

EARNINGS RELEASE

By: Expeditors International of Washington, Inc.
1015 Third Avenue, Suite 1200
Seattle, Washington 98104

CONTACTS:

Jeffrey S. Musser
President and Chief Executive Officer
(206) 674-3433

Bradley S. Powell
Senior Vice President and Chief Financial Officer
(206) 674-3412

Geoffrey Buscher
Director - Investor Relations
(206) 892-4510

FOR IMMEDIATE RELEASE

EXPEDITORS REPORTS FIRST QUARTER 2016 EPS OF \$0.53 PER SHARE¹

SEATTLE, WASHINGTON - May 3, 2016, Expeditors International of Washington, Inc. (NASDAQ:EXPD) today announced first quarter 2016 financial results including the following highlights compared to the same quarter of 2015:

- Diluted Net Earnings Attributable to Shareholders per share decreased 4% to \$0.53
- Net Earnings Attributable to Shareholders decreased 9% to \$97 million
- Operating Income decreased 10% to \$152 million
- Net Revenues² decreased 2% to \$517 million while yields expanded 489 basis points to 36.5%
- Airfreight tonnage volume decreased 9% and ocean container volume decreased 3%
- Revenues decreased 15% to \$1.4 billion

"We knew that comparing our 2016 results to our record year in 2015 would be challenging, especially when considering the current headwinds from slowing global trade," commented Jeffrey S. Musser, President and Chief Executive Officer. "The business drivers in Q1 2015 were quite different from those in Q1 2016. In Q1 2015 we delivered solutions to customers who navigated around and through issues in the U.S. West Coast ports, and in Q1 2016 we worked with carriers to adjust pricing in over-supplied air and ocean markets to maintain and grow profitable market share. When reviewing the underlying fundamentals that drove these latest results, we are pleased with how things turned out. The outstanding customer service and efficiency that our people provide are critical to our success during this period of shifting balance of supply and demand.

"We are continuing our investment tied to the strategy that we laid out approximately two years ago. We have chosen the right areas of focus and our teams continue to execute extremely well. The high level of customer service offered by our employees, combined with our focus on implementing process improvements, are allowing us to continue to expand market share even in a difficult market."

Bradley S. Powell, Senior Vice President and Chief Financial Officer, added, "Our people performed very well as we adapted to a rapidly changing marketplace affected by slowing global trade and excess carrier capacity. Similar to our Q4 2015 results, net revenue yields and cash flow from operations in Q1 2016 are among our best. Many of our customers are being cautious about how to spend their logistics dollar, taking advantage of abundant capacity in search of lower rates where possible, and we are aligning ourselves to address their needs. While volumes and average sell rates in air and ocean were lower compared to both Q1 and Q4 2015, we continued to benefit from available ocean and air carrier capacity and favorable market buying opportunities. We continued to invest in our people and our systems while carefully controlling our overhead expenses. Looking forward to Q2 and the rest of 2016, we expect rate volatility to continue and are aware of the uncertainties and challenges with the global economy and global trade and how they may continue to impact the comparisons to our 2015 financial results."

Expeditors is a global logistics company headquartered in Seattle, Washington. The company employs trained professionals in 185 full-service offices and numerous satellite locations located on six continents linked into a seamless worldwide network through an integrated information management system. Services include the consolidation or forwarding of air and ocean freight, customs brokerage, vendor consolidation, cargo insurance, time-definite transportation, order management, warehousing distribution and customized logistics solutions.

¹Diluted earnings attributable to shareholders per share.

²Non-GAAP measure calculated as revenues less directly related operating expenses attributable to the Company's principal services. See reconciliation on the last page of this release.

NOTE: See Disclaimer on Forward-Looking Statements on the following page of this release.

Financial Highlights for the Three months ended March 31, 2016 and 2015 (Unaudited)
 (in 000's of US dollars except per share data)

| | Three months ended March 31, | | % Change |
|---|------------------------------|--------------|-------------|
| | 2016 | 2015 | |
| Revenues | \$ 1,418,472 | \$ 1,677,526 | (15)% |
| Net revenues ¹ | \$ 517,069 | \$ 529,486 | (2)% |
| Operating income | \$ 151,826 | \$ 168,883 | (10)% |
| Net earnings attributable to shareholders | \$ 96,584 | \$ 106,704 | (9)% |
| Diluted earnings attributable to shareholders per share | \$ 0.53 | \$ 0.55 | (4)% |
| Basic earnings attributable to shareholders per share | \$ 0.53 | \$ 0.56 | (5)% |
| Diluted weighted average shares outstanding | 183,018 | 192,707 | |
| Basic weighted average shares outstanding | 182,010 | 191,628 | |

¹Non-GAAP measure calculated as revenues less directly related operating expenses attributable to the Company's principal services. See reconciliation on the last page of this release.

