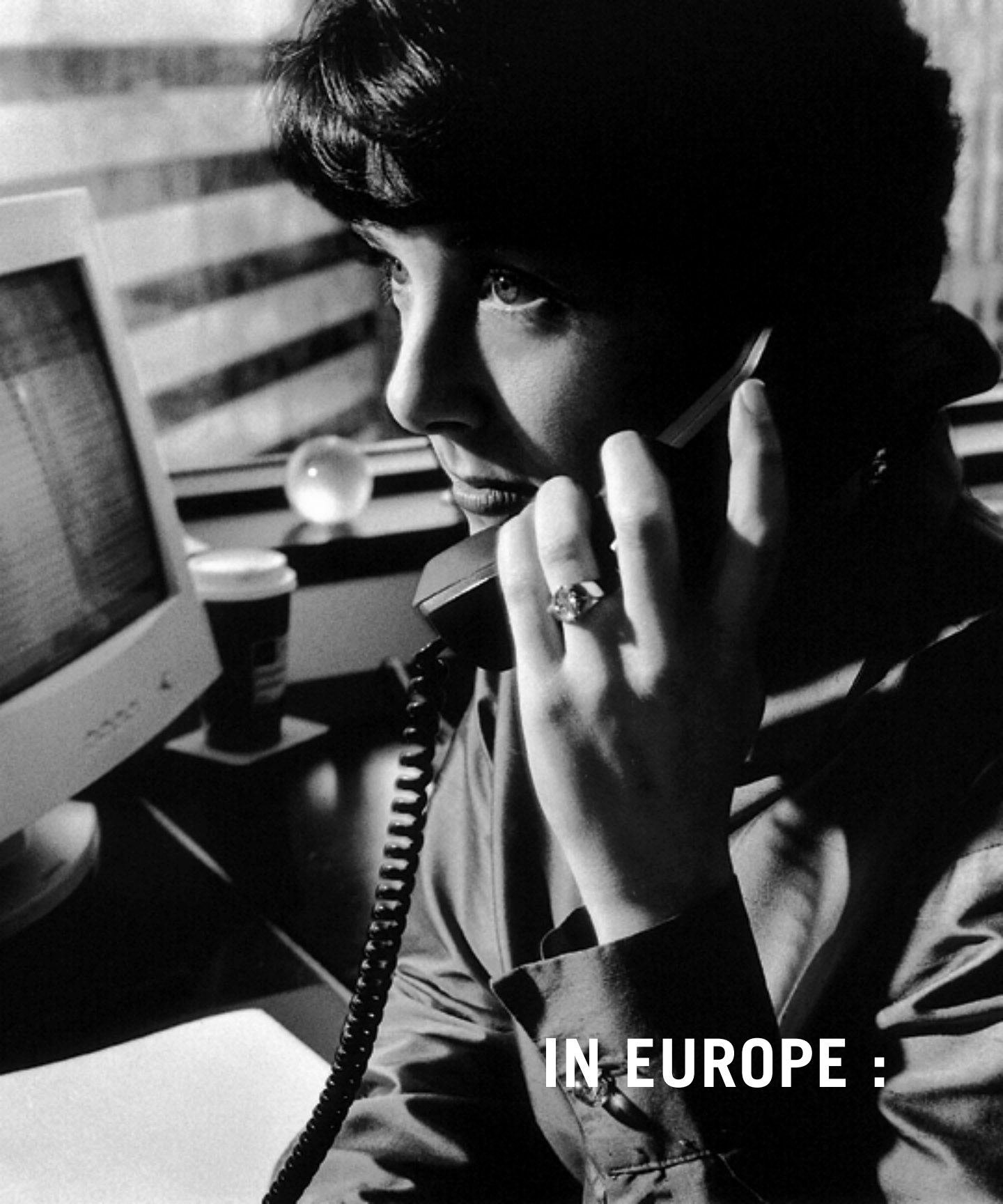


The background is an abstract composition of warm, textured colors. It features a gradient from deep reds and oranges at the top and left to a bright yellow-green at the bottom right. The texture is grainy and organic, with some darker, shadowed areas and lighter, glowing patches. The overall effect is one of dynamic energy and movement.

