms with the earliest expiration at the end of June 1997. While there can be no assurances that these contracts will be renewed, the Company has in the past successfully negotiated extensions of the contracts with the railroads. Transportation rates are market driven and are typically negotiated between the Company and the railroads on a customer specific basis. Consistent with industry practice, many of the rates negotiated by the Company are special commodity quotations ("SCQs"), which provide discounts from published price lists based on competitive market factors and are designed by the railroads to attract new business or to retain existing business. SCQ rates are generally issued for the account of a single IMC. SCQ rates apply to specific customers in specified shipping lanes for a specific period of time, usually six to 12 months.

Relationship with Drayage Companies

In 1990, the Company instituted its "Quality Drayage Program," which consists of agreements and rules that govern the framework pursuant to which the drayage companies perform services for the Company. Participants in the program commit to provide high quality service, clean and safe equipment, maintain a certain on-time performance level and follow specified procedures designed to minimize freight loss and damage. Whenever possible, the Company uses the services of drayage companies that participate in its Quality Drayage Program. However, during periods of high demand for drayage services or at the request of a customer, the Company will use the services of other drayage companies. The local Hubs negotiate drayage rates for transportation between specific origin and destination points. These rates generally are valid, with minor exceptions for fuel surcharge increases, for a period of one year.

Relationship with Truckload Carriers

The Company's brokerage operation has a large and growing number of active carriers in its database which it uses to transport freight. The local Hubs deal daily with these carriers on an operational level. Hub Highway Services handles the administrative and regulatory aspects of the carrier relationship. Hub views its relationships with its carriers as important since these relationships determine pricing, load coverage and overall service.

Risk Management and Insurance

The Company requires all drayage companies participating in the Quality Drayage Program to carry at least \$1.0 million in general liability insurance and \$1.0 million in cargo insurance. Railroads, which are self insured, provide limited common carrier liability protection, generally up to \$250,000 per shipment, although higher coverage is available on a load-by-load basis. To cover freight damage when a carrier's liability cannot be established or a carrier's insurance is insufficient to cover freight loss or damage, the Company carries its own \$1.5 million cargo insurance and \$2.0 million general liability insurance. The Company also carries a companion \$10.0 million umbrella policy on its general liability insurance.

Government Regulation

Hub Highway Services, a partnership controlled by the Company, is licensed by the Department of Transportation ("DOT") as a broker in arranging for the transportation of general commodities by motor vehicle. To the extent that the Hubs perform truck brokerage services, they do so under the license granted to Hub Highway Services. The DOT prescribes qualifications for acting in this capacity, including certain surety bonding requirements. While the DOT requires a \$10,000 surety bond to maintain this license, the Company has voluntarily posted a \$100,000 surety bond. To date, compliance with these regulations has not had a material adverse effect on the Company's results of operations or financial condition. However, the transportation industry is subject to legislative or regulatory changes that can affect the economics of the industry by requiring changes in operating practices or influencing the demand for, and cost of providing, transportation services.

Competition

The transportation services industry is highly competitive. The Company competes against other IMCs, as well as logistics companies, third party brokers and railroads that market their own intermodal services. In addition, there is an emerging trend for larger truckload carriers to enter into agreements with railroads to market intermodal services nationwide. Competition is based primarily on freight rates, quality of service, reliability, transit time and scope of operations. Several transportation service companies and truckload carriers, and all of the major railroads, have substantially greater financial and other resources than the Company.

General

Employees As of February 28, 1997, the Company had approximately 1,050 employees. The Company is not a party to any collective bargaining agreement and considers its relationship with its employees to be satisfactory.

Other No material portion of the Company's operations is subject to renegotiation of profits or termination of contracts at the election of the federal government. The Company has not spent a material amount on company sponsored research and development activities or on customer sponsored research activities. None of the Company's patents and trademarks is believed to be material to the Company. The Company's business is seasonal to the extent that certain customer groups, such as retail, are seasonal.

Item 2. PROPERTIES

The Company directly, or indirectly through the Hub Partnerships, operates 40 offices throughout the United States and in Canada and Mexico, including the Company's headquarters in Lombard, Illinois, its National Accounts office in Stamford, Connecticut, four National Accounts sales offices, Hub Logistics offices in Lombard and Stamford and Hub Distribution's office. The office buildings used by the Hubs located in Milwaukee, Toledo, Detroit and Kansas City are owned, and the remainder are leased. The office building in Kansas City is subject to a mortgage. Most office leases have initial terms of more than one year, and many include options to renew. While some of the Company's leases are month-to-month and others expire in the near term, the Company does not believe that it will have difficulty in renewing them or in finding alternative office space. The Company believes that its offices are adequate for the purposes for which they are currently used.

Item 3. LEGAL PROCEEDINGS

The Company is a party to routine litigation incident to its business, primarily claims for freight lost or damaged in transit or improperly shipped. Most of the lawsuits to which the Company is party are covered by

insurance and are being defended by the Company's insurance carriers. Management does not believe that the litigation to which it is currently a party, if determined adversely to the Company, would individually or in the aggregate have a materially adverse effect on the Company's financial position or results of operations. See Item 1 Business - Risk Management and Insurance.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of the Company's security holders during the fourth quarter of 1996.

Executive Officers of the Registrant

In reliance on General Instruction G to Form 10-K, information on executive officers of the Registrant is included in this Part I. The table sets forth certain information as of March 20, 1997 with respect to each person who is an executive officer of the Company.

Name	Age	Position
Phillip C. Yeager	69	Chairman of the Board of Directors
David P. Yeager	44	Vice Chairman of the Board of Directors and Chief Executive Officer
Thomas L. Hardin	51	President, Chief Operating Officer and Director
William L. Crowder	54	Vice President--Finance, Chief Financial Officer and Treasurer
Daniel F. Hardman	48	President--Chicago Region
Mark A. Yeager	32	Vice President, Secretary and General Counsel
John T. Donnell	57	Executive Vice President--Marketing
Robert L. Maro	44	Vice President--Information Services
Robert J. Jensen	42	President--Hub Group Operations Management

Phillip C. Yeager, the Company's founder, has been Chairman of the Board since October 1985. From April 1971 to October 1985, Mr. Yeager served as President of Hub Chicago. Mr. Yeager became involved in intermodal transportation in 1959, five years after the introduction of intermodal transportation in the United States, as an employee of the Pennsylvania and Pennsylvania Central Railroads. He spent 19 years with the Pennsylvania and Pennsylvania Central Railroads, 12 of which involved intermodal transportation. In 1991, Mr. Yeager was named the Man of the Year by the Intermodal Transportation Association. In 1995, he received the Salzburg Practitioners Award from Syracuse University in recognition of his lifetime achievements in the transportation industry. In October 1996, Mr. Yeager was inducted into the Chicago Area Entrepreneurship Hall of Fame sponsored by the University of Illinois at Chicago. In March 1997, he received the Presidential Medal from Dowling College for his achievements in transportation services. Mr. Yeager graduated from the University of Cincinnati in 1951 with a Bachelor of Arts degree in Economics. Mr. Yeager is the father of David P. Yeager and Mark A. Yeager and the father-in-law of Robert J. Jensen.

David P. Yeager has served as the Company's Vice Chairman of the Board since January 1992 and as Chief Executive Officer of the Company since March 1995. From October 1985 through December 1991, Mr. Yeager was President of Hub Chicago. From 1983 to October 1985, he served as Vice President, Marketing of Hub Chicago. Mr. Yeager founded the St. Louis Hub in 1980 and served as its President from 1980 to 1983. Mr. Yeager founded the Pittsburgh Hub in 1975 and served as its President from 1975 to 1977. Mr. Yeager received a Masters in Business Administration degree from the University of Chicago in 1987 and a Bachelor of Arts degree from the University of Dayton in 1975. Mr. Yeager is the son of Phillip C. Yeager, the brother of Mark A. Yeager and the brother-in-law of Robert J. Jensen.

Thomas L. Hardin has served as the Company's President since October 1985 and has served as Chief Operating Officer and a director of the Company since March 1995. From January 1980 to September 1985, Mr. Hardin was Vice President-Operations and from June 1972 to December 1979, he was General Manager of the Company. Prior to joining the Company, Mr. Hardin worked for the Missouri Pacific Railroad where he held various marketing and pricing positions. During 1996, Mr. Hardin was Chairman of the Intermodal Association of North America.

William L. Crowder has been the Company's Vice President of Finance and Chief Financial Officer since April 1994 and Treasurer since July 1996. From January 1990 through December 1993, Mr. Crowder was Vice President of Finance and Treasurer of Sears Logistics Services, Inc., a transportation, distribution and home delivery subsidiary of Sears Roebuck & Company. Mr. Crowder worked at Sears Roebuck & Company from 1966 through 1989 in various senior financial management positions. Mr. Crowder received a Bachelors of Business Administration degree from Georgia State University in 1966.

Daniel F. Hardman has been the President--Chicago Region since February 1996. Mr. Hardman has been employed by the Hub Group since 1982, serving as President of Hub Chicago from December 1992 to February 1996, Vice President of Hub Chicago from January 1987 to December 1992, General Manager of Sales of Hub Chicago from August 1985 to January 1987, President of Hub Charlotte from June 1984 to August 1985 and Regional Sales Manager of Hub Chicago from December 1982 to June 1984. Mr. Hardman is a former Director of the Intermodal Transportation Association and is presently a member of the Chicago Traffic Club and the Chicago Intermodal Transportation Association. Mr. Hardman is a 1991 graduate of the Certificate Program in Business Administration from the University of Illinois.

Mark A. Yeager has been the Company's Vice President, Secretary and General Counsel since March 1995. From May 1992 to March 1995, Mr. Yeager served as the Company's Vice President--Quality. Prior to joining the Company in 1992, Mr. Yeager was an associate at the law firm of Grippo & Elden from January 1991 through May 1992 and an associate at the law firm of Sidley & Austin from May 1989 through January 1991. Mr. Yeager received a Juris Doctor degree from Georgetown University in 1989 and a Bachelor of Arts degree from Indiana University in 1986. Mr. Yeager is the son of Phillip C. Yeager, the brother of David P. Yeager and the brother-in-law of Robert J. Jensen.

John T. Donnell has been Executive Vice President of Marketing since October 1993. From October 1985 through October 1993, Mr. Donnell served as Vice President of National Accounts. Prior to joining the Company in 1985, Mr. Donnell worked for Transamerica Leasing as Vice President of Marketing where he was responsible for marketing 40,000 intermodal trailers to the railroads and the intermodal marketing industry. Mr. Donnell received a Master of Business Administration degree from Northwestern University in 1981 and a Bachelor of Science degree in Marketing from Northeast Louisiana University in 1961.

Robert L. Maro has been Vice President of Information Services since November 1991. From January 1978 through November 1991, Mr. Maro worked as Director of Operations for Zink & Katich, an information technology consulting firm that provided consulting services to the Company. Mr. Maro received a Bachelor of Science degree in Mathematics from Chicago State University in 1974.

Robert J. Jensen has been President of Hub Group Operations Management since July 1991. He served as President of Hub St. Louis from July 1985 through July 1991 and as General Manager of Hub St. Louis from October 1980 through July 1985. Mr. Jensen received a Bachelor of Science degree in Finance from the University of Illinois in 1977. Mr. Jensen is the son-in-law of Phillip C. Yeager and the brother-in-law of both David P. Yeager and Mark A. Yeager.

PART II

Item 5. MARKETS FOR REGISTRANTS COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The Class A Common Stock of the Company trades on the Nasdaq National Market tier of The Nasdaq Stock Market ("Nasdaq") under the symbol "HUBG." The Class A Common Stock was first traded on Nasdaq on March 13, 1996, concurrent with the underwritten initial public offering of the Company's Class A Common Stock at an initial price to the public of \$14.00 per share (the "Offering"). Prior to the Offering, there was no established public trading market for the Class A Common Stock. Set forth below are the high and low prices for shares of the Class A Common Stock of the Company in 1996 from March 13, 1996, the date of the Offering, through the end of the first quarter of 1996 and for each full quarterly period thereafter in 1996.

	1996	
	High	Low
	-----	---
First Quarter (From March 13, 1996)	\$19	\$14
Second Quarter	24 1/4	17 5/8
Third Quarter	22 5/8	16
Fourth Quarter	27 1/2	21 1/4

On March 24, 1997, there were approximately 41 stockholders of record of the Class A Common Stock and, in addition, there were an estimated 3,325 beneficial owners of the Class A Common Stock whose shares were held by brokers and other fiduciary institutions. On March 24, 1997, there were nine holders of record of the Company's Class B common stock (the "Class B Common Stock" together with the Class A Common Stock, the "Common Stock").

The Company was incorporated in 1995 and has never paid cash dividends on either the Class A Common Stock or the Class B Common Stock. The declaration and payment of dividends by the Company are subject to the discretion of the Board of Directors. Any determination as to the payment of dividends will depend upon the results of operations, capital requirements and financial condition of the Company, and such other factors as the Board of Directors may deem relevant. Accordingly, there can be no assurance that the Board of Directors will declare or pay dividends on the shares of Common Stock in the future. The certificate of incorporation of the Company requires that any cash dividends must be paid equally on each outstanding share of Class A Common Stock and Class B Common Stock.

Item 6. SELECTED FINANCIAL DATA

Selected Financial Data
(in thousands except per share data)

	Years Ended December 31,				
	1992	1993	1994	1995	1996(1)
Statement of Operations Data:					
Revenue	\$64,446	\$73,123	\$86,876	\$81,408	\$754,243
Purchased transportation	59,360	67,985	80,588	75,142	662,679
Net revenue	5,086	5,138	6,288	6,266	91,564
Costs and expenses	3,007	3,295	3,940	3,699	63,639
Operating income	2,079	1,843	2,348	2,567	27,925
Other income (expense)	96	96	58	71	(221)
Income before minority interest and taxes	2,175	1,939	2,406	2,638	27,704
Minority interest	--	--	--	--	16,366
Income before taxes	2,175	1,939	2,406	2,638	11,338
Income taxes	29	32	37	39	4,294
Net income (as reported)	2,146	1,907	2,369	2,599	7,044
Pro forma provision for additional income taxes(2)	841	744	925	1,016	241
Pro forma net income	\$ 1,305	\$ 1,163	\$ 1,444	\$ 1,583	\$ 6,803
Pro forma earnings per share	\$ 0.79	\$ 0.70	\$ 0.87	\$ 0.95	\$ 1.35
Pro forma weighted average shares outstanding	1,662	1,662	1,662	1,662	5,058
As of December 31,					
	1992	1993	1994	1995	1996(1)
Balance Sheet Data:					
Working capital	\$ 110	\$ 1,125	\$ 1,457	\$ 804	\$ 15,877
Total assets	7,239	9,511	10,360	9,083	201,225
Long-term debt, excluding current portion	--	--	--	--	28,714
Stockholders' equity	576	1,553	1,769	1,165	46,124

(1) On March 18, 1996, Hub Group, Inc. purchased Hub City Terminals, Inc. ("Hub Chicago") in a stock-for-stock acquisition through the 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, 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 approximately \$52,945,000. 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 acquired with cash a controlling interest in each of 27 operating partnerships. On May 2, 1996, the Company acquired the rights to service the customers of American President Lines Domestic Distribution Services. See the Notes to the Company's Consolidated Financial Statements.

(2) Prior to March 18, 1996, the Company was an S corporation and not subject to Federal corporate income taxes. On March 18, 1996, the Company changed its status from an S corporation to a C corporation. The statement of operations data reflects a pro forma provision for income taxes as if the Company were subject to Federal and state corporate income taxes for all period presented. The pro forma provision reflects a combined Federal and state tax rate of 40%. See the Notes to the Company's Consolidated Financial Statements.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

CAPITAL STRUCTURE

Hub Group, Inc. was incorporated on March 8, 1995. On March 18, 1996, Hub Group, Inc. purchased Hub City Terminals, Inc. ("Hub Chicago") in a stock-for stock acquisition through the issuance of 1,000,000 shares of Class A common stock and 662,296 shares of 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, Hub Group, Inc. completed the initial public offering of 4,261,250 shares of its Class A common stock. Coincident with the initial public offering, a selling stockholder sold 1,000,000 shares of Hub Group, Inc.'s Class A common stock through a secondary offering.

BUSINESS COMBINATIONS

Concurrent with the initial public offering, Hub Group, Inc., together with its wholly owned subsidiary, Hub Chicago, acquired a controlling interest in each of 27 operating partnerships (collectively referred to as "Hub Partnerships"). Prior to March 18, 1996, Hub Chicago and Hub Partnerships were under common control and formed a network that collectively worked with customers and vendors. On May 2, 1996, Hub Group, Inc. purchased the rights to service the customers of American President Lines Domestic Distribution Services ("APLDDS"), a division of APL Land Transport Services, Inc, from its parent American President Companies, Ltd.

The revenue of the acquired businesses is many multiples of the revenue of Hub Chicago. As a result, consolidated revenue and operating expense for Hub Group, Inc. and its subsidiaries (the "Company") increased dramatically in the periods subsequent to March 17, 1996.

As a result of the APLDDS acquisition, the Company acquired the right to service APLDDS customers, but did not assume any assets or liabilities associated with that business. Furthermore, the Company hired only 36 of the more than 200 employees in the APLDDS organization. The APLDDS business was absorbed directly into the operations of Hub Chicago and Hub Partnerships and management believes the associated incremental operating costs are significantly less than the historical operating costs experienced by APLDDS. Management does not track the incremental purchased transportation and operating costs attributable to the acquired APLDDS business. Consequently, discussion of results of operations excluding acquisitions is limited to comparisons of revenue. Discussion of pro forma financial data reflects results of operations as if Hub Group, Inc. had acquired Hub Partnerships and APLDDS as of January 1, 1995.

RESULTS OF OPERATIONS

Year Ended December 31, 1996, Compared to Year Ended December 31, 1995

Revenue

Revenue totaled \$754.2 million for 1996, representing an increase of 826.5% over 1995. Without the acquisitions, Company revenues totaled \$85.2 million for 1996 for an increase of 4.7% over 1995. The minor increase in revenue without acquisitions is attributed principally to Hub Chicago's loss of a portion of a significant customer's business. This consumer products manufacturer moved the production of one of its major products to a facility which is now being served by one of the operating partnerships that comprise Hub Partnerships.

Pro forma revenue increased 5.3% to \$938.9 million from \$891.8 million in 1995. The 1995 pro forma revenue was impacted significantly by the addition of the revenue reported by APLDDS. The business acquired from APLDDS on May 2, 1996, had been experiencing significant decline during 1995 and the first quarter of 1996. This decline had a negative influence on the pro forma revenue growth rate. Despite the declining trend, management believes the Company has successfully transitioned and retained greater than 90% of the APLDDS business that existed on May 2, 1996.

Excluding the revenue relating to APLDDS prior to the acquisition on May 2, 1996, Hub Chicago and Hub Partnerships, on a combined basis assuming Hub Chicago had acquired Hub Partnerships on January 1, 1995, experienced a revenue increase of 25.7% to \$893.2 million in 1996 from \$710.8 million in 1995. This percentage increase is primarily attributable to strong growth in truckload brokerage and logistics as well as the acquisition of the APLDDS business. Intermodal revenues, excluding APLDDS from all periods, increased moderately on a percentage basis.

Net Revenue

Net revenue as a percentage of revenue increased to 12.1% for 1996 compared to 7.7% in 1995. This increase is primarily a reflection of the higher net revenue as a percentage of revenue that is experienced by Hub Partnerships as compared to Hub Chicago. Hub Chicago has a larger proportion of high volume/low margin accounts than does Hub Partnerships.

Pro forma net revenue as a percentage of revenue increased to 11.9% in 1996 from 11.3% in 1995. On a pro forma basis, net revenue as a percentage of revenue for the APLDDS business was 7.3% and 4.1% for 1995 and the period January 1, 1996 through May 1, 1996, respectively. Management believes that the net revenue percentage on the transitioned APLDDS business has improved modestly over the APLDDS 1995 pro forma net revenue percentage. The lower pro forma percentages experienced by APLDDS causes the current year percentages to compare favorably to the prior year percentages. This favorable pro forma comparison is partially offset by the lower net revenue percentage experienced by the addition of new logistics customers in late 1995 and early 1996.

Salaries and Benefits

Salaries and benefits increased to \$43.9 million in 1996 from \$2.5 million in 1995. Pro forma salaries and benefits increased to \$55.9 million in 1996 from \$50.4 million in 1995. APLDDS was a division of APL Land Transport Services, Inc. ("APL") and consequently received much of its support services from APL. In return for these services, APLDDS was assessed a management fee. This arrangement had the effect of deflating salaries and benefits while inflating selling, general and administrative expenses. As a result, salaries and benefits reported by APLDDS in servicing their customers were lower as a percentage of revenue than traditionally experienced by the Company. For 1995 and the period January 1, 1996 through May 1, 1996, salaries and benefits as a percentage of revenue for APLDDS were 3.8% and 4.8%, respectively. Pro forma salaries and benefits as a percentage of revenue increased to 6.0% for 1996 from 5.7% in 1995, which is partially attributed to the historical cost structure of APLDDS. The Company's investment in additional personnel in 1996 also contributed to this increase. These additional personnel were hired to handle additional truckload brokerage and logistics business, to expand the local and national sales forces and to provide the financial and administrative services required for continued growth.

Selling, General and Administrative

Selling, general and administrative expenses increased to \$17.1 million in 1996 from \$1.2 million in 1995. Pro forma selling, general and administrative expenses decreased to \$23.2 million in 1996 from \$29.8 million in 1995. As a percentage of revenue these pro forma expenses were 2.5% in 1996 and 3.3% for 1995. As explained in "Salaries and Benefits," APLDDS received much of its support services through a management fee arrangement with APL. This caused the APLDDS historical selling, general and administrative expenses to be a significantly greater percentage of revenue than the percentage traditionally experienced by the Company. For 1995 and the period January 1, 1996, through May 1, 1996, selling, general and administrative expenses as a percentage of revenue for APLDDS were 7.3% and 6.0%, respectively.

Depreciation and Amortization

Depreciation and amortization expense increased to \$2.6 million in 1996 from a negligible amount in 1995. Pro forma depreciation and amortization increased to \$3.3 million in 1996 from \$3.1 million in 1995. As a percentage of revenue, pro forma depreciation and amortization increased to 0.4% in 1996 from 0.3% in 1995.

Other Income (Expense)

Interest expense was \$1.0 million in 1996 and zero in 1995. All of the interest expensed in 1996 was incurred subsequent to March 17, 1996. Pro forma interest expense increased to \$1.3 million in 1996 from \$1.2 million in 1995.

There are three primary components of interest expense. First, the Company assumed or issued \$13.2 million of five-year balloon notes in conjunction with the acquisition of Hub Partnerships in March 1996. These notes bear interest at an annual rate of 5.45%. Interest expense on these notes began to decline in the third quarter of 1996 as discretionary payments were made. Second, in conjunction with the acquisition of APLDDS in May 1996, the Company issued notes for \$6.0 million bearing interest at an annual rate of 6%. There were no payments made on these notes in 1996. Third, the Company has borrowed to purchase tractors as it 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"). The annual rate of interest on these loans is determined at the time each tractor is purchased at a rate equal to 3% over the two-year Treasury note rate.

Interest income was \$0.8 million in 1996 and \$0.1 million in 1995. Pro forma interest income was \$0.8 million in 1996 and \$0.7 million in 1995.

Minority Interest

Minority interest was \$16.4 million in 1996 and zero in 1995. On a pro forma basis, minority interest was \$17.4 million in 1996 and \$11.7 million in 1995. Management estimates that 20% of the acquired APLDDS business has accrued to Hub Chicago. To calculate a pro forma minority interest factor, it was estimated that the minority interest will accrue its 70% ownership in Hub Partnerships which operates 80% of the APLDDS business. As such, minority interest as a percentage of income before minority interest and provision for income taxes of 56% was applied to pro forma income before minority interest for APLDDS for 1995 and the period January 1, 1996, through May 1, 1996.

On a pro forma basis, minority interest as a percentage of income before minority interest and provision for income taxes was 61.0% for 1996 and 69.2% for 1995. The higher minority interest percentage in 1995 was the result of the significant loss reported by APLDDS combined with a lower pro forma minority interest factor that was applied to that loss as compared to the factor applied to the rest of the Company's income.

The Company owns 100% of Hub Chicago. The Company acquired 30% of 26 operating partnerships and approximately 21% of another operating partnership (collectively Hub Partnerships). On August 1, 1996, the Company purchased the remaining 70% of Hub City Tennessee, L.P. ("Hub Tennessee"). On December 12, 1996, the Company purchased the remaining 70% minority interest in Hub City North Central, L.P. ("Hub North Central").

Income Taxes

Income taxes were \$4.3 million in 1996 and negligible in 1995. Other than an insignificant provision for Illinois replacement tax, the Company had no provision for income taxes prior to March 18, 1996, as the Company was a federally non-taxable subchapter S corporation. The Company is providing for income taxes at an effective rate of 40% for all income subsequent to March 17, 1996.

Pro Forma Provision For Additional Income Taxes

Additional pro forma income taxes were \$0.2 million in 1996 and \$1.0 million in 1995. Additional pro forma provision for income taxes are shown to provide an assumed effective federal and state income tax rate of 40% of income before taxes for periods prior to March 18, 1996.

Pro Forma Net Income

Pro forma net income (pro forma only regarding income taxes) increased to \$6.8 million in 1996 from \$1.6 million in 1995. Pro forma net income (pro forma to provide for income taxes and for the acquisitions of

Hub Partnerships and APLDDS) increased to \$6.7 million in 1996 from \$3.1 million in 1995. The increase in pro forma net income, which gives effect to the Company's acquisitions, is 113.3% when comparing 1996 to 1995. This large increase was significantly influenced by the losses incurred by APLDDS before being acquired by the Company.

Pro Forma Earnings Per Share

Pro forma earnings per share (pro forma only to provide for income taxes) increased to \$1.35 in 1996 from \$0.95 in 1995. Pro forma earnings per share (pro forma to provide for income taxes and for the Company's acquisitions) increased to \$1.15 in 1996 from \$0.59 in 1995. The increase in pro forma earnings per share, which gives effect to the Company's acquisitions, is 94.9%. This large increase was significantly influenced by the losses incurred by APLDDS before being acquired by the Company.

Year Ended December 31, 1995, Compared to Year Ended December 31, 1994

Revenue

Revenue decreased 6.3% to \$81.4 million in 1995 from \$86.9 million in 1994. Approximately 45% of the decrease resulted from a significant customer moving its headquarters and distribution facility out of Hub Chicago's territory and into the territory of one of the partnerships that comprise Hub Partnerships at the end of the fourth quarter of 1994. A slowdown in the economy in 1995 reduced shipments by the Company's customers. However, Hub Chicago had been increasingly successful in passing along to the customer, where appropriate, additional trailer storage and detention charges, many of which were formerly not billed by the Company, thus offsetting to some extent the effects of the economic slowdown.

Net Revenue

Net revenue as a percentage of revenue increased to 7.7% in 1995 compared to 7.2% in 1994. In 1995, the Company was able to negotiate reduced freight charges with vendors due to the weakened demand for freight transportation. Management also believes that net revenue as a percentage of revenue in 1995 increased as a result of the continued improvement in the Hubs' ability to control equipment through the network the Company shares with Hub Partnerships. The Company had also been successful in reducing trailer storage and detention charges that it previously absorbed.

Salaries and Benefits

Salaries and benefits decreased \$0.1 million but increased slightly as a percentage of revenues to 3.0% of revenues in 1995 compared to 2.9% of revenues in 1994. This increase in salaries and benefits as a percentage of revenue was a result of a decrease in revenue. Staffing levels, which increased in the third and fourth quarters of 1994 to accommodate volume growth and service levels required by customers, decreased during 1995 in response to reduced revenue levels.

Selling, General and Administrative

Selling, general and administrative expenses remained constant at 1.5% of revenues in 1994 and 1995.

Depreciation and Amortization

Depreciation and amortization expense was negligible in 1994 and 1995.

Other Income (Expense)

Interest income was negligible in 1994 and 1995.

Income Taxes

Income taxes were negligible in 1994 and 1995.

Pro Forma Provision For Additional Income Taxes

Additional pro forma income taxes were \$1.0 million in 1995 and \$0.9 million in 1994. Additional pro forma provision for income taxes are shown to provide an assumed effective federal and state income tax rate of 40% of income before taxes.

Pro Forma Net Income

Pro forma net income (pro forma only regarding income taxes) increased to \$1.6 million in 1995 from \$1.4 million in 1994.

LIQUIDITY AND CAPITAL RESOURCES

During 1996, the Company had several significant transactions that affected liquidity. These transactions were the initial public offering of the Company's Class A common stock and the subsequent acquisition of a controlling interest in Hub Partnerships, the APLDDS acquisition and the purchase of the remaining 70% minority interest in Hub Tennessee and Hub North Central. These items represented a cash inflow of \$52.9 million and cash outflows of \$35.5 million, \$2.0 million, \$2.5 million and zero, respectively. Related to the acquisitions and purchases, the Company assumed long-term debt, including current portions, of \$35.9 million, approximately \$12.5 million of which are five-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 May 1997. Approximately \$15.0 million is due on January 1, 1998, and bears interest at an annual rate of 7%. Immediately prior to the initial public offering and Hub Partnership acquisition, Hub Chicago issued five-year balloon notes, due in March 2001, to its shareholders for approximately \$0.7 million, bearing interest at an annual rate of 5.45%. An additional \$1.7 million of miscellaneous debt was assumed in connection with the acquisition of Hub Partnerships. The acquisitions resulted in the recognition of a \$12.8 million deferred tax asset, which will offset cash payments for taxes ratably over the next 15 years. The resulting \$42.8 million of goodwill from the acquisitions and the minority interest purchases represents a tax deductible expense to be recognized over the next 15 years.

Capital expenditures are principally made to enhance or expand the Company's information systems and network capabilities and, most recently, to acquire a number of tractors to support Company-owned drayage operations. Part of the Company's strategy is to supplement third party drayage operations with 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 December 31, 1996, the Company owned 83 tractors as part of Company-owned drayage operations for the operating companies located in Missouri, Michigan, New Jersey, Georgia, Kansas and Illinois. The Company-owned drayage operation in Missouri has been functioning since 1994. The Michigan operation started in the second quarter of 1996, the New Jersey and Illinois operations started in the third quarter of 1996 and the Georgia and Kansas operations started in the fourth quarter of 1996. Of the 83 tractors in operation at December 31, 1996, 62 were acquired in 1996 at a cost of approximately \$65,000 each. Ten of these tractors were purchased with cash and the remainder were financed at a rate of 3% over the two-year Treasury note rate after an initial down payment of 10%.

The Company maintains a bank line of credit for \$5.0 million. The interest rate is set at the bank's discretion at a rate less than or equal to the bank's prime rate. At December 31, 1996, the rate was 7.75%. As of December 31, 1996, the unused and available portion of this credit line was \$5.0 million. Although there are no assurances, management believes it can obtain an additional line of credit, if necessary.

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.

Revenue

Management estimates that in 1997 revenue growth will decline from current levels. This estimate is based on management's opinion that the dramatic growth in the truckload brokerage and logistics businesses experienced in 1996 provides too large of a revenue base to sustain the same growth rate in 1997. Furthermore, management cannot predict an acquisition similar to APLDDS in 1997.

Net Revenue

Historically, the Company contracted for all its drayage needs with 100% of the attendant costs being classified as purchased transportation. As the Company sets up its own drayage operations, the salaries and benefits for non-driver employees as well as general and administrative expenses are classified below the net revenue line as operating expenses. Assuming that the Company fulfills its drayage needs at or below the previously contracted cost, the classification of a portion of the cost below net revenue will cause net revenue as a percentage of revenue related to the Company's drayage operations to increase. Management expects fluctuations in the net revenue percentage from quarter-to-quarter caused by changes in business mix, changes in highway brokerage margins, changes in logistics business margins, changes in trailer and container capacity, changes in vendor pricing, changes in intermodal industry growth and changes in accounting estimates. Some of the Company's rail vendors have increased rates in the first quarter of 1997. The Company may not be able to pass some or all of these rate increases along to its customers.

Salaries and Benefits

It is anticipated that salaries and benefits as a percentage of revenue could fluctuate from quarter-to-quarter as there are timing differences between revenue increases and changes in levels of staffing. Factors that could affect the percentage from staying in the recent historical range are revenue growth rates significantly higher or lower than forecasted, a management decision to invest in additional personnel to stimulate new or existing businesses or changes in customer requirements that result in a higher cost of labor per move.

Depreciation and Amortization

Management estimates that as a percentage of revenue, depreciation and amortization will remain at current levels or increase in the future. Factors that could cause an increase in the percentage are increased leasehold improvement amortization as operating companies transition to larger facilities, increased software amortization on planned implementation of new packages in the truckload brokerage and logistics businesses and increased goodwill amortization that would arise if the Company exercised any of its options to purchase the remaining minority interest in any of its operating partnerships.

