

EGL INC
Form DEF 14A
May 02, 2005

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 Pursuant to Section 240.14a-12

EGL, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)

Title of each class of securities to which transaction applies: _____

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Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined): _____

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

(1)

Amount Previously Paid: _____

(2)

Form, Schedule or Registration Statement No.: _____

(3)

Filing Party: _____

(4)

Date Filed: _____

(EGL LOGO)

May 2, 2005

Dear Fellow Shareholder:

You are cordially invited to attend the annual meeting of shareholders of EGL, Inc. to be held at 10:00 a.m. on Tuesday, May 31, 2005, at our corporate headquarters (located near George Bush Intercontinental Airport), 15350 Vickery Drive, Houston, Texas 77032.

At the meeting, you will be asked to consider and vote upon:

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the election of nine directors; and

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such other business as may properly come before the annual meeting or any adjournment of the annual meeting.

We hope you will find it convenient to attend in person. Whether or not you expect to attend, to assure representation at the annual meeting and the presence of a quorum, please date, sign and promptly mail the enclosed proxy in the return envelope provided.

A copy of our 2004 annual report to shareholders is also enclosed.

Sincerely,

/s/ James R. Crane

James R. Crane
Chief Executive Officer and Chairman of the Board

EGL, INC.

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 31, 2005**

To the Shareholders of EGL, Inc.:

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of EGL, Inc. will be held at our corporate headquarters (located near George Bush Intercontinental Airport), 15350 Vickery Drive, Houston, Texas 77032, on Tuesday, May 31, 2005, at 10:00 a.m., for the following purposes:

(1)

to elect nine members to the Board of Directors for the ensuing year; and

(2)

to transact such other business as may properly come before the meeting.

We have fixed the close of business on April 20, 2005, as the record date for determining shareholders entitled to notice of, and to vote at, the annual meeting or any adjournment of the annual meeting.

You are cordially invited to attend the annual meeting in person. Even if you plan to attend the annual meeting, you are requested to mark, sign, date and return the accompanying proxy as soon as possible.

By Order of the Board of Directors

/s/ Marta Johnson

Marta Johnson

Secretary

May 2, 2005

YOUR VOTE IS IMPORTANT. PLEASE COMPLETE, SIGN AND PROMPTLY RETURN YOUR PROXY CARD IN THE ENCLOSED RETURN ENVELOPE. IF YOU PLAN TO VOTE BY TELEPHONE OR THE INTERNET, VOTING INSTRUCTIONS ARE PRINTED ON YOUR PROXY CARD.

EGL, INC.

15350 Vickery Drive

Houston, Texas 77032

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of EGL, Inc., a Texas corporation (the Company), to be voted at the 2005 annual meeting of shareholders to be held at our corporate headquarters (located near George Bush Intercontinental Airport), 15350 Vickery Drive, Houston, Texas 77032, on Tuesday, May 31, 2005, at 10:00 a.m., and any and all adjournments of the annual meeting.

This statement and the accompanying form of proxy are first being mailed to shareholders on or about May 6, 2005. In addition to the solicitation of proxies by mail, our regular officers and employees may, without additional compensation, solicit the return of proxies by mail, telephone, telegram or personal contact. We will pay the cost of soliciting proxies in the accompanying form. We will reimburse brokers or other persons holding stock in their names or in the names of their nominees for their reasonable expenses in forwarding proxy material to beneficial owners of stock.

Voting of Securities

Shareholders of record as of April 20, 2005, the record date for determining persons entitled to notice of, and to vote at, the annual meeting, are entitled to vote on all matters at the annual meeting and at any adjournments of the annual meeting. On that date, our outstanding capital stock consisted of 52,199,663 shares (net of 926,157 treasury shares) of common stock, par value \$0.001 per share, each of which shares is entitled to one vote on each matter submitted to a vote of shareholders. Cumulative voting is not allowed. No other voting class of stock is outstanding. The holders of a majority of the shares entitled to vote at the annual meeting, represented in person or by proxy, constitute a quorum for the transaction of business at the annual meeting.

