

EGL INC
Form DEF 14A
April 14, 2006

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 [X]

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))

[X]

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)

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(1)

Amount Previously Paid: _____

(2)

Form, Schedule or Registration Statement No.: _____

(3)

Filing Party: _____

(4)

Date Filed: _____

April 14, 2006

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 16, 2006, 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:

.

the election of seven 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 2005 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.
15350 Vickery Drive
Houston, Texas 77032
218-618-3100

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 16, 2006**

To the Shareholders of EGL, Inc.:

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 16, 2006, at 10:00 a.m. local time. At the meeting, you will be asked to consider and act upon the following matters, which are more fully described in the accompanying Proxy Statement:

(1)

to elect seven 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 5, 2006, 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.

By Order of the Board of Directors

/s/ Dana A. Carabin

Dana A. Carabin

Corporate Secretary

Houston, Texas

April 14, 2006

YOUR VOTE IS IMPORTANT

You are cordially invited to attend the annual meeting in person. To assure your representation at the meeting whether or not you expect to be present at the meeting, please complete, date, sign the enclosed proxy card and return it promptly in the accompanying envelope or, if you hold your shares through a broker, via the Internet or telephone. You will find specific instructions for voting via the Internet or telephone on the proxy card if that option is available for your shares. If you attend the meeting, you may revoke your proxy and vote your shares in person. If you hold your shares through a broker and wish to vote at the meeting, you will need to obtain a proxy from the institution that holds your shares.

If you choose to attend the meeting, you will be asked to present valid picture identification and, if you hold your shares through a broker, you will be asked to present a copy of your brokerage statement showing your stock ownership as of April 5, 2006.

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 2006 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 16, 2006, at 10:00 a.m. local time, and any and all adjournments of the annual meeting.

We are distributing this proxy statement and the accompanying form of proxy to shareholders on or about April 14, 2006

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About the Meeting

Who is entitled to vote?

Shareholders of record who held our Common Stock, par value \$0.001 per share, at the close of business on April 5, 2006, are entitled to vote at the 2006 annual meeting. As of the close of business on that date, there were outstanding

40,425,493 shares of our Common Stock.

What are shareholders being asked to vote on?

Shareholders are being asked to vote on the following items at the 2006 annual meeting:

.

Election of seven nominees to the Board of Directors; and

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

How does the Board of Directors recommend voting?

The Board of Directors recommends voting FOR each of the seven nominees to the Board of Directors. Biographical information for each nominee is outlined in this Proxy Statement under Election of Directors .

Although the Board of Directors does not contemplate that any nominee will be unable or unwilling to serve, if such a situation arises, the proxies that do not withhold authority to vote for directors will be voted for a substitute nominee(s) chosen by the Board.

How do I vote my shares?

If you held Common Stock as a shareholder as of the close of business on April 5, 2006, you can vote your shares:

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by signing and dating the enclosed written proxy card and returning it in the accompanying envelope;

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if you hold your shares through a broker, by telephone following the instructions described in the proxy card;

.

if you hold your shares through a broker, by the Internet following the instructions described in the proxy card; or

.

by written ballot at the meeting.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

Most shareholders of the Company hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record: If your shares are registered directly in your name with the Company's transfer agent, Computershare Trust Company, you are considered, with respect to those shares, the shareholder of record, and these proxy materials are being sent directly to you by Computershare Trust Company on behalf of the Company. As the shareholder of record, you have the right to grant your voting proxy directly to the Company or to vote in person at the annual meeting. We have enclosed a proxy card for you to use.

Beneficial Owner: If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker on how to vote and are also invited to attend the annual meeting. However, because you are not the shareholder of record, you may not vote these shares in person at the annual meeting, unless you obtain a signed proxy from the record holder giving you the right to vote the shares. Your broker or nominee has enclosed a voting instruction card for you to use in directing the broker or nominee regarding how to vote your shares.

If my shares are held in street name by my broker, will my broker vote my shares for me?

Brokers will have discretion to vote the shares of customers who fail to provide voting instructions. Your broker will send you directions on how you can instruct your broker to vote. If you do not provide instructions to your broker to vote your shares, they may either vote your shares on the matters being presented at the annual meeting or leave your shares unvoted.

