

CERTIFICATE OF SERVICE

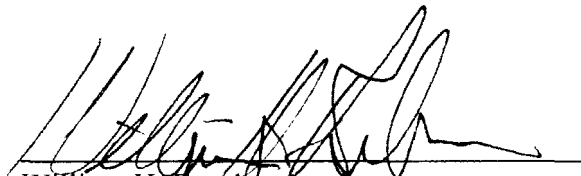
The undersigned hereby certifies that a true and correct copy of the *Supplemental Report of Consultant Regarding EGL's Leadership Development Program* has been served on all opposing counsel, as indicated below, via certified mail on this the 14th day of February, 2005.

Katharine Kores
EEOC Memphis Office
1407 Union Avenue, Suite 621
Memphis, TN 38104

(Cm, rrr 7000 1670 0002 4503 0090)

Nancy Patterson
Baker & Hostetler LLP
1000 Louisiana, Suite 2000
Houston, Texas 77002

(Cm, rrr 7000 1670 0002 4503 0069)



William H. Bruckner

qualified female and minority [EGL] employees, both current and prospective” . . . and “to increase the available pool of qualified candidates for positions within the transportation logistics industry . . . by providing scholarships and internship opportunities, as well as focusing on college recruitment of qualified women and minorities.”

B. Oversight by Consultant

Exhibit 2 further provides that the LDP is to be “overseen by the Consultant who shall receive periodic reports from Eagle regarding individuals participating in the [LDP].” This information shall, in turn, be reported to the EEOC. Among the Consultant’s other oversight duties, he is to “be actively involved in selecting qualified candidates for the [LDP] programs ...”.

The structure of the LDP was left unresolved with provision that EGL and the Consultant would provide the EEOC with a detailed description of the LDP’s organizational structure, including the minimum funding to be allocated to each program during each year of the Consent Decree and the procedures whereby potential participants apply for and qualify for participation in the various programs, within thirty days of the effective date of the Consent Decree.

C. Specified LDP Programs

Also, within the same thirty day time frame, the Consultant and EGL were to establish more specific objectives for the following programs which were to be implemented as part of the LDP:

1. Scholarship Program

- a. A program designed to provide financial assistance to current EGL employees in order to afford them the opportunity to attend college level classes, particularly classes focused on transportation/logistics and management.
- b. Scholarship programs, based on academic achievement or financial need, at a minimum of three colleges offering transportation or logistics degrees, to provide financial assistance to qualified females and minorities.

2. Career Path Development/Mentoring Program

A program designed to provide relevant training opportunities for qualified candidates who express a desire to advance within EGL. Participants will be assigned a mentor, who will be selected based on their commitment to the program. Mentors will typically be supervisory or management/executive level employees and will be trained on the goals and objectives of the program. Periodic evaluations will be conducted to determine whether mentors are achieving the goals of the program.

3. College Recruiting Program

A program designed to help identify qualified female and minority college graduates for employment with EGL in a variety of positions, including sales/marketing, operations management and financial management. EGL is to participate in on-campus interviews at a minimum of two colleges per region per year.

4. College Intern Program

A program intended to provide real world work experience to qualified female and minority students in order to introduce them to the transportation logistics industry. EGL will work out the details with the institutions involved but will establish an internship program with at least one college per region.

5. High School/Work Study Program

A program intended to provide an opportunity for female and minority high school students to experience employment, either during the summer or the school year, with EGL. It is anticipated that EGL will initiate the program with a minimum of two high schools per region each year.

