

EXPEDITORS INTERNATIONAL OF WASHINGTON INC
Form 10-Q
November 08, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from _____ to _____
Commission File Number: 0-13468

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
(Exact name of registrant as specified in its charter)

Washington 91-1069248
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)

1015 Third Avenue, 12th Floor, Seattle, Washington 98104
(Address of principal executive offices) (Zip Code)
(206) 674-3400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer

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

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

At November 3, 2016, the number of shares outstanding of the issuer's Common Stock was 180,374,649.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands, except per share data)

(Unaudited)

	September 30, 2016	December 31, 2015
Current Assets:		
Cash and cash equivalents	\$ 1,042,700	\$ 807,796
Accounts receivable, less allowance for doubtful accounts of \$10,238 at September 30, 2016 and \$7,820 at December 31, 2015	1,108,516	1,112,260
Deferred Federal and state income taxes	19,573	16,861
Other	64,897	56,453
Total current assets	2,235,686	1,993,370
Property and equipment, less accumulated depreciation and amortization of \$406,181 at September 30, 2016 and \$385,023 at December 31, 2015	539,984	524,724
Goodwill	7,927	7,927
Other assets, net	30,200	56,417
Total assets	\$ 2,813,797	\$ 2,582,438
Current Liabilities:		
Accounts payable	\$ 698,620	\$ 645,304
Accrued expenses, primarily salaries and related costs	207,547	186,571
Federal, state and foreign income taxes	21,437	29,498
Total current liabilities	927,604	861,373
Deferred Federal and state income taxes	32,260	26,389

Commitments and contingencies

Shareholders' Equity:

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Preferred stock, none issued	—	—
Common stock, par value \$0.01 per share. Issued and outstanding		
180,278 shares at September 30, 2016 and 182,067 shares at December 31, 2015	1,803	1,821
Additional paid-in capital	475	31
Retained earnings	1,929,449	1,771,379
Accumulated other comprehensive loss	(81,644)	(81,238)
Total shareholders' equity	1,850,083	1,691,993
Noncontrolling interest	3,850	2,683
Total equity	1,853,933	1,694,676
Total liabilities and equity	\$ 2,813,797	\$ 2,582,438

See accompanying notes to condensed consolidated financial statements.

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
AND SUBSIDIARIES

Condensed Consolidated Statements of Earnings

(In thousands, except per share data)

(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Revenues:				
Airfreight services	\$621,566	\$659,607	\$1,764,512	\$2,060,863
Ocean freight and ocean services	495,460	559,976	1,414,344	1,702,465
Customs brokerage and other services	445,368	431,749	1,277,174	1,257,083
Total revenues	1,562,394	1,651,332	4,456,030	5,020,411
Operating Expenses:				
Airfreight services	444,359	464,161	1,236,555	1,484,150
Ocean freight and ocean services	359,991	416,075	1,006,710	1,294,887
Customs brokerage and other services	212,785	201,115	597,320	589,766
Salaries and related costs	291,204	295,566	868,091	861,509
Rent and occupancy costs	27,091	25,747	81,029	76,106
Depreciation and amortization	11,882	11,475	34,853	34,424
Selling and promotion	10,134	10,370	29,817	30,146
Other	37,685	34,930	103,702	105,931
Total operating expenses	1,395,131	1,459,439	3,958,077	4,476,919
Operating income	167,263	191,893	497,953	543,492
Other Income (Expense):				
Interest income	2,924	2,666	8,593	8,034
Other, net	925	(3,085)	3,407	753
Other income (expense), net	3,849	(419)	12,000	8,787
Earnings before income taxes	171,112	191,474	509,953	552,279
Income tax expense	63,163	72,738	188,518	207,882
Net earnings	107,949	118,736	321,435	344,397
Less net earnings attributable to the noncontrolling interest	368	426	1,218	1,623
Net earnings attributable to shareholders	\$107,581	\$118,310	\$320,217	\$342,774
Diluted earnings attributable to shareholders per share	\$0.59	\$0.62	\$1.75	\$1.79
Basic earnings attributable to shareholders per share	\$0.59	\$0.63	\$1.76	\$1.80
Dividends declared and paid per common share	\$—	\$—	\$0.40	\$0.36
Weighted average diluted shares outstanding	182,692	189,642	182,958	191,448
Weighted average basic shares outstanding	181,177	188,424	181,645	190,232

See accompanying notes to condensed consolidated financial statements.

