EGL INC
Form PREM14A
June 05, 2007

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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 (Amendment No. )

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

þ Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §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):

o No fee required.
þ 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:

EGL, Inc. common stock, par value $0.001 per share

(2) Aggregate number of securities to which transaction applies:

40,818,870 shares of EGL, Inc. common stock (net of 5,718,606 treasury shares);

1,602,087 options to purchase EGL, Inc. common stock

(3) 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):
**Calculated solely for the purpose of determining the filing fee.** The transaction valuation is determined based upon the sum of (a) the product of (i) 40,818,870 shares of EGL, Inc. common stock (net of 5,718,606 treasury shares) outstanding on May 24, 2007, and (ii) the merger consideration of $47.50 per share (equal to $1,938,896,325) and (b) an aggregate of $32,042,308 expected to be paid upon the cancellation of outstanding options having an exercise price less than $47.50 (the "Total Consideration"). In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder, the filing fee was determined by multiplying 0.0000307 by the Total Consideration.

(4) Proposed maximum aggregate value of transaction:

$1,970,938,633

(5) Total fee paid:

$60,507.82

o Fee paid previously with preliminary materials.

o 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:

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**SUBJECT TO COMPLETION, DATED AS OF JUNE 5, 2007**

**MERGER PROPOSED IMPORTANT**

, 2007

To the Shareholders of EGL, Inc.:

You are cordially invited to attend the 2007 annual meeting of shareholders of EGL, Inc. to be held on , , 2007 at a.m., local time, at , , Houston, Texas. The attached proxy statement provides information regarding the matters to be acted on at the annual meeting, including at any adjournment or postponement thereof.

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

a proposal to approve the Agreement and Plan of Merger dated as of May 24, 2007, among CEVA Group Plc, EGL, Inc. and CEVA Texas Holdco Inc. Pursuant to the merger agreement, CEVA Texas Holdco Inc. ( Acquisition Co. ), will merge with and into EGL, with EGL continuing as the surviving corporation;

any motion to adjourn the annual meeting to a later date to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve the foregoing proposal;

the election of eight directors; and

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

If the merger agreement is approved and the merger is completed, each share of EGL common stock (other than shares held directly or indirectly by CEVA Group Plc ( Parent ), Acquisition Co., subsidiaries of EGL, shareholders who have perfected their dissenters rights under Texas law, and, at Parent s election, shares acquired by certain affiliates of Parent from certain members of EGL s senior management) will be converted into the right to receive $47.50 in cash without interest. Immediately prior to the merger, certain members of EGL s senior management (referred to as Rollover Investors) may exchange all or a portion of their equity interests in EGL, or cash consideration they receive in the merger for their EGL equity interests, for equity interests in an affiliate of Parent. As a result of the merger, EGL will be indirectly wholly owned by Parent. A copy of the merger agreement is included as Annex A to the accompanying proxy statement.

On December 26, 2006, EGL s board of directors established a special committee consisting of four independent directors, and empowered it to, among other things, study, review, evaluate, negotiate and, if appropriate, make a recommendation to EGL s board of directors with respect to a merger transaction. The special committee has unanimously determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable, fair to and in the best interests of EGL and its shareholders other than the Rollover Investors, and has recommended to the full EGL board of directors that the board of directors approve the merger agreement, the merger and the other transactions contemplated thereby.

EGL s board of directors, after considering factors including the unanimous determination and recommendation of the special committee, unanimously determined (with directors James R. Crane and Frank J. Hevrdejs, who were involved in a previous proposal to acquire EGL, taking no part in the deliberations or the vote) that the merger agreement, the merger and the other transactions contemplated thereby are fair to and in the best interests of EGL and its shareholders other than the Rollover Investors, and approved the merger agreement, the merger and the other transactions contemplated thereby. Accordingly, EGL s board of directors recommends (with Messrs. Crane and Hevrdejs taking no part in the deliberations or the vote) that you vote FOR the approval of the merger agreement. In arriving at their respective recommendations of the merger agreement, EGL s board of directors and its special committee carefully considered a number of factors which are described in the accompanying proxy statement.

The accompanying proxy statement provides you with detailed information about the merger agreement and the merger. You are urged to read the entire document carefully.

**Regardless of the number of shares you own, your vote is very important. The affirmative vote of the holders of at least a majority of EGL s outstanding shares is required to approve the merger agreement.** Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the shares of EGL common stock present in person or by proxy and entitled to vote. 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 eight nominees who receive the highest number of properly executed FOR votes from the holders of EGL common stock will be elected as directors.

**If you fail to vote, the effect will be the same as a vote against the approval of the merger agreement**. Once you have read the accompanying materials, please take the time to vote on the proposals submitted to shareholders at the annual meeting, whether or not you plan to attend the meeting, by completing and mailing the enclosed proxy card or by voting your shares by telephone by following the instructions on your proxy card. If you receive more than one proxy card because you own shares that are registered differently, please vote all of your shares shown on all of your proxy cards.

Voting by proxy will not prevent you from voting your shares in person in the manner described in the accompanying proxy statement if you subsequently choose to attend the annual meeting.

If you have any questions or need assistance voting your shares, please call Georgeson Inc., which is assisting us, toll-free at (888) 605-7533.

Sincerely,

James R. Crane
Chairman of the Board

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, or passed upon the fairness or merits of the merger or the adequacy or accuracy of the information contained in the enclosed proxy statement. Any contrary representation is a criminal offense.**

This proxy statement is dated , 2007, and it and the proxy card are first being mailed to shareholders on or about , 2007.

## NOTICE OF ANNUAL MEETING

, 2007

Dear Shareholder:

On , , 2007, EGL, Inc. will hold its 2007 annual meeting of shareholders at , , Houston, Texas. The meeting will begin at a.m., local time.

Only holders of shares of common stock, par value $0.001 per share, of record at the close of business on , 2007 may vote at this meeting or at any adjournments or postponements that may take place. At the meeting you will be asked to consider and vote upon:

a proposal to approve the Agreement and Plan of Merger dated as of May 24, 2007 among CEVA Group Plc, EGL, Inc. and CEVA Texas Holdco Inc., as it may be amended from time to time;

any motion to adjourn the annual meeting to a later date to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve the foregoing proposal;

the election of eight members to the board of directors for the ensuing year; and

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

Your board of directors (with directors James R. Crane and Frank J. Hevrdejs, who were involved in a previous proposal to acquire EGL, taking no part in the deliberations or vote) has approved and recommends that you vote FOR the approval of the merger agreement and FOR the adjournment proposal, which are discussed in more detail in the accompanying proxy statement. The board of directors also recommends voting FOR each of the eight nominees to the board of directors.

If you are a holder of shares of our outstanding common stock as of the effective date of the proposed merger, and you follow the applicable procedures set forth in the Texas Business Corporation Act, you have the right to demand the purchase of your shares of our common stock for a purchase price equal to the fair value of your shares, as determined by a court. This right is explained more fully under The Merger Dissenters Rights of Shareholders in the accompanying proxy statement. The dissenters rights provisions of Texas law are attached to the accompanying proxy statement as Annex B.

Regardless of the number of shares you own, your vote is very important. The affirmative vote of the holders of at least a majority of EGL s outstanding shares is required to approve the merger agreement. Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the shares of EGL common stock present in person or by proxy and entitled to vote. 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 eight nominees who receive the highest number of properly executed FOR votes from the holders of EGL common stock will be elected as directors. The holders of a majority of shares entitled to vote on a matter, represented in person or by proxy, constitutes a quorum as to that matter at the annual meeting. If you fail to vote, the effect will be the same as a vote against the approval of the merger agreement.

We hope you will be able to attend the meeting, but whether or not you plan to attend, please vote your shares by:

signing and returning the enclosed proxy card as soon as possible, or

calling the toll-free number listed on the proxy card.

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Voting by proxy will not prevent you from voting your shares in person in the manner described in the accompanying proxy statement if you subsequently choose to attend the annual meeting. You should not send in your certificates representing shares of EGL, Inc. common stock until you receive instructions to do so.

We are sure you will understand that if you do attend the meeting, space limitations will make it necessary to limit attendance to shareholders, though each shareholder may be accompanied by one guest. Admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at 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 will need a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the meeting, and cell phones must be turned off.

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY IN THE ACCOMPANYING REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE. SHAREHOLDERS WHO ATTEND THE MEETING MAY REVOKE THEIR PROXIES AND VOTE IN PERSON.**

By Order of the Board of Directors,

Dana A. Carabin
Corporate Secretary

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## SUMMARY TERM SHEET

*The following summary, together with Questions and Answers About the Annual Meeting and the Merger, highlights selected information contained in this proxy statement. It may not contain all of the information that may be important in your consideration of the merger and the other proposals. We encourage you to read carefully this proxy statement before voting. Where appropriate, we have set forth a section and page reference directing you to a more complete description of the topics described in this summary.*

**The Parties to the Merger:**

EGL, Inc., which we sometimes refer to in this proxy statement as we or EGL, is a leading global transportation, supply chain management and information services company dedicated to providing flexible logistics solutions on a price competitive basis. EGL s services include air and ocean freight forwarding, customs brokerage, local pick up and delivery service, materials management, warehousing, trade facilitation and procurement and integrated logistics and supply chain management services. EGL provides value-added services in addition to those customarily provided by traditional air freight forwarders, ocean freight forwarders and customs brokers. These services are designed to provide global logistics solutions for customers in order to streamline their supply chain, reduce their inventories, improve their logistics information and provide them with more efficient and effective domestic and international distribution strategies in order to enhance their profitability. EGL trades on the NASDAQ Global Select Market under the symbol EAGL and was incorporated in Texas in 1984.

CEVA Group Plc, which we sometimes refer to in this proxy statement as Parent, is a public company limited by shares incorporated in England and Wales owned by affiliates of Apollo Management VI, L.P., which we sometimes refer to in this proxy statement as Apollo.

CEVA Texas Holdco Inc., which we sometimes refer to in this proxy statement as Acquisition Co., is a Texas corporation and an indirect wholly owned subsidiary of Parent.

See The Parties to the Merger, beginning on page 16.

**The Merger:**

Pursuant to the merger agreement, Acquisition Co. will be merged with and into EGL, with EGL continuing as the surviving company in the merger, which we refer to as the Surviving Corporation. Immediately following the merger, EGL, as the Surviving Corporation in the merger, will be an indirect wholly owned subsidiary of Parent. Parent is owned by CEVA Investments Limited, which is in turn owned by affiliates of Apollo and certain minority shareholders, including TNT N.V. and certain employees of Parent or Parent s subsidiaries. In connection with the merger, certain members of senior management of EGL, whom we refer to as the Rollover Investors, may make commitments, which we refer to as Rollover Commitments, to purchase shares of an affiliate of Parent either with cash or by contributing their equity interests in EGL to an affiliate of Parent. The following members of EGL s management have been identified by Parent as Rollover Investors: E. Joseph Bento and Vittorio Favati. Parent expects that additional management members will make Rollover Commitments. See The Merger Effects of the Merger beginning on page 41,

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and The Merger Interests of Certain Persons in the Merger beginning on page 44.

We are working to complete the merger as quickly as possible, and we currently anticipate that it will be completed in the third quarter of 2007. However, we cannot predict the exact timing of the completion of the merger and whether the merger will be completed. In order to complete the merger, we must obtain shareholder approval and the other closing conditions under the merger agreement must be satisfied or waived.

Whenever we refer to the merger agreement in this proxy statement, we are referring to the Agreement and Plan of Merger attached as Annex A to this proxy statement, as it may be amended from time to time. You should read the merger agreement because it, and not this proxy statement, is the legal document that governs the merger.

**Merger Consideration; Effects of the Merger:**

If the merger is completed, you will receive $47.50 per share in cash, without interest, for each share of EGL common stock you own at that time, unless you are a dissenting shareholder and you perfect your dissenters rights under Texas law. As a result of the merger, EGL s shareholders, other than Parent and the Rollover Investors, will no longer have a direct or indirect equity interest in EGL; EGL common stock will no longer be listed on the NASDAQ Global Select Market, which we refer to as NASDAQ; and the registration of EGL common stock under Section 12 of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, will be terminated. See The Merger Effects of the Merger beginning on page 41.

**Treatment of Outstanding Options and Restricted Stock:**

If the merger is completed, unless otherwise agreed between a holder, EGL and Parent, each outstanding option to purchase shares of EGL common stock granted under an EGL plan and not exercised prior to the merger will vest and be cancelled and converted into the right to receive a cash payment equal to the number of shares of EGL common stock underlying the option multiplied by the amount (if any) by which $47.50 exceeds the option exercise price, without interest and less any applicable withholding taxes. Unless otherwise agreed between a holder and Parent, each share of restricted stock will vest and be cancelled and converted into the right to receive a cash payment equal to $47.50, without interest and less any applicable withholding taxes. See The Merger Effects of the Merger beginning on page 41.

**Interests of Certain Persons in the Merger:**

In considering the proposed transactions, you should be aware that some EGL shareholders, directors, officers and employees have interests in the merger that may be different from, or in addition to, your interests as an EGL shareholder generally, including:

- the opportunity to invest in an affiliate of Parent;

ongoing employment arrangements and other arrangements with respect to Parent;

accelerated vesting and cash-out of in-the-money stock options and of restricted stock held by directors, officers and employees of EGL, unless otherwise agreed between a holder, EGL and Parent;

management retention agreements with EGL that provide for benefits upon the occurrence of a qualifying termination following a change in control of EGL such as the merger;

continued indemnification and directors and officers liability insurance to be provided by Parent and the Surviving Corporation to current and former directors, officers and employees of EGL and its subsidiaries;

a retention bonus program providing for cash payments after the closing of the merger; and

receipt of a portion of the termination fee paid by EGL pursuant to the Agreement and Plan of Merger dated as of March 18, 2007 among Talon Holdings LLC, EGL and Talon Acquisition Co., which we refer to in this proxy statement as the Talon merger agreement.

These arrangements are more fully described under The Merger Effects of the Merger beginning on page 41 and The Merger Interests of Certain Persons in the Merger beginning on page 44.

The special committee and the board of directors were aware of these interests and considered them, among other matters, prior to providing their respective recommendations with respect to the merger agreement.

**Annual Meeting:**

We will hold the 2007 annual meeting of shareholders of EGL on , , 2007 at a.m. local time, at , , Houston, Texas. At the meeting, shareholders will be asked to consider and vote upon:

a proposal to approve the Agreement and Plan of Merger dated as of May 24, 2007 among Parent, EGL and Acquisition Co., as it may be amended from time to time;

any motion to adjourn the annual meeting to a later date to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve the foregoing proposal;

the election of eight members to the board of directors for the ensuing year; and

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

The record date for the annual meeting is , 2007. Only holders of EGL common stock at the close of business on the record date are entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement thereof.

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| **Required Vote:** | The affirmative vote of the holders of at least a majority of the shares of EGL common stock then entitled to vote at a meeting of shareholders, which means a majority of the outstanding shares of EGL common stock, and which we sometimes refer to as the Required Vote, is required to approve the merger agreement. Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the shares of EGL common stock present in person or by proxy and entitled to vote. 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 eight nominees who receive the highest number of properly executed FOR votes from the holders of EGL common stock will be elected as directors. The holders of a majority of shares entitled to vote on a matter, represented in person or by proxy, constitutes a quorum as to that matter at the annual meeting.<br><br>If you fail to vote, the effect will be the same as a vote against the approval of the merger agreement. |
| **Voting, Proxies and Revocation of Proxies:** | Stockholders of record entitled to vote at the annual meeting may vote their shares by telephone, by returning the enclosed proxy card by mail, or by voting in person by appearing at the annual meeting. If your shares of EGL common stock are held in street name by your broker, you should instruct your broker on how to vote such shares of common stock using the instructions provided by your broker. If you do not provide your broker with instructions, your shares of our common stock will not be voted, which will have the same effect as a vote against the approval of the merger agreement.<br><br>Any stockholder of record who executes and returns a proxy card (or submits a proxy via telephone) may revoke the proxy at any time before it is voted at the annual meeting. See The Annual Meeting Revocation of Proxies for more details. |
| **Recommendations:** | The special committee of independent directors of EGL s board of directors that was appointed to, among other things, review and evaluate the merger proposal has unanimously determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable, fair to and in the best interests of EGL and its shareholders other than the Rollover Investors, and has recommended to the full EGL board of directors that the board of directors approve the merger agreement and the transactions contemplated thereby, including the merger, and that the shareholders of EGL approve the merger agreement. In making its determination and recommendation, the special committee also recommended that the board of directors terminate the Talon merger agreement. After considering factors including the unanimous recommendation of the special committee, EGL s board of directors (with Messrs. Crane and Hevrdejs, who were involved in the transactions contemplated by the Talon merger agreement, taking no part in the |

deliberations or the vote) has:

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| | terminated the Talon merger agreement and caused EGL to pay the $30 million termination fee in accordance with the terms of the Talon merger agreement; |
| | determined that the merger agreement, the merger and the other transactions contemplated thereby are fair to and in the best interests of EGL and its shareholders other than the Rollover Investors; |
| | approved the merger agreement, the merger and the other transactions contemplated thereby, including the merger; and |
| | recommended that EGL s shareholders approve the merger agreement. |
| | Accordingly, the special committee and the board of directors recommend that you vote to approve the merger agreement. See The Merger Recommendation of the Special Committee and Board of Directors; Reasons for Recommending Approval of the Merger Agreement beginning on page 32. |
| | Additionally, the board of directors recommends voting FOR each of the eight 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. |
| **Opinion of Deutsche Bank:** | The special committee and the board of directors received an opinion from Deutsche Bank Securities, Inc. ( Deutsche Bank ), to the effect that, as of the date of its opinion, the cash merger consideration of $47.50 per share, without interest, to be received by the holders of EGL common stock in the merger was fair, from a financial point of view, to such holders. Deutsche Bank s opinion is subject to the assumptions, limitations and qualifications set forth in such opinion, which is attached as Annex C to this proxy statement. We encourage you to read carefully the opinion in its entirety and the section entitled The Merger Opinion of Deutsche Bank beginning on page 35 for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **The opinion of Deutsche Bank was provided to EGL s special committee and its board of directors in connection with their respective evaluations of the merger, does not address any other aspect of the merger and does not constitute a recommendation as to how any shareholder should vote on any matter at the annual meeting.** |
| **What We Need to Do to Complete the Merger:** | We will complete the merger only if the conditions set forth in the merger agreement are satisfied or waived. These conditions include, among others: |

approval of the merger agreement by the Required Vote;

the absence of any legal restraint or prohibition preventing the consummation of the merger and the other transactions contemplated by the merger agreement;

the expiration or early termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which we call the HSR Act, and receipt of certain foreign competition approvals, as described under The Merger Regulatory Approvals ;

the absence of any fact, circumstance, event, change, effect or occurrence that constitutes a material adverse effect on EGL, as described under The Merger Agreement Representations and Warranties, that has occurred since the date of the merger agreement and is continuing;

the representations and warranties of EGL and those of Parent and Acquisition Co. being true and correct, except in certain cases where the failure to be true and correct would not have a material adverse effect; and

EGL s and Parent s performance in all material respects of all of their respective obligations and compliance in all material respects with all of their respective agreements in the merger agreement.

At any time before the merger, to the extent legally allowed, the board of directors of EGL may, acting together with Parent and Acquisition Co., waive compliance with any of the conditions contained in the merger agreement without the approval of EGL s shareholders. As of the date of this proxy statement, neither EGL nor Parent expects that any condition will be waived. See The Merger Agreement Conditions to Completion of the Merger beginning on page 72.

**Termination of the Merger Agreement:** The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger, whether prior to or after EGL s shareholders approve the merger agreement:

by mutual written consent of EGL and Parent;

by either EGL or Parent if the merger is not completed by November 1, 2007, which we refer to as the end date; although, if certain antitrust or regulatory conditions have not been satisfied by the end date, either Parent or EGL may extend the date until January 10, 2008;

by either EGL or Parent if a legal restraint or order permanently restraining or otherwise prohibiting the consummation of the merger has become final and non-appealable, provided that the party seeking to terminate the merger agreement has used its reasonable best efforts to remove the restraint or order;

by either EGL or Parent if the shareholders of EGL fail to approve the merger agreement at the shareholders meeting or any adjournment or postponement of that meeting, provided that EGL may not exercise such termination right if the failure to obtain

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shareholder approval was proximately caused by a breach of specified provisions of the merger agreement;

by either EGL or Parent if the other party has breached or failed to perform any of its representations, warranties or covenants, the breach or failure to perform would result in a failure of a mutual condition or a condition to the terminating party s obligation to complete the merger and the breach or failure to perform cannot be cured by the end date, provided that the party seeking to terminate has given the other party the required notice and is not then in material breach of the merger agreement so as to cause a condition to closing not to be satisfied;

by EGL in certain circumstances if, prior to the receipt of the Required Vote, the board of directors of EGL (or the special committee) has received a superior proposal, provided EGL has complied with its obligations under the merger agreement described under The Merger Agreement Termination, and The Merger Agreement Termination Fee and Expenses; Remedies;

by Parent if the board of directors of EGL or the special committee withdraws or modifies, or publicly proposes to withdraw or modify, in a manner adverse to Parent or Acquisition Co., its recommendation, fails to recommend to EGL s shareholders that they approve the merger agreement or approves or recommends, or publicly proposes to approve or recommend, any alternative proposal; or

by Parent if since the date of the merger agreement there shall have been a material adverse effect with respect to EGL that cannot be cured by the end date.

See The Merger Agreement Termination beginning on page 73.

**Expenses and Termination Fee:**

If the merger agreement is terminated under certain specified circumstances:

EGL will be obligated to pay a termination fee of $20 million to Parent;

EGL will be obligated to pay the reasonable out-of-pocket documented expenses of Parent and Acquisition Co., up to $15 million, which would be credited against the $20 million termination fee if it becomes payable; or

Parent will be obligated to pay a termination fee of either $40 million or $60 million (depending on the circumstances) to EGL.

See The Merger Agreement Termination Fee and Expenses; Remedies beginning on page 74.

**Financing of the Merger:**

The merger agreement does not contain any condition relating to the receipt of financing by Parent and Acquisition Co. Parent estimates that the total amount of funds necessary to consummate the transaction, including debt to be incurred and to remain outstanding in connection with the merger, and to pay related customary fees and expenses is approximately $2.2 billion. Parent currently expects this amount to be provided through a combination of sources including:

- up to approximately $100.0 million in new equity financing from an affiliate of Parent,
- up to approximately $1.85 billion in new debt financing,
- approximately $253.3 million of cash of Parent and EGL, and
- approximately $36.0 million of debt of EGL to remain outstanding after the consummation of the merger.

See The Merger Financing of the Merger beginning on page 50.

**No Solicitation of Competing Proposals:** The merger agreement restricts the ability of EGL to, among other things, solicit or engage in discussions or negotiations with a third party regarding specified transactions involving EGL or its subsidiaries and the board of directors and the special committee s ability to change or withdraw their respective recommendations of the merger agreement. Notwithstanding these restrictions, under circumstances specified in the merger agreement, EGL may respond to an unsolicited alternative proposal or terminate the merger agreement and enter into an agreement with respect to a superior proposal, as each term is defined in the merger agreement and described in the section entitled The Merger Agreement Other Covenants and Agreements No Solicitation, so long as it complies with the terms of the merger agreement. The board of directors or the special committee may also withdraw its recommendation of the merger agreement if it concludes that doing so is necessary in order to comply with its fiduciary duties. See The Merger Agreement Other Covenants and Agreements No Solicitation beginning on page 64.

**Dissenters Rights:** If you are a holder of shares of our outstanding common stock as of the effective date of the merger, and you follow the procedures set forth in Articles 5.11, 5.12 and 5.13 of the Texas Business Corporation Act, you will be entitled to demand the purchase of your shares of our common stock for a purchase price equal to the fair value of your shares, as determined by a court. Under Texas law, fair value of shares for purposes of the exercise of dissenters rights is defined as the value of the shares as of the date immediately preceding the shareholders meeting date, excluding any appreciation or depreciation in value of the shares in anticipation of the merger. Failure to comply strictly with all of the procedures required by Articles 5.11, 5.12 and 5.13 of the Texas Business Corporation Act for perfecting dissenters rights may result in the loss of dissenters rights, in which event you will be entitled to receive the merger consideration in accordance with the merger agreement. If you sign and return your proxy without voting instructions, and do not revoke the proxy, your proxy will be voted in favor of the merger and the merger agreement and you will lose your dissenters rights. In view of the complexity of Articles 5.11, 5.12 and 5.13 of the

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| | Texas Business Corporation Act, if you are considering dissenting from the merger, we urge you to consult your own legal counsel. The relevant sections of the Texas Business Corporation Act are reproduced and attached as Annex B to this proxy statement.<br><br>See The Merger Dissenters Rights of Shareholders beginning on page 54. |
| **Material United States Federal Income Tax Consequences:** | The receipt of cash in exchange for shares of EGL common stock pursuant to the merger will be a taxable transaction for United States federal income tax purposes. In general, you will recognize gain or loss in the merger in an amount equal to the difference, if any, between the cash you receive and your tax basis in EGL common stock surrendered. **Tax matters are very complicated. The tax consequences of the merger to you will depend upon your particular circumstances. You should consult your tax advisors for a full understanding of the U.S. federal, state, local, non-U.S. and other tax consequences of the merger to you.** See The Merger Material United States Federal Income Tax Consequences beginning on page 48. |
| **Accounting Treatment of the Merger:** | The merger is expected to be accounted for as a business combination using the purchase method of accounting for financial accounting purposes, whereby the estimated purchase price of $1.97 billion would be allocated to the assets and liabilities of EGL based on their relative fair values following Statement of Financial Accounting Standards No. 141, Business Combinations. |

## QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE MERGER

**Q:** ***Where and when is the annual meeting?***

***A:*** We will hold the 2007 annual meeting of shareholders of EGL on , , 2007 at a.m. local time, at , , Houston, Texas.

**Q:** ***What matters will be voted on at the annual meeting?***

***A:*** You will be asked to consider and vote upon:

a proposal to approve the Agreement and Plan of Merger dated as of May 24, 2007 among Parent, EGL and Acquisition Co., as it may be amended from time to time;

any motion to adjourn the annual meeting to a later date to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve the foregoing proposal;

the election of eight members to the board of directors for the ensuing year; and

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

**Q:** ***How do EGL s special committee and board of directors recommend that I vote on the proposals?***

***A:*** The special committee and the board of directors of EGL recommend that you vote:

FOR the proposal to approve the merger agreement, and

FOR the adjournment proposal.

In addition, the board of directors recommends that you vote FOR each of the eight nominees to the board of directors.

**Q:** ***What happened to the proposed merger with affiliates of James R. Crane?***

***A:*** On May 24, 2007, EGL terminated the Talon merger agreement with James R. Crane s affiliates in accordance with its terms in order to enter into the merger agreement with Parent and Acquisition Co. Concurrent with the termination of the Talon merger agreement and pursuant to its terms, EGL paid Talon Holdings LLC a termination fee of $30 million.

**Q:** ***Who is entitled to vote at the annual meeting?***

***A:*** The record date for the annual meeting is , 2007. Only holders of EGL common stock at the close of business on the record date are entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement thereof.

**Q:** ***What constitutes a quorum for the annual meeting?***

***A:*** The holders of a majority of shares entitled to vote on a matter, represented in person or by proxy, constitutes a quorum as to that matter at the annual meeting. Therefore, the presence, in person or by proxy, of shareholders representing a majority of the shares of EGL common stock outstanding on the record date will constitute a quorum for the proposals to be considered and voted upon at the annual meeting.

**Q:** ***What vote is required to approve the proposals?***

***A:*** The affirmative vote of the holders of at least a majority of the shares of EGL common stock then entitled to vote at a meeting of shareholders, which means a majority of the outstanding shares of EGL common stock, is required to approve the merger agreement. Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the shares of EGL common stock present in person or by proxy and entitled to vote. 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 eight nominees who receive the highest number of properly executed FOR votes from the holders of EGL common stock will be elected as directors.

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***Q:*** ***What will an EGL shareholder receive when the merger occurs?***

***A:*** For every share of EGL common stock that they own at the effective time of the merger, shareholders will be given the right to receive $47.50 in cash, without interest. This does not apply to shares held directly or indirectly by Parent, Acquisition Co., EGL or its subsidiaries, or shareholders who have perfected their dissenters rights under Texas law, or, at Parent s election, certain shares acquired by an affiliate of Parent from the Rollover Investors.

**Q:** ***When do you expect the merger to be completed?***

***A:*** We are working toward completing the merger as quickly as possible, and currently expect the merger to close in the third quarter of 2007. In order to complete the merger, we must obtain shareholder approval and the other closing conditions under the merger agreement must be satisfied or waived, as permitted by law.

**Q:** ***What do I need to do now?***

***A:*** Please vote as soon as possible. We urge you to read this proxy statement carefully, including its annexes, and to consider how the transaction affects you as a shareholder.

**Q:** ***How do I vote?***

***A:*** You should simply indicate on your proxy card how you want to vote, and sign and mail your proxy card in the enclosed return envelope as soon as possible so that your shares will be represented at the annual meeting. If you sign and send in your proxy and do not indicate how you want to vote, your proxy will be counted as a vote FOR the proposals presented at the meeting. If you fail to vote your shares or do not instruct your broker how to vote any shares held for you in a brokerage account, the effect will be a vote against approval of the merger agreement.

If your shares are held by your broker, bank or other nominee, see below.

**Q:** ***Can I vote by telephone or by Internet?***

***A:*** If you hold your shares as a shareholder of record, you may vote by telephone by following the instructions set forth on the enclosed proxy card.

If your shares are held by your broker, bank, or other nominee, often referred to as held in street name, please contact your broker, bank or other nominee to determine whether you will be able to vote by telephone or by Internet.

**Q:** ***What is the difference if I hold shares as a shareholder of record or as a beneficial owner?***

***A:*** Most shareholders of EGL 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 EGL 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 EGL. As the shareholder of record, you have the right to grant your voting proxy directly to EGL 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.



