

EXPEDITORS INTERNATIONAL OF WASHINGTON INC  
Form DEF 14A  
March 23, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )  
Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12  
Expeditors International of Washington, Inc.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

No fee required.

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March 23, 2017

To Our Shareholders

Throughout 2016, the Board of Directors continued to make significant enhancements to Expeditors' governance and executive compensation programs. The feedback we gathered through extensive dialog with our shareholders told us that more change was needed to bring our compensation programs even more in line with current best practices. This proxy discusses those changes, as well as our 2017 Omnibus Incentive Plan, which we ask you to support.

Most notably, enhancements to Chief Executive Officer (CEO) compensation in 2017 include:

1. Increasing the long term incentive equity incentive component of total compensation;
2. Adding a 5% operating income growth requirement to achieve full payout of the annual cash incentive; and
3. Adopting PSU (performance share units) metrics that vest only if certain 3-year performance goals are achieved.

In addition to adopting PSUs as an integral component of CEO compensation, the Board is recommending replacing stock options with RSUs (restricted stock units) across the Company. Just as many companies have switched to RSUs in recent years, we believe that the adoption of RSUs will be helpful in continuing to attract and retain talent in the years ahead.

In early 2017, the Company established for the first time a Chief Strategy Officer role by appointing a long-tenured, highly successful executive. We are partially funding this new function by re-allocating a portion of the executive incentive compensation pool from existing senior management, including NEO, to this new strategic group.

We continued to advance our multi-year Board refreshment plan and this year we name two highly seasoned Directors to the slate:

Glenn Alger has deep logistics knowledge and experience as one of Expeditors' founders, who helped grow the Company from 20 people and six offices into a global force in the logistics industry.

Alaine Monié has broad international leadership experience as CEO of one of the world's leading technology distribution companies, which, until the end of 2016, was a publicly traded, Fortune 500 company.

We say thank you to two departing Board members and friends. Mike Malone has provided us with sound business wisdom and acumen for the past 17 years. James Wang's service to the Company goes back to its earliest days, as one of our founders and as a member of the Board for the past 28 years. As highly dedicated Directors and as fine individuals, they will both be missed.

At this year's meeting, you will be asked to vote FOR five proposals put forth by the Board, and to vote AGAINST one shareholder proposal. Our Board's recommendations in this proxy are made only after careful deliberation of the best interests of our Company, shareholders and employees and prior voting results.

On behalf of the entire Board of Directors and 16,000 employees of Expeditors, we want to thank you for your continued support and investment in our business.

Sincerely,

/s/ Robert R. Wright

Robert R. Wright

Chairman of the Board

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Appendix A: Summary of the 2017 Omnibus  
Incentive Plan

(c) None of the Reporting Persons nor, to their knowledge, any of the persons named in Item 2 have engaged in any transaction in Common Stock during the sixty days immediately preceding the date hereof.

- (d) None.
- (e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

On July 7, 2008 the Company entered into a Stock Purchase Agreement with Glencore Investment Pty (“Glencore Investment Pty”) pursuant to which Glencore Investment Pty purchased the Preferred Shares. The following represents a summary of the terms of the agreements and instruments relating to the July 7, 2008 purchase of the Preferred Shares that remain in effect:

**Certificate of Designation:** The rights and privileges of the Series A Preferred Stock are set forth in a Certificate of Designation filed with the Secretary of State of the State of Delaware on July 7, 2008 (the "Certificate of Designation"). The following summarizes the material terms of the Series A Preferred Stock, as reflected in the Certificate of Designation:

**Dividends.** Dividends will be declared and paid on the Series A Preferred Stock when, as and if, and in the same amounts (on an as-converted basis), declared and paid on the Common Stock.

**Voting.** The Series A Preferred Stock has no voting rights, except to vote as a separate class on any proposal to or that would amend, alter or repeal or otherwise change any provision of the Company's Certificate of Incorporation or the Certificate of Designation if such amendment would increase or decrease the number of authorized shares of Series A Preferred Stock, increase or decrease the par value of the Series A Preferred Stock or alter or change the powers, preferences or special rights of the shares of the Series A Preferred Stock.