**TRADE NEVER STOPS**



**IN EUROPE :**



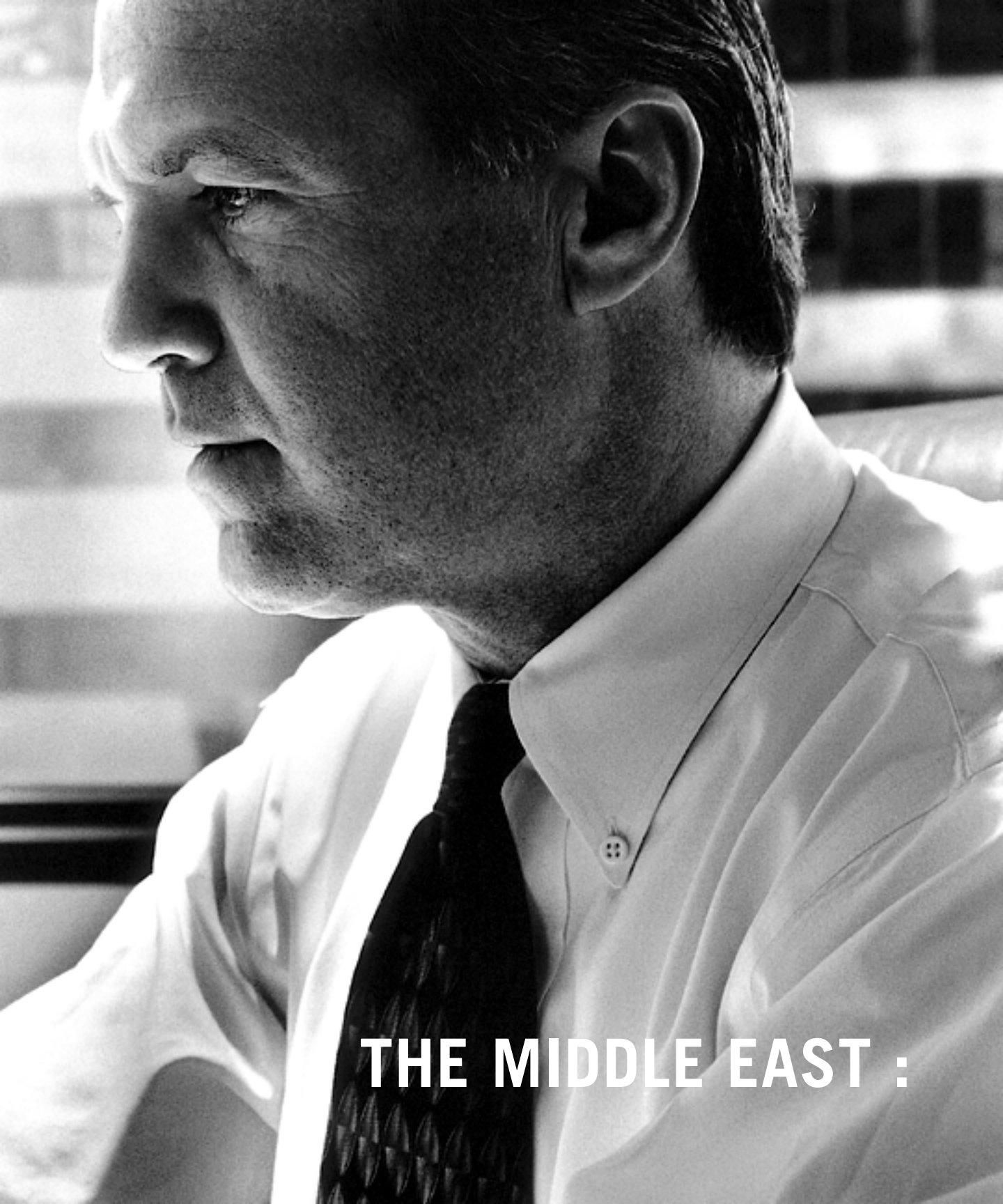
**MEETING NEW SECURITY EXPECTATIONS**



**LATIN AMERICA :**



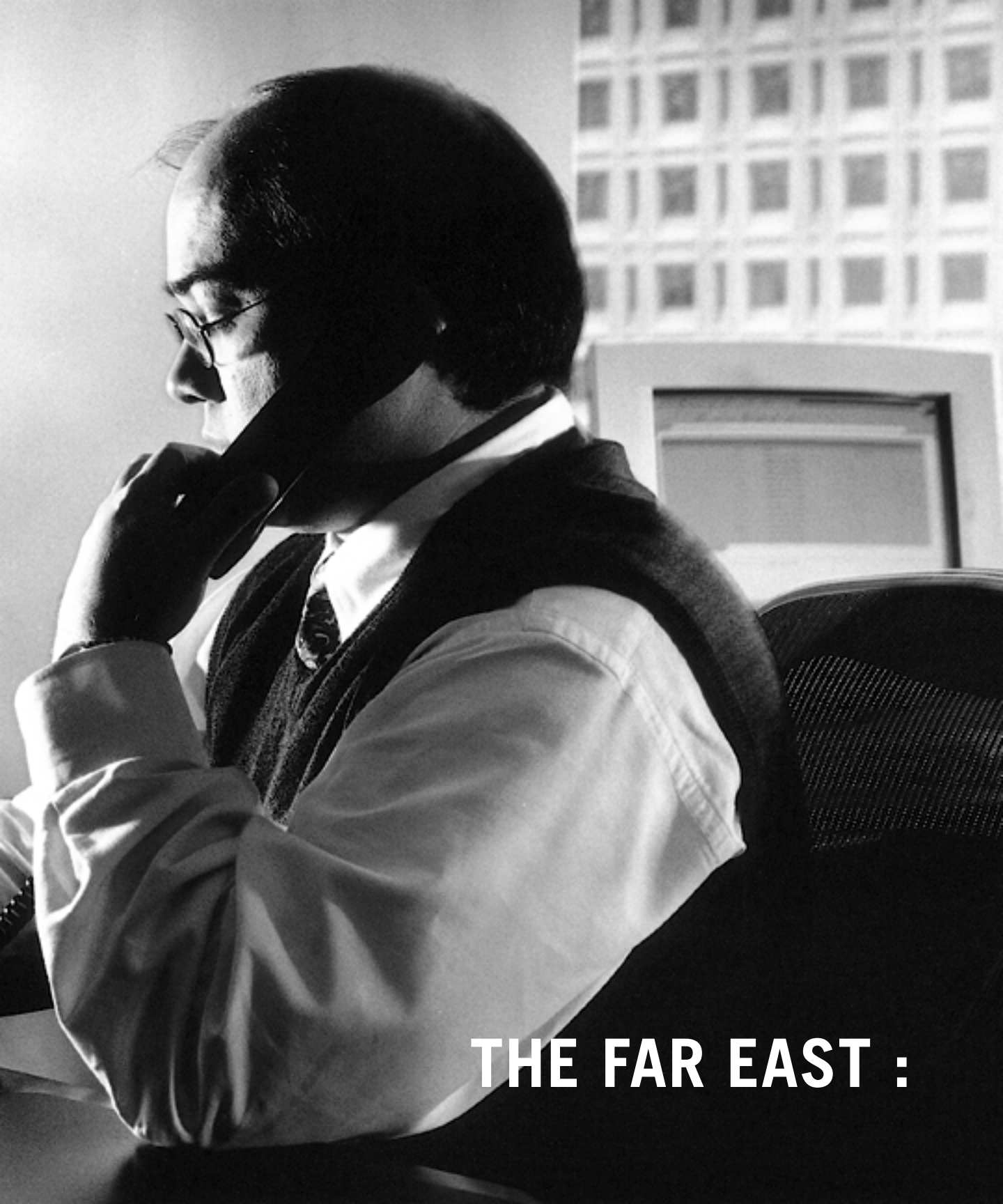
**DEEPER LEVELS OF AUTOMATION**



**THE MIDDLE EAST :**



**BUILDING RELATIONSHIPS AND TRUST**



**THE FAR EAST :**



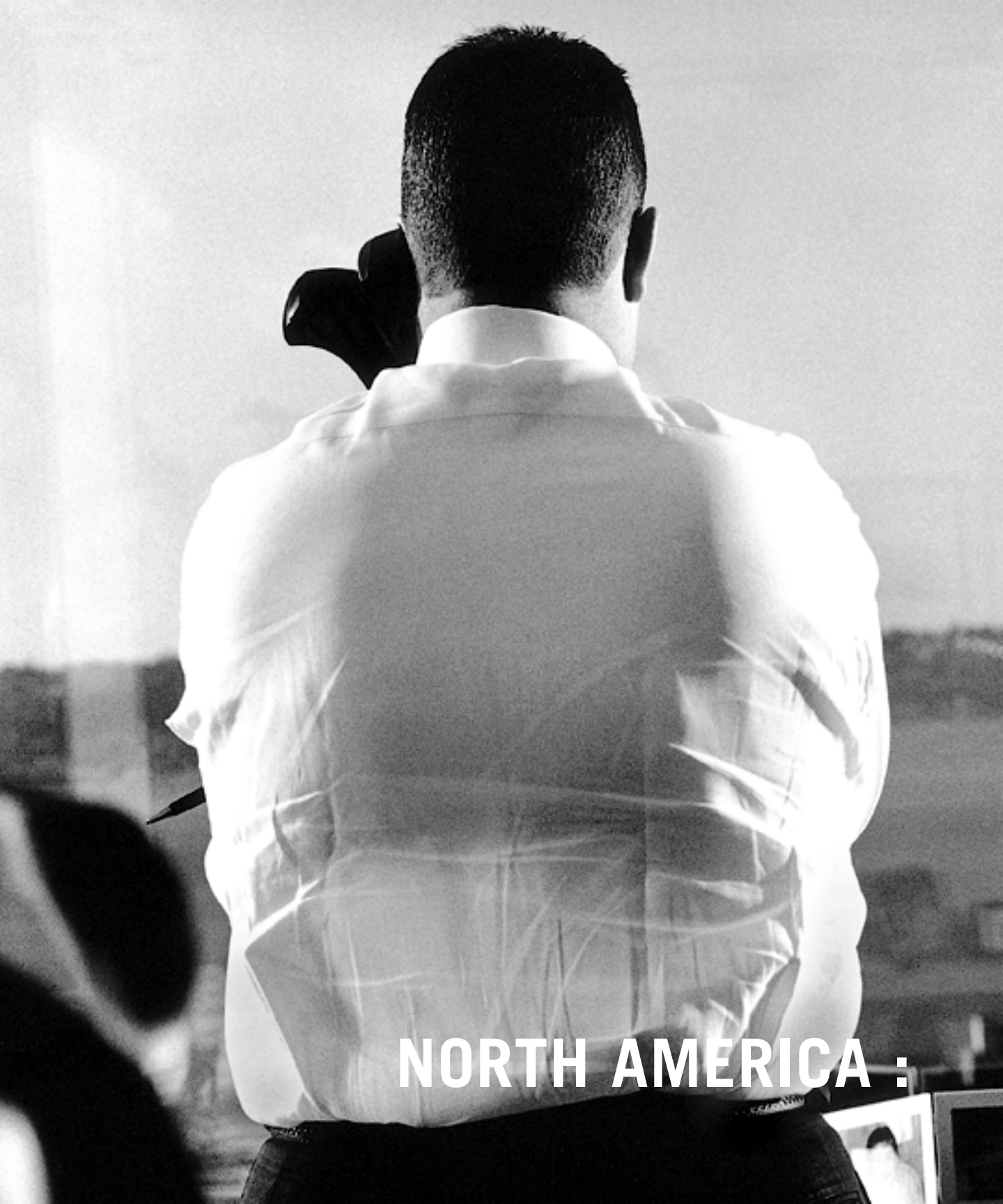
**A GROWING TECHNOLOGICAL REVOLUTION**



**AUSTRALASIA :**



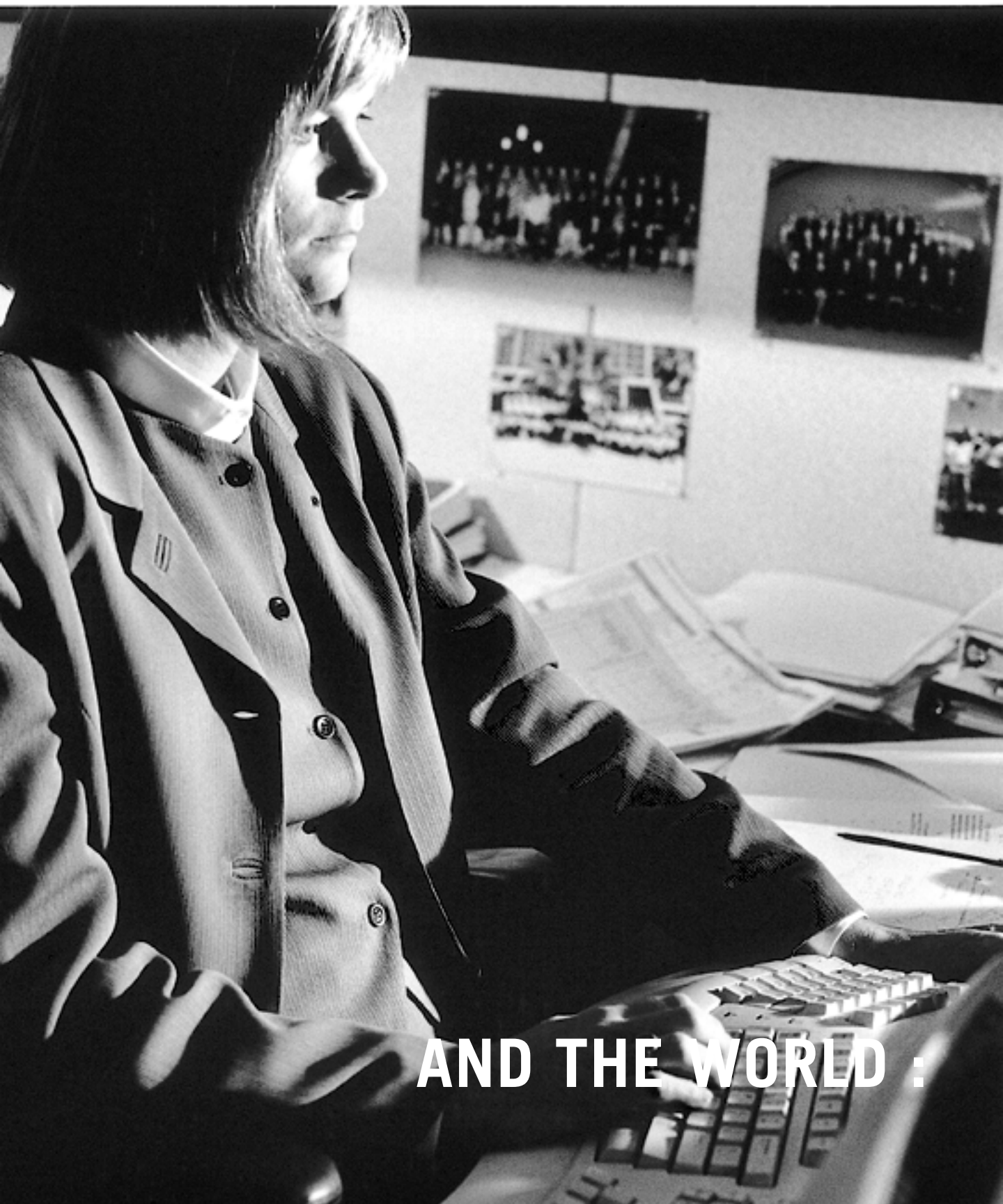
**MAKING CONNECTIONS**



**NORTH AMERICA :**



**OPPORTUNITIES FOR GROWTH**



**AND THE WORLD :**



**BUILDING EXPEDITORS**

**WE ARE A COMPANY DEDICATED TO TRADE**

The events of September 11 have changed our world forever. Our European offices understood the need for proper security procedures, even before they saw what a lack of security can cause. We understand that security doesn't start with the box that shows up in the warehouse. It starts with the integrity of the customers you serve and the employees that you hire and train. In this new, more dangerous world, we'll continue to put security issues at the forefront of business development and employee qualification. Good security is just good business.

Higher levels of **SECURITY**, delivered at higher speed.

The forces of globalization have pushed the opportunities that exist in Latin America to the forefront. People all over the world are now focused on bringing the same kind of technology that has been implemented throughout the world to this market. Expeditors' Latin American offices are establishing a solid foundation for the future by applying our automation expertise to better facilitate global trade in this important part of the world, and the world economy. The power and consistency of our network is finding opportunity for our customers every day.

Technological **INNOVATION** that leads the industry.

Our offices in the Middle East and the Indian Sub-continent have been building relationships since they opened. As importantly, we've placed an emphasis on building trust. Together, our customers, our vendors and our employees have learned that everyone benefits when we focus on the similarities that unite us, instead of the differences that divide us. Expeditors' established role as a global logistics provider puts us in a unique position to unite different countries and cultures through trade and through our commitment to deliver the highest standards of service and reliability. And that unity grows and is sustained thanks to the trust we've built among people.

Building **ONE-TO-ONE** relationships on a global scale.

The recent economic turmoil in the Far East has made our customers much more cost-conscious, creating fierce competition. Our success will hinge on how well we can capture the challenges and opportunities brought about by the growing technological revolution. In order to differentiate ourselves from our competitors, we're introducing new and innovative products and services while continuing to optimize our cost structure. This means we continually strive for a more efficient and effective deployment of our financial and operating resources. And to be as competitive as possible, we continually develop and refine our technology platform to take advantage of the way in which telecommunications and e-commerce have reduced geographic boundaries while creating new opportunities. We're defining the new ways of doing business in the global logistics industry that will keep Expeditors in the lead.

Creating business **MOMENTUM** during downturns.

We understand that in order to deliver seamless global logistics solutions to our customers, we have to offer flexibility. This means we have to understand our customers' logistics needs from cradle to grave and develop relationships with our suppliers and our employees that will allow us to meet their needs, sometimes long before they recognize they have them. Being flexible enough to meet our customers' logistics requirements demands discipline. If an airfreight customer decides to modify its supply-chain to take advantage of the lower prices offered by ocean freight, we have to be there, prepared, ready and waiting to handle the transition from one mode of international transportation to the other. Providing flexibility may look easy, but as anyone at Expeditors can tell you, it takes discipline.

Delivering **FLEXIBILITY** to our customers.

The North American economy is the largest and fastest-paced economy in the world. When it sneezes, the world catches a cold. Our offices in North America have been uniquely positioned to benefit from the growth in global trade ties with both the Far East and Europe. No matter how big Expeditors becomes, there's still room to grow because this vast market we serve generates ample opportunities for our continued growth and development. Especially as we continue to seek out and develop the customers who require the unmatched level of services our global network delivers. At Expeditors, opportunity knocks every day.

Finding the opportunities for our style of **GROWTH**.

This world continues to get smaller. Reduced trade restrictions, free trade agreements and the ease and low cost of communications is driving the globalization of business at an unprecedented pace. This offers a unique opportunity for international logistics. Expeditors continues to deliver new services and new capabilities, offering virtually every specialized global logistics requirement. But an opportunity is only an opportunity until you seize it. Our extensive product portfolio, constant focus on the people that deliver for our clients, development of our globally deployed information systems and the consistency of our expanding network have positioned us to deliver the most compelling solutions, creating even more opportunities.

A deeper **PORTFOLIO** of global capabilities.

Our global sales effort is global and more importantly, is tailored to meet individual needs. We begin by developing an understanding of our potential customers' supply chain processes and associated challenges. We then frame our insights as client-specific solutions that add quantifiable value. The process begins with training sales teams to accurately assess customer needs. Next, we assign knowledge management teams who understand our portfolio of products, services and best practices to create customer-specific solutions. This approach further differentiates Expeditors by offering customers an objective set of eyes to evaluate their business model. And finally, we do more than make suggestions; Expeditors' offers real-world strategies that produce real-world results.

Global sales efforts that focus on the **INDIVIDUAL.**

Hundreds of customers around the world use Expeditors Global Distribution Services to connect with their clients every day. We provide real-time sophisticated Internet order and inventory information as we connect our customers to their clients. With Expeditors managing their warehousing and distribution, our customers are able to focus on their core competency instead of being forced to invest in specialized facilities, processes, systems, labor, payroll, or management to serve their own clients on a global scale. This means that we receive, inspect and warehouse raw materials and finished goods. We pick orders and ship according to the customer's routing guide to deliver the right product to the right place, on-time, every time. All our customers need to do is call their local Expeditors office for fast, flexible solutions for them and for their clients.

Distribution services that **CONNECT** continents.

Expeditors, along with every other insurance intermediary, faces a substantially changed market going into 2002. The insurance industry bore devastating losses in 2001 as a result of the 9-11 attacks and the collapse of Enron, the two largest individual losses in history. In spite of this, Expeditors has successfully completed an exclusive arrangement with one of the world's largest insurers and is now situated to offer market-leading insurance programs not available anywhere else. We now have a great deal of flexibility and autonomy in helping our customers face the pricing and coverage realities that now exist in the market. We have maintained our focus as a niche cargo insurance broker and our drive to bring specialized services to this line of coverage that other more "generalist" brokers cannot offer. The program gives us true global reach in all of our most significant markets around the world, and several strategic additions in the product manager position are expected to provide an excellent complement to this global coverage. The ongoing market conditions will provide challenges, but Expeditors enters 2002 prepared to meet them and gain additional market share even in this difficult insurance environment.

Providing the specialized **INSURANCE** that others can't.

Expeditors' flexible, non-asset model once again proved to be instrumental in providing customers with integrated solutions and lower transportation costs. In an incredibly tough year for the airline industry, we maintained excellent relationships with carriers to ensure that our customers still had access to innovative programs and a seamless uplift pipeline. Both Expeditors select carriers and Expeditors customers seek stronger links to bring greater economic and efficient means in getting products to market, and we support this goal through tripartite arrangements wherever possible. Air carriers need to partner with forwarders to provide value-add programs while still supplying the airport to airport transportation. Expeditors, as the vital conduit between shipper and airline, enables the value-add programs that exporters/importers seek to reduce costs.

Air Cargo Solutions connecting carriers and **CUSTOMERS.**

In 2001, we introduced substantial enhancements to provide our customers with the information they require to better manage their supply chain. We were able to leverage our existing global information systems infrastructure to deliver this important functionality to our customers, cutting the time required to implement these enhanced services. In addition to the systems development work, our global staff was trained to effectively provide enhanced order management services and the delivery of these services was incorporated into our standard operating procedures. Our Internet based customer system, exp.o, was significantly enhanced to provide customers with up-to-date access to better manage their orders. Delivering on the promise of technology takes us back to the basics – our global office network must be provided with an effective global system, the right processes and training and the ability to get the information to the customer when it's needed. All of our technology initiatives demand these key elements, to be successful in supporting our goal to provide consistent, customized service – delivered daily, and delivered globally.

The power of **TECHNOLOGY**, delivered daily, delivered globally.

After years of full speed ahead the container shipping industry in 2001 went into a full slow down. The combined effects of anemic trade growth, overcapacity and falling freight rates have cut into carrier revenues, making it paramount that they cut costs wherever they can. At the same time the shipping public is asking for more service, more options, more creativity and lower costs to help them compete in the international marketplace. Expeditors is just where we want to be: in the middle. We're helping carriers cut expenses through document and payment automation while helping our customers speed product and information to wherever in the world it needs to be. In 2002 we'll continue to pursue productivity and process advantages that benefit our carrier partners, our customers and in turn, Expeditors; working in ways to make certain we all win.

New procedures for **SHIPPING** ocean cargo.

Our customs strategy is focused on the continued development of our global customs infrastructure, designed to support the hundreds of our local, expert customs brokers licensed by government authorities worldwide. Our systems support local export and import customs activities in many national markets. As our people, processes and systems work in concert to maintain speed and consistency within the supply chain, we deliver standardized processes, common data and consistent service – all key factors in achieving compliance to national and supranational requirements. Expeditors' customers can expect reliable service and data anywhere in the world whenever they do business with us.

A **LOCALIZED** approach to customs compliance.



**TO OUR SHAREHOLDERS**

**“Fasten your seatbelts, it’s going to be a bumpy night!” Bette Davis said that in *All About Eve* back in 1950. It’s a classic line – and it sums up 2001 for everyone.**

**The events of September 11 forever changed the lives of many innocent people, affecting everyone in the civilized world. And, while it’s true that time heals all wounds, this is one huge gaping wound that will probably take more time than we expect.**

**Despite the turmoil, we did our best to stay focused on our business and our customers. This year we added to our network by opening offices in Curitiba, Brazil; Belfast, Northern Ireland; Bristol, England; Antananarivo, Madagascar; Caracas, Venezuela; Chiasso, Switzerland; Nuremberg, Germany; and Nashville, Tennessee.**

**We've maintained our commitment to making enhancements to our IT infrastructure. In 2001 we improved our document imaging, scanning, and bar coding along with other upgrades to existing programs, including the "Euro" conversions for our offices in Europe. And we did not cut back on training, or increasing our sales staff or any of our value-added in-house services that can be offered to employees or to customers.**

**One always brags about new business, but seldom does one boast about lost business. We lost the North America brokerage business for Ford Motor Company. Why? Ford took an equity position in a software company that left us out. Our people involved with this account did a terrific job. The business was lost through no fault of their own. Expeditors still works with Ford and we're hopeful, in view of recent events, that**

the relationship will carry on. Even with this setback, we did continue to increase new business globally.

A big part of those successes is the fact that we continue our strategy of organic growth, and we continue to see benefits from this style of business. Of course, Expeditors is not for sale – at any price – and this bodes well for our stability which is so important to customers, vendors and employees. It's even more important in a “glitch” year. We were able to anticipate some of the problems that made 2001 so tough, and began watching expenses very closely, saving a couple million dollars in doing so. We will be ever-vigilant next year, and in the years that follow.

As always we thank everyone involved for helping us ride out the year intact. We look forward to

2002 eagerly, with the knowledge that if we stay the course we'll be in great shape. As mentioned earlier, 2001 was a tough year – they can't all be winners. But we've managed, and over a twenty-year period, there are bound to be a few bumps in the road.

A handwritten signature in blue ink that reads "Peter J. Rose". The signature is fluid and cursive, with the first name "Peter" and last name "Rose" clearly legible.