During the three-month periods ended March 31, 2016 and 2015, respectively, the Company repurchased 1.5 million and 1.6 million shares of common stock at an average price of \$47.79 and \$47.86 per share.

| | Employee headcount as of March 31, | |
|-------------------------------|------------------------------------|--------|
| | 2016 | 2015 |
| North America | 5,652 | 5,399 |
| Europe | 2,731 | 2,552 |
| North Asia | 2,457 | 2,476 |
| Middle East, Africa and India | 1,479 | 1,369 |
| South Asia | 1,327 | 1,289 |
| Latin America | 775 | 784 |
| Information Systems | 765 | 705 |
| Corporate | 332 | 308 |
| Total | 15,518 | 14,882 |

| | Year-over-year percentage increase (decrease) in: | |
|----------|--|-------------------|
| | Airfreight kilos | Ocean freight FEU |
| 2016 | | |
| January | (9)% | (2)% |
| February | (12)% | (15)% |
| March | (7)% | 8 % |
| Quarter | (9)% | (3)% |

Investors may submit written questions via e-mail to: investor@expeditors.com. Questions received by the end of business on May 6, 2016 will be considered in management's 8-K "Responses to Selected Questions" expected to be filed on or about May 13, 2016.

Disclaimer on Forward-Looking Statements:

Certain portions of this release contain forward-looking statements which are based on certain assumptions and expectations of future events that are subject to risks and uncertainties, including comments on future pricing volatility and impacts on margins, ability to maintain current margin levels, condition of the global economy and global trade, ability to grow profitable market share, ability to achieve benefits from strategies, and availability of carrier capacity and low rates. Actual future results and trends may differ materially from historical results or those projected in any forward-looking statements depending on a variety of factors including, but not limited to, our ability to maintain consistent and stable operating results, future success of our business model, ability to perpetuate profits, changes in customer demand for Expeditors' services caused by a general economic slow-down, customers' inventory build-up, decreased consumer confidence, volatility in equity markets, energy and fuel prices, political changes, foreign exchange rates, regulatory actions or changes or the unpredictable acts of competitors and other risks, risk factors and uncertainties detailed in our Annual Report as updated by our reports on Form 10-Q, filed with the Securities and Exchange Commission.

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
AND SUBSIDIARIES

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

| | March 31, 2016 | December 31, 2015 |
|---|---------------------|----------------------|
| <u>Assets</u> | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,013,917 | \$ 807,796 |
| Accounts receivable, net | 1,010,667 | 1,112,260 |
| Deferred Federal and state income taxes | 18,203 | 16,861 |
| Other current assets | 44,693 | 56,453 |
| Total current assets | <u>2,087,480</u> | <u>1,993,370</u> |
| Property and equipment, net | 526,941 | 524,724 |
| Goodwill | 7,927 | 7,927 |
| Other assets, net | 57,395 | 56,417 |
| | <u>\$ 2,679,743</u> | <u>\$ 2,582,438</u> |
| <u>Liabilities and Equity</u> | | |
| Current Liabilities: | | |
| Accounts payable | 623,699 | 645,304 |
| Accrued expenses, primarily salaries and related costs | 202,284 | 186,571 |
| Federal, state and foreign income taxes | 28,432 | 29,498 |
| Total current liabilities | <u>854,415</u> | <u>861,373</u> |
| Deferred Federal and state income taxes | 42,817 | 26,389 |
| Commitments and contingencies | | |
| Shareholders' Equity: | | |
| Preferred stock; none issued | — | — |
| Common stock, par value \$0.01 per share. Issued and outstanding 181,562 shares at March 31, 2016 and 182,067 shares at December 31, 2015 | 1,816 | 1,821 |
| Additional paid-in capital | 3,851 | 31 |
| Retained earnings | 1,845,356 | 1,771,379 |
| Accumulated other comprehensive loss | (71,772) | (81,238) |
| Total shareholders' equity | <u>1,779,251</u> | <u>1,691,993</u> |
| Noncontrolling interest | 3,260 | 2,683 |
| Total equity | <u>1,782,511</u> | <u>1,694,676</u> |
| | <u>\$ 2,679,743</u> | <u>\$ 2,582,438</u> |