II. STATUS OF LDP

The Consultant has received two LDP Progress Reports. The first, dated October 2004 (“10/04 Report”), includes “all data as of October 1, 2004,” and the second, dated January 2005 (“1/05 Report”), contains “updates for the period of November and December 2004 and preliminary updates for spring 2005 where available.” EGL’s LDP Reports list two persons as those having primary responsibility for the implementation of the LDP Programs: (1) Lorie Parmeter, Vice President, Human Resources (white female); and (2) Nelson Bettencourt, III, Sr. Vice President,

Leadership Development (white male). Reported below is a summary of what EGL's reports indicate has been accomplished with respect to each of the LDP programs:

A. Scholarship Program

1. Internal Tuition Reimbursement Program

EGL reports that it provides a Tuition Reimbursement Program for current employees which provides "financial support, [o]f up to maximum of \$3,000 per calendar year, to employees who are interested in continuing their education towards obtaining a college degree." All full-time EGL employees with at least one year's seniority are eligible for participation in the program. Reimbursement for tuition is at a level commensurate with the employee's grades, and covers text books and related classroom or lab fees. In 2004, 72 applications for tuition reimbursement were submitted and 56 of these were approved for a total expenditure of \$24,411.94, funded from EGL's general revenues.

2. External Scholarship Program

In early 2004 EGL funded four scholarships, each in the amount of \$1,500, at Texas Southern University, Arizona State, Michigan State, and Georgia Southern University, for the Fall 2004 semester. The scholarship recipients were selected by the institutions, which had acknowledged the donor's intent to promote diversity in the transportation and logistics profession. All four initial recipients were female; two were white, one was African American and one was Hispanic. On November 8, 2004, EGL again funded scholarships in the amount of \$1,500 at each of the same four institutions for the Spring 2005 semester. As of the 1/05 Report, two of the four scholarship recipients had been selected by their respective institutions. Both of the recipients who were selected as of the 1/05 Report are female, one white and one Hispanic.

B. Career Path Development/Mentoring Program (“CPD/MP”)

Pursuant to the LDP, EGL has developed a training program consisting of six-month curriculum where trainees are taught and receive actual work assignments in various skill and technical areas, including HR, Domestic, Technology, Import, Supervision Skills, Expert, Sales, Account Management, Administrative and Financial. The first session began in Spring 2004 and included nine participants, five of whom were female. Of the four male participants, one was an African American, and another was Hispanic. Three members of the first training group were not members of those groups the LDP was designed to benefit. At least eight members of the first group completed the program and, as of October 2004, were receiving additional training. One white female resigned from Eagle prior to October 1, 2004 to accept employment elsewhere.

A second CPD/MP session began on October 20, 2004 and is scheduled to end in April 2005. Twenty trainees began the program, four of whom were not a member of the groups designated to benefit from the Consent Decree. Of the remaining 16 initial program participants, 11 were female, 4 were African American (2 male and 2 female), and 2 were Hispanic (1 male and 1 female). One of the original participants in the second class, an African American female, has since resigned her employment with the Company to accept another job. The 1/05 Report notes that “[t]he vacancy left by this resignation was filled with a current EGL employee who recently obtained their [sic] college degree in July 2004.” The Report does not indicate the replacement’s name, sex or ethnicity nor does it contain any further information regarding him or her.

The 1/05 Report also reveals that three new participants were added to the second class after it began. Two of the newly added participants are female and none is a member of the groups the Consent Decree was designed to benefit. Accordingly, the class currently contains 23 participants,

at least five of whom are not members of groups designated to benefit from the Consent Decree. The resume/application for two of the three new participants were attached to the Report, but also attached is a resume and application for an Alaina Elizabeth Woodard, who has not been listed as a participant in either session of the CPD/MP. The Report does not indicate when the three newest participants were selected and began to participate in the program or if they received make-up instruction for the seminars they had missed.

With two exceptions, the reports list the name of the mentor assigned to the participants in the CPD/MP.¹ Aside from their names, no other information about the mentors has been provided. Two of the mentors assigned to two of the participants in the second class were graduates of the first CPD/MP training class. There are two exhibits attached to the 10/04 Report pertaining to mentoring. One, apparently directed to mentors, is entitled “Skills for Successful Mentoring” and the other, designed to aid both mentors and program participants, is entitled “The Etiquette of Mentoring: Do’s and Don’ts for Mentees and Mentors.” Presumably, these brochures constitute some or all of the training provided to mentors. At the conclusion of the first session, EGL’s counsel has indicated that “mentors were evaluated by participants,”² who are asked to complete an evaluation form. Neither the evaluation forms nor the results of the evaluation process has been shared with the Consultant.

The 1/05 Report has a subsection entitled “First Session–Outcomes” which indicates that,

¹ The 10/04 Report states that the mentor for one of the participants in the second class is “pending,” although no assigned mentor is noted for that participant in the subsequent Report of 1/05 either. Also, the 1/05 Report indicates three new participants were added to the second class and, again, designates the mentor for one of the new participants as “pending.”

² The announcement about mentors’ having received evaluations by participants is contained in a letter dated December 30, 2004 from EGL’s counsel, Nancy L. Patterson, responding to a letter from the EEOC dated November 17, 2004 raising concerns about the LDP.

after completion of the six month curriculum, graduates continue learning for an additional six months while being assigned actual job duties. The then current assignments for the eight trainees from the first session were provided in the 10/04 Report. The 1/05 Report lists the new jobs and stations to which the graduates of the first session have been assigned, after completion of their entire training regimen. The sole African American graduate has been assigned to an Export Specialist II position in South Carolina. The sole Hispanic program graduate had not received an assignment as of the date of the 1/05 Report.

Although EGL has not provided a written description of the process by which program participants are selected or the selection criteria in use, its reports indicate that of the 18 individuals identified as having been hired as a result of its College Recruiting Program, 16 later participated in the CPD/MP. Only the two individuals, from colleges that were not on EGL's college recruiter's scheduled recruiting visits, were not included in either of the CPD/MP sessions EGL has organized to date.

EGL reports that in Fall 2004 it upgraded its phone system so that callers would hear various informative messages about new products, services and key initiatives while on hold. One of the informative messages is about the CPD/MP. It begins as follows:

At EGL . . . our corporate culture empowers our people to use their knowledge, skill and myriad resources to develop flexible solutions . . . and improve processes . . . We complement their drive with a management trainee initiative known as the Leadership Development Program, promoting learning and diversity. It's our way of ensuring EGL's superior service and operational excellence for years to come.

The message goes on to state that EGL is investing in the future through its Leadership Development Program and concludes by emphasizing that "people are one of the company's most important assets."

The CPD/MP is the only program EGL has funded from the LDP funds provided for in the Consent Decree,³ rather than from funds obtained through general revenues (although EGL emphasizes that costs associated with the participation of white and Asian males are not charged against the LDP funds, but like other programs, are financed through general revenues). In its 1/05 Report, EGL represents that as of September 30, 2004, \$249,899.15 of LDP funds had been utilized for the CPD/MP portion of the LDP. More current financial information has not been provided, although the 1/05 Report promises supplemental financial information “as soon as possible.”

C. College Recruiting Program

EGL reports that since 2003, it has contracted with a Mr. Scott Cochran to recruit at colleges and universities identified by EGL as sources of qualified applicants. Mr. Cochran receives \$4,000 per month or \$48,000 per annum plus reimbursement for travel and expenses for his work on behalf of EGL. Per EGL’s 10/04 Report, Mr. Cochran has been “fully educated regarding the consent degree.” His upcoming recruiting schedule is posted on the Company’s website and available for public view.

Each semester since Fall 2003 through Fall 2004, Mr. Cochran has scheduled recruiting visits to 13 institutions, two of which are recognized for serving minority populations (Georgia Southern University and Texas Southern University), but most of which, including the University of Southern California and Texas Christian University, have enrollments that are predominantly Caucasian. Mr. Cochran’s recruiting schedule for the 2005 Spring Semester includes two institutions at which he has not previously scheduled recruiting visits—the University of Houston and Auburn University.

³ In 2003, EGL charged \$12,012.18 for qualified participants in the summer 2003 College Internship Program to the LDP fund established under the Consent Decree. After 2003, it ceased charging expenses incurred for the College Internship Program to the LDP fund and funded the program from Company revenues.

In addition, UCLA, where he previously visited, is not included on his Spring 2005 schedule.

EGL's 10/04 Report identifies 18 individuals hired through its college recruiting efforts. No additional individuals were listed in its 1/05 Report. Of the 18 hires, nine were male and nine female. Two of those hired (one male, one female) were Hispanic while two, both males, were African American. Two of those listed attended colleges other than those at which Mr. Cochran participated in on-campus recruiting. One of these hirees is an Asian male and the other is a white female. These two individuals are the only college recruits from the program who were not subsequently selected for participation in the CPD/MP.

D. College Intern Program

The 10/04 Report supplies information about how a manager is to identify suitable projects for summer interns, including a copy of a memo dated December 29, 2003 from Ms. Parmeter and Mr. Bettencourt. The only mention of an intention to benefit females and minorities through the program is a statement in the memo that "[s]tatements hiring female, Black, or Hispanic interns will be fully reimbursed from our Leadership Development Plan funds for the Intern's wages" while "[s]tatements hiring non-minorities . . . will be responsible for 100 % of the Intern's compensation." Despite this representation, EGL reports that funding of the College Internship Program after the 2003 summer session has come from its general revenues.

Internship openings are advertised by EGL on the website of the Council of Logistics Management,⁴ an industry trade association, which maintains a list of employers that have expressed in interest in hiring students. Students interested in exploring careers in logistics management who

⁴The Council of Logistics Management has announced that it is changing its name to the Council of Supply Chain Management Professionals.

are available for summer employment are then able to access the website. Students who are interested in a described position/employer are then directed to send their resumes directly to the listed employer. At EGL interns are selected by the Manager requesting Summer Internship Project Approval from among the applicants submitting resumes for the advertised position. EGL has indicated in its 1/05 Report that it intends to rely on this same method for selecting college interns for summer 2005.

In summer 2003, EGL employed 14 interns. The colleges attended by the 2003 class of interns has not been identified by EGL. The interns included three females, one of whom was Hispanic, and one black male. The remaining ten interns were individuals belonging to groups who were not intended beneficiaries of the Consent Decree.

In summer 2004, EGL hired 19 college interns, ten of whom were female. None of the females were Hispanic or African American. Of the nine males hired as interns, two were African Americans. Thus, in 2004, 12 of the 19 interns were members of groups designated to benefit from the Consent Decree.

E. High School Work/Study Program

EGL's 10/04 Report indicates that in Spring 2004, managers were "educated regarding their ability to hire school students" for clerical positions. The 1/05 Report reveals that coordinators for the high school program have been designated at six EGL locations. In four of the locations the coordinator is working with one or more identified high schools, while in two of the locations (Atlanta and Miami) the Report states that a relationship with a high school is "pending." According to the 2004 High School Internship Work Instructions attached to the 1/05 Report, the manager who sends the request for an Intern Assignment in to the Regional Vice President "may interview and

select intern.”

A total of 12 high school interns are listed as participants in the program, including two who were employed in Summer 2003. Nine of the high school interns are female (7 of the females are African American, 1 is Hispanic, and 1 is Caucasian), and three are male (2 are Caucasian and 1 is African American). EGL has formed a relationship with Kashmere High School in Houston, where a Mrs. Landry of the Communities in School Department determines the individuals, who are academically qualified students in their junior year, to be placed in EGL internships.

EGL also participates as a corporate sponsor in Project Grad Houston, a school based mentoring program directed toward encouraging students in economically disadvantaged communities to finish school and help them with their future education and career goals.” By December 31, 2004, over 60 EGL employees in the Houston area had volunteered as mentors, training for mentors has been arranged, and the mentors and their assigned students have been scheduled to meet in early February 2005. According to Ms. Patterson’s letter of December 30, 2004 to the EEOC, EGL has made a \$70,000 donation to the Project.

III. COMPLIANCE

A. Overall Compliance

1. Lack of Stated Purpose

Although the LDP was expressly designed to provide educational and development opportunities to women and (non-Asian) minorities, with the exception of the External College Scholarship Program, none of the information provided to the Consultant about the programs established by EGL make this goal clear. Although some of the programs, including the High School Internship Program, have operated to primarily benefit the groups designated by the Consent

Decree, the Consultant recommends that a written description of each program be developed, inserted on the Company web site, and provided to all interested applicants and contact persons explaining that LDP, including each of the programs thereunder, has been implemented pursuant to the Consent Decree and restating the purpose as expressed in Exhibit 2.

2. Lack of Participation of Consultant

Exhibit 2 to the Consent Decree specifies that EGL and the Consultant are to work together in establishing the structure and goals of the LDP. Rather than working together with the Consultant, EGL has, in the past, independently made all decisions regarding the implementation and funding of the programs, and, later reported its plans and data about its performance to the Consultant.⁵ Because EGL had not afforded the Consultant an opportunity to provide input concerning the LDP, the Consultant urged EGL to submit a letter to the EEOC concerning how it envisioned the structure and operation of the LDP. By letter dated May 4, 2004, EGL requested the EEOC to agree to allow: (1) EGL to modify the structure of the LDP from that contemplated in Exhibit 2 to the Consent Decree; and (2) the Consultant to take a less active role in the oversight of the LDP. The EEOC's response dated October 8, 2004, refused to allow EGL to alter the structure of the LDP from that outlined in the Consent Decree and further refused to agree to "narrowing the responsibilities of the Consultant in any way."

Of paramount concern to both the Consultant and the EEOC, were the Consultant's concerns about not being informed as to EGL's efforts to implement the LDP. As stated above, progress has

⁵ EGL's LDP Progress Reports of October 2004 and January 2005 are addressed to the "Court Monitor" The Consent Decree, however, calls for the Consultant to serve as more than a monitor of how EGL is implementing the LDP. Per the Consent Decree, the Consultant was to work with EGL in establishing the precise structure and goals of the LDP, as well as to oversee the LDP, including being actively involved in selecting qualified candidates for the various programs.

been made in that EGL has produced reports in October 2004 and January 2005. In addition, the Consultant has recently been given approval to contact Mr. Bettencourt directly when necessary to resolve questions concerning EGL's written reports. EGL and the Consultant still need to cooperate so that the Consultant can be involved in approving the process by which candidates for the various programs are selected.

3. Program Funding

In its reports to the Consultant and communications with the EEOC, EGL has stressed that it has funded most of the LDP programs from its general revenue and has not charged their cost against the LDP fund established by the Consent Decree. Ms. Patterson, in her letter of December 30, 2004 responding to EEOC criticism of its handling of the LDP, states that "EGL is funding programs . . . from its general revenues because the Company feels it is the right thing to do and because, had the Company not done so, the LDP fund would have been depleted long before the end of the Consent Decree period." In subsequent correspondence with the EEOC dated January 13, 2005, Ms. Patterson reports that EGL had incurred \$432,471.48 in LDP related expenses as of that date that had not been charged to the LDP fund.

Ms. Patterson's claim that EGL funds LDP program out of its general revenues in order to avoid a funding shortfall is brought into question, however, by EGL's filing of a Motion with this Court on January 7, 2005, to recover amounts set aside in a Class Fund, but not needed to pay qualified claimants. According to Paragraph 53 of the Consent Decree, any unused amounts in the Class Fund were to revert to the LDP fund if not required to pay qualified claimants.. If EGL was truly concerned that full implementation of the LDP programs outlined in the Consent Decree would require funds beyond the \$500,000 designated as initial funding for the LDP, it would not have

sought to have all but \$500,000 of the remainder of the \$8,500,000⁶ Class Fund turned over to EGL for whatever use as EGL sees fit. In other words, if the Consent Decree's provisions were followed and all excess monies in the Class Fund were paid into the LDP fund, there would be no risk of a shortfall in funding LDP programs.

4. Need for Detailed Communication and More Information

Although reporting and communications between EGL and the Consultant are obviously improving, the parties still need to determine the degree and type of involvement the Consultant will have in selecting qualified candidates for the LDP programs. Moreover, given the charge in the Consent Decree that the Consultant oversee the LDP, the Consultant should have an opportunity to discuss and review the proposed structure or restructure of a program before it is implemented without input from the Consultant or EEOC. For instance, EGL has modified the College Internship Program by electing not to establish a program with at least one institution per region, as called for in the Decree, but instead advertising positions on a website maintained by a trade organization. In summer 2004, 12 out of 19 interns (63.2 %) were individuals designed to benefit from the Consent Decree. The prior summer, only 4 out of 14 interns (28.6 %) were members of the intended beneficiary groups. Although the percentage of female and minority interns hired in 2004 was demonstrably higher than in 2003, the memo promising stations reimbursement from LDP funds for female and minority interns hired in summer 2004 may have had a major impact on the stations' decision to hire female and minority interns. If the same promise is not made for 2005 (and the

⁶ EGL's Motion for Distribution of Excess Class Fund Account proposed that, of the \$7,747,909 EGL anticipates will not be needed to pay qualified claimants from the Class Fund, all but \$500,000 be returned to EGL. EGL and the EEOC have recently entered into an agreement, and filed a Joint Motion for approval with the Court on February 7, 2005, whereby \$1,400,000 will be transferred from the Class Fund, from which amount EGL will be reimbursed for the \$582,471 it has expended from its general funds for the LDP and the remaining approximately \$868,000 will be used to fund the ongoing LDP.

Consultant has received no confirmation that it has), it is not clear how opportunities for females and minorities will be enhanced by the program.

Now, some 28 months past the effective date of the degree, the Consultant is still in need of substantial information in order to evaluate the structure and effectiveness of the programs. An analysis of each program, based on the information submitted to date, along with a reference to needed information that has not been provided, is set forth below:

B. Individual Programs

1. Scholarship Program

a. Internal Tuition Reimbursement Program

No information has been provided regarding the gender or ethnicity of those employees who have received tuition reimbursement. Further, the program does not appear designed to benefit women and minorities nor is there any indication that it encourages employees to take classes focused on transportation, logistics or management. Information regarding how employees are made aware of the existence of the program is also lacking. EGL has not revealed whether this program was established pursuant to the LDP outlined in the Consent Decree or if it preexisted the Consent Decree. If it preexisted the Consent Decree, when was the Tuition Reimbursement Program established and what, if any, changes have been made to it as a result of the Consent Decree? Also, what criteria are used by EGL to determine which applications for tuition reimbursement are approved?

b. External Scholarship Program

All six of the scholarships awarded to date benefit female and/or minority students as contemplated by the Consent Decree. However, the Consultant desires an explanation of how the

amount of \$1,500 was selected for each scholarship rather than an alternate amount. In addition, it is not known if EGL has any intention to continue the scholarships after the Spring 2005 semester. If no further scholarships are offered, a lot of effort will have gone into awarding a total of eight scholarships of \$1,500 pursuant to this program and scholarships will have been made available for only one academic year of the three year term of the Consent Decree. Obviously, continuing the program would have more impact on encouraging females and minorities to seek jobs at EGL and within the transportation/logistics industry.

2. Career Path Development/Mentoring Program

Either eight or nine of the 32 participants to date in the CPD/MP are not members of groups designed to benefit from the Consent Decree. Although the Consultant does not oppose including non-minority males in the program, if the number of non-minority males grows in proportion to the number of females and minorities selected to participate, it raises concerns that, given the underlying purposes of the LDP, EGL is devoting a disproportionate share of its resources (since the program is conducted only two times per year and has a limited number of spaces available) to non-minority males who have traditionally had no difficulty advancing into management level positions.

In order to more closely evaluate the CPD/MP, the Consultant seeks written responses to the following questions:

1. State and explain each step in the process of selecting applicants for participation.
2. Who (name, position, gender and ethnicity) makes the final selection?
3. What role does the college recruitment process play in finding candidates/participants for the CPD?MP?
4. Are employees permitted to apply for positions in the CPD/MP or must they first be selected or designated by someone? If so, who preselects/designates them? If there are unsuccessful applicants for the program, their applications should be provided.

5. Are positions in the CPD/MP requisitioned? Are they posted in any manner? If so, how is the position described? How are employees made aware of opportunities for participation?
6. Are applicants who are not selected to attend an earlier session allowed to reapply (and do they receive consideration) for a subsequent session?
7. What criteria are used in selecting participants? Must participants have been recently hired?
8. Have any employees with more than two years of employment with EGL been considered for or participated in the CPD/MP? If not considered, why not? If not selected for participation, why not?
9. It is the Consultant's understanding that an interview is conducted before applicants are accepted into the CPD/MP. At what point in the selection process is the interview held? What is the purpose of the interview and who conducts it? Do the same interviewers interview every potential participant? Have some applicants "failed" the interview? If so, please provide details.
10. In addition to their names, mentors' job titles, gender, ethnicity, years with EGL, and current station assignment should be provided.
11. What training is provided to mentors? How are they trained on the goals and objectives of the CPD/MP? Who provides the training?
12. What is the mentoring relationship expected to entail? Who advises mentors concerning the nature of their responsibilities as mentors?
13. Does the mentoring relationship continue after the participant has completed the classroom portion of the program? The training portion?
14. How does the mentoring relationship work when a mentee is located in a different station or transferred to a different station during training?
15. Copies of the forms evaluating mentors should be produced.
16. Are mentors required to report how often they met with or conferred with their mentees, or on any other aspects of their role as mentors?
17. What is EGL's plan for conducting periodic evaluations to determine whether mentors are achieving the goals of the CPD/MP?

18. Has there a designated liaison between the mentors and mentees? What happens if the relationship is not working out?
19. When were the newer participants added to the second session? How did they catch up on the material they had missed?
20. Where is Ms. Puckett's resume/application?
21. Who is Ms. Todd's replacement? What is his/her name and ethnicity? Who serves as the replacement's mentor?
22. After completion of the program, please provide an updated record of each participant's career progression, including reassignments, promotions, etc.

3. College Recruiting Program

Twelve of the 18 individuals who were identified as having been hired through EGL's college recruiting efforts are females and/or minorities. Although EGL's reports mention that its recruiter, in addition to on-campus recruiting, attends job fairs and visits university career centers, only his schedule for on-campus recruiting has been provided. The selection criteria for the schools at which recruiting is conducted should be identified and some explanation of how interviews are conducted with a view to providing employment opportunities to qualified females and minorities. In as much as most of the recruits are later placed in the CPD/MP program, the recruiter's role in identifying qualified individuals needs to be explored.

In addition to the issues set out above, the Consultant has the following questions:

1. Why is an outside contractor retained for the job of college recruiting?
2. What is Mr. Cochran's ethnicity?
3. What is EGL's prior relationship with Mr. Cochran?
4. To whom does Mr. Cochran report?
5. Where and when did Mr. Cochran receive his training regarding the requirements of the Consent Decree?

6. What criteria does EGL use to identify colleges and universities as sources of qualified applicants?
7. Did EGL recruit at colleges prior to the execution of the Consent Decree?
8. If so, describe the college recruitment program prior to the execution of the Consent Decree.
9. Does EGL intend to continue this program after the expiration of the term of the Consent Decree?
10. Why was UCLA dropped from Mr. Cochran's recruiting schedule and the University of Houston and Auburn University added?
11. By what means did EGL recruit Tayfun Bekiroglu and Rebecca Borgon, since they did not graduate from colleges where Mr. Cochran recruited?

4. College Internship Program

Posting internship positions on an industry website is not the selection procedure contemplated by the Consent Decree. Of the interns hired since the initiation of the program, less than half (16 of 33) were female and/or minority. Only four of these 16 were minorities. EGL needs to explain how the College Internship Program, as it is structured for 2005, will further the goals articulated in Exhibit 2 of the Consent Decree. If it does not appear to properly focus on those goals, the program should be revised to benefit the designated groups. In addition, in its next and subsequent reports, EGL should identify whether any interns who have participated in the College Internship Program have been offered positions at EGL after graduation and, if so, their position title. The Consultant also has the following specific questions regarding the internship program:

1. In addition to working on a specific project, is any effort made to familiarize interns with the transportation/logistics industry or EGL's overall operations?
2. Does the internship include any presentations, lectures, social events?
3. Did EGL have a college internship program or employ college interns prior to the effective date of the Consent Decree? If so, how does the current program differ

6. What criteria does EGL use to identify colleges and universities as sources of qualified applicants?
7. Did EGL recruit at colleges prior to the execution of the Consent Decree?
8. If so, describe the college recruitment program prior to the execution of the Consent Decree.
9. Does EGL intend to continue this program after the expiration of the term of the Consent Decree?
10. Why was UCLA dropped from Mr. Cochran's recruiting schedule and the University of Houston and Auburn University added?
11. By what means did EGL recruit Tayfun Bekiroglu and Rebecca Borgon, since they did not graduate from colleges where Mr. Cochran recruited?

4. College Internship Program

Posting internship positions on an industry website is not the selection procedure contemplated by the Consent Decree. Of the interns hired since the initiation of the program, less than half (16 of 33) were female and/or minority. Only four of these 16 were minorities. EGL needs to explain how the College Internship Program, as it is structured for 2005, will further the goals articulated in Exhibit 2 of the Consent Decree. If it does not appear to properly focus on those goals, the program should be revised to benefit the designated groups. In addition, in its next and subsequent reports, EGL should identify whether any interns who have participated in the College Internship Program have been offered positions at EGL after graduation and, if so, their position title. The Consultant also has the following specific questions regarding the internship program:

1. In addition to working on a specific project, is any effort made to familiarize interns with the transportation/logistics industry or EGL's overall operations?
2. Does the internship include any presentations, lectures, social events?
3. Did EGL have a college internship program or employ college interns prior to the effective date of the Consent Decree? If so, how does the current program differ

from previous practices?

4. Why was the decision made not to establish a relationship with at least one college or university per region in order to select interns? How is the decision to list internship opportunities on the Council of Logistics Management's website "a more directed manner" to find qualified female and minority interns?

5. High School Work/Study Program

Two years into the Consent Decree it does not appear that the High School Work/Study Program has been implemented in any region. In Houston, it appears a well-functioning relationship has been established with Kashmir High School; however, even that relationship does not fulfill the requirements of Exhibit 2 which calls for implementation of the program with a minimum of two high schools per region each year. Moreover, EGL's reports raise the following questions:

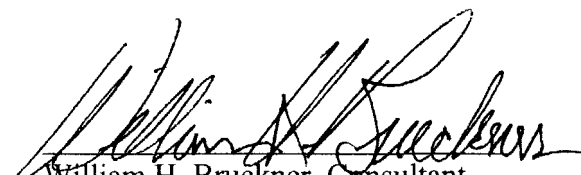
1. When were the coordinators appointed?
2. What have the coordinators done to date? What are their precise goals?
3. Have relationships with at least two schools per region been established yet?
4. Has EGL determined how many interns per selected station it intends to use for the remainder of 2005?
5. Provide the job titles, sex, and ethnicity of the coordinators.
6. How were the coordinators selected?
7. Does EGL plan to continue the High School Internship Program beyond summer 2003?

IV. CONCLUSION

Communication between EGL and the Consultant has been improving and EGL has begun to prepare quarterly reports on the LDP. Additional information will be required in order for the Consultant to fully evaluate each of the programs, but it appears that the majority of the programs are providing benefits to the groups designated in the Consent Decree. As pointed out above, some

of the programs got off to a delayed start and have not provided benefits to the degree contemplated in the Consent Decree. EGL needs to be more amenable than it has previously been to working with the Consultant to determine the most productive structure for the programs and to allow the Consultant to, at minimum, provide input in establishing the candidate selection process.

Dated: February 14, 2005



William H. Bruckner, Consultant