

Echo Global Logistics, Inc.
Form S-1/A
August 26, 2009

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As filed with the Securities and Exchange Commission on August 26, 2009

Registration No. 333-150514

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 5

TO

FORM S-1 REGISTRATION STATEMENT under the Securities Act of 1933

ECHO GLOBAL LOGISTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

4731
(Primary Standard Industrial
Classification Code Number)

20-5001120
(I.R.S. Employer
Identification Number)

**600 West Chicago Avenue
Suite 725
Chicago, Illinois 60654
Phone: (800) 354-7993**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is to be a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement of the earlier effective registration statement for the same offering:

If this Form is a post-effective amendment pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. The securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)

Issued August 26, 2009

Shares

ECHO GLOBAL LOGISTICS, INC.

Common Stock

Echo Global Logistics, Inc. is offering _____ shares of its common stock. This is our initial public offering and no public market exists for our shares. We anticipate that the initial public offering price will be between \$ _____ and \$ _____ per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 11 to read about factors you should consider before buying shares of our common stock.

We intend to list our common stock on The Nasdaq Global Market under the symbol "ECHO."

	<u>Price to Public</u>	<u>Underwriting Discounts and Commissions</u>	<u>Proceeds to Echo (before expenses)</u>
Per Share	\$ _____	\$ _____	\$ _____
Total	\$ _____	\$ _____	\$ _____

The underwriters may also purchase up to an additional _____ shares of common stock from the selling stockholders at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over allotments, if any. The selling stockholders are not offering any shares other than those contemplated by the overallocation option, and we will not receive any of the proceeds from any sale of shares of common stock by the selling stockholders pursuant to that option.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2009.

**Morgan Stanley
William Blair & Company
Barrington Research**

**Credit Suisse
Thomas Weisel Partners LLC
Craig-Hallum Capital Group**

_____, 2009.

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You should rely only on the information contained in this prospectus. We and the underwriters have not authorized anyone to provide you with different or additional information. This prospectus is not an offer to sell or a solicitation of an offer to buy our common stock in any jurisdiction where it is unlawful to do so. The information contained in this prospectus is accurate only as of its date, regardless of the date of delivery of this prospectus or of any sale of our common stock.

Until and including _____, 2009, 25 days after the commencement of this offering, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. You should read this summary together with the more detailed information, including our financial statements and the related notes and schedules, included elsewhere in this prospectus. You should carefully consider, among other things, the matters discussed in "Risk Factors" beginning on page 11, and the consolidated financial statements and notes to those consolidated financial statements before making an investment decision.

ECHO GLOBAL LOGISTICS, INC.

Overview

We are a leading provider of technology enabled transportation and supply chain management services, delivered on a proprietary technology platform, serving the transportation and logistics needs of our clients. Our web-based technology platform compiles and analyzes data from our network of over 22,000 transportation providers to serve our clients' shipping and freight management needs. Our technology platform, composed of web-based software applications and a proprietary database, enables us to identify excess transportation capacity, obtain competitive rates, and execute thousands of shipments every day while providing high levels of service and reliability. Transportation involves the physical movement of goods, and logistics relates to the management and flow of those goods from origin to destination. We focus primarily on arranging transportation across the major modes, including truckload (TL), less than truck load (LTL) and small parcel, and we also offer inter-modal (which involves moving a shipment by rail and truck), domestic air, expedited and international transportation services.

The ability of our technology platform to identify excess capacity solves a longstanding transportation industry problem of failing to match demand with available supply. As a result, we believe we provide tangible benefits to both our clients and to the carriers in our network. As a technology enabled supply chain services provider, our operating platform is centralized, proprietary and scalable, which enables us to support a significant increase in the number of clients we serve and shipments we execute without significant additional capital investment. Additionally, we are unencumbered by physical assets, meaning we do not own the transportation equipment used to transport our clients' freight or warehouse our clients' inventory.

Our proprietary web-based technology platform, Evolved Transportation Manager (ETM), allows us to analyze our clients' transportation requirements and provide recommendations that can result in cost savings for our enterprise clients of approximately 5% to 15%. Using pricing, service and available capacity data derived from our carrier network, historical transaction information and external market sources, ETM analyzes the capabilities and pricing options of our carrier network and recommends cost-effective shipping alternatives. The prices we quote to our clients for their shipping needs include the market cost of fuel, which we pass through to our clients. After the carrier is selected, either by the client or us, we use our ETM technology platform to manage all aspects of the shipping process.

Our clients gain access to our carrier network through our proprietary web-based technology platform, which enables them to capitalize on our logistics knowledge, pricing intelligence and purchasing leverage. In some instances, our clients have eliminated their internal logistics departments altogether, allowing them to reduce overhead costs, redeploy internal resources and focus on their core businesses. Using our web-based software applications also provides our clients with the ability to track individual shipments, transfer shipment-level data to their financial management systems and create customized dashboards and reports detailing carrier activity on an enterprise-wide basis.

We procure transportation and provide logistics services for more than 11,600 clients across a wide range of industries, such as manufacturing, construction, consumer products and retail. Our clients fall into two categories, enterprise and transactional. We typically enter into multi-year contracts with our

enterprise clients, which are often on an exclusive basis for a specific transportation mode or point of origin. As part of our value proposition, we also provide core logistics services to these clients, including the management of both freight expenditures and logistical issues surrounding freight to be transported. We provide transportation and logistics services to our transactional clients on a shipment-by-shipment basis, typically with individual pricing. For the year ended December 31, 2008, enterprise and transactional clients accounted for 43% and 57% of our revenue, respectively.

We were formed in January 2005. During the six months ended June 30, 2009, we served over 11,600 clients using approximately 4,500 different carriers. The number of our enterprise clients increased from 12 in 2005 to 92 in 2008, and we entered into contracts with 15 new enterprise clients during the six months ended June 30, 2009. For the years ended December 31, 2005, 2006, 2007 and 2008, we generated revenue of \$7.3 million, \$33.2 million, \$95.5 million and \$202.8 million, respectively. In the same periods, we had income from continuing operations of (\$0.5) million, (\$0.5) million, \$1.6 million, and \$4.9 million and net income of (\$0.5) million, (\$0.2) million, \$1.1 million and \$2.9 million, respectively. We generate revenue by procuring transportation services on behalf of our clients through our carrier network. Typically, we generate profits on the difference between what we charge to our clients for these services and what we pay to our carriers. Our fee structure is primarily variable, although we have entered into a limited number of fixed fee arrangements that represent an insignificant amount of our revenue.

Industry Background

The worldwide transportation and logistics market is an integral part of the global economy. According to the Council of Supply Chain Management Professionals, total transportation and logistics spend for the United States in 2008 was approximately \$1.3 trillion. According to Armstrong & Associates, an independent research firm, gross revenue for third-party logistics in the United States in 2008 was approximately \$127.0 billion.

We believe that a significant portion of available transportation capacity in the United States remains unused as a result of the inefficiencies in the transportation and logistics market relating to the absence of an established and automated marketplace. Without this marketplace, demand is not always matched with available supply due to constant fluctuations in transportation capacity and imperfect information, resulting in underutilized assets. Unused transportation capacity occurs, for example, when a transportation provider delivers its primary load, or headhaul, to a destination and does not have an adequate backhaul shipment back to its point of origin.

Third-party logistics providers for the transportation industry offer services such as transportation, distribution, supply chain management, customs brokerage, warehousing and freight management. Third-party logistics providers may also provide a range of ancillary services such as packaging and labeling, freight tracking and integration with client-specific planning systems to facilitate supply chain management. Although many large third-party logistics providers are asset-based providers, there is also a significant number of non-asset-based providers, which typically operate as small freight brokers with limited resources, limited carrier networks and modest or outdated information technology systems. We believe very few non-asset-based providers have more than 100 personnel and the small providers, comprising the vast majority, lack the scale to support the increasing requirements for national and global coverage across multiple modes of transportation, the ability to offer complete outsourcing and the ability to provide their clients with technology-driven logistics services.

According to Armstrong & Associates, from 1996 to 2008, the United States outsourced logistics market grew at a 12.5% compounded annual rate, from \$30.8 billion to \$127.0 billion in gross revenue. In addition, according to Armstrong & Associates, only 17.0% of logistics expenditures for the United States were outsourced in 2008. We believe that the market penetration of outsourced logistics in the United States will continue to expand over the next several years and that many companies will look to outsource

their entire shipping department to third-party logistics providers rather than contracting with providers on a shipment-by-shipment basis.

Our Competitive Advantage

We believe a number of important competitive strengths will continue to drive our success in the future, including:

Innovative business model with compelling value proposition for clients. We believe our technology-driven, transportation and logistics services improve on traditional transportation outsourcing models because we aggregate fragmented supply and demand information across all major modes of transportation from our network of clients and carriers. By using our proprietary technology platform and the market information (including current pricing, service and available capacity data as well as historical information) stored in our database, we are able to recommend a carrier for each shipment regardless of mode, at any given moment, typically at a highly competitive price. Our clients benefit from our aggregated buying power, and as a result, we are typically able to reduce many of our enterprise clients' total annual transportation and logistics costs by approximately 5% to 15%, while providing high-quality service.

Scalable, proprietary technology platform. Our proprietary ETM technology platform is a web-based software application that provides competitive pricing, supply chain visibility and shipment execution across all major modes of transportation. Our proprietary technology platform can support a significant increase in the number of clients we serve and shipments we execute without significant additional capital investment. Our ETM database expands and becomes more difficult to replicate as we increase the number of shipments and the amount of pricing, service and available capacity data increases. We use our ETM technology platform to analyze the capabilities of our network of over 22,000 carriers and recommend cost-effective shipping alternatives. We also use our ETM technology platform to track individual shipments and provide customized reports throughout the lifecycle of each shipment. ETM provides client-specific information by giving them self-service access to carrier pricing information derived from data stored within ETM. We believe that the ability to provide these integrated transportation and supply chain management services furthers our competitive advantage.

End-to-end technology enabled services embedded in clients' business processes. Our proprietary technology platform provides a central, scalable and configurable portal interface that enables our clients to manage their transportation and logistics costs. Our web-based software provides our clients with access to transportation market analytics and business information capabilities, including the ability to obtain real-time information on individual shipments and available capacity, transfer shipment-level data to their financial management systems and create customized dashboards and reports detailing carrier activity on an enterprise-wide basis. Enterprise clients also benefit from dedicated teams of account executives and on-site support. We believe our proprietary technology and logistics expertise provide us with the ability to effectively serve the increasingly complex global supply chain needs of our client base and have enabled some of our clients to eliminate their internal logistics departments.

High levels of user satisfaction. Our web-based software applications enable our clients to manage the complexities in their transportation and supply chain functions. Our supply chain management services allow our clients to capitalize on our logistics expertise, pricing information and purchasing leverage in a user-friendly interface. We typically have received ratings indicating high levels of satisfaction from a wide range of our clients based on data collected from our periodic client surveys.

Multi-faceted sales strategy leveraging deep logistics expertise. We have built a multi-faceted sales strategy that effectively utilizes our enterprise sales representatives, transactional sales representatives and agent network. Our enterprise sales representatives typically have significant sales expertise and are focused on building relationships with our clients' senior management teams to execute multi-year enterprise contracts, typically with terms of one to three years. Our transactional sales representatives, with

support from our account executives, are focused on building new transactional client relationships and migrating transactional accounts to enterprise accounts. Our agents are typically experienced industry sales professionals focused on building relationships with department level transportation managers with both existing and prospective clients. Our multi-faceted sales strategy enables us to engage clients on a shipment-by-shipment basis (transactional) or a fully or partially outsourced basis (enterprise), which we believe enhances our ability to attract new clients and increase our revenue from existing clients.

Proven track record of success with large enterprise clients. We believe that our record of success in serving large enterprises is a key competitive advantage. As of June 30, 2009, we had contracts with 107 enterprise clients, and the total number of enterprise clients increased by 30 and 15 in 2008 and the first six months of 2009, respectively. We believe the size and diversity of these clients, combined with our track record of successful renewals, demonstrates our ability to handle complex client and industry-specific transportation needs.

Access to our carrier network. Our carrier network consists of over 22,000 carriers, which we select based on their ability to effectively serve our clients on the basis of price, capabilities, geographic coverage and quality of service. We regularly monitor our carriers' pricing, shipment track record, capacity and financial stability using a system in which carriers are graded based on their performance against other carriers, giving our clients an enhanced level of quality control. By using our visibility into carrier capacity, we are also able to negotiate favorable rates, manage our clients' transportation spend and identify cost-effective shipping alternatives.

Experienced management team. We have a highly experienced management team with extensive industry knowledge. Our Chief Executive Officer, Douglas R. Waggoner, is the former President and CEO of USF Bestway, a regional carrier based in Scottsdale, Arizona, and Daylight Transport, an LTL carrier based in Long Beach, California. Our non-executive Chairman, Samuel K. Skinner, is the former Chairman, President and Chief Executive Officer of USF Corporation and the former Secretary of Transportation of the United States of America.

Our Strategy

Our objective is to become the premier provider of transportation and logistics services to corporate clients in the United States. Our business model and technological advantage have been the main drivers of our historical results and have positioned us for continued growth. The key elements of our strategy include:

Expand our client base. We intend to develop new long-term client relationships by using our industry experience and expanding our sales and marketing activities. As of June 30, 2009, we had contracts with 107 enterprise clients, and the total number of enterprise clients increased by 30 and 15 in 2008 and the first six months of 2009, respectively. We seek to attract new enterprise clients by targeting companies with substantial transportation needs and demonstrating our ability to reduce their transportation costs by using our ETM technology platform. In addition, we plan to continue to hire additional sales representatives to build our transactional business across all major modes. We believe our business model provides us with a competitive advantage in recruiting sales representatives as it enables our representatives to leverage our proprietary technology and carrier network to market a broader range of services to their clients at competitive prices.

Further penetrate our established client base. As we demonstrate our ability to execute shipments with high levels of service and favorable pricing, we are able to strengthen our relationships with our clients, penetrate incremental modes and geographic areas and generate more shipments. In addition, as we become more fully integrated into the businesses of our transactional clients and are able to identify additional opportunities for efficiencies, we seek to further penetrate our client base by selling our

enterprise services to those clients. Of our 107 enterprise clients as of June 30, 2009, 26 began as transactional clients.

Further invest in our proprietary technology platform. We intend to continue to improve and develop Internet and software-based information technologies that are compatible with our ETM platform. In order to continue to meet our clients' transportation requirements, we intend to invest in specific technology applications and personnel in order to improve and expand our offering.

Selectively pursue strategic acquisitions. We intend to selectively pursue strategic acquisitions that complement our relationships and logistics expertise and expand our business into new geographic markets. Our objective is to increase our presence and capabilities in major commercial freight markets in the United States. We may also evaluate opportunities to access attractive markets outside the United States from time to time, or selectively consider strategic relationships that add new long-term client relationships, enhance our services or complement our business strategy.

Recent Development

RayTrans Distribution Services Acquisition. On June 2, 2009, we acquired substantially all of the assets of RayTrans Distribution Services, Inc., a third-party provider of brokerage services in the commercial trucking market based in Matteson, Illinois. We believe that this acquisition provides important strategic benefits for our company. RayTrans Distribution Services sales representatives and carriers specialize in flatbed, over-sized, auto-haul and other specific services as well as traditional unrefrigerated, or dry van, brokerage. This transaction adds approximately 400 transactional clients, which expands our pipeline of clients to which we can market our transportation and supply chain management services. In addition, we gained approximately 1,500 new carriers that can provide specialized transportation services to our existing clients. The purchase price for RayTrans Distribution Services consisted of approximately \$5.5 million in cash paid in June 2009 and up to an additional \$6.5 million in cash contingent upon the achievement of adjusted EBITDA targets by RayTrans Distribution Services on or prior to May 31, 2012.

Risk Factors

Our business is subject to numerous risks, as discussed more fully in the section entitled "Risk Factors" beginning on page 11. In particular, the following risks, among others, may have an adverse effect on our strategy, which could cause a decrease in the price of our common stock and result in a loss of all or a portion of your investment:

If our carriers do not meet our needs or expectations, or those of our clients, our business would suffer.

Competition could substantially impair our business and our operating results.

A significant portion of our revenue is derived from a relatively limited number of large clients and any loss of, or decrease in sales to, these clients could harm our results of operations.

If we are unable to expand the number of our sales representatives and agents, or if a significant number of our sales representatives and agents leave us, our ability to increase our revenues could be negatively impacted.

Benefits to Affiliates

Approximately \$7.5 million of our net proceeds from this offering will be used to repay all outstanding principal and accrued interest owed under our term loan payable to EGL Mezzanine LLC, members of which include certain of our directors, officers and stockholders, and which we incurred in connection with our acquisition of RayTrans Distribution Services. Blue Media, LLC, an entity controlled by Eric P. Lefkofsky, one of our directors, will receive approximately of the \$7.5 million. See "Certain

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Relationships and Related Party Transactions Relationship with our Founders Term Loan with EGL Mezzanine LLC."

In addition, we intend to use approximately \$3.2 million of our net proceeds from this offering to make required accrued dividend payments to the holders of our Series B and D preferred shares, which holders include certain of our directors or entities controlled or owned by them. Entities affiliated with New Enterprise Associates, of which Peter J. Barris, one of our directors, is a general partner, will receive approximately of the \$3.2 million, and affiliates of the Nazarian family will receive approximately of the \$3.2 million. See "Certain Relationships and Related Party Transactions Recapitalization."

Except where the context requires otherwise, in this prospectus the terms "Company," "Echo," "we," "us" and "our" refer to Echo Global Logistics, Inc., a Delaware corporation, and, where appropriate, its subsidiaries.

Our principal executive offices are located at 600 West Chicago Avenue, Suite 725, Chicago, Illinois 60654, and our telephone number at this address is (800) 354-7993. Our website is www.echo.com. Information contained on our website is not a part of this prospectus.

"Echo Global Logistics," "Evolved Transportation Manager," "ETM," "Echo Trak," "eConnect," "EchoPak," "RateIQ," "LaneIQ," "EchoIQ," and the Echo Global Logistics logo are trademarks of Echo. All other trademarks appearing in this prospectus are the property of their respective owners.

We operate in an industry in which it is difficult to obtain precise industry and market information. Although we have obtained some industry data from third-party sources that we believe to be reliable, in certain cases we have based certain statements contained in this prospectus regarding our industry and our position in the industry on our estimates concerning our clients and competitors. These estimates are based on our experience in the industry, conversations with our principal carriers and our own investigation of market conditions. Unless otherwise noted, the statistical data contained in this prospectus regarding the third-party logistics industry is based on data we obtained from Armstrong & Associates, an independent research firm.

THE OFFERING

Common Stock offered by Echo	shares
Common Stock to be outstanding after this offering	shares
Underwriters' option to purchase additional shares from the selling stockholders (The selling stockholders are not offering any shares other than those contemplated by this overallotment option)	shares
Use of proceeds	<p>We expect our net proceeds from this offering will be approximately \$. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders pursuant to the underwriters' option to purchase additional shares of common stock within 30 days from the date of this prospectus. We intend to use our net proceeds from this offering primarily to expand our sales force, to enhance our technology, to acquire or make strategic investments in complementary businesses and for working capital and other general corporate purposes. We also intend to use a portion of our net proceeds from this offering to repay all outstanding principal and accrued interest under our line of credit with JPMorgan Chase Bank, N.A. (approximately \$7.9 million outstanding as of June 30, 2009), and approximately \$7.5 million of our net proceeds from this offering to repay all outstanding principal and accrued interest owed under our term loan payable to EGL Mezzanine LLC, members of which include certain of our directors, officers and stockholders, and which we incurred in connection with our acquisition of RayTrans Distribution Services. See "Certain Relationships and Related Party Transactions Relationship with our Founders Term Loan with EGL Mezzanine LLC." In addition, we intend to use approximately \$3.2 million of our net proceeds from this offering to make required accrued dividend payments to the holders of our Series B and D preferred shares, which holders include certain of our directors or entities controlled or owned by them. See "Use of Proceeds."</p>
Risk factors	<p>See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.</p>
Nasdaq Global Market symbol	<p>"ECHO" 7</p>

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Unless otherwise indicated, the number of shares of common stock to be outstanding after this offering excludes:

640,000 shares of issued unvested common stock;

3,255,900 shares of common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of \$3.31 per share; and

1,000,000 shares of common stock available for additional grants under our 2008 Stock Incentive Plan.

Prior to the completion of this offering, we intend to recapitalize all outstanding shares of our common stock, Series B preferred stock and Series D preferred stock into newly issued shares of our common stock on approximately a one-for-one basis. The purpose of the recapitalization is to exchange all of our outstanding shares of capital stock for shares of the same class of common stock that will be sold in this offering. See "Certain Relationships and Related Party Transactions Recapitalization." Unless otherwise indicated, all share amounts:

assume the underwriters' option to purchase additional shares from the selling stockholders is not exercised; and

give effect to our recapitalization prior to the completion of this offering.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents summary consolidated financial and other data as of and for the periods indicated. Financial information for periods prior to 2005 has not been presented because we were formed in January 2005. You should read the following information together with the more detailed information contained in "Selected Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the accompanying notes. The pro forma consolidated statement of operations data for the year ended December 31, 2008 and for the six months ended June 30, 2009 gives effect to the June 2, 2009 acquisition of RayTrans Distribution Services, Inc. as if this acquisition had occurred on January 1, 2008, and reflects (i) the elimination of preferred dividends accrued during the periods presented as a result of the recapitalization of all outstanding shares of our Series B preferred stock and Series D preferred stock into shares of our common stock as if the recapitalization had occurred on January 1, 2008, (ii) the elimination of interest expense incurred during the periods presented as a result of the repayment of all outstanding indebtedness under our term loan payable to EGL Mezzanine LLC as if the repayment had occurred on January 1, 2008, less the related income tax effect, and (iii) the elimination of interest expense incurred during the periods presented as a result of the repayment of all outstanding indebtedness under our line of credit with JPMorgan Chase Bank, N.A. as if the repayment occurred on January 1, 2008, less the related income tax effect. The pro forma consolidated statements of operations data do not necessarily indicate the results that would have actually occurred if the acquisition of RayTrans Distribution Services, Inc. had occurred on January 1, 2008 or that may occur in the future. You should read the pro forma consolidated statements of operations data together with the more detailed information contained in Unaudited Pro Forma Condensed Consolidated Financial Statements and the accompanying notes.

Years ended December 31,				Pro forma year ended December 31,	Six months ended June 30,		Pro forma six months ended June 30,
2005	2006	2007	2008	2008	2008	2009	2009
				(unaudited)	(unaudited)	(unaudited)	(unaudited)

(dollars and shares in thousands, except per share data)

Consolidated statements of operations data:								
Revenue	\$ 7,322	\$ 33,195	\$ 95,461	\$ 202,807	\$ 245,537	\$ 89,866	\$ 109,354	\$ 121,439
Transportation costs	6,152	27,704	75,535	159,717	194,726	70,932	85,100	94,735
Gross profit	1,170	5,491	19,926	43,090	50,811	18,934	24,254	26,704
Operating expenses:								
Commissions	156	866	4,433	11,799	14,159	4,762	6,938	7,903
General and administrative	1,472	4,387	12,037	23,115	28,740	10,117	13,726	15,170
Depreciation and amortization	67	691	1,845	3,231	3,825	1,477	2,139	2,384
Total operating expenses	1,695	5,944	18,315	38,145	46,724	16,356	22,803	25,457
Income (loss) from continuing operations	(525)	(453)	1,611	4,945	4,087	2,578	1,451	1,247
Other income (expense)	12	201	191	(144)	(34)	(14)	(265)	(121)
Income (loss) before income taxes and discontinued operations	(513)	(252)	1,802	4,801	4,053	2,564	1,186	1,126
Income tax benefit (expense)		220	(749)	(1,926)	(1,627)	(1,041)	(467)	(443)
Income (loss) before discontinued operations	(513)	(32)	1,053	2,875	2,426	1,523	719	683
Loss from discontinued operations		(214)						
Net income (loss)	(513)	(246)	1,053	2,875	2,426	1,523	719	683
Dividends on preferred shares	(154)	(749)	(1,054)	(1,054)		(524)	(527)	

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	Years ended December 31,				Pro forma year ended December 31,	Six months ended June 30,	Pro forma six months ended June 30,	
Net income (loss) applicable to common stockholders	\$ (667)	\$ (995)	\$ (1)	\$ 1,821	\$ 2,426	\$ 999	\$ 192	\$ 683
Net income (loss) per share of common stock:								
Basic	\$ (0.03)	\$ (0.04)	\$	\$ 0.07	\$ 0.08	\$ 0.04	\$ 0.01	\$ 0.02
Diluted	\$ (0.03)	\$ (0.04)	\$	\$ 0.07	\$ 0.08	\$ 0.04	\$ 0.01	\$ 0.02
Shares used in per share calculations:								
Basic	21,548	22,388	23,425	24,345	30,729	24,125	24,930	31,314
Diluted	21,548	22,388	23,425	25,634	32,018	25,490	25,474	31,858

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Years ended December 31,				Pro forma year ended December 31,	Six months ended June 30,		Pro forma six months ended June 30,
2005	2006	2007	2008	2008	2008	2009	2009
(unaudited)	(unaudited)	(unaudited)		(unaudited)	(unaudited)	(unaudited)	

(dollars and shares in thousands, except per share data)

Pro forma income tax benefit (expense) ⁽¹⁾	\$ 205	\$ (34)	\$	\$	\$	\$	\$
Pro forma net loss ⁽¹⁾	\$ (308)	\$ (280)	\$	\$	\$	\$	\$
Pro forma net income (loss) per share of common stock ⁽²⁾ :							
Basic	\$	\$	\$	\$	\$	\$	\$
Diluted	\$	\$	\$	\$	\$	\$	\$

Shares used in unaudited pro forma per share calculations:

Basic
Diluted

Other data:

Enterprise clients ⁽³⁾	12	27	62	92		81	107
Transactional clients served in period ⁽⁴⁾	202	650	4,566	11,952		6,580	11,537
Total clients ⁽⁵⁾	214	677	4,628	12,044		6,661	11,644
Employees, agents and independent contractors ⁽⁶⁾	44	105	344	664		589	709

- (1) Unaudited pro forma data presented gives effect to our conversion on June 7, 2006 into a corporation as if it occurred at the beginning of the period presented. Unaudited pro forma income tax benefit (expense) represents a combined federal and state effective tax rate of 40% and does not consider potential tax loss carrybacks, carryforwards or realizability of deferred tax assets. Unaudited pro forma net loss represents our net loss for the periods presented as adjusted to give effect to the pro forma income tax benefit (expense) prior to our conversion to a C corporation, as we were not subject to income tax due to our treatment as a partnership for tax purposes.
- (2) Unaudited pro forma net income (loss) per share of common stock (i) reflects the recapitalization of all outstanding shares of our common stock, Series B preferred stock and Series D preferred stock on approximately a one-for-one basis, (ii) reflects approximately \$3.2 million of required dividend payments to the holders of our Series B and D preferred stock, (iii) assumes the issuance of _____ shares of our common stock to be sold by us in this offering assuming an initial public offering price of \$ _____ per share, the midpoint of the filing range set forth on the cover of this prospectus, (iv) gives effect to the elimination of interest expense to be repaid on the outstanding indebtedness under the term loan payable to EGL Mezzanine LLC, less the related income tax effect, and (v) gives effect to the elimination of interest expense to be repaid on the outstanding indebtedness under our line of credit with JPMorgan Chase Bank, N.A., less the related income tax effect.
- (3) Reflects number of enterprise clients on the last day of the applicable period.
- (4) Reflects number of transactional clients served in the applicable period.
- (5) Reflects total number of enterprise clients determined on the last day of the applicable period and number of transactional clients served in the applicable period.
- (6) Reflects number of employees, agents and independent contractors on the last day of the applicable period.

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The pro forma as adjusted balance sheet data in the table below reflects (i) the recapitalization of all outstanding shares of our common stock, Series B preferred stock and Series D preferred stock into newly issued shares of our common stock on approximately a one-for-one basis, (ii) approximately \$3.2 million of required accrued dividend payments to the holders of our Series B and D preferred stock, (iii) the repayment of approximately \$7.5 million of outstanding principal and accrued interest under our term loan with EGL Mezzanine LLC, (iv) the repayment of outstanding principal and accrued interest under our line of credit with JPMorgan Chase Bank, N.A. (approximately \$7.9 million as of June 30, 2009), and (v) the sale of _____ shares of our common stock offered by us in this offering assuming an initial public offering price of \$ _____ per share, the midpoint of the filing range set forth on the cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

		As of June 30, 2009	
		Actual	Pro forma as adjusted
		(unaudited)	
		(in thousands)	
Consolidated balance sheet data:			
Cash and cash equivalents	\$	1,855	\$
Working capital		2,764	
Total assets		71,695	
Total liabilities		51,651	
Series D convertible preferred shares		20,265	
Cash dividends per common share			
Total stockholders' equity (deficit)		(221)	

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risks and other information in this prospectus before you decide to buy our common stock. Our business, financial condition and operating results may suffer if any of the following risks are realized. If any of these risks or uncertainties occurs, the trading price of our common stock could decline and you might lose all or part of your investment.

Risks Related to Our Business

If our carriers do not meet our needs or expectations, or those of our clients, our business could suffer.