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
AND SUBSIDIARIES

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

| | Three months ended | |
|---|--------------------|------------|
| | March 31, | |
| | 2016 | 2015 |
| Revenues: | | |
| Airfreight services | \$ 560,853 | \$ 707,444 |
| Ocean freight and ocean services | 454,192 | 565,717 |
| Customs brokerage and other services | 403,427 | 404,365 |
| Total revenues | 1,418,472 | 1,677,526 |
| Operating Expenses: | | |
| Airfreight services | 388,777 | 513,001 |
| Ocean freight and ocean services | 323,020 | 445,456 |
| Customs brokerage and other services | 189,606 | 189,583 |
| Salaries and related costs | 283,355 | 278,878 |
| Rent and occupancy costs | 26,859 | 25,388 |
| Depreciation and amortization | 11,329 | 11,529 |
| Selling and promotion | 9,432 | 9,247 |
| Other | 34,268 | 35,561 |
| Total operating expenses | 1,266,646 | 1,508,643 |
| Operating income | 151,826 | 168,883 |
| Other Income (Expense): | | |
| Interest income | 2,779 | 2,732 |
| Other, net | 879 | 34 |
| Other income, net | 3,658 | 2,766 |
| Earnings before income taxes | 155,484 | 171,649 |
| Income tax expense | 58,437 | 64,317 |
| Net earnings | 97,047 | 107,332 |
| Less net earnings attributable to the noncontrolling interest | 463 | 628 |
| Net earnings attributable to shareholders | \$ 96,584 | \$ 106,704 |
| Diluted earnings attributable to shareholders per share | \$ 0.53 | \$ 0.55 |
| Basic earnings attributable to shareholders per share | \$ 0.53 | \$ 0.56 |
| Weighted average diluted shares outstanding | 183,018 | 192,707 |
| Weighted average basic shares outstanding | 182,010 | 191,628 |

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

| | Three months ended | |
|--|--------------------|--------------|
| | March 31, | |
| | 2016 | 2015 |
| Operating Activities: | | |
| Net earnings | \$ 97,047 | \$ 107,332 |
| Adjustments to reconcile net earnings to net cash from operating activities: | | |
| Provision for losses on accounts receivable | 578 | 277 |
| Deferred income tax expense | 9,896 | 11,937 |
| Excess tax benefits from stock plans | — | (1,480) |
| Stock compensation expense | 10,831 | 9,907 |
| Depreciation and amortization | 11,329 | 11,529 |
| Other | 36 | 86 |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in accounts receivable | 112,710 | (46,790) |
| (Decrease) increase in accounts payable and accrued expenses | (15,344) | 14,895 |
| Increase in income taxes payable, net | 10,925 | 23,132 |
| (Increase) decrease in other current assets | (2,055) | 3,569 |
| Net cash from operating activities | 235,953 | 134,394 |
| Investing Activities: | | |
| (Increase) decrease in short-term investments, net | (35) | 40,274 |
| Purchase of property and equipment | (14,035) | (9,445) |
| Other, net | (524) | 198 |
| Net cash from investing activities | (14,594) | 31,027 |
| Financing Activities: | | |
| Proceeds from issuance of common stock | 41,635 | 35,048 |
| Repurchases of common stock | (70,292) | (77,368) |
| Excess tax benefits from stock plans | — | 1,480 |
| Distribution to noncontrolling interest | — | (857) |
| Net cash from financing activities | (28,657) | (41,697) |
| Effect of exchange rate changes on cash and cash equivalents | 13,419 | (17,687) |
| Increase in cash and cash equivalents | 206,121 | 106,037 |
| Cash and cash equivalents at beginning of period | 807,796 | 927,107 |
| Cash and cash equivalents at end of period | \$ 1,013,917 | \$ 1,033,144 |
| Taxes paid: | | |
| Income taxes | \$ 37,984 | \$ 28,261 |