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income

(In thousands)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net earnings	\$ 107,949	\$ 118,736	\$ 321,435	\$ 344,397
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments, net of tax of \$202 and \$11,669 for the three months ended September 30, 2016 and 2015 and \$223 and \$19,866 for the nine months ended September 30, 2016 and 2015	260	(21,692)	(457)	(37,081)
Other comprehensive income (loss)	260	(21,692)	(457)	(37,081)
Comprehensive income	108,209	97,044	320,978	307,316
Less comprehensive income attributable to the noncontrolling interest	260	35	1,167	804
Comprehensive income attributable to shareholders	\$ 107,949	\$ 97,009	\$ 319,811	\$ 306,512
See accompanying notes to condensed consolidated financial statements.				

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Operating Activities:				
Net earnings	\$107,949	\$118,736	\$321,435	\$344,397
Adjustments to reconcile net earnings to net cash from operating activities:				
Provision for losses on accounts receivable	1,321	134	2,461	995
Deferred income tax (benefit) expense	(1,439)	(7,611)	2,342	13,312
Excess tax benefits from stock plans	(107)	—	(239)	(1,846)
Stock compensation expense	10,476	10,919	34,264	32,489
Depreciation and amortization	11,882	11,475	34,853	34,424
Other	11	2	41	115
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(58,279)	2,466	6,087	18,910
Increase (decrease) in accounts payable and accrued expenses	38,070	(19,622)	74,148	3,311
Increase (decrease) in income taxes payable, net	7,197	19,978	(16,612)	4,110
Increase in other current assets	(1,395)	(3,801)	(2,089)	(1,419)
Net cash from operating activities	115,686	132,676	456,691	448,798
Investing Activities:				
Purchase of short-term investments	—	—	(54)	(47,008)
Proceeds from maturities of short-term investments	—	38,788	17	79,084
Purchase of property and equipment	(12,659)	(9,546)	(39,973)	(31,903)
Other, net	1,617	(2,666)	5,509	(2,482)
Net cash from investing activities	(11,042)	26,576	(34,501)	(2,309)
Financing Activities:				
Proceeds from issuance of common stock	57,522	54,606	147,645	114,701
Repurchases of common stock	(101,690)	(209,970)	(268,097)	(415,475)
Excess tax benefits from stock plans	107	—	239	1,846
Dividends paid	—	—	(73,000)	(68,781)
Distributions to noncontrolling interest	—	—	—	(857)
Net cash from financing activities	(44,061)	(155,364)	(193,213)	(368,566)
Effect of exchange rate changes on cash and cash equivalents	1,853	(20,932)	5,927	(36,347)
Increase (decrease) in cash and cash equivalents	62,436	(17,044)	234,904	41,576
Cash and cash equivalents at beginning of period	980,264	985,727	807,796	927,107
Cash and cash equivalents at end of period	\$1,042,700	\$968,683	\$1,042,700	\$968,683
Taxes Paid:				
Income taxes	\$58,696	\$60,374	\$205,049	\$190,024

See accompanying notes to condensed consolidated financial statements.

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(In thousands, except per share data)

(Unaudited)

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

Expeditors International of Washington, Inc. (the Company) is a non-asset based provider of global logistics services operating through a worldwide network of offices and exclusive or non-exclusive agents. The Company's customers include retailing and wholesaling, electronics, industrial and manufacturing companies around the world.

The condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. As a result, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) have been condensed or omitted. The Company believes that the disclosures made are adequate to make the information presented not misleading. The condensed consolidated financial statements reflect all adjustments, consisting of normal recurring items, which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Form 10-K as filed with the Securities and Exchange Commission on February 25, 2016.

All significant intercompany accounts and transactions have been eliminated in consolidation. All dollar amounts in the notes are presented in thousands except for per share data or unless otherwise specified.

B. Accounts Receivable

The Company maintains an allowance for doubtful accounts, which is reviewed at least monthly for estimated losses resulting from the inability of its customers to make required payments for services and advances. Additional allowances may be necessary in the future if the ability of its customers to pay deteriorates. The Company has recorded an allowance for doubtful accounts in the amounts of \$10,238 as of September 30, 2016 and \$7,820 as of December 31, 2015. Additions and write-offs have not been significant in the periods presented.

C. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. The Company uses estimates primarily in the following areas: accounts receivable valuation, accrual of costs related to ancillary services the Company provides, accrual of liabilities for the portion of the related exposure which the Company has self-insured, accrual of various tax liabilities, accrual of loss contingencies and calculation of share-based compensation expense. Actual results could differ from those estimates.