The success of our business depends to a large extent on our relationships with clients and our reputation for providing high-quality technology enabled transportation and logistics services. We do not own or control the transportation assets that deliver our clients' freight, and we do not employ the people directly involved in delivering the freight. We rely on independent third-parties to provide TL, LTL, small parcel, inter-modal, domestic air, expedited and international services and to report certain information to us, including information relating to delivery status and freight claims. This reliance could cause delays in providing our clients with important service data and in the financial reporting of certain events, including recognizing revenue and recording claims. If we are unable to secure sufficient transportation services to meet our commitments to our clients, our operating results could be adversely affected, and our clients could switch to our competitors temporarily or permanently. Many of these risks are beyond our control and difficult to anticipate, including:

changes in rates charged by transportation providers;

supply shortages in the transportation industry, particularly among truckload carriers;

interruptions in service or stoppages in transportation as a result of labor disputes; and

changes in regulations impacting transportation.

If any of the third-parties we rely on do not meet our needs or expectations, or those of our clients, our professional reputation may be damaged and our business could be harmed. For international shipments, we currently rely on one carrier to provide substantially all of our transportation. If this carrier fails to meet our needs or expectations, our ability to offer international shipping services could be delayed or disrupted, and our costs may increase. In 2007 and 2008, international shipments accounted for 3% and 4% of our revenue, respectively.

Competition could substantially impair our business and our operating results.

Competition in the transportation services industry is intense. We compete against other non-asset-based logistics companies as well as asset-based logistics companies; freight forwarders that dispatch shipments via asset-based carriers; carriers offering logistics services; internal shipping departments at companies that have substantial transportation requirements; large business process outsourcing (BPO) service providers; and smaller, niche service providers that provide services in a specific geographic market, industry segment or service area. We also compete against carriers' internal sales forces and shippers' transportation departments. At times, we buy transportation services from our competitors. Historically, competition has created a downward pressure on freight rates, and continuation of this rate pressure may adversely affect the Company's revenue and income from operations.

In addition, a software platform and database similar to ETM could be created over time by a competitor with sufficient financial resources and comparable experience in the transportation services industry. If our competitors are able to offer comparable services, we could lose clients, and our market share and profit margin could decline. Our competitors may also establish cooperative relationships to

increase their ability to address client needs. Increased competition may lead to revenue reductions, reduced profit margins or a loss of market share, any one of which could harm our business.

A significant portion of our revenue is derived from a relatively limited number of large clients and any loss of, or decrease in sales to, these clients could harm our results of operations.

A significant portion of our revenue is derived from a relatively limited number of large clients. Revenue from our five largest clients, collectively, accounted for 27% of our revenue in 2008, and revenue from our 10 largest clients, collectively, accounted for 35% of our revenue in 2008. We are likely to continue to experience ongoing customer concentration, particularly if we are successful in attracting large enterprise clients. It is possible that revenue from these clients, either individually or as a group, may not reach or exceed historical levels in any future period. The loss or significant reduction of business from one or more of our major clients would adversely affect our results of operations.

If we are unable to expand the number of our sales representatives and agents, or if a significant number of our sales representatives and agents leaves us, our ability to increase our revenue could be negatively impacted.

Our ability to expand our business will depend, in part, on our ability to attract additional sales representatives and agents with established client relationships. Competition for qualified sales representatives and agents can be intense, and we may be unable to hire such persons. Any difficulties we experience in expanding the number of our sales representatives and agents could have a negative impact on our ability to expand our client base, increase our revenue and continue our growth.

In addition, we must retain our current sales representatives and agents and properly incentivize them to obtain new clients and maintain existing client relationships. If a significant number of our sales representatives and agents leaves us, our revenue could be negatively impacted. We have entered into agreements with our sales representatives and agents that contain non-compete provisions to mitigate this risk, but we may need to litigate to enforce our rights under these agreements, which could be time-consuming, expensive and ineffective. A significant increase in the turnover rate among our current sales representatives and agents could also increase our recruiting costs and decrease our operating efficiency, which could lead to a decline in the demand for our services.

If our services do not achieve widespread commercial acceptance, our business will suffer.

Many companies coordinate the procurement and management of their logistics needs with their own employees using a combination of telephone, facsimile, e-mail and the Internet. Growth in the demand for our services depends on the adoption of our technology enabled transportation and logistics services. We may not be able to persuade prospective clients to change their traditional transportation management processes. Our business could suffer if our services are not accepted by the marketplace.

We may not be able to develop or implement new systems, procedures and controls that are required to support the anticipated growth in our operations.

Our revenue increased to \$202.8 million in 2008 from \$7.3 million in 2005, representing an annual growth rate of 353% from 2005 to 2006, 188% from 2006 to 2007 and 112% from 2007 to 2008. Between January 1, 2005 and December 31, 2008, the number of our employees, agents and independent contractors increased from 44 to 664. Continued growth could place a significant strain on our ability to:

recruit, motivate and retain qualified sales representatives and agents, carrier representatives and management personnel;

develop and improve our internal administrative infrastructure and execution standards; and

expand and maintain the operation of our technology infrastructure in a manner that preserves a quality customer experience.

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To manage our growth, we must implement and maintain proper operational and financial controls and systems. Further, we will need to manage our relationships with various clients and carriers. We cannot give any assurance that we will be able to develop and implement, on a timely basis, the systems, procedures and controls required to support the growth in our operations or effectively manage our relationships with various clients and carriers. If we are unable to manage our growth, our business, operating results and financial condition could be adversely affected.

If we are unable to maintain ETM, our proprietary software, demand for our services and our revenue could decrease.

We rely heavily on ETM, our proprietary software, to track and store externally and internally generated market data, analyze the capabilities of our carrier network and recommend cost-effective carriers in the appropriate transportation mode. To keep pace with changing technologies and client demands, we must correctly interpret and address market trends and enhance the features and functionality of our proprietary technology platform in response to these trends, which may lead to significant ongoing research and development costs. We may be unable to accurately determine the needs of our clients and the trends in the transportation services industry or to design and implement the appropriate features and functionality of our technology platform in a timely and cost-effective manner, which could result in decreased demand for our services and a corresponding decrease in our revenue. Despite testing, we may be unable to detect defects in existing or new versions of our proprietary software, or errors may arise in our software. Any failure to identify and address such defects or errors could result in loss of revenue or market share, liability to clients or others, diversion of resources, injury to our reputation, and increased service and maintenance costs. Correction of such errors could prove to be impossible or very costly, and responding to resulting claims or liability could similarly involve substantial cost.

We have not registered any patents nor trademarks to date, and our inability to protect our intellectual property rights may impair our competitive position.

Our failure to adequately protect our intellectual property and other proprietary rights could harm our competitive position. We rely on a combination of copyright, trademark, and trade secret laws, as well as license agreements and other contractual provisions to protect our intellectual property and other proprietary rights. In addition, we attempt to protect our intellectual property and proprietary information by requiring all of our employees and independent contractors to enter into confidentiality and invention assignment agreements. To date we have not pursued patent protection for our technology. We also have not registered trademarks to protect our brands. We cannot be certain that the steps we have taken to protect our intellectual property rights will be adequate or will prevent third-parties from infringing or misappropriating our rights; imitating or duplicating our technology, services or methodologies, including ETM; or using trademarks similar to ours. Should we need to resort to litigation to enforce our intellectual property rights or to determine the validity and scope of the rights of others, such litigation could be time-consuming and costly, and the result of any litigation is subject to uncertainty. In addition, ETM incorporates open source software components that are licensed to us under various public domain licenses. Although we believe that we have complied with our obligations under the various applicable licenses for the open source software that we use, there is little or no legal precedent governing the interpretation of many of the terms of these licenses, and the potential impact of such terms on our business is, therefore, difficult to predict.

We may be sued by third-parties for alleged infringement of their intellectual or proprietary rights.

Our use of ETM or other technologies could be challenged by claims that such use infringes, misappropriates or otherwise violates the intellectual property rights of third-parties. Any intellectual property claims, with or without merit, could be time-consuming and costly to resolve, could divert management's attention from our business and could require us to pay substantial monetary damages. Any settlement or adverse judgment resulting from such a claim could require us to enter into a licensing

agreement to continue using the technology that is the subject of the claim, or could otherwise restrict or prohibit our use of such technology. There can be no assurance that we would be able to obtain a license on commercially reasonable terms, if at all, from the party asserting an infringement claim, or that we would be able to develop or license a suitable alternative technology to permit us to continue offering the affected services to our clients. Our insurance coverage for claims of infringement, misappropriation, or other violation of the intellectual property rights of third-parties may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims against us, and our insurers may disclaim coverage as to any future claims. An uninsured or underinsured claim could result in unanticipated costs thereby reducing operating results.

We have a long selling cycle to secure a new enterprise contract and a long implementation cycle, which require significant investments of resources.

We typically face a long selling cycle to secure a new enterprise contract, which requires significant investment of resources and time by both our clients and us. Before committing to use our services, potential clients require us to spend time and resources educating them on the value of our services and assessing the feasibility of integrating our systems and processes with theirs. Our clients then evaluate our services before deciding whether to use them. Therefore, our enterprise selling cycle, which can take up to six months, is subject to many risks and delays over which we have little control, including our clients' decisions to choose alternatives to our services (such as other providers or in-house resources) and the timing of our clients' budget cycles and approval processes.

Implementing our enterprise services, which can take from one to six months, involves a significant commitment of resources over an extended period of time from both our clients and us. Depending on the scope and complexity of the processes being implemented, these time periods may be significantly longer. Our clients and future clients may not be willing or able to invest the time and resources necessary to implement our services, and we may fail to close sales with potential clients to which we have devoted significant time and resources, which could have a material adverse effect on our business, results of operations, financial condition and cash flows, as we do not recognize significant revenue until after we have completed the implementation phase.

Our clients may terminate their relationships with us on short notice with limited or no penalties, and our clients are not obligated to spend a minimum amount with us.

Our transactional clients, which accounted for approximately 44% and 57% of our revenue in 2007 and 2008, respectively, use our services on a shipment-by-shipment basis rather than under long-term contracts. These clients have no obligation to continue using our services and may stop using them at any time without penalty or with only limited penalties. Our contracts with enterprise clients typically have terms of one to three years and are subject to termination provisions negotiated on a contract-by-contract basis. These termination provisions typically provide the client with the ability to terminate upon 30 or 60 days' advance written notice in the event of a material breach. Included as a material breach is the Company's failure to provide the negotiated level of cost savings. In some cases, the enterprise contracts may be terminated by providing written notice within 60 days of execution or may be terminated upon 60 to 90 days' advanced written notice for any reason. Enterprise contracts accounting for 4.7% and 11.3% of our revenue in 2008 are scheduled to expire (subject to possible renewal) in 2009 and 2010, respectively.

The volume and type of services we provide each client may vary from year to year and could be reduced if the client were to change its outsourcing or shipping strategy. Our enterprise clients generally are not obligated to spend any particular amount with us, although our enterprise contracts are typically exclusive with respect to point of origin or one or more modes of transportation, meaning that the client is obligated to use us if it ships from the point of origin or uses those modes. These contractual exclusivity provisions help ensure, but do not guarantee, that we receive a significant portion of the amount that our enterprise clients spend on transportation in the applicable mode or modes or from the applicable point of

origin. In our experience, compliance with such provisions varies from client to client and over time. Failure to comply with these exclusivity provisions may adversely affect our revenue.

If a significant number of our transactional or enterprise clients elect to terminate or not to renew their engagements with us, or if the volume of their shipping orders decreases, our business, operating results and financial condition could suffer. If we are unable to renew our enterprise contracts at favorable rates, our revenue may decline.

If we are unable to deliver agreed upon cost savings to our enterprise clients, we could lose those clients and our results could suffer.

Our contracts with enterprise clients typically commit us to deliver a negotiated level of cost savings compared to our clients' historical shipping expenditures over a fixed period of time. We then estimate cost savings periodically during the term of our engagement and if the negotiated amount is not achieved, the client has the right to terminate the contract. Any number of factors, including a downturn in the economy, increases in costs, or decreases in the availability of transportation capacity, could impair our ability to provide the agreed cost savings. Even if our enterprise clients do not terminate their contracts with us as a result, our results of operations will suffer, and it may become more difficult to attract new enterprise clients.

The current economic conditions of the global and domestic economy, or a substantial or prolonged downturn in our clients' business cycle, may have a material adverse affect on our business, results of operations and financial condition.

Our business, results of operations and financial condition are materially affected by the conditions in the global and domestic economy. The stress experienced by the global capital markets that began in the second half of 2007, substantially increased during the second half of 2008 and continued during the first half of 2009. Concerns over unemployment, the availability and cost of credit, the U.S. mortgage market and a declining real estate market in the United States have contributed to increased volatility and diminished expectations for the economy and the financial markets going forward. These factors, combined with volatile oil prices and low business and consumer confidence, have precipitated a recession.

These events and the continuing market upheavals may have an adverse affect on us, our carriers and our clients. Carriers may charge higher prices to cover higher operating expenses such as higher fuel prices, costs associated with regulatory compliance and other factors beyond our control. Our gross profits and income from operations may decrease if we are unable to pass through to our clients the full amount of these higher transportation costs. In addition, our business, results of operations and financial condition may be negatively impacted by decreases in the volume of freight shipped by our clients due to decreases in their business volume or price increases by our carriers. If we are not able to timely and appropriately adapt to changes resulting from the difficult economic environment, our business, results of operations and financial condition may be materially and adversely affected.

High fuel prices may increase carrier prices and volatility in fuel prices may make it more difficult to pass through this cost to our clients, which may impair our operating results.

Fuel prices recently reached historically high levels in 2008 and continue to be volatile and difficult to predict. In the event fuel prices rise, carriers can be expected to charge higher prices to cover higher operating expenses, and our gross profits and income from operations may decrease if we are unable to continue to pass through to our clients the full amount of these higher costs. Higher fuel costs could also cause material shifts in the percentage of our revenue by transportation mode, as our clients may elect to utilize alternative transportation modes, such as inter-modal. In addition, increased volatility in fuel prices may affect our gross profits and income from operations if we are not able to pass through to our clients any higher costs associated with such volatility. Any material shifts to transportation modes with respect to which we realize lower gross profit margins could impair our operating results.

A decrease in levels of excess capacity in the U.S. transportation services industry could have an adverse impact on our business.

We believe that, historically, the U.S. transportation services industry has experienced significant levels of excess capacity. Our business seeks to capitalize on imbalances between supply and demand in the transportation services industry by obtaining favorable pricing terms from carriers in our network through a competitive bid process. Reduced excess capacity in the transportation services industry generally, and in our carrier network specifically, could have an adverse impact on our ability to execute our business strategy and on our business results and growth prospects.

A decrease in the number of carriers participating in our network could adversely affect our business.

We use our proprietary technology platform to compile freight and logistics data from our network of over 22,000 carriers. In 2008, we used approximately 4,400 TL carriers, 100 LTL carriers, 14 small parcel carriers, 46 inter-modal carriers, 12 domestic air carriers and 65 international carriers. We expect to continue to rely on these carriers to fulfill our shipping orders in the future. However, these carriers are not contractually required to continue to accept orders from us. If shipping capacity at a significant number of these carriers becomes unavailable, we will be required to use fewer carriers, which could significantly limit our ability to serve our clients on competitive terms. The transportation industry has also experienced consolidation among carriers in recent years and further consolidations could result in a decrease in the number of carriers, which may impact our ability to serve our clients on competitive terms. In addition, we rely on price bids provided by our carriers to populate our database. If the number of our carriers decreases significantly, we may not be able to obtain sufficient pricing information for ETM, which could affect our ability to obtain favorable pricing for our clients.

Our obligation to pay our carriers is not contingent upon receipt of payment from our clients, and we extend credit to certain clients as part of our business model.

In most cases, we take full risk of credit loss for the transportation services we procure from carriers. Our obligation to pay our carriers is not contingent upon receipt of payment from our clients. In 2007 and 2008, our revenue was \$95.5 million and \$202.8 million, respectively, and our top 10 clients accounted for 48% and 35% of our revenue, respectively. If any of our key clients fail to pay for our services, our profitability would be negatively impacted.

We extend credit to certain clients in the ordinary course of business as part of our business model. By extending credit, we increase our exposure to uncollected receivables. The current economic conditions of the global and domestic economy have resulted in an increasing trend of business failures, downsizing and delinquencies, which may cause an increase in our credit risk. If we fail to monitor and manage effectively any increased credit risk, our immediate and long-term liquidity may be adversely affected. In addition, if one of our key clients defaults in paying us, our profitability would be negatively impacted.

A prolonged outage of our ETM database could result in reduced revenue and the loss of clients.

The success of our business depends upon our ability to deliver time-sensitive, up-to-date data and information. We rely on our internet access, computer equipment, software applications, database storage facilities and other office equipment, which are mainly located in our Chicago headquarters. Our operations and those of our carriers and clients are vulnerable to interruption by fire, earthquake, power loss, telecommunications failure, terrorist attacks, wars, computer viruses, hacker attacks, equipment failure, physical break-ins and other events beyond our control, including disasters affecting Chicago. We attempt to mitigate these risks through various means, including system backup and security measures, but our precautions will not protect against all potential problems. We maintain fully redundant off-site backup facilities for our internet access, computer equipment, software applications, database storage and network equipment, but these facilities could be subject to the same interruptions that could affect our headquarters. If we suffer a database or network facility outage, our business could experience disruption, and we could suffer reduced revenue and the loss of clients.

Our ETM technology platform relies heavily on our telecommunication service providers, our electronic delivery systems and the Internet, which exposes us to a number of risks over which we have no control, including risks with respect to increased prices, termination, failures and disruptions of essential services.

Our ability to deliver our services depends upon the capacity, reliability and security of services provided to us by our telecommunication service providers, our electronic delivery systems and the Internet. We have no control over the operation, quality or maintenance of these services or whether the vendors will improve their services or continue to provide services that are essential to our business. In addition, our telecommunication service providers may increase their prices at which they provide services, which would increase our costs. If our telecommunication service providers were to cease to provide essential services or to significantly increase their prices, we could be required to find alternative vendors for these services. With a limited number of vendors, we could experience significant delays in obtaining new or replacement services, which could significantly harm our reputation and could cause us to lose clients and revenue. Moreover, our ability to deliver information using the Internet may be impaired because of infrastructure failures, service outages at third-party Internet providers or increased government regulation. If disruptions, failures or slowdowns of our electronic delivery systems or the Internet occur, our ability to effectively provide technology enabled transportation and supply chain management services and to serve our clients may be impaired.

We are subject to claims arising from our transportation operations.

We use the services of thousands of transportation companies and their drivers in connection with our transportation operations. From time to time, these drivers are involved in accidents or goods carried by these drivers are lost or damaged and the carriers may not have adequate insurance coverage. Although these drivers are not our employees and all of these drivers are employees or independent contractors working for carriers or are owner-operators, from time to time, claims may be asserted against us for their actions, or for our actions in retaining them. Claims against us may exceed the amount of our insurance coverage, or may not be covered by insurance at all. If a shipment is lost or damaged during the delivery process, a client may file a claim for the damaged shipment with us and we will bear the risk of recovering the claim amount from the carrier. If we are unable to recover all or any portion of the claim amount from the carrier, and to the extent each claim exceeds the amount which may be recovered from the Company's own insurance, we may bear the financial loss. A material increase in the frequency or severity of accidents, claims for lost or damaged goods, liability claims or workers' compensation claims, or unfavorable resolutions of claims, could materially adversely affect our operating results. Significant increases in insurance costs or the inability to purchase insurance as a result of these claims could also reduce our profitability.

Our industry is subject to seasonal sales fluctuations. If our business experiences seasonality, it could have an adverse effect on our operating results and financial condition.

Our industry is subject to some degree of seasonal sales fluctuations as shipments generally are lower during and after the winter holiday season because many of our retail clients ship goods and stock inventories prior to the winter holiday season. If we were to experience lower-than-expected revenue during any such period, whether from a general decline in economic conditions or other factors beyond our control, our expenses may not be offset, which would have a disproportionately adverse impact on our operating results and financial condition for that period.

Our limited operating history makes it difficult to evaluate our business, prospects and future financial performance.

We formed our business in January 2005 and have a limited operating history, which makes evaluating our current business and prospects difficult. The revenue and income potential of our business is uncertain, which makes it difficult to accurately predict our future financial performance. We incurred net losses of \$0.5 million in 2005 and \$0.2 million in 2006, and we may incur net losses in the future. We may

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also face periods where our financial performance falls below investor expectations. As a result, the price of our common stock may decline.

Because many of the members of our management team have been employed with us for a short period of time, we cannot be certain that they will be able to manage our business successfully.

We are dependent on our management team for our business to be successful. Because of our limited operating history, many of our key management personnel have been employed by us for less than three years. Therefore, we cannot be certain that we will be able to allocate responsibilities appropriately and that the new members of our management team will succeed in their roles. Our inability to integrate recent additions to our current management team with our business model would make it difficult for us to manage our business successfully and to pursue our growth strategy.

We may not be able to identify suitable acquisition candidates, effectively integrate newly acquired businesses or achieve expected profitability from acquisitions.

Part of our growth strategy is to increase our revenue and the market regions that we serve through the acquisition of complementary businesses. There can be no assurance that suitable candidates for acquisitions can be identified or, if suitable candidates are identified, that acquisitions can be completed on acceptable terms, if at all. Even if suitable candidates are identified, any future acquisitions may entail a number of risks that could adversely affect our business and the market price of our common stock, including the integration of the acquired operations, diversion of management's attention, risks of entering new market regions in which we have limited experience, adverse short-term effects on our reported operating results, the potential loss of key employees of acquired businesses and risks associated with unanticipated liabilities.

We may use our common stock to pay for acquisitions. If the owners of potential acquisition candidates are not willing to receive our common stock in exchange for their businesses, our acquisition prospects could be limited. Future acquisitions could also result in accounting charges, potentially dilutive issuances of equity securities and increased debt and contingent liabilities, including liabilities related to unknown or undisclosed circumstances, any of which could have a material adverse effect on our business and the market price of our common stock.

We may face difficulties as we expand our operations into countries in which we have limited operating experience.

We provide transportation services within and between continents on an increasing basis. In 2007 and 2008, international transportation accounted for 3% and 4% of revenue, respectively. We intend to continue expanding our global footprint, specifically in international-air and ocean modes, in order to maintain an appropriate cost structure and meet our clients' delivery needs. This may involve expanding into countries other than those in which we currently operate. Our business outside of the United States is subject to various risks, including:

changes in economic and political conditions in the United States and abroad;

changes in compliance with international and domestic laws and regulations;

wars, civil unrest, acts of terrorism and other conflicts;

natural disasters;

changes in tariffs, trade restrictions, trade agreements and taxations;

difficulties in managing or overseeing foreign operations;

limitations on the repatriation of funds because of foreign exchange controls;

less developed and less predictable legal systems than those in the United States; and

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intellectual property laws of countries which do not protect our intellectual property rights to the same extent as the laws of the United States.

The occurrence or consequences of any of these factors may restrict our ability to operate in the affected region and/or decrease the profitability of our operations in that region.

As we expand our business in foreign countries, we will become exposed to increased risk of loss from foreign currency fluctuations and exchange controls as well as longer accounts receivable payment cycles. We have limited control over these risks, and if we do not correctly anticipate changes in international economic and political conditions, we may not alter our business practices in time to avoid adverse effects.

If we are unable to manage the risks and challenges associated with our operations in India, the growth of our business could be impacted.

In 2005, we expanded our business operations to include facilities in Kolkata and Pune, India. These facilities, which provide customer support and administrative services, accounted for approximately 5.9% of our workforce as of June 30, 2009. We are subject to a number of risks and challenges that specifically relate to our operations in India, including the following:

wages in India are increasing at a faster rate than in the North America, which may result in increased costs for our Indian workforce;

the exchange rate between the Indian rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. An appreciation of the Indian rupee against the U.S. dollar or a fluctuation in interest rates in India may have an adverse effect on our cost of revenue, gross profit margin and net income, which may in turn have a negative impact on our business, operating results and financial condition; and

we do not currently employ our Indian workforce directly but rather contract with an independent third-party to provide and train workers through our build, operate, transfer (BOT) arrangements. Although additional hiring may be necessary, we are able to provide all of the services performed by our Indian workforce through our domestic operations. In addition, we believe that we could replace our BOT arrangement over time with other arrangements in India or in another low cost foreign labor market. However, a significant failure by our independent contractor to provide and train Indian workers under our existing BOT arrangement could result in increased costs and disruptions or delays in the provision of our services and could distract our management from operating and growing our business.

Our operations are subject to various environmental laws and regulations, the violation of which could result in substantial fines or penalties.

From time to time, we arrange for the movement of hazardous materials at the request of our clients. As a result, we are subject to various environmental laws and regulations relating to the handling, transport and disposal of hazardous materials. If our clients or carriers are involved in a spill or other accident involving hazardous materials, or if we are found to be in violation of applicable laws or regulations, we could be subject to substantial fines or penalties, response or remediation costs, and civil and criminal liability, any of which could have an adverse effect on our business and results of operations. In addition, current and future national laws and multilateral agreements relating to carbon emissions and the effects of global warming can be expected to have a significant impact on the transportation sector generally and the operations and profitability of some of our carriers in particular, which could adversely affect our business and results of operations.

Our business depends on compliance with many government regulations.

International and domestic transportation of goods is subject to a number of governmental regulations, including licensing and financial security requirements, import and export regulations, security

requirements, packaging regulations and notification requirements. These regulations and requirements are subject to change based on new legislation and regulatory initiatives, which could affect the economics of the transportation industry by requiring changes in operating practices or influencing the demand for, and the cost of providing, transportation services.

We are licensed by the U.S. Department of Transportation as a broker authorized to arrange for the transportation of general commodities by motor vehicle. We must comply with certain insurance and surety bond requirements to act in this capacity. Prior to the completion of this offering, we expect to obtain an ocean transportation intermediary license from the Federal Maritime Commission to act as an ocean freight forwarder and as a non-vessel operating common carrier. The application for our ocean transportation intermediary license has been submitted, and we expect to be issued the license upon the completion of certain compliance requirements.

We are currently providing customs broker services through contacts with licensed customs brokers. We are in the process of obtaining a license as a customs broker, and as a licensed customs broker we will be required to comply with applicable customs and customs broker regulations. We intend to register as an indirect air carrier with the Transportation Security Administration, and as a registered indirect air carrier we will be required to comply with air security regulations imposed by the Transportation Security Administration.

We may experience an increase in operating costs, such as security costs, as a result of governmental regulations that have been and will be adopted in response to terrorist activities and potential terrorist activities. No assurances can be given that we will be able to pass these increased costs on to our clients in the form of rate increases or surcharges.

If the key members of our management team do not remain with us in the future, our business, operating results and financial condition could be adversely affected.

Our future success may depend to a significant extent on the continued services of Douglas R. Waggoner, our Chief Executive Officer; David B. Menzel, our Chief Financial Officer; and Samuel K. Skinner, our non-executive Chairman. The loss of the services of any of these or other individuals could adversely affect our business, operating results and financial condition and could divert other senior management time in searching for their replacements.

Our management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of our business.

The individuals who now constitute our management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition into a public company that will be subject to significant regulatory oversight and reporting obligations under federal securities laws. In particular, these new obligations will require substantial attention from our senior management and divert their attention away from the day-to-day management of our business, which could materially and adversely impact our business operations.

We will incur increased costs as a result of being a public company.

We will face increased legal, accounting, administrative and other costs and expenses as a public company that we do not incur as a private company. The Sarbanes-Oxley Act of 2002, including the requirements of Section 404, as well as new rules and regulations subsequently implemented by the Securities and Exchange Commission (the SEC), the Public Company Accounting Oversight Board and the Nasdaq Global Market, imposes additional reporting and other obligations on public companies. We expect that compliance with these public company requirements will increase our costs and make some activities more time-consuming. A number of those requirements will require us to carry out activities we have not done previously. For example, we will create new board committees and adopt new internal

controls and disclosure controls and procedures. In addition, we will incur additional expenses associated with our SEC reporting requirements. For example, under Section 404 of the Sarbanes-Oxley Act, for our annual report on Form 10-K for our fiscal year ending December 31, 2010, we will need to document and test our internal control procedures, our management will need to assess and report on our internal control over financial reporting and our independent accountants will need to issue an opinion on the effectiveness of those controls. Furthermore, if we identify any issues in complying with those requirements (for example, if we or our accountants identified a material weakness or significant deficiency in our internal control over financial reporting), we could incur additional costs rectifying those issues, and the existence of those issues could adversely affect us, our reputation or investor perceptions of us. We also expect that it will be difficult and expensive to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. Advocacy efforts by stockholders and third-parties may also prompt even more changes in governance and reporting requirements. We expect that the additional reporting and other obligations imposed on us by these rules and regulations will increase our legal and financial compliance costs and the costs of our related legal, accounting and administrative activities by approximately \$1.4 million per year. These increased costs will require us to divert a significant amount of money that we could otherwise use to expand our business and achieve our strategic objectives.

Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from growing.

We may in the future be required to raise capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business. Additional equity financing may dilute the interests of our common stock holders, and debt financing, if available, may involve restrictive covenants and could reduce our profitability. If we cannot raise funds on acceptable terms, we may not be able to grow our business or respond to competitive pressures.