Other Income (Expense)

Interest expense in 1997 will increase significantly due to the issuance, on December 12, 1996, of a note for approximately \$15.0 in connection with the purchase of the remaining 70% minority interest in Hub North Central. Interest expense related to tractor purchases will continue to increase as the Company continues expansion into Company-owned drayage operations. Management estimates interest expense as it relates to the balloon notes assumed or issued in connection with the acquisition of Hub Partnerships will continue to decline on a quarterly basis as the various operating partnerships continue to make discretionary principal payments. Interest expense related to the notes issued in conjunction with the acquisition of APLDDS will decline from current levels in May of 1997, 1998 and 1999, coincident with the required principal payment terms.

Management estimates that interest income will likely decrease from current levels. Factors that could cause such a decrease are the possible use of cash to (i) make payments on the balloon notes, (ii) make payments on

the APLDDS notes, (iii) make payments on the note issued to acquire the remaining interest in Hub North Central, (iv) make down payments on tractors, (v) fund working capital needs for those operating companies starting their own Company-owned drayage operations, (vi) fund the purchase of the remaining minority interest in any of its operating partnerships and (vii) increase the Company's capital investment in an international joint venture.

Minority Interest

Factors that could have a material impact and result in minority interest percentages of income before minority interest to be outside the historical range are (i) the exercise of any of the Company's options to purchase the remaining minority interest in any of its operating companies and (ii) disproportionate changes in the profitability of businesses between those which are owned 100% by the Company and those which are owned less than 100% by the Company. The purchase of the remaining minority interest in Hub North Central, assuming all other factors affecting minority interest are equal, should cause minority interest as a percentage of income before minority interest to decline.

Net Income

Management expects that net income growth rates after May 1997 will be significantly less than the pro forma net income growth rates experienced since May 1996. The Company acquired APLDDS in May 1996 and management cannot predict a similar acquisition in 1997.

Earnings Per Share

Management expects that earnings per share growth rates after May 1997 will be significantly less than the pro forma net income growth rates experienced since May 1996. The Company acquired APLDDS in May 1996 and management cannot predict a similar acquisition in 1997.

Liquidity and Capital Resources

The Company expects to continue to pay down, as a prepayment, the balloon notes from time to time as cash availability permits. The Company expects to meet all other liabilities as they become due.

Management is considering additional sites for Company-owned tractors, and it is anticipated that Company-owned drayage operations, in total, will require the acquisition of approximately 110 tractors in 1997. The Company may purchase up to 20 of these tractors with cash with the remainder being financed. Management estimates that each start-up of a Company-owned drayage operation requires working capital of \$0.3 million to \$0.4 million above and beyond the cost of acquiring the tractors. Management estimates that an additional three to five locations may start Company-owned drayage operations by the end of 1997. Management intends to carefully evaluate existing and new drayage operations before committing additional capital resources.

The Company has the continuing option, exercisable any time after the President currently associated with an operating partnership ceases to be an employee, to purchase the remaining interest in that partnership. The future exercise of such options could result in the need for significant funds. Those funds may come from existing cash, third-party debt, other financing or any combination thereof.

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 is currently negotiating a \$15.0 million line of credit. Although no assurances can be made, it is anticipated that this line of credit will become effective in 1997. The Company believes that the aforementioned items are sufficient to meet its anticipated long-term working capital, capital expenditure and debt repayment needs through at least the year 2001.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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AND FINANCIAL STATEMENT SCHEDULES

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders of Hub Group, Inc.:

We have audited the accompanying consolidated balance sheets of Hub Group, Inc. (a Delaware corporation) and subsidiaries as of December 31, 1995 and 1996 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1996. These financial statements and schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hub Group, Inc. and subsidiaries as of December 31, 1995 and 1996, and the results of its operations and cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule on page S-1 is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Chicago, Illinois
February 6, 1997

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

	December 31,	
	1995	1996
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2	\$ 13,893
Accounts receivable, net		
Trade	6,197	114,125
Affiliate	2,376	-
Prepaid expenses and other current assets	147	3,532
	-----	-----
TOTAL CURRENT ASSETS	8,722	131,550
PROPERTY AND EQUIPMENT, net	137	14,058
GOODWILL, net	-	42,255
DEFERRED TAXES	-	11,357
OTHER ASSETS	224	2,005
	-----	-----
TOTAL ASSETS	\$ 9,083	\$ 201,225
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable		
Trade	\$ 5,620	\$ 94,884
Affiliate	1,774	-
Other	89	8,144
Accrued expenses		
Payroll	286	4,988
Other	149	3,186
Deferred taxes	-	1,307
Current portion of long-term debt	-	3,164
	-----	-----
TOTAL CURRENT LIABILITIES	7,918	115,673
LONG-TERM DEBT, EXCLUDING CURRENT PORTION	-	28,714
CONTINGENCIES AND COMMITMENTS		
MINORITY INTEREST	-	10,714
STOCKHOLDERS' EQUITY:		
Preferred stock	-	-
Common stock	26	59
Additional paid-in capital	18	55,083
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	6,440
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	1,165	46,124
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 9,083	\$ 201,225
	=====	=====

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

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

	Years Ended December 31,		
	1994	1995	1996
REVENUE:			
Trade	\$ 74,991	\$ 66,696	\$ 750,784
Affiliate	11,885	14,712	3,459
Total revenue	86,876	81,408	754,243
PURCHASED TRANSPORTATION	80,588	75,142	662,679
Net revenue	6,288	6,266	91,564
COSTS AND EXPENSES:			
Salaries and benefits	2,556	2,457	43,913
Selling, general and administrative	1,345	1,196	17,147
Depreciation and amortization	39	46	2,579
Total costs and expenses	3,940	3,699	63,639
Operating income	2,348	2,567	27,925
OTHER INCOME (EXPENSE):			
Interest expense	-	-	(996)
Interest income	58	71	786
Other, net	-	-	(11)
Total other income (expense)	58	71	(221)
INCOME BEFORE MINORITY INTEREST AND PROVISION FOR INCOME TAXES	2,406	2,638	27,704
MINORITY INTEREST	-	-	16,366
INCOME BEFORE PROVISION FOR INCOME TAXES	2,406	2,638	11,338
PROVISION FOR INCOME TAXES	37	39	4,294
NET INCOME	\$ 2,369	\$ 2,599	\$ 7,044
PRO FORMA PROVISION FOR ADDITIONAL INCOME TAXES	925	1,016	241
PRO FORMA NET INCOME	\$ 1,444	\$ 1,583	\$ 6,803
PRO FORMA EARNINGS PER SHARE	\$ 0.87	\$ 0.95	\$ 1.35
PRO FORMA WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	1,662	1,662	5,058

The accompanying notes to consolidated financial statements are an integral part of these statements.

HUB GROUP, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the three years ended December 31, 1996
(in thousands, except shares)

	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	Total Stockholders' Equity
	Shares	Amount					
Balance at January 1, 1994	200	\$ 25	\$ 17	\$ -	\$ -	\$ 1,512	\$ 1,554
Net income	-	-	-	-	-	2,369	2,369
Distributions to stockholders	-	-	-	-	-	(2,154)	(2,154)
Balance at December 31, 1994	200	25	17	-	-	1,727	1,769
Net income	-	-	-	-	-	2,599	2,599
Distributions to stockholders	-	-	-	-	-	(3,205)	(3,205)
Issuance of common stock	100	1	1	-	-	-	2
Balance at December 31, 1995	300	26	18	-	-	1,121	1,165
Net income	-	-	-	-	-	7,044	7,044
Distributions to stockholders	-	(25)	(17)	-	-	(1,725)	(1,767)
Issuance of common stock in acquisition	1,662,296	-	-	-	-	-	-
Retirement of shares acquired	(200)	-	-	-	-	-	-
Sale of common stock in initial public offering, net	4,261,250	59	55,083	-	-	-	55,142
Acquisition of general partnership interests	-	-	-	(25,764)	10,306	-	(15,458)
Purchase of common stock	(100)	(1)	(1)	-	-	-	(2)
Balance at December 31, 1996	5,923,546	\$ 59	\$55,083	\$(25,764)	\$10,306	\$ 6,440	\$ 46,124

The accompanying notes to consolidated financial statements are an integral part of these statements.

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

	Years Ended December 31,		
	1994	1995	1996
Cash flows from operating activities:			
Net income	\$ 2,369	\$ 2,599	\$ 7,044
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	39	46	2,786
Deferred taxes	-	-	2,722
Minority interest	-	-	16,366
Loss(gain) on sale of assets	3	-	(59)
Changes in working capital, net of effects of purchase transactions:			
Accounts receivable, net	(141)	(757)	(29,976)
Prepaid expenses and other current assets	(21)	14	(1,801)
Accounts payable	626	(629)	20,851
Accrued expenses	7	(44)	2,549
Other assets	133	48	(1,153)
Net cash provided by operations	3,015	1,277	19,329
Cash flows from investing activities:			
Cash used in acquisitions, net	-	-	(37,459)
Purchase of minority interest	-	-	(2,513)
Purchases of property and equipment, net	(31)	(98)	(6,815)
Net cash used in investing activities	(31)	(98)	(46,787)
Cash flows from financing activities:			
Proceeds from sale of common stock in initial public offering, net	-	-	52,945
Proceeds from sale of common stock	-	2	-
Purchase of common stock	-	-	(2)
Distributions to stockholders	(2,154)	(3,205)	(1,104)
Distributions to minority interest	-	-	(5,814)
Payments on long-term debt	-	-	(7,271)
Proceeds from issuance of long-term debt	-	-	2,595
Net cash provided by (used in) financing activities	(2,154)	(3,203)	41,349
Net increase (decrease) in cash	830	(2,024)	13,891
Cash, beginning of period	1,196	2,026	2
Cash, end of period	\$ 2,026	\$ 2	\$ 13,893
Supplemental disclosures of cash flow information			
Cash paid for:			
Interest	\$ -	\$ -	\$ 117
Income taxes	32	41	2,344
Non-cash investing and financing activities:			
Note payable issued for purchase of minority interest	\$ -	\$ -	\$ 14,970
Notes payable issued as distributions to stockholders	-	-	663

The accompanying notes to consolidated financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Description of Business and Summary of Significant Accounting Policies

Business: Hub Group, Inc. and its subsidiaries (the "Company") provide intermodal transportation services utilizing third party arrangements with railroads and drayage companies. The Company also arranges for transportation of freight by truck and performs logistics services.

Principles of Consolidation: The consolidated financial statements include the accounts of Hub Group, Inc. and all entities in which the Company has more than a 50% equity ownership or otherwise exercises unilateral control. All significant intercompany balances and transactions have been eliminated.

Cash and cash equivalents: The Company considers as cash equivalents all highly liquid instruments with an original maturity of three months or less. Checks outstanding, net, of approximately \$474,000 and \$1,548,000 at December 31, 1995 and 1996, respectively, are included in accounts payable.

Receivables: The Company's reserve for uncollectible accounts receivable was approximately \$125,000 and \$1,355,000 at December 31, 1995, and 1996, respectively.

Property and Equipment: Property and equipment are stated at cost. Depreciation of property and equipment is computed using the straight-line and various accelerated methods at rates adequate to depreciate the cost of applicable assets over their expected useful lives: buildings and improvements 15 to 40 years; leasehold improvements the shorter of useful life or lease term; computer equipment and software 3 to 5 years; furniture and equipment 3 to 10 years; and transportation equipment and automobiles 3 to 12 years. Direct costs related to internally developed software projects are capitalized and amortized over the expected useful life on a straight-line basis not to exceed five years, commencing when the asset is placed into service. Maintenance and repairs are charged to operations as incurred and major improvements are capitalized. The cost of assets retired or otherwise disposed of and the accumulated depreciation thereon are removed from the accounts with any gain or loss realized upon sale or disposal charged or credited to operations.

Goodwill: Goodwill is amortized on the straight-line method over 40 years. On an ongoing basis, the Company estimates the future undiscounted cash flows before interest of the operating units to which goodwill relates in order to evaluate impairment. If impairment exists, the carrying amount of the goodwill is reduced by the estimated shortfall of cash flows. Goodwill amortization expense was \$0, \$0 and approximately \$525,000 for the years ended December 31, 1994, 1995, and 1996, respectively.

Concentration of Credit Risk: The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. The Company places its cash and temporary investments with high quality financial institutions. At times, such investments may be in excess of the FDIC insurance limit. Temporary investments are valued at the lower of cost or market and at the balance sheet dates approximate fair market value. The Company primarily serves customers located throughout the United States with no significant concentration in any one region. One customer in the food industry accounted for approximately 28% and 30% of revenue in 1994 and 1995, respectively. The same customer accounted for less than 10% of revenue in 1996. Another customer in the consumer household products industry accounted for 11.2% of revenue in 1995. This customer accounted for less than 10% of revenue in 1994 and 1996. The Company reviews a customer's credit history before extending credit. In addition, the Company routinely assesses the financial strength of its customers and, as a consequence, believes that its trade accounts receivable risk is limited.

Revenue Recognition: Revenue represents sales of services to customers. Revenue is recognized based on relative transit time.

Income Taxes: Prior to March 18, 1996, the Company had elected to be taxed as an S corporation under the Internal Revenue Code. The income of an S corporation is taxable to its stockholders rather than the Company itself. Income tax expense incurred prior to March 18, 1996, represents Illinois replacement tax. On March 18, 1996, the Company became a taxable C corporation. The pro forma provision for additional income taxes was calculated assuming the Company was operating as a taxable C corporation since January 1, 1994. The Company accounts for certain income and expense items differently for financial reporting and income tax purposes. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities applying enacted statutory tax rates in effect for the year in which the differences are expected to reverse.

Earnings Per Share: Earnings per share are based on the average quarterly weighted average number of Class A and Class B shares of common stock outstanding, adjusted for the assumed conversion of dilutive stock options. In computing the per share effect of assumed conversion, funds which would have been received from the exercise of options, including tax benefits assumed to be realized, are considered to have been used to purchase shares at current market prices, and the resulting net additional shares are included in the calculation of weighted average shares outstanding.

Distributions: During the period prior to March 18, 1996, the Company operated as an S corporation and made periodic distributions of income to its stockholders which are reflected in the accompanying statements of stockholders' equity.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain items previously reported have been reclassified to conform with the 1996 presentation.

NOTE 2. Capital Structure

On March 8, 1995, Hub Group, Inc. was incorporated and issued 100 shares of Class A common stock to the sole incorporator. On March 18, 1996, Hub Group, Inc. purchased Hub City Terminals, Inc. ("Hub Chicago") in a stock-for-stock acquisition through the 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 approximately \$52,945,000. 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, Hub Group, Inc., together with its new wholly owned subsidiary, Hub Chicago, acquired with cash a controlling interest in each of 27 operating partnerships (collectively referred to as "Hub Partnerships"). The combined financial statements of Hub Partnerships, the predecessor to the majority of the business of the Company, are included under Item 14 of the Company's Form 10-K, filed with the Securities and Exchange Commission.

NOTE 3. Business Combinations

On March 18, 1996, the Company acquired a controlling interest in Hub Partnerships for a total purchase price of approximately \$43,309,000 in cash. 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 interests acquired by the Company from non-control group stockholders was recorded at fair market value. This resulted in goodwill of approximately \$17,207,000. The remaining portion of the difference between fair value and historical cost attributable to interests acquired from control group stockholders, approximately \$25,764,000, has been charged to equity as purchase price in excess of predecessor basis.

In connection with the purchase of the controlling interest in 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 purchase price in excess of predecessor basis, with the corresponding credit recorded as an increase to equity.

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 approximately \$8,000,000. The \$8,000,000 was financed with \$2,000,000 in cash and \$6,000,000 in notes. The notes bear interest at an annual rate of 6% with three equal annual principal payments due beginning May 2, 1997. The acquisition was recorded using the purchase method of accounting resulting in goodwill of approximately \$8,090,000.

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.

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:

	(Unaudited)	
	Years Ended December 31,	
	----- 1995	1996 -----

	(000's)	
Revenue as reported	\$ 81,408	\$ 754,243
Revenue of purchased business for period prior to acquisitions, net of eliminations	810,343	184,660
Pro forma revenue	\$ 891,751	\$ 938,903
Net income as reported	\$ 2,599	\$ 7,044
Net income (loss) of purchased businesses for period prior to acquisitions	920	(260)
Adjustment for goodwill amortization	(383)	(96)
Pro forma net income	\$ 3,136	\$ 6,688
Earnings per share as reported	\$ 0.95	\$ 1.35
Effect of purchased businesses prior to acquisitions	(0.36)	(0.20)
Pro forma earnings per share	\$ 0.59	\$ 1.15

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

	Year Ended December 31, 1996	
	----- (000's)	
Accounts receivable	\$	75,576
Prepaid expenses and other current assets		1,584
Property and equipment		9,308
Goodwill		25,297
Deferred tax benefit, net		10,575
Other assets		628
Accounts payable		(74,694)
Accrued expenses		(5,190)
Long-term debt		(20,921)
Minority interest		(162)
Purchase price in excess of predecessor basis		25,764
Tax benefit of purchase price in excess of predecessor basis		(10,306)

Cash used in acquisitions, net	\$	37,459

NOTE 4. Purchase of Minority Interest

On August 1, 1996, the Company purchased the remaining 70% minority interest in Hub City Tennessee, L.P. for approximately \$2,513,000 in cash. On December 12, 1996, the Company purchased the remaining 70% minority interest in Hub City North Central, L.P. in exchange for a note for approximately \$14,970,000, bearing interest at an annual rate of 7%. The entire purchase price of each acquisition was recorded as goodwill. See Note 11.

NOTE 5. Property and Equipment

Property and equipment consist of the following:

	December 31,	
	----- 1995	1996 -----
	(000's)	
Land	\$ -	\$ 92
Building and improvements	-	841
Leasehold improvements	17	629
Computer equipment and software	478	7,258
Furniture and equipment	221	3,419
Transportation equipment and automobiles	29	4,541
	-----	-----
	745	16,780
Less: Accumulated depreciation and amortization	(608)	(2,722)
	-----	-----
PROPERTY AND EQUIPMENT, net	\$ 137	\$ 14,058
	-----	-----

NOTE 6. Income Taxes

The following is a reconciliation of the Company's effective tax rate to the federal statutory tax rate:

	Year Ended December 31, 1996

U.S. federal statutory rate	34.0%
State taxes, net of federal benefit	6.0
Income earned as non-taxable Subchapter S corporation prior to March 18, 1996	(2.1)

Net effective rate	37.9%

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

	Year Ended December 31, 1996

	(000's)
Current	
Federal	\$ 1,336
State and local	236

	1,572

Deferred	
Federal	2,314
State and local	408

	2,722

Total provision	\$ 4,294

The following is a summary of the Company's deferred tax assets and liabilities:

	December 31, 1996

	(000's)
Reserve for uncollectible accounts receivable	\$ 152
Accrued compensation	206

Current deferred tax asset	358
Income tax basis in excess of financial basis of goodwill	11,845

Total deferred tax asset	\$ 12,203

Prepays	\$ (43)
Receivables	(1,622)

Current deferred tax liability	(1,665)

Property and equipment	(293)
Goodwill	(195)

Long-term deferred tax liability	(488)

Total deferred tax liability	\$ (2,153)

NOTE 7. Long-Term Debt and Financing Arrangements

Fair value approximates book value at the balance sheet dates.

	December 31,	
	1995	1996
	(000's)	
Installment notes payable due through 2000, monthly installments ranging from \$325 - \$16,898, including interest, ranging from 7.9% to 12%, collateralized by certain equipment	\$ -	\$ 2,976
Unsecured balloon notes, interest compounded annually at 5.45%, interest and principal due March, 2001 (see Note 11)	-	7,533
Mortgage note payable due in 1998 with monthly installments of \$2,381, including interest at 8.5%, collateralized by certain property	-	206
Notes payable due in three equal annual principal payments of \$2,000,000 beginning on May 2, 1997, interest is due at the time the principal is paid at 6% compounded annually	-	6,000
Note payable due January 1, 1998, with interest at an annual rate of 7% (see Note 11)	-	14,970
Capital lease obligations, collateralized by certain equipment	-	193
Total long-term debt	-	31,878
Less current portion	-	(3,164)
	\$ -	\$28,714

Aggregate principal payments, in thousands, due subsequent to December 31, 1996, are as follows:

1997	\$ 3,164
1998	18,141
1999	2,772
2000	268
2001	7,533

	\$31,878

On March 18, 1996, the Company assumed a line of credit for \$5,000,000 which was unused at December 31, 1996. At December 31, 1996, the interest rate was 7.75%. The interest rate is set at the bank's discretion at a rate less than or equal to the bank's prime rate. Borrowings are secured by certain assets. The line of credit has no expiration date. In October 1996, the Company authorized the issuance of a standby letter of credit for \$1,000,000, which has no expiration date.

NOTE 8. Rental Expense and Lease Commitments

Minimum annual rental commitments, in thousands, at December 31, 1996, under noncancellable operating leases, principally for real estate and equipment, are payable as follows:

1997	\$2,251
1998	1,878
1999	1,389
2000	999
2001	732
2002	383

	\$7,632

Total rental expense was approximately \$100,000, \$121,000 and \$1,896,000 for 1994, 1995 and 1996, respectively. Many of the leases contain renewal options and escalation clauses which require payments of additional rent to the extent of increases in the related operating costs.

NOTE 9. Stock-Based Compensation Plan

Concurrent with the initial public offering the Company adopted a Long-Term Incentive Plan (the "1996 Incentive Plan"). The number of shares of Class A Common Stock reserved for issuance under the 1996 Incentive Plan was 450,000. Under the 1996 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. As of December 31, 1996, none of the options granted have vested. The Company canceled 5,000 options during 1996. There were 92,500 shares available to be granted as of December 31, 1996.

The Company currently utilizes Accounting Principles Board Opinion No. 25 in its accounting for stock options. In October, 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 ("Statement 123"), "Accounting for Stock-based Compensation." The accounting method as provided in the pronouncement is not required to be adopted; however, it is encouraged. The Company is not adopting the accounting provisions of Statement 123. Had the Company accounted for its stock options in accordance with Statement 123, pro forma net income and pro forma earnings per share would have been approximately \$6,599,000 and \$1.30 for the year ended December 31, 1996. The pro forma disclosure is not likely to be indicative of pro forma results which may be expected in future years because of the fact that options vest over several years, pro forma compensation expense is recognized as the options vest and additional awards may also be granted.

For purposes of determining the pro forma effect of these options, the fair value of each option is estimated on the date of grant based on the Black-Scholes option pricing model assuming no dividend yield, a risk free interest rate of 6.5%, a volatility factor of 25.0% and an expected life of 6.0 years. The weighted average fair value of options granted under the Company's 1996 Incentive Plan for the year ended December 31, 1996, was \$5.54.

NOTE 10. Profit-Sharing Plan

The Company has numerous profit-sharing plans and trusts under section 401(k) of the Internal Revenue Code. Generally, for every dollar the employee contributes, the Company will contribute an additional \$.20 up to \$100. In addition, the Company may make a profit sharing contribution at its discretion. Historically, the Company has contributed an amount equal to 3% of each participant's compensation up to a maximum of \$4,500. The Company's contributions to the Plan were approximately \$57,000, \$50,000 and \$704,000 for 1994, 1995 and 1996, respectively.

NOTE 11. Related Party Transactions

In connection with the acquisition of a controlling interest in each of the Hub Partnerships, the Company paid cash to the Class B Common Stock ("Class B") stockholders, some of whom are officers of the Company, as well as officers of the Company who are not Class B stockholders totaling approximately \$16,571,000. The Company, related to this acquisition, also assumed balloon notes that are payable, in part, to the above related parties totaling approximately \$4,758,000. Approximately 33% of the balloon notes payable at December 31, 1996, is due to the related parties. The Class B stockholders have voting control over the Company. The same related parties described above also continue to receive

approximately 33% of minority interest distributions of income from the Company. Furthermore, these parties received cash and notes from the Company totaling approximately \$6,062,000 when it acquired the remaining minority interest in Hub City Tennessee, L.P. and Hub City North Central, L.P.

The Company provided transportation services to Hub Partnerships prior to acquiring Hub Partnerships on March 18, 1996. Revenue from Hub Partnerships was \$11,885,000, \$14,712,000 and \$3,459,000 for 1994, 1995 and the period January 1, through March 17, 1996, respectively. Net fees were approximately \$307,000, \$440,000 and \$104,000 for the same periods, respectively.

Hub Partnerships provided transportation services to the Company prior to being acquired, which resulted in costs of \$13,535,000, \$21,720,000 and \$3,880,000 for 1994, 1995 and the period January 1, through March 17, 1996, respectively.

The Company paid assessment fees based primarily on volume and sales commission expenses to Hub Partnerships prior to acquiring Hub Partnerships. These charges totaled approximately \$657,000, \$670,000 and \$112,000 for 1994, 1995 and the period January 1, through March 17, 1996, respectively.

The Company leased a building from a shareholder. Monthly payments in 1995 were \$9,178 and extended through November 1996. The Company no longer leased the building from a shareholder beginning in December 1996.

NOTE 12. Legal Matters

In the ordinary course of conducting its business, the Company becomes involved in various lawsuits related to its business. The Company does not believe that the ultimate resolution of these matters will be material to its business, financial position or results of operations.

NOTE 13. Equity

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

	December 31, 1996	
	Authorized	Issued and Outstanding
Preferred stock, \$.01 par value	2,000,000	-
Class A common stock, \$.01 par value	12,337,700	5,261,250
Class B common stock, \$.01 par value	662,300	662,296

NOTE 14. Selected Quarterly Financial Data (Unaudited)

The following table sets forth selected quarterly financial data for each of the quarters in 1995 and 1996 (in thousands, except per share amounts):

	Quarters			
	First	Second	Third	Fourth
Year Ended December 31, 1995:				
Revenue	\$18,934	\$ 20,735	\$ 20,590	\$ 21,149
Net revenue	1,564	1,488	1,542	1,672
Operating income	610	588	667	702
Net income	634	599	668	698
Pro forma net income	386	365	407	425
Pro forma earnings per share	\$ 0.23	\$ 0.22	\$ 0.24	\$ 0.26

	Quarters			
	First	Second	Third	Fourth
Year Ended December 31, 1996:				
Revenue	\$48,797	\$209,236	\$238,584	\$257,626
Net revenue	5,385	25,124	28,707	32,348
Operating income	1,755	6,843	8,951	10,376
Net income	883	1,662	2,105	2,394
Pro forma net income	642	1,662	2,105	2,394
Pro forma earnings per share	\$ 0.29	\$ 0.28	\$ 0.35	\$ 0.40

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The sections entitled "Election of Directors" and "Ownership of the Capital Stock of the Company" appearing in the Registrant's proxy statement for the annual meeting of stockholders to be held on May 14, 1997, sets forth certain information with respect to the directors of the Registrant and Section 16 compliance and is incorporated herein by reference. Certain information with respect to persons who are or may be deemed to be executive officers of the Registrant is set forth under the caption "Executive Officers of the Registrant" in Part I of this report.

Item 11. EXECUTIVE COMPENSATION

The section entitled "Compensation of Directors and Executive Officers" appearing in the Registrant's proxy statement for the annual meeting of stockholders to be held on May 14, 1997, sets forth certain information with respect to the compensation of management of the Registrant and is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The section entitled "Ownership of the Capital Stock of the Company" appearing in the Registrant's proxy statement for the annual meeting of stockholders to be held on May 14, 1997, sets forth certain information with respect to the ownership of the Registrant's Common Stock and is incorporated herein by reference.

Item 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The section entitled "Certain Transactions" appearing in the Registrant's proxy statement for the annual meeting of stockholders to be held on May 14, 1997, sets forth certain information with respect to certain business relationships and transactions between the Registrant and its directors and officers and its incorporated herein by reference.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES & REPORTS ON FORM 8-K

(a)(1) Financial Statements

The following consolidated financial statements of the Registrant are included under Item 8 of this Form 10-K:

Report of Independent Accountants

Consolidated Balance Sheets - December 31, 1996 and December 31, 1995

Consolidated Statements of Operations - Years ended December 31, 1996,
December 31, 1995 and December 31, 1994

Consolidated Statements of Stockholders' Equity - Years ended December
31, 1996, December 31, 1995 and December 31, 1994

Consolidated Statements of Cash Flows - Years ended December 31, 1996,
December 31, 1995 and December 31, 1994

Notes to Consolidated Financial Statements

(a) (2) Financial Statement Schedules

The remaining financial statements and statement schedule for which provision is made in Regulation S-X are set forth in the Index immediately preceding such financial statements and statement schedule and are incorporated herein by reference.

(a) (3) Exhibits

The exhibits included as part of this Form 10-K are set forth in the Exhibit Index immediately preceding such Exhibits and are incorporated herein by reference.

(b) Reports on Form 8-K

Registrant filed a Report on Form 8-K dated December 12, 1996 reporting under Item 5 the purchase of the remaining 70% minority interest in Hub City North Central, L.P. in exchange for a note of approximately \$15.0 million due January 1, 1998, which bears interest at an annual rate of 7%. No financial statements were filed in connection with this Report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 26, 1997

HUB GROUP, INC.

By /s/ David P. Yeager

David P. Yeager
Chief Executive Officer and Vice Chairman

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated:

	Title	Date
/s/ Phillip C. Yeager ----- Phillip C. Yeager	Chairman and Director	March 26, 1997
/s/ David P. Yeager ----- David P. Yeager	Vice Chairman, Chief Executive Officer and Director	March 26, 1997
/s/ William L. Crowder ----- William L. Crowder	Vice President-Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	March 26, 1997
/s/ Thomas L. Hardin ----- Thomas L. Hardin	President, Chief Operating Officer and Director	March 26, 1997
/s/ Charles R. Reaves ----- Charles R. Reaves	Director	March 26, 1997
/s/ Martin P. Slark ----- Martin P. Slark	Director	March 26, 1997
/s/ Gary D. Eppen ----- Gary D. Eppen	Director	March 26, 1997

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AND FINANCIAL STATEMENT SCHEDULE

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders of Hub Partnerships:

We have audited the accompanying combined balance sheet of Hub Partnerships as of December 31, 1995 and the related combined statements of operations, stockholders' equity and cash flows for each of the two years in the period ended December 31, 1995 and the period January 1, 1996 through March 17, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hub Partnerships as of December 31, 1995 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 1995 and the period January 1, 1996 through March 17, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Chicago, Illinois
February 6, 1997

HUB PARTNERSHIPS
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 and other current assets	2,473

TOTAL CURRENT ASSETS	----- 89,602
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PROPERTY AND EQUIPMENT, net	8,993
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OTHER ASSETS	367
--------------	-----

TOTAL ASSETS	----- \$98,962 =====
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LIABILITIES AND STOCKHOLDERS' 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
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LONG-TERM DEBT, EXCLUDING CURRENT PORTION	1,007
-------------------------------------------	-------

CONTINGENCIES AND COMMITMENTS

MANDATORILY REDEEMABLE COMMON STOCK	10,386
-------------------------------------	--------

STOCKHOLDERS' EQUITY:

Common stock	1,943
Additional paid-in capital	629
Treasury stock	(32)
Retained earnings	9,197

TOTAL STOCKHOLDERS' EQUITY	----- 11,737
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	----- \$98,962 =====
--------------------------------------------	----------------------------

The accompanying notes to combined financial statements are an integral part of this balance sheet.

HUB PARTNERSHIPS
 COMBINED STATEMENTS OF OPERATIONS
 (in thousands)

	Years Ended December 31,		January 1, through March 17, 1996
	1994	1995	
REVENUE:			
Trade	\$611,694	\$644,124	\$142,413
Affiliate	14,192	22,390	3,992
	625,886	666,514	146,405
Total revenue			
PURCHASED TRANSPORTATION	558,263	584,840	128,405
	67,623	81,674	18,000
Net revenue			
COSTS AND EXPENSES:			
Salaries and benefits	33,751	41,049	9,807
Selling, general and administrative	12,875	16,052	3,393
Depreciation and amortization	1,755	2,453	553
	48,381	59,554	13,753
Total costs and expenses			
Operating income	19,242	22,120	4,247
OTHER INCOME (EXPENSE):			
Interest expense	(258)	(147)	(56)
Interest income	709	623	120
Other, net	320	462	95
	771	938	159
Total other income (expense)			
INCOME BEFORE INCOME TAXES	20,013	23,058	4,406
INCOME TAXES	310	290	126
	\$ 19,703	\$ 22,768	\$ 4,280
NET INCOME	\$ 19,703	\$ 22,768	\$ 4,280

The accompanying notes to combined financial statements are an integral part of these statements.