Who can attend the annual meeting?

Our 2006 annual meeting of shareholders will be held at our corporate headquarters (located near George Bush Intercontinental Airport), 15350 Vickery Drive, Houston, Texas 77032, on Tuesday, May 16, 2006, at 10:00 a.m. local time. All shareholders of record as of the close of business on April 5, 2006, may attend the annual meeting.

If you plan to attend the annual meeting, please note that space limitations make it necessary to limit attendance to shareholders and one guest. Admission to the annual meeting will be on a first-come, first-served basis. Registration and seating will begin at 9:30 a.m. Each shareholder may be asked to present valid picture identification, such as a driver's license or passport. Shareholders holding stock in brokerage accounts (street name holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras (including cellular telephones with photographic capabilities), recording devices and other electronic devices will not be permitted at the annual meeting.

How can I vote my shares in person at the annual meeting?

Shares held directly in your name as the shareholder of record may be voted by you in person at the annual meeting. If you choose to do so, please bring the enclosed proxy card and proof of identification. Even if you plan to attend the annual meeting, we recommend that you also submit your written proxy (or vote by telephone or the Internet) so that your vote will be counted if you later decide not to attend the annual meeting. You may request that your previously submitted proxy card not be used if you desire to vote in person when you attend the annual meeting. Shares held in street name may be voted in person by you at the annual meeting only if you obtain a signed proxy from the record holder giving you the right to vote the shares. Your vote is important. Accordingly, you are urged to sign and return the accompanying proxy card (or vote by telephone or the Internet) whether or not you plan to attend the annual meeting.

If I give my proxy, how will my stock be voted on other business brought up at the Annual Meeting?

By submitting your proxy, you authorize the persons named on the proxy card to use their discretion in voting on any other matter properly brought before the Annual Meeting. At the date hereof, we do not know of any other business to be considered at the Annual Meeting.

Why is it important to vote by telephone or the Internet or send in my proxy card so that it is received on or before May 16, 2006?

The Company cannot conduct business at the Annual Meeting unless a quorum is present. A quorum will only be present if a majority of the outstanding shares of our Company's common stock as of April 5, 2006, is present at the meeting in person or by proxy. It is for this reason that we urge you to send in your completed proxy card(s), or vote by telephone or the Internet, as soon as possible, so that your shares can be voted even if you cannot attend the meeting. Properly executed proxies received, but marked as abstentions or broker non-votes, will be counted for purposes of establishing a quorum at the annual meeting.

Can I revoke my proxy once I have given it?

Yes. You may properly revoke your proxy (whether given by written proxy card, telephone or the Internet) at any time before it is voted at the annual meeting by delivering written notice to the Secretary of the Company or by delivering a properly executed proxy bearing a later date. You may also attend the annual meeting and 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.

How will the votes be counted?

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. Holders of our Common Stock are entitled to one vote per share on each matter considered at the annual meeting. In the election of directors, a shareholder has the right to vote the number of his or her shares for as many persons as there are to be elected as directors. Shareholders do not have the right to cumulate votes in the election of directors. Abstentions are counted towards the calculation of a quorum. An abstention has the same effect as a vote against a proposal, or in the case of the election of directors, as shares to which voting power has been withheld.

What vote is required to approve each item to be voted on at the meeting?

Directors are elected by a plurality of the votes of the shares present in person or represented by proxy and entitled to vote. Accordingly, the seven nominees who receive the highest number of properly executed FOR votes from the holders of Common Stock will be elected as directors. Under Texas law, any other matter properly coming before the meeting will be decided by the vote of the holders of a majority of the shares entitled to vote on the matter.

A properly executed proxy marked **WITHHELD** with respect to any matter will not be voted. Accordingly, a withheld vote will have no effect on the election of directors but will have the effect of a negative vote on any other matter properly coming before the meeting. A properly executed proxy marked as a broker non-vote will not be counted as a vote for or against any matter properly coming before the meeting.

Where can I find the voting results of the meeting?