Risks Related to this Offering and Ownership of Our Common Stock

Because a limited number of stockholders will control the majority of the voting power of our common stock, investors in this offering will not be able to determine the outcome of stockholder votes.

Upon the completion of this offering, Eric P. Lefkofsky, Richard A. Heise, Jr., Bradley A. Keywell, affiliates of the Nazarian family and affiliates of New Enterprise Associates will, directly or indirectly, beneficially own and have the ability to exercise voting control over, in the aggregate, % of our outstanding common stock. As a result, these stockholders will be able to exercise significant control over all matters requiring stockholder approval, including the election of directors, any amendments to our certificate of incorporation and significant corporate transactions. These stockholders may exercise this control even if they are opposed by our other stockholders. Without the consent of these stockholders, we could be delayed or prevented from entering into transactions (including the acquisition of our company by third-parties) that may be viewed as beneficial to us or our other stockholders. In addition, this significant concentration of stock ownership may adversely affect the trading price of our common stock if investors perceive disadvantages in owning stock in a company with controlling stockholders.

The future sale of our common stock could negatively affect our stock price after this offering.

After this offering, we will have shares of common stock outstanding, of which will be available for immediate public sale. The remaining shares of common stock outstanding after this offering, including an aggregate of shares beneficially owned, directly or indirectly, by Eric P. Lefkofsky, Richard A. Heise, Jr., Bradley A. Keywell, affiliates of the Nazarian family and affiliates of New Enterprise Associates, will be available for sale 180 days after the date of this prospectus, subject (in the case of shares held by our affiliates) to volume, manner of sale and other

limitations under Rule 144. Additional sales of our common stock in the public market after this offering, or the perception that these sales could occur, could cause the market price of our common stock to decline.

Our directors, officers and stockholders have agreed to enter into "lock up" agreements with the underwriters, in which they will agree to refrain from selling their shares for a period of 180 days after this offering. _____ of our shares will become available for sale 180 days after this offering upon the expiration of these agreements. Increased sales of our common stock in the market could exert significant downward pressure on our stock price. These sales also may make it more difficult for us to sell equity or equity-related securities in the future at a time and price we deem appropriate.

In addition, _____ of our shares of common stock, including shares beneficially owned, directly or indirectly, by Eric P. Lefkofsky, Richard A. Heise, Jr., Bradley A. Keywell, affiliates of the Nazarian family and affiliates of New Enterprise Associates, will be entitled to registration rights with respect to these shares after this offering. Such holders may require us to register the resale of all or substantially all of these shares upon demand. These holders include certain individuals and entities that will be selling shares of our common stock in this offering.

We will have broad discretion in using our net proceeds from this offering, and the benefits from our use of the proceeds may not meet investors' expectations.

Our management will have broad discretion over the allocation of our net proceeds from this offering as well as over the timing of their expenditure without stockholder approval. We have not yet determined specifically how we will deploy the \$ _____ million of our net proceeds to be used to expand our sales force, to enhance our technology, to acquire or make strategic investments in complementary businesses and for working capital and other general corporate purposes. As a result, investors will be relying upon management's judgment with only limited information about our specific intentions for the use of the balance of our net proceeds from this offering. Our failure to apply these proceeds effectively could cause our business to suffer.

Our stock price may be volatile, and you may not be able to resell your shares at or above the initial public offering price.

Prior to this offering, there has been no public market for shares of our common stock. An active public trading market for our common stock may not develop or, if it develops, may not be maintained after this offering, and the market price could fall below the initial public offering price. If no trading market develops, securities analysts may not initiate or maintain research coverage of our company, which could further depress the market for our common stock. Some of the factors that may cause the market price of our common stock to fluctuate include:

fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;

changes in market valuations of similar companies;

success of competitive products or services;

changes in our capital structure, such as future issuances of debt or equity securities;

announcements by us, our competitors, our clients or our carriers of significant products or services, contracts, acquisitions or strategic alliances;

regulatory developments in the United States or foreign countries;

litigation involving our company, our general industry or both;

additions or departures of key personnel;

investors' general perception of us; and

changes in general economic, industry and market conditions.

In addition, if the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to class action lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management. As a result, you could lose all or part of your investment. Our company, the selling stockholders and the representatives of the underwriters have negotiated to determine the initial public offering price. The initial public offering price may be higher than the trading price of our common stock following this offering.

Our quarterly results are difficult to predict and may vary from quarter to quarter, which may result in our failure to meet the expectations of investors and increased volatility of our stock price.

The continued use of our services by our clients depends, in part, on the business activity of our clients and our ability to meet their cost saving needs, as well as their own changing business conditions. In addition, a significant percentage of our revenue is subject to the discretion of our transactional clients, who may stop using our services at any time, and the transportation industry in which we operate is subject to some degree of seasonal sales fluctuations as shipments generally are lower during and after the winter holiday season because many of our retail clients ship goods and stock inventories prior to the winter holiday season. Therefore, the number, size and profitability of shipments may vary significantly from quarter to quarter. As a result, our quarterly operating results are difficult to predict and may fall below the expectations of current or potential investors in some future quarters, which could lead to a significant decline in the market price of our stock and volatility in our stock price.

If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock will rely in part on the research and reports that equity research analysts publish about us and our business. We do not control these analysts. The price of our stock could decline if one or more equity analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

Because our existing investors paid substantially less than the initial public offering price when they purchased their shares, new investors will incur immediate and substantial dilution in their investment.

Investors purchasing shares in this offering will incur immediate and substantial dilution in net tangible book value per share because the price that new investors pay will be substantially greater than the net tangible book value per share of the shares acquired. This dilution is due in large part to the fact that our existing investors paid substantially less than the initial public offering price when they purchased their shares. In addition, there will be options to purchase _____ shares of common stock outstanding upon the completion of this offering. To the extent such options are exercised in the future, there will be further dilution to new investors.

The initial public offering price for the shares sold in this offering was determined by negotiations among us, the selling stockholders and the representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. See "Underwriting" for a discussion of the determination of the initial public offering price.

We do not currently intend to pay dividends, which may limit the return on your investment in us.

We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future.

If our board of directors authorizes the issuance of preferred stock, holders of our common stock could be diluted and harmed.

Our board of directors has the authority to issue up to million shares of preferred stock in one or more series and to establish the preferred stock's voting powers, preferences and other rights and qualifications without any further vote or action by the stockholders. The issuance of preferred stock could adversely affect the voting power and dividend liquidation rights of the holders of common stock. In addition, the issuance of preferred stock could have the effect of making it more difficult for a third-party to acquire, or discouraging a third-party from acquiring, a majority of our outstanding voting stock or otherwise adversely affect the market price of our common stock. It is possible that we may need, or find it advantageous, to raise capital through the sale of preferred stock in the future.

FORWARD-LOOKING STATEMENTS

Many of the statements included in this prospectus contain forward-looking statements and information relating to our company. We generally identify forward-looking statements by the use of terminology such as "may," "will," "could," "should," "potential," "continue," "expect," "intend," "plan," "estimate," "anticipate," "believe," or similar phrases or the negatives of such terms. We base these statements on our beliefs as well as assumptions we made using information currently available to us. Such statements are subject to risks, uncertainties and assumptions, including those identified in "Risk Factors," as well as other matters not yet known to us or not currently considered material by us. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this prospectus. Forward-looking statements do not guarantee future performance and should not be considered as statements of fact.

Factors that may cause actual results to differ from expected results include, among others:

general economic conditions, including an increase in fuel prices and a downturn in the transportation services and business process outsourcing industry;

competition in our industry and innovation by our competitors;

our failure to anticipate and adapt to future changes in our industry;

uncertainty regarding our product and service innovations;

our inability to successfully identify and manage our acquisitions or hire qualified account executives;

adverse developments concerning our relationships with certain key clients or carriers;

our inability to adequately protect our intellectual property and litigation regarding intellectual property;

the increased expenses and administrative workload associated with being a public company; and

failure to maintain an effective system of internal controls necessary to accurately report our financial results and prevent fraud.

All future written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We undertake no obligation, and specifically decline any obligation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur.

See the section entitled "Risk Factors" for a more complete discussion of these risks and uncertainties and for other risks and uncertainties. These factors and the other risk factors described in this prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. Consequently, there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of the _____ shares of our common stock we are offering will be approximately \$ _____ million, assuming an initial public offering price of \$ _____ per share, the midpoint of the filing range set forth on the cover of this prospectus, and after deducting the underwriting discounts and estimated expenses payable by us. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders pursuant to the underwriters' option to purchase additional shares of common stock within 30 days from the date of this prospectus, and the selling stockholders are not offering any shares other than those contemplated by this overallotment option.

We intend to use our net proceeds from this offering primarily to expand our sales force, to enhance our technology, to acquire or make strategic investments in complementary businesses and for working capital and other general corporate purposes. As of the date of this prospectus, we have no binding commitment or agreement relating to any acquisition or investment. We have not yet determined the amount of our net proceeds to be used specifically for any of the foregoing purposes. Accordingly, management will have significant flexibility in applying our net proceeds of this offering. We also intend to use a portion of our net proceeds from this offering to repay all outstanding principal and accrued interest under our line of credit with JPMorgan Chase Bank, N.A., which bears interest at a rate of either the prime rate or LIBOR plus 2.0% and matures on July 31, 2010, (approximately \$7.9 million outstanding as of June 30, 2009), and approximately \$ _____ million of our net proceeds from this offering to repay all outstanding principal and accrued interest under our term loan payable to EGL Mezzanine LLC, which bears interest at a rate of 13.0% and matures on June 2, 2012, members of which include certain of our directors, officers and stockholders, and which we incurred in connection with our acquisition of RayTrans Distribution Services. See "Certain Relationships and Related Party Transactions Relationship with our Founders Term Loan with EGL Mezzanine LLC." In addition to the foregoing purposes, we intend to use approximately \$3.2 million of our net proceeds from this offering to make required accrued dividend payments to the holders of our Series B and D preferred shares, which holders include certain of our directors or entities owned or controlled by them. Pending their use, we intend to invest the balance of our net proceeds from this offering in short-term, investment grade interest-bearing instruments.

DIVIDEND POLICY

Historically, we have not paid dividends on our common stock, and we currently do not intend to pay any dividends on our common stock after the completion of this offering. We intend to retain all available funds and any future earnings for use in the operation and expansion of our business. Any determination in the future to pay dividends will depend upon our financial condition, capital requirements, operating results and other factors deemed relevant by our board of directors, including any contractual or statutory restrictions on our ability to pay dividends.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2009:

on an actual basis; and

on a pro forma as adjusted basis to give effect to (i) the recapitalization of all outstanding shares of our common stock, Series B preferred stock and Series D preferred stock into newly issued shares of our common stock on approximately a one-for-one basis, (ii) approximately \$3.2 million of required accrued dividend payments to the holders of our Series B and D preferred shares, (iii) the repayment of approximately \$7.5 million of outstanding principal and accrued interest under our term loan with EGL Mezzanine LLC, (iv) the repayment of outstanding principal and accrued interest under our line of credit with JPMorgan Chase Bank, N.A. (approximately \$7.9 million as of June 30, 2009), and (v) the sale of _____ shares of our common stock offered by us in this offering assuming an initial public offering price of \$ _____ per share, the midpoint of the filing range set forth on the cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Capital Stock," and our consolidated financial statements and related notes, which are included elsewhere in this prospectus.

	As of June 30, 2009	
	Actual	Pro forma as adjusted
	(unaudited)	
	(dollars in thousands)	
Cash and cash equivalents	\$ 1,855	\$ _____
Short-term debt	\$ 11,425 ⁽¹⁾	\$ _____
Long-term debt	10,208 ⁽²⁾	_____
Series D Preferred Stock, par value \$0.0001 per share, 6,258,993 shares authorized, 6,258,993 shares issued and outstanding, actual; no shares authorized, no shares issued and outstanding, pro forma as adjusted		20,265
Stockholders' equity:		
Series B Preferred Stock, par value \$0.0001 per share, 125,000 shares authorized, 125,000 shares issued and outstanding, actual; no shares authorized, no shares issued and outstanding, pro forma as adjusted		31
Series A Common Stock, par value \$0.0001 per share, 35,000,000 shares authorized, 25,034,205 shares issued and outstanding, actual; no shares authorized, no shares issued and outstanding, pro forma as adjusted		3
Common Stock, par value \$0.0001 per share, no shares authorized, no shares issued and outstanding, actual; _____ shares authorized, _____ shares issued and outstanding, pro forma as adjusted		
Preferred Stock, par value \$0.0001 per share, no shares authorized, no shares issued and outstanding, actual; _____ shares authorized, no shares issued and outstanding, pro forma as adjusted		
Stockholder receivable		(100)
Additional paid-in capital		(1,376)
Retained earnings		1,221

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As of June 30, 2009

	As of June 30, 2009	
	_____	_____
Total stockholders' equity (deficit)	(221)	
	_____	_____
Total capitalization	\$ 41,677	\$ _____
	_____	_____

-
- (1) Reflects (i) \$7,857,767 of outstanding principal and accrued interest under our line of credit with JPMorgan Chase Bank, N.A., (ii) \$2,189,759 of the outstanding principal and accrued interest under our term loan with EGL Mezzanine LLC, (iii) \$1,142,857 of contingent earnout payments in connection with the acquisition of RayTrans Distribution Services and (iv) \$234,574 of capital lease obligations.
- (2) Reflects (i) \$5,310,241 of the outstanding principal and accrued interest under our term loan with EGL Mezzanine LLC, (ii) \$4,459,256 of contingent earnout payments in connection with the acquisition of RayTrans Distribution Services and (iii) \$438,472 of capital lease obligations.

DILUTION

If you invest in our common stock, your interest will be diluted immediately to the extent of the difference between the public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock after this offering.

Our pro forma net tangible book value as of June 30, 2009 was approximately \$ _____, or \$ _____ per share of common stock. Pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities, divided by the number of shares of our common stock outstanding, on a pro forma basis after giving effect to the recapitalization of all outstanding shares of our common stock, Series B preferred stock and Series D preferred stock into newly issued shares of our common stock approximately on a one-for-one basis to be effectuated prior to the completion of this offering and approximately \$3.2 million of required accrued dividend payments to the holders of our Series B and D preferred shares.

After giving effect to the sale of the _____ shares of common stock offered by us assuming an initial public offering price of \$ _____ per share, the midpoint of the filing range set forth on the cover of this prospectus, and after deducting the underwriting discounts and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2009 would have been approximately \$ _____, or \$ _____ per share. This represents an immediate increase in pro forma net tangible book value of \$ _____ per share to existing stockholders and an immediate dilution of \$ _____ per share to new investors. The following table illustrates this dilution:

Initial public offering price per share	\$ _____
Pro forma net tangible book value per share as of June 30, 2009	\$ _____
Increase in pro forma net tangible book value per share attributable to this offering	\$ _____
Pro forma as adjusted net tangible book value per share as of June 30, 2009, as adjusted for this offering	\$ _____
Dilution per share to new investors	\$ _____

After this offering and assuming the exercise in full of all options outstanding and exercisable as of June 30, 2009, pro forma as adjusted net tangible book value per share as of June 30, 2009 would have been \$ _____, representing an immediate increase in pro forma net tangible book value of \$ _____ per share to existing stockholders and an immediate dilution of \$ _____ per share to new investors.

We will not receive any proceeds from the sale of _____ shares that may be sold by the selling stockholders pursuant to the underwriters' option to purchase additional shares from the selling stockholders, and such selling stockholders are not offering any shares other than those contemplated by this overallotment option.

The following table sets forth on a pro forma as adjusted basis as of June 30, 2009:

the number of shares of our common stock purchased by existing stockholders and the total consideration and the average price per share paid for those shares; and

the number of shares of our common stock purchased by new investors and the total consideration and the average price per share paid for those shares (assuming an initial public offering price of \$ _____ per share, the midpoint of the filing range set forth on the cover of this prospectus).

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These pro forma numbers give effect to the recapitalization of all outstanding shares of our common stock, Series B preferred stock and Series D preferred stock into newly issued shares of our common stock on approximately a one-for-one basis to be effectuated prior to the completion of this offering.

	Number of shares purchased	Total consideration	Average price per share
Existing stockholders	30,622,839	\$ 25,911,258	\$ 0.85
New investors			
Total			

As of June 30, 2009, we had 31,418,198 shares of capital stock outstanding. The share information shown in the table above excludes from that amount:

495,359 shares of common stock issued to certain of our employees as partial consideration for their employment with us;

100,000 shares of common stock issued to one of our stockholders as partial consideration for the service of one of its affiliates on our board of directors; and

200,000 shares of common stock issued as partial consideration for our acquisitions of SelecTrans LLC and Bestway Solutions, LLC.

Of the 30,622,839 shares of our capital stock purchased, 30,400,339 were purchased by our directors, officers and 5% or greater stockholders, and their respective affiliates, in private transactions for \$25,857,658, and 222,500 were purchased upon the exercise of stock options by certain of our employees for \$53,600.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents selected consolidated financial and other data as of and for the periods indicated. Financial information for periods prior to 2005 has not been presented because we were formed in January 2005. You should read the following information together with the more detailed information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the accompanying notes.

	Years ended December 31,				Six months ended June 30,	
	2005	2006	2007	2008	2008	2009
					(unaudited)	(unaudited)
(dollars and shares in thousands, except per share data)						
Consolidated statements of operations data:						
Revenue	\$ 7,322	\$ 33,195	\$ 95,461	\$ 202,807	\$ 89,866	\$ 109,354
Transportation costs	6,152	27,704	75,535	159,717	70,932	85,100
Gross profit	1,170	5,491	19,926	43,090	18,934	24,254
Operating expenses:						
Commissions	156	866	4,433	11,799	4,762	6,938
General and administrative	1,472	4,387	12,037	23,115	10,117	13,726
Depreciation and amortization	67	691	1,845	3,231	1,477	2,139
Total operating expenses	1,695	5,944	18,315	38,145	16,356	22,803
Income (loss) from continuing operations	(525)	(453)	1,611	4,945	2,578	1,451
Other income (expense)	12	201	191	(144)	(14)	(265)
Income (loss) before income taxes and discontinued operations	(513)	(252)	1,802	4,801	2,564	1,186
Income tax benefit (expense)		220	(749)	(1,926)	(1,041)	(467)
Income (loss) before discontinued operations	(513)	(32)	1,053	2,875	1,523	719
Loss from discontinued operations		(214)				
Net income (loss)	(513)	(246)	1,053	2,875	1,523	719
Dividends on preferred shares	(154)	(749)	(1,054)	(1,054)	(524)	(527)
Net income (loss) applicable to common stockholders	\$ (667)	\$ (995)	(1)	\$ 1,821	\$ 999	\$ 192
Net income (loss) per share of common stock:						
Basic	\$ (0.03)	\$ (0.04)	\$	\$ 0.07	\$ 0.04	\$ 0.01
Diluted	\$ (0.03)	\$ (0.04)	\$	\$ 0.07	\$ 0.04	\$ 0.01
Shares used in per share calculations:						
Basic	21,548	22,388	23,425	24,345	24,125	24,930
Diluted	21,548	22,388	23,425	25,634	25,490	25,474
Unaudited pro forma income tax benefit (expense) ⁽¹⁾	\$ 205	\$ (34)	\$	\$	\$	\$
Unaudited pro forma net loss ⁽¹⁾	\$ (308)	\$ (280)	\$	\$	\$	\$
Unaudited pro forma net income (loss) per share of common stock ⁽²⁾ :						

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	Years ended December 31,				Six months ended June 30,	
Basic	\$	\$	\$	\$	\$	\$
Diluted	\$	\$	\$	\$	\$	\$
Shares used in unaudited pro forma per share calculations:						
Basic						
Diluted						
Other data:						
Enterprise clients ⁽³⁾	12	27	62	92	81	107
Transactional clients served in period ⁽⁴⁾	202	650	4,566	11,952	6,580	11,537
Total clients ⁽⁵⁾	214	677	4,628	12,044	6,661	11,644
Employees, agents and independent contractors ⁽⁶⁾	44	105	344	664	589	709
		30				

- (1) Unaudited pro forma data presented gives effect to our conversion on June 7, 2006 into a corporation as if it occurred at the beginning of the period presented. Unaudited pro forma income tax benefit (expense) represents a combined federal and state effective tax rate of 40% and does not consider potential tax loss carrybacks, carryforwards or realizability of deferred tax assets. Unaudited pro forma net loss represents our net loss for the periods presented as adjusted to give effect to the pro forma income tax benefit (expense) prior to our conversion to a C corporation, as we were not subject to income tax due to our treatment as a partnership for tax purposes.
- (2) Unaudited pro forma net income (loss) per share of common stock (i) reflects the recapitalization of all outstanding shares of our common stock, Series B preferred stock and Series D preferred stock on approximately a one-for-one basis, (ii) reflects approximately \$3.2 million of required dividend payments to the holders of our Series B and D preferred stock, (iii) assumes the issuance of _____ shares of our common stock to be sold by us in this offering assuming an initial public offering price of \$ _____ per share, the midpoint of the filing range set forth on the cover of this prospectus, (iv) gives effect to the elimination of interest expense to be repaid on the outstanding indebtedness under the term loan payable to EGL Mezzanine LLC, less the related income tax effect, and (v) gives effect to the elimination of interest expense to be repaid on the outstanding indebtedness under our line of credit with JPMorgan Chase Bank, N.A., less the related income tax effect.
- (3) Reflects number of enterprise clients on the last day of the applicable period.
- (4) Reflects number of transactional clients served in the applicable period.
- (5) Reflects total number of enterprise clients determined on the last day of the applicable period and number of transactional clients served in the applicable period.
- (6) Reflects number of employees, agents and independent contractors on the last day of the applicable period.

	As of December 31,		As of June 30,
	2007	2008	2009
			(unaudited)
	(in thousands)		
Consolidated balance sheet data:			
Cash and cash equivalents	\$ 1,569	\$ 1,873	\$ 1,855
Working capital	3,556	3,209	2,764
Total assets	27,106	45,909	71,695
Total liabilities	12,540	27,082	51,651
Series D convertible preferred shares	18,695	19,742	20,265
Cash dividends per common share			
Total stockholders' deficit	\$ (4,129)	\$ (915)	\$ (221)

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion should be read in conjunction with the consolidated financial statements and accompanying notes and the information contained in other sections of this prospectus, particularly under the headings "Risk Factors," "Selected Consolidated Financial and Other Data" and "Business." It contains forward-looking statements that involve risks and uncertainties, and is based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. Our actual results could differ materially from those anticipated by our management in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this prospectus, particularly under the heading "Risk Factors."

Overview

We are a leading provider of technology enabled transportation and supply chain management services, delivered on a proprietary technology platform serving the transportation and logistics needs of our clients. Our proprietary web-based technology platform compiles and analyzes data from our network of over 22,000 transportation providers to serve our clients' shipping and freight management needs. Our technology platform, composed of web-based software applications and a proprietary database, enables us to identify excess transportation capacity, obtain competitive rates, and execute thousands of shipments every day while providing high levels of service and reliability. We focus primarily on arranging transportation across the major modes, including truckload (TL), less than truck load (LTL) and small parcel, and we also offer inter-modal (which involves moving a shipment by rail and truck), domestic air, expedited and international transportation services.

We procure transportation and provide logistics services for more than 11,600 clients across a wide range of industries, such as manufacturing, construction, consumer products and retail. Our clients fall into two categories, enterprise and transactional. We typically enter into multi-year contracts with our enterprise clients, which are often on an exclusive basis for a specific transportation mode or point of origin. As part of our value proposition, we also provide core logistics services to these clients. We provide transportation and logistics services to our transactional clients on a shipment-by-shipment basis, typically with individual, or spot market, pricing.

Acquisition of Mountain Logistics, Inc.

On May 17, 2007, we acquired Mountain Logistics, Inc. (which was doing business as Transportation Management Group but now operates under the Echo name), a third-party logistics provider with offices in Park City, Utah and Los Angeles, California. As a result of the acquisition, we believe we have established a significant presence in the West Coast market by gaining over 200 West Coast clients and 43 sales agents. The purchase price was \$4.9 million, consisting of approximately \$4.3 million in cash paid in May 2007 and expenses incurred directly related to the acquisition as well as the payment of contingent consideration of \$250,000 in 2008 and \$350,000 during first six months of 2009.

In addition, the former owners of Mountain Logistics may receive up to an additional aggregate amount of \$5.9 million in cash and 550,000 unvested shares of our common stock issued to Mountain Logistics may vest as follows:

\$350,000 if the adjusted gross profit generated by Mountain Logistics from June 1, 2009 to May 31, 2010 equals or exceeds \$2.6 million,

\$1 million or \$2 million if the cumulative adjusted gross profit generated by Mountain Logistics from May 17, 2007 to May 31, 2010 equals or exceeds \$10 million or \$12 million, respectively, and an additional \$1.5 million if the cumulative adjusted gross profit generated by Mountain Logistics from May 17, 2007 to October 31, 2010 equals or exceeds \$15 million,

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\$1 million if the adjusted gross profit generated by Mountain Logistics from June 1, 2010 to May 31, 2011 equals or exceeds \$8.3 million,

\$1 million if the adjusted gross profit generated by Mountain Logistics from June 1, 2011 to May 31, 2012 equals or exceeds \$8.3 million, and

550,000 shares of common stock will vest if the adjusted gross profit generated by Mountain Logistics from June 1, 2007 to May 31, 2010 equals or exceeds \$8.3 million, subject to certain conditions relating to profit margins.

Our 2007 results of operations include the results of operations of Mountain Logistics beginning May 1, 2007. In 2006, Mountain Logistics generated revenues of \$12.0 million.

Acquisition of Bestway Solutions LLC

On October 15, 2007, we acquired Bestway Solutions LLC, a third-party logistics provider located in Vancouver, Washington. As a result of the acquisition, we believe we have established a Pacific Northwest presence. The purchase price was \$1.2 million, consisting of \$834,000 in cash, 50,000 shares of restricted common stock with a fair value of \$214,500 and expenses incurred directly related to the acquisition, as well as the payment of contingent consideration of approximately \$101,100 in 2008.

In addition, the former owners of Bestway will, subject to certain exceptions, receive up to an additional aggregate amount of \$202,200 in cash as follows:

up to \$101,100 if the gross profit generated by Bestway from October 1, 2008 to September 30, 2009 equals or exceeds \$1.98 million, and

up to \$101,100 if the gross profit generated by Bestway from October 1, 2009 to September 30, 2010 equals or exceeds \$2.25 million.

Our 2007 results of operations include the results of operations of Bestway beginning October 1, 2007. In 2006, Bestway generated revenues of approximately \$6.0 million.

Acquisition of RayTrans Distribution Services, Inc.

On June 2, 2009, we acquired substantially all of the assets of RayTrans Distribution Services, Inc., a third-party provider of brokerage services in the commercial trucking market based in Matteson, Illinois. At the time of the acquisition, RayTrans Distribution Services was the primary beneficiary of three variable interest entities, RayTrans Trucking, LLC, Universal Trans, LLC and Wheel-e, LLC. We did not acquire these entities, did not assume any of their liabilities in connection with our acquisition of RayTrans Distribution Services nor are these three entities considered variable interest entities of ours subsequent to the acquisition. The acquisition consideration for RayTrans Distribution Services consisted of approximately \$5.5 million in cash paid in June 2009 and up to an additional \$6.5 million in cash as follows:

\$1.3 million if the adjusted EBITDA amount generated by RayTrans Distribution Services from June 1, 2009 to May 31, 2010 equals or exceeds \$2.5 million;

\$1.3 million if the adjusted EBITDA amount generated by RayTrans Distribution Services from June 1, 2010 to May 31, 2011 equals or exceeds \$2.5 million;

\$1.4 million if the adjusted EBITDA amount generated by RayTrans Distribution Services from June 1, 2011 to May 31, 2012 equals or exceeds \$2.5 million; and

\$2.5 million if the cumulative adjusted EBITDA amount generated by RayTrans Distribution Services on or prior to April 30, 2012 equals or exceeds \$10 million.

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Our results of operations for the six months ended June 30, 2009 include the results of operations of RayTrans Distribution Services beginning June 1, 2009. In 2008, RayTrans Distribution Services generated revenues of \$42.7 million.

Revenue

We generate revenue through the sale of transportation and logistics services to our clients. Since our inception, our growth rates have decreased as our revenue has grown, and we expect this trend to continue. Our revenue was \$33.2 million, \$95.5 million and \$202.8 million in 2006, 2007 and 2008, respectively, reflecting growth rates of 188% and 112% in 2007 and 2008, respectively, as compared to the corresponding prior year.

Our revenue is generated from two different types of clients: enterprise and transactional. Our enterprise accounts typically generate higher dollar amounts and volume than our transactional relationships. We categorize a client as an enterprise client if we have a contract with the client for the provision of services on a recurring basis. Our contracts with enterprise clients typically have a multi-year term and are often exclusive for a certain transportation mode or point of origin. In several cases, we provide substantially all of a client's transportation and logistics requirements. We categorize all other clients as transactional clients. We provide services to our transactional clients on a shipment-by-shipment basis. As of December 31, 2008, we had 92 enterprise clients and, in 2008, we served 11,952 transactional clients. In the first half of 2009, we entered into contracts with 15 new enterprise clients. In 2006, 2007 and 2008, enterprise clients accounted for 78%, 56% and 43% of our revenue, respectively, and transactional clients accounted for 22%, 44% and 57% of our revenue, respectively. We experienced significant sales growth in our transactional client base over this period because we increased the number of our transactional sales representatives and sales agents, including through acquisitions. We expect to continue to grow both our enterprise and transactional client base in the future, although the rate of growth for each type of client will vary depending on opportunities in the marketplace.