HUB PARTNERSHIPS
 COMBINED STATEMENTS OF STOCKHOLDERS' EQUITY
 For the two years ended December 31, 1995 and
 January 1, 1996 to March 17, 1996
 (in thousands, except shares)

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at January 1, 1994	102,217	\$ 1,893	\$ 509	\$(42)	\$ 10,437	\$ 12,797
Net income	-	-	-	-	19,703	19,703
Distributions to stockholders	-	-	-	-	(15,085)	(15,085)
Stock issued	4,633	25	-	14	-	39
Stock purchased	(1,100)	-	-	(4)	-	(4)
Retained earnings allocable to mandatorily redeemable stock	-	-	-	-	(1,724)	(1,724)
Balance at December 31, 1994	105,750	1,918	509	(32)	13,331	15,726
Net income	-	-	-	-	22,768	22,768
Distributions to stockholders	-	-	-	-	(24,122)	(24,122)
Stock issued	50	25	120	-	-	145
Retained earnings allocable to mandatorily redeemable stock	-	-	-	-	(2,780)	(2,780)
Balance at December 31, 1995	105,800	1,943	629	(32)	9,197	11,737
Net income	-	-	-	-	4,280	4,280
Distributions to stockholders	-	(1,730)	(629)	32	(13,477)	(15,804)
Balance at March 17, 1996	105,800	\$ 213	\$ -	\$ -	\$ -	\$ 213

The accompanying notes to combined financial statements are an integral part of these statements.

HUB PARTNERSHIPS
COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		January 1, through March 17, 1996
	1994	1995	
Cash flows from operating activities:			
Net income	\$ 19,703	\$ 22,768	\$ 4,280
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,755	2,453	553
Loss (gain) on sale of assets	58	(92)	3
Changes in working capital:			
Accounts receivable, net	(16,447)	(2,822)	604
Prepaid expenses and other current assets	(1,122)	(780)	889
Accounts payable	13,088	1,794	4,783
Accrued expenses	1,789	508	(140)
Other assets	198	(58)	(407)
Net cash provided by operations	19,022	23,771	10,565
Cash flows from investing activities:			
Purchases of property and equipment, net	(3,688)	(4,485)	(775)
Cash flows from financing activities:			
Proceeds from sale of common stock	39	145	-
Distributions to stockholders	(15,085)	(24,122)	(13,014)
Purchase and retirement of common stock	(4)	-	-
Payments on long-term debt	(511)	(927)	(361)
Proceeds from issuance of long-term debt	371	1,762	418
Net cash used in financing activities	(15,190)	(23,142)	(12,957)
Net increase (decrease) in cash	144	(3,856)	(3,167)
Cash, beginning of period	14,661	14,805	10,949
Cash, end of period	\$ 14,805	\$ 10,949	\$ 7,782
Supplemental disclosures of cash flow information:			
Cash paid for:			
Interest	\$ 75	\$ 116	\$ 56
Income taxes	335	262	130
Non-cash financing activity:			
Notes payable issued as distributions to stockholders	\$ -	\$ -	\$ 13,176

The accompanying notes to combined financial statements are an integral part of these statements.

HUB PARTNERSHIPS

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. Description of Business and Summary of Significant Accounting Policies

Business: The Company (defined below) provides intermodal transportation services utilizing third party arrangements with railroads and drayage companies. The Company also arranges for transportation of freight by truck and performs logistics services.

Principles of Combinations: These combined financial statements include the financial statements of 26 S corporations and one partnership which are substantially all under common ownership control (collectively referred to as the "Company" or "Hub Partnerships"). The financial statements of Hub Partnerships are presented herein to reflect the financial condition and results of operations of Hub Partnerships as of and for the periods in which Hub Partnerships was the predecessor to the business acquired by Hub Group, Inc., as required pursuant to the rules and regulations of the Securities and Exchange Commission. All significant intercompany transactions and balances have been eliminated.

Cash and Cash Equivalents: The Company considers as cash equivalents all highly liquid investments with an original maturity of three months or less.

Receivables: The Company has recorded a reserve for uncollectible accounts receivable of approximately \$898,000 at December 31, 1995.

Property and Equipment: Property and equipment are stated at cost. Depreciation of property and equipment is computed using the straight-line and various accelerated methods at rates adequate to depreciate the cost of applicable assets over their expected useful lives: buildings and improvements 15 to 40 years; leasehold improvements the shorter of useful life or lease term; furniture and equipment 3 to 10 years; and transportation equipment 3 to 12 years. Maintenance and repairs are charged to operations as incurred and major improvements are capitalized. The cost of assets retired or otherwise disposed of and the accumulated depreciation thereon are removed from the accounts with any gain or loss realized upon sale or disposal charged or credited to operations.

Concentration of Credit Risk: The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. The Company places its cash and temporary investments with high quality financial institutions. At times, such investments may be in excess of the FDIC insurance limit. Temporary investments are valued at the lower of cost or market and at the balance sheet date, approximates fair market value. The Company primarily serves customers located throughout the United States with no significant concentration in any one region. The Company reviews a customer's credit history before extending credit. In addition, the Company routinely assesses the financial strength of its customers and, as a consequence, believes that its trade accounts receivable risk is limited.

Revenue Recognition: Revenue represents sales of services to customers. Revenue is recognized based on relative transit time.

Income Taxes: The majority of the entities included in Hub Partnerships have elected to be taxed as S Corporations. By this election, income of an S Corporation is taxable to the stockholders rather than the Company itself. Income tax expense primarily represents applicable state income taxes of those states that do not recognize Subchapter S Corporations or states which impose taxes on S Corporation income.

Distributions: The Company makes periodic distributions of income which are reflected in the accompanying statements of stockholders' equity.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain items previously reported have been reclassified to conform with the 1996 presentation.

NOTE 2. Property and Equipment

Property and equipment consist of the following:

	December 31, 1995
	----- (000's)
Land	\$ 92
Building and improvements	1,376
Leasehold improvements	674
Furniture and equipment	11,980
Transportation equipment	2,353
	----- 16,475
Less: Accumulated depreciation and amortization	(7,482)
	----- \$ 8,993 -----
PROPERTY AND EQUIPMENT, net	

NOTE 3. Long-Term Debt and Financing Arrangements

Fair value approximates book value at the balance sheet date.

	December 31, 1995
	----- (000's)
Line of credit loans due May 1996 and October 1996, interest payable monthly, ranging from 1% above the bank's prime lending rate to prime plus 2%, secured by certain property and equipment, chattel paper, and intangibles	\$ 125
Installment notes payable through the year 1999, monthly installments ranging from \$263-\$10,929, including interest, ranging from 2.9% to 12%, collateralized by certain property	1,159
Mortgage note payable due in 1998 with monthly installments of \$2,381, including interest, at 8.5% collateralized by certain receivables, certain property and personally guaranteed by a stockholder	217
Note payable to Hub Group, Inc., due on demand, with interest payable quarterly at prime plus 1%	100
Capital lease obligations, collateralized by certain equipment	87
	----- 1,688
Total long-term debt	1,688
Less current maturities	(681)
	----- \$ 1,007 -----

Aggregate principal payments, in thousands, due subsequent to December 31, 1995, are as follows:

1996	\$	681
1997		406
1998		500
1999		101

	\$	1,688

The Company had unused aggregate lines of credit of approximately \$5,975,000 at December 31, 1995 with expiration dates beginning in January 1996. \$5,000,000 has no expiration date. Interest rates range from prime less 3/4% to prime plus 2%. Borrowings are secured by certain assets.

NOTE 4. Rental Expense and Lease Commitments

Minimum annual rental commitments, in thousands, at December 31, 1995, under noncancellable operating leases, principally for real estate and equipment, are payable as follows:

1996	\$	2,198
1997		1,557
1998		966
1999		716
2000		624
2001 & thereafter		853

Total minimum lease payments	\$	6,914

Total rental expense was approximately \$1,629,000, \$2,190,000 and \$423,000 for 1994, 1995 and the period January 1, through March 17, 1996, respectively. Many of the leases contain renewal options and escalation clauses which require payments of additional rent to the extent of increases in the related operating costs.

NOTE 5. Legal Matters

In the ordinary course of conducting its business, the Company becomes involved in various lawsuits related to its business. The Company does not believe that the ultimate resolution of these matters will be material to its business, financial position or results of operations.

NOTE 6. Profit-Sharing Plan

The Company has numerous profit-sharing plans and trusts under section 401(k) of the Internal Revenue Code. Generally, for every dollar the employee contributes the Company will contribute an additional \$.20 up to \$100. In addition, the Company may make a profit sharing contribution at its discretion. Historically, the Company has contributed an amount equal to 3% of each participant's compensation up to a maximum of \$4,500. The Company's contributions to the Plan were approximately \$562,000, \$713,000 and \$287,000 for 1994, 1995 and the period January 1, through March 17, 1996, respectively.

NOTE 7. Related Party Transactions

The Company provides transportation services to Hub Group, Inc. Revenue from Hub Group, Inc. was \$13,535,000, \$21,720,000 and \$3,880,000 for 1994, 1995 and the period January 1, through March 17, 1996, respectively. Net fees earned were \$670,000, \$734,000 and \$116,000 for the same periods, respectively.

Hub Group, Inc. provides transportation services to the Company, which resulted in costs of \$11,885,000, \$14,712,000 and \$3,459,000 for 1994, 1995 and the period January 1 through March 17, 1996, respectively.

The Company charges assessment fees based primarily on volume and sales commission expense to Hub Group, Inc. Revenue for such fees were approximately \$657,000, \$670,000 and \$112,000 for 1994, 1995 and the period January 1 through March 17, 1996, respectively.

During 1994, the Company leased four facilities from stockholders. During 1995 and the period January 1, through March 17, 1996, the Company leased two facilities from stockholders. Rental expense relating to these agreements was approximately \$193,000, \$147,000 and \$39,000 for 1994, 1995 and the period January 1 through March 17, 1996, respectively. The terms of the leases extend through 2000.

NOTE 8. Stockholder Agreements

The majority of the entities included in Hub Partnerships have agreements with certain of their stockholders which set forth rights of the stockholders and the corporation. Generally, the agreements require that any stockholder wishing to sell his shares must first offer the shares for sale to the corporation and then to the other stockholders, before offering them to a third party. Generally the agreements state that upon death, disability, or retirement of a stockholder, the stockholder is required to offer to sell all of the shares owned by the stockholder to the corporation. Certain agreements stipulate the corporation is required to purchase these shares. Under the majority of the agreements, selling price approximates book value, and under two agreements the selling price approximates fair market value. Generally the agreements also state that, in the event that a stockholder is terminated, the stockholder is required to offer to sell his shares to the corporation. Certain agreements stipulate the corporation is required to purchase the stockholder's shares. Redemption amounts relating to agreements with mandatory redemption features are included in Mandatorily Redeemable Common Stock in the accompanying balance sheet. Payments for shares generally is made over a five-year period. Additionally, these agreements generally contain non-compete clauses which preclude a stockholder, while employed by the corporation, from managing, operating, or controlling a business either similar or dissimilar to the business carried on by the corporation. The clause also states that following employment by the corporation, a stockholder may not be employed by or perform services for any competitor for a period of up to two years. These agreements continue with respect to the S Corporations' limited partnership interests in the operating partnerships of Hub Group, Inc.

NOTE 9. 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 2001.

NOTE 10. Stock

The following tables outline the shares of common stock and mandatorily redeemable stock authorized, issued, outstanding and in treasury.

Common Stock	December 31, 1995
-----	-----
Authorized	156,500
Issued	89,000
Outstanding	84,733
Treasury Stock	4,267

Mandatorily Redeemable Stock	December 31, 1995
-----	-----
Authorized	33,967
Issued	21,067
Outstanding	21,067
Treasury Stock	-

HUB GROUP, INC.
VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Year	Charged to Costs & Expenses	Deduction	Balance at End of Year
Year Ended December 31:				
Allowance for uncollectible accounts receivable				
1996	\$ 125,000	\$ 768,000	\$ (488,000)	\$ 405,000
1995	110,000	15,000	-	125,000
1994	-	110,000	-	110,000

INDEX TO EXHIBITS

Number -----	Exhibit -----	Sequentially Numbered Page -----
2.1	Purchase Agreement among the Registrant, American President Companies, Ltd. and APL Land Transport Services, Inc. (incorporated by reference to the Registrants report on Form 8-K dated May 2, 1996 and filed May 17, 1996, File No. 0-27754).....	
2.2	Purchase and Sale Agreement among Hub Holdings, Inc. and Hub City North Central, Inc.....	
3.1	Amended Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 and 3.3 to the Registrant's registration statement on Form S-1, File No. 33-9021).....	
3.2	By-Laws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's registration statement on Form S-1, File No. 33-9021).....	
10.1	Form of Amended and Restated Limited Partnership Agreement.....	
10.2	Amended and Restated Limited Partnership Agreement of Hub City Canada, L.P.....	
10.3	Form of Non-Competition Agreement.....	
10.4	Purchase and Sale Agreement between the Registrant and the Stockholders of Hub City Terminals, Inc. (incorporated by reference to Exhibit 10.3 to the Registrant's registration statement on Form S-1, File No. 33-90210).....	
10.5	Hub Group Distribution Services Purchase and Sale Agreement.....	
10.6	Management Agreement.....	
10.7	Stockholders' Agreement.....	
11.1	Statement re computation of per share earnings.....	
21	Subsidiaries of the Registrant.....	
23.1	Consent of Arthur Andersen LLP.....	
27	Financial Data Schedule.....	

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of November 21, 1996, is between Hub Holdings, Inc., a Delaware corporation ("Hub Holdings"), and Hub City North Central, Inc., a Wisconsin corporation ("Seller").

WHEREAS, Seller is the sole limited partner of Hub City North Central, L.P., a Delaware limited partnership (the "Partnership"), and Hub Group, Inc. is the sole shareholder of the sole general partner of the Partnership; and

WHEREAS, Seller desires to sell to Hub Holdings all of Seller's limited partnership interest (the "Interest") in the Partnership and Hub Holdings desires to purchase such Interest on the terms and subject to the conditions described herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, agreements and warranties herein contained, the parties hereto agree as follows:

1. Purchase and Sale. Subject to the terms and conditions herein set forth, Hub Holdings agrees to purchase from Seller, and Seller agrees to sell to Hub Holdings, the Interest owned by Seller in exchange for \$14,969,576, to be paid in the form of the promissory note attached hereto as Exhibit A (the "Note").

2. Closing. The purchase of the Interest shall occur as soon as practicable after the approval of this Agreement as contemplated by Section 7 hereof. The closing shall take place at the offices of Mayer, Brown & Platt, 190 South LaSalle Street, Chicago, Illinois 60603. At the closing, Hub Holdings shall deliver to Seller a duly executed original of the Note, and Seller shall deliver to Hub Holdings such instruments of transfer as Hub Holdings shall reasonably request.

3. Representations and Warranties of Hub Holdings. Hub Holdings hereby represents and warrants to Seller as follows:

(a) Due Organization. Hub Holdings is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with corporate power to own its properties and to conduct its business as now conducted.

(b) Authorization. Hub Holdings has the requisite power to enter into this Agreement and to carry out its obligations hereunder. This Agreement has been, and the Note will be, duly authorized, executed and delivered by Hub Holdings and constitutes a valid and binding agreement, enforceable against Hub Holdings in accordance with its terms except to the extent that its enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights

generally or by general equitable principles. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor compliance with the terms, conditions or provisions of this Agreement will be a violation of any of the terms, conditions or provisions of Hub Holdings's Certificate of Incorporation or bylaws or of any material agreement or instrument to which it is a party or by which it or its material properties may be bound, or constitute a default or create a right of termination or acceleration thereunder.

(c) Consents and Approvals. No consent, authorization or approval of, filing or registration with, or cooperation from, any governmental authority or any other person not a party to this Agreement is necessary in connection with the execution, delivery and performance by Hub Holdings of this Agreement and the consummation of the transactions contemplated hereby.

4. Representations and Warranties of Seller. Seller hereby represents and warrants to Hub Holdings as follows:

(a) Due Organization. Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with corporate power to own its properties and to conduct its business as now conducted.

(b) Authorization. Seller has the requisite power and authority to enter into this Agreement and, subject to receiving the Required Shareholder Approval (as defined below), to carry out its obligations hereunder. This Agreement has been duly executed and delivered by Seller and constitutes a valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights generally or by general equitable principles. None of the execution and delivery of this Agreement, consummation of the transactions contemplated hereby or compliance with the terms, conditions or provisions of this Agreement, will be a violation of any of the terms, conditions or provisions of any material agreement or instrument to which Seller is a party or by which Seller may be bound, or constitute a default or create a right of termination or acceleration thereunder.

(c) Title. Seller has good and marketable title to its Interest and owns such Interest free and clear of all liens, encumbrances, claims, security interests and defects. Such Interest was duly and validly issued and fully paid.

(d) Complete Transfer of Interest. The assignments, endorsements, powers and other instruments of transfer delivered by Seller to Hub Holdings will be sufficient to transfer its Interest. Subject to receiving the Required Shareholder Approval, Seller has full power and authority to convey good and marketable title to the Interest, and upon such

transfer, Hub Holdings will receive good and marketable title thereto, free and clear of all liens.

5. Conditions to the Obligations of Hub Holdings. The obligations of Hub Holdings under this Agreement are subject to the fulfillment of each of the following conditions:

(a) Representations and Warranties. The representations and warranties in this Agreement made by Seller shall be true in all material respects on the date hereof.

(b) Performance. Seller shall have performed and complied in all material respects with all agreements, covenants, obligations and conditions required by this Agreement to be performed or complied with by Seller.

(c) Injunctions. No preliminary or permanent injunction or other final order by any United States Federal or state court shall have been issued which prevents the consummation of the transactions contemplated hereby.

(d) Required Shareholder Approval. Seller shall have received the Required Shareholder Approval.

(e) Material Adverse Affect. There shall not have occurred any event or development that, in the sole and absolute judgment of Hub Holdings, would materially and adversely affect the value of the transactions contemplated hereby to Hub Holdings or its sole shareholder.

6. Conditions to the Obligations of Seller. The obligations of Seller under this Agreement are subject to the fulfillment of each of the following conditions:

(a) Representations and Warranties. The representations and warranties in this Agreement made by Hub Holdings shall be true in all material respects on the date hereof.

(b) Performance. Hub Holdings shall have performed and complied in all material respects with all agreements, covenants, obligations and conditions required by this Agreement to be performed or complied with by it.

(c) Injunctions. No preliminary or permanent injunction or other final order by any United States Federal or state court shall have been issued which prevents the consummation of the transactions contemplated hereby.

(d) Required Shareholder Approval. Seller shall have received the Required Shareholder Approval.

7. Required Shareholder Approval. Seller shall promptly take such action as may be required by its governing instruments and applicable law to seek to obtain the requisite approval of its shareholders of this Agreement and the transactions contemplated hereby (the "Required Shareholder Approval"). Seller shall use its best efforts to receive the Required Shareholder Approval and the board of directors shall recommend to the shareholders of Seller the approval of this Agreement and the transactions contemplated hereby.

8. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors, assigns and affiliates, but shall not be assignable by any party hereto without the prior written consent of the other parties hereto.

9. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to Hub Holdings:

Hub Holdings, Inc.
377 East Butterfield Road
Suite 700
Lombard, IL 60148
Attention: David P. Yeager
Facsimile: (708) 964-6475

If to Seller:

Hub City North Central, Inc.
9242 W. National Avenue
Milwaukee, WI 53227
Facsimile: (414) 545-7424

10. Waiver. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

11. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, among the parties hereto and their affiliates with respect to the matters set forth herein.

12. Expenses. Except as otherwise expressly contemplated herein to the contrary, regardless of whether the transactions contemplated hereby are consummated, each party shall

bear its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

13. No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and, no provision of this Agreement shall be deemed to confer upon other third parties any remedy, claim, liability, reimbursement, cause of action or other right.

14. Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

15. Captions. The Section and Paragraph captions herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

17. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the day and year first executed.

HUB HOLDINGS, INC.

By: /s/ David P. Yeager

David P. Yeager
Authorized Officer

HUB CITY NORTH CENTRAL, INC.

By: /s/ David P. Yeager

David P. Yeager
Authorized Officer

EXHIBIT A

Form of Promissory Note

December 12, 1996

US\$14,969,576

For value received, the undersigned, Hub Holdings, Inc., a Delaware corporation or its assigns (herein the "PAYOR"), promises to pay to the order of Hub City North Central, Inc., FOURTEEN MILLION, NINE HUNDRED SIXTY-NINE THOUSAND FIVE HUNDRED SEVENTY-SIX DOLLARS (US\$14,969,576), plus interest on the unpaid principal amount hereof outstanding from time to time at the applicable Rate of Interest (as defined below), at such times and on such terms as described below.

1. Repayment of Principal. The aggregate principal amount of this Promissory Note shall be payable in whole on January 1, 1998, such date being referred to as the Final Maturity Date.

2. Payment of Interest. Interest will be payable at maturity, whether by optional prepayment or on the Final Maturity Date. All interest will be calculated for the actual number of days elapsed on the basis of a 365-day year.

3. Rate of Interest. The Rate of Interest shall be seven percent (7%). In the event of any default in the payment of interest or principal hereunder, the Rate of Interest shall be nine percent (9%) for such period that the PAYOR shall be in default.

4. Optional Prepayment. The PAYOR, at its option, may prepay this Promissory Note, together with all accrued interest on the principal balance prepaid, in whole or in part at any time prior to the Final Maturity Date.

In addition to, and not in limitation of, the foregoing, the undersigned further agrees, subject only to any limitation imposed by applicable law, to pay all expenses, including reasonable attorneys' fees and expenses, incurred by the holder of this Promissory Note in seeking to collect any amounts payable hereunder which are not paid when due.

All parties hereto, whether as makers, endorsers, or otherwise, severally waive presentment for payment, protest, and notice of dishonor. Recourse under this Promissory Note shall be limited solely to the assets of the PAYOR.

This Promissory Note may not be changed or modified orally.

THIS PROMISSORY NOTE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE.

IN WITNESS WHEREOF, the undersigned has executed this Promissory Note as of the date first above written.

HUB HOLDINGS, INC.

By:

Name: David P. Yeager
Title: Authorized Officer

A-1

GUARANTY

The undersigned hereby absolutely and unconditionally guarantees the due and punctual payment and performance under the foregoing Promissory Note from Hub Holdings, Inc. in favor of Hub City North Central, Inc. in the original principal amount of \$14,969,576.

HUB GROUP, INC.

By:

David P. Yeager
Vice Chairman

A-2

FORM OF AMENDED AND RESTATED PARTNERSHIP AGREEMENT FOR

HUB CITY ALABAMA, L.P.
HUB CITY ATLANTA, L.P.
HUB CITY BOSTON, L.P.
HUB CITY CLEVELAND, L.P.
HUB CITY DALLAS, L.P.
HUB CITY DETROIT, L.P.
HUB CITY FLORIDA, L.P.
HUB CITY GOLDEN GATE, L.P.
HUB CITY HOUSTON, L.P.
HUB CITY INDIANAPOLIS, L.P.
HUB CITY KANSAS CITY, L.P.
HUB CITY LOS ANGELES, L.P.
HUB CITY MID-ATLANTIC, L.P.
HUB CITY NEW HAVEN, L.P.
HUB CITY NEW ORLEANS, L.P.
HUB CITY NEW YORK STATE, L.P.
HUB CITY NEW YORK-NEW JERSEY, L.P.
HUB CITY NORTH CENTRAL, L.P.
HUB CITY OHIO, L.P.
HUB CITY PHILADELPHIA, L.P.
HUB CITY PITTSBURGH, L.P.
HUB CITY PORTLAND, L.P.
HUB CITY RIO GRANDE, L.P.
HUB CITY ST. LOUIS, L.P.
HUB CITY TENNESSEE, L.P.

AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
HUB CITY ALABAMA, L.P.

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AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
HUB CITY ALABAMA, L.P.

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP, dated as of March 18, 1996, of Hub City Alabama, L.P. (the "Partnership") is entered into by and among Hub City Terminals, Inc. (the "General Partner"), a Delaware corporation, as the General Partner and Hub City Alabama Terminals, Inc., an Alabama corporation (the "Limited Partner"), as the Limited Partner.

WHEREAS, pursuant to the Original Agreement, the Formation General Partner, the Limited Partner and the Formation Limited Partner formed the Partnership;

WHEREAS, the Formation General Partner, the Limited Partner and the Formation Limited Partner desire to admit the General Partner as the general partner of the Partnership;

WHEREAS, the Formation General Partner desires to sell its general partnership interest in the Partnership to the General Partner and, upon consummation of such sale, to withdraw as general partner of the Partnership;

WHEREAS, the Formation Limited Partner desires to withdraw as a limited partner of the Partnership; and

WHEREAS, the General Partner and the Limited Partner, being all of the Partners of the Partnership, desire to continue the Partnership as a limited partnership under the Act, and are entering into this Agreement to amend and restate the Original Agreement to reflect and confirm the foregoing admission and withdrawals, and to amend, restate and supersede in its entirety the Original Agreement, as hereinafter set forth;

NOW, THEREFORE, in consideration of the premises, the mutual promises and agreements herein made, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the General Partner and the Limited Partner, intending to be legally bound, have agreed and do hereby agree as follows:

ARTICLE I

DEFINED TERMS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Act" means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time, and any successor to such statute.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each Partnership Year (a) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) and (b) decreased by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" means, with respect to any Partner, the deficit balance, if any, in such Partner's Adjusted Capital Account as of the end of the relevant Partnership Year.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Section 4.2 hereof. Once an Adjusted Property is deemed distributed by, and recontributed to, the Partnership for Federal income tax purposes upon a termination thereof pursuant to Section 708 of the Code, such property shall thereafter constitute a Contributed Property until the Carrying Value of such property is further adjusted pursuant to Section 4.2 hereof.

"Affiliate" means, with respect to any Person, (a) any Person directly or indirectly controlling, controlled by or under common control with such Person, (b) any Person owning or controlling 10 percent or more of the outstanding voting interests of such Person, (c) any Person of which such Person owns or controls 10 percent or more of the voting interests, or (d) any officer, director, general partner or trustee of such Person or any Person referred to in clauses (a), (b) and (c) above.

"Agreed Value" means (a) in the case of any Contributed Property set forth in Exhibit B and as of the time of its contribution to the Partnership, the Agreed Value of such property as set forth in Exhibit B; (b) in the case of any Contributed Property not set forth in Exhibit B and as of the time of its contribution to the Partnership, the 704(c) Value of such property or other consideration, reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (c) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property at the time such property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution as determined under Section 752 of the Code and the Regulations thereunder.

"Agreement" means this Amended and Restated Agreement of Limited Partnership, as it may be amended, supplemented or restated from time to time.

"Available Cash" means with respect to any period for which such calculation is being made:

(a) all cash revenues and funds received by the Partnership from whatever source (excluding the proceeds of any Capital Contribution to the Partnership pursuant to Section 4.1 hereof) plus the amount of any reduction (including, without limitation, a reduction resulting because the General Partner determines such amounts are no longer necessary) in reserves of the Partnership, which reserves are referred to in clause (b)(iv) below;

(b) less the sum of the following (except to the extent made with the proceeds of any Capital Contribution):

(i) all interest, principal and other debt payments made during such period by the Partnership,

(ii) all cash expenditures (including capital expenditures) made by the Partnership,

(iii) investments in any entity (including loans made thereto) to the extent that such investments are not otherwise described in clauses (b)(i) or (ii), and

(iv) the amount of any increase in reserves established during such period which the General Partner determines are necessary or appropriate in its sole and absolute discretion.

Notwithstanding the foregoing, Available Cash shall not include any cash received or reductions in reserves, or take into account any disbursements made or reserves established, after commencement of the dissolution and liquidation of the Partnership.

"Average Net After-Tax Profit" means the average annual Net After-Tax Profit of the Partnership for the most recently completed twelve fiscal quarter period. If the Partnership has been existence for less than twelve complete fiscal quarters, Average Net After-Tax Profit shall be calculated using the net after-tax profit of the Limited Partner (determined on a basis consistent with that used for determining Net After-Tax Profit for the Partnership) for such completed fiscal quarters, or portions thereof of the Partnership and of the Limited Partner as are necessary to include twelve completed fiscal quarters in the foregoing calculation.

"Book-Tax Disparities" means, with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for Federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section

4.2 and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with Federal income tax accounting principles.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in Chicago, Illinois are authorized or required by law to close.

"Capital Account" means the Capital Account maintained for a Partner pursuant to Section 4.2 hereof.

"Capital Contribution" means, with respect to any Partner, any cash, cash equivalents or the Agreed Value of Contributed Property which such Partner contributes or is deemed to contribute to the Partnership pursuant to Section 4.1 hereof.

"Carrying Value" means (a) with respect to a Contributed Property or Adjusted Property, the 704(c) Value of such property reduced (but not below zero) by all Depreciation with respect to such Property charged to the Partners' Capital Accounts and (b) with respect to any other Partnership property, the adjusted basis of such property for Federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Section 4.2 hereof, and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Certificate" means the Certificate of Limited Partnership relating to the Partnership filed in the office of the Secretary of State of the State of Delaware, as amended from time to time in accordance with the terms hereof and the Act.

"Code" means the Internal Revenue Code of 1986, as amended. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Common Stock" means the shares of Class A Common Stock, \$.01 par value per share, of Hub Group, Inc., a Delaware corporation and the sole stockholder of the General Partner.

"Contributed Property" means each property or other asset (but excluding cash), in such form as may be permitted by the Act contributed or deemed contributed to the Partnership (including for this purpose any property or other asset deemed contributed to the Partnership on termination and reconstitution thereof pursuant to Section 708 of the Code). Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 4.2 hereof, such property shall no longer constitute a Contributed Property for purposes of Section 4.2 hereof, but shall be deemed an Adjusted Property for such purposes.

"Depreciation" means for each fiscal year, an amount equal to the Federal income tax depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such year, except that if the Carrying Value of an asset differs from its adjusted basis for Federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Carrying Value as the Federal income tax depreciation, amortization, or other cost recovery deduction for such year bears to such beginning adjusted tax basis; provided, however, that if the Federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Carrying Value using any reasonable method selected by the General Partner.

"Discount Rate" shall mean, for any given Price/Earnings Multiple, the Discount Rate set forth on Exhibit C opposite such Price/Earnings Multiple.

"Event of Dissolution" has the meaning set forth in Section 13.1.

"Formation General Partner" means Hub City Alabama Terminals, Inc. in its capacity as general partner under the Original Agreement.

"Formation Limited Partner" means David P. Yeager.

"General Partner" means Hub City Terminals, Inc., a Delaware corporation, or its successors as a general partner of the Partnership.

"General Partnership Interest" means a Partnership Interest held by a General Partner that is a general partnership interest.

"IRS" means the Internal Revenue Service, which administers the internal revenue laws of the United States.

"Incapacity" or "Incapacitated" means, (a) as to any corporation which is a Partner, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter, (b) as to any partnership which is a Partner, the dissolution and commencement of winding up of the partnership or (c) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (i) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (iii) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (iv) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (ii) above, (v) the Partner seeks, consents to or acquiesces in the

appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties, (vi) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within 120 days after the commencement thereof, (vii) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within 90 days of such appointment, or (viii) an appointment referred to in clause (vii) is not vacated within 90 days after the expiration of any such stay.

"Indemnitee" means (a) any Person made a party to a proceeding by reason of his status as (i) the General Partner or (ii) an officer of the Partnership or a director or officer of the General Partner, and (b) such other Persons (including Affiliates of the General Partner or the Partnership) as the General Partner may designate from time to time, in its sole and absolute discretion.

"Limited Partner" means Hub City Alabama Terminals, Inc., an Alabama corporation, or its successors, as a Limited Partner in the Partnership.

"Limited Partnership Interest" means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Partners.

"Liquidator" has the meaning set forth in Section 13.3.

"Net After-Tax Profit" means, with respect to each fiscal quarter of the Partnership, Net Income, after provision for income taxes as if the Partnership were a taxable corporation under subchapter C of the Code and before adjustments for extraordinary items for each quarter.

"Net Income" means for any taxable period, the excess, if any, of the Partnership's items of income and gain for such taxable period over the Partnership's items of loss and deduction for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Section 4.2. Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to the special allocation rules in Sections 6.2 and 6.3, Net Income or the resulting Net Loss, whichever the case may be, shall be recomputed without regard to such item.

"Net Loss" means for any taxable period, the excess, if any, of the Partnership's items of loss and deduction for such taxable period over the Partnership's items of income and gain for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Section 4.2. Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to the special allocation rules in Sections 6.2 and 6.3, Net Loss or the resulting Net Income, whichever the case may be, shall be recomputed without regard to such item.

"Non-Competition Agreement" means that certain Non-Competition Agreement dated as of the date hereof between the Partnership and the Principal.

"Nonrecourse Built-in Gain" means, with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Section 6.3(b) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"Nonrecourse Liability" has the meaning set forth in Regulations Section 1.752-1(a)(2).

