Hub Group, Inc.
Form DEF 14A
March 22, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

HUB GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3)	Filing Party:
(4)	Date Filed:

March 22, 2017

Dear Stockholder:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders of Hub Group, Inc. This meeting will be held at Hub Group's Corporate Headquarters, located at 2000 Clearwater Drive, Oak Brook, Illinois at 10:00 a.m. Central time on Wednesday, May 10, 2017.

The Notice of 2017 Annual Meeting of Stockholders and Proxy Statement describes the matters to be acted upon and is available at **www.hubgroup.com/proxy.html**. The Annual Report to Stockholders on Form 10-K is also available at this website.

We hope you will be able to attend the meeting. However, even if you anticipate attending in person, we urge you to please vote your proxy either by mail, telephone or over the Internet to ensure that your shares will be represented. If you attend, you will, of course, be entitled to vote in person.

Sincerely,

DAVID P. YEAGER
Chairman and Chief Executive Officer

HUB GROUP, INC.

NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Hub Group, Inc.:

The Annual Meeting of Stockholders of Hub Group, Inc., a Delaware corporation, will be held at Hub Group's Corporate Headquarters, located at 2000 Clearwater Drive, Oak Brook, Illinois on Wednesday, May 10, 2017, at 10:00 a.m. Central time for the following purposes:

(1) To elect the eight nominees listed in this proxy statement to the board of directors of the Company;

(2) To hold an advisory vote on executive compensation;

(3) To hold an advisory vote on the frequency of the advisory vote on executive compensation;

(4) To ratify the appointment of our independent public accounting firm;

(5) To approve the Hub Group, Inc. 2017 Long-Term Incentive Plan; and

(6) To transact such other business as may properly be presented at the Annual Meeting or any adjournment thereof.

We plan to send a Notice of Internet Availability of Proxy Materials on or about March 22, 2017. The Notice of Internet Availability of Proxy Materials contains instructions on how to access our materials on the Internet, as well as instructions on obtaining a paper copy of the proxy materials. The Notice of Internet Availability of Proxy Material is not a form for voting and presents only an overview of the proxy materials.

The Board of Directors has fixed the close of business on March 13, 2017, as the record date for determining stockholders entitled to notice of, and to vote at, the Annual Meeting.

By order of the Board of Directors,

DOUGLAS G. BECK
Secretary

Oak Brook, Illinois

March 22, 2017

YOUR VOTE IS IMPORTANT

PLEASE VOTE YOUR PROXY EITHER BY

MAIL, TELEPHONE OR OVER THE INTERNET

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING.

Important Notice of Internet Availability of Proxy

Materials for the Stockholders Meeting to be Held on May 10, 2017

The Proxy Statement and Annual Report to Stockholders are

Available at www.hubgroup.com/proxy.html

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HUB GROUP, INC.

2000 CLEARWATER DRIVE

OAK BROOK, ILLINOIS 60523

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Hub Group, Inc., a Delaware corporation (“Hub Group” or the “Company”), of proxies for use at the 2017 Annual Meeting of Stockholders of the Company to be held on Wednesday, May 10, 2017, and any adjournment thereof (the “Annual Meeting”). This Proxy Statement and accompanying form of proxy are first being sent to stockholders on or about March 22, 2017.

The Company’s Class A common stock, $.01 par value (the “Class A Common Stock”), and Class B common stock, $.01 par value (the “Class B Common Stock,” together with the Class A Common Stock, the “Common Stock”), are the only issued and outstanding classes of stock. Only stockholders of record at the close of business on March 13, 2017 (the “Record Date”), are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, the Company had 33,480,802 shares of Class A Common Stock (each a “Class A Share”) and 662,296 shares of Class B Common Stock (each a “Class B Share,” and collectively with the Class A Shares, the “Shares”) outstanding and entitled to vote.

PROXIES, VOTING RIGHTS, QUORUM AND PROCEDURES

Shares represented by an effective proxy given by a stockholder will be voted as directed by the stockholder. If a properly signed proxy form is returned to the Company and one or more proposals are not marked, it will be voted in accordance with the recommendation of the Board of Directors on all such proposals. A stockholder giving a proxy may revoke it at any time prior to the voting of the proxy by giving written notice to the Secretary of the Company, by executing a later dated proxy or by attending the Annual Meeting and voting in person. If your shares are held in a bank or brokerage account, you will receive proxy materials from your bank or broker, which will include a voting instruction form. If you would like to attend the Annual Meeting and vote these shares in person, you must obtain a proxy from your bank or broker. You must request this form from your bank or broker; they will not automatically supply one to you.

Each Class A Share is entitled to one (1) vote and each Class B Share is entitled to approximately eighty-four (84) votes. The Amended and Restated Bylaws of the Company (the “Bylaws”) provide that one third of Shares entitled to vote at a meeting, present in person or represented by proxy, will constitute a quorum at the Annual Meeting.

Abstentions will be treated as Shares that are present and entitled to vote for purposes of determining the presence of a quorum. If you are a beneficial stockholder and your shares are held in the name of a broker, the broker has the authority to vote shares for which you do not provide voting instructions only with respect to certain “routine” matters. A broker non-vote occurs when a nominee who holds shares for another does not vote on a particular matter because the matter is not a “routine” matter for which the broker has discretionary voting authority and the broker has not received instructions from the beneficial owner of the shares. The proposal to ratify the selection of Ernst & Young LLP as the Company’s independent registered accounting firm is deemed a “routine” matter. All other proposals described in this proxy statement do not relate to “routine” matters. As a result, a broker will not be able to vote your shares with respect to these proposals absent your voting instructions. Additionally, broker non-votes are included in the calculation of the number of votes considered to be present at the Annual Meeting for purposes of determining the presence of a quorum only when there are “routine” matters to be voted upon. Because there is a “routine” matter to be voted upon, broker non-votes will be included for purposes of determining a quorum. An inspector of elections appointed for the meeting will tabulate votes cast by proxy or in person at the Annual Meeting and such inspector of elections will determine whether or not a quorum is present.

As of March 13, 2017, members of the Yeager family, directly or by trust, own all 662,296 shares of Class B Common Stock (the "Class B Stockholders"). Consequently, the Class B Stockholders control approximately 62% of the voting power on all matters presented for stockholder action. The Class B Stockholders are parties to an Amended and Restated Stockholders' Agreement, dated April 22, 2014 (the "Stockholders' Agreement"), pursuant to which they have agreed to vote all of their shares of Class B Common Stock in accordance with the vote of the holders of a majority of such Class B Shares. The Stockholders' Agreement requires, among other things, that the Class B Stockholders hold a meeting prior to the Annual Meeting so that they can determine how the shares of Class B Common Stock will be voted on matters presented at the Annual Meeting. Under the Stockholders' Agreement, if there is a deadlock among Class B Stockholders or if a quorum of Class B Stockholders cannot be achieved at the meeting of Class B Stockholders after two attempts, each Class B Stockholder has agreed to vote or cause to be voted all of its shares of Class B stock as recommended by the independent directors of the Board of Directors. On March 17, 2017, the independent directors resolved that in the event of a deadlock or if a quorum cannot be achieved at the meeting of Class B Stockholders after two attempts, the independent directors unanimously recommend that the Class B Stockholders vote FOR the election of each nominee for director named in Proposal 1, FOR the approval of the Company's executive compensation in Proposal 2, ONE YEAR for the frequency of the advisory vote on executive compensation in Proposal 3, FOR the ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm in Proposal 4 and FOR the approval of the Company's 2017 Long-Term Incentive Plan in Proposal 5.

The Board of Directors knows of no matters to be presented at the Annual Meeting other than those set forth in the Notice of 2017 Annual Meeting of Stockholders enclosed herewith. However, if any other matters do come before the meeting, it is intended that the holders of the proxies will vote thereon in their discretion. Any such other matter will require for its approval the affirmative vote of a majority of votes cast by shares represented in person or by proxy and entitled to vote at such Annual Meeting, provided a quorum is present, or such greater vote as may be required under the Company's Amended and Restated Certificate of Incorporation, the Company's Bylaws or applicable law. A list of stockholders as of the record date will be available for inspection at the Annual Meeting and for a period of ten days prior to the Annual Meeting at the Company's offices in Oak Brook, Illinois.

