

C H ROBINSON WORLDWIDE INC

FORM 10-K (Annual Report)

Filed 3/24/2000 For Period Ending 12/31/1999

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Industry	Misc. Transportation
Sector	Transportation
Fiscal Year	12/31

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 1999

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: 000-23189

C.H. ROBINSON WORLDWIDE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

41-1883630
(I.R.S. Employer Identification No.)

8100 Mitchell Road, Eden Prairie, Minnesota
Address of principal executive offices)

55344-2248
(Zip Code)

(952) 937-8500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par
value \$.10 per
share
Preferred Share
Purchase Rights

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The aggregate market value of Common Stock held by non-affiliates of the registrant as of March 10, 2000 was approximately \$1,709,870,973 (based on the last sale price of such stock as quoted on The Nasdaq National Market (\$49.438) on such date).

As of March 10, 2000, the number of shares outstanding of the registrant's Common Stock, par value \$.10 per share, was 42,276,929.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Annual Report to Stockholders for the year ended December 31, 1999 (the "Annual Report"), are incorporated by

reference in

Part II.

Portions of the Registrant's Proxy Statement relating to its Annual Meeting of Stockholders to be held May 2, 2000 (the "Proxy Statement"), are incorporated by reference in Part III.

PART I

ITEM 1. BUSINESS

Overview

Founded in 1905, C.H. Robinson Worldwide, Inc. (the "Company" or "Robinson") is one of the largest third-party logistics companies in North America with 1999 gross revenues of \$2.3 billion. The Company is a global provider of multimodal transportation services and logistics solutions through a network of 131 offices in the United States, Canada, Mexico, Europe and South America. Through contracts with approximately 20,000 motor carriers, the Company maintains the single largest network of motor carrier capacity in North America and is one of the largest third-party providers of intermodal services in the United States. In addition, the Company regularly provides air, ocean and customs services. As an integral part of the Company's transportation services, the Company provides a wide range of value-added logistics services, such as fresh produce sourcing, freight consolidation, information reporting and cross-docking. During 1999, the Company handled over 1,500,000 shipments for more than 10,000 customers ranging from Fortune 100 companies to small businesses in a wide variety of industries.

The Company has developed global multimodal transportation and distribution networks to provide seamless logistics services worldwide. As a result, the Company has the capability of managing all aspects of the supply chain on behalf of its customers. As a non-asset based transportation provider, the Company can focus on optimizing the transportation solution for its customer rather than on its own asset utilization, using established relationships with motor carriers, railroads (primarily intermodal service providers), air freight carriers and ocean carriers.

Throughout its 95-year history, the Company has been in the business of sourcing fresh produce. Much of the Company's logistics expertise can be traced to its significant experience in handling perishable commodities. Due to the time-sensitive nature and quality requirements of the shipments, fresh produce represents a unique logistics challenge, and the distribution and transportation costs are significant. The Company has developed a network of produce sources and maintains access to specialized equipment and transportation modes designed to ensure timely delivery of uniform quality produce. In response to demand from large grocery retailers and food service distributors, the Company has developed its own brand of produce, The Fresh 1/(R)/, and entered into licensing agreements for national brand names. The produce for these brands is sourced through various relationships and packed to order through contract packing agreements.

The Company's business philosophy has accounted for its strong historical results and has positioned the Company for continued growth. The Company's principal competitive advantage is its large decentralized branch network, staffed by approximately 2,392 salespersons who are employees rather than agents. These branch employees are in close proximity to both customers and carriers which facilitates quick responses to customers' changing needs. Branch employees act as a team in both marketing the Company's services and providing these services to individual customers. The Company compensates its branch employees principally on the basis of individual performance and their branch's profitability, which in the Company's opinion produces a more service-oriented, focused and creative sales force. The Company believes it is owned by more than 1,000 of its employees holding a majority of the Company's Common Stock.

The Company was reincorporated in Delaware in 1997 as the successor to a business existing, in various legal forms, since 1905. The Company's Common Stock began trading on The Nasdaq National Market under the symbol "CHRW" on October 15, 1997. Certain stockholders of the Company sold 12,165,155 shares of the Company's Common Stock to the public pursuant to a registered public offering, the proceeds of which were paid entirely to the selling stockholders. Prior to such date, there was no established public trading market for the Company's Common Stock.

In January 1999, the Company acquired Norminter S.A., a European third party logistics company, and its subsidiaries. Norminter, headquartered in Caen, France, provides transportation and logistics services within Europe to shippers in a variety of industries. Norminter had combined annual net revenues of approximately \$5,000,000 in 1998.

In August 1999, the Company acquired the ongoing operations and certain assets of Vertex Transportation, Inc., a non-asset based third-party transportation provider in East Rochester, New York. Vertex was the operating subsidiary of Country Wide Transport Services, Inc., which had annual net revenues of approximately \$5,000,000 in 1998.

In December 1999, the Company acquired the ongoing operations and certain assets of American Backhaulers, Inc., a privately held, non-asset based third-party transportation provider, located primarily in Chicago, Illinois. American Backhaulers had annual net revenues of approximately \$54,000,000 in 1999. The Company issued 1,120,715 shares as part of the purchase price for this acquisition.

The Company's corporate office is located at 8100 Mitchell Road, Eden Prairie, Minnesota 55344-2248, and its telephone number is (952) 937-8500. Its web site address is www.chrobinson.com.

Logistic Services

As a global, third-party logistics company, the Company provides multimodal transportation and related logistics services, sourcing and fee-based information services.

The Company seeks to establish long-term relationships with its customers in order to provide logistics solutions that reduce or eliminate inefficiencies in customers' supply chains. Whenever appropriate, the Company analyzes the customer's current transportation rate structures, modes of shipping and carrier selection. The Company may also examine the customer's warehousing, picking procedures, loading, unloading and dock scheduling procedures, as well as packaging and pallet configuration procedures. The Company then evaluates how these procedures interact with shipping, manufacturing and customer service. Upon completion of an initial analysis, the Company proposes solutions which allow the customer to streamline operating procedures and contain costs, while improving the management of its supply chain. Robinson branch employees remain involved with the customer throughout the analysis and implementation of the proposed solution. In the course of providing day-to-day transportation services, branch employees offer further logistics analysis and solutions as the employees become more familiar with the customer's daily operations and the nuances of its supply chain. The Company's ultimate goal is to assist the customer in managing its entire supply chain while being the customer's key provider of individual transportation services.

Multimodal Transportation Services

On a day-to-day basis, customers communicate their freight needs, typically on a load-by-load basis, to the Company by means of a telephone call, fax transmission, Internet, e-mail or EDI message to the branch office salesperson responsible for the particular customer. All appropriate information about each load is entered into the Company's computer based operating system. With the help of the operating system, a salesperson then determines the appropriate mode of transportation for the load and selects a carrier or carriers, based upon the salesperson's knowledge of the carrier's service capability, equipment availability, freight rates and other relevant factors. A salesperson then communicates with the carrier's dispatch office to confirm a price for the transportation and the carrier's commitment to provide the transportation. At this point, the salesperson provides the carrier information to the customer, together with the Company's sales price, which is intended to provide a profit to the Company for the totality of services performed for the customer. By accepting the customer's order, the Company becomes legally responsible for transportation of the load from origin to destination, rather than being a mere freight broker. The carrier's contract is with the Company, not the customer, and the Company is responsible for prompt payment of carrier charges. The Company is also responsible to its customer for any claims for damage to freight while in transit or performance. In most cases, the Company receives reimbursement from the carrier for these claims.

As a result of the Company's logistics capabilities, many customers now look to Robinson to handle all, or a substantial portion, of their freight transportation requirements to or from a particular manufacturing facility or distribution center. In a number of instances, the Company has contracts with the customer whereby the Company agrees to handle a specified number of loads usually to specified destinations, such as from the customer's plant to a

distribution center, at specific rates, but subject to seasonal variation. Most of the Company's rate commitments are for periods of one year or less. To meet its obligations under these customer contracts, Robinson may obtain advance commitments from one or more carriers to transport all, or a significant portion, of the contracted loads, again at specific rates, for the length of Robinson's customer contract.

As part of its customer focus, Robinson offers a wide range of logistics services on a worldwide basis to assure timely, efficient and cost effective delivery through the use of one or more transportation modes. These logistics services include: transportation management (price and modal comparisons and selection; shipment consolidation and optimization; improvement of operating and shipping procedures and claims management); minimization of storage (through cross-docking and other flow-through operations); logistics network and nodal location analysis to optimize the entire supply chain; tracking and tracing; reverse logistics and other special needs; management information; and analysis of a customer's risk and claims management practices. Robinson will evaluate a customer's core carrier program by reviewing such factors as carriers' insurance certificates, safety ratings and financial stability as well as establishing a program to measure and monitor key quality standards for those core carriers. These services are bundled with underlying transportation services and are not typically separately priced, but instead are reflected as a part of the cost of transportation services provided by the Company on a transactional basis pursuant to continuing customer relationships. Incident to these transportation services, the Company may supply sourcing, contract warehousing, consulting and other services, for which it is separately compensated.

The Company is capable of arranging all modes of transportation services on a worldwide basis:

. Truck--Through its contracts with approximately 20,000 motor carriers, the Company maintains access to dry vans, temperature-controlled units and flatbeds. It offers both time-definite and expedited truck transportation. In many instances, particularly in connection with its sourcing business, the Company will consolidate partial loads for several customers into full truckloads.

. Less Than Truckload ("LTL") -- LTL transportation involves the shipment of small package, single or multiple pallet, up to and including full trailer-load freight. The Company focuses on pallet to partial load freight, although it handles any size shipment. Through contracts with motor carriers and its proprietary Internet-based software system, Robinson consolidates both freight and freight information to provide shippers with single source tracking and tracing capability, and the economic benefits of consolidating partial loads into full truckloads.

. Intermodal--Intermodal transportation involves the shipment of trailers or containers by a combination of truck, rail and/or ship in a coordinated manner. The Company provides intermodal service by both rail and ship, arranges local pickup and delivery (known as drayage) through local motor carriers and provides temperature-controlled double and triple-stacked intermodal containers. The Company currently owns or leases approximately 500 intermodal containers. The Company also has intermodal marketing contracts with railroads, which give the Company access to additional trailers and containers.

. Ocean--As an indirect ocean carrier and freight forwarder, the Company consolidates shipments, determines routing, selects ocean carriers, contracts for ocean shipments, provides for local pickup and delivery of shipments and arranges for customs clearance of shipments, including the payment of duties.

. Air--The Company provides door-to-door service as a full-service air freight forwarder, both domestically and internationally.

The table below shows the Company's net revenues by transportation mode for the periods indicated:

Transportation Net Revenues (in thousands) Year Ended December 31,					
	1995	1996	1997	1998	1999
Truck(1).....	\$ 97,636	\$110,460	\$133,110	\$164,186	\$202,877
Intermodal.....	6,864	8,014	9,680	6,671	10,738
Ocean.....	7,212	8,121	9,226	10,215	11,476
Air.....	1,402	1,687	1,954	3,427	2,858
Miscellaneous(2).....	3,907	4,964	5,290	5,298	5,899
Total.....	\$117,021	\$133,246	\$159,260	\$189,797	\$233,848

(1) Includes LTL net revenues.

(2) Consists of customs clearance (Automated Brokerage Interface (ABI) and Automated Clearing House (ACH) capabilities with the U.S. Customs Service), warehousing, and other miscellaneous services.

As the Company has emphasized integrated logistics solutions, its relationships with many customers have become broader, with the Company becoming a business partner responsible for a greater portion of supply chain management. Customers may be served by specially created Robinson teams and over several branches. Robinson's multimodal transportation services are provided to numerous international customers through its domestic branch offices as well as through branch offices in Canada, Mexico, Belgium, England, France, Germany, Italy, Poland, Spain, Argentina, Brazil and Venezuela. The Notes to the Company's Consolidated Financial Statements present the Company's gross revenues from international customers for the years ended December 31, 1997, 1998 and 1999, and the Company's long-lived assets as of December 31, 1998 and 1999, in the United States and in foreign locations.

Sourcing

Throughout its 95-year history, Robinson has been in the business of sourcing fresh produce. Much of the Company's logistics expertise can be traced to the Company's significant experience in handling perishable commodities. Because of its perishable nature, produce must be quickly packaged, transported within tight timetables in temperature controlled equipment and distributed quickly to replenish high turnover inventories maintained by wholesalers, food service companies and retailers. In most instances, the Company consolidates individual customers' produce orders into truckload quantities at the point of origin and arranges for transportation of the truckloads, often to multiple destinations. The Company's sourcing business is with produce wholesalers, who purchase produce in relatively large quantities through the Company and resell the produce to grocery retailers, restaurants and other resellers of food, and with grocery store chains and other multistore retailers. Most of the Company's remaining customers are food service companies that distribute a range of food products to retailers, restaurants and institutions.

During the past five years, the Company has actively sought to expand its food sourcing customer base by focusing on the larger multistore retailers. As these retailers have expanded through store openings and industry consolidation, their traditional methods of produce sourcing and store-level distribution, which relied principally on regional or even local purchases from wholesalers, have become inefficient. The Company's logistics and perishable commodities sourcing expertise can greatly improve the retailers' produce purchasing as well as assure uniform quality from region to region and store to store. The Company provides just-in-time replenishment services to retailers. The Company introduced its proprietary The Fresh 1/(R)/ brand of produce in 1989, which includes a wide range of uniform

quality, top grade fruits and vegetables purchased from various domestic and international growers. During 1998, the Company entered into new sourcing programs, including licensing agreements for major national brands, that have expanded the Company's market presence and sourcing capabilities with respect to both product lines and nationally recognized brand names.

Sourcing accounted for approximately 19%, 18% and 15% of the Company's net revenues in 1997, 1998 and 1999, respectively.

Information Services

A subsidiary of the Company, T-Chek Systems, Inc. provides motor carrier customers with funds transfer and driver payroll services, fuel management services, fuel and use tax reporting as well as on-line access to custom- tailored information management reports, all through the use of its proprietary automated system. This system enables motor carriers to track equipment, manage fleets and dictate where and when their drivers purchase fuel. For several companies and truck stop chains, T-Chek captures sales and fuel cost data, applies the margin agreed between seller and purchaser, reprices the sale, invoices the carrier and provides management information to the seller.

Through its subsidiary, Payment & Logistics Services, Inc., the Company provides freight payment services to shippers using a proprietary system, often linked to the carriers by EDI, with the ability to process freight payments by electronic funds transfer. This system also enables the Company to automatically audit the customer's freight rates, eliminate duplicate payments to carriers and produce reports containing information about such matters as shipping patterns, freight volumes and overall transportation costs. Upon agreement, the Company and the customer can use this data to better manage the customer's supply chain.

The Company's information services accounted for approximately 4%, 5% and 6% of the Company's net revenues in 1997, 1998 and 1999, respectively.

Organization

To allow the Company to stay close to customers and markets, the Company has created and continues to expand a network of 131 offices supported by executives and services in a central office.

Branch Network

Branch salespersons are responsible for developing new business, receiving and processing orders from specific customers located in the area served by the branch and contracting with carriers to provide the transportation requested. In addition to routine transportation, salespersons are often called upon to handle customers' unusual, seasonal and emergency needs. Shipments to be transported by truck are almost always contracted at the branch level, and branches cooperate with each other to cover loads. Some branches may rely on expertise in other branches when contracting LTL, intermodal, international and air shipments.

Salespersons in the branches both sell and service their customers rather than rely exclusively on a central office or dedicated sales staff. Sales opportunities are identified through the Company's database, industry directories, referrals by existing customers and leads generated by branch office personnel through knowledge of their local and regional markets. Each branch is also responsible for locating and contracting with carriers.

The table below shows certain information about the Company's branches for the periods indicated:

	Branch Data				
	(Dollars in thousands)				
	Year Ended December 31,				
	1995	1996	1997	1998	1999
Average employees per branch	14.6	15.4	16.2	18.4	23.9
Average net revenues per branch	\$1,683	\$1,717	\$1,822	\$2,082	\$2,263
Average net revenues per employee	\$ 113	\$ 115	\$ 115	\$ 119	\$ 120

As of December 31, 1999, the Company's branch salespersons represented approximately 70% of the Company's total work force and all branch employees, including support staff, represented over 90% of the Company's work force. At December 31, 1999, the number of salespersons per Company branch ranged from three to approximately 450 (including salespersons and customer support at American Backhaulers).

Branch Expansion. The Company expects to continue to add branch offices as management determines that a new branch may contribute to continued growth and as branch salespersons develop the capability to manage a new branch. The Company intends to continue to open overseas branches as opportunities arise to serve the local needs of multinational customers. Additional branches are often opened within a territory previously served by another branch, such as within major cities, as the volume of business in a particular area warrants opening a separate branch. Capital required to open a new branch is modest, involving a lease for a small amount of office space, communication links and often employee compensation guaranties for a short time.

Branch Employees. For almost two decades, new branch salespersons have been hired through a sophisticated profiling system using standardized tests to measure an applicant against the traits determined by the Company to be those of successful Robinson employees. These common traits facilitate cooperative efforts necessary for the success of each office. Applicants are recruited nationally from across the United States and Canada, typically have college degrees and some have business experience, not necessarily within the transportation industry. The Company is highly selective in determining to whom it offers employment.

Newly hired branch employees receive extensive on-the-job training at the branch level, which ranges from six months to a year and emphasizes development of the necessary skills and attitude to become productive members of a branch team. The Company believes most salespersons become productive employees in a matter of weeks. After gaining a year of experience, each salesperson attends a Company-sponsored national meeting to receive additional training and foster relationships between branches.

Employees at the branch level form a team, which is enhanced by the Company's incentive compensation system under which a significant part of the cash compensation of most branch managers and salespersons is dependent on the profitability of the particular branch. For any calendar year, branch managers and salespersons who have been employed for at least one complete year participate in the branch's earnings for that calendar year, based on a system of "points" awarded to the employees on the basis of their productivity and contribution. Most of a branch manager's cash compensation is provided by this compensation program. For 1999, incentive-based cash compensation averaged approximately 30% of branch salespersons' total cash compensation, 59% of branch managers' total cash compensation and 56% of officers' total cash compensation. Branch employees also participate in significant individual incentive compensation based on achieving individual growth goals, and in the Company's Profit Sharing Plan, contributions to which depend on overall Company profitability and other factors. In connection with establishing new branches and other special circumstances, the Company may guaranty a level of compensation to the branch manager and key salespersons.

All managers and other employees throughout the Company who have significant responsibilities are eligible to participate in the Company's 1997 Omnibus Stock Plan. Employees at all levels, after a qualifying period of employment, are eligible to participate in the Company's Employee Stock Purchase Plan.

Individual salespersons benefit both through the growth and profitability of individual branches and by achieving individual goals, and are motivated by the opportunity to become branch managers, assistant managers or department managers. All branch salespersons are full time employees.

Executive Officers

Under the Company's decentralized operating system, branch managers report directly to, and receive guidance and support from, a small group of executive officers at the Company's central office. Customers, carriers, managers and employees have direct access to the Company's Chief Executive Officer, D.R. Verdoorn, and all other executive officers. These executives provide training and education concerning logistics, develop new services and applications to be offered to customers and provide broad market analysis.

The executive officers of the Company serve at the discretion of the Board of Directors and are chosen annually by the Board of Directors. Set forth below are the names, ages and positions of the executive officers of the Company.