"Original Agreement" means that certain Agreement of Limited Partnership, dated as of February 12, 1996, between the Formation General Partner, the Limited Partner and the Formation Limited Partner.

"Partner" means a General Partner or a Limited Partner, and "Partners" means the General Partner and the Limited Partner.

"Partner Minimum Gain" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"Partner Nonrecourse Debt" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"Partner Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

"Partnership" means the limited partnership formed under the Act and continued pursuant to this Agreement, and any successor thereto.

"Partnership Interest" means an ownership interest in the Partnership representing a Capital Contribution by either Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

"Partnership Minimum Gain" has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"Partnership Year" means the fiscal year of the Partnership, which shall be the calendar year.

"Percentage Interest" means, as to a Partner, its interest in the Partnership as specified in Exhibit A attached hereto, as such Exhibit may be amended from time to time.

"Person" means an individual or a corporation, partnership, trust, unincorporated organization, association or other entity.

"Price/Earnings Multiple" means the average of (i) the quotient obtained by dividing (A) the Value by (B) the aggregate net income per share of Common Stock for the four-quarter period immediately preceding the date of calculation, and (ii) the aggregate projected price/earnings ratio per share of Common Stock as reported by First Call for the four-quarter period immediately following the date of calculation.

"Principal" means John H. Beck, an employee of the Partnership.

"Purchase Amount" means an amount determined by multiplying (i) the product of (a) the Price/Earnings Multiple times (b) the Average Net After-Tax Profit by (ii) one (1) minus the Discount Rate.

"Purchase Notice" has the meaning set forth in Section 8.6(b).

"Purchase Right" has the meaning set forth in Section 8.6(a).

"Recapture Income" means any gain recognized by the Partnership (computed without regard to any adjustment required by Section 734 or Section 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for Federal income tax purposes resulting from a sale, exchange or other disposition of Contributed Property or Adjusted Property, to the extent such

item of gain or loss is not allocated pursuant to Section 6.3(b)(1)(i) or 6.3(b)(2)(i) to eliminate Book-Tax Disparities.

"704(c) Value" of any Contributed Property means the value of such property as set forth in Exhibit B, or if no value is set forth in Exhibit B, the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt; provided, however, that the 704(c) Value of any property deemed contributed to the Partnership for Federal income tax purposes upon termination and reconstitution thereof pursuant to Section 708 of the Code shall be determined in accordance with Section 4.2 hereof. Subject to Section 4.2 hereof, the General Partner shall use such method as it deems reasonable and appropriate to allocate the aggregate of the 704(c) Value of Contributed Properties among each separate property on a basis proportional to its fair market value.

"Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of (a) the voting power of the voting equity securities or (b) the outstanding equity interests is owned, directly or indirectly, by such Person.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.3.

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property (as determined under Section 4.2 hereof) as of such date, over (b) the Carrying Value of such property (prior to any adjustment to be made pursuant to Section 4.2 hereof) as of such date.

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the Carrying Value of such property (prior to any adjustment to be made pursuant to Section 4.2 hereof) as of such date, over (b) the fair market value of such property (as determined under Section 4.2 hereof) as of such date.

"Value" means, with respect to a share of Common Stock, the average of the daily market price for the thirty (30) consecutive trading days immediately preceding the date of determination. The market price for each such trading day shall be: (a) if the shares of Common Stock are listed or admitted to trading on any securities exchange or the NASDAQ-National Market System, the closing price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices on such day, (b) if the shares of Common Stock are not listed or admitted to trading on any securities exchange or the NASDAQ-National Market System, the last reported sale price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by the General Partner, or (c) if the shares of Common Stock are not listed or admitted to trading on any securities exchange or the NASDAQ-National Market System and no such last reported sale price or closing bid and asked prices

are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by the General Partner, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than 30 days prior to the date in question) for which prices have been so reported; provided, that if there are no bid and asked prices reported during the 30 days prior to the date in question, the Value of the shares of Common Stock shall be determined by the board of directors of the sole stockholder of the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

ARTICLE II
ORGANIZATIONAL MATTERS

Section 2.1 Continuation; Application of Act.

(a) Continuation of Partnership. The General Partner and the Limited Partner do hereby continue the Partnership as a limited partnership according to all of the terms and provisions of this Agreement and otherwise in accordance with the Act. The General Partner is the sole general partner and the Limited Partner is the sole limited partner of the Partnership. All Partnership profits, losses and distributive shares of tax items accruing prior to the effectiveness of this Agreement shall be allocated in accordance with, and the respective rights and obligations of partners with respect to the period prior to the effectiveness of this Agreement shall be governed by, the Original Agreement. The Formation General Partner hereby withdraws from the Partnership. The Formation Limited Partner hereby withdraws from the Partnership in exchange for a return of his original capital contribution.

(b) Application of Act. The Partnership is a limited partnership subject to the provisions of the Act and the terms and conditions set forth in this Agreement. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. No Partner has any interest in any Partnership property, and the Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2 Name. The name of the Partnership is Hub City Alabama, L.P. The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partner of such change in the next regular communication to the Limited Partner.

Section 2.3 Registered Office and Agent; Principal Office. The address of the registered office of the Partnership in the State of Delaware is located at 1209 Orange Street, Wilmington, County of New Castle, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office is The Corporation Trust Company. The principal office of the Partnership is located at Hub Group, Inc., 377 East Butterfield Road, Suite 700, Lombard, Illinois 60148, or such other place as the General Partner may from time to time designate by notice to the Limited Partner. The Partnership may maintain offices at such other place or places within or outside the State of Illinois as the General Partner deems advisable.

Section 2.4 Term. The term of the Partnership shall commence on the date hereof, and shall continue until December 31, 2096, unless it is dissolved sooner pursuant to the provisions of Article XIII or as otherwise provided by law.

ARTICLE III
PURPOSE

Section 3.1 Purpose and Business. The purpose and nature of the business to be conducted by the Partnership is (a) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act, (b) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing and (c) to do anything necessary or incidental to the foregoing.

Section 3.2 Powers. The Partnership is empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership; provided that the Partnership shall not take, or refrain from taking, any action which, in the judgment of the General Partner, in its sole and absolute discretion, could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner or its securities, unless such action (or inaction) shall have been specifically consented to by the General Partner in writing.

ARTICLE IV
CAPITAL CONTRIBUTIONS; ISSUANCE OF INTERESTS;
CAPITAL ACCOUNTS

Section 4.1 Capital Contributions of the Partners.

(a) Initial Capital Contributions. The General Partner shall succeed to the capital contribution of the Formation General Partner. At the time of the execution of this Agreement, the Partners shall make, shall have made or shall be deemed to have

made the Capital Contributions set forth in Exhibit A to this Agreement. The Partners shall have a Percentage Interest in the Partnership as set forth in Exhibit A.

(b) Additional Capital Contributions. No Partner shall be assessed or, except as provided for in Section 13.4(b) below, and except for any such amounts which a Limited Partner may be obligated to repay under Section 10.5, be required to contribute additional funds or other property to the Partnership. Any additional funds or other property required by the Partnership, as determined by the General Partner in its sole discretion, may, at the option of the General Partner and without an obligation to do so (except as provided for in Section 13.4(b) below), be loaned by the General Partner to the Partnership on such terms as the General Partner deems appropriate.

(c) Return of Capital Contributions. Except as otherwise expressly provided herein, the Capital Contribution of the Limited Partner will be returned to that Partner only in the manner and to the extent provided in Article V and Article XIII hereof, and no Partner may withdraw from the Partnership or otherwise have any right to demand or receive the return of its Capital Contribution to the Partnership (as such), except as specifically provided herein. Under circumstances requiring a return of any Capital Contribution, no Partner shall have the right to receive property other than cash, except as specifically provided herein. No Partner shall be entitled to interest on any Capital Contribution or Capital Account notwithstanding any disproportion therein as between the Partners. Except as specifically provided herein, the General Partner shall not be liable for the return of any portion of the Capital Contribution of the Limited Partner, and the return of such Capital Contributions shall be made solely from Partnership assets.

(d) Liability of Limited Partner. The Limited Partner shall have no further personal liability to contribute money to, or in respect of, the liabilities or the obligations of the Partnership, nor shall the Limited Partner be personally liable for any obligations of the Partnership, except as otherwise provided in this Article IV or in the Act. The Limited Partner shall not be required to make any contributions to the capital of the Partnership other than its initial Capital Contribution.

Section 4.2 Capital Accounts of the Partners.

(a) General. The Partnership shall maintain for each Partner a separate Capital Account in accordance with the rules of Regulations Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (a) the amount of all Capital Contributions made by such Partner to the Partnership pursuant to this Agreement and (b) all items of Partnership income and gain (including income and gain exempt from tax) computed in accordance with Section 4.2(b) hereof and allocated to such Partner pursuant to Sections 6.1 and 6.2 of this Agreement, and decreased by (i) the amount of cash or Agreed Value of all actual and deemed distributions of cash or property made to such

Partner pursuant to this Agreement and (ii) all items of Partnership deduction and loss computed in accordance with Section 4.2(b) hereof and allocated to such Partner pursuant to Sections 6.1 and 6.2 of this Agreement.

(b) Income, Gains, Deductions and Losses. For purposes of computing the amount of any item of income, gain, loss or deduction to be reflected in the Partners' Capital Accounts, unless otherwise specified in this Agreement, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for Federal income tax purposes determined in accordance with Section 703(a) of the Code (for this purpose all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(1) Except as otherwise provided in Regulations Section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership; provided that the amounts of any adjustments to the adjusted bases of the assets of the Partnership made pursuant to Section 734 of the Code as a result of the distribution of property by the Partnership to a Partner (to the extent that such adjustments have not previously been reflected in the Partners' Capital Accounts) shall be reflected in the Capital Accounts of the Partners in the manner and subject to the limitations prescribed in Regulations Section 1.704-1(b)(2)(iv)(m).

(2) The computation of all items of income, gain, loss and deduction shall be made without regard to the fact that items described in Sections 705(a)(1)(B) or 705(a)(2)(B) of the Code are not includable in gross income or are neither currently deductible nor capitalized for Federal income tax purposes.

(3) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(4) In lieu of the depreciation, amortization, and other cash recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year.

(5) In the event the Carrying Value of any Partnership Asset is adjusted pursuant to Section 4.2(d) hereof, the amount of any such adjustment shall be taken into account as gain or loss from the disposition of such asset.

(6) Any items specially allocated under Section 6.3 hereof shall not be taken into account.

(c) Transfers of Partnership Interests. A transferee of Partnership Interests shall succeed to a pro rata portion of the Capital Account of the transferor; provided, however, that, if the transfer causes a termination of the Partnership under Section 708(b)(1)(B) of the Code, the Partnership's properties shall be deemed to have been distributed in liquidation of the Partnership to the Partners (including the transferee of Partnership Interests) and recontributed by such Partners in reconstitution of the Partnership. In such event, the Carrying Values of the Partnership properties shall be adjusted immediately prior to such deemed distribution pursuant to Section 4.2(d)(2) hereof. The Capital Accounts of such reconstituted Partnership shall be maintained in accordance with the principles of this Section 4.2.

(d) Unrealized Gains and Losses.

(1) Consistent with the provisions of Regulations Section 1.704-1(b)(2)(iv)(f), and as provided in Section 4.2(d)(2), the Carrying Values of all Partnership assets shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the times of the adjustments provided in Section 4.2(d)(2) hereof, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property and allocated pursuant to Section 6.1 of the Agreement.

(2) Such adjustments shall be made as of the following times: (i) immediately prior to the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (ii) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of Property as consideration for an interest in the Partnership; and (iii) immediately prior to the liquidation of the Partnership or the General Partner's interest in the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the General Partner reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership.

(3) In accordance with Regulations Section 1.704-1(b)(2)(iv)(e) the Carrying Values of Partnership assets distributed in kind shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the time any such asset is distributed.

(4) In determining such Unrealized Gain or Unrealized Loss the aggregate cash amount and fair market value of all Partnership assets (including cash or cash equivalents) shall be determined by the General Partner using such reasonable method of valuation as it may adopt, or in the case of a liquidating distribution pursuant to Article XIII of this Agreement, be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt. The General Partner, or the Liquidator, as the case may be, shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its sole and absolute discretion to arrive at a fair market value for individual properties).

(e) Modification by General Partner. The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership, the General Partner or the Limited Partner) are computed in order to comply with such Regulations, the General Partner may make such modification; provided that it will not have a material effect on the amounts distributable to any Person pursuant to Article XIII of this Agreement upon the liquidation of the Partnership. The General Partner also shall (a) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (b) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

ARTICLE V DISTRIBUTIONS

Section 5.1 Requirement and Characterization of Distributions. The General Partner shall distribute within 90 days after the end of each calendar quarter an amount equal to 100% of Available Cash during such quarter to the Partners in proportion to their respective Percentage Interests.

Section 5.2 Amounts Withheld. All amounts withheld pursuant to the Code or any provisions of any state or local tax law and Section 10.5 hereof with respect to any allocation, payment or distribution to any Partners shall be treated as amounts distributed to such Partners pursuant to Section 5.1 for all purposes under this Agreement.

Section 5.3 Distributions Upon Liquidation. Proceeds from any sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that, taken together, results in the sale or other disposition of all or substantially all of the assets of the Partnership shall be distributed to the Partners in accordance with Section 13.3.

ARTICLE VI
ALLOCATIONS

Section 6.1 Allocations For Capital Account Purposes. For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 4.2 hereof) shall be allocated among the Partners for each taxable year (or portion thereof) as provided herein below.

(a) Net Income. After giving effect to the special allocations set forth in Section 6.2 below, Net Income shall be allocated (i) first, to the General Partner to the extent that, on a cumulative basis, Net Losses previously allocated to the General Partner pursuant to the last sentence of Section 6.1(b) exceed Net Income previously allocated to the General Partner pursuant to this clause (a) of Section 6.1(a), and (ii) thereafter, Net Income shall be allocated in proportion to the respective Percentage Interests of the Partners.

(b) Net Losses. After giving effect to the special allocations set forth in Section 6.2 below, Net Losses shall be allocated in proportion to the respective Percentage Interests of the Partners; provided that Net Losses shall not be allocated to the Limited Partner pursuant to this Section 6.1(b) to the extent that such allocation would cause the Limited Partner to have an Adjusted Capital Account Deficit at the end of such taxable year (or increase any existing Adjusted Capital Account Deficit). All Net Losses in excess of the limitations set forth in the preceding sentence of this Section 6.1(b) shall be allocated to the General Partner.

(c) Nonrecourse Liabilities. For purposes of Regulations Section 1.752-3(a), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (i) the amount of Partnership Minimum Gain and (ii) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in proportion to their respective Percentage Interests.

(d) Gains. Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall to the extent possible, after taking into account other required allocations of gain pursuant to Section 6.2 below, be characterized as Recapture Income in the same proportions and to the same extent as

such Partners have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

Section 6.2 Special Allocation Rules. Notwithstanding any other provision of this Agreement, the following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Notwithstanding any other provisions of Article VI, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f)(6). This Section 6.2(a) is intended to comply with the minimum gain chargeback requirements in Regulations Section 1.704-2(f) and for purposes of this Section 6.2(a) only, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of this Agreement with respect to such fiscal year and without regard to any decrease in Partner Minimum Gain during such fiscal year.

(b) Partner Minimum Gain Chargeback. Notwithstanding any other provision of Article VI (except Section 6.2(a) hereof), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership fiscal year, each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 6.2(b) is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith. Solely for purposes of this Section 6.2(b), each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Article VI of this Agreement with respect to such fiscal year, other than allocations pursuant to Section 6.2(a) hereof.

(c) Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), and after giving

effect to the allocations required under Sections 6.2(a) and 6.2(b) hereof, such Partner has an Adjusted Capital Account Deficit, items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible.

(d) Nonrecourse Deductions. Nonrecourse Deductions for any taxable period shall be allocated in proportion to the respective Percentage Interests of the Partners. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partner, to revise the prescribed ratio to the numerically closest ratio which does satisfy such requirements.

(e) Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any fiscal year shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(2).

(f) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

Section 6.3 Allocations for Tax Purposes.

(a) General. Except as otherwise provided in this Section 6.3, for Federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 6.1 and 6.2 of this Agreement.

(b) To Eliminate Book-Tax Disparities. In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, and deduction shall be allocated for Federal income tax purposes among the Partners as follows:

(1) (i) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners consistent with the principles of Section 704(c) of the Code that takes into account the variation between the 704(c) Value of such property and its adjusted basis at the time of contribution, and (ii) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Sections 6.1 and 6.2 of this Agreement.

(2) (i) In the case of an Adjusted Property, such items shall (A) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Section 4.2 and (B) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 6.3(b)(1)(i), and (ii) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Sections 6.1 and 6.2 of this Agreement.

(3) All other items of income, gain, loss and deduction shall be allocated among the Partners in the same manner as their correlative item of "book" gain or loss is allocated pursuant to Sections 6.1 and 6.2 of this Agreement.

(c) Power of General Partner to Elect Method. To the extent Treasury Regulations promulgated pursuant to Section 704(c) of the Code permit a partnership to utilize alternative methods to eliminate the disparities between the agreed value of property and its adjusted basis, the General Partner shall have the authority to elect the method to be used by the Partnership and such election shall be binding on all Partners.

ARTICLE VII
MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1 Management.

(a) Powers of General Partner. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are exclusively vested in the General Partner, and the Limited Partner shall have no right to participate in or exercise control or management power over the business and affairs of the Partnership. Notwithstanding anything to the contrary in this Agreement, the General Partner may not be removed by the Limited Partner with or without cause. In addition to the powers now or hereafter granted a general partner of a limited

partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 7.3 hereof, shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 hereof and to effectuate the purposes set forth in Section 3.1 hereof, including, without limitation:

(1) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by mortgage, deed of trust or other lien or encumbrance on the Partnership's assets) and the incurring of any obligations it deems necessary for the conduct of the activities of the Partnership;

(2) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(3) the acquisition, disposition, sale, conveyance, mortgage, pledge, encumbrance, hypothecation, contribution or exchange of any assets of the Partnership or the merger or other combination of the Partnership with or into another entity on such terms as the General Partner deems proper;

(4) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms it sees fit, including, without limitation, the financing of the conduct of the operations of the General Partner, the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including the Partnership's Subsidiaries) and the repayment of obligations of the Partnership and its Subsidiaries and any other Person in which it has an equity investment and the making of capital contributions to its Subsidiaries, the holding of any real, personal and mixed property of the Partnership in the name of the Partnership or in the name of a nominee or trustee (subject to Section 7.10), the creation, by grant or otherwise, of easements or servitudes, and the performance of any and all acts necessary or appropriate to the operation of the Partnership assets including, but not limited to, applications for rezoning, objections to rezoning, constructing, altering, improving, repairing, renovating, rehabilitating, razing, demolishing or condemning any improvements or property of the Partnership;

(5) the negotiation, execution, and performance of any contracts, conveyances or other instruments (including with Affiliates of the Partnership to the extent provided in Section 7.6) that the General Partner considers useful or

necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement;

(6) the opening and closing of bank accounts, the investment of Partnership funds in securities, certificates of deposit and other instruments, and the distribution of Partnership cash or other Partnership assets in accordance with this Agreement;

(7) the selection and dismissal of employees of the Partnership or the General Partner (including, without limitation, employees having titles such as "president," "vice president," "secretary" and "treasurer"), and the engagement and dismissal of agents, outside attorneys, accountants, engineers, appraisers, consultants, contractors and other professionals on behalf of the General Partner or the Partnership and the determination of their compensation and other terms of employment or hiring;

(8) the maintenance of such insurance for the benefit of the Partnership and the Partners as it deems necessary or appropriate;

(9) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contribution of property to, its Subsidiaries and any other Person in which it has an equity investment from time to time);

(10) the control of any matters affecting the rights and obligations of the Partnership, including the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation, and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(11) the undertaking of any action in connection with the Partnership's direct or indirect investment in its Subsidiaries or any other Person (including, without limitation, the contribution or loan of funds by the Partnership to such Persons);

(12) the determination of the fair market value of any Partnership property distributed in kind using such reasonable method of valuation as it may adopt; and

(13) the execution, acknowledgement and delivery of any and all documents and instruments to effectuate any or all of the foregoing.

(b) No Approval Required for Above Powers. The Limited Partner agrees that the General Partner is authorized to execute, deliver and perform the above-mentioned agreements and transactions on behalf of the Partnership without any further act, approval or vote of the Partners, notwithstanding any other provision of this Agreement, the Act or any applicable law, rule or regulation. The execution, delivery or performance by the General Partner or the Partnership of any agreement authorized or permitted under this Agreement shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partner or any other Persons under this Agreement or of any duty stated or implied by law or equity.

(c) Insurance. At all times from and after the date hereof, the General Partner may cause the Partnership to obtain and maintain casualty, liability and other insurance on the properties of the Partnership and liability insurance for the Indemnitees hereunder.

(d) Working Capital Reserves. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital reserves for the Partnership in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable from time to time.

(e) No Obligation to Consider Tax Consequences to Limited Partner. In exercising its authority under this Agreement, the General Partner may, but shall be under no obligation to, take into account the tax consequences to any Partner of any action taken by it. The General Partner and the Partnership shall not have liability to the Limited Partner under any circumstances as a result of an income tax liability incurred by the Limited Partner as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement.

Section 7.2 Certificate of Limited Partnership. To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other jurisdiction in which the Partnership may elect to do business or own property. Subject to the terms of Section 8.5(a)(4) hereof, the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate, as it may be amended or restated from time to time, to the Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the Limited Partner have limited liability) in the State of Delaware and any other jurisdiction in which the Partnership may elect to do business or own property.

Section 7.3 Restrictions on General Partner's Authority. The General Partner may not, without the written consent of the Limited Partner, take any action in contravention of this Agreement, including, without limitation:

(a) take any action that would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in this Agreement;

(b) possess Partnership property, or assign any rights in specific Partnership property, for other than a Partnership purpose except as otherwise provided in this Agreement;

(c) admit a Person as a Partner, except as otherwise provided in this Agreement; or

(d) perform any act that would subject the Limited Partner to liability as a general partner in any jurisdiction or any other liability except as provided herein or under the Act.

Section 7.4 Responsibility for Expenses.

(a) No Compensation. Except as provided in this Section 7.4 and elsewhere in this Agreement (including the provisions of Articles V and VI regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

(b) Responsibility for Ownership and Operation Expenses. The Partnership shall be responsible for and shall pay all expenses relating to the Partnership's ownership of its assets, and the operation of, or for the benefit of, the Partnership, and the General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all expenses it incurs relating to the Partnership's ownership of its assets and the operation of, or for the benefit of, the Partnership; provided that the amount of any such reimbursement shall be reduced by any interest earned by the General Partner with respect to bank accounts or other instruments held by it as permitted in Section 7.5(a). Such reimbursements shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 7.7 hereof.

Section 7.5 Outside Activities of the General Partner.

(a) The General Partner shall not be required to act hereunder as its sole and exclusive business activity, and the General Partner may have other business interests and engage in other activities in addition to those relating to the Partnership, including businesses and activities which are or may be competitive with the Partnership.

Neither the Partnership nor the Limited Partner shall have any right by virtue of this Agreement or the partnership relationship created hereby in or to any such other ventures or activities or to the income or proceeds derived therefrom, and the pursuit of such ventures, even if competitive with the business of the Partnership, shall not be deemed wrongful or improper. The General Partner and any of its Affiliates, shall not be obligated to present any particular investment or business opportunity to the Partnership even if such opportunity is of a character which, if presented to the Partnership, could be taken by the Partnership, and the General Partner and each of its Affiliates shall have the right to take for his or its own account or for any other Person, or to recommend to others, any such particular investment or business opportunity.

(b) The General Partner may, on behalf of the Partnership, employ or otherwise acquire services or financing from any Partner or any entity in which any Partner has an interest (fiduciary or otherwise) and pay from the Partnership assets reasonable compensation therefor or interest thereon and may acquire from or sell to any Partner or any entity in which any Partner has an interest (fiduciary or otherwise) real or personal property or interests therein and may acquire or sell real or personal property or interests therein in connection with the acquisition or sale of which any Partner or any entity in which any Partner has an interest (fiduciary or otherwise) earns a commission or fee.

(c) The General Partner may commingle Partnership funds with funds of its own or those of any other entity (either by joint venture or otherwise) for Partnership purposes; provided that in connection with such funds the General Partner shall keep adequate records to reflect the Partnership's proportional interest therein.

Section 7.6 Contracts with Affiliates.

(a) Loans. The Partnership may lend or contribute to its Subsidiaries or other Persons in which it has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

(b) Transfers of Assets. Except as provided in Section 7.5, the Partnership may transfer assets to joint ventures, other partnerships, corporations or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions consistent with this Agreement and applicable law.

(c) Contracts With General Partner. Except as expressly permitted by this Agreement, neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are on terms that are fair and reasonable

and no less favorable to the Partnership than would be obtained from an unaffiliated third party in connection therewith.

(d) Employee Benefit Plans. The General Partner, in its sole and absolute discretion and without the approval of the Limited Partner, may propose and adopt on behalf of the Partnership employee benefit plans funded by the Partnership for the benefit of employees of the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership, the General Partner, or any of the Partnership's Subsidiaries.

Section 7.7 Indemnification.

(a) General. The Partnership shall indemnify an Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.7(a). The termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the Indemnitee acted in a manner contrary to that specified in this Section 7.7(a). Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership.

(b) In Advance of Final Disposition. Reasonable expenses incurred by an Indemnitee who is a party to a proceeding may be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding upon receipt by the Partnership of (a) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 7.7 has been met, and (b) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(c) Other Than by This Section. The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity.

(d) Insurance. The Partnership may purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) Employee Benefit Plans. For purposes of this Section 7.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of Section 7.7(a); and actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Partnership.

(f) No Personal Liability for Limited Partner. In no event may an Indemnitee subject the Limited Partner to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) Interested Transactions. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) Binding Effect. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

Section 7.8 Liability of the General Partner.

(a) General. Notwithstanding anything to the contrary set forth in this Agreement, the General Partner shall not be liable for monetary damages to the Partnership or any Partners for losses sustained or liabilities incurred as a result of

errors in judgment or of any act or omission, unless (i) the General Partner actually received an improper benefit in money, property or services (in which case, such liability shall be for the amount of the benefit in money, property or services actually received), or (ii) the General Partner's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action being adjudicated.

(b) No Obligation to Consider Interests of Limited Partner. The Limited Partner expressly acknowledges that the General Partner is acting on behalf of the Partnership and the sole stockholder of the General Partner collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partner (including, without limitation, the tax consequences to the Limited Partner) in deciding whether to cause the Partnership to take (or decline to take) any actions which the General Partner has undertaken in good faith on behalf of the Partnership, and that the General Partner shall not be liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by the Limited Partner in connection with such decisions, unless (i) the General Partner actually received an improper benefit in money, property or services (in which case, such liability shall be for the amount of the benefit in money, property or services actually received), or (ii) the General Partner's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action being adjudicated.

(c) Acts of Agents. Subject to its obligations and duties as General Partner set forth in Section 7.1(a) hereof, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith.

(d) Effect of Amendment. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's liability to the Partnership and the Limited Partner under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.9 Other Matters Concerning the General Partner.

(a) Reliance on Documents. The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Reliance on Consultants and Advisors. The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisors selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which such General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) Action Through Officers and Attorneys. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the General Partner hereunder.

Section 7.10 Title to Partnership Assets. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its best efforts to cause beneficial and record title to such assets to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Section 7.11 Reliance by Third Parties. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. The Limited Partner hereby waives any and all defenses or other remedies which may be available against the Limited Partner to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive

evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VIII
RIGHTS AND OBLIGATIONS OF LIMITED PARTNER

Section 8.1 Limitation of Liability. The Limited Partner shall have no liability under this Agreement except as expressly provided in this Agreement, including Section 10.5 hereof, or under the Act.

Section 8.2 Management of Business. The Limited Partner shall not take part in the operation, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name nor have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partner under this Agreement.

Section 8.3 Outside Activities of Limited Partner.

(a) General. Subject to Section 8.3(b) and any agreements entered into by the Limited Partner or its Affiliates with the Partnership (including, without limitation, the Non-Competition Agreement), the General Partner or their respective Affiliates, the Partnership or a Subsidiary, the following rights shall govern outside activities of the Limited Partner: (i) the Limited Partner and any officer, director, employee, agent, trustee, Affiliate or stockholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership; (ii) neither the Partnership nor any Partners shall have any rights by virtue of this Agreement in any business ventures of the Limited Partner; (iii) neither the Limited Partner nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person, other than the General Partner, and such Person shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures to the Partnership, the Limited Partner or any such other Person, even if such opportunity is of a character which, if presented to the Partnership, the Limited Partner or such other Person, could be taken by such Person; (iv) the fact that the Limited Partner may

encounter opportunities to purchase, otherwise acquire, lease, sell or otherwise dispose of real or personal property and may take advantage of such opportunities itself or introduce such opportunities to entities in which it has or has not any interest, shall not subject such Partner to liability to the Partnership or any of the other Partners on account of the lost opportunity; and (v) except as otherwise specifically provided herein, nothing contained in this Agreement shall be deemed to prohibit the Limited Partner or any of its Affiliates from dealing, or otherwise engaging in business, with Persons transacting business with the Partnership or from providing services relating to the purchase, sale, rental, management or operation of real or personal property (including real estate brokerage services) and receiving compensation therefor, from any Persons who have transacted business with the Partnership or other third parties.

(b) Limitation. Notwithstanding Section 8.3(a), other than through its ownership interest in the Partnership and Hub Group Distribution Services, the Limited Partner shall not directly or indirectly engage in the ownership, management or operation of any Person who competes, directly or indirectly, with the Partnership or the General Partner. Nothing in this Section 8.3(b) shall prohibit the Limited Partner from owning up to 1% of the outstanding securities of any Person who directly or indirectly competes with the Company.

Section 8.4 Priority Among Partners. No Partner (Limited or General) shall have priority over any other Partner (Limited or General) either as to the return of Capital Contributions or, except to the extent provided by Sections 6.2 or 6.3 hereof, or otherwise expressly provided in this Agreement, as to profits, losses or distributions.

Section 8.5 Rights of Limited Partner Relating to the Partnership.

(a) Copies of Business Records. In addition to other rights provided by this Agreement or by the Act, and except as limited by Section 8.5(b) hereof, the Limited Partner shall have the right, for a purpose reasonably related to the Limited Partner's interest as a limited partner in the Partnership, upon written demand with a statement of the purpose of such demand and at the Limited Partner's own expense:

(1) to obtain a copy of the most recent annual and quarterly reports filed with the Securities and Exchange Commission by the sole stockholder of the General Partner pursuant to the Securities Exchange Act of 1934, as amended;

(2) to obtain a copy of the Partnership's Federal, state and local income tax returns for each Partnership Year;

(3) to obtain a current list of the name and last known business, residence or mailing address of each Partner;

(4) to obtain a copy of this Agreement and the Certificate and all amendments thereto, together with executed copies of all powers of attorney pursuant to which this Agreement, the Certificate and all amendments thereto have been executed; and

(5) to obtain true and full information regarding the amount of cash and a description and statement of any other property or services contributed by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a partner.

(b) Confidential Information. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partner, for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any Partnership information that (i) the General Partner believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or (ii) the Partnership is required by law or by agreements with unaffiliated third parties to keep confidential.

Section 8.6 Purchase Right.

(a) From and after the date that the Principal is no longer employed by the Partnership for any reason, the General Partner shall have the right (the "Purchase Right") to purchase (but not the obligation), from the Limited Partner all (but not less than all) of the Limited Partner's Limited Partnership Interest in exchange for the Purchase Amount. For purposes of this Section 8.6, the Purchase Amount shall be calculated as of the last date of employment of the Principal by the Partnership. Prior to any exercise of the Purchase Right, the disinterested members of the board of directors of the sole stockholder of the General Partner shall have approved, by a majority vote thereof, the exercise of the Purchase Right by the General Partner.

(b) The General Partner shall exercise the Purchase Right (if at all) by delivering a notice (the "Purchase Notice") to the Limited Partner at the address of the Limited Partner as reflected in the records of the Partnership. Such notice shall state that the General Partner is exercising the Purchase Right, shall state that the disinterested members of the board of directors of the sole stockholder of the General Partner have, by a majority vote thereof, approved the exercise of the Purchase Right by the General Partner, shall set forth the Purchase Amount (and the calculation thereof) and such other matters as the General Partner deems appropriate. On the thirtieth day following the Purchase Notice, the General Partner shall deliver to the Limited Partner a certified or cashier's check for the Purchase Amount (together with an amount representing any distributions accrued but unpaid prior to the date of the Purchase Notice). The Limited Partner agrees to execute such documents as the

General Partner may reasonably request in connection with the exercise of the Purchase Right.