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**Q:** ***If my shares are held in a brokerage account, will my broker vote my shares for me?***

*A:* Your broker, bank or other nominee will only be permitted to vote your shares for you with respect to the merger proposal if you instruct them how to vote. Therefore, it is important that you promptly follow the directions provided by your broker regarding how to instruct them to vote your shares. If you do not instruct your broker, bank or other nominee how to vote your shares that they hold with respect to the merger proposal, those shares will not be voted with respect to the merger proposal and the effect will be the same as a vote against the approval of the merger agreement. Your broker may have the discretion to vote for the election of directors if you do not give it directions as to voting.

**Q:** ***What does it mean if I receive more than one proxy card?***

*A:* It means that you have multiple accounts at the transfer agent and/or with brokers, banks or other nominees. Please sign and return all proxy cards to ensure that all your shares are voted.

**Q:** ***May I change my vote?***

*A:* Yes. You may change your vote at any time before your proxy is voted at the annual meeting, subject to the limitations described below. You may do this in a number of ways. First, you may send us a written notice stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card. If you choose either of these two methods, you must submit your notice of revocation or your new proxy card to the secretary of EGL at the address on page 19. You may also submit a later-dated proxy using the telephone voting procedures on the proxy card so long as you do so before the deadline of 11:59 p.m., Central time, on , 2007. Third, you may attend the annual meeting and vote in person. Simply attending the annual meeting, without voting in person, will not revoke your proxy. If your shares are held in street name and you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote or to vote at the annual meeting.

**Q:** ***Should I send in my stock certificates now?***

*A:* No. After the merger is completed, you will be sent a letter of transmittal with detailed written instructions for exchanging your EGL common stock certificates for the merger consideration. If your shares are held in street name by your broker, bank or other nominee you will receive instructions from your broker, bank or other nominee as to how to effect the surrender of your street name shares in exchange for the merger consideration. **Please do not send your certificates in now.**

**Q:** ***What are the material United States federal income tax consequences of the transaction to shareholders?***

*A:* Your receipt of cash in exchange for shares of EGL common stock pursuant to the merger will be a taxable transaction for United States federal income tax purposes. In general, you will recognize gain or loss in the merger in an amount equal to the difference, if any, between the cash you receive and your tax basis in EGL common stock surrendered. Since the tax consequences of the merger to you will depend on your particular circumstances, you should consult your own tax advisor for a full understanding of the U.S. federal, state, local, non-U.S. and other tax consequences of the merger to you. See The Merger Material United States Federal Income Tax Consequences beginning on page 48.

**Q:** ***Do shareholders have dissenters rights?***

***A:*** If you are a holder of shares of our outstanding common stock as of the effective date of the merger, and you follow the procedures set forth in Articles 5.11, 5.12 and 5.13 of the Texas Business Corporation Act, you will be entitled to demand the purchase of your shares of our common stock for a purchase price equal to the fair value of your shares, as determined by a court. Under Texas law, fair value of shares for purposes of the exercise of dissenters rights is defined as the value of the shares as of the date immediately preceding the shareholders meeting date, excluding any appreciation or depreciation in value of the shares in anticipation of the merger. You should be aware that the fair value of your shares as determined under Texas law could be more than, the same as, or less than the merger consideration you would receive pursuant to the merger agreement if you did not dissent. We encourage you to read these sections of the Texas statute carefully and consult with legal counsel if you desire to exercise your dissenters rights. These sections of the Texas statute are included as Annex B to this proxy statement. See The Merger Dissenters Rights of Shareholders.

**Q:** ***Who can attend the annual meeting?***

***A:*** All shareholders of record as of the close of business on , 2007 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 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 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, and cell phones must be turned off.

**Q:** ***Who can help answer my questions?***

***A:*** If you have any questions about the merger or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact Georgeson Inc., which is acting as the proxy solicitation agent and information agent in connection with the merger:

Georgeson Inc.
17 State Street, 10th Floor
New York, NY 10004
Banks and brokerage firms please call: (212) 440-9800
All others call toll-free: (888) 605-7533

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This proxy statement contains forward-looking statements, including those relating to (i) projections of revenues, income or loss, earnings or loss per share, capital expenditures, dividends, capital structure or other financial items; (ii) plans and objectives of management for future operations, including plans or objectives relating to EGL s service offerings; (iii) future economic performance; (iv) the consummation of the merger or any similar transaction involving EGL; (v) the outcome of any litigation, including lawsuits related to the merger agreement or the Talon merger agreement; (vi) assumptions underlying or relating to any of the matters in clauses (i) through (v); and (vii) other statements that include expectations, intentions, projections, developments, future events, expected performance, underlying assumptions, and other statements which are other than statements of historical facts. These forward-looking statements include, without limitation, statements preceded by, followed by or that include the words believes, expects, anticipates, estimates, intends, should, could, may, management believes, contin forecast, plan, predict, project or similar expressions.

Our actual results may differ significantly from the results discussed in the forward-looking statements. Such statements involve risks and uncertainties, including, but not limited to, the matters discussed under the caption Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007, as well as elsewhere in this proxy statement and in our other filings with the Securities and Exchange Commission. If one or more of these risks or uncertainties materialize (or the consequences of such a development worsen), or should underlying assumptions prove incorrect, actual outcomes may vary materially from those forecasted or expected. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we disclaim any responsibility to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

In addition to the risks and other factors and matters contained in this proxy statement, we believe the following factors could cause actual results or matters related to the merger to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;

- the outcome of any legal proceedings that have been or may be instituted against EGL and others relating to the Talon merger agreement with affiliates of James R. Crane or the merger agreement with Parent and Acquisition Co.;

- the inability to complete the merger due to the failure to obtain shareholder approval or the failure to satisfy other conditions to consummation of the merger, including the expiration of the waiting period under the HSR Act and other regulatory approvals;

- the failure to obtain the necessary financing set forth in commitment letters received by Parent in connection with the merger;

- the failure of the merger to close for any other reason;

the effect of the announcement of the merger on our customer relationships, personnel, operating results and business generally;

the risks that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger;

the amount of the costs, fees, expenses and charges related to the merger and the actual terms of financings that will be obtained for the merger;

the risks identified elsewhere in this proxy statement associated with EGL being able to meet its projections;

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adverse developments in general business, economic and political conditions or any outbreak or escalation of hostilities on a national, regional or international basis; and

the impact of the substantial indebtedness incurred to finance the consummation of the merger.

The foregoing list should not be construed to be exhaustive. We believe the forward-looking statements in this proxy statement are reasonable; however, there is no assurance that the actions, events or results of the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations or financial condition or on the merger. In addition, actual results or matters related to the merger could differ materially from the forward-looking statements contained in this proxy statement as a result of the timing of the completion of the merger or the impact of the merger on our operating results, capital resources, profitability, cash requirements, management resources and liquidity. In view of these uncertainties, you should not place undue reliance on any forward-looking statements, which are based on our current expectations. Further, forward-looking statements speak only as of the date they are made, and, other than as required by applicable law, we undertake no obligation to update publicly any of them in light of new information or future events.

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## THE PARTIES TO THE MERGER

### Parent

Parent, a public company limited by shares incorporated in England and Wales, is the holding company of the CEVA Logistics business (formerly known as TNT Logistics), which is a leading global logistics and supply chain management company. CEVA Logistics designs, implements and operates complex supply chain solutions on a national, regional or global scale for multinational and large local companies. It provides customers with end-to-end logistics solutions spanning the entire supply chain. CEVA Logistics focuses on a diverse range of market sectors including automotive, tires, high-tech/electronics, industrial, fast moving consumer goods, and publishing and media. CEVA Logistics employs over 38,000 people and operates an extensive global network with facilities in 26 countries worldwide, and maintains 567 sites globally with a combined space of approximately 7.4 million square meters. For fiscal year 2006, CEVA Logistics generated sales of approximately 3.5 billion. Parent is owned by CEVA Investments Limited, which in turn is owned by affiliates of Apollo Management VI, L.P., one of the leading private equity investors in the world, and certain other shareholders.

The CEVA Logistics headquarters are located at Neptunusstraat 41-63, 2132 JA Hoofddorp, P.O. Box 483, NL-2130 AL Hoofddorp, The Netherlands and its phone number is +31 20 500 6000.

### Acquisition Co.

Acquisition Co. is a Texas corporation and wholly owned indirect subsidiary of Parent with principal executive offices at c/o CEVA Group Plc, 10751 Deerwood Park Blvd., Suite 200, Jacksonville, Florida 32256, and its phone number is (904) 928-1400. Acquisition Co. was formed solely for purposes of entering into the merger agreement and consummating the transactions contemplated by the merger agreement, including arranging the related financing transactions. Acquisition Co. has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the merger agreement.

### EGL, Inc.

EGL, Inc. is a leading global transportation, supply chain management and information services company dedicated to providing flexible logistics solutions on a price competitive basis. EGL s services include air and ocean freight forwarding, customs brokerage, local pick up and delivery service, materials management, warehousing, trade facilitation and procurement and integrated logistics and supply chain management services. EGL provides value-added services in addition to those customarily provided by traditional air freight forwarders, ocean freight forwarders and customs brokers. These services are designed to provide global logistics solutions for customers in order to streamline their supply chain, reduce their inventories, improve their logistics information and provide them with more efficient and effective domestic and international distribution strategies in order to enhance their profitability.

EGL believes that it is one of the largest forwarders of domestic and international air freight based in the United States. It has a network of approximately 400 facilities, agents and distribution centers located in over 100 countries on six continents featuring advanced information systems designed to maximize cargo management efficiency and customer satisfaction. Each of EGL s facilities is linked by a real-time, online communications tool that speeds the two-way flow of shipment data and related logistics information between origins and destinations around the world.

EGL s address is 15350 Vickery Drive, Houston, Texas 77032, and its phone number is (281) 618-3100. EGL trades on the NASDAQ Global Select Market under the symbol EAGL and was incorporated in Texas in 1984.

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## THE ANNUAL MEETING

### Date, Time and Place

The annual meeting of EGL shareholders will be held at a.m., local time, on , , 2007, at , Houston, Texas. We are sending this proxy statement to you in connection with the solicitation of proxies by the EGL board for use at the annual meeting and any adjournments or postponements of the annual meeting.

### Purpose

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

a proposal to approve the Agreement and Plan of Merger dated as of May 24, 2007 among Parent, EGL and Acquisition Co., as it may be amended from time to time;

any motion to adjourn the annual meeting to a later date to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve the foregoing proposal;

the election of eight members to the board of directors for the ensuing year; and

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

### EGL Board Recommendations

The special committee of independent directors of EGL s board of directors that was appointed to, among other things, review and evaluate the merger proposal has unanimously determined that the merger agreement, the merger and the other transactions contemplated thereby are advisable, fair to and in the best interests of EGL and its shareholders other than the Rollover Investors, and has recommended to the full EGL board of directors that the board of directors approve the merger agreement and the transactions contemplated thereby, including the merger, and that the shareholders of EGL approve the merger agreement. In making its determination and recommendation, the special committee also recommended that the board of directors terminate the Talon merger agreement.

**After considering factors including the unanimous recommendation of the special committee, EGL s board of directors has terminated the Talon merger agreement and has caused EGL to pay the $30 million termination fee in accordance with the terms of the Talon merger agreement, and has determined (with Messrs. Crane and Hevrdejs, who were involved in the transactions contemplated by the Talon merger agreement, taking no part in the deliberations or the vote) that the merger agreement, the merger and the other transactions contemplated thereby are fair to and in the best interests of EGL and its shareholders other than the Rollover Investors, and has approved the merger agreement, the merger and the other transactions contemplated thereby, including the merger. Accordingly, the EGL board of directors recommends that all EGL shareholders vote FOR the approval of the merger agreement and FOR the adjournment proposal.**

Additionally, the board of directors recommends voting FOR each of the eight 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.

**Record Date, Outstanding Shares and Voting Rights**

The EGL board of directors has fixed the close of business on , 2007 as the record date for the annual meeting. Only holders of record of shares of EGL common stock on the record date are entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement thereof. As of the record date, there were outstanding shares of EGL common stock held by approximately holders of record. At the annual meeting, each share of EGL common stock will be entitled to one vote on all matters. Votes may be cast at the annual meeting in person or by proxy.

**Quorum; Vote Required**

The holders of a majority of shares entitled to vote on a matter, represented in person or by proxy, constitutes a quorum as to that matter at the annual meeting. Shares that abstain from voting on the merger agreement will be treated as shares that are present and entitled to vote at the annual meeting for purposes of determining whether a quorum exists, but will have the same effect as a vote against approval of the merger agreement.

If a broker or nominee holding shares of record for a customer indicates that it does not have discretionary authority to vote as to a particular matter, those shares, which are referred to as broker non-votes, will be treated as present and entitled to vote at the annual meeting for purposes of determining whether a quorum exists. Brokers or nominees holding shares of record for customers who do not have discretionary authority to vote on a particular proposal will not be entitled to vote on the merger agreement unless they receive voting instructions from their customers. Accordingly, broker non-votes will not be voted in favor of approval of the merger agreement, meaning that shares constituting broker non-votes will have the same effect as shares voted against approval of the merger agreement. Your broker may have the discretion to vote for the election of directors if you do not give it directions as to voting.

The affirmative vote of the holders of at least a majority of the shares of EGL common stock then entitled to vote at a meeting of shareholders, which means a majority of the outstanding shares of EGL common stock, and which we sometimes refer to as the Required Vote, is required to approve the merger agreement. Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the shares of EGL common stock present in person or by proxy and entitled to vote. 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 eight nominees who receive the highest number of properly executed FOR votes from the holders of EGL common stock will be elected as directors.

In order for your shares of EGL common stock to be included in the vote, you must submit your proxy and vote your shares by returning the enclosed proxy, marked, signed and dated, in the postage prepaid envelope provided, or by telephone, as indicated on the proxy card, or you may vote in person at the annual meeting.

**Voting of Proxies**

All shares of EGL common stock that are entitled to vote and are represented at the annual meeting by properly-executed proxies received prior to or at the meeting, and not revoked, will be voted in accordance with the instructions indicated on the proxies. If no instructions are indicated on your properly-executed and returned proxy, such proxy will be voted FOR approval of the merger agreement, FOR the adjournment proposal and FOR the election of the director nominees. You may also submit your proxy by telephone by following the instructions on the enclosed proxy card.

If you hold your shares through a broker, bank or other nominee, you should follow the separate voting instructions, if any, provided by the broker, bank or other nominee with the proxy statement. Your broker, bank or nominee may provide proxy submission through the Internet or by telephone. Please contact your broker, bank or nominee to determine how to vote.

The EGL board does not know of any matters other than those described in the notice of the annual meeting that are expected to come before the annual meeting. However, if any other matters are properly presented at the annual meeting for consideration, the persons named in the proxy card and acting thereunder generally will have discretion to vote on such matters in accordance with their best judgment unless authority is specifically withheld.

**Revocation of Proxies**

You may revoke any proxy given pursuant to this solicitation at any time before it is voted, subject to the limitations described below. Proxies may be revoked by:

- filing with the secretary of EGL, at or before the taking of the vote at the annual meeting, a written notice of revocation bearing a date later than the proxy to be revoked;
- duly executing a later-dated proxy relating to the same shares and delivering it to the secretary of EGL before the taking of the vote at the annual meeting or submitting a later-dated proxy using the telephone voting procedures so long as you do so before the deadline of 11:59 p.m., Central time, on , 2007; or
- attending the annual meeting and voting in person, although attendance at the annual meeting will not by itself constitute a revocation of a proxy.

You should send any written notice of revocation or subsequent proxy to EGL, Inc., 15350 Vickery Drive, Houston, Texas 77032, Attention: Secretary, or hand deliver it to the secretary of EGL at or before the taking of the vote at the annual meeting.

If your shares of EGL common stock are held through a broker, bank or other nominee, you should follow the instructions of your broker, bank or nominee regarding the revocation of proxies. If your broker, bank or nominee allows you to submit a proxy by telephone or the Internet, you may be able to change your vote by submitting a proxy again by telephone or the Internet.

**Solicitation of Proxies; Expenses**

In connection with the annual meeting, proxies are being solicited by, and on behalf of, the EGL board. EGL will bear the cost of soliciting proxies from its shareholders. In addition to solicitation by mail, proxies may be solicited from EGL shareholders by directors, officers and employees of EGL in person or by telephone, facsimile or other means of communication. These directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses in connection with the solicitation. In addition, EGL has retained Georgeson Inc., a proxy solicitation firm, to assist EGL in the solicitation of proxies from shareholders for the annual meeting for a fee of $12,500, a nominal fee per shareholder contact and reimbursement of reasonable out-of-pocket expenses. Arrangements will be made with brokerage houses, custodians, nominees and fiduciaries for the forwarding of proxy solicitation materials to beneficial owners of EGL common stock, and EGL will reimburse them for their reasonable expenses incurred in forwarding these materials.

**Please do not send any certificates representing shares of EGL common stock with your proxy card. If the merger is completed, the procedure for the exchange of certificates representing shares of EGL common stock will be as described in this proxy statement. See The Merger Agreement Payment for EGL Common Stock in the Merger.**

The list of EGL shareholders entitled to vote at the annual meeting will be available for inspection at EGL s principal executive office beginning two days after the notice of the annual meeting is given and continuing through the meeting.

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# THE MERGER

## Background of the Merger

EGL s board of directors regularly evaluates strategic alternatives to enhance shareholder value. In the summer of 2005, the board of directors considered various alternatives, including a dividend program, a share repurchase, and the solicitation of private equity interest in a leveraged buyout. On August 29, 2005, the board authorized a modified Dutch auction self-tender offer under which EGL purchased an aggregate of 8,085,958 shares at a price of $26 per share in October 2005.

Also during the summer of 2005, Mr. Crane explored the possibility of a leveraged buyout and had discussions with various potential financing sources and investment banks, but he ultimately decided not to pursue such a transaction after determining that the amount of debt that EGL would have to incur would be too risky and that the requirements imposed by potential equity partners were too significant.

Beginning in September of 2006, Mr. Crane initiated discussions with several private equity and investment banking firms, including Bank of America Investment Bank, which we refer to as Bank of America Investment, to discuss potential alternatives, including a stock repurchase or potential management-led leveraged buyout.

On November 3, 2006, Mr. Crane met with the representatives of two different private equity firms, one of which was General Atlantic LLC, which we refer to as General Atlantic, to discuss the possibility of their participation as an equity financing source in a management-led buyout for EGL. General Atlantic expressed interest in pursuing such a transaction, and following this meeting, presented Mr. Crane with a preliminary proposal describing the terms on which it would be willing to provide equity financing for the transaction. Also following these meetings, Mr. Crane began to have high level discussions with potential debt financing sources for a leveraged buyout transaction and retained Weil, Gotshal & Manges LLP, which we refer to as Weil Gotshal, to provide legal advice regarding a potential going private transaction.

At a regularly scheduled meeting of the board of directors on November 13, 2006, the board spent a portion of the meeting discussing with an investment banking firm certain strategic alternatives to enhance shareholder value, including sale transactions including a leveraged buyout transaction, a Dutch auction share repurchase and maintaining the status quo. These discussions were based solely on publicly-available information. Mr. Crane indicated to the board that he was evaluating the potential of pursuing a management buyout presenting an offer to EGL in the near future. Various board members commented that if Mr. Crane put EGL in play, the process could result in EGL consummating a transaction with a strategic or financial buyer other than Mr. Crane. The board took no action at the meeting with respect to the strategic alternatives that were discussed.

During the period following the November 13, 2006 board meeting, Mr. Crane explored the possibility of a management buyout. Confidentiality agreements were executed at various times with several potential sources of debt and equity financing for a management-led leveraged buyout, including General Atlantic as an equity financing source, Banc of America Securities LLC, which we refer to as Banc of America, and Goldman Sachs Credit Partners L.P., which we refer to as Goldman Sachs, as debt financing sources. Following their execution of confidentiality agreements, due diligence sessions were held with each of the parties, and such parties were given preliminary confidential information regarding EGL, including the five-year projections for EGL prepared by EGL s management.

During late November and early December 2006, Mr. Crane had meetings with several potential debt and equity sources regarding the terms and conditions of a potential leveraged buyout transaction. On December 1, 2006, Mr. Crane had a meeting with representatives of General Atlantic, Banc of America and Goldman Sachs to discuss a management-led buyout and the potential terms of the equity and debt financing for such a transaction.

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On December 12, 2006, Mr. Crane initiated discussions with Merrill Lynch, Pierce, Fenner & Smith Incorporated, which we refer to as Merrill Lynch, which was subsequently retained as Mr. Crane s financial advisor.

Following this evaluation and negotiation, on or about December 22, 2006, Mr. Crane decided to explore further the possibility of a transaction in which General Atlantic would provide the equity financing and to end his discussions with other potential equity financing sources. From December 22, 2006 to December 28, 2006, General Atlantic and the potential debt financing sources for the transaction, which included Banc of America, Goldman Sachs and Merrill Lynch, conducted additional due diligence, which included review of material placed in an on-line data room formed on December 22, 2006, and interviews with certain members of EGL s accounting and legal departments.

Mr. Crane called a telephonic meeting of the board of directors for December 26, 2006, at which time he informed them of his definite interest in pursuing a leveraged buyout transaction, and that he was close to being in a position to make a proposal to acquire EGL. Frank Hevrdejs, an EGL director and a founder and principal of The Sterling Group, L.P., which we refer to as Sterling, told the board that Mr. Crane had asked him for input and analysis regarding his proposal, and that Sterling was considering participating in Mr. Crane s proposal. The board then discussed the formation of a special committee. The board formed the committee and appointed Milton Carroll (Chair), James Flagg, Michael Jhin and Sherman Wolff to serve on the committee. The board delegated to the special committee the power and authority to, among other things, determine whether a possible transaction between EGL and a buyout group led by Mr. Crane was fair to, and in the best interests of, EGL s shareholders, and to recommend to the full board what action, if any, should be taken with respect to such proposed transaction. The board resolved not to recommend a proposal without a prior favorable recommendation of the proposal from the special committee. The special committee was also empowered to retain any and all independent advisors (including financial and legal advisors) as it deemed necessary or appropriate to discharge its duties.

Following its formation, the special committee considered the retention of advisors. The special committee interviewed several potential legal advisors. After deliberation, on December 29, 2006 the special committee engaged Andrews Kurth LLP, which we refer to as Andrews Kurth, as counsel. Following its engagement, Andrews Kurth reviewed with the special committee its fiduciary duties and the directors responsibilities in connection with a proposed company buyout. Also on that date, Baker Botts, counsel to EGL, Weil Gotshal, counsel to Mr. Crane, and Andrews Kurth had a telephone conference to discuss process, timing and other legal issues to be addressed in the event that Mr. Crane and his equity sponsors were able to put forth a proposal.

On January 2, 2007, Mr. Crane delivered a letter to the board of directors of EGL setting forth his proposal, together with General Atlantic, to acquire all of the outstanding common stock of EGL at a price of $36 per share. The letter indicated that Mr. Crane would continue as Chairman and CEO of EGL following the proposed transaction and that he and other members of senior management of EGL would participate in the transaction by making a significant equity investment. The letter outlined the equity and debt financing for the transaction and indicated that Banc of America, Goldman Sachs and Merrill Lynch had delivered letters to General Atlantic and Mr. Crane indicating that each was highly confident that it could arrange its portion of the $1.125 billion of debt financing required for the proposed transaction. Mr. Crane s letter also conveyed the expectation that a special committee of independent directors would review and consider the proposal. The letter made clear that the transaction was subject to execution of definitive documentation, recommendation by the special committee and approval of the board of EGL, and that no binding obligation on the part of EGL, Mr. Crane or General Atlantic would arise with respect to such proposal until such documentation and approval were obtained. That day EGL issued a press release announcing the proposal and the formation of the special committee.

On January 3, 2007, the first of several lawsuits challenging the initial Crane group s proposed acquisition and related matters was commenced. For more information regarding these lawsuits and subsequent lawsuits relating to other aspects of the merger, please see The Merger Litigation Related to the Merger.

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From December 31, 2006 to January 5, 2007, the special committee interviewed Deutsche Bank Securities Inc., or Deutsche Bank, and one other potential financial advisor and held discussions with a number of other potential financial advisors. After consideration of the relative experience of the potential financial advisors in transactions similar to those the special committee would likely engage in and their experience in EGL s industry, the special committee engaged Deutsche Bank as its financial advisor to evaluate the proposal by the initial Crane group and to advise the special committee on such other matters, including the potential solicitation of interest in EGL from third parties, as the special committee determined appropriate.

On January 9, 2007, the board met. Mr. Crane did not attend this meeting because of his interests in the transactions to be discussed, and Mr. Hevrdejs excused himself from the meeting when the board began to discuss the role of the special committee. Representatives of Andrews Kurth and Deutsche Bank attended a portion of the meeting and discussed the expected process of the special committee. At the meeting, the board expanded the authority of the special committee to consider, in addition to the initial Crane group s bid, other strategic alternatives, and authorized the payment of a fee to each member of the special committee for the additional services that would be required. The chairman of the governance committee, and the chairman of the compensation committee, both independent directors who were not serving on the special committee, made the recommendation that the fees should be $75,000 for the chairman and $25,000 for each other member, in each case for the initial three months service. on the special committee commencing on December 26.

On January 12, 2007, Weil Gotshal, on behalf of the initial Crane group, submitted a draft merger agreement to the special committee.

On January 16, 2007, the special committee and its advisors met with the initial Crane group and its advisors to discuss their proposal. During the meeting, the special committee and its advisors informed Mr. Crane and his advisors that the special committee would need to conduct a market check process to solicit interest from third parties for the sale of EGL in order to be in a position to evaluate the proposal from the initial Crane group.

On February 1, 2007, Andrews Kurth advised Weil Gotshal that the special committee had determined that, given the ongoing market check process, it was premature at that time to begin negotiating the draft merger agreement that Weil Gotshal had submitted.

On February 6, 2007, General Atlantic notified the special committee that, in light of the information provided to it related to the financial performance of EGL for the fourth quarter of 2006, General Atlantic had withdrawn as equity sponsor of the initial Crane group s proposal.

On February 7, 2007, EGL issued a press release announcing the withdrawal by General Atlantic. The press release also stated that EGL s fourth quarter results would be negatively impacted due to a decline in revenue per shipment at EGL s domestic freight forwarding division. The press release further stated that Mr. Crane had informed the special committee that he intended to pursue one or more alternative equity sources to replace General Atlantic and that he intended to present a revised proposal to the board reflecting any such new equity commitments.

While EGL was continuing to prepare its financial statements for the year ended December 31, 2006, the special committee and its advisors continued to solicit indications of interest from selected potential strategic and financial bidders. During the course of the market check, Deutsche Bank contacted, or was contacted by, 19 potentially interested parties, including both private equity funds and operating companies engaged in freight forwarding and transportation logistics. Such operating companies included direct and indirect competitors of EGL. Among other matters, the special committee and its advisors prepared a confidential information memorandum regarding EGL and a form of confidentiality agreement for prospective bidders to enter into before receiving confidential information about EGL. Apollo Management VI, LP, which we refer to as Apollo, executed a confidentiality agreement on

January 23, 2007.

The special committee and its advisors also established a virtual data room containing information, including confidential information, that would be available to prospective bidders who signed a confidentiality agreement. The special committee, after consultation with its advisors, concluded that the date on which bidders would be asked to submit indications of interest should be after EGL released its fourth quarter and full-year 2006 financial statements, given the uncertainty among prospective bidders as to their evaluations of EGL prior to their having access to EGL s year-end 2006 financial statements.

On February 12, 2007, EGL announced that, prior to the withdrawal of General Atlantic s financial support for the initial Crane group s proposal, Deutsche Bank had commenced a market check process. The special committee further stated that, although it had not reached any conclusion as to whether a sale or any other strategic alternative should be pursued, the special committee and its advisors would continue the process of investigating strategic alternatives available to EGL, whether or not Mr. Crane terminated his prior proposal or found another equity sponsor to replace General Atlantic.

As the market check process continued, on February 16, 2007, the special committee received a letter from Apollo expressing its interest in pursuing an acquisition of EGL and its confidence that, subsequent to completing due diligence, Apollo would be able to provide a superior proposal to EGL s shareholders relative to the $36 per share proposal of the initial Crane group.

On February 20, 2007, the board met and received updated information regarding Mr. Crane s plans in view of the recent withdrawal by General Atlantic as an equity investor in the initial Crane group and the process being conducted by the special committee in reviewing strategic alternatives.

On February 25, 2007, Weil Gotshal contacted Andrews Kurth to communicate that Mr. Crane was working with new potential equity sponsors to present an acquisition proposal to EGL, but that the equity sponsors were concerned about the length of time involved in the market check process. Weil Gotshal inquired whether the special committee would consider entering into a binding agreement that contained a go shop provision by the next day. Andrews Kurth advised Weil Gotshal that the special committee would not be able to respond that in that time frame. Later that evening, Weil Gotshal sent a revised draft merger agreement to the special committee that contained a go shop provision. The go shop provision allowed for a period during which, following the execution of the merger agreement with the Crane group, EGL would be entitled to solicit other acquisition offers, and contemplated a reduced termination fee in the event of a termination of the agreement during the initial go shop period.

On February 26, 2007, the special committee met with its advisors to discuss a draft term sheet for a revised proposal that it had received that day from Mr. Crane, together with certain members of senior management of EGL, supported by equity financing from The Woodbridge Company Limited and Centerbridge Partners, LP. We refer to this group as the second Crane group or the Crane group. The February 26, 2007 proposal from the Crane group contemplated a $36 per share price and included a 20-day go shop period. The draft term sheet provided for entering into a binding merger agreement within one business day.

On February 27, 2007, the special committee reconvened and agreed on a response to the Crane group s draft term sheet. Mr. Carroll communicated the response to Mr. Crane, stating, among other things, that the special committee and its advisors were conducting a market check process that had not yet been concluded to evaluate third party interest in acquiring EGL, and that in any event no understanding could be reached with the Crane group on its draft term sheet or any revised terms that might be acceptable to the special committee within the time frame contemplated by the Crane group.