**PETER J. ROSE**

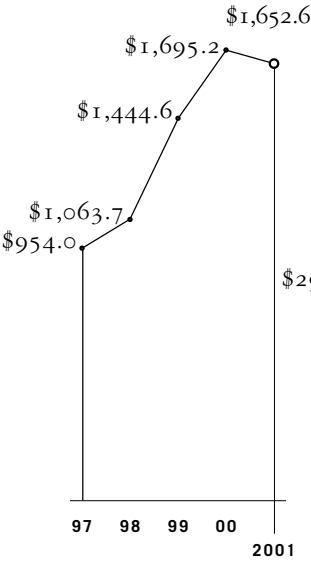
Chairman and Chief Executive Officer

## EXPD 01 RESULTS

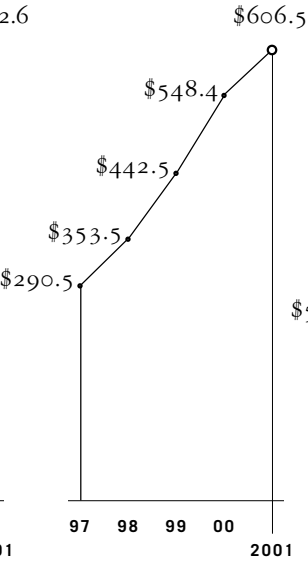
FINANCIAL CHARTS

DOLLARS IN MILLIONS 1997-2001

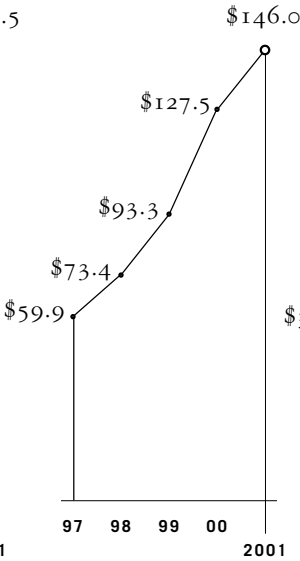
REVENUES



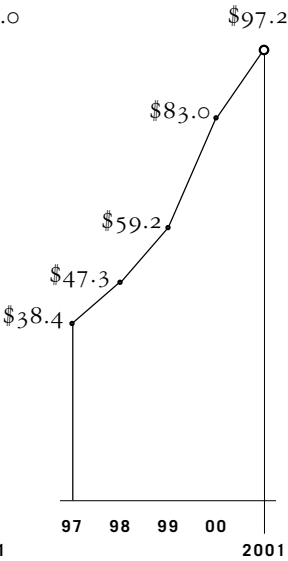
NET REVENUES



OPERATING INCOME



NET EARNINGS



**FINANCIAL HIGHLIGHTS**

IN THOUSANDS EXCEPT PER SHARE DATA

	2001	2000	1999	1998	1997
Revenues	\$1,652,633	1,695,181	1,444,575	1,063,707	954,002
Net earnings	97,243	83,035	59,175	47,274	38,411
Basic earnings per share	1.87	1.62	1.18	.96	.79
Diluted earnings per share	1.77	1.52	1.10	.89	.73
Cash dividends paid per share	.20	.14	.10	.07	.05
Working capital	237,443	222,829	149,633	94,601	87,252
Total assets	688,437	661,740	535,461	419,493	337,288
Shareholders' equity	414,623	361,784	282,385	217,198	171,854
Basic weighted average shares outstanding	52,080	51,153	50,137	49,234	48,858
Diluted weighted average shares outstanding	54,871	54,679	53,828	53,058	52,647

All share and per share information have been adjusted to reflect a 2-for-1 stock split effected in May, 1999.

**CONSOLIDATED BALANCE SHEETS**

IN THOUSANDS EXCEPT SHARE DATA

DECEMBER 31,	2001	2000
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 218,677	169,005
Short-term investments	57	1,884
Accounts receivable, less allowance for doubtful accounts of \$10,410 in 2001 and \$11,825 in 2000	283,414	347,114
Other	9,109	4,782
Total current assets	511,257	522,785
<b>PROPERTY AND EQUIPMENT:</b>		
Buildings and leasehold improvements	89,179	77,726
Furniture, fixtures, and equipment	111,585	92,277
Vehicles	3,685	4,669
	204,449	174,672
Less accumulated depreciation and amortization	100,611	83,640
	103,838	91,032
Land	20,007	15,615
Net property and equipment	123,845	106,647
Deferred Federal and state income taxes	12,156	8,830
Other assets, net	41,179	23,478
	\$ 688,437	661,740

DECEMBER 31,	2001	2000
<b>CURRENT LIABILITIES:</b>		
Short-term debt	\$ 1,706	4,671
Accounts payable	195,826	229,534
Accrued expenses, primarily salaries and related costs	59,843	42,801
Deferred Federal and state income taxes	7,651	5,699
Federal, state, and foreign income taxes	8,788	17,251
Total current liabilities	<u>273,814</u>	<u>299,956</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, par value \$.01 per share		
Authorized 2,000,000 shares; none issued	—	—
Common stock,		
par value \$.01 per share		
Authorized 160,000,000 shares;		
issued and outstanding 51,611,854		
shares at December 31, 2001 and 51,451,163		
shares at December 31, 2000	516	515
Additional paid-in capital	16,104	37,386
Retained earnings	411,992	333,049
Accumulated other comprehensive loss	(13,989)	(9,166)
Total shareholders' equity	<u>414,623</u>	<u>361,784</u>
Commitments and contingencies		
	<u>\$ 688,437</u>	<u>661,740</u>

See accompanying notes to consolidated financial statements.

# **CONSOLIDATED STATEMENTS OF EARNINGS**

IN THOUSANDS EXCEPT SHARE DATA

YEARS ENDED DECEMBER 31,	2001	2000	1999
<b>REVENUES:</b>			
Airfreight	\$ 930,998	1,014,375	916,832
Ocean freight and ocean services	508,482	472,853	356,205
Customs brokerage and import services	213,153	207,953	171,538
Total revenues	1,652,633	1,695,181	1,444,575
<b>OPERATING EXPENSES:</b>			
Airfreight consolidation	676,496	788,947	733,065
Ocean freight consolidation	369,601	357,879	269,024
Salaries and related costs	325,545	290,581	240,740
Rent and occupancy costs	36,294	29,253	26,389
Depreciation and amortization	23,544	22,481	20,819
Selling and promotion	20,163	20,231	16,896
Other	54,973	58,285	44,319
Total operating expenses	1,506,616	1,567,657	1,351,252
Operating income	146,017	127,524	93,323

YEARS ENDED DECEMBER 31,	2001	2000	1999
<b>OTHER INCOME (EXPENSE):</b>			
Interest income	9,201	6,327	2,253
Interest expense	(521)	(432)	(1,070)
Other, net	(403)	(71)	139
Other income, net	8,277	5,824	1,322
Earnings before income taxes	154,294	133,348	94,645
Income tax expense	57,051	50,313	35,470
Net earnings	\$ 97,243	83,035	59,175
Basic earnings per share	\$ 1.87	1.62	1.18
Diluted earnings per share	\$ 1.77	1.52	1.10
Weighted average basic shares outstanding	52,079,752	51,152,620	50,137,045
Weighted average diluted shares outstanding	54,870,670	54,679,018	53,827,817

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
AND COMPREHENSIVE INCOME

IN THOUSANDS EXCEPT SHARE DATA

YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL
	SHARES	PAR VALUE				
Balance at December 31, 1998	49,363,682	\$ 494	17,273	203,050	(3,619)	217,198
Exercise of stock options	1,323,405	13	4,572	—	—	4,585
Issuance of shares under stock purchase plan	251,391	3	4,139	—	—	4,142
Shares repurchased under provisions of stock repurchase plan	(294,071)	(3)	(8,989)	—	—	(8,992)
Tax benefits from employee stock plans	—	—	12,734	—	—	12,734
Comprehensive income						
Net earnings	—	—	—	59,175	—	59,175
Foreign currency translation adjustments, net of deferred tax credit of \$770	—	—	—	—	(1,430)	(1,430)
Total comprehensive income	—	—	—	—	—	57,745
Dividends paid (\$.10 per share)	—	—	—	(5,027)	—	(5,027)
Balance at December 31, 1999	50,644,407	\$ 507	29,729	257,198	(5,049)	282,385
Exercise of stock options	855,805	9	4,833	—	—	4,842
Issuance of shares under stock purchase plan	204,018	2	5,397	—	—	5,399
Shares repurchased under provisions of stock repurchase plan	(253,067)	(3)	(11,499)	—	—	(11,502)
Tax benefits from employee stock plans	—	—	8,926	—	—	8,926
Comprehensive income						
Net earnings	—	—	—	83,035	—	83,035
Foreign currency translation adjustments, net of deferred tax credit of \$2,217	—	—	—	—	(4,117)	(4,117)
Total comprehensive income	—	—	—	—	—	78,918
Dividends paid (\$.14 per share)	—	—	—	(7,184)	—	(7,184)
Balance at December 31, 2000	51,451,163	\$ 515	37,386	333,049	(9,166)	361,784
Exercise of stock options	1,274,413	12	8,075	—	—	8,087
Issuance of shares under stock purchase plan	170,914	2	7,190	—	—	7,192
Shares repurchased under provisions of stock repurchase plans	(1,284,636)	(13)	(52,410)	(7,891)	—	(60,314)
Tax benefits from employee stock plans	—	—	15,863	—	—	15,863
Comprehensive income						
Net earnings	—	—	—	97,243	—	97,243
Foreign currency translation adjustments, net of deferred tax credit of \$2,597	—	—	—	—	(4,823)	(4,823)
Total comprehensive income	—	—	—	—	—	92,420
Dividends paid (\$.20 per share)	—	—	—	(10,409)	—	(10,409)
Balance at December 31, 2001	51,611,854	\$ 516	16,104	411,992	(13,989)	414,623

See accompanying notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

IN THOUSANDS

YEARS ENDED DECEMBER 31,	2001	2000	1999
<b>OPERATING ACTIVITIES:</b>			
Net earnings	\$ 97,243	83,035	59,175
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Provision for losses on			
accounts receivable	297	4,043	2,966
Depreciation and amortization	23,544	22,481	20,819
Deferred income tax expense	2,377	1,203	3,433
Tax benefits from employee stock plans	15,863	8,926	12,734
Amortization of cost in excess of net			
assets of acquired businesses	1,074	920	748
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable	64,772	(34,399)	(81,316)
Increase (decrease) in accounts payable, accrued expenses and taxes payable	(32,774)	57,805	41,646
Other	(4,782)	10,444	(6,894)
Net cash provided by operating activities	<u>167,614</u>	<u>154,458</u>	<u>53,311</u>
<b>INVESTING ACTIVITIES:</b>			
Decrease (increase) in short-term investments	1,698	(818)	(750)
Purchase of property and equipment	(37,382)	(25,582)	(26,582)
Cash paid for note receivable secured by real estate	(10,208)	—	—
Other	(6,965)	(3,081)	(4,381)
Net cash used in investing activities	<u>(52,857)</u>	<u>(29,481)</u>	<u>(31,713)</u>

YEARS ENDED DECEMBER 31,	2001	2000	1999
<b>FINANCING ACTIVITIES:</b>			
Borrowings (repayments) of short-term debt, net	(2,632)	(14,501)	7,328
Proceeds from issuance of common stock	15,279	10,241	8,727
Repurchases of common stock	(60,314)	(11,502)	(8,992)
Dividends paid	(10,409)	(7,184)	(5,027)
Net cash (used in) provided by financing activities	(58,076)	(22,946)	2,036
Effect of exchange rate changes on cash	(7,009)	(4,209)	(1,880)
Increase in cash and cash equivalents	49,672	97,822	21,754
Cash and cash equivalents at beginning of year	169,005	71,183	49,429
Cash and cash equivalents at end of year	<u>\$ 218,677</u>	<u>169,005</u>	<u>71,183</u>
<b>INTEREST AND TAXES PAID:</b>			
Interest	\$ 524	208	989
Income taxes	41,825	19,442	19,345

See accompanying notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### I

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. BASIS OF PRESENTATION

Expeditors International of Washington, Inc. ("the Company") is a global logistics company operating through a worldwide network of offices, international service centers and exclusive or non-exclusive agents. The Company's customers include retailing and wholesaling, electronics, and manufacturing companies around the world. The Company grants credit upon approval to customers.

International trade is influenced by many factors, including economic and political conditions in the United States and abroad, currency exchange rates, and United States and foreign laws and policies relating to tariffs, trade restrictions, foreign investments and taxation. Periodically, governments consider a variety of changes to current tariffs and trade restrictions. The Company cannot predict which, if any, of these proposals may be adopted, nor can the Company predict the effects adoption of any such proposal will have on the Company's business. Doing business in foreign locations also subjects the Company to a variety of risks and considerations not normally encountered by domestic enterprises. In addition to being affected by governmental policies concerning international trade, the Company's business may also be affected by political developments and changes in government personnel or policies in the nations in which it does business.

The consolidated financial statements include the accounts of the Company and its subsidiaries. In addition, the accounts of exclusive agents have been consolidated in those circumstances where the Company maintains unilateral control over the agents' assets and operations, notwithstanding a lack of technical majority ownership of the agents' common stock.

All significant intercompany accounts and transactions have been eliminated in consolidation.

All dollar amounts in the notes are presented in thousands except for share data.

##### B. SHORT-TERM INVESTMENTS

Short-term investments are designated as available-for-sale and cost approximates market at December 31, 2001 and 2000.

**C. LONG-LIVED ASSETS, DEPRECIATION AND AMORTIZATION**

Property and equipment are recorded at cost and are depreciated or amortized on the straight-line method over the shorter of the assets' estimated useful lives or lease terms. Useful lives for major categories of property and equipment are as follows:

Buildings	28 to 40 years
Furniture, fixtures and equipment	3 to 5 years
Vehicles	3 to 5 years

Expenditures for maintenance, repairs, and renewals of minor items are charged to earnings as incurred. Major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in income for the period.

The excess of the cost over the fair value of the net assets of acquired businesses (included in other assets, net) is amortized on the straight-line method over periods up to 40 years.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Assets to Be Disposed Of," long-lived assets (property and equipment) and certain intangible assets (excess costs over the fair value of the net assets of acquired businesses) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-term assets is measured by a comparison of the carrying amount of such assets against the undiscounted future cash flows expected to be generated by the assets. If such assets are determined to be impaired, the impairment to be recognized is measured as the amount by which the assets' carrying amounts exceeds the assets' discounted future cash flows.

In July 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, "Business Combinations" effective July 1, 2001, and SFAS No. 142, "Goodwill and Other Intangible Assets" effective for fiscal years beginning after December 15, 2001. Under the new rules, purchased goodwill and intangible assets with indefinite useful lives will no longer be amortized but will be subject to annual impairment tests in accordance with the provisions of the statements. Intangible assets with estimable useful lives will continue to be amortized over their respective useful lives, and reviewed for impairment in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Assets to Be Disposed Of". The Company will apply the new rules on accounting for goodwill and intangible assets beginning in the first quarter of 2002. Application of the non-amortization provisions of the statement is not expected to have a material effect on the Company's financial statements. The Company performed the required impairment tests of goodwill as of January 1, 2002 and determined there is no impact on the earnings and financial position of the Company.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and for the associated asset retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction or development and/or normal use of the asset. The Company is required and plans to adopt the provisions of SFAS No. 143 beginning in the first quarter of 2003.

In October 2001, SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" was issued which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. While this standard supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", it retains many of the fundamental provisions of that standard. SFAS No. 144 also supersedes the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", for the disposal of a segment of a business. The Company is required and plans to adopt the provisions of SFAS No. 144 beginning in the first quarter of 2002.

Management does not anticipate that adoption of SFAS No. 143 and No. 144 will result in a significant impact on the Company's consolidated financial condition or results of operations.