ARTICLE IX
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 Records and Accounting. The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partner any information, lists and copies of documents required to be provided pursuant to Section 9.3 hereof. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on, or be in the form of, punch cards, magnetic tape, photographs, micrographics or any other information storage device; provided that the records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained for financial purposes on an accrual basis in accordance with generally accepted accounting principles and for tax reporting purposes on the accrual basis.

Section 9.2 Fiscal Year. The fiscal year of the Partnership shall be the calendar year.

Section 9.3 Reports.

(a) Annual Reports. As soon as practicable, but in no event later than 120 days after the close of each Partnership Year, the General Partner shall cause to be mailed to the Limited Partner as of the close of the Partnership Year, an annual report containing unaudited financial statements of the Partnership presented in accordance with generally accepted accounting principles.

(b) Quarterly Reports. As soon as practicable, but in no event later than 60 days after the close of each calendar quarter (except the last calendar quarter of each year), the General Partner shall cause to be mailed to the Limited Partner as of the last day of the calendar quarter, a report containing unaudited financial statements of the Partnership, and such other information as may be required by applicable law or regulation, or as the General Partner determines to be appropriate.

ARTICLE X
TAX MATTERS

Section 10.1 Preparation of Tax Returns. The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for Federal and state income tax purposes and shall use all reasonable efforts to furnish, within 90 days of the close of each taxable year, the tax

information reasonably required by the General Partner and the Limited Partner for Federal and state income tax reporting purposes.

Section 10.2 Tax Elections. Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code; provided, however, that the General Partner shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder. The General Partner shall have the right to seek to revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

Section 10.3 Tax Matters Partner.

(a) General. The General Partner shall be the "tax matters partner" of the Partnership for Federal income tax purposes. Pursuant to Section 6223(c) of the Code, upon receipt of notice from the IRS of the beginning of an administrative proceeding with respect to the Partnership, the tax matters partner shall furnish the IRS with the name, address and profit interest of the Limited Partner; provided, however, that such information is provided to the Partnership by the Limited Partner. The Limited Partner shall provide such information to the Partnership as the General Partner shall reasonably request.

(b) Powers. The tax matters partner is authorized, but not required:

(1) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the adjustment of Partnership items required to be taken into account by a Partner for income tax purposes (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as "judicial review"), and in the settlement agreement the tax matters partner may expressly state that such agreement shall bind all Partners, except that such settlement agreement shall not bind any Partner (a) who (within the time prescribed pursuant to the Code and Regulations) files a statement with the IRS providing that the tax matters partner shall not have the authority to enter into a settlement agreement on behalf of such Partner or (b) who is a "notice partner" (as defined in Section 6231 of the Code) or a member of a "notice group" (as defined in Section 6223(b)(2) of the Code);

(2) in the event that a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a partner for tax purposes (a "final adjustment") is mailed or otherwise given to the tax matters partner, to seek judicial review of such final adjustment, including the

filing of a petition for readjustment with the Tax Court or the United States Claims Court, or the filing of a complaint for refund with the District Court of the United States for the district in which the Partnership's principal place of business is located;

(3) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(4) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition, complaint or other document) for judicial review with respect to such request;

(5) to enter into an agreement with the IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and

(6) to take any other action on behalf of the Partners of the Partnership in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the tax matters partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner, and the provisions relating to indemnification of the General Partner set forth in Section 7.7 of this Agreement shall be fully applicable to the tax matters partner in its capacity as such.

(c) Reimbursement. The tax matters partner shall receive no compensation for its services. All third-party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm and a law firm to assist the tax matters partner in discharging his duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

Section 10.4 Organizational Expenses. The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a 60 month period as provided in Section 709 of the Code.

Section 10.5 Withholding. The Limited Partner hereby authorizes the Partnership to withhold from, or pay on behalf of, or with respect to, the Limited Partner any amount of Federal, state, local, or foreign taxes that the General Partner determines that the Partnership

is required to withhold or pay with respect to any amount distributable or allocable to the Limited Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Section 1441, 1442, 1445 or 1446 of the Code. Any amount paid on behalf of or with respect to the Limited Partner shall constitute a loan by the Partnership to the Limited Partner, which loan shall be repaid by the Limited Partner within 15 days after notice from the General Partner that such payment must be made unless (a) the Partnership withholds such payment from a distribution which would otherwise be made to the Limited Partner or (b) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the available funds of the Partnership which would, but for such payment, be distributed to the Limited Partner. Any amounts withheld pursuant to the foregoing clauses (a) or (b) shall be treated as having been distributed to the Limited Partner. The Limited Partner hereby unconditionally and irrevocably grants to the Partnership a security interest in the Limited Partner's Partnership Interest to secure the Limited Partner's obligation to pay to the Partnership any amounts required to be paid pursuant to this Section 10.5. In the event that the Limited Partner fails to pay any amounts owed to the Partnership pursuant to this Section 10.5 when due, the General Partner may, in its sole and absolute discretion, elect to make the payment to the Partnership on behalf of the defaulting Limited Partner, and in such event shall be deemed to have loaned such amount to the defaulting Limited Partner and shall succeed to all rights and remedies of the Partnership as against the defaulting Limited Partner (including, without limitation, the right to receive distributions). Any amounts payable by the Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal, plus four percentage points (but not higher than the maximum lawful rate) from the date such amount is due (i.e., 15 days after demand) until such amount is paid in full. The Limited Partner shall take such actions as the Partnership or the General Partner shall request in order to perfect or enforce the security interest created hereunder.

ARTICLE XI
TRANSFERS AND WITHDRAWALS

Section 11.1 Transfer.

(a) Definition. The term "transfer," when used in this Article XI with respect to a Partnership Interest, shall be deemed to refer to a transaction by which Partner purports to assign its Partnership Interest to another Person and includes a sale, assignment, gift, bequest, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise. The term "transfer" when used in this Article XI does not include any acquisition of Partnership Interests from a Limited Partner by the General Partner pursuant to Section 8.6 hereof.

(b) Requirements. No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article XI.

Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article XI shall be null and void.

Section 11.2 Transfer of General Partner's Partnership Interest.

(a) General. The General Partner may not transfer any of its General Partnership Interest or withdraw as General Partner except in connection with a transaction described in Section 11.2(b).

(b) Transfer in Connection With Reclassification, Recapitalization, or Business Combination Involving General Partner. The General Partner shall not engage in any merger, consolidation or other combination with or into another Person or sale of all or substantially all of its assets, or any reclassification, or recapitalization or change of its outstanding common stock (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination of its common stock), unless under the terms of such transaction, the Limited Partner will not be deemed to have engaged in a sale or exchange for Federal income tax purposes of its Partnership Interest.

Section 11.3 Limited Partner's Rights to Transfer.

(a) General. Subject to the provisions of Section 8.6, the Limited Partner may not transfer all or any portion of its Partnership Interest, or any of the Limited Partner's rights as a Limited Partner, without the prior written consent of the General Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion. The General Partner's failure or refusal to permit a transfer of the Limited Partner's Partnership Interest shall not give rise to any cause of action against the Partnership or the General Partner. The General Partner may condition its consent to any such transfer on such matters as it deems appropriate, including without limitation, amendments to this Agreement. In order to effect such transfer upon consent of the General Partner, the Limited Partner must deliver to the General Partner a duly executed copy of the instrument making such transfer and such instrument must evidence the written acceptance by the assignee of all of the terms and conditions of this Agreement and represent that such assignment was made in accordance with all applicable laws and regulations.

(b) Incapacitated Limited Partners. If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by the Limited Partner for the purpose of settling or managing the estate and such power as the Incapacitated Limited Partner possessed to transfer all or any part of his or its interest in the Partnership. The

Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

(c) Rights and Duties of Substituted Limited Partners. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article XI shall have all the rights and powers and be subject to all the restrictions and liabilities of the Limited Partner under this Agreement.

(d) Amendment of Exhibit A. Upon the admission of a Substituted Limited Partner, the General Partner shall amend Exhibit A to reflect the name, address, Partnership Interests, and Percentage Interest of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address and interest of the predecessor of such Substituted Limited Partner.

Section 11.4 General Provisions.

(a) Withdrawal or Transfer of Limited Partner. The Limited Partner may not withdraw from the Partnership other than as a result of a permitted transfer of all of the Limited Partner's Partnership Interests in accordance with this Article XI or pursuant to the provisions of Section 8.6 hereof. If the Limited Partner shall transfer all of its Partnership Interests in a transfer permitted pursuant to this Article XI or pursuant to the provisions of Section 8.6 hereof shall cease to be a Limited Partner.

(b) Timing of Transfers. Transfers pursuant to this Article XI may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner otherwise agrees.

(c) Allocation When Transfer Occurs. If any Partnership Interest is transferred during any quarterly segment of the Partnership's fiscal year in compliance with the provisions of this Article XI or pursuant to the provisions of Section 8.6 hereof, Net Income, Net Losses, each item thereof and all other items attributable to such interest for such fiscal year shall be divided and allocated between the transferor Partner and the transferee Partner by taking into account their varying interests during the fiscal year in accordance with Section 706(d) of the Code, based on the portion of the year for which the transferor Partner and the transferee Partner were Partners. Solely for purposes of making such allocations, each of such items for the calendar month in which the transfer or redemption occurs shall be allocated to the Person who is a Partner as of midnight on the last day of said month. All distributions of Available Cash with respect to which the record date is before the date of such transfer or redemption shall be made to the transferor Partner, and all distributions of Available Cash with record dates thereafter shall be made to the transferee Partner.

ARTICLE XII
ADMISSION OF PARTNERS

Section 12.1 Admission of Successor General Partner. A successor to all of the General Partner's General Partnership Interest pursuant to Section 11.2 hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective upon such transfer. Any such transferee shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission.

Section 12.2 Admission of Additional Limited Partners. No additional Limited Partners shall be admitted to the Partnership without the consent of all of the Partners.

Section 12.3 Amendment of Agreement and Certificate. For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement (including an amendment of Exhibit A) and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Article XVI hereof.

ARTICLE XIII
DISSOLUTION AND LIQUIDATION

Section 13.1 Dissolution. The Partnership shall not be dissolved by the admission of Substituted Limited Partners or additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Subject to Section 13.2, the Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following ("Events of Dissolution"):

(a) Expiration of Term--the expiration of its term as provided in Section 2.5 hereof;

(b) Withdrawal of General Partner--an event of withdrawal of the General Partner, as defined in the Act, unless, within 90 days after the withdrawal, all the remaining Partners agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of withdrawal, of a substitute General Partner;

(c) Dissolution Prior to 2097--from and after the date of this Agreement through December 31, 2096, an election to dissolve the Partnership made by the General Partner, in its sole and absolute discretion;

(d) Judicial Dissolution Decree--entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;

(e) Sale of Partnership's Assets--the sale of all or substantially all of the assets and properties of the Partnership;

(f) Merger--the merger or other combination of the Partnership with or into another entity;

(g) Vote--a vote of all of the Partners;

(h) Bankruptcy or Insolvency of General Partner--the General Partner

(1) makes an assignment for the benefit of creditors;

(2) files a voluntary petition in bankruptcy;

(3) is adjudged a bankrupt or insolvent, or has entered against it an order for relief in any bankruptcy or insolvency proceeding;

(4) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;

(5) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature; or

(6) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the General Partner or of all or any substantial part of its properties; or

(i) Readjustment, etc. One hundred and twenty (120) days after the commencement of any proceeding against the General Partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, the proceeding has not been dismissed, or if within 90 days after the appointment without the General Partner's consent or acquiescence of a trustee, receiver or liquidator of the General Partner or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated.

Section 13.2 Right to Continue the Partnership Business. In the event of the dissolution of the Partnership for any reason, the Limited Partner shall have the option to form

a new partnership for the purpose of continuing the Partnership business. Unless the Limited Partner so elects within 90 days after the occurrence of an Event of Dissolution, the Partnership shall be liquidated and shall immediately commence to wind up its affairs as provided in Section 13.3.

Section 13.3 Winding Up.

(a) General. Upon the occurrence of an Event of Dissolution and subject to Section 13.2, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners. No Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner (or, in the event there is no remaining General Partner, any Person elected by the Limited Partner (the "Liquidator")) shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom shall be applied and distributed in the following order:

(1) First, to the payment and discharge of all of the Partnership's debts and liabilities to creditors other than the Partners;

(2) Second, to the payment and discharge of all of the Partnership's debts and liabilities to the Partners, pro rata in accordance with amounts owed to each such Partner; and

(3) The balance, if any, to the General Partner and Limited Partner in accordance with their respective Capital Accounts, after giving effect to all contributions, distributions, and allocations for all periods.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article XIII.

(b) Where Immediate Sale of Partnership's Assets Impractical. Notwithstanding the provisions of Section 13.3(a) hereof which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors) or, with the consent of all Partners, distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.3(a) hereof,

undivided interests in the Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

Section 13.4 Compliance with Timing Requirements of Regulations; Allowance for Contingent or Unforeseen Liabilities or Obligations.

(a) Liquidation. Notwithstanding anything to the contrary in this Agreement, in the event the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article XIII to the General Partner and the Limited Partner if it has a positive Capital Account in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2) (including any timing requirements therein). In the discretion of the General Partner, a pro rata portion of the distributions that would otherwise be made to the General Partner and the Limited Partner pursuant to this Article XIII may be: (a) distributed to a liquidating trust established for the benefit of the General Partner and Limited Partner for the purposes of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership. (The assets of any such trust shall be distributed to the General Partner and Limited Partner from time to time, in the reasonable discretion of the General Partner, in the same proportions as the amount distributed to such trust by the Partnership would otherwise have been distributed to the General Partner and Limited Partner pursuant to this Agreement); or (b) withheld to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided that such withheld amounts shall be distributed to the General Partner and Limited Partner as soon as practicable.

(b) Deficit Balance of General Partner. Notwithstanding anything to the contrary in this Agreement, (i) if the General Partner has a deficit balance in its Capital Account following the liquidation (within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g)) of its interest in the Partnership, as determined after taking into account all Capital Account adjustments for the Partnership taxable year during which such liquidation occurs (other than any adjustment for a capital contribution of the General Partner made pursuant to this sentence), the General Partner shall make a capital contribution to the Partnership in an amount equal to such deficit balance by the end of the Partnership taxable year during which such liquidation occurs (or, if later, within

90 days after date of such liquidation); and (ii) such capital contribution made pursuant to clause (i) of this Section 13.4(b) shall be distributed or utilized as provided in Section 13.4 or 13.5.

Section 13.5 Deemed Distribution and Recontribution. Notwithstanding any other provision of this Article XIII (but subject to Section 13.4(b)), in the event the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Event of Dissolution has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, the Partnership shall be deemed to have distributed the Property in kind to the General Partner and Limited Partner who shall be deemed to have assumed and taken such property subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the General Partner and Limited Partner shall be deemed to have recontributed the Partnership property in kind to the Partnership, which shall be deemed to have assumed and taken such property subject to all such liabilities.

Section 13.6 Rights of Limited Partner. Except as specifically provided in this Agreement, the Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contribution and shall have no right or power to demand or receive property other than cash from the Partnership. Except as specifically provided in this Agreement, no Partner shall have priority over any other Partner as to the return of its Capital Contributions, distributions, or allocations.

Section 13.7 Notice of Dissolution. In the event an Event of Dissolution or an event occurs that would, but for provisions of Section 13.1 or Section 13.2, result in a dissolution of the Partnership, the General Partner shall, within 30 days thereafter, provide written notice thereof to each of the Partners and to all other parties with whom the Partnership regularly conducts business (as determined in the discretion of the General Partner) and shall publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the discretion of the General Partner).

Section 13.8 Cancellation of Certificate of Limited Partnership. Upon the completion of the liquidation of the Partnership as provided in Section 13.3 hereof, the Partnership shall be terminated and the Certificate and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 13.9 Reasonable Time for Winding-Up. A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.3 hereof, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

ARTICLE XIV
AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS

Section 14.1 Amendments.

(a) General. Subject to Section 14.1(b), this Agreement may only be amended by a written agreement signed by each of the Partners.

(b) General Partner's Power to Amend. Notwithstanding Section 14.1(a), the General Partner shall have the power, without the consent of the Limited Partner, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(1) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partner;

(2) to reflect the admission, substitution, termination, or withdrawal of Partners in accordance with this Agreement;

(3) to reflect a change that is of an inconsequential nature and does not adversely affect the Limited Partner in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement; and

(4) to satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling or regulation of a Federal or state agency or contained in Federal or state law.

The General Partner will provide notice to the Limited Partner when any action under this Section 14.1(b) is taken.

ARTICLE XV
GENERAL PROVISIONS

Section 15.1 Addresses and Notice. All notices and demands under this Agreement shall be in writing, and may be either delivered personally (which shall include deliveries by courier), by telefax, telex or other wire transmission (with request for assurance of receipt in a manner appropriate with respect to communications of that type, provided that a confirmation copy is concurrently sent by a nationally recognized express courier for overnight delivery) or mailed, postage prepaid, by certified or registered mail, return receipt requested, directed to

the parties at their respective addresses set forth on Exhibit A attached hereto, as it may be amended from time to time, and, if to the Partnership, such notices and demands sent in the aforesaid manner must be delivered at its principal place of business set forth above. Unless delivered personally or by telefax, telex or other wire transmission as above (which shall be effective on the date of such delivery or transmission), any notice shall be deemed to have been made three (3) days following the date so mailed. Any party hereto may designate a different address to which notices and demands shall thereafter be directed by written notice given in the same manner and directed to the Partnership at its office hereinabove set forth.

Section 15.2 Titles and Captions. All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

Section 15.3 Pronouns and Plurals. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 15.4 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.6 Waiver of Partition. The Partners hereby agree that the Partnership properties are not and will not be suitable for partition. Accordingly, each of the Partners hereby irrevocably waives any and all rights (if any) that it may have to maintain any action for partition of any of the Partnership properties.

Section 15.7 Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the matters contained herein; it supersedes any prior agreements or understandings among them and it may not be modified or amended in any manner other than pursuant to Article XIV.

Section 15.8 Securities Law Provisions. The Partnership Interests have not been registered under the Federal or state securities laws of any state and, therefore, may not be resold unless appropriate Federal and state securities laws, as well as the provisions of Article XI hereof, have been complied with.

Section 15.9 Remedies Not Exclusive. Any remedies herein contained for breaches of obligations hereunder shall not be deemed to be exclusive and shall not impair the right of any party to exercise any other right or remedy, whether for damages, injunction or otherwise.

Section 15.10 Time. Time is of the essence of this Agreement.

Section 15.11 Creditors. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

Section 15.12 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

Section 15.13 Execution Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.14 Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Section 15.15 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

ARTICLE XVI
POWER OF ATTORNEY

Section 16.1 Power of Attorney.

(a) Scope. The Limited Partner constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(1) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments or restatements thereof) that the General Partner or the Liquidator

deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (b) all instruments that the General Partner deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents that the General Partner deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation; (d) all instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article XI, XII or XIII hereof or the Capital Contribution of any Partner; and (e) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of Partnership Interests; and

(2) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the General Partner, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Partners hereunder or is consistent with the terms of this Agreement or appropriate or necessary, in the sole discretion of the General Partner, to effectuate the terms or intent of this Agreement.

Nothing contained herein shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XIV hereof or as may be otherwise expressly provided for in this Agreement.

(b) Irrevocability. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, in recognition of the fact that each of the Partners will be relying upon the power of the General Partner to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of the Limited Partner and the transfer of all or any portion of the Limited Partner's Partnership Interests and shall extend to the Limited Partner's heirs, successors, assigns and personal representatives. The Limited Partner hereby agrees to be bound by any representation made by the General Partner, acting in good faith pursuant to such power of attorney; and the Limited Partner hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the General Partner, taken in good faith under such power of attorney. The Limited Partner shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the General Partner's request therefor, such further designation, powers of attorney and

other instruments as the General Partner or the Liquidator, as the case may be, deems necessary to effectuate this Agreement and the purposes of the Partnership.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

Hub City Terminals, Inc.

By: *

David P. Yeager
Vice Chairman

LIMITED PARTNER:

Hub City Alabama Terminals, Inc.

By: *

David P. Yeager
Authorized Officer

FORMATION GENERAL PARTNER:

Hub City Alabama Terminals, Inc.

By: *

David P. Yeager
Authorized Officer

FORMATION LIMITED PARTNER:

*

David P. Yeager

*
By: /s/ David P. Yeager

David P. Yeager

EXHIBIT A

PARTNERSHIP INTERESTS; PERCENTAGE INTERESTS

Name and Address of Partner	Percentage Interest	Capital Contribution*

General Partner		

Hub City Terminals, Inc. 1035 Havens Court Downers Grove, IL 60515	30%	\$294,969.94

Limited Partner		

Hub City Alabama Terminals, Inc. 2100 Riverchase Center Suite 110 Birmingham, AL 35244	70%	\$688,263.10

*The General Partner has succeeded to the Capital Account and Capital Contribution of the Formation General Partner pursuant to the terms of that certain Purchase and Sale Agreement dated as of even date herewith, between the Formation General Partner and the Limited Partner.

EXHIBIT B

AGREED VALUE; 704(C) VALUE

EXHIBIT C

DISCOUNT RATE

Price/Earnings Multiple	Discount Rate
1	3%
2	5%
3	7%
4	8%
5	11%
6	12%
7	14%
8	15%
9	16%
10	18%
11	20%
12	21%
13	23%
14	24%
15	25%
16	26%
17	28%
18	29%
19	29%
20	31%
21	32%
22	33%
23	34%
24	35%

Price/Earnings Multiple	Discount Rate
25	36%
26	37%
27	37%
28	39%
29	39%
40	40%

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AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
HUB CITY CANADA, L.P.

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AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
HUB CITY CANADA, L.P.

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP, dated as of March 18, 1996, of Hub City Canada, L.P. (the "Partnership") is entered into by and among Hub City Terminals, Inc. (the "General Partner"), a Delaware corporation, as the General Partner and the persons identified on the signature pages hereof as the Limited Partners (the "Limited Partners").

WHEREAS, pursuant to the Original Agreement, the Formation General Partners, the Limited Partners and the Formation Limited Partner formed the Partnership;

WHEREAS, the Formation General Partners, the Limited Partners and the Formation Limited Partner desire to admit the General Partner as the general partner of the Partnership;

WHEREAS, the Formation General Partners desire to sell their general partnership interests in the Partnership to the General Partner and, upon consummation of such sale, to withdraw as general partners of the Partnership;

WHEREAS, the Formation Limited Partner desires to withdraw as a limited partner of the Partnership; and

WHEREAS, the General Partner and the Limited Partners, being all of the Partners of the Partnership, desire to continue the Partnership as a limited partnership under the Act, and are entering into this Agreement to amend and restate the Original Agreement to reflect and confirm the foregoing admission and withdrawals, and to amend, restate and supersede in its entirety the Original Agreement, as hereinafter set forth;

NOW, THEREFORE, in consideration of the premises, the mutual promises and agreements herein made, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the General Partner and the Limited Partners, intending to be legally bound, have agreed and do hereby agree as follows:

ARTICLE I

DEFINED TERMS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Act" means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time, and any successor to such statute.

"Adjusted Capital Account" means the Capital Account maintained for each Partner as of the end of each Partnership Year (a) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) and (b) decreased by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" means, with respect to any Partner, the deficit balance, if any, in such Partner's Adjusted Capital Account as of the end of the relevant Partnership Year.

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Section 4.2 hereof. Once an Adjusted Property is deemed distributed by, and recontributed to, the Partnership for Federal income tax purposes upon a termination thereof pursuant to Section 708 of the Code, such property shall thereafter constitute a Contributed Property until the Carrying Value of such property is further adjusted pursuant to Section 4.2 hereof.

"Affiliate" means, with respect to any Person, (a) any Person directly or indirectly controlling, controlled by or under common control with such Person, (b) any Person owning or controlling 10 percent or more of the outstanding voting interests of such Person, (c) any Person of which such Person owns or controls 10 percent or more of the voting interests, or (d) any officer, director, general partner or trustee of such Person or any Person referred to in clauses (a), (b) and (c) above.

"Agreed Value" means (a) in the case of any Contributed Property set forth in Exhibit B and as of the time of its contribution to the Partnership, the Agreed Value of such property as set forth in Exhibit B; (b) in the case of any Contributed Property not set forth in Exhibit B and as of the time of its contribution to the Partnership, the 704(c) Value of such property or other consideration, reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (c) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property at the time such property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution as determined under Section 752 of the Code and the Regulations thereunder.

"Agreement" means this Amended and Restated Agreement of Limited Partnership, as it may be amended, supplemented or restated from time to time.

"Available Cash" means with respect to any period for which such calculation is being made:

(a) all cash revenues and funds received by the Partnership from whatever source (excluding the proceeds of any Capital Contribution to the Partnership pursuant to Section 4.1 hereof) plus the amount of any reduction (including, without limitation, a reduction resulting because the General Partner determines such amounts are no longer necessary) in reserves of the Partnership, which reserves are referred to in clause (b)(iv) below;

(b) less the sum of the following (except to the extent made with the proceeds of any Capital Contribution):

(i) all interest, principal and other debt payments made during such period by the Partnership,

(ii) all cash expenditures (including capital expenditures) made by the Partnership,

(iii) investments in any entity (including loans made thereto) to the extent that such investments are not otherwise described in clauses (b)(i) or (ii), and

(iv) the amount of any increase in reserves established during such period which the General Partner determines are necessary or appropriate in its sole and absolute discretion.

Notwithstanding the foregoing, Available Cash shall not include any cash received or reductions in reserves, or take into account any disbursements made or reserves established, after commencement of the dissolution and liquidation of the Partnership.

"Average Net After-Tax Profit" means the average annual Net After-Tax Profit of the Partnership for the most recently completed twelve fiscal quarter period. If the Partnership has been existence for less than twelve complete fiscal quarters, Average Net After-Tax Profit shall be calculated using the net after-tax profit of Hub Group Canada, L.L.C. or its predecessors (determined on a basis consistent with that used for determining Net After-Tax Profit for the Partnership) for such completed fiscal quarters, or portions thereof of the Partnership and of Hub Group Canada, L.L.C. or its predecessors as are necessary to include twelve completed fiscal quarters in the foregoing calculation.

"Book-Tax Disparities" means, with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for Federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 4.2 and the

hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with Federal income tax accounting principles.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in Chicago, Illinois are authorized or required by law to close.

"Capital Account" means the Capital Account maintained for a Partner pursuant to Section 4.2 hereof.

"Capital Contribution" means, with respect to any Partner, any cash, cash equivalents or the Agreed Value of Contributed Property which such Partner contributes or is deemed to contribute to the Partnership pursuant to Section 4.1 hereof.

"Carrying Value" means (a) with respect to a Contributed Property or Adjusted Property, the 704(c) Value of such property reduced (but not below zero) by all Depreciation with respect to such Property charged to the Partners' Capital Accounts and (b) with respect to any other Partnership property, the adjusted basis of such property for Federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Section 4.2 hereof, and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"Certificate" means the Certificate of Limited Partnership relating to the Partnership filed in the office of the Secretary of State of the State of Delaware, as amended from time to time in accordance with the terms hereof and the Act.

"Code" means the Internal Revenue Code of 1986, as amended. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"Common Stock" means the shares of Class A Common Stock, \$.01 par value per share, of Hub Group, Inc., a Delaware corporation and the sole stockholder of the General Partner.

"Contributed Property" means each property or other asset (but excluding cash), in such form as may be permitted by the Act contributed or deemed contributed to the Partnership (including for this purpose any property or other asset deemed contributed to the Partnership on termination and reconstitution thereof pursuant to Section 708 of the Code). Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 4.2 hereof, such property shall no longer constitute a Contributed Property for purposes of Section 4.2 hereof, but shall be deemed an Adjusted Property for such purposes.

"Depreciation" means for each fiscal year, an amount equal to the Federal income tax depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for

such year, except that if the Carrying Value of an asset differs from its adjusted basis for Federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Carrying Value as the Federal income tax depreciation, amortization, or other cost recovery deduction for such year bears to such beginning adjusted tax basis; provided, however, that if the Federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Carrying Value using any reasonable method selected by the General Partner.

"Discount Rate" shall mean, for any given Price/Earnings Multiple, the Discount Rate set forth on Exhibit C opposite such Price/Earnings Multiple.

"Event of Dissolution" has the meaning set forth in Section 13.1.

"Formation General Partners" means Hub Canadian Investors, Inc. and O'Neill Inc. in their capacities as general partners under the Original Agreement.

"Formation Limited Partner" means David P. Yeager.

"General Partner" means Hub City Terminals, Inc., a Delaware corporation, or its successors as a general partner of the Partnership.

"General Partnership Interest" means a Partnership Interest held by a General Partner that is a general partnership interest.

"IRS" means the Internal Revenue Service, which administers the internal revenue laws of the United States.

"Incapacity" or "Incapacitated" means, (a) as to any corporation which is a Partner, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter, (b) as to any partnership which is a Partner, the dissolution and commencement of winding up of the partnership or (c) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (i) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (iii) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (iv) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (ii) above, (v) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties, (vi) any proceeding seeking liquidation, reorganization or other relief under any

bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within 120 days after the commencement thereof, (vii) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within 90 days of such appointment, or (viii) an appointment referred to in clause (vii) is not vacated within 90 days after the expiration of any such stay.

"Indemnitee" means (a) any Person made a party to a proceeding by reason of his status as (i) the General Partner or (ii) an officer of the Partnership or a director or officer of the General Partner, and (b) such other Persons (including Affiliates of the General Partner or the Partnership) as the General Partner may designate from time to time, in its sole and absolute discretion.

"Limited Partner" means any Person named as a Limited Partner in Exhibit A attached hereto, as such Exhibit may be amended from time to time, in such Person's capacity as a Limited Partner in the Partnership.

"Limited Partnership Interest" means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Partners.

"Liquidator" has the meaning set forth in Section 13.3.

"Net After-Tax Profit" means, with respect to each fiscal quarter of the Partnership, Net Income, after provision for income taxes as if the Partnership were a taxable corporation under subchapter C of the Code and before adjustments for extraordinary items for each quarter.

"Net Income" means for any taxable period, the excess, if any, of the Partnership's items of income and gain for such taxable period over the Partnership's items of loss and deduction for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Section 4.2. Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to the special allocation rules in Sections 6.2 and 6.3, Net Income or the resulting Net Loss, whichever the case may be, shall be recomputed without regard to such item.

"Net Loss" means for any taxable period, the excess, if any, of the Partnership's items of loss and deduction for such taxable period over the Partnership's items of income and gain for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Section 4.2. Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to the special allocation rules in Sections 6.2 and 6.3, Net Loss or the resulting Net Income, whichever the case may be, shall be recomputed without regard to such item.

"Non-Competition Agreement" means that certain Non-Competition Agreement dated as of the date hereof between the Partnership and the Principal.

"Nonrecourse Built-in Gain" means, with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Section 6.3(b) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

"Nonrecourse Liability" has the meaning set forth in Regulations Section 1.752-1(a)(2).

"Original Agreement" means that certain Agreement of Limited Partnership, dated as of February 12, 1996, between the Formation General Partners, the Limited Partners and the Formation Limited Partner.

"Partner" means a General Partner or a Limited Partner, and "Partners" means the General Partner and the Limited Partners.

"Partner Minimum Gain" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"Partner Nonrecourse Debt" has the meaning set forth in Regulations Section 1.704-2(b)(4).

"Partner Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

"Partnership" means the limited partnership formed under the Act and continued pursuant to this Agreement, and any successor thereto.

"Partnership Interest" means an ownership interest in the Partnership representing a Capital Contribution by a Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

"Partnership Minimum Gain" has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease

in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

"Partnership Year" means the fiscal year of the Partnership, which shall be the calendar year.

"Percentage Interest" means, as to a Partner, its interest in the Partnership as specified in Exhibit A attached hereto, as such Exhibit may be amended from time to time.

"Person" means an individual or a corporation, partnership, trust, unincorporated organization, association or other entity.

"Price/Earnings Multiple" means the average of (i) the quotient obtained by dividing (A) the Value by (B) the aggregate net income per share of Common Stock for the four-quarter period immediately preceding the date of calculation, and (ii) the aggregate projected price/earnings ratio per share of Common Stock as reported by First Call for the four-quarter period immediately following the date of calculation.

"Principal" means Steven R. Gove, an employee of the Partnership.

"Purchase Amount" means an amount determined by multiplying (i) the product of (a) the Price/Earnings Multiple times (b) the Average Net After-Tax Profit by (ii) one (1) minus the Discount Rate.

"Purchase Notice" has the meaning set forth in Section 8.6(b).

"Purchase Right" has the meaning set forth in Section 8.6(a).

"Recapture Income" means any gain recognized by the Partnership (computed without regard to any adjustment required by Section 734 or Section 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Residual Gain" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for Federal income tax purposes resulting from a sale, exchange or other disposition of Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 6.3(b)(1)(i) or 6.3(b)(2)(i) to eliminate Book-Tax Disparities.