Name	Age	Position
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D.R. Verdoorn	61	Chairman of the Board and Chief Executive Officer
John P. Wiehoff	38	President
Barry W. Butzow	53	Senior Vice President and Director
Gregory D. Goven	48	Senior Vice President
Owen P. Gleason	48	Vice President, General Counsel, Secretary and Director
James V. Larson	46	Vice President, Transportation
Chad M. Lindbloom	35	Vice President and Chief Financial Officer
Timothy P. Manning	35	Vice President, Branch Operations and Organizational Resources
Joseph J. Mulvehill	46	Vice President, International
Michael T. Rempe	46	Vice President, Produce
Mark Walker	42	Vice President, Chief Information Officer
Troy A. Renner	35	Treasurer
Thomas K. Mahlke	28	Corporate Controller

D.R. Verdoorn has been Chief Executive Officer of the Company and its predecessor since 1977, and a director since 1975. In 1998, Mr. Verdoorn was also named Chairman of the Board. He has been with the Company since 1963. He has served on the Boards of Directors for United Fresh Fruit and Vegetable Association and the Produce Marketing Association. Mr. Verdoorn attended Central College in Pella, Iowa.

John P. Wiehoff has been President of the Company since December 1999. Previous positions with the Company include Senior Vice President and Chief Financial Officer since July 1, 1998, Treasurer, and Corporate Controller since 1992. Prior to that, he was employed by Arthur Andersen LLP. He holds a Bachelor of Science degree from St. John's University.

Barry W. Butzow has been a Vice President of the Company since 1984 and a director since 1986. In October of 1998, he was named a Senior Vice President. He began employment with the Company in 1969. He holds a Bachelor of Arts degree from Moorhead State University.

Gregory D. Goven has been a Vice President of the Company since 1988, and was named a Senior Vice President in October of 1998. Mr. Goven joined the Company in 1973. Mr. Goven holds a Bachelor of Science degree from North Dakota State University. Mr. Goven's wife is the first cousin of Mr. Verdoorn.

Owen P. Gleason has been Vice President and General Counsel of the Company since 1990 and served as corporate counsel since 1978. Mr. Gleason has been a director since 1986. Mr. Gleason holds a law degree from Oklahoma City University and a Bachelor's Degree from Ripon College.

James V. Larson has been Vice President, Transportation since July 1999. Prior to that, he served as Vice President of Sales, and later as President, of Preferred Translocation Systems, which he founded in 1986 and which was acquired by the Company in July 1998.

Chad M. Lindbloom has been Vice President and Chief Financial Officer of the Company since December 1999. From June of 1998 until December of 1999, he served as the Company's Corporate Controller. Mr. Lindbloom joined the Company in 1990 as a staff accountant. Mr. Lindbloom holds a Bachelor of Science degree and a Masters of Business Administration from the Carlson School of Management at the University of Minnesota.

Timothy P. Manning has been Vice President, Branch Operations and Organizational Resources since December 1999. Previous positions with the Company include Transportation Manager in the St. Louis branch office, and in October 1998, Mr. Manning was named Director of Operations. Mr. Manning joined the Company in 1989. Mr. Manning holds a Bachelor of Science degree from the University of Minnesota.

Joseph J. Mulvehill has been Vice President, International since 1998. Mr. Mulvehill joined the Company in 1975. Mr. Mulvehill holds a Bachelor of Arts degree from the University of St. Thomas.

Michael T. Rempe has been Vice President, Produce since 1994, after starting with the Company in 1989 as Director of Produce Merchandising. Prior to that, he held several senior positions in the retail grocery industry. Mr. Rempe has served on the board of directors of the Produce Marketing Association and is currently on the board of directors of Produce for Better Health. Mr. Rempe attended Indiana University Purdue University at Indianapolis.

Mark Walker has been Vice President and Chief Information Officer since December 1999. Additional positions with the Company include President of T- Chek Systems LLC and President of Payment & Logistics Services LLC. Mr. Walker joined the Company in 1980. Mr. Walker holds a Bachelor of Sciences degree from Iowa State University and a Masters of Business Administration from the University of St. Thomas.

Troy A. Renner has been Treasurer of the Company since June 1998, and Tax Director since 1995. Prior to that, he was employed as a tax manager by Arthur Andersen LLP. Mr. Renner holds a Bachelor of Science and a law degree from the University of Minnesota.

Thomas K. Mahlke has been Corporate Controller of the Company since December 1999. Mr. Mahlke joined the Company in November of 1997 as Accounting Manager. Prior to that, he was employed as a supervisory senior accountant by Arthur Andersen LLP since 1992. Mr. Mahlke holds a Bachelor of Accountancy degree from the University of North Dakota.

Employees

As of December 31, 1999, the Company had a total of 3,125 employees, substantially all of whom are full-time employees and approximately 2,914 of whom were located in the Company's branch offices. Corporate services such as accounting, information systems, legal, credit support and claims support are provided centrally. The Company believes that its compensation and benefit plans are among the most competitive in the industry and that its relationship with employees is excellent.

Customers and Marketing

The Company seeks to establish long-term relationships with its customers and to increase the amount of business done with each customer by seeking to provide the customer with a full range of logistic services. The Company serves customers ranging from Fortune 100 companies to small businesses in a wide variety of industries. During 1999, no customer accounted for more than 6% of gross revenues. In recent years, revenue growth has been achieved through the growth and consolidation of customers, expansion of the services provided by the Company and an increase in the number of customers served.

The Company believes that decentralization allows salespersons to better serve the Company's customers by fostering the development of a broad knowledge of logistics and local and regional market conditions as well as the specific logistics issues facing individual customers. With the guidance of experienced branch managers (who have an average tenure of 12 years with the Company), branches are given significant latitude in pursuing opportunities and committing the Company's resources to serve customers.

Branches seek additional business from existing customers and pursue new customers, based on their knowledge of local markets and the range and value of logistics services that the Company is capable of providing. The Company has begun placing increased emphasis on national sales and marketing support to enhance branch capabilities. Increasingly, branches call on central office executives, a national sales staff and a central logistics group to support them in the pursuit of multinational corporations and other companies with more complex logistics requirements.

Relationships with Carriers

The Company seeks to establish long-term relationships with carriers in order to assure dependable services, favorable pricing and carrier availability during peak shipping periods and periods of undercapacity. To strengthen and maintain these relationships, Company salespersons regularly communicate with carriers serving their region and seek to assist carriers with equipment utilization, reduction of empty miles and equipment repositioning. The Company has a policy of prompt payment and provides centralized claims management on behalf of various shippers. Many smaller carriers effectively consider Robinson as their sales and marketing department.

As of December 31, 1999, the Company had contracts with approximately 20,000 motor carriers (providing access to temperature controlled vans, dry vans and flatbeds). Those carriers include owner-operators of a single truck, small and mid-size fleets, private fleets and the largest national trucking companies. Consequently, the Company is not dependent on any one carrier. As of December 31, 1999, the Company also had intermodal marketing contracts with railroads, including all of the major North American railroads, giving the Company access to additional trailers and containers. The Company qualifies each motor carrier to assure that it is properly licensed and insured and has the resources to provide the necessary level of service on a dependable basis. The Company's motor carrier contracts require that the carrier commit to a minimum number of shipments, issue invoices only to and accept payment solely from Robinson and permit Robinson to withhold payment to satisfy previous claims or shortages. Carrier contracts also establish transportation rates that can be modified by issuance of an individual load confirmation. The Company's contracts with railroads govern the transportation services and payment terms by which the Company's intermodal shipments are transported by rail. Intermodal transportation rates are typically negotiated between the Company and the railroad on a customer-specific basis.

Competition

The transportation services industry is highly competitive and fragmented. The Company competes primarily against a large number of other non-asset based logistics companies, as well as asset-based logistics companies, third-party freight brokers, carriers offering logistics services and freight forwarders. The Company also competes against carriers' internal sales forces and shippers' own transportation departments. It also buys and sells transportation services from and to companies with which it competes.

The Company often competes with respect to price, scope of services or a combination thereof, but believes that its most significant competitive advantages are:

- . its large decentralized branch network, staffed by salespersons who are employees rather than agents, which enables the Company's salespersons to gain significant knowledge about individual customers and the local and regional markets they serve,
- . its technology, including Internet communications capabilities,
- . its ability to provide a broad range of logistics services and
- . its ability to provide door-to-door services on a worldwide basis.

Communications and Information Systems

To handle the large number of daily transactions and to accommodate its decentralized branch system, the Company has designed an extensive communications and information system. Employees are linked with each other and with customers and carriers by telephone, facsimile, Internet, e-mail and/or EDI to communicate requirements and availability, to confirm and bill orders and, through the Company's Internet home page CHRWe-Center (www.chrobinson.com), to contract loads or equipment and track and trace shipments. Customers and carriers also have access to the Company's systems through the CHRW e-Center. The Company has developed its own proprietary computer based systems that help salespersons service customer orders, select the optimal modes of transportation, build and consolidate loads and selects routes, all based on customer-specific service parameters, makes load data visible to the entire sales team as well as customers and carriers, enabling the salespersons to select carriers and track loads in progress, and automatically provides visible alerts to any arising problems. The Company's internally developed proprietary decision support system uses data captured from daily transactions to generate various management reports which are available to the Company's logistics customers to provide information on traffic patterns, product mix and production schedules, and enables customers to analyze their own customer base, transportation expenditure trends and the impact on out-of-route and out-of- stock costs.

The Company did not experience any material disruptions or other problems with its internal computer systems related to the Year 2000 issue. In addition, the Company is not aware of any material systems interruptions with any customer, produce supplier or transportation carrier that has had a material impact on its business as a result of the Year 2000 situation. The Company has no single third party relationship that accounts for more than 6% of its business.

Government Regulation

The transportation industry has been subject to legislative and regulatory changes that have affected the economics of the industry by requiring changes in operating practices or influencing the demand for, and cost of providing, transportation services. The Company cannot predict the effect, if any, that future legislative and regulatory changes may have on the transportation industry.

The Company is subject to licensing and regulation as a transportation provider. The Company is licensed by the Department of Transportation ("DOT") as a broker in arranging for the transportation of property by motor vehicle. The DOT prescribes qualifications for acting in this capacity, including certain surety bonding requirements. The Company provides motor carrier transportation services that require registration with the DOT and compliance with certain economic regulations administered by the DOT, including a requirement to maintain insurance coverage in minimum prescribed amounts. The Company is subject to regulation by the Federal Maritime Commission as an ocean freight forwarder and maintains a non-vessel operating common carrier bond. The Company operates as an indirect air cargo carrier subject to economic regulation by the DOT. The Company provides customs brokerage services as a customs broker under a license issued by the United States Customs Service of the Department of Treasury. The Company sources fresh produce under a license issued by the United States Department of Agriculture. Other sourcing

and distribution activities may be subject to various federal and state food and drug statutes and regulations. Although Congress enacted legislation in 1994 that substantially preempts the authority of states to exercise economic regulation of motor carriers and brokers of freight, the Company and several of its subsidiaries continue to be subject to a variety of vehicle registration and licensing requirements. The Company and the carriers that the Company relies on in arranging transportation services for its customers are also subject to a variety of federal and state safety and environmental regulations. Although compliance with the regulations governing licensees in these areas has not had a materially adverse effect on the Company's operations or financial condition in the past, there can be no assurance that such regulations or changes thereto will not adversely impact the Company's operations in the future. Violation of these regulations could also subject the Company to fines or, in the event of serious violation, suspension or revocation of operating authority as well as increased claims liability.

Risk Management and Insurance

In its truck and intermodal operations, the Company assumes full value cargo risk to its customers. The Company subrogates its losses against the motor or rail carrier with the transportation responsibilities. The Company requires all motor carriers participating in its contract program to carry at least \$750,000 in general liability insurance and \$25,000 in cargo insurance. Many carriers carry insurance limits exceeding these minimums. Railroads, which are generally self-insured, provide limited common carrier liability protection, generally up to \$250,000 per shipment. For both truck and rail transportation, higher coverage is available to the customer on a load-by-load basis at an additional price.

In its international freight forwarding, ocean transportation and air freight businesses, the Company does not assume cargo liability to its customers above minimum industry standards. The Company offers its customers the option to purchase ocean marine cargo coverage to insure goods in transit. When the Company agrees to store goods for its customers for longer terms, it provides limited warehouseman's coverage to its customers and contracts for warehousing services from companies which provide the Company the same degree of coverage.

The Company maintains a broad cargo liability policy to protect it against catastrophic losses that may not be recovered from the responsible carrier. The Company also carries various liability policies, including auto and general liability, with a \$100 million umbrella.

Agricultural chemicals used on agricultural commodities intended for human consumption are subject to various approvals, and the commodities themselves are subject to regulations on cleanliness and contamination. Concern about particular chemicals and alleged contamination has led to recalls of products, and tort claims have been brought by consumers of allegedly affected produce. Because the Company is a seller of produce, it may have legal responsibility arising from sales of produce. While the Company carries product liability coverage of \$75 million, settlement of class action claims is often costly, and the Company cannot assure that its liability coverage will be adequate and will continue to be available. In addition, in connection with any recall, the Company may be required to bear the cost of repurchasing, transporting and destroying any allegedly contaminated product, for which it is not insured. Any recall or allegation of contamination could affect the Company's reputation, particularly of its the Fresh 1/(R)/ brand. Loss due to spoilage (including the need for disposal) is also a routine part of the sourcing business.

Forward-Looking Statements

This Form 10-K Annual Report and the Company's financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and other documents incorporated by reference contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements represent our expectations or beliefs, including, but not limited to, our current assumptions about future financial performance, anticipated problems, and our plans for future operations, which are subject to various risks and uncertainties. When used in this Form 10-K and in future filings by the Company with the Securities and Exchange Commission, in our press releases, presentations to securities analysts or investors, in oral statements made by or with the approval of an executive

officer of the Company, the words or phrases "believes," "may," "will," "expects," "should," "continue," "anticipates," "intends," "will likely result," "estimates," "projects," or similar expressions and variations thereof are intended to identify such forward-looking statements. However, any statements contained in this Form 10-K that are not statements of historical fact may be deemed to be forward-looking statements. We caution that these statements by their nature involve risks and uncertainties, certain of which are beyond our control, and actual results may differ materially depending upon a variety of important factors, including those described in Exhibit 99 to this Form 10-K.

ITEM 2. PROPERTIES

All of the Company's 131 offices are leased from third parties under leases with initial terms ranging from three to ten years. The Company leases approximately 65,000 square feet of office space in Eden Prairie, Minnesota as its corporate headquarters, and an additional approximately 40,000 square feet of office space in Eden Prairie for branch sales and operating activities. The Company's corporate headquarters and Eden Prairie sales office leases expire in 2004. The following table sets forth certain information with respect to the Company's largest branch offices:

City/state	Approximate Square Feet
Southfield, MI	13,076
Oak Brook, IL	9,861
Tampa, FL	8,721
Burr Ridge, IL	7,328
Des Plaines, IL	6,324
Watertown, MA	6,000
Paulsboro, NJ	5,910
Sugarland, TX	5,548
Independence, OH	5,475
Secaucus, NJ	5,253
Omaha, NE	5,160
Dallas, TX	5,157
Coralville, IA	5,143
Cheektowga, NY	5,000
Plano, TX	4,932
Knoxville, TN	4,890
St. Louis, MO	4,884
Louisville, KY	4,835
Ashland, VA	4,680

The Company also leases 55,665 square feet of warehouse space in Aurora, Colorado, and 53,000 square feet of warehouse space in Medley, Florida. Through its asset acquisition from American Backhaulers, the Company has added approximately 40,000 square feet of office space in Chicago, Illinois, and will exercise an option to add an additional approximately 20,000 square feet of office space. The Company considers its current offices adequate for its current level of operations. The Company has not had difficulty in obtaining sufficient office space and believes it can renew existing leases or relocate branches to new offices as leases expire.

ITEM 3. LEGAL PROCEEDINGS

In 1995, the United States Customs Service began an investigation of possible duties owed on imports of certain juice concentrates by Daystar-Robinson, Inc., a subsidiary of the Company ("Daystar"). In the fourth quarter of 1999, the United States Customs Service agreed to a compromise with Daystar, whereby Daystar agreed to pay additional duties of approximately \$4,175,940 and a civil monetary penalty of \$1,500,000, to be paid in quarterly

installments over a seven year period following an initial installment of \$1,000,000. In December 1999, the Company paid in advance the full amount owed by Daystar pursuant to the compromise agreement. The disposition of this matter has not had, and is not expected to have, a material adverse effect on the business, financial condition or results of operations of the Company. The Company had adequately reserved for the payment of duties and penalties owed by Daystar.

The Company is currently not otherwise subject to any pending or threatened litigation other than routine litigation arising in the ordinary course of business, none of which is expected to have a material adverse effect on the business, financial condition or results of operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the year ended December 31, 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock began trading on The Nasdaq National Market under the symbol "CHRW" on October 15, 1997. Certain stockholders of the Company sold 12,165,155 shares of the Company's Common Stock to the public pursuant to a registered public offering, the proceeds of which were paid entirely to the selling stockholders. Prior to such date, there was no established public trading market for the Company's Common Stock.

The following table sets forth, for the periods indicated, the high and low sales prices of the Company's Common Stock, as quoted on The Nasdaq National Market.

1999	Low	High
	-----	-----
Fourth Quarter	\$27.438	\$42.063
Third Quarter	30.500	37.625
Second Quarter	25.500	37.625
First Quarter	24.000	29.750
1998	Low	High
	-----	-----
Fourth Quarter	\$14.375	\$26.250
Third Quarter	15.625	25.813
Second Quarter	21.500	27.000
First Quarter	21.000	26.250

On March 10, 2000, the closing sales price per share of the Company's Common Stock as quoted on The Nasdaq National Market was \$49.438 per share. On March 15, 2000, there were approximately 1,400 holders of record and approximately 5,200 beneficial owners of the Company's Common Stock. On February 10, 1999, the Company announced that its Board of Directors authorized a stock repurchase program under which up to 2,000,000 shares of the Company's Common Stock may be repurchased from time to time through open market transactions, block purchases, tender offers, private transactions, accelerated share repurchase programs or otherwise. The Company intends to fund such repurchases with internally generated funds.

The Company declared quarterly dividends during 1998 for an aggregate of \$0.25 per share, and quarterly dividends during 1999 for an aggregate of \$0.29 per share. The Company has declared a quarterly dividend of \$0.08

per share payable to shareholders of record as of March 8, 2000 payable on April 3, 2000. The declaration of dividends by the Company is subject to the discretion of the Board of Directors. Any determination as to the payment of dividends will depend upon the results of operations, capital requirements and financial condition of the Company, and such other factors as the Board of Directors may deem relevant. Accordingly, there can be no assurance that the Board of Directors will declare or continue to pay dividends on the shares of Common Stock in the future.

On December 16, 1999, the Company acquired the operations and certain assets of American Backhaulers, Inc. The purchase price of the assets was \$136,925,000, including \$100,000,000 in cash and 1,120,715 newly issued shares of common stock. The shares of common stock were issued pursuant to Section 4(2) of the Securities Act of 1933, as amended.