The Company will announce preliminary voting results at the annual meeting and publish final results in the Company's quarterly report on Form 10-Q for the second quarter of 2006, which will be filed with the Securities and Exchange Commission by August 9, 2006.

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 April 5, 2006, by each director, our named executive officers, all executive officers and directors as a group and persons or entities known by us 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)	8,662,563	21.43%
E. Joseph Bento (4)	68,135	*
Ronald E. Talley	4,735	*
Vittorio Favati (5)	40,308	*
Elijio V. Serrano (6)	6,929	*
Frank J. Hevrdejs (7)	64,659	*

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Michael K. Jhin (8)	19,069	*
Neil E. Kelley	85,837	*
Paul W. Hobby (9)	20,614	*
Milton Carroll	9,770	*
James C. Flagg	4,946	*
Directors and Executive Officers as a Group (13 persons)	8,997,565	22.26%
<i>5% Shareholders</i>		
Royce & Associates (10)	3,161,425	7.82%
Mellon Financial Corp. (11)	2,202,097	5.45%

*

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 April 5, 2006. 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)

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Based on Amendment No. 10 to Schedule 13G filed on February 14, 2006, by James R. Crane. Includes 60,000 shares issuable upon exercise of stock options, and 30,000 shares of common stock held by a charitable foundation.

(4)

Includes 56,000 shares issuable upon the exercise of stock options.

(5)

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

(6)

Mr. Serrano resigned as our Chief Financial Officer on February 10, 2006, and resigned from the Board of Directors on March 17, 2006.

(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 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.

(10)

Based on Amendment No. 1 to Schedule 13G filed on January 18, 2006 by Royce & Associates, LLC (Royce). The address of Royce is 1414 Avenue of the Americas, New York, NY 10019. Royce has sole voting and sole dispositive power over all such shares.

(11)

Based on Schedule 13G filed on February 15, 2006, by Mellon Financial Corporation. The address of Mellon Financial Corporation is One Mellon Bank Center, 500 Grant Street, Pittsburg, Pennsylvania 15258. Mellon Financial Corporation has sole voting power over 2,125,497 of such shares and sole dispositive power over 2,176,080 of such shares.

Proposal I - Election Of Directors

The Board of Directors currently has seven 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. Paul William Hobby
Mr. Neil E. Kelley	Mr. Michael K. Jhin
Mr. Frank J. Hevrdejs	Dr. James C. Flagg, Ph.D
Mr. Milton Carroll	

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. However, if for any reason one or more of these nominees is unavailable as a candidate or unable to serve when election occurs, then in the absence of contrary instructions, the persons designated as proxies in the enclosed proxy card will vote in their discretion 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 ballots 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 seven nominees for election as directors at the annual meeting, including information as to each nominee's age as of March 31, 2006, position with the Company (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 52, has served as our Chief Executive Officer and Chairman of the Board of Directors since he founded EGL in March 1984. Mr. Crane has a total of 24 years experience in the transportation industry. Mr. Crane is a Director of HCC Insurance Holdings, Inc., an international insurance holding company, and serves on that company's Compensation Committee and Governance / Nominating Committee. Mr. Crane is also a Director of the Houston Museum of Natural Science.

Frank J. Hevrdejs, age 60, has served as a Director since December 1995. 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 Fibreglass Holdings, Inc., a custom truck accessory manufacturer, and Enduro Systems, Inc., a manufacturer of composite industrial components.

Paul W. Hobby, age 45, has served as a Director since November 2001. Mr. Hobby serves as chairman of the Compensation Committee. Mr. Hobby is chief executive officer of Alpheus Communications, LP, 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 local Director of Amegy Bank of Texas, Inc., an operating division of Zions Bank which is an FDIC-insured commercial bank holding company headquartered in Utah. 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 56, has served as a Director since May 2002. Mr. Jhin served as the Chief Executive Officer of St. Luke's Episcopal Health System in Houston, Texas, from 1990 until his retirement in January 2004, 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 hospitals, ambulatory and surgery centers in small cities and selected larger urban markets.

James C. Flagg, Ph.D., age 54, 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. and he is on the board of the Texas State Board of Public Accountancy.

Neil E. Kelley, age 47, 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 the founder and Chief Executive Officer of the Saracen Group of Companies, a Houston-based energy hedge fund. Mr. Kelley has also been a partner of Genesis Park, a private investment company, since 2000. Mr. Kelley received his S.B.M.E. from Massachusetts Institute of Technology in 1981. Mr. Kelley also serves as a Director of SAT Corp.

Milton Carroll, age 55, has served as a Director since May 2003. Mr. Carroll is the Chairman of the Board of CenterPoint Energy, Inc. He has served as 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 and is a Director of DCP Midstream Partners, LP.

Corporate Governance And Board Matters

Board Independence

The Board of Directors has determined that each of the current directors standing for re-election, except 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 seven meetings during the fiscal year ended December 31, 2005, and transacted business on six occasions during the fiscal year by unanimous written consent. During the fiscal year ended December 31, 2005, each director attended at least 80% 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 (1)			X
Milton Carroll		X	X
Michael K. Jhin		X	
Number of Meetings in 2005	20	2	1

X = Committee member; * = Chair.

(1)

Ms. McDonald resigned from the Board of Directors on July 1, 2005.

Audit Committee

The Company has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (Exchange Act). During 2005, the Audit Committee consisted of Messrs. Flagg, Hevrdejs 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 each of Messrs. Flagg, Hevrdejs and Kelley 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 as of April 14, 2006.

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;

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

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

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

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

The Audit Committee also has sole authority to appoint or replace the independent public auditors 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 twenty occasions during 2005. 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 21.

Compensation Committee

During 2005, the Compensation Committee consisted of Messrs. Hobby, Hevrdejs, Jhin and Carroll. The membership of the Compensation Committee has not changed as of April 14, 2006.

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 as it relates to executive officers, 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 equity incentive plans. The Compensation Committee met on two occasions during 2005. The report of the Compensation Committee is included below beginning on page 16.

Governance/Nominating Committee

During 2005, 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. Ms. McDonald resigned her position as a member of the Governance/Nominating Committee effective July 1, 2005, at which point the Governance/Nominating Committee consisted of Messrs. Kelley, Hobby and Carroll for the remainder of the Company's 2005 fiscal year. The membership of the Governance/Nominating Committee has not changed as of April 14, 2006.

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;

.

advise the Board regarding appropriate corporate governance policies; and

.

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 11. The Governance/ Nominating Committee met on one occasion during 2005.

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:

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

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 26.

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 of the seven 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 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. All of the current members of the Board attended the annual meeting of shareholders in 2005.

COMPENSATION OF OUTSIDE DIRECTORS AND STOCK OWNERSHIP GUIDELINES

The following table provides information on compensation for independent directors, whom we call outside directors, for the fiscal year ended December 31, 2005. In addition to the following, all directors are reimbursed for travel and lodging expenses of attending meetings.

OUTSIDE DIRECTOR COMPENSATION TABLE FOR FISCAL 2005

Annual Retainer	\$25,000(1)
Annual Stock Award	\$20,000 in Restricted Stock(2)
Board Meeting Fee (per meeting)	\$1,500
Committee Meeting Fee other than Audit Committee (per meeting)	\$1,000
Audit Committee Meeting - in Person	\$2,000(3)
Audit Committee Meeting telephonic	\$1,000 (3)
Audit Committee Chair Fee	\$10,000
Governance and Compensation Committee Chairs Fee	\$5,000
Lead Director (in lieu of Committee Chair Fee) Fee	\$10,000

(1)

Each outside director may elect to take the annual retainer and any chair or lead director fee 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. Alternatively, each outside director may have, in lieu of their annual retainer, up to 25 hours per year of personal usage of the Company-owned airplane subject to the plane's availability.