#### **D. REVENUES AND REVENUE RECOGNITION**

Airfreight revenues include the charges to the Company for carrying the shipments when the Company acts as a freight consolidator. Ocean freight revenues include the charges to the Company for carrying the shipments when the Company acts as a Non-Vessel Operating Common Carrier (NVOCC). Revenues realized in other capacities include only the commissions and fees earned.

Revenues related to shipments are recognized at the time the freight is tendered to a direct carrier at origin. All other revenues, including breakbulk services, local transportation, customs formalities, distribution services and logistics management, are recognized upon performance.

#### **E. INCOME TAXES**

Income taxes are accounted for under the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, the tax effect of loss carryforwards and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

**F. NET EARNINGS PER COMMON SHARE**

Diluted earnings per share is computed using the weighted average number of common shares and dilutive potential common shares outstanding. Dilutive potential common shares represent outstanding stock options. Basic earnings per share is calculated using the weighted average of common shares outstanding without taking into consideration dilutive potential common shares outstanding.

**G. FOREIGN CURRENCY**

Foreign currency amounts attributable to foreign operations have been translated into U.S. Dollars using year-end exchange rates for assets and liabilities, historical rates for equity, and average annual rates for revenues and expenses. Unrealized gains or losses arising from fluctuations in the year-end exchange rates are generally recorded as components of other comprehensive income as adjustments from foreign currency translation. Currency fluctuations are a normal operating factor in the conduct of the Company's business and exchange transaction gains and losses are generally included in freight consolidation expenses.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" established accounting standards for derivative and hedging transactions. The Statement became effective for fiscal years beginning after June 15, 2000. Adoption of this standard by the Company on January 1, 2001, had no material impact on the Company's consolidated financial statements. The Company follows a policy of accelerating international currency settlements to manage its foreign exchange exposure. Accordingly, the Company enters into foreign currency hedging transactions only in limited locations where there are regulatory or commercial limitations on the Company's ability to move money freely around the world. Such hedging activity during 2001, 2000 and 1999 was insignificant. Net foreign currency loss realized during 2001 was \$366. Net foreign currency gains realized during 2000 and 1999 were \$309 and \$196, respectively.

**H. CASH EQUIVALENTS**

All highly liquid investments with a maturity of three months or less at date of purchase are considered to be cash equivalents.

**I. COMPREHENSIVE INCOME**

Comprehensive income consists of net income and other gains and losses affecting shareholders' equity that, under generally accepted accounting principles in the United States, are excluded from net income. For the Company, these consist of foreign currency translation gains and losses, net of related income tax effects.

**J. SEGMENT REPORTING**

The Company is organized functionally in geographic operating segments. Accordingly, management focuses its attention on revenues, net revenues, operating income, identifiable assets, capital expenditures, depreciation and amortization and equity generated in each of these geographical areas when evaluating effectiveness of geographic management. The Company charges its subsidiaries and affiliates for services rendered in the United States on a cost recovery basis. Transactions among the Company's various offices are conducted using the same arms-length pricing methodologies the Company uses when its offices transact business with independent agents.

**K. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**L. RECLASSIFICATION**

Certain prior year amounts have been reclassified to conform with the 2001 presentation.

## 2

**CREDIT ARRANGEMENTS**

The majority of the Company's foreign subsidiaries maintain bank lines of credit for short-term working capital purposes. These credit lines are supported by standby letters of credit issued by a United States bank, or guarantees issued by the Company to the foreign banks issuing the credit line. Lines of credit totaling \$9,396 and \$11,054 at December 31, 2001 and 2000, respectively, bear interest at .5% to 1.5% over the foreign banks' equivalent prime rates. At December 31, 2001 and 2000, the Company was liable for \$1,706 and \$4,671, respectively, of borrowings under these lines, and at December 31, 2001 was contingently liable for approximately \$28,614 under outstanding standby letters of credit and guarantees related to these lines of credit and other obligations.

In addition, at December 31, 2001 the Company had a \$7,294 credit facility with a United Kingdom bank (U.K. facility), secured by a corporate guarantee. The Company was contingently liable under the U.K. facility at December 31, 2001 for \$7,294 used to secure customs bonds issued by foreign governments.

At December 31, 2001, the Company was in compliance with all restrictive covenants of these credit lines and the associated credit facilities, including maintenance of certain minimum asset, working capital and equity balances and ratios.

## 3

## INCOME TAXES

Income tax expense for 2001, 2000 and 1999 includes the following components:

	FEDERAL	STATE	FOREIGN	TOTAL
<b>2001</b>				
Current	\$ 9,921	2,806	26,084	38,811
Deferred	16,511	1,729	—	18,240
	<u>\$ 26,432</u>	<u>4,535</u>	<u>26,084</u>	<u>57,051</u>
<b>2000</b>				
Current	\$ 9,717	2,802	27,665	40,184
Deferred	7,975	2,154	—	10,129
	<u>\$ 17,692</u>	<u>4,956</u>	<u>27,665</u>	<u>50,313</u>
<b>1999</b>				
Current	\$ 3,823	1,331	14,149	19,303
Deferred	14,098	2,069	—	16,167
	<u>\$ 17,921</u>	<u>3,400</u>	<u>14,149</u>	<u>35,470</u>

Income tax expense differs from amounts computed by applying the U.S. Federal income tax rate of 35% to earnings before income taxes as a result of the following:

	2001	2000	1999
Computed "expected" tax expense	\$ 54,003	46,672	33,126
Increase (reduction) in income taxes resulting from:			
State and local income taxes, net of Federal income tax benefit	2,948	3,221	2,210
Decrease in valuation allowance for deferred tax assets	(7)	(68)	(147)
Other, net	107	488	281
	<u>\$ 57,051</u>	<u>50,313</u>	<u>35,470</u>

The components of earnings before income taxes are as follows:

	2001	2000	1999
United States	\$ 46,684	34,176	30,403
Foreign	<u>107,610</u>	<u>99,172</u>	<u>64,242</u>
	<u>\$ 154,294</u>	<u>133,348</u>	<u>94,645</u>

The tax effects of temporary differences, tax credits and operating loss carryforwards that give rise to significant portions of deferred tax assets and deferred tax liabilities at December 31, 2001 and 2000 are as follows:

YEARS ENDED DECEMBER 31,	2001	2000
<b>DEFERRED TAX ASSETS:</b>		
Foreign tax credits related to unremitted foreign earnings	\$ 49,957	43,596
Accrued intercompany and third party charges, deductible for taxes upon economic performance (i.e. actual payment)	2,867	3,274
Foreign currency translation adjustment	7,766	5,169
Provision for doubtful accounts receivable	2,115	2,371
Excess of financial statement over tax depreciation	3,826	3,150
Other	<u>1,112</u>	<u>1,129</u>
Total gross deferred tax assets	67,643	58,689
Less valuation allowance	<u>(1)</u>	<u>(8)</u>
	<u>67,642</u>	<u>58,681</u>
<b>DEFERRED TAX LIABILITIES:</b>		
Unremitted foreign earnings	(55,887)	(50,476)
Other	<u>(7,250)</u>	<u>(5,074)</u>
Total gross deferred tax liabilities	\$ (63,137)	(55,550)
Net deferred tax assets	\$ 4,505	3,131
Plus current deferred tax liabilities	<u>7,651</u>	<u>5,699</u>
Noncurrent deferred tax assets	<u>\$ 12,156</u>	<u>8,830</u>

At December 31, 2001, the Company has net operating loss carryforwards for foreign income tax purposes of \$4 which are available over an indefinite period to offset future foreign taxable income.

The Company has not provided U.S. Federal income taxes on undistributed earnings of foreign subsidiaries accumulated through December 31, 1992 since the Company intends to reinvest such earnings indefinitely or to distribute them in a manner in which no significant additional taxes would be incurred. Such undistributed earnings are approximately \$41,900 and the additional Federal and state taxes payable in a hypothetical distribution of such accumulated earnings would approximate \$10,100. Since 1993, the Company has been providing for Federal and state income tax expense on foreign earnings without regard to whether such earnings will be permanently reinvested outside the United States.

## 4

### SHAREHOLDERS' EQUITY

#### A. DIVIDENDS

On May 5, 1999, the Board of Directors declared a 2-for-1 stock split, effected in the form of a stock dividend of one share of common stock for every share outstanding, and increased the authorized common stock to 160,000,000 shares. The stock dividend was distributed on May 31, 1999 to shareholders of record on May 17, 1999. All share and per share information, except par value, has been adjusted for all years to reflect the stock split.

#### B. STOCK REPURCHASE PLANS

The Company has a Non-Discretionary Stock Repurchase Plan under which management is authorized to repurchase up to 5,000,000 shares of the Company's common stock in the open market with the proceeds received from the exercise of Employee and Director Stock Options. As of December 31, 2001, the Company had repurchased and retired 2,346,196 shares of common stock at an average price of \$20.82 per share over the period from 1994 through 2001.

In September 2001, the Board of Directors approved a Discretionary Stock Repurchase Plan to repurchase and retire 1,000,000 shares of common stock. As of October 11, 2001, all 1,000,000 shares had been repurchased and retired under the plan at an average price of \$45.12 per share. In November 2001, the Board of Directors expanded the Company's Discretionary Stock Repurchase Plan to allow for the repurchase of such shares as may be necessary to reduce the issued and outstanding stock to 50,000,000 shares of common stock. As of December 31, 2001, no shares had been repurchased under the amended discretionary plan.

### C. STOCK OPTION PLANS

The Company has two stock option plans (the “1985 Plan” and the “1997 Plan”) for employees under which the Board of Directors may grant officers and key employees options to purchase common stock at prices equal to or greater than market value on the date of grant. The 1985 Plan provides for non-qualified grants at exercise prices equal to or greater than the market value on the date of grant. Outstanding options generally vest and become exercisable over periods up to five years from the date of grant and expire no more than 10 years from the date of grant. The 1997 Plan provides for qualified and non-qualified grants of options to purchase shares, limited to not more than 100,000 per person per year. Grants less than or equal to 20,000 shares in any fiscal year, are granted at or above common stock prices on the date of grant. Any 1997 Plan grants in excess of the initial 20,000 shares granted per person per year (“Excess Grants”) require an exercise price of not less than 120% of the common stock price on the date of grant. Excess Grants expire no later than 5 years from the date of grant. Excess Grants under the 1997 Plan vested completely, 3 years from the date of grant.

The Company also has a stock option plan (“Directors’ Plan”) under which non-employee directors elected at each annual meeting are granted non-qualified options to purchase 8,000 shares of common stock on the first business day of the month following the meeting.

Upon the exercise of non-qualified stock options, the Company derives a tax deduction measured by the excess of the market value over the option price at the date of exercise. The related tax benefit is credited to additional paid-in capital.

Details regarding the plans are as follows:

	UNOPTIONED SHARES			OUTSTANDING OPTIONS	
	1985 PLAN	1997 PLAN	DIRECTORS' PLAN	NUMBER OF SHARES	WEIGHTED AVERAGE PRICE PER SHARE
Balance at December 31, 1998	244,478	2,404,600	80,000	6,197,110	\$ 8.49
Options granted	(100,000)	(908,900)	(24,000)	1,032,900	\$ 31.98
Options exercised	—	—	—	(1,323,405)	\$ 3.47
Options canceled	43,750	138,000	—	(181,750)	\$ 20.04
Balance at December 31, 1999	188,228	1,633,700	56,000	5,724,855	\$ 13.47
Options granted	(95,000)	(781,250)	(32,000)	908,250	\$ 38.07
Options exercised	—	—	—	(855,805)	\$ 5.66
Options canceled	68,500	136,925	—	(205,425)	\$ 23.73
Balance at December 31, 2000	161,728	989,375	24,000	5,571,875	\$ 18.30
Options authorized	—	2,500,000	200,000	—	—
Options granted	(110,000)	(1,030,400)	(32,000)	1,172,400	\$ 50.10
Options exercised	—	—	—	(1,274,413)	\$ 6.35
Options canceled	—	135,600	—	(135,600)	\$ 33.27
Balance at December 31, 2001	51,728	2,594,575	192,000	5,334,262	\$ 27.77

The Company applies APB Opinion No. 25 and related interpretations in accounting for its stock option and its employee stock purchase rights plans. Accordingly, no compensation cost has been recognized for its fixed stock option or employee stock purchase rights plans. Had compensation cost for the Company's three stock based compensation and employee stock purchase rights plans been determined consistent with SFAS No. 123, the Company's net earnings, basic earnings per share and diluted earnings per share would have been decreased to the pro forma amounts indicated below:

	2001	2000	1999
Net earnings – as reported	\$ 97,243	83,035	59,175
Net earnings – pro forma	\$ 83,783	73,258	51,811
Basic earnings per share – as reported	\$ 1.87	1.62	1.18
Basic earnings per share – pro forma	\$ 1.63	1.44	1.05
Diluted earnings per share – as reported	\$ 1.77	1.52	1.10
Diluted earnings per share – pro forma	\$ 1.55	1.34	.97

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants:

	2001	2000	1999
Dividend yield	.38%	.48%	.23%
Volatility	51%	51%	47%
Risk-free interest rates	3.6 – 5.4%	5.1 – 6.4%	5.1 – 5.9%
Expected life (years) – stock option plans	5.2 – 8.5	5.6	5.5 – 7
Expected life (years) – stock purchase rights plan	1	1	1
Weighted average fair value of stock options granted during the year	\$ 25.36	19.61	17.55
Weighted average fair value of stock purchase rights	\$ 17.57	17.90	10.39

The following table summarizes information about fixed-price stock options outstanding at December 31, 2001:

RANGE OF EXERCISE PRICE	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
\$ 3.19 – 7.75	1,156,115	3 years	\$ 5.42	1,156,115	\$ 5.42
\$ 12.54 – 21.94	1,286,797	5.5 years	\$ 18.12	755,847	\$ 17.07
\$ 27.50 – 32.09	888,300	7.3 years	\$ 32.00	16,000	\$ 29.25
\$ 37.90 – 47.50	850,200	8.3 years	\$ 38.05	32,000	\$ 41.38
\$ 47.90 – 63.85	1,152,850	9.3 years	\$ 50.11	32,000	\$ 63.85
\$ 3.19 – 63.85	<u>5,334,262</u>	6.5 years	\$ 27.77	<u>1,991,962</u>	\$ 11.55

**D. BASIC AND DILUTED EARNINGS PER SHARE**

The following table reconciles the numerator and the denominator of the basic and diluted per share computations for earnings per share in 2001, 2000 and 1999.

	NET EARNINGS	WEIGHTED AVERAGE SHARES	EARNINGS PER SHARE
<b>2001</b>			
Basic earnings per share	\$ 97,243	52,079,752	\$ 1.87
Effect of dilutive potential common shares	—	2,790,918	—
Diluted earnings per share	<u>\$ 97,243</u>	<u>54,870,670</u>	<u>\$ 1.77</u>
<b>2000</b>			
Basic earnings per share	\$ 83,035	51,152,620	\$ 1.62
Effect of dilutive potential common shares	—	3,526,398	—
Diluted earnings per share	<u>\$ 83,035</u>	<u>54,679,018</u>	<u>\$ 1.52</u>
<b>1999</b>			
Basic earnings per share	\$ 59,175	50,137,045	\$ 1.18
Effect of dilutive potential common shares	—	3,690,772	—
Diluted earnings per share	<u>\$ 59,175</u>	<u>53,827,817</u>	<u>\$ 1.10</u>

**E. STOCK PURCHASE PLAN**

The Company's 1988 Employee Stock Purchase Plan provides for 2,800,000 shares of the Company's common stock to be reserved for issuance upon exercise of purchase rights granted to employees who elect to participate through regular payroll deductions beginning August 1 of each year. The purchase rights are exercisable on July 31 of the following year at a price equal to the lesser of (1) 85% of the fair market value of the Company's stock on July 31 or (2) 85% of the fair market value of the Company's stock on the preceding August 1. At December 31, 2001, 2000 and 1999, an aggregate of 2,544,167 shares, 2,373,253 shares, and 2,169,235 shares, respectively, had been issued under the plan, and at December 31, 2001, \$4,337 had been withheld in connection with the plan year ending July 31, 2002.

