

Hub Group, Inc.
Form DEF 14A
April 09, 2019

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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

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)

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No fee required.

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(1)
Title of each class of securities to which transaction applies:

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(1)

Amount Previously Paid:

(2)

Form, Schedule or Registration Statement No.:

(3)

Filing Party:

(4)

Date Filed:

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April 9, 2019

Dear Stockholder:

You are cordially invited to attend the 2019 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 Thursday, May 23, 2019.

The Notice of 2019 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

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HUB GROUP, INC.

NOTICE OF 2019 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 Thursday, May 23, 2019, 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 ratify the appointment of our independent public accounting firm; and
- (4)
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 April 9, 2019. 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 Materials 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 28, 2019, 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

April 9, 2019

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 23, 2019

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 2019 Annual Meeting of Stockholders of the Company to be held on Thursday, May 23, 2019, and any adjournment thereof (the “Annual Meeting”). This Proxy Statement and accompanying form of proxy are first being sent to stockholders on or about April 9, 2019.

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 28, 2019 (the “Record Date”), are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, the Company had 34,119,944 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 28, 2019, 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

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“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 April 1, 2019, 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, and FOR the ratification of the selection of Ernst & Young LLP as the Company’s independent registered public accounting firm in Proposal 3. The Board of Directors knows of no matters to be presented at the Annual Meeting other than those set forth in the Notice of 2019 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.

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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 eight. Mr. Gary D. Eppen retired from his position on the Board of Directors effective November 30, 2018. Each director shall hold office until his or her successor is elected and qualified or until his or her 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, Ms. Boosalis, Mr. Kenny, Mr. McNitt, Mr. Reaves, Mr. Slark and Mr. Ward each currently serve as a director of the Company. 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	66	<p>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.</p> <p>Mr. Yeager currently serves as the Chair of the University of Dayton Board of Trustees. He 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 nearly \$3.7 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.</p>
Donald G. Maltby	64	<p>Donald G. Maltby has served as a director of the Company since May 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. 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 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,</p>

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Name	Age	Business Experience During the Past Five Years and Other Information
		<p>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 degree from Baldwin Wallace College in 1982 and a Bachelor of Science degree from the State University of New York in 1976.</p> <p>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.</p>
Mary H. Boosalis	64	<p>Mary H. Boosalis has served as a Director of the Company since May 2018. She is the President and CEO of Premier Health, the largest health system in southwest Ohio. Prior to her current role, Ms. Boosalis served as President of Premier Health and as Executive Vice President and Chief Operating Officer for the organization. Ms. Boosalis joined the health system in 1986, progressively expanding her leadership roles, including 5 years as President and CEO of Miami Valley Hospital.</p> <p>Ms. Boosalis is a diplomat for the American College of Healthcare Executives, and a member of the Ohio Hospital Association and the Greater Dayton Area Hospital Association Boards. She is a member of the University of Dayton Board of Trustees, serving on the Executive Committee, and she also chairs the Finance Committee and is a member of the Compensation, Research and Scholarship Committee. Additionally, she is a member of the Dayton Chamber of Commerce Board, the Dayton Business Committee, the Dayton Minority Inclusion Committee and the Learn to Earn Board. Ms. Boosalis has been named to the Top 10 Women list by the Dayton Daily News, as an Ohio Most Powerful and Influential Woman by the Ohio Diversity Council, and as a Woman of Influence by the Dayton YWCA. Ms. Boosalis earned a Bachelor's degree in Nursing, magna cum laude, from California State University at Fresno and a Master's degree in Health Services Administration, magna cum laude, from Arizona State University.</p> <p>In her capacity as Chief Executive Officer of Premier Health, Ms. Boosalis has gained valuable executive experience in all aspects of business. Having served on numerous civic committees and boards, Ms. Boosalis is able to advise on public outreach and best practices across different industries. In addition to her valuable experience noted above, Ms. Boosalis provides a diversity of viewpoints and gender to the makeup of the board.</p>
James C. Kenny	65	<p>James C. Kenny has served as a director of the Company since May 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, 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</p>