ITEM 6. SELECTED FINANCIAL DATA

Selected consolidated financial and operating data on page 10 of the Annual Report is incorporated by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis on pages 11 through 15 of the Annual Report is incorporated by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Disclosure about Market Risk on page 15 of the Annual Report is incorporated by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's consolidated financial statements on pages 16 through 27 of the Annual Report are incorporated by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to the Company's Board of Directors on pages 2 through 4, and "Section 16(a) Beneficial Ownership Reporting Compliance" on page 10 of the Proxy Statement are incorporated by reference. Information with respect to the Company's executive officers is provided in Part I, Item 1.

ITEM 11. EXECUTIVE COMPENSATION

"Executive Compensation" on pages 4 and 5 of the Proxy Statement is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

"Security Ownership of Certain Beneficial Owners and Management" on page 9 of the Proxy Statement is incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

"Certain Transactions" on page 8 of the Proxy Statement is incorporated by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) (1) Financial Statements.

The Company's consolidated financial statements listed in the accompanying Index to Consolidated Financial Statements at page F-1, on pages 16 through 27 of the Annual Report are incorporated by reference.

(2) Financial Statement Schedules.

Schedule II. Valuation and Qualifying Accounts, is included at the end of this Report.

(3) Index to Exhibits

Number -----	Description -----
2.1	Asset Purchase Agreement dated November 18, 1999, by and among the Company, C.H. Robinson Company, American Backhaulers, Inc., Paul L. Loeb, the Paul L. Loeb Family Trust and the Jodi Sue Loeb Family Trust (Incorporated by reference to Exhibit 2 to the Registrant's Current Report on Form 8-K dated December 28, 1999).
3.1	Certificate of Incorporation of the Company (Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1, Registration No. 333-33731)
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- *+10.1 Operational Executive Compensation Program for 1999
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- +10.5 C.H. Robinson Worldwide, Inc. Directors' Stock Plan (Incorporated by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998)
- +10.6 Form of Management--Employee Agreement between the Company and each of by D.R. Verdoorn and Barry Butzow (Incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-1, Registration No. 333-33731)
- +10.7 Form of Management--Employee Agreement entered into by Gregory Goven and Michael Rempe (Incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form S-1, Registration No. 333-33731)
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- 10.12 Keep-Well Agreement, dated April __, 1994, between C.H. Robinson, Inc., Wagonmaster Transportation Company and Metlife Capital Limited Partnership (Incorporated by reference to Exhibit 10.13 to the Registrant's Registration Statement on Form S-1, Registration No. 333-33731)
- 10.13 Long Term Lease Agreement, dated to be effective August 1, 1997, between C.H. Robinson Company and Genstar Container Corporation (Incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997)

- 10.14 Long Term Lease Agreement, dated to be effective November 1, 1997, between C.H. Robinson Company and Genstar Container Corporation (Incorporated by reference to Exhibit 10.20 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997)
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- *10.17 Revolving Note, dated December 29, 1999, payable by C.H. Robinson Worldwide, Inc. to the order of Norwest Bank Minnesota, National Association, up to an aggregate principal amount of \$20,000,000

***+10.18 Management Bonus Plan**

- *13 Selected pages of the Company's Annual Report to Stockholders for the year ended December 31, 1999
- *21 Subsidiaries of the Company
- *23 Consent of Arthur Andersen LLP
- 24 Powers of Attorney (included on signature page of this Report)
- *27 Financial Data Schedule [Filed in electronic format only]
- *99 Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995

+ Management contract or compensatory plan or arrangement required to be filed as an exhibit to Form 10-K pursuant to Item 14(c) of the Form 10-K Report.

* Filed herewith

(b) Reports on Form 8-K

A report on Form 8-K, dated December 2, 1999, was filed by the Registrant; such Report contained information under Item 5 (Other Events) and included as an exhibit under Item 7 a copy of a press release issued by the Registrant.

A report on Form 8-K, dated December 28, 1999, was filed by the Registrant; such Report contained information under Item 2 (Acquisition or Disposition of Assets) and included under Item 7 as an exhibit a copy of the Asset Purchase Agreement by and among the Registrant, C.H. Robinson Company, American Backhaulers, Inc., Paul L. Loeb, the Paul L. Loeb Family Trust and the Jodi Sue Loeb Family Trust.

(c) See Item 14(a)(3) above.

(d) See Item 14(a)(2) above.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The following financial statements of the Company and its subsidiaries required to be included in Item 14(a)(1) are listed below:

C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES

Consolidated Financial Statements (incorporated by reference under Item 8 of Part II from pages 16 through 27 of the Company's Annual Report to Stockholders for the year ended December 31, 1999):

Consolidated Balance Sheets as of December 31, 1999 and 1998

Consolidated Statements of Operations for the years ended December 31, 1999, 1998 and 1997

Consolidated Statements of Stockholders' Investment and Comprehensive Income for the years ended December 31, 1999, 1998 and 1997

Consolidated Statements of Cash Flows for the years ended December 31, 1999, 1998 and 1997

Notes to Consolidated Financial Statements

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Eden Prairie, State of Minnesota, on March 24, 2000.

C.H. ROBINSON WORLDWIDE, INC.

By: /s/ Owen P. Gleason

Owen P. Gleason

Vice President, General Counsel and Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 24, 2000.

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints John P. Wiehoff and Owen P. Gleason (with full power to act alone), as his or her true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to the Annual Report on Form 10-K of C.H. Robinson Worldwide, Inc., and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, lawfully do or cause to be done by virtue hereof.

Signature	Title
/s/ D. R. Verdoorn	Chairman of the Board and Chief Executive Officer
----- D.R. Verdoorn	(Principal Executive Officer)
/s/ Chad M. Lindbloom	Vice President and Chief Financial Officer
----- Chad M. Lindbloom	(Principal Financial Officer)
/s/ Thomas K. Mahlke	Corporate Controller (Principal Accounting Officer)
----- Thomas K. Mahlke	
/s/ Dale S. Hanson	Director
----- Dale S. Hanson	
/s/ Looe Baker III	Director
----- Looe Baker III	
/s/ Barry W. Butzow	Senior Vice President and Director
----- Barry W. Butzow	
/s/ Owen P. Gleason	Vice President, General Counsel, Secretary and Director
----- Owen P. Gleason	
/s/ Robert Ezrilov	Director
----- Robert Ezrilov	
/s/ Gerald A. Schwalbach	Director
----- Gerald A. Schwalbach	

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To C.H. Robinson Worldwide, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States, the consolidated financial statements included in C.H. Robinson Worldwide, Inc.'s annual report to shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated January 28, 2000. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The accompanying schedule is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission rules and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Minneapolis, Minnesota,
January 28, 2000

Schedule II. Valuation and Qualifying Accounts

Allowance for Doubtful Accounts

The transactions in the allowance for doubtful accounts for the years ended December 31, 1999, 1998 and 1997 were as follows (in thousands):

	December 31, 1999	December 31, 1998	December 31, 1997
Balance, beginning of year	\$12,412	\$ 8,936	\$10,079
Provision	10,393	6,902	3,870
Write-offs	(4,525)	(3,426)	(5,013)
	-----	-----	-----
Balance, end of year	\$18,280	\$12,412	\$ 8,936

Index to Exhibits

Number Description

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*99 Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995
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* Filed herewith

Exhibit 10.1

[C.H. Robinson Letterhead]
March 26, 1999

OPERATIONAL EXECUTIVE COMPENSATION PROGRAM (O.E.C.P.)

The Compensation Committee is pleased to continue the O.E.C.P. compensation program for certain selected operating personnel. Some modifications to the program have been made which the Compensation Committee believes will be beneficial. Only continued growth will cause this program to give you increasing financial rewards.

1. The program will run for one calendar year, commencing in 1999. There is no commitment by the Committee or the Company that the program will continue beyond this year.
2. The units allocated to you below are for the year 1999. These units may be decreased or increased, or remain the same in any year at the discretion of the Committee.
3. The individual must be an employee on December 31 of the plan year in order to earn the award. In the event of a sale of substantially all of the assets of the Company or a change in ownership of 50 percent or more of the Company's outstanding stock, the individual need only work through the date of the asset sale or change in ownership to earn the award.
4. Payment of any awards earned hereunder will be paid in cash.
5. Profit Sharing will be paid only on those awards earned and paid, and in the year those awards are in fact paid.
6. This award shall be based on C. H. Robinson Worldwide, Inc., (the Company's) adjusted gross net earnings from operations, (earnings prior to federal and state income taxes, profit sharing, extraordinary gains or losses from sale of all or part of various businesses, and this plan, O.E.C.P.), as determined by the Compensation Committee, which determination shall be final and binding on all parties; provided, however, that the foregoing computation of earnings shall eliminate, and shall not take into account, any deduction or amortization on account of any goodwill, going concern value, covenants not to compete or any other similar or related intangible. In addition, any tax exempt investment income will be grossed up to a taxable equivalent using the applicable federal corporate income tax rate. The contributions shall be determined by taking the number of units in each bracket and multiplying by the unit value shown. For example, if we were to achieve our 1999 Budget of \$92,000,000 Gross Net each unit in the following brackets would have a value as follows:

A to D	\$10,000,000 to	\$30,000,000
E to H	\$30,000,000 to	\$50,000,000
I to L	\$50,000,000 to	\$70,000,000
M	\$70,000,000 to	\$75,000,000
N	\$75,000,000 to	\$80,000,000
O	\$80,000,000 to	\$85,000,000
P	\$85,000,000 to	\$90,000,000
Q	\$90,000,000 to	\$95,000,000
R	\$95,000,000 to	\$100,000,000
S	\$100,000,000 to	\$105,000,000
T	\$105,000,000 to	\$110,000,000

You have been awarded the following units:

			Number of Units

A to D	\$10,000,000 to	\$30,000,000	
E to H	\$30,000,000 to	\$50,000,000	
I to L	\$50,000,000 to	\$70,000,000	
M	\$70,000,000 to	\$75,000,000	
N	\$75,000,000 to	\$80,000,000	
O	\$80,000,000 to	\$85,000,000	
P	\$85,000,000 to	\$90,000,000	
Q	\$90,000,000 to	\$95,000,000	
R	\$95,000,000 to	\$100,000,000	
S	\$100,000,000 to	\$105,000,000	
T	\$105,000,000 to	\$110,000,000	

7. Any awards earned hereunder shall be paid in February following the end of the year to which the cash award relates.

8. Any payment due hereunder will be forfeited if you leave the Company and are employed or perform a service that is determined to be in direct competition with C. H. Robinson Worldwide, Inc. or its subsidiaries, or if you disclose any confidential information or trade secrets of C. H. Robinson Worldwide, Inc. or its subsidiaries. The Compensation Committee's determination of this is final. Your participation in the program shall not confer on you any right with respect to continuance of employment with the Company, nor will it interfere in any way with the right of the Company to terminate such employment at any time. Furthermore, the adoption of this program will not in any way interfere with the right of the Company to select among, adopt or change any business investment or compensation policies or plans at any time or from time to time in its sole and absolute discretion.

9. Individuals may take advances against the awards. The advance that may be taken is subject to the absolute discretion of the Compensation Committee.

10. The Company has the right and obligation to withhold the following from advances and final payouts: federal and state income tax withholding, FICA withholding, loan payments to the Company, and any other withholding required by law.

The Committee is enthusiastic about this program, as it feels that the more incentives it can provide each person, the more vitally and personally interested and involved this person will become in making C. H. Robinson Worldwide, Inc. a bigger and better company.

Your very truly,

D. R. (Sid) Verdoorn

DRV/bjp
Enclosure

CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of December 29, 1999, is by and among C. H. ROBINSON WORLDWIDE, INC., a Delaware corporation (the "Borrower" or "Worldwide"), U. S. Bank National Association, a national banking association, as administrative bank (in such capacity, the "Administrative Bank"), and lead arranger, Norwest Bank Minnesota, National Association, a national banking association, as co-arranger, and the financial institutions now or hereafter "Bank" parties hereto (individually a "Bank" and collectively the "Banks," which term shall include U. S. National Association and Norwest Bank Minnesota National Association in their respective roles as Banks).

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.1 Defined Terms. In addition to terms defined elsewhere in this Agreement, the following terms shall have the following respective meanings (and such meanings shall be equally applicable to both the singular and plural form of the terms defined, as the context may require):

"Adjusted CD Rate": Applicable to a CD Rate Loan Unit during its Interest Period, the rate (rounded upward, if necessary, to the next higher one-hundredth of one percent) equal to the sum of: (a) the rate per annum determined by dividing: (i) the CD Rate for the relevant Interest Period, by (ii) 1.00 minus the Domestic Reserve Percentage; plus (b) the annual rate most recently

estimated by the Administrative Bank as the then current net annual assessment rate payable by the Administrative Bank to the Federal Deposit Insurance Corporation (or any successor) for insuring time deposits made in Dollars at the Administrative Bank's domestic offices; plus (c) the cost (converted to an

equivalent rate per annum) of customary brokerage fees charged by the Administrative Bank in obtaining funds through the sale of its negotiable certificates of deposit.

"Adjusted Eurodollar Rate": Applicable to a Eurodollar Rate Loan Unit during its Interest Period, the rate (rounded upward, if necessary, to the next higher one-hundredth of one percent) determined by dividing the Eurodollar Rate for the relevant Interest Period by 1.00 minus the Eurodollar Reserve Percentage.

"Adjusted Net Income": For any period, the Net Income for such period, but excluding therefrom, non-operating gains and losses (including extra-ordinary or unusual gains and losses, gains and losses from discontinuance of operations, gains and losses arising from the sale of assets other than inventory and other non-recurring gains and losses) during such period.

"Administrative Bank": As defined in the preamble hereto.

"Adverse Event": The occurrence of any event that could have a material adverse effect on the business, operations, property, assets or condition (financial or otherwise) of Worldwide and its Subsidiaries (taken as a whole on a consolidated basis) or on the ability of any Loan Party to perform its obligations under the Loan Documents.

"Agreement": This Credit Agreement, as it may be amended, modified, supplemented, restated or replaced from time to time.

"Banks": As defined in the preamble hereto.

"Borrower": As defined in the preamble hereto.

"Business Day": Any day (other than a Saturday, Sunday or legal holiday in the State of Minnesota) on which national banks are permitted to be open in Minneapolis, Minnesota.

"CD Rate": Applicable to determining the Adjusted CD Rate for a CD Rate Loan Unit during its Interest Period, the rate of interest determined by the Administrative Bank for the relevant Interest Period to be the average (rounded upward, if necessary, to the next higher one-hundredth of one percent) of the rates quoted to the Administrative Bank at approximately 8:00 a.m., Administrative Bank time (or as soon thereafter as practicable), or at the option of the Administrative Bank at approximately the time of the request for a CD Rate Loan Unit if such request is made later than 8:00 a.m., Administrative Bank time, in each case on the first day of the applicable Interest Period by certificate of deposit dealers selected by the Administrative Bank, in its sole discretion, for the purchase from the Administrative Bank, at face value, of certificates of deposit issued by the Administrative Bank in an amount and maturity comparable to the amount and maturity of the requested CD Rate Loan Unit or, at the option of the Administrative Bank, determined for such amount and maturity based on published composite quotations of certificate of deposit rates selected by the Administrative Bank; provided, however, that if the Borrower elects an Interest Period of one day, then the CD Rate shall be the rate set forth above for a 30 day Interest Period as of the one day Interest Period (or, if such day is not a Business Day, on the immediately preceding Business Day).

"CD Rate Loan Unit": Each portion of any Loan designated as such in a notice of borrowing under Section 2.3 or a notice of continuation or conversion under Section 2.4.

"Capitalized Lease": Any lease which, in accordance with GAAP, is capitalized on the books of the lessee.

"Change of Control": The occurrence after the date of this Agreement of any of the following events: (a) any Person or two or more Persons acting in concert becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 promulgated by the SEC) directly or indirectly, of more than 25% of the combined voting power of the outstanding securities of Worldwide entitled to vote in the election of directors; or (b) during any period of up to twelve (12) consecutive months, whether commencing on or before the Closing Date, individuals who at the beginning of such period constituted the board of directors of Worldwide (together with any new directors whose election by such board of directors or whose nomination for election by the shareholders of Worldwide, as the case may be, was approved by a vote of at least a majority of the directors of Worldwide then still in office) who were either directors at the beginning of such period or whose election or nomination for election was previously so approved cease for any reason to constitute a majority of the board of directors of Worldwide then in office; or (c) any Person or two or more Persons acting in concert acquire, by contract or otherwise, or enter into any contract or arrangement which, upon consummation, will result, in such Person or Person's acquisition of, or control over, more than 25% of the combined voting power of the outstanding securities of Worldwide entitled to vote in the election of directors

"Closing Date": The date on which the initial Revolving Loans are made after the satisfaction of all conditions precedent specified in Article VI.

"Code": The Internal Revenue Code of 1986, as amended, or any successor

statute, together with regulations thereunder.

"Commitment": The agreement of the Banks to make the Loans and of U. S. Bank to issue the Letters of Credit and of each Bank to purchase its Letter of Credit Participations.

"Compliance Certificate": As defined in Section 8.1(c).

"Contingent Obligations": With respect to any Person at the time of any determination, without duplication, any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or otherwise; (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any direct or indirect security therefor, (b) to purchase property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness, (c) to maintain working capital, equity capital or other financial statement condition of the primary obligor so as to enable the primary obligor to pay such Indebtedness or otherwise to protect the owner thereof

against loss in respect thereof, or (d) entered into for the purpose of assuring in any manner the owner of such Indebtedness of the payment of such Indebtedness or to protect the owner against loss in respect thereof; provided, that the term "Contingent Obligation" shall not include endorsements for collection or deposit, in each case in the ordinary course of business.

"Default": Any event which, with the giving of notice to the Borrower or lapse of time, or both, would constitute an Event of Default.

"Default Rate": The rate applicable to Reference Rate Loan Units determined in accordance with Section 3.1(b).

"Domestic Reserve Percentage": Applicable to determining the Adjusted CD Rate for a CD Rate Loan Unit during its Interest Period, as of any day, the percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Federal Reserve Board for determining the maximum reserve requirement (including, without limitation, any basic, supplemental or emergency reserves) for a member bank of the Federal Reserve System, with deposits comparable in amount to those held by the Administrative Bank, in respect of new non-personal time deposits in dollars having a maturity comparable to the related Interest Period and in an amount of \$100,000.00 or more. The rate of interest applicable to any outstanding CD Rate Loan Unit shall be adjusted automatically on and as of the effective date of any change in the Domestic Reserve Percentage.

"EBITDA": For any period, the sum of: (a) the Adjusted Net Income for such period; plus (b) the sum of the following amounts deducted in arriving at

the Net Income included in such Adjusted Net Income (but without duplication for any item): (i) Interest Expense; (ii) depreciation and amortization; and (iii) federal, state and local income taxes.

"ERISA": The Employee Retirement Income Security Act of 1974, as amended, or any successor statute, together with regulations thereunder.

"ERISA Affiliate": Any trade or business (whether or not incorporated) that is a member of a group of which the Borrower or any of its Subsidiaries is a member and which is treated as a single employer under Section 414 of the Code.

"Eurodollar Business Day": A Business Day which is also a day for trading by and between banks in United States dollar deposits in the interbank Eurodollar market and a day on which banks are open for business in New York City.