"704(c) Value" of any Contributed Property means the value of such property as set forth in Exhibit B, or if no value is set forth in Exhibit B, the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt; provided, however, that the 704(c) Value of any property deemed contributed to the Partnership for Federal income tax purposes upon termination and reconstitution thereof pursuant to Section 708 of the Code shall be determined in accordance with Section 4.2 hereof. Subject to Section 4.2 hereof, the General Partner shall use such method as it deems reasonable and appropriate to allocate the aggregate of the 704(c) Value of Contributed Properties among each separate property on a basis proportional to its fair market value.

"Sharing Percentage" means, with respect to any Partner, the percentage set forth opposite such Partner's name on Exhibit A hereto.

"Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of (a) the voting power of the voting equity securities or (b) the outstanding equity interests is owned, directly or indirectly, by such Person.

"Substituted Limited Partner" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.3.

"Unrealized Gain" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property (as determined under Section 4.2 hereof) as of such date, over (b) the Carrying Value of such property (prior to any adjustment to be made pursuant to Section 4.2 hereof) as of such date.

"Unrealized Loss" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the Carrying Value of such property (prior to any adjustment to be made pursuant to Section 4.2 hereof) as of such date, over (b) the fair market value of such property (as determined under Section 4.2 hereof) as of such date.

"Value" means, with respect to a share of Common Stock, the average of the daily market price for the thirty (30) consecutive trading days immediately preceding the date of determination. The market price for each such trading day shall be: (a) if the shares of Common Stock are listed or admitted to trading on any securities exchange or the NASDAQ-National Market System, the closing price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices on such day, (b) if the shares of Common Stock are not listed or admitted to trading on any securities exchange or the NASDAQ-National Market System, the last reported sale price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by the General Partner, or (c) if the shares of Common Stock are not listed or admitted to trading on any securities exchange or the NASDAQ-National Market System and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by the General

Partner, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than 30 days prior to the date in question) for which prices have been so reported; provided, that if there are no bid and asked prices reported during the 30 days prior to the date in question, the Value of the shares of Common Stock shall be determined by the board of directors of the sole stockholder of the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

ARTICLE II
ORGANIZATIONAL MATTERS

Section 2.1 Continuation; Application of Act.

(a) Continuation of Partnership. The General Partner and the Limited Partners do hereby continue the Partnership as a limited partnership according to all of the terms and provisions of this Agreement and otherwise in accordance with the Act. The General Partner is the sole general partner and the Limited Partners are the sole limited partners of the Partnership. All Partnership profits, losses and distributive shares of tax items accruing prior to the effectiveness of this Agreement shall be allocated in accordance with, and the respective rights and obligations of partners with respect to the period prior to the effectiveness of this Agreement shall be governed by, the Original Agreement. The Formation General Partners hereby withdraw from the Partnership. The Formation Limited Partner hereby withdraws from the Partnership in exchange for a return of his original capital contribution.

(b) Application of Act. The Partnership is a limited partnership subject to the provisions of the Act and the terms and conditions set forth in this Agreement. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. No Partner has any interest in any Partnership property, and the Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2 Name. The name of the Partnership is Hub City Canada, L.P. The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

Section 2.3 Registered Office and Agent; Principal Office. The address of the registered office of the Partnership in the State of Delaware is located at 1209 Orange Street, Wilmington, County of New Castle, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office is The Corporation Trust Company. The principal office of the Partnership is located at Hub Group, Inc., 377 East Butterfield Road, Suite 700, Lombard, Illinois 60148, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Illinois as the General Partner deems advisable.

Section 2.4 Term. The term of the Partnership shall commence on the date hereof, and shall continue until December 31, 2096, unless it is dissolved sooner pursuant to the provisions of Article XIII or as otherwise provided by law.

ARTICLE III
PURPOSE

Section 3.1 Purpose and Business. The purpose and nature of the business to be conducted by the Partnership is (a) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act, (b) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing and (c) to do anything necessary or incidental to the foregoing.

Section 3.2 Powers. The Partnership is empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership; provided that the Partnership shall not take, or refrain from taking, any action which, in the judgment of the General Partner, in its sole and absolute discretion, could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner or its securities, unless such action (or inaction) shall have been specifically consented to by the General Partner in writing.

ARTICLE IV
CAPITAL CONTRIBUTIONS; ISSUANCE OF INTERESTS;
CAPITAL ACCOUNTS

Section 4.1 Capital Contributions of the Partners.

(a) Initial Capital Contributions. The General Partner shall succeed to the capital contribution of the Formation General Partners. At the time of the execution of this Agreement, the Partners shall make, shall have made or shall be deemed to have made the Capital Contributions set forth in Exhibit A to this Agreement. The Partners shall have a Percentage Interest in the Partnership as set forth in Exhibit A.

(b) Additional Capital Contributions. No Partner shall be assessed or, except as provided for in Section 13.4(b) below, and except for any such amounts which a Limited Partner may be obligated to repay under Section 10.5, be required to contribute additional funds or other property to the Partnership. Any additional funds or other property required by the Partnership, as determined by the General Partner in its sole discretion, may, at the option of the General Partner and without an obligation to do so (except as provided for in Section 13.4(b) below), be loaned by the General Partner to the Partnership on such terms as the General Partner deems appropriate.

(c) Return of Capital Contributions. Except as otherwise expressly provided herein, the Capital Contribution of a Limited Partner will be returned to that Partner only in the manner and to the extent provided in Article V and Article XIII hereof, and no Partner may withdraw from the Partnership or otherwise have any right to demand or receive the return of its Capital Contribution to the Partnership (as such), except as specifically provided herein. Under circumstances requiring a return of any Capital Contribution, no Partner shall have the right to receive property other than cash, except as specifically provided herein. No Partner shall be entitled to interest on any Capital Contribution or Capital Account notwithstanding any disproportion therein as between the Partners. Except as specifically provided herein, the General Partner shall not be liable for the return of any portion of the Capital Contribution of the Limited Partners, and the return of such Capital Contributions shall be made solely from Partnership assets.

(d) Liability of Limited Partners. The Limited Partners shall have no further personal liability to contribute money to, or in respect of, the liabilities or the obligations of the Partnership, nor shall the Limited Partners be personally liable for any obligations of the Partnership, except as otherwise provided in this Article IV or in the Act. The Limited Partners shall not be required to make any contributions to the capital of the Partnership other than their initial Capital Contribution.

Section 4.2 Capital Accounts of the Partners.

(a) General. The Partnership shall maintain for each Partner a separate Capital Account in accordance with the rules of Regulations Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (a) the amount of all Capital Contributions made by such Partner to the Partnership pursuant to this Agreement and (b) all items of Partnership income and gain (including income and gain exempt from tax) computed in accordance with Section 4.2(b) hereof and allocated to such Partner pursuant to Sections 6.1 and 6.2 of this Agreement, and decreased by (i) the amount of cash or Agreed Value of all actual and deemed distributions of cash or property made to such Partner pursuant to this Agreement and (ii) all items of Partnership deduction and loss computed in accordance with Section 4.2(b) hereof and allocated to such Partner pursuant to Sections 6.1 and 6.2 of this Agreement.

(b) Income, Gains, Deductions and Losses. For purposes of computing the amount of any item of income, gain, loss or deduction to be reflected in the Partners' Capital Accounts, unless otherwise specified in this Agreement, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for Federal income tax purposes determined in accordance with Section 703(a) of the Code (for this purpose all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(1) Except as otherwise provided in Regulations Section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership; provided that the amounts of any adjustments to the adjusted bases of the assets of the Partnership made pursuant to Section 734 of the Code as a result of the distribution of property by the Partnership to a Partner (to the extent that such adjustments have not previously been reflected in the Partners' Capital Accounts) shall be reflected in the Capital Accounts of the Partners in the manner and subject to the limitations prescribed in Regulations Section 1.704-1(b)(2)(iv)(m).

(2) The computation of all items of income, gain, loss and deduction shall be made without regard to the fact that items described in Sections 705(a)(1)(B) or 705(a)(2)(B) of the Code are not includable in gross income or are neither currently deductible nor capitalized for Federal income tax purposes.

(3) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(4) In lieu of the depreciation, amortization, and other cash recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year.

(5) In the event the Carrying Value of any Partnership Asset is adjusted pursuant to Section 4.2(d) hereof, the amount of any such adjustment shall be taken into account as gain or loss from the disposition of such asset.

(6) Any items specially allocated under Section 6.3 hereof shall not be taken into account.

(c) Transfers of Partnership Interests. A transferee of Partnership Interests shall succeed to a pro rata portion of the Capital Account of the transferor; provided,

however, that, if the transfer causes a termination of the Partnership under Section 708(b)(1)(B) of the Code, the Partnership's properties shall be deemed to have been distributed in liquidation of the Partnership to the Partners (including the transferee of Partnership Interests) and recontributed by such Partners in reconstitution of the Partnership. In such event, the Carrying Values of the Partnership properties shall be adjusted immediately prior to such deemed distribution pursuant to Section 4.2(d)(2) hereof. The Capital Accounts of such reconstituted Partnership shall be maintained in accordance with the principles of this Section 4.2.

(d) Unrealized Gains and Losses.

(1) Consistent with the provisions of Regulations Section 1.704-1(b)(2)(iv)(f), and as provided in Section 4.2(d)(2), the Carrying Values of all Partnership assets shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the times of the adjustments provided in Section 4.2(d)(2) hereof, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property and allocated pursuant to Section 6.1 of the Agreement.

(2) Such adjustments shall be made as of the following times: (i) immediately prior to the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (ii) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of Property as consideration for an interest in the Partnership; and (iii) immediately prior to the liquidation of the Partnership or the General Partner's interest in the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the General Partner reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership.

(3) In accordance with Regulations Section 1.704-1(b)(2)(iv)(e) the Carrying Values of Partnership assets distributed in kind shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the time any such asset is distributed.

(4) In determining such Unrealized Gain or Unrealized Loss the aggregate cash amount and fair market value of all Partnership assets (including cash or cash equivalents) shall be determined by the General Partner using such reasonable method of valuation as it may adopt, or in the case of a liquidating distribution pursuant to Article XIII of this Agreement, be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt. The General Partner, or the Liquidator, as the case may be, shall allocate

such aggregate value among the assets of the Partnership (in such manner as it determines in its sole and absolute discretion to arrive at a fair market value for individual properties).

(e) Modification by General Partner. The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership, the General Partner or any Limited Partner) are computed in order to comply with such Regulations, the General Partner may make such modification; provided that it will not have a material effect on the amounts distributable to any Person pursuant to Article XIII of this Agreement upon the liquidation of the Partnership. The General Partner also shall (a) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (b) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

ARTICLE V DISTRIBUTIONS

Section 5.1 Requirement and Characterization of Distributions. The General Partner shall distribute within 90 days after the end of each calendar quarter an amount equal to 100% of Available Cash during such quarter to the Partners in proportion to their respective Sharing Percentages.

Section 5.2 Amounts Withheld. All amounts withheld pursuant to the Code or any provisions of any state or local tax law and Section 10.5 hereof with respect to any allocation, payment or distribution to any Partners shall be treated as amounts distributed to such Partners pursuant to Section 5.1 for all purposes under this Agreement.

Section 5.3 Distributions Upon Liquidation. Proceeds from any sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that, taken together, results in the sale or other disposition of all or substantially all of the assets of the Partnership shall be distributed to the Partners in accordance with Section 13.3.

ARTICLE VI
ALLOCATIONS

Section 6.1 Allocations For Capital Account Purposes. For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 4.2 hereof) shall be allocated among the Partners for each taxable year (or portion thereof) as provided herein below.

(a) Net Income. After giving effect to the special allocations set forth in Section 6.2 below, Net Income shall be allocated (i) first, to the General Partner to the extent that, on a cumulative basis, Net Losses previously allocated to the General Partner pursuant to the last sentence of Section 6.1(b) exceed Net Income previously allocated to the General Partner pursuant to this clause (a) of Section 6.1(a), and (ii) thereafter, Net Income shall be allocated in proportion to the respective Sharing Percentages of the Partners.

(b) Net Losses. After giving effect to the special allocations set forth in Section 6.2 below, Net Losses shall be allocated in proportion to the respective Percentage Interests of the Partners; provided that Net Losses shall not be allocated to the Limited Partners pursuant to this Section 6.1(b) to the extent that such allocation would cause the Limited Partners to have an Adjusted Capital Account Deficit at the end of such taxable year (or increase any existing Adjusted Capital Account Deficit). All Net Losses in excess of the limitations set forth in the preceding sentence of this Section 6.1(b) shall be allocated to the General Partner.

(c) Nonrecourse Liabilities. For purposes of Regulations Section 1.752-3(a), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (i) the amount of Partnership Minimum Gain and (ii) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in proportion to their respective Percentage Interests.

(d) Gains. Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall to the extent possible, after taking into account other required allocations of gain pursuant to Section 6.2 below, be characterized as Recapture Income in the same proportions and to the same extent as such Partners have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

Section 6.2 Special Allocation Rules. Notwithstanding any other provision of this Agreement, the following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Notwithstanding any other provisions of Article VI, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f)(6). This Section 6.2(a) is intended to comply with the minimum gain chargeback requirements in Regulations Section 1.704-2(f) and for purposes of this Section 6.2(a) only, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of this Agreement with respect to such fiscal year and without regard to any decrease in Partner Minimum Gain during such fiscal year.

(b) Partner Minimum Gain Chargeback. Notwithstanding any other provision of Article VI (except Section 6.2(a) hereof), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership fiscal year, each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 6.2(b) is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith. Solely for purposes of this Section 6.2(b), each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Article VI of this Agreement with respect to such fiscal year, other than allocations pursuant to Section 6.2(a) hereof.

(c) Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), and after giving effect to the allocations required under Sections 6.2(a) and 6.2(b) hereof, such Partner has an Adjusted Capital Account Deficit, items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible.

(d) Nonrecourse Deductions. Nonrecourse Deductions for any taxable period shall be allocated in proportion to the respective Percentage Interests of the Partners. If

the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partners, to revise the prescribed ratio to the numerically closest ratio which does satisfy such requirements.

(e) Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any fiscal year shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(2).

(f) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

Section 6.3 Allocations for Tax Purposes.

(a) General. Except as otherwise provided in this Section 6.3, for Federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 6.1 and 6.2 of this Agreement.

(b) To Eliminate Book-Tax Disparities. In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, and deduction shall be allocated for Federal income tax purposes among the Partners as follows:

(1) (i) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners consistent with the principles of Section 704(c) of the Code that takes into account the variation between the 704(c) Value of such property and its adjusted basis at the time of contribution, and (ii) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Sections 6.1 and 6.2 of this Agreement.

(2) (i) In the case of an Adjusted Property, such items shall (A) first, be allocated among the Partners in a manner consistent with the principles of

Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Section 4.2 and (B) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 6.3(b)(1)(i), and (ii) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Sections 6.1 and 6.2 of this Agreement.

(3) All other items of income, gain, loss and deduction shall be allocated among the Partners in the same manner as their correlative item of "book" gain or loss is allocated pursuant to Sections 6.1 and 6.2 of this Agreement.

(c) Power of General Partner to Elect Method. To the extent Treasury Regulations promulgated pursuant to Section 704(c) of the Code permit a partnership to utilize alternative methods to eliminate the disparities between the agreed value of property and its adjusted basis, the General Partner shall have the authority to elect the method to be used by the Partnership and such election shall be binding on all Partners.

ARTICLE VII
MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1 Management.

(a) Powers of General Partner. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are exclusively vested in the General Partner, and the Limited Partners shall have no right to participate in or exercise control or management power over the business and affairs of the Partnership. Notwithstanding anything to the contrary in this Agreement, the General Partner may not be removed by the Limited Partners with or without cause. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 7.3 hereof, shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 hereof and to effectuate the purposes set forth in Section 3.1 hereof, including, without limitation:

(1) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by mortgage, deed of trust or other lien or encumbrance on the Partnership's

assets) and the incurring of any obligations it deems necessary for the conduct of the activities of the Partnership;

(2) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(3) the acquisition, disposition, sale, conveyance, mortgage, pledge, encumbrance, hypothecation, contribution or exchange of any assets of the Partnership or the merger or other combination of the Partnership with or into another entity on such terms as the General Partner deems proper;

(4) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms it sees fit, including, without limitation, the financing of the conduct of the operations of the General Partner, the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including the Partnership's Subsidiaries) and the repayment of obligations of the Partnership and its Subsidiaries and any other Person in which it has an equity investment and the making of capital contributions to its Subsidiaries, the holding of any real, personal and mixed property of the Partnership in the name of the Partnership or in the name of a nominee or trustee (subject to Section 7.10), the creation, by grant or otherwise, of easements or servitudes, and the performance of any and all acts necessary or appropriate to the operation of the Partnership assets including, but not limited to, applications for rezoning, objections to rezoning, constructing, altering, improving, repairing, renovating, rehabilitating, razing, demolishing or condemning any improvements or property of the Partnership;

(5) the negotiation, execution, and performance of any contracts, conveyances or other instruments (including with Affiliates of the Partnership to the extent provided in Section 7.6) that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement;

(6) the opening and closing of bank accounts, the investment of Partnership funds in securities, certificates of deposit and other instruments, and the distribution of Partnership cash or other Partnership assets in accordance with this Agreement;

(7) the selection and dismissal of employees of the Partnership or the General Partner (including, without limitation, employees having titles such as "president," "vice president," "secretary" and "treasurer"), and the engagement and dismissal of agents, outside attorneys, accountants, engineers, appraisers,

consultants, contractors and other professionals on behalf of the General Partner or the Partnership and the determination of their compensation and other terms of employment or hiring;

(8) the maintenance of such insurance for the benefit of the Partnership and the Partners as it deems necessary or appropriate;

(9) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contribution of property to, its Subsidiaries and any other Person in which it has an equity investment from time to time);

(10) the control of any matters affecting the rights and obligations of the Partnership, including the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation, and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(11) the undertaking of any action in connection with the Partnership's direct or indirect investment in its Subsidiaries or any other Person (including, without limitation, the contribution or loan of funds by the Partnership to such Persons);

(12) the determination of the fair market value of any Partnership property distributed in kind using such reasonable method of valuation as it may adopt; and

(13) the execution, acknowledgement and delivery of any and all documents and instruments to effectuate any or all of the foregoing.

(b) No Approval Required for Above Powers. The Limited Partners agree that the General Partner is authorized to execute, deliver and perform the above-mentioned agreements and transactions on behalf of the Partnership without any further act, approval or vote of the Partners, notwithstanding any other provision of this Agreement, the Act or any applicable law, rule or regulation. The execution, delivery or performance by the General Partner or the Partnership of any agreement authorized or permitted under this Agreement shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement or of any duty stated or implied by law or equity.

(c) Insurance. At all times from and after the date hereof, the General Partner may cause the Partnership to obtain and maintain casualty, liability and other insurance on the properties of the Partnership and liability insurance for the Indemnitees hereunder.

(d) Working Capital Reserves. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital reserves for the Partnership in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable from time to time.

(e) No Obligation to Consider Tax Consequences to Limited Partners. In exercising its authority under this Agreement, the General Partner may, but shall be under no obligation to, take into account the tax consequences to any Partner of any action taken by it. The General Partner and the Partnership shall not have liability to the Limited Partners under any circumstances as a result of an income tax liability incurred by the Limited Partners as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement.

Section 7.2 Certificate of Limited Partnership. To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other jurisdiction in which the Partnership may elect to do business or own property. Subject to the terms of Section 8.5(a)(4) hereof, the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate, as it may be amended or restated from time to time, to the Limited Partners. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the Limited Partners have limited liability) in the State of Delaware and any other jurisdiction in which the Partnership may elect to do business or own property. Section

7.3 Restrictions on General Partner's Authority. The General Partner may not, without the written consent of the Limited Partners, take any action in contravention of this Agreement, including, without limitation:

(a) take any action that would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in this Agreement;

(b) possess Partnership property, or assign any rights in specific Partnership property, for other than a Partnership purpose except as otherwise provided in this Agreement;

(c) admit a Person as a Partner, except as otherwise provided in this Agreement; or

(d) perform any act that would subject the Limited Partners to liability as a general partner in any jurisdiction or any other liability except as provided herein or under the Act.

Section 7.4 Responsibility for Expenses.

(a) No Compensation. Except as provided in this Section 7.4 and elsewhere in this Agreement (including the provisions of Articles V and VI regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

(b) Responsibility for Ownership and Operation Expenses. The Partnership shall be responsible for and shall pay all expenses relating to the Partnership's ownership of its assets, and the operation of, or for the benefit of, the Partnership, and the General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all expenses it incurs relating to the Partnership's ownership of its assets and the operation of, or for the benefit of, the Partnership; provided that the amount of any such reimbursement shall be reduced by any interest earned by the General Partner with respect to bank accounts or other instruments held by it as permitted in Section 7.5(a). Such reimbursements shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 7.7 hereof.

Section 7.5 Outside Activities of the General Partner.

(a) The General Partner shall not be required to act hereunder as its sole and exclusive business activity, and the General Partner may have other business interests and engage in other activities in addition to those relating to the Partnership, including businesses and activities which are or may be competitive with the Partnership. Neither the Partnership nor the Limited Partners shall have any right by virtue of this Agreement or the partnership relationship created hereby in or to any such other ventures or activities or to the income or proceeds derived therefrom, and the pursuit of such ventures, even if competitive with the business of the Partnership, shall not be deemed wrongful or improper. The General Partner and any of its Affiliates, shall not be obligated to present any particular investment or business opportunity to the Partnership even if such opportunity is of a character which, if presented to the Partnership, could be taken by the Partnership, and the General Partner and each of its Affiliates shall have the right to take for his or its own account or for any other Person, or to recommend to others, any such particular investment or business opportunity.

(b) The General Partner may, on behalf of the Partnership, employ or otherwise acquire services or financing from any Partner or any entity in which any Partner has an interest (fiduciary or otherwise) and pay from the Partnership assets reasonable compensation therefor or interest thereon and may acquire from or sell to any Partner or any entity in which any Partner has an interest (fiduciary or otherwise) real or personal property or interests therein and may acquire or sell real or personal property or interests therein in connection with the acquisition or sale of which any Partner or any entity in which any Partner has an interest (fiduciary or otherwise) earns a commission or fee.

(c) The General Partner may commingle Partnership funds with funds of its own or those of any other entity (either by joint venture or otherwise) for Partnership purposes; provided that in connection with such funds the General Partner shall keep adequate records to reflect the Partnership's proportional interest therein.

Section 7.6 Contracts with Affiliates.

(a) Loans. The Partnership may lend or contribute to its Subsidiaries or other Persons in which it has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

(b) Transfers of Assets. Except as provided in Section 7.5, the Partnership may transfer assets to joint ventures, other partnerships, corporations or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions consistent with this Agreement and applicable law.

(c) Contracts With General Partner. Except as expressly permitted by this Agreement, neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are on terms that are fair and reasonable and no less favorable to the Partnership than would be obtained from an unaffiliated third party in connection therewith.

(d) Employee Benefit Plans. The General Partner, in its sole and absolute discretion and without the approval of the Limited Partners, may propose and adopt on behalf of the Partnership employee benefit plans funded by the Partnership for the benefit of employees of the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership, the General Partner, or any of the Partnership's Subsidiaries.

Section 7.7 Indemnification.

(a) General. The Partnership shall indemnify an Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.7(a). The termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the Indemnitee acted in a manner contrary to that specified in this Section 7.7(a). Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership.

(b) In Advance of Final Disposition. Reasonable expenses incurred by an Indemnitee who is a party to a proceeding may be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding upon receipt by the Partnership of (a) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 7.7 has been met, and (b) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(c) Other Than by This Section. The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity.

(d) Insurance. The Partnership may purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) Employee Benefit Plans. For purposes of this Section 7.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee

benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of Section 7.7(a); and actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Partnership.

(f) No Personal Liability for Limited Partners. In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) Interested Transactions. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) Binding Effect. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

Section 7.8 Liability of the General Partner.

(a) General. Notwithstanding anything to the contrary set forth in this Agreement, the General Partner shall not be liable for monetary damages to the Partnership or any Partners for losses sustained or liabilities incurred as a result of errors in judgment or of any act or omission, unless (i) the General Partner actually received an improper benefit in money, property or services (in which case, such liability shall be for the amount of the benefit in money, property or services actually received), or (ii) the General Partner's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action being adjudicated.

(b) No Obligation to Consider Interests of Limited Partners. The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership and the sole stockholder of the General Partner collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to the Limited Partners) in deciding whether to cause the Partnership to take (or decline to take) any actions which the General Partner has undertaken in good faith on behalf of the Partnership, and that the General Partner shall not be liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by the Limited Partners in connection with such decisions, unless (i) the General Partner actually received an improper benefit in money, property or

services (in which case, such liability shall be for the amount of the benefit in money, property or services actually received), or (ii) the General Partner's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action being adjudicated.

(c) Acts of Agents. Subject to its obligations and duties as General Partner set forth in Section 7.1(a) hereof, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith.

(d) Effect of Amendment. Any amendment, modification or repeal of his Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's liability to the Partnership and the Limited Partners under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.9 Other Matters Concerning the General Partner.

(a) Reliance on Documents. The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Reliance on Consultants and Advisors. The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisors selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which such General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) Action Through Officers and Attorneys. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty which is permitted or required to be done by the General Partner hereunder.

Section 7.10 Title to Partnership Assets. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its best efforts to cause beneficial and record title to such assets to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Section 7.11 Reliance by Third Parties. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership's sole party in interest, both legally and beneficially. The Limited Partners hereby waive any and all defenses or other remedies which may be available against the Limited Partners to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VIII
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.1 Limitation of Liability. The Limited Partners shall have no liability under this Agreement except as expressly provided in this Agreement, including Section 10.5 hereof, or under the Act.

Section 8.2 Management of Business. The Limited Partners shall not take part in the operation, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name nor have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners under this Agreement.

Section 8.3 Outside Activities of Limited Partners.

(a) General. Subject to Section 8.3(b) and any agreements entered into by the Limited Partners or their Affiliates with the Partnership (including, without limitation, the Non-Competition Agreement), the General Partner or their respective Affiliates, the Partnership or a Subsidiary, the following rights shall govern outside activities of the Limited Partners: (i) the Limited Partners and any officer, director, employee, agent, trustee, Affiliate or stockholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership; (ii) neither the Partnership nor any Partners shall have any rights by virtue of this Agreement in any business ventures of the Limited Partners; (iii) neither the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person, other than the General Partner, and such Person shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures to the Partnership, the Limited Partners or any such other Person, even if such opportunity is of a character which, if presented to the Partnership, the Limited Partners or such other Person, could be taken by such Person; (iv) the fact that the Limited Partners may encounter opportunities to purchase, otherwise acquire, lease, sell or otherwise dispose of real or personal property and may take advantage of such opportunities itself or introduce such opportunities to entities in which it has or has not any interest, shall not subject such Partner to liability to the Partnership or any of the other Partners on account of the lost opportunity; and (v) except as otherwise specifically provided herein, nothing contained in this Agreement shall be deemed to prohibit the Limited Partners or any of their Affiliates from dealing, or otherwise engaging in business, with Persons transacting business with the Partnership or from providing services relating to the purchase, sale, rental, management or operation of real or personal property (including real estate brokerage services) and receiving compensation therefor, from any Persons who have transacted business with the Partnership or other third parties.

(b) Limitation. Notwithstanding Section 8.3(a), no Limited Partner shall directly or indirectly engage in the ownership, management or operation of any Person who competes, directly or indirectly, with the Partnership or the General Partner. Nothing in this Section 8.3(b) shall prohibit a Limited Partner from owning up to 1% of the

outstanding securities of any Person who directly or indirectly competes with the Company.

Section 8.4 Priority Among Partners. No Partner (Limited or General) shall have priority over any other Partner (Limited or General) either as to the return of Capital Contributions or, except to the extent provided by Sections 6.2 or 6.3 hereof, or otherwise expressly provided in this Agreement, as to profits, losses or distributions.

Section 8.5 Rights of Limited Partners Relating to the Partnership.

(a) Copies of Business Records. In addition to other rights provided by this Agreement or by the Act, and except as limited by Section 8.5(b) hereof, a Limited Partner shall have the right, for a purpose reasonably related to the Limited Partner's interest as a limited partner in the Partnership, upon written demand with a statement of the purpose of such demand and at the Limited Partner's own expense:

(1) to obtain a copy of the most recent annual and quarterly reports filed with the Securities and Exchange Commission by the sole stockholder of the General Partner pursuant to the Securities Exchange Act of 1934, as amended;

(2) to obtain a copy of the Partnership's Federal, state and local income tax returns for each Partnership Year;

(3) to obtain a current list of the name and last known business, residence or mailing address of each Partner;

(4) to obtain a copy of this Agreement and the Certificate and all amendments thereto, together with executed copies of all powers of attorney pursuant to which this Agreement, the Certificate and all amendments thereto have been executed; and

(5) to obtain true and full information regarding the amount of cash and a description and statement of any other property or services contributed by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a partner.

(b) Confidential Information. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any Partnership information that (i) the General Partner believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or (ii) the Partnership is required by law or by agreements with unaffiliated third parties to keep confidential.

Section 8.6 Purchase Right.

(a) From and after the date that the Principal is no longer employed by the Partnership for any reason, the General Partner shall have the right (the "Purchase Right") to purchase (but not the obligation), from the Limited Partners all (but not less than all) of the Limited Partners' Limited Partnership Interests in exchange for the Purchase Amount. For purposes of this Section 8.6, the Purchase Amount shall be calculated as of the last date of employment of the Principal by the Partnership. Prior to any exercise of the Purchase Right, the disinterested members of the board of directors of the sole stockholder of the General Partner shall have approved, by a majority vote thereof, the exercise of the Purchase Right by the General Partner.

(b) The General Partner shall exercise the Purchase Right (if at all) by delivering a notice (the "Purchase Notice") to the Limited Partners at the address of the Limited Partner as reflected in the records of the Partnership. Such notice shall state that the General Partner is exercising the Purchase Right, shall state that the disinterested members of the board of directors of the sole stockholder of the General Partner have, by a majority vote thereof, approved the exercise of the Purchase Right by the General Partner, shall set forth the Purchase Amount (and the calculation thereof) and such other matters as the General Partner deems appropriate. On the thirtieth day following the Purchase Notice, the General Partner shall deliver to the Limited Partners a certified or cashier's check for the Purchase Amount (together with an amount representing any distributions accrued but unpaid prior to the date of the Purchase Notice). The Limited Partners agree to execute such documents as the General Partner may reasonably request in connection with the exercise of the Purchase Right.

ARTICLE IX
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 Records and Accounting. The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 9.3 hereof. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on, or be in the form of, punch cards, magnetic tape, photographs, micrographics or any other information storage device; provided that the records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained for financial purposes on an accrual basis in accordance with generally accepted accounting principles and for tax reporting purposes on the accrual basis.

Section 9.2 Fiscal Year. The fiscal year of the Partnership shall be the calendar year.

Section 9.3 Reports.

(a) Annual Reports. As soon as practicable, but in no event later than 120 days after the close of each Partnership Year, the General Partner shall cause to be mailed to the Limited Partners as of the close of the Partnership Year, an annual report containing unaudited financial statements of the Partnership presented in accordance with generally accepted accounting principles.

(b) Quarterly Reports. As soon as practicable, but in no event later than 60 days after the close of each calendar quarter (except the last calendar quarter of each year), the General Partner shall cause to be mailed to the Limited Partners as of the last day of the calendar quarter, a report containing unaudited financial statements of the Partnership, and such other information as may be required by applicable law or regulation, or as the General Partner determines to be appropriate.

ARTICLE X
TAX MATTERS

Section 10.1 Preparation of Tax Returns. The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for Federal and state income tax purposes and shall use all reasonable efforts to furnish, within 90 days of the close of each taxable year, the tax information reasonably required by the General Partner and the Limited Partners for Federal and state income tax reporting purposes.

Section 10.2 Tax Elections. Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code; provided, however, that the General Partner shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder. The General Partner shall have the right to seek to revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

Section 10.3 Tax Matters Partner.

(a) General. The General Partner shall be the "tax matters partner" of the Partnership for Federal income tax purposes. Pursuant to Section 6223(c) of the Code, upon receipt of notice from the IRS of the beginning of an administrative proceeding with respect to the Partnership, the tax matters partner shall furnish the IRS with the name, address and profit interest of the Limited Partners; provided, however, that such information is provided to the Partnership by the Limited Partners. The Limited Partners shall provide such information to the Partnership as the General Partner shall reasonably request.