PROPOSAL 1: ELECTION OF DIRECTORS

The number of directors of the Company, as determined by the Board of Directors under Article III of the Company's Bylaws, is currently seven. The Board of Directors has decided to expand the number of directors to eight, effective upon each of the eight nominees receiving a plurality of votes cast at the 2017 Annual Meeting. Each director shall hold office until his successor is elected and qualified or until his earlier death, resignation, retirement, disqualification or removal.

The nominees for whom the enclosed proxy is intended to be voted are set forth below. Mr. Yeager, Mr. Maltby, Mr. Eppen, Mr. Kenny, Mr. Reaves, Mr. Slark and Mr. Ward each currently serves as a director of the Company. Mr. Peter B. McNitt is being nominated by the Board for the first time. The descriptions below discuss the specific experience, qualifications, attributes or skills that qualify each nominee to serve on the Company's Board of Directors. It is not contemplated that any of these nominees will be unavailable for election, but if such a situation should arise, the proxy will be voted in accordance with the best judgment of the proxyholder for such person or persons as may be designated by the Board of Directors unless the stockholder has directed otherwise.

Directors are elected by a plurality of the votes cast by the shares represented in person or by proxy and entitled to vote on the election of directors at the Annual Meeting, provided a quorum is present. Withholding of authority to vote in the election and broker non-votes will not affect the outcome of the election, provided a quorum is present. Stockholders are not allowed to cumulate their votes in the election of directors.

Nominees for Election as Directors

Name	**Age**	**Business Experience During the Past Five Years and Other Information**
David P. Yeager	64	David P. Yeager has served as the Company's Chairman of the Board since November 2008 and as Chief Executive Officer of the Company since March 1995. Mr. Yeager was Vice Chairman of the Board from March 1995 through November 2008. 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 started working for the Company in 1975. 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 has been an employee of the Company for over 40 years and in that time has helped grow the Company from a small family business into the $3.6 billion enterprise it is today. Mr. Yeager has experience in all aspects of the business, including acting as founder and President of both the Pittsburgh Hub (1975) and the St. Louis Hub (1980). Mr. Yeager's industry experience and Company

		knowledge make him uniquely suited to serve as our Chairman of the Board.
Donald G. Maltby	62	Donald G. Maltby has served as a director of the Company since 2016. Mr. Maltby was appointed President and Chief Operating Officer of the Company in September 2015. From January 2015 until September 2015, Mr. Maltby served as an advisor to the Company's Board of Directors. Mr. Maltby served as Chief Strategy Officer from May 2014 until January 2015. Prior to that, Mr. Maltby served as Chief Supply Chain Officer from January 2011 to May 2014. From February 2004 to December 2010, Mr. Maltby served as Executive Vice President- Logistics Services. Mr. Maltby previously served as President of Hub Online, the Company's e-commerce division, from February 2000 through January 2004. Mr. Maltby also served as President of Hub Cleveland from July 1990 through January 2000 and from April 2002 to January 2004. Prior to joining Hub Group, Mr. Maltby served as President of Lyons Transportation, a wholly owned subsidiary of Sherwin Williams Company, from 1988 to 1990. In his career at Sherwin Williams, which began in 1981 and continued until he joined the Company in 1990, Mr. Maltby held a variety of management positions including Vice-President of Marketing and Sales for its Transportation Division. Mr. Maltby received a Masters in Business Administration from Baldwin Wallace College in 1982 and a Bachelor of Science degree from the State University of New York in 1976. Mr. Maltby has been in the transportation and logistics industry since 1976, holding various executive and management positions. He has steadily assumed additional responsibility and has been instrumental in growing the Company's logistics business since joining the Company over 25 years ago. Mr. Maltby's strategic thinking and deep knowledge of the logistics industry, as well as familiarity with the Company's business and culture, make him a valuable contributor to the Board.

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Name	Age	Business Experience During the Past Five Years and Other Information
Gary D. Eppen	80	Gary D. Eppen has served as a director of the Company since February 1996. Currently retired, Mr. Eppen was the Ralph and Dorothy Keller Distinguished Service Professor of Operations Management and Deputy Dean for part-time programs at The University of Chicago Booth School of Business. He received a Ph.D. in Operations Research from Cornell University in 1964, a Master of Science in Industrial Engineering from the University of Minnesota in 1960, a Bachelor of Science from the University of Minnesota in 1959 and an Associate in Arts degree in Pre-Engineering from Austin Junior College in 1956. He received an Honorary Doctor of Economics degree from the Stockholm School of Economics in 1998. Mr. Eppen's experience with operations management has been valuable as the Company has evolved from a collection of small businesses to a unified network with a significant fleet of containers and a large drayage network. Mr. Eppen's attention to detail and familiarity with financial matters make him an effective Chair of our Audit Committee. Until February 2007, Mr. Eppen served as a Director of Landauer, Inc. Mr. Eppen has used his vast experience to help the Board identify and implement best practices. Mr. Eppen brings a wealth of both academic and business experience to his service as a Director.
Charles R. Reaves	78	Charles R. Reaves has served as a director of the Company since February 1996. Since 1994, Mr. Reaves has been President and Chief Executive Officer of Reaves Enterprises, Inc., a real estate development company. From April 1962 until November 1994, Mr. Reaves worked for Sears Roebuck & Company in various positions, ultimately as President and Chief Executive Officer of Sears Logistics Services, Inc., a transportation, distribution and home delivery subsidiary of Sears Roebuck & Company. Mr. Reaves received a Bachelor of Science degree in Business Administration from Arkansas State University in 1961. Having served for 32 years as an executive at Sears, Mr. Reaves understands the needs of large shippers and retailers. In his capacity as Chief Executive Officer of Sears Logistics Services, Inc., Mr. Reaves gained valuable executive experience running a large transportation organization. Mr. Reaves has used this experience, as well as his industry knowledge, to effectively advise the Company in his role as a Director. As Chair of our Nominating and Governance Committee, Mr. Reaves has also used his experience at Sears to help shape the Company's Governance Policies and oversee the succession planning process.
Martin P. Slark	62	Martin P. Slark has served as a director of the Company since February 1996 and Lead Director since November 2016. Since 1976, Mr. Slark has been employed by Molex Incorporated ("Molex"), a manufacturer of electronic, electrical and fiber optic interconnection products and systems. Mr. Slark is presently the Chief Executive Officer of Molex and is also a Director of Liberty Mutual Holding Company, Inc., Northern Trust Corporation and Koch Industries. Mr. Slark is a Companion of the British Institute of Management and received a Masters in Business Administration degree from the University of East London in 1993 and a Post-Graduate Diploma in Management Studies from Portsmouth University in 1981. As Chief Executive Officer of a multi-national company, Mr. Slark has extensive experience running a large organization. Mr. Slark, originally from England, has worked for Molex for over 40 years in Europe, Asia and the United States. Mr. Slark's leadership skills, experience with strategic planning

		and contacts have been a significant benefit to the Board. In addition to his role as Lead Director, Mr. Slark is Chair of the Compensation Committee, where he has been instrumental in helping formulate the compensation package for the Company’s executives.
Jonathan P. Ward	62	Jonathan P. Ward has served as a director of the Company since January 2012. Mr. Ward is an operating partner at Kohlberg & Co. and has been with that company since July 2009. He was previously chairman of the Chicago office of Lazard Ltd. and managing director, Lazard Freres & Co., LLC, joining Lazard in November 2006. Prior to Lazard, Mr. Ward was at The ServiceMaster Company for five years, where he began as President and Chief Executive Officer in 2001 and then became Chairman and Chief Executive Officer in 2002. From 1997 to 2001, he was President and Chief Operating Officer of R.R. Donnelley & Sons Company, a commercial printing company. During his 23 years at R.R. Donnelley, he served in a variety of other leadership positions. He earned a Bachelor’s degree in Chemical Engineering from the University of New Hampshire and also has completed the Harvard Business School Advanced Management Program.