Also on February 27, 2007, Deutsche Bank distributed to potential bidders, including Apollo, a process letter describing bidding procedures and instructing bidders to provide non-binding indications of interest by 5:00 p.m. New York time on March 14, 2007.

After the market closed on February 27, 2007, EGL issued a press release disclosing its fourth quarter and full-year 2006 earnings.

Before the market opened on February 28, 2007, the new Crane group publicly announced its proposal to acquire the outstanding common stock of EGL not owned by the Rollover Investors for $36 per share. The Crane group thereafter filed an amended Schedule 13D with the SEC disclosing its proposal.

Thereafter, the special committee and its advisors continued to have discussions with the Crane group and its advisors regarding its proposal. Among other matters, Andrews Kurth and Weil Gotshal discussed certain aspects of the draft form of merger agreement previously submitted by Weil Gotshal, including provisions

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regarding termination of the agreement and the special committee s and EGL s ability to receive and respond to acquisition proposals from parties other than the Crane group.

On March 2, 2007, and again on March 7, 2007, a representative of Deutsche Bank met with a representative of Apollo to discuss Apollo s interest in the transaction, the expected timing of indications of interest, the status of the Crane group s current proposal, and other matters relevant to Apollo s interest in EGL.

On March 6, 2007, representatives of Deutsche Bank met with representatives of Merrill Lynch, financial advisor to the Crane group. At the meeting, Deutsche Bank discussed with Merrill Lynch the structure of the Crane group s proposal, the conditions on the Crane group s financing arrangements and the Crane group s perspective on the valuation of its $36 per share proposal.

The special committee met on March 6, 2007 to discuss the status of Deutsche Bank s market check process and its further discussions with the Crane group aimed at improving the Crane group s proposal. Among other matters, Deutsche Bank advised the special committee that, of the parties contacted, four prospective bidders had executed confidentiality agreements and received copies of EGL s confidential information memorandum. Deutsche Bank further reported on the level of interest expressed by the prospective bidders, as well as of the level of activity by each prospective bidder in reviewing materials in the data room.

Also at the March 6 meeting, Deutsche Bank led a discussion of various analyses it had performed, based on EGL s financial results for 2006, in connection with its review of possible trading ranges for EGL s common stock. Deutsche Bank noted that its analyses were preliminary and subject to revision, and did not constitute an opinion. After further discussion with its advisors, the special committee concluded that Deutsche Bank should continue its marketing efforts with prospective bidders, and that at the same time the special committee and its advisors should continue to work with the Crane group to improve its proposal. The special committee and its advisors discussed statements made by representatives of the Crane group to the effect that the special committee should expedite its market check process, since there could be no assurance that all financial sponsors backing the Crane group s proposal would continue to be willing to provide binding financing commitments for an indeterminate period. Given the special committee s concern that the Crane group might be willing to execute binding acquisition agreements only within a limited time frame, the special committee instructed Deutsche Bank to communicate to each prospective bidder that it move as promptly as possible to submit its indication of interest. Accordingly, Deutsche Bank had discussions with Apollo and certain other parties about their level of interest and potential timing for submission of an indication of interest.

On March 7, 2007, Deutsche Bank received a letter from Apollo stating that Apollo expected to submit a written proposal to acquire EGL at a cash price in excess of the $36 price reflected in the Crane group s proposal prior to the March 14 bid deadline.

The special committee met on March 9, 2007 and determined that the $36 price reflected in the Crane group s proposal was not compelling and that the special committee would communicate that to the Crane group.

On March 12, 2007, Apollo submitted a written indication of interest to acquire all outstanding shares of EGL for $38 per share in cash. Apollo s bid included a summary of open due diligence items and its further information requests in connection with completion of its confirmatory due diligence.

Shortly after the previously-announced 5:00 p.m. deadline on March 14, 2007 for submitting indications of interest pursuant to EGL s market check process, the special committee met. Deutsche Bank discussed the results of its marketing efforts and further discussions with representatives of the Crane group and Apollo. Deutsche Bank reported that of the four potential bidders who had conducted a review of material in the data room and had further discussions with Deutsche Bank, only Apollo had submitted an indication of interest, the March 12 proposal of $38 per share. The special committee, along with its advisors, considered a variety of issues related to Apollo s indication of interest and the current status of negotiations with the Crane group and its sponsors. Deutsche Bank reported that it had previously informed representatives of Merrill Lynch, financial advisor to the Crane group, that in the special committee s view the Crane group s $36 per share proposal was not a compelling proposal. Mr. Carroll reported to the special committee that he had also informed Mr. Crane that in the special committee s view the Crane group s current proposal was not compelling.

Taking into account the relative merger consideration of the Crane group s and Apollo s proposals, the special committee concluded that it should provide for an additional period of time to allow each of the Crane Group and Apollo, together with their financing sources and advisors, as appropriate, to conduct certain expedited confirmatory diligence in order to submit a best and final proposal.

On March 15, 2007, Deutsche Bank, on behalf of the special committee, sent a second process letter via e-mail to representatives of Apollo and the Crane group, informing Apollo and the Crane group that their best and final proposals, along with binding acquisition agreements and financing commitments, were to be submitted to Deutsche Bank by March 26, 2007. The letter specified that the special committee reserved the right, however, to modify or terminate the process without notice in its discretion.

Within an hour of Deutsche Bank sending the second process letter, a representative of Centerbridge called Deutsche Bank and requested an immediate meeting. At this meeting, held the same day at Deutsche Bank s office in New York, representatives of Centerbridge informed Deutsche Bank that the Crane group, including its financial sponsors, would increase their bid to $38 per share cash consideration for shareholders other than the Rollover Investors. Centerbridge further stated that because the Crane group s definitive proposal had already been outstanding for over two weeks without the protection of a contract containing a termination fee, the improved offer was conditioned on immediate action by the special committee with the expectation of a signed definitive agreement prior to the open of market trading the following day, March 16. Further, unless the special committee was prepared to move forward on such basis, Centerbridge would withdraw its support from the Crane group and would publicly announce on March 16 that it was terminating its support of the Crane group s proposal.

Later on March 15, Deutsche Bank reported the conversations it had had with Centerbridge to the special committee. Deutsche Bank also reviewed the status of discussions that it had had with Apollo, including Apollo s stated indication of a willingness to consider improving its offer beyond $38 per share, conditioned on receiving additional information from EGL in a manner that would permit it to improve and finalize its bid on a timely basis.

The special committee reconvened during the evening of March 15, 2007. In consultation with its advisors, the special committee continued its analysis of the relative likelihood of finalizing an acquisition agreement and completing a transaction with the Crane group or Apollo, in either case at a price equal to or in excess of $38 per share. After further consideration of its alternatives, the special committee concluded that it should communicate to Apollo that its proposal of $38 per share was not a compelling proposal because of its conditionality. The special committee also concluded that it should continue discussions with the Crane group with a view toward finalizing a definitive merger agreement, backed by binding commitments of financial sponsors, at a price of at least $38 per share. The special committee concluded that, assuming a termination fee could be negotiated with the Crane group in an amount that would not inhibit Apollo from continuing its efforts to acquire EGL at a higher price, if in fact Apollo was committed to going forward, it would be in the best interests of EGL and its shareholders to secure a binding merger agreement with the Crane group, backed by binding financial commitments from its sponsors and lenders, rather than risk a possible withdrawal of the Crane group s proposal with no binding commitment on the part of Apollo to acquire EGL, at $38 per share or any other price.

After the special committee call on March 15, Deutsche Bank called a representative of Apollo, informing Apollo that its current proposal was not compelling, and suggested that if Apollo wanted to continue its interest it would be necessary to revise its proposal and do so as soon as possible. In addition, Deutsche Bank had conversations with advisors to the Crane group indicating that, while the special committee was considering the revised proposal from the Crane group, it was not prepared to act on the timetable indicated by the Centerbridge revised proposal.

On the evening of March 15, Mr. Carroll, on behalf of the special committee, called Mr. Crane to discuss the proposal received from Centerbridge, and discussed, among other things, the timing for any potential agreement and the price the Crane group was prepared to pay. Mr. Crane, on behalf of the Crane group, indicated that $38 per share was its best and final proposal.

On March 16, 2007, the special committee received a letter from Apollo indicating, among other issues, that it could potentially increase its proposed price, subject to the completion of customary due diligence. Apollo expressed concerns regarding the bidding process and its access to EGL s management and additional confidential information. Apollo s March 16 letter did not specify what price, if any, in excess of $38 per share it would propose.

In the afternoon of March 16, Deutsche Bank spoke with a representative of Apollo and discussed the elements of the letter received from Apollo earlier in the day. Deutsche Bank pointed out that the letter did not include a revised price and indicated that the special committee would need a revised proposal from Apollo in order to give serious consideration to any Apollo proposal. Apollo indicated that it would not revise its price based on the information that it had received to date, but that it would consider revising its price if it would be allowed to conduct due diligence consistent with its written due diligence request lists.

On March 16 and 17, 2007, the special committee and its advisors continued to negotiate with the Crane group and its advisors to finalize a definitive merger agreement and binding commitment letters for the Crane group s sponsors to provide financing in support of the Crane group s proposal. On March 17, representatives of Deutsche Bank spoke by telephone with representatives of Centerbridge regarding open business issues. A principal open issue discussed was the Crane group s provision in the definitive agreement for a termination fee of $48 million in the event of a termination of the definitive agreement under certain circumstances involving a competing offer from a third party. Deutsche Bank indicated that it believed that the special committee was not prepared to endorse a $48 million termination fee. Deutsche Bank further emphasized that if resolution on this issue could not be reached, consideration of the Crane group s definitive proposal would likely be delayed.

During the morning of Sunday, March 18, 2007, Andrews Kurth contacted Weil Gotshal and said that the special committee could not agree to a termination fee in excess of $30 million, but that all remaining issues with regard to the Crane group s proposal and its definitive merger agreement and ancillary documents had been resolved. After consulting with the Crane group, Weil Gotshal reported to Andrews Kurth that $30 million would be acceptable for the termination fee. The special committee met on the afternoon of March 18, 2007 to discuss the status of the merger agreement and related agreements and the resolution of certain open issues, including the termination fee. Deutsche Bank reported its most recent discussions with representatives of Apollo, in particular their response that Apollo would not revise its proposal unless it had access to the further information it had requested. In addition, Deutsche Bank informed the special committee that it had received a phone call on the morning of March 18 from a representative of Apollo requesting a meeting early in the week of March 19, to include legal counsel, bankers and principals, to discuss a comprehensive schedule for completion of the required Apollo due diligence.

The special committee received advice from its legal counsel on applicable fiduciary duties, and reviewed a final revised draft of the merger agreement in substantially the form that had been distributed to the special committee members the day before the meeting. The special committee also reviewed updated written evaluation materials prepared by Deutsche Bank relating to the Crane group s $38 per share proposal. At the special committee s request, Deutsche Bank delivered its oral opinion that, as of the date of the meeting, and based upon and subject to the assumptions made, matters considered and limits of review set forth in its written opinion, the proposed merger consideration of $38 per share was fair, from a financial point of view, to the shareholders of EGL other than the Rollover Investors. Following its presentation, Deutsche Bank subsequently confirmed in writing its oral opinion.

The special committee then discussed the relative benefits to EGL s shareholders in entering into a binding merger agreement with the Crane group at a price of $38 per share and a termination fee in the amount of $30 million in connection with a termination of the merger agreement under certain circumstances involving a competing offer from a third party. The special committee compared the Crane group s binding offer, supported by financing commitments, against the potential of Apollo acquiring EGL at an unspecified higher price after completion of its due diligence and, in the meantime, the risk of the Crane group losing one or more of its financing sources if an agreement was delayed. After such discussion, the special committee resolved, by unanimous vote, that the merger agreement, which we refer to as the Talon merger agreement, and the transactions contemplated thereby, including the merger with Talon Acquisition Co., which we refer to as the Talon merger, were advisable, fair to and in the best interest of EGL and its shareholders other than the Rollover Investors and further:

approved the Talon merger agreement and the transactions contemplated thereby;

recommended to the board that EGL enter into the Talon merger and consummate the transactions contemplated by the Talon merger agreement on the terms and conditions set forth in the agreement;

recommended that EGL shareholders approve the Talon merger agreement; and

recommended that the board adopt and approve all enabling resolutions adopted by the special committee, including resolutions to amend EGL s shareholder rights plan to exempt an acquisition transaction with the Crane group from triggering the rights issued pursuant to the plan and exempting the Talon merger from the anti-combination provisions of the Texas business combinations statute.

Following the special committee s meeting, later on the afternoon of March 18, 2007, the board convened a meeting. Mr. Hevrdejs advised the board that he was considering participating in the proposed merger as a member of the Crane group and would not participate in deliberations or vote in respect of the proposed Talon merger. Mr. Hevrdejs and Mr. Crane recused themselves and left the meeting. The special committee informed the board of its recommendations and the factors that it had considered in reaching its conclusions to recommend the Talon merger to the board. The special committee s legal counsel discussed applicable fiduciary duties of directors, and reviewed with the board the terms of the Talon merger agreement. Deutsche Bank presented to the board its written financial analysis of the proposed transaction and answered questions posed by members of EGL s board. Deutsche Bank again delivered its oral opinion that, as of the date of the meeting, and based upon and subject to the assumptions made, matters considered and limits of review set forth in its written opinion, the proposed merger consideration of $38 per share was fair, from a financial point of view, to the shareholders of EGL other than the Rollover Investors. In addition to discussing the special committee s evaluation of the relative benefits of the Crane group s definitive offer and Apollo s conditional interest, the board also considered the apparent lack of interest by any other parties in a bidding process. Following deliberations, the board, with Mr. Hevrdejs and Mr. Crane absent, unanimously adopted the recommendation of the special committee, based upon the view of the board as to the reasonableness of such recommendation and the factors considered by the special committee in arriving at such recommendation, and approved (i) the execution of the Talon merger agreement, (ii) the recommendation that EGL shareholders approve the Talon merger agreement, and (iii) the amendment to the shareholder rights plan and exempting the Talon merger from the anti-combination provisions of the Texas business combinations statute.

The board of directors meeting concluded at approximately 6:30 p.m. At approximately 10:30 p.m., EDT, Apollo sent a letter via e-mail to representatives of Andrews Kurth and Deutsche Bank stating, among other matters, its concerns about a possible merger agreement being signed between EGL and the Crane group the following day, and stating that Apollo would be willing to pay $40 per share as merger consideration subject to completion of customary confirmatory due diligence. Apollo did not provide commitments for its financing.

Prior to the opening of financial markets on March 19, 2007, EGL issued a press release announcing the signing of the merger agreement. Shortly thereafter, the special committee received a letter from Apollo criticizing EGL s actions in entering into the merger agreement with the Crane group, but confirming that, subject to completion of confirmatory due diligence, Apollo remained willing to acquire EGL at a price of $40.

The special committee met on March 19, 2007 and discussed with its advisors the terms of Apollo s most recent proposal. The special committee determined that Apollo s proposal was one that the special committee could respond to pursuant to EGL s merger agreement, and notified the Crane group of its determination. Thereafter, the special committee and its advisors commenced discussions with Apollo and its advisors in an effort to expedite Apollo s completion of its confirmatory due diligence, with a view toward obtaining a superior proposal from Apollo. On March 22, 2007, the board reinforced with senior management of EGL its previous view that EGL should share with Apollo all information that had been furnished to the Crane group and otherwise fully cooperate with due diligence efforts. In that regard, on March 23, 2007, Apollo met with certain management employees of EGL at EGL s offices and received additional diligence materials and presentations from some members of management.

On March 27, 2007, Apollo sent the special committee a written proposal stating that Apollo would be willing to pay $41 per share for EGL upon completion of satisfactory due diligence and assuming that no termination fee would be payable in connection with Apollo s acquisition of EGL. That same day, Apollo filed a lawsuit in state court in Harris County, Texas against EGL and its directors alleging, among other matters, breaches of fiduciary duty by the directors in connection with the merger agreement and related transactions, and that the process leading to the Talon merger agreement was flawed and failed to maximize value for EGL s shareholders. The special committee notified the Crane group of the change in Apollo s proposal.

The special committee and its advisors continued to discuss with Apollo and its representatives the logistics of getting them the additional information they requested and arranging further meetings with EGL s executives. The special committee instructed EGL management to cooperate fully with Apollo in conducting its due diligence.

Thereafter, and in particular during the weeks of April 9 and April 16, 2007, the special committee and its advisors, and EGL, responded to various information requests for due diligence from Apollo and its advisors and financing sources. In addition, representatives of Apollo and members of EGL management met on several occasions to discuss the current and prospective operations of the business. Such meetings included substantially all of the executive management of EGL other than Mr. Crane. In conversations and telephone calls during that period between Mr. Carroll and representatives of Apollo, or Deutsche Bank and representatives of Apollo, Apollo reconfirmed its interest in submitting a definitive proposal to acquire EGL, subject to completion of its due diligence. During the week of April 23, Apollo advised Deutsche Bank that its due diligence review was substantially complete. Deutsche Bank and a representative of Apollo then spoke about Apollo s expected timing for submission of a definitive proposal. On April 24, 2007, Apollo s legal counsel delivered a draft form of merger agreement to the special committee s advisors, which agreement was negotiated by the special committee, Apollo, Andrews Kurth and Wachtell, Lipton, Rosen & Katz, Apollo s counsel, over the course of the following two weeks.

Apollo presented the special committee with its first fully financed definitive proposal without a due diligence condition on May 2, 2007. The Apollo offer was structured as a merger of EGL with a subsidiary of CEVA, one of Apollo s portfolio companies, and specified a cash merger price of $43 per share. The offer included a substantially agreed form of merger agreement. The offer also was accompanied by financing commitments supporting the offer. The CEVA merger agreement was on terms substantially similar to the Talon merger agreement, except that it included a mutual non-disparagement provision requiring that neither EGL nor CEVA could make public statements adverse to each other, and would take steps to ensure that their respective officers would comply with this provision; it required EGL to institute a compensation plan designed to retain the services of certain of EGL s key employees following completion of the merger; and it provided for the establishment of an operating committee comprised of EGL senior management to review EGL s operations between the signing and closing of the CEVA merger agreement.

On May 6, 2007, the special committee met and, after reviewing with its advisors the terms of the proposed CEVA merger agreement, determined that CEVA s $43 per share offer constituted a superior proposal as defined in the Talon merger agreement. As required by the Talon merger agreement, the special committee advised the Crane group of its determination, that it was available to discuss and negotiate any revised proposal that the Crane group wished to make during the period provided by the merger agreement, and that EGL would be permitted to terminate the Talon merger agreement and enter into a merger agreement with CEVA from and after the close of business on May 11, 2007 if CEVA s offer remained a superior proposal.

On May 10, 2007, Apollo, on behalf of CEVA, sent a letter to Mr. Carroll indicating, among other matters, Apollo s concern that a revised bid by the Crane group prior to the end of the notice period might contain conditions that would frustrate Apollo s ability to make a revised proposal, or otherwise increase the costs to Apollo, by requiring a higher termination fee payable to the Crane group. Apollo indicated, among other things, that CEVA would not seek a termination fee higher than the $30 million fee previously agreed to in the Talon merger agreement and would respond within 24 hours to any new proposal from the Crane group.

On May 11, 2007, the special committee received a revised offer from the Crane group providing for cash consideration in the amount of $45 per share to all shareholders other than the Rollover Investors. The revised offer further proposed certain other changes in the Talon merger agreement, including an increase in the termination fee from $30 million to $55 million and certain other changes to conform specific terms to the terms contained in Apollo s proposed form of merger agreement. The Crane group s revised offer was accompanied by financing commitments supporting the revised offer.

Following receipt of the revised Crane group offer at $45 per share on May 11, 2007, a representative of Deutsche Bank called a representative of Apollo and indicated that the special committee had not made a determination as to CEVA s latest offer, but that it was Deutsche Bank s view was that CEVA s current $43 per share proposal was no longer a superior proposal.

On May 12, 2007, the special committee received a revised offer from Apollo, on behalf of CEVA, increasing the cash consideration payable to EGL s shareholders to $46 per share and including financing commitments supporting the revised offer. The proposal did not otherwise change the terms of Apollo s previous $43 per share offer.

On May 13, 2007, the special committee met and determined that CEVA s revised $46 per share offer constituted a superior proposal as defined in the Talon merger agreement. Thereafter, in accordance with the Talon merger agreement, the special committee notified the Crane group of its determination, and noted that the special committee and EGL would be permitted to terminate the agreement and enter into a merger agreement with CEVA from and after the close of business on May 16, 2007.

On May 16, 2007, Deutsche Bank received a phone call from a representative of Merrill Lynch indicating that Mr. Crane would call Mr. Carroll directly and explain that the Crane group did not intend to submit a revised proposal beyond its $45 offer. Deutsche Bank confirmed with Mr. Carroll that Mr. Crane had determined not to respond to CEVA s superior proposal. Following the discussion with Mr. Carroll, a representative of Deutsche Bank called Apollo and asked whether CEVA intended to make any clarifications or improvements to its $46 offer, economic or otherwise, before the special committee met to make a recommendation to EGL s board. Apollo inquired as to whether the Crane group had submitted a revised proposal, and Deutsche Bank declined to comment on the status of any proposals or revised proposals that may have been received by EGL from the Crane group. Apollo instructed Deutsche Bank that the special committee should consider the CEVA proposal at $46 without further revision to its terms and conditions.

During the evening of May 16, the special committee met and discussed the fact that the Crane group had not submitted a revised proposal, the terms of the current CEVA proposal, and the available options. The committee also reviewed with its advisors provisions of the draft merger agreement that had been negotiated with CEVA, and compared the Talon merger agreement and the draft CEVA merger agreement, as well as the capabilities and likelihood of each of the two groups to consummate a transaction. Deutsche Bank presented evaluation materials to the special committee analyzing CEVA s offer at $46 and offered its oral opinion that, as of the date of the meeting, and based upon and subject to the assumptions made, matters considered and limits of review that would be set forth in its written opinion, the proposed merger consideration of $46 per share was fair, from a financial point of view, to the shareholders of EGL other than any Rollover Investors. The committee determined that the CEVA proposal remained a superior proposal and that it would recommend to the board that it terminate the Talon merger agreement and enter into the CEVA merger agreement.

Following the special committee s meeting, later in the evening of May 16, the board convened a meeting, from which both Mr. Crane and Mr. Hevrdejs promptly recused themselves and left. The special committee informed the board of its recommendations and discussed in detail with the directors who were not members of the committee numerous positive and negative factors about both the CEVA and the Crane group proposals. At the conclusion of the meeting, several directors expressed the desire to have discussions directly with representatives of Apollo concerning the risks between signing and closing of a transaction with CEVA, the likelihood that a CEVA transaction would be consummated, and the potential effects on EGL if such a transaction did not close. As a result, the board determined that it would not take any action that evening but would instead reconvene the next morning.

Following the board meeting, representatives of Andrews Kurth and Deutsche Bank held discussions with representatives of Apollo and CEVA and their advisors and conveyed where the special committee and board were in the process. As a result of those discussions, Apollo on behalf of CEVA sent a letter to the special committee in which it set forth views as to why the likelihood of closing a transaction with CEVA was equal or greater than the likelihood of closing a transaction with the Crane group.

The letter from CEVA was delivered to the special committee and the other directors besides Messrs. Crane and Hevrdejs on May 17, 2007, prior to the commencement of any special committee or board meetings. Over the course of approximately seven hours through the morning and into the afternoon on May 17, the special committee and the board (without participation by Messrs. Crane and Hevrdejs) held a series of meetings, both in executive sessions and with their advisors. Representatives of Apollo and CEVA and their advisors were invited to some of these meetings, and the directors directly engaged them in discussions regarding CEVA s $46 proposal. Mr. Crane was also invited to one of these sessions, and he provided an update on the status of EGL s business, focusing on the possible impact between signing and closing of a transaction with CEVA.

During the morning of May 17, while the directors were meeting, EGL issued a press release approved by the special committee that announced the committee s recommendation of the $46 CEVA proposal and that the board was continuing to evaluate that proposal and recommendation. During the afternoon, Mr. Crane communicated, both orally and in writing, to the special committee that his group was preparing to submit a revised proposal later that day at a price of $46.25 per share. The special committee and board meetings concluded without any actions being taken.

After the close of business on May 17, the special committee received a revised offer from the Crane group, increasing its cash consideration to $46.25 per share and proposing a termination fee of $40 million. Otherwise, the offer remained as in the prior Crane group proposal, and was accompanied by financing commitments in support of the revised offer.

The special committee met on May 18, 2007 and determined that in light of the $46.25 proposal from the Crane group, CEVA s $46 offer was no longer a superior proposal. The chairman of the special committee conveyed this determination to Apollo and inquired as to whether CEVA would be submitting a revised proposal. EGL disclosed in a press release after the close of the market on May 18 that the special committee had received the $46.25 proposal from the Crane group and was continuing to evaluate this revised proposal.

Tentatively on May 18, and more definitively on May 19, 2007, Apollo informed the special committee that CEVA would submit a revised proposal on May 20, 2007.

On May 20, 2007, the special committee received a revised offer from Apollo on behalf of CEVA, increasing the merger cash consideration to EGL s shareholders to $47.50 per share and including financing commitments supporting the revised offer. CEVA also reduced the proposed termination fee payable by EGL from $30 million to $20 million, while at the same time it increased the reverse termination fee CEVA would pay to EGL to $40 million in the event that CEVA failed to secure financing and to $60 million in the event that EGL terminated the CEVA merger agreement due to a willful breach by CEVA. The special committee met that day and determined that Apollo s revised $47.50 per share offer constituted a superior proposal as defined in the Talon merger agreement. Thereafter, in accordance with the Talon merger agreement, the special committee notified the Crane group of its determination, and noted that the special committee and EGL would be permitted to terminate the agreement and enter into a merger agreement with Apollo from and after the close of business on May 23, 2007.

At a regularly-scheduled board meeting on May 21, 2007, after recognizing that the original fees paid to members of the special committee had been for their service through March 27, 2007, the chairman of the governance committee and the chairman of the compensation committee, both independent directors who were not serving on the special committee, made a recommendation to extend payment of the fees for an additional three months. The board authorized the payment of an additional fee to each member of the special committee in the same amount as the board had approved for the first three months of their service: $75,000 for the chairman of the special committee and $25,000 for each other member.

By the close of business on May 23, 2007, the special committee and its advisors had not received any further proposal from the Crane group. Following the close of business, the special committee met to review the status of proposals from both CEVA and the Crane group. Deutsche Bank confirmed that it had received no proposals from the Crane group or its advisors improving on the May 17 offer at $46.25 per share. Deutsche Bank thereupon presented evaluation materials to the special committee analyzing CEVA s offer at $47.50 in cash merger consideration. Following its presentation of evaluation materials, Deutsche Bank offered its oral opinion that, as of May 23, 2007, and based upon and subject to the assumptions made, matters considered and limits of review set forth in its written opinion, the proposed merger consideration of $47.50 per share was fair, from a financial point of view, to the shareholders of EGL other than any Rollover Investors. Following its presentation, Deutsche Bank subsequently confirmed in writing its oral opinion. See Opinion of Deutsche Bank.

The special committee discussed further aspects of CEVA s proposed merger, including terms of the merger agreement. The special committee then reviewed a final revised draft of the CEVA merger agreement, in substantially the form that had been distributed to the special committee members earlier in the week. Among other matters, the special committee noted that while the Crane group was increasing its proposed termination fee from $30 million to $40 million, CEVA was reducing its proposed termination fee from $30 million to $20 million, while at the same time CEVA was increasing the reverse termination fees it would pay to EGL. After further discussion, the special committee resolved, by unanimous vote, that

- the terms of the CEVA merger agreement constituted a superior proposal as defined in the Talon merger agreement;
- the failure of the special committee to withdraw or modify its recommendation in favor of the Talon merger agreement would be inconsistent with the special committee s exercise of its fiduciary duties, and therefore that the recommendation of the Talon merger agreement was withdrawn; and
- the special committee recommended to the board that it should pay the termination fee to Talon and terminate the Talon merger agreement.

The special committee also resolved, by unanimous vote, that the CEVA merger agreement and the transactions contemplated thereby, including the CEVA merger, are advisable, fair to and in the best interest of EGL and its shareholders other than the Rollover Investors and further:

- approved the CEVA merger agreement and the transactions contemplated thereby;
- recommended to the board that EGL enter into the CEVA merger and consummate the transactions contemplated by the CEVA merger agreement on the terms and conditions set forth in the merger agreement;
- recommended that EGL shareholders approve the CEVA merger agreement;
- recommended that the board adopt and approve enabling resolutions adopted by the special committee, including resolutions to amend EGL s shareholders rights plan to exempt an acquisition transaction with CEVA and Apollo from triggering the rights issued pursuant to the plan and exempting the CEVA merger from the anti-combination provisions of the Texas business combinations statute.

Following the special committee s meeting, later in the evening of May 23, 2007, the board convened a meeting. Mr. Crane recused himself and left the meeting, and Mr. Hevrdejs did not attend. The special committee informed the board of its recommendations for the termination of the Talon merger agreement and the approval of the CEVA merger agreement and the factors that it had considered in reaching its conclusions. Deutsche Bank presented to the board its written financial analysis of the proposed transaction with CEVA and answered questions posed by members of EGL s board. Deutsche Bank again delivered its oral opinion that, as of May 23, 2007, and based upon and subject to the assumptions made, matters considered and limits of review set forth in its written opinion, the proposed merger consideration of $47.50 per share was fair, from a financial point of view, to the shareholders of EGL other than any Rollover Investors. Representatives of Apollo and CEVA and their advisors were invited to a portion of the meeting, and the directors directly engaged them in discussions regarding CEVA s proposal. Following deliberations, the board, with Mr. Hevrdejs and Mr. Crane absent, unanimously adopted the recommendations of the special committee, based upon the view of the board as to the reasonableness of such recommendations and the factors considered by the special committee in arriving at such recommendations, and approved (i) the payment of the termination fee and termination of the Talon merger agreement, (ii) the execution of the CEVA merger agreement, (iii) the recommendation that EGL shareholders approve the CEVA merger agreement, and (iv) the amendment to the shareholder rights plan and exempting the merger from the anti-combination provisions of the Texas business combinations statute.

Following the board meeting, the special committee delivered a notice of termination to the Crane group, to be effective upon payment of the $30 million termination fee.

On the morning of May 24, 2007, EGL paid the termination fee of $30 million by wire transfer to Talon, and the Talon merger agreement was terminated. Subsequently, the CEVA merger agreement was executed, and EGL and CEVA issued a joint press release announcing the termination of the Talon merger agreement and the signing of the CEVA merger agreement. Also on May 24, Apollo began the process of dismissing the lawsuit it had filed against EGL and its directors.

**Recommendation of the Special Committee and Board of Directors; Reasons for Recommending Approval of the Merger Agreement**

The special committee unanimously determined that the merger agreement, the merger and the transactions contemplated thereby are advisable, fair to and in the best interests of EGL and its shareholders. The special committee further recommended that the full board of directors approve the merger agreement and the transactions contemplated thereby, including the merger, that EGL enter into the merger agreement, and that EGL shareholders approve the merger agreement. In making its determination and recommendation, the special committee also recommended that the board of directors terminate the prior Talon merger agreement. The special committee considered a number of factors in determining to make its recommendation.

EGL s board of directors, following the special committee s recommendation, terminated the prior merger agreement and caused EGL to pay the $30 million termination fee in accordance with the terms of the Talon merger agreement, and also determined, by unanimous vote of the directors participating in respect of the proposal, that the merger agreement and the proposed merger are advisable, fair to and in the best interests of EGL and its shareholders, and unanimously approved the merger agreement and the merger. EGL s board of directors (other than Messrs. Crane and Hevrdejs, who did not participate in the deliberations or vote due to their involvement in the transactions contemplated by the prior merger agreement) unanimously recommends that EGL s shareholders vote for the approval of the merger agreement.

***Special Committee***

The special committee consists solely of directors who are not officers or employees of EGL, who are independent of and have no economic interest or expectancy of an economic interest in Apollo, CEVA or any of their affiliates, and who do not have an economic interest or expectancy of an economic interest in the Surviving Corporation. The special committee, with the advice and assistance of legal and financial advisors that it selected and retained, evaluated and negotiated the proposals received from both the Crane group and CEVA. The committee held over 20 meetings during the course of nearly five months, with almost all of such meetings being attended by all of the members. In recommending the approval of the merger agreement and the merger to the board of directors, the special committee considered a number of factors that it believed supported its recommendation, including among other things:

- the fact that the merger consideration of $47.50 per share, to all shareholders other than Rollover Investors, represented a substantial premium over the market price of EGL s common stock before the public announcement of the transactions contemplated by the Talon merger agreement, namely, an approximately 60% premium over $29.78, the closing price of EGL stock on December 29, 2006;

the fact that the Talon merger agreement was publicly announced on March 19, 2007, more than two months prior to execution of the CEVA merger agreement, which provided more than sufficient time for interested parties to make unsolicited proposals to acquire EGL at a higher price than the $38 per share price provided in the Talon merger agreement;

the fact that following such public announcement, EGL received three proposals from CEVA and two additional proposals from the Crane group, each at a successively higher price, which resulted in a 25% premium over the $38 per share consideration provided for in the Talon merger agreement;

the fact that the process resulted in CEVA s offer being superior to all other offers, including the final offer from the Crane group;

the marketing efforts conducted on behalf of the special committee to induce potential acquirers to submit proposals to acquire EGL;

the opinion of Deutsche Bank that, as of May 23, 2007, and based upon and subject to the assumptions made, matters considered and limits of review set forth in its written opinion, the proposed merger consideration of $47.50 per share was fair, from a financial point of view, to the shareholders of EGL other than any Rollover Investors, which opinion the special committee considered in its totality;

the financial analyses of Deutsche Bank provided to the special committee in connection with its analysis of acquisition proposals generally and specifically in connection with delivery of its fairness opinion;

the ability of EGL shareholders to obtain significant cash value through the proceeds of the merger as opposed to the continued risk of operating as a stand-alone company, taking into account uncertainties about achieving management s projections and the unpredictability of stock market valuations;

the fact that the merger consideration is all cash, so that the transaction allows EGL shareholders to immediately realize at the closing a fair value in cash for their investment and provides them certainty of value for their shares;

the terms of the merger agreement, including the merger consideration, the ability of EGL and the special committee to consider certain additional proposals and the ability of EGL to terminate the merger agreement and accept a superior acquisition proposal upon payment of a termination fee;

that management s business plan for the period ending December 31, 2012 was inherently subject to a significant level of uncertainty, particularly with respect to the later years of the business plan, and that its projections of earnings growth are based primarily on assumed cost reductions that were not offset by assumed reductions in revenue;

the desire and agreement of CEVA to implement a management retention plan to help ensure a smooth transition of EGL s business as well as to limit disruption during the period between signing and closing of the CEVA merger agreement; and

the nature of the financing commitments received by CEVA with respect to the merger, including the conditions thereto, and the fact that such conditions are substantially similar to the closing conditions in the

CEVA merger agreement.

The special committee also considered the following procedural safeguards intended to protect the interests of EGL s shareholders other than the Rollover Investors:

that the special committee consists solely of directors who are not officers or employees of EGL, and who are independent and have no economic interest or expectancy of an economic interest in Apollo, CEVA or their affiliates, or the Surviving Corporation;

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that the special committee was authorized to make any and all decisions regarding a possible transaction between EGL and the Crane group or any other potential acquirer, subject to final action by the full board;

that the special committee retained and was advised by Andrews Kurth, its legal counsel;

that the special committee retained and was advised by Deutsche Bank, its financial advisor;

that, on behalf of the special committee, Deutsche Bank conducted a market check process to solicit potential proposals to acquire EGL;

that the $47.50 per share merger consideration and other terms and conditions of the merger agreement resulted from arms-length negotiations between the special committee and unaffiliated third parties Apollo and CEVA;

that the merger agreement allows EGL, after paying a relatively small termination fee (approximately 1% of the transaction value) and subject to certain other conditions, to terminate the merger agreement and accept a superior acquisition proposal; and

that Texas law provides EGL shareholders dissenters rights in respect of their shares.

The special committee also considered a variety of risks and other potential negative factors considering the merger, including, among other matters, that:

the risks and costs to EGL if the merger does not close, including the diversion of management and employee attention, potential management and employee attrition and the potential negative effect on EGL s business and relationships with customers and other third parties;

the conditions to CEVA s obligation to complete the merger and the right of CEVA to terminate the merger agreement under certain circumstances, including a material adverse change in EGL s business that may come about as a result of management and employee attrition, the loss of significant customers, or other developments;

the possibility that EGL s business could be negatively affected by departures of important members of management prior to the closing of the merger, due to the strategic nature of CEVA as the acquirer or for other reasons, and whether CEVA s proposed retention plan for certain EGL employees would mitigate this risk;

if the merger is not consummated, EGL may be required to pay CEVA a $20 million termination fee or reimburse up to $15 million of CEVA s expenses;

following the merger, EGL s shareholders, other than the Rollover Investors, will no longer be able to hold EGL shares and will cease to participate in any future earnings growth of EGL, or benefit from any increase in the value of its shares, and instead will receive a fixed cash price for their shares;

EGL s shareholders other than the Rollover Investors, in connection with the merger, will be required to surrender their shares in exchange for the cash price that has been negotiated by the special committee, and the shareholders will not have the right thereafter to liquidate their shares at a time and for a price of their choosing;

the restrictions on the conduct of EGL s business prior to the completion of the merger, generally requiring EGL to conduct business only in the ordinary course, subject to specific limitations or approval from CEVA, which restrictions may delay or prevent EGL from taking advantage of business opportunities that may arise, or preclude actions that would be advisable, if EGL were to remain an independent company; and

EGL shareholders may be taxed on the proceeds of the transactions and will forego deferred taxation on the value of their shares.

The foregoing addresses material factors considered by the special committee in its consideration of the merger. After considering these factors, the special committee concluded that the potential positive factors relating to the merger outweigh the potential negative factors. Because of the variety of factors considered, the special committee did not find it practicable to quantify or otherwise assign relative weights to, and did not make specific assessments of, each specific factor considered in reaching its determination. In addition, individual members of the special committee may have assigned different weights to various factors. The determination of the special committee was made after consideration of all the factors together.

***Board of Directors***

EGL s board of directors consists of eight directors, two of whom, James R. Crane and Frank J. Hevrdejs, did not participate in the deliberations or vote with respect to the merger due to their involvement in the transactions contemplated by the prior merger agreement. The board of directors established the special committee of independent directors and empowered it to study, review, evaluate, negotiate and, if appropriate, make a recommendation to the board of directors regarding the merger. Periodically, the special committee and their advisors apprised the board members of the special committee s work.

In determining that the merger agreement is advisable, fair to and in the best interests of EGL and its shareholders, and in approving the merger agreement, the merger and the other transactions contemplated thereby, and recommending that EGL s shareholders vote for the approval of the merger agreement, the board of directors considered a number of factors, including the following material factors:

- the unanimous determination and recommendation of the special committee;
- the opinion of Deutsche Bank that, as of May 23, 2007, and based upon and subject to the assumptions made, matters considered and limits of review set forth in its written opinion, the proposed merger consideration of $47.50 per share was fair, from a financial point of view, to the shareholders of EGL other than any Rollover Investors, which opinion the board considered in its totality;
- the financial analyses of Deutsche Bank provided to the board in connection with its analysis of acquisition proposals generally and specifically in connection with delivery of its fairness opinion; and
- the factors considered by the special committee, including the positive factors and potential benefits of the merger agreement, the risks and potentially negative factors relating to the merger agreement, and the factors relating to procedural safeguards.

In doing so, the board of directors expressly adopted the analysis of the special committee, which is discussed above.

The foregoing addresses material factors considered by the board of directors in its consideration of the merger. After considering these factors, the board concluded that the potential positive factors relating to the merger outweigh the potential negative factors. Because of the variety of factors considered, the board did not find it practicable to quantify or otherwise assign relative weights to, and did not make specific assessments of, each specific factor considered in reaching its determination. In addition, individual members of the board may have assigned different weights to various factors. The determination of the board of directors was made after consideration of all the factors together.

**Opinion of Deutsche Bank**

Deutsche Bank has acted as financial advisor to the special committee in connection with the merger agreement. The special committee retained Deutsche Bank to render to it an opinion, as investment bankers, as to the fairness, from a financial point of view, of the Consideration to the shareholders of EGL other than any Rollover Investors. As used in this section, the term Consideration refers to the $47.50 per share merger consideration contemplated in the merger agreement.

On May 23, 2007, Deutsche Bank delivered to the special committee and the board of directors its oral opinion, which opinion was subsequently confirmed in writing, that, as of that date and based upon and subject to the assumptions made, matters considered and limits of review set forth in its written opinion, the Consideration was fair, from a financial point of view, to the holders of EGL common stock, other than any Rollover Investors.

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**The full text of Deutsche Bank s written opinion, dated May 23, 2007, which discusses, among other things, the assumptions made, matters considered and limits on the review undertaken by Deutsche Bank in connection with the opinion, is attached as Annex C to this proxy statement and is incorporated herein by reference. Deutsche Bank s opinion was addressed to the special committee and was limited to the fairness, from a financial point of view, of the Consideration to the holders of EGL common stock, other than the Rollover Investors, and Deutsche Bank expressed no opinion as to the merits of the underlying decision by EGL to engage in the merger or as to how EGL s shareholders should vote or act in connection with the merger. The opinion also does not address the relative merits of the merger or any related transaction as compared to other business strategies or transactions that might be available with respect to EGL, nor does it address EGL s underlying business. EGL s shareholders are urged to read the opinion in its entirety. The following summary of the Deutsche Bank opinion is qualified in its entirety by reference to the full text of the opinion.**

In connection with Deutsche Bank s role as financial advisor to the special committee, and in arriving at its opinion, Deutsche Bank:

- reviewed certain publicly available financial and other information concerning EGL and certain internal analyses and other information furnished to it by EGL;
- held discussions with members of the senior management of EGL regarding the business and prospects of EGL;
- reviewed the reported prices and trading activity for EGL common stock;
- compared certain financial and stock market information for EGL with similar information for certain companies whose securities are publicly traded;
- reviewed the financial terms of certain recent business combinations which it deemed comparable in whole or in part;
- performed a discounted cash flow analysis for EGL;
- reviewed the terms of the merger agreement and certain related documents; and
- performed such other studies and analyses and considered such other factors as it deemed appropriate.

Deutsche Bank did not assume responsibility for independent verification of, and did not independently verify, any information, whether publicly available or furnished to it, concerning EGL, including, without limitation, any financial information, forecasts or projections considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, Deutsche Bank assumed and relied upon the accuracy and completeness of all such information and Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare or obtain any independent evaluation or appraisal of any of the assets or liabilities, of EGL. With respect to the financial forecasts and projections made available to Deutsche Bank and used in its analyses, Deutsche Bank assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of EGL, as to the matters covered thereby. In rendering its opinion, Deutsche Bank expressed no view as to the reasonableness of such forecasts and projections or the assumptions on which they were based. Deutsche Bank s opinion was necessarily based upon economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion.

For purposes of rendering its opinion, Deutsche Bank assumed that, in all respects material to its analysis:

the representations and warranties of EGL, Parent and Acquisition Co. contained in the merger agreement are true and correct;

EGL, Parent and Acquisition Co. will each perform all of the covenants and agreements to be performed by it under the merger agreement;

- all conditions to the obligations of each of EGL, Parent and Acquisition Co. to consummate the merger will be satisfied without any waiver thereof; and

- all governmental, regulatory or other approvals and consents required in connection with the consummation of the merger will be obtained.

***Deutsche Bank s Financial Analysis***

The following is a summary of the material financial analyses underlying Deutsche Bank s opinion, dated May 23, 2007, delivered to the special committee and the board of directors in connection with the merger at meetings of the special committee and board of directors on May 23, 2007. The order of the analyses described below does not represent relative importance or weight given to those analyses by Deutsche Bank, the special committee or the board of directors. The financial analyses summarized below include information presented in tabular format. In order to fully understand Deutsche Bank s financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Deutsche Bank s financial analyses.

*Analysis of Selected Publicly Traded Companies.* Deutsche Bank reviewed certain financial information and compared commonly used valuation measurements for EGL to corresponding information and measurements for publicly traded companies in the same industry. The publicly traded companies selected in the industry to which EGL was compared (the selected companies ) consisted of:

- CH Robinson Worldwide Inc.;
- Expeditors International of Washington, Inc.;
- Forward Air, Inc.;
- Hub Group, Inc.;
- Landstar System, Inc.;
- Pacer International, Inc.;
- Quality Distribution, Inc.;
- Universal Truckload Services, Inc.; and
- UTi Worldwide Inc.

Deutsche Bank reviewed certain historical and projected operating performance characteristics and public market valuation metrics of EGL and compared them to those same metrics derived from publicly available information for each of the selected companies. The trading multiples for EGL are based on the offer price of $47.50 per share and publicly available estimates. Such information included:

- diluted equity value, calculated using closing share prices as of May 21, 2007;

total enterprise value, calculated as diluted equity value, plus total debt, plus preferred stock, plus minority interest, minus cash and cash equivalents;

ratio of total enterprise value to net revenue for each of calendar year 2007 estimated and 2008 estimated (referred to as 2007E and 2008E, respectively) (referred to as the 2007E Net Revenue Multiple and the 2008E Net Revenue Multiple, respectively);

ratio of total enterprise value to earnings before interest, taxes, depreciation, and amortization ( EBITDA ) for each of 2007E and 2008E (referred to as the 2007E EBITDA Multiple and the 2008E EBITDA Multiple, respectively);

ratio of total enterprise value to earnings before interest and taxes ( EBIT ) for each of 2007E and 2008E (referred to as the 2007E EBIT Multiple and the 2008E EBIT Multiple, respectively); and

ratio of share price to earnings per share for 2007E and 2008E (referred to as the 2007E P/E Multiple and the 2008E P/E Multiple, respectively).

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In addition, Deutsche Bank performed a comparative analysis between EGL, UTi Worldwide, Inc. ( UTi ) and Expeditors International of Washington, Inc. ( Expeditors ), which were deemed to have business models more similar to EGL than the other selected companies. As part of the analysis, Deutsche Bank compared historical and anticipated gross revenue by segment and geography, net revenue and EBITDA compound annual growth rates from 2000 to 2006 and 2006 to 2007 and average EBITDA margins over the same time periods. Deutsche Bank observed that EGL has generated more of its gross revenues from its airfreight segment and the United States market than UTi and Expeditors. In addition, Deutsche Bank observed that, relative to UTi and Expeditors, EGL s net revenue and EBITDA compound annual growth rates, as well as its average EBITDA margins, were generally lower that UTi and Expeditors.

Deutsche Bank also calculated last twelve month ( LTM ) and one-year forward enterprise value to EBITDA multiples for the past 5 years and observed that with the exception of 2002, EGL has traded at a discount on both an LTM and forward EBITDA basis to both UTi and Expeditors.

This analysis indicated the low, mean, median and high multiples for the selected companies, as compared to the corresponding transaction multiples implied by the Consideration of $47.50 per share set forth below:

| | Implied Transaction Multiples for EGL | Selected Company Summary Statistics | | | |
|---|---|---|---|---|---|
| | | Low | Mean | Median | Maximum |
| 2007E Net Revenue Multiple | 1.8x | 2.0x | 4.1x | 4.5x | 7.1x |
| 2008E Net Revenue Multiple | 1.7x | 1.7x | 3.7x | 4.0x | 6.3x |
| 2007E EBITDA Multiple | 11.7x | 7.9x | 12.7x | 11.8x | 19.7x |
| 2007E EBIT Multiple | 14.7x | 10.2x | 14.4x | 14.7x | 21.1x |
| 2007E P/E Multiple | 23.5x | 16.5x | 24.2x | 23.8x | 35.3x |
| 2008E P/E Multiple | 22.1x | 13.6x | 19.7x | 19.3x | 29.1x |

Based on the foregoing, Deutsche Bank derived a reference range of 2007E EBITDA Multiples of 9.0x to 11.0x for EGL, which implied a range of per share values for our common stock of $37.25 to $45.00, compared to the Consideration of $47.50 per share.

None of the companies used in the publicly traded company analysis is identical to EGL. Accordingly, Deutsche Bank believes the analysis is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank s opinion, concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies.

*Analysis of Selected Precedent Transactions.* Deutsche Bank reviewed the financial terms, to the extent publicly available, of nineteen merger and acquisition transactions announced since February 24, 1999 in the freight forwarding and transportation industries. The transactions reviewed, which we refer to as the selected transactions, were:

| Date announced | Target | Acquirer |
|---|---|---|
| 02/24/1999 | Pacer International, Inc. | Apollo Management L.P. |
| 07/27/1999 | Mark VII, Inc. | Ocean Group Plc |
| 11/15/1999 | Air Express International Corp. | Deutsche Post AG |
| 07/03/2000 | Circle International, Inc. | EGL, Inc. |
| 09/04/2000 | CTI Logistx | TNT Post Group NV |
| 01/10/2001 | Fritz Companies, Inc. | United Parcel Service of America, Inc. |
| 05/24/2001 | USCO Logistics | Kuehne & Negel Inc. |
| 10/01/2001 | Arnold Industries Logistics | Private Investor (E.H. Arnold) |
| 06/27/2002 | Stinnes AG | Deutsche Bahn AG |
| 06/11/2004 | Wilson Logistics Ltd | TPG NV |
| 10/05/2004 | Menlo Forwarding | United Parcel Service of America, Inc. |
| 06/28/2005 | Ozburn-Hessey Logistics | Welsh, Carson, Anderson & Stowe |
| 07/16/2005 | Geologistics | PWC Logistics |
| 09/17/2005 | Exel Plc | Deutsche Post AG |
| 11/16/2005 | BAX Global | Deutsche Bahn AG |
| 03/07/2006 | Market Transport Services, Ltd. | UTi Worldwide, Inc. |
| 02/15/2006 | Global Link | GTCR Golder Rauner, LLC |
| 08/24/2006 | TNT Logistics | Apollo Management VI, L.P. |
| 12/06/2006 | Greatwide Logistics Services | Investcorp/Hicks Holdings LLC |

Deutsche Bank observed that the ratio of total enterprise value to LTM EBITDA for the selected transactions ranged from 6.3x to 17.1x, with a median ratio of 9.3x, and compared that range and median of multiples to the 14.0x ratio for EGL at the offer price of $47.50 per share. Deutsche Bank also observed that the ratio of total enterprise value to LTM EBIT for the selected transactions ranged from 9.5x to 25.6x, with a median ratio of 14.6x and compared that range the 18.0x ratio for EGL at the offer price of $47.50 per share.

The analysis for the selected transactions was based on public information available at the time of announcement of such transactions, without taking into account differing market and other conditions during the period between February 24, 1999 and December 6, 2006, during which the selected transactions were announced.

Because the reasons for, and circumstances surrounding, each of the selected transactions analyzed were so diverse, and due to the inherent differences between the operations and financial conditions of EGL and the companies involved in the selected transactions, Deutsche Bank believes that a comparable transaction analysis is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank s opinion, concerning differences between the characteristics of these transactions and the merger that could affect the value of the subject companies and businesses and EGL.

*Discounted Cash Flow Analysis.* Deutsche Bank performed a discounted cash flow analysis for EGL. Deutsche Bank calculated the discounted cash flow values for EGL as the sum of the net present values of:

the estimated future free cash flows EGL would generate for the period from 1Q 2007 through 2012; and the terminal value of EGL at the end of such period.

The estimated future free cash flows were based on the financial projections for EGL for the years 2007 through 2012 prepared by EGL s management. The terminal values for EGL were calculated based on projected EBITDA for 2012 and a range of multiples of EBITDA ranging from 9.0x to 11.0x. Deutsche Bank used discount rates ranging from 12.0% to 14.0% for EGL. The discount rates applicable to EGL were based on Deutsche Bank s judgment of the estimated weighted average cost of EGL s capital and the EBITDA multiples were based on its review of the characteristics that in its judgment would have applied to EGL as a publicly traded company.

Deutsche Bank observed that the implied enterprise value of EGL based on the discounted cash flow analysis ranged from $1,767.7 million to $2,245.2 million and the implied share price ranged from $42.50 to $53.57.

At the request of the special committee, Deutsche Bank performed certain sensitivity analyses on management s projections to evaluate the impact of changes in assumptions on implied per share values. The special committee observed that in recent years, and continuing to the present time, business conditions facing EGL resulted in a lack of predictability in operating results. The special committee observed that the assumptions regarding operating margins over the course of management s projections were significantly higher than margins experienced in recent periods. Deutsche Bank also sensitized management s projections by reducing the absolute EBITDA amount by 30% to 10%, generating an enterprise value range from $1,483.6 million to $1,657.0 million at an 11.0x and 9.0x EBITDA exit multiple, respectively. The resulting implied share price ranged from $35.91 to $39.93, respectively. Deutsche Bank maintained a discount rate of 13% to generate these scenarios. Finally, Deutsche Bank created a sensitivity scenario that maintained constant EBITDA margins subsequent to 2008 at 17.5%, which reflected management s projected EBITDA margin in 2008. Based on this analysis, EGL s enterprise value range was from $1,619.7 million to $1,875.3 million at a 9.0x to 11.0x EBITDA exit multiple, respectively. The resulting implied share price ranged from $39.07 to $44.99, respectively. Deutsche Bank maintained a discount rate of 13% to generate these scenarios.

*General.* The foregoing summary describes all analyses and factors that Deutsche Bank deemed material in its presentation to the special committee and the board of directors, but is not a comprehensive description of all analyses performed and factors considered by Deutsche Bank in connection with preparing its opinion. The preparation of a fairness opinion is a complex process involving the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. Deutsche Bank believes that its analyses must be considered as a whole and that considering any portion of such analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying the opinion. In arriving at its fairness determination, Deutsche Bank did not assign specific weights to any particular analyses.

In conducting its analyses and arriving at its opinions, Deutsche Bank utilized a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Deutsche Bank to provide its opinion to the special committee as to the fairness of the Consideration, from a financial point of view, to the shareholders of EGL other than the Rollover Investors, and do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold, which are inherently subject to uncertainty. In connection with its analyses, Deutsche Bank made, and was provided by EGL s management with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond EGL s control. Analyses based on estimates or forecasts of future results are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of EGL or its advisors, neither EGL nor Deutsche Bank nor any other person assumes responsibility if future results or actual values are materially different from these forecasts or assumptions.

The terms of the merger agreement were determined through negotiations between Parent and the special committee and were approved by the board of directors. Although Deutsche Bank provided advice to the special committee during the course of these negotiations, the decision to enter into the merger agreement was solely that of the special committee and board of directors. As described above, the opinion and presentation of Deutsche Bank to the special committee and board of directors were collectively only one of a number of factors taken into consideration by the special committee and board of directors in making their respective determinations with respect to the merger agreement.

Deutsche Bank s opinion is addressed to and for the use and benefit of, the special committee and is not a recommendation to the shareholders to approve the merger agreement. Deutsche Bank s opinion is limited to the fairness, as of the date of such opinion, from a financial point of view, to the shareholders of EGL, other than any Rollover Investors, of the Consideration, and Deutsche Bank expresses no opinion as to the merits of the underlying decision by EGL to engage in the merger.

The special committee selected Deutsche Bank as financial advisor in connection with the merger based on Deutsche Bank s qualifications, expertise, reputation and experience in mergers and acquisitions. The special committee has retained Deutsche Bank pursuant to a letter agreement dated January 5, 2007, which we refer to as the Deutsche Bank engagement letter. Deutsche Bank will be paid a reasonable and customary fee for its services, a substantial portion of which is contingent upon completion of the merger. Deutsche Bank s fee in connection with the merger includes a $500,000 retainer fee, $2,000,000 payable in connection with the delivery of Deutsche Bank s opinion in connection with the merger (as well as an opinion Deutsche Bank previously delivered in connection with the transactions contemplated by the prior merger agreement) as financial advisor to the special committee and approximately $7,400,000 million payable upon consummation of the merger.

In the ordinary course of business, members of the DB Group may actively trade in the securities and other instruments and obligations of EGL for their own accounts and for the accounts of their customers. Accordingly, the DB Group may at any time hold a long or short position in such securities, instruments and obligations. The DB Group has provided advisory services and financing from time to time to entities controlled by an affiliate of Parent, for which it has been paid consideration.

**Effects of the Merger**

If the merger is consummated, Acquisition Co. will be merged with and into EGL, with EGL continuing as the surviving corporation and an indirect wholly owned subsidiary of Parent.

Upon the consummation of the merger, each share of EGL common stock issued and outstanding immediately prior to the effective time of the merger (other than shares held in the treasury of EGL or by its wholly owned subsidiaries, owned by Parent, certain affiliates of Parent at Parent s election, or Acquisition Co. immediately prior to the effective time of the merger (including shares which may be contributed to an affiliate of Parent by the Rollover Investors prior to the merger as described below) or held by shareholders who are entitled to and who properly exercise dissenters rights under Texas law) will be converted into the right to receive $47.50 in cash, without interest. Upon consummation of the merger, unless otherwise agreed between a holder, EGL and Parent or as described below, each outstanding option to purchase shares of EGL common stock granted under any of EGL s employee or director equity plans, whether vested or unvested, will at the effective time of the merger become fully vested and be cancelled and converted into the right to receive a cash payment equal to the number of shares of EGL common stock underlying the option multiplied by the amount (if any) by which $47.50 exceeds the option exercise price, without interest and less any applicable withholding taxes. Unless otherwise agreed between a holder, EGL and Parent or as described below, each share of EGL restricted stock under EGL s stock plans or benefit plans will vest in full and be cancelled and converted into the right to receive a cash payment equal to $47.50, without interest and less any applicable withholding taxes. EGL s stock purchase plan is expected to terminate with the purchase period ending on June 30, 2007.

Following the merger, EGL will become a wholly owned subsidiary of Parent. Parent is wholly owned by CEVA Investments Limited, which is in turn owned by affiliates of Apollo Management VI, L.P. and certain minority shareholders, including TNT N.V. and certain employees of Parent or Parent s subsidiaries. Immediately prior to the merger, the Rollover Investors may contribute equity interests in EGL and/or the cash proceeds they will receive as merger consideration for their outstanding equity interests in EGL, to an affiliate of Parent in exchange for equity interests of such affiliate. The equity rollovers of the Rollover Investors are more fully described under Interests of Certain Persons in the Merger.

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**Prospective Financial Information**

EGL s senior management does not as a matter of course make public projections as to future performance or earnings beyond the current fiscal year, and is especially wary of making projections for extended earnings periods due to the unpredictability of the underlying assumptions and estimates. However, financial forecasts prepared by senior management were made available to Parent as well as to the board of directors, the special committee and the special committee s financial advisors in connection with their respective considerations of the merger. The projections below are included to give our shareholders access to certain nonpublic information considered by Parent, the special committee and board of directors for purposes of considering and evaluating the merger. The inclusion of this information should not be regarded as an indication that Parent, the Rollover Investors, the special committee or board of directors, Deutsche Bank or any other recipient of this information considered, or now considers, it to be a reliable prediction of future results.

EGL advised the recipients of the projections that its internal financial forecasts, upon which the projections were based, are subjective in many respects. The projections reflect numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, all of which are difficult to predict and are beyond EGL s control. The projections also reflect estimates and assumptions related to the business of EGL that are inherently subject to significant economic, political, and competitive uncertainties, all of which are difficult to predict and many of which are beyond EGL s control. As a result, there can be no assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected. This prospective financial information was not prepared with a view toward compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The prospective financial information included in this proxy statement has been prepared by, and is the responsibility of, EGL management. PricewaterhouseCoopers LLP, EGL s independent registered public accounting firm, has neither examined nor compiled the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report with respect to EGL s audited financial statements relates to EGL s historical financial information. It does not extend to the prospective financial information and should not be read to do so.

Projections of this type are based on estimates and assumptions that are inherently subject to factors such as industry performance, general business, economic, regulatory, market and financial conditions, as well as changes to the business, financial condition or results of operations of EGL, including the factors described under Cautionary Statement Regarding Forward-Looking Information, which factors may cause the financial projections or the underlying assumptions to be inaccurate. Since the projections cover multiple years, such information by its nature becomes less reliable with each successive year. The financial projections do not take into account any circumstances or events occurring after the date they were prepared.

Since the date of the projections, EGL has made publicly available its actual results of operations for the fiscal year ended December 31, 2006 and the quarter ended March 31, 2007. You should review EGL s Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007 to obtain this information. See Where You Can Find More Information. Readers of this proxy statement are cautioned not to place undue reliance on the specific portions of the financial projections set forth below. No one has made or makes any representation to any shareholder regarding the information included in these projections.

For the foregoing reasons, as well as the bases and assumptions on which the financial projections were compiled, the inclusion of specific portions of the financial projections in this proxy statement should not be regarded as an indication that such projections will be an accurate prediction of future events, and they should not be relied on as such. Except as required by applicable securities laws, EGL does not intend to update or otherwise revise the financial projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

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The financial projections set forth below (the February 2007 Projections ) were prepared in February of 2007, following EGL s announcement that its fourth quarter 2006 results would be less favorable than it had previously anticipated. Such projections were provided to EGL s board of directors and the special committee and its financial advisor on February 22, 2007 and were provided to Parent. The following projections were prepared on a basis consistent with the accounting principles used in EGL s audited historical financial statements.

| | Projections | | | | | |
|---|---|---|---|---|---|---|
| | 2006(1) | 2007 | 2008 | 2009 | 2010 | 2011 |
| | (In millions) | | | | | |
| **Gross Revenues** | $ 3,218.0 | $ 3,509.0 | $ 3,754.6 | $ 3,998.7 | $ 4,258.6 | $ 4,514.1 |
| Cost of Transportation | $ (2,207.3) | $ (2,405.0) | $ (2,575.3) | $ (2,758.3) | $ (2,946.1) | $ (3,122.9) |
| **Net Revenues** | $ 1,010.7 | $ 1,104.0 | $ 1,179.3 | $ 1,240.4 | $ 1,312.5 | $ 1,391.2 |
| **Operating Expenses** | | | | | | |
| Personnel costs | $ (558.2) | $ (598.3) | $ (623.3) | $ (647.4) | $ (679.2) | $ (713.2) |
| SG&A(2) | $ (318.7) | $ (334.8) | $ (349.2) | $ (364.7) | $ (379.0) | $ (395.0) |
| **EBITDA**(3) | $ 133.8 | $ 170.9 | $ 206.9 | $ 228.3 | $ 254.2 | $ 283.0 |

(1) Based on estimated results for EGL. Actual results for fiscal year 2006 are set forth in EGL s Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

(2) Excludes depreciation and amortization.

(3) EBITDA represents operating income (defined as net income before net interest, foreign currency gain or loss, other non-operating income or expense, and taxes) before depreciation and amortization, a measurement used by management to measure operating performance. EBITDA is not a recognized term under accounting principles generally accepted in the United States of America and does not purport to be an alternative to operating income as an indicator of operating performance or to cash flows from operating activities as a measure of liquidity. Not all companies calculate EBITDA identically. EBITDA is not intended to be a measure of free cash flow for management s discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments, debt services requirements or capital expenditure requirements.

EGL s management developed the projected financial information based on the following material assumptions:

that gross revenue and net revenues would grow consistent with historical growth rates (by country and geographic region) reflecting continued global economic expansion, forecasted long-term global airfreight growth rates and continued market share gains throughout EGL s network;

that net revenue margins would generally remain consistent with historical net revenue margin results at the country level, but would decline over time due to continued increases in EGL s international airfreight and ocean freight growth rates (which carry lower net revenue margins, particularly in the Asia Pacific region);

for purposes of operating expense, that growth rates would be less than net revenue growth rate projections as EGL leverages its freight forwarding network, and the projections do not include any significant number of new freight forwarding facility openings as its global network is substantially built out;

for purposes of operating expense, that headcount would grow at rates less than net revenue growth, and that information technology spending would remain consistent with 2005 spending levels; and

that capital expenditures would be between $30-$40 million per year during the projection period.

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## Interests of Certain Persons in the Merger

In considering the recommendation of the special committee and the board of directors with respect to the merger, you should be aware that certain officers and directors of EGL have interests in the transaction that are different from, and/or are in addition to, the interests of EGL s shareholders generally. EGL s board of directors and the special committee were aware of such interests and considered them, among other matters, in reaching their decisions to approve the merger agreement and recommend that EGL s shareholders vote in favor of approving the merger agreement.

### *Equity Rollover*

The following members of EGL s management have been identified by Parent as Rollover Investors: E. Joseph Bento and Vittorio Favati. The Rollover Investors may contribute certain of their equity interests in EGL, and/or reinvest merger consideration they receive in respect of their equity interests in EGL, in exchange for equity interests of CEVA Investments Limited, which wholly owns Parent, or an affiliate of CEVA Investments Limited. Parent expects that additional members of EGL management may make Rollover Commitments.

### *Arrangements with Respect to Parent following the Merger*

In connection with the merger, EGL will become a wholly owned subsidiary of Parent. Parent is wholly owned by CEVA Investments Limited. Affiliates of Apollo and certain minority shareholders, including TNT N.V. and certain employees of Parent or Parent s subsidiaries, as well as any Rollover Investors, will be the owners of CEVA Investments Limited.

Parent has entered into definitive term sheets with each of E. Joseph Bento and Vittorio Favati (each, a Term Sheet Executive ) which will become binding on the parties subject to and upon the consummation of the merger and will supersede any other employment, severance, change of control or related agreements (including the management retention agreements described below) between the executive and EGL.

Pursuant to his term sheet, Mr. Bento will serve as President, Freight Forwarding and Global Head of Marketing of EGL. Pursuant to his term sheet, Mr. Favati will serve as Managing Director, Asia Logistics and Freight Forwarding, which position will be further discussed between and mutually agreed upon by Parent and Mr. Favati. The term sheets provide for five-year terms, subject to automatic one-year extensions unless either party gives at least 90 days written notice of its intention not to renew the agreement prior to the scheduled expiration of the term. Mr. Bento and Mr. Favati will be entitled to annual base salaries of not less than $500,000 and $450,000, respectively, and will be eligible for target annual performance-based bonuses equal to $375,000 and $300,000, respectively, and, in the discretion of the Parent board of directors, additional bonus payments. With respect to the fiscal year 2007 only, each Term Sheet Executive will be eligible to receive an additional discretionary bonus of $75,000 in consideration of his contribution to the integration of EGL into Parent and his efforts to ensure continuity for EGL customers and employees through a period of transition. During the employment period, each Term Sheet Executive will receive non-cash benefits that are similar to his existing benefits package with EGL. In addition, for so long as Mr. Favati is based in Singapore, Parent agrees to provide him with expatriate benefits equal to the greater of (x) the expatriate benefits to which he is entitled under the Letter of Assignment with EGL and (y) the benefits provided under applicable Parent plans.

In the event that Parent terminates a Term Sheet Executive s employment without cause or if the Term Sheet Executive resigns for good reason (each as defined in the term sheet), the Term Sheet Executive will become entitled to receive severance in an amount equal to his then-current base salary for a period of twelve months and a pro rata portion of his annual bonus. For a period of twenty-four months following the termination of his employment for any reason, each Term Sheet Executive will be subject to covenants not to compete with Parent and not to solicit or hire employees of or to solicit the customers of Parent and its subsidiaries.

Pursuant to their respective term sheets, Mr. Bento and Mr. Favati agreed to invest $1,450,000 and $1,125,000, respectively, to purchase common stock of CEVA Investments Limited at a price of 100 per

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share. In connection with this investment, Mr. Bento and Mr. Favati will be granted options to purchase 14,500 and 10,417 shares, respectively, of CEVA Investments Limited at an exercise price of  100 per share.

Parent expects that additional members of EGL management may enter into new arrangements with Parent or its affiliates regarding employment with, and the right to purchase or participate in the equity of, Parent or its affiliates; however, such matters are subject to negotiations and discussion.

***Treatment of Existing Stock Options and Restricted Stock***

Upon the consummation of the merger, all of our equity compensation awards (including awards held by our directors and officers) will be subject to the following treatment, except as otherwise agreed by a holder or participant, EGL and Parent:

each stock option granted under any of our employee or director equity plans, whether vested or unvested, will vest and be cancelled and converted into the right to receive a cash payment equal to the number of shares of EGL common stock underlying such option multiplied by the amount (if any) by which $47.50 exceeds the option exercise price, without interest and less any applicable withholding tax; and

each share of restricted stock under our stock plans or benefit plans will vest in full and be cancelled and converted into the right to receive a cash payment equal to $47.50, without interest and less any applicable withholding tax.

See  The Merger Agreement  Effect of the Merger on the Common Stock and Stock Options of EGL  for a more complete description of the treatment of the relevant plans under which such stock options were issued.

The table below sets forth, as of May 24, 2007, for each of our directors and executive officers:

the number of stock options (both vested and unvested) held by such persons;

the cash payment that may be made in respect of such stock options upon consummation of the merger; and

the aggregate cash payment that will be made in respect of unvested shares of restricted stock upon consummation of the merger.

| | Options | | | | | | Restricted Stock | | |
|---|---|---|---|---|---|---|---|---|---|
| | Outstanding | Vested Options | Weighted Average Exercise Price of Vested Options | Unvested Options | Weighted Average Exercise Price of Unvested Options | Resulting Consideration | Unvested Shares | Resulting Consideration | Total Considerat |
| ***tors*** | | | | | | | | | |
| s R. Crane | 125,000 | 83,667 | 19.7471 | 41,333 | 23.518400 | $ 3,313,233 | 4,500 | $ 213,750.00 | $ 3,526,98 |
| E. Kelley | 5,000 | 5,000 | 18.1200 | | | $ 146,900 | | $ | $ 146,90 |
| J. dejs | 17,500 | 17,500 | 18.8779 | | | $ 500,887 | | $ | $ 500,88 |
| n Carroll | 15,000 | 15,000 | 16.9267 | | | $ 458,600 | | $ | $ 458,59 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| William | | | | | | | | | | |
| y | 17,500 | 17,500 | 14.9400 | $ | 569,800 | | $ | | $ | 569,80 |
| ael K. Jhin | 12,500 | 12,500 | 16.1580 | $ | 391,775 | | $ | | $ | 391,77 |
| s C. Flagg | 15,000 | 15,000 | 16.9267 | $ | 458,600 | | $ | | $ | 458,59 |
| han Wolff | | | | $ | | 1,557 | $ | 73,957.50 | $ | 73,95 |

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| | Options | | | | | | | Restricted Stock | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Outstanding | Vested Options | Weighted Average Exercise Price of Vested Options | Unvested Options | Weighted Average Exercise Price of Unvested Options | Resulting Consideration | Unvested Shares | Resulting Consideration | Tot Conside |
| *e Officers* | | | | | | | | | |
| Crane | 125,000 | 83,667 | 19.7471 | 41,333 | 23.518400 | $ 3,313,233 | 4,500 | $ 213,750.00 | $ 3,526 |
| n Bento | 83,000 | 51,000 | 21.0806 | 32,000 | 23.067200 | $ 2,129,239 | 3,000 | $ 142,500.00 | $ 2,271 |
| 'alley | 52,000 | 20,000 | 21.0868 | 32,000 | 23.067200 | $ 1,310,114 | 3,000 | $ 142,500.00 | $ 1,452 |
| Favati | 68,000 | 41,000 | 18.7615 | 27,000 | 24.565000 | $ 1,797,524 | 3,000 | $ 142,500.00 | $ 1,940 |
| Carabin | 10,000 | 3,334 | 37.2900 | 6,666 | 37.290000 | $ 102,100 | 6,666 | $ 316,635.00 | $ 418 |
| D. r | 6,500 | 3,834 | 25.0456 | 2,666 | 31.708600 | $ 128,190 | | $ | $ 128 |
| Weigel | 47,600 | 26,934 | 18.6172 | 20,666 | 23.332300 | $ 1,277,379 | 1,500 | $ 71,250.00 | $ 1,348 |
| inters | 34,400 | 12,734 | 21.2054 | 21,666 | 22.840000 | $ 869,119 | 1,500 | $ 71,250.00 | $ 940 |
| dler | 200,000 | | | 200,000 | 33.490000 | $ 2,802,000 | 10,000 | $ 475,000.00 | $ 3,277 |

***Management Retention Agreements***

EGL has entered into retention agreements with certain executives, including Messrs. Crane, Favati, Bento, Talley, Sidler, Slater, Weigel, Mondello, Winters, Cooney and Slaughter and Ms. Carabin.

The retention agreements go into effect upon a change in control of EGL. The consummation of the merger will constitute a change of control for purposes of the retention agreements. The retention agreements also provide that EGL will continue the executive s employment, and the executive will continue his or her employment, for two years following the consummation of a change in control of EGL. During such period the executive s position, authority, duties and responsibilities must be at least commensurate in all material respects (as defined in the agreements and based in part on whether the executive has assumed a position with the successor or parent company of EGL) with the most significant of those held during the 90-day period preceding the change in control, and must be performed at a location no more than 50 miles from his or her prior location.

Following a change in control, the retention agreements provide for certain payments to be made to the executives in the event of a qualifying termination. A qualifying termination is defined as any (i) termination of the executive s employment by EGL within twenty-four months following a change in control by EGL other than for cause, death or disability, or (ii) termination by the executive for good reason. Good reason includes assigning the executive duties inconsistent with the executive s position or any other action that results in a diminution in such position, reducing the executive s total salary, bonus or benefits, or requiring the executive to be based at another office or location.

In the event of a change in control and a resulting qualifying termination, the executive whose employment has been so terminated will be entitled to the following payments and benefits:

- a lump sum cash payment equal to the sum of: (1) the executive s unpaid base salary through the date of termination; (2) the executive s pro-rated portion of the target annual bonus for that fiscal year; and (3) any unpaid vacation under EGL s vacation policy in effect at the date of termination;

a lump-sum cash payment equal to the sum of: (1) two times the executive s highest annual rate of base salary in effect during the twelve-month period prior to the date of termination; and, except in the case of Ms. Carabin, (2) two times the average of the executive s annual bonus payments for the preceding two fiscal years prior to the fiscal year in which the executive s employment has been terminated;

except in the case of Ms. Carabin, for a period ending on the earliest of (1) thirty-six months following the date of termination, (2) the commencement date of equivalent benefits from a new employer, or (3) the date on which the executive reaches age sixty, EGL will continue to keep in full force and effect (or otherwise provide) each plan and policy providing medical, accident, disability and life insurance coverage on the same terms and otherwise to the same extent as in effect immediately prior to the date of termination; and

for a period of twelve months following the date of termination, EGL will provide, at its expense, executive level outplacement assistance to the executive by a nationally recognized outplacement firm acceptable to the executive.

***Indemnification and Insurance***

For a period of six years from the effective time of the merger, Parent and the Surviving Corporation will maintain in effect the exculpation, indemnification, advancement of expenses and arrangement of self-insurance provisions of EGL s and any of its subsidiaries organizational documents in effect immediately prior to the effective time of the merger or in any indemnification agreements with any of their respective directors, officers or employees in effect as of the date of the merger agreement. All rights of indemnification with respect to any claim, action, suit, proceeding or investigation brought within that six year period will continue until the disposition of the action or resolution of the claim. Further, the Surviving Corporation has agreed (with performance by the Surviving Corporation being guaranteed by Parent) to indemnify, to the fullest extent permitted by applicable law, each of our and our subsidiaries present and former directors and officers against all costs or expenses (and to comply with all of our obligations to advance funds or expenses incurred) in connection with any claim, proceeding or investigation arising out of any act or omission occurring before or after the effective time of the merger in connection with such persons serving as an officer, director or other fiduciary in EGL or any other entity if such service was at the request or for the benefit of EGL. The merger agreement sets forth certain limitations on this indemnification obligation, including where a settlement is effected without Parent s or the Surviving Corporation s prior written consent, and with respect to losses incurred as a result of a breach of the duty of loyalty or other improper action if the indemnified party had a conflicting financial or other material interest (other than as a stockholder or employee or director of EGL).

For a period of six years from the effective time of the merger, Parent will either cause to be maintained in effect the current policies of directors and officers liability insurance and fiduciary liability insurance maintained by EGL and its subsidiaries or provide substitute policies or cause the Surviving Corporation to purchase a tail policy, in each case of at least the same coverage and amounts containing terms and conditions that are not less advantageous in the aggregate than such policy with respect to matters arising on or before the effective time of the merger. However, if the annual premiums of such insurance coverage exceed 200% of EGL s current annual premium, such persons must purchase as much coverage as is reasonably practicable for such amount, or such persons must obtain a policy with the greatest coverage available for a cost not exceeding 200% of the current annual premium paid by EGL.

The indemnification and insurance provisions of the merger agreement are more fully described under The Merger Agreement Other Covenants and Agreements Indemnification of Directors and Officers; Insurance.

***Retention Bonus Program***

The merger agreement requires that EGL implement a retention bonus program designed to ensure continuity of its customers and employees. The retention bonus program will cover senior executives as well as other key employees who are essential to the preservation of EGL s business during the transition period of the merger.

The program consists of a $5.0 million time component and a $5.0 million performance component. As soon as reasonably practicable following the 18-month anniversary of the closing of the merger (the Vesting Date ), participants in the program who remain employees of EGL will receive amounts in respect of the time component of the program. Subject to satisfaction of specified customer satisfaction targets, as soon as reasonably practicable following the Vesting Date, the participants will also receive amounts in respect of the performance component.

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Except as described below, if a participant s employment terminates for any reason prior to the Vesting Date, the participant will forfeit any right to receive any payments under the retention bonus program:

if, prior to the Vesting Date, a participant terminates employment with EGL for good reason, death or disability or EGL terminates a participant s employment without cause (in each case, as such terms are defined in a retention bonus program term sheet), the time component for that participant will automatically vest and be payable as soon as reasonably practicable following the Vesting Date; and

if, prior to the Vesting Date, a participant terminates employment with EGL for good reason or EGL terminates a participant s employment without cause, then, subject to satisfaction of the specified customer satisfaction targets, that participant will receive a pro rata portion of the performance component, payable as soon as reasonably practicable following the Vesting Date.

Retention bonus amounts have not yet been allocated among EGL employees.

***Termination Fee under the Talon Merger Agreement***

In connection with the termination of the Talon merger agreement, EGL paid Talon Holdings LLC a $30 million termination fee in accordance with the terms of the agreement. Pursuant to various agreements included as part of Talon Holdings Schedule 13D filings with the SEC, $2 million of this payment was to be paid to an entity owned by James R. Crane and other members of EGL s management. After reimbursement of Mr. Crane s expenses, the $2 million was to be allocated among members of EGL s management and Sterling Group Partners II, L.P. and Sterling Group Partners II (Parallel), L.P., investment funds of which EGL director Frank J. Hevrdejs is a co-founder and principal (collectively, Sterling ). Sterling had previously committed to provide equity financing to support Mr. Crane s required equity contribution in the proposed transaction.

**Special Committee Compensation**

On December 26, 2006, January 9, 2007 and May 21, 2007, the board of directors considered what compensation the members of the special committee should receive. The special committee consists of four disinterested and independent directors, Messrs. Carroll, Flagg, Jhin and Wolff. Messrs. Crane and Hevrdejs took no part in the deliberation or the vote of the board of directors with respect to this matter.

The board of directors resolved on December 26, 2006 that the compensation for service on the special committee would consist of fees for attending meetings of the special committee as generally provided for attending meetings of committees of the board. This per-meeting fee was equal to $1,500. On each of January 9, 2007 and May 21, 2007, the board resolved to pay the members of the committee fees of $25,000 per member ($75,000 for Mr. Carroll, as chair) in consideration of their service for successive three-month periods. As of the date of this proxy statement, the members of the special committee had received $ in the aggregate ($ in the case of Mr. Carroll) pursuant to the above-described arrangements.

In approving the compensation package, the board of directors considered, among other things, the large size of the proposed transaction, the complexities added by the involvement of senior management in the proposed transaction contemplated by the Talon merger agreement, the time expected to be required by the special committee members and chairman and the publicly-reported compensation of the special committees of boards of other companies.

**Material United States Federal Income Tax Consequences**

The following summarizes the material United States federal income tax consequences of the merger to U.S. Holders (as defined below) of shares of EGL common stock who exchange such shares for the cash consideration pursuant to the merger. This summary is based upon the Internal Revenue Code of 1986, as amended, which we refer to as the Internal Revenue Code, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as in effect and existing on the date of this proxy statement and all of which are subject to change at any time, which change may be retroactive or prospective. No rulings have been sought or are expected to be sought from the Internal Revenue Service (the IRS ) with respect to any of the tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Unless otherwise specifically noted, this summary applies only to U.S. Holders that hold their shares of EGL common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code.

This summary addresses only material United States federal income tax consequences, and not all tax consequences, of the merger that may be relevant to U.S. Holders of shares of EGL common stock. It also does not address any of the tax consequences of the merger to holders of shares of EGL common stock that are Non-U.S. Holders (as defined below), to holders who validly exercise dissenters rights with respect to their shares of EGL common stock or to holders that may be subject to special treatment under United States federal income tax law, such as, for example, financial institutions, real estate investment trusts, personal holding companies, tax-exempt organizations, regulated investment companies, partnerships (including any entity or arrangement treated as a partnership for United States federal income tax purposes) and persons holding EGL common stock through a partnership, persons who hold shares of EGL common stock as part of a straddle, hedge, conversion, constructive sale or other integrated transaction or whose functional currency is not the U.S. dollar, traders in securities who elect to use the mark-to-market method of accounting, persons who acquired their EGL common stock through the exercise of employee stock options or other compensation arrangements, insurance companies, S corporations, brokers and dealers in securities or currencies and certain U.S. expatriates. Further, this summary does not address the United States federal estate, gift or alternative minimum tax consequences of the merger, or any state, local or non-U.S. tax consequences of the merger, or the United States federal income tax consequences to any person that will own actually or constructively shares of EGL capital stock following the merger. For example, this summary does not address the United States federal income tax consequences of the merger to the Investors or persons related to the Investors under applicable constructive ownership rules.

**Each holder of shares of EGL common stock should consult its own tax advisor regarding the tax consequences of the merger in light of such holder s particular situation, including any tax consequences that may arise under the laws of any state, local or non-U.S. taxing jurisdiction and the possible effects of changes in United States federal or other tax laws.**

A U.S. Holder means a beneficial owner of shares of EGL common stock that, for United States federal income tax purposes, is:

- a citizen or individual resident of the United States;
- a corporation, including any entity treated as a corporation for United States federal income tax purposes, created or organized in the United States or under the laws of the United States, any State thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income tax without regard to its source; or
- a trust, if:
  - a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or
  - it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

If a partnership holds shares of EGL common stock, the tax treatment of each of its partners generally will depend upon the status of such partner and the activities of the partnership. A partner of a partnership holding shares of EGL common stock should consult its own tax advisors regarding the United States federal income tax consequences of the merger.

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A Non-U.S. Holder means a beneficial owner of shares of EGL common stock that is not a U.S. Holder. We urge holders of shares of EGL common stock that are Non-U.S. Holders to consult their own tax advisors regarding the United States tax consequences of the merger.

*Exchange of Shares of EGL Common Stock.* The exchange of shares of EGL common stock for the cash consideration pursuant to the merger will be a taxable transaction for United States federal income tax purposes. In general, a U.S. Holder who receives the cash consideration in exchange for shares of EGL common stock pursuant to the merger will recognize gain or loss for United States federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received and the U.S. Holder s adjusted tax basis in the shares of EGL common stock exchanged. Gain or loss will be determined separately for each block of shares (that is, shares acquired at the same cost in a single transaction). The gain or loss will generally be capital gain or loss, and will generally be long-term capital gain or loss if, on the date of the merger, the shares of EGL common stock exchanged pursuant to the merger were held for more than one year. In the case of shareholders who are individuals, long-term capital gain is currently eligible for reduced rates of federal income tax. There are limitations on the deductibility of capital losses.

*Backup Withholding Tax and Information Reporting.* Payment of the cash consideration with respect to the exchange of shares of EGL common stock pursuant to the merger may be subject to information reporting and United States federal backup withholding tax at the applicable rate (currently 28%), unless a holder of EGL common stock properly certifies its taxpayer identification number or otherwise establishes an exemption from backup withholding and complies with all other applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Any amounts so withheld may be allowed as a refund or a credit against such holder s United States federal income tax liability, if any, provided that the required information is properly and timely furnished to the IRS.

**Financing of the Merger**

Parent estimates that the total amount of funds necessary to complete the proposed merger and the related transactions, including debt to be incurred and to remain outstanding in connection with the merger, and to pay related customary fees and expenses, is approximately $2.2 billion. Parent currently expects this amount to be provided through a combination of sources, including:

- up to approximately $100.0 million in new equity financing from an affiliate of Parent,
- up to approximately $1.85 billion in new debt financing to be incurred or issued pursuant to, or as described in, the debt commitment letters described below,
- approximately $253.3 million of cash of Parent and EGL, and
- approximately $36.0 million of debt of EGL to remain outstanding after the consummation of the merger.

Any equity contributions made by the Rollover Investors could reduce the amount of the new equity financing described above. The total funded indebtedness of Parent and its subsidiaries on a consolidated basis following the merger is expected to be approximately $3.8 billion, assuming an equity contribution of $100.0 million.

Pursuant to the merger agreement, Parent is obligated to use its reasonable best efforts to obtain the financing described below. EGL is obligated to provide, and to cause its subsidiaries and representatives to provide, all cooperation reasonably requested by Parent in connection with the financing, including by providing reasonably required information relating to EGL, participating in meetings, drafting sessions, and due diligence sessions in connection with the financing, assisting in the preparation of certain documents for the financing, reasonably cooperating with the marketing efforts for the debt financing, providing financial information, executing and delivering (and causing its subsidiaries to execute and deliver) certain documents relating to guarantees, pay-offs of existing debt, the pledge of collateral and other matters ancillary to the financing that are reasonably requested by Parent, entering into credit or other agreements as reasonably requested by and on terms satisfactory to Parent, taking actions necessary in connection with to pay-off of existing indebtedness and the release of related liens, and taking corporate actions reasonably requested by Parent to permit the consummation of the debt financing. In the event that procurement of any portion of the financing becomes unlikely to occur in the manner or from the sources described below, Parent is obligated to use its reasonable best efforts to arrange alternative financing on terms and conditions no less favorable to Parent or Acquisition Co.

The following arrangements are intended to provide the necessary financing for the merger:

*Debt Financing.* Parent received debt financing commitments on May 11, 2007 pursuant to a commitment letter from Credit Suisse and Credit Suisse Securities (USA) LLC, which was subsequently replaced by the commitment letter, dated June 1, 2007, among Credit Suisse, Credit Suisse Securities (USA) LLC, Morgan Stanley Senior Funding, Inc., Bear Stearns Corporate Lending Inc., Bear, Stearns & Co. Inc., JPMorgan Chase Bank, N.A., J.P. Morgan Securities Inc., UBS Loan Finance LLC and UBS Securities LLC (collectively, the Debt Commitment Parties ). Pursuant to the debt financing commitments, and subject to their terms and conditions, Credit Suisse, Morgan Stanley Senior Funding, Inc., Bear Stearns Corporate Lending Inc., JPMorgan Chase Bank, N.A. and UBS Loan Finance LLC severally have committed to provide in the aggregate:

up to $1,000,000,000 in senior secured term loans, up to $400,000,000 of which (the New Term Loans ) would be used for the purpose of financing the merger, refinancing certain existing indebtedness of EGL and paying the transaction costs associated with the foregoing, and up to $600,000,000 of which would be used to replace term loans outstanding under Parent s existing senior secured credit facility (the Existing Credit Facility ) if Parent does not obtain a proposed amendment thereof (the Proposed Amendment ) to, among other things, permit the consummation of the debt financing;

a $250,000,000 senior secured revolving credit facility, which may be provided by way of the Proposed Amendment, of which only $40,000,000 may be drawn at the closing of the merger, for the purpose of financing the merger (including to pay fees and expenses) and providing ongoing working capital and for other general corporate purposes of Parent and its subsidiaries, including the Surviving Corporation;

up to $1,447,000,000 (or its equivalent) in senior unsecured increasing rate loans for the purpose of financing the merger, refinancing certain existing indebtedness of EGL and paying the transaction costs associated with the foregoing, if Parent does not complete a capital markets debt financing in such amount, and

a $250,000,000 synthetic letter of credit facility, which may be provided by way of the Proposed Amendment, for the purpose of providing ongoing working capital and for other general corporate purposes of Parent and its subsidiaries, including the Surviving Corporation.

*Conditions Precedent to the Debt Financing Commitments.* The availability of the debt financing described above is subject, among other things, to satisfaction of the following conditions:

the accuracy in all material respects of certain representations and warranties of EGL contained in the merger agreement and certain representations and warranties of Parent and EGL contained in the definitive documentation for the debt facilities;

Parent using commercially reasonable efforts to provide the Debt Commitment Parties with a printed preliminary prospectus or preliminary offering memorandum or preliminary private placement memorandum in connection with the senior unsecured notes and/or senior unsecured PIK toggle notes prior to the closing of the merger;

- the negotiation, execution and delivery of definitive documentation for the debt financing; and
- other customary conditions for leveraged acquisition financings.

If any of the conditions to the debt financing are not satisfied, the Debt Commitment Parties may in their sole discretion refuse to waive the conditions and, in that event, will not be obligated to provide the debt financing. Depending on the condition of EGL and the leveraged acquisition debt financing market at such time, it may be difficult, or impossible, for Parent to obtain alternative financing on terms and conditions not materially less favorable to Parent than those set forth in the debt financing commitments.

Parent has agreed with EGL that it will use its reasonable best efforts to obtain the debt financing contemplated by the debt financing commitments. The merger agreement limits EGL s obligation to incur any fees or liabilities with respect to the debt financing prior to the effective time of the merger. See The Merger Agreement Other Covenants and Agreements Financing.

There can be no assurance that the conditions to the debt financing will be met.

*Credit Facility.* The borrower of the New Term Loans will be the Surviving Corporation, and the borrower under the revolving credit facility and under the synthetic letter of credit facility will be Parent and certain of its subsidiaries, including the Surviving Corporation upon the consummation of the merger. Credit Suisse and Morgan Stanley Senior Funding, Inc. have been appointed as joint lead arrangers and Credit Suisse, Morgan Stanley Senior Funding, Inc. Bear Stearns Corporate Lending Inc., JPMorgan Chase Bank, N.A. and UBS Loan Finance LLC have been appointed as joint bookrunners of the credit facility.

*Bridge Facility or Other Debt Financing.* If Parent does not complete a capital markets debt financing in such amount, then it expects to incur up to $1,447,000,000 (or its equivalent) in senior unsecured increasing rate loans pursuant to a senior unsecured increasing rate credit facility. Credit Suisse and Morgan Stanley Senior Funding, Inc. have been appointed as joint lead arrangers and Credit Suisse, Morgan Stanley Senior Funding, Inc., Bear Stearns Corporate Lending Inc., JPMorgan Chase Bank, N.A. and UBS Loan Finance LLC have been appointed as joint bookrunners of the bridge facility.

*Equity Financing.* Parent has received an equity commitment letter from AIF VI Euro Holdings, L.P. ( Euro Holdings ), a private equity fund affiliated with Apollo, pursuant to which, and subject to the conditions contained therein, Euro Holdings has committed to make a capital contribution equal to $65 million to Parent (or such lesser amount as suffices to fully fund the purchase price) in connection with the completion of the merger. Such equity commitment obligation may be assigned to affiliates of Euro Holdings provided that Euro Holdings will remain obligated to perform its obligation to the extent not performed by its assignees. Parent currently intends to increase the amount of equity financing to up to $100.0 million.

**Regulatory Approvals**

The following discussion summarizes the material regulatory requirements that we believe relate to the merger, although we may determine that additional consents from or notifications to governmental agencies are necessary or appropriate.

In the merger agreement, the parties have agreed to cooperate with each other to make all filings with governmental authorities and to obtain all governmental approvals and consents necessary to consummate the merger, subject to certain exceptions and limitations. It is a condition to the consummation of the merger that certain required governmental consents and approvals shall have been obtained before the effective date of the merger.

*United States Antitrust Considerations.* Under the HSR Act, we cannot complete the merger until we have submitted certain information to the Antitrust Division of the Department of Justice and the Federal Trade Commission and satisfied the statutory waiting period requirements. Both EGL and Parent made the necessary initial filings under the HSR Act on , 2007. The applicable waiting period under the HSR Act will expire at 11:59 p.m. on , 2007, unless earlier terminated or extended by a request for additional information and documentary material, which we refer to as a Second Request. If the parties receive a Second Request, the waiting period is tolled until EGL and Parent substantially comply with such Second Request and observe a second 30 calendar-day waiting period, unless earlier terminated. The parties expect to receive clearance under the HSR Act prior to the end date of November 1, 2007 in the merger agreement, but there can be no guarantee that this will occur. Also, after clearance under the HSR Act, nothing prevents the Department of Justice or the Federal Trade Commission from later challenging the merger on antitrust grounds.

*Foreign Competition Considerations.* Additionally, the merger is subject to various foreign competition and foreign investment laws. We currently expect to make foreign filings in or to the European Commission, South Africa, Turkey, China, South Korea, Canada, Brazil, and any other jurisdictions where required, and we will observe applicable waiting periods, if required, prior to completing the merger.

*Other Regulatory Matters.* We have obtained from various regulatory authorities a significant number of franchises, permits and licenses. Many of these may need to be renewed, replaced or transferred in connection with the merger. In that event, we will seek to obtain approvals or consents, or to make notifications, in connection with those renewals, replacements or transfers.

**Accounting Treatment of the Merger**

The merger is expected to be accounted for as a business combination using the purchase method of accounting for financial accounting purposes, whereby the estimated purchase price of $1.97 billion would be allocated to the assets and liabilities of EGL based on their relative fair values following Statement of Financial Accounting Standards No. 141, Business Combinations.

**Litigation Related to the Merger**

EGL is aware of five lawsuits involving the merger and the transactions contemplated by the Talon merger agreement (the Crane Group Proposal ). They are as follows:

*Vivian Golombuski v. EGL, Inc. et al.,* Cause No. 2007-00139, in the 125th Judicial District Court of Harris County, Texas. Plaintiff filed this suit against EGL, all of its directors other than Mr. Wolff, and Centerbridge and Woodbridge (Mr. Crane s equity partners in the Crane Group Proposal) as a class action on behalf of all EGL shareholders except those affiliated with any of the defendants. Plaintiff alleged that the Crane Group Proposal was unfair and grossly inadequate and that the director defendants breached their fiduciary duties to the shareholders. Plaintiff alleged that Centerbridge and Woodbridge aided and abetted the director defendants breaches of fiduciary duty. Plaintiff brought causes of action against all defendants for abuse of control, gross mismanagement and waste of corporate assets. Plaintiff sought to enjoin the defendants from effectuating the Crane Group Proposal, costs, and attorneys fees.

The following four cases have been consolidated with *Golombuski*:

*Platinum PVA Fund v. Milton Carroll, et al.,* consolidated with *Golombuski* in the 125th Judicial District Court of Harris County, Texas. Plaintiff filed this suit against EGL and all of its directors other than Mr. Wolff on behalf of a class of all EGL shareholders except those affiliated with any of the defendants. Plaintiff alleged that the Crane Group Proposal offered grossly unfair compensation to EGL s shareholders and that the director defendants must take other measures to maximize value to shareholders. Plaintiff sought to enjoin the Crane Group Proposal and to recover damages, costs, and attorneys fees.

*Raymond Somers v. James R. Crane, et al.,* consolidated with *Golombuski* in the 125th Judicial District Court of Harris County, Texas. Plaintiff brought this action derivatively on behalf of EGL against all of its directors other than Mr. Wolff, Centerbridge and Woodbridge. Plaintiff alleges that the Crane Group Proposal was for a grossly inadequate and unfair price; that the board and the special committee of the board were dominated and controlled by Mr. Crane; and that the individual defendants engaged in self-dealing. Plaintiff sought to recover damages on behalf of EGL against the individual defendants for breach of fiduciary duty, abuse of control, gross mismanagement, and waste of corporate assets, and against General Atlantic for aiding and abetting the director defendants in their alleged breaches of duty. Plaintiff sought an injunction against the Crane Group Proposal, a constructive trust, and costs including attorneys fees.

*Jim Roberts v. EGL, Inc., et al.*, Cause No. 2007-05941, consolidated with *Golombuski* in the 125th Judicial District Court of Harris County, Texas. Plaintiff filed this suit against EGL, all of its directors other than Mr. Wolff, and General Atlantic LLC on behalf of a class of all EGL shareholders except those affiliated with any of the defendants. Plaintiff alleged that the Crane Group Proposal was unfair and grossly inadequate, and that the individual defendants breached their fiduciary duties by not taking measures to ensure that the interests of EGL s public shareholders were properly protected. Plaintiff sought to enjoin the merger.

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On April 11, 2007, Plaintiffs in the consolidated cases filed a Motion for Appointment of Receiver and Temporary Injunction and Memorandum in Support Thereof. In addition, on May 7, 2007, Plaintiffs indicated that they intended to seek an order from the Court temporarily restraining EGL from paying any termination fee contemplated by the Talon merger agreement. At a hearing on Plaintiff s motion for a temporary restraining order on May 10, 2007, the Court denied Plaintiff s motion.

*Federated Kaufmann Small Cap Fund v. James R. Crane, et al.*, Cause No. 2007-18420, in the 280th Judicial District Court of Harris County, Texas. Plaintiff filed this suit against EGL and all of its directors other than Mr. Wolff. Plaintiff alleged that the Crane Group Proposal is for a grossly unfair and inadequate price and brought causes of action for breach of fiduciary duties against all defendants. Further, Plaintiff questioned the independence of the Special Committee. Plaintiff also asserted that it was the most qualified class representative because of its large financial stake in the litigation due to its ownership of approximately 900,000 shares of EGL. Plaintiff sought to enjoin the Crane Group Proposal and to recover damages, costs, and attorney s fees.

EGL believes that these lawsuits are without merit and intends to defend them vigorously. Additional lawsuits could be filed, and the allegations in the above lawsuits may be amended.

Prior to the execution of the merger agreement, Apollo filed a lawsuit in the 190th Judicial District Court of Harris County, Texas against EGL and all of its directors. Apollo alleged that the bid process leading to the Talon merger agreement was flawed and failed to maximize value for EGL s shareholders. Apollo brought one count of tortious interference with prospective business relations against all defendants and a second count of prospective business relations against only Crane. Apollo further alleged that the directors had allowed Crane to dominate and control the bid process. In the merger agreement Parent agreed to dismiss this lawsuit without prejudice, and a notice was filed to that effect on May 24, 2007.

**Amendment to EGL s Rights Plan**

On May 24, 2007, EGL and Computershare Investor Services, L.L.C. entered into the Second Amendment to the Rights Agreement dated as of May 23, 2001. The amendment permits the execution of the merger agreement and the performance and consummation of the transactions contemplated by the merger agreement, including the merger, without triggering the provisions of the rights agreement.

**Delisting and Deregistration of EGL Common Stock**

If the merger is completed, EGL s common stock will be delisted from the NASDAQ Global Select Market and deregistered under the Exchange Act.

**Dissenters Rights of Shareholders**

If you are a holder of shares of our outstanding common stock as of the effective date of the merger, you may exercise dissenters rights by properly complying with the requirements of Articles 5.11, 5.12 and 5.13 of the Texas Business Corporation Act.

By exercising dissenters rights, you would have the fair value of your shares of EGL common stock determined by a court and paid to you in cash. The following is a general summary of your dissenters rights and is qualified in its entirety by reference to Articles 5.11, 5.12 and 5.13 of the Texas Business Corporation Act. The full text of these articles is set forth in Annex B. You should read Annex B in its entirety for more complete information concerning your right to dissent from the merger.

If you are a holder of record of shares of our outstanding common stock as of the effective date of the merger, and you follow the procedures set forth in Articles 5.11, 5.12 and 5.13 of the Texas Business Corporation Act, you will be entitled to demand the purchase of your shares of our common stock for a purchase price equal to the fair value of your shares. Under Texas law, fair value of shares for purposes of the exercise of dissenters rights is defined as the value of the shares as of the date immediately preceding the shareholders meeting date, excluding any appreciation or depreciation in value of the shares in anticipation of the merger.

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Prior to the annual meeting of shareholders on , 2007, a dissenting shareholder of record must file with us (at our address at 15350 Vickery Drive, Houston, Texas 77032, Attention: Secretary) a written objection to the merger, stating that its right to dissent will be exercised if the merger becomes effective and stating its address. Within 10 days after the effectiveness of the merger, we must mail to all of our shareholders written notice of the effectiveness of the merger and of their right to dissent from the merger within 20 days after the date of the mailing of the notice. The notice will be accompanied by a copy of Article 5.12 of the Texas Business Corporation Act and any articles or documents the surviving corporation has filed with the Secretary of State of the State of Texas to effect the merger. Dissenting shareholders may then, within 20 days after the date of our mailing of the notice, make a written demand on us for payment of the fair value of their shares. Shareholders demands must state the number and class of shares of our common stock they own and their estimate of the fair value of their common stock. If a shareholder fails to make such a demand within the 20-day period, it will lose the right to dissent and will be bound by the terms of the merger. In order to preserve dissenters rights, within 20 days of making a demand for payment, the shareholder also must submit its stock certificates to us for the appropriate notation of the demand. We, at our option, may terminate shareholders rights under Article 5.12 of the Texas Business Corporation Act if they fail to submit their stock certificates within 20 days after demanding payment unless a court of competent jurisdiction directs otherwise upon a showing to the court that there is good and sufficient cause.

In order to exercise properly your dissenters rights, you must refrain from voting by proxy or in person for the approval of the merger agreement. Failure to vote against approval of the merger agreement will not constitute a waiver of your dissenters rights. Voting against the approval of the merger agreement will not be deemed to satisfy the notice requirements under the Texas Business Corporation Act.

Within 20 days of our receipt of a shareholder s proper demand for payment, we must deliver or mail to the shareholder written notice that either:

- we accept the amount claimed and agree to pay the amount of the shareholder s demand within 90 days after the effectiveness of the merger upon receipt of duly endorsed stock certificates; or

- contains our estimate of the fair value of the shareholder s shares and includes an offer to pay the amount of our estimate within 90 days after the effectiveness of the merger, provided that we receive notice from the shareholder within 60 days after the effective date of the merger that it agrees to accept our estimate and upon receipt of duly endorsed stock certificates.

If the shareholder and we agree on the value of the shares within 60 days after effectiveness of the merger, we will pay the shareholder the amount of the agreed value upon receipt of duly endorsed stock certificates within 90 days of the effectiveness of the merger. Upon our payment of the agreed value, the shareholder will no longer have any interest in us or in those shares.

If the shareholder and we do not agree on the value of the shares within 60 days after the effectiveness of the merger, then either the shareholder or we may, within 60 days after the expiration of that 60-day period, file a petition in a court of competent jurisdiction in the county in which our principal office is located, seeking a determination of the fair value of the shares. Please consult your own legal counsel regarding the proper court for such filing. We will file with the court a list of all shareholders who have demanded payment for their shares with whom an agreement as to value has not been reached within 10 days following receipt of the petition filed by a dissenting shareholder or upon our filing of such a claim. The clerk of the court will give notice of the hearing of any such claim to us and to all of the dissenting shareholders on the list we have provided. We and all dissenting shareholders notified in this manner will be bound by the final judgment of the court as to the value of the shares.

In considering such a petition, the court will determine which of the dissenting shareholders have complied with the provisions of the Texas Business Corporation Act and are entitled to the payment of the fair value of their shares and will appoint one or more qualified appraisers to determine the fair value of the shares who are directed to make such determination upon such investigation as to them may seem proper. The appraisers will also allow the dissenting shareholders and us to submit to them evidence as to the fair value of the shares. Upon receipt of the appraisers report, the court will determine the fair value of the shares of the shareholders and will direct the payment to the shareholders of the amount of the fair value of their shares, with interest from the date 91 days after the effectiveness of the merger to the date of the judgment, by us, upon receipt of the shareholder s stock certificates. Upon payment of the judgment, the shareholders will no longer have any interest in us or in those shares.

Shareholders may withdraw their demands at any time before receiving payment for the shares or before a petition has been filed seeking determination of the fair value of the shares. Shareholders may not withdraw their demands after payment has been made or, unless we consent to the withdrawal, where a petition has been filed.

If you have properly demanded payment for your shares, you will not have any rights as a shareholder except the right to receive payment for such shares and the right to claim that the merger and the related transactions were fraudulent.

To be effective, a written objection by a holder of EGL common stock must be made by or on behalf of the shareholder of record. The written objection should set forth, fully and correctly, the shareholder of record s name as it appears on his or her stock certificate(s) and should specify the holder s mailing address and the number of shares registered in the holder s name. Beneficial owners who do not also hold the shares of record may not directly make appraisal demands to us. The beneficial holder must, in such cases, have the record owner submit the required demand in respect of those shares. If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a written objection should be made in that capacity; and if the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the written objection should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the written objection for appraisal for a shareholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the written objection, he or she is acting as agent for the record owner. A record owner, such as a broker, who holds shares as a nominee for others, may exercise his or her right of appraisal with respect to the shares held for one or more beneficial owners, while not exercising this right for other beneficial owners. In that case, the written objection should state the number of shares as to which appraisal is sought. If you hold your shares of EGL common stock in a brokerage account or in other nominee form and you wish to exercise appraisal rights, you should consult with your broker or the other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee.

Shareholders should be aware that the fair value of their shares as determined under Texas law could be more than, the same as, or less than the merger consideration they would receive pursuant to the merger agreement if they did not dissent. Shareholders should also be aware that the opinion of Deutsche Bank is not an opinion as to fair value under the Texas Business Corporation Act.

**Failure to comply strictly with all of the procedures required by Articles 5.11, 5.12 and 5.13 of the Texas Business Corporation Act for perfecting dissenters rights may result in the loss of dissenters rights, in which event you will be entitled to receive the consideration with respect to your shares in accordance with the merger agreement. In view of the complexity of Articles 5.11, 5.12 and 5.13 of the Texas Business Corporation Act, if you are considering dissenting from the merger, we urge you to consult your own legal counsel.**

# THE MERGER AGREEMENT

*The following is a summary of the material terms of the merger agreement, a copy of which is attached as Annex A to this proxy statement. The provisions of the merger agreement are extensive and not easily summarized, and the summary below and elsewhere in this proxy statement is qualified in its entirety by reference to the merger agreement. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. We urge you to read the merger agreement in its entirety for a more complete description of the terms and conditions of the merger, because it, and not this summary or this proxy statement, is the legal document that governs the merger. In addition, you should read The Merger Effects of the Merger, and The Merger Interests of Certain Persons in the Merger, as certain provisions of those agreements relate to certain provisions of the merger agreement.*

In reviewing the merger agreement, please remember that it is included to provide you with information regarding its terms and is not intended to provide any other factual information about EGL or the other parties to the merger agreement. The merger agreement contains representations and warranties by each of the parties to the merger agreement. These representations and warranties have been made solely for the benefit of the other parties to the merger agreement and:

- may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate,
- have been qualified by certain disclosures that were made to the other party in connection with the negotiation of the merger agreement, which disclosures are not reflected in the merger agreement, and
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors.

Additional information about EGL may be found elsewhere in this proxy statement and in EGL s other public filings. See Where You Can Find More Information.

## Structure of the Merger

At the closing of the merger, Acquisition Co. will merge with and into EGL and the separate corporate existence of Acquisition Co. will cease. EGL will be the Surviving Corporation in the merger and will continue to be a Texas corporation after the merger. The articles of incorporation of EGL, as in effect immediately prior to the effective time of the merger, will be the articles of incorporation of the Surviving Corporation until thereafter amended in accordance with the provisions of those articles of incorporation, the merger agreement and applicable law. The bylaws of Acquisition Co., as in effect at the effective time of the merger, will be the bylaws of the Surviving Corporation until thereafter amended in accordance with the provisions of those bylaws, the merger agreement, and applicable law. Subject to applicable law, the directors of Acquisition Co. immediately prior to the effective time of the merger will be the initial directors of the Surviving Corporation and will hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal. The officers of EGL immediately prior to the effective time of the merger will be the initial officers of the Surviving Corporation and will hold office until their respective successors are duly elected and qualified, or their earlier death, resignation or removal.

## When the Merger Becomes Effective

The closing of the merger will take place on a date to be specified by the parties, which will be no later than the fifth business day after the satisfaction or waiver of the closing conditions stated in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing, but subject to the satisfaction or waiver of such conditions), unless another date is agreed to in writing by the parties. At the direction of Parent the closing can be delayed to the last day of the then current interest period of EGL s senior secured notes in which the closing conditions would be satisfied or waived. The merger will become effective at the time, which we refer to as the effective time of the merger, when EGL files articles of merger with the Secretary of State of the State of Texas and a certificate of merger is issued by the Secretary of State, or at such later date or time as Parent and EGL agree in writing and specify in the articles of merger.

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### Effect of the Merger on the Common Stock and Stock Options of EGL

*Common Stock.* Following the completion of the transactions set forth in the Rollover Commitments (see The Merger Effects of the Merger and The Merger Interests of Certain Persons in the Merger ), at the effective time of the merger:

Each share of EGL common stock issued and outstanding immediately prior to the effective time of the merger, other than shares held in the treasury of EGL or by any direct or indirect wholly owned subsidiary of EGL, shares held directly or indirectly by Parent, Acquisition Co. (including all shares acquired from the Rollover Investors), at Parent s election, shares held by CEVA Investments Limited or a subsidiary thereof, and shares held by dissenting shareholders who have properly demanded and perfected their dissenters rights, will be converted into the right to receive a cash payment of $47.50, which we call the merger consideration.

Each share of EGL common stock that is immediately prior to the effective time of the merger owned directly or indirectly by Parent or Acquisition Co. (including all shares acquired from the Rollover Investors) or held in the treasury of EGL will be automatically canceled without payment, provided that Parent may elect for any shares acquired pursuant to the Rollover Commitments to remain outstanding, subject to appropriate adjustment.

Each share of EGL common stock held by any direct or indirect wholly owned subsidiary of EGL immediately prior to the effective time of the merger, as well as, at Parent s election, shares held by CEVA Investments Limited or a subsidiary thereof which were acquired from the Rollover Investors, will remain outstanding except that such number of shares will be appropriately adjusted in the merger.

All shares of EGL common stock that have been converted into the right to receive the merger consideration will be automatically cancelled and will cease to exist, and the holders of certificates which immediately prior to the effective time of the merger represented those shares will cease to have any rights with respect to those shares other than the right to receive the merger consideration.

*Stock Options.* Except as otherwise agreed in writing by EGL and Parent and the applicable holder of an option or other award to purchase EGL common stock, each option or other award to purchase shares of EGL common stock granted under any EGL employee or director equity plans, whether vested or unvested, that is outstanding immediately prior to the effective time of the merger will, as of the effective time of the merger, become fully vested and be converted into the right to receive an amount in cash in U.S. dollars equal to the result of multiplying the total number of shares of EGL common stock subject to the option or right to purchase by the excess, if any, of $47.50 over the exercise price per share of the option or right to purchase less such amounts as are required to be withheld or deducted under tax laws with respect to the making of such payment.

*Restricted Shares.* Except as otherwise agreed in writing by EGL and Parent and the applicable holder of an award of restricted EGL common stock, immediately prior to the effective time of the merger, each award of restricted EGL common stock will vest in full and be converted into the right to receive the merger consideration at the effective time of the merger, less such amounts as are required to be withheld or deducted under tax laws with respect to the making of such payment, unless the shares are held by dissenting shareholders who have properly demanded and perfected their dissenters rights.

*Stock Purchase Plan.* At the effective time of the merger, EGL s stock purchase plan will terminate, and, in connection with such termination, EGL will refund to the participants in the stock purchase plan any accumulated payroll deductions in respect of any purchase period ending after the effective time of the merger. Participants in the stock purchase plan will be entitled to continue to make purchases of EGL common stock pursuant to the terms of the plan for the purchase period in effect on the date of the merger agreement, which period will end on June 30, 2007. After the end of such purchase period, no new purchase period will commence thereafter.

### Payment for EGL Common Stock in the Merger

At or essentially simultaneously with the effective time of the merger, Parent will deposit, or cause to be deposited with , as paying agent, in trust for the benefit of the holders of EGL common stock, and the holders of options described above, sufficient cash to pay to the holders of EGL common stock the merger consideration of $47.50 per share and to make the payments described above with respect to stock options. Within five business days following the effective time of the merger, the paying agent is required to mail to each record holder of shares of EGL common stock that were converted into the merger consideration a letter of transmittal and instructions for use in effecting the surrender of certificates that formerly represented shares of EGL common stock or non-certificated shares represented by book-entry in exchange for the merger consideration.

Upon surrender of stock certificates or book-entry shares and a duly completed and validly executed letter of transmittal, together with any other documents required by the letter of transmittal or customarily required by the paying agent, a holder of shares of EGL common stock will be entitled to receive a check for the merger consideration. No interest will be paid or accrue on the merger consideration. The paying agent will be entitled to deduct, withhold and pay to the appropriate taxing authorities any applicable taxes from the merger consideration. Any sum that is withheld and paid to a taxing authority by the paying agent will be deemed to have been paid to the person with regard to whom it is withheld.

Within five business days of the effective time of the merger, the paying agent also will mail to each holder of a EGL stock option a check in the amount due as described above under Effect of the Merger on the Common Stock and Stock Options of EGL Stock Options.

No transfers of EGL common stock will be made on the stock transfer books of EGL from and after the effective time of the merger. In the event of a transfer of ownership of common stock that is not registered in the transfer or stock records of EGL, a check for any cash to be paid upon surrender of the certificate formerly representing those shares may be paid to the transferee if the certificate is presented to the paying agent with all documents required to evidence and effect the transfer of the shares and to evidence that any applicable stock transfer or other taxes have been paid or are not applicable.

Holders of lost, stolen or destroyed certificates will be entitled to receive the merger consideration if they make an affidavit of the loss, theft or destruction and, if required by Parent or the paying agent, post a bond in a customary amount as indemnity against any claim that may be made against it with respect to such certificate.

Any portion of the payment fund held by the paying agent not distributed to the former holders of EGL common stock within one year following the effective time of the merger will be delivered to the Surviving Corporation upon demand, and any former shareholders of EGL who have not properly surrendered their stock certificates and letters of transmittal may look only to the Surviving Corporation for payment of the merger consideration.

### Representations and Warranties

The merger agreement contains representations and warranties of each of EGL and of Parent and Acquisition Co. as to, among other things:

- corporate organization, existence and good standing, including, as to EGL, with respect to its subsidiaries;
- corporate or similar power and authority to enter into the merger agreement and to consummate the transactions contemplated by merger agreement;

required regulatory filings and authorizations, consents or approvals of governmental entities;

the absence of certain violations, defaults or consent requirements under certain contracts, organizational documents and law, in each case arising out of the execution and delivery of, and consummation of the transactions contemplated by, the merger agreement;

matters relating to information to be included in required filings with the SEC in connection with the merger, including this proxy statement; and

fees owed to investment bankers, brokers and other advisors in connection with the merger.

The merger agreement also contains representations and warranties of EGL as to, among other things:

the capitalization of EGL and the absence of certain rights to purchase or acquire equity securities of EGL of any of its subsidiaries, the absence of any bonds or other obligations allowing holders the right to vote with shareholders of EGL, the absence of shareholder agreements or voting trusts to which EGL or any of its subsidiaries is a party and the option grant practices of EGL;

EGL s subsidiaries and joint ventures;

the accuracy of EGL s and certain of its subsidiaries filings with the SEC and of financial statements included in the SEC filings;

internal controls and procedures of EGL;

the absence of certain undisclosed liabilities for EGL and its subsidiaries;

compliance with laws, the absence of unlawful payments and possession of necessary permits and authorizations by EGL and its subsidiaries;

environmental matters and compliance with environmental laws by EGL and its current and former subsidiaries;

EGL s employee benefit plans and other agreements with its employees;

the absence of certain related party transactions;

the absence of certain changes since December 31, 2006;

the absence of certain litigation, orders and judgments and governmental proceedings and investigations related to EGL and its subsidiaries;

the payment of taxes, the filing of tax returns and other tax matters related to EGL and its subsidiaries;

labor matters related to EGL and its subsidiaries;

intellectual property of EGL and its subsidiaries;

property owned or leased sufficient for the conduct of EGL s and its subsidiaries respective businesses;

insurance policies of EGL and its subsidiaries;

the opinion of Deutsche Bank;

the vote of shareholders required to approve the merger;

material contracts of EGL and its subsidiaries; and

state takeover statutes, EGL s rights plan and charter provisions.

None of the changes since December 31, 2006 covered by the representation noted in the tenth bullet point in the foregoing list had occurred as of the date of this proxy statement.

The merger agreement also contains representations and warranties of Parent and Acquisition Co. as to, among other things:

their ability to finance the merger and certain related costs;

Parent s ownership of Acquisition Co. and the absence of any previous conduct of business by Acquisition Co. other than in connection with the transactions contemplated by the merger agreement and related financing;

lack of ownership of shares of EGL common stock, other than, immediately prior to the effective time of the merger, the shares subject to Rollover Commitments;

the absence of certain contracts or agreements between Parent or Acquisition Co. and any of EGL s management or directors and the absence of any action by Parent or Acquisition Co. taken prior to EGL s board of directors approval of the merger agreement that would cause the business combinations statute of the Texas Business Corporation Act to be applicable to the merger agreement or the transactions contemplated thereby;

the absence of certain litigation, investigations, orders and judgments;

the limitation of EGL s representations and warranties to those set forth in the merger agreement;

the access to information about EGL that has been provided to Parent and Acquisition Co.; and

the solvency of the Surviving Corporation at the effective time of the merger.

Some of the representations and warranties in the merger agreement are qualified by materiality qualifications or a material adverse effect clause. For purposes of the merger agreement, a material adverse effect means, with respect to EGL, any fact, circumstance, event, change, effect or occurrence that, individually or in the aggregate with all other facts, circumstances, events, changes, effects or occurrences, has had or would be reasonably likely to have a material adverse effect on the assets, properties, business, results of operation or financial condition of EGL and its subsidiaries, taken as a whole, or that would be reasonably likely to prevent or materially delay or materially impair the ability of EGL to perform its obligations under the merger agreement or to consummate the merger or the other transactions contemplated thereby.

In any case, however, a material adverse effect with respect to EGL will not include:

facts, circumstances, events, changes, effects or occurrences generally affecting the industry in which EGL operates or the economy or the financial or securities markets in the United States or elsewhere in the world, including any regulatory or political conditions or developments, or any outbreak or escalation of hostilities, declared or undeclared acts of war, terrorism or insurrection, except to the extent any fact, circumstance, event, change, effect or occurrence that, relative to other industry participants, disproportionately impacts the assets, properties, business, results of operation or financial condition of EGL and its subsidiaries, taken as a whole,

facts, circumstances, events, changes, effects or occurrences to the extent directly resulting from the announcement of the execution of the merger agreement or the consummation of the transactions contemplated thereby (provided that this exception will not diminish, and will be disregarded for purposes of, any representations or warranties in the merger agreement),

fluctuations in the price or trading volume of shares of EGL common stock; provided, that this exception will not prevent or otherwise affect a determination that any fact, circumstance, event, change, effect or occurrence underlying such fluctuation has resulted in, or contributed to, a material adverse effect,

facts, circumstances, events, changes, effects or occurrences to the extent resulting from any changes in law or in GAAP (or the interpretation thereof) after the date of the merger, or

any failure by EGL to meet any published analyst estimates or expectations of EGL s revenue, earnings or other financial performance or results of operations for any period or any failure by EGL to meet its internal budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations; provided, that this exception will not prevent or otherwise affect a determination that any fact, circumstance, event, change, effect or occurrence underlying such failure has resulted in, or contributed to, a material adverse effect.

### Agreements Related to the Conduct of Business

The merger agreement provides that, subject to certain exceptions or as consented to in writing by Parent (such consent not to be unreasonably withheld, conditioned or delayed), during the period from the signing of the merger agreement to the effective time of the merger, EGL, among other things, will, and will cause its subsidiaries to, conduct its business in all material respects in the ordinary course consistent with past practices, and use commercially reasonable best efforts to maintain and preserve intact its business organization and significant business relationships and to retain the services of its key officers and key employees, and will not, and will not permit any of its subsidiaries to:

- adjust, split, combine or reclassify any capital stock or otherwise amend the terms of its capital stock;
- make, declare or pay any dividend, or make any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire or encumber, any shares of its capital stock or convertible or exchangeable securities, except in connection with cashless exercises or similar transactions pursuant to the exercise of stock options or other awards issued and outstanding as of the date of the merger agreement under equity plans; provided that wholly owned EGL subsidiaries may make dividends or distributions to EGL or to other wholly owned subsidiaries, and non-wholly owned subsidiaries may make dividends or distributions that are not within the discretion or control of EGL or its subsidiaries;
- grant any person any right to acquire any shares of its capital stock, except as required under any specified existing agreement;
- issue, deliver, sell, grant or pledge any:
  - shares of capital stock except pursuant to the exercise of stock options or other awards issued under equity plans issued and outstanding as of the date of the merger agreement and in accordance with the terms of those instruments;
  - securities convertible into or exchangeable for any options, warrants or rights to acquire any shares of its capital stock or securities; or
  - phantom stock, phantom stock rights, stock appreciation rights or stock-based performance units;
- except for hedging agreements entered into in the ordinary course of business consistent with past practice, purchase, sell, transfer, mortgage, encumber or otherwise dispose of any properties or assets having a value in excess of $5.0 million in the aggregate, or if not in the ordinary course of business consistent with past practice, in excess of $1.5 million in the aggregate;
- make any capital expenditures in any fiscal quarter exceeding EGL s capital expenditure budget for such fiscal quarter by more than 1% of the aggregate quarterly budget or by more than 15% of the quarterly budget for a particular project category, subject to specified carryover provisions from quarter to quarter;
- incur, assume, guarantee, or become obligated with respect to any indebtedness for borrowed money, other than drawdowns under existing credit facilities made in the ordinary course of business consistent with past practice not exceeding $10.0 million in the aggregate (disregarding amounts borrowed in respect of payment of the termination fee under the Talon merger agreement) or issuances of letters of credit, surety bonds, guarantees of indebtedness for borrowed money and security time deposits made under existing credit facilities

in the ordinary course of business consistent with past practice, subject to a $5.0 million individual cap and a $101.0 million aggregate cap;

make any acquisition (including by merger, consolidation or other business combination) of another entity or business in excess of $5.0 million in the aggregate, or, if not in the ordinary course of business consistent with past practice, in excess of $1.0 million in the aggregate, whether by purchase of stock or securities, contributions to capital (other than capital contributions to wholly owned EGL subsidiaries and capital contributions to non-wholly owned EGL subsidiaries that are not within the discretion of EGL or its subsidiaries), property transfers, or entering into binding agreements with respect to any such investment or acquisition;

except in the ordinary course of business consistent with past practice, enter into, renew, extend, materially amend or terminate certain material agreements;

except to the extent required by law or by contracts in existence as of the date of the merger agreement, increase in any manner the compensation or benefits of any of its present or former employees, directors, consultants, independent contractors or service providers except in the ordinary course of business consistent with past practice (including, for this purpose, the normal employee salary and bonus compensation review process conducted each year, except with respect to specified employees), pay, or increase the amounts payable under, any pension, severance, change in control, retirement or similar benefits not required by any existing plan or agreement, enter into, renew, amend, alter, adopt, implement or otherwise commit itself to any compensation or benefit plan, program, policy, arrangement or agreement or other employee benefit or welfare benefit plan, policy, arrangement or agreement or employment, change in control, retention, severance, consulting or collective bargaining or similar agreement (other than certain immaterial amendments), accelerate the vesting of, or the lapsing of restrictions with respect to, any stock options or other stock-based compensation, cause the funding of any rabbi trust or similar arrangement or take any action to fund or in any other way secure the payment of compensation or benefits under any benefit plan, or materially change any actuarial or other assumptions used to calculate funding obligations with respect to any benefit plan or change the manner in which contributions to such plans are made or the basis on which such contributions are determined, except as may be required by generally accepted accounting principles;

waive, release, assign, settle or compromise any claim, action or proceeding, other than waivers, releases, assignments, settlements or compromises not exceeding the amount reserved against in the financial statements contained in EGL s filed SEC documents since January 1, 2005, or that involve only the payment of monetary damages not in excess of $1.25 million in the aggregate (excluding amounts to be paid under existing insurance policies) or otherwise pay, discharge or satisfy any claims, liabilities or obligations in excess of such amount, in each case, other than in the ordinary course consistent with past practice;

amend or waive any provision of its or its material subsidiaries articles of incorporation and bylaws or other equivalent organizational documents or, in the case of EGL, enter into any agreement with any of its shareholders in their capacity as such;

take or omit to take any action that is intended or would reasonably be expected to, individually or in the aggregate, result in any of the conditions to the merger not being satisfied or satisfaction of those conditions being materially delayed in violation of any provision of the merger agreement;

enter into any non-compete, non-solicit or similar agreement that would materially restrict the businesses of the Surviving Corporation or its subsidiaries or their ability to solicit customers or employees after the effective time of the merger;

adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of such entity;

implement or adopt any material change in its tax or financial accounting principles, practices or methods, other than as required by generally accepted accounting principles, applicable law or regulatory guidelines;

enter into any closing agreement with respect to material taxes, settle or compromise any material liability for taxes, make, revoke or change any material tax election, agree to any adjustment of any material tax attribute, file or surrender any claim for a material refund of taxes, execute or consent to any waivers extending the statutory period of limitations with respect to the collection or assessment of material taxes, file any material amended tax return or obtain any material tax ruling;

enter into any new, or amend or otherwise alter any, transaction with certain affiliates;

make any loans to any individual (other than advances of out-of-pocket business expenses to employees, contractors or consultants in the ordinary course of business and consistent with past practices) or make

- any material loans, advances or capital contributions to, or investments in, any other person in excess of $3,000,000 in the aggregate for all such loans, advances, contributions and investments, except for transactions solely among EGL and/or wholly owned EGL subsidiaries, or as required by certain existing contracts;

- incur or pay fees, expenses or commissions to be paid to financial, legal and other advisors in connection with the consummation of the merger; or

- agree to take, make any commitment to take, or adopt any resolutions of its board of directors in support of, any of the actions prohibited by the provisions of the merger agreement described in these bullets.

**Other Covenants and Agreements**

*Access and Information.* EGL must afford to Parent reasonable access during normal business hours, during the period prior to the effective time of the merger, to the offices, properties, books and records of EGL and its subsidiaries, and must provide to Parent such financial and other data as Parent may reasonably request. All information provided to Parent will remain subject to the confidentiality agreements previously executed by affiliates of Parent.

*No Solicitation.* EGL and its subsidiaries must not, and must direct and use reasonable best efforts to cause their respective representatives not to, directly or indirectly:

- initiate, solicit, knowingly encourage (including by providing information) or facilitate any inquiries, proposals or offers with respect to, or the making or completion of, an alternative proposal (as defined below),

- engage or participate in any negotiations concerning, or provide or cause to be provided any non-public information or data relating to EGL or any of its subsidiaries in connection with, or have any discussions with any person relating to, an actual or proposed alternative proposal, or otherwise knowingly encourage or facilitate any effort or attempt to make or implement an alternative proposal,

- approve, endorse or recommend, or propose publicly to approve, endorse or recommend, any alternative proposal,

- approve, endorse or recommend, or propose to approve, endorse or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement relating to any alternative proposal,

- amend, terminate, waive or fail to enforce, or grant any consent under, any confidentiality, standstill or similar agreement, or

- resolve to propose or agree to do any of the foregoing.

An action taken by one of EGL s representatives in violation of the above-described provisions will be deemed a breach by EGL if it materially and adversely affects Parent or the consummation of the merger.

Notwithstanding the foregoing, prior to receipt of the approval of the merger by EGL s shareholders, EGL may, in response to an unsolicited alternative proposal which did not result from or arise in connection with a breach of the no solicitation covenant described in the preceding paragraph and which the board of directors of EGL (acting through its special committee) determines, in good faith, after consultation with its outside counsel and financial advisors, may reasonably be expected to result in a superior proposal (as defined below):

furnish information to the person making the alternative proposal pursuant to a customary confidentiality agreement no less restrictive (including with respect to standstill provisions) of the other party than the confidentiality agreements between EGL and Apollo Management VI, L.P., and

participate in discussions or negotiations with such person regarding the alternative proposal.

In this case, Parent will be entitled to receive an executed copy of the confidentiality agreement prior to or substantially simultaneously with EGL furnishing information to the person making the alternative proposal and EGL must simultaneously provide or make available to Parent any material non-public information that is provided to the person making the alternative proposal or its representatives which was not previously provided or made available to Parent.

Subject to its ability under the circumstances described below under Termination to terminate the merger agreement to accept a superior proposal, neither EGL s board of directors nor any board committee may:

withdraw or modify in a manner adverse to Parent or Acquisition Co. its recommendation of the merger agreement, or resolve to or publicly propose to do so,

approve or publicly propose to approve any letter of intent, agreement in principle, acquisition agreement or similar agreement relating to any alternative proposal, or

approve or recommend, or resolve to or publicly propose to approve, endorse or recommend, any alternative proposal.

Notwithstanding the foregoing, if, prior to EGL s shareholders approving the merger agreement, (i) the board of directors or the special committee determines in good faith, after consultation with its outside counsel and financial advisors, that withdrawal or modification of its recommendation is necessary in order to comply with its fiduciary duties, (ii) the board or special committee provides Parent with advance written notice of the intention to change its recommendation, and (iii) if the change in recommendation is based on the receipt of an alternative proposal, such alternative proposal did not result from a breach of the above-described nonsolicitation provisions, then the board of directors of EGL or the special committee may withdraw or modify its recommendation. However, unless the merger agreement is terminated and EGL has paid any required termination fees, EGL will submit the merger agreement for approval at the annual meeting, regardless of whether the board of directors or the special committee has approved, endorsed or recommended an alternative proposal or has withdrawn, modified or amended its recommendation.

EGL has agreed to advise Parent promptly, and in any event within 24 hours, orally and in writing of:

the receipt of any alternative proposal,

any request for non-public information relating to EGL or its subsidiaries which, in the good faith judgment of the board or special committee, is reasonably likely to lead to an alternative proposal,

the identity of the person making any the alternative proposal, and

the material terms of any the alternative proposal (including copies of any material document evidencing such alternative proposal or inquiry).

EGL has also agreed to keep Parent reasonably informed on a current basis of any material change in terms of any such alternative proposal.

Other than in connection with a termination of the merger agreement as described below under Termination to accept a superior proposal, EGL is prohibited from waiving the provisions of the Texas business combinations statute, amending its rights agreement, redeeming any rights or otherwise taking any action to render the rights agreement inapplicable, with respect to any entity other than Parent, its shareholders and their respective affiliates.

Neither EGL nor its board of directors will be prohibited from disclosing to its shareholders a position contemplated by Rules 14d-9 and 14e-2(a) promulgated under the Exchange Act; provided, that neither EGL nor its board of directors (or any committee thereof) will in any event be entitled to disclose a position under Rules 14d-9 or 14e-2(a) promulgated under the Exchange Act other than its recommendation unless the board or the special committee determines in good faith, after consultation with its outside counsel and financial advisors, that a failure to so withdraw or modify its recommendation is necessary in order to comply with its fiduciary duties, provided that the above-described provision will not relieve EGL of its obligations with respect to a change in the recommendation of the board or special committee.

As used in the merger agreement, alternative proposal means:

any proposal or offer from any person or group of persons other than Parent or one of its subsidiaries for a merger, consolidation, dissolution, recapitalization or other business combination involving EGL or any of its subsidiaries,

any proposal for the issuance by EGL of over 15% of its equity securities, or

any proposal or offer to acquire in any manner, directly or indirectly, over 15% of the equity securities or consolidated total assets of EGL and its subsidiaries, in each case other than the merger.

As used in the merger agreement, superior proposal means any alternative proposal:

on terms which the board of directors of EGL (or the special committee) determines in good faith, after consultation with EGL s outside legal counsel and financial advisors, to be more favorable from a financial point of view to the holders (other than those holders of EGL common stock that are party to a Rollover Commitment, and excluding consideration of any interests that any holder may have other than as a shareholder of EGL entitled to receive the merger consideration) of EGL common stock than the merger, taking into account all the terms and conditions of such proposal, and the merger agreement (including any proposal or offer by Parent to amend the terms of the merger agreement and the merger during a matching period described below), and

that the board of directors (or the special committee) believes is reasonably capable of being completed, taking into account all financial, regulatory, legal and other aspects of such proposal; provided that for purposes of the definition of superior proposal, the references to 15% in the definition of alternative proposal will be deemed to be references to 80%.

*Filings and Other Actions.* EGL will take all action necessary in accordance with the TBCA and its articles of incorporation and bylaws to duly call, give notice of, convene and hold a meeting of its shareholders, and, subject to the board of directors of EGL s or the special committee s withdrawal or modification of its recommendation in accordance with the merger agreement, to use all reasonable best efforts to solicit from its shareholders proxies in favor of the approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement. Unless the merger agreement is terminated and EGL has paid any required termination fees, EGL will submit the merger agreement for approval at the shareholders meeting, regardless of whether the board of directors or the special committee has approved, endorsed or recommended an alternative proposal or has withdrawn, modified or amended its recommendation.

*Employee Matters.* From and after the effective time of the merger, Parent will honor all EGL benefit plans and compensation arrangements and agreements in accordance with their terms as in effect immediately before the effective time of the merger, provided that nothing in the merger agreement will limit the right of EGL or Parent from amending or terminating such plans, arrangements and agreements in accordance with their terms. For a period of one year following the effective time of the merger, Parent will provide, or cause to be provided, to each current employee of EGL and its subsidiaries, other than such employees covered by collective bargaining agreements, compensation opportunities that are substantially comparable and benefits that in the aggregate are substantially comparable to the compensation opportunities and benefits (excluding equity-based compensation) provided to those employees immediately before the effective time of the merger, it being understood that the total package of such compensation and benefits may be different from the compensation and benefits provided to those employees prior to the effective time of the merger.

For all purposes under the employee benefit plans providing benefits to any EGL employees after the effective time of the merger as described above, each such employee will be credited with his or her years of service with EGL and its subsidiaries and their respective predecessors before the effective time of the merger, to the same extent as the employee was previously entitled, to credit for such service under any similar EGL employee benefit plan in which the employee participated or was eligible to participate immediately prior to the effective time of the merger, provided that the foregoing will not apply with respect to benefit accrual

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under any defined benefit pension plan or to the extent that its application would result in a duplication of benefits. In addition, and without limiting the generality of the foregoing:

each such employee will be immediately eligible to participate, without any waiting time, in any and all new plans to the extent coverage under such plans is comparable to an EGL benefit plan in which such employee participated immediately before the consummation of the merger, and

for purposes of each new plan providing medical, dental, pharmaceutical and/or vision benefits to any such employee, Parent will cause all pre-existing condition exclusions and actively-at-work requirements of such new plan to be waived for such employee and his or her covered dependents, unless such conditions would not have been waived under the comparable plans of EGL or its subsidiaries in which such employee participated immediately prior to the effective time of the merger and Parent will cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the old plan ending on the date such employee s participation in the corresponding new plan begins to be taken into account under such new plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such new plan.

Parent and the Surviving Corporation are not required to continue (or resume) the employment of any specific person.

The merger agreement requires that EGL implement a retention bonus plan, the terms of which are described under The Merger Interest of Certain Persons in the Merger Retention Bonus Program.

*Efforts to Complete the Merger.* Each of the parties to the merger agreement must, and must cause each of its subsidiaries to, use its reasonable best efforts (subject to, and in accordance with, applicable law) to take promptly, or to cause to be taken, all actions, and to do promptly, or to cause to be done, and to assist and to cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective the merger and the other transactions contemplated by the merger agreement, including:

the obtaining of all necessary actions or nonactions, waivers, consents and approvals from governmental entities and the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any governmental entity,

the obtaining of all necessary consents, approvals or waivers from third parties,

the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging the merger agreement or the consummation of the transactions contemplated thereby, and

the execution and delivery of any additional instruments reasonably necessary to consummate the transactions contemplated by the merger agreement.

However, in no event will EGL or any of its subsidiaries be required to pay prior to the effective time of the merger any fee, penalties or other consideration to any third party to obtain any consent or approval required for the consummation of the merger under any contract (other than *de minimis* amounts, amounts to be paid to any governmental entity or if Parent and Acquisition Co. have provided adequate assurance of repayment).

EGL and Parent have agreed to make prompt filings under the HSR Act, to use reasonable best efforts to cooperate with each other to make necessary filings, and to use reasonable best efforts to take all actions necessary, proper or advisable to complete the merger, including taking such actions as reasonably may be necessary to resolve objections of governmental entities or to adopt possible alternative or supplemental acquisition structures.

If any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging the merger or any other transaction contemplated by the merger agreement, each of EGL and Parent must cooperate in all respects with each other and will use their respective reasonable best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the merger or any other transactions contemplated by the merger agreement.

*Takeover Statutes.* If any fair price, moratorium, control share acquisition or other form of anti-takeover statute or regulation shall become applicable to the merger, the Rollover Commitments or the other transactions contemplated by the merger agreement, each of EGL and Parent and the members of their respective boards of directors will grant such approvals and take such actions as are reasonably necessary so that the merger, the Rollover Commitments and the other transactions contemplated by the merger agreement may be consummated as promptly as practicable on the terms contemplated in the merger agreement and otherwise act to eliminate or minimize the effects of such statute or regulation on the merger, the Rollover Commitments and the other transactions contemplated by the merger agreement.

*Public Announcements.* Except with respect to a change in recommendation by EGL s board of directors or a committee thereof, EGL and Parent will consult with and provide each other the opportunity to review and comment upon any press release or other public statement or comment prior to the issuance of such press release or other public statement or comment relating to the merger agreement or the transactions contemplated therein (other than routine employee communications), except where required by law or obligations pursuant to any listing agreement with a national securities exchange.

*Indemnification of Directors and Officers; Insurance.* For a period of six years from the effective time of the merger, Parent and the Surviving Corporation will maintain in effect the exculpation, indemnification, advancement of expenses and arrangement of self-insurance provisions of EGL s and any of its subsidiaries articles of incorporation and bylaws or similar organization documents in effect immediately prior to the effective time of the merger or in any indemnification agreements with any of their respective directors, officers or employees in effect as of the date of the merger agreement, and will not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who at the effective time of the merger were current or former directors, officers or employees of any of those entities. All rights of indemnification with respect to any claim, action, suit, proceeding or investigation brought within that six-year period will continue until the disposition of the action or resolution of the claim.

Further, the Surviving Corporation has agreed, to the fullest extent permitted under applicable law, to indemnify and hold harmless (and advance funds in respect of each of the foregoing) each current and former director or officer of EGL or any of its subsidiaries against any costs or expenses (including advancing reasonable attorneys fees and expenses in advance of the final disposition of any claim, suit, proceeding or investigation to the fullest extent permitted by law), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred whether before or after the effective time of the merger in connection with such persons serving as an officer, director or other fiduciary in EGL or any other entity if such service was at the request or for the benefit of EGL. The above-described provision will not obligate Parent or the Surviving Corporation to be liable for any settlement effected without either Parent s or the Surviving Corporation s prior written consent, and certain limitations apply to fees and expenses of more than one counsel with respect to a single claim or proceeding. In addition, the above-described provision will not obligate Parent or the Surviving Corporation to have any indemnification obligations to any indemnified party with respect to losses incurred as a result of a breach of the duty of loyalty or other improper action, in each case involving a situation in which the indemnified party had a conflicting financial or other material interest (other than as a shareholder or employee or director of EGL). Parent has agreed to unconditionally guarantee the Surviving Corporation s performance of these obligations.

For a period of six years from the effective time of the merger, Parent will either cause to be maintained in effect the current policies of directors and officers liability insurance and fiduciary liability insurance maintained by EGL and its subsidiaries or cause the Surviving Corporation to provide substitute policies or cause the Surviving Corporation to purchase, a tail policy, in each case of at least the same coverage and amounts containing terms and conditions that are not less advantageous in the aggregate than such policy with respect to matters arising on or before the effective time of the merger. However, such persons will not be required to pay with respect to such insurance policies in respect of any one policy year more than 200% of the last annual premium paid by EGL prior to the date of the merger agreement in respect of the coverages required to be obtained pursuant to the merger agreement, but in such case will purchase as much coverage as reasonably practicable for such amount. If the Surviving Corporation purchases a tail policy and the same coverage costs more than 200% of such last annual premium, the Surviving Corporation will purchase the maximum amount of coverage that can be obtained for 200% of such last annual premium.

*Financing.* Parent must use its reasonable best efforts to obtain the financing for the merger on the terms and conditions described in the financing commitments or terms more favorable to Parent, including using its reasonable best efforts to:

- negotiate definitive agreements with respect thereto on the terms and conditions contained in the financing commitments,
- satisfy all conditions applicable to Parent in such definitive agreements,
- comply with its obligations under the financing commitments,
- enforce its rights under the financing commitments, and
- to consummate the financing at or prior to the closing.

Parent must give EGL prompt notice upon becoming aware of any material breach by any party of the financing commitments or any termination of the financing commitments, and must keep EGL informed on a reasonably current basis and in reasonable detail of the status of its efforts to arrange the financing. Parent is permitted to amend, modify or replace the equity financing letter with EGL s consent, or the debt commitment letters, including through co-investment by or financing from one or more other additional parties, provided that Parent will not permit any replacement of, or amendment or modification to be made to, or any waiver of any material provision or remedy under, the debt commitment letter if such replacement (including through co-investment by or financing from one or more other additional parties), amendment, modification, waiver or remedy reduces the aggregate amount of the financing or adversely amends or expands the conditions to the drawdown of the financing in any respect that would make such conditions materially less likely to be satisfied or that can reasonably be expected to materially delay the closing of the merger. In the event that Parent becomes aware of any event or circumstance that makes procurement of any portion of the financing unlikely to occur in the manner or from the sources contemplated in the financing commitments, Parent will notify EGL and use its reasonable best efforts to arrange as promptly as practicable any such portion from alternative sources on terms and conditions no less favorable to Parent or Acquisition Co.

EGL will provide, and cause its subsidiaries to provide, and cause its and their respective representatives to provide, all cooperation reasonably requested by Parent in connection with the financing and the other transactions contemplated by the merger agreement (provided that such requested cooperation does not unreasonably interfere with ongoing operations), including:

- providing reasonably required information relating to EGL and its subsidiaries to the parties providing the financing,
- participating in meetings, drafting sessions and due diligence sessions in connection with the financing,

assisting in the preparation of any offering documents for any of the debt financing, and materials for rating agency presentations, including execution and delivery of customary representation letters reasonably satisfactory to EGL in connection with bank information memoranda,

reasonably cooperating with the marketing efforts for any of the debt financing, including consenting to the use of EGL s and its subsidiaries logos,

executing and delivering (or obtaining from its advisors), and causing its subsidiaries to execute and deliver (or obtain from its advisors), customary certificates (including a certificate of the principal financial officer of EGL or any subsidiary with respect to solvency matters),

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accounting comfort letters (including consents of accountants for use of their reports in any materials relating to the debt financing), legal opinions, surveys, title insurance or other documents and instruments relating to guarantees, the pledge of collateral and other matters ancillary to the financing as may be reasonably requested by Parent in connection with the financing,

entering into one or more credit or other agreements on terms satisfactory to Parent and that are reasonably requested by Parent in connection with the debt financing immediately prior to the effective time of the merger,

as promptly as practicable, furnishing Parent and its financing sources with all financial and other information regarding EGL and its subsidiaries as may be reasonably requested by Parent of a type generally used in connection with a syndicated bank financing as well as an offering pursuant to Rule 144A of the Securities Act as applicable to Parent,

using its reasonable best efforts to provide monthly financial statements (excluding footnotes) within 30 days of the end of each month prior to the closing date, in the form customarily prepared by management prior to the date of the agreement,

taking all actions necessary in connection with the pay off of existing indebtedness and the release of related liens (including, without limitation, the prepayment of EGL s existing notes on or prior to the closing date), and

taking all corporate actions, subject to the occurrence of the closing, reasonably requested by Parent to permit the consummation of the debt financing and the direct borrowing or incurrence of all of the proceeds of the debt financing by the Surviving Corporation immediately following the effective time of the merger.

However, no obligation of EGL or any of its subsidiaries under any such agreement, certificate, document or instrument will be effective until the effective time of the merger and none of EGL or any of its subsidiaries will be required to pay any commitment or other similar fee or incur any other liability in connection with the financing prior to the effective time of the merger. Upon valid termination of the merger agreement in certain circumstances, Parent will promptly, upon request by EGL, reimburse EGL for all reasonable out-of-pocket third party costs incurred by EGL in connection with the financing.

*Shareholder Litigation.* EGL will give Parent the opportunity to participate, in full subject to a customary joint defense agreement, in, but not control, the defense or settlement of any shareholder litigation against EGL and/or its directors relating to the merger or any other transactions contemplated by the merger agreement, and no such settlement shall in any event be agreed to without Parent s prior consent (not to be unreasonably withheld).

*Notification of Certain Matters.* EGL will give prompt notice to Parent, and Parent will give prompt notice to EGL, of:

any notice or other communication received by such party from any governmental entity in connection with the merger or the other transactions contemplated by the merger agreement or from any person alleging that the consent of such person is or may be required in connection with the merger or those other transactions, if the subject matter of such communication or the failure of such party to obtain such consent could be material to EGL, the Surviving Corporation or Parent,

any actions, suits, claims, investigations or proceedings commenced or, to such party s knowledge, threatened against, relating to or involving or otherwise affecting such party or any of its subsidiaries which relate to the merger or the other transactions contemplated by the merger agreement, and the discovery of any fact or circumstance that, or the occurrence or non-occurrence of any event the occurrence or non-occurrence of which, would cause or result in any of the conditions to the merger not being satisfied or satisfaction of those conditions being materially delayed in violation of any provision of the merger agreement.

EGL will notify Parent, on a reasonably current basis, of any events or changes with respect to any criminal or material regulatory investigation or action involving EGL or any of its affiliates (excluding traffic violations and similar misdemeanors), and will reasonably cooperate with Parent or its affiliates in efforts to mitigate any adverse consequences to Parent or its affiliates which may arise therefrom (including by coordinating and providing assistance in meeting with regulators).

*Rights Plan.* EGL s rights agreement will terminate upon the effective time of the merger, without payment of any amounts to any holders thereunder.

*Acquisition of Shares.* Prior to the effective time of the merger, neither Parent nor Acquisition Co. will, directly or indirectly, purchase any shares of EGL common stock or otherwise intentionally acquire the right to vote shares of EGL common stock, without EGL s prior written consent (other than shares acquired from the Rollover Investors).

*Control of Operations.* EGL and Parent have agreed that nothing contained in the merger agreement will give Parent, directly or indirectly, the right to control or direct EGL s operations prior to the effective time of the merger, and prior to the effective time of the merger EGL will exercise, consistent with the terms and conditions of the merger agreement, complete control and supervision over its operations.

In accordance with the merger agreement, the board of directors of EGL established an operating committee. From that date until the effective time of the merger, the operating committee is required to meet weekly, or more frequently in the event of unanticipated material developments, to discuss major developments at EGL, such as material personnel matters, material customer or supplier developments and significant financial matters, including with respect to material capital expenditures. A designated representative of the operating committee will promptly notify Parent of any material disagreements among the members of the committee. The primary purpose of the operating committee is to ensure compliance with the terms of the merger agreement and otherwise maintain operation of EGL in the ordinary course, while permitting EGL s functional business heads to continue to perform their duties.

Following receipt of approval pursuant to, or early termination of the waiting period under, the HSR Act, Parent may elect to designate an observer to the operating committee in the event material disagreements have occurred among the members of the committee, provided that the observer will have no authority to vote on matters pending before the committee. Further, EGL will manage all of its business projects and activities substantially in accordance with its budgets and under the supervision of the operating committee or such project managers as the committee may designate.

*Notes and Amounts Outstanding Under Credit Agreement.* At the direction of Parent, EGL will give any notice to the administrative agent under the existing credit facility as is required in order for EGL to prepay all amounts outstanding under the credit facility at such time as directed by Parent; provided, that any such notice will not be required by EGL unless it may be made in accordance with the terms of the credit agreement and is subject to the consummation of the transactions contemplated by the merger agreement. EGL will prepay its senior secured notes at or prior to the closing of the merger.