(b) Powers. The tax matters partner is authorized, but not required:

(1) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the adjustment of Partnership items required to be taken into account by a Partner for income tax purposes (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as "judicial review"), and in the settlement agreement the tax matters partner may expressly state that such agreement shall bind all Partners, except that such settlement agreement shall not bind any Partner (a) who (within the time prescribed pursuant to the Code and Regulations) files a statement with the IRS providing that the tax matters partner shall not have the authority to enter into a settlement agreement on behalf of such Partner or (b) who is a "notice partner" (as defined in Section 6231 of the Code) or a member of a "notice group" (as defined in Section 6223(b)(2) of the Code);

(2) in the event that a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a partner for tax purposes (a "final adjustment") is mailed or otherwise given to the tax matters partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court or the United States Claims Court, or the filing of a complaint for refund with the District Court of the United States for the district in which the Partnership's principal place of business is located;

(3) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(4) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition, complaint or other document) for judicial review with respect to such request;

(5) to enter into an agreement with the IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and

(6) to take any other action on behalf of the Partners of the Partnership in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the tax matters partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner, and the provisions

relating to indemnification of the General Partner set forth in Section 7.7 of this Agreement shall be fully applicable to the tax matters partner in its capacity as such.

(c) Reimbursement. The tax matters partner shall receive no compensation for its services. All third-party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm and a law firm to assist the tax matters partner in discharging his duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

Section 10.4 Organizational Expenses. The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a 60 month period as provided in Section 709 of the Code.

Section 10.5 Withholding. The Limited Partners hereby authorize the Partnership to withhold from, or pay on behalf of, or with respect to, the Limited Partners any amount of Federal, state, local, or foreign taxes that the General Partner determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to the Limited Partners pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Section 1441, 1442, 1445 or 1446 of the Code. Any amount paid on behalf of or with respect to the Limited Partners shall constitute a loan by the Partnership to the Limited Partners, which loan shall be repaid by the Limited Partners within 15 days after notice from the General Partner that such payment must be made unless (a) the Partnership withholds such payment from a distribution which would otherwise be made to the Limited Partners or (b) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the available funds of the Partnership which would, but for such payment, be distributed to the Limited Partners. Any amounts withheld pursuant to the foregoing clauses (a) or (b) shall be treated as having been distributed to the Limited Partners. Each of the Limited Partners hereby unconditionally and irrevocably grant to the Partnership a security interest in the Limited Partner's Partnership Interest to secure the Limited Partner's obligation to pay to the Partnership any amounts required to be paid pursuant to this Section 10.5. In the event that a Limited Partner fails to pay any amounts owed to the Partnership pursuant to this Section 10.5 when due, the General Partner may, in its sole and absolute discretion, elect to make the payment to the Partnership on behalf of the defaulting Limited Partner, and in such event shall be deemed to have loaned such amount to the defaulting Limited Partner and shall succeed to all rights and remedies of the Partnership as against the defaulting Limited Partner (including, without limitation, the right to receive distributions). Any amounts payable by the Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal, plus four percentage points (but not higher than the maximum lawful rate) from the date such amount is due (i.e., 15 days after demand) until such amount is paid in full. The Limited Partner shall

take such actions as the Partnership or the General Partner shall request in order to perfect or enforce the security interest created hereunder.

ARTICLE XI
TRANSFERS AND WITHDRAWALS

Section 11.1 Transfer.

(a) Definition. The term "transfer," when used in this Article XI with respect to a Partnership Interest, shall be deemed to refer to a transaction by which Partner purports to assign its Partnership Interest to another Person and includes a sale, assignment, gift, bequest, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise. The term "transfer" when used in this Article XI does not include any acquisition of Partnership Interests from a Limited Partner by the General Partner pursuant to Section 8.6 hereof.

(b) Requirements. No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article XI. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article XI shall be null and void.

Section 11.2 Transfer of General Partner's Partnership Interest.

(a) General. The General Partner may not transfer any of its General Partnership Interest or withdraw as General Partner except in connection with a transaction described in Section 11.2(b).

(b) Transfer in Connection With Reclassification, Recapitalization, or Business Combination Involving General Partner. The General Partner shall not engage in any merger, consolidation or other combination with or into another Person or sale of all or substantially all of its assets, or any reclassification, or recapitalization or change of its outstanding common stock (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination of its common stock), unless under the terms of such transaction, the Limited Partners will not be deemed to have engaged in a sale or exchange for Federal income tax purposes of its Partnership Interest.

Section 11.3 Limited Partners' Rights to Transfer.

(a) General. Subject to the provisions of Section 8.6, a Limited Partner may not transfer all or any portion of its Partnership Interest, or any of the Limited Partner's rights as a Limited Partner, without the prior written consent of the General Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion. The General Partner's failure or refusal to permit a transfer of a Limited

Partner's Partnership Interest shall not give rise to any cause of action against the Partnership or the General Partner. The General Partner may condition its consent to any such transfer on such matters as it deems appropriate, including without limitation, amendments to this Agreement. In order to effect such transfer upon consent of the General Partner, a Limited Partner must deliver to the General Partner a duly executed copy of the instrument making such transfer and such instrument must evidence the written acceptance by the assignee of all of the terms and conditions of this Agreement and represent that such assignment was made in accordance with all applicable laws and regulations.

(b) Incapacitated Limited Partners. If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by the Limited Partner for the purpose of settling or managing the estate and such power as the Incapacitated Limited Partner possessed to transfer all or any part of his or its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

(c) Rights and Duties of Substituted Limited Partners. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article XI shall have all the rights and powers and be subject to all the restrictions and liabilities of the Limited Partner under this Agreement.

(d) Amendment of Exhibit A. Upon the admission of a Substituted Limited Partner, the General Partner shall amend Exhibit A to reflect the name, address, Partnership Interests, Sharing Percentage and Percentage Interest of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address and interest of the predecessor of such Substituted Limited Partner.

Section 11.4 General Provisions.

(a) Withdrawal or Transfer of Limited Partner. A Limited Partner may not withdraw from the Partnership other than as a result of a permitted transfer of all of the Limited Partner's Partnership Interests in accordance with this Article XI or pursuant to the provisions of Section 8.6 hereof. If a Limited Partner shall transfer all of its Partnership Interests in a transfer permitted pursuant to this Article XI or pursuant to the provisions of Section 8.6 hereof shall cease to be a Limited Partner.

(b) Timing of Transfers. Transfers pursuant to this Article XI may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner otherwise agrees.

(c) Allocation When Transfer Occurs. If any Partnership Interest is transferred during any quarterly segment of the Partnership's fiscal year in compliance with the provisions of this Article XI or pursuant to the provisions of Section 8.6 hereof, Net Income, Net Losses, each item thereof and all other items attributable to such interest for such fiscal year shall be divided and allocated between the transferor Partner and the transferee Partner by taking into account their varying interests during the fiscal year in accordance with Section 706(d) of the Code, based on the portion of the year for which the transferor Partner and the transferee Partner were Partners. Solely for purposes of making such allocations, each of such items for the calendar month in which the transfer or redemption occurs shall be allocated to the Person who is a Partner as of midnight on the last day of said month. All distributions of Available Cash with respect to which the record date is before the date of such transfer or redemption shall be made to the transferor Partner, and all distributions of Available Cash with record dates thereafter shall be made to the transferee Partner.

ARTICLE XII
ADMISSION OF PARTNERS

Section 12.1 Admission of Successor General Partner. A successor to all of the General Partner's General Partnership Interest pursuant to Section 11.2 hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective upon such transfer. Any such transferee shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission.

Section 12.2 Admission of Additional Limited Partners. No additional Limited Partners shall be admitted to the Partnership without the consent of all of the Partners.

Section 12.3 Amendment of Agreement and Certificate. For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement (including an amendment of Exhibit A) and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Article XVI hereof.

ARTICLE XIII
DISSOLUTION AND LIQUIDATION

Section 13.1 Dissolution. The Partnership shall not be dissolved by the admission of Substituted Limited Partners or additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Subject to Section 13.2, the Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following ("Events of Dissolution"):

- (a) Expiration of Term--the expiration of its term as provided in Section 2.5 hereof;
- (b) Withdrawal of General Partner--an event of withdrawal of the General Partner, as defined in the Act, unless, within 90 days after the withdrawal, all the remaining Partners agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of withdrawal, of a substitute General Partner;
- (c) Dissolution Prior to 2097--from and after the date of this Agreement through December 31, 2096, an election to dissolve the Partnership made by the General Partner, in its sole and absolute discretion;
- (d) Judicial Dissolution Decree--entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;
- (e) Sale of Partnership's Assets--the sale of all or substantially all of the assets and properties of the Partnership;
- (f) Merger--the merger or other combination of the Partnership with or into another entity;
- (g) Vote--a vote of all of the Partners;
- (h) Bankruptcy or Insolvency of General Partner--the General Partner
 - (1) makes an assignment for the benefit of creditors;
 - (2) files a voluntary petition in bankruptcy;
 - (3) is adjudged a bankrupt or insolvent, or has entered against it an order for relief in any bankruptcy or insolvency proceeding;

(4) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;

(5) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature; or

(6) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the General Partner or of all or any substantial part of its properties; or

(i) Readjustment, etc. One hundred and twenty (120) days after the commencement of any proceeding against the General Partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, the proceeding has not been dismissed, or if within 90 days after the appointment without the General Partner's consent or acquiescence of a trustee, receiver or liquidator of the General Partner or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated.

Section 13.2 Right to Continue the Partnership Business. In the event of the dissolution of the Partnership for any reason, the Limited Partners shall have the option to form a new partnership for the purpose of continuing the Partnership business. Unless the Limited Partners so elect within 90 days after the occurrence of an Event of Dissolution, the Partnership shall be liquidated and shall immediately commence to wind up its affairs as provided in Section 13.3.

Section 13.3 Winding Up.

(a) General. Upon the occurrence of an Event of Dissolution and subject to Section 13.2, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners. No Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner (or, in the event there is no remaining General Partner, any Person elected by the Limited Partners (the "Liquidator")) shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom shall be applied and distributed in the following order:

(1) First, to the payment and discharge of all of the Partnership's debts and liabilities to creditors other than the Partners;

(2) Second, to the payment and discharge of all of the Partnership's debts and liabilities to the Partners, pro rata in accordance with amounts owed to each such Partner; and

(3) The balance, if any, to the General Partner and Limited Partners in accordance with their respective Capital Accounts, after giving effect to all contributions, distributions, and allocations for all periods.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article XIII.

(b) Where Immediate Sale of Partnership's Assets Impractical. Notwithstanding the provisions of Section 13.3(a) hereof which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors) or, with the consent of all Partners, distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.3(a) hereof, undivided interests in the Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

Section 13.4 Compliance with Timing Requirements of Regulations; Allowance for Contingent or Unforeseen Liabilities or Obligations.

(a) Liquidation. Notwithstanding anything to the contrary in this Agreement, in the event the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article XIII to the General Partner and the Limited Partners if they have a positive Capital Account in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2) (including any timing requirements therein). In the discretion of the General Partner, a pro rata portion of the distributions that would otherwise be made to the General Partner and the Limited Partners pursuant to this Article XIII may be: (a) distributed to a liquidating trust established for the benefit of the General Partner and Limited Partners for the purposes of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out

of or in connection with the Partnership. (The assets of any such trust shall be distributed to the General Partner and Limited Partners from time to time, in the reasonable discretion of the General Partner, in the same proportions as the amount distributed to such trust by the Partnership would otherwise have been distributed to the General Partner and Limited Partners pursuant to this Agreement); or (b) withheld to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided that such withheld amounts shall be distributed to the General Partner and Limited Partners as soon as practicable.

(b) Deficit Balance of General Partner. Notwithstanding anything to the contrary in this Agreement, (i) if the General Partner has a deficit balance in its Capital Account following the liquidation (within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g)) of its interest in the Partnership, as determined after taking into account all Capital Account adjustments for the Partnership taxable year during which such liquidation occurs (other than any adjustment for a capital contribution of the General Partner made pursuant to this sentence), the General Partner shall make a capital contribution to the Partnership in an amount equal to such deficit balance by the end of the Partnership taxable year during which such liquidation occurs (or, if later, within 90 days after date of such liquidation); and (ii) such capital contribution made pursuant to clause (i) of this Section 13.4(b) shall be distributed or utilized as provided in Section 13.4 or 13.5.

Section 13.5 Deemed Distribution and Recontribution. Notwithstanding any other provision of this Article XIII (but subject to Section 13.4(b)), in the event the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no Event of Dissolution has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, the Partnership shall be deemed to have distributed the Property in kind to the General Partner and Limited Partners who shall be deemed to have assumed and taken such property subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the General Partner and Limited Partners shall be deemed to have recontributed the Partnership property in kind to the Partnership, which shall be deemed to have assumed and taken such property subject to all such liabilities.

Section 13.6 Rights of Limited Partners. Except as specifically provided in this Agreement, the Limited Partners shall look solely to the assets of the Partnership for the return of its Capital Contribution and shall have no right or power to demand or receive property other than cash from the Partnership. Except as specifically provided in this Agreement, no Partner shall have priority over any other Partner as to the return of its Capital Contributions, distributions, or allocations.

Section 13.7 Notice of Dissolution. In the event an Event of Dissolution or an event occurs that would, but for provisions of Section 13.1 or Section 13.2, result in a dissolution of the Partnership, the General Partner shall, within 30 days thereafter, provide written notice

thereof to each of the Partners and to all other parties with whom the Partnership regularly conducts business (as determined in the discretion of the General Partner) and shall publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the discretion of the General Partner).

Section 13.8 Cancellation of Certificate of Limited Partnership. Upon the completion of the liquidation of the Partnership as provided in Section 13.3 hereof, the Partnership shall be terminated and the Certificate and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 13.9 Reasonable Time for Winding-Up. A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.3 hereof, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

ARTICLE XIV
AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS

Section 14.1 Amendments.

(a) General. Subject to Section 14.1(b), this Agreement may only be amended by a written agreement signed by each of the Partners.

(b) General Partner's Power to Amend. Notwithstanding Section 14.1(a), the General Partner shall have the power, without the consent of the Limited Partners, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(1) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(2) to reflect the admission, substitution, termination, or withdrawal of Partners in accordance with this Agreement;

(3) to reflect a change that is of an inconsequential nature and does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement; and

(4) to satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling or regulation of a Federal or state agency or contained in Federal or state law.

The General Partner will provide notice to the Limited Partners when any action under this Section 14.1(b) is taken.

ARTICLE XV
GENERAL PROVISIONS

Section 15.1 Addresses and Notice. All notices and demands under this Agreement shall be in writing, and may be either delivered personally (which shall include deliveries by courier), by telefax, telex or other wire transmission (with request for assurance of receipt in a manner appropriate with respect to communications of that type, provided that a confirmation copy is concurrently sent by a nationally recognized express courier for overnight delivery) or mailed, postage prepaid, by certified or registered mail, return receipt requested, directed to the parties at their respective addresses set forth on Exhibit A attached hereto, as it may be amended from time to time, and, if to the Partnership, such notices and demands sent in the aforesaid manner must be delivered at its principal place of business set forth above. Unless delivered personally or by telefax, telex or other wire transmission as above (which shall be effective on the date of such delivery or transmission), any notice shall be deemed to have been made three (3) days following the date so mailed. Any party hereto may designate a different address to which notices and demands shall thereafter be directed by written notice given in the same manner and directed to the Partnership at its office hereinabove set forth.

Section 15.2 Titles and Captions. All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

Section 15.3 Pronouns and Plurals. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 15.4 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.6 Waiver of Partition. The Partners hereby agree that the Partnership properties are not and will not be suitable for partition. Accordingly, each of the Partners hereby irrevocably waives any and all rights (if any) that it may have to maintain any action for partition of any of the Partnership properties.

Section 15.7 Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the matters contained herein; it supersedes any prior agreements or understandings among them and it may not be modified or amended in any manner other than pursuant to Article XIV.

Section 15.8 Securities Law Provisions. The Partnership Interests have not been registered under the Federal or state securities laws of any state and, therefore, may not be resold unless appropriate Federal and state securities laws, as well as the provisions of Article XI hereof, have been complied with.

Section 15.9 Remedies Not Exclusive. Any remedies herein contained for breaches of obligations hereunder shall not be deemed to be exclusive and shall not impair the right of any party to exercise any other right or remedy, whether for damages, injunction or otherwise.

Section 15.10 Time. Time is of the essence of this Agreement.

Section 15.11 Creditors. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

Section 15.12 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

Section 15.13 Execution Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.14 Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Section 15.15 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

ARTICLE XVI
POWER OF ATTORNEY

Section 16.1 Power of Attorney.

(a) Scope. Each of the Limited Partners constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(1) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments or restatements thereof) that the General Partner or the Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (b) all instruments that the General Partner deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents that the General Partner deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation; (d) all instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article XI, XII or XIII hereof or the Capital Contribution of any Partner; and (e) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of Partnership Interests; and

(2) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the General Partner, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Partners hereunder or is consistent with the terms of this Agreement or appropriate or necessary, in the sole discretion of the General Partner, to effectuate the terms or intent of this Agreement.

Nothing contained herein shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XIV hereof or as may be otherwise expressly provided for in this Agreement.

(b) Irrevocability. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, in recognition of the fact that each of the Partners will be relying upon the power of the General Partner to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of the Limited Partner and the transfer of all or any portion of the Limited Partner's Partnership Interests and shall extend to the Limited Partner's heirs, successors, assigns and personal representatives. Each Limited Partner hereby agrees to be bound by any representation made by the General Partner, acting in good faith pursuant to such power of attorney; and each Limited Partner hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the General Partner, taken in good faith under such power of attorney. Each Limited Partner shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the General Partner's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator, as the case may be, deems necessary to effectuate this Agreement and the purposes of the Partnership.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

Hub City Terminals, Inc.

By: *

David P. Yeager
Vice Chairman

LIMITED PARTNERS:

Hub Canadian Investors, Inc.

By: *

David P. Yeager
Authorized Officer

O'NEILL INC.

By: /s/ Thomas O'Neill

Thomas O'Neill
President

FORMATION GENERAL PARTNERS:

Hub Canadian Investors, Inc.

By: *

David P. Yeager
Authorized Officer

O'NEILL INC.

By: /s/ Thomas O'Neill

Thomas O'Neill

President

FORMATION LIMITED PARTNER:

*

David P. Yeager

*

By: /s/ David P. Yeager

David P. Yeager

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EXHIBIT A

PARTNERSHIP INTERESTS; PERCENTAGE INTERESTS

Name and Address of Partner -----	Percentage Interest -----	Sharing Percentage -----	Capital Contribution/1/ -----
General Partner -----			
Hub City Terminals, Inc. 1035 Havens Court Downers Grove, IL 60515.....	30.0%	30.00%	\$122,904.15
Limited Partners -----			
Hub Canadian Investors, Inc. 800 North Crooks Road, Suite 101 Clawson, Michigan 48017-1311.....	52.5%	47.25%	\$215,082.23
O'Neill Inc. 2916 South Sheridan Way, Suite 201 Oakville, Ontario L6J 7J8 Canada...	17.5%	22.75%	\$ 71,694.08

/1/ The General Partner has succeeded to the Capital Account and Capital Contributions of the Formation General Partners pursuant to the terms of that certain Purchase and Sale Agreement dated as of even date herewith, between the Formation General Partner and the Limited Partner.

EXHIBIT B

AGREED VALUE; 704(C) VALUE

Agreed Value:

Receivables, prepaid expenses and other current
assets, property and equipment, investments and
other assets, intangibles including goodwill \$409,680.46

704(c) Value:

Agreed Value plus liabilities assumed in
connection with the Contribution Agreement
among the Formation General Partners, the Limited
Partners and the Formation Limited Partners..... \$_____

EXHIBIT C

DISCOUNT RATE

Price/Earnings Multiple -----	Discount Rate -----
1	3%
2	5%
3	7%
4	8%
5	11%
6	12%
7	14%
8	15%
9	16%
10	18%
11	20%
12	21%
13	23%
14	24%
15	25%
16	26%
17	28%
18	29%
19	29%
20	31%
21	32%
22	33%
23	34%
24	35%

FORM OF NON-COMPETITION AGREEMENT
FOR EACH OF THE PRINCIPALS OF:

HUB CITY TERMINALS, INC.
HUB CITY ALABAMA, L.P.
HUB CITY ATLANTA, L.P.
HUB CITY BOSTON, L.P.
HUB CITY CANADA, L.P.
HUB CITY CLEVELAND, L.P.
HUB CITY DALLAS, L.P.
HUB CITY DETROIT, L.P.
HUB CITY FLORIDA, L.P.
HUB CITY GOLDEN GATE, L.P.
HUB CITY HOUSTON, L.P.
HUB CITY INDIANAPOLIS, L.P.
HUB CITY KANSAS CITY, L.P.
HUB CITY LOS ANGELES, L.P.
HUB CITY MID-ATLANTIC, L.P.
HUB CITY NEW HAVEN, L.P.
HUB CITY NEW ORLEANS, L.P.
HUB CITY NEW YORK STATE, L.P.
HUB CITY NEW YORK-NEW JERSEY, L.P.
HUB CITY NORTH CENTRAL, L.P.
HUB CITY OHIO, L.P.
HUB CITY PHILADELPHIA, L.P.
HUB CITY PITTSBURGH, L.P.
HUB CITY PORTLAND, L.P.
HUB CITY RIO GRANDE, L.P.
HUB CITY ST. LOUIS, L.P.
HUB CITY TENNESSEE, L.P.

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "Agreement") is entered into as of this 18th day of March, 1996 by and among Daniel F. Hardman, an individual (the "Employee"), and Hub City Terminals, Inc., a Delaware corporation (the "Hub Chicago").

WHEREAS, Hub Chicago has become a wholly owned subsidiary of Hub Group, Inc., a Delaware corporation ("Hub Group") in connection with the restructuring completed simultaneously with the initial public offering of Class A Common Stock by Hub Group;

WHEREAS, in connection with such transaction, the Employee will remain an employee of Hub Chicago;

WHEREAS, the Employee and the Employee's Affiliates will continue to engage in certain businesses after the date hereof; and

WHEREAS, as a condition to the consummation of the transactions described above, the parties hereto desire to enter into certain agreements restricting the activities of the Employee and the Employee's Affiliates.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

Section 1. Definitions. In addition to the terms defined elsewhere in this Agreement, capitalized terms used herein shall have the meanings set forth below:

"Affiliate" with regard to the Employee, means a Person that is controlled by the Employee. For purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The term "Affiliates" and "Affiliated" shall have correlative meanings. Hub Chicago and its Subsidiaries shall not be deemed to be Affiliates of the Employee for purposes of this Agreement.

"Intermodal Transport Business" means the utilization of roads, highways and/or the railroad system to arrange for the transportation of goods in trailers and/or containers on behalf of third parties from the point of origin to their final destination.

"Partnerships" means each partnership in which Hub Chicago holds a general partnership interest.

"Person" means an individual, corporation, proprietorship, firm, partnership, limited partnership, trust, association or other entity.

"Restricted Area" means any state or other jurisdiction in which Hub Chicago currently transacts any business such that it is required to obtain a certificate of authority or to be licensed to transact business in such state or jurisdiction and each state or other jurisdiction in which Hub Chicago shall, immediately preceding the date on which the Employee is no longer employed by Hub Chicago or the sole stockholder of Hub Chicago, transact any business such that it is required to obtain a certificate of authority or to be licensed to transact business in such state or jurisdiction. Notwithstanding the foregoing, the Restricted Area shall not include those areas in which Hub Chicago is required to obtain a certificate of authority or to be licensed to transact business solely because Hub Chicago is the general partner of any Partnership.

"Subsidiaries" means any entity, at least 50% of the equity of which is owned by Hub Chicago and shall include the Partnerships.

Section 2. Agreement not to Compete. During the term beginning on the date hereof and continuing until one (1) year after the Employee is no longer an employee of Hub Chicago, the Employee shall not, and will cause the Employee's Affiliates to not, anywhere within the Restricted Area, directly or indirectly, engage in the ownership, management or operation of the Intermodal Transport Business on behalf of any Person other than Hub Chicago or the sole stockholder of Hub Chicago. In addition, during the term described in the preceding sentence, the Employee shall be obligated to present to Hub Chicago all opportunities to acquire any interest in the Intermodal Transport Business, which opportunities the Employee or the Employee's Affiliates would be entitled to pursue on their own behalf but for the terms of this Agreement.

Section 3. Limitations on Non-Competition. Notwithstanding anything to the contrary contained in this Agreement, the Employee and the Employee's Affiliates may:

(a) be an owner, directly or indirectly, of securities of any class of Hub Chicago or any of its affiliates or Subsidiaries;

(b) be an owner of up to 1% of the outstanding stock of any class of securities of a Person (public or private) primarily engaged in the Intermodal Transport Business, so long as (i) the Employee and any of the Employee's Affiliates have no active participation (except to the extent permitted by clause (c) below) in the business

of such Person and (ii) the Employee and any of the Employee's Affiliates do not in the aggregate own more than 5% of such Person; and

(c) be an owner of the outstanding stock of any class of securities of a Person (public or private) primarily engaged in the business of providing transportation or logistic services; provided, that such Person does not directly compete with the Partnerships, Hub Chicago or the sole stockholder of Hub Chicago within the Restricted Area.

Section 4. Restriction on Purchase of Securities. The Employee agrees that the Employee will not acquire, directly or indirectly, beneficial ownership of the shares of capital stock of Hub Group, during the period beginning on the date of this Agreement and expiring 180 days thereafter.

Section 5. Confidential Information.

(a) The Employee acknowledges that, by virtue of the Employee's employment by Hub Chicago, the Employee will be granted otherwise prohibited access to confidential and proprietary data of Hub Chicago, the Partnerships and the sole stockholder of Hub Chicago, which information is not known either to competitors of the Partnerships, Hub Chicago or the sole stockholder of Hub Chicago, or otherwise. This information (herein, the "Confidential Information") includes, but is not limited to: (i) specialized strategies, practices and procedures for obtaining and maintaining clients; (ii) computer systems, software programs and related enhancements of the Partnerships, Hub Chicago and the sole stockholder of Hub Chicago or of the clients of the foregoing; (iv) policies, practices and procedures relating to pricing of services, including agreements with the providers of transportation and the related fee schedules; (v) ongoing service agreements information relating to the identity of clients of the Partnerships, Hub Chicago and the sole stockholder of Hub Chicago; (vi) key contacts at such clients; (vii) specifics concerning the nature and extent of services previously or currently being provided to or planned for such clients; and (viii) any other essential information concerning such clients' particularized needs. The Employee agrees that, beginning on the date hereof and continuing until two (2) years after the Employee is no longer an employee of Hub Chicago, the Employee will not, without the prior written consent of the Hub Chicago, divulge any Confidential Information or make use of it for the Employee's own purposes or the purposes of another.

(b) The foregoing restrictions shall not prohibit the Employee from divulging Confidential Information to the extent required by the lawful order of a court or agency of competent jurisdiction; provided, however, to the extent that any such court or agency seeks to compel the Employee to divulge any Confidential Information,

the Employee shall promptly inform Hub Chicago and shall take such reasonable steps to prevent disclosure of such Confidential Information until Hub Chicago has been informed of such requested disclosure and Hub Chicago has had an opportunity to respond to such court or agency.

Section 6. Reasonable and Necessary Restrictions. The Employee acknowledges that the restrictions, prohibitions and other provisions hereof are reasonable, fair and equitable in scope, terms and duration, are necessary to protect the legitimate business interests of Hub Chicago, and are a material inducement to Hub Chicago to enter into the transactions contemplated in the recitals hereto.

Section 7. Specific Performance. The Employee acknowledges that the obligations undertaken by the Employee pursuant to this Agreement are unique and that Hub Chicago will not have an adequate remedy at law if the Employee shall fail to perform any of the Employee's obligations hereunder, and the Employee therefore confirms that Hub Chicago's right to specific performance of the terms of this Agreement is essential to protect the rights and interests of Hub Chicago. Accordingly, in addition to any other remedies that Hub Chicago may have at law or in equity, Hub Chicago shall have the right to have all obligations, covenants, agreements and other provisions of this Agreement specifically performed by the Employee, and Hub Chicago shall have the right to obtain preliminary and permanent injunctive relief to secure specific performance and to prevent a breach or contemplated breach of this Agreement by the Employee, and the Employee submits to the jurisdiction of the courts in the State of Illinois for this purpose.

Section 8. Operations of Affiliates. The Employee agrees that the Employee will refrain from authorizing any Affiliate to perform any activities that would be prohibited by the terms of this Agreement if they were performed by the Employee directly.

Section 9. Miscellaneous Provisions.

9.1 Interpretation. The parties hereto acknowledge that the fundamental policies of this Agreement are to protect Hub Chicago's interest in the business and assets acquired by it on the date hereof and to eliminate potential conflicts of interest that may exist as a result of actions taken or proposed to be taken by the Employee after the date hereof, and this Agreement shall be construed and enforced in a manner consistent with and in furtherance of these policies.

9.2 Binding Effect. Subject to any provisions hereof restricting assignment, all covenants and agreements in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of their respective successors, assigns, heirs, and personal representatives.

9.3 Assignment. None of the parties hereto may assign any of its rights under this Agreement, or attempt to have any other entity or individual assume any of its obligations hereunder, except that Hub Chicago may assign any of its rights, interests and obligations under this Agreement to any entity controlling, controlled by or under common control with Hub Chicago.

9.4 Severability. If fulfillment of any provision of this Agreement, at the time such fulfillment shall be due, shall transcend the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision contained in this Agreement operates or would operate to invalidate this Agreement, in whole or in part, then such clause or provision only shall be held ineffective, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect. The parties shall negotiate in good faith a replacement clause or provision as consistent with the ineffective clause or provision as is practicable under law.

9.5 Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to choice-of-law rules thereof.

9.6 Amendment. Except as otherwise expressly provided in this Agreement, no amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by each of the parties hereto.

9.7 Waiver. Any waiver by any party or consent by any party to any variation from any provision of this Agreement shall be valid only if in writing and only in the specific instance in which it is given, and such waiver or consent shall not be construed as a waiver of any other provision or as a consent with respect to any similar instance or circumstance.

9.8 Headings. Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

9.9 No Presumption Against Drafter. Each of the parties hereto have jointly participated in the negotiation and drafting of this Agreement. In the event of an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by each of the parties hereto and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any of the provisions of this Agreement.

9.10 Execution in Counterparts. This Agreement may be executed in two or more counterparts, none of which need contain the signatures of each of the parties hereto and each of which shall be deemed an original.

* * * * *

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement, or caused this Agreement to be duly executed on its behalf, as of the date first set forth above.

HUB CITY TERMINALS, INC.

By: /s/ David P. Yeager

Name: David P. Yeager
Title: Chief Executive Officer

EMPLOYEE:

/s/ Daniel F. Hardman

Daniel F. Hardman

Attest:

/s/ William L. Crowder

William L. Crowder

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of March 18, 1996, is among Hub Group, Inc., a Delaware corporation ("Hub Group"), the sellers identified on the signature pages hereto (each, a "Seller") and Hub Group Distribution Services, an Illinois general partnership ("Hub Distribution"), Hub City Terminals, Inc., a Delaware corporation, and Hub Group Associates, Inc., an Illinois corporation ("Hub Associates").

WHEREAS, each of the Sellers owns an interest in Hub Distribution; and

WHEREAS, the Sellers desire to sell their respective interests (the "Interests") in Hub Distribution to Hub Group and Hub Group desires to purchase such Interests on the terms and subject to the conditions described herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, agreements and warranties herein contained, the parties hereto agree as follows:

1. Purchase By Hub Group. Subject to the terms and conditions herein set forth, Hub Group agrees to purchase the Interests owned by each Seller in exchange for the Purchase Consideration. For purposes of this Agreement, the following definitions shall apply:

(a) "Applicable Seller's Percentage" shall mean the percentage set forth opposite such Seller's name on Exhibit A attached hereto.

(b) "Class A Common Stock" shall mean the shares of Class A Common Stock, \$0.01 par value per share, of Hub Group.

(c) "Hub Distribution Value" shall mean the product of (i) the 1995 projected consolidated after tax net earnings of Hub Group after giving effect to the IPO, including projected after tax investment income generated from working capital raised in connection with the IPO and before provision for minority interest all as determined in the good faith judgment of the board of directors of Hub Group times (ii) 0.015 times (iii) the Price/Earnings Multiple.

(d) "IPO" shall mean the initial public offering of shares of Class A Common Stock by Hub Group.

(e) "Purchase Consideration" shall mean, with respect to any Seller, an amount in cash equal to the quotient obtained by dividing (1) the product of (i) the difference between (A) the product of (x) the Hub Distribution Value, times (y) 0.6305 times (z) 30%

and (B) the sum of (x) 1.0695% of the estimated costs of the IPO as set forth in Item 13 of Part II of the registration statement of Hub Group in connection with the IPO, (y) 1.0695% of the amount of working capital retained by Hub Group from the proceeds of the IPO as set forth in the Prospectus and (z) 1.0641% of the aggregate amount received by the underwriters in connection with the IPO (but not including the commissions received by the underwriters from the sale of Class A Common Stock by any selling stockholder of Hub Group and without giving effect to the exercise, if any, of the underwriters' over-allotment option) times (ii) such Seller's Applicable Seller's Percentage by (2) 0.6305.

(f) "Per Share IPO Price" shall mean the price per share of Class A Common Stock of Hub Group as set forth in the Prospectus.

(g) "Price/Earnings Multiple" shall mean the amount determined by dividing (i) the Per Share IPO Price by (ii) the 1995 projected consolidated after tax net earnings per share of Hub Group after giving effect to the IPO, including projected after tax investment income generated from working capital raised in connection with the IPO and after giving effect to minority interest all as determined in the good faith judgment of the board of directors of Hub Group.

(h) "Prospectus" shall mean the prospectus forming a part of Hub Group's registration statement in connection with the IPO, in the form in which such prospectus is first filed with the Securities and Exchange Commission pursuant to Rule 424(b) under the Securities Act of 1933, as amended.

2. Sale by Sellers. Subject to the terms and conditions herein set forth, each Seller agrees to sell for the consideration set forth above the Seller's Interest.

3. Closing. The purchase of the Interests shall occur simultaneously with the closing of the IPO. The closing shall take place at the offices of Mayer, Brown & Platt, 190 South LaSalle Street, Chicago, Illinois 60603. Notwithstanding anything to the contrary contained in this Agreement, the transactions contemplated hereby shall not close and this Agreement shall terminate and no party shall have any liability hereunder (other than as contemplated by Section 13) if the IPO is not consummated.

4. Representations and Warranties of Hub Group. Hub Group hereby represents and warrants to each Seller as follows:

(a) Due Organization. Hub Group is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with corporate power to own its properties and to conduct its business as now conducted.

(b) Authorization. Hub Group has the requisite power to enter into this Agreement and to carry out its obligations hereunder. This Agreement has been duly authorized, executed and delivered by Hub Group and constitutes a valid and binding agreement, enforceable against Hub Group in accordance with its terms except to the extent that its enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights generally or by general equitable principles. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor compliance with the terms, conditions or provisions of this Agreement will be a violation of any of the terms, conditions or provisions of Hub Group's Certificate of Incorporation or bylaws or of any material agreement or instrument to which it is a party or by which it or its material properties may be bound, or constitute a default or create a right of termination or acceleration thereunder.

(c) Consents and Approvals. No consent, authorization or approval of, filing or registration with, or cooperation from, any governmental authority or any other person not a party to this Agreement is necessary in connection with the execution, delivery and performance by Hub Group of this Agreement and the consummation of the transactions contemplated hereby, other than such consents, authorizations or approvals of, or filings or registrations with, or cooperation from, the Securities and Exchange Commission and state securities commissions in connection with the IPO.

5. Representations and Warranties of Sellers. Each Seller hereby represents and warrants to Hub Group as follows:

(a) Due Organization. Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with corporate power to own its properties and to conduct its business as now conducted. Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with power to own its properties and to conduct its business as now conducted.

(b) Authorization. Seller has the requisite power and authority to enter into this Agreement and to carry out its obligations hereunder. This Agreement has been duly executed and delivered by Seller and constitutes a valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights generally or by general equitable principles. None of the execution and delivery of this Agreement, consummation of the transactions contemplated hereby or compliance with the terms, conditions or provisions of this Agreement, will be a violation of any of the terms, conditions or provisions of any material agreement or instrument to which Seller is a party or by which Seller may be bound, or constitute a default or create a right of termination or acceleration thereunder.

(c) Title. Seller has good and marketable title to its Interest and owns such Interest free and clear of all liens, encumbrances, claims, security interests and defects. Such Interest was duly and validly issued and fully paid

(d) Complete Transfer of Interest. The assignments, endorsements, powers and other instruments of transfer delivered by Seller to Hub Group will be sufficient to transfer its Interest. Seller has full power and authority to convey good and marketable title to the Interest, and upon such transfer, Hub Group will receive good and marketable title thereto, free and clear of all liens.

6. Conditions to the Obligations of Hub Group. The obligations of Hub Group under this Agreement are subject to the fulfillment of each of the following conditions:

(a) Representations and Warranties. The representations and warranties in this Agreement made by Sellers shall be true in all material respects on the date hereof.

(b) Performance. Each Seller shall have performed and complied in all material respects with all agreements, covenants, obligations and conditions required by this Agreement to be performed or complied with by Seller.

(c) Injunctions. No preliminary or permanent injunction or other final order by any United States Federal or state court shall have been issued which prevents the consummation of the transactions contemplated hereby.

7. Conditions to the Obligations of Seller. The obligations of Sellers under this Agreement are subject to the fulfillment of each of the following conditions:

(a) Representations and Warranties. The representations and warranties in this Agreement made by Hub Group shall be true in all material respects on the date hereof.

(b) Performance. Hub Group shall have performed and complied in all material respects with all agreements, covenants, obligations and conditions required by this Agreement to be performed or complied with by it.

(c) Injunctions. No preliminary or permanent injunction or other final order by any United States Federal or state court shall have been issued which prevents the consummation of the transactions contemplated hereby.

8. Option. Each Seller hereby grants to Hub Group an option (the "Option") on the terms and at the times specified herein to purchase the Seller's remaining Interest in Hub Distribution. At any time on or prior to the third anniversary of the closing pursuant to Section 3, Hub Group shall have the right to purchase all (but not less than all) of the Seller's Interest in

Hub Distribution at the price set forth opposite such Seller's name on Exhibit A attached hereto. Hub Group may exercise its rights hereunder by giving the applicable Seller written notice of its intention to exercise the Option prior to the expiration thereof. The closing of any exercise of the Option shall take place at the offices of Hub Group within 30 days after the date of the notice of exercise. Upon the closing of the transactions contemplated by an exercise of the Option, the applicable Seller shall convey to Hub Group its Interest and Hub Group shall deliver to such Seller the amount in cash set forth opposite such Seller's name on Exhibit A attached hereto.

9. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors, assigns and affiliates, but shall not be assignable by any party hereto without the prior written consent of the other parties hereto.

10. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to Hub Group:

Hub Group, Inc.
377 East Butterfield Road
Suite 700
Lombard, IL 60148
Attention: David P. Yeager
Facsimile: (708) 964-6475

If to any Seller, to such Seller's address set forth on Exhibit A hereto. Such notice may also be sent to such other address with respect to a party as such party shall notify the other in writing.

11. Waiver. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived. Each party hereto hereby consents to the transfer of the Interests hereunder on behalf of itself and, in the case of Hub Associates, on behalf of Hub Distribution.

12. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, among the parties hereto and their affiliates.

13. Expenses. Except as otherwise expressly contemplated herein to the contrary, regardless of whether the transactions contemplated hereby are consummated, Hub Group shall

pay all expenses of the parties hereto incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

14. No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and, no provision of this Agreement shall be deemed to confer upon other third parties any remedy, claim, liability, reimbursement, cause of action or other right.

15. Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

16. Captions. The Section and Paragraph captions herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

18. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the day and year first executed.

HUB GROUP, INC.

By: *

David P. Yeager
Vice Chairman

HUB GROUP DISTRIBUTION SERVICES, an
Illinois general partnership

By: HUB GROUP ASSOCIATES, INC.,
its Managing Partner

By: *

David P. Yeager
Authorized Officer

EXHIBIT A

APPLICABLE SELLER'S PERCENTAGE

Seller -----	Applicable Seller's Percentage -----	Option Price -----
Hub City Alabama Terminals, Inc..... 2100 Riverchase Center Suite 110 Birmingham, AL 35244 Facsimile: (205) 988-3650	0.65%	\$15,640
Hub City Atlanta Terminals, Inc..... 3700 Market St. Bldg. E - Suite 2 Clarkson, GA 30021 Facsimile: (404) 294-0464	2.60	62,561
Hub City Boston Terminals, Inc..... 225 Turnpike Rd. - 3rd Floor Southboro, MA 01772 Facsimile: (508) 460-0952	1.95	46,921
Hub City Cleveland Terminals, Inc..... 7000 Fitzwater Rd. Suite 201 Brecksville, OH 44141 Facsimile: (216) 526-2672	0.65	15,640
Hub City Dallas Terminals, Inc..... 1700 Alma Drive - Suite 550 Plano, TX 75075 Facsimile: (214) 422-5876	0.65	15,640
Hub City Detroit Terminals, Inc..... 800 N. Crooks Clawson, MI 48017 Facsimile: (810) 280-6425	1.95	46,921
Hub City Florida Terminals, Inc..... 2105 Park Ave. - Suite 17 Orange Park, FL 32073 Facsimile: (904) 264-8588	0.65	15,640
Hub City Golden Gate Terminals, Inc.....	1.95	46,921

Seller - - - - -	Applicable Seller's Percentage -----	Option Price -----
31 Panoramic Way Walnut Creek, CA 94595 Facsimile: (510) 930-0299		
Hub City Houston Terminals, Inc.....	0.65%	\$15,640
1770 St. James Place Suite 602 Houston, TX 77056 Facsimile: (713) 622-7775		
Hub City Indianapolis Terminals, Inc.....	1.95	46,921
921 E. 86th Avenue Suite 100 Indianapolis, IN 46240 Facsimile: (317) 475-7335		
Hub City Kansas City Terminals, Inc.....	1.30	31,280
9250 Glenwood Street Overland Park, KS 66212 Facsimile: (913) 381-6334		
Hub City Los Angeles Terminals, Inc.....	1.95	46,921
1698 Greenbriar Land Suite 224 Brea, CA 92621 Facsimile: (714) 671-0854		
Hub City Mid Atlantic Terminals, Inc.....	0.65	15,640
8600 LaSalle Rd. Oxford Bldg., Suite 633 Towson, MD 21286 Facsimile: (410) 583-5310		
Hub City New Haven Terminals, Inc.....	1.95	46,921
1171 Main St. - Suite 8 P.O. Box 1085 Branford, CT 06405 Facsimile (203) 481-8328		
Hub City Terminals of New Orleans, Inc.....	0.65	15,640
285 West Esplanade Ave. Suite 406 Kenner, LA 70065 Facsimile: (504) 469-4922		
Hub City New York State Terminals, Inc.....	0.65	15,640

Seller - - - - -	Applicable Seller's Percentage -----	Option Price -----
150 Allens Creek Rd. Rochester, NY 14618 Facsimile: (716) 271-1465		
Hub City Terminals, Inc., New York-New Jersey.....	1.95%	\$46,921
115 Grande Avenue Englewood, NJ 07631-3521 Facsimile: (201) 816-01343		
Hub City North Central, Inc.....	1.95	46,921
9242 W. National Ave. Milwaukee, WI 53227 Facsimile: (414) 545-7424		
Hub City Ohio Terminals, Inc.....	3.25	78,201
7015 W. Spring Meadows Drive Suite 201 Holland, OH 43258 Facsimile: (419) 867-4110		
Hub City Philadelphia Terminals, Inc.....	0.65	15,640
407 W. Lincoln Highway Suite 100 Exton, PA 19341-2521 Facsimile: (610) 524-6405		
Hub City Pittsburgh Terminals, Inc.....	1.95	46,921
2550 Boyce Plaza Rd. Suite 200 Pittsburgh, PA 15241 Facsimile: (412) 257-4224		
Hub City Portland Terminals, Inc.....	1.95	46,921
10550 S.W. Allen Blvd. Suite 211 Beaverton, OR 97005 Facsimile: (503) 626-4002		
Hub City Rio Grande Terminals, Inc.....	0.65	15,640
8209 Roughrider - Suite 200 San Antonio, TX 78239-2420 Facsimile: (210) 656-1257		
Hub City Terminals, Incorporated, St. Louis.....	1.95	46,921
10420 Old Olive Street Rd. 3rd Floor		

Seller - - - - -	Applicable Seller's Percentage -----	Option Price -----
St. Louis, MO 63141 Facsimile: (314) 993-1317		
Hub City Tennessee Terminals, Inc..... 751 Walnut Knoll Lane Memphis, TN 38018 Facsimile: (901) 758-0099	1.95%	\$46,921
Hub Group Partners, Inc..... 1035 Havens Court Downers Grove, IL 60515 Facsimile: (708) 971-2421	26.00	625,625

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (this "Agreement"), dated as of March 18, 1996, is among Hub Group, Inc., a Delaware corporation ("Hub Group"), Hub City Terminals, Inc., a Delaware corporation ("Hub Chicago") and the parties listed on the signature pages hereto.

WHEREAS, concurrently with the execution of this Agreement, Hub Group, through its wholly owned subsidiary Hub Chicago, is entering into a Purchase and Sale Agreement ("Purchase and Sale Agreement") pursuant to which Hub Chicago will purchase the general partnership interest in the limited partnerships identified on the signature pages hereto (each a "Hub Partnership");

WHEREAS, concurrently with the execution of this Agreement, Hub Chicago is entering into an Amended and Restated Agreement of Limited Partnership ("Limited Partnership Agreement") pursuant to which Hub Chicago will act as general partner for each Hub Partnership;

WHEREAS, concurrently with the execution of this Agreement, Hub Group is consummating an initial public offering of its shares of Class A Common Stock (the "IPO"); and

WHEREAS, Hub Group, Hub Chicago and each of the Hub Partnerships desire to enter into this Agreement delineating certain fundamental business practices which govern the relationship between each Hub Partnership, Hub Chicago and Hub Group after the IPO; and

WHEREAS, the members of the Board of Directors of Hub Group who are not employees of Hub Group, Hub Chicago or any of the Hub Partnerships and who are not descendants or immediate family members of Phillip C. Yeager (the "Independent Directors") have adopted policies governing the relationship between each Hub Partnership, Hub Chicago and Hub Group; and

WHEREAS, Hub Group, Hub Chicago and each of the Hub Partnerships wish to set forth these policies in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

A. Operating Procedures.

1. Territorial Boundaries. Previously defined territorial marketing boundaries set up for each Hub Partnership and Hub Chicago will remain in effect after the IPO. These boundaries may only be amended from time to time by the Independent Directors.

2. Administrative Services. Each Hub Partnership and other operating entities will be charged for administrative services provided by Hub Group, including, but not limited to, administrative, customer service, national accounts sales and international sales. Rates and formulas will be used to assess commissions and fees to each Hub Partnership and other entities for provided services. The Executive Committee of the Board of Directors of Hub Group may adjust the rates or formulas from time to time to eliminate any excess/deficit.

It is expected that total costs for Hub Group administrative services will be offset with credits from fees and commissions. Any excess or deficit remaining at the end of each quarter will be charged or distributed, as the case may be, to the Hub Partnerships or other operating entities.

3. New Business Ventures. Hub Group and Hub Chicago will have the right of first refusal as to all new business ventures. For purposes of clarification, and without limitation, examples of new business ventures include air freight, overseas operations and ocean transportation. A new business venture cannot be offered to the Hub Partnerships until Hub Group and Hub Chicago have both indicated by board resolution or other writing that neither Hub Group nor Hub Chicago, respectively, desire to pursue this new business venture. The Hub Partnerships will be used for vendor services to new business ventures subject to cost and service capabilities.

4. Capital Investments. An annual rate equal to the corporate base rate as most recently announced by The First National Bank of Chicago at Chicago, Illinois plus 1% will be assessed to the Hub Partnerships for capital investments made by Hub Group or Hub Chicago on behalf of the Hub Partnerships. This assessment will be in addition to the monthly depreciation recorded for the capital expenditures. This assessment will be based on the undepreciated balance of the aforementioned capital investments.

5. Employee Compensation. With respect to any compensation based on the equity of Hub Group that is paid by Hub Group to an employee of (or other service-provider to) the Hub Partnership, the Hub Partnership shall reimburse Hub Group for the cost of such compensation, based on the fair market value of the equity as of the date the compensation is includible in the income of the employee or other

service-provider (or, if not includible in the income of the employee or other service-provider, based on the fair market value of the equity at the time the compensation is no longer subject to restriction).

B. Modification, Termination and Amendment. This agreement may be changed, terminated or amended only by a majority of the Independent Directors.

C. Annual Review. In connection with the annual audit of the financial statements of Hub Group and Hub Chicago, the independent public accountants for Hub Group and Hub Chicago will determine compliance with the terms of this Agreement.

D. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

E. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

F. Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

G. No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and no provision of this Agreement shall be deemed to confer upon other third parties any remedy, claim, liability, reimbursement, cause of action or other right.

H. Waiver. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specified provision to be waived.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the day and year first executed.

HUB GROUP, INC.

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY TERMINALS, INC.

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY ALABAMA PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY ATLANTA PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY BOSTON PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY CANADA PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY CLEVELAND PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY DALLAS PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY DETROIT PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY FLORIDA PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY GOLDEN GATE PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY HOUSTON PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY INDIANAPOLIS PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY KANSAS CITY PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY LOS ANGELES PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY MID ATLANTIC PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager

Title: Chief Executive Officer

HUB CITY NEW HAVEN PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY NEW ORLEANS PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY NEW YORK STATE PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY NEW YORK - NEW JERSEY PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY NORTH CENTRAL PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY OHIO PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY PHILADELPHIA PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY PITTSBURGH PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY PORTLAND PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY RIO GRANDE PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY ST. LOUIS PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

HUB CITY TENNESSEE PARTNERS, L.P.

By: HUB CITY TERMINALS, INC., GENERAL PARTNER

By: *

Name: David P. Yeager
Title: Chief Executive Officer

*By: /s/ David P. Yeager

Name: David P. Yeager

-11-

STOCKHOLDERS' AGREEMENT

THIS AGREEMENT is made as of March 18, 1996, by and among Phillip C. Yeager, David P. Yeager, the Laura C. Yeager 1994 GST Trust, the Matthew D. Yeager 1994 GST Trust, the Phillip D. Yeager 1994 GST Trust, Mark A. Yeager, the Alexander B. Yeager 1994 GST Trust, the Samantha N. Yeager 1994 GST Trust, and Debra A. Jensen (each, a "Stockholder" and collectively, the "Stockholders").

W I T N E S S E T H:

WHEREAS, the Stockholders are the holders of all of the outstanding shares of Class B Common Stock, \$0.01 par value per share (the "Class B Stock"), of Hub Group, Inc., a Delaware corporation (the "Company"); and

WHEREAS, the Stockholders wish to record, among other matters, their understanding regarding the voting of the Class B Stock and their respective rights to transfer shares of Class B Stock.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms shall have the following meanings for the purposes of this Agreement:

"Company" shall have the meaning ascribed thereto in the preamble.

"Class A Stock" shall mean the shares of Class A Common Stock, \$0.01 par value per share, of the Company.

"Class B Stock" shall have the meaning ascribed thereto in the preamble, together with (i) any shares of Class B Stock that subsequently may be issued or issuable with respect to the Class B Stock as a result of a stock split or dividend or any sale, transfer, assignment or other transaction involving the Class B Stock by the Company, (ii) any securities into which the Class B Stock may thereafter be changed as a result of merger, consolidation, recapitalization or otherwise (other than securities issued upon conversion of Class B Stock pursuant to the terms thereof) and (iii) any shares of Class B Stock acquired pursuant to this Agreement.

"Offer" shall have the meaning ascribed thereto in Section 2.2(a).

"Offered Interest" shall have the meaning ascribed thereto in Section 2.2(a).

"Offerees" shall have the meaning ascribed thereto in Section 2.2(a).

"Offering Stockholder" shall have the meaning ascribed thereto in Section 2.2(a).

"Permitted Transferee" shall mean Phillip C. Yeager, the descendants (whether natural or adopted) of Phillip C. Yeager, the spouse of Phillip C. Yeager or any descendant (whether natural or adopted) of Phillip C. Yeager, any estate of any of the foregoing, any trust for the primary benefit of any one or more of the foregoing and any Person, all of the outstanding equity securities of which are owned by any one or more of the foregoing.

"Person" shall mean any individual, corporation, proprietorship, firm, partnership, limited partnership, trust, association or other entity.

"Stockholder" or "Stockholders" shall have the meanings ascribed thereto in the preamble, together with any Person who becomes subject to this Agreement pursuant to Article II hereof.

"Transfer" shall mean any transaction by which a Stockholder purports to assign its shares of Class B Stock to another Person and shall include a sale, assignment, bequest, pledge, encumbrance, hypothecation, mortgage, exchange or other disposition by of law or otherwise. For purposes of this Agreement, the term "Transfer" shall include a conversion of shares of Class B Stock into shares of Class A Stock of the Company pursuant to the Company's Certificate of Incorporation.

ARTICLE II RESTRICTIONS ON TRANSFER

Section 2.1 No Transfer of Class B Stock Except in Compliance with Agreement. No Stockholder shall Transfer its shares of Class B Stock, except in compliance with the provisions of this Article II.

Section 2.2 Transfers Pursuant to a Right of First Refusal.

(a) If a Stockholder (the "Offering Stockholder") desires to Transfer all or any portion of its shares of Class B Stock (all or such portion is hereinafter referred to as the "Offered Interest") to any Person who is not a Permitted Transferee, the Offering Stockholder shall first deliver to each other Stockholder (the "Offerees"), a written notice setting forth an offer to sell the Offered Interest, pro rata to each Offeree in accordance with its percentage ownership of Class B Common Stock, for a specified cash dollar

amount per share (which price, in the event of a conversion of Class B Stock pursuant to the Company's Certificate of Incorporation or any other Transfer for which a price is not specified, shall be the closing sale price of the shares of Class A Stock on the Nasdaq Stock Market on the date of the notice) and on specified terms and conditions (the "Offer"). For a period of 30 days after receipt by the Offeree of an Offer, the Offeree shall have a first right to purchase its pro rata portion of the Offered Interest. To exercise its rights hereunder, an Offeree must deliver to the Offering Stockholder a written notice setting forth the number of shares of Class B Stock such Offeree desires to purchase and, if such Offeree desires to purchase more than its pro rata portion of the Offered Interest, a statement of the maximum additional amount of the Offered Interest such Offeree would purchase if the other Offerees elect not to purchase their pro rata share. In the event that any Offeree shall have declined to exercise its right to purchase a portion of the Offered Interest and the other Offerees shall have timely exercised their rights to purchase, indicating in their written notices a desire to purchase a total percentage in excess of 100% of the Offered Interest, such Offerees shall be allocated shares of the Offered Interest pro rata in accordance with their percentage ownership of shares of Class B Stock.

(b) In the event that any Offerees shall have timely elected to purchase all or a portion of the Offered Interest in accordance with Section 2.2(a), the Offering Stockholder shall sell the Offered Interest to such Offerees at the cash price and upon the terms and conditions set forth in the Offer, and the parties shall otherwise consummate said transaction no later than 45 days after the delivery of the Offer to the Offerees.

(c) To the extent that the Offerees have not elected to purchase all of the Offered Interest, the Offering Stockholder may, within 90 days after the expiration of the Offerees' right to purchase referred to in Section 2.2(a), Transfer the Offered Interest to a Person other than a Permitted Transferee; provided, however, that such Transfer shall be effected at a price no less than the price specified in the Offer and on other terms and conditions no more favorable to the transferees than those contained in the Offer. After the expiration of such 90-day period, any proposed Transfer of all or any portion of the shares of Class B Stock held by the Offering Stockholder shall once again be subject to the provisions of this Section 2.2.

Section 2.3 Transfers to Permitted Transferees. A Stockholder may Transfer its shares of Class B Stock to a Permitted Transferee who is not a party to this Agreement if and only if such Permitted Transferee (or the guardian or other legal representative) has agreed in writing to be bound by all of the terms and conditions of this Agreement.

ARTICLE III
VOTING AGREEMENT

Section 3.1 Voting Agreement. Each Stockholder hereby agrees to vote all of its shares of Class B Stock or to cause all of its shares of Class B Stock to be voted as directed by a majority in interest of the outstanding shares of Class B Stock.

Section 3.2 Stockholder Vote. For purposes of effecting the agreement set forth in Section 3.1, the Stockholders shall, within 5 days after receipt by the Stockholders of a notice from the Company calling for a meeting and vote of its stockholders upon any matter, vote (in accordance with their percentage ownership of shares of Class B Stock) to determine how the Stockholders shall vote their shares of Class B Stock pursuant to Section 3.1. The vote required by this Section 3.2 shall take place at the Company's principal executive offices and Stockholders may participate in such vote in person (which may include presence by telephone conference call) or by proxy. Any shares of Class B Stock not represented at such meeting shall be deemed to have voted against the matter presented by the Company for stockholder action.

Section 3.3 Action by Written Consent. In the event that any Stockholder desires that the Stockholders take any action by written consent, the Stockholder proposing such action shall deliver to the other Stockholders a written notice setting forth the matter proposed to be acted upon by the Stockholders and setting forth the date, time and place of the meeting of Stockholders to consider and act upon the proposal (which meeting shall take place within 5 days after receipt by the Stockholders of such notice). At such meeting, the Stockholders shall vote (in accordance with their percentage ownership of shares of Class B Stock) to determine how the Stockholders shall vote their shares of Class B Stock pursuant to Section 3.1 for purposes of taking the proposed action. Stockholders may participate in the vote required by this Section 3.3 in person (which may include presence by telephone conference call) or by proxy. Any shares of Class B Stock not represented at such meeting shall be deemed to have voted against the matter presented by the proposing Stockholder.

ARTICLE IV
MISCELLANEOUS

Section 4.1 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto shall be in writing and shall be deemed to have been given, (a) when received if delivered in person or by courier or a courier service, (b) on the date of transmission if sent by facsimile or other wire transmission, or (c) three days after being deposited in the U.S. mail, certified or registered mail, postage prepaid, in each case addressed as set forth on the signature pages hereto or to such other address as a party hereto may designate for itself by notice given as herein provided. Whenever this Agreement requires notice to be given, or requires an action to be taken, as of a certain date, such notice or action shall be deemed to have been timely

given or taken if such notice is given or such action is taken prior to the date called for by the other provisions of this Agreement.

Section 4.2 Binding Effect. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective heirs, legal representatives, executors, successors and permitted assigns.

Section 4.3 Captions. The captions in this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof or interpretation hereof.

Section 4.4 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 4.5 Applicable Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to the principles of conflicts of law thereof.

Section 4.6 Assignment. Neither this Agreement nor any right or obligation hereunder is assignable in whole or in part, whether by operation of law or otherwise, by any party hereto except (i) with the prior written consent of each of the other parties and (ii) assignments made pursuant to, and in accordance with, the other terms of this Agreement in connection with Transfers of shares of Class B Stock made in accordance with the terms of this Agreement.

Section 4.7 Waivers. The failure of any party hereto at any time or times to require performance of any provision hereof will in no way affect its right at a later time to require the performance of that provision. No waiver by any party of any condition or of any breach of any term or condition contained in this Agreement will be effective unless in writing. No waiver in any one or more instances will be deemed to be a further or continuing waiver of any condition or breach in any other instance or waiver of any other condition or breach.

Section 4.8 Specific Performance. The parties acknowledge that monetary damages will be insufficient for a breach of many of the provisions of this Agreement. Therefore, each party agrees that, upon a breach of any provision of this Agreement, the nondefaulting party(ies) may sue for and obtain an injunction or specific performance of such provision in any appropriate court.

Section 4.9 Entire Understanding. This Agreement sets forth the entire agreement and understanding of the parties hereto and supersedes any and all prior agreements, arrangements and understandings among the parties regarding the subject matter hereof.

Section 4.10 Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions hereof shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

Section 4.11 Amendments. This Agreement may be amended only by written agreement signed by all of the parties hereto.

Section 4.12 Termination of Agreement. This Agreement shall terminate upon an agreement to terminate this Agreement by the written consent of the Stockholders holding two-thirds of the Class B Stock, or, as to any Stockholder, when such Stockholder ceases to be a Stockholder due to the Transfer of all of such Stockholder's shares of Class B Stock in accordance with this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered effective as of the date first above written.

/s/ Phillip C. Yeager

Phillip C. Yeager
c/o Hub Group, Inc.
377 E. Butterfield Rd., Suite 700
Lombard, IL 60148

/s/ David P. Yeager

David P. Yeager
c/o Hub Group, Inc.
377 E. Butterfield Rd., Suite 700
Lombard, IL 60148

Laura C. Yeager 1994 GST Trust

By: /s/ David P. Yeager

David P. Yeager
Trustee
c/o Hub Group, Inc.
377 E. Butterfield Rd., Suite 700
Lombard, IL 60148

Matthew D. Yeager 1994 GST Trust

By: /s/ David P. Yeager

David P. Yeager
Trustee
c/o Hub Group, Inc.
377 E. Butterfield Rd., Suite 700
Lombard, IL 60148

Phillip D. Yeager 1994 GST Trust

By: /s/ David P. Yeager

David P. Yeager
Trustee
c/o Hub Group, Inc.
377 E. Butterfield Rd., Suite 700
Lombard, IL 60148

/s/ Mark A. Yeager

Mark A. Yeager
c/o Hub Group, Inc.
377 E. Butterfield Rd., Suite 700
Lombard, IL 60148

Alexander B. Yeager 1994 GST Trust

By: /s/ Mark A. Yeager

Mark A. Yeager
Trustee
c/o Hub Group, Inc.
377 E. Butterfield Rd., Suite 700
Lombard, IL 60148

Samantha N. Yeager 1994 GST Trust

By: /s/ Mark A. Yeager

Mark A. Yeager
Trustee
c/o Hub Group, Inc.
377 E. Butterfield Rd., Suite 700
Lombard, IL 60148

/s/ Debra A. Jensen

Debra A. Jensen
c/o Hub Group, Inc.
377 E. Butterfield Rd., Suite 700
Lombard, IL 60148

EXHIBIT 11.1

STATEMENT RE: EARNINGS PER SHARE
(In thousands, except per share amounts)

	1995	1995	1996
	-----	-----	-----
Pro forma weighted average shares outstanding	1,662	1,662	5,000
Net effect of non-qualified stock options based on the treasury stock method using the average market price	-	-	58
	-----	-----	-----
Pro forma weighted average shares and share equivalents outstanding	1,662	1,662	5,058
	=====	=====	=====
Pro forma net income	\$ 1,444	\$ 1,583	\$ 6,803
	=====	=====	=====
Pro forma earnings per share	\$ 0.87	\$ 0.95	\$ 1.35
	=====	=====	=====

Subsidiaries of Hub Group, Inc.

SUBSIDIARIES	JURISDICTION OF INCORPORATION/ORGANIZATION
Hub City Terminals, Inc.	Delaware
Hub City Alabama, L.P.	Delaware
Hub City Atlanta, L.P.	Delaware
Hub City Boston, L.P.	Delaware
Hub City Canada, L.P.	Delaware
Hub City Cleveland, L.P.	Delaware
Hub City Dallas, L.P.	Delaware
Hub City Detroit, L.P.	Delaware
Hub City Florida, L.P.	Delaware
Hub City Golden Gate, L.P.	Delaware
Hub City Houston, L.P.	Delaware
Hub City Indianapolis, L.P.	Delaware
Hub City Kansas City, L.P.	Delaware
Hub City Los Angeles, L.P.	Delaware
Hub City Mid Atlantic, L.P.	Delaware
Hub City New Haven, L.P.	Delaware
Hub City New Orleans, L.P.	Delaware
Hub City New York State, L.P.	Delaware
Hub City New York-New Jersey, L.P.	Delaware
Hub City North Central, L.P.	Delaware
Hub City Ohio, L.P.	Delaware
Hub City Philadelphia, L.P.	Delaware
Hub City Pittsburgh, L.P.	Delaware
Hub City Portland, L.P.	Delaware
Hub City Rio Grande, L.P.	Delaware
Hub City St. Louis, L.P.	Delaware
Hub City Tennessee, L.P.	Delaware
Hub Group Associates, Inc.	Illinois
Hub Highway Services	Illinois
Hub Group Distribution Services	Illinois

Hub Holdings, Inc.	Delaware
Q.S. of Illinois, Inc.	Illinois
Quality Services L.L.C.	Missouri
Quality Services of Kansas, L.L.C.	Kansas
Quality Services of New Jersey, L.L.C.	New Jersey
Quality Services of Michigan L.L.C.	Michigan
Q.S. of Georgia, L.L.C.	Georgia

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation of our reports dated February 6, 1997 for Hub Partnerships and Hub Group, Inc. included in this Form 10-K, into Hub Group, Inc.'s previously filed Registration Statement File No. 333-6327 on Form S-8.

ARTHUR ANDERSEN LLP

Chicago, Illinois
March 25, 1997

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

YEAR		
	DEC-31-1996	
	DEC-31-1996	13,893
		0
	115,480	
	1,355	
		0
	131,550	16,780
	2,722	
	201,225	
115,673		0
		59
0		0
	46,065	
201,225		0
	754,243	0
	662,679	
	63,639	
	915	
	996	
	11,338	
	4,294	
27,925		0
	0	
		0
	6,803	
	1.35	
	0	