5

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company’s financial instruments, other than cash, consist primarily of cash equivalents, short-term investments, accounts receivable, short-term debt, accounts payable and accrued expenses, and stock purchase rights. The fair values of these financial instruments, excluding stock purchase rights, approximate their carrying amounts based upon market interest rates or their short-term nature. The fair value of the stock purchase rights, which have a carrying value of zero, has been determined using market prices for the related stock, and is approximately \$610 as of December 31, 2001.

6

COMMITMENTS

A. LEASES

The Company occupies office and warehouse facilities under terms of operating leases expiring up to 2009. Total rent expense for 2001, 2000 and 1999 was \$24,323, \$19,390 and \$17,768, respectively. At December 31, 2001, future minimum annual lease payments under all leases are as follows:

2002	\$ 26,422
2003	19,983
2004	13,291
2005	7,979
2006	3,484
Thereafter	<u>7,149</u>
	<u>\$ 78,308</u>

**B. EMPLOYEE BENEFITS**

The Company has employee savings plans under which the Company provides a discretionary matching contribution. In 2001, 2000, and 1999, the Company's contributions under the plans were \$2,937, \$2,596, and \$2,663, respectively.

**C. OTHER**

At December 31, 2001, the Company had entered into an agreement to fund the completion of a third-party distribution center, for which the Company would be the exclusive tenant under a lease with a minimum term of 5 years and an option to renew for an additional 5 year period ending October 2011. The Company had funded \$10,200 of a total \$15,300 commitment at December 31, 2001. The Company's requirement to pay the remainder of this commitment is contingent upon the performance of specific services on the part of the developer.

The amounts outstanding under this commitment will be accounted for as a long-term (10 year) note receivable, bearing interest at 6%. The note provides for monthly interest-only payments until October 2011 when the outstanding balance is due.

**7**

**CONTINGENCIES**

The Company is ordinarily involved in claims and lawsuits which arise in the normal course of business, none of which currently, in management's opinion, will have a significant effect on the Company's financial condition.

8

BUSINESS SEGMENT INFORMATION

Financial information regarding the Company's 2001, 2000, and 1999 operations by geographic area are as follows:

	UNITED STATES	OTHER NORTH AMERICA	FAR EAST
2001			
Revenues from unaffiliated customers	\$ 413,706	41,830	862,435
Transfers between geographic areas	22,222	1,573	5,747
Total revenues	\$ 435,928	43,403	868,182
Net revenues	\$ 250,472	29,121	174,259
Operating income (loss)	\$ 41,466	4,506	70,546
Identifiable assets at year end	\$ 403,550	21,244	112,627
Capital expenditures	\$ 12,194	1,486	2,717
Depreciation and amortization	\$ 13,264	1,416	3,381
Equity	\$ 414,623	5,303	96,664
2000			
Revenues from unaffiliated customers	\$ 434,136	35,315	922,057
Transfers between geographic areas	22,437	1,255	3,866
Total revenues	\$ 456,573	36,570	925,923
Net revenues	\$ 241,844	24,172	138,671
Operating income	\$ 38,569	3,210	53,595
Identifiable assets at year end	\$ 352,737	21,215	119,056
Capital expenditures	\$ 13,075	1,925	3,591
Depreciation and amortization	\$ 12,529	1,106	3,712
Equity	\$ 361,784	4,582	98,713
1999			
Revenues from unaffiliated customers	\$ 358,454	21,407	821,977
Transfers between geographic areas	18,150	1,049	3,347
Total revenues	\$ 376,604	22,456	825,324
Net revenues	\$ 206,198	14,699	101,790
Operating income	\$ 29,647	2,279	38,879
Identifiable assets at year end	\$ 273,391	14,280	94,652
Capital expenditures	\$ 14,109	1,347	3,740
Depreciation and amortization	\$ 11,511	618	3,429
Equity	\$ 282,385	2,814	81,956

The Company charges its subsidiaries and affiliates for services rendered in the United States on a cost recovery basis.

No single country outside the United States represented more than 10% of the Company's total revenue in any period presented with the exception of Hong Kong which represented 12%, 14% and 19% and Taiwan which represented 12%, 13% and 13% in 2001, 2000 and 1999, respectively. No single country outside of the United States represented more than 10% of the Company's total identifiable assets in any period presented.

EUROPE	AUSTRALIA / NEW ZEALAND	LATIN AMERICA	MIDDLE EAST	ELIMINATIONS	CONSOLIDATED
226,309	13,554	20,974	73,825	—	1,652,633
9,672	3,406	3,073	2,920	(48,613)	—
235,981	16,960	24,047	76,745	(48,613)	1,652,633
106,824	11,465	10,330	24,065	—	606,536
19,793	2,555	(197)	7,348	—	146,017
118,170	11,101	8,027	20,412	(6,694)	688,437
17,009	654	1,087	2,235	—	37,382
3,290	527	663	1,003	—	23,544
31,031	8,369	334	7,971	(149,672)	414,623
210,294	13,740	14,060	65,579	—	1,695,181
9,649	3,235	2,772	3,025	(46,239)	—
219,943	16,975	16,832	68,604	(46,239)	1,695,181
103,725	11,289	8,331	20,323	—	548,355
23,682	2,321	1,422	4,725	—	127,524
115,631	11,040	9,531	19,676	12,854	661,740
3,876	550	1,037	1,528	—	25,582
3,187	542	342	1,063	—	22,481
31,371	7,117	897	5,997	(148,677)	361,784
175,794	12,995	8,224	45,724	—	1,444,575
7,364	3,227	2,001	1,950	(37,088)	—
183,158	16,222	10,225	47,674	(37,088)	1,444,575
89,043	10,974	4,983	14,799	—	442,486
17,535	2,127	442	2,414	—	93,323
98,030	9,183	7,587	17,288	21,050	535,461
3,733	693	272	2,688	—	26,582
3,302	614	251	1,094	—	20,819
24,888	6,558	(179)	2,931	(118,968)	282,385

## 9

## QUARTERLY RESULTS (UNAUDITED)

		1ST	2ND	3RD	4TH
<b>2001</b>					
Revenues	\$	405,281	390,679	427,088	429,585
Net revenues		145,686	147,767	157,819	155,264
Net earnings		21,158	21,599	27,369	27,117
Basic earnings per share		.41	.41	.52	.53
Diluted earnings per share		.38	.39	.50	.50
<b>2000</b>					
Revenues	\$	349,044	404,496	475,363	466,278
Net revenues		115,472	128,114	151,325	153,444
Net earnings		13,356	18,099	25,642	25,938
Basic earnings per share		.26	.35	.50	.50
Diluted earnings per share		.25	.33	.47	.47

Net revenues are determined by deducting freight consolidation costs from total revenues. The sum of quarterly per share data may not equal the per share total reported for the year.

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Expeditors International of Washington, Inc.:

We have audited the consolidated balance sheets of Expeditors International of Washington, Inc. and subsidiaries as of December 31, 2001 and 2000, and related consolidated statements of earnings, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Expeditors International of Washington, Inc. and subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

**KPMG LLP**

Seattle, Washington  
March 1, 2002

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

### **GENERAL**

Expeditors International of Washington, Inc. is engaged in the business of global logistics management, including international freight forwarding and consolidation, for both air and ocean freight. The Company acts as a customs broker in all domestic offices, and in many of its international offices. The Company also provides additional services for its customers including value added distribution, purchase order management, vendor consolidation and other logistics solutions. The Company offers domestic forwarding services only in conjunction with international shipments. The Company does not compete for overnight courier or small parcel business. The Company does not own or operate aircraft or steamships.

International trade is influenced by many factors, including economic and political conditions in the United States and abroad, currency exchange rates, and United States and foreign laws and policies relating to tariffs, trade restrictions, foreign investments and taxation. Periodically, governments consider a variety of changes to current tariffs and trade restrictions. The Company cannot predict which, if any, of these proposals may be adopted, nor can the Company predict the effects adoption of any such proposal will have on the Company's business. Doing business in foreign locations also subjects the Company to a variety of risks and considerations not normally encountered by domestic enterprises. In addition to being affected by governmental policies concerning international trade, the Company's business may also be affected by political developments and changes in government personnel or policies in the nations in which it does business.

The Company's ability to provide services to its customers is highly dependent on good working relationships with a variety of entities including airlines, ocean steamship lines, and governmental agencies. The Company considers its current working relationships with these entities to be satisfactory. However, changes in space allotments available from carriers, governmental deregulation efforts, "modernization" of the regulations governing customs brokerage, and/or changes in governmental quota restrictions could affect the Company's business in unpredictable ways.

Historically, the Company's operating results have been subject to a seasonal trend when measured on a quarterly basis. The first quarter has traditionally been the weakest and the third and fourth quarters have traditionally been the strongest. This pattern is the result of, or is influenced by, numerous factors including climate, national holidays, consumer demand, economic conditions and a myriad of other similar and subtle forces. In addition, this historical quarterly trend has been influenced by the growth and diversification of the Company's international network and service offerings. The Company cannot accurately forecast many of these factors nor can the Company estimate accurately the relative influence of any particular factor and, as a result, there can be no assurance that historical patterns, if any, will continue in future periods.

A significant portion of the Company's revenues are derived from customers in retail industries whose shipping patterns are tied closely to consumer demand, and from customers in industries whose shipping patterns are dependent upon just-in-time production schedules. Therefore, the timing of the Company's revenues are, to a large degree, impacted by factors out of the Company's control, such as a sudden change in consumer demand for retail goods and/or manufacturing production delays. Additionally, many customers ship a significant portion of their goods at or near the end of a quarter, and therefore, the Company may not learn of a shortfall in revenues until late in a quarter. To the extent that a shortfall in revenues or earnings was not expected by securities analysts, any such shortfall from levels predicted by securities analysts could have an immediate and adverse effect on the trading price of the Company's stock.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Management believes that the nature of the Company's business is such that there are few, if any, complex challenges in accounting for operations. While judgments and estimates are a necessary component of any system of accounting, the Company's use of estimates is limited primarily to the areas of accounts receivable valuation, the useful lives of long-term assets and the accrual of costs related to ancillary services the Company provides – areas that in the aggregate are not a major component of the Company's statement of earnings. Management believes that the methods utilized in all of these areas are non-aggressive in approach and consistent in application. Management believes that there are limited, if any, alternative accounting principles or methods which could be applied to the Company's transactions. While the use of estimates means that actual future results may be different from those contemplated by the estimates, the Company believes that alternative principles and methods used for making such estimates would not produce materially different results than those reported.

#### **RESULTS OF OPERATIONS**

The following table shows the consolidated net revenues (revenues less transportation expenses) attributable to the Company's principal services and the Company's expenses for 2001, 2000 and 1999, expressed as percentages of net revenues. With respect to the Company's services other than freight consolidation, net revenues are identical to revenues. Management believes that net revenues are a better measure than total revenues of the relative importance of the Company's principal services since total revenues earned by the Company as a freight consolidator include the carriers' charges to the Company for carrying the shipment whereas revenues earned by the Company in its other capacities include only the commissions and fees actually earned by the Company.

IN THOUSANDS	2001		2000		1999	
	AMOUNT	PERCENT OF NET REVENUES	AMOUNT	PERCENT OF NET REVENUES	AMOUNT	PERCENT OF NET REVENUES
<b>NET REVENUES:</b>						
Airfreight	\$254,502	42%	225,428	41%	183,767	41%
Ocean freight and ocean services	138,881	23	114,974	21	87,181	20
Customs brokerage and import services	213,153	35	207,953	38	171,538	39
Net revenues	<u>606,536</u>	<u>100</u>	<u>548,355</u>	<u>100</u>	<u>442,486</u>	<u>100</u>
<b>OPERATING EXPENSES:</b>						
Salaries and related costs	325,545	54	290,581	53	240,740	54
Other	<u>134,974</u>	<u>22</u>	<u>130,250</u>	<u>24</u>	<u>108,423</u>	<u>25</u>
Total operating expenses	<u>460,519</u>	<u>76</u>	<u>420,831</u>	<u>77</u>	<u>349,163</u>	<u>79</u>
Operating income	146,017	24	127,524	23	93,323	21
Other income, net	<u>8,277</u>	<u>1</u>	<u>5,824</u>	<u>1</u>	<u>1,322</u>	<u>0</u>
Earnings before income taxes	154,294	25	133,348	24	94,645	21
Income tax expense	<u>57,051</u>	<u>9</u>	<u>50,313</u>	<u>9</u>	<u>35,470</u>	<u>8</u>
Net earnings	<u>\$ 97,243</u>	<u>16%</u>	<u>83,035</u>	<u>15%</u>	<u>59,175</u>	<u>13%</u>

## 2001 COMPARED WITH 2000

Airfreight net revenues in 2001 increased 13% compared with 2000 primarily due to the Company's ability to expand airfreight margins despite the lower airfreight tonnages, experienced in 2001 compared with 2000. Airfreight margins expanded approximately 5% during 2001 as compared with 2000 despite a 9% drop in worldwide airfreight tonnage in 2001. Efficient consolidations of dense and fluffy (volumetric) freight allowed the Company to optimize purchased transportation costs while still offering competitive rates to customers. The Company's North American export airfreight net revenues increased 4% in 2001 compared to 2000. Airfreight net revenues from the Far East and from Europe increased 24% and 5%, respectively, for 2001 compared with 2000. Airfreight rates on Far East to North American trade lanes, the Company's most dominant lane, remained strong throughout 2001.

Ocean freight and ocean services net revenues increased 21% in 2001 compared to 2000. Ocean freight demand remained strong throughout 2001 and ocean freight rates from the Far East, the Company's largest trade lane, increased in the last half of the year. During 2001, management continued to expand market share, increase ocean tonnage, and increase net ocean freight revenues while offering competitive market rates to customers. Changes in the regulatory environment in the United States created new opportunities for the Company's NVOCC operations to provide services to customers who had previously dealt directly with the ocean carriers. Margins increased 3% in 2001 as compared with 2000 reflecting the Company's ability to offer competitive rates to customers at the retail level, while leveraging freight volumes to obtain favorable rates from carriers at the wholesale level. Expeditors Cargo Management Systems (ECMS), a PC-based ocean freight consolidation management and purchase order tracking service, continued to be instrumental in attracting new business. The Company's North American export ocean freight net revenues increased 10% in 2001 compared to 2000. This increase was a result of the Company handling more ocean shipments moving from North America to the Far East and, to a lesser extent, from North America to Europe. Ocean freight net revenues from the Far East and from Europe increased 23% and 30%, respectively, for 2001 compared with 2000.

Customs brokerage and import services revenues increased 3% in 2001 as compared with 2000 as a result of (1) the Company's growing reputation for providing high quality service, (2) consolidation within the customs brokerage market as customers seek out customs brokers with more sophisticated computerized capabilities critical to an overall logistics management program, and (3) the growing importance of distribution services as a separate and distinct service offered to existing and potential customers. Distribution services accounted for nearly 36% of the increase in customs brokerage and import services revenues for 2001 compared with 2000.