"Eurodollar Rate": Applicable to determining the Adjusted Eurodollar Rate for a Eurodollar Rate Loan Unit during its Interest Period, the average offered rate for deposits in United States Dollars (rounded upward, if necessary, to the next highest one-hundredth of one percent), for delivery of such deposits on the first day of such Interest Period, for the number of days in such Interest Period, which appears on the Reuters Screen LIBO Page as of 11:00 a.m., London time (or such other time as of which such rate appears) two Eurodollar Business Days prior to the first day of such Interest Period, or, if the Reuters Screen LIBO Page is not published at the time, the rate for such deposits determined by the Administrative Bank at such time based on such other published service of general application as shall be selected by the Administrative Bank for such purpose or, if no such published service is available, based on rates at which United States dollar deposits are offered to the Administrative Bank in the interbank Eurodollar market at such time for delivery in immediately available funds on the first day of such Interest Period in an amount approximately equal to the principal balance to be outstanding on such Eurodollar Rate Loan Unit (rounded upward, if necessary, to the next highest one-hundredth of one percent); provided, however, that if the Borrower elects an Interest Period of one day, then the Eurodollar Rate shall be the rate set forth above for a one month Interest Period as of the one day Interest Period (or, if such day is not a Eurodollar Business Day, on the immediately preceding Eurodollar Business Day). "Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuter Monitor Money Rates Service (or such other page as may replace the LIBO Page on that

service) for the purpose of displaying London interbank offered rates of major banks for United States Dollar deposits.

"Eurodollar Rate Loan Unit": Each portion of any Revolving Loan designated as such in a notice of borrowing under Section 2.3 or a notice of continuation or conversion under Section 2.4.

"Eurodollar Reserve Percentage": Applicable in determining the Adjusted Eurodollar Rate for a Eurodollar Rate Loan Unit during its Interest Period, as of any day, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Federal Reserve Board for determining the maximum reserve requirement for the Administrative Bank, in respect of "Eurocurrency Liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate of Eurodollar Rate Loan Units is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of the Administrative Bank to United States residents). Any rate of interest based on the Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

"Event of Default": Any event described in Section 10.1 which has not been cured to the satisfaction of, or waived by, the Banks in accordance with Section 12.1.

"Exchange Act": The Securities Exchange Act of 1934, as it may be amended, and any successor act thereto and the rules and regulations promulgated thereunder.

"Existing Letter(s) of Credit": The letters of credit issued by U. S. Bank that are described on Schedule 1.1(a) attached hereto and incorporated herein by reference.

"Facility Fee": As provided in Section 3.2.

"Federal Funds Rate": For any date, the overnight effective borrowing rate per annum for such date (or, if such date is not a Business Day of the Administrative Bank, the last Business Day of the Administrative Bank preceding such date) for reserves in the amount of \$1,000,000 or more traded among commercial banks in the New York Federal Reserve District as published by the Federal Reserve Bank of New York as being such rate in effect on such date; provided, however, that if said rate is no longer published, then the Federal Funds Rate shall be determined on the basis of other sources reasonably selected by the Administrative Bank.

"Federal Reserve Board": The Board of Governors of the Federal Reserve System or any successor thereto.

"GAAP": Generally accepted accounting principles as in effect from time to

time including, without limitation, applicable statements, bulletins and interpretations of the Financial Accounting Standards Board and applicable bulletins, opinions and interpretations issued by the American Institute of Certified Public Accountants or its committees.

"Guaranty": Each Guaranty, substantially in the form of Exhibit E, made by a Guarantor in favor of the Administrative Bank for itself and the ratable benefit of the Banks as originally executed and as it may be amended, modified, supplemented, restated or replaced from time to time.

"Guarantors": Each of the Borrower's now existing or hereafter arising Subsidiaries which the Required Banks require to execute and deliver a Guaranty in accordance with Section 8.11.

"Indebtedness": Without duplication, all obligations, contingent or otherwise, which in accordance with GAAP should be classified upon the obligor's balance sheet as liabilities, but in any event including the following (whether or not they should be classified as liabilities upon such balance sheet): (a) obligations secured by any mortgage, pledge, security interest, lien, charge or other encumbrance existing on property owned or acquired subject thereto, whether or not the obligation secured thereby shall have been assumed and whether or not the obligation secured is the obligation of the owner or another party; (b) any obligation on account of deposits or

advances; (c) any obligation for the deferred purchase price of any property or services; (d) any obligation as lessee under any Capitalized Lease; (e) all guaranties, endorsements and other contingent obligations in respect to Indebtedness of others, except that Indebtedness shall not include endorsements of instruments for payment in the ordinary course of business; and (f) undertakings or agreements to reimburse or indemnify issuers of letters of credit. For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer unless such Indebtedness is non-recourse to such Person.

"Individual Letter of Credit Commitment(s)": At any date, with respect to any Bank, such Bank's Percentage times the Letter of Credit Commitment at such date.

"Individual Revolving Credit Commitment(s)": At any date, with respect to any Bank, such Bank's Percentage times the Revolving Credit Commitment at such date.

"Interest Coverage Ratio": At any Quarterly Measurement Date, the ratio of: (a) the EBITDA for the Measurement Period ending at such date; to (b) the Interest Expense for such Measurement Period.

"Interest Expense": For any period, the aggregate consolidated interest

expense (including capitalized interest) of Worldwide and its Subsidiaries for such period including, without limitation, the interest portion of any Capitalized Lease.

"Interest Period": For any: (a) Eurodollar Rate Loan Unit, the period

which shall begin on (and include) the date of the initial borrowing date of

such Eurodollar Rate Loan Unit, or the date of the conversion of any other Type of Unit into a Eurodollar Rate Loan Unit, or the date of the continuation of a Eurodollar Rate Loan Unit as a Eurodollar Rate Loan Unit upon the termination of the Interest Period then applicable thereto and, unless the final maturity of such Eurodollar Rate Loan Unit is accelerated, shall end on (but exclude) the date which is one, two, three or six months thereafter or, at the option of the Required Banks, one day thereafter, as selected by the Borrower; or (b) any CD Rate Loan Unit, the period which shall begin on (and include) the date of the initial borrowing date of such CD Rate Loan Unit, or the date of the conversion of any other Type of Unit into a CD Rate Loan Unit, or the date of the continuation of a CD Rate Loan Unit as a CD Rate Loan Unit upon the termination of the Interest Period then applicable thereto and, unless the final maturity of such CD Rate Loan Unit is accelerated, shall end on (but exclude) the date which is 30, 60, 90 or 180 days thereafter or, at the option of the Required Banks, one day thereafter, as selected by the Borrower;

(w) any Interest Period for any CD Rate Loan Unit which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day;

(x) any Interest Period for any Eurodollar Rate Loan Unit which would otherwise end on a day not a Eurodollar Business Day shall end on the next succeeding Eurodollar Business Day unless such extension would cause the last day of such Interest Period to fall in the next following calendar month, in which event the last day of such Interest Period for such Eurodollar Rate Loan Unit shall occur on the next preceding Eurodollar Business Day;

(y) no Interest Period shall extend beyond the stated Maturity of the Revolving Loans; and

(z) any Interest Period for any Eurodollar Rate Loan Unit which begins on the last day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Eurodollar Business Day in such Interest Period.

"Investment": The acquisition, purchase, making or holding of any stock or other security, any loan, advance, contribution to capital, extension of credit (except for trade and customer accounts receivable for inventory sold or services rendered in the ordinary course of business and payable in accordance with customary trade terms), any acquisitions of real or personal property (other than real and personal property acquired in the ordinary course of

business) and any purchase or commitment or option to purchase stock or other debt or equity securities of, or any interest in, another Person or any integral part of any business or the assets comprising such business or part thereof.

"Letter of Credit": As provided in Section 2.7(a) including, in all

events, the Existing Letter of Credit.

"Letter of Credit Application": As provided in Section 2.7(c).

"Letter of Credit Commission": As provided in Section 2.7(e)(i).

"Letter of Credit Commitment": The maximum amount of Letter of Credit Obligations which may from time to time be outstanding hereunder, being initially \$5,000,000.00 and, as the context may require, the agreement of U. S. Bank to issue the Letters of Credit for the account of the Borrower and the agreement of each other Bank to purchase a participation in the Letter of Credit Obligations up to its Individual Letter of Credit Commitment subject to the terms and conditions of this Agreement.

"Letter of Credit Obligations": At any date, the sum of: (a) the aggregate amount available to be drawn on the Letters of Credit on such date; plus (b) the

aggregate amount owed by the Borrower to U. S. Bank on such date as a result of draws on the Letters of Credit for which the Borrower has not reimbursed U. S. Bank.

"Letter of Credit Participations": At any date, with respect to any Bank, such Bank's participations in the Letter of Credit Obligations.

"Letter of Credit Commitment Termination Date": The earlier of: (a) the Revolving Credit Termination Date; or (b) the date on which the Borrower terminates the Letter of Credit Commitment pursuant to Section 4.3.

"Leverage Ratio": At any Quarterly Measurement Date, the ratio of: (a) the Total Debt at such date; to (b) the sum of: (i) such Total Debt; plus (ii) the Net Worth at such date.

"Liabilities": At any date of determination, the aggregate amount of liabilities appearing on Worldwide's consolidated balance sheet at such date prepared in accordance with GAAP.

"Lien": Any security interest, mortgage, pledge, lien, hypothecation,

judgment lien or similar legal process, charge, encumbrance, title retention agreement or analogous instrument or device (including, without limitation, the interest of the lessors under Capitalized Leases and the interest of a vendor under any conditional sale or other title retention agreement).

"Loan Documents": This Agreement, the Notes, the Guaranties, the Letters of Credit, the Letter of Credit Applications and each other instrument, document, guaranty, security agreement, mortgage, or other agreement executed and delivered by the Borrower or any other Loan Party pursuant to which the Borrower or such other Loan Party incurs any liability to the Administrative Bank or any Bank with respect to the Obligations, agrees to perform any covenant or agreement with respect to the Obligations or grants any security interest to secure the Obligations.

"Loan Party": The Borrower and, if any, each Guarantor.

"Loans": The Revolving Loans.

"Loan Units": A Reference Rate Loan Unit, CD Rate Loan Unit and a Eurodollar Rate Loan Unit (each a "Type" of Loan Unit).

"Maturity": The earlier of: (a) the date on which the Loans become due and payable under Section 10.2 upon the occurrence of an Event of Default; or
(b) the Revolving Credit Termination Date for the Revolving Loans.

"Measurement Period": At any Quarterly Measurement Date, the four fiscal quarters ending on such Quarterly Measurement Date.

"Monthly Payment Date": The last day of each month.

"Net Income": For any period, the Worldwide's and its Subsidiaries' consolidated after-tax net income for such period determined in accordance with **GAAP**.

"Net Worth": At any date, the total of all assets appearing on Worldwide's consolidated balance sheet at such date prepared in accordance with GAAP minus all Liabilities.

"Norwest": Norwest Bank Minnesota, National Association, a national banking association.

"Notes": The Revolving Notes.

"Obligations": All loans (including the Loans and the Letter of Credit Obligations), advances, debts, liabilities, obligations, covenants and duties owing by any Loan Party or the Loan Parties to the Administrative Bank or any Bank of any kind or nature, present or future, which arise under this Agreement or any other Loan Document, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, opening, guarantying or confirming of a letter of credit, guaranty, indemnification or in any other manner, whether joint, several, or joint and several, direct or indirect (including those acquired by assignment or purchases), absolute or contingent, due or to become due, and however acquired. The term includes, without limitation, all principal, interest, fees, charges, expenses, attorneys' fees, and any other sum chargeable to any Loan Party or the Loan Parties under this Agreement or any other Loan Document.

"PACA": The Perishable Agricultural Commodities Act, 7 U.S.C. 499a et seq.
as the same may from time to time be amended, and the rules and regulations promulgated thereunder by any governmental agency or authority, as from time to time in effect.

"PACA Bond": The bond, if any, required to be posted by Worldwide or any of its Restricted Subsidiaries in order to obtain its PACA License or conduct its business.

"PACA License": If applicable, Worldwide's or any of its Restricted Subsidiaries' license to do business as a commission merchant and/or dealer and/or broker under PACA.

"PBGC": The Pension Benefit Guaranty Corporation, established pursuant to

Subtitle A of Title IV of ERISA, and any successor thereto or to the functions thereof.

"Percentage": With respect to any Bank, the percentage specified opposite such Bank's name on Schedule A attached hereto and incorporated herein by reference.

"Permitted Distributions": The dividends, distributions, repurchases and redemptions permitted by the provisions of Section 9.15.

"Permitted Liens": Liens permitted by the provisions of Section 9.7.

"Person": Any natural person, corporation, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity, whether acting in an individual, fiduciary or other capacity.

"Plan": An employee benefit plan or other plan, maintained for employees

of the Borrower or of any ERISA Affiliate, and subject to Title IV of ERISA or Section 412 of the Code.

"Pro Forma Compliance": With respect to any proposed Investment proposed incurrence of Indebtedness or proposed Permitted Distribution, that the Borrower would be in pro forma compliance with each of Sections 9.12, 9.13, and 9.14. as of the immediately preceding Quarterly Measurement Date as if the proposed transaction (including, without limitation, pro forma application of the net proceeds from the incurrence of Indebtedness) had occurred at the beginning of the Measurement Period ending on such Quarterly Measurement Date, where, for purposes of determining the pro forma effect of any such transaction:

(a) the pro forma Interest Expense shall be determined as though the interest rate on the Revolving Loans and other interest-bearing Indebtedness, as the case may be, in effect on the date of the proposed transaction was in effect throughout such Measurement Period; and

(b) with respect to any proposed Investment in another Person, only that portion of such other Person's historical net income or EBITDA allocable to the Borrower's or its Restricted Subsidiaries' proposed Investment shall be added to the Adjusted Net Income or EBITDA, as the case may be.

"Purchase Money Indebtedness": Any Indebtedness incurred for the purchase of personal property where the repayment thereof is secured solely by an interest in the personal property so purchased.

"Quarterly Measurement Date": The last day of each quarter of Worldwide's fiscal year, commencing with the fiscal quarter ending on December 31, 1999.

"Quarterly Payment Date": The last day of each March, June, September, and December.

"Reference Rate": The rate of interest from time to time publicly announced by the Administrative Bank as its "reference rate." Any Bank may lend to its customers at rates that are at, above or below the Reference Rate. For purposes of determining any interest rate which is based on the Reference Rate, such interest rate shall change on the effective date of any change in the Reference Rate.

"Reference Rate Loan Unit": Each portion of any Loan designated as such in a notice of borrowing under Section 2.3 or a notice of continuation or conversion under Section 2.4.

"Regulatory Change": As to any Bank, any change (including any scheduled

change) applicable to a class of banks which includes such Bank in any:

(a) federal or state law or foreign law; or

(b) regulation, interpretation, directive or request (whether or not

having the force of law) of any court or governmental authority charged with the interpretation or administration of any law referred to in clause

(a) of this definition or of any fiscal, monetary or other authority having jurisdiction over such class of banks;

or the adoption after the date hereof of any new or final law, regulation, interpretation, directive or request applicable to a class of banks which includes such Bank.

"Related Party": Any Person (other than a Subsidiary): (a) which directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Borrower; (b) which beneficially owns or holds 15% or more of the equity interest of the Borrower; or (c) 15% or more of the equity interest of which is beneficially owned or held by the Borrower or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or by contract.

"Reportable Event": A reportable event, as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC, by regulation,

has waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided that a failure to meet the minimum funding standard of Section 412 of the Code and Section 302 of ERISA shall be a reportable event regardless of the issuance of any such waivers in accordance with Section 412(d) of the Code.

"Required Banks": At any time, those Banks (which term shall include the Administrative Bank) at such time having Percentages aggregating more than 66.67%.

"Restricted Subsidiary": Each of the Worldwide' Subsidiaries except for those identified on Schedule 1.1(b) attached hereto as being non-Restricted **Subsidiaries**.

"Revolving Credit Commitment": The maximum unpaid principal amount of Revolving Loans which may from time to time be outstanding hereunder, being initially \$40,000,000.00, as the same may be reduced from time to time pursuant to Section 4.3 and, as the context may require, the agreement of each Bank to make Revolving Loans to the Borrower up to its Individual Revolving Credit Commitment subject to the terms and conditions of this Agreement.

"Revolving Credit Termination Date": The date which is the earliest of:
(a) December 28, 2002; (b) the date on which the Borrower terminates the Revolving Credit Commitment pursuant to Section 4.3; or (c) the date upon which the obligation of the Banks to make Revolving Loans is terminated pursuant to Section 10.2.

"Revolving Loan(s)": The Loans described in Section 2.1.

"Revolving Notes": The promissory notes of the Borrower described in

Section 2.5, substantially in the form of Exhibit A, as such promissory notes may be amended, modified or supplemented from time to time, and such term shall include any substitutions for, or renewals of, such promissory notes.

"SEC": The Securities and Exchange Commission or any successor thereto.

"Solvent" shall mean, with respect to any Person on any date of determination, that on such date:

- (a) the fair value of such Person's tangible and intangible assets as a going concern is in excess of the total amount of such Person's liabilities including, without limitation, Contingent Obligations, provided that, in computing the amount of any Contingent Obligation at any time in connection with this clause (a), it is intended that such obligation will be computed at the amount which, in light of all facts and circumstances existing at such time, represents the amount that can be reasonably be expected to become an actual or matured obligation as determined in accordance with GAAP; and
- (b) such Person is then able to pay its debts as they mature; and
- (c) such Person has capital sufficient to carry on its business.

"Subsidiary": Any Person of which or in which the described Person and its other Subsidiaries own directly or indirectly 50% or more of: (a) the combined voting power of all classes of stock having general voting power under ordinary circumstances to elect a majority of the board of directors of such Person, if it is a corporation, (b) the capital interest or profit interest of such Person, if it is a partnership, joint venture or similar entity, or (c) the beneficial interest of such Person, if it is a trust, association or other unincorporated organization.

"Total Debt": At any date, Worldwide's and its Subsidiaries' consolidated interest-bearing Indebtedness including, without limitation, the outstanding principal balance of the Loans, any Capitalized Leases, other interest-bearing Indebtedness and, without duplication, guaranties of interest-bearing Indebtedness.

"Total Usage": At any date, the sum of: (a) the outstanding principal balance of the Revolving Loans; plus (b) the Letter of Credit Obligations.

"U. S. Bank": U. S. Bank National Association, a national banking association.

"USB Letter of Credit Fee": As provided in Section 2.7(e)(i).

Section 1.2 Accounting Terms and Calculations. Except as may be expressly provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder (including, without limitation, determination of compliance with financial ratios and restrictions in Articles VIII and IX hereof) shall be made in accordance with GAAP consistently applied on a consolidated basis for the Borrower and its consolidated Subsidiaries as used in the preparation of the audited financial statements described in Section 7.5(a).

Section 1.3 Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise stated, the word "from" means "from and including" and the words "to" or "until" each means "to but excluding."

Section 1.4 Other Definitional Provisions. The words "hereof," "herein," and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Sections, Exhibits, Schedules and like references are to this Agreement unless otherwise expressly provided.