(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 \$19.25, the closing price of our common stock on June 1, 2005, the date of grant. All outside directors, other than Messrs. McDonald, 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 2005:

Director	Number of Shares	Price/Share on Date of Grant	Market Value
			as of June 1, 2005
Frank J. Hevrdejs	2,532.4675	\$19.25	\$48,750
Michael K. Jhin	2,532.4675	\$19.25	\$48,750
Neil E. Kelley	2,532.4675	\$19.25	\$48,750
Rebecca A. McDonald	1,038.9610	\$19.25	\$20,000
Paul W. Hobby	1,935.0649	\$19.25	\$37,250
Milton Carroll	2,532.4675	\$19.25	\$48,750
James C. Flagg	1,935.0649	\$19.25	\$37,250

(3)

For In-Person Audit Committee meetings on or after May 31, 2005. For Audit Committee meetings prior to that date, the per-meeting fee (whether in-person or telephonic) was \$1,000. Telephonic Audit Committee per-meeting fees remain at \$1,000.

On August 5, 2005, our Board of Directors approved, in lieu of additional director cash compensation that would make the existing compensation package more competitive, an arrangement to provide the independent members of the Board of Directors with limited personal usage of the Company-owned airplane, without reimbursement by the directors. Personal usage of the aircraft by the directors is subject to availability, with priority given to our business usage, and the cumulative number of hours allowed for all directors may not exceed 100 hours per year. We will record the number of hours utilized by each director and include in such director's yearly taxable income the amount required by then current U.S. federal income tax regulations. In 2005, no directors other than Mr. Crane utilized the Company-owned airplane.

The Board of Directors, has also set compensation for outside directors to be effective upon their election pursuant to this proxy and the Annual Meeting of the Shareholders scheduled for May 16, 2006, and upon being duly qualified to serve. In addition to the following, all directors will be reimbursed for travel and lodging expenses of attending meetings, and all outside directors will be eligible for use of the Company-owned airplane as described above.

OUTSIDE DIRECTOR COMPENSATION TABLE FOR FISCAL 2006

Annual Retainer	\$25,000(1)
Annual Stock Award	\$35,000 in Restricted Stock(2)
Board Meeting Fee (per meeting)	\$1,500
Committee Meeting Fee other than Audit Committee (per meeting)	\$1,000
Audit Committee Meeting - in person	\$2,000
Audit Committee Meeting telephonic	\$1,000

Audit Committee Chair Fee	\$10,000
Non-Audit Committee Chair Fee	\$5,000
Lead Director (in lieu of Committee Chair Fee) Fee	\$10,000

(1)

The Annual Retainer is due upon election and qualification to serve at the Annual Meeting of the

Shareholders. 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. Alternatively, each outside director may have, in lieu of their annual retainer, up to 25 hours per year of personal usage of the Company-owned airplane subject to the plane's availability.

(2)

The Annual Stock Award is effective upon election and qualification to serve at the Annual Meeting of the Shareholders. 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 earlier of the day before the first anniversary of the immediately preceding Annual Meeting of Shareholders and the first anniversary of the award or upon a change in control. For purposes of outside director compensation, restricted stock will be valued at the closing price of our common stock on the date of the Annual Meeting of the Shareholders, which is the date of award.

The Company's Corporate Governance Guidelines recommend 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 expectation that each director will achieve that target within three years of the date of such director's election to the board.

COMPENSATION OF EXECUTIVE OFFICERS

The following table sets forth for our fiscal years ended December 31, 2005, 2004 and 2003 the annual and long-term compensation received by our chief executive officer and our four other most highly-compensated executive officers.

<u>Name and Principal Position</u>	<u>Fiscal Year</u>	<u>Annual Compensation</u>			<u>Long-Term Compensation Awards</u>		
		<u>Salary</u>	<u>Bonus</u>	<u>Other Annual</u>	<u>Restricted Stock Awards</u>	<u>Securities Underlying Options</u>	<u>All Other Compensation (1)</u>
James R. Crane	2005	\$	\$	\$	(3)	30,000	\$
	2004	533,066	260,533	153,262	--	--	4,115
Chief Executive Officer and Chairman	2003	\$	\$	(2)	--	60,000	\$
		541,107	125,000	--			4,489
		\$	\$	--			\$
		521,066	214,150				3,773
Elijio V. Serrano	2005	\$	\$	--			

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	2004	305,400	105,002
Chief Financial Officer	2003	\$	\$
		270,865	128,370
		\$	\$
		237,500	99,156