EXPEDITORS INTERNATIONAL OF WASHINGTON INC Form 10-O

May 09, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

X

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from

Commission File Number: 0-13468

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.

(Exact name of registrant as specified in its charter)

Washington

(State or other jurisdiction of incorporation or organization) 91-1069248

(IRS Employer Identification Number)

1015 Third Avenue, 12th Floor, Seattle, Washington

98104

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(Address of principal executive offices)

(Zip Code)

(206) 674-3400

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes o No x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x

Non-accelerated filer o (Do not check if a smaller reporting company)

Accelerated filer o
Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

At May 7, 2008, the number of shares outstanding of the issuer s Common Stock was 213,294,318.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (In thousands, except share data)

(Unaudited)

Current assets: Cash and cash equivalents \$ 740,966 \$ 574,599 Short-term investments 606 674 Accounts receivable, less allowance for doubtful accounts of \$14,465 at March 31, 2008 and \$18,191 933,519 Deferred Federal and state income taxes 7,185 8,278 Other 19,117 17,627 Total current assets 1,646,065 1,534,697 Property and equipment, less accumulated depreciation and amortization of \$224,696 at March 31, 2008 and \$214,223 at December 31, 2007 500,845 497,892 Goodwill, net 7,927 7,927 7,927 Other intangibles, net 7,710 7,832 Other assets, net 21,156 20,717 Current liabilities 2,183,703 2,069,065 Liabilities and Shareholders Equity Current debt 748 Accounts payable 615,800 613,108 Accrued expenses, primarily salaries and related costs 145,598 129,669 Federal, state and foreign income taxes 36,812 26,976 Total current liabilities 798,958 769,753 Deferred Federal and state income taxes 67,566 55,533 Minority interest 17,367 17,208 Shareholders Equity Freferred stock, par value \$.01 per share. Authorized 2,000,000 shares; none issued 1,500,000 Shareholders Equity 1,500,000 Shareholders 1,500,000 1,500,000 Charles 1,500,000 1,5		March 31, 2008	December 31, 2007
Cash and cash equivalents \$ 740,966 \$ 574,599 Short-term investments 606 674 Accounts receivable, less allowance for doubtful accounts of \$14,465 at March 31, 2008 and \$14,830 at December 31, 2007 878,191 933,519 Deferred Federal and state income taxes 7,185 8,278 Other 19,117 17,627 Total current assets 1,646,065 1,534,697 Property and equipment, less accumulated depreciation and amortization of \$224,696 at 8 497,892 Goodwill, net 7,927 7,927 7,927 Other intangibles, net 7,110 7,832 Other assets, net 21,156 20,717 Liabilities and Shareholders Equity \$ 2,183,703 \$ 2,069,065 Liabilities 748 \$ 2,069,065 Liabilities and Characholders Equity \$ 2,83,703 \$ 2,069,065 Liabilities and Shareholders Equity \$ 2,83,703 \$ 2,069,065 Liabilities and Characholders Equity \$ 748 \$ 2,80,000 Current liabilities \$ 748 \$ 2,80,000 \$ 2,80,000 Shareholders Equity \$	Assets		
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Accounts receivable, less allowance for doubtful accounts of \$14,465 at March 31, 2008 and \$14,2007 878,191 933,519 Deferred Federal and state income taxes 7,185 8,278 Other 19,117 17,627 Total current assets 1,646,065 1,534,697 Property and equipment, less accumulated depreciation and amortization of \$224,696 at March 31, 2008 and \$214,223 at December 31, 2007 500,845 497,892 Goodwill, net 7,927 7,927 Other intangibles, net 7,710 7,832 Other assets, net 21,156 20,717 Current liabilities Current liabilities Short-term debt 748 Accounts payable 615,800 613,108 Accrued expenses, primarily salaries and related costs 145,598 129,669 Federal, state and foreign income taxes 76,756 Total current liabilities 798,958 769,753 Deferred Federal and state income taxes 67,566 55,533 Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.	Cash and cash equivalents	\$ 740,966	\$ 574,599
\$14,830 at December 31, 2007 878,191 933,519 Deferred Federal and state income taxes 7,185 8,278 Other 19,117 17,627 Total current assets 1,646,065 1,534,697 Property and equipment, less accumulated depreciation and amortization of \$224,696 at \$00,845 497,892 Goodwill, net 7,927 7,927 Other intangibles, net 7,710 7,832 Other assets, net 21,156 20,717 Liabilities and Shareholders Equity Equity Current liabilities 748 8 Accounts payable 615,800 613,108 Accrued expenses, primarily salaries and related costs 145,598 129,696 Federal, state and foreign income taxes 36,812 26,976 Total current liabilities 798,958 769,753 Deferred Federal and state income taxes 67,566 55,533 Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.	Short-term investments	606	674
Other 19,117 17,627 Total current assets 1,646,065 1,534,697 Property and equipment, less accumulated depreciation and amortization of \$224,696 at March 31, 2008 and \$214,223 at December 31, 2007 500,845 497,892 Goodwill, net 7,927 7,927 Other intangibles, net 7,710 7,832 Other assets, net 21,156 20,717 Liabilities and Shareholders Equity Current liabilities: Short-term debt 748 Accounts payable 615,800 613,108 Accounts payables, primarily salaries and related costs 145,598 129,669 Federal, state and foreign income taxes 36,812 26,976 Total current liabilities 798,958 769,753 Deferred Federal and state income taxes 67,566 55,533 Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.		878,191	933,519
Other 19,117 17,627 Total current assets 1,646,065 1,534,697 Property and equipment, less accumulated depreciation and amortization of \$224,696 at March 31, 2008 and \$214,223 at December 31, 2007 500,845 497,892 Goodwill, net 7,927 7,927 Other intangibles, net 7,710 7,832 Other assets, net 21,156 20,717 Liabilities and Shareholders Equity Current liabilities: Short-term debt 748 Accounts payable 615,800 613,108 Accounts payables, primarily salaries and related costs 145,598 129,669 Federal, state and foreign income taxes 36,812 26,976 Total current liabilities 798,958 769,753 Deferred Federal and state income taxes 67,566 55,533 Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.			
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Other intangibles, net 7,710 7,832 Other assets, net 21,156 20,717 \$ 2,183,703 2,069,065 Liabilities and Shareholders Equity Current liabilities: Short-term debt 748 Accounts payable 615,800 613,108 Accrued expenses, primarily salaries and related costs 145,598 129,669 Federal, state and foreign income taxes 36,812 26,976 Total current liabilities 798,958 769,753 Deferred Federal and state income taxes 67,566 55,533 Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.		/	,
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Current liabilities: Short-term debt 748 Accounts payable 615,800 613,108 Accrued expenses, primarily salaries and related costs 145,598 129,669 Federal, state and foreign income taxes 36,812 26,976 Total current liabilities 798,958 769,753 Deferred Federal and state income taxes 67,566 55,533 Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.		\$ 2,183,703	\$ 2,069,065
Current liabilities: Short-term debt 748 Accounts payable 615,800 613,108 Accrued expenses, primarily salaries and related costs 145,598 129,669 Federal, state and foreign income taxes 36,812 26,976 Total current liabilities 798,958 769,753 Deferred Federal and state income taxes 67,566 55,533 Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.	ALLEN AND THE PARTY OF THE PART		
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Accrued expenses, primarily salaries and related costs Federal, state and foreign income taxes Total current liabilities 798,958 Deferred Federal and state income taxes Minority interest Total current liabilities 798,958 769,753 Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.	Short-term debt	748	
Federal, state and foreign income taxes Total current liabilities 798,958 769,753 Deferred Federal and state income taxes 67,566 55,533 Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.	Accounts payable	615,800	613,108
Total current liabilities 798,958 769,753 Deferred Federal and state income taxes 67,566 55,533 Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.		145,598	129,669
Deferred Federal and state income taxes 67,566 55,533 Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.			
Minority interest 17,367 17,208 Shareholders equity: Preferred stock, par value \$.01 per share.	Total current liabilities	798,958	769,753
Shareholders equity: Preferred stock, par value \$.01 per share.	Deferred Federal and state income taxes	67,566	55,533
Shareholders equity: Preferred stock, par value \$.01 per share.		15.27	15.00
Preferred stock, par value \$.01 per share.	Minority interest	17,367	17,208
Authorized 2,000,000 shares; none issued	Preferred stock, par value \$.01 per share.		
	Authorized 2,000,000 shares; none issued		