ARTICLE II

TERMS OF LENDING

Section 2.1 The Loans. Subject to the terms and conditions hereof and in reliance upon the warranties of the Borrower herein, the Banks severally agree to make loans (each a "Revolving Loan" and collectively the "Revolving Loans") to the Borrower from time to time from the date hereof until the Revolving Credit Termination Date up to an aggregate unpaid principal amount at any time equal to the Revolving Credit Commitment, during which period the Borrower may repay and reborrow in accordance with the provisions hereof, provided that: (i) the Banks shall not be obligated to make any Revolving Loan if, after giving effect to such Revolving Loan, the Total Usage would exceed the Revolving Credit Commitment; and (ii) no Bank shall be obligated to make any Revolving Loan if, after giving effect to such Revolving Loan, the aggregate unpaid principal amount of all Revolving Loans made by such Bank plus its Letter of Credit

Participations would exceed such Bank's Individual Revolving Credit Commitment at such time. Each borrowing under this Section 2.1 shall consist of Revolving Loans made on the same day ratably by the Banks in accordance with their Percentages, and each Bank's Revolving Loans made on such day shall be of the same Type and shall have the same Interest Period (if applicable).

Section 2.2 Loan Units. Except as otherwise provided herein, the Loans shall be comprised of Eurodollar Rate Loan Units, CD Rate Loan Units and/or Reference Rate Loan Units as shall be selected by the Borrower in accordance with Section 2.3 and Section 2.4. Any combination of Types of Loan Units may be outstanding at the same time; provided, however, that the Revolving Loans may not consist of more than ten (10) different Eurodollar Rate Loan Units and/or ten (10) different CD Rate Loan Units. Each Eurodollar Rate Loan Unit or CD Rate Loan Unit shall be in a minimum amount of \$1,000,000.00 and in an integral multiple of \$100,000.00 above such amount. Each Reference Rate Loan Unit shall be in an amount of not less than \$500,000.00 and an integral multiple of \$100,000.00 above such amount.

Section 2.3 Borrowing Procedures. Any request by the Borrower for Revolving Loans shall be in writing, or by telephone promptly confirmed in writing if so requested by the Administrative Bank, and must be given so as to be received by the Administrative Bank not later than 12:00 noon, Administrative Bank time, on: (i) the date of the requested Revolving Loans, if such Revolving Loans will not include Eurodollar Rate Loan Units having an Interest Period of one month or more; or (ii) on the third Eurodollar Business Day prior to the date of the requested Revolving Loans, if such Revolving Loans will include Eurodollar Rate Loan Units having an Interest Period of one month or more. Each request for Revolving Loans shall specify the borrowing date (which shall be a Business Day and, in the case of any request for Eurodollar Rate Loan Units, a Eurodollar Business Day) and the amount of such Revolving Loans. Each request for Revolving Loans shall be in a minimum amount of \$500,000.00 and an integral multiple of \$100,000.00 above such amount. Each request for Revolving Loans shall be deemed a representation and warranty by the Borrower that all conditions precedent specified in Section 6.2 to such Revolving Loans are satisfied on the date of such request and on the date the requested Revolving Loans are made. Each written request or confirmation shall be in the form of Exhibit B attached hereto.

The Administrative Bank shall give prompt telephonic notice to each Bank of the Borrower's request for Loans and the Borrower's interest rate elections for such Loans. By not later than 1:00 p.m. (Administrative Bank time) on the date of such Loans, each Bank shall make available to the Administrative Bank, in immediately available funds, such Bank's Percentage of such Loans. After the Administrative Bank's receipt of such funds, and upon satisfaction of the applicable conditions set forth in Article VI, the Administrative Bank will make the amount of the requested Loans available to the Borrower at the Administrative Bank's principal office in Minneapolis, Minnesota in immediately available funds on the date requested.

Unless the Administrative Bank and the Borrower shall have been notified by any Bank in writing at least one Business Day prior to the date of a Loan that such Bank does not intend to make available to the Administrative Bank its Percentage of such Loan (except that no such notice to the Borrower is required if the Borrower is not then able to satisfy the applicable conditions set forth in Article VI), the Administrative Bank may assume that each Bank has made such amount available to the Administrative Bank on such date, and the Administrative Bank may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If and to the extent any Bank shall not have made available to the Administrative Bank on the date of any Loan such Bank's Percentage of such Loan, such Bank and the Borrower agree to repay the Administrative Bank forthwith on demand such corresponding amount, together with interest thereon, for each day from the date of such Loan amount until the date such amount is repaid to the Administrative Bank, at the Federal Funds Rate, in the case of payment by such Bank, or at the interest rate applicable at the time to the relevant Loan, in the case of payment by the Borrower; provided, however, if such Bank shall repay to the Administrative Bank such corresponding amount, the amount repaid shall constitute such Bank's Loan for purposes of this Agreement.

Section 2.4 Continuation or Conversion of Loan Units for Loans. The Borrower may elect to: (a) continue any outstanding Eurodollar Rate Loan Unit or CD Rate Loan Unit from one Interest Period into a subsequent Interest Period to begin on the last day of the earlier Interest Period; provided, however that any Eurodollar Rate Loan or CD Rate Loan Unit having a daily Interest Period shall automatically be continued, without further notice, as the same Type of Loan Unit having a daily Interest Period; or (b) convert any outstanding Loan Unit into another Type of Loan Unit (on the last day of an Interest Period only, in the instance of a Eurodollar Rate Loan Unit or a CD Rate Loan Unit), by giving the Administrative Bank notice in writing, or by telephone promptly confirmed in writing if so requested by the Administrative Bank, given so as to be received by the Administrative Bank not later than 12:00 noon, Administrative Bank time: (i) on the date of the requested continuation or conversion, if the continuing or converted Loan Unit shall be a Reference Rate Loan Unit, CD Rate Loan Unit or a Eurodollar Rate Loan Unit having a daily Interest Period; or (ii) three (3) Eurodollar Business Days prior to the date of the requested continuation or conversion, if the continuing or converted Loan Unit shall be a Eurodollar Rate Loan Unit having an Interest Period of one month or more. Each required notice of continuation or conversion of a Loan Unit shall specify: (r) the effective date of continuation or conversion (which shall be a Business Day and, if the resulting Loan Unit is a Eurodollar Rate Loan Unit, a Eurodollar Business Day); (s) the amount and the Type or Types of Loan Units following such continuation or conversion; and (t) for continuation as, or conversion into, Eurodollar Rate Loan Units or CD Rate Loan Units, the Interest Periods for such Loan Units. Absent timely notice

of continuation or conversion, each Eurodollar Rate Loan Unit having an Interest Period of one month or more or CD Rate Loan Unit having an Interest Period of 30 days or more shall automatically convert into a Reference Rate Loan Unit on the last day of an applicable Interest Period, unless paid in full on such last day. No Loan Unit comprising part of the Revolving Loans shall be continued as, or converted into, a Eurodollar Rate Loan Unit or a CD Rate Loan Unit if the Interest Period selected for such Loan Unit may not transpire prior to the Maturity of the relevant Revolving Loans or if a Default or Event of Default shall exist. Each written notice of continuation or conversion shall be in the form of Exhibit C attached hereto. The Administrative Bank shall give prompt written notice to each Bank of any notice received by the Administrative Bank from the Borrower pursuant to this Section 2.4.

Section 2.5 The Notes and Maturities. The Revolving Loans made by a Bank shall be evidenced by a Revolving Note, in the amount of such Bank's Individual Revolving Credit Commitment. The Revolving Loans and the Revolving Notes shall mature and be payable at Maturity of the Revolving Loans. Each Bank shall enter in its records the amount of its Revolving Loan, the rate of interest borne on such Revolving Loans by each Loan Unit, and the payments of the Revolving Loans received by such Bank, and such records shall be conclusive evidence of the subject matter thereof, absent manifest error.

Section 2.6 Funding Losses. Upon demand, the Borrower will indemnify and hold each Bank free and harmless from and against any loss or expense which such Bank may sustain or incur (including, without limitation, any loss or expense sustained or incurred in obtaining, liquidating or employing deposits or other funds acquired to effect, fund or maintain any Loan Unit) as a consequence of:

(i) any failure of the Borrower to make any payment when due of any amount due hereunder with respect to the principal of any Loan or under any Note; or (ii) any failure of the Borrower to borrow, continue or convert a Loan Unit on a date specified therefor in a notice thereof; or (iii) any payment (including, without limitation, any payment pursuant to Section 4.2, 4.3 or 10.2), prepayment or conversion of any Eurodollar Rate Loan Unit or CD Rate Loan Unit on a date other than the last day of the Interest Period for such Loan Unit. Determinations by a Bank for purposes of this Section 2.6 of the amount required to compensate such Bank shall be conclusive in the absence of manifest error.

Section 2.7 Letters of Credit.

(a) **Letter of Credit Commitment.** Subject to the terms and conditions hereinafter set forth, U. S. Bank agrees to issue stand-by letters of credit (the "Letters of Credit;" and which term shall include the Existing Letters of Credit) from time to time on terms reasonably acceptable to U. S. Bank on any Business Day during the period from the date hereof and ending on the Letter of Credit Termination Date; provided, however, that U. S. Bank shall not be required to issue any Letter of Credit if, after giving effect to such issuance: (i) the Letter of Credit Obligations would exceed the Letter of Credit Commitment; or (ii) the Total Usage would exceed the Revolving Credit Commitment.

(b) **Termination.** The obligation of U. S. Bank to issue any Letter of Credit shall terminate on the Letter of Credit Commitment Termination Date.

(c) **Manner of Issuance of Letters of Credit.** On the date of this Agreement, the Existing Letters of Credit shall be deemed to have been issued by U. S. Bank pursuant to this Agreement for the account of the Borrower. Each subsequent Letter of Credit shall be issued for the account of the Borrower within three (3) Business Days after receipt of notice from the Borrower to U. S. Bank specifying the date of the requested issuance, the face amount of the requested Letter of Credit, and the expiry date of the requested Letter of Credit; provided that such notice and the required accompanying documentation is received before 12:00 noon (Administrative Bank time); any notice received after 12:00 noon (Administrative Bank time) on any Business Day shall be deemed to have been received on the immediately following Business Day. In no event shall any Letter of Credit have an expiry date later than the earlier of: (i) twelve (12) months after the date of issue ; or (ii) the Revolving Credit Termination Date. Each request for a Letter of Credit shall be accompanied by an appropriately completed and duly

executed application for a Letter of Credit in form acceptable to U. S. Bank (a "Letter of Credit Application").

(d) Reimbursement on Demand. The Borrower agrees to pay to U. S. Bank on demand at U. S. Bank's address shown on the signature page hereof:

(i) the amount of each draft or other request for payment drawn under any Letter of Credit (whether drawn before, on or after its stated expiry date), and (ii) interest on all amounts referred to in clause (i) above from the date of such draw until payment in full at a fluctuating rate per annum at all times equal to the Default Rate; provided, however, that so long as the conditions precedent set forth in Section 2.1 and Article VI are satisfied as of the date of any draw under the Letter of Credit, the Banks will make Revolving Loans in accordance with Section 2.3 (a) to pay any draw under a Letter of Credit.

(e) Letter of Credit Fees.

(i) The Borrower agrees to pay to U. S. Bank for: (A) its own account, a fee (the "USB Letter of Credit Fee") at a rate per annum equal to 0.125% of the undrawn face amount of the Letters of Credit outstanding from time to time; and (B) the account of each Bank ratably in accordance with its Percentage, a commission (the "Letter of Credit Commission") at a rate per annum equal to 0.60% of the undrawn face amount of the Letters of Credit outstanding from time to time. The USB Letter of Credit Fee and the Letter of Credit Commission with respect to each Letter of Credit is payable in arrears on each Quarterly Payment Date. U. S. Bank shall promptly pay over to each Bank its Percentage of each Letter of Credit Commission received by the U.S. Bank.

(ii) The Borrower agrees to pay to U.S. Bank, solely for U.S. Bank's account, all reasonable and customary charges, fees and expenses which U. S. Bank may assess in connection with the issuance, extension, amendment or payment of any Letter of Credit in accordance with the schedule therefor then in effect, and any and all reasonable out-of-pocket expenses which U. S. Bank may pay or incur in connection therewith.

(f) Obligations Absolute. The Obligations of the Borrower under this Section 2.7 shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances: (i) any lack of validity or enforceability of any Letter of Credit or any other agreement or instrument relating thereto (collectively, the "Related Documents"); (ii) any amendment or waiver of, or any consent to departure from, all or any of the Related Documents; (iii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or any transferee of any Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), U. S. Bank or any other Person, whether in connection with any Related Document, the transactions contemplated therein, or any unrelated transaction, except as set forth in clause (v) below; (iv) any draft, statement or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, except as set forth in clause (v) below; (v) payment by U. S. Bank under any Letter of Credit against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit, except in the case of payment resulting from the negligence or willful misconduct of U. S. Bank; (vi) the occurrence of any Default or Event of Default; or

(vii) any other circumstance or event whatsoever, whether or not similar to any of the foregoing.

(g) Letter of Credit Participations.

(i) Concurrently with the issuance of each Letter of Credit pursuant to this Agreement (including, without limitation, the deemed issuance of the Existing Letters of Credit

pursuant to the first sentence of Section 2.7(c)), U. S. Bank shall be deemed to have sold and transferred to each Bank, and each Bank shall be deemed irrevocably and unconditionally to have purchased and received from U. S. Bank, without recourse or warranty, an undivided Letter of Credit Participation in each Letter of Credit and the Letter of Credit Obligations with respect thereto and any security therefor. U. S. Bank shall retain its individual Letter of Credit Participation in each Letter of Credit and the Letter of Credit Obligations with respect thereto and any security therefor. U. S. Bank shall promptly give each other Bank notice of the issuance of each Letter of Credit and the amount of such Bank's Letter of Credit Participation therein.

(ii) U. S. Bank shall promptly notify the Borrower and each Bank of each demand for payment under a Letter of Credit and of the date on which such payment is to be made and the amount of such Bank's Revolving Loan to be made pursuant to Sections 2.3 and 2.7(d), if any. By not later than 1:00 p.m. (Administrative Bank time), on each date on which payment is to be made to U. S. Bank, each Bank shall pay to U. S. Bank in immediately available funds, such Bank's Percentage of such demand for payment which the Borrower has not paid to U. S. Bank, by Revolving Loans or otherwise. Each Bank's obligation to make such amounts available to U. S. Bank shall be irrevocable and shall not be subject to any qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances except where the Borrower is not liable to U. S. Bank for payment of a draw on a Letter of Credit under Section 2.7(f)(v). If and to the extent any Bank shall not have made such amount available to U. S. Bank on any such date, such Bank agrees, upon demand, to pay interest on such amount to U. S. Bank for the account of U. S. Bank for each day from and including the date on which such payment was to be made to but excluding the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect, based upon a year of 360 days. Any Bank's failure to make available to U. S. Bank its Percentage of any demand for payment under a Letter of Credit shall not relieve any other Bank of its obligation to make available to U. S. Bank its Percentage of such demand for payment on the date such payment is to be made, but no Bank shall be responsible for the failure of any other Bank to make available to U. S. Bank such other Bank's Percentage of any such payment.

(iii) Whenever, at any time after U. S. Bank has made a payment under any Letter of Credit and has received from another Bank such other Bank's Percentage of the unreimbursed portion of such payment, U. S. Bank receives any reimbursement on account of such unreimbursed portion or any payment of interest on account thereof, U. S. Bank will promptly distribute to such other Bank its pro rata share thereof in

like funds as received in accordance with Section 4.4; provided, however, that in the event that U. S. Bank is required to return such reimbursement or such payment of interest (as the case may be), such other Bank will return to U. S. Bank any portion thereof previously distributed to it by U. S. Bank in like funds as such reimbursement or payment is required to be returned by U. S. Bank.

(h) Indemnification by Banks. The Banks severally agree to indemnify U. S. Bank acting in its capacity as issuer of the Letters of Credit, and each officer, director, employee, agent and affiliate of U. S. Bank (herein collectively called "LC Issuer Parties" and individually called a "LC Issuer Party"), ratably according to their respective Percentages, to the extent not reimbursed by the Borrower, from and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time (including, without limitation, at any time following the payment of any of the Letter of Credit Obligations) be imposed on, incurred by or asserted against U. S. Bank in any way relating to or arising out of the issuance of or payment or failure to pay under the Letter of Credit or the use of proceeds of any payment made under the Letter of Credit; provided, however, that no Bank shall be liable for the payment to U. S. Bank of any portion of such claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever resulting from U. S. Bank's gross negligence

or willful misconduct. All obligations provided for in this subsection (h) shall survive the termination of this Agreement.

(i) Conflicts. The rights of U. S. Bank against the Borrower hereunder shall be in addition to all rights under (and shall control over any conflict under) any Letter of Credit Application.

ARTICLE III

INTEREST AND FEES

Section 3.1 Interest. Subject to the provisions of Section 3.1(b), the Borrower agrees to pay interest on the outstanding principal amount of each Revolving Loan from the date of such Revolving Loan until the Maturity thereof:

(a) With respect to each:

(i) Reference Rate Loan Unit comprising a portion of such Revolving Loan, at a fluctuating rate per annum equal at all times to the Reference Rate;

(ii) Eurodollar Rate Loan Unit comprising a portion of such Revolving Loan, at a rate per annum equal at all times during the Interest Period relating to such Eurodollar Rate Loan Unit to the sum of the Adjusted Eurodollar Rate in effect for such Interest Period plus 0.60%; and

(iii) CD Rate Loan Unit comprising a portion of such Revolving Loan, at a rate per annum equal at all times during the Interest Period relating to such Eurodollar Rate Loan Unit to the sum of the Adjusted CD Rate in effect for such Interest Period plus 0.60%

(b) Notwithstanding the provisions of Section 3.1(a), at all times after the occurrence and during the continuance of any Event of Default, the Borrower agrees to pay interest on the outstanding principal amount of each Revolving Loan from the date on which the Administrative Bank notifies the Borrower of such Event of Default at a rate per annum at all times equal to the sum of the rate equal to the sum of (i) the Reference Rate; plus (ii) two percent (2.0%) per annum.

(c) Until Maturity of a Loan: (i) interest accrued through the end of a month on each Reference Rate Loan Unit shall be payable on the Monthly Payment Date coinciding with the end of such month, commencing on the first such Monthly Payment Date following the Closing Date; and (B) interest accrued during the applicable Interest Period on each Eurodollar Rate Loan Unit or CD Rate Loan Unit shall be payable on the last day of such applicable Interest Period; provided, however, that in the case of any Interest Period of longer than three (3) months, interest shall also be payable at each Quarterly Payment Date occurring within such Interest Period. Interest on each Loan shall also be payable at its Maturity. Interest accrued after Maturity shall be payable on demand.

(e) No provision of this Agreement or any Note shall require the payment of interest in excess of the rate permitted by applicable law.

Section 3.2 Facility Fee. The Borrower shall pay to the Administrative Bank a fee (the "Facility Fee"), for the account of each Bank ratably in accordance with its Percentage, determined by applying a rate equal to 0.1875% to the daily Revolving Credit Commitment. The Facility Fee shall be payable to the Administrative Bank in arrears on each Quarterly Payment Date, commencing with the first such date following the Closing Date, and on the Revolving Credit Termination Date.

Section 3.4 Computation. Interest, the Facility Fee, the USB Letter of Credit Fee, the Letter of Credit Commission and any other fee calculated on a per annum basis shall be computed on the basis of actual days elapsed and a year of 360 days.

ARTICLE IV

PAYMENTS, PREPAYMENTS, REDUCTION OR TERMINATION OF THE CREDIT AND SETOFF

Section 4.1 Repayment. Principal of the Loans shall be due and payable in accordance with the provisions of Section 2.5 hereof and this Article IV.

Section 4.2 Voluntary and Mandatory Prepayments.