Revenue is recognized when the client's product is delivered by a third-party carrier or when services have been rendered. We recognize revenue either on a gross basis or on a net basis depending on the specific terms of the shipment and the underlying agreement with our client. In 2008, we had two enterprise clients and a portion of our small parcel shipments recorded on a net basis. In 2008, we recognized \$200.8 million of revenue on a gross basis and \$2.0 million of revenue on a net basis.

See " Critical Accounting Policies Revenue Recognition."

Revenue recognized per shipment will vary depending on the transportation mode, fuel prices, shipment density and mileage of the product shipped. The primary modes of shipment that we transact in are TL, LTL and small parcel. Other transportation modes include inter-modal, domestic air, expedited services and international. Typically, our revenue is lower for an LTL shipment than for a TL shipment, and revenue per shipment is higher for shipments in modes other than TL, LTL and small parcel. Material shifts in the percentage of our revenue by transportation mode could have a significant impact on our revenue growth. In 2008, LTL accounted for 54% of our revenue, TL accounted for 30% of our revenue, small parcel accounted for 8% of our revenue and other transportation modes accounted for 8% of our revenue.

The transportation industry has historically been subject to seasonal sales fluctuations as shipments generally are lower during and after the winter holiday season because many companies ship goods and stock inventories prior to the winter holiday season. While we have experienced some seasonality, differences in our revenue between periods have been driven primarily by growth in our client base.

Transportation costs and gross profit

We act primarily as a service provider to add value and expertise in the procurement and execution of transportation and logistics services for our clients. Our fee structure is primarily variable, although we

have entered into a limited number of fixed fee arrangements that represent an insignificant portion of our revenue. The fixed fee arrangements that we have entered into are in the form of long-term enterprise contracts and are fixed in terms of fees earned per shipment. These arrangements are recorded as fee for services. The vast majority of our enterprise contracts have fee structures that are variable, and all of our transactional relationships have variable fee structures. The amount of transaction costs we record for each shipment depends on the qualification of the shipment as either gross or net. If the shipment is recorded at gross, our gross profit consists of transportation revenue minus transportation cost. Our transportation costs consists primarily of the direct cost of transportation paid to the carrier. If the shipment is recorded at net, our gross profit is our fee for service revenue, and no transportation cost is recorded for that shipment.

Gross profit is the primary indicator of our ability to procure services provided by carriers and other third-parties and is considered by management to be the primary measurement of our growth. Although our transportation cost is typically lower for an LTL shipment than for a TL shipment, our gross profit margin is typically higher for an LTL shipment than for a TL shipment. Material shifts in the percentage of our revenue by transportation mode, including small parcel, could have a significant impact on our gross profit. The discussion of results of operations below focuses on changes in our gross profits and expenses as a percentage of gross profit margin. In 2006, 2007 and 2008, our gross profit was \$5.5 million, \$19.9 million and \$43.1 million, respectively, reflecting growth rates of 262% and 116% in 2007 and 2008, respectively, compared to the corresponding prior year.

Operating expenses

Our operating expenses consist of commissions paid to our sales personnel, general and administrative expenses, including stock-based compensation expenses, to run our business and depreciation and amortization.

Commissions paid to our sales personnel, including employees and agents, are a significant component of our operating expenses. These commissions are based on the gross profit we collect from the clients for which they have primary responsibility. In 2006, 2007 and 2008, commission expense was 15.8%, 22.2% and 27.4%, respectively, as a percentage of our gross profit. The percentage of gross profit paid as commissions will vary depending on the type of client, composition of the sales team and mode of transportation. The increase in commission expense as a percentage of gross profit in 2007 and 2008 is partially attributable to the significant growth of our transactional sales during that time, which typically have higher commission rates. The increase is also attributable to our transition from early stage reliance on senior management relationships, with respect to which we generally do not pay commissions, to reliance on a dedicated sales force, to whom we do pay commissions. Commission expense, stated as a percentage of gross profit, could increase or decrease in the future depending on the composition of our revenue growth and the relative impact of changes in sales teams and service offerings.

We accrue for commission expense when we recognize the related revenue. Some of our sales personnel receive a monthly advance to provide them with a more consistent income stream. Cash paid to our sales personnel in advance of commissions earned is reflected as a prepaid expense on our balance sheet. As our sales personnel earn commissions, a portion of their commission payment is withheld and offset against their prepaid commission balance, if any.

Our general and administrative expenses primarily consist of compensation costs for our operations, information systems, finance and administrative support employees, and stock-based compensation. In 2006, 2007 and 2008, our general and administrative expenses were \$4.4 million, \$12.0 million and \$23.1 million, respectively. In 2006, 2007 and 2008, general and administrative expenses as a percentage of gross profit were 79.9%, 60.4% and 53.6%, respectively. The decrease, as a percentage of gross profit, in 2007 and 2008 reflects our ability to add clients and sales personnel in order to increase our gross profit without incurring a corresponding increase in our general and administrative expenses during that time.

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In 2006, 2007 and 2008, our stock-based compensation expense was \$71,484, \$323,044 and \$626,994, respectively. In 2008, our stock-based compensation expense increased due to additional stock options we granted in 2008. See "Critical Accounting Policies Stock-based compensation."

Our depreciation expense is primarily attributable to our depreciation of purchases of computer hardware and software, equipment, furniture and fixtures, and the capitalization of internally developed software. In 2006, 2007 and 2008, our depreciation expense was \$0.7 million, \$1.4 million and \$2.5 million, respectively.

Our amortization expense is attributable to our amortization of intangible assets acquired from Mountain Logistics in May 2007 and Bestway in October 2007, including client relationships, tradenames and non-compete agreements. In 2008, our amortization expense was \$0.7 million.

Recapitalization

Prior to the completion of this offering, we intend to exchange all outstanding shares of our common stock, Series B preferred stock and Series D preferred stock for newly issued shares of common stock on approximately a one-for-one basis. The purpose of the recapitalization is to recapitalize all of our outstanding shares of capital stock into shares of the same class of common stock that will be sold in this offering. For a discussion of the recapitalization, see "Certain Relationships and Related Party Transactions Recapitalization."

Income Taxes

On June 7, 2006, our company completed a conversion pursuant to which Echo Global Logistics, LLC, a limited liability company, converted to Echo Global Logistics, Inc., a corporation. As a limited liability company, we were treated as a partnership for federal income tax purposes. As a result, all items of income, expense, gain and loss of Echo were generally reportable on the tax returns of members of Echo Global Logistics, LLC. Accordingly, we made no provisions for income taxes at the company level during 2005. Our earnings are now subject to federal and state taxes at a combined rate of approximately 40%.

As a result of our conversion, we now account for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*, under which deferred assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between financial statement carrying values of assets and liabilities and their respective tax bases. In connection with our conversion, we used \$9.4 million of our net proceeds from the issuance of our Series D preferred stock to redeem certain of our Series A common units. Because we redeemed the units as a limited liability company, the cash distribution was taxable to the members and our tax basis increased resulting in the recognition of a deferred tax asset of \$3.8 million, for which we recorded a valuation allowance of \$1.9 million and a corresponding net increase to additional paid in capital of \$1.9 million.

Critical Accounting Policies

Revenue recognition

In accordance with EITF Issue 91-9, *Revenue and Expense Recognition for Freight Services in Process*, transportation revenue and related transportation costs are recognized when the shipment has been delivered by a third-party carrier. Fee for services revenue is recognized when the services have been rendered.

In accordance with EITF Issue 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*, we recognize revenue either on a gross basis (transportation revenue) or on a net basis (fee for service revenue) depending on the specific terms of the shipment and the underlying agreement with our client. Factors influencing revenue recognition on a gross basis include the terms under which we bear the risks and benefits associated with revenue-generated activities by, among other things: (1) acting as a principal

in the transaction; (2) establishing prices; (3) managing all aspects of the shipping process; and (4) taking the risk of loss for collection, delivery and returns. We recognize revenue on a gross basis (transportation revenue) if these factors are more prevalent, and we recognize revenue on a net basis (fee for service revenue) if these factors are less prevalent.

Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms. Invoices require payment within 30 to 90 days from the invoice date. Accounts receivable are stated as the amount billed to the customer. Customer account balances with invoices past due 90 days are considered delinquent. Interest is generally not charged on past due amounts.

The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of amounts that will not be collected. The allowance is based on historical loss experience and any specific risks identified in client collection matters. Accounts receivable are charged off against the allowance for doubtful accounts when it is determined that the receivable is uncollectible.

Goodwill and other intangibles

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. Under SFAS No. 142, *Goodwill and other Intangible Assets*, goodwill is not amortized, but instead is tested for impairment annually, or more frequently if circumstances indicate a possible impairment may exist, in accordance with the provisions of SFAS No. 142. We evaluate recoverability of goodwill using a two-step impairment test approach at the reporting unit level. In the first step, the fair value for the reporting unit is compared to its book value, including goodwill. If the fair value of the reporting unit is less than the book value, a second step is performed, which compares the implied fair value of the reporting unit's goodwill to the book value of the goodwill. The fair value for the goodwill is determined based on the difference between the fair values of the reporting units and the net fair values of the identifiable assets and liabilities of such reporting units. If the fair value of the goodwill is less than the book value, the difference is recognized as an impairment. As of December 31, 2008, our goodwill balance was \$2.3 million.

SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to the estimated residual values, and reviewed for the impairment whenever impairment indicators exist in accordance with SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*. Our intangible assets consist of client relationships, trade names and non-compete agreements, which are amortized on a straight-line basis over their applicable useful lives. As of December 31, 2008, the net balance of our intangible assets was \$2.2 million.

Stock-based compensation

Prior to January 1, 2006, we accounted for stock-based employee compensation arrangements in accordance with provisions of Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, and complied with the disclosure requirements of Financial Accounting Standards Board (FASB) No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure An Amendment of FASB Statement No. 123*. Effective January 1, 2006, we adopted the fair value recognition provisions of FAS 123(R), *Share-Based Payments*, using the prospective transition method and Black-Scholes-Merton as the option valuation model. Under the prospective transition method, we will continue to account for nonvested equity awards outstanding at the date of adopting Statement 123(R) in the same manner as they had been accounted for prior to adoption. As a result, under APB No. 25, compensation expense is based on the difference, if any, on the grant date between the estimated fair value of our stock

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and the exercise price of options to purchase that stock. The compensation expense is then amortized over the vesting period of the stock options.

In 2006, we granted 1,550,000 options at exercise prices ranging from \$0.77 to \$2.88 per share. The fair value of our common stock for options granted in 2006 was determined by our management contemporaneously and approved by our board of directors. Our management utilized a discounted cash flow method to determine that our common stock had a fair value per share of \$0.26 as of March 31, 2006, \$0.77 as of June 30, 2006, \$1.06 as of September 30, 2006 and \$1.08 as of December 31, 2006. Our revenue was \$33.2 million in 2006, compared to \$7.3 million in 2005, and the increase in the value of our common stock attributable to the growth of our business was reflected accordingly. All options granted in 2006 had exercise prices that were at or above the fair value of our common stock.

We granted 178,500 options during the six months ended June 30, 2007 at exercise prices ranging from \$1.08 to \$3.50 per share, which were at or above the fair value of our common stock. We granted 667,000 options between July 1, 2007 and September 30, 2007 at exercise prices ranging from \$4.00 to \$4.05 per share, which was at or above the fair value of our common stock. The fair values of our common stock for options granted from January 1, 2007 to September 30, 2007 were determined through the contemporaneous application of a discounted cash flow method performed by our management and approved by our board of directors. We did not obtain contemporaneous valuations by an unrelated valuation specialist because our internal resources had the necessary knowledge to perform the valuation utilizing a methodology consistent with the AICPA Guide, *Valuation of Privately-Held Company Equity Securities*. In November 2007, a contemporaneous valuation of our common stock was performed using a discounted cash flow debt-free method under the income approach to determine that the fair value of our common stock was \$4.40 per share. During the fourth quarter of 2007, we granted 230,000 options at an exercise price of \$4.40 per share. Our revenue was \$95.5 million in 2007, compared to \$33.2 million in 2006, and the increase in the value of our common stock attributable to the growth of our business was reflected accordingly.

In the three months ended March 31, 2008, we granted 30,000 options at an exercise price ranging from \$5.14 to \$10.00 per share, which was above the fair value of our common stock. Management determined the fair value of our common stock contemporaneously through the application of a discounted cash flow methodology.

In the three months ended June 30, 2008, we granted 210,000 options at an exercise price of \$5.86 per share, of which 70,000 vested immediately, 125,000 will vest ratably over five years, and 15,000 will vest ratably over four years. The \$5.86 per share exercise price was equal to the fair value of our common stock as determined contemporaneously by management through the application of a discounted cash flow valuation methodology. In accordance with SFAS No. 123(R), we used the Black-Scholes-Merton option valuation model to determine that compensation expense of \$429,650 will be recorded for these options. Of that amount, \$123,400 has been recognized as expense at the date of grant for the options that vested immediately, and the remaining \$306,250 will be expensed ratably over the remaining portion of the relevant vesting period.

In the three months ended September 30, 2008, we granted 93,000 options at an exercise price of \$6.79 per share, of which no shares vested immediately, 25,000 will vest ratably over four years, 18,000 will vest ratably over three years and 50,000 will vest ratably over fifteen months. The \$6.79 per share exercise price was equal to the fair value of our common stock as determined contemporaneously by management through the application of a discounted cash flow valuation methodology. In accordance with SFAS No. 123(R), we used the Black-Scholes-Merton option valuation model to determine that compensation expense of \$202,900 will be recorded for these options over the relevant vesting period.

In the three months ended December 31, 2008, we granted 437,400 options at an exercise price of \$5.09 per share, of which no shares vested immediately, 150,000 will vest ratably over four years, 60,000 will vest ratably over two years and 227,400 will vest ratably over five years. The \$5.09 per share exercise price

was equal to the fair value of our common stock as determined contemporaneously by management through the application of a discounted cash flow valuation methodology. In accordance with SFAS No. 123(R), we used the Black-Scholes-Merton option valuation model to determine that compensation expense of \$323,604 will be recorded for these options over the relevant vesting period.

In the six months ended June 30, 2009, we granted 430,000 options at exercise prices ranging from \$3.42 to \$3.47 per share, of which no shares vested immediately, 250,000 will vest ratably over 4.5 years and 180,000 will vest ratably over four years. The range of exercise prices was equal to the fair value of our common stock as determined contemporaneously by management through the application of a discounted cash flow valuation methodology. In accordance with SFAS No. 123(R), we used the Black-Scholes-Merton option valuation model to determine that compensation expense of \$628,300 will be recorded for these options over the relevant vesting period.

We did not obtain a contemporaneous valuation by an unrelated valuation specialist during 2008 and 2009 because our internal resources had the necessary knowledge to perform the valuation utilizing a methodology consistent with the AICPA Guide, *Valuation of Privately-Held Company Equity Securities*.

In 2007, we granted options with exercise prices ranging from \$1.08 to \$4.40 per share. We determined that the fair value of our common stock increased from \$1.08 to \$4.40 per share in 2007. The reasons for this increase are as follows:

In the fourth quarter of 2006, the following significant events occurred which had an effect on the fair value of our common stock in 2007: (1) Samuel K. Skinner, the former Secretary of Transportation and Chief of Staff of the United States of America, was appointed as our Chairman, (2) Douglas R. Waggoner, former Chief Executive Officer of USF Bestway, was appointed as our Chief Executive Officer, (3) we launched our transactional call center and (4) we signed five new enterprise accounts.

In the first quarter of 2007, the following significant events occurred: (1) the total number of enterprise clients increased by seven, (2) we launched our upgraded technology platform, Optimizer, which formed the basis of the back office software application today referred to as the ETM technology platform, and (3) we unveiled our EchoTrak client web portal, which allowed us to deploy the application to thousands of external users via the internet and also dramatically reduced internal administrative costs associated with supporting our enterprise clients.

In the second quarter of 2007, the following significant events occurred: (1) the total number of enterprise clients increased by eight, and (2) we completed our acquisition of Mountain Logistics, Inc., which provided us with access to approximately 200 clients, 43 sales agents and a presence in the West Coast market.

In the third quarter of 2007, the following significant events occurred: (1) the total number of enterprise clients increased by eight, (2) we completed our acquisition of Bestway, which provided us access to approximately 100 clients and a presence in the Pacific Northwest, and (3) the transactional call center was reconfigured into a regional structure, and we increased our staffing plan to approximately 50 new sales representatives per quarter.

In the fourth quarter of 2007, the following significant events occurred: (1) the total number of enterprise clients increased by 12, (2) we released EchoTrak 2.0, which included significant enhancements to our pricing engine allowing us to scale more rapidly by offering an improved LTL pricing interface, and (3) we engaged investment bankers to initiate the initial public offering process and began drafting our registration statement.

In the first three quarters of 2008, the following significant events occurred: (1) the total number of enterprise clients increased by 34, (2) we hired approximately 170 new sales representatives in our transactional call center, and (3) we had more than doubled our average shipments per month from the

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previous year. As a result of these factors, the fair value of our common stock rose to a high of \$6.79 per share.

In the fourth quarter of 2008, there was a significant decline in the demand for transportation services in the economy. As a result, our forecast for 2009 and beyond was reduced from previously estimated results, thus reducing the fair value of our common stock to \$3.42 per share by the end of the year.

In the first six months of 2009, the following significant events occurred: (1) the total number of enterprise clients increased by 15, and (2) we increased productivity of our existing transactional call center. As a result of these factors, the fair value of our common stock rose to \$3.47 per share.

We believe that the per share fair value of our option grants increased from \$3.47 as of June 30, 2009 to \$ _____, the midpoint of the filing range set forth on the cover of this prospectus, as a result of the following developments, among others:

Our revenue increased by \$11.2 million, or 22.9%, to \$60.3 million during the three months ended June 30, 2009 from \$49.1 million during the three months ended March 31, 2009. This revenue increase followed two consecutive quarters of revenue declines;

Our operating income increased by \$1.2 million, or 988%, to \$1.3 million during the three months ended June 30, 2009 from \$0.1 million during the three months ended March 31, 2009. This increase in operating income followed two consecutive quarters of operating income declines;

Since June 30, 2009, the probability of our initial public offering has increased, which would allow us to reduce our debt and continue to invest in our business;

Since June 30, 2009, we have stopped applying a 5% lack of marketability discount to our enterprise value because the probability of our initial public offering has increased;

On June 2, 2009, we acquired RayTrans Distribution Services, a non-asset based logistics provider with offices in Matteson, Illinois. As a result of the acquisition, we expanded our presence in the flatbed, over-sized, auto-haul and unrefrigerated, or dry-van, brokerage services. We also added approximately 400 transactional clients, which expands our customer base and presents opportunities to market our broader range of transportation management services;

On July 15, 2009, we acquired Freight Management Inc., a non-asset based logistics provider with offices in Minnesota. As a result of the acquisition, we expanded our geographical presence and added 500 new transactional clients and 15 new sales agents;

Since June 30, 2009, we have added _____ new enterprise clients and _____ new transactional clients; and

Since June 30, 2009, we have added _____ new sales representatives and _____ new sales agents.

Determining the fair value of our common stock requires making complex and subjective judgments. The discounted cash flow method values the business by discounting future available cash flows to present value at an approximate rate of return. The cash flows are determined using forecasts of revenue, net income and debt-free future cash flow. Our revenue forecasts for 2007 and the first three quarters of 2008 were based on expected annual growth rates ranging from 20% to 75%. In light of the significant changes in the economic environment during the fourth quarter of 2008 and the first six months of 2009, our revenue forecasts for the fourth quarter of 2008 and the first six months of 2009 were based on expected annual growth rates ranging from 15% to 38%. The assumptions underlying the forecasts were consistent with our business plan. We applied a discount rate of 20% in 2007, 2008 and the first six months of 2009 to calculate the present value of our future available cash flows, which we determined through utilization of the Capital Asset Pricing Model for companies in the "expansion" stage of development. Through the first half of 2009, we also applied a 5% lack of marketability discount to our enterprise value, which took into account that investments in private companies are less liquid than similar investments in public companies. The resulting value was allocated to our common stock outstanding. There is inherent uncertainty in all of these estimates.

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As of December 31, 2008 and June 30, 2009, there was \$1,664,001 and \$1,929,215, respectively, of total unrecognized compensation costs related to the stock-based compensation granted under our 2005 Stock Incentive Plan. This cost is expected to be recognized over a weighted-average period of 3.1 years.

Results of Operations

The following table sets forth our consolidated statements of income data for the periods presented in both thousands of dollars and as a percentage of our gross profit:

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
(unaudited)					
Consolidated statements of operations data:					
Revenue	\$ 33,195	\$ 95,461	\$ 202,807	\$ 89,866	\$ 109,354
Transportation costs	27,704	75,535	159,717	70,932	85,100
Gross profit	5,491	19,926	43,090	18,934	24,254
Operating expenses:					
Commissions	866	4,433	11,799	4,762	6,938
General and administrative	4,387	12,037	23,115	10,117	13,726
Depreciation and amortization	691	1,845	3,231	1,477	2,139
Total operating expenses	5,944	18,315	38,145	16,356	22,803
Income (loss) from operations	\$ (453)	\$ 1,611	\$ 4,945	\$ 2,578	\$ 1,451
Stated as a percentage of gross profit:					
Gross profit	100.0%	100.0%	100.0%	100.0%	100.0%
Operating expenses:					
Commissions	15.8	22.2	27.4	25.2	28.6
General and administrative	79.9	60.4	53.6	53.4	56.6
Depreciation and amortization	12.6	9.3	7.5	7.8	8.8
Total operating expenses	108.3	91.9	88.5	86.4	94.0
Income (loss) from operations	(8.3)%	8.1%	11.5%	13.6%	6.0%

Comparison of six months ended June 30, 2009 and 2008**Revenue**

Our revenue increased by \$19.5 million, or 21.7%, to \$109.4 million during the six months ended June 30, 2009 from \$89.9 million during the six months ended June 30, 2008. The increase in the number of our clients, and the total number of shipments executed on behalf of, and services provided to, these clients, accounted for most of our revenue growth during this period.

Our revenue from enterprise clients increased by \$5.3 million, or 13.3%, to \$45.1 million during the six months ended June 30, 2009 from \$39.8 million during the six months ended June 30, 2008, resulting from an increase in the number of enterprise clients and shipments executed and services provided. As we increased our number of transactional clients, our percentage of revenue from enterprise clients decreased to 41% of our revenue during the six months ended June 30, 2009 from 44% of our revenue during the six months ended June 30, 2008. As of June 30, 2009, we had 107 enterprise clients under contract, which was an increase of 26, compared to 81 enterprise clients under contract as of June 30, 2008. Our shipment volume and revenue per enterprise client decreased for the six months ended June 30, 2009 due to the overall domestic economic climate.

Our revenue from transactional clients increased by \$14.2 million, or 28.3%, to \$64.3 million during the six months ended June 30, 2009 from \$50.1 million during the six months ended June 30, 2008. The growth in revenue from transactional clients during this period was driven by the increase in the number of

our transactional clients due to the addition of transactional sales representatives and sales agents, including those acquired in connection with the acquisition of RayTrans Distribution Services. Our percentage of revenue from transactional clients increased to 59% of our revenue during the six months ended June 30, 2009 from 56% of our revenue during the six months ended June 30, 2008. We served 11,537 transactional clients during the six months ended June 30, 2009, an increase of 4,957 compared to 6,580 transactional clients served during the six months ended June 30, 2008.

Transportation costs

Our transportation costs increased by \$14.2 million, or 20.0%, to \$85.1 million during the six months ended June 30, 2009 from \$70.9 million during the six months ended June 30, 2008. The growth in the total number of shipments executed on behalf of our clients accounted for most of the increase in our transportation costs during this period. Our transportation costs as a percentage of revenue decreased to 77.8% during the six months ended June 30, 2009 from 78.9% during the six months ended June 30, 2008. The improvement as a percentage of revenue is primarily due to a higher percentage of shipments from our transactional clients. Our transactional clients have typically given us more LTL volume than TL volume, and typically the transportation costs per shipment are lower for LTL than TL.

Gross Profit

Gross profit increased by \$5.4 million, or 28.1%, to \$24.3 million during the six months ended June 30, 2009 from \$18.9 million during the six months ended June 30, 2008. The growth in the total number of shipments executed on behalf of our clients accounted for most of the increase in our gross profit during this period. Gross profit margins increased to 22.2% during the six months ended June 30, 2009 from 21.1% during the six months ended June 30, 2008. The increase in gross profit margins was the result of our ability to negotiate more favorable terms on our shipments and an increase in our transactional sales, which typically have higher gross profit margins.

Operating expenses

Commission expense increased by \$2.1 million, or 45.7%, to \$6.9 million during the six months ended June 30, 2009 from \$4.8 million during the six months ended June 30, 2008. As a percentage of gross profit, commission expense increased to 28.6% during the six months ended June 30, 2009 from 25.2% during the six months ended June 30, 2008. The increase in commission expense as a percentage of gross profit during the six months ended June 30, 2009 is partially attributable to growth in our transactional sales during that time, which typically have higher commission rates. The increase is also attributable to our transition from early stage reliance on senior management relationships, with respect to which we generally do not pay commissions, to reliance on a dedicated sales force, to whom we do pay commissions.

General and administrative expenses increased by \$3.6 million, or 35.7%, to \$13.7 million during the six months ended June 30, 2009 from \$10.1 million during the six months ended June 30, 2008. The increase is primarily the result of hiring personnel to support our growth. As a percentage of gross profit, general and administrative expenses increased to 56.6% during the six months ended June 30, 2009 from 53.4% during the six months ended June 30, 2008. The increase, as a percentage of gross profit, was largely due to the expansion of our facilities in order to grow our transactional business.

Stock-based compensation increased by \$10,358, or 2.7%, to \$390,403 during the six months ended June 30, 2009 from \$380,045 during the six months ended June 30, 2008 due to additional stock options granted between June 30, 2008 and June 30, 2009.

Depreciation and amortization

Depreciation expense increased by \$0.7 million, or 57.7%, to \$1.8 million during the six months ended June 30, 2009 from \$1.1 million during the six months ended June 30, 2008. The increase in depreciation

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expense is primarily attributable to purchases of computer hardware and software, equipment, furniture and fixtures, and the capitalization of internally developed software. Amortization expense from intangible assets remained unchanged at \$0.4 million during the six months ended June 30, 2009.

Income from operations

Income from operations decreased by \$1.1 million to \$1.5 million during the six months ended June 30, 2009 from \$2.6 million during the six months ended June 30, 2008. The decrease in income from operations is attributable to an increase in operating expense of \$6.4 million, which was partially offset by an increase in gross profit of \$5.4 million.

Other expense and income tax

Other expense increased to \$264,524 during the six months ended June 30, 2009 from \$14,032 during the six months ended June 30, 2008. The increase is due to additional borrowings on our line of credit during the six months ended June 30, 2009. Income tax expense decreased \$0.5 million to \$0.5 million during the six months ended June 30, 2009 from \$1.0 million during the six months ended June 30, 2008. Our effective tax rate for both periods was approximately 40%.

Net Income

Net income decreased by \$0.8 million to \$0.7 million during the six months ended June 30, 2009 from \$1.5 million during the six months ended June 30, 2008.

Comparison of years ended December 31, 2008 and 2007

Revenue

Our revenue increased by \$107.3 million, or 112%, to \$202.8 million in 2008 from \$95.5 million in 2007. The increase in the number of our clients, and the total number of shipments executed on behalf of, and services provided to, these clients, accounted for most of our revenue growth during this period. Our revenue from enterprise clients increased by \$34.2 million, or 64%, to \$87.4 million in 2008 from \$53.2 million in 2007. The increase in the number of our enterprise clients, and the total number of shipments executed on behalf of, and services provided to, these clients, accounted for our enterprise revenue growth during this period. Our percentage of revenue from enterprise clients decreased to 43% in 2008 from 56% in 2007 as we increased the number of our transactional clients. As of December 31, 2007 and 2008, we had 62 and 92 enterprise clients, respectively, or an increase in the total number of our enterprise clients by 30 in 2008.

Our revenue from transactional clients increased by \$73.1 million, or 173%, to \$115.4 million in 2008 from \$42.3 million in 2007. The growth in revenue from transactional clients during this period was driven by the increase in the total number of our transactional clients due to the addition of transactional sales representatives and sales agents. Our percentage of revenue from transactional clients increased to 57% in 2008 from 44% in 2007. In 2007 and 2008, we served 4,566 and 11,952 transactional clients, respectively, or an increase in the total number of our transactional clients by 7,386 in 2008.

Transportation costs

Our transportation costs increased by \$84.2 million, or 111%, to \$159.7 million in 2008 from \$75.5 million in 2007. The growth in the total number of shipments executed on behalf of our clients accounted for most of the increase in our transportation costs during this period. Our transportation costs as a percentage of revenue decreased to 78.8% in 2008 from 79.1% in 2007. The improvement as a percentage of revenue is primarily due to a higher percentage of revenue from our transactional clients.