All shareholders entitled to vote on all matters at the annual meeting may do so by: (i) written proxy card, (ii) in person at the annual meeting, (iii) telephone, using the toll-free telephone number on the proxy card, or (iv) the Internet, using the procedures and instructions described in the proxy card. Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except: (1) as necessary to meet applicable legal

requirements, (2) to allow for the tabulation of votes and certification of the vote, and (3) to facilitate a successful proxy solicitation.

All duly executed proxies received prior to the annual meeting will be voted in accordance with the choices specified thereon and, in connection with any other business that may properly come before the meeting, in the discretion of the persons named in the proxy. As to any matter for which no choice has been specified in the proxy, the shares represented thereby will be voted by the persons named in the proxy, to the extent applicable:

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FOR the election as a director of each nominee listed in this proxy statement; and

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in the discretion of the persons named in the proxy in connection with any other business that may properly come before the annual meeting.

A shareholder giving a proxy may revoke it at any time before it is voted at the annual meeting by delivering written notice to the Secretary or by delivering a properly executed proxy bearing a later date. A shareholder who attends the annual meeting may, if he or she wishes, vote by ballot at the annual meeting, and that vote will cancel any proxy previously given. Attendance at the annual meeting will not in itself, however, constitute the revocation of a proxy.

Proxies indicating shareholder abstentions will be counted for purposes of determining whether there is a quorum at the annual meeting but will not be voted on any matter and, therefore, will have the same effect as a vote against a matter, except in the case of director elections, which are determined by a plurality of votes cast, as to which those abstentions will have no effect.

Shares held by brokers or nominees for which instructions have not been received from the beneficial owners or persons entitled to vote and for which the broker or nominee does not have discretionary power to vote on a particular matter will be counted for purposes of determining whether there is a quorum at the annual meeting but will not be voted on a particular matter for which the broker has no discretionary power and thus will be disregarded in the calculation of the percentage of votes in favor of that matter (even though those shares may be considered as entitled to vote or be voted on other matters).

Votes cast by proxy or in person at the annual meeting will be counted by the persons appointed as election inspectors for the annual meeting.

Security Ownership of Management and Certain Beneficial Owners

The table below sets forth information concerning the shares of our common stock beneficially owned, as of March 21, 2005, by each director, our named executive officers, all named executive officers and directors as a group and persons or entities known by us, based on statements filed by such persons or entities pursuant to Section 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended (the Exchange Act), to own beneficially in excess of 5% of our common stock. Except as indicated, each individual or entity has sole voting power and sole investment power over all shares listed.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percent of Stock</u>
<i>Directors and Named Executive Officers (2)</i>		
James R. Crane (3)	8,653,063	16.6%
E. Joseph Bento (4)	76,315	*
Elijio V. Serrano (5)	84,938	*
Ronald E. Talley (6)	13,800	*
Frank J. Hevrdejs (7)	59,900	*
Michael K. Jhin (8)	14,310	*

Neil E. Kelley	81,078	*
Rebecca A. McDonald (9)	39,511	*
Paul W. Hobby (10)	17,109	*
Vittorio Favati (11)	112,135	*
Milton Carroll	5,011	*
James C. Flagg	1,310	*
Directors and Named Executive Officers as a Group (12 persons) (12)	9,158,480	17.5%
5% Shareholders		
Royce & Associates, LLC(13)	2,443,125	5.36%
FMR Corp. (14)	4,153,156	9.11%

*

Less than 1%.

(1)

The table includes shares of common stock that can be acquired through the exercise of options, warrants or convertible securities within 60 days of March 21, 2004. The percent of the class owned by each person has been computed assuming the exercise of all options, warrants and convertible securities deemed to be beneficially owned by that person, and assuming no options, warrants or convertible securities held by any other person have been exercised.

(2)

The business address of each director and named executive officer is c/o EGL, Inc., 15350 Vickery Drive, Houston, Texas 77032.

(3)

Includes 39,000 shares issuable upon exercise of stock options.

(4)

Includes 64,000 shares issuable upon the exercise of stock options.

(5)

Includes 79,000 shares issuable upon the exercise of stock options.