(a) Optional Prepayments. The Borrower, by giving written or telephonic notice to the Administrative Bank by no later than 2:00 p.m. (Administrative Bank time) on the Business Day of a prepayment, may prepay the Loans, in whole or in part, at any time, without premium or penalty; provided, however, that: (i) any prepayment shall be subject to the provisions of Section 2.6; and (ii) each partial prepayment shall be in an amount of \$500,000.00 and an integral multiple \$100,000.00 above such amount. Any such prepayment must be accompanied by accrued and unpaid interest on the amount prepaid and any amount payable pursuant to Section 2.6. The Administrative Bank shall give prompt notice to each Bank of any

notice received by the Administrative Bank pursuant to this Section 4.2(a).

(b) Mandatory Prepayment of Revolving Loans. The Borrower shall prepay the Revolving Loans as follows:

(i) If, at any time, the Total Usage exceeds the Revolving Credit Commitment, then the Borrower shall immediately prepay the Revolving Loans and cash collateralize the Letter of Credit Obligations by the amount of such excess together with interest on the amount prepaid. Any prepayment required by this subsection (i) shall be applied first to prepay the Revolving Loans, and the remainder of such prepayment, if any, shall be deposited in an interest-bearing account maintained at U. S. Bank for application to the Borrower's reimbursement obligations under Section 2.7(d) as payments are made on the Letters of Credit, with the balance, if any, to be applied to the other Obligations.

(ii) If, at any time, the Administrative Bank notifies the Borrower that the sum of the aggregate unpaid principal amount of the Revolving Loans made by any Bank plus its Letter of Credit

Participations exceeds such Bank's Individual Revolving Credit Commitment by providing the Borrower with a written certificate from such Bank calculating the amount of such excess, then the Borrower shall immediately prepay the amount of such excess together with interest on the amount prepaid to the Administrative Bank for distribution to such Bank for application to the Revolving Loans owed to such Bank.

(c) Application of Prepayments. Except as otherwise directed by the Borrower, the Banks shall apply prepayments first to Reference Rate Loan Units, then to Eurodollar Rate Loan Units having an Interest Period ending on such day of prepayment, then to CD Rate Loan Units having an Interest Period ending on such day of prepayment, then to other CD Rate Loan Units, and then to other Eurodollar Rate Loan Units.

Section 4.3 Reduction or Termination of Revolving Credit Commitment or **Letter of Credit Commitment.**

(a) Voluntary. The Borrower may, at any time, upon no less than three (3) Business Days' prior written notice received by the Administrative Bank, permanently reduce the Revolving Credit Commitment, with any such reduction in a minimum amount of \$5,000,000.00 or an integral multiple of \$1,000,000.00 in excess of that amount; provided, however, the Borrower may not reduce the Revolving Credit Commitment below the sum of the aggregate unpaid principal amount of the Revolving Loans plus the

Letter of Credit Obligations. The Borrower may, at any time when no Revolving Loans or Letter of Credit Obligations are outstanding, upon not less than three (3) Business Days' prior written notice to the Administrative Bank, terminate both the Revolving Credit Commitment and Letter of Credit Commitment in their entireties or may, when no Letter of Credit Obligations are outstanding, terminate the Letter of Credit Commitment. Upon termination of both of the Revolving Credit Commitment and the Letter of Credit Commitment pursuant to this Section, the Borrower shall pay to the Administrative Bank all accrued and unpaid interest on the Revolving Loans, all unpaid Revolving Credit Non-Usage Fee accrued to the date of such termination and all other unpaid Obligations of the Borrower to the Administrative Bank or any Bank hereunder with respect to the Revolving Loans, the Revolving Credit Commitment, the Letters of Credit and the Letter of Credit Commitment including, without limitation, any amount required to be paid under Section 10.3. Upon termination of the Letter of Credit Commitment (without a corresponding termination of the Revolving Credit Commitment) pursuant to this Section, the Borrower shall pay to the Administrative Bank all unpaid Obligations of the Borrower to U. S. Bank hereunder with respect to the Letters of Credit and the Letter of Credit Commitment including, without limitation, any amount required to be paid under Section 10.3.

(b) Application. Each reduction in the Revolving Credit Commitment or Letter of Credit Commitment shall reduce the Banks' Individual Revolving Credit Commitments or Individual Letter of Credit Commitments, as the case may be, pro rata in accordance with their respective Percentages.

Section 4.4 Payments. Except to the extent that this Agreement specifically requires that payments be made directly to an individual Bank, all payments and prepayments of principal of, and interest on, the Notes and all fees, expenses and other Obligations under the Loan Documents payable to the Administrative Bank or the Banks shall be made without deduction, set-off, or counterclaim and net of any withholding taxes, in immediately available funds, not later than 2:00 p.m., Administrative Bank time, on the dates due to the Administrative Bank at the office specified by it from time to time for the ratable benefit of the Banks in accordance with their Percentages, except as otherwise specifically provided in this Agreement. Funds received on any day after such time shall be deemed to have been received on the next Business Day. Subject to the definition of the term "Interest Period", whenever any payment to be made hereunder or on the Notes shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of any interest or fees. The Borrower authorizes each Bank to charge any of the Borrower's accounts maintained at such Bank for the amount of any payment or prepayment on the Notes or other amount owing pursuant to any of the other Loan Documents. The Borrower hereby authorizes the Banks, at the discretion of the Required Banks, to make a Revolving Loan in order to pay, on behalf of the Borrower, any amount due on any Note or pursuant to any of the other Loan Documents without further action on the part of the Borrower and regardless of whether the Borrower is able to comply with the terms, conditions and covenants of this Agreement at the time of such Revolving Loan. The Administrative Bank will use its best efforts to inform the Borrower immediately prior to or promptly after any such charge to the Borrower's account or Revolving Loan is made. The Administrative Bank (or its designee) shall promptly distribute to each Bank its respective Percentage of all payments of principal of or interest on the Loans or other payments due under this Agreement or any other Loan Document received by it for the account of such Bank; provided, however that:

(a) the Administrative Bank may set off against any amount distributable to any Bank the amount, if any, which such Bank is obligated to pay to the Administrative Bank under this Agreement or any other Loan Document; and (b) if the Administrative Bank reasonably determines that any amount received by it under this Agreement or any other Loan Document must be returned to the Borrower or paid to any other Person pursuant to any insolvency law or otherwise, then, notwithstanding any other term or condition of this Agreement or any other Loan Document, the Administrative Bank will not be required to distribute any portion thereof to any Bank and each Bank will repay to the Administrative Bank, on demand, any portion of such amount that the Administrative Bank has distributed to such Bank, together with interest at such rate, if any, as the

Administrative Bank is required to pay to the Borrower or such other Person, without set-off, counterclaim or deduction of any kind. All amounts received by each Bank (whether as a result of payment transmitted by the Borrower or otherwise) on account of payment of interest on or principal of the Notes, or other payments due under this Agreement or any other Loan Document, as the case may be, shall be so applied by it to such payment.

Section 4.5 Pro Rata Sharing. If any Bank or any holder of any Note shall obtain any payment (whether voluntary, involuntary, by application of offset or otherwise) upon any Loan or other Obligation which is to be shared pro

rata under this Agreement in excess of its Percentage of such payment then or

thereafter obtained by all other Banks or other holders of Notes upon such Obligations, such Bank or other holder shall purchase from the other Banks or the other holders of Notes such participations in the relevant Obligation as shall be necessary for such purchasing Bank or holder to share the excess payment ratably with the other Banks or holders according to each Bank's or other holder's Percentage; provided, however, that if all or any portion of the excess payment is thereafter recovered from such purchasing holder, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest. The Borrower agrees that any Bank or holder so purchasing a participation from another Bank or holder pursuant to this Section 4.5 may, to the fullest extent permitted by law, exercise all its rights of

payment (including the right of setoff) with respect to such participation as fully as if such Bank or holder were the direct creditor of the Borrower in the amount of such participation.

Section 4.6 Set-Off; etc. In addition to the remedies set forth in Section 10.2 and Section 10.3, upon the occurrence of any Event of Default or at any time thereafter while such Event of Default continues, each Bank or any other holder of the Notes may offset any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies of the Borrower then or thereafter with such Bank or such other holder, or any obligations of such Bank or such other holder of the Notes against the Obligations. The Borrower hereby grants to each Bank and each other Note holder a security interest in all such balances, credits, deposits, accounts or monies.

ARTICLE V

ADDITIONAL PROVISIONS RELATING TO THE LOANS

Section 5.1 Increased Costs. If, as a result of any Regulatory Change:

- (a) any tax, duty or other charge with respect to any Loan, the Notes, the Letters of Credit, the Letter of Credit Participations or the Commitment is imposed, modified or deemed applicable, or the basis of taxation of payments to any Bank of interest or principal of the Loans, or of the Facility Fee or of the USB Letter of Credit Fee or the Letter of Credit Commission (other than taxes imposed on the overall net income of such Bank by the jurisdiction in which such Bank has its principal office) is changed;
- (b) any reserve, special deposit, special assessment or similar requirement against assets of, deposits with or for the account of, or credit extended by, such Bank is imposed, modified or deemed applicable;
- (c) any increase in the amount of capital required or expected to be maintained by such Bank or any Person controlling such Bank is imposed, modified or deemed applicable;
- (d) any other condition affecting this Agreement or the Commitment is imposed on such Bank or the relevant funding markets;

and such Bank determines that, by reason thereof, the cost to such Bank of making or maintaining the Loans, the Letters of Credit, the Letter of Credit Participations or the Commitment is increased, or the amount of any sum receivable by such Bank hereunder or under the Notes is reduced; then, the Borrower shall pay to such Bank upon demand such additional amount or amounts as will compensate such Bank (or the controlling Person in the instance

of (c) above) on an after-tax basis for such additional costs or reduction (provided that the Bank has not been compensated for such additional cost or reduction in the calculation of the Eurodollar Reserve Percentage or Domestic Reserve Percentage, as the case may be, for any affected Loan Unit). The Bank claiming compensation under this Section will promptly notify the Borrower and the Administrative Bank of any event of which it has knowledge, occurring after the date hereof, which will entitle such Bank to compensation pursuant to this Section. A certificate of the Bank claiming compensation under this paragraph, setting forth the additional amount or amounts to be paid to it hereunder and stating in reasonable detail the basis for the charge and the method of computation, shall be conclusive in the absence of error. In determining any compensation under this Section, the claiming Bank may use any reasonable averaging and attribution methods. Failure on the part of a Bank to demand compensation under this Section for any period shall not constitute a waiver of such Bank's rights to demand compensation for any subsequent period.

Section 5.2 Deposits Unavailable or Interest Rate Unascertainable or Inadequate; Impracticability. If any Bank determines (which determination shall be conclusive and binding on the parties hereto) that:

(a) deposits of the necessary amount for the relevant Interest Period for any Eurodollar Rate Loan Unit or CD Rate Loan Unit are not available to such Bank in the relevant market or that, by reason of circumstances affecting such market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate or CD Rate for such Interest Period;

(b) the Adjusted Eurodollar Rate or the Adjusted CD Rate will not adequately and fairly reflect the cost to such Bank of making or funding the relevant Loan Unit for its Interest Period; or

(c) the making or funding of any Eurodollar Rate Loan Unit or CD Rate Loan Unit has become impracticable as a result of any event occurring after the date of this Agreement which, in the opinion of such Bank, materially and adversely affects such Loan Unit or such Bank's Commitment to make such Loan Unit or the relevant market;

such Bank shall promptly give notice of such determination to the Borrower and the Administrative Bank that the adversely affected Type of Loan Unit is no longer available to the Borrower, and (A) all Loans made by such Bank during the period on and after the date of such Bank's notice through the date on which such Bank determines that the circumstances giving rise to such Bank's determination under subsection (a), (b) or (c) no longer exists shall accrue interest only as a Type of Loan Unit not subject to such notice; (B) (1) any notice of a new Eurodollar Rate Loan Unit previously given by the Borrower and not yet borrowed or converted shall be deemed, as to such Bank, to be a notice to make a Reference Rate Loan Unit, and (2) the Borrower shall be obligated to either prepay in full any outstanding Eurodollar Rate Loan Units without premium or penalty other than any amount required by Section 2.6 on the last day of the current Interest Period with respect thereto or convert any such Eurodollar Rate Loan Unit to a Reference Rate Loan Unit or, if then permitted, a CD Rate Loan Unit or, in either case, on such earlier date as may be required by applicable law. Any prepayment of any Eurodollar Rate Loan Unit or CD Rate Loan Unit prior to the end of its Interest Period shall be accompanied by any payment required by Section 2.6.

Section 5.3 Changes in Law Rendering Eurodollar Rate Loan Units Unlawful. If at any time due to the adoption of any law, rule, regulation, treaty or directive, or any change therein, or in the interpretation or administration thereof by any court, central bank, governmental authority, agency or instrumentality, or comparable agency charged with the interpretation or administration thereof, or for any other reason arising subsequent to the date of this Agreement, it shall become unlawful or impossible for any Bank to make or fund any Eurodollar Rate Loan Unit, the obligation of such Bank to provide such Loan Unit shall, upon the happening of such event, forthwith be suspended for the duration of such illegality or impossibility. If any such event shall make it unlawful or impossible for any Bank to continue any Eurodollar Rate Loan Unit previously made by it hereunder, such Bank shall, upon the happening of such event, notify the Borrower and the Administrative Bank thereof in writing, and the Borrower shall, at the time notified by the Bank, either convert each such unlawful Loan Unit to a Reference Rate Loan Unit or, if then permitted, a CD Rate Loan Unit, or repay such Loan Unit in full, together with accrued interest thereon and any payment required pursuant to Section 2.6.

Section 5.4 Withholding Taxes. Upon the written request of the Borrower, each Bank (or transferee) that is organized under the laws of a jurisdiction outside the United States shall, if legally able to do so, prior to the immediately following due date of any payment by the Borrower hereunder, deliver to the Borrower such certificates, documents or other evidence, as required by the Code or Treasury Regulations issued pursuant thereto, including Internal Revenue Service Form 1001 or Form 4224 and any other certificate or statement of exemption required by Treasury Regulation Section 1.1441-1, 1.1441-4 or 1.1441-6(c) or any subsequent version thereof or successors thereto, properly completed and duly executed by such Bank (or transferee) establishing that such payment is

(a) not subject to United States Federal withholding tax under the Code because such payment is effectively connected with the conduct by such Bank (or transferee) of a trade or business in the United States or (b) totally exempt from United States Federal withholding tax, or subject to a reduced rate of such tax under a provision of an applicable tax treaty. Unless the Borrower and the Administrative Bank have received forms or other documents satisfactory to them indicating that such payments hereunder are not subject to United States Federal withholding tax or are subject to such tax at a rate reduced by an applicable tax treaty, the Borrower or the Administrative Bank shall withhold taxes from such payments at the applicable statutory rate. The Borrower shall not be required to pay any additional amounts to any Bank (or transferee) in respect of United States Federal withholding tax pursuant to Section 5.1 above if the obligation to pay such additional amounts would not have arisen but for a failure by such Bank (or transferee) to comply with the provisions of this Section; provided, however, that the Borrower shall be required to pay those amounts to any Bank (or transferee) it was required to pay hereunder prior to the failure of such Bank (or transferee) to comply with the provisions of this Section. Any Bank (or transferee) claiming any additional amounts payable pursuant to this Section 5.4 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the sole determination of such Bank, be otherwise disadvantageous to such Bank (or transferee).

Section 5.5 Discretion of the Banks as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary, each Bank shall be entitled to fund and maintain its funding of all or any part of the Loans in any manner it elects; it being understood, however, that for purposes of this Agreement, all determinations hereunder shall be made as if the Banks had actually funded and maintained each Eurodollar Rate Loan Unit during its Interest Period through the purchase of deposits having a term corresponding to such Interest Period and bearing an interest rate equal to the Eurodollar Rate and each CD Rate Loan Unit during its Interest Period through the purchase of deposits having a term corresponding to such Interest Period and bearing an interest rate equal to the CD Rate (whether or not the Banks shall have granted any participation in such Loan Units).

Section 5.6 Funding Through the Sale of Participation. Subject only to the provisions of Section 12.5, the Borrower acknowledges that each Bank may fund all or any part of the Loans by sales of participation to various participants and agrees that each Bank may, in invoking its rights under this Article V or under Section 2.6, demand and receive payment for costs and other amounts incurred by, or allocable to, any such participant, or take other action arising from circumstances applicable to any such participant, to the same extent that such participant could demand and receive payments, or take other action, under this Article V or under Section 2.6 if such participant were the Bank under this Agreement except that no participant's claims for payment of costs and other amounts under this Article V or Section 2.6 shall exceed the amount which such Bank would have received had such Bank not sold a participation to such participant.

Section 5.7 Funding Through Branch or Affiliate. At each Bank's sole option, it may fulfill its commitment to make Eurodollar Rate Loan Units by causing a foreign branch or an affiliate to make or continue such Eurodollar Rate Loan Units; provided, that in such instance such Eurodollar Rate Loan Unit shall be deemed for purposes of this Agreement to have been made by the Bank and the obligation of the Borrower to repay such Eurodollar Rate Loan Units shall be to such Bank and shall be deemed held by such Bank for the account of such branch or affiliate.

ARTICLE VI

CONDITIONS PRECEDENT

Section 6.1 Conditions of Initial Loans, etc. The obligation of the Banks to make the initial Revolving Loans or of U. S. Bank to issue the initial Letter of Credit shall be subject to the satisfaction of the conditions precedent, in addition to the applicable conditions precedent set forth in

Section 6.2 below, that the Administrative Bank shall have received all of the following, in form and substance satisfactory to the Banks, each duly executed and certified or dated the date of the initial Loans or Letter of Credit or such other date as is satisfactory to the Banks:

- (a) The Notes appropriately completed and duly executed by the Borrower;
- (b) The other Loan Documents, if any, appropriately completed and duly executed by each Loan Party which is a party thereto;
- (c) A certificate of the secretary or any assistant secretary of each Loan Party having attached: (i) a copy of the corporate resolution of the Borrower authorizing the execution, delivery and performance of the Loan Documents to which such Loan Party is a party, certified by the Secretary or an Assistant Secretary of such Loan Party; (ii) an incumbency certificate showing the names and titles, and bearing the signatures of, the officers of such Loan Party authorized to execute the Loan Documents to which such Loan Party is a party; and (iii) a copy of the bylaws of such Loan Party with all amendments thereto;
- (d) A copy of the articles or certificate of incorporation of each Loan Party with all amendments thereto, certified by the appropriate governmental official of the jurisdiction of its incorporation as of a date acceptable to the Administrative Bank and the Banks;
- (e) Certificates of good standing for the Borrower from the respective Secretary of States of the States of Delaware and Minnesota;
- (f) An opinion of counsel to the Loan Parties, addressed to the Administrative Bank and the Banks, in form and substance satisfactory to the Administrative Bank and the Banks;
- (g) An officer's certificate in a form provided by the Administrative Bank executed by the chief financial officer or treasurer of the Borrower;
- (h) Evidence of insurance for all insurance required by the Loan Documents;
- (i) A letter signed by the Borrower instructing the Banks as to payment of the proceeds of the initial Revolving Loans;
- (j) A Compliance Certificate appropriately completed as of a date satisfactory to the Required Banks and duly executed by the Borrower showing compliance with the financial covenants set forth in this Agreement as of such date; and
- (k) Such other approvals, opinions or documents as the Administrative Bank or any Bank may reasonably request.