Salaries and related costs increased in 2001 compared to 2000 as a result of (1) the Company's increased hiring of sales, operations, and administrative personnel in existing and new offices to accommodate increases in business activity and (2) increased compensation levels. Salaries and related costs increased 1% as a percentage of net revenues. The relatively consistent relationship between salaries and net revenues is the result of a compensation philosophy that has been maintained since the inception of the Company: offer a modest base salary and the opportunity to share in a fixed and determinable percentage of the operating profit of the business unit controlled by each key employee. Using this compensation model, changes in individual compensation will occur in proportion to changes in Company profits. Management believes that the growth in revenues, net revenues and net earnings for 2001 are a result of the incentives inherent in the Company's compensation program.

Other operating expenses increased in 2001 as compared with 2000 as rent expense, communications expense, quality and training expenses, and other costs expanded to accommodate the Company's growing operations. Other operating expenses as a percentage of net revenues decreased 2% in 2001 as compared with 2000. Management believes that this decrease was significant as it reflects the successful achievement of cost containment objectives initiated at the branch level. The ability to sustain these savings into future periods is contingent upon branch level management's ability to adhere to these objectives.

Other income, net, increased in 2001 as compared to 2000 primarily due to interest income earned on higher cash balances and short-term investments in 2001. Management attributes higher cash balances, in large part, to the success of cash management and billing improvement initiatives.

The Company pays income taxes in the United States and other jurisdictions, as well as other taxes which are typically included in costs of operations. The Company's consolidated effective income tax rate in 2001 was 37%, down marginally from the 37.7% rate experienced in the prior year. The .7% decrease was caused primarily by a reduction in state tax expense required to be paid by the Company.

#### 2000 COMPARED WITH 1999

Airfreight net revenues in 2000 increased 23% compared with 1999 primarily due to (1) increased airfreight shipments and tonnages handled by the Company from the Far East to North America and Europe, (2) increased prices charged by the airlines which were passed along to customers, and (3) increased export airfreight shipments and tonnages from North America and Europe. Airfreight margins expanded approximately 2% during 2000 as compared with 1999. Higher freight volumes and efficient consolidations of dense and fluffy (volumetric) freight allowed the Company to optimize purchased transportation costs while still offering competitive rates to customers. The Company's North American export airfreight net revenues increased 21% in 2000 compared to 1999. Airfreight net revenues from the Far East and from Europe increased 31% and 9%, respectively, for 2000 compared with 1999. Airfreight rates on Far East to North American trade lanes, the Company's most dominant lane, remained strong throughout 2000.

Ocean freight and ocean services net revenues increased 32% in 2000 compared to 1999. Ocean freight demand remained strong throughout 2000 and ocean freight rates from the Far East, the Company's largest trade lane, increased in the last half of the year. During 2000, management continued to expand market share, increase ocean tonnage, and increase net ocean freight revenues while offering competitive market rates to customers. Changes in the regulatory environment in the United States created new opportunities for the Company's NVOCC operations to provide services to customers who had previously dealt directly with the ocean carriers. Margins remained nearly constant in 2000 as compared with 1999. ECMS continued to be instrumental in attracting new business. The Company's North American export ocean freight net revenues increased 26% in 2000 compared to 1999. This increase was a result of the Company handling more ocean shipments moving from North America to the Far East and, to a lesser extent, from North America to Europe. Ocean freight net revenues from the Far East and from Europe increased 38% and 26%, respectively, for 2000 compared with 1999.

Customs brokerage and import services revenues increased 21% in 2000 as compared with 1999 as a result of (1) the Company's growing reputation for providing high quality service, (2) consolidation within the customs brokerage market as customers seek out customs brokers with more sophisticated computerized capabilities critical to an overall logistics management program, and (3) the growing importance of distribution services as a separate and distinct service offered to existing and potential customers. Distribution services accounted for nearly 22% of the increase in customs brokerage and import services revenues for 2000 compared with 1999.

Salaries and related costs increased in 2000 compared to 1999 as a result of (1) the Company's increased hiring of sales, operations, and administrative personnel in existing and new offices to accommodate increases in business activity and (2) increased compensation levels. Salaries and related costs decreased 1% as a percentage of net revenues. Management believes that this decrease is due to the Company's ability to service larger freight volumes with a relatively smaller group of people. Management attributes this to technological enhancement and operational process improvement initiatives. The relatively consistent relationship between salaries and net revenues is the result of a compensation philosophy that has been maintained since the inception of the Company: offer a modest base salary and the opportunity to share in a fixed and determinable percentage of the operating profit of the business unit controlled by each key employee. Using this compensation model, changes in individual compensation will occur in proportion to changes in Company profits. Management believes that the growth in revenues, net revenues and net earnings for 2000 are a result of the incentives inherent in the Company's compensation program.

Other operating expenses increased in 2000 as compared with 1999 as rent expense, communications expense, quality and training expenses, and other costs expanded to accommodate the Company's growing operations. Other operating expenses as a percentage of net revenues decreased 1% in 2000 as compared with 1999.

Other income, net, increased in 2000 as compared to 1999 primarily due to interest income earned on higher cash balances and short-term investments in 2000. Management attributes higher cash balances, in large part, to the success of cash management and billing improvement initiatives.

The Company pays income taxes in the United States and other jurisdictions, as well as other taxes which are typically included in costs of operations. The Company's consolidated effective income tax rate remained relatively constant in 2000 at 37.7%.

#### **CURRENCY AND OTHER RISK FACTORS**

International air/ocean freight forwarding and customs brokerage are intensively competitive and are expected to remain so for the foreseeable future. There are a large number of entities competing in the international logistics industry; however, the Company's primary competition is confined to a relatively small number of companies within this group. While there is currently a marked trend within the industry toward consolidation into large firms with multinational offices and agency networks, regional and local broker/forwarders remain a competitive force.

Historically, the primary competitive factors in the international logistics industry have been price and quality of service, including reliability, responsiveness, expertise, convenience, and scope of operations. The Company emphasizes quality service and believes that its prices are competitive with those of others in the industry. Customers have exhibited a trend towards more sophisticated and efficient procedures for the management of the logistics supply chain by embracing strategies such as just-in-time inventory management. Accordingly, sophisticated computerized customer service capabilities and a stable worldwide network have become significant factors in attracting and retaining customers.

Developing these systems and a worldwide network has added a considerable indirect cost to the services provided to customers. Smaller and middle-tier competitors, in general, do not have the resources available to develop customized systems and a worldwide network. As a result, there is a significant amount of consolidation currently taking place in the industry. Management expects that this trend toward consolidation will continue for the short- to medium-term.

The nature of the Company's worldwide operations necessitates the Company dealing with a multitude of currencies other than the U.S. Dollar. This results in the Company being exposed to the inherent risks of the international currency markets and governmental interference. Some of the countries where the Company maintains offices and/or agency relationships have strict currency control regulations which influence the Company's ability to hedge foreign currency exposure. The Company tries to compensate for these exposures by accelerating international currency settlements among its offices or agents. The Company enters into foreign currency hedging transactions only in limited locations where there are regulatory or commercial limitations on the Company's ability to move money freely around the world or the short-term financial outlook in any country is such that hedging is the most time-sensitive way to avoid short-term exchange losses. Any such hedging activity during 2001, 2000 and 1999 was insignificant. Net foreign currency losses realized in 2001 were \$366,000. Net foreign currency gains realized during 2000 and 1999 were \$309,000 and \$196,000, respectively. The current year losses were recognized primarily as a result of intercompany obligations with the Company's subsidiaries in Brazil, Taiwan, Indonesia and Turkey.

The Company has traditionally generated revenues from airfreight, ocean freight and customs brokerage and import services. In light of the customer-driven trend to provide customer rates on a door-to-door basis, management foresees the potential, in the medium-to long-term, for fees normally associated with customs house brokerage to be de-emphasized and included as a component of other services offered by the Company.

On January 1, 1999, eleven of fifteen member countries of the European Union, later joined by Greece in January 2001, established fixed conversion rates between their existing currencies ("legacy currencies") and a new common currency - the Euro. The Euro trades on currency exchanges and may be used in business transactions. The conversion to the Euro eliminates currency exchange rate risk between the member countries. Beginning in January 2002, new Euro-denominated bills and coins were issued and legacy currencies began to be withdrawn from circulation. The Company has worked diligently to address the issues raised by the Euro currency conversion including the need to adapt computer systems and business processes to accommodate Euro-denominated transactions. The conversion costs were not material. Due to numerous uncertainties, the Company is evaluating the effects one common European currency will have on pricing. The Company is unable to predict the resulting impact, if any, on the Company's consolidated financial statements. The Company has not experienced any significant disruption as a result of this phased conversion.

**SOURCES OF GROWTH**

Historically, growth through aggressive acquisition has proven to be a challenge for many of the Company's competitors and typically involves the purchase of significant "goodwill", the value of which can be realized in large measure only by retaining the customers and profit margins of the acquired business. As a result, the Company has pursued a strategy emphasizing organic growth supplemented by certain strategic acquisitions, where future economic benefit significantly exceeds the "goodwill" recorded in the transaction.

**OFFICE ADDITIONS**

The Company opened 7 start-up offices and one office through an acquisition during 2001. The office added through an acquisition is followed by an asterisk.

EUROPE	SOUTH AMERICA	AFRICA	NORTH AMERICA
<b>UNITED KINGDOM:</b> Belfast, Northern Ireland Bristol, England	<b>BRAZIL:</b> Curitiba	<b>MADAGASCAR:</b> Antananarivo	<b>USA:</b> Nashville, Tennessee
<b>GERMANY:</b> Nuremberg	<b>VENEZUELA:</b> Caracas*		
<b>SWITZERLAND:</b> Chiasso			

**INTERNAL GROWTH**

Management believes that a comparison of “same store” growth is critical in the evaluation of the quality and extent of the Company’s internally generated growth. This “same store” analysis isolates the financial contributions from offices that have been included in the Company’s operating results for at least one full year. The table below presents “same store” comparisons on a year-over-year basis for the years ended December 31, 2001, 2000 and 1999.

Same store comparisons for the years ended December 31,

	2001	2000	1999
Net revenues	7%	23%	22%
Operating income	13%	36%	24%

**LIQUIDITY AND CAPITAL RESOURCES**

The Company’s principal source of liquidity is cash generated from operating activities. Net cash provided by operating activities for the year ended December 31, 2001 was approximately \$168 million, as compared with \$154 million for 2000. This \$14 million increase is principally due to increased net earnings, decreased accounts receivable and increased accounts payable, accrued expenses and taxes payable.

The Company’s business is subject to seasonal fluctuations. Cash flow fluctuates as a result of this seasonality. Historically, the first quarter shows an excess of customer collections over customer billings. This results in positive cash flow. The increased activity associated with peak season (typically commencing late second or early third quarter) causes an excess of customer billings over customer collections. This cyclical growth in customer receivables consumes available cash. In the past, the Company has utilized short-term borrowings to satisfy normal operating expenditures when temporary cash outflows exceed cash inflows. These short-term borrowings have been repaid when the trend reverses and customer collections exceed customer billings. During 2001, short-term borrowings were not required in the United States; the market where cash flow pressures are most intense due to funds advanced in association with customs brokerage activity.

As a customs broker, the Company can make significant 5-10 business day cash advances for the payment of duties and freight. These advances are made as an accommodation for a select group of credit-worthy customers. Cash advances are a “pass through” and are not recorded as a component of revenue and expense, but are accounted for as a direct increase in accounts receivable and accounts payable. As a result of these “pass through” billings, the conventional Days Sales Outstanding or DSO calculation does not directly measure collection efficiency.

Cash used in investing activities for the year ended December 31, 2001 was \$53 million, as compared with \$29 million during the same period of 2000. The largest use of cash in investing activities is cash paid for capital expenditures. For the year ended December 31, 2001, the Company made capital expenditures of \$37 million as compared with \$26 million for the same period in 2000. Capital expenditures in 2001 and in 2000 related primarily to investments in technology and office furniture and equipment.

Cash used in financing activities for the year ended December 31, 2001 was \$58 million as compared with cash used in financing activities of \$23 million for the same period in 2000. In 2001, the Company paid down \$3 million on short-term debt, as compared with \$15 million for the same period of 2000. The Company uses the proceeds from stock option exercises to repurchase the Company’s stock on the open market. The differences shown at year end of 2000 and 1999 between proceeds from the issuance of common stock and the amounts paid to repurchase common stock represent a timing difference in the receipt of proceeds and the subsequent repurchase of outstanding shares. During the third quarter of 2001, the Board of Directors authorized management to repurchase 1,000,000 shares of the Company’s common stock. The difference shown at the end of 2001 between proceeds from the issuance of common stock and the amounts paid to repurchase common stock is primarily due to the repurchase of stock under the discretionary plan authorized by the Board of Directors in September 2001. The repurchase of all 1,000,000 shares was completed on October 11, 2001 at an average price of \$45.12 per share. In November 2001, the Board of Directors expanded the Company’s Discretionary Stock Repurchase Program to allow for the repurchase of such shares as may be necessary to reduce the issued and outstanding stock to 50,000,000 shares of common stock. As of December 31, 2001, no shares had been repurchased under the amended discretionary plan.

At December 31, 2001, working capital was \$237 million, including cash and short-term investments of \$219 million. The Company had no long-term debt at December 31, 2001. While the nature of its business does not require an extensive investment in property and equipment, the Company cannot eliminate the possibility that it could acquire an equity interest in property in certain geographic locations. The Company currently expects to spend approximately \$40 million on property and equipment in 2002. In addition to normal capital expenditures for leasehold improvements, warehouse equipment, computer hardware and furniture and fixtures, this total includes estimates for a building project in Egypt. The Company expects to finance capital expenditures in 2002, with cash.

The Company borrows internationally under unsecured bank lines of credit. The international bank lines of credit totaled \$9.4 million. In addition, the Company maintains a bank facility with its U.K. bank for \$7.3 million. At December 31, 2001, the Company was directly liable for \$1.7 million drawn on these lines of credit and was contingently liable for an additional \$28.6 million from standby letters of credit and guarantees related to those lines of credit and other obligations.

At December 31, 2001, the Company's contractual obligations and other commitments are as follows:

		PAYMENTS DUE BY PERIOD			
IN THOUSANDS	TOTAL	LESS THAN 1 YEAR	1 - 3 YEARS	4 - 5 YEARS	AFTER 5 YEARS
CONTRACTUAL OBLIGATIONS					
Operating Leases	\$ 78,308	26,422	33,274	11,463	7,149
Unconditional Purchase Obligations	518	518	—	—	—
Other Obligations (See Note 6C.)	5,100	5,100	—	—	—
Total Contractual Cash Obligations	\$ 83,926	32,040	33,274	11,463	7,149

IN THOUSANDS	TOTAL AMOUNTS COMMITTED	AMOUNT OF COMMITMENT EXPIRATION PER PERIOD			
		LESS THAN 1 YEAR	1 - 3 YEARS	4 - 5 YEARS	AFTER 5 YEARS
OTHER COMMITMENTS					
Lines of Credit	\$ 9,396	9,396	—	—	—
Credit Facility	7,294	7,294	—	—	—
Standby Letters of Credit	26,563	26,483	80	—	—
Guarantees	2,051	—	—	—	2,051
Total Commitments	\$ 45,304	43,173	80	—	2,051

The Company has a Non-Discretionary Stock Repurchase Plan to repurchase shares from the proceeds of stock option exercises. As of December 31, 2001, the Company had repurchased and retired 2,346,196 shares of common stock at an average price of \$20.82 per share over the period from 1994 through 2001.

