

C H ROBINSON WORLDWIDE INC

FORM 8-K/A (Unscheduled Material Events)

Filed 2/25/2000 For Period Ending 12/16/1999

Address	8100 MITCHELL ROAD #200 EDEN PRAIRIE, Minnesota 55344
Telephone	612-937-8500
CIK	0001043277
Industry	Misc. Transportation
Sector	Transportation
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1 TO CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): December 16, 1999

C.H. ROBINSON WORLDWIDE, INC.

(Exact name of registrant as specified in its charter)

Delaware	000-23189	41-1883630
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

8100 Mitchell Road, Suite 200, Eden Prairie, Minnesota 55344-2248
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (612) 937-8500

Not Applicable
(Former name or former address, if changed since last report.)

C.H. Robinson Worldwide, Inc. (the "Registrant"), hereby amends Item 7 of its Current Report on Form 8-K dated December 16, 1999 (initially filed with the Commission on December 28, 1999) to include the financial statement information indicated in Item 7 below. The original December 28, 1999 filing of the Form 8-K described the Company's December 16, 1999 acquisition of the operations and certain assets of American Backhaulers, Incorporated ("ABH") pursuant to an Agreement dated November 18, 1999.

Item 7. Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

The following financial statements of ABH and report of Arthur Andersen LLP, ABH's independent public accountants, are included in this Report:

- 1. Report of Arthur Andersen LLP.
- 2. Financial statements and accompanying footnotes of ABH at December 31, 1998 and September 30, 1999 and 1998 (unaudited).

(b) Pro Forma Financial Information

The following pro forma financial information is included in this Report:

(c)	1.	Pro Forma Unaudited Condensed Combined Balance Sheet as of September 30, 1999.
	2.	Pro Forma Unaudited Condensed Combined Statements of Operations for the nine months ended September 30, 1999 and the year ended December 31, 1998.
	Exhibit No.	Description
	-----	-----
	23.1	Consent of Arthur Andersen LLP, independent public accountants.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment No. 1 to Current Report to be signed on its behalf by the undersigned hereunto duly authorized.

C.H. ROBINSON WORLDWIDE, INC.

Date: February 25, 2000

By /s/ Chad Lindbloom

*Chad Lindbloom,
Chief Financial Officer*

C.H. ROBINSON WORLDWIDE, INC.

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INTRODUCTION

On December 16, 1999, we acquired the operations and certain assets of American Backhaulers, Inc. ("ABH"). These assets consist of customer and provider contracts, real estate leases, computer equipment and office equipment. The purchase price of the assets consisted of \$100,000,000 in cash and 1,120,715 newly issued shares of our common stock pursuant to an Asset Purchase Agreement dated November 18, 1999. We paid the \$100,000,000 portion of the purchase price with cash on hand. In conjunction with the acquisition, we also obtained a line of credit facility allowing borrowings up to \$40,000,000 at borrowing rates of LIBOR plus 0.60%.

The tangible assets acquired from ABH were used in its business of operating transportation contracting and freight-forwarding services and providing information-based third party logistic services. We intend to continue to use the acquired assets in the same capacity.

The pro forma unaudited condensed combined balance sheet and statements of operations presented below reflect our acquisition of ABH. The pro forma unaudited condensed combined financial statements should be read in conjunction with our historical financial statements and the historical financial statements of ABH. The pro forma unaudited condensed combined statements of operations are presented as if these transactions had taken place at January 1, 1999. The pro forma unaudited condensed combined balance sheet is presented as if the transaction had taken place on September 30, 1999. The pro forma unaudited financial data are based on the assumptions and adjustments described in the accompanying notes. The pro forma unaudited statements of operations do not purport to represent what our results of operations actually would have been if the events described above had occurred as of the dates indicated or what our results will be for any future periods. The pro forma unaudited financial statements are based upon assumptions and adjustments that we believe are reasonable. The acquisition was accounted for using the purchase method of accounting and, accordingly, the assets acquired have been recorded at their fair values as of the dates of the acquisition. These amounts have been recorded based upon preliminary estimates as of such dates. Further adjustments to the acquired assets will be reflected as a change in goodwill.