Note 2. Share-Based Compensation

The Company provides compensation benefits by granting stock options and employee stock purchase rights to its employees and restricted shares to its directors. On May 3, 2016, the shareholders approved the 2016 Stock Option Plan, which made available 3 million shares of the Company's common stock for purchase upon exercise of options granted. The Company has historically granted the majority of its options during the second quarter of each fiscal year and 2,973 and 2,956 options were granted in the nine months ended September 30, 2016 and 2015, respectively. Stock options granted under the 2016 Stock Option Plan vest over three years from the date of grant as compared to five years for options granted in prior years. The grant of employee stock purchase rights and the issuance of shares under the employee stock purchase plan are made in the third quarter of each fiscal year and 703 and 699 were issued in the nine-month periods ended September 30, 2016 and 2015, respectively. In the second quarter of 2016 and 2015, respectively, 41 and 34 fully vested shares were granted to non-employee directors.

The Company recognizes stock compensation expense based on an estimate of the fair value of awards granted to employees and directors under the Company's stock option, director restricted stock and employee stock purchase rights plans. This expense, adjusted for expected forfeitures, is recognized in net earnings on a straight-line basis over the stock awards' vesting periods as salaries and related costs.

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:

	Nine months ended September 30,			
	2016	2015		
Dividend yield	1.70	% 1.60	%	
Volatility - stock option plans	24 -	29 -		
	25%	34%		
Volatility - stock purchase rights plans	20	% 20	%	
Risk free interest rates	0.51 -	0.30 -		
	1.42%	2.04%		
Expected life (years) - stock option plans	5.50 -	6.41 -		
	6.50	7.47		
Expected life (years) - stock purchase rights plans	1	1		
Weighted average fair value of stock options granted during the period	\$9.57	\$13.44		
Weighted average fair value of stock purchase rights granted during the period	\$10.99	\$10.45		

Total stock compensation expense and the total related tax benefit recognized are as follows:

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2016	2015	2016	2015
Stock compensation expense	\$ 10,476	\$ 10,919	\$ 34,264	\$ 32,489
Recognized tax benefit	\$ 2,149	\$ 1,571	\$ 5,928	\$ 4,305

Note 3. 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 attributable to shareholders:

(Amounts in thousands, except per share amounts)	Three months ended September 30,		Earnings per share
	Net earnings attributable to shareholders	Weighted average shares	
2016			
Basic earnings attributable to shareholders	\$ 107,581	181,177	\$ 0.59
Effect of dilutive potential common shares	—	1,515	—
Diluted earnings attributable to shareholders	\$ 107,581	182,692	\$ 0.59
2015			
Basic earnings attributable to shareholders	\$ 118,310	188,424	\$ 0.63
Effect of dilutive potential common shares	—	1,218	—
Diluted earnings attributable to shareholders	\$ 118,310	189,642	\$ 0.62

(Amounts in thousands, except per share amounts)	Nine months ended September 30,		Earnings per share
	Net earnings attributable to shareholders	Weighted average shares	
2016			
Basic earnings attributable to shareholders	\$ 320,217	181,645	\$ 1.76
Effect of dilutive potential common shares	—	1,313	—
Diluted earnings attributable to shareholders	\$ 320,217	182,958	\$ 1.75
2015			
Basic earnings attributable to shareholders	\$ 342,774	190,232	\$ 1.80
Effect of dilutive potential common shares	—	1,216	—
Diluted earnings attributable to shareholders	\$ 342,774	191,448	\$ 1.79

The following potential common shares have been excluded from the computation of diluted earnings per share because the effect would have been antidilutive:

	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Shares	8,646	8,380	9,516	9,713

Note 4. Components of Equity

The components of equity for the nine months ended September 30, 2016 and 2015 are as follows:

	Shareholders' equity	Noncontrolling interest	Total equity
Balance at December 31, 2015	\$ 1,691,993	2,683	1,694,676
Exercise of stock options	119,509	—	119,509
Issuance of shares under stock purchase plan	28,136	—	28,136
Shares repurchased under provisions of stock repurchase plans	(268,097)	—	(268,097)
Stock compensation expense	34,264	—	34,264
Tax deficiency from stock plans, net	(2,533)	—	(2,533)
Net earnings	320,217	1,218	321,435
Other comprehensive loss	(406)	(51)	(457)
Dividends paid (\$0.40 per share)	(73,000)	—	(73,000)
Balance at September 30, 2016	\$ 1,850,083	3,850	1,853,933
Balance at December 31, 2014	\$ 1,868,408	3,200	1,871,608
Exercise of stock options	88,851	—	88,851
Issuance of shares under stock purchase plan	25,850	—	25,850
Shares repurchased under provisions of stock repurchase plans	(415,475)	—	(415,475)
Stock compensation expense	32,489	—	32,489
Tax benefits from stock plans, net	1,191	—	1,191
Net earnings	342,774	1,623	344,397
Other comprehensive loss	(36,262)	(819)	(37,081)
Dividends paid (\$0.36 per share)	(68,781)	—	(68,781)
Distributions to noncontrolling interest	—	(857)	(857)
Balance at September 30, 2015	\$ 1,839,045	3,147	1,842,192

The Company has a Non-Discretionary Stock Repurchase Plan to repurchase shares from the proceeds of stock option exercises and employee stock purchases. During the nine-month periods ended September 30, 2016 and 2015, 2,822 and 2,243 shares were repurchased at an average price of \$49.84 and \$47.93 per share, respectively.

The Company also has a Discretionary Stock Repurchase Plan approved by the Board of Directors that authorizes management to reduce issued and outstanding stock down to 170 million shares of common stock. During the nine-month periods ended September 30, 2016 and 2015, 2,579 and 6,396 shares were repurchased at an average price of \$49.41 and \$48.16 per share, respectively.

Accumulated other comprehensive loss consisted entirely of foreign currency translation adjustments, net of related income tax effects, for all the periods presented.

On May 3, 2016, the Board of Directors declared a semi-annual dividend of \$0.40 per share payable on June 15, 2016 to shareholders of record as of June 1, 2016. On May 6, 2015, the Board of Directors declared a semi-annual cash dividend of \$0.36 per share payable on June 15, 2015 to shareholders of record as of June 1, 2015.

Subsequent to the end of the third quarter, on November 8, 2016, the Board of Directors declared a semi-annual dividend of \$0.40 per share payable on December 15, 2016 to shareholders of record as of December 1, 2016.

Note 5. Fair Value of Financial Instruments

The Company's financial instruments, other than cash, consist primarily of cash equivalents, short-term investments, accounts receivable, accounts payable and accrued expenses. The carrying value of these financial instruments approximates their fair value. All highly liquid investments with a maturity of three months or less at date of purchase are considered to be cash equivalents. Short-term investments have a maturity of greater than three months at date of purchase. Cash, cash equivalents and short-term investments consist of the following:

	September 30, 2016		December 31, 2015	
	Cost	Fair Value	Cost	Fair Value
Cash and Cash Equivalents:				
Cash and overnight deposits	\$451,234	451,234	445,582	445,582
Corporate commercial paper	535,393	535,452	302,433	302,480
Time deposits	56,073	56,073	59,781	59,781
Total cash and cash equivalents	1,042,700	1,042,759	807,796	807,843
Short-Term Investments:				
Time deposits	48	48	40	40
Total	\$1,042,748	1,042,807	807,836	807,883

The fair value of corporate commercial paper and time deposits is based on the use of market interest rates for identical or similar assets (Level 2 fair value measurement).

Note 6. Commitments

The Company generally enters into short-term, unconditional purchase obligations with asset-based providers reserving space on a guaranteed basis. The pricing of these obligations varies to some degree with market conditions. Historically, the Company has met these obligations in the normal course of business within one year. Purchase obligations outstanding as of September 30, 2016 totaled \$148 million. Additionally, the Company occupies offices and warehouse facilities under terms of operating leases expiring up to 2028. At September 30, 2016, future minimum annual lease payments under all noncancelable leases are as follows:

2016	\$16,432
2017	52,357
2018	42,465
2019	31,909
2020	23,957
Thereafter	29,125
	196,245

Note 7. Contingencies

The Company is involved in claims, lawsuits, government investigations and other legal matters that arise in the ordinary course of business and are subject to inherent uncertainties. Currently, in management's opinion and based upon advice from legal advisors, none of these matters are expected to have a significant effect on the Company's operations, cash flows or financial position. As of September 30, 2016, the amounts accrued for these claims, lawsuits, government investigations and other legal matters are not significant to the Company's operations or financial position. At this time, the Company is unable to estimate any additional loss or range of reasonably possible losses, if any, beyond the amounts recorded, that might result from the resolution of these matters.