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Our transactional clients have typically given us more LTL volume than TL volume, and typically the transportation cost per shipment is lower for LTL than TL.

Gross profit

Gross profit increased by \$23.2 million, or 116%, to \$43.1 million in 2008 from \$19.9 million in 2007. The growth in the total number of shipments executed on behalf of our clients accounted for most of the increase in our gross profit during this period. Gross profit margins increased to 21.2% in 2008 from 20.9% in 2007. The increase in gross profit margins was the result of our ability to negotiate more favorable terms on our shipments and an increase in our transactional sales, which typically have higher gross profit margins.

Operating expenses

Commission expense increased by \$7.4 million, or 166%, to \$11.8 million in 2008 from \$4.4 million in 2007. As a percentage of gross profit, commission expense increased to 27.4% in 2008 from 22.2% in 2007. The increase in commission expense as a percentage of gross profit in 2008 is partially attributable to the significant growth of our transactional sales during that time, which typically have higher commission rates. The increase is also attributable to our transition from early stage reliance on senior management relationships, with respect to which we generally do not pay commissions, to reliance on a dedicated sales force, to whom we do pay commissions.

General and administrative expenses increased by \$11.1 million, or 92.0%, to \$23.1 million in 2008 from \$12.0 million in 2007. The increase is primarily the result of hiring personnel to support our growth. As a percentage of gross profit, general and administrative expenses decreased to 53.6% in 2008 from 60.4% in 2007. The decrease, as a percentage of gross profit, reflects our ability to add clients and sales personnel in order to increase our gross profit without incurring a corresponding increase in our general and administrative expenses. Stock-based compensation expense increased by \$303,950, or 94%, to \$626,994 in 2008 from \$323,044 in 2007, due to additional stock options we granted in 2008.

Depreciation and amortization

Depreciation expense increased by \$1.1 million, or 84.4%, to \$2.5 million in 2008 from \$1.4 million in 2007. The increase in depreciation expense is primarily attributable to purchases of computer hardware and software, equipment, furniture and fixtures, and the capitalization of internally developed software. Amortization expense from intangible assets increased by \$0.2 million in 2008 due to the acquisition of intangible assets of Mountain Logistics in May 2007 and Bestway in October 2007. In connection with the Mountain Logistics acquisition, we acquired intangible assets, including client relationships and non-compete agreements, with a value of \$3.0 million, which are being amortized on a straight-line basis over their applicable useful lives. In connection with the Bestway acquisition, we acquired intangible assets, consisting of client relationships with a value of \$0.4 million, which are being amortized on a straight-line basis over their applicable useful lives.

Income from operations

Income from operations increased by \$3.3 million, or 207%, to \$4.9 million in 2008 from \$1.6 million in 2007. The increase in income from operations resulted from an increase in gross profit partially offset by an increase in operating expenses.

Other income and expense and income tax

Other income and expense decreased by \$334,566, to other expense of \$143,871 in 2008 from other income of \$190,695 in 2007. The decrease is due to the additional borrowings on our line of credit during

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2008. Income tax expense increased \$1.2 million to \$1.9 million in 2008 from \$0.7 million in 2007. Our effective tax rate was approximately 40% in both 2007 and 2008.

Net income

Net income increased by \$1.8 million, or 173%, to \$2.9 million in 2008 from \$1.1 million in 2007.

Comparison of years ended December 31, 2007 and 2006

Revenue

Our revenue increased by \$62.3 million, or 188%, to \$95.5 million in 2007 from \$33.2 million in 2006. The increase in the number of our clients, and the total number of shipments executed on behalf of, and services provided to, these clients, accounted for most of our revenue growth during this period. Revenue from Mountain Logistics and Bestway, both of which were acquired in 2007, represented \$17.3 million of our revenue in 2007.

Our revenue from enterprise clients increased by \$27.1 million, or 104%, to \$53.2 million in 2007 from \$26.1 million in 2006. The increase in the number of our enterprise clients, and the total number of shipments executed on behalf of, and services provided to, these clients, accounted for our enterprise revenue growth during this period. Our percentage of revenue from enterprise clients decreased to 56% in 2007 from 78% in 2006 as we increased the number of our transactional clients. As of December 31, 2006 and 2007, we had 27 and 62 enterprise clients, respectively, or an increase of 35 enterprise clients in 2007.

Our revenue from transactional clients increased by \$35.2 million, or 496%, to \$42.3 million in 2007 from \$7.1 million in 2006. The growth in revenue from transactional clients during this period was driven by the increase in the number of our transactional clients due to the addition of transactional sales representatives and sales agents, including sales agents added in connection with the Mountain Logistics and Bestway acquisitions. Our percentage of total revenue from transactional clients increased to 44% in 2007 from 22% in 2006. In 2006 and 2007, we served 650 and 4,566 transactional clients, respectively, or an increase of 3,916 transactional clients in 2007.

Transportation costs

Our transportation costs increased by \$47.8 million, or 173%, to \$75.5 million in 2007 from \$27.7 million in 2006. The growth in the total number of shipments executed on behalf of our clients accounted for most of the increase in our transportation costs during this period. Our transportation costs as a percentage of revenue decreased to 79.1% in 2007 from 83.5% in 2006. The improvement as a percentage of revenue is primarily due to a higher percentage of revenue from our transactional clients. Our transactional clients have typically given us more LTL volume than TL volume, and typically the transportation cost per shipment is lower for LTL than TL.

Gross profit

Gross profit increased by \$14.4 million, or 263%, to \$19.9 million in 2007 from \$5.5 million in 2006. The growth in the total number of shipments executed on behalf of our clients accounted for most of the increase in our gross profit during this period. Gross profit margins increased to 20.9% in 2007 from 16.5% in 2006. The increase in gross profit margins was the result of our ability to negotiate more favorable terms on our shipments and an increase in our transactional sales, which typically have higher gross profit margins.

Operating expenses

Commission expense increased by \$3.5 million, or 412%, to \$4.4 million in 2007 from \$0.9 million in 2006. As a percentage of gross profit, commission expense increased to 22.2% in 2007 from 15.8% in 2006.

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The increase in commission expense as a percentage of gross profit in 2007 is partially attributable to the significant growth of our transactional sales during that time, which typically have higher commission rates. The increase is also attributable to our transition from early stage reliance on senior management relationships, with respect to which we generally do not pay commissions, to reliance on a dedicated sales force, to whom we do pay commissions.

General and administrative expenses increased by \$7.6 million, or 174%, to \$12.0 million in 2007 from \$4.4 million in 2006. The increase is primarily the result of hiring personnel to support our growth. As a percentage of gross profit, general and administrative expenses decreased to 60.4% in 2007 from 79.9% in 2006. The decrease, as a percentage of gross profit, reflects our ability to add clients and sales personnel in order to increase our gross profit without incurring a corresponding increase in our general and administrative expenses.

Stock-based compensation expense increased by \$251,560, or 352%, to \$323,044 in 2007 from \$71,484 in 2006, due to additional stock options we granted in 2007.

Depreciation and amortization

Depreciation expense increased by \$0.7 million, or 97.9%, to \$1.4 million in 2007 from \$0.7 million in 2006. The increase in depreciation expense is primarily attributable to purchases of computer hardware and software, equipment, furniture and fixtures in 2007.

Amortization expense from intangible assets increased by \$0.5 million in 2007 due to the acquisition of intangible assets of Mountain Logistics in May 2007 and Bestway in October 2007. In connection with the Mountain Logistics acquisition, we acquired intangible assets, including client relationships and non-compete agreements, with a value of \$3.0 million, which are being amortized on a straight-line basis over their applicable useful lives. In connection with the Bestway acquisition, we acquired intangible assets, consisting of client relationships with a value of \$0.4 million, which are being amortized on a straight-line basis over their applicable useful lives. We did not have amortization expense from intangible assets in 2006.

Income (loss) from operations

Income from operations increased by \$2.1 million to \$1.6 million in 2007 from a loss of \$0.5 million in 2006. The increase in income from operations resulted from a decrease in transportation costs as a percentage of revenue and a decrease in operating expenses as a percentage of gross profit, which outpaced the increase in depreciation and amortization and stock-based compensation expense.

Other income and expense, income tax and discontinued operations

Interest income decreased by \$10,186, or 4.7%, to \$208,055 in 2007 from \$218,241 in 2006. The decrease is due to a higher average cash balance in 2006.

Income tax expense increased \$0.9 million to \$0.7 million in 2007 from a benefit of \$0.2 million in 2006. Our effective tax rate was approximately 40% in both 2006 and 2007.

In 2006, we ceased operations of Expert Transportation, a majority-owned subsidiary, resulting in a loss from discontinued operations of \$0.2 million.

Net income (loss)

Net income increased by \$1.3 million to net income of \$1.1 million in 2007 from a net loss of \$0.2 million in 2006.

Quarterly Results of Operations

The following table represents our unaudited statement of operations data for our most recent eight fiscal quarters. You should read the following table in conjunction with our consolidated financial statements and related notes appearing elsewhere in this prospectus. The results of operations of any quarter are not necessarily indicative of the results that may be expected for any future period.

	Sept. 30, 2007	Dec. 31, 2007	Mar. 31, 2008	June 30, 2008	Sept. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	June 30, 2009
(in thousands, except per share data)								
Revenue	\$ 27,698	\$ 33,521	\$ 38,929	\$ 50,936	\$ 58,338	\$ 54,604	\$ 49,064	\$ 60,290
Gross Profit	6,043	7,123	8,101	10,833	12,301	11,855	11,014	13,240
Operating Income	781	429	718	1,860	1,287	1,080	122	1,328
Net income	499	224	421	1,103	553	799	28	691
Net income (loss) applicable to common stockholders	234	(41)	158	840	288	534	(237)	429
Net income (loss) per share of common stock:								
Basic	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.03	\$ 0.01	\$ 0.02	\$ (0.01)	\$ 0.02
Diluted	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.03	\$ 0.01	\$ 0.02	\$ (0.01)	\$ 0.02

Impact of Inflation

We believe that our results of operations are not materially impacted by moderate changes in the inflation rate. Inflation and changing prices did not have a material impact on our operations in 2006, 2007 and 2008.

Liquidity and Capital Resources

Since our inception, we have financed our operations through private sales of common and preferred equity generating proceeds of \$11.9 million, net borrowings under our line of credit totaling \$7.9 million (as of June 30, 2009), borrowings from related parties totaling \$7.5 million and positive cash flow generated from operations totaling \$1.0 million. These capital resources have funded acquisitions totaling \$11.0 million and purchases of property and equipment totaling \$12.2 million.

As of June 30, 2009, we had \$1.9 million in cash and cash equivalents, \$2.8 million in working capital and \$7.1 million available under our credit facility.

Cash provided by (used in) operating activities

For the six months ended June 30, 2009, \$1.5 million of cash was used in operating activities, representing a decrease of \$3.5 million compared to the six months ended June 30, 2008. In the six months ended June 30, 2009, we generated \$3.7 million of operating cash flow from net income, adjusted for non-cash expenses, as compared to \$4.0 million for the six months ended June 30, 2008, or a decrease of \$0.3 million. This cash flow generation in the six months ended June 30, 2009 was offset by a change in net current assets of \$5.3 million, which was primarily attributable to increases in accounts receivable and prepaid expenses, offset in part by an increase in accounts payable. This increase in net current assets was attributable to the growth in our business. In the six months ended June 30, 2008, the increase in net current assets was \$2.0 million. The higher increase in cash utilized due to changes in net current assets of \$3.3 million in the six months ended June 30, 2009 was due to the settlement and payment of a disputed liability which resulted in a \$1.7 million reduction in accounts payable as well as an acceleration of the timing of payments made to our vendors in an effort to improve their cash flow in response to the overall slowdown in the economy.

In 2008, \$1.7 million of cash was provided by operating activities, resulting in an increase of \$1.3 million when compared to 2007. In 2008, we generated \$8.7 million of operating cash flow from net income, adjusted for non-cash expenses, which was an increase of \$4.7 million over 2007. This cash flow

generation in 2008 was offset by a change in net current assets, net of acquisitions, of \$6.9 million, resulting in an increase in cash utilization of \$3.4 million over 2007. The additional cash utilization caused by the increase in net assets, as well as when compared to the same increase in the prior period, was primarily attributable to the growth in our accounts receivable and prepaid assets, which were partially offset by the increases in our accounts payable caused by the growth of our business.

In 2007, \$0.4 million of cash was provided by operating activities, resulting in a decrease of \$1.7 million compared to 2006. In 2007, we generated \$4.0 million of operating cash flow from net income, adjusted for non-cash expenses, which was an increase of \$3.7 million over 2006. This cash flow generation in 2007 was offset by a change in net current assets, net of acquisitions, of \$3.6 million, resulting in an increase in cash utilization of \$1.8 million over 2006. The additional cash utilization caused by the increase in net assets, as well as when compared to the same increase in the prior period, was primarily attributable to the growth in our accounts receivable, which was partially offset by the increases in our accounts payable caused by the growth of our business.

Cash used in investing activities

Cash used in investing activities was \$7.8 million and \$2.2 million during the six months ended June 30, 2009 and 2008, respectively. The primary investing activities during these periods were acquisition related payments, the procurement of computer hardware and software, the internal development of computer software, and payments made in connection with our proposed initial public offering. During the six months ended June 30, 2009, we used \$5.5 million to acquire RayTrans Distribution Services, and paid a \$0.4 million earn-out payment to the former owners of Mountain Logistics.

In 2006, 2007 and 2008, cash used in investing activities was \$1.5 million, \$8.8 million and \$5.1 million, respectively. Our investing activities generally include strategic acquisitions, the procurement of computer hardware and software and the internal development of computer software. In 2007, we used \$4.8 million to acquire Mountain Logistics and Bestway, \$0.9 million to purchase computer hardware and software and \$3.1 million to internally develop computer software.

In 2006, substantially all of our cash used in investing activities was dedicated to the procurement of computer hardware and software and the internal development of computer software.

Cash provided by financing activities

During the six months ended June 30, 2009, net cash provided by financing activities was \$9.3 million compared with net cash used by financing activities of \$0.8 million during the six months ended June 30, 2008. This was primarily attributable to the \$2.9 million borrowed under our line of credit and a \$7.5 million term loan, which was borrowed from EGL Mezzanine LLC, members of which include certain of our directors, officers and stockholders, to fund the acquisition of RayTrans Distribution Services.

In 2006, 2007 and 2008, cash provided by financing activities was \$6.9 million, \$1.1 million and \$3.7 million, respectively. The increase in 2008 was attributable to the \$5.0 million borrowed under our line of credit. In 2007, we raised \$1.0 million through private sales of our common equity to key members of management. We raised \$17.4 million through the sale of our Series D preferred stock in June 2006, \$9.4 million of which was used to redeem certain of our Class A common stock and \$1.0 million of which was distributed to the initial founders of the Company to fund their tax liabilities arising as a result of the redemption.

Credit facility

As of June 30, 2009, we had \$7.9 million outstanding on a \$15.0 million line of credit with JPMorgan Chase Bank, N.A., which was due to expire on September 30, 2009. On August 26, 2009, we entered into an amended agreement, which provides for a \$20.0 million line of credit and expires on July 31, 2010. As of

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December 31, 2008, we had \$5.0 million outstanding on the line of credit. No borrowings were outstanding as of December 31, 2007. Outstanding borrowings are collateralized by substantially all of our assets. The maximum amount outstanding under our line of credit cannot exceed 80% of the book value of our eligible accounts receivable. Our line of credit contains limitations on our ability to incur indebtedness, create liens and make certain investments. Interest on the line of credit is payable monthly at an interest rate equal to either: (1) the prime rate or (2) LIBOR plus 2%. We have discretion in determining if specific advances against the line of credit are drawn down as a prime rate advance or a LIBOR advance. The terms of the credit line include various covenants, including covenants that require us to maintain a maximum leverage ratio and a minimum interest coverage ratio. As of June 30, 2009, we were not in violation of any of these various covenants. The outstanding balance on our line of credit will be repaid immediately upon the closing of this offering.

Term loan

In June 2009, we entered into a \$7.5 million term loan payable to EGL Mezzanine LLC, members of which include certain of our directors, officers and stockholders. See "Certain Relationships and Related Party Transactions-Relationships with our Founders-Term Loan with EGL Mezzanine LLC." The term loan requires 36 monthly principal and interest payments of \$0.25 million, matures on June 2, 2012 and bears interest at a rate of 13.0% per year. The proceeds from borrowings under the term loan were used for working capital purposes and to fund the acquisition of substantially all of the assets of RayTrans Distribution Services. The term loan will be repaid immediately upon the closing of this offering.

Anticipated uses of cash

Our priority is to continue to grow our revenue and gross profit. We anticipate that our operating expenses and planned expenditures will constitute a material use of cash, and we expect to use available cash to expand our sales force, to enhance our technology, to acquire or make strategic investments in complementary businesses and for working capital and other general corporate purposes. We also expect to use available cash to make any earn-out payments due in connection with our acquisitions, including up to an additional \$5.8 million in cash payable contingent upon the achievement of certain performance measures by Mountain Logistics on or prior to May 31, 2012, up to an additional \$0.2 million in cash payable contingent upon the achievement of certain performance measures by Bestway on or prior to September 30, 2010 and up to an additional \$6.5 million in cash payable contingent upon the achievement of certain performance measures by RayTrans Distribution Services on or prior to May 31, 2012. We currently expect to use up to \$7.0 million for capital expenditures through the end of 2010. We also expect that we will use up to \$8.0 million through the end of 2010 to fund working capital requirements. We expect the use of cash for working capital purposes will be offset by the cash flow generated from operating earnings during this period. We may use a portion of the net proceeds from this offering to fund these uses of cash.

Historically, our average accounts receivable lifecycle has been longer than our average accounts payable lifecycle, meaning that we have used cash to pay carriers in advance of collecting from our clients. We elect to provide this benefit to foster strong relationships with our clients and carriers. As our business grows, we expect this use of cash to continue. The amount of cash we use will depend on the growth of our business.

Although we can provide no assurances, we believe that the net proceeds from this offering, together with our available cash and cash equivalents and amounts available under our line of credit, should be sufficient to meet our cash and operating requirements for the foreseeable future. However, we may find it necessary to obtain additional equity or debt financing. In the event additional financing is required, we may not be able to raise it on acceptable terms or at all.

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Contractual Obligations

As of June 30, 2009, we had the following contractual obligations:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
(in thousands)					
Capital lease obligations	\$ 673	\$ 235	\$ 438	\$	\$
Operating lease obligations	12,520	1,968	5,893	3,339	1,320
Line of credit and term loan	15,358	10,048	5,310		
Contingent consideration obligations related to acquisitions(1)	12,552	1,784	10,768		
Total	\$ 41,103	\$ 14,035	\$ 22,409	\$ 3,339	\$ 1,320

(1) Amounts relate to aggregate contingent consideration of \$6,500,000, \$202,200 and \$5,850,000 for RayTrans, Bestway and Mountain Logistics, respectively.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

Commodity Risk

We pass through increases in fuel prices to our clients. As a result, we believe that there is no material risk exposure to fluctuations in fuel prices.

Interest Rate Risk

We have exposure to changes in interest rates on our line of credit. The interest rate on our line of credit fluctuates based on the prime rate or LIBOR plus 2%. Assuming the \$15,000,000 line of credit was fully drawn, a 1.0% increase in the prime rate would increase our annual interest expense by \$150,000.

Our interest income is sensitive to changes in the general level of U.S. interest rates, in particular because all of our investments are in cash equivalents. Due to the short-term nature of our investments, we believe that there is no material risk exposure.

We do not use derivative financial instruments for speculative trading purposes.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, an amendment of ARB No. 51, *Consolidated Financial Statements*. SFAS No. 160 establishes accounting and reporting guidance for a noncontrolling ownership interest in a subsidiary and deconsolidation of a subsidiary. The standard requires that a noncontrolling ownership interest in a subsidiary be reported as equity in the consolidated statement of financial position and any related net income attributable to the parent be presented on the face of the consolidated statement of income. SFAS No. 160 is effective as of the beginning of an entity's first fiscal year that begins after December 15, 2008. We adopted SFAS No. 160 on January 1, 2009. Adoption of SFAS No. 160 had no impact on our consolidated financial statements.

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In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations*, which replaces SFAS No. 141, *Business Combinations*, and establishes principles and requirements for how an

acquirer: (1) recognizes and measures in its financial statements the identifiable assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree; (2) recognizes and measures the goodwill acquired in a business combination or gain from a bargain purchase; and (3) determines what information to disclose. SFAS No. 141(R) is effective for business combinations in which the acquisition date is in the first fiscal year after December 15, 2008. We adopted SFAS No. 141(R) on January 1, 2009. Adoption of SFAS No. 141(R) had no impact on our historical consolidated financial statements but will impact the accounting for future acquisitions.

In April 2008, the FASB issued FSP No.142-3, *Determination of the Useful Life of Intangible Assets*. FSP No. 142-3 amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under FASB SFAS No. 142, *Goodwill and Other Intangible Assets*. This new guidance applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and assets acquisitions. FSP No. 142-3 is effective for financial statements issued for fiscal years and interim period beginning after December 15, 2008. This guidance was effective on January 1, 2009 and applied to subsequent acquisitions in 2009.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. In February 2008, the FASB deferred the effective date of SFAS No. 157 for one year for all nonfinancial assets and nonfinancial liabilities, except for those items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). We adopted SFAS No. 157 with respect to its financial assets and liabilities that are measured at fair value within the financial statements as of January 1, 2008. The adoption of SFAS No. 57 did not have a material impact on our fair value measurements. As of January 1, 2009, we adopted SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities. There was no impact on our consolidated financial statements upon adoption.

In October 2008, the FASB issued FASB Staff Position (FSP) 157-3, *Determining the Fair Value of a Financial Assets When the Market for That Asset is Not Active*. FSP 157-3 clarifies the application of SFAS No. 157 in a market that is not active and addresses application issues such as the use of internal assumptions when relevant observable data does not exist, the use of observable market information when the market is not active, and the use of market quotes when assessing the relevance of observable and unobservable data. FSP 157-3 is effective for all periods presented in accordance with SFAS No. 157. The guidance in FSP 157-3 is effective immediately and did not have an impact on us upon adoption.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events". SFAS No. 165 sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS No. 165 will be effective for interim or annual period ending after June 15, 2009 and will be applied prospectively. We adopted SFAS No. 165 for the quarter ended June 30, 2009.

BUSINESS

Our Company

We are a leading provider of technology enabled transportation and supply chain management services, delivered on a proprietary technology platform serving the transportation and logistics needs of our clients. Our web-based technology platform compiles and analyzes data from our network of over 22,000 transportation providers to serve our clients' shipping and freight management needs. Our technology platform, composed of web-based software applications and a proprietary database, enables us to identify excess transportation capacity, obtain competitive rates, and execute thousands of shipments every day while providing high levels of service and reliability. We focus primarily on arranging transportation across the major modes, including truckload (TL), less than truck load (LTL) and small parcel, and we also offer inter-modal (which involves moving a shipment by rail and truck), domestic air, expedited and international transportation services. Our core logistics services include rate negotiation, shipment execution and tracking, carrier management, routing compliance, freight bill audit and payment and performance management and reporting, including executive dashboard tools.

We believe our ability to identify and utilize excess capacity solves a long-standing transportation industry problem of failing to match demand with available supply and benefits both our clients and the carriers in our network. Through our proprietary technology platform and the real-time market information stored in our database, we are able to identify and utilize transportation providers with unused capacity on routes that our clients can employ. Our carrier network consists of over 22,000 transportation providers that have been selected based on their ability to effectively serve our clients in terms of price, capabilities, geographic coverage and quality of service. We believe the carriers in our network also benefit from the opportunity to serve the transportation needs of our clients with minimal sales, marketing or customer service expense.

Our proprietary web-based technology platform, Evolved Transportation Manager (ETM), allows us to analyze our clients' transportation requirements and provide recommendations that can result in cost savings for our enterprise clients of approximately 5% to 15%. Our clients communicate their transportation needs to us electronically through our EchoTrak web portal, other computer protocols, or by phone. Using pricing, service and available capacity data derived from our carrier network, historical transaction information and external market sources, ETM analyzes the capabilities and pricing options of our carrier network and recommends cost-effective shipping alternatives. The prices we quote to our clients for their shipping needs include the market cost of fuel, which we pass through to our clients. After the carrier is selected, either by the client or us, we use our ETM technology platform to manage all aspects of the shipping process.

Our clients gain access to our carrier network through our proprietary web-based technology platform, which enables them to capitalize on our logistics knowledge, pricing intelligence and purchasing leverage. In some instances, our clients have eliminated their internal logistics departments altogether, allowing them to reduce overhead costs, redeploy internal resources and focus on their core businesses. Using our web-based software applications also provides our clients with the ability to track individual shipments, transfer shipment-level data to their financial management systems and create customized dashboards and reports detailing carrier activity on an enterprise-wide basis. These features provide our clients with greater visibility, business analytics and control of their freight expenditures.

We procure transportation and provide logistics services for more than 11,600 clients across a wide range of industries, such as manufacturing, construction, consumer products and retail. Our clients fall into two categories, enterprise and transactional. We typically enter into multi-year contracts with our enterprise clients, which are often on an exclusive basis for a specific transportation mode or point of origin. As part of our value proposition, we also provide core logistics services to these clients, including the management of both freight expenditures and logistical issues surrounding freight to be transported. We provide transportation and logistics services to our transactional clients on a shipment-by-shipment

basis, typically with individual pricing. For the year ended December 31, 2008, enterprise and transactional clients accounted for 43% and 57% of our revenue, respectively.

We are unencumbered by physical assets, meaning we do not own the transportation equipment used to transport our clients' freight or warehouse our clients' inventory. We believe this model allows us to be flexible and seek shipping alternatives that are tailored to the specific needs of our clients, rather than optimizing particular assets. We generate revenue by procuring transportation services on behalf of our clients through our carrier network. Typically, we generate profits on the difference between what we charge to our clients for these services and what we pay to our carriers. Our fee structure is primarily variable, although we have entered into a limited number of fixed fee arrangements that represent an insignificant portion of our revenue.

In the first half of 2009, we served over 11,600 clients using approximately 4,500 different carriers. The number of our enterprise clients increased from 12 in 2005 to 92 in 2008 and we entered into 15 contracts with new enterprise clients during the six months ended June 30, 2009. Our revenue increased \$195.5 million to \$202.8 million in 2008 from \$7.3 million in 2005, and our net income increased \$3.4 million to \$2.9 million in 2008 from a net loss of \$0.5 million in 2005.

Our Founders

Eric P. Lefkofsky, Richard A. Heise, Jr. and Bradley A. Keywell (the "Founders") founded Echo in January 2005. In December 2006, Douglas R. Waggoner was hired as our Chief Executive Officer. Mr. Waggoner has worked in the transportation industry for 29 years, most recently as the President and Chief Executive Officer of USF Bestway. In February 2007, Samuel K. Skinner became the Chairman of our Board of Directors. Mr. Skinner has extensive experience in the transportation industry, having served as Secretary of Transportation and White House Chief of Staff under President George H.W. Bush and as the Chairman, Chief Executive Officer and President of USF Corporation.

In recent years, the Founders have also been involved in the formation of other companies that, like Echo, are based on business models that employ innovative technology, logistics expertise and management experience to capitalize on inefficiencies in traditional supply chains and create compelling value propositions for both customers and suppliers. For example, Messrs. Lefkofsky and Heise were founders of InnerWorkings, Inc. (NASDAQ: INWK).

Prior to the hiring of Mr. Waggoner, Messrs. Keywell and Lefkofsky shared responsibility in overseeing day-to-day executive management of Echo's operations. Messrs. Keywell and Lefkofsky continue to have input that extends beyond their respective roles as members of our Board. In view of the significant role each of them played in our formation and development, members of our management continue to consult with each of Messrs. Keywell and Lefkofsky on a regular basis concerning a broad range of operating and strategic issues.

Our Market Opportunity

Overview of the Transportation and Logistics Market

Transportation involves the physical movement of goods, and logistics relates to the management and flow of those goods from origin to destination. The worldwide transportation and logistics market is an integral part of the global economy. According to the Council of Supply Chain Management Professionals, total transportation and logistics spend for the United States in 2008 was approximately \$1.3 trillion. According to Armstrong & Associates, an independent research firm, gross revenue for third-party logistics in the United States in 2008 was approximately \$127.0 billion.

We believe that a significant portion of available transportation capacity in the United States remains unused as a result of the inefficiencies in the transportation and logistics market relating to the absence of an established and automated marketplace. Without this marketplace, demand is not always matched with

available supply due to constant fluctuations in transportation capacity and imperfect information, resulting in underutilized assets. Unused transportation capacity occurs, for example, when a transportation provider delivers its primary load, or headhaul, to a destination and does not have an adequate backhaul shipment back to its point of origin. Additionally, logistics decisions such as carrier selection are made with limited analysis and access to real-time capacity data. As a result, carrier selection is regularly driven by the effectiveness of a carrier's sales organization and decisions are made with limited price information.