Section 6.2 Conditions Precedent to all Loans, etc. The obligation of the Banks to make any Loan hereunder (including the initial Revolving Loans) or of U. S. Bank to issue any Letter of Credit shall be subject to the satisfaction of the following conditions precedent:

(a) Before and after giving effect to such Loan or Letter of Credit, the representations and warranties contained in Article VII shall be true and correct, as though made on the date of such Loan or Letter of Credit, except that, after the delivery of any financial statements to the Banks in accordance with Section 8.1(a) or (b), the representations and warranties set forth in Section 7.5 shall be deemed a reference to the audited or unaudited financial statements then most recently delivered to the Banks;

(b) Before and after giving effect to such Loan or Letter of Credit, no Default or Event of Default shall have occurred and be continuing; and

(c) The Administrative Bank shall have received the Borrower's request for such Loan as required by Section 2.3 or the Letter of Credit Application for such Letter of Credit as required by Section 2.7.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

To induce the Banks to enter into this Agreement, to grant the Commitment and to make Loans hereunder, the Borrower represents and warrants to the Administrative Bank and the Banks:

Section 7.1 Organization, Standing, etc. Each Loan Party and each of its Restricted Subsidiaries are corporations or companies duly organized and validly existing and in good standing under the laws of the state of their respective organization and have all requisite power and authority to carry on their respective businesses as now conducted, to enter into the Loan Documents to which they are a party and to perform their obligations under the Loan Documents. Each Loan Party and each of its Restricted Subsidiaries is duly qualified and in good standing as a foreign corporation in each jurisdiction in which the character of the properties owned, leased or operated by it or the business conducted by it makes such qualification necessary.

Section 7.2 Authorization and Validity. The execution, delivery and performance by each Loan Party of the Loan Documents to which such Loan Party is a party have been duly authorized by all necessary corporate action by such Loan Party. The Loan Documents constitute the legal, valid and binding obligations of each Loan Party which is a party thereto, enforceable against such Loan Party in accordance with their respective terms, subject to limitations as to enforceability which might result from bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and subject to limitations on the availability of equitable remedies.

Section 7.3 No Conflict, No Default. The execution, delivery and performance by each Loan Party of the Loan Documents to which such Loan Party is a party will not: (a) violate any provision of any law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect having applicability to such Loan Party; (b) violate or contravene any provisions of the articles (or certificate) of incorporation or bylaws of such Loan Party (in the case of each Loan Party which is a corporation); or (c) result in a breach of or constitute a default under any indenture, loan or credit agreement or any other agreement, lease or instrument to which such Loan Party is a party or by which it or any of its properties may be bound or result in the creation of any Lien on any asset of such Loan Party except for Liens created by the Loan Documents. No Loan Party is in default under or in violation of any such law, statute, rule or regulation, order, writ, judgment, injunction, decree, determination or award or any such indenture, loan or credit agreement or other agreement, lease or instrument in any case in which the consequences of such default or violation constitute an Adverse Event. No Default or Event of Default has occurred and is continuing.

Section 7.4 Government Consent. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority is required on the part of any Loan Party to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, the Loan Documents to which such Loan Party is a party.

Section 7.5 Financial Statements and Condition. Worldwide's audited consolidated financial statements as at December 31, 1998, and its unaudited financial statements as at September 30, 1999, as heretofore furnished to the Administrative Bank and the Banks, have been prepared in accordance with GAAP on a consistent basis (except for the omission of footnotes and prior period comparative data required by GAAP and for variations from GAAP which in the aggregate are not material) and fairly present the consolidated financial condition of Worldwide and its Subsidiaries as at such dates and the results of their consolidated operations and changes in financial position for the respective periods then ended. Since December 31, 1998, no Adverse Event has occurred.

Section 7.6 Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting Worldwide or any of its Restricted Subsidiaries or any of their respective properties before any court or arbitrator, or any governmental department, board, agency or other instrumentality which, if determined adversely to such Person, could constitute an Adverse Event.

Section 7.7 Contingent Liabilities. Neither Worldwide nor any of its Restricted Subsidiaries has any Contingent Obligations which are material to such Person.

Section 7.8 Compliance. Worldwide and each of its Restricted Subsidiaries are in material compliance with all statutes and governmental rules and regulations applicable to such Person.

Section 7.9 Environmental, Health and Safety Laws. There does not exist any violation by Worldwide or any of its Restricted Subsidiaries of any applicable federal, state or local law, rule or regulation or order of any government, governmental department, board, agency or other instrumentality relating to environmental, pollution, health or safety matters which will or threatens to impose a material liability on such Person or which would require a material expenditure by such Person to cure. Neither Worldwide nor any of its Restricted Subsidiaries has received any notice to the effect that any part of its operations or properties is not in material compliance with any such law, rule, regulation or order or notice that it or its property is the subject of any governmental investigation evaluating whether any remedial action is needed to respond to any release of any toxic or hazardous waste or substance into the environment, the consequences of which non-compliance or remedial action could constitute an Adverse Event.

Section 7.10 ERISA. Each Plan complies with all material applicable requirements of ERISA and the Code and with all material applicable rulings and regulations issued under the provisions of ERISA and the Code setting forth those requirements, where the consequences of which non-compliance could constitute an Adverse Event. No Reportable Event has occurred and is continuing with respect to any Plan. All of the minimum funding standards applicable to such Plans have been satisfied and there exists no event or condition which would permit the institution of proceedings to terminate any Plan under Section 4042 of ERISA. The current value of the Plans' benefits guaranteed under Title IV of ERISA does not exceed the current value of the Plans' assets allocable to such benefits.

Section 7.11 Regulation U. Neither Worldwide nor any of its Restricted Subsidiaries is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (as defined in Regulation U of the Federal Reserve Board), and no part of the proceeds of any Loan will be used to purchase or carry margin stock or for any other purpose which would violate any of the margin requirements of the Board of the Governors of the Federal Reserve System.

Section 7.12 Ownership of Property; Liens. Worldwide and each of its Restricted Subsidiaries have good and marketable title to their respective real properties and good and sufficient title to their respective other properties, including all properties and assets referred to in the audited financial statements of Worldwide referred to in Section 7.5 (other than property disposed of since the date of such financial statements in the ordinary course of business). None of the properties, revenues or assets of Worldwide or any of its Restricted Subsidiaries is subject to a Lien, except for: (a) Liens listed on Schedule 7.12 attached hereto and incorporated herein by reference; or (b) Liens allowed under Section 9.7.

Section 7.13 Indebtedness. Except for Indebtedness permitted by Section 9.6, neither Worldwide nor any of its Restricted Subsidiaries has any

Indebtedness.

Section 7.14 Guaranty of Suretyship. Except for Contingent Obligations permitted by Section 9.8, neither Worldwide nor any of its Restricted Subsidiaries is a party to any contract of guaranty or suretyship and none of its assets is subject to such a contract.

Section 7.15 Taxes. Worldwide and each of its Restricted Subsidiaries have filed all federal, state and local tax returns required to be filed and have paid or made provision for the payment of all taxes due and payable pursuant to such returns and pursuant to any assessments made against any such Person or any of its property and all other taxes, fees and other charges imposed on any such Person or any of its property by any governmental authority (other than taxes, fees or charges the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on the books of Worldwide). No tax Liens have been filed and no material claims are being asserted with respect to any such taxes, fees or charges. The charges, accruals and reserves on the books of Worldwide and each of its Restricted Subsidiaries in respect of taxes and other governmental charges are adequate to pay and discharge such taxes.

Section 7.16 Trademarks, Patents. Worldwide and each of its Restricted Subsidiaries possess or have the right to use all of the patents, trademarks, trade names, service marks and copyrights, and applications therefor, and all technology, know-how, processes, methods and designs used in or necessary for the conduct of their respective businesses, without known conflict with the rights of others. Schedule 7.16 attached hereto and incorporated herein by reference is a complete list of all such property.

Section 7.17 Investment Company Act. Neither Worldwide nor any of its Subsidiaries is an "investment company" or is "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 7.18 Public Utility Holding Company Act. Neither Worldwide nor any of its Subsidiaries is a "holding company" or a "subsidiary company" of a holding company or an "affiliate" of a holding company or of a subsidiary company of a holding company within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 7.19 Subsidiaries. Schedule 7.19 attached hereto and incorporated herein by reference sets forth as of the date of this Agreement a list of all of Worldwide's Subsidiaries.

Section 7.20 Partnerships and Joint Ventures. Schedule 7.20 attached hereto and incorporated herein by reference sets forth as of the date of this Agreement a list of all partnerships or joint ventures in which Worldwide or any of its Restricted Subsidiaries is a partner (limited or general) or joint venturer.

Section 7.21 Use of Proceeds. The Revolving Loans will be used for the Borrower's general corporate purposes.

Section 7.22 Solvency. Each Loan Party is Solvent after giving effect to the making of the Loans in the full amount available hereunder, the incurrence of the Indebtedness pursuant to the Loan Documents, the granting of Liens pursuant to the Loan Documents.

Section 7.23 Insurance. Schedule 7.23 attached hereto and incorporated herein by reference sets forth a summary of the property and casualty insurance program carried by Worldwide or any of its Restricted Subsidiaries on the date hereof, including any self-insurance or risk assumption agreed to by any such Person or imposed upon any such Person by any such insurer.

Section 7.24 Contracts; Labor Matters. (a) Neither Worldwide nor any of its Restricted Subsidiaries is a party to any contract or agreement, or subject to any charge, corporate restriction, judgment, decree or order, the performance of which could constitute an Adverse Event; and (b) on the date of this Agreement: (i) neither Worldwide nor any of its Restricted Subsidiaries is a party to any labor dispute; and (ii) there are no strikes or walkouts relating to any labor contracts to which any such Person is subject.

Section 7.25 Accuracy of Information. All factual information heretofore or herewith furnished by any Loan Party to the Administrative Bank or any Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all other such factual information hereafter furnished by any Loan Party to the Administrative Bank or any Bank will be, true and accurate in every material respect on the date as of which such information is dated or certified and no such information contains any material misstatement of fact or omits to state a material fact or any fact necessary to make the statements contained therein not misleading.

Section 7.26 Capital Stock. As of the Closing Date, the stock ownership of the Borrower and each of its Restricted Subsidiaries is set forth on Schedule 7.26 attached hereto and incorporated herein by reference. All of the issued

and outstanding shares of capital stock of the Borrower and each of the Restricted Subsidiaries is duly authorized, validly issued, fully paid and nonassessable. Except as set forth in said Schedule 7.26, neither the Borrower nor any of its Restricted Subsidiaries has granted or issued, and has not agreed to grant or issue, any options, warrants or similar rights to any Person to acquire any shares of, or other securities convertible into, the Borrower's or such Subsidiaries' capital stock.

Section 7.27 Year 2000. Worldwide has reviewed and assessed its and each of its Restricted Subsidiaries' respective business operations and computer systems and applications to address the "year 2000 problem" (that is, that computer applications and equipment used by Worldwide or such Restricted Subsidiary, directly or indirectly through third parties, may be unable to properly perform date-sensitive functions before, during and after January 1, 2000). The Borrower reasonably believes that the year 2000 problem will not result in a material adverse change in Worldwide's or any of its Restricted Subsidiaries' business condition (financial or otherwise), operations, properties or prospects or ability to repay the Banks. The Borrower agrees that this representation will be true and correct on and shall be deemed made by the Borrower on each date the Borrower requests any Loan under this Agreement or any Note or delivers any information to the Bank. The Borrower will promptly deliver, and will cause Worldwide to deliver, to the Administrative Bank and the Banks such information relating to this representation as the Administrative Bank or the Required Banks request from time to time.

Section 7.28 PACA. With respect to the portion of the Borrower's or any

of its Restricted Subsidiaries' respective business operations that are subject to PACA, such Person has received a valid PACA License without having to post any bond required by PACA as a condition to issuing such PACA License and such PACA License is in good standing.

Section 7.29 Survival of Representations. All representations and warranties contained in this Article VII shall survive the delivery of the Notes and the making of the Loans evidenced thereby, and any investigation at any time made by or on behalf of the Administrative Bank or any Bank shall not diminish their rights to rely thereon.

ARTICLE VIII

AFFIRMATIVE COVENANTS

From the date of this Agreement and thereafter until the Commitment is terminated or expires and the Loans and all other Obligations of the Borrower to the Banks hereunder and under the Notes and the other Loan Documents have been paid in full, unless the Required Banks shall otherwise expressly consent in writing, the Borrower will do, and will cause Worldwide and each of its Restricted Subsidiaries to do, all of the following:

Section 8.1 Financial Statements and Reports. Furnish to the Administrative Bank with sufficient copies for each Bank to receive its own copy thereof:

- (a) As soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, the annual audit report of Worldwide (which may be included in Worldwide's 10K Reports described below), prepared in conformity with GAAP, consisting of at least consolidated statements of operations and retained earnings and cash flows, and a consolidated balance sheet as at the end of such year, setting forth in each case in comparative form corresponding figures from the previous annual audit, certified without qualification by independent certified public accountants of recognized standing selected by the Borrower and acceptable to the Required Banks together with the related unaudited consolidating statements. The Administrative Bank and the Banks agree that Arthur Anderson LLP are acceptable independent certified public accountants.
- (b) As soon as available and in any event within 45 days after the end of each fiscal quarter of each fiscal year, a copy of the unaudited consolidated financial statements of Worldwide (which may be included in Worldwide's 10Q Reports described below), prepared in conformity with GAAP (except for the omission of footnotes and prior period comparative data required by GAAP and for variations from GAAP which in the aggregate are not material) consisting of a consolidated balance sheet as of the close of such fiscal quarter and related consolidated statements of operations and retained earnings and cash flow for such fiscal quarter and from the beginning of such fiscal year to the end of such fiscal quarter and comparative figures for the corresponding portion of the preceding fiscal year together with the related unaudited consolidating statements.
- (c) As soon as available, and in any event within 45 days after the end of each quarter of each fiscal year, a compliance certificate (the "Compliance Certificate") in the form of Exhibit D attached hereto signed by the Borrower's chief financial officer.
- (d) As soon as available and in any event within 10 days after the filing thereof, a copy of Worldwide's 10K Report (or any successor report) filed with the SEC.
- (e) As soon as available and in any event within 10 days after the filing thereof (but in no event later than 55 days after the end of each of the first three (3) fiscal quarters of each fiscal year of Worldwide), a copy of Worldwide's 10Q Report (or any successor report) filed with the SEC.
- (f) As soon as available and in any event within 30 days after the filing thereof, a copy of any other report not described above (other than Form 4) which is filed by Worldwide or any of its Subsidiaries with the SEC.
- (g) Immediately upon becoming aware of any Default or Event of Default, a notice describing the nature thereof and what action the Borrower proposes to take with respect thereto.
- (h) Immediately upon becoming aware of the occurrence, with respect to any Plan, of any Reportable Event or any "prohibited transaction" (as defined in Section 4975 of the Code), a notice specifying the nature thereof and what action the Borrower proposes to take with respect thereto, and, when received, copies of any notice from PBGC of intention to terminate or have a trustee appointed for any Plan.
- (i) Immediately upon becoming aware of the occurrence thereof, notice of the institution of any litigation, arbitration or governmental proceeding against Worldwide, any of its Restricted Subsidiaries or any of such Person's property which, if determined adversely to such Person, could constitute an Adverse Event, or the rendering of a judgment or decision in such litigation or proceeding which constitutes an Adverse Event, and the steps being taken by such Person with respect thereto.

(j) Immediately upon becoming aware of the occurrence thereof, notice of any violation as to any environmental matter by Worldwide or any of its Restricted Subsidiaries and of the commencement of any judicial or administrative proceeding relating to health, safety or environmental matters: (i) in which an adverse determination or result could result in the revocation of or have a material adverse effect on any operating permits, air emission permits, water discharge permits, hazardous waste permits or other permits held by any such Person which are material to the operations of such Person; or (ii) which will or threatens to impose a material liability on any such Person to any other Person or which will require a material expenditure by any such Person to cure any alleged problem or violation.

(k) From time to time, such other information regarding the business, operation and financial condition of the Borrower as the Administrative Bank or the Required Banks may reasonably request.

Section 8.2 Corporate Existence. Except as permitted by Section 9.1, maintain its corporate existence and good standing under the laws of its jurisdiction of incorporation and its qualification to transact business in each jurisdiction in which the character of the properties owned, leased or operated by it or the business conducted by it makes such qualification necessary and where the failure to so qualify could constitute an Adverse Event.

Section 8.3 Insurance. Maintain with financially sound and reputable insurance companies such insurance as may be required by any Loan Document or by law and such other insurance in such amounts and against such hazards as is customary in the case of reputable corporations engaged in the same or similar business and similarly situated.

Section 8.4 Payment of Taxes and Claims. File all tax returns and reports which are required by law to be filed by it and pay before they become delinquent all taxes, assessments and governmental charges and levies imposed upon it or its property and all claims or demands of any kind (including, without limitation, those of suppliers, mechanics, carriers, warehouses, landlords and other like Persons) which, if unpaid, might result in the creation of a Lien upon its property; provided that the foregoing items need not be paid if they are being contested in good faith by appropriate proceedings, and as long as Worldwide's or any of its Restricted Subsidiaries' title to its property is not materially adversely affected, its use of such property in the ordinary course of its business is not materially interfered with and adequate reserves with respect thereto have been set aside on such Person's books in accordance with GAAP; provided, however, that, in all events, such Person shall pay or cause to be paid all such taxes, assessments, charges or levies forthwith upon the commencement of foreclosure of any Lien which may have attached as security therefor.

Section 8.5 Inspection. After the occurrence and during the continuance of any Default or Event of Default, permit any Person designated by the Administrative Bank or any Bank to visit and inspect any of its properties, corporate books and financial records, to examine and to make copies of its books of accounts and other financial records, and to discuss the affairs, finances and accounts of Worldwide or any of its Subsidiaries with, and to be advised as to the same by, its officers at such reasonable times and intervals as the Administrative Bank or any Bank may designate. Such visits, inspections, and examinations made while any Event of Default is continuing shall be at the expense of the Borrower.

Section 8.6 Maintenance of Properties. Intentionally omitted.

Section 8.7 Books and Records. Keep adequate and proper records and books of account in which full and correct entries will be made of its dealings, business and affairs.

Section 8.8 Compliance. Comply in all material respects with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject.

Section 8.9 ERISA. Maintain each Plan in compliance with all material applicable requirements of ERISA and of the Code and with all material applicable rulings and regulations issued under the provisions of ERISA and of the Code.

Section 8.10 Environmental Matters. Observe and comply with all laws, rules, regulations and orders of any government or government agency relating to health, safety, pollution, hazardous materials or other environmental matters to the extent non-compliance could result in a material liability or otherwise could constitute or result in an Adverse Event.

Section 8.11 Additional Loan Parties. By no later than five (5) Business Days after the Administrative Bank, at the Required Banks' direction, has delivered a request to the Borrower that one or more of the Borrower's Subsidiaries guaranty the Obligations, cause the relevant Subsidiary to execute and deliver a Guaranty together with authorizing resolutions and such other organizational documents, certificates of good standing, opinions of counsel and other documents as the Administrative Bank may reasonably require. The Borrower acknowledges and agrees that the Required Banks may require that such Guaranties be executed and delivered at any time and from time to time and for any or no reason.