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
AND SUBSIDIARIES
Business Segment Information
(In thousands)
(Unaudited)

| | UNITED STATES | OTHER NORTH AMERICA | LATIN AMERICA | NORTH ASIA | SOUTH ASIA | EUROPE | MIDDLE EAST, AFRICA and INDIA | ELIMI-NATIONS | CONSOLI-DATED |
|---|---------------|---------------------|---------------|------------|------------|---------|-------------------------------|---------------|---------------|
| Three months ended March 31, 2016: | | | | | | | | | |
| Revenues from unaffiliated customers | \$ 407,826 | 52,106 | 20,064 | 497,232 | 136,418 | 221,897 | 82,929 | — | 1,418,472 |
| Transfers between geographic areas | 26,034 | 2,700 | 3,601 | 5,096 | 5,806 | 10,361 | 5,394 | (58,992) | — |
| Total revenues | \$ 433,860 | 54,806 | 23,665 | 502,328 | 142,224 | 232,258 | 88,323 | (58,992) | 1,418,472 |
| Net revenues | \$ 220,698 | 27,378 | 13,733 | 110,791 | 39,518 | 74,541 | 30,407 | 3 | 517,069 |
| Operating income | \$ 48,205 | 7,291 | 3,852 | 55,218 | 15,691 | 12,253 | 9,313 | 3 | 151,826 |
| Identifiable assets | \$ 1,255,099 | 119,258 | 56,334 | 455,973 | 133,940 | 438,711 | 216,576 | 3,852 | 2,679,743 |
| Capital expenditures | \$ 8,137 | 311 | 485 | 1,085 | 655 | 2,119 | 1,243 | — | 14,035 |
| Depreciation and amortization | \$ 7,332 | 364 | 253 | 1,319 | 512 | 1,098 | 451 | — | 11,329 |
| Equity | \$ 978,426 | 79,312 | 37,325 | 300,188 | 115,606 | 167,726 | 137,112 | (33,184) | 1,782,511 |
| Three months ended March 31, 2015: | | | | | | | | | |
| Revenues from unaffiliated customers | \$ 444,181 | 54,794 | 24,081 | 645,444 | 181,381 | 242,086 | 85,559 | — | 1,677,526 |
| Transfers between geographic areas | 27,675 | 2,814 | 4,777 | 5,697 | 5,915 | 9,637 | 5,067 | (61,582) | — |
| Total revenues | \$ 471,856 | 57,608 | 28,858 | 651,141 | 187,296 | 251,723 | 90,626 | (61,582) | 1,677,526 |
| Net revenues | \$ 219,603 | 30,678 | 16,559 | 117,405 | 42,200 | 75,888 | 27,153 | — | 529,486 |
| Operating income | \$ 59,181 | 11,091 | 5,356 | 57,056 | 13,880 | 15,071 | 7,248 | — | 168,883 |
| Identifiable assets | \$ 1,451,103 | 109,180 | 57,232 | 541,983 | 143,910 | 430,338 | 198,954 | 11,078 | 2,943,778 |
| Capital expenditures | \$ 6,325 | 288 | 617 | 290 | 319 | 1,148 | 458 | — | 9,445 |
| Depreciation and amortization | \$ 7,393 | 292 | 268 | 1,399 | 530 | 1,246 | 401 | — | 11,529 |
| Equity | \$ 1,182,808 | 58,998 | 34,604 | 306,775 | 106,139 | 154,343 | 120,086 | (36,222) | 1,927,531 |

Net Revenues (Non-GAAP measure)

We commonly refer to the term "net revenues" when commenting about our Company and the results of its operations. Net revenues are a Non-GAAP measure calculated as revenues less directly related operations expenses attributable to the Company's principal services. We believe that net revenues are a better measure than are total revenues when analyzing and discussing our effectiveness in managing our principal services since total revenues earned as a freight consolidator must consider the carriers' charges to us for carrying the shipment, whereas revenues earned in other capacities include primarily the commissions and fees earned by us. Net revenue is one of our primary operational and financial measures and demonstrates our ability to concentrate and leverage purchasing power through effective consolidation of shipments from customers utilizing a variety of transportation carriers and optimal routings. Using net revenues also provides a commonality for comparison among various services. The following table presents the calculation of net revenues.

| (in thousands) | Three months ended | |
|--------------------------------------|--------------------|-------------------|
| | March 31, | |
| | 2016 | 2015 |
| Total revenues | \$ 1,418,472 | \$ 1,677,526 |
| Expenses: | | |
| Airfreight services | 388,777 | 513,001 |
| Ocean freight and ocean services | 323,020 | 445,456 |
| Customs brokerage and other services | 189,606 | 189,583 |
| Net revenues | <u>\$ 517,069</u> | <u>\$ 529,486</u> |