Third-Party Logistics Services

As companies seek to become more competitive, they tend to focus on their core business processes and outsource their non-core business processes to third-party providers. Third-party logistics providers for the transportation industry offer services such as transportation, distribution, supply chain management, customs brokerage, warehousing and freight management. Third-party logistics providers may also provide a range of ancillary services such as packaging and labeling, freight tracking and integration with client-specific planning systems to facilitate supply chain management.

According to Armstrong & Associates, from 1996 to 2008, the United States third-party logistics market grew at a 12.5% compounded annual rate, from \$30.8 billion to \$127.0 billion in gross revenue. In addition, according to Armstrong & Associates, only 17% of logistics expenditures for the United States were outsourced in 2008. We believe that the market penetration of third-party logistics in the United States will continue to expand and the third-party logistics market in the United States will continue to grow over the next several years. We also believe that many companies will look to outsource their entire shipping department to third-party logistics providers rather than contracting with providers on a shipment-by-shipment basis.

The market for third-party logistics providers is highly fragmented. According to the Transportation Intermediaries Association, a professional organization representing transportation intermediaries, no single third-party logistics provider controls more than 5% of the United States market. Although a variety of business models exist within the transportation and logistics market, transportation providers are generally divided into two primary categories: asset-based transportation providers and non-asset-based service providers. Most asset-based providers have significant capital equipment and infrastructure and typically focus on maximizing their individual asset utilization to limit the amount of unused transportation capacity and increase their return on investment. Non-asset-based providers do not own the transportation equipment that is used to transport their clients' shipments, but instead serve as intermediaries that procure access to physical transportation capacity for shippers and contract warehousing providers. According to Armstrong & Associates, measured by 2008 gross revenue, asset-based providers accounted for 23% of domestic U.S. transportation management services while non-asset-based providers accounted for the other 77%.

Many large third-party logistics providers are asset-based providers. Non-asset-based providers typically operate as small freight brokers with limited resources, limited carrier networks and modest or outdated information technology systems. We believe very few non-asset-based providers have more than 100 personnel and the small providers, comprising the vast majority, lack the scale to support the increasing requirements for national and global coverage across multiple modes of transportation, the ability to offer complete outsourcing and the ability to provide their clients with technology-driven logistics services.

Transportation and Logistics Services Trends

We believe that the following trends will continue to drive growth in the third-party logistics market:

Recognition of Outsourcing Efficiencies. Companies increasingly recognize that repetitive and non-core functions such as transportation and logistics management can be outsourced to specialists,

resulting in cost savings, improved service and increased return on investment. By outsourcing transportation and logistics to third-party providers, companies can also achieve greater operational flexibility by redeploying resources to core activities. According to Armstrong & Associates, the United States outsourced logistics market has grown from \$30.8 billion in 1996 to \$127.0 billion in gross revenue in 2008, which we believe evidences the recognition of the benefits of outsourcing logistics.

Increasing Complexity of Global Supply Chains. As global supply chains become more complex, we believe customers will increasingly rely on single providers that can provide the full range of logistics services across multiple transportation modes. Additionally, as manufacturing processes continue to shift towards lower cost centers, raw materials and finished products are traveling greater distances to reach their destination for consumption. At the same time, companies are seeking ways to reduce costs and compete with global competitors. These challenges have forced companies to look for ways to benefit from low cost labor regions and optimize their business processes. We believe that globalization results in an increased demand for logistics service providers that have national and global carrier relationships across multiple modes of transportation.

Demand for Technology Enabled Transportation Management and Logistics Services. Logistics services have historically been focused on realizing immediate cost savings on a shipment-by-shipment basis using a labor-intensive, non-scalable process. Information technology is becoming an important catalyst for logistics services, and clients will benefit from providers that are technologically sophisticated and able to analyze data to optimize the marketplace. Technology enabled third-party logistics providers can also identify transportation routes and excess capacity and are able to aggregate purchasing power more efficiently than traditional third-party logistics providers.

Opportunity for Providers of Technology Enabled Transportation and Logistics Services

In the current state of the transportation and logistics market, we believe a third-party logistics provider with superior technology-driven services can differentiate itself by offering additional cost-savings through its ability to:

analyze real-time carrier pricing across multiple transportation modes through proprietary data repositories;

aggregate clients' shipping spend for better pricing;

build more sophisticated pricing algorithms;

analyze historical transportation spend data;

offer access to real-time tracking, monitoring and reporting on shipments;

integrate with clients' existing technology applications;

provide improved reporting and auditing capabilities; and

evaluate carrier performance.

Our Competitive Advantage

We believe a number of important competitive strengths will continue to drive our success in the future, including:

Innovative business model with compelling value proposition for clients. We believe our technology-driven, transportation and logistics services improve on traditional transportation outsourcing models because we aggregate fragmented supply and demand information across all major modes of transportation from our network of clients and carriers. By using our proprietary technology platform and market information (including current pricing, service and available capacity data as well as historical

transaction information) stored in our database, we are able to recommend a carrier for each shipment regardless of mode, at any given moment, typically at a highly competitive price. Our clients benefit from our buying power aggregated through our more than 11,600 clients. We believe this buying power enables us to provide an efficient network of capacity at preferential rates. As a result, we are typically able to reduce many of our enterprise clients' total annual transportation and logistics costs by between approximately 5% to 15%, while providing high-quality service.

Scalable, proprietary technology platform. Our proprietary ETM technology platform is a web-based software application that provides competitive pricing, supply chain visibility and shipment execution across all major modes of transportation. Our proprietary technology platform can support a significant increase in the number of clients we serve and shipments we execute without a significant additional capital investment. ETM allows us to compile freight and logistics data from our diversified network of over 22,000 carriers to serve our clients' shipping needs and optimize their freight management. Our ETM database expands and becomes more difficult to replicate as we increase the number of shipments and the amount of pricing, service and available capacity data increases. We use our ETM technology platform to analyze the capabilities of our carrier network and recommend cost-effective carriers in the appropriate transportation mode. We also use our ETM technology platform to track individual shipments and provide customized reports throughout the lifecycle of each shipment, allowing us to manage the entire shipping process from pick-up to delivery as part of our value proposition. ETM provides client-specific information by giving them self-service access to carrier pricing information derived from data stored within ETM. The collective components of our ETM technology platform allow us to craft integrated transportation and supply chain management services for each client. We believe that the ability to provide these integrated transportation and supply chain management solutions furthers our competitive advantage.

End-to-end technology enabled services embedded in clients' business processes. Our proprietary technology platform provides a central, scalable and configurable portal interface that enables our clients to manage their transportation and logistics costs. Our web-based software provides our clients with access to transportation market analytics and business information capabilities. By using our suite of web-based applications, our clients can obtain real-time information on individual shipments and available capacity, transfer shipment-level data to their financial management systems and create customized dashboards and reports detailing carrier activity on an enterprise-wide basis. In addition, we offer our enterprise clients superior client care through dedicated teams of account executives and on-site support. We believe our proprietary technology and logistics expertise provide us with the ability to effectively serve the increasingly complex global supply chain needs of our client base and have enabled some of our clients to eliminate their internal logistics departments.

High levels of user satisfaction. Our web-based software applications enable our clients to manage the complexities in their transportation and supply chain functions. Our supply chain management services allow our clients to capitalize on our logistics expertise, pricing information and purchasing leverage in a user-friendly interface. We typically have received ratings indicating high levels of satisfaction from a wide range of our clients based on data collected from our periodic client surveys.

Multi-faceted sales strategy leveraging deep logistics expertise. We have built a multi-faceted sales strategy that effectively utilizes our enterprise sales representatives, transactional sales representatives and agent network. Our enterprise sales representatives typically have significant sales expertise and are focused on building relationships with our clients' senior management teams to execute multi-year enterprise contracts, typically with terms of one to three years. Our transactional sales representatives, with support from our account executives, are focused on building new transactional client relationships and migrating transactional accounts to enterprise accounts. From inception through 2008, 26 of our enterprise accounts were converted from transactional accounts, and of the 15 contracts entered into with new enterprise clients in the first half of 2009, six were converted from transactional accounts. Our network of agents enables us to benefit from seasoned industry professionals with access to regional shipping markets.

Our agents are typically experienced industry sales professionals focused on building relationships with department level transportation managers with both existing and prospective clients, such as shipping, traffic or logistics managers. From inception through 2008, 54 of our enterprise accounts and 2,752 of our transactional accounts were sourced through our network of agents. Our multi-faceted sales strategy enables us to engage clients on a shipment-by-shipment basis (transactional) or a fully or partially outsourced basis (enterprise), which we believe significantly enhances our ability to attract new clients and increase our revenue from existing clients. Our ability to work with clients on a transactional basis also allows for a gradual and transparent transition to a fully-outsourced enterprise engagement, which we believe enhances our ability to sign new enterprise contracts.

Proven track record of success with large enterprise clients. We believe that our record of success in serving large enterprises is a key competitive advantage. As of June 30, 2009, we had contracts with 107 enterprise clients, and the total number of enterprise clients increased by 30 and 15 in 2008 and the first six months of 2009, respectively. The size, diversity and reputation of these clients, combined with our track record of successful renewals, demonstrates our ability to handle complex client and industry-specific transportation needs.

Access to our carrier network. Our carrier network consists of over 22,000 carriers that have been selected based on their ability to effectively serve our clients on the basis of price, capabilities, geographic coverage and quality of service. We regularly monitor our carriers' pricing, shipment track record, capacity and financial stability using a system in which carriers are graded based on their performance against other carriers, giving our clients an enhanced level of quality control. By using our visibility into carrier capacity, we are also able to negotiate favorable rates, manage our clients' transportation spend and identify cost-effective shipping alternatives.

Experienced management team. We have a highly experienced management team with extensive industry knowledge. Our Chief Executive Officer, Douglas R. Waggoner, is the former President and CEO of USF Bestway, a regional carrier based in Scottsdale, Arizona, and Daylight Transport, a LTL carrier based in Long Beach, California. Our non-executive Chairman, Samuel K. Skinner, is the former Chairman, President and Chief Executive Officer of USF Corporation and the former Secretary of Transportation of the United States of America.

Our Strategy

Our objective is to become the premier provider of transportation and logistics services to corporate clients in the United States. Our business model and technological advantage have been the main drivers of our historical results and have positioned us for continued growth. The key elements of our strategy include:

Expand our client base. We intend to develop new long-term client relationships by using our industry experience and expanding our sales and marketing activities. As of June 30, 2009, we had contracts with 107 enterprise clients, and the total number of enterprise clients increased by 30 and 15 in 2008 and the first six months of 2009, respectively. We seek to attract new enterprise clients by targeting companies with substantial transportation needs and demonstrating our ability to reduce their transportation costs by using our ETM technology platform. In addition, we plan to continue to hire additional sales representatives to build our transactional business across all major modes. We believe our business model provides us with a competitive advantage in recruiting sales representatives as it enables our representatives to leverage our proprietary technology and carrier network to market a broader range of services to their clients at competitive prices.

Further penetrate our established client base. We believe our established client base presents a substantial opportunity for growth. As we demonstrate our ability to execute shipments with high levels of service and favorable pricing, we are able to strengthen our relationships with our clients, penetrate

incremental modes and geographic areas and generate more shipments. As we become more fully integrated into the businesses of our transactional clients and are able to identify additional opportunities for efficiencies, we seek to further penetrate our client base by selling our enterprise services to those clients. Of our 107 enterprise clients as of June 30, 2009, 26 began as transactional clients.

Further invest in our proprietary technology platform. We intend to continue to improve and develop Internet and software-based information technologies that are compatible with our ETM platform. In order to continue to meet our clients' transportation requirements, we intend to invest in specific technology applications and personnel in order to improve and expand our offering. As of December 31, 2008, we had approximately 5,400 individual users of ETM and as the number of users expands, we will continue to invest in both IT development and infrastructure.

Selectively pursue strategic acquisitions. We have grown, in part, through acquisitions. We intend to selectively pursue strategic acquisitions that complement our relationships and logistics expertise and expand our business into new geographic markets. Our objective is to increase our presence and capabilities in major commercial freight markets in the United States. We may also evaluate opportunities to access attractive markets outside the United States from time to time, or selectively consider strategic relationships that add new long-term client relationships, enhance our services or complement our business strategy.

Our Proprietary Technology Platform

Our proprietary ETM technology platform allows us to analyze our clients' transportation requirements and provide customized shipping recommendations that can result in cost savings of approximately 5% to 15% from our enterprise clients. We collect and store pricing and market capacity data in our ETM database from each interaction with carriers, and our database expands as a result of these interactions. We have also developed data acquisition tools that retrieve information from both private and public transportation databases, including subscription-based sources and public transportation rate boards, and incorporate that information into the ETM database. Using pricing, service and available capacity data derived from our carrier network, historical transaction information and external market sources, we are able to analyze the capabilities of our carrier network to recommend cost-effective shipping alternatives. We believe that the carriers with the most available capacity typically offer the most competitive rates.

Our clients communicate their transportation needs to us electronically through our EchoTrak web portal, other computer protocols, or by phone. ETM generates pricing and carrier information for our clients by accessing pre-negotiated rates with preferred carriers or using present or historical pricing and capacity information contained in our database. If a client enters its own shipment, ETM automatically alerts the appropriate account executive. ETM's pricing algorithms are checked for accuracy before the rates are made available to our account executives. If an error occurs and an inaccurate rate is conveyed to a client, we will honor the quoted rate and correct the defective algorithm to ensure that all quoted rates going forward are accurately calculated. To date, any losses incurred as a result of an inaccurate quote have been negligible. After the carrier is selected, either by us or the client, our account executives use our ETM technology platform to manage all aspects of the shipping process.

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We have developed specialized software applications to provide our transportation and logistics services across all major modes of transportation. The software applications shown below reflect the key elements of our ETM technology platform:

The key elements of our ETM technology platform include:

FastLane is an Internet-based web portal that allows our carriers to view the status of all unpaid invoices, unbilled shipments, shipments in transit and other information used to quickly resolve any billing discrepancies.

eConnect is a set of tools that allows our clients and carriers to interact directly with ETM electronically through any of several computer protocols, including EDI, XML and FTP. The eConnect tools serve as an electronic bridge between the other elements of our ETM technology platform and our clients' enterprise resource planning (ERP), billing, accounts receivable, accounts payable, order management, back office and e-commerce systems. Through eConnect, our clients are able to request shipping services and receive financial and tracking data using their existing systems.

EchoTrak is an Internet-based web portal that connects and integrates our clients with ETM. By entering a username and password, our clients are able to display historical and active shipments in the ETM system using configurable data entry screens sorted by carrier, price, delivery date, destination and other relevant specifications. EchoTrak also generates automatic alerts to ensure that shipments are moving in accordance with the client specifications and timeline.

RateIQ is a pricing engine that manages LTL tariffs and generates rate quotes and transit times for LTL shipments. RateIQ also provides integrated tools to manage dispatch, communications, data collection and management functions relating to LTL shipments.

LaneIQ is a pricing engine that generates rate quotes for TL shipments. LaneIQ also provides integrated tools to manage dispatch, communications, headhaul and backhaul data collection and management functions relating to TL shipments.

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EchoPak is a small parcel pricing and audit engine. For each small parcel shipped, EchoPak audits carrier compliance with on-time delivery requirements and pricing tariffs. In addition, EchoPak tracks information for each parcel and is able to aggregate and analyze that data for clients. For instance, clients are able to view shipments by date, business unit, product line and location, and clients can access information regarding service levels and pricing.

Shipment Tracking stores shipment information en-route and after final delivery. The shipment data is typically acquired through our carrier EDI integration, allowing our clients to track the location and status of all shipments on one screen, regardless of mode or carrier. Final delivery information is permanently archived, allowing us to provide our clients with carrier performance reporting by comparing actual delivery times with the published transit time standards.

Document Imaging allows us to store digital images of all shipping documents, including bills of lading and delivery receipts. We index the images with the shipment data so users are able to view documents associated with an executed transaction. We use Document Imaging internally to store carrier qualification documents, including W-9, U.S. Department of Transportation authority and proof of insurance.

CAS (Cost Allocation System) automatically audits carrier invoices against our rating engine and accounts payable accrual system. If the amounts match, the invoice is automatically released for payment. If the amounts do not match, the invoice is sent to various administrative personnel for manual processing and resolution. CAS also integrates to our general ledger, accounts receivable and accounts payable systems.

Accounting includes our general ledger, accounts receivable and accounts payable functions. Accounting is integrated with CAS and EchoIQ, which gives us the ability to access both financial and operational data in our data warehouse and reporting systems.

EchoIQ stores internally and externally generated data to support our reporting and analytic functions and integrates all of our core applications with ETM.

ETM fully supports our logistics services, which we provide to our clients as part of our value proposition. Our ETM technology platform is able to track individual shipments and provide customized data and reports throughout the lifecycle of the shipment, allowing us to manage the entire shipping process for our clients. Our customized reports also provide our clients with greater visibility and control over their transportation expenditures, and our ability to benchmark the performance of their internal operations helps identify opportunities for additional cost savings.

In 2006, 2007 and 2008, we spent approximately \$1.0 million, \$3.0 million and \$2.7 million, respectively, on research and development, consisting of development of ETM and related technologies.

We further leverage our technology platform by enabling low cost and scaleable workforces to work remotely, thereby lowering our operating costs and increasing our margins. As of December 31, 2008, we had a 26-person workforce in India through our build, operate, transfer (BOT) arrangements, and expect that number to grow proportionally with our business. Our workforce in India helps populate our carrier database with pricing and capacity information, and also performs back office administrative functions, including document processing, data entry, accounting, auditing and track and trace. Our ability to effectively utilize offshore labor enables us to pass on cost savings to our clients and serves as another competitive advantage. We intend to continue to invest in and train our workforce in India or other low cost labor centers to optimize the performance and effectiveness of our operations.

Our IT infrastructure provides a high level of security for our proprietary software and database. The storage system for our proprietary data is designed to ensure that power and hardware failures do not result in the loss of critical data. The proprietary data is protected from unauthorized access through a combination of physical and logical security measures, including firewalls, encryption, antivirus software, anti-spy software, passwords and physical security, with access limited to authorized IT personnel. In addition to our security infrastructure, our system is backed up daily to prevent the loss of our proprietary data due to catastrophic failures or natural disasters.

Our Services

We are a non-asset-based provider of technology enabled transportation and logistics services, meaning we do not own the transportation equipment used to transport our clients' freight or warehouse our clients' inventory. We believe this allows us to be flexible and seek shipping alternatives that are tailored to the specific needs of our clients, rather than the deployment of particular assets. Through our carrier network, we provide transportation services using a variety of modes of transportation.

Transportation Services

Truckload (TL). We provide TL services across all TL segments, including dry vans, temperature-controlled units and flatbeds. Using our LaneIQ technology, we provide advanced dispatch, communication and data collection tools that enable our dedicated TL team to quickly disseminate critical pricing and capacity information to our clients on a real-time basis.

Less than Truckload (LTL). We provide LTL services involving the shipment of single or multiple pallets of freight. Using our RateIQ technology, we obtain real-time pricing and transit time information for every LTL shipment from our database of LTL carriers.

Small Parcel. We provide small parcel services for packages of all sizes. Using our EchoPak technology, we are often able to deliver cost saving opportunities to our clients that spend over \$500,000 annually to ship with major small parcel carriers.

Inter-Modal. Inter-modal transportation is the shipping of freight by multiple modes, typically using a container that is transferred between ships, railcars or trucks. We offer inter-modal transportation services for our clients that utilize both trucks and rail. Using our ETM technology, our dedicated inter-modal team can select, on a timely basis, the most advantageous combination of trucks and rail to meet our clients' individual shipping demands and pricing expectations.

Domestic Air and Expedited Services. We provide domestic air and expedited shipment services for our clients when traditional LTL services do not meet delivery requirements. We use ETM track and trace tools to ensure that up to date information is available to our clients via EchoTrak.

International. We provide air and ocean transportation services for our clients, offering a comprehensive international delivery option to our clients. Using ETM, our dedicated teams can consolidate shipments, coordinate routing, local pick-up and delivery methods and prearrange customs clearance to minimize the time and economic burdens associated with international transportation.

Logistics Services

In addition to arranging for transportation, we provide logistics services, either on-site (in the case of some enterprise clients) or off-site, to manage the flow of those goods from origin to destination. Our core logistics services include:

rate negotiation;

procurement of transportation, both contractually and in the spot market;

shipment execution and tracking;

carrier management, reporting and compliance;

executive dashboard presentations and detailed shipment reports;

freight bill audit and payment;

claims processing and service refund management;

design and management of inbound client freight programs;

individually configured web portals and self-service data warehouses;

ERP integration with transactional shipment data; and

integration of shipping applications into client e-commerce sites.

We believe that direct access to our web-based applications, process expertise and analytical capabilities is a critical component of our offering, and we provide our logistics services to our clients as part of our value proposition.

Our Clients

We provide transportation and logistics services to corporate clients across a wide range of industries, such as manufacturing, construction, consumer products and retail. In the first half of 2009, we served over 11,600 clients using approximately 4,500 different carriers and, from our inception through June 30, 2009, we served over 19,000 clients using approximately 11,000 different carriers. Our clients fall into two categories: enterprise and transactional.

Enterprise Clients

We typically enter into multi-year contracts with our enterprise clients, generally with terms of one to three years, to provide some, or substantially all, of their transportation requirements. Each new enterprise client is assigned one or more dedicated account executives, who are able to work on-site or off-site, as required by the client. To foster a strategic relationship with these clients, we typically agree to a negotiated level of cost savings compared to the client's historical shipping expenditures over a fixed period of time. Cost savings are estimated periodically during the term of our engagement and if the negotiated amount is not achieved, our clients may have the right to terminate our engagement.

As of June 30, 2009, one of our 107 enterprise contracts obligated us to make payments to the client in the event we fail to deliver a 10% cost savings to the client based on its historical shipping expenditures over a fixed period of time. The amount of our business potentially subject to these cost savings payments varies depending upon the number of shipments that we make on behalf of this client and the mode of transportation used, as well as general economic conditions in the transportation industry. Revenue from this client accounted for less than 1% of our revenue in 2008. We have not been obligated to make payments to any clients due to the inability to achieve our negotiated amount of cost savings.

Our enterprise contracts are often on an exclusive basis for a certain transportation mode or point of origin and may apply to a single mode, such as LTL, several modes or all transportation modes used by the client. These contractual exclusivity provisions help ensure, but do not guarantee, that we receive a significant portion of the amount that our enterprise clients spend on transportation in the applicable mode or modes or from the applicable point of origin. In our experience, compliance with such provisions varies from client to client and over time. Reasons compliance may vary include the widely-dispersed nature of transportation decision-making in some clients' organizations and the learning process involved in implementing our services. We work with and expect our enterprise clients to maintain and improve compliance with any applicable exclusivity provisions.

We also provide small parcel consulting services to a limited number of our enterprise clients, which is included in our fee for service revenue. Under these arrangements, we review the client's small parcel shipping contracts and shipment data analyzing their volumes, distribution, rates and savings opportunities, prepare negotiation strategies and directly or indirectly participate in negotiations with carriers to improve the client's rates, charges, services and commitments. For these services, we typically earn a percentage of any savings realized by the client over a fixed period of time, which is recorded on our books on a net basis as fee-for-service revenue.

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Our annual revenue from individual enterprise clients typically ranges from \$100,000 to \$10.0 million. Our revenue from all enterprise clients increased in the last two years, from \$26.1 million in 2006, to \$53.2 million in 2007 and to \$87.4 million in 2008. Our revenue from enterprise clients as a percentage of total revenue was 78% in 2006, 56% in 2007 and 43% in 2008.

Transactional Clients

We provide transportation and logistics services to our transactional clients on a shipment-by-shipment basis, which are typically priced to our carriers on a spot, or transactional, basis. Our annual revenue from individual transactional clients typically ranges from \$1,000 to \$50,000. Of our 50 largest transactional clients in 2007, 49 placed orders with us during 2008, which we believe demonstrates our ability to meet a variety of transportation requirements on a recurring basis. We estimate that total annual transportation expenditures for our 11,952 transactional clients during the year ended December 31, 2008 were in excess of \$2.7 billion.

Our Carrier Network

Our carrier network provides our clients with substantial breadth and depth of offerings within each mode. In 2008, we used approximately 4,400 TL carriers, 100 LTL carriers, 14 small parcel carriers, 46 inter-modal carriers, 12 domestic air carriers and 65 international carriers. Our ability to attract new carriers to our network and maintain good relationships with our current carriers is critical to the success of our business. We rely on our carriers to provide the physical transportation services for our clients, valuable pricing information for our proprietary database and tracking information throughout the shipping process from origin to destination. We believe we provide value to our carriers by enabling them to fill excess capacity on traditionally empty routes, repositioning their equipment and therefore offsetting their substantial overhead costs to generate incremental revenue. In addition, we introduce many of our clients to new carriers and broaden each carrier's market presence by expanding its sales channels to a larger client base.

We select carriers based on their ability to effectively serve our clients with respect to price, technology capabilities, geographic coverage and quality of service. In the small parcel mode, we use nationally recognized carriers, such as FedEx and UPS. In other transportation modes, we maintain the quality of our carrier network by obtaining documentation to ensure each carrier is properly licensed and insured, and has an adequate safety rating. In addition, we continuously collect information on the carriers in our network regarding capacity, pricing trends, reliability, quality control standards and overall customer service. We believe this quality control program helps to ensure that our clients receive high-quality service regardless of the carrier that is selected for an individual shipment. In 2008, we used approximately 5,600 of the over 22,000 carriers in our network to provide shipping services to our clients.

The carriers in our network are of all sizes, including large national trucking companies, mid-sized fleets, small fleets and owner-operators of single trucks. We are not dependent on any one carrier, and our largest carriers by TL, LTL and small parcel accounted for less than 0.9%, 6.2% and 7.4%, respectively, of our total transportation costs across all modes in 2008. Approximately 5% of our LTL and 20% of our TL shipments in 2008 were transported by carriers with less than 100 trucks. For international shipments, we currently rely on one carrier to provide substantially all of our transportation. We consider our relationship with this carrier to be good. In 2007 and 2008, international shipments accounted for 3% and 4% of our revenue, respectively.

Sales and Marketing

We market and sell our transportation and logistics services through our sales personnel located in four cities across the United States. As of December 31, 2008, our sales team consisted of 10 enterprise sales representatives, 262 transactional sales representatives and 111 agents. Our enterprise sales

representatives typically have significant sales expertise and are focused on building relationships with clients' senior management teams to execute enterprise contracts. Our transactional sales representatives, located largely at our outbound call center in Chicago, are focused on building new transactional client relationships and migrating transactional accounts to enterprise accounts. Our agents, located in regional shipping markets throughout the United States, are typically experienced industry sales professionals focused on building relationships with our clients' transportation managers. We support our sales team with account executives. These individuals are generally responsible for customer service, developing relationships with client personnel and managing the shipping process from origin to destination.

Our marketing efforts typically involve up to a six month selling cycle to secure a new enterprise client. Our efforts may begin in response to a perceived opportunity, a referral by an existing client, a request for proposal, a relationship between a member of our sales team and a potential client, new client prospects gained through acquisitions, an introduction by someone affiliated with our company, or otherwise. Our senior management team, sales representatives and agents are responsible for the sales process. An important aspect of this sales process is our analysis of a prospective client's historic transportation expenditures to demonstrate the potential savings that could be achieved by using our transportation and logistics services. We also try to foster relationships between our senior management team and our clients' senior management, and many of our enterprise clients were secured by marketing our services to "C-level" management contacts. These relationships ensure that both parties are focused on seamless process integration and using our services to provide tangible cost savings.

As we become more knowledgeable about a client's business and processes, our ability to identify opportunities to create value for the client typically increases, and we focus on trying to expand the services we provide to our existing enterprise and transactional clients. As a relationship with a client grows, the time requirement to win an engagement for additional services typically declines and we are able to recognize revenue from our sales efforts more quickly. Historically, many of our clients have been more willing to turn over more of their transportation and logistics requirements to us as we demonstrate our capabilities.

Each new enterprise client is assigned one or more dedicated account executives, who are able to work on-site or off-site, as required by the client. Our dedicated account executives integrate the client's existing business processes with our proprietary technology platform to satisfy the client's transportation requirements, and assist our sales representatives and agents in targeting potential deficiencies in the client's operations that could lead to expanded service offerings. Because the account executives we hire generally have significant sales experience, they can also begin marketing our services after limited training on our model and systems. Our agreements with our account executives require them to market and sell our transportation and logistics services on an exclusive basis and contain non-compete and non-solicitation provisions that apply during and for a specified period after the term of their service.

Our transactional sales representatives, who focus on sales of our transportation and logistics services on a shipment-by-shipment basis, concentrate on building relationships with our transactional clients that could benefit from the competitive pricing and enhanced service associated with our services. Our ability to work with clients on a transactional basis provides us with an opportunity to demonstrate the cost savings associated with our technology-driven services before the client considers moving to a fully-outsourced enterprise engagement. Since our inception in January 2005, 26 transactional clients have migrated to an enterprise engagement.