Name	Age	Business Experience During the Past Five Years and Other Information
		Mr. Ward is a member of the board of directors of SP Plus Corporation, where he serves as a member of the Compensation Committee. Mr. Ward previously served as a director of Hillshire Brands Company (and Sara Lee Corporation prior to their merger) from October 2005 to August 2014, as director of KAR Auction Services, Inc. from December 2009 to June 2014, and as a director of United Stationers Inc. from July 2011 to June 2012. Mr. Ward's service as an executive, combined with his leadership capabilities, make him well qualified to be a member of the Company's Board of Directors. Having served on numerous public company boards, Mr. Ward is able to advise as to best practices across multiple industries. In addition, as a member of the Compensation Committee of SP Plus Corporation, Mr. Ward brings unique insight into other compensation models and approaches. Mr. Ward's experience and perspective make him a valuable member of the Company's Board of Directors.
James C. Kenny	63	James C. Kenny has served as a director of the Company since 2016. Currently retired, Mr. Kenny has served on the board of Kenny Industries, LLC, since 2006. Kenny Industries is a holding company that owns office and industrial parks in northern Illinois and a luggage company, among other assets. Since 2011, Mr. Kenny has also served as a director of Kerry Group, PLC, a company traded on the London and Dublin stock exchanges with a market capitalization of 13 billion euro. Mr. Kenny serves as a member of Kerry Group's Nominating and Compensation Committees. Mr. Kenny served as Executive Vice President and Director of Kenny Construction Company from 1994 until the company was sold in 2012. He also served as President of Kenny Management Services from 2006 to 2012. Kenny Construction Company, founded in 1927, was involved in building projects across the United States and Kenny Management Services oversaw large, complex construction projects such as the Chicago Midway Airport expansion and the Chicago Bears' stadium renovation. From 2003 until 2006, Mr. Kenny served as United States Ambassador to Ireland. Mr. Kenny received his Bachelor of Science degree in Business Administration from Bradley University. Mr. Kenny has 35 years of experience in the construction industry, as well as three years of diplomatic experience serving as an ambassador. He has extensive experience running a family business and serving on its board. As a director, he has been involved in acquisition strategy, succession planning, union relations and governance. He also has excellent political knowledge and a large network, both locally and nationally, which is a great asset for a company in a regulated industry. Mr. Kenny brings a unique blend of experiences to the Board of Directors.
Peter B. McNitt	62	Peter B. McNitt is being nominated to the Board for the first time. Mr. McNitt currently serves as Vice Chair of BMO Harris Bank. Prior to his current position, Mr. McNitt held many leadership roles within BMO, including Senior Vice President and Head of the Emerging Majors Midwest, Executive Vice President of U.S. Corporate Banking, Executive Managing Director of U.S. Investment Banking, and Vice Chair of Business Banking. Mr. McNitt currently serves as a director of Titan International, Inc, where he is a member of the Audit committee and Chairman of the Corporate Governance committee. He is a graduate of Amherst College and has attended Northwestern University's Graduate School of Management and the Graduate School of Credit and Finance at Stanford University.

Mr. McNitt has over 40 years of financial expertise assessing corporate strategies, financial performance, management succession and risk. He would add a great deal of public company board experience, as well as financial expertise, to the Board.

The Board of Directors unanimously recommends that the stockholders vote FOR ALL the nominees presented in Proposal 1.

MEETINGS AND COMMITTEES OF THE BOARD

The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. During the fiscal year ended December 31, 2016, the full Board of Directors met four times at regularly scheduled meetings and four times at special meetings. The Audit Committee met eight times at regularly scheduled meetings. The Compensation Committee met two times and the Nominating and Governance Committee met twice. During 2016, all directors attended at least 90% of the meetings of the Board of Directors and the committees thereof on which they served. The Company encourages each member of the Board of Directors to attend each annual meeting of stockholders. All directors attended the Company's 2016 annual meeting of stockholders held on May 6, 2016.

Audit Committee

The duties of the Audit Committee are to oversee the Company's internal control structure and review the Company's financial statements and other financial information to be included in the Company's 10-K. Additionally the Audit Committee is responsible for the selection, compensation and oversight of the Company's independent auditors and review of the Company's annual audit plan. The members of the Audit Committee are Messrs. Eppen (Chair), Kenny, Reaves, Slark and Ward. If Mr. McNitt is elected at the Annual Meeting, the Board of Directors intends to appoint him to the Audit Committee. The Audit Committee has a written charter which is available on the Company's website at www.hubgroup.com and it annually reviews and assesses the adequacy of its charter.

The Board of Directors has determined that Messrs. Eppen, Kenny, McNitt, Reaves, Slark and Ward are "independent" in accordance with the applicable corporate governance listing standards of NASDAQ. See the section "Director Independence Determinations" below for further details. The Board of Directors has determined that the Audit Committee does not have an "audit committee financial expert" as that term is defined in the regulations promulgated under the Securities Exchange Act of 1934. However, the Board of Directors has determined that all of the members of the Audit Committee are able to read and understand fundamental financial statements within the meaning of the Audit Committee requirements of NASDAQ and that at least one of its members has the financial sophistication required by NASDAQ. The Board of Directors has determined that by satisfying the requirements of the NASDAQ listing standards with a member of the Audit Committee that has the requisite "financial sophistication" qualifications, the Audit Committee has the financial expertise necessary to fulfill the duties and the obligations of the Audit Committee. The Board of Directors has concluded that the appointment of an "audit committee financial expert" is not necessary at this time.

Compensation Committee

The Compensation Committee is responsible for providing assistance to the Board in the discharge of its responsibilities relating to compensation and development of the Company's Chief Executive Officer and other executive officers. The members of the Compensation Committee are Messrs. Eppen, Kenny, Reaves, Slark (Chair) and Ward. If Mr. McNitt is elected at the Annual Meeting, the Board of Directors intends to appoint him to the Compensation Committee. The Compensation Committee reviews, adopts, terminates, amends or recommends to the Board the adoption, termination or amendment of equity-based employee plans, incentive compensation plans and employee benefit plans, as further described in the Compensation Committee Charter. The Compensation Committee used Korn Ferry Hay Group ("Hay Group") as its compensation consultant in 2016 to assist in the evaluation of the Chief Executive Officer and executive officer compensation. The Compensation Committee has the sole authority to retain and terminate any compensation consultant and to approve the consultant's fees and other retention terms. The Compensation Committee has a written charter which is available on the Company's website at www.hubgroup.com and it annually reviews and assesses the adequacy of its charter.

Nominating and Governance Committee

The duties of the Nominating and Governance Committee are to identify individuals qualified to become Board members and recommend the director nominees to the Board for the next annual meeting of stockholders, assist the Board with succession planning and develop and recommend to the Board the corporate governance guidelines and other corporate governance policies applicable to the Company. The members of the Nominating and Governance Committee are Messrs. Eppen, Kenny, Reaves (Chair), Slark and Ward. If Mr. McNitt is elected at the Annual Meeting, the Board of Directors intends to appoint him to the Nominating and Governance Committee. The Nominating and Governance Committee has a written charter which is available on the Company's website at www.hubgroup.com and it annually reviews and assesses the adequacy of its charter.

Nominations of Directors

Directors may be nominated by the Board of Directors or by stockholders in accordance with the Bylaws. As a matter of course, the Nominating and Governance Committee will review the qualifications of various persons to determine whether they might make good candidates for consideration for membership on the Board of Directors. The Nominating and Governance Committee will review all proposed nominees for the Board of Directors, including those proposed by stockholders, in accordance with the mandate contained in its charter. This will include a review of the person's judgment, experience, independence, understanding of the Company's business or other related industries and such other factors as the Nominating and Governance Committee determines are relevant in light of the needs of the Board of Directors and the Company. The Nominating and Governance Committee will select qualified candidates and review its recommendations with the Board of Directors, which will decide whether to invite the candidate to be a nominee for election to the Board of Directors. The Nominating and Governance Committee seeks to obtain candidates who will provide a diversity of viewpoints, professional experience, education and skills that complement those already existing on the Board. In addition, in selecting directors, the Nominating and Governance Committee will consider the need to strengthen the Board by providing a diversity of persons in terms of their expertise, age, gender, race, ethnicity, education, and other attributes which contribute to the Board's diversity. In performing its responsibilities for identifying, screening and recommending candidates to the Board, the Nominating & Governance Committee (i) ensures that candidates with a diversity of ethnicity and gender are included in any pool of candidates from which Board nominees are chosen, and (ii) considers diverse candidates from nonexecutive corporate positions and non-traditional environments. The Company has not paid a fee to any third party to identify or assist in identifying or evaluating potential nominees.