The Company also has a Discretionary Stock Repurchase Plan under which it retired 1,000,000 shares of common stock as of October 11, 2001, at an average price of \$45.12 per share. In November 2001, this plan was expanded to allow for the repurchase of such shares as may be necessary to reduce the issued and outstanding stock to 50,000,000 shares of common stock. As of December 31, 2001, no shares had been repurchased under the amended discretionary plan.

Management believes that the Company's current cash position, bank financing arrangements, and operating cash flows will be sufficient to meet its capital and liquidity requirements for the foreseeable future.

In some cases, the Company's ability to repatriate funds from foreign operations may be subject to foreign exchange controls. At December 31, 2001, cash and cash equivalent balances of \$96 million were held by the Company's non-U.S. subsidiaries, of which \$35 million was held in banks in the United States. In addition, certain undistributed earnings of the Company's subsidiaries accumulated through December 31, 1992 would, under most circumstances, be subject to some additional United States income tax if distributed to the Company. The Company has not provided for this additional tax because the Company intends to reinvest such earnings to fund the expansion of its foreign activities, or to distribute them in a manner in which no significant additional taxes would be incurred.

**IMPACT OF INFLATION**

To date, the Company's business has not been adversely affected by inflation, nor has the Company experienced significant difficulty in passing carrier rate increases on to its customers by means of price increases. Direct carrier rate increases could occur over the short-to medium-term period. Due to the high degree of competition in the market place, these rate increases might lead to an erosion in the Company's margins. However, as the Company is not required to purchase or maintain extensive property and equipment and has not otherwise incurred substantial interest rate-sensitive indebtedness, the Company currently has no direct exposure to increased costs resulting from increases in interest rates.

The forward-looking statements contained in this document involve a number of risks and uncertainties. Factors that could cause actual results to differ materially from these statements include, but are not limited to: risks associated with foreign operations, elimination of intercompany transactions, matching of expenses with the associated revenue, seasonality, shifts in consumer demand, the effect that the implementation of the Euro as the primary currency of 12 member states of the European Union might have on the global economy and the Company's international and domestic customers, other accounting estimates and other risk factors disclosed from time to time in the Company's public reports.

## DIRECTORS AND EXECUTIVE OFFICERS

### DIRECTORS

**PETER J. ROSE**

Chairman of the Board  
and Chief Executive Officer,  
Director

**R. JORDAN GATES**

Executive Vice President –  
Chief Financial Officer  
and Treasurer, Director

**MICHAEL J. MALONE**

Director  
Chairman,  
DMX Music, Inc.

**JAMES L. K. WANG**

President – Asia,  
Director

**JAMES J. CASEY**

Director

**JOHN W. MEISENBACH**

Director  
President, MCM Financial  
A Financial Services Company

**DAN P. KOURKOUHELIS**

Director

### EXECUTIVE OFFICERS

**GLENN M. ALGER**

President and  
Chief Operating Officer

**EUGENE K. ALGER**

Sr. Vice President –  
North America

**ROSANNE ESPOSITO**

Sr. Vice President –  
Global Customs

**SANDY K. Y. LIU**

Chief Operating  
Officer – Asia

**L. MANFRED AMBERGER**

Sr. Vice President –  
Continental Europe

**ROGER IDIART**

Sr. Vice President –  
Air Cargo

**TIMOTHY C. BARBER**

Executive Vice President –  
Global Sales

**JEAN CLAUDE CARCAILLET**

Sr. Vice President –  
Australasia

**JEFFREY J. KING**

Sr. Vice President –  
General Counsel  
and Secretary

**ROMMEL C. SABER**

Executive Vice President –  
Europe, Africa and Near/  
Middle East

**WILLIAM J. COOGAN**

Sr. Vice President –  
Ocean Cargo

**DAVID M. LINCOLN**

Sr. Vice President  
and Chief Information  
Officer

**ROBERT L. VILLANUEVA**

Executive Vice President –  
The Americas

**PHILIP M. COUGHLIN**

Sr. Vice President –  
North America

**CHARLES J. LYNCH**

Vice President –  
Corporate Controller

## ADDITIONAL PRODUCT, SERVICE AND GEOGRAPHIC MANAGERS

### GLOBAL PRODUCT AND SERVICES

**RICK BALLANTYNE**  
Vice President – Global  
Distribution Services

**ERIN THOMASSON**  
Vice President –  
Insurance

**LARRY WU**  
Sr. Vice President –  
E.C.M.S.

### FAR EAST

**JOHNNY CHANG**  
Vice President –  
Air Product – Asia

**SIMON CHANG**  
General Manager –  
Northern China

**ANDY HSIA**  
Managing Director –  
China

**J. I. KIM**  
Managing Director –  
Korea

**JACOBUS HSIEH**  
Regional Director –  
South Asia

**MATT CHING**  
General Manager –  
Central China

**DAVID HSIEH**  
Managing Director –  
Taiwan

**SARWAN KUMAR**  
General Manager –  
Ocean – Indonesia

**T. H. CHIU**  
Regional Sales  
Director – Asia

**PAUL DUAN**  
General Manager –  
Vietnam

**MICHAEL LEUNG**  
General Manager –  
Penang, Malaysia

**E. J. ONG**  
Managing Director –  
Malaysia

**SYED ERSHAD AHMED**  
Managing Director –  
Bangladesh

**ANDRE FERNANDO**  
Managing Director –  
Sri Lanka

**LANCE LIOU**  
Managing Director –  
Singapore

**NIXEN TANEX**  
General Manager –  
Air – Indonesia

**ARISTOTLE ANICETO**  
Managing Director –  
Philippines

**KEVIN FUNG**  
General Manager –  
Southern China

**MARK KATO**  
Managing Director –  
Japan

**DUMRONGSAK  
THANAWALEEKUL**  
General Manager –  
Ocean – Thailand

**WILSON YANG**  
General Manager –  
Air – Thailand

### NORTH AMERICA

**JOE COOGAN**  
Regional Vice  
President – U.S.

**KARL FRANCISCO**  
Regional Vice  
President – U.S.

**TROY RYLEY**  
Country Manager –  
Mexico

**JEFF MUSSER**  
Regional Vice  
President – U.S.

**DENNIS EGAN**  
Regional Vice  
President – U.S.

**J. ROSS HURST**  
Managing Director –  
Canada

**BRYAN LILLY**  
Regional Vice  
President – U.S.

**RICHARD ROSTAN**  
Regional Vice  
President – U.S.

**JOSE UBEDA**  
Regional Vice  
President – U.S.

## EUROPE AND AFRICA

**JAMES M. ANDERSON**  
Regional Vice President –  
Ireland, U.K., South  
Africa and Mauritius

**CARLOS A. J. DA CONCEICAO**  
Regional Vice President –  
Italy, Spain, Portugal  
and North Africa

**HENRIK HEDENSIO**  
Regional Vice President –  
Scandinavia

**MAGDOLNA ACS**  
Managing Director –  
Hungary

**BARRY L. BARON**  
Managing Director –  
United Kingdom

**JOHN F. BERMINGHAM**  
Managing Director –  
Ireland

**HANS JOACHIM BUCHHOLZ**  
Managing Director –  
Germany

**STEPHANE P. CARLIER**  
Managing Director –  
Belgium

**THOMAS EGBERS**  
Managing Director –  
The Netherlands

**RENE GRABMULLER**  
Managing Director –  
Czech Republic

**GILLES KERGOAT**  
Managing Director –  
Madagascar

**RICHARD P. MALLABONE**  
Managing Director –  
South Africa

**ANTONIO REY**  
Managing Director –  
Spain

**CHRISTOPHE C. RICHARD**  
Managing Director –  
France

**GUNTER SOUCEK**  
Managing Director –  
Austria

## NEAR / MIDDLE EAST AND INDIAN SUB-CONTINENT

**KURT MEISTER**  
Regional Vice President –  
Gulf States, Pakistan  
and India

**HAMDI ISMAIL ALI**  
Managing Director –  
Egypt

**ELIAS ATSAROS**  
Managing Director –  
Greece

**SAMIR GHAOUI**  
Managing Director –  
Beirut

**AFSAR MAHMOOD**  
Managing Director –  
Pakistan

**K. MURALI**  
Managing Director –  
India

**AMIN SABER**  
Managing Director –  
U.A.E. – Dubai

**SULEYMAN TURE**  
Managing Director –  
Turkey

## LATIN AMERICA

**BRUCE KREBS**  
Regional Vice President –  
Brazil and  
Managing Director –  
Mexico

**GUILLERMO AYERBE**  
Regional Director –  
South Cone

**JOHN FORMAN**  
Country Manager –  
Colombia

**EUGENIO MEJIAS**  
Country Manager –  
Chile

**CARLOS NOVOA**  
Country Manager –  
Venezuela

**RICARDO NUNES**  
Country Manager –  
Brazil

# CORPORATE INFORMATION

## TRANSFER AGENT AND REGISTRAR, DIVIDEND DISBURSING AGENT

EquiServe Trust  
Company, N.A.  
P.O. Box 2500  
Jersey City, NJ  
07303

## SHAREHOLDER SERVICES

(800) 756-8200

## HEARING IMPAIRED / TDD

(201) 222-4955

## WEBSITE

<http://www.equiserve.com>

## INDEPENDENT AUDITORS

KPMG LLP  
3100 Two Union Square  
601 Union Street  
Seattle, WA 98101-2327

## CORPORATE HEADQUARTERS

Expeditors International  
of Washington, Inc.  
1015 Third Avenue  
12th Floor  
Seattle, WA 98104

Information is available  
on the World Wide  
Web at <http://www.expeditors.com>

## OFFICES AND AGENTS

Major cities of the world

## ANNUAL MEETING

The annual meeting of  
shareholders is Wednesday,  
May 8, 2002, at 2:00 pm at:

Expeditors'  
Corporate Headquarters  
1015 Third Avenue  
Seattle, Washington

## FORM 10-K

The Company files an  
Annual Report with the  
Securities and Exchange  
Commission on Form 10-K.  
Shareholders may obtain a  
copy of this report without  
charge by writing:

Jeffrey J. King, Secretary  
Expeditors International  
of Washington, Inc.  
1015 Third Avenue  
12th Floor  
Seattle, WA 98104

## STOCK PRICE AND SHAREHOLDER DATA

The following table sets  
forth the high and low sale  
prices in the over-the-  
counter market for the  
Company's Common Stock as  
reported by The NASDAQ  
National Market System  
under the symbol EXPD.

## COMMON STOCK

QUARTER	HIGH	LOW
<b>2001</b>		
First	60.75	43.50
Second	65.92	44.60
Third	62.26	41.95
Fourth	59.00	43.47

## 2000

First	45.50	32.63
Second	48.00	34.75
Third	51.31	42.25
Fourth	60.13	39.63

There were 2,683 shareholders  
of record as of December 31,  
2001. Management estimates  
that there were approximately  
16,000 beneficial shareholders  
at that date.

In 2000 and 2001, the  
Board of Directors declared  
a semi-annual dividend of \$.07  
per share and \$.10 per share,  
respectively which was paid  
as follows:

<b>2001</b>	15 June 17 December
<b>2000</b>	15 June 15 December

The background is an abstract, textured composition of warm colors. On the right side, there is a bright, glowing yellow light source, possibly a lamp or a window, which creates a strong lens flare and illuminates the surrounding area. The colors transition from deep reds and oranges in the center to darker, almost black tones on the left, and a hint of greenish-yellow at the top left. The overall texture is grainy and organic, resembling a close-up of a natural surface or a high-quality photograph of a textured material.

# Expeditors

敬致各股東

“請繫好你的安全帶，今晚的路可是崎嶇不平！”這是 **Bette Davis** 在 1950 年時於” **All About Eve** (夜之探險)” 電影中所說的一句話。這句話成了經典之語，如今對 2001 年的所有人們而言，此話更是貼切的道盡一切。

911 事件徹底的改變許多無辜人們的生命，更影響了文明世界中的每一個人。雖然時間可以治療所有傷口，然而此事件所造成的巨大傷害，可能需要比我們預期更多的時間來治癒。

除了意外的動亂之外，我們已全力專注於我們的事業與客戶。今年在我們全球網路組織上增加了一些新成立的辦事處，如：巴西的 **Curitiba**，北愛爾蘭的 **Belfast**，英國的 **Bristol**，馬達加斯加的 **Antananarivo**，委內瑞拉的 **Caracas**，瑞士的 **Chiasso**，德國的 **Nuremberg**，以及美國田納西州的 **Nashville**。

我們堅持我們的承諾，加強我們的電腦系統。在 2001 年，我們不僅改進了文件與條碼的掃描，並且升級我們現有之程式，其中亦包括我們在歐洲辦事處所進行之“歐元”轉換。此外，我們不僅沒有減少我們的訓練課程，同時也沒有增加我們的業務專員，此外，我們也未減少提供給員工以及客戶的附加價值服務。

人們總是誇耀新增的業務，但卻很少提及失掉的生意，我們的確喪失了福特汽車公司北美的報關生意，原因並非我們有任何失誤，而是福特公司取得一家軟體公司之股權，而不用我們提供的服務。與此生意相關的員工實際上表現的非常出色，而我們也仍然繼續與福特保持業務關係，並期望今後仍有很好的合作機會。此外，我們也繼續在全球各地爭取到許多新的業務。

本公司能夠成功的主要因素是因為我們保持著一個非常穩定很踏實的成長策略，我們也體會到堅持這項策略帶給我們公司許多益處，很肯定的是 **Expeditors** 是不會出售自己的公司或者與別的公司合併，不論是什麼價格。我們體會到一個穩定經營的公司對客戶，廠商以及員工是非常重要的，尤其是在經濟不景氣的年度裏。此外，由於 2001 年預期的不景氣，我們開始嚴密的控制支出，因而得以省下數百萬美元。我們將會在往後時間裏繼續保持嚴格的費用控管。

如往常一樣，我們感謝所有參與和協助我們安然度過這一年所有的人。我們滿心期待 2002 年的到來，只要我們能保持穩健的步調，我們仍有機會有更優異的表現。如同先前所說，2001 年是艱困的一年，許多公司都無法成為贏家，但是我們很幸運的度過了，同時，在過去的二十年裏，我們雖然遭遇到了一些挫折，但是我們一直努力的提升業務，設法表現的更傑出。

## **AOS NOSSOS ACCIONISTAS**

**“Apertem os cintos de segurança, vai ser uma noite turbulenta!” disse a Bette Davis no filme “Eva” em 1950. É uma deixa dum clássico que resume o ano de 2001 para todos.**

**Os acontecimentos de 11 de Setembro mudaram as vidas de muita gente inocente, afectando todo o mundo civilizado. E, embora seja verdade que o tempo cura tudo, provavelmente será necessário mais tempo do que aquele que supunhamos para cicatrizar esta enorme ferida.**

**Apesar deste distúrbio, demos o nosso melhor para nos mantermos concentrados no nosso negócio e nos nossos clientes. Neste ano aumentamos a nossa rede, abrindo escritórios em Curitiba, Brasil; em Belfast, Irlanda do Norte; em Bristol, Inglaterra; nas Antananarivo, Madagascar; em Caracas, Venezuela; em Chiasso, Suíça; na Nuremberga, Alemanha; e em Nashville, Tennessee.**

**Mantivemos o nosso compromisso de continuar a melhorar a nossa infra-estrutura de Informação e Tecnologia. Em 2001 melhoramos em imaging de documentos, scanning e códigos de barras para além de outras melhorias nos programas já existentes, incluindo a conversão do Euro nos nossos escritórios, na Europa. Não poupámos na formação nem na contratação de pessoal para as vendas nem em qualquer outro serviço interno de valor acrescentado que pode ser oferecido aos empregados ou aos clientes.**

**Orgulhamo-nos sempre dos novos negócios, mas raramente falamos da perda de um cliente. Perdemos o serviço aduaneiro da Ford Motor Company na América do Norte. Porquê? A Ford adquiriu acções numa companhia de software, o que nos deixou de fora. O nosso pessoal responsável por este cliente fez um trabalho estupendo. Não tiveram qualquer responsabilidade na perda deste negócio. A Expeditors continua a trabalhar com a Ford e, face a acontecimentos recentes, temos esperança de que iremos continuar a colaborar com eles. Apesar deste contratempo, continuamos globalmente a crescer com novos negócios.**

**Uma grande parte do nosso sucesso deve-se ao facto de continuarmos com a nossa estratégia de crescimento orgânico, e continuamos a ver os benefícios desse modo de estar. É obvio que a Expeditors não está à venda - por preço algum - e isto traduz-se em estabilidade que tão importante é para os nossos clientes, fornecedores e empregados. É ainda mais importante num ano tão problemático. Fomos capazes de antecipar alguns dos problemas que viriam a tornar o ano de 2001 um ano tão difícil, e começamos a controlar os custos muito de perto, poupando assim uns dois milhões de dólares. Continuaremos atentos no ano que decorre, e nos próximos anos.**

**Como sempre, agradecemos a todos aqueles que nos ajudaram a ultrapassar intactos o ano que passou . Aguardamos o ano de 2002 com entusiasmo, na certeza de que se nos mantivermos neste rumo, manter-nos-emos em plena forma. Conforme mencionado anteriormente, o ano de 2001 foi duro - nem todos podem ser vencedores. Mas nós conseguimos, e após um período de 20 anos, mais cedo ou mais tarde, seguramente, aparecem alguns obstáculos no caminho.**

## AN UNSERE AKTIONÄRE

“Schnallen Sie sich an, es wird eine stürmische Nacht!” Bette Davis sagte dies im Film All About Eve in den Fünfziger Jahren. Es wurde eine klassische Redewendung - und beschreibt am besten das Jahr 2001.