Note 8. Business Segment Information

The Company is organized functionally in geographic operating segments. Accordingly, management focuses its attention on revenues, net revenues¹, operating income, identifiable assets, capital expenditures, depreciation and amortization and equity generated in each of these geographical areas when evaluating the effectiveness of geographic management. 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. Certain costs are allocated among the segments based on the relative value of the underlying services, which can include allocation based on actual costs incurred or estimated cost plus a profit margin.

Financial information regarding the Company's operations by geographic area is as follows:

(in thousands)	UNITED STATES	OTHER NORTH AMERICA	LATIN AMERICA	NORTH ASIA	SOUTH ASIA	EUROPE	MIDDLE EAST, AFRICA AND INDIA	ELIMI-NATIONS	CONSOLI-DATED
Three months ended September 30, 2016:									
Revenues from unaffiliated customers	\$423,362	56,747	21,592	590,622	154,156	228,256	87,659	—	1,562,394
Transfers between geographic areas	24,610	2,770	3,724	5,368	6,206	9,938	5,551	(58,167)	—
Total revenues	\$447,972	59,517	25,316	595,990	160,362	238,194	93,210	(58,167)	1,562,394
Net revenues ¹	\$229,773	30,211	14,063	124,251	42,711	74,888	29,363	(1)	545,259
Operating income	\$69,457	6,200	3,328	59,682	14,045	7,018	7,534	(1)	167,263
Identifiable assets at period end	\$1,429,860	95,390	56,192	480,587	117,333	388,543	237,104	8,788	2,813,797
Capital expenditures	\$8,319	720	139	739	319	2,127	296	—	12,659
Depreciation and amortization	\$7,566	369	328	1,404	594	1,116	505	—	11,882
Equity	\$1,145,293	41,542	37,765	293,383	87,926	129,989	150,395	(32,360)	1,853,933
Three months ended September 30, 2015:									
Revenues from unaffiliated customers	\$441,097	56,818	24,681	648,096	158,011	234,334	88,295	—	1,651,332
Transfers between geographic areas	29,168	3,492	4,991	5,206	6,289	11,125	5,459	(65,730)	—
Total revenues	\$470,265	60,310	29,672	653,302	164,300	245,459	93,754	(65,730)	1,651,332
Net revenues ¹	\$232,912	32,713	17,115	135,488	45,970	77,250	28,533	—	569,981
Operating income	\$65,389	11,905	5,007	69,690	18,574	14,188	7,140	—	191,893
Identifiable assets at period end	\$1,385,157	108,644	56,987	472,189	140,206	427,053	229,670	7,112	2,827,018
Capital expenditures	\$6,196	658	222	711	291	1,223	245	—	9,546
Depreciation and amortization	\$7,439	363	268	1,336	531	1,120	418	—	11,475
Equity	\$1,144,466	64,384	35,890	250,362	103,457	148,287	126,321	(30,975)	1,842,192

(in thousands)	UNITED STATES	OTHER NORTH AMERICA	LATIN AMERICA	NORTH ASIA	SOUTH ASIA	EUROPE	MIDDLE EAST, AFRICA AND INDIA	ELIMI-NATIONS	CONSOLI-DATED
Nine months ended September 30, 2016:									
Revenues from unaffiliated customers	\$1,248,923	165,527	62,825	1,605,343	442,464	680,035	250,913	—	4,456,030
Transfers between geographic areas	79,617	8,141	11,512	15,849	18,338	30,396	16,452	(180,305)	—
Total revenues	\$1,328,540	173,668	74,337	1,621,192	460,802	710,431	267,365	(180,305)	4,456,030
Net revenues ¹	\$683,331	88,404	42,264	357,159	128,486	227,068	88,745	(12)	1,615,445
Operating income	\$184,876	23,091	11,016	176,621	48,090	31,109	23,162	(12)	497,953
Identifiable assets at period end	\$1,429,860	95,390	56,192	480,587	117,333	388,543	237,104	8,788	2,813,797
Capital expenditures	\$25,234	1,476	941	2,502	1,325	6,386	2,109	—	39,973
Depreciation and amortization	\$22,264	1,113	869	4,111	1,649	3,402	1,445	—	34,853
Equity	\$1,145,293	41,542	37,765	293,383	87,926	129,989	150,395	(32,360)	1,853,933
Nine months ended September 30, 2015:									