If a stockholder desires to nominate persons for election as directors, timely written notice must be given and received, in advance of the stockholder meeting, by the Secretary of the Company at 2000 Clearwater Drive, Oak Brook, IL 60523, either by personal delivery or by United States mail. Pursuant to the Bylaws, such notice must be received not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders or, between February 9, 2018 and March 11, 2018, for the 2018 Annual Meeting; provided, however, that in the event that the date of the 2018 Annual Meeting is advanced by more than 30 days, or delayed by more than 60 days, from the first anniversary of the 2017 Annual Meeting, the notice must be received no earlier than the 90th day prior to such meeting and not later than the close of business of the later of (i) the 60th day prior to such annual meeting or (ii) the 10th day following the day on which public announcement of the date of such meeting is first made. Each notice must describe the nomination in sufficient detail for the nomination to be summarized on the agenda for the meeting and must set forth: (i) the name and address, as it appears on the books of the Company, of the stockholder making the nomination, (ii) a representation that the stockholder is a holder of record of stock in the Company entitled to vote at the annual meeting of stockholders and intends to appear in person or by proxy at the meeting to present the nomination, (iii) a statement of the class and number of shares beneficially owned by the stockholder, (iv) the name and address of any person to be nominated, (v) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder, (vi) such other information regarding such nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission (the "SEC"), and (vii) the consent of such nominee to serve as a director of the Company if elected. The presiding officer of the annual meeting of stockholders will, if the facts warrant, refuse to acknowledge a nomination not made in compliance with the foregoing procedure, and any such nomination not properly brought before the meeting will not be considered.

Leadership Structure

The Company is led by David P. Yeager, who has served as the Company's Chairman of the Board since November 2008 and as Chief Executive Officer of the Company since March 1995. The Board of Directors believes that Mr. Yeager's service as both Chairman of the Board and Chief Executive Officer is in the best interest of our Company and its stockholders because this leadership structure promotes a unified vision for our Company, strengthens the ability of the CEO to develop and implement strategic initiatives and facilitates our Board's efficient and effective functioning.

The Board of Directors believes that the members of the Board and the three standing Board Committees provide an appropriate framework for overseeing the Company's management and operations and strike a sound balance with appropriate oversight. The Company's directors bring a broad range of leadership experience to the boardroom and regularly contribute to the thoughtful discussion involved in overseeing the affairs of the Company. The Board is collegial and all Board members are well engaged in their responsibilities. The Company's non-management directors regularly meet in executive session and typically these meetings are held in conjunction with a Board meeting. All Board members express their views and are open to the opinions expressed by other directors.

The Board recognizes the importance of having a strong independent board leadership structure to ensure accountability. The Board selected Mr. Slark to serve as Lead Director in November 2016. In February 2017, the Board revised the Company's Corporate Governance Guidelines to include that if the Chairman is an employee Director, then the Board may select a Lead Director from among the independent directors based on the recommendation of the Nominating and Governance Committee. The Board believes the appointment of a Lead Director is a valuable addition to our Board structure and will facilitate the effective performance of the Board in its role providing governance and independent oversight.

Risk Oversight

The Board of Directors is ultimately responsible for overseeing risk management at the Company. The Board has delegated to the Compensation Committee responsibility for oversight of compensation risk. The Board has delegated to the Audit Committee various risk management responsibilities. To fulfill these responsibilities, at each quarterly meeting the Audit Committee receives (i) a report from the Director of Internal Audit regarding internal controls and an update on Internal Audit's annual plan, (ii) a report from the General Counsel regarding any material litigation developments or regulatory risks, (iii) a report from the Company's independent auditors, and (iv) a report from the President of Hub Group Trucking on driver safety. The Board also receives a report from the Chief Information Officer on cyber security risk. The Audit Committee reports the results of any material issues to the Board. The Board has also charged the Audit Committee with the responsibility for undertaking an annual comprehensive risk review, which includes a review of the steps taken by the Company to mitigate key risks. The list of risks is prepared by management and discussed at an Audit Committee meeting. Any issues that arise from this discussion are then reviewed with the Board as necessary. The Audit Committee also receives an annual report from the General Counsel highlighting certain non-business risks and the processes used to mitigate those risks. The Audit Committee has implemented an Ethics Hotline that provides a completely anonymous and confidential way for employees, officers and directors to report accounting complaints and other unethical behavior. The General Counsel provides a quarterly report summarizing any complaints made through the Ethics Hotline to the Audit Committee. The Board has charged the Nominating and Governance Committee with managing the risks related to succession planning. In addition to reports from the Audit, Compensation and Nominating and Governance Committees, the Board periodically discusses risk management issues as necessary. The risk oversight function is also supported by our Chairman of the Board and Chief Executive Officer, whose industry leadership, tenure and experience provide a deep understanding of the risks that the Company faces. Collectively, these processes are intended to provide the Board of Directors as a whole with an in-depth understanding of risks faced by the Company. The Board of Directors believes that the Chairman of the Board and Chief Executive Officer, who has an integral role in our day-to-day risk management processes, together with the Audit Committee, the Compensation Committee, the Nominating and Governance Committee and an experienced senior management team provide the appropriate leadership to assist in effective risk oversight by the Board of Directors.

Controlled Company

The Board of Directors has determined that the Company is a "controlled company" as that term is defined by NASDAQ since the members of the Yeager family, pursuant to their ownership of Class A and all Class B Common Stock, control approximately 63% of the voting power of the Company as of March 13, 2017. Pursuant to the Stockholders' Agreement, the Class B Stockholders have agreed to vote all of their shares of Class B Common Stock in accordance with the vote of the holders of a majority of such shares at a meeting of the Class B Stockholders held prior to the Annual Meeting, or as recommended by the independent directors of the Board of Directors if there is a deadlock among Class B Stockholders or if a quorum of Class B Stockholders cannot be achieved at the meeting of the Class B Stockholders after two attempts.

Code of Ethics

Our Code of Business Conduct and Ethics (the "Code") establishes the principles, policies, standards and conduct for professional behavior in the workplace. The Code applies to all employees and may be found on the Corporate Governance page on the Company's website, www.hubgroup.com. Any waiver of the Code for executive officers of the Company requires approval of the Audit Committee and must be promptly disclosed to the Company's stockholders. We intend to disclose on the Investors section of our Company's website, www.hubgroup.com, any amendments to, or waivers from, the Code that are required to be publicly disclosed under the rules of the SEC. The Audit Committee has also established an Ethics Hotline for employees, officers, directors and third parties to communicate concerns over accounting, auditing matters or other matters.

Corporate Governance Guidelines

Our Board of Directors has adopted Corporate Governance Guidelines, which may be found on the Corporate Governance page on the Company's website, www.hubgroup.com. These guidelines reflect the Board of Directors' commitment to oversee the effectiveness of policy and decision-making both at the Board and management level, with a view of enhancing stockholder value.

Director Independence Determinations

We believe that a substantial majority of the members of our Board should be independent non-employee directors. Our Board has affirmatively determined that six of our eight director nominees, namely Messrs. Eppen, Kenny, McNitt, Reaves, Slark and Ward, qualify as ''independent directors'' in accordance with NASDAQ listing standards independence requirements. Each of these directors and nominees has also been determined to have the requisite NASDAQ "financial sophistication" qualifications. All of the members of our Audit Committee, Compensation Committee and the Nominating and Governance Committee are independent and financially sophisticated. The NASDAQ listing standards include a series of objective tests for determining the independence of a director, such as that the director or a member of his family is not an employee of the Company and has not engaged in various types of commercial or charitable relationships with the Company. A copy of our existing guidelines for determining director independence, as included in our Corporate Governance Guidelines, is available on the Corporate Governance page of our Company's website, www.hubgroup.com. Our Board has made a determination as to each independent director that no relationship exists which, in the opinion of the Board, would interfere with the exercise of the director's independent judgment in carrying out his responsibilities as a director. In making these determinations, our Board reviewed and discussed information provided by the directors and the Company with regard to each director's business and personal activities as they may relate to the Company, its management and/or its independent registered public accounting firm.