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Name	Age	Business Experience During the Past Five Years and Other Information
Peter B. McNitt	64	<p>capitalization of 17 billion euro. Mr. Kenny serves as a member of Kerry Group’s Nominating and Compensation Committees.</p> <p>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.</p> <p>Mr. Kenny has more than three decades of business experience, 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. Mr. Kenny was appointed Chair of the Compensation Committee in April 2019. 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.</p> <p>Peter B. McNitt has served as a director of the Company since May 2017. Mr. McNitt, currently retired, most recently served as Vice Chair of BMO Harris Bank. Prior to this position, Mr. McNitt held many leadership roles within BMO Harris, 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, as well as Old Republic International Corporation, where he is a member of the Audit Committee and Compensation 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.</p> <p>As a director, Mr. McNitt brings over 40 years of financial expertise assessing corporate strategies, financial performance, management succession and risk, as well a great deal of public company board experience. As Chair of our Audit Committee, Mr. McNitt utilizes his financial expertise to help oversee and provide guidance on the Company’s internal controls and financial practices.</p>
Charles R. Reaves	80	<p>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.</p>

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Name	Age	Business Experience During the Past Five Years and Other Information
Martin P. Slark	64	<p>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.</p> <p>Martin P. Slark has served as a director of the Company since February 1996 and Lead Director since November 2016. Mr. Slark was most recently employed by Molex Incorporated ("Molex"), a manufacturer of electronic, electrical and fiber optic interconnection products and systems, serving as its Chief Executive Officer from 2005 until his retirement in November 2018. Mr. Slark is a Director of Liberty Mutual Holding Company, Inc., where he is Chair of the Risk Committee and sits on the Executive and Investment Committees. Additionally, Mr. Slark is a Director of 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.</p> <p>As a former Chief Executive Officer of a multi-national company, Mr. Slark has extensive experience running a large organization. Mr. Slark, originally from England, 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 has been instrumental in helping formulate the compensation package for the Company's executives.</p>
Jonathan P. Ward	64	<p>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.</p> <p>Mr. Ward was a member of the board of directors of SP Plus Corporation from October 2012 to May 2017, where he served as a member of the Compensation Committee. Additionally, Mr. Ward 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</p>

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Name	Age	Business Experience During the Past Five Years and Other Information
		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. Having served 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.

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

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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, 2018, the full Board of Directors met four times at regularly scheduled meetings and three times at special meetings. The Audit Committee met eight times at regularly scheduled meetings. The Compensation Committee met four times and the Nominating and Governance Committee met once. During 2018, all directors attended at least 75% 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 2018 annual meeting of stockholders held on May 22, 2018.

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 Mr. McNitt (Chair), Ms. Boosalis and Messrs. Kenny, Reaves, Slark and Ward. 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 Ms. Boosalis and Messrs. Kenny, McNitt, Reaves, Slark and Ward are "independent" in accordance with the applicable corporate governance listing standard of NASDAQ. See the section "Director Independence Determinations" below for further details. The Board of Directors determined that Mr. McNitt has the knowledge and experience to be an "audit committee financial expert" as that term is defined in the regulations promulgated under the Securities Exchange Act of 1934. Mr. McNitt was appointed by the Board of Directors in November 2017 as an audit committee financial expert. Additionally, 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.

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 Mr. Kenny (Chair), Ms. Boosalis and Messrs. McNitt, Reaves, Slark and Ward. Mr. Kenny became Chair of the Compensation Committee in April 2019. The Compensation Committee reviews, adopts, terminates, amends or recommends to the Board the adoption, termination or amendment of equity-based employee plans and other incentive compensation plans, as further described in the Compensation Committee Charter. The Compensation Committee used Korn Ferry Hay Group ("Korn Ferry") as its compensation consultant in 2018 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 Mr. Reaves (Chair), Ms. Boosalis and Messrs. Kenny, McNitt, Slark and Ward. 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.

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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 23, 2020 and March 24, 2020, for the 2020 Annual Meeting; provided, however, that in the event that the date of the 2020 Annual Meeting is advanced by more than 30 days, or delayed by more than 60 days, from the first anniversary of the 2019 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

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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. Mr. Slark has served as Lead Director since November 2016. The Company's Corporate Governance Guidelines provide 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, and (iii) a report from the Company's independent auditors. The Board also receives a report from the Chief Information Officer on cyber security risk and a report from the President of Hub Group Trucking on driver safety. The Audit Committee reports 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 has implemented an Ethics Hotline that provides a completely anonymous and confidential way for employees, officers, directors and others 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 62% of the voting power of the Company as of March 28, 2019. Pursuant to the Stockholders' Agreement, the Class B Stockholders have agreed to vote all

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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 Ms. Boosalis and Messrs. 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, with Mr. McNitt qualifying as an Audit Committee Financial Expert. All of the members of our Audit Committee, Compensation Committee and 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. 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 or her 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 stockholder 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. Related persons include our executive officers, directors, director nominees, 5% or greater stockholders and immediate family members of such persons,

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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. Phillip Yeager, Mr. Matthew Yeager and Ms. Laura Grusecki, the children of Mr. David Yeager, serve as Chief Commercial Officer, Vice President Specialized Intermodal Services and Assistant Vice President, Human Resources, respectively. Mr. Jude Troppoli, the brother-in-law of Mr. David Yeager, serves as Director of Documentation. Mr. Tom Buffington, the stepson of Mr. Donald Maltby, serves as Assistant Vice President, Account Management. Mr. John C. Vesco, Executive Vice President, President of Hub Group Trucking and Ms. Vava R. Dimond, Executive Vice President and Chief Information Officer are husband and wife. Mr. David Slark, the son of Martin Slark, serves as Director of Corporate Development. Each of Mr. Phillip Yeager, Mr. Matthew Yeager, Ms. Grusecki, Mr. Troppoli, Mr. Buffington, Mr. Vesco, Ms. Dimond and Mr. Slark earned in excess of \$120,000 in salary and bonuses for 2018. 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 2018.

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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 March 1, 2019. 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”).

Name	Number (1)		Percentage	
	Class A	Class B	Class A	Class B
David P. Yeager (2) (3)	335,704	662,296	*	100%
Mark A. Yeager (2) (4)	—	662,296	*	100%
Terri A. Pizzuto	191,173	—	*	*
Donald G. Maltby	140,811	—	*	*
David Marsh	99,857 (9)	—	*	*
James J. Damman	91,066 (10)	—	*	*
Vava P. Dimond	61,234	—	*	*
Phillip D. Yeager (2)	47,549	662,296	*	100%
Martin P. Slark	107,270	—	*	*
Charles R. Reaves	72,127	—	*	*
Jonathan P. Ward	23,649	—	*	*
James Kenny	20,502	—	*	*
Peter McNitt	12,967	—	*	*
Mary H. Boosalis	9,502	—	*	*
All directors and executive officers (18 people)	1,402,970	662,296	4.1%	100%
BlackRock, Inc. (5)	5,078,031	—	15.1%	*
The Vanguard Group (6)	3,453,219	—	10.3%	*
Diamond Hill Capital Mgt., Inc. (7)	3,251,243	—	9.7%	*
Dimensional Fund Advisors LP (8)	2,833,599	—	8.4%	*

*

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)

Pursuant to the Stockholders' Agreement entered into by the Trusts listed in footnote 3 and 4 below (the "Trusts"), the Trusts 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

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section “Proxies, Voting Rights, Quorum and Procedures” for more details. David P. Yeager serves as trustee of the trusts listed in footnote 3, Mark Yeager acts individually and as trustee to the trusts listed in footnote 4 and Phillip D. Yeager serves as trustee of the DPY 2015 Exempt Children’s Trust. 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 176,276 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 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.

(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)

BlackRock, Inc. (“BlackRock”) filed Amendment No. 10 to Schedule 13G dated January 28, 2019 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 5,078,031 shares of Class A Common Stock beneficially owned and sole voting power with respect to 4,936,293 shares of Class A Common Stock beneficially owned. The number of shares beneficially owned by BlackRock is indicated as of December 31, 2018. The address of BlackRock is 55 East 52nd Street, New York, NY 10055.

(6)

The Vanguard Group, Inc. (“Vanguard”) filed Amendment No. 7 to Schedule 13G dated January 10, 2019 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 3,396,281 shares of Class A Common Stock, shared dispositive power with respect to 56,938 shares of Class A Common Stock, sole voting power with respect to 54,557 shares of Class A Common Stock and shared voting power with respect to 5,166 shares of Class A Common Stock. The number of shares beneficially owned by Vanguard is indicated as of December 31, 2018. The address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.

(7)

Diamond Hill Capital Management, Inc. (“Diamond Hill”) filed Amendment No. 4 to Schedule 13G dated February 12, 2019 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 3,251,243 shares of Class A Common Stock and sole voting power with respect to 3,127,126 shares of Class A Common Stock. The number of shares beneficially owned by Diamond Hill is indicated as of December 31, 2018. The address of Diamond Hill is 325 John H. McConnell Blvd., Suite 200, Columbus, OH 43215.

(8)

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Dimensional Fund Advisors LP (“Dimensional”) filed Amendment No. 2 to Schedule 13G dated February 8, 2019 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 2,833,599 shares of Class A Common Stock and sole voting power with respect to 2,732,382 shares of Class A Common Stock. The number of shares beneficially owned by Dimensional is indicated as of December 31, 2018. The address of Dimensional is Building One, 6300 Bee Cave Road, Austin, TX 78746.

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(9)

David Marsh resigned from his position effective January 3, 2019. The number of shares in the table reflects his ownership as of his last Form 4 filing on January 2, 2018.

(10)

James J. Damman resigned from his position upon the sale of Mode Transportation in August 2018. The number of shares in the table reflect his ownership as of his last Form 4 filing on February 23, 2018.

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 2018 fiscal year.

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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 six current 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. Our "Named Executive Officers" for 2018 were:

(a)

David P. Yeager, Chairman and Chief Executive Officer;

(b)

Terri A. Pizzuto, EVP, Chief Financial Officer and Treasurer;

(c)

Donald G. Maltby, President and Chief Operating Officer;

(d)

Phillip D. Yeager, Chief Commercial Officer;

(e)

Vava, R. Dimond, EVP, Chief Information Officer;

(f)

James J. Damman, former President, Mode Transportation; and

(g)

David L. Marsh, former Chief Highway Solutions Officer.

Mr. Damman resigned from his position with the Company upon the sale of Mode Transportation, LLC in August 2018. Mr. Marsh resigned from his position as Chief Highway Solutions Officer effective January 3, 2019.

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 incentivize 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 our 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 the President do not play any role in the Compensation Committee's determination of their own compensation. The Chief Executive Officer and the 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.

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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 Korn Ferry as its independent compensation consultant for 2018. Korn Ferry or its predecessor, 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 provides an additional measure of assurance that the Company's executive compensation program is a reasonable and appropriate means to achieve our objectives. In 2018, Korn Ferry 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 2018, the companies comprising the "Compensation Peer Group" were:

Company	Ticker Symbol	Annual Sales (\$MM) (1)	Market Cap (\$MM) (2)	Number of Employees
ArcBest Corporation	ARCB	\$ 3,094	\$ 903	13,000
Heartland Express, Inc.	HTLD	\$ 611	\$ 1,646	3,450
J.B. Hunt Transportation Services, Inc.	JBHT	\$ 8,615	\$ 11,659	27,621
Knight – Swift Transportation, Inc.	KNX	\$ 5,344	\$ 5,827	22,800
Landstar System, Inc.	LSTR	\$ 4,615	\$ 4,385	1,306
Old Dominion Freight Line, Inc.	ODFL	\$ 4,044	\$ 12,384	21,279
Roadrunner Transportation Systems, Inc.	RRTS	\$ 2,216	\$ 498	4,600
Ryder System, Inc.	R	\$ 8,409	\$ 3,311	39,600
Saia, Inc.	SAIA	\$ 1,654	\$ 1,740	10,300
Schneider National	SNDR	\$ 4,977	\$ 1,822	19,400
Universal Logistics Holdings, Inc.	ULH	\$ 1,462	\$ 625	6,335
Werner Enterprises, Inc.	WERN	\$ 2,458	\$ 2,434	12,852
YRC Worldwide, Inc.	YRCW	\$ 5,092	\$ 261	31,000
75th Percentile	—	\$ 5,092	\$ 4,385	22,800
Median	—	\$ 4,044	\$ 1,822	13,000
25th Percentile	—	\$ 2,216	\$ 903	6,335
Hub Group, Inc.	HUBG	\$ 3,684	\$ 1,475	5,400
Hub Percentile Rank	—	47%	31%	21%

(1)
Based on company's most recent 10-K filing.

(2)

As of March 1, 2019.

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.

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The Company's Chief Executive Officer and the 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 the 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 Korn Ferry Executive Compensation Report (the "Korn Ferry 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. Hub's stockholders have overwhelmingly approved the Company's 2018, 2017 and 2016 compensation for named executive officers with over 90% approval ratings each year. In 2018, the Compensation Committee enhanced the compensation structure by adding performance based restricted stock awards.

2018 Executive Compensation Components

The Company's executive compensation program has three main 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. 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 2018, the Compensation Committee provided salary increases of 10.5% for Mr. David P. Yeager, 16.7% for Mr. Maltby, 8.3% for Ms. Pizzuto, 33.3% for Mr. Phillip D. Yeager and 5.0% for Ms. Dimond.

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 Korn Ferry survey referred to above. For 2018, the value of Mr. David P. Yeager's target award was 100% of his annual base salary, while the other executives were set at 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 2018, 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.

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Each year our Compensation Committee sets an EPS target for our Company, which may take into account one-time charges and the impact of any 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 2018, the Compensation Committee set the threshold at \$2.15 to receive any portion of the EPS cash incentive, the full value EPS target at \$2.35 and the exceeded level EPS target at \$2.55. The Company's adjusted EPS for 2018 was above the exceeded level target so our executives received a 200% payout on their EPS incentive in 2018, based on our pre-approved sliding scale.

Mr. David P. Yeager's target incentive related to EPS was \$950,000 for 2018. Mr. David P. Yeager received 200% of this targeted amount, which was \$1,900,000, in accordance with the sliding scale previously approved by the Compensation Committee. Mr. Maltby's target incentive related to EPS was \$490,000 for 2018. Mr. Maltby received 200% of this targeted amount, which was \$980,000. Ms. Pizzuto's target incentive related to EPS was \$291,200 for 2018. Ms. Pizzuto received 200% of this targeted amount, which was \$582,400. Mr. Phillip D. Yeager's target incentive related to EPS was \$224,000 for 2018. Mr. Phillip D. Yeager received 200% of this targeted amount, which was \$448,000. Ms. Dimond's target incentive related to EPS was \$235,200 for 2018. Ms. Dimond received 200% of this targeted amount, which was \$470,400. Mr. Marsh's target incentive related to EPS was \$246,400 for 2018. Mr. Marsh received 200% of this targeted amount, which was \$492,800. Mr. Damman's target incentive related to EPS was \$257,600 for 2018. Mr. Damman was not eligible receive to the annual cash incentive due to the sale of Mode.

Ms. Pizzuto's target incentive related to personal goals was \$72,800. For 2018, Ms. Pizzuto's total bonus related to personal goals was \$36,400. Mr. Phillip D. Yeager'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 2018, Mr. Phillip D. Yeager's total bonus related to personal goals was \$81,459. Ms. Dimond's target incentive related to personal goals was \$58,800. For 2018, Ms. Dimond's total bonus related to personal goals was \$58,800. Mr. Marsh's target incentive related to personal goals was \$61,600, with the opportunity to earn more than his target incentive if he exceeded his goals. For 2018, Mr. Marsh's total bonus related to personal goals was \$61,600. Mr. Damman's target incentive related to personal goals was \$64,400. Mr. Damman was not eligible to earn an incentive bonus related to personal goals as noted above. All cash compensation is approved by our Compensation Committee before it is paid to our executive officers. In addition to the cash compensation described above, the Compensation Committee also delegated to our CEO the ability to grant up to \$1,000,000 in aggregate cash awards to high performing employees.

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, time and performance based 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. 2017 Long-Term Incentive Plan in connection with its Long-Term Equity Incentive Program.

The Company has historically made an annual grant of time-based restricted stock to its executive officers. Our Compensation Committee reviews management's recommendation and approves restricted stock awards for each Section 16 officer. Our restricted stock grants for employees typically vest over three to five years. Beginning in 2018, the Compensation Committee began granting performance based restricted stock to each Section 16 officer in addition to time-based restricted stock grants ("2018 LTI Program").

For awards under the 2018 LTI Program, the Compensation Committee first established the long-term incentive target opportunity for each executive in the program. The target value was a the target number of restricted shares for the individual awards. The 2018 grants under the 2018 LTI Program consisted of 50% performance-based restricted stock cliff vesting upon the third anniversary of the grant date and 50% time-based restricted stock vesting ratably over a five year period.

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The Compensation Committee granted the time-based awards to our executives under the 2018 LTI Program in January 2018. The time-based awards for the 2018 LTI Program will vest ratably over a five-year period at 100% as long as the executive remains continuously employed with the Company for five years following the grant date. There are no other metrics tied to vesting of these awards. The Compensation Committee has the discretion to accelerate the vesting of these awards.

For all participants, the performance-based awards for the 2018 LTI Program are tied to achievement of the Company's business plan for the three year performance period of 2018 – 2020. Vesting of the performance-based shares are based on the Company's average earnings before interest, tax, depreciation and amortization ("EBITDA") as a percentage of gross margin over the three-year performance period ending December 31, 2020.

The Compensation Committee set a threshold, target, and exceeded level for the EBITDA performance measure. The levels were designed such that the underlying performance-based shares will not vest if we do not at least achieve the entry level (threshold) of performance. Vesting at target level requires the Company to fully meet or slightly exceed its performance expectations and full vesting at the exceeded level requires even higher levels of performance. Forfeiture or grant of additional shares at performance levels between threshold, target and exceeded is determined based on straight-line interpolation for these shares.

The following table presents the possible payouts for shares of performance-based restricted stock at different levels of performance:

2018 Performance Metrics	Achievement of Threshold Level	Achievement of Target Level	Achievement of Exceeded Level
EBITDA: Total Payout	50%	100%	200%

The performance shares will vest and be released to the awardee if and only to the extent the Compensation Committee certifies that the performance levels for the awards have been satisfied and provided that the executive remains employed by the Company until the release date.

There are significant assumptions built into the achievement levels described above for the 2018 LTI Program. The Compensation Committee retains discretion to adjust the achievement levels when market conditions or other events occur during the performance period that were not anticipated in the design of the awards at grant.

In November 2018, our Compensation Committee delegated to our Chief Executive Officer the ability to grant up to 75,000 shares of time-based 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

In line with our Executive Perquisites Policy ("Perquisites Policy"), the 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.

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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 “2018 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 cash 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.

Section 274(e) of the Code limits the Company’s deduction for expenses allocated to certain personal use of its fractional airplane interests. For 2018, 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

James C. Kenny, Chairman

Mary Boosalis

Peter B. McNitt

Charles R. Reaves

Martin P. Slark

Jonathan P. Ward

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2018 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, 2018, 2017 and 2016 paid or awarded to our 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	2018	950,000	—	1,968,000	1,900,000	—	261,037 (5)	5,079,037
	2017	860,000	—	1,750,000	—	—	233,268	2,843,268
	2016	800,000	—	988,500	880,000	—	192,778	2,861,278
Terri A. Pizzuto	2018	520,000	—	885,600	618,800	—	24,514 (6)	2,048,914
	2017	480,000	—	787,500	16,800	—	22,530	1,306,830
	2016	450,000	—	593,100	332,325	—	21,486	1,396,911
Donald G. Maltby	2018	700,000	—	1,082,400	980,000	—	186,541 (7)	2,948,941
	2017	600,000	—	962,500	—	—	206,620	1,769,120
	2016	560,000	—	659,000	431,200	—	147,828	1,798,028
Phillip D. Yeager	2018	400,000	—	840,427	529,459	—	20,770 (8)	1,790,656
Vava R. Dimond	2018	420,000	—	688,800	529,200	—	21,790 (9)	1,659,790
James J. Damman (12)	2018	460,000	—	738,000	415,244	—	799,313 (10)	2,412,557
	2017	440,000	—	656,250	30,800	—	11,780	1,138,830
	2016	400,000	—	494,250	303,333	—	7,986	1,205,569
David L. Marsh (13)	2018	440,000	—	850,471	554,400	—	21,490 (11)	1,866,361
	2017	400,000	—	756,263	73,500	—	24,455	1,254,218
	2016	360,000	—	494,250	322,560	—	18,786	1,195,596

(1)

Consists of the aggregate grant date fair value of restricted stock awards made by our Company to our executives in 2018, 2017 and 2016 in accordance with FASB ASC Topic 718. The amounts expensed in 2018, 2017 and 2016 in accordance with FASB ASC Topic 718 with respect to time based restricted stock awards made by our Company to our executives each with a vesting period of five years and performance awards which cliff vest after three years (expensed at 150%) are \$1,590,132 (with \$1,098,132 related to time based award and \$492,000 related to performance award), \$1,052,473 and \$845,164, respectively, for Mr. David P. Yeager; \$827,193 (with \$605,793 related to time based award and \$221,400 related to performance award), \$620,283 and \$561,323, respectively, for Ms. Pizzuto; \$937,200 (with \$666,600 related to time based award and \$270,600 related to performance award), \$558,360 and \$365,860, respectively, for Mr. Maltby (Mr. Maltby's 2015 grant vests over three years); \$378,603 (with \$231,003 related to time based award and \$147,600 related to performance award) for Mr. Phillip D. Yeager; \$533,143 (with \$360,943 related to time based award and \$172,200 related to performance award) for Ms. Dimond; \$0, \$555,958 and \$524,652, respectively, for Mr. Damman; and \$528,040 (all related to time based award), \$525,433 and \$452,012, respectively for Mr. Marsh.

(2)

In addition to salary, our Compensation Committee provides an annual cash incentive. Our annual cash incentive is determined with the assistance of advice from Korn Ferry. With the exception of the Chief Executive Officer, the value of the target award is generally set at 60 – 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 fractional airplane interests is subject to the Company's Perquisites Policy and requires approval by the Chief Executive Officer. Our executives must reimburse the Company for their personal use of our fractional 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,

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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 \$8,250, the value of insurance premiums paid by the Company for term life insurance equal to \$40, the match made to Mr. David P. Yeager's account in our Deferred Compensation Plan equal to \$28,500 and the value of an executive physical equal to \$9,444. Also represents Mr. David P. Yeager's personal use of our Company's fractional airplane interests equal to \$214,803.

(6)

Represents our Company's matching contribution to the Section 401(k) plan of \$8,250, the value of insurance premiums paid by the Company for term life insurance equal to \$40 and the match made to Ms. Pizzuto's account in our Deferred Compensation Plan equal to \$16,224.

(7)

Represents our Company's matching contribution to the Section 401(k) plan of \$8,250, the value of insurance premiums paid by the Company for term life insurance equal to \$40, the match made to Mr. Maltby's account in our Deferred Compensation Plan equal to \$21,840 and housing related expenses of \$50,000. Also represents Mr. Maltby's personal use of our Company's fractional airplane interests and associated tax gross up equal to \$106,411.

(8)

Represents our Company's matching contributions to the Section 401(k) plan of \$8,250, the value of insurance premiums paid by the Company for term life insurance equal to \$40 and the match made to Mr. Phillip D. Yeager's account in our Deferred Compensation Plan equal to \$12,480.

(9)

Represents our Company's matching contributions to the Section 401(k) plan of \$8,250, the value of insurance premiums paid by the Company for term life insurance equal to \$40 and the match made to Ms. Dimond's account in our Deferred Compensation Plan equal to \$13,500.

(10)

Represents bonuses related to the sale of Mode Transportation. Mr. Damman did not receive our Company's matching contributions to the Section 401(k) plan as Mr. Damman was not employed with Hub Group, Inc. at December 31, 2018 as his employment ended with the sale of Mode Transportation in August 2018.

(11)

Represents our Company's matching contribution to the Section 401(k) plan of \$8,250 and the value of insurance premiums paid by the Company for term life insurance equal to \$40 and the match made to Mr. Marsh's account in our Deferred Compensation Plan equal to \$13,200.

(12)

James J. Damman resigned from his position effective August 31, 2018 upon the sale of Mode Transportation, LLC.

(13)

David Marsh resigned from his position effective January 3, 2019.

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2018 GRANTS OF PLAN-BASED AWARDS

Name	Type of Award (1)	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)	
David P. Yeager	RSA	1/2/2018	—	—	—	—	—	—	20,000(2)
	PA	1/2/2018	—	—	—	334,560	984,000	1,968,000	20,000(3)
	ACI		—	950,000	1,900,000				
Terri A. Pizzuto	RSA	1/2/2018	—	—	—	—	—	—	9,000(2)
	PA	1/2/2018	—	—	—	150,552	442,800	885,600	9,000(3)
	ACI		—	364,000	665,200				9,000
Donald G. Maltby	RSA	1/2/2018	—	—	—	—	—	—	11,000(2)
	PA	1/2/2018	—	—	—	184,008	541,200	1,082,400	11,000(3)
	ACI		—	490,000	980,000				
Phillip D. Yeager	RSA	1/2/2018	—	—	—	—	—	—	6,000(2)
	PA	1/2/2018	—	—	—	100,368	295,200	590,400	6,000(3)
	RSA	11/9/2018	—	—	—	—	—	—	5,370(2)(4)
	ACI		—	280,000	548,800				
Vava R. Dimond	RSA	1/2/2018	—	—	—	—	—	—	7,000(2)
	PA	1/2/2018	—	—	—	117,096	344,400	688,800	7,000(3)
	ACI		—	294,000	529,200				
James J. Damman	RSA	1/2/2018	—	—	—	—	—	—	7,500(2)
	PA	1/2/2018	—	—	—	125,460	369,000	738,000	7,500(3)
	ACI		—	322,000	644,000				

David L.
Marsh

RSA	1/2/2018	—	—	—	—	—	—	8,643(2)
PA	1/2/2018	—	—	—	144,580	425,236	850,471	8,643(3)
ACI		—	308,000	616,000				

(1)
Type of Awards are — Restricted Stock Award (RSA); Performance Award (PA); and Annual Cash Incentive (ACI).

(2)
Restricted stock that vests ratably annually on the date of grant over five years.

(3)
Performance awards that cliff vest after three years. Threshold dollars denote a 34% payout; Target dollars denote a 100% payout; and maximum dollars denote a 200% payout.

(4)
Discretionary award approved by Compensation Committee.

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 advice from Korn Ferry and vest over five years. The Company has historically made an annual grant of time based restricted stock to its executive officers. In November 2017, the Compensation Committee determined that performance based restricted stock awards should be included as part of the long-term incentive mix starting in 2018. 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.

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OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2018

Name	Option Awards					Stock Awards		Equity Incentive Plan Awards: Number of Unearned Shares, or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, or Other Rights That Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Exercisable Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised 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 (\$)		
David P. Yeager	—	—	—	—	—	20,000 (1)	741,400	—	—
						20,000 (2)	741,400		
						32,000 (4)	1,186,240		
						18,000 (5)	667,260		
						9,680 (6)	358,838		
						4,400 (7)	163,108		
Terri A. Pizzuto	—	—	—	—	—	9,000 (1)	333,630	—	—
						9,000 (2)	333,630		
						14,400 (4)	533,808		
						10,800 (5)	400,356		
						6,600 (6)	244,662		
						3,000 (7)	111,210		
Donald G. Maltby	—	—	—	—	—	11,000 (1)	407,770	—	—
						11,000 (2)	407,770		
						17,600 (4)	652,432		
						12,000 (5)	444,840		
Phillip D. Yeager	—	—	—	—	—	6,000 (1)	222,420	—	—
						6,000 (2)	222,420		
						5,370 (3)	199,066		

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Vava R. Dimond	—	—	—	—	—	7,000 (1)	259,490	—	—
						7,000 (2)	259,490		
David L. Marsh	—	—	—	—	—	8,643 (1)	320,396	—	—
						8,643 (2)	320,396		
						13,828 (4)	512,603		
						9,000 (5)	333,630		
						5,280 (6)	195,730		
						2,400 (7)	88,968		

(1)
Restricted stock remaining from a grant made on January 2, 2018 that vests ratably annually on the date of grant over five years.

(2)
Performance awards remaining from a grant made on January 2, 2018 that vests over three years.

(3)
Restricted stock remaining from a grant made on November 9, 2018 that vests ratably annually on the date of grant over five years.

(4)
Restricted stock remaining from a grant made on January 2, 2017 that vests ratably annually on the date of grant over five years.

(5)
Restricted stock remaining from a grant made on January 2, 2016 that vests ratably annually on the date of grant over five years.

(6)
Restricted stock remaining from a grant made on January 2, 2015 that vests ratably annually on the date of grant over five years.

(7)
Restricted stock remaining from a grant made on January 2, 2014 that vests ratably annually on the date of grant over five years.

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2018 OPTION EXERCISES AND STOCK VESTED

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
David P. Yeager	—	—	27,640	1,359,888
Terri A. Pizzuto	—	—	16,500	811,800
Donald G. Maltby	—	—	14,400	703,080
Phillip D. Yeager	—	—	4,474	220,121
Vava R. Dimond	—	—	7,819	378,368
James J. Damman	—	—	14,694	714,215
David L. Marsh	—	—	13,898	683,782

2018 NONQUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions in Last FY (\$)(1)	Registrant Contributions in Last FY (\$)(2)	Aggregate Earnings in Last FY (\$)(3)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE (\$)(4)
David P. Yeager	57,000	28,500	(50,497)	191,241	4,053,039
Terri A. Pizzuto	52,000	16,224			