PRO FORMA UNAUDITED CONDENSED COMBINED BALANCE SHEET

(In thousands)

As of September 30, 1999

	CHRW (1)	ABH (2)	Pro Forma Adjustments	Pro Forma Combined
	-----	-----	-----	-----
ASSETS				
CURRENT ASSETS:				
Cash and available-for-sale securities	\$ 130,715	\$ --	\$(100,000) (3)	\$ 30,715
Receivables, net	279,804	47,492	(47,492) (4)	279,804
Other current assets	25,661	210	(210) (4)	25,661
	-----	-----	-----	-----
Total current assets	436,180	47,702	(147,702)	336,180
			304 (3)	
Net property and equipment	19,145	6,292	(2,791) (4)	22,950
			133,120 (3)	
Other assets	25,223	4,747	(4,747) (4)	158,343
	-----	-----	-----	-----
	\$ 480,548	\$ 58,741	\$ (21,816)	\$ 517,473
	=====	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' INVESTMENT				
CURRENT LIABILITIES:				
Accounts payable	\$ 232,316	\$ 28,969	\$ (28,969) (4)	\$ 232,316
Accrued expenses	49,343	10,617	(10,617) (4)	49,343
	-----	-----	-----	-----
Total current liabilities	281,659	39,586	(39,586)	281,659
	-----	-----	-----	-----
Other liabilities	--	7,868	(7,868) (4)	--
			36,925 (3)	
Total stockholders' investment	198,889	11,287	(11,287) (4)	235,814
	-----	-----	-----	-----
	\$ 480,548	\$ 58,741	\$ (21,816)	\$ 517,473
	=====	=====	=====	=====

PRO FORMA UNAUDITED CONDENSED COMBINED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

Nine Months Ended September 30, 1999

	CHRW (1)	ABH (2)	Pro Forma Adjustments	Pro Forma Combined
GROSS REVENUES	\$ 1,682,052	\$ 211,218	\$ --	\$ 1,893,270
COST OF TRANSPORTATION AND PRODUCTS	1,466,634	172,842	--	1,639,476
NET REVENUES	215,418	38,376	--	253,794
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	154,254	30,663	3,575 (5) (1,336) (6)	187,156
INCOME FROM OPERATIONS	61,164	7,713	(2,239)	66,638
INVESTMENT AND OTHER INCOME (EXPENSE)	3,175	499	(4,125) (7)	(451)
INCOME BEFORE PROVISION FOR INCOME TAXES	64,339	8,212	(6,364)	66,187
PROVISION FOR INCOME TAXES	25,543	--	733 (8)	26,276
NET INCOME	38,796	8,212	(7,097)	39,911
Basic net income per share	\$ 0.94			\$ 0.94
Diluted net income per share	\$ 0.94			\$ 0.94
BASIC WEIGHTED AVERAGE SHARES OUTSTANDING	41,187		1,121 (3)	42,308
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	41,444		1,121 (3)	42,565

Year Ended December 31, 1998

	CHRW (1)	ABH (2)	Pro Forma Adjustments	Pro Forma Combined
GROSS REVENUES	\$ 2,038,139	\$ 211,626	\$ --	\$ 2,249,765
COST OF TRANSPORTATION AND PRODUCTS	1,792,473	171,107	--	1,963,580
NET REVENUES	245,666	40,519	--	286,185
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	177,223	34,483	4,766 (5) (1,467) (6)	215,005
INCOME FROM OPERATIONS	68,443	6,036	(3,299)	71,180
INVESTMENT AND OTHER INCOME (EXPENSE)	2,844	(701)	(5,500) (7)	(3,357)
INCOME BEFORE PROVISION FOR INCOME TAXES	71,287	5,335	(8,799)	67,823
PROVISION FOR INCOME TAXES	28,272	--	(1,346) (8)	26,926
NET INCOME	43,015	5,335	(7,453)	40,897
Basic net income per share	\$ 1.04			\$ 0.97
Diluted net income per share	\$ 1.04			\$ 0.96
BASIC WEIGHTED AVERAGE SHARES OUTSTANDING	41,216		1,121 (3)	42,337
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	41,309		1,121 (3)	42,430

NOTES TO PRO FORMA UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS

(1) Derived from our 10-Q filing as of and for the nine months ended September 30, 1999 and our 10-K filing as of and for the year ended December 31, 1998.

(2) Derived from ABH's unaudited financial statements as of and for the nine months ended September 30, 1999 and audited financial statements as of and for the year ended period December 31, 1998.

(3) To record the acquisition of ABH and the allocation of the purchase price on the basis of the fair values of the assets acquired. The consideration included cash of \$100,000,000 and 1,120,715 shares of our common stock at \$32.95 per share.

Allocation of purchase price is as follows (dollars in thousands):

	Allocation	Historical Amortized Cost	Purchase Adjustment
Cash paid	\$(100,000)	\$ --	\$(100,000)
Net property and equipment	3,805	3,501	304
Goodwill	125,120	--	125,120
Other identifiable intangible assets	8,000	--	8,000
Total other assets	133,120	--	133,120
Stockholders' equity	36,925	--	36,925

(4) To eliminate ABH balance sheet accounts not included in acquisition.

(5) To adjust amortization of the excess of the fair value over net assets acquired as follows (dollars in thousands):

	Assigned Lives	Year ended December 31, 1998	Nine months ended September 30, 1999
Amortization of goodwill	40 years	\$ 3,128	\$ 2,346
Amortization of other identifiable intangible assets	3-7 years	1,638	1,229
Amortization of intangible assets		\$ 4,766	\$ 3,575

(6) To reduce expenses for contractual changes in management compensation.

(7) To adjust our investment income for reduced interest income on \$100,000,000 cash invested at 5.5%.

(8) To adjust for income tax provision on ABH earnings (previously an S-Corporation) and tax-effect pro forma adjustments to reflect our historical consolidated effective tax rate of 39.7%.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the stockholders of American Backhaulers, Inc.:

We have audited the accompanying balance sheet of American Backhaulers, Inc. (an Illinois corporation) as of December 31, 1998, and the related statement of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Backhaulers, Inc. as of December 31, 1998, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Minneapolis, Minnesota,
February 24, 2000

AMERICAN BACKHAULERS, INC.
BALANCE SHEETS
(In thousands, except share data)

	December 31, 1998 -----	September 30, 1999 ----- (unaudited)
ASSETS		
Current assets		
Receivables, net of allowance for doubtful accounts of \$250 and \$250	\$35,271	\$47,492
Prepaid expenses and other	205	210
	-----	-----
Total current assets	35,476	47,702
Property and equipment, net	5,903	6,292
Other assets		
Cash surrender value of life insurance policies	2,892	4,017
Goodwill, net of accumulated amortization of \$50 and \$68	321	303
Other	197	427
	-----	-----
Total other assets	3,410	4,747
	-----	-----
	\$44,789	58,741
	=====	=====
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	\$18,943	\$28,969
Line of credit and current maturities of long-term obligations	9,739	8,508
Accrued bonuses and commissions	2,282	1,840
Other current liabilities	189	269
	-----	-----
Total current liabilities	31,153	39,586
Long-term liabilities		
Long-term debt and capital lease obligation	3,990	3,857
Deferred compensation	1,846	4,011
	-----	-----
Total long-term liabilities	5,836	7,868
Stockholder's equity		
Common stock, \$25 par value; 40 shares authorized, issued and outstanding	1	1
Retained earnings	7,799	11,286
	-----	-----
Total stockholder's equity	7,800	11,287
	-----	-----
	\$44,789	\$58,741
	=====	=====

The accompanying notes are an integral part of these balance sheets.

AMERICAN BACKHAULERS, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(In thousands, except share data)

	Year ended December 31, 1998 -----	Nine months ended September 30, 1998 ----- (unaudited)	Nine months ended September 30, 1999 ----- (unaudited)
Gross revenues	\$ 211,626	\$ 145,950	\$ 211,218
Cost of transportation	171,107 -----	118,315 -----	172,842 -----
Net revenues	40,519	27,635	38,376
Selling, general and administrative expenses	34,483 -----	23,610 -----	30,663 -----
Income from operations	6,036	4,025	7,713
Nonoperating income (expense)	(701) -----	(509) -----	499 -----
Net income	5,335	3,516	8,212
Retained earnings, beginning of period	6,089	6,089	7,799
Stockholder distributions	(3,625) -----	(3,625) -----	(4,725) -----
Retained earnings, end of period	\$ 7,799 =====	\$ 5,980 =====	\$ 11,286 =====

The accompanying notes are an integral part of these financial statements.

AMERICAN BACKHAULERS, INC.
STATEMENTS OF CASH FLOWS
(In thousands)

	Year ended December 31, 1998 -----	Nine months ended September 30, 1998 ----- (unaudited)	Nine months ended September 30, 1999 ----- (unaudited)
Operating activities			
Net income	\$ 5,335	\$ 3,516	\$ 8,212
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	955	649	809
Deferred compensation	1,635	1,258	2,165
Provision for bad debts	886	--	--
Changes in operating elements-			
Receivables	(10,382)	(5,448)	(12,221)
Other assets	(129)	7	(235)
Accounts payable	6,464	4,228	10,026
Accrued bonuses and commissions	436	(129)	(443)
Other current liabilities	(27)	(69)	12
Net cash provided by operating activities	5,173	4,012	8,325
Investing activities			
Purchases of leasehold improvements and equipment	(1,994)	(1,893)	(1,159)
Cash surrender value of life insurance policies	(1,521)	134	(1,125)
Net cash used for investing activities	(3,515)	(1,759)	(2,284)
Financing activities			
Borrowings on long-term debt	--	1,496	--
Principal payments on long-term debt and capital lease obligation	(162)	(124)	(1,316)
Net change in note payable to bank	2,129	--	--
Distributions to stockholder	(3,625)	(3,625)	(4,725)
Net cash used for financing activities	(1,658)	(2,253)	(6,041)
Net change in cash	--	--	--
Cash at beginning of period	--	--	--
Cash at end of period	\$ --	\$ --	\$ --
	=====	=====	=====
Cash paid for interest	\$ 904	\$ 708	\$ 727

The accompanying notes are an integral part of these financial statements.

AMERICAN BACKHAULERS, INC.
NOTES TO FINANCIAL STATEMENTS
(Including Data Applicable to Unaudited Periods)

December 31, 1998

1. Description of business and summary of significant accounting policies

Nature of Business: American Backhaulers, Inc. (the Company) is engaged in the brokering of freight for customers throughout the United States.

Revenue Recognition: The Company recognizes revenue and the related expenses when shipments are completed.

Property and Equipment: Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed on the straight-line and accelerated methods over the estimated useful lives or lease term of the related assets. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Depreciation expense charged to operations was \$933,000 in 1998.

Property and equipment summarized by major classifications at December 31, 1998 are as follows (in thousands):

Land, building and improvements	\$	4,531
Computer equipment		2,772
Office equipment		1,101
Automobiles		25

		8,429
Accumulated depreciation		2,526

	\$	5,903
		=====

Goodwill: Goodwill represents the cost in excess of the net assets of a purchased company and is being amortized on the straight-line method over 15 years. Amortization expense charged to operations was \$22,000 in 1998.

Income Taxes: The Company, with the consent of its shareholder, has elected to have its income taxed under Section 1362 of the Internal Revenue Code and a similar section of the state income tax law which provide that, in lieu of corporation income taxes, the shareholder is taxed on his proportionate share of the Company's taxable income.

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 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 reporting period. Ultimate results could differ from those estimates.

2. Long-term debt

Long-term debt represents the amounts outstanding under a \$14,000,000 line of credit with Cole Taylor Bank. The line of credit is secured by accounts receivable and bears interest at the prime rate (7.75% at December 31, 1998) less 1%.

Long-term debt at December 31, 1998 consists of the following (dollars in thousands):

Note payable to Cole Taylor Bank, payable in monthly installments of \$10 plus interest at the prime rate less 1%. This note was refinanced on July 10, 1998, matures on July 10, 2000, and is collateralized by all assets of the Company and personally guaranteed by the Company's sole shareholder. \$ 1,070

Unsecured notes payable, monthly installments of \$1 through

July 15, 1999.	8

	1,078
Less: current maturities	128

	\$ 950
	=====

Long-term maturities payable for the years subsequent to December 31, 1998 are as follows (in thousands):

1999 \$ 128 2000 950

The loan agreement, including the line of credit, with the bank includes net worth and debt to equity covenants. At December 31, 1998, the Company was in compliance with these covenants.

The following is a schedule by years of the future minimum lease payments under the capital leases and the related present value of net minimum lease payments as of December 31, 1998:

Years Ending December 31, -----	Amount -----
1999	\$ 233
2000	3,242
2001	17

Total minimum lease payments	3,492
Less amount representing interest	429

Present value of net minimum lease payments	3,063
Current portion	23

Long-term capital lease obligation	\$ 3,040
	=====

3. Commitments and contingencies

The Company leases office facilities under various operating leases expiring through November 30, 2000. Rent expense approximated \$77,000 for the year ended December 31, 1998. Future minimum rental commitments under the noncancelable leases consists of the following (in thousands):

1999	\$ 29
2000	21

	\$ 50
	=====

4. Retirement plans

On January 1, 1994, the Company adopted a 401(k) plan which covers all employees who are at least age 21 and who have completed one year of service. The Company matches 25% of employee contributions on the first 6% of redirected compensation. Total expense for 1998 was \$189,000.

The Company adopted a deferred compensation plan and a Phantom Equity Stock Plan on October 1, 1997 and January 1, 1998, respectively. The nonqualified plans are maintained for a select group of management or highly compensated employees and include elective and mandatory deferrals. Deferred compensation expense was \$1,635,000 in 1998.

In connection with the nonqualified plans, the Company established a grantor trust to fund the nonqualified plans. The grantor trust invested in variable life insurance policies. The employees' deferred amounts are increased or decreased based on the gains or losses of their individual investment options. The Company, although not obligated to, prefunded the grantor trust.

As discussed in note 5, the Company was sold to CH Robinson Worldwide, Inc. as of December 16, 1999. As such, the 401(k) plan was terminated resulting in a total payout to participants in the plan of \$761,395. Additionally, the deferred compensation plan and Phantom Equity Stock Plan was terminated resulting in a total payout of \$2,232,337 to participants in the plan.

5. Acquisition

The Company signed a definitive agreement for the sale of certain identified assets and the operations of the business for 1,120,715 shares of C. H. Robinson Worldwide, Inc. common stock and \$100,000,000 of cash. The acquisition was completed on December 16, 1999.

EXHIBIT INDEX

Exhibit -----	Description of Exhibit -----
23.1	Consent of Arthur Andersen LLP, independent public accountants

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 8-K/A, into the Company's previously filed Registration Statements Nos. 333-53047, 333-41027 and 333-41899.

/s/ ARTHUR ANDERSEN LLP

Minneapolis, Minnesota

February 25, 2000

End of Filing

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