Communicating with the Board

Stockholders may communicate directly with the Board of Directors. All communications should be directed to the Company's Secretary at the address set forth herein and should prominently indicate on the outside of the envelope that it is intended for the Board of Directors or for non-management directors. Each communication intended for the Board of Directors and received by the Secretary which is not otherwise commercial in nature will be forwarded to the specified party following its clearance through normal security procedures.

Review of Related Party Transactions

Our Related Person Transaction Policy governs the review, approval and ratification of transactions involving the Company and related persons where the amount involved exceeds $120,000. Related persons include our executive officers, directors, director nominees, 5% or greater stockholders and immediate family members of such persons, and entities in which one of these persons has a direct or indirect material interest. Under this policy, prior to entering into any related-person transaction, the General Counsel of the Company is to be notified of the facts and circumstances of the proposed transaction, including: (i) the related person's relationship to the Company and interest in the transaction; (ii) the material facts of the proposed transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Company of the proposed transaction; (iv) if applicable, the availability of other sources of comparable products or services; and (v) an assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally.

The General Counsel then assesses whether the proposed transaction is a related person transaction for purposes of the policy and SEC rules. If the General Counsel determines that the proposed transaction is a related person transaction for such purposes, the proposed transaction is then submitted to the Audit Committee of the Board of Directors for its consideration; except for related parties who are employees, which process is described below. The Audit Committee considers all of the relevant facts and circumstances available, including (if applicable) but not limited to: (i) the benefits to the Company; (ii) the impact on a director's independence, in the event a person involved with, or connected to, the proposed transaction is a director; (iii) the availability of other sources for comparable products or services; (iv) the terms of the transaction; and (v) the terms available to unrelated third parties or to employees generally. No member of the Audit Committee participates in any review, consideration or approval of any related person transaction with respect to which such member or any of his immediate family members is the related person. The Audit Committee then makes a recommendation to the Board. The Board approves only those proposed transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as determined by the Board. In the event that the Company becomes aware of a related person transaction that has not been previously approved or ratified by the Board or the Audit Committee, a similar process is undertaken by the Board and the Audit Committee to determine if the existing transaction should continue or be terminated and/or if any disciplinary action is appropriate. The General Counsel may also develop, implement and maintain from time to time certain administrative procedures to ensure the effectiveness of this policy. A copy of our Related Person Transaction Policy is available on the Corporate Governance page of our website at www.hubgroup.com.

In accordance with the Company’s Related Person Transaction Policy, all compensation paid to related party employees is reviewed and approved by the Compensation Committee. Mr. Jude Troppoli, the brother-in-law of Mr. David Yeager, serves as Director of Documentation. Mr. Phillip Yeager and Mr. Matthew Yeager, sons of Mr. David Yeager, serve as Executive Vice President, Account Management and Intermodal Operations and Vice President Specialized Intermodal Services, respectively. Mr. Tom Buffington, the stepson of Mr. Donald Maltby, serves as Assistant Vice President, Account Management. Ms. Shannon Neumayer, the daughter of Mr. Jim Gaw, former Executive Vice President of Sales, served as Director of Finance and Compliance, Intermodal Operations and Account Management. Mr. Chris Neumayer, the son-in-law of Mr. Jim Gaw, serves as Regional Sales Manager. Each of Mr. Troppoli, Mr. Neumayer, Mr. Buffington, Messers. Yeager and Ms. Neumayer earned in excess of $120,000 in salary and bonuses for 2016. Each individual’s compensation is comparable to other employees with equivalent qualifications, experience and responsibilities at the Company. All compensation for the foregoing individuals was approved by our Compensation Committee. There were no other related person transactions in 2016.

OWNERSHIP OF THE CAPITAL STOCK OF THE COMPANY

The following table sets forth information with respect to the number of shares of Class A Common Stock and Class B Common Stock beneficially owned by (i) each director of the Company, (ii) the current executive officers of the Company named in the table under “Compensation of Directors and Executive Officers--Summary Compensation Table,” (iii) all directors and executive officers of the Company as a group, and (iv) based on information available to the Company and a review of statements filed with the SEC pursuant to Section 13(d) and 13(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), each person that owns beneficially (directly or together with affiliates) more than 5% of the Class A Common Stock or Class B Common Stock, in each case as of February 28, 2017. The Company believes that each individual or entity named has sole investment and voting power with respect to shares of the Class A Common Stock or Class B Common Stock indicated as beneficially owned by them, except as otherwise noted. The Company acts as transfer agent for the Class B Common Stock. Beneficial ownership of shares of Class B Common Stock is based on the stock ledger maintained by the Company as of the Record Date and the terms of the Stockholders’ Agreement (the “Stockholders Agreement”).

	Number (1)				
Name	**Class A**	**Percentage**	**Class B**	**Percentage**	
David P. Yeager (2)(3)	275,650	*	662,296	100	%
Mark A. Yeager (2) (4) (5)	—	*	662,296	100	%
Terri A. Pizzuto	165,236	*	—	*	
Donald G. Maltby	106,554	*	—	*	
James J. Damman	80,133	*	—	*	
David L. Marsh	101,628	*	—	*	
Gary D. Eppen	77,326	*	—	*	
Charles R. Reaves	73,947	*	—	*	
Martin P. Slark	96,393	*	—	*	
Jonathan P. Ward	18,344	*	—	*	
James Kenny	9,625	*	—	*	
All directors and executive officers (16 people)	1,168,161	3.5 %	662,296	100	%
Diamond Hill Capital Mgt., Inc. (6)	3,656,234	10.9 %	—	*	
BlackRock, Inc. (7)	4,852,804	14.6 %	—	*	
The Vanguard Group (8)	2,728,791	8.2 %	—	*	
FMR LLC (9)	2,953,433	8.9 %	—	*	
Dimensional Fund Advisors LP (10)	2,342,873	7.0 %	—	*	

*Represents less than 1% of the outstanding shares of Common Stock.

(1) Calculated pursuant to Rule 13d-3(d) under the Exchange Act. Under Rule 13d-3(d), shares not outstanding which are subject to options, warrants, rights, or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but not deemed outstanding for

the purpose of calculating the percentage owned by each other person listed.

(2) David Yeager and Mark Yeager are parties to the Stockholders' Agreement, pursuant to which they have agreed to vote all of their shares of Class B Common Stock in accordance with the vote of the holders of a majority of such shares at a meeting of the Class B Stockholders held prior to the Annual Meeting, or as recommended by the independent directors of the Board of Directors if there is a deadlock among Class B Stockholders or if a quorum of Class B Stockholders cannot be achieved at the meeting of Class B Stockholders after two attempts. See the section "Proxies, Voting Rights, Quorum and Procedures" for more details. Except as provided in footnotes 3 and 4 each of the Yeager family members disclaims beneficial ownership of the shares of Class B Common Stock held by the other Yeager family members. The Class B Common Stock represents approximately 62% of the total votes allocable to the Common Stock. Members of the Yeager family own all of the Class B Common Stock.

(3) Includes 154,583 shares of Class B Common Stock owned by the DPY 2015 Exempt Children's Trust, 51,624 shares of Class B Common Stock owned by the Laura C. Yeager 2015 GST Trust, 51,624 shares of Class B Common Stock owned by the Matthew D. Yeager 2015 GST Trust and 51,624 shares of Class B Common Stock owned by the Phillip D. Yeager 2015 GST Trust, 21,693 shares of Class B Common Stock owned by David P. Yeager Nonexempt Trust created under Philip C. Yeager 1994 Trust and 331,148 shares of Class B Common Stock beneficially owned by Mark A. Yeager, to which David P. Yeager may be deemed to have shared voting discretion pursuant to the Stockholders' Agreement. See Notes 2 and 4.

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(4) Includes 86,794 shares of Class B Common Stock owned by Mr. Mark A. Yeager individually, 87,866 shares of Class B Common Stock owned by the Alexander B. Yeager 1994 GST Trust, 87,866 shares of Class B Common Stock owned by the Samantha N. Yeager 1994 GST Trust, 48,715 shares of Class B Common Stock owned by the Mark A. Yeager Non-Exempt Trust, and 331,148 shares of Class B Common Stock beneficially owned by David P. Yeager, to which Mark A. Yeager may be deemed to have shared voting discretion pursuant to the Stockholders' Agreement. Also includes 19,907 shares of Class B Common Stock owned by the Mark A. Yeager Perpetual Trust for which Mark A. Yeager serves as sole trustee and has sole investment and voting discretion. See Notes 2 and 3**.**

(5) Mr. Mark A. Yeager last filed a Form 4 dated April 20, 2015, which is the basis for determining his stock ownership above.