Die Ereignisse des elften September haben das Leben vieler unschuldiger Menschen in der zivilisierten Welt nachhaltig verändert und beeinträchtigt. Zwar heilt die Zeit alle Wunden, doch diesmal wird es länger dauern, als wir alle glauben.

Trotz allem Aufruhr haben wir unser Bestes getan, uns auf unser Geschäft und unsere Kunden zu konzentrieren. In diesem Jahr erweiterten wir unsere Organisation durch neue Büros in Curitiba, Brasilien; Belfast, Nordirland; Bristol, England; Antananarivo, Madagaskar; Caracas, Venezuela; Chiasso, Schweiz; Nürnberg, Deutschland und Nashville, Tennessee.

Unser Engagement für die fortwährende Weiterentwicklung unserer IT-Infrastruktur ist ungebrochen. Neben der ständigen Erweiterung unserer bestehenden Programme sowie der Euro-Umstellung für unsere europäischen Niederlassungen verbesserten wir 2001 auch unser „Document Imaging, Scanning und Bar-coding“-System. Darüber hinaus haben wir weder bei der Weiterbildung unserer Mitarbeiter noch bei der Erweiterung unseres Verkaufs-Teams Abstriche gemacht. Auch unsere „Value added in-House“-Leistungen an Mitarbeiter und Kunden wurden nicht eingeschränkt.

Gerne wird über neu gewonnenes Geschäft geprahlt, selten jedoch über verlorenes. Wir haben die Zollabwicklung der Ford Motor Company in Nordamerika verloren. Warum? Ford beteiligte sich an einem Softwareunternehmen, welches uns mit unserem Service überflüssig gemacht hat. Unsere Mitarbeiter, welche für Ford zuständig waren, haben hervorragend gearbeitet. Das Geschäft ging ohne deren Verschulden verloren. Expeditors arbeitet weiter für Ford und wir hoffen, auch unter Berücksichtigung der jüngsten Ereignisse, dass unsere Zusammenarbeit Bestand haben wird. Trotz dieses Rückschlags konnten wir das Neugeschäft weltweit noch ausbauen.

Ein Großteil des Erfolges ist auf unsere Strategie des organischen Wachstums zurückzuführen und wir sehen weiterhin Vorteile darin, diesen Geschäftsstil fortzusetzen. Ganz klar, Expeditors steht nicht zum Verkauf - zu keinem Preis - und dies ist ein entscheidendes Zeichen für unsere Stabilität, welche für unsere Kunden, Lieferanten und Mitarbeiter so wichtig ist.

Dies ist um so wichtiger in einem schwierigen Jahr. Einige der Probleme, die 2001 so schwierig machten, konnten wir voraussehen. Wir achteten besonders auf die Kosten und konnten so einige Millionen Dollar einsparen. Wir werden auch in den kommenden Jahren wachsam bleiben.

Wie immer danken wir allen, die uns halfen, dieses Jahr zu meistern. Wir freuen uns auf das Jahr 2002, mit dem Wissen, weiterhin erfolgreich zu sein, wenn wir auf unserem eingeschlagenen Kurs bleiben.

Wie bereits gesagt, 2001 war ein schwieriges Jahr - es können nicht alle gewinnen. Aber, wir haben es geschafft und über einen Zeitraum von 20 Jahren gesehen ist es ganz natürlich, dass es manchmal etwas stürmisch zugeht.

## A NUESTROS ACCIONISTAS

**“¡Abróchense los cinturones, va a ser una noche movida!”** Eso dijo Bette Davis en *Eva al Desnudo* en 1950. Es un clásico pero también resume el año 2001 para todos.

Los acontecimientos del 11 Septiembre cambiaron para siempre las vidas de mucha gente inocente, y afectaron a todo el mundo civilizado. Y aunque es cierto que el tiempo lo cura todo, ésta es una enorme herida que probablemente permanecerá abierta más tiempo del que creemos.

Pese al revuelo, hicimos lo posible para no descuidar ni nuestro negocio ni nuestros clientes. Este año se sumaron a nuestra red de oficinas las de Curitiba en Brasil; Belfast en Irlanda del Norte; Bristol en Inglaterra; Antananarivo en Madagascar; Caracas en Venezuela; Chiasso en Suiza; Nuremberg en Alemania y Nashville en Tennessee.

Hemos mantenido nuestro compromiso de seguir mejorando nuestra infraestructura TI. Durante 2001 hemos mejorado en imaging, escaneado, y codificación de barras, además de otras mejoras en los programas ya existentes, incluyendo aquellos para la conversión del EURO en nuestras oficinas de Europa. No hemos recortado en formación ni en contratación de personal de ventas ni en ningún otro servicio interno de valor añadido que se ofrece a empleados o a clientes.

Uno siempre se enorgullece por los nuevos negocios, pero rara vez se hace alarde de la pérdida de un cliente. Perdimos el negocio de despachos aduaneros para la empresa Ford Motor Company en Norte América. ¿Por qué? Ford invirtió fondos propios en una empresa de software lo cual nos dejó fuera de juego. El personal de Expeditors involucrado en este negocio realizó un irreprochable trabajo; la pérdida de este negocio no tuvo que ver con su trabajo. Expeditors sigue trabajando con Ford y creemos, en vista de recientes acontecimientos, que esta relación será duradera. A pesar de este contratiempo, continuamos incrementando nuevos negocios a nivel mundial.

Buena parte de estos éxitos se debe a que continuamos con nuestra estrategia de crecimiento orgánico y seguimos viendo los beneficios que esto supone. Por supuesto Expeditors no está en venta -a ningún precio- y esto es una buena señal para nuestra estabilidad que a su vez es importante para nuestros clientes, proveedores y empleados. Cobra más importancia aún en un año tan fuera de lo habitual. Fuimos capaces de anticipar algunos de los problemas que harían del año 2001 un año tan duro, y comenzamos a controlar de cerca nuestros gastos, consiguiendo así ahorrar un par de millones de dólares. Seguiremos atentos el año que viene, y en los próximos años.

Como siempre, damos las gracias a todos aquellos que nos han ayudado a mantener el equilibrio durante este año. Esperamos el 2002 con entusiasmo, con el convencimiento que si seguimos nuestro rumbo nos mantendremos en plena forma. Como se ha mencionado anteriormente, el 2001 fue bastante duro - no todos pueden ganar. Pero nosotros lo hemos conseguido, y después de un período de 20 años, tarde o temprano, se encuentran baches en el camino.

الى مساهمينا الكرام

"شدوا الأحزمة, سوف تكون ليلة مليئة بالمطبات". هذا ما قاله بيت دافيس في "أول أبوت إيف" (كل شيء عن حواء) عام 1950 . أصبح هذا القول عاديا", فهو يلخص أحداث العام 2001 لكل منا.

غيرت أحداث الحادي عشر من أيلول حياة الكثير من الأبرياء, وأثرت على كل واحد من العالم المتحضّر. إلا أنه, وكما يقال, أن الوقت يشفي الجروح, إن هذا الجرح الكبير والعميق سيأخذ وقتا" أطول مما كنا نتوقع.

على الرغم من الاضطراب الكبير الذي حدث, بذلنا قصارى جهدنا لنبقى تركيزنا على أعمالنا وزبائننا, ونجحنا بذلك إذ أضفنا الى شبكتنا مكاتب جديدة في كوروتيا- البرازيل, بيل فاست- إيرلندا الشمالية, بريستول – إنكلترا, ماداغشكر, كاراكس – فنزويلا, كياسو – سويسرا, نوريمبورغ – ألمانيا و ناشفيل – تينيسي.

لقد حافظنا على عهدنا بتعزيز البنية التحتية لنظامنا المعلوماتي. كما قمنا عام 2001 بتحسين الأعمال المتعلقة بالفحص الدقيق والترميز وتطوير البرامج الموجودة لدينا, بما في ذلك التحويل الى عملة اليورو في مكاتبنا في أوروبا.

لم نتوقف أيضا" عن التدريب وزيادة موظفي المبيعات لدينا أو أي من الخدمات الإضافية ذات القيمة المضافة التي يمكن تقديمها الى موظفينا أو زبائننا.

دائما" ما يتفاخر الإنسان بأعماله الجديدة إلا أنه نادرا" ما يعتز بعمل خسره. لقد خسرنا أعمال التخليص في أميركا الشمالية مع شركة فورد موتورز. لم نفقد هذا العمل بسبب خطأ ارتكبه موظفو الشركة الذين كان انجازهم رائعا". غير ان السبب الرئيسي كان تملك شركة فورد اسهما" في شركة معلوماتية.

لا زالت شركة اكسيديترز تعمل مع فورد ونأمل نظرا" للأحداث التي حصلت مؤخرا" ان تستمر هذه العلاقة. وعلى الرغم من هذه الظروف استمرينا في زيادة اعمال جديدة لنا إجمالا".

إن القسم الأكبر لهذه النجاحات يعود لأننا نستثمر في اعتماد استراتيجية النمو المتكامل. ولا تزال هذه الاستراتيجية تثبت فعاليتها الإيجابية. بالطبع أن اكسيديترز ليست للبيع, ولا بأي ثمن كان, وهذا ينذر بخير كبير ويحافظ على ثباتنا الضروري جدا" للزبائن والبائعين والموظفين.

وما هو أكثر أهمية مع سنة " الحادث المؤسف" تمكننا من تخطي المشاكل التي جعلت من العام 2001 سنة عسيرة وبدأنا بالاهتمام بالمصاريف عن كتب, ما أدى الى إدخار بعض ملايين الدولارات , سوف نكون يقظين في السنة المقبلة والسنوات التي تليها.

كالعادة, نشكر كل من ساهم في مساعدتنا على الخروج من هذه السنة سالمين ونحن نتطلع الى العام 2002 بحماس كبير مع العلم بأننا لو حافظنا على وضعنا الحالي سوف نكون بخير.

كما ذكرنا انفا", سنة 2001 كانت سنة عسيرة, فلا يمكن للكل ان يكونوا رابحين, إلا أننا تخطينا الموضوع علما" أننا واجهنا خلال عملنا على مدى عشرين عاما" بعض المطبات التي اجتزناها بسهولة.

## CHERS ACTIONNAIRES

Dans un classique du genre des années 50, Bette Davis disait : « bouclez vos ceinture, ça va remuer ce soir ! ». Cela résume assez bien l'année 2001.

Les événements du 11 septembre ont changé à tout jamais la vie de milliers d'innocents, affectant chacun d'entre nous à travers le monde. Et s'il est vrai que le temps guérit toutes les blessures, cette plaie ouverte prendra certainement plus de temps que prévu à cicatriser.

En dépit de l'agitation ambiante, nous avons fait de notre mieux pour rester concentrés sur nos opérations et sur nos clients. Cette année, nous avons encore élargi notre réseau avec l'ouverture de Curitiba au Brésil, Belfast en Irlande du Nord, Bristol en Angleterre, Tananarive à Madagascar, Caracas au Venezuela, Chiasso en Suisse, Nuremberg en Allemagne et Nashville au Tennessee.

Nous avons tenu l'engagement pris d'améliorer notre infrastructure système. En 2001, nous avons amélioré nos systèmes d'imagerie, de scanning et de code barre, tout en procédant à la mise à jour des systèmes existants, et entre autre à la conversion à l'Euro pour nos bureaux Européens. Nous n'avons pas pour autant freiné le développement de nos équipes commerciales, ou procédé à des coupes franches dans notre budget formation, ou dans toute autre activité ou service à valeur ajoutée offerts à nos employés et à nos clients.

On se vante toujours de l'acquisition d'une nouvelle affaire, mais rarement de la perte d'un compte. Nous avons en effet perdu l'activité douane que nous traitions pour le compte de Ford en Amérique du Nord. Pourquoi ? Ford a décidé de prendre une participation dans une société de logiciels informatiques, qui a eu pour conséquence de nous exclure de cette activité. Tout le personnel Expeditors impliqué au niveau de ce compte a fait un travail formidable, et n'y est certainement pour rien. Nous travaillons toujours avec Ford et restons optimistes, au vu des récents événements, sur nos relations futures. Même avec cette perte, notre volume d'affaire a continué à croître globalement.

Une grande partie de ce succès est due à notre stratégie de croissance interne à laquelle nous restons fidèles et qui ne cesse de porter ses fruits. Bien sûr, Expeditors n'est pas à vendre - à aucun prix - et c'est de bon augure pour notre stabilité, si importante pour nos clients, nos fournisseurs et nos employés. C'est encore plus important dans le contexte d'une année agitée comme celle que nous venons de connaître. Nous avons anticipé certains des problèmes qui ont rendu cette année 2001 si difficile, et avons commencé à contrôler de très près nos dépenses. Nous avons pu ainsi réaliser une économie d'environ deux millions de dollars. Nous resterons d'ailleurs tout autant vigilants en 2002 et dans les années à venir.

Comme toujours, nous remercions chacun de ceux qui nous ont permis de sortir intacts de cet exercice. Nous attendons 2002 avec impatience tout en ayant à l'esprit qu'en gardant le cap, nous arriverons en pleine forme. Encore une fois, 2001 fut une année difficile. Elles ne peuvent pas toutes être garanties de succès, mais nous avons réussi. On ne pouvait tout de même pas passer ces 20 années sans quelques embûches...