(6)

Includes 13,800 shares issuable upon the exercise of stock options.

(7)

Includes 30,000 shares issuable upon the exercise of stock options.

(8)

Includes 12,500 shares issuable upon the exercise of stock options.

(9)

Includes 37,500 shares issuable upon the exercise of stock options.

(10)

Includes 12,500 shares issuable upon the exercise of stock options, 432 shares held as a beneficiary of a trust and 468 shares held by Mr. Hobby's minor children.

(11)

Includes 66,500 shares issuable upon the exercise of stock options.

(12)

Includes 354,800 shares issuable upon the exercise of stock options.

(13)

Based on a Schedule 13G filed on January 27, 2005 by Royce & Associates, LLC (Royce). The address of Royce is 1414 Avenue of the Americas, New York, NY 10019. Royce has shared voting and investment power with respect to 2,443,125 shares.

(14)

Based on a Schedule 13G filed on February 14, 2005 by FMR Corp. The address of FMR Corp. is 82 Devonshire Street, Boston, Massachusetts 02109. FMR Corp. has sole voting power with respect to 157,790 shares and shared voting power with respect to 4,153,156 shares.

PROPOSAL I

ELECTION OF DIRECTORS

The Board of Directors currently has nine members, all of whom are nominees for re-election. Members serve a one-year term and are elected by the shareholders at each annual meeting. The Board has a majority of outside directors, each of whom is independent as defined by Rule 4200(a)(15) of the NASDAQ Stock Market, Inc. (NASDAQ) listing standards. The persons designated as proxies in the enclosed proxy card intend, unless the proxy is marked with contrary instructions, to vote for the following nominees as directors to serve until the 2006 annual meeting of shareholders and until their successors have been duly elected and qualified:

- | | |
|-------------------------|----------------------------|
| - | - |
| Mr. James R. Crane; | Mr. Neil E. Kelley; |
| - | - |
| Mr. Frank J. Hevrdejs; | Ms. Rebecca A. McDonald; |
| - | - |
| Mr. Paul William Hobby; | Mr. Elijio V. Serrano; and |
| - | - |
| Mr. Michael K. Jhin; | Mr. Milton Carroll. |
| - | |

James C. Flagg, Ph.D.;

The Board of Directors has no reason to believe that any nominee for election as a director will not be a candidate or will be unable to serve, but if for any reason one or more of these nominees is unavailable as a candidate or unable to serve when election occurs, the persons designated as proxies in the enclosed proxy card, in the absence of contrary instructions, will in their discretion vote the proxies for the election of any of the other nominees or for a substitute nominee or nominees, if any, selected by the Board of Directors.

Vote Required

The affirmative vote of a plurality of the votes cast at the annual meeting is required for the election of each nominee for director. **The Board of Directors recommends that shareholders vote FOR the election to the Board of each of the following nominees.**

Nominees

The following sets forth information concerning the nine nominees for election as directors at the annual meeting, including information as to each nominee's age as of March 26, 2005, position with EGL (if any) and business experience during the past five years. Each nominee has consented to being named in the proxy statement and to serve if elected.

James R. Crane, age 51, is our Chairman and Chief Executive Officer and has served in such capacity and as one of our Directors since he founded EGL in March 1984. Mr. Crane also served as our President until 2002. Mr. Crane has a total of 21 years experience in the transportation industry. Mr. Crane is also a Director of HCC Insurance Holdings, Inc., an international insurance holding company.

Frank J. Hevrdejs, age 59, has served as a Director since December 1995. Mr. Hevrdejs serves as Chairman of the Audit Committee. Mr. Hevrdejs is the Chairman of The Sterling Group, L.P. (formerly The Sterling Group, Inc.), a private financial organization engaged in the acquisition and ownership of operating businesses. Mr. Hevrdejs was a co-founder and has been a Principal of The Sterling Group since 1982 and served as its President from 1982 to 1989 and from 1994 to 2002. Mr. Hevrdejs also serves as Chairman of the Board of Fiberglass Holdings, Inc., a custom truck accessory manufacturer, and Enduro Systems, Inc., a manufacturer of composite industrial components.