**Liquidation Preference.** Upon liquidation, dissolution or winding up of the Company, holders of Series A Preferred Stock are entitled to a liquidation preference of \$0.01 per share, and thereafter are entitled to share ratably (on an as-converted basis) with the Common Stock in the distribution of any remaining assets (net of an amount equivalent to the aggregate amount of the liquidation preference).

**Automatic Conversion.** The Series A Preferred Stock shall be automatically converted into shares of Common Stock at a conversion ratio of 100 shares of Common Stock for each share of Series A Preferred Stock (the "Conversion Ratio") upon the occurrence of the following events: (i) any event that would dilute the Reporting Persons' percentage ownership of Common Stock, to the extent necessary to maintain the same percentage ownership as immediately prior to the diluting event; (ii) the sale or other transfer of Series A Preferred Stock to non-affiliates of the Reporting Persons, and (iii) upon the consummation of any merger or business combination transaction involving the Company or the sale of all or substantially all of the property or assets of the Company and its subsidiaries, unless the consideration in the transaction is other than cash or marketable securities and the Reporting Persons have voted their Common Stock against the transaction (in which case, the Series A Preferred Stock will be redeemed as described below).

**Optional Conversion.** At the option of each holder, the Series A Preferred Stock may be converted into Common Stock at the Conversion Ratio and tendered into a tender or exchange offer in which a majority of the outstanding shares of the Company's Common Stock have been tendered.

**Mandatory Redemption.** If (i) the Company proposes (x) to engage in a merger or business combination transaction involving the Company or to sell all or substantially all of the property or assets of the Company and its subsidiaries in a transaction where the consideration payable to the holders of Common Stock is other than cash, marketable securities or shares of the Company's subsidiaries, or (y) to dissolve and wind up (other than as part of a transaction

contemplated by (x)) and assets other than cash, marketable securities or shares of the Company's subsidiaries will be distributed to the Company's stockholders, and (ii) the Reporting Persons vote any and all of their Common Stock against the proposal, the Company must redeem all of the Series A Preferred Stock at a redemption price equivalent to the average of the closing price for the Company's Common Stock on Nasdaq for twenty (20) trading days starting twenty-two (22) trading days before the first public announcement of the Company's proposal.



**Preemptive Rights.** If the Company proposes to issue or sell, in a transaction directed to holders of Common Stock, any Common Stock or other stock ranking on parity with the Common Stock (or any securities convertible or exchangeable for, or any options, warrants or other rights to subscribe for, such stock) (but excluding issuances to employees and issuances triggered under a stockholders rights plan by acquisitions by the Reporting Persons') at a price below the average of the closing price for the Company's Common Stock on Nasdaq for twenty (20) trading days starting twenty-two (22) trading days before the Company's board of directors authorizes such issuance or sale, the holders of Series A Preferred Stock must be given the opportunity to participate in such issuance on an as-converted basis.

**Transfer Restrictions.** Except for transfers to pledgees (subject to certain conditions), the Series A Preferred Stock may be transferred only in widely-distributed public offerings or in transactions that comply with Rule 144 under the Securities Act of 1933, as amended, and following any such transfer, will automatically convert to Common Stock.

**Standstill and Governance Agreement:** In connection with the Stock Purchase Agreement, on July 7, 2008 Glencore AG and the Company entered into a Standstill and Governance Agreement (the "Governance Agreement"). Certain standstill obligations of Glencore AG and its affiliates under the Governance Agreement expired on each of April 8, 2009 and January 7, 2010. No standstill obligations under the Governance Agreement are currently binding on Glencore AG or any of its affiliates. The following is a summary of the material terms of the Governance Agreement that remain in effect today:

**Board Representation.** The Reporting Persons will have the right to designate a nominee for election to the board of directors of the Company, subject to the consent of the nominating committee. This right will terminate if the Reporting Persons (and their affiliates) beneficially own less than 10% of the Company's Common Stock for a period of three continuous months.

**Registration Rights Agreement:** On July 7, 2008, Glencore Investment Pty and the Company entered into a Registration Rights Agreement, containing customary terms and conditions (the "Registration Rights Agreement"), pursuant to which the Company has agreed to register the Preferred Shares for resale by the Reporting Persons and their affiliates and any of their respective pledgees. Sales under the Registration Rights Agreement must be made in open market transactions that comply with Rule 144 under the Securities Act of 1933, as amended, or in widely distributed public offerings. The Reporting Persons, their affiliates and any of their respective pledgees are entitled to demand up to six registrations from and after November 5, 2008 and subject to certain customary restrictions, may at any time participate in registered offerings initiated by the Company for its own account or the account of other stockholders. Under the Certificate of Designation, Preferred Shares sold under the Registration Rights Agreement will automatically convert to shares of Common Stock upon such sale. Subject to the restriction on the number of demand registrations, the registration rights will continue until the Common Stock issued upon conversion of the Preferred Shares are sold under an effective registration statement or the Preferred Shares are no longer outstanding. The Company will be responsible for all fees and expenses relating to any registration of the Preferred Shares, except that the Reporting Persons will be responsible for any underwriters commissions and any fees and expenses of their legal counsel and any other advisors retained by them (including underwriters' counsel in the case of demand registrations).

The foregoing descriptions of the Certificate of Designation, Governance Agreement and Registration Rights Agreement are subject to, and qualified in their entirety by reference to the full text of such documents and agreements, which were previously filed with the Commission as exhibits to the Schedule 13D, and are hereby incorporated herein by reference.



The Company disclosed in its notice of annual meeting of stockholders held on May 27, 2009 and related proxy statement a management proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of the Company's Common Stock. Following filing of the proxy statement, the Reporting Persons and the Company engaged in discussions relating to the proposed increase in the Company's authorized capital. The Company determined to amend the proposal to provide for an increase in the number of authorized shares of Common Stock from 100,000,000 to 195,000,000, and on May 4, 2009, the Company and the Reporting Persons entered into a Support Agreement (the "Support Agreement") whereby (a) the Reporting Persons agreed to vote for the amended proposal to increase authorized capital and the other matters being proposed by the Company for approval at the May 27, 2009 stockholders meeting, and (b) except for certain limited and strategic transactions and other customary exceptions, the Company agreed to give the Reporting Persons the right to maintain their equity percentage ownership in the Company by purchasing (i) their pro rata portion of additional shares of Common Stock and other securities or interests convertible into or exchangeable or exercisable for Common Stock (including cash settled derivatives) issued by the Company and its affiliates in cash offerings and (ii) additional shares of Common Stock and other securities or interests convertible into or exchangeable or exercisable for Common Stock (including cash settled derivatives) issued by the Company and its affiliates in any debt exchange offers if and to the extent the aggregate cumulative number of shares of Common Stock or their equivalent issued in debt exchanges in any twelve month period prior to November 4, 2010 would equal or exceed 30 million shares. The right to acquire securities will terminate if the Reporting Persons beneficially own less than 10% of the Company's Common Stock for a period of three continuous months. The foregoing description is subject to, and qualified in its entirety by reference to the full text of the Support Agreement which was previously filed with the Commission as an exhibit to the Schedule 13D and is incorporated herein by reference.

Except for terms of the Certificate of Designation and the agreements described above in this Item 6, to the best knowledge of the Reporting Persons, there exists no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 and between such persons and any person with respect to any securities of the Company, including but not limited to the transfer or voting of any securities of the Company, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

Item 7. Material to Be Filed as Exhibits

1. Joint Filing Agreement (filed herewith)
2. Certificate of Designation of the Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 8, 2008)
3. Standstill and Governance Agreement (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 8, 2008)
4. Registration Rights Agreement (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 8, 2008)
5. Support Agreement (Incorporated by reference to Exhibit 10.01 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 4, 2009)

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: March 22, 2010

Glencore International AG

By:	/s/ Richard J. Marshall	/s/ Stefan Peter
Name:	Richard J. Marshall	Stefan Peter
Title:	Officer	Officer

Glencore Holding AG

By:	/s/ Andreas P. Hubmann	/s/ Ivan Glasenberg
Name:	Andreas P. Hubmann	Ivan Glasenberg
Title:	Director	Director

Glencore AG

By:	/s/ Aristotelis Mistakidis	/s/ Richard J. Marshall
Name:	Aristotelis Mistakidis	Richard J. Marshall
Title:	Director	Officer