(6) Diamond Hill Capital Management, Inc. ("Diamond Hill") filed Amendment No. 2 to Schedule 13G dated February 6, 2017 with the SEC indicating beneficial ownership of shares of Class A Common Stock. According to the Schedule 13G, Diamond Hill has sole dispositive power with respect to all 3,656,234 shares of Class A Common Stock and sole voting power with respect to 3,505,247 shares of Class A Common Stock. The number of shares beneficially owned by Diamond Hill is indicated as of December 31, 2016. The address of Diamond Hill is 325 John H. McConnell Blvd., Suite 200, Columbus, OH 43215.

(7) BlackRock, Inc. ("BlackRock") filed Amendment No. 8 to Schedule 13G dated January 10, 2017 with the SEC indicating beneficial ownership of shares of Class A Common Stock. According to the Schedule 13G, BlackRock has sole dispositive power with respect to all 4,852,804 shares of Class A Common Stock beneficially owned and sole voting power with respect to 4,739,640 shares of Class A Common Stock beneficially owned. The number of shares beneficially owned by BlackRock is indicated as of December 31, 2016. The address of BlackRock is 55 East 52nd Street, New York, NY 10022.

(8) The Vanguard Group, Inc. ("Vanguard") filed Amendment No. 5 to Schedule 13G dated February 9, 2017 with the SEC indicating beneficial ownership of shares of Class A Common Stock. According to the Schedule 13G, Vanguard has sole dispositive power with respect to 2,661,500 shares of Class A Common Stock, shared dispositive power with respect to 67,291 shares of Class A Common Stock, sole voting power with respect to 64,818 shares of Class A Common Stock and shared voting power with respect to 4,315 shares of Class A Common Stock. The number of shares beneficially owned by Vanguard is indicated as of December 31, 2016. The address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.

(9) FMR LLC ("FMR") filed Amendment No. 5 to Schedule 13G dated February 13, 2017 with the SEC indicating beneficial ownership of shares of Class A Common Stock. According to the Schedule 13G, FMR has sole dispositive power with respect to all 2,953,433 shares of Class A Common Stock and sole voting power with respect to 656,182 shares of Class A Common Stock. The number of shares beneficially owned by FMR is indicated as of December 31, 2016. The address of FMR is 245 Summer Street, Boston, MA 02210.

(10) Dimensional Fund Advisors LP ("Dimensional") filed a Schedule 13G dated February 9, 2017 with the SEC indicating beneficial ownership of shares of Class A Common Stock. According to the Schedule 13G, Dimensional has sole dispositive power with respect to all 2,342,873 shares of Class A Common Stock and sole

voting power with respect to 2,252,385 shares of Class A Common Stock. The address of Dimensional is Building One, 63000 Bee Cave Road, Austin, TX 78746.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors, and greater than ten-percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of the forms furnished to the Company, or written representations from certain reporting persons that no Forms 5 were required, we believe that all filing requirements applicable to our officers and directors and ten-percent beneficial owners were complied with during the 2016 fiscal year with the exception of a Form 4 filed two days late on April 7, 2016, by Mr. Damman to report the disposition of 456 shares to satisfy tax withholding obligations.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Compensation Discussion and Analysis

Overview of Compensation Program

Our Compensation Committee has the responsibility for determining the compensation that is paid or awarded to our Company's executive officers (for purposes of this proxy statement, the term "executive officer" means the senior leadership of the Company, including Section 16 Officers and Named Executive Officers). Our Compensation Committee consists of the five independent members of the Board. Our Compensation Committee ensures that the total compensation paid to our executive officers is fair, reasonable, competitive and drives behavior that increases stockholder value over the long-term.

Compensation Philosophy and Objectives

Our Company's compensation philosophy is designed to link executive performance to long-term stockholder value, connect pay with individual performance, maintain a compensation system that is competitive with industry standards and attract and retain outstanding executives. We seek to incent our executives through both short term and long term awards, with a goal of rewarding superior Company performance. Our ultimate objective is to improve stockholder value.

Our Compensation Committee evaluates both performance and compensation to ensure that our Company maintains its ability to attract and retain superior employees in key positions and that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of our peer companies. To that end, our Compensation Committee believes executive compensation packages provided to our executives should include both cash and stock-based compensation that reward performance as measured against pre-established goals.

Role of Executive Officers in Compensation Decisions

Our Compensation Committee, with input and recommendations from our Chief Executive Officer and President, makes all compensation decisions for the executive officers and approves recommendations of equity awards to all executive officers of the Company. The Chief Executive Officer and President do not play any role in the

Compensation Committee's determination of their own compensation. The Chief Executive Officer and President annually review the performance of the executive officers. The conclusions reached and recommendations based on these reviews, including salary adjustments and annual stock and cash award amounts, are presented to the Compensation Committee. Our Compensation Committee can exercise its discretion in modifying any recommended adjustments of stock or cash awards to executives.

Setting Executive Compensation

Based on the foregoing objectives, our Compensation Committee has structured the Company's annual and long-term incentive-based cash and non-cash executive compensation to motivate executives to achieve the business goals set by the Company and reward the executives for achieving such goals.

Compensation Consultant. To help the Company achieve its compensation objectives, our Compensation Committee engaged Hay Group as its independent compensation consultant for 2016. Hay Group has been the compensation consultant to the Compensation Committee since 2004. The consultant's role is to advise our Compensation Committee on all executive compensation matters. The Compensation Committee asked the consultant to provide relevant market data and evaluate the Company's total compensation system relative to the compensation systems employed by comparable companies in the transportation industry and the overall U.S. industrial market. The consultant also provides an additional measure of assurance that the Company's executive compensation program is a reasonable and appropriate means to achieve our objectives. In 2016, Hay Group did not provide any additional services to the Company in excess of $120,000.

Market Benchmarking. A benchmark group of publicly-traded companies in the transportation industry is chosen based on comparable revenue, market capitalization and number of employees. The peer group is used annually by our Compensation Committee to ensure that Hub Group’s compensation programs offer competitive total compensation opportunities and reflect best practices in compensation plan design. For 2016, the companies comprising the “Compensation Peer Group” were:

ArcBest Corporation

Heartland Express, Inc.

J.B. Hunt Transportation Services, Inc.

Knight Transportation, Inc.

Landstar System, Inc.

Old Dominion Freight Line, Inc.

Ryder System, Inc.

Roadrunner Transportation Systems, Inc.

Saia, Inc.

Swift Transportation Co.

Universal Truckload Services, Inc.

Werner Enterprises, Inc.

XPO Logistics, Inc.

YRC Worldwide, Inc.

In addition, information on annual base salary increases and compensation data for the U.S. general industrial markets is provided by our Compensation Committee’s independent compensation consultant.

The Company’s Chief Executive Officer and President develop pay recommendations for the Company’s executives based on (i) the aforementioned market data, (ii) each executive’s individual performance and functional responsibilities as determined by the Chief Executive Officer and President and (iii) Company performance, both financial and non-financial. Our Compensation Committee reviews and approves these pay recommendations with the advice of its independent compensation consultant. Our Compensation Committee also sets the base salary and incentive opportunities for the Company’s Chief Executive Officer based on (i) the aforementioned market data, (ii) the Chief Executive Officer’s individual performance and responsibilities and (iii) Company performance, both financial and non-financial.

Our Compensation Committee generally seeks to set the base salary for executive officers at a competitive level compared to similarly situated executives according to survey data from the Hay Group Executive Compensation Report (the “Hay Group survey”). Our Compensation Committee also considers, on a secondary basis, the executive compensation disclosure included in the proxy statements of the companies comprising the Compensation Peer Group. Variations to this objective do occur as dictated by the experience level of the individual, personal performance and market factors.