Paul W. Hobby, age 44, has served as a Director since November 2001. Mr. Hobby serves as chairman of the Compensation Committee. Mr. Hobby is chief executive officer of El Paso Networks, a telecommunications service provider, and is a managing partner of Genesis-Park, L.P., a Houston-based private equity firm investing in venture and growth capital opportunities. Mr. Hobby is a Director of Stewart Information Services Corp. which is the holding company for Stewart Title Company, and a Director of Amegy Bank of Texas, Inc., an FDIC-insured commercial bank headquartered in Houston. A graduate of the University of Virginia and the University of Texas School of Law, Mr. Hobby also serves on the board of directors of various civic, charitable and professional associations.

Michael K. Jhin, age 55, has served as a Director since May 2002. Until his retirement in January 2004, Mr. Jhin served as the Chief Executive Officer of St. Luke's Episcopal Health System in Houston, Texas since 1990, and is now Chief Executive Officer Emeritus. Mr. Jhin has a bachelor's degree in mechanical engineering from Rensselaer Polytechnic Institute and earned his master's degree in business administration from Boston University while fulfilling his health care administration concentration at Harvard University School of Public Health. Mr. Jhin also serves on the board of directors of Triad Hospitals, Inc., an owner and manager of ambulatory and surgery centers in small cities and selected larger urban markets.

James C. Flagg, Ph.D., age 53, has served as a Director since May 2003. Dr. Flagg is a certified public accountant and an associate professor in the Department of Accounting, Mays Business School at Texas A&M University, where he has taught since 1988. Dr. Flagg received his B.A. in economics from Eckerd College in 1973 and received his M.S. (1974), M.B.A. (1976) and Ph.D. (1988) from Texas A&M University. Dr. Flagg also serves as a Director of HCC Insurance Holdings, Inc.

Neil E. Kelley, age 46, has served as a Director since September 1995, and as Lead Director since August 2002. As Lead Director, Mr. Kelley presides over the executive sessions of the non-management directors, serves as a liaison between the non-management members of the Board and the Chairman, and discusses with the Chairman, to the extent appropriate, matters discussed by the non-management members in executive sessions and in committee meetings. Mr. Kelley also serves as Chairman of the Governance/Nominating Committee. Mr. Kelley is chief executive officer of Saracen Energy Partners, a Houston-based energy trading company. Mr. Kelley is also a partner of Genesis Park. Previously, Mr. Kelley was the Chairman of Avista Energy, a national energy trading and marketing company, from 1999 to 2000. Mr. Kelley received his S.B.M.E. from Massachusetts Institute of Technology in 1981. Mr. Kelley also serves as a Director of BTEC Inc. and SAT Corp.

Rebecca A. McDonald, age 52, has served as a Director since April 1999. In March 2004, Ms. McDonald joined BHP Billiton, an international energy resources company, as President of Gas and Power and a member of its Executive Committee. Prior to that, Ms. McDonald served as President of the Houston Museum of Natural Science beginning in October 2001. Employed by Enron from February 1999 to August 2001, Ms. McDonald managed the growth and operations of various assets, including Enron Global Assets. She was President and CEO of Amoco Energy Development Company from 1994 to 1999. Before joining Amoco, Ms. McDonald was President of Tenneco Energy Services from 1991 to 1993. Ms. McDonald received her B.S. from Stephen F. Austin State University in 1973. She also serves as a Director for Granite Construction Company, a heavy civil construction company. Ms. McDonald also serves on the board of directors of various civic, charitable and professional associations.

Elijio V. Serrano, age 47, joined EGL as Chief Financial Officer in October 1999 and was elected a Director in February 2000. From 1998 to 1999, he served as Vice President and General Manager for a Geco-Prakla business unit at Schlumberger Limited, an international oilfield services company. From 1992 to 1998, Mr. Serrano served as controller for various Schlumberger business units. From 1982 to 1992, he served in various financial management positions within the Schlumberger organization. Mr. Serrano received his BBA in accounting and finance from the University of Texas-El Paso in 1979.

Milton Carroll, age 54, has served as a Director since May 2003. Mr. Carroll is the Chairman of the Board of CenterPoint Energy, Inc. He is the founder and has been the Chairman of Instrument Products, Inc., an oil-tool manufacturing company in Houston, Texas, since 1977. He also serves as Chairman of Health Care Service Corporation.

Board Independence

The Board of Directors has determined that each of the current directors standing for re-election, except Mr. Serrano, the Chief Financial Officer, and Mr. Crane, the Chairman of the Board and Chief Executive Officer, is independent based on the standards set forth by NASDAQ.

Meetings of the Board

Our Board of Directors held five meetings during the fiscal year ended December 31, 2004, and transacted business on 12 occasions during the fiscal year by unanimous written consent. During the fiscal year ended December 31, 2004, each director attended at least 75% of the aggregate of the total number of Board of Directors meetings and of meetings of committees of the Board of Directors on which that director served.

Board Structure and Committee Composition

As of the date of this proxy statement, our Board has the following standing committees: audit, compensation, and governance/nominating. The membership during the last fiscal year and the function of each of the committees are described below. Each of the committees is comprised entirely of independent directors (as defined in the NASDAQ rules) and operates under a written charter duly adopted by the Board. All of the committee charters are available on the Corporate Governance section of our website at www.eaglegl.com.

Name of Non-Employee Directors	Audit	Compensation	Governance/Nominating
Neil E. Kelley (lead director)	X		X*
Frank J. Hevrdejs	X*	X	
Paul W. Hobby		X*	X
James C. Flagg	X		
Rebecca A. McDonald			X
Milton Carroll		X	X
Michael K. Jhin		X	
Number of Meetings in 2004	17	6	3

X = Committee member; * = Chair.

Audit Committee

The Company has a separately-designated standing Audit Committee. During 2004, the Audit Committee consisted of Messrs. Hevrdejs, Flagg, and Kelley, each of whom is independent as defined by Rule 4200(a)(15) of the NASDAQ listing standards. Our Board of Directors has determined that Mr. Hevrdejs and Dr. Flagg each qualifies as an audit committee financial expert as defined in Item 401(h)(2) of Regulation S-K of the Exchange Act. The membership of the Audit Committee has not changed for 2005.

The Audit Committee's purpose is to assist the Board of Directors in fulfilling its responsibilities for oversight of (1) the Company's accounting and financial reporting principles, processes and policies and internal controls over the accounting and financial reporting process and procedures, including the internal audit function, (2) the integrity of the Company's financial statements, and (3) the qualifications and independence of the Company's independent registered public accounting firm. Among other things, the Audit Committee:

prepares the Audit Committee report for inclusion in the annual proxy statement;

evaluates the Audit Committee's performance annually and reports the results to the Board;

provides avenues of communication among the independent registered public accounting firm, management, the internal auditing department and the Board of Directors;

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pre-approves all services (including the fees and terms thereof) to be performed for the Company by its independent registered public accounting firm;

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oversees investigations into complaints regarding accounting, internal controls or auditing matters; and

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reviews the Company's risk assessment and risk management policies.

The Audit Committee also has sole authority to appoint or replace the independent registered public accounting firm to be selected to audit our annual financial statements and reviews the fees charged for audits and for any non-audit engagements. The Audit Committee's findings and recommendations are reported to management and the Board of Directors for appropriate action. The Audit Committee met on 17 occasions during 2004. The Board of Directors adopted a written charter for the Audit Committee in April 2004. The report of the Audit Committee is included below beginning on page 17.

Compensation Committee

During 2004, the Compensation Committee consisted of Messrs. Hobby, Hevrdejs, Jhin and Carroll. The membership of the Compensation Committee has not changed for 2005.

The purpose of the Compensation Committee is to discharge the Board's responsibilities relating to compensation of our executive officers and directors. In addition, the Compensation Committee:

- .
- prepares the Compensation Committee report for inclusion in the annual proxy statement;
- .
- provides general oversight of the Company's compensation structure, including bonus and benefit plans;
- .
- retains and approves the terms of the retention of any compensation consultants and other compensation experts; and
- .
- reviews and approves objectives relevant to executive compensation and evaluates the Company's compensation strategies.

The Compensation Committee also oversees the administration of our stock option plans. The Compensation Committee met on six occasions during 2004. The report of the Compensation Committee is included below beginning on page 13.

Governance/Nominating Committee

During 2004, the Governance/Nominating Committee consisted of Messrs. Kelley, Hobby, Carroll and Ms. McDonald, each of whom is independent as defined by the NASD listing standards. The membership of the Governance/Nominating Committee has not changed in 2005.

The functions of the Governance/Nominating Committee are to, among other things:

- .
- advise the Board concerning appropriate composition of the Board and its committees, including identifying individuals qualified to serve on the Board and its committees;
- .
- select, or recommend to the Board that it select, the Director nominees for each annual meeting of our shareholders;
- .

guide the annual performance evaluation process of each Director, each committee and of the Board as a whole;

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advise the Board regarding appropriate corporate governance policies; and

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perform such other functions as the Board may assign from time to time.

In addition, as Lead Director, the Chair of the Governance/Nominating Committee receives communications directed to outside directors as discussed under Communications with the Board, on page 9. The Governance/ Nominating Committee met on three occasions during 2004.

Director Nomination Process

Shareholder nominees

The Governance/Nominating Committee will consider properly submitted shareholder nominations for candidates for membership on the Board as described below under Identifying and Evaluating Nominees for Directors. Any shareholder nominations proposed for consideration by the Governance/Nominating Committee should include the following:

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the nominee's resume and contact information;

.
a brief statement signed by the nominee indicating his/her qualifications for Board membership, consenting to be named as a nominee and, if nominated and elected, to serve on the Board of Directors;

.
a cover letter from the shareholder acknowledging that the shareholder is a shareholder and is proposing a candidate for consideration by the Governance/Nominating Committee;

.
a statement detailing any relationship between the nominee and any customer, vendor or competitor of ours;

.
financial and accounting background of the nominee, to enable the Governance/Nominating Committee to determine whether or not the nominee would be suitable for Audit Committee membership; and

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detailed information about any relationship or understanding between the proposing shareholder and the nominee.

Shareholder nominee proposals should be submitted to: Corporate Secretary, EGL, Inc., 15350 Vickery Drive, Houston, TX 77032. The extent to which the Governance/Nominating Committee dedicates time and resources to the consideration and evaluation of any potential nominee brought to its attention depends on the information available about the qualifications and suitability of the nominee and the needs of the Board of Directors at that time.

In addition, our bylaws permit shareholders to nominate directors for consideration at the annual shareholders meeting. Shareholders who wish to nominate persons for election to the Board must comply with the provisions of the bylaws that are described more fully below under *Shareholder Proposals for Next Annual Meeting* on page 21.

Director Qualifications

The Governance/Nominating Committee regularly monitors the size of the Board and reviews annually with the Board and Chief Executive Officer the appropriate skills and characteristics required for the Board as a whole as compared to the actual skills and characteristics represented on the Board. In evaluating director nominees, the Governance/Nominating Committee will assess the nominee's independence (under NASDAQ listing standards and SEC rules), as well as the nominee's contribution to the Board's diversity, demonstrated outstanding achievement in his/her professional career, breadth of experience, soundness of judgment, ability to make independent, analytical inquiries and a willingness to devote the time required to successfully perform Board-related responsibilities.

Identifying and Evaluating Nominees for Director

Candidates may be recommended to the Governance/Nominating Committee by current Board members, professional search firms, shareholders or other persons. These candidates are evaluated at regular or special meetings of the Governance/Nominating Committee and may be considered for appointment to the Board at any time. The

Governance/Nominating Committee will review materials provided by or on behalf of any nominee in connection with its evaluation of such nominee. In evaluating nominations for director, the Governance/Nominating Committee seeks to achieve a balance of knowledge, experience and ability to serve the needs of the shareholders adequately on the Board. All current nominees for election to our Board this year are standing for re-election.

Communications with the Board

Individuals may communicate with our Board by submitting a letter addressed to the member or members of the Board to whom the communication is directed, care of the Company's Corporate Secretary, EGL, Inc., 15350 Vickery Drive, Houston, Texas 77032. All such communications, other than unsolicited commercial solicitations or communications, will be forwarded to the appropriate director or directors for review.

Policy of Director Attendance at Shareholder Meetings

It is the policy of the Board that all members of the Board should attend annual meetings of our shareholders, unless any such director is not standing for re-election at that meeting. Eight of the nine current members of the Board attended the annual meeting of shareholders in 2004.

Compensation of Outside Directors and Stock Ownership Guidelines

The following table provides information on compensation for independent directors, whom we call outside directors. In addition to the following, all directors are reimbursed for travel and lodging expenses of attending meetings.

OUTSIDE DIRECTOR COMPENSATION TABLE FOR FISCAL 2004

Annual Retainer	\$25,000(1)
Annual Stock Award	\$20,000 in Restricted Stock(2)
Board Meeting Fee (per meeting)	\$1,500
Committee Meeting Fee (per meeting)	\$1,000
Audit Committee Chair	\$10,000
Non-Audit Committee Chair	\$5,000
Lead Director (in lieu of Committee Chair Fee)	\$10,000

(1)

Each outside director may elect to take the annual retainer in cash, stock award, or a combination thereof. Any amount elected in the form of restricted stock awards will be at a 15% premium of the corresponding cash amount. For example, if a director elected to take the annual retainer entirely in the form of a restricted stock award, such director would receive \$28,750 in restricted stock rather than \$25,000 in cash.

(2)

All terms and conditions of restricted stock awards are set forth in the applicable restricted stock award agreement and the 2003 Non-Employee Director Stock Plan. Restricted stock awards shall fully vest on the first anniversary of each grant or upon a change in control. For purposes of outside director compensation, restricted stock was valued at \$21.90, the closing price of our common stock on May 24, 2004, the date of grant. All outside directors, other than Messrs. Hobby and Flagg, elected to have the annual retainer paid in shares of restricted stock. The following table sets forth the restricted stock awards granted to each outside director as compensation for their time and service to the Company in 2004:

Director	Number of Shares	Price/Share on Date of Grant	Market Value	
			as of May 24, 2004	
Frank J. Hevrdejs	2,226.0274	\$21.90		\$48,750
Michael K. Jhin	2,226.0274	\$21.90		\$48,750
Neil E. Kelley	2,226.0274	\$21.90		\$48,750
Rebecca A. McDonald	2,226.0274	\$21.90		\$48,750
Paul W. Hobby	1,569.6347	\$21.90		\$34,375
Milton Carroll	2,226.0274	\$21.90		\$48,750
James C. Flagg	1,700.9132	\$21.90		\$37,250

It is recommended that directors become shareholders of the Company within ninety days after their election as directors. The board of directors believes that the number of shares of the Company's common stock purchased and owned by each director is a personal decision. However, the board maintains a minimum share ownership guideline for outside directors equal to the amount of the annual cash retainer, with an expected time to achieve such target in no more than three years from the date of such director's election to the board.

Compensation of Executive Officers

The following table sets forth the annual and long-term compensation for the chief executive officer and other named executive officers with annual salary and bonus in excess of \$100,000, as well as the total compensation earned by each named executive officer for our fiscal years ended December 31, 2004, 2003 and 2002.

Name and Principal Position	Fiscal Year	Annual Compensation		Long-Term Compensation Awards		All Other Compensation (4)
		Salary (2)	Bonus	Restricted Stock Awards	Securities Underlying Options	
James R. Crane	2004	\$	\$	(3)	--	\$
	2003	543,598	125,000	--	60,000	1,998
Chief Executive Officer and Chairman	2002	\$	\$	--	20,000	\$
		522,314	214,150			2,525
		\$	\$			\$
		524,916	71,723			2,620
Elijio V. Serrano	2004	\$	\$	(3)	--	\$
	2003	275,777	128,370	--	40,000	2,036
Chief Financial Officer	2002	\$	\$	--	5,000	\$
		237,500	99,156			2,040
		\$	\$			\$
		225,962	35,625			2,106
E. Joseph Bento	2004	\$	\$	(3)	--	\$
	2003	318,038	150,563	--	40,000	1,950
President of North America and Chief Marketing Officer	2002	\$	\$	--	30,000	\$
		299,609	125,250			1,248

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		\$	\$			\$
		234,499	35,625			1,305
Ronald E. Talley	2004	\$	\$	(3)	--	\$
	2003	318,039	146,266	--	40,000	1,875
Chief Operating Officer and President, SCG, the Select Carrier Group	2002	\$	\$	--	30,000	\$
		309,388	125,250			3,380
		\$	\$			\$
		234,499	35,625			3,510

(1)

For fiscal years 2004, 2003 and 2002, the named executive officers did not receive any annual compensation not properly categorized as salary or bonus, except for certain perquisites and other personal benefits which are not shown because the aggregate amount of such compensation, if any, for each named executive officer during each of those fiscal years did not exceed the lesser of \$50,000 or 10% of total salary and bonus reported for that named executive officer.

(2)

For fiscal years 2004, 2003, and 2002, salary includes contributions by EGL under our 401(k) profit sharing plan on behalf of each named executive officer. For fiscal year 2004, such contributions amounted to: \$2,491 on behalf of Mr. Crane, \$6,500 on behalf of Mr. Bento, \$6,500 on behalf of Mr. Talley, and \$4,912 on behalf of Mr. Serrano. For 2003, such contributions amounted to: \$1,248 on behalf of Mr. Crane, \$2,013 on behalf of Mr. Bento, and \$1,833 on behalf of Mr. Talley. For 2002, such contributions amounted to: \$3,850 on behalf of Mr. Crane, \$3,850 on behalf of Mr. Bento, and \$3,850 on behalf of Mr. Talley.

(3)

On December 20, 2004, the Compensation Committee of the Board of Directors of the Company approved restricted stock grants to the Company's named executive officers, as described below. The grants were made under the Company's Long-Term Incentive Plan.

For purposes of compensation, restricted stock was valued at \$28.55, the closing price of our common stock on December 20, 2004, the date of the grant. The following table identifies the name of the award recipient, his position with the Company, and the number of restricted shares granted to each recipient, subject to the achievement of certain performance criteria:

<u>Name</u>	<u>Restricted Shares Granted</u>	<u>Market Value as of December 20, 2004</u>
James R. Crane	Either None, 7,500 or 10,000 shares	\$0, \$214,125 or \$285,000
Elijio V. Serrano	Either None, 5,000 or 7,500 shares	\$0, \$142,750 or \$214,125
Ronald E. Talley	Either None, 5,000 or 7,500 shares	\$0, \$142,750 or \$214,125
E. Joseph Bento	Either None, 5,000 or 7,500 shares	\$0, \$142,750 or \$214,125

The actual number of restricted shares granted to a named executive officer will be based on whether the Company achieves certain earning per share (EPS) targets during fiscal year 2005, as determined by the Company s independent registered public accounting firm in March 2006. If the Company s EPS does not exceed the minimum threshold, then the named executive officers will not receive any restricted shares. If the Company s EPS exceeds the minimum threshold, then the named executive offices will receive restricted shares based on the level of the Company s EPS. In no event will a named executive officer receive more than the maximum number of shares set forth opposite his name in the table above.

If a named executive officer receives restricted shares, then one-fifth of the restricted shares will vest in March 2006. The remaining restricted shares will then vest in four equal installments on December 20, 2006, December 20, 2007, December 20, 2008 and finally on December 20, 2009. Upon vesting, the shares of common stock have no further restrictions.

Named executive officers will have the right to receive and retain such dividends and distributions, as the Board may in its sole discretion designate, paid or distributed on such restricted shares.

(4)

All other compensation consists of the payment of life insurance premiums by EGL on behalf of each of the named executive officers.

Options/SAR Grants in Last Fiscal Year

No grants of stock options were made during the y