Our sales team is critical to the success of our business and our ability to grow will depend on our ability to continue to attract, train and retain talented individuals. Candidates are recruited through search firms, Internet postings, advertisements in industry publications, industry event attendance, referrals and word-of-mouth networking. To attract these candidates, we will continue to offer attractive commission structures and highlight the advantages that our ETM technology platform provides in winning and maintaining new clients. We believe our business model provides us with a competitive advantage in

recruiting sales representatives because it enables them to use our enhanced analytics technology and carrier network to market a broader range of services at competitive prices. Our services can be offered at no upfront cost and our clients are generally able to immediately realize tangible cost savings.

We had 24 sales representatives and agents as of December 31, 2005, 57 as of December 31, 2006, 191 as of December 31, 2007 and 383 as of December 31, 2008. We intend to continue to hire sales representatives and agents with established client relationships that we believe can be developed into new revenue opportunities. We also expect to augment our sales force through selective acquisitions of transportation and logistics service providers with experienced sales representatives and agents in strategic geographical locations.

Competition

The commercial freight transportation services and third-party logistics industries in which we operate are highly competitive and fragmented. We have a number of competitors offering services similar to ours, which include:

internal shipping departments at companies that have substantial transportation requirements, many of which represent potential sales opportunities;

non-asset-based logistics companies, such as C.H. Robinson Worldwide, Freightquote.com, Ozburn-Hessey Logistics, Total Quality Logistics and Transplace, with whom we compete most often;

asset-based logistics companies, such as Schneider, FedEx, JB Hunt and ABF;

carriers that offer logistics services, such as YRC, Conway and UPS, some of whom we frequently purchase transportation services from on behalf of our clients;

freight forwarders that dispatch shipments via asset-based carriers, typically arranging for shipments to or from international destinations, such as Expeditors International; and

smaller, niche service providers that provide services in a specific geographic market, industry segment or service area.

We believe the principal elements of competition in transportation and logistics services are price, customer service and reliability. Some of our competitors, such as C.H. Robinson Worldwide, have larger client bases and significantly more resources than we do. In addition, some of our competitors may have more expertise in a single transportation mode that allows them to prepare and process documentation and perform related activities pertaining to that mode of transportation more efficiently than Echo. We compete against these entities by establishing ourselves as a leading technology enabled service provider with industry expertise in all major modes of transportation, which enables us to respond rapidly to the evolving needs of our clients related to outsourcing transportation.

Our clients may choose not to outsource their transportation business to us in the future by performing formerly outsourced services for themselves, either in-house or through offshore partnerships or other arrangements. We believe our key advantage over in-house business processes is that ETM gives us the ability to obtain favorable pricing and terms relative to in-house service departments. In addition, we believe we give companies the opportunity to focus on their core products and services while we focus on service, delivery and operational excellence.

We also face competition from some of the larger services companies, such as IBM or Accenture, because they offer transportation procurement and logistics services to their clients. Their well-established client relationships, industry knowledge, brand recognition, financial and marketing capabilities, technical resources and pricing flexibility may provide them with a competitive advantage over us. These companies may include service companies based in offshore locations, divisions of large IT service companies and global services companies located in the United States or offshore.

Intellectual Property

We rely primarily on a combination of copyright, trademark and trade secret laws, as well as license agreements and other contractual provisions, to protect our intellectual property rights and other proprietary rights. To date, we have not registered any patents nor trademarks. Some of our intellectual property rights relate to proprietary business process enhancements. It is our practice to enter into confidentiality and invention assignment agreements with all of our employees and independent contractors that:

include a confidentiality undertaking by the employee or independent contractor;

ensure that all new intellectual property developed in the course of our relationship with employees or independent contractors is assigned to us; and

require the employee or independent contractor to cooperate with us to protect our intellectual property during and after his or her relationship with us.

Government Regulation

Subject to applicable federal and state regulation, we may arrange for the transport of most types of freight to and from any point in the United States. Certain of our U.S. domestic ground transportation operations may be subject to regulation by the Federal Motor Carrier Safety Administration (the FMCSA), which is an agency of the U.S. Department of Transportation, and by various state agencies. The FMCSA has broad regulatory powers in areas such as safety and insurance relating to interstate motor carrier and broker operations. The ground transportation industry is also subject to possible regulatory and legislative changes (such as the possibility of more stringent environmental, safety or security regulations or limits on vehicle weight and size) that could affect the economics of the industry by requiring changes in operating practices or the cost of providing transportation services.

Our international operations are impacted by a wide variety of U.S. government regulations. These include regulations of the U.S. Department of State, U.S. Department of Commerce and the U.S. Department of Treasury. Regulations cover matters such as what commodities may be shipped to what destination and to what end-user, unfair international trade practices and limitations on entities with whom we may conduct business.

Our air freight business in the United States is subject to regulation as an indirect air carrier by the Transportation Security Administration (the TSA) and the Department of Transportation. We are in the process of having our indirect air carrier security program approved by the TSA as required by the applicable regulations. We are also in the process of having our directors and officers complete the Security Threat Assessments required by TSA regulations. The airfreight industry is subject to regulatory and legislative changes that could affect the economics of the industry by requiring changes in operating practices or influencing the demand for, and the costs of providing, services to clients.

Our ocean transportation business in the United States is subject to regulation by the Federal Maritime Commission (the FMC). The FMC licenses persons acting as ocean transportation intermediaries, including ocean freight forwarders and non-vessel operating common carrier operators. Ocean freight forwarders are subject to surety bond requirements and required to retain a "qualified individual" as an officer of the company. Non-vessel operating common carriers are subject to FMC tariff publication requirements, and must submit for review and public notice certain shipping agreements reached with clients. Ocean freight forwarders are also subject to regulatory oversight, particularly those terms proscribing rebating practices. The FMC provides a forum for persons to challenge actions or practices of ocean transportation intermediaries through private actions. We have applied for authority to act as an ocean freight forwarder and as a non-vessel operating common carrier. These applications have received initial approval from FMC and we expect such applications for authority to become final upon the completion of certain compliance requirements.

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Our import and export business in the United States is subject to U.S. Customs regulations imposed by U.S. Customs and Border Protection (the CBP). These regulations include significant notice and registration requirements. While not technically a regulatory requirement, participation in CBP's "Customs-Trade Partnership against Terrorism" (C-TPAT) program will be commercially necessary as we expand our international transportation business. Under C-TPAT, a transportation entity must maintain an effective transportation security program and cooperate with CBP initiatives and guidance. Participation in C-TPAT permits more efficient and expedited processing of shipments through U.S. Customs. We are currently providing customs broker services through contracts with licensed customs brokers. We are in the process of obtaining a license as customs broker, which we expect to complete in 2009.

We are subject to a broad range of foreign and domestic environmental and workplace health and safety requirements, including those governing discharges to air and water and the handling, disposal and release of hazardous substances and wastes. In the course of our operations, we may be asked to store, transport or arrange for the storage or transportation of substances that could result in liability under applicable laws if released into the environment. If a release of hazardous substances occurs while being transported by our subcontracted carrier, we may be required to participate in, or may have liability for response costs and the remediation of such a release. In such case, we also may be subject to claims for personal injury, property damage and damage to natural resources. Our exposure to and potential liability for these claims may be managed through agreements with our clients and suppliers.

The transportation industry is one of the largest sources of man made greenhouse gas emissions that contribute to global warming. National and transnational laws and initiatives to reduce and mitigate the effects of such emissions, such as the Kyoto Protocols and current laws and legislative initiatives in the European Union and the U.S. could significantly impact transportation modes and the economics of the transportation industry. Future environmental laws in this area could adversely affect our carriers' costs and practices and our business.

Although our current operations have not been significantly affected by compliance with, or liability arising under, these environmental, health and safety laws, we cannot predict what impact future environmental, health and safety regulations might have on our business.

Transportation-related regulations are greatly affected by U.S. national security legislation and related regulatory initiatives, and remain in a state of flux. We believe that we are in substantial compliance with applicable material regulations and that the costs of regulatory compliance have not had a material adverse impact on our operations to date. However, our failure to comply with the applicable regulations or to maintain required permits or licenses could result in substantial fines or revocation of our operating permits or licenses. We cannot predict the degree or cost of future regulations on our business. If we fail to comply with applicable governmental regulations, we could be subject to substantial fines or revocation of our permits and licenses.

Risk Management and Insurance

If a shipment is damaged during the delivery process, our client files a claim for the damaged shipment with us and we bear the risk of recovering the claim amount from the carrier. If we are unable to recover all or any portion of the claim amount from our carrier, we may bear the financial loss. We mitigate this risk by using our quality program to carefully select carriers with adequate insurance, quality control procedures and safety ratings. We also take steps to ensure that the coverage we provide to our clients for damaged shipments is substantially similar to the coverage that our carriers provide to us. In addition, we carry our own insurance to protect against client claims for damaged shipments.

We extend credit to certain clients as part of our business model. These clients are subject to an approval process prior to any extension of credit or increase in their current credit limit. Our finance department reviews each credit request and considers, among other things, payment history, current billing status, recommendations by various rating agencies and capitalization. Clients that pass our credit request

procedures may receive a line of credit or an increase in their existing credit amount. We believe this review and approval process helps mitigate the risk of client defaults on extensions of credit and the related bad debt expense.

We require all motor carriers we work with to carry at least \$1.0 million in auto and general liability insurance and \$100,000 in cargo insurance. We also maintain a broad cargo liability insurance policy to protect us against catastrophic losses that may not be recovered from the responsible carrier, and carry various liability insurance policies, including auto and general liability. Our collective insurance policies have a cap of \$10.0 million.

Properties

Our principal executive offices are located in Chicago, Illinois. We also maintain sales offices in Los Angeles, California, Vancouver, Washington, Park City, Utah, Troy, Michigan and Matteson, Illinois. We believe that our facilities are generally suitable to meet our needs for the foreseeable future; however, we will continue to seek additional space as needed to satisfy our growth.

Employees

As of December 31, 2008, we had 553 employees, consisting of 10 enterprise sales representatives, 262 transactional sales representatives, 171 account executives, 36 technology personnel and 74 administrative personnel. We also had 111 independent contractors working as sales agents, and a 26-person workforce based at our build, operate, transfer (BOT) facilities in Pune and Kolkata, India. We consider our employee relations to be good.

Legal Proceedings

We are not a party to any material pending legal proceedings.

MANAGEMENT

Executive Officers and Directors

The following table sets forth certain information concerning each of our executive officers and directors:

Name	Age	Position(s)
Samuel K. Skinner ⁽¹⁾⁽²⁾⁽³⁾	71	Chairman of the Board
Douglas R. Waggoner	50	Chief Executive Officer and Director
Orazio Buzza	37	Chief Operating Officer
David B. Menzel	47	Chief Financial Officer
Scott A. Frisoni	38	Executive Vice President of Sales
David C. Rowe	43	Chief Technology Officer
John R. Walter ⁽¹⁾⁽³⁾	62	Director
John F. Sandner ⁽¹⁾	67	Director
Peter J. Barris ⁽²⁾⁽³⁾	57	Director
Anthony R. Bobulinski ⁽²⁾	37	Director
Eric P. Lefkofsky ⁽²⁾⁽³⁾	39	Director
Bradley A. Keywell	39	Director

- (1) Member of our audit committee.
- (2) Member of our compensation committee.
- (3) Member of our nominating and corporate governance committee.

Samuel K. Skinner first joined our Board in September 2006 and has served as our non-executive Chairman of the Board since February 2007. Since May 2004, Mr. Skinner has been of counsel at the law firm Greenberg Traurig, LLP where he is the Chair of the Chicago Governmental Affairs Practice. Mr. Skinner served as Chairman, President and Chief Executive Officer of USF Corporation from July 2000 to May 2003, and from 1993 to 1998 he served as President of Commonwealth Edison Company and its holding company Unicom Corporation. Mr. Skinner served as the Chief of Staff to President George H.W. Bush from December 1991 to August 1992, and from 1989 to 1991, he served as the Secretary of Transportation. In 1975, he was appointed by President Gerald R. Ford as the United States Attorney for the Northern District of Illinois. Mr. Skinner is currently a director of Navigant Consulting, Inc., Diamond Management & Technology Consultants, Inc. and Express Scripts, Inc. and is the Vice Chairman of Virgin America Airlines. Mr. Skinner holds a Bachelor of Science degree from the University of Illinois and a Juris Doctor from DePaul University College of Law.

Douglas R. Waggoner has served as our Chief Executive Officer since December 2006 and on our Board since February 2008. Mr. Waggoner will serve as our Chief Executive Officer until January 1, 2011, unless such term is otherwise terminated or renewed, pursuant to the terms of his employment agreement. Mr. Waggoner was elected to the board pursuant to voting rights granted to the holders of our Series B preferred stock under our voting agreement, which will be terminated upon the closing of this offering. Prior to joining our Company, Mr. Waggoner founded SelecTrans, LLC, a freight management software provider based in Chicago, Illinois. From April 2004 to December 2005, Mr. Waggoner served as the Chief Executive Officer of USF Bestway, and from January 2002 to April 2004, he served as the Senior Vice

President of Strategic Marketing for USF Corporation. Mr. Waggoner served as the President and Chief Operating Officer of Daylight Transport from April 1999 to January 2002, Executive Vice President from October 1998 to April 1999, and Chief Information Officer from January 1998 to October 1998. From 1986 to 1998, Mr. Waggoner held a variety of positions in sales, operations, marketing and engineering at Yellow Transportation before eventually leaving the company as the Vice President of Customer Service. Mr. Waggoner holds a bachelor's degree in Economics from San Diego State University.

Orazio Buzzza has served as our Chief Operating Officer since July 2007. Mr. Buzzza will serve as our Chief Operating Officer until January 1, 2011, unless such term is otherwise terminated or renewed, pursuant to the terms of his employment agreement. Mr. Buzzza served as our President and Chief Technology Officer from May 2005 to July 2007. From October 2003 to May 2005, Mr. Buzzza served as the Chief Financial Officer and Chief Operating Officer of InnerWorkings, Inc., a Nasdaq listed provider of print procurement services to corporate clients. From July 2001 to September 2003, Mr. Buzzza was Vice President of Finance & Operations at Bus Bank, a charter bus service company. Mr. Buzzza has a bachelor's degree in Accounting and Supply Chain Management from the University of Illinois. Mr. Buzzza also received his Certified Public Accountant certification in 1994.

David B. Menzel has served as our Chief Financial Officer since April 2008. Mr. Menzel will serve as our Chief Financial Officer until April 7, 2013, unless such term is otherwise terminated or renewed, pursuant to the terms of his employment agreement. From May 2005 to March 2008, Mr. Menzel was the Chief Financial and Operating Officer of G2 SwitchWorks Corp., a travel technology company. From 2003 to 2005, Mr. Menzel served as a managing director of Parson Consulting, a management consulting firm. Mr. Menzel served as the Chief Executive Officer of YesMail, Inc. from 2000 to 2003, and as the Senior Vice President and Chief Financial Officer from 1999 to 2000. Mr. Menzel was also the Chief Financial Officer of Campbell Software from 1994 to 1999, and worked in the Audit and Financial Consulting Practice of Arthur Anderson LLP from 1985 to 1994. Mr. Menzel holds a bachelor's degree in Accounting and a Masters of Accountancy from Florida State University.

Scott A. Frisoni has served as our Executive Vice President of Sales since October 2008. From March 2002 through January 2008, Mr. Frisoni served as the Executive Vice President of Sales of InnerWorkings, Inc. From March 1999 to March 2002, Mr. Frisoni was Chief Operating Officer of Decision Support at PurchasePro, a business-to-business software company, and from April 1997 to March 1999, he was Vice President of Sales at Magnitude Network. From May 1993 to April 1997, Mr. Frisoni was a sales executive at The Procter & Gamble Company. Mr. Frisoni holds a bachelor's degree from Indiana University.

David C. Rowe has been our Chief Technology Officer since September 2007. Mr. Rowe will serve as our Chief Technology Officer until January 1, 2011, unless such term is otherwise terminated or renewed, pursuant to the terms of his employment agreement. From January 2005 to September 2007, Mr. Rowe was the Chief Information Officer at UGL-Equis Corporation. From October 2003 to January 2005, Mr. Rowe was a Managing Principal with EMC. Between April 2001 and October 2003, Mr. Rowe worked as a technology consultant. From March 1997 to April 2002, Mr. Rowe was the Vice President of Information Technology at USweb Cornerstone. Mr. Rowe is a graduate of City and East London College with a degree in Computer Science.

John R. Walter has served on our Board since January 2006. Mr. Walter is the managing member of Ashlin Management Company. He is the retired President and COO of AT&T Corporation, a position he held from 1996 to 1997. He was Chairman and CEO of R.R. Donnelley & Sons Company, the largest printer in the United States, from 1989 through 1996. Mr. Walter has been a director of Manpower Inc. since 1998, and served as Non-Executive Chairman from 1999 to 2001. He is currently the Chairman of SNP Corporation Ltd. of Singapore, the Chairman of InnerWorkings, Inc., and a director for VASCO Data Security, Infinity Bio-Energy, Manpower, Inc., MediaBank, LLC, DHR International and Evanston Northwestern Healthcare. Mr. Walter previously served on the board of directors of Abbott Laboratories, John Deere, Target Corporation and Jones Lang LaSalle. He is also a member of the board of trustees for

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the Steppenwolf Theater and Northwestern University, and a director of the African Wildlife Federation. Mr. Walter holds a bachelor's degree and an honorary doctorate degree in Business Administration from Miami University, Ohio.

John F. Sandner has served on our Board since April 2008. Mr. Sandner is the Chairman of E*Trade Futures, LLC, a position he has held since 2003. From 1985 to 2003, Mr. Sandner served as President and Chief Executive Officer of RB&H Financial Services, L.P., where he is currently a consultant. Mr. Sandner is also the retired Chairman of the Chicago Mercantile Exchange (CME) and served as its Special Policy Advisor from 1998 to 2005. Mr. Sandner is currently a director of CME Holdings, Inc., Click Commerce, Inc., the National Futures Association, the Lyric Opera of Chicago and the Museum of Science and Industry, and a Trustee at the University of Notre Dame and Rush-Presbyterian-St. Luke's Medical Center. Mr. Sandner holds a bachelor's degree from Southern Illinois University and a Juris Doctorate from the University of Notre Dame.

Peter J. Barris has served on our Board since July 2009. Mr. Barris was elected pursuant to voting rights granted to the holders of our Series D preferred stock under our voting agreement, which will be terminated upon the closing of this offering. Since January 2006, Mr. Barris has served on the Board of InnerWorkings, Inc. Since 1999, Mr. Barris has been the Managing General Partner of New Enterprise Associates where he specializes in information technology investing. Mr. Barris also serves on the board of directors of Vonage Holdings Corp. and Neutral Tandem. Mr. Barris is a member of the board of trustees, Northwestern University; board of overseers, Tuck School at Dartmouth College; and board of advisors, Tuck's Center for Private Equity and Entrepreneurship at Dartmouth. He received a Masters in Business Administration from Dartmouth College and a Bachelor of Science in Electrical Engineering from Northwestern University.

Anthony R. Bobulinski has served on our Board since August 2005. Mr. Bobulinski was elected pursuant to voting rights granted to the holders of our Series D preferred stock under our voting agreement, which will be terminated upon the closing of this offering. Mr. Bobulinski has been the Director of Investments at YDS Investment Company, LLC. Since April 2003, Mr. Bobulinski has served on the advisory board of the Making a Difference Foundation. Mr. Bobulinski holds a bachelor's degree from Pennsylvania State University and a Masters in Science equivalent from the Naval Nuclear Power School where he was a Master Training Specialist and Certified Instructor.

Eric P. Lefkofsky has served on our Board since February 2005. Mr. Lefkofsky was elected pursuant to voting rights granted to the holders of our Series B preferred stock under our voting agreement, which will be terminated upon the closing of this offering. Since August 2008, Mr. Lefkofsky has served on the Board of InnerWorkings, Inc. In February 2005, Mr. Lefkofsky founded Blue Media, LLC, a private investment firm, and currently serves as its President. From May 2000 to April 2001, Mr. Lefkofsky served as Chief Operating Officer and director of HA-LO Industries Inc. Mr. Lefkofsky co-founded Starbelly.com, Inc., and served as its President from September 1999 to May 2000, at which point Starbelly was acquired by HA-LO. In July 2001, HA-LO filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. In September 2001, Mr. Lefkofsky co-founded InnerWorkings, Inc., and served as a director or manager from December 2002 until May 2005. In April 2006, Mr. Lefkofsky co-founded MediaBank, LLC, an electronic exchange and database that automates the procurement and administration of advertising media, and has served as a director or manager since that time. Mr. Lefkofsky serves on the board of directors of Groupon, Inc., an online group buying website. Mr. Lefkofsky also serves on the board of directors of Children's Memorial Hospital, the board of trustees of the Steppenwolf Theatre, the board of trustees of the Art Institute of Chicago and the board of trustees of the Museum of Contemporary Art, and is a member of the Chicago 2016 Olympic Committee. Mr. Lefkofsky holds a bachelor's degree from the University of Michigan and a Juris Doctor degree from the University of Michigan Law School.

Bradley A. Keywell has served on our Board since February 2005. Mr. Keywell was elected pursuant to voting rights granted to the holders of our Series B preferred stock under our voting agreement, which

will be terminated upon the closing of this offering. In January 2004, Mr. Keywell founded Meadow Lake Management LLC, an investment and advisory firm, and currently serves as its Managing Partner. Prior to Meadow Lake Management, he worked for Equity Group Investments, LLC. From May 2000 to March 2001, Mr. Keywell served as the President of HA-LO Industries Inc. Mr. Keywell co-founded Starbelly.com Inc., which was acquired by HA-LO in May 2000. In July 2001, HA-LO filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. In April 2006, Mr. Keywell co-founded MediaBank, LLC, an electronic exchange and database that automates the procurement and administration of advertising media. Mr. Keywell serves on the board of directors of Groupon, Inc., an online group buying website. Mr. Keywell serves on the board of trustees of the Zell-Lurie Entrepreneurship Institute at the University of Michigan and as a trustee of the NorthShore University HealthSystem Foundation. Mr. Keywell holds a bachelor's degree from the University of Michigan and a Juris Doctor degree from the University of Michigan Law School.

Board of Directors

Our Board of Directors consists of eight directors and includes three committees: an audit committee, compensation committee and nominating and corporate governance committee. Each director will be subject to election at each annual meeting of stockholders.

Audit Committee

Our audit committee consists of John R. Walter, Samuel K. Skinner and John F. Sandner. Mr. Sandner serves as the chairman of our audit committee. The audit committee will review and recommend to the Board internal accounting and financial controls and accounting principles and auditing practices to be employed in the preparation and review of our financial statements. In addition, the audit committee will have the authority to engage public accountants to audit our annual financial statements and determine the scope of the audit to be undertaken by such accountants. Mr. Skinner is our audit committee financial expert under the SEC rule implementing Section 407 of the Sarbanes-Oxley Act of 2002.

Compensation Committee

Our compensation committee consists of Peter J. Barris, Anthony R. Bobulinski, Eric P. Lefkofsky and Samuel K. Skinner. Mr. Barris serves as the chairman of our compensation committee. The compensation committee will review and recommend to our Chief Executive Officer and the Board policies, practices and procedures relating to the compensation of managerial employees and the establishment and administration of certain employee benefit plans for managerial employees. The compensation committee will have the authority to administer our Stock Incentive Plan, and advise and consult with our officers regarding managerial personnel policies.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Samuel K. Skinner, Eric P. Lefkofsky, John R. Walter and Peter J. Barris. Mr. Skinner serves as the chairman of our nominating and corporate governance committee. The nominating and corporate governance committee will assist the Board with its responsibilities regarding:

the identification of individuals qualified to become directors;

the selection of the director nominees for the next annual meeting of stockholders; and

the selection of director candidates to fill any vacancies on the Board.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee serves, or has at any time served, as an officer or employee of us or any of our subsidiaries. None of our executive officers has served as a member of the compensation committee, or other committee serving an equivalent function, of any other entity, one of whose executive officers served as a member of our compensation committee.

Limitation of Liability and Indemnification of Officers and Directors

Our certificate of incorporation will provide that our directors and officers will not be personally liable for monetary damages to us for breaches of their fiduciary duty as directors or officers, except for any breach of their duty of loyalty to us or to our stockholders, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, authorization of illegal dividends or redemptions or any transaction from which they derived an improper personal benefit from their actions. Prior to the completion of this offering, we intend to obtain insurance that insures our directors and officers against specified losses. In addition, our by-laws will provide that our directors, officers and employees shall be indemnified by us to the fullest extent authorized by Delaware law, as it now exists or may in the future be amended, against all expense, liability and loss reasonably incurred or suffered by them in connection with their service for us or on our behalf.

In addition, prior to the completion of this offering, we intend to enter into separate indemnification agreements with our directors and executive officers. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers. These indemnification agreements may require us to indemnify our directors and executive officers for related expenses, including attorneys' fees, judgments, fines and amounts paid in settlement that were actually and reasonably incurred or suffered by a director or executive officer in an action or proceeding arising out of his or her service as one of our directors or executive officers.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

This compensation discussion describes the material elements of compensation awarded to, earned by, or paid to each of our executive officers who served as named executive officers during 2008. This compensation discussion focuses on the information contained in the following tables and related footnotes for primarily 2008, but we also disclose compensation actions taken before or after 2008 to the extent such disclosure enhances the understanding of our executive compensation disclosure.

Prior to this offering, our Board oversaw and administered our executive compensation program. Going forward, the Compensation Committee will oversee and administer our executive compensation program.

The principal elements of our executive compensation program are base salary, annual cash incentives, long-term equity incentives generally in the form of stock options, other benefits and perquisites, post-termination severance and acceleration of stock option vesting for certain named executive officers upon termination and/or a change in control. Our other benefits and perquisites consist of life and health insurance benefits and a qualified 401(k) savings plan and include reimbursement for certain medical insurance and other payments. Our philosophy is to position the aggregate of these elements at a level that is commensurate with our size and sustained performance.

Compensation Program Objectives and Philosophy

In General. The objectives of our compensation programs are to:

attract, motivate and retain talented and dedicated executive officers,

provide our executive officers with both cash and equity incentives to further our interests and those of our stockholders, and

provide employees with long-term incentives so we can retain them and provide stability during periods of rapid growth.

Generally, the compensation of our executive officers is composed of a base salary, an annual incentive compensation award and equity awards in the form of stock options. In setting base salaries, the Board generally reviewed (and going forward the Compensation Committee will review) the individual contributions of the particular executive. The annual incentive compensation awards for 2007 and 2008 were, and for 2009 will be, discretionary awards determined by the Board based on Company performance and for 2010 will be based upon our Annual Incentive Plan. In addition, stock options are granted to provide the opportunity for long-term compensation based upon the performance of our common stock over time.

Competitive Market. We define our competitive market for executive talent and investment capital to be the transportation and technology services industries. To date, we have not performed formal benchmarking of executive compensation nor have we engaged an outside consultant to assist us in benchmarking executive compensation, but we may choose to do so in the future.

Compensation Process. Prior to this offering, our Board approved the compensation of our named executive officers, including the terms of their employment agreements. Our Board individually negotiated the employment agreements to retain key management and provide stability during a period of rapid growth. Going forward, for each of our named executive officers, the Compensation Committee will review and approve all elements of compensation taking into consideration recommendations from our principal executive officer (for compensation other than his own), as well as competitive market guidance provided at the request of the Compensation Committee.

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Regulatory Considerations. We have designed our Annual Incentive Plan so that bonuses paid thereunder may qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), to the extent that Section 162(m) is applicable. We will consider the size and frequency of any future stock option awards under our long-term equity incentive program based on Company and individual performance and other market factors.

Base Salaries

In General. We provide the opportunity for our named executive officers and other executives to earn a competitive annual base salary. A minimum base salary is provided for each named executive officer in their employment agreements. The Compensation Committee reviews base salaries annually and adjusts base salaries in accordance with its compensation philosophy. The Compensation Committee strives to set executive officer base salaries at levels competitive with those provided to executives with similar responsibilities in businesses comparable to ours. In determining base salaries of our executive officers, the Compensation Committee considers the performance of each executive, the nature of his or her responsibilities and the Company's general compensation practices. Except as noted, the table below shows our named executive officers' base salary increases since the beginning of 2007:

Name and Principal Position	Base Salary Rate as of January 1, 2007	Base Salary Rate as of November 1, 2007	Base Salary Rate as of July 1, 2009**
Douglas R. Waggoner Chief Executive Officer	\$ 200,000	\$ 300,000	\$ 350,000
David B. Menzel Chief Financial Officer	n/a	\$ 260,000*	\$ 315,000
Orazio Buzza Chief Operating Officer	\$ 220,000	\$ 255,000	\$ 285,000
David C. Rowe Chief Technology Officer	n/a	\$ 225,000	\$ 245,000
Vipon Sandhir Senior Vice President	\$ 185,000	\$ 240,000	\$ 275,000
Scott P. Pettit Former Chief Financial Officer	n/a	\$ 200,000	n/a

* Base salary as of April 7, 2008 start date. For more information related to Mr. Menzel's employment agreement, see " Employment Agreements" beginning on page 84.

** Salaries of Messrs. Waggoner, Buzza, Rowe and Sandhir were established as of January 1, 2009. Mr. Menzel's salary was increased to \$285,000 as of January 1, 2009 and to \$315,000 as of July 1, 2009.

The salaries of our named executive officers were increased to reflect their respective levels of duties and responsibilities and for their positive contributions to the Company.