There is no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation. Rather, our Compensation Committee reviews information provided by our compensation consultant to determine the appropriate level and mix of incentive compensation. Pay for such incentive compensation is awarded as a result of the performance of the Company or the individual, depending on the type of award, compared to pre-established goals. Our Compensation Committee noted that Hub’s stockholders approved the Company’s 2015, 2014 and 2013 compensation for named executive officers with at least 98% approval ratings each year. For 2016, our Compensation Committee has continued with this same general compensation structure since the Committee believes it is a successful structure and has been consistently supported by our stockholders.

2016 Executive Compensation Components

The Company’s executive compensation program has three components--base salary, annual incentives, and long-term incentives. Base salary and annual incentives are primarily designed to reward current and past performance. Long-term incentives are primarily designed to provide strong incentives for long-term future Company growth.

Base Salary. To attract and retain qualified executives, base salary is provided to our executive officers. The base salary is determined based on position and responsibility using competitive criteria within the transportation industry. During its review of base salaries for the executives, our Compensation Committee primarily considers (i) market data provided by our outside consultants, (ii) an internal review of the executive's compensation, both individually and relative to other officers, and (iii) individual performance of the executive. Salary levels are typically reviewed annually as part of our annual performance review process as well as upon a promotion or other change in job responsibilities. Increases are based on increases in the cost of living, individual performance and market data. For 2016, the Compensation Committee provided salary increases of 12% for Mr. Yeager, 4.7% for Mr. Maltby, 7.1% for Ms. Pizzuto, 7.4% for Mr. Damman and 4.4% for Mr. Marsh.

Annual Cash Incentive. The Company's annual cash incentive recognizes and rewards executives for taking actions that build the value of the Company and generate competitive total returns for stockholders. Our annual cash incentive is determined with the assistance of the Hay Group survey referred to above. The value of Mr. Yeager's target award is 100% of his annual base salary, while the other executives are generally set at 60-70% of their annual base salary. This incentive is based solely on earnings per share ("EPS") for our Chief Executive Officer and our President. For our other executive officers, this incentive is based on a combination of EPS (70-80%) and on individual performance compared against certain pre-determined personal goals (20-30%). The personal goals vary by officer. For 2016, the personal goals for officers responsible for each of our service lines were generally tied to specific financial metrics for the service line managed by the executive. For our other executives, the personal goals were generally tied to specific objectives within their area of responsibility. The personal goals are generally set at a level that is believed to be achievable with superior personal performance.

Ms. Pizzuto's target incentive related to personal goals was $63,000. For 2016, Ms. Pizzuto's total bonus related to personal goals was $55,125. Mr. Damman's target incentive related to personal goals was $56,000, with the opportunity to earn more than his target incentive if he exceeded his goals. For 2016, Mr. Damman's total bonus related to personal goals was $56,933. Mr. Marsh's target incentive related to personal goals was $50,400, with the opportunity to earn more than his target incentive if he exceeded his goals. For 2016, Mr. Marsh's total bonus related to personal goals was $100,800.

Each year our Compensation Committee sets an EPS target for our Company, which may take into account one-time charges and the impact of our share buyback program. Once the year is completed, Hub Group's earnings per share is compared against the EPS target. If we meet the EPS target, we pay the EPS portion of the award. If we do not meet our EPS target, we do not pay any cash incentive related to EPS or we pay a reduced incentive based on a sliding scale. In the same way, our executives can earn, also on a sliding scale, up to twice their EPS target incentive if we substantially exceed our EPS target. For 2016, our sliding scale started at $2.00 and our EPS target for 2016 was set at $2.15. Our executives could earn twice their EPS target incentive if we earned $2.30 per share. During 2016, we earned $2.17 per share. Based on our pre- approved sliding scale, our executives therefore received 110% of their EPS target incentive.

Mr. Yeager's target incentive related to EPS was $800,000 for 2016. Mr. Yeager received 110% of this targeted amount, which was $880,000, in accordance with the sliding scale previously approved by the Compensation Committee. Mr. Maltby's target incentive related to EPS was $392,000 for 2016. Mr. Maltby received 110% of this targeted amount, which was $431,200. Ms. Pizzuto's target incentive related to EPS was $252,000 for 2016. Ms. Pizzuto received 110% of this targeted amount, which was $277,200. Mr. Damman's target incentive related to EPS was $224,000 for 2016. Mr. Damman received 110% of this targeted amount, which was $246,400. Mr. Marsh's target incentive related to EPS was $201,600 for 2016. Mr. Marsh received 110% of this targeted amount, which was $221,760.

All cash compensation is approved by our Compensation Committee before it is paid to our executive officers.

Long-Term Equity Incentives. The Company's Long-Term Equity Incentive Program serves to reward executive performance that successfully executes the Company's long-term business strategy and builds stockholder value. The program allows for the awarding of options and stock appreciation rights, restricted stock and performance units. The Long-Term Equity Incentive Program encourages participants to focus on long-term Company performance and provides an opportunity for executive officers and certain designated key employees to increase their ownership stake in the Company through grants of the Company's Class A Common Stock. The Company adopted the Hub Group, Inc. 2002 Long-Term Incentive Plan, as amended in 2007, in connection with its long-term equity incentive program.

The Company has historically made an annual grant of restricted stock to its executive officers. Our Compensation Committee reviews management's recommendation and approves the restricted stock awards for each Section 16 officer. Our restricted stock grants for employees typically vest over five years.

In November 2016, our Compensation Committee delegated to our Chief Executive Officer the ability to grant up to 75,000 shares of restricted stock in the aggregate to non-executive officers each year. Our Chief Executive Officer grants this stock from time to time to new hires or in connection with a promotion or outstanding performance by current employees. The Company has not granted any stock options since 2003.

Perquisites and Other Compensation

Our Company provides executive officers with perquisites and other personal benefits that the Company and our Compensation Committee believe are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior employees for key positions. Our Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers.

All of our named executive officers participated in our 401(k) plan and received matching funds up to the federally allowed maximum match. We maintain $50,000 of life insurance on all of our executive officers. The Company maintains a non-qualified deferred compensation plan and provides a matching contribution to participants. The Company makes available to its executive officers an annual physical at a local hospital. The Company allows personal use of its fractional airplane interests by certain executive officers. Personal use of our aircraft interests requires approval by the Chief Executive Officer. Our executives must reimburse the Company for their personal use of our aircraft interests at the Standard Industry Fare Level plus either 20% or 30% depending on the aircraft. The Company does not make it a practice to provide tax gross-ups to our named executive officers for perquisites and other compensation.

Retirement and Other Benefits

Pension Benefits

We do not provide pension arrangements or subsidized post-retirement health coverage for our executives or employees.

Non-Qualified Deferred Compensation

Our executive officers, in addition to certain other key managerial employees, are entitled to participate in the Hub Group, Inc. Non-Qualified Deferred Compensation Plan (the “Deferred Compensation Plan”). Pursuant to this plan, eligible employees can defer certain compensation on a pre-tax basis. The Deferred Compensation Plan is discussed in further detail in the table below under the heading “2016 Nonqualified Deferred Compensation.”

Other Post-Employment Payments

All of our executive officers are employees-at-will and as such do not have employment contracts with us. Certain payments will be made upon a change of control. These payments are discussed in further detail under “Potential Payouts upon Termination or Change of Control.”

Stock Ownership Guidelines

To directly align the interests of executive officers with the interests of the stockholders, our Board adopted a policy that requires each executive officer to maintain a minimum ownership interest in the Company. Each executive officer, other than the Chief Executive Officer, must own Company stock with a value of at least two times his or her base annual salary. The Chief Executive Officer must own Company stock with a value of at least three times his base salary. Each executive officer has five years to meet this requirement. Until they do, executive officers must retain a minimum of 25% of the stock granted to them in any one year. Our non-employee directors have also agreed to maintain stock valued at three times their annual retainer, which was increased in February 2017 from two times their annual retainer. Our non-employee directors have been given five years to meet this requirement and until they do, must retain a minimum of 25% of the stock granted to them in any one year.

Tax and Accounting Implications

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), limits the Company's deduction for compensation paid to the executive officers named in the Summary Compensation Table to $1 million each unless certain requirements are met. The policy of our Compensation Committee with respect to section 162(m) is to establish and maintain a compensation program which will enhance the deductibility of compensation. Our Compensation Committee, however, reserves the right to use its judgment, where merited by our Compensation Committee's need to respond to changing business conditions or by an executive officer's individual performance, to authorize compensation which may not, in a specific case, be fully deductible to the Company.