## SCHEDULE 1

Set forth below are the names, business addresses and present principal occupations of the directors and executive officers of Glencore International AG, Glencore Holding AG and Glencore AG. The executive officers of each of Glencore International AG, Glencore Holding AG and Glencore AG are the same persons listed as directors of such company. Unless otherwise indicated, the present principal occupation of each person is with Glencore International AG. If no business address is given, the address is Baarerstattstrasse 3, CH-6341, Baar, Switzerland. Unless otherwise indicated, all of the persons listed below are citizens of Switzerland. To the best knowledge of the Reporting Persons, except as set forth below, none of the persons listed below beneficially owns any shares of Common Stock of the Company.

## Directors of Glencore Holding AG:

Name	Principal Occupation	Business address	Share Ownership
Willy R. Strothotte (Citizen of Germany)	Chairman		21,000 shares of Common Stock (representing 21,000 shares which are subject to options presently exercisable). (1)
Ivan Glasenberg (Citizen of Australia)	Chief Executive Officer		
Andreas P. Hubmann	Officer of Glencore International AG –Accounting		
Peter A. Pestalozzi	Attorney, Pestalozzi Lachenal Patry Zurich Ltd.	Lowenstrasse 1 CH-8001 Zurich Switzerland	
Zbynek E. Zak	Non-Executive Director; former CFO of Glencore International AG (retired)	Buetzenweg 16 CH-6300 Zug Switzerland	
Craig A. Davis (Citizen of the US)	Non-Executive Director, former Chairman and CEO of Century Aluminum Company (retired)		457 shares of Common Stock

## Directors of Glencore International AG:

Name	Principal Occupation	Business address	Share Ownership
Willy R. Strothotte (Citizen of Germany)	Chairman		21,000 shares of Common Stock (representing 21,000 shares which are subject to options presently

exercisable). (1)

Ivan Glasenberg (Citizen of Australia)	Chief Executive Officer		
Zbynek E. Zak	Non-Executive Director; former CFO of Glencore International AG (retired)	Buetzenweg 16 CH-6300 Zug Switzerland	
Peter A. Pestalozzi	Attorney, Pestalozzi Lachenal Patry Zurich Ltd.	Loewenstrasse 1 CH-8001 Zurich, Switzerland	
Craig A. Davis (Citizen of the US)	Non-Executive Director, former Chairman and CEO of Century Aluminum Company (retired)		457 shares of Common Stock

Directors of Glencore AG:

Name	Principal Occupation	Business address	Share Ownership
Willy R. Strothotte (Citizen of Germany)	Chairman		21,000 shares of Common Stock (representing 21,000 shares which are subject to options presently exercisable). (1)
Ivan Glasenberg (Citizen of Australia)	Chief Executive Officer		
Steven F. Kalmin (Citizen of Australia)	Chief Financial Officer		
Andreas P. Hubmann	Officer of Glencore International AG –Accounting		
Aristotelis Mistakidis (Citizen of the United Kingdom)	Glencore International AG – Head Zinc Copper		

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(1) Represents shares underlying options that were issued to Mr. Willy R. Strothotte in connection with his service as a director of the Company. Mr. Strothotte holds such options as nominee for the Reporting Persons and disclaims beneficial ownership thereof, except to the extent of his pecuniary interest therein.

JOINT FILING AGREEMENT

Each of the undersigned hereby agrees that this Amendment No. 8 to the statement on Schedule 13D is being filed with the Securities and Exchange Commission on behalf of each of the undersigned pursuant to Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended.

Dated: March 22, 2010

Glencore International AG

By:	/s/ Richard J. Marshall	/s/ Stefan Peter
Name:	Richard J. Marshall	Stefan Peter
Title:	Officer	Officer

Glencore Holding AG

By:	/s/ Andreas P. Hubmann	/s/ Ivan Glasenberg
Name:	Andreas P. Hubmann	Ivan Glasenberg
Title:	Director	Director

Glencore AG

By:	/s/ Aristotelis Mistakidis	/s/ Richard J. Marshall
Name:	Aristotelis Mistakidis	Richard J. Marshall
Title:	Director	Officer