Total Compensation Comparison. For 2008, base salaries accounted for approximately 16% of total compensation for our Chief Executive Officer and 13% on average for our other named executive officers.

Annual Cash Incentives

Determination of Awards. We provide the opportunity for our named executive officers and other executives to earn an annual cash incentive award. In determining final bonus amounts for 2007, the Board did not follow a set formula or measure performance against pre-established targets, but rather granted discretionary bonuses, taking into account the general performance of each executive, the nature of his

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responsibilities, the generally positive revenue, gross profit and EBITDA performance of the Company, and the completion of the SelecTrans, Mountain Logistics and Bestway Solutions acquisitions in 2007. Based on those factors, the Company awarded Messrs. Waggoner, Buzza and Sandhir \$30,000 each. Mr. Sandhir also received a \$17,188 guaranteed bonus in 2007 pursuant to a prior bonus agreement. In determining 2008 bonuses, the Board followed a similar approach to that taken in 2007. Based on Company performance in 2008, the Board determined that no bonuses would be paid, other than a discretionary award of \$10,000 to Mr. Rowe in recognition of his individual performance in increasing the efficiency of the Company's software applications.

Annual cash incentive awards for 2006, 2007 and 2008 for the named executive officers are summarized in the table below.

	2006	2007	2008
Cash Bonuses			
Douglas R. Waggoner		\$ 30,000	
David B. Menzel	n/a	n/a	
Orazio Buzza	\$ 30,000	\$ 30,000	
David C. Rowe			\$ 10,000
Vipon Sandhir	\$ 25,000	\$ 47,188	
Scott P. Pettit			

The Board will follow a similar approach to that taken in 2007 and 2008, in determining 2009 bonuses. For the named executive officers in 2009, the target bonus awards are 30% of the respective officer's base salary, and the maximum bonus awards are 100% of the base salary. The Annual Incentive Plan will apply to annual incentive bonuses for performance beginning in 2010. The Annual Incentive Plan provides each executive with an opportunity to earn a bonus award based on the Company's achievement of certain objectively quantifiable and measurable goals and objectives established by the Compensation Committee. Additional special incentives may also be awarded by the Compensation Committee for achievement of specific initiatives outside the ordinary course of the Company's business operations or for extraordinary performance. We plan to review annual cash incentive awards for our named executive officers and other executives annually in January to determine award payments for the last completed fiscal year, as well as to establish award opportunities for the current fiscal year.

Individual Performance Goals. There were no specific individual performance goals for the 2008 incentive awards, but the Board could exercise discretion and take into account individual performance in determining awards as it did with respect to Mr. Rowe as described above.

Discretionary Adjustments. For 2008, the incentive awards were subject to the Board's discretion. Under the Annual Incentive Plan, beginning in 2010, the Compensation Committee may make reasonable adjustments to our overall corporate performance goals and our actual performance results that may cause differences between the numbers used for our performance goals and the numbers reported in our financial statements. These adjustments may exclude all or a portion of both the positive or negative effect of external events that are outside the control of our executives, such as natural disasters, litigation, or regulatory changes in accounting or taxation standards. These adjustments may also exclude all or a portion of both the positive or negative effect of unusual or significant strategic events that are within the control of our executives but that are undertaken with an expectation of improving our long-term financial performance, such as restructurings, acquisitions, or divestitures.

Total Compensation Comparison. For 2008, the annual bonus accounted for 0% of total compensation for our Chief Executive Officer and less than 1% on average for our other named executive officers.

Long-term Equity Incentives

In General. We provide the opportunity for our named executive officers and other executives to earn a long-term equity incentive award. We believe that one of the best ways to align the interests of stockholders and executives is by providing those individuals who have substantial responsibility over the management, performance and growth of the Company with an opportunity to have a meaningful ownership position in the Company. For 2007 and 2008 our long-term equity incentive program consisted of grants of stock options pursuant to the Echo Global Logistics, LLC 2005 Stock Option Plan. We have adopted a 2008 Stock Incentive Plan, subject to completion of our offering, pursuant to which we may grant equity and other incentive awards to our executive officers and other employees beginning in 2009. We believe that management having strong economic incentives will inspire management to act in the best interest of the Company and its stockholders.

Stock Options. For our named executive officers, our stock option program is based on grants that are individually negotiated in connection with employment agreements and other grants to our executives. We have traditionally used stock options as our main form of equity compensation because stock options provide a relatively straightforward incentive for our executives and result in less immediate dilution of existing stockholders' interests.

Grants of stock options or other equity awards to our named executive officers in 2007 and 2008 are summarized in the following table:

Grants

	<u>2007</u>	<u>2008</u>
Douglas R. Waggoner	10,000	
David B. Menzel	n/a	240,000
Orazio Buzzza	10,000*	50,000
David C. Rowe	120,000	25,000
Vipon Sandhir	10,000	60,000
Scott P. Pettit	200,000	

*

Unvested shares purchased by Mr. Buzzza for \$4.05 per share. For more information, see " Unvested Share Purchases" below.

The options granted to Messrs. Waggoner, Rowe and Sandhir were granted in September 2007 with an exercise price of \$4.05 per share based on an internal valuation. We believe this per share value is consistent with the valuation performed in November 2007 of \$4.40 per share. The options granted to Mr. Pettit were granted in December 2007 with an exercise price of \$4.40 per share.

Messrs. Waggoner and Sandhir received an annual grant of 10,000 options (and Mr. Buzzza was given the opportunity to purchase 10,000 restricted shares) based on the performance of each executive, the nature of his responsibilities, general company revenue, gross profit and EBITDA performance and the completion of the SelecTrans, Mountain Logistics and Bestway Solutions acquisitions in 2007. Messrs. Rowe and Pettit were granted options when they joined the Company in September 2007 and December 2007, respectively.

We granted options to purchase 165,000 shares at an exercise price of \$5.86 per share to Mr. Menzel on April 7, 2008 in connection with his commencement of employment. The option with respect to 40,000 of these shares vested immediately and with respect to the balance of these options, 25,000 shares vest on each of the first five anniversaries of the grant date. On September 30, 2008, Mr. Buzzza was granted an option to purchase 50,000 shares at an exercise price of \$6.79 per share, which option vested or vests with respect to 15,000 shares on each of March 31, 2009 and July 31, 2009 and with respect to 20,000 shares on September 30, 2009. Mr. Buzzza's 50,000 options have a 4-year term. On December 30, 2008, Messrs. Menzel, Rowe and Sandhir received options to purchase 75,000, 25,000 and 60,000 shares,

respectively, at an exercise price of \$5.09 per share. These options vest in four equal annual installments for Messrs. Menzel and Rowe on December 30th of 2009, 2010, 2011 and 2012 and in two equal annual installments for Mr. Sandhir on August 1 of each of 2010 and 2011. Mr. Menzel's 75,000 options have a 5-year term; Mr. Rowe's 25,000 options have a 5-year term; and Mr. Sandhir's 60,000 options have a 4-year term. The same provisions that apply under Mr. Menzel's employment agreement with respect to accelerated vesting upon a sale to a third-party, certain terminations and termination prior to a Change of Control (see " Employment Agreements Employment Agreement with David B. Menzel.") also apply to the 75,000 options granted to Mr. Menzel on December 30, 2008.

As described above, we believe that all grants of stock options to our employees were granted with exercise prices equal to or greater than the fair market value of our common stock on the respective grant dates.

We do not time stock option grants to executives in coordination with the release of material non-public information. Our stock options generally have a 10-year term. In general, the option grants (current awards under the 2005 Stock Option Plan and future awards under the 2008 Stock Incentive Plan) are also subject to the following post-termination and change in control provisions:

2005 Stock Option Plan

Event	Award Vesting	Exercise Term
Disability or Death	Forfeit Unvested	Earlier of: (1) Remaining Option Period or (2) Six Months from Date of Termination
Termination for Reason Other than Disability or Death	Forfeit Unvested	Earlier of: (1) Remaining Option Period or (2) 30 Days from Date of Termination (or a longer period, in the Board's discretion)

2008 Stock Incentive Plan

Event	Award Vesting	Exercise Term
Termination by Us for Reason Other than Cause, Disability or Death	Forfeit Unvested	Earlier of: (1) One Year or (2) Remaining Option Period
Disability or Death	Forfeit Unvested	Option Period
Termination for Cause	Forfeit Vested and Unvested	Expire
Other Termination	Forfeit Unvested	Earlier of: (1) Remaining Option Period or (2) 30 Days from Date of Termination
Change in Control	Accelerated*	*

* The Compensation Committee may provide that, in the event of a change in control, any outstanding awards that are unexercisable or otherwise unvested will become fully vested and immediately exercisable. If there is a termination of employment, the applicable termination provisions regarding exercise term will apply.

The vesting of certain of our named executive officers' stock options is accelerated pursuant to the terms of their employment agreements in certain termination and/or change in control events. These terms are more fully described in " Employment Agreements" and " Potential Payments upon Termination or Change in Control."

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Unvested Share Purchases. From time to time, we have also offered certain executives the ability to purchase common shares that vest over a period of time and are subject to a right of repurchase by us through a stated period of the executive's continued employment. In 2007, Mr. Buzza purchased 10,000 unvested common shares at \$4.05 per share, which were subject to a right of repurchase by us if Mr. Buzza did not remain employed through December 31, 2008. In addition, in 2006, Mr. Buzza purchased 450,000 unvested common shares at \$0.25 per share, which were subject to a right of repurchase by us at \$0.25 per share if Mr. Buzza's employment terminated for any reason other than a Change in Control as follows: if such termination occurred before December 31, 2007, all 450,000 shares would have been subject to repurchase; and if such termination occurred after December 31, 2007 but prior to December 31, 2008, 225,000 shares would have been subject to repurchase. In 2006, Mr. Sandhir also purchased 450,000 unvested common shares at \$0.25 per share, which were subject to a right of repurchase by us at \$0.25 per share if Mr. Sandhir's employment terminated for any reason other than a Change in Control as follows: if such termination occurred before August 1, 2007, all 450,000 shares would have been subject to repurchase; if such termination occurred after August 1, 2007 but prior to August 1, 2008, 270,000 shares would have been subject to repurchase; and if such termination occurs after August 1, 2008 but prior to August 1, 2009, 90,000 shares will be subject to repurchase.

In addition, from time to time since our inception in January 2005 we have made grants of common shares to certain executives. Under Mr. Buzza's employment agreement dated as of March 1, 2005, he was granted 150,000 common shares, which at the time of the grant had a value of \$0.001 per share. Under Mr. Sandhir's employment agreement dated as of March 1, 2005, he was granted 150,000 common shares on August 3, 2005, which at the time of the grant had a value of \$0.001 per share.

Total Compensation Comparison. For 2008, long-term equity incentives accounted for approximately 3.4% of total compensation for our Chief Executive Officer and 2.6% on average for our other named executive officers.

Executive Benefits and Perquisites

In General. We provide the opportunity for our named executive officers and other executives to receive certain perquisites and general health and welfare benefits. We also offer participation in our defined contribution 401(k) plan. We do not match employee contributions under our 401(k) plan. We provide these benefits to provide an additional incentive for our executives and to remain competitive in the general marketplace for executive talent. For 2008, we provided the following personal benefits and perquisites to certain of our named executive officers:

Executive Benefits and Perquisites	Description
Life Insurance Premiums	We paid the premiums for a life insurance policy for Mr. Waggoner, totaling \$18,407 in 2008.
Medical Insurance Reimbursement	We provided reimbursement to Messrs. Waggoner, Menzel, Buzza, Rowe and Sandhir for the cost of their medical insurance premium payments.
Car Allowance	We reimbursed Mr. Waggoner for the cost of his automobile lease payments in the amount of \$13,800. Mr. Menzel received an annual car allowance of \$7,200. (All of our named executive officers are receiving a car allowance in 2009.)

Total Compensation Comparison. For 2008, executive benefits and perquisites accounted for approximately 2.5% of total compensation for our Chief Executive Officer and less than 1% on average for our other named executive officers.

Change in Control and Severance Benefits

In General. We provide the opportunity for certain of our named executive officers to be protected under the severance and change in control provisions contained in their employment agreements. We provide this opportunity to attract and retain an appropriate caliber of talent for the position. Our severance and change in control provisions for the named executive officers are summarized in " Employment Agreements" and " Potential Payments upon Termination or Change in Control." We intend to periodically review the level of the benefits in these agreements. We believe our arrangements are reasonable in light of the fact that cash severance is limited to two years for Mr. Waggoner, one year for Mr. Menzel, and three months for Messrs. Buzza, Rowe and Sandhir (each at a rate equal to their then current base salary), there is no severance increase with a change in control and there are no "single trigger" benefits upon a change in control other than the vesting of certain of Messrs. Waggoner's and Menzel's option awards and, with respect to Messrs. Buzza and Sandhir, suspension of the Company's right to repurchase their respective stock for a period of two years following a termination.

Incentive Plans and Employment Agreements

2008 Stock Incentive Plan

We have adopted the Echo Global Logistics, Inc. 2008 Stock Incentive Plan (referred to below as the Stock Incentive Plan), subject to the completion of this offering, which will replace the Echo Global Logistics, LLC 2005 Stock Option Plan. The principal purpose of the Stock Incentive Plan is to attract, motivate, reward and retain selected employees, consultants and directors through the granting of stock-based compensation awards. The Stock Incentive Plan provides for a variety of awards, including non-qualified stock options, incentive stock options (within the meaning of Section 422 of the Code), stock appreciation rights, restricted stock awards, performance-based awards and other stock-based awards.

Administration. The Stock Incentive Plan will be administered by our Compensation Committee. The Compensation Committee may in certain circumstances delegate certain of its duties to one or more of our officers. The Compensation Committee has the power to interpret the Stock Incentive Plan and to adopt rules for the administration, interpretation and application of the plan according to its terms.

Grant of Awards; Shares Available for Awards. Certain employees, consultants and directors are eligible to be granted awards under the plan. The Compensation Committee will determine who will receive awards under the plan, as well as the form of the awards, the number of shares underlying the awards, and the terms and conditions of the awards consistent with the terms of the plan.

The total number of shares of our common stock initially available for issuance or delivery under our Stock Incentive Plan is 1,500,000 shares (plus shares available, if any, under our 2005 stock option plan as described below). The number of shares of our common stock issued or reserved pursuant to the Stock Incentive Plan will be adjusted in the discretion of our Board or the Compensation Committee as a result of stock splits, stock dividends and similar changes in our common stock. In addition, shares subject to grant under our prior 2005 stock option plan (including shares under such plan that expire unexercised or are forfeited, terminated, canceled or withheld for income tax withholding) shall be merged and available for issuance under the Stock Incentive Plan, if applicable, without reducing the aggregate number of shares available for issuance reflected above. To the extent that awards granted under our 2005 stock option plan are in excess of the shares available for issuance under the 2005 stock option plan, such awards will be available for issuance under the Stock Incentive Plan and will count against the maximum number of shares available for issuance under the Stock Incentive Plan.

Stock Options. The Stock Incentive Plan permits the Compensation Committee to grant participants incentive stock options, which qualify for special tax treatment in the United States, as well as non-qualified stock options. The compensation committee will establish the duration of each option at the time it is granted, with a maximum duration of ten years from the effective date of the Stock Incentive Plan

for incentive stock options, and may also establish vesting and performance requirements that must be met prior to the exercise of options. Stock option grants (other than incentive stock option grants) also may have exercise prices that are less than, equal to or greater than the fair market value of our common stock on the date of grant. Incentive stock options must have an exercise price that is at least equal to the fair market value of our common stock on the date of grant. Stock option grants may include provisions that permit the option holder to exercise all or part of the holder's vested options, or to satisfy withholding tax liabilities, by tendering shares of our common stock already owned by the option holder for at least six months (or another period consistent with the applicable accounting rules) with a fair market value equal to the exercise price.

Stock Appreciation Rights. The Compensation Committee may also grant stock appreciation rights, which will be exercisable upon the occurrence of certain contingent events. Stock appreciation rights entitle the holder upon exercise to receive an amount in any combination of cash and shares of our common stock (as determined by the Compensation Committee) equal in value to the excess of the fair market value of the shares covered by the stock appreciation right over the exercise price of the right.

Other Equity-Based Awards. In addition to stock options and stock appreciation rights, the Compensation Committee may also grant certain employees, consultants and directors shares of restricted stock, restricted stock units, dividend equivalents, performance-based awards or other stock-based awards, with terms and conditions as the Compensation Committee may, pursuant to the terms of the Stock Incentive Plan, establish. The Stock Incentive Plan also allows awards to be made in conjunction with a participant's election to defer compensation in accordance with the rules of Section 409A of the Code.

Change-in-Control Provisions. In connection with the grant of an award, the Compensation Committee may provide that, in the event of a change in control, any outstanding awards that are unexercisable or otherwise unvested will become fully vested and immediately exercisable.

Amendment and Termination. The Compensation Committee may adopt, amend and waive rules relating to the administration of the Stock Incentive Plan, and amend, suspend or terminate the Stock Incentive Plan, but no amendment will be made that adversely affects in a material manner any rights of the holder of any award without the holder's consent, other than amendments that are necessary to permit the granting of awards in compliance with applicable laws. We have attempted to structure the Stock Incentive Plan so that remuneration attributable to stock options and other awards will not be subject to a deduction limitation contained in Section 162(m) of the Code.

Annual Incentive Plan

We have adopted the Echo Global Logistics, Inc. Annual Incentive Plan (the Annual Incentive Plan) that rewards employees for meeting and exceeding annual performance goals established by the Compensation Committee based on one or more criteria set forth in the Annual Incentive Plan. The Annual Incentive Plan will be used to set bonus targets and pay bonuses beginning in 2010.

Eligibility to participate in the Annual Incentive Plan is limited to substantially all regular full-time and part-time employees. Temporary employees, any independent contractors, and certain other specified classifications are not eligible to participate in the Annual Incentive Plan.

Employees are eligible to receive bonuses based on meeting operational and financial goals that may be stated (a) as goals of the Company, a subsidiary, or a portion thereof, (b) on an absolute basis and/or relative to other companies, or (c) separately for one or more participants or business units. The objective performance goals for the Annual Incentive Plan are established by our Compensation Committee at the beginning of the year. Bonus payouts are determined within a reasonable time after the end of the performance period.

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Our Compensation Committee will administer the Annual Incentive Plan and will have the authority to construe, interpret and implement the Annual Incentive Plan and prescribe, amend and rescind rules and regulations relating to the Annual Incentive Plan. The determination of the Compensation Committee on all matters relating to the Annual Incentive Plan or any award agreement will be final, binding and conclusive. The Annual Incentive Plan may be amended or terminated by the Compensation Committee or our Board. However, the Annual Incentive Plan may not be amended without the prior approval of our stockholders, if such approval is necessary to qualify bonuses as performance-based compensation under Section 162(m) of the Code.

Employment Agreements

On April 7, 2008, we entered into an employment agreement with our current chief financial officer, David B. Menzel. We have also entered into employment agreements with Messrs. Waggoner, Buzza, Rowe and Sandhir. (For more information regarding the terms of these employment agreements, see " Employment Agreements" beginning on page 84.)

Separation Agreement with Scott P. Pettit

On March 31, 2008, we entered into a separation agreement with Scott P. Pettit, our former Chief Financial Officer. Pursuant to this agreement, Mr. Pettit was entitled to exercise all 50,000 previously vested stock options and an additional 30,000 for which vesting was accelerated, in each case until an option expiration date of July 3, 2008. All other unvested options were forfeited.

2009 Compensation Actions

On June 24, 2009, we granted stock options to certain of our named executive officers. Messrs. Waggoner, Buzza, Rowe and Sandhir received options to purchase 90,000, 90,000, 40,000 and 40,000 shares, respectively, at an exercise price of \$3.47 per share. These options have a term of ten years and vest in four equal annual installments beginning December 31, 2010 for Messrs. Waggoner, Rowe and Sandhir, and in sixteen equal quarterly installments beginning September 30, 2009 for Mr. Buzza. The same provisions that apply under Mr. Waggoner's employment agreement with respect to accelerated vesting upon a sale to a third-party, certain terminations and termination prior to a Change of Control (see " Employment Agreements Employment Agreement with Douglas R. Waggoner.") also apply to the 90,000 options granted to Mr. Waggoner on June 24, 2009. These grants were designed to retain our executives and create long-term incentives that align their interests with those of our stockholders.

EXECUTIVE COMPENSATION

The following tables set forth certain compensation information for our Chief Executive Officer, Chief Financial Officers, and three other most highly compensated executive officers (collectively, the "named executive officers") during 2007 and 2008.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ⁽¹⁾ (\$)	Bonus (\$)	Option Awards ⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	Total Compensation (\$)
Douglas R. Waggoner Chief Executive Officer	2008	300,000		63,236	46,186	409,422
	2007	223,106	30,000	57,569	37,762	348,437
David B. Menzel ⁽⁴⁾ Chief Financial Officer	2008	185,972		124,048	16,742	326,762
	2007					
Orazio Buzza Chief Operating Officer	2008	255,000		16,300		271,300
	2007	227,708	30,000		10,823	268,531
David C. Rowe Chief Technology Officer	2008	225,000	10,000	54,600	2,077	291,677
	2007	60,938		13,650	25,569	100,157
Vipon Sandhir Senior Vice President	2008	240,000		9,109	11,459	260,568
	2007	204,205	47,188	2,277	6,828	260,498
Scott P. Pettit ⁽⁴⁾ Former Chief Financial Officer	2008	64,583		43,800		108,383
	2007			82,500		82,500

- (1) Mr. Menzel's base salary earned in 2008 reflects his commencement of employment on April 7, 2008. For 2007, base salary amount reflects blended rates before and after salary increases, which became effective between October 1, 2007 and November 1, 2007. Mr. Rowe's base salary earned in 2007 reflects his commencement of employment on September 17, 2007.
- (2) Value of option awards is based on the dollar amount (for current and prior awards) recognized for 2007 and 2008 financial statement reporting purposes in accordance with FAS 123(R). All options were granted under the Echo Global Logistics, LLC 2005 Stock Option Plan. We used the Black-Scholes-Merton option valuation model to determine the grant date fair value of options granted. Please see note 14 to our consolidated financial statements for a description of the assumptions used in the model.
- (3) Includes, for Mr. Waggoner, in 2008, medical insurance reimbursement of \$13,979, reimbursement for automobile lease payments of \$13,800 and life insurance payments of \$18,407 and in 2007, medical insurance reimbursement of \$8,856, reimbursement for automobile lease payments of \$10,500 and life insurance payments of \$18,407. Includes, for Messrs. Menzel, Rowe and Sandhir in 2008, medical insurance reimbursements of \$9,542, \$2,077 and \$11,459, respectively, and in 2007 for Messrs. Buzza, Rowe and Sandhir, medical insurance reimbursements of \$10,823, \$569 and \$6,828, respectively. Includes, for Mr. Rowe, a \$25,000 reimbursement in 2007 to cover the repayment owed to his prior employer pursuant to a contract termination. Includes, for Mr. Menzel, a car allowance of \$7,200.
- (4) Mr. Pettit served as our principal financial officer from December 27, 2007 to April 4, 2008. As of April 7, 2008, Mr. Menzel began serving as our principal financial officer.

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2008 GRANTS OF PLAN-BASED AWARDS

The following table summarizes the option awards made to our named executive officers under any plan in 2008.

Name	Grant Date ⁽¹⁾	All Other Stock Awards: Number of Shares of Stock (#)	Number of Securities Underlying Options (#)	Exercise Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards ⁽²⁾ (\$)
Douglas R. Waggoner					
David B. Menzel	4/7/2008		40,000	5.86	79,600
	4/7/2008		125,000	5.86	313,750
	12/30/2008		75,000	5.09	44,250
Orazio Buzzza	9/30/2008		50,000	6.79	81,500
David C. Rowe	12/30/2008		25,000	5.09	14,750
Vipon Sandhir	12/30/2008		60,000	5.09	25,800
Scott P. Pettit					

(1) All options were granted under the Echo Global Logistics, LLC 2005 Stock Option Plan. For more information on the terms of these awards, see " Long-term Equity Incentives Stock Options" beginning on page 77.

(2) Grant date fair value of each equity award in accordance with FAS 123(R). We used the Black-Scholes-Merton option valuation model to determine the grant date fair value of options granted. Please see Note 14 to our consolidated financial statements for a description of the assumptions used in the model.

EMPLOYMENT AGREEMENTS

Employment Agreement with Douglas R. Waggoner

We entered into an employment agreement with Douglas R. Waggoner, our Chief Executive Officer, on November 1, 2006, which was amended and restated on , 2009. Pursuant to his amended and restated employment agreement, Mr. Waggoner is entitled to an initial base salary of \$300,000 per year. In addition to base salary, Mr. Waggoner is eligible for an annual performance bonus. Mr. Waggoner also has a right to be reimbursed for the full amount of his insurance costs under our insurance programs. Further, under the agreement we will pay up to \$17,500 annually for the cost of Mr. Waggoner's life insurance policy in effect at the time he entered into the employment agreement.

In connection with the execution of his employment agreement in 2006, Mr. Waggoner received options to purchase 900,000 shares of the Company's common stock at an exercise price of \$1.84 per share. The shares acquired upon exercise of the options are subject to a right of first refusal that terminates upon the completion of an initial public offering. The options vest as follows: 100,000 shares vested on November 16, 2006 and 200,000 shares each vest (or have vested) on January 1, 2008, January 1, 2009, January 1, 2010, and January 1, 2011. In the event of a sale to any third-party of at least 50% of the total then-outstanding shares of the Company for a cash or publicly-traded stock purchase price equal to at least \$8.00 or in the event the Company consummates a public offering, 50% of Mr. Waggoner's unvested options will vest; provided, however, that if either of these acceleration events occurs after the first two years of the term of the employment agreement, then 75% of Mr. Waggoner's unvested options will vest.

Subject to the execution of a general release and waiver, if Mr. Waggoner's employment is terminated by us after December 31, 2007 for any reason other than for cause (as described in the narrative to the Potential Payments Upon Termination or Change in Control section) or by reason of Mr. Waggoner's

death or disability, or if Mr. Waggoner terminates his employment for Good Reason (as defined below), Mr. Waggoner is entitled to:

salary continuation for 24 months following termination;

additional vesting of 150,000 options; and

continuation of Company-provided insurance benefits for Mr. Waggoner and his dependents until such time Mr. Waggoner has secured comparable benefits through another organization's benefits program, subject to a maximum of 24 months following termination of employment.

In the event Mr. Waggoner is terminated (other than for cause), or terminates his employment for good reason, three months prior to the public announcement of a proposed Change of Control or within 12 months following a Change of Control, Mr. Waggoner is entitled to the benefits described above and the immediate vesting of the next full year's options as if his employment continued for a period of 12 months following termination.

For purposes of Mr. Waggoner's employment agreement, "Change of Control" has the same meaning as set forth in our 2008 Stock Incentive Plan as described in the narrative to the Potential Payments Upon Termination or Change in Control section. Further, "Good Reason" occurs if Mr. Waggoner terminates his employment for any of the following reasons: (i) we materially reduce Mr. Waggoner's duties or responsibilities below what is customary for his position in a business that is similar to our Company without Mr. Waggoner's consent, (ii) we require Mr. Waggoner to relocate his office more than 100 miles from his current office without his consent, (iii) we materially breach the terms of the employment agreement, or (iv) Mr. Waggoner is forced to report to anyone other than our Board. If one or more of the above conditions exist, Mr. Waggoner must provide notice to the Company within a period not to exceed 90 days of the initial existence of the condition. Upon such notice, the Company shall have 30 days during which it may remedy the condition.

Mr. Waggoner's employment agreement terminates on January 1, 2011.

Employment Agreement with David B. Menzel

Pursuant to his employment agreement, Mr. Menzel is entitled to an initial base salary of \$260,000 per year and an annual performance bonus with a target of 30% of base salary. Mr. Menzel is also entitled to an automobile allowance of \$800 per month. In connection with the execution of his employment agreement, Mr. Menzel received options to purchase 165,000 shares of our common stock at an exercise price equal to the fair market value of our common stock on the grant date as determined by our Compensation Committee. The shares acquired upon exercise of the options are subject to a right of first refusal that terminates upon the listing of the Company's stock on a national securities exchange, among other reasons. The options vest as follows: 40,000 shares vested on April 7, 2008, 25,000 shares vested on April 7, 2009 and an additional 25,000 shares each vest on April 7, 2010, April 7, 2011, April 7, 2012, and April 7, 2013. In the event of a sale to any third-party of at least 50% of the total then-outstanding shares of the Company for a cash or publicly-traded stock purchase price equal to or greater than the exercise price per share, 50% of Mr. Menzel's unvested options will vest; provided, however, that if an acceleration event occurs after the first two years of the term of the employment agreement, then 75% of Mr. Menzel's unvested options will vest.

Subject to the execution of a general release and waiver, if Mr. Menzel is terminated for any reason other than for cause (as described in the narrative to the Potential Payments upon Termination or Change in Control section below) or by reason of Mr. Menzel's death or disability, or if Mr. Menzel terminates his employment for good reason, Mr. Menzel is entitled to salary continuation for 12 months following termination, additional vesting of 25,000 options, and continuation of Company-provided insurance benefits for Mr. Menzel and