Section 274(e) of the Code limits the Company's deduction for expenses allocated to certain personal use of its fractional airplane interests. For 2016, such expenses, less amounts reimbursed to the Company, were not deductible for federal income tax purposes.

Compensation Committee Report

This report is submitted by the Compensation Committee of the Board of Directors.

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis ("CD&A") required by Item 402(b) of Regulation S-K and based on this review and discussion, the Compensation Committee has recommended to the Board that the CD&A be included in this Proxy Statement.

COMPENSATION COMMITTEE

Martin P. Slark, Chairman
Gary D. Eppen
Charles R. Reaves
Jonathan P. Ward

James C. Kenny

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2016 SUMMARY COMPENSATION TABLE

The following table sets forth a summary of the annual, long-term and other compensation for services rendered to the Company for the fiscal years ended December 31, 2016, December 31, 2015 and December 31, 2014 paid or awarded to those persons who were: (i) the Company's chief executive officer at December 31, 2016, (ii) the Company's chief financial officer at December 31, 2016 and (iii) the Company's three most highly compensated executive officers other than the chief executive officer and chief financial officer (collectively, together with the Company's chief executive officer and chief financial officer, the "Named Executive Officers").

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Non-Equity Incentive Plan Compensation(2) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(3) ($)	All Other Compensation (4) ($)		Total ($)
David P. Yeager	2016	800,000	—	988,500	880,000	—	192,778	(5)	2,861,278
Chairman and Chief	2015	714,563	—	902,902	700,272	—	169,891		2,487,628
Executive Officer	2014	693,750	—	865,260	—	—	160,076		1,719,086
Terri A. Pizzuto	2016	450,000	—	593,100	332,325	—	21,486	(6)	1,396,911
Executive Vice President,	2015	420,050	—	615,615	358,723	—	19,984		1,414,372
CFO and Treasurer	2014	380,050	—	589,950	26,604	—	18,261		1,014,865
Donald G. Maltby	2016	560,000	—	659,000	431,200	—	147,828	(7)	1,798,028
President and Chief Operating	2015	166,696	—	702,180	174,766	—	233,441		1,277,083
Officer	2014	334,750	—	471,960	53,309	—	20,358		880,377
James J. Damman	2016	400,000	—	494,250	303,333	—	7,986	(8)	1,205,569
President, Mode	2015	372,376	—	492,492	341,469	—	7,382		1,213,719
Transportation, LLC	2014	361,530	—	593,318	60,105	—	6,894		1,021,847
David L. Marsh	2016	360,000	—	494,250	322,560	—	18,786	(9)	1,195,596
Chief Highway Solutions Officer	2015	344,793	—	492,492	321,062	—	17,726		1,176,073

(1) Consists of the aggregate grant date fair value of restricted stock awards made by our Company to our executives in 2016, 2015 and 2014 in accordance with FASB ASC Topic 718. The amounts expensed in 2016, 2015 and 2014 in accordance with FASB ASC Topic 718 with respect to restricted stock awards made by our Company to our executives each with a vesting period of five years are $845,164, $777,567 and $696,174, respectively, for Mr. David Yeager; $561,323, $519,311 and $451,735, respectively, for Ms. Pizzuto; $365,860, $78,020 and $377,853,

respectively, for Mr. Maltby (Mr. Maltby's 2015 grant vests over three years); $524,652, $471,051 and $369,220, respectively, for Mr. Damman; and $452,012 and $411,713 for Mr. Marsh in 2016 and 2015, respectively.

(2) In addition to salary, our Compensation Committee provides an annual cash incentive. Our annual cash incentive is determined with the assistance of the Hay Group survey. With the exception of the Chief Executive Officer, the value of the target award is generally set, starting in 2012, at 70% of salary. This incentive is based solely on EPS for our Chief Executive Officer and our President and Chief Operating Officer. For our other named executive officers, 80% of this incentive is based on EPS and 20% is based on individual performance compared against certain predetermined personal goals.

(3) Represents above market earnings on deferred compensation.

(4) Personal use of our aircraft requires approval by the Chief Executive Officer. Our executives must reimburse the Company for their personal use of our aircraft interest at the Standard Industry Fare Level plus either 20% or 30% depending on the aircraft. We value the personal use of our aircraft interests as the difference between the amount paid by the executive to the Company for use of the plane and the aggregate incremental cost of using the plane. The incremental cost includes the hourly flight fee, all fuel charges, overnight fees, on-board catering, landing fees, parking fees, certain taxes and passenger ground transportation. We do not include in incremental costs the fixed costs that do not change based on personal usage, such as monthly management fees or the purchase or lease costs of our fractional interest in aircraft.

(5) Represents our Company's matching contribution to the Section 401(k) plan of $7,950, the value of insurance premiums paid by the Company for term life insurance equal to $36, the match made to Mr. Yeager's account in our Deferred Compensation Plan equal to $24,000 and the value of an executive physical equal to $4,260. Also represents Mr. Yeager's personal use of our Company's fractional airplane interests equal to $156,532.

(6) Represents our Company's matching contribution to the Section 401(k) plan of $7,950, the value of insurance premiums paid by the Company for term life insurance equal to $36 and the match made to Ms. Pizzuto's account in our Deferred Compensation Plan equal to $13,500.

(7) Represents our Company's matching contribution to the Section 401(k) plan of $7,950, the value of insurance premiums paid by the Company for term life insurance equal to $36, the match made to Mr. Maltby's account in our Deferred Compensation Plan equal to $16,800, housing related expenses of $50,000 and the value of an executive physical equal to $5,960. Also represents Mr. Maltby's personal use of our Company's fractional airplane interests and associated tax gross up equal to $67,082.

(8) Represents our Company's matching contribution to the Section 401(k) plan of $7,950 and the value of insurance premiums paid by the Company for term life insurance equal to $36 for Mr. Damman.

(9) Represents our Company's matching contribution to the Section 401(k) plan of $7,950 and the value of insurance premiums paid by the Company for term life insurance equal to $36 and the match made to Mr. Marsh's account in our Deferred Compensation Plan equal to $10,800.

2016 GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
David P. Yeager											
Restricted Stock	1/2/2016	—	—	—	—	—	—	30,000 (1)	—	—	988,500
Annual Cash Incentive		—	800,000	1,600,000							
Terri A. Pizzuto											
Restricted Stock	1/2/2016	—	—	—	—	—	—	18,000 (1)	—	—	593,100
Annual Cash Incentive		—	315,000	567,000							
Donald G. Maltby											
Restricted Stock	1/2/2016	—	—	—	—	—	—	20,000 (1)	—	—	659,000
Annual Cash Incentive		—	392,000	784,000							
James J. Damman											
Restricted Stock	1/2/2016	—	—	—	—	—	—	15,000 (1)	—	—	494,250
Annual Cash Incentive		—	280,000	541,333							
David L. Marsh											
Restricted Stock	1/2/2016	—	—	—	—	—	—	15,000 (1)	—	—	494,250
Annual Cash Incentive		—	252,000	504,000							

(1) Restricted stock that vests ratably annually on the date of grant over five years.

Narrative Description for Summary Compensation and Grants of Plan-Based Awards Tables

As part of the annual compensation package, our Compensation Committee grants restricted Class A Common Stock to our executive officers. Generally, these awards are based on merit and the Hay Group survey and vest over five years. The Company has historically made an annual grant of restricted stock to its executive officers. Our Compensation Committee reviews management's recommendation and approves the restricted stock awards for each Section 16 officer. These restricted shares are entitled to dividends to the same extent as ordinary shares, but the dividends are restricted to the same extent as the underlying security. Once the restricted stock vests, any dividends paid on that stock also vest. We do not have employment agreements with our executive officers.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2016

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
David P. Yeager	—	—	—	—	—	30,000 (1)	1,312,500	—	—
						19,360 (2)	847,000		
						13,200 (3)	577,500		
						8,800 (4)	385,000		
						4,400 (5)	192,500		
Terri A. Pizzuto	—	—	—	—	—	18,000 (1)	787,500	—	—