*Non-disparagement.* From the date of the merger agreement until the effective time of the merger, each of Parent and its affiliates and EGL will not, and will direct each of its officers and directors to not:

disparage the business, operations, services, practices, prospects following effectiveness of the transactions contemplated by the merger agreement, management, employees, directors or officers of EGL, Parent, Acquisition Co. and any of their affiliates, or take any actions intended to impair EGL s ongoing business reputation or its relationships with its customers, suppliers and employees following the effective time of the merger.

However, the foregoing will not preclude statements made in good faith in connection with legal proceedings or as required by law. EGL will use reasonable best efforts to enforce the compliance of each of its officers and directors with the above-described provision.

## Conditions to Completion of the Merger

The obligations of EGL, Parent and Acquisition Co. to effect the merger are subject to the fulfillment or waiver, at or prior to the effective time of the merger, of the following mutual conditions:

the approval of the merger agreement by the Required Vote;

the absence of any restraining order, preliminary or permanent injunction or other order issued by a court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the merger or the other transactions contemplated by the merger agreement; and

the expiration or termination of any applicable waiting period under the HSR Act and receipt of all competition approvals or notices required for the consummation of the merger under the Laws of Argentina, the European Union or other governmental entities in countries in which EGL and its subsidiaries did business in excess of $10 million in revenues in 2006.

The obligation of EGL to effect the merger is subject to the fulfillment or waiver, at or prior to the effective time of the merger, of the following additional conditions:

(1) the representations and warranties of Parent and Acquisition Co. with respect to qualification, organization and corporate authority shall be true and correct in all respects (except for certain inaccuracies as are *de minimis* in the aggregate), in each case at and as of the date of the merger agreement and at and as of the closing date as though made at and as of the closing date, and (2) the representations and warranties of Parent and Acquisition Co. (other than in clause (1) above) shall be true and correct in all respects (disregarding any materiality or material adverse effect qualifiers) at and as of the date of the merger agreement and at and as of the closing date as though made at and as of the closing date, except where the failure of such representations and warranties to be so true and correct would not prevent or materially delay or materially impair the ability of Parent or Acquisition Co. to consummate the transactions contemplated by the merger agreement; provided, however, that representations and warranties that are made as of a particular date or period shall be true and correct (in the manner set forth in clauses (1) or (2), as applicable) only as of such date or period;

Parent shall have in all material respects performed all obligations and complied with all covenants required by the merger agreement to be performed or complied with by it prior to the effective time of the merger; and

Parent shall have delivered to EGL a certificate, dated as of the effective time of the merger and signed by a senior executive officer, certifying that the above conditions have been met.

The obligation of Parent and Acquisition Co. to consummate the merger is subject to the fulfillment or waiver, at or prior to the effective time of the merger, of the following additional conditions:

(1) the representations and warranties of EGL with respect to qualification, organization, subsidiaries, capital stock, absence of certain changes or events, the Required Vote, state takeover statutes, the rights plan, and corporate authority shall be true and correct in all respects (except for certain inaccuracies as are *de minimis* in the aggregate), in each case at and as of the date of the merger agreement and at and as of the closing date as though made at and as of the closing date, and (2) the representations and warranties of EGL (other than in clause (1) above) shall be true and correct in all respects (disregarding any materiality or material adverse effect qualifiers) at and as of the date of the merger agreement and at and as of the closing date as though made at and as of the closing date, except where the failure of such representations and warranties to be so true and

correct would not have a material adverse effect; provided, however, that representations and warranties that are made as of a particular date or period shall be true and correct (in the manner set forth in clauses (1) or (2), as applicable) only as of such date or period;

EGL shall have in all material respects performed all obligations and complied with all covenants required by the merger agreement to be performed or complied with by it prior to the effective time of the merger;

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Since the date of the merger agreement there shall not have been a material adverse effect with respect to EGL; and

EGL shall have delivered to Parent a certificate, dated as of the effective time of the merger and signed by a senior executive officer, certifying that the above conditions have been met.

No party may rely on the failure of any condition described above to be satisfied if such failure was caused by such party s failure to act in good faith or to use its reasonable best efforts to consummate the merger and the other transactions contemplated by the merger agreement.

## Termination

The merger agreement may be terminated and abandoned at any time prior to the effective time of the merger, whether before or after EGL s shareholders approve the matters presented in connection with the merger:

(a) by mutual written consent of EGL and Parent;

(b) by either EGL or Parent, if:

(i) the effective time of the merger shall not have occurred on or before November 1, 2007 (which we refer to in this proxy statement as the end date), and the party seeking to terminate the merger agreement pursuant to this provision shall not have breached its obligations under the merger agreement in any manner that shall have proximately caused the failure to consummate the merger on or before the end date; however, in the event the conditions with respect to the HSR Act or other regulatory approvals shall not have been satisfied on or before the end date, either Parent or EGL may unilaterally extend the end date until January 10, 2008.

(ii) an injunction, other legal restraint or order shall have been entered permanently restraining, enjoining or otherwise prohibiting the consummation of the merger and such injunction, other legal restraint or order shall have become final and non-appealable, provided that the party seeking to terminate the merger agreement pursuant to this provision shall have used its reasonable best efforts to remove such injunction, other legal restraint or order in accordance with the covenant with respect to efforts to complete the merger; or

(iii) the shareholder meeting (including any adjournments thereof) shall have been concluded and the approval of the merger agreement by the Required Vote shall not have been obtained; provided that such termination right may not be exercised by EGL where the failure to obtain the approval of the merger agreement is proximately caused by a change in the board s or the special committee s recommendation not permitted by the agreement, or a breach of the covenant described under Filings and other Actions above;

(c) by EGL, if:

(i) Parent shall have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in the merger agreement, which breach or failure to perform (i) would result in a failure of a mutual condition or a condition to EGL s obligation to complete the merger and (ii) cannot be cured by the end date, provided that EGL shall have given Parent written notice, delivered at least 30 days prior to such termination, stating EGL s intention to terminate the merger agreement pursuant to this provision and the basis for such termination, and provided further that EGL is not then in material breach of the merger agreement so as to cause any of the mutual closing conditions or closing conditions to Parent s obligations to closing to not be satisfied; or

(ii) prior to the receipt of the required approval by the shareholders of EGL, (A) the board of directors of EGL (or the special committee) has received a superior proposal which did not result from a breach of EGL s nonsolicitation obligations, (B) in light of such superior proposal the board of directors of EGL (or the special committee) shall have determined in good faith, after consultation with its outside counsel and financial advisors, that withdrawal or modification of its recommendation is necessary in order to comply with its fiduciary duties, (C) EGL has notified Parent in writing of the determinations described in clause (B) above, which notice shall specify the material terms and conditions of any such superior proposal (including the identity of the party making such superior proposal), and shall have contemporaneously provided a copy of the relevant proposed transaction agreements with the party making such superior proposal and other material documents, (D) at least five business days following receipt by Parent of the notice referred to in clause (C) above, and taking into account any revised proposal made by Parent since receipt of that notice, such superior proposal remains a superior proposal and the board of directors of EGL (or the special committee) has again, following good faith negotiations with Parent during such five business day period, made the determinations referred to in clause (B) above (it being understood that in the event of any material revisions to the superior proposal, EGL shall be required to deliver a new written notice to Parent pursuant to the provision described in clause (C) above and to comply with these requirements with respect to such new written notice, except that all references in this clause (D) to five business days shall be deemed to be references to three business days in such event), (E) EGL has previously paid (or concurrently pays) the termination fee described below under Termination Fee and Expenses; Remedies, and (F) the board of directors of EGL (or the special committee) has approved, or concurrently approves, and EGL concurrently enters into, a definitive agreement providing for the implementation of the superior proposal; or

(d) by Parent, if:

(i) EGL shall have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in the merger agreement, which breach or failure to perform (i) would result in a failure of a mutual condition or a condition to Parent s and Acquisition Co. s obligation to complete the merger and (ii) cannot be cured by the end date, provided that Parent shall have given EGL written notice, delivered at least 30 days prior to such termination, stating Parent s intention to terminate the merger agreement pursuant to this provision and the basis for such termination, and provided further that Parent is not then in material breach of the merger agreement so as to cause any of the mutual closing conditions or closing conditions to EGL s obligations to close to not be satisfied;

(ii) the board of directors of EGL or the special committee withdraws, modifies or qualifies in a manner adverse to Parent or Acquisition Co., or publicly proposes to withdraw, modify or qualify, in a manner adverse to Parent or Acquisition Co., its recommendation of the merger agreement, fails to recommend to EGL s shareholders that they approve the merger agreement or approves, endorses or recommends, or resolves to or publicly proposes to approve, endorse or recommend, any alternative proposal, including in any disclosure made pursuant to Rule 14e-2(a) promulgated under the Exchange Act; or

(iii) since the date of the merger agreement there shall have been a material adverse effect with respect to EGL that cannot be cured by the end date.

**Termination Fee and Expenses; Remedies**

In the event that:

(a) the merger agreement is terminated pursuant to the provision described in clause (c)(ii) above under Termination, EGL will be required to pay a termination fee of $20 million in cash to Parent;

(b) (A) at any time after the date of the merger agreement, an alternative proposal shall have been made known to EGL or publicly disclosed, (B) the merger agreement is terminated by Parent pursuant to the provisions described in clause (b)(i) above under Termination and as of the date of such termination certain conditions to Parent s obligation to consummate the merger relating to representations and warranties or performance of EGL s obligations and compliance with EGL s covenants are not satisfied, or the merger agreement is terminated by Parent or EGL pursuant to clause (b)(iii) above under

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Termination (so long as, in the case of (b)(iii), the alternative proposal was publicly disclosed and not withdrawn at the time of the annual meeting), and (C) within twelve months after the termination, EGL enters into an agreement in respect of any alternative proposal or a transaction pursuant to which any alternative proposal is consummated, then EGL will be required to pay the $20 million termination fee to Parent; provided that for purposes of this provision, the references to 15% or greater and 15% or more in the definition of alternative proposal shall be deemed to be references to 50% or greater and 50% or more, respectively;

(c) the merger agreement is terminated by Parent pursuant to the provisions described in clauses (d)(ii) above under Termination, then EGL will pay all expenses (as defined below) of Parent and Acquisition Co. and their affiliates, and thereafter EGL will be obligated to pay to Parent the $20 million termination fee (net of the amount of any expenses previously paid to Parent pursuant to the provisions described in this clause) in the event that, within twelve months after this termination, EGL enters into an agreement in respect of any alternative proposal or a transaction pursuant to which an alternative proposal is consummated, provided that for the purposes of this provision, the references to 15% or greater and 15% or more shall be deemed to be references to 50% or greater and 50% or more, respectively. As used in the merger agreement, expenses means all reasonable out-of-pocket documented fees and expenses (including all fees and expenses of counsel, accountants, consultants, financial advisors and investment bankers of Parent and its affiliates), up to $15 million in the aggregate, incurred by Parent, Acquisition Co. and their affiliates or on their behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of the merger agreement and the debt financing and all other matters related to the merger;

(d) (A) at any time after the date of the merger agreement, an alternative proposal shall have been made known to EGL or publicly disclosed and (B) the merger agreement is terminated by Parent or EGL pursuant to the provision described in clause (b)(iii) above under Termination (so long as the alternative proposal was publicly disclosed and not withdrawn at the time of the shareholders meeting) and no termination fee is yet payable in respect thereof pursuant to the provision described in clause (b) above, then EGL shall pay to Parent all of the expenses of Parent, Acquisition Co. and their affiliates, and thereafter EGL shall be obligated to pay to Parent the termination fee (net of the amount of expenses previously actually paid to Parent) in the event such fee is payable pursuant to the provision described in clause (b) above; provided that for purposes of this provision, the references to 15% or greater or 15% or more in the definition of alternative proposal shall be deemed to be references to 50% or greater or 50% or more, respectively; or

(e) Parent shall terminate the merger agreement pursuant to clause (d)(i) above under Termination and EGL shall have willfully breached any of its representations, warranties or covenants in the merger agreement as to give Parent the right to terminate pursuant to clause (d)(i) above Termination, then EGL will be obligated to pay to Parent the termination fee.

Any payment required to be made pursuant to the provision described in clause (a) above will be made to Parent concurrently with, and as a condition to the effectiveness of, the termination of the merger agreement by EGL pursuant to the provision described in clause (c)(ii) under Termination; any payment required to be made pursuant to the provision described in clause (b) above in this section will be made to Parent promptly (and in any event not later than two business days following the consummation of the alternative proposal); any payment of expenses required to be made pursuant to the provisions described in clauses (c) or (d) above will be made to Parent promptly following termination of the merger agreement; any payment of the $20 million termination fee required to be made pursuant to the provisions described in clause (c) or (d) above shall be made promptly (and in any event not later than two business days following EGL s entering into an agreement regarding or consummation of the alternative proposal); and, in circumstances in which expenses are payable to Parent, such payment will be made not later than two business days after delivery to EGL to make such payment of an itemization setting forth in reasonable detail all expenses (which itemization may be supplemented and updated from time to time until the 60th day after Parent delivers such notice of demand for payment).

In the event that EGL shall terminate this Agreement pursuant to the provision described in clause (b)(i) under Termination and the effective time of the merger shall not have occurred on or before the end date as a result of Parent or Acquisition Co. s failure to obtain and consummate the financing or any alternative financing, then Parent will be required to pay or cause to be paid to EGL a termination fee of $40 million in cash; provided, that this provision shall not be applicable in the event that the financing cannot be consummated as a result of the failure of any mutual closing condition or condition to Parent s obligation to close. Any payment required to be made by Parent to EGL pursuant to the foregoing sentence will be made to EGL promptly following termination of the merger agreement by EGL (and in any event not later than two business days after delivery to Parent of notice of demand for payment). In the event that Parent or EGL shall terminate this Agreement pursuant to the provision described in clause (c)(i) under Termination and Parent shall have willfully breached any of its representations, warranties or covenants as to give EGL the right to terminate pursuant to the provision described in clause (c)(i) under Termination, then Parent shall pay or cause to be paid to EGL a termination fee of $60 million in cash.

In the event that either EGL or Parent shall fail to pay when due the relevant termination fee or expenses required pursuant to the foregoing paragraphs of this section Termination Fee and Expenses; Remedies, then such fee and/or expenses will accrue interest for the period commencing on the date such fee and/or expenses became past due at a specified interest rate, and the owing party may also be required to pay costs and expenses in connection with collection efforts.

EGL s right to receive payment of the $40 million or $60 million termination fee, as applicable, from Parent as described above will be the exclusive remedy of EGL against Parent, Acquisition Co., or any of their respective shareholders, partners, members, directors, affiliates, officers or agents in respect of the merger agreement and the transactions contemplated thereby, and upon payment of the relevant termination fee by Parent, none of Parent, Acquisition Co., or any of their respective shareholders, partners, members, directors, affiliates, officers or agents, as the case may be, will have any further liability or obligation relating to or arising out of the merger agreement or the transactions contemplated by thereby (except that Parent will be obligated with respect to the provisions of the merger agreement relating to payment of interest on the termination fee if not paid timely, confidentiality and reimbursement of EGL s expenses in connection with the financing). Except in the case of a willful breach of any of the representations, warranties or covenants in the merger agreement by EGL, receipt of the termination fee and expenses and any fees due in connection with late payments of termination fees or expenses under the merger agreement will be the sole and exclusive remedy of Parent and Acquisition Co. against EGL, and will in all cases be the sole and exclusive remedy against any of EGL s shareholders, partners, members, directors, affiliates, officers or agents. In addition, no provision of the merger agreement relieves any party thereof for any action for fraud or as provided in the confidentiality agreement between EGL and Apollo Management VI, L.P.

Notwithstanding the foregoing paragraph, in addition to the other remedies set forth in the merger agreement, EGL, Parent and Acquisition Co. will be entitled to seek specific performance of the terms of the merger agreement and no party will object to the other party s right to specific performance as a remedy for breach of the agreement; however, in the event of a termination of the agreement by EGL due to Parent s failure to obtain financing, the sole and exclusive remedy of EGL, its affiliates and stockholders for any loss or damage suffered in connection therewith will be the payment of the $40 million termination fee, and EGL may not seek specific performance of the other terms of the merger agreement.

**Amendments and Waivers**

At any time prior to the effective time of the merger, any provision of the merger agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by EGL (approved by the special committee), Parent and Acquisition Co., or in the case of a waiver, by the party against whom the waiver is to be effective (and, in the case of EGL, as approved by the special committee). However, after EGL s shareholders approve the merger agreement, if any such amendment or waiver shall by applicable law or in accordance with the rules and regulations of NASDAQ require further approval of the shareholders of EGL, the effectiveness of such amendment or waiver will be subject to the approval of the shareholders of EGL.

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### Determinations by EGL

Whenever a determination, decision or approval by EGL is called for in the merger agreement, such determination, decision or approval must be authorized by the special committee or, if the special committee is not then in existence, by EGL s board of directors. Prior to the effective time, EGL is required to ensure that the special committee is not disbanded or dissolved, and the membership of such committee is not modified (other than due to resignations) or its authority is not reduced, in each case unless Parent gives its prior written consent.

## ELECTION OF DIRECTORS

EGL s board of directors currently has eight 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 seven outside directors, six of whom are independent as defined by Rule 4200(a)(15) of the 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 2008 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 | Mr. Sherman Wolff |

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 eight nominees for election as directors at the annual meeting, including information as to each nominee s age as of May 24, 2007, position with EGL (if any) and business experience during the past five years. Each nominee has consented to being named in this proxy statement and to serve if elected.

*James R. Crane*, age 53, has been our Chief Executive Officer and Chairman of the Board of Directors since he founded EGL in March 1984, and has 25 years experience in the transportation industry. Mr. Crane is a Director of the Houston Museum of Natural Science and also serves as a Director of HCC Insurance Holdings, Inc.

*Frank J. Hevrdejs*, age 61, 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 46, 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, a Director of NRG Energy, Inc., a publicly traded merchant power generation concern, 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.

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*Michael K. Jhin*, age 57, has served as a Director since May 2002. Mr. Jhin served as the Chief Executive Officer (CEO) of St. Luke s Episcopal Hospital in Houston, Texas from 1990 to 2000 and served as the CEO of St. Luke s Episcopal Health System upon its formation in 1995 until 2004, at which time he retired and was named CEO 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 is a director of Triad Hospitals, Inc., an owner and manager of hospitals, ambulatory and surgery centers in small cities and selected larger urban markets. Mr. Jhin also serves on the board of directors of several civic and community organizations.

*James C. Flagg, Ph.D.*, age 55, 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 48, 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 directors and the Chairman, and discusses with the Chairman, to the extent appropriate, matters discussed by the non-management directors 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, L.P., 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 56, has served as a Director since May 2003. Mr. Carroll is the Chairman of the Board of CenterPoint Energy, Inc. as well as Chairman of Instrument Products, Inc., an oil-tool manufacturing company in Houston, Texas. He also serves as Chairman of Health Care Service Corporation and is a Director of Halliburton, Inc.

*Sherman Wolff*, age 66, has served as Director since August 2006. Mr. Wolff retired in April 2006 from the position of Executive Vice President and COO of Health Care Service Corporation, which through its divisions and subsidiaries offers a wide variety of health and life insurance products and related services as Blue Cross Blue Shield of Texas, Illinois, New Mexico and Oklahoma. Prior to assuming the role of COO in 1999, Mr. Wolff served in various capacities with Health Care Service Corporation since 1991. He is a Fellow of the Society of Actuaries and is a 40 year veteran of the group life, health and welfare insurance field. Mr. Wolff is a Phi Beta Kappa graduate of the University of Connecticut, where he also taught actuarial science in the graduate program. Mr. Wolff s post-graduate work includes studies at the Wharton School of Management, University of Pennsylvania and Indiana University s Executive Master s Program.

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### Executive Officers

The following table sets forth certain information concerning our executive officers as of May 24, 2007. The address for each of the following persons is c/o EGL, Inc., 15350 Vickery Drive, Houston, Texas 77032, and the phone number for each is (281) 618-3100.

| Name | Age | Position |
|---|---|---|
| James R. Crane | 53 | Chairman of the Board of Directors and Chief Executive Officer |
| E. Joseph Bento | 44 | Chief Marketing Officer and President of North America |
| Ronald E. Talley | 55 | President, The Select Carrier Group |
| Vittorio Favati | 48 | President, Asia Pacific Region |
| Bruno Sidler | 49 | President, Europe, Middle East and Africa Regions |
| Dana A. Carabin | 39 | General Counsel, Secretary, and Chief Compliance Officer |
| Michael D. Slaughter | 40 | Chief Accounting Officer |
| Gregory Weigel | 45 | Chief Operating Officer |
| Keith Winters | 45 | Chief Administrative Officer |

*James R. Crane.* Mr. Crane has served as our Chief Executive Officer and Chairman of the Board of Directors since he founded EGL in March 1984, and has 25 years experience in the transportation industry. Mr. Crane is a Director of the Houston Museum of Natural Science and also serves as a Director of HCC Insurance Holdings, Inc.

*E. Joseph Bento.* Mr. Bento was appointed President of North America in July 2002 and Chief Marketing Officer in September 2000. He joined us in February 1992 as an account executive. From March 1994 to May 1995, he served as station manager in Los Angeles, and from May 1995 to September 1997, he served as Regional Sales Manager (West Coast). Prior to assuming his current position, Mr. Bento held the position of Executive Vice President of Sales and Marketing from March 1999 to August 2000 and Vice President of Sales and Marketing from October 1997 to February 1999.

*Ronald E. Talley.* Mr. Talley has served as President of Select Carrier Group, a wholly owned subsidiary of EGL since July 2002. Mr. Talley also served as Chief Operating Officer from March 2005 to May 2006. He served as Chief Operating Officer, Domestic from December 1997 to June 2002. He joined us in 1990 as a station manager and later served as a regional manager. In 1996, he served as a Senior Vice President of Eagle Freight Services, and our truck brokerage and charter operations, and most recently, he has served as Senior Vice President of our air and truck operations. Prior to joining us, Mr. Talley served as a station manager at Holmes Freight Lines from 1982 to 1990. From 1979 to 1982, Mr. Talley held a variety of management positions with Trans Con Freight Lines. From 1969 to 1979, Mr. Talley served in several management positions at Roadway Express.

*Vittorio Favati.* Mr. Favati has been the President Asia Pacific Region since 2006 and the Executive Vice President of Asia Pacific since 2001. Mr. Favati has been with us since 1993, serving in various roles throughout the organization.

*Bruno Sidler.* Mr. Sidler joined EGL as President Europe, Middle East and Africa Regions in February 2007. Mr. Sidler has more than 25 years experience in the logistics industry, including serving from 1998 to 2006 as the President and Chief Executive Officer of the Panalpina Group based in Switzerland.

*Dana A. Carabin.* Ms. Carabin has served as our General Counsel and Secretary since October 2005. She has also served as our Chief Compliance Officer since March 2006. Prior to joining EGL, she served as General Counsel and Secretary of Quanta Services, Inc., a publicly traded utility services company, since 2001. Ms. Carabin holds a J.D. degree.

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*Michael D. Slaughter.* Mr. Slaughter has served as our Chief Accounting Officer since March 2007. Before his appointment, Mr. Slaughter held the position of Vice President Finance and Investor Relations of EGL since 2000.

*Gregory Weigel.* Mr. Weigel has served as our Chief Operating Officer since March 2007. Before his appointment, Weigel had been serving as Executive Vice President Global Transportation since 2004. Since joining EGL, Mr. Weigel has held various positions including Senior Vice President Central Division from 2003 to 2004 and Senior Vice President Strategic Operations from 2001 to 2003.

*Keith Winters.* Mr. Winters has served as our Chief Administrative Officer since March 2007. Prior to his appointment, Mr. Winters served as an Executive Vice President of EGL. Since joining EGL in 1999, Mr. Winters has held various positions with EGL, including Executive Vice President Europe, Middle East and Asia from 2005 to 2006, Senior Vice President East Division from 2003 to 2005 and Vice President International Products from 2002 to 2003.

**Section 16(A) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires that our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, file reports of ownership and changes of ownership with the Securities and Exchange Commission. Officers, directors and greater than 10% shareholders are required by Securities and Exchange Commission regulations to furnish EGL with copies of all such forms they file.

Based solely on our review of the copies of such forms received by us and on written representations by our officers and directors regarding their compliance with the filing requirements, we believe that during the fiscal year ended December 31, 2006, some reports required by Section 16(a) to be filed by our directors, officers and greater than 10% beneficial owners were not filed on a timely basis as follows:

| Reporting Person | Number of Late Filings | Number of Known Failures to File a Form Required by Section 16(a) |
|---|---|---|
| Vittorio Favati | 1 | None |
| Milton Carroll | 2 | None |
| Paul Hobby | 2 | None |
| Michael Jhin | 2 | None |
| Neil Kelley | 2 | None |
| James Flagg | 2 | None |
| Frank Hevrdejs | 2 | None |
| Rebecca McDonald | 2 | None |

Our directors and officers customarily rely on EGL to perform administrative functions in connection with their filing obligations.

**Corporate Governance and Board Matters**

***Board Independence***

The Board of Directors has determined that each of the directors nominated for re-election, except Mr. Crane, the Chairman of the Board and Chief Executive Officer, and Mr. Hevrdejs, is independent based on the standards set forth by NASDAQ and Item 407(a) of Regulation S-K.

As reflected in a Schedule 13D filed by Mr. Crane with the SEC on January 22, 2007, as amended, in connection with the proposed transactions contemplated by the Talon merger agreement, Mr. Crane committed to contribute shares of EGL common stock and $52,027,606 in cash to Talon Holdings LLC immediately prior to the consummation of the proposed transaction in exchange for equity interests in Talon Holdings. Mr. Crane, pursuant to a letter agreement dated March 27, 2007, syndicated $51,000,000 of such cash investment to Sterling Group Partners II, L.P. and Sterling Group Partners II (Parallel), L.P. (collectively, Sterling ). Sterling is a private equity firm of which Mr. Hevrdejs is co-founder and principal. On April 25, 2007, Mr. Hevrdejs and the Governance/Nominating Committee of the Board of Directors recommended that the Board of Directors determine that Mr. Hevrdejs was no longer independent under NASDAQ standards due to Sterling s and Mr. Crane s agreement. As a result, Mr. Hevrdejs resigned from the Audit and Compensation Committees of the Board. The Governance/Nominating Committee is considering his replacements. On April 26, 2007, the Board of Directors, in accordance with the recommendation of the Governance/Nominating Committee, determined that Mr. Hevrdejs was no longer independent under NASDAQ standards.

***Meetings of the Board***

Our Board of Directors held five meetings during the fiscal year ended December 31, 2006, and transacted business on 36 occasions during the fiscal year by unanimous written consent. During the fiscal year ended December 31, 2006, 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. As of the date of this proxy statement, each of the committees is comprised entirely of independent directors based on the standards set forth by NASDAQ 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.** Information included on our website is not part of this proxy statement.

| **Name of Non-Employee Directors** | **Audit** | **Compensation** | **Governance / Nominating** |
|---|---|---|---|
| Neil E. Kelley (lead director) | X(1) | | X* |
| Frank J. Hevrdejs | X(2) | X(5) | |
| Paul W. Hobby | | X* | X |
| James C. Flagg | X* | | |
| Milton Carroll | | X | X |
| Michael K. Jhin | | X | |
| Sherman Wolff(3) | X(4) | | |
| **Number of Meetings in 2006** | 12 | 1 | 3 |

X = Committee member; * = Chair.

(1) Mr. Kelley ceased serving on the Audit Committee on August 18, 2006.

(2) Mr. Hevrdejs ceased serving on the Audit Committee on April 25, 2007.

(3) Mr. Wolff became a director by appointment on August 18, 2006.

(4) Mr. Wolff began serving on the Audit Committee on August 18, 2006.

(5) Mr. Hevrdejs ceased serving on the Compensation Committee on April 25, 2007.

***Audit Committee***

EGL 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). From January 1, 2006 to August 18, 2006, the Audit Committee consisted of Messrs. Flagg, Hevrdejs and Kelley. Mr. Wolff joined the Audit Committee on August 18, 2006, replacing Mr. Kelley. On April 26, 2007, Mr. Hevrdejs resigned from the Audit Committee. Each of Messrs. Flagg, Wolff and Kelley are 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 Wolff qualifies as an audit committee financial expert as defined in Item 407(d)(5) of

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Regulation S-K of the Exchange Act. The membership of the Audit Committee has not changed since May 24, 2007.

The Audit Committee s purpose is to assist the Board of Directors in fulfilling its responsibilities for oversight of (1) EGL 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 EGL s financial statements, and (3) the qualifications and independence of EGL 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 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 EGL by its independent public accounting firm;

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

reviews EGL s risk assessment and risk management policies.

The Audit Committee also has sole authority to appoint or replace the independent registered public accounting firm 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 twelve occasions during 2006, and transacted business on two occasions during 2006 by unanimous written consent. The Board of Directors adopted an updated written charter for the Audit Committee in May 2006.

***Compensation Committee***

During 2006, the Compensation Committee consisted of Messrs. Hobby, Hevrdejs, Jhin and Carroll. On April 26, 2007, Mr. Hevrdejs resigned from the Compensation Committee. The membership of the Compensation Committee has not changed as of May 24, 2007.

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 EGL 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 EGL s compensation strategies.

The Compensation Committee met on one occasion during 2006, and transacted business on fifteen occasions during 2006 by unanimous written consent. See Compensation Discussion and Analysis for a discussion of additional responsibilities of the Compensation Committee.

***Governance/Nominating Committee***

During 2006, the Governance/Nominating Committee consisted of Messrs. Kelley, Hobby, and Carroll, each of whom is independent as defined by the NASDAQ listing standards. The membership of the Governance/Nominating Committee has not changed as of May 24, 2007.

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.

The Governance/Nominating Committee met on three occasions during 2006, and transacted business on two occasions during 2006 by unanimous written consent.

***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. Our bylaws generally provide that shareholders who wish to nominate directors or to bring business before a shareholders meeting must notify EGL and provide certain pertinent information at least 80 days before the meeting date (or within 10 days after public announcement of the meeting date, if the meeting date has not been publicly announced at least 90 days in advance).

*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

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