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Common stock, par value \$.01 per share.		
Authorized 320,000,000 shares; issued and outstanding 212,995,326 shares at March 31,		
2008, and 212,996,776 shares at December 31, 2007	2,130	2,130
Additional paid-in capital	48,788	50,006
Retained earnings	1,209,937	1,143,464
Accumulated other comprehensive income	38,957	30,971
Total shareholders equity	1,299,812	1,226,571
Commitments and contingencies		
	\$ 2,183,703	\$ 2,069,065

See accompanying notes to condensed consolidated financial statements.

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EXPEDITORS INTERNATIONAL OF WASHINGTON, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Earnings (In thousands, except share data)

(Unaudited)

	Three months ended March 31,		
	2008	,	2007
Revenues:			
Airfreight	\$ 599,763	\$	517,205
Ocean freight and ocean services	446,792		375,202
Customs brokerage and other services	260,766		226,539
Total revenues	1,307,321		1,118,946
Operating expenses:			
Airfreight consolidation	461,099		389,644
Ocean freight consolidation	360,440		298,891
Customs brokerage and other services	111,454		96,275
Salaries and related costs	205,815		182,761
Rent and occupancy costs	19,435		16,667
Depreciation and amortization	9,772		9,575
Selling and promotion	9,504		9,096
Other	24,238		21,512
Total operating expenses	1,201,757		1,024,421
Operating income	105,564		94,525
Interest expense	(71)		(14)
Interest income	4,964		