ARTICLE IX

NEGATIVE COVENANTS

From the date of this Agreement and thereafter until the Commitment and each Letter of Credit is terminated or expires and the Loans and all other Obligations of the Borrower to the Administrative Bank and Banks hereunder and under the Notes and the other Loan Documents have been paid in full, unless the Required Banks shall otherwise expressly consent in writing, the Borrower will not do, and will not permit Worldwide or any of its Restricted Subsidiaries to do, any of the following:

Section 9.1 Merger. Merge or consolidate or enter into any analogous reorganization or transaction with any Person except for any such transaction whereby: (a) any of the Borrower's Subsidiaries may merge or consolidate with the Borrower or any other of the Borrower's Subsidiaries or any other Person so long as: (a) the Borrower is the surviving corporation in any transaction involving it; or (b) (i) the Borrower Subsidiaries is the surviving corporation in any transaction involving it and a Person other than the Borrower or any other of the Borrower's Subsidiaries; (ii) at the beginning of the Measurement Period ending on the immediately preceding Quarterly Measurement Date, the Borrower will be in Pro Forma Compliance; and (iii) no Default or Event of Default has occurred and is continuing or would result from the consummation of any proposed merger, consolidation or analogous reorganization or transaction; provided, however, that the Borrower agrees to give the Administrative Bank and the Banks at least 15 days' prior written notice of any such transaction involving the Borrower or any of its Subsidiaries.

Section 9.2 Plans. Permit any condition to exist in connection with any Plan which might constitute grounds for the PBGC to institute proceedings to have such Plan terminated or a trustee appointed to administer such Plan; permit any Plan to terminate under any circumstances which would cause the Lien provided for in Section 4068 of ERISA to attach to any property, revenue or asset of the Borrower or any of its ERISA Affiliates; or permit the underfunded amount of Plan benefits guaranteed under Title IV of ERISA to exceed \$500,000.00.

Section 9.3 Change in Nature of Business. Make any material change in the nature of the business of Worldwide or any of its Restricted Subsidiaries as carried on at the date hereof.

Section 9.4 Other Agreements. Enter into any agreement, bond, note or other instrument with or for the benefit of any Person other than the Administrative Bank for itself and the ratable benefit of the Banks which would:

(a) prohibit Worldwide or any of its Restricted Subsidiaries from granting, or otherwise limit the ability of any such Person to grant to the Administrative Bank for itself and the ratable benefit of the Banks any Lien on any assets or properties of such Person; or (b) be violated or breached by any Loan Party's performance of its obligations under the Loan Documents.

Section 9.5 Investments. Acquire for value, make, have or hold any Investments, except:

- (a) Investments outstanding on the date hereof and listed on Schedule 9.5 attached hereto and incorporated herein by reference;

- (b) Travel advances to officers and employees in the ordinary course of business;
- (c) Investments in readily marketable direct obligations of the United States of America having maturities of one year or less from the date of acquisition;
- (d) Certificates of deposit or bankers' acceptances, each maturing within one year from the date of acquisition, issued by: (a) a Bank; or (b) any commercial bank organized under the laws of the United States or any State thereof which has: (i) combined capital, surplus and undivided profits of at least \$100,000,000; and (ii) a credit rating with respect to its unsecured indebtedness from a nationally recognized rating service that is satisfactory to the Required Banks;
- (e) Commercial paper maturing within 270 days from the date of issuance and given the highest rating by a nationally recognized rating service;
- (f) Repurchase agreements relating to securities issued or guaranteed as to principal and interest by the United States of America;
- (g) Extensions of credit in the nature of accounts or notes receivable arising from the sale of goods and services in the ordinary course of business to non-Related Parties;
- (h) Shares of stock, obligations or other securities received in settlement of claims arising in the ordinary course of business;
- (i) Money market accounts acceptable to the Administrative Bank;
- (j) Existing Investments in Subsidiaries;
- (k) Additional Investments in Restricted Subsidiaries;
- (l) Additional Investments in other Persons (other than then existing Subsidiaries) after the date of this Agreement so long as: (i) at the beginning of the Measurement Period ending on the immediately preceding Quarterly Measurement Date, the Borrower will be in Pro Forma Compliance;
- (ii) no Default or Event of Default has occurred and is continuing or would result from the consummation of any proposed Investment; and (iii) if the proposed Investment constitutes the acquisition of the integral part of the business of another Person or the assets comprising such business or part thereof, the Borrower agrees to give the Administrative Bank and the Banks at least 15 days' prior written notice of any such transaction.

Section 9.6 Indebtedness. Incur, create, issue, assume or suffer to exist any Indebtedness except:

- (a) Indebtedness under this Agreement;
- (b) Current liabilities, other than for borrowed money, incurred in the ordinary course of business;
- (c) Indebtedness existing on the date of this Agreement and disclosed on the Borrower's September 30, 1999 balance sheet previously delivered to the Banks or Indebtedness incurred subsequent to the date of such balance sheet and disclosed on Schedule 9.6 attached hereto and incorporated herein by

reference; provided, however, that any such Indebtedness shall not be refinanced without the express written consent of the Administrative Bank and the Required Banks;

(d) Indebtedness consisting of endorsements for collection, deposit or negotiation and warranties of products or services, in each case incurred in the ordinary course of business;

(e) Indebtedness of the Borrower incurred to any Subsidiary or by any Subsidiary to another Subsidiary; and

(f) Other Indebtedness so long as: (i) at the time and after giving effect to the pro forma effect of such transaction as if it had occurred at the beginning of the Measurement Period ending on the immediately preceding Quarterly Measurement Date, the Borrower will be in Pro Forma Compliance; and (ii) no Default or Event of Default has occurred and is continuing or would result from the incurrence of the proposed Indebtedness.

Section 9.7 Liens. Create, incur, assume or suffer to exist any Lien with respect to any property, revenues or assets now owned or hereafter arising or acquired, except:

(a) Liens existing on the date of this Agreement and disclosed on Schedule 7.12 hereto;

(b) Liens securing Purchase Money Indebtedness incurred in connection with capital expenditures made after the date of this Agreement by way of purchase money security interest, purchase money mortgage, conditional sale or other title retention agreement, Capitalized Lease or other deferred payment contract, and attaching only to the property being acquired, provided that the Indebtedness secured thereby is permitted to be incurred pursuant to Section 9.6(f) and does not exceed the lesser of the purchase price or the fair market value of such property at the time of its acquisition;

(c) Deposits or pledges to secure payment of workers' compensation, unemployment insurance, old age pensions or other social security obligations, in the ordinary course of business of the Borrower or any of its Restricted Subsidiaries;

(d) Liens for taxes, fees, assessments and governmental charges not delinquent or to the extent that payments therefor shall not at the time be required to be made in accordance with the provisions of Section 8.4;

(e) Liens of carriers, warehousemen, mechanics and materialmen, and other like Liens arising in the ordinary course of business, for sums not due or to the extent that payment therefor shall not at the time be required to be made in accordance with the provisions of Section 8.4;

(f) Liens securing lease obligations so long as such Liens attach only to the property then being leased, do not attach to any of the Borrower's or current assets, and do not secure any other indebtedness;

(g) Deposits to secure the performance of bids, trade contracts, leases, statutory obligations and other obligations of a like nature incurred in the ordinary course of business; and

(h) Zoning restrictions, easements, licenses, restrictions on the use of real property or minor irregularities in title thereto, which do not materially impair the use of such property in the operation of the Borrower's business or the value of such property for the purpose of such business.

Section 9.8 Contingent Liabilities. Either: (a) endorse, guarantee, contingently agree to purchase or to provide funds for the payment of, or otherwise become contingently liable upon, any obligation of any other Person, except: (i) by the endorsement of negotiable instruments for deposit or collection (or similar transactions) in the

ordinary course of business; or (ii) Indebtedness permitted by Section 9.6; or

(b) agree to maintain the net worth or working capital of, or provide funds to satisfy any other financial test applicable to, any other Person.

Section 9.9 Transactions with Related Parties. (a) Permit the direct or indirect transfer, distribution or payment of any of its funds, assets or property to any Related Party, except that Worldwide or any of its Restricted Subsidiaries may pay: (i) bona fide employee compensation (including benefits) to Related Parties for services actually rendered to such Person; (ii) expenses incurred by an employee in the ordinary course of business; (iii) expenses or rents for services or property or the use thereof allocated to such Person; (iv) Permitted Distributions to the extent permitted by Section 9.15; and (v) other amounts permitted to be paid by other subsections of this Section; provided, however, that all such payments pursuant to subsections (a)(i), (ii) and (iii) shall not exceed the amount which would be payable in a comparable arm's length transaction with a third party who is not a Related Party; (b) lend or advance money, credit or property to any Related Party except as otherwise permitted by other subsections of this Section; (c) invest in (by capital contribution or otherwise) or purchase or repurchase any stock or indebtedness, or any assets or properties, of any Related Party except as permitted by Section 9.15 or otherwise permitted by other subsections of this Section; or (d) guarantee, assume, endorse or otherwise become responsible for, or enter into any agreement or instrument for the purpose of discharging or assuming (directly or indirectly, through the purchase of goods, supplies or services or otherwise) the indebtedness, performance, capability, obligations, dividends or agreement for the furnishing of funds of any Related Party or any officer, director or employee thereof except for the Guaranties permitted by Section 9.6 or otherwise permitted by other subsections of this Section.

Section 9.10 Use of Proceeds. Permit any proceeds of the Loans to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying any margin stock" within the meaning of Regulation U of the Federal Reserve Board, as amended from time to time, and furnish to the Bank upon its request, a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U.

Section 9.11 Fiscal Year. Change its fiscal year-end from December 31.

Section 9.12 Interest Coverage Ratio. Permit, as of any Quarterly Measurement Date, commencing with the Quarterly Measurement Date occurring on December 31, 1999, the Interest Coverage Ratio to be less than 19.00 to 1.0.

Section 9.13 Leverage Ratio. Permit, as of any Quarterly Measurement Date, commencing with the Quarterly Measurement Date occurring on December 31, 1999, the Leverage Ratio to be greater than 0.20 to 1.00.

Section 9.14 Net Worth. Permit, as of any Quarterly Measurement Date, commencing with the Quarterly Measurement Date occurring on December 31, 1999, the Net Worth to be less than \$215,000,000.00.

Section 9.15 Restricted Payments. Purchase or redeem any shares of its stock, declare or pay any dividends thereon (other than dividends payable solely in the paying party's common stock and dividends payable to the Borrower), make any distribution to stockholders as such, or set aside any funds for any such purpose; except that: (a) any of Worldwide's direct or indirect wholly-owned Subsidiaries may pay dividends to its corporate parent; and (b) Worldwide and any of its less than wholly-owned Restricted Subsidiaries may pay dividends to their respective shareholders and redeem or repurchase shares of their respective stock or other equity interests so long as: (i) at the time and after giving effect to the pro forma effect of such transaction as if it had occurred at the beginning of the Measurement Period ending on the immediately preceding Quarterly Measurement Date, the Borrower will be in Pro Forma Compliance; and (ii) no Default or Event of Default has occurred and is continuing or would result from the proposed dividend, repurchase or redemption.

Section 9.16 Unconditional Purchase Obligations . Enter into or be a party to any contract for the purchase or lease of materials, supplies or other property or services if such contract requires that payment be made by it regardless of whether or not delivery is ever made of such materials, supplies or other property or services.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default upon the expiration of the cure period, if any, described in the relevant event:

- (a) The Borrower shall fail to make when due, whether by acceleration or otherwise, any payment of principal of or interest on the Notes or any fee or other amount required to be made to the Administrative Bank or any Bank pursuant to any Loan Document; or
- (b) Any representation or warranty made or deemed to have been made by or on behalf of the Borrower or any other Loan Party in any of the Loan Documents or by or on behalf of the Borrower or such other Loan Party in any certificate, statement, report or other writing furnished by or on behalf of the Borrower or such other Loan Party to the Banks pursuant to the Loan Documents shall prove to have been false or misleading in any material respect on the date as of which the facts set forth are stated or certified or deemed to have been stated or certified; or
- (c) The Borrower shall fail to comply with Section 8.1(g), Section

8.2, Section 8.11 or any Section of Article IX hereof; or

- (d) Any Loan Party shall fail to comply with any agreement, covenant, condition, provision or term contained in the Loan Documents on its part to be performed (and such failure shall not constitute an Event of Default under any of the other provisions of this Section 10.1) and such failure to comply shall continue for 30 calendar days after the earliest to occur of:
(A) the date the Borrower gives notice of such failure to the Administrative Bank; (B) the date the Borrower should have given notice of such failure to the Administrative Bank pursuant to Section 8.1(g); or (C) the date the Administrative Bank gives notice of such failure to the Borrower; or
- (e) Any Loan Party shall become insolvent or shall generally not pay its debts as they mature or shall apply for, shall consent to, or shall acquiesce in the appointment of a custodian, trustee or receiver of such Person or for a substantial part of the property thereof or, in the absence of such application, consent or acquiescence, a custodian, trustee or receiver shall be appointed for any such Person or for a substantial part of the property thereof and shall not be discharged within 60 days; or
- (f) Any bankruptcy, reorganization, debt arrangement or other proceedings under any bankruptcy or insolvency law shall be instituted by or against any Loan Party, and, if instituted against any such Person, shall have been consented to or acquiesced in by such Person, or shall remain undismissed for 60 days, or an order for relief shall have been entered against any such Person, or any such Person shall take any corporate action to approve institution of, or acquiesced in, such a proceeding; or
- (g) Any dissolution or liquidation proceeding shall be instituted by or against any Loan Party and, if instituted against any such Person, shall be consented to or acquiesced in by such Person or shall remain for 60 days undismissed, or any such Person shall take any corporate action to approve institution of, or acquiescence in, such a proceeding; or
- (h) A judgment or judgments for the payment of money in excess of the sum of \$10,000,000.00 in the aggregate shall be rendered against any Loan Party or any such Person shall not

discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof, prior to any execution on such judgments by such judgment creditor, within 30 days from the date of entry thereof, and within said period of 30 days, or such longer period during which execution of such judgment shall be stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(i) The Borrower or any ERISA Affiliate shall institute steps to terminate any Plan if in order to effectuate such termination, the Borrower or any ERISA Affiliate would be required to make a contribution to such Plan, or would incur a liability or obligation to such Plan, in excess of \$10,000,000.00, or the PBGC shall institute steps to terminate any Plan; or

(j) The maturity of any Indebtedness of any Loan Party (other than Indebtedness under this Agreement or the other Loan Documents) in the aggregate amount of more than \$10,000,000.00 for any such Person shall be accelerated, or any such Person shall fail to pay any such Indebtedness when due or, in the case of such Indebtedness payable on demand, when demanded, or any event shall occur or condition shall exist and shall continue for more than the period of grace, if any, applicable thereto and shall have the effect of causing, or permitting (any required notice having been given and grace period having expired) the holder of any such Indebtedness or any trustee or other Person acting on behalf of such holder to cause such Indebtedness to become due prior to its stated maturity or to realize upon any collateral given as security therefor; or

(k) Any creditor of any Loan Party shall commence foreclosure, replevin or other proceedings against any of the Collateral and such proceeding shall remain unstayed or unbonded for 10 consecutive days; or

(l) Any Change of Control shall occur; or

(m) If the validity or enforceability of any of the Loan Documents shall be challenged by any Loan Party or any other party thereto, or any Loan Document shall fail to remain in full force and effect; or

(n) If any part of Worldwide's or any of its Restricted Subsidiaries' inventory is subject to PACA: (i) such Person's PACA License shall be revoked or suspended; (ii) supplier, sellers or agents commence actions seeking to enforce the trust created by PACA in an aggregate amount of \$1,000,000.00 for all such actions; or (iii) any surety company issuing such Person's PACA Bond shall notify such Person of such surety's decision not to renew such PACA Bond.

Section 10.2 Remedies. If: (a) any Event of Default described in Sections 10.1(e), (f) or (g) shall occur, the Commitment shall automatically terminate and the outstanding unpaid principal balance of the Notes, the accrued interest thereon, the Letter of Credit Obligations and all other Obligations of the Borrower shall automatically become immediately due and payable; or (b) any other Event of Default shall occur and be continuing, then the Administrative Bank, upon written direction from the Required Banks, shall take any or all of the following actions: (i) declare the Commitment terminated, whereupon the Commitment shall terminate; (ii) declare that the outstanding unpaid principal balance of the Notes, the accrued and unpaid interest thereon, the Letter of Credit Obligations and all other Obligations under the Loan Documents to be forthwith due and payable, whereupon the Notes, all accrued and unpaid interest thereon, the Letter of Credit Obligations and all such Obligations shall immediately become due and payable, in each case without demand or notice of any kind, all of which are hereby expressly waived, anything in this Agreement or in the Notes to the contrary notwithstanding; (iii) exercise all rights and remedies under any other instrument, document or agreement between the Borrower and the Administrative Bank for the benefit of the Banks; and (iv) enforce all rights and remedies under any applicable law.

Section 10.3 Prepayment Obligations. The Borrower agrees that if the Obligations become immediately due and payable in full at a time when one or more Letters of Credit are outstanding, the Borrower shall thereupon automatically be obligated to pay the Administrative Bank, in addition to all other amounts owing under this

Agreement, the aggregate face amount of all Letters of Credit then outstanding. The foregoing obligation to pay in advance for amounts which U. S. Bank may later have to pay pursuant to the Letters of Credit is and shall at all times constitute a part of the "Obligations". Amounts paid by the Borrower pursuant to this Section 10.3 shall be made directly to an interest-bearing collateral account maintained at U. S. Bank for application to the Borrower's reimbursement obligations under Section 2.7(d) as payments are made on the Letters of Credit, with the balance, if any, to be applied to the other Obligations.

ARTICLE XI

THE ADMINISTRATIVE BANK

Section 11.1 Appointment and Authorization. Each Bank hereby appoints U.S. Bank as the Administrative Bank and authorizes the Administrative Bank to act on such Bank's behalf to the extent provided herein or under any other Loan Document or in connection therewith, and to take such other action and exercise such other powers as may be reasonably incidental thereof. Each Bank hereby agrees to be bound by the terms and conditions of the Borrower Security Agreement and consents to the execution and delivery and/or acceptance of such Loan Documents by the Administrative Bank.

Section 11.2 Power. The Administrative Bank shall have and may exercise such powers under this Agreement and any other Loan Documents as are specifically delegated to the Administrative Bank by the terms hereof or thereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of the Notes), the Administrative Bank shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Banks, and such instructions shall be binding upon all Banks and all holders of the Notes; provided, however, that the Administrative Bank shall not be required to take any action which exposes the Administrative Bank to personal liability or which is contrary to any Loan Document or applicable law. The Administrative Bank shall not have any implied duties or any obligation to take any action under this Agreement or any other Loan Document except such action as is specifically provided by this Agreement or any other Loan Document to be taken by the Administrative Bank. The Administrative Bank shall act as an independent contractor in performing its obligations as Administrative Bank hereunder and nothing contained herein shall be deemed to create a fiduciary relationship among or between the Administrative Bank and the Borrower or among or between the Administrative Bank and any Bank.

Section 11.3 Employment of Counsel; etc. The Administrative Bank may execute any of its duties under this Agreement or any other Loan Document, and any instrument, agreement or document executed, issued or delivered pursuant hereto or in connection herewith, by or through employees, agents and attorneys- in-fact and shall not be answerable to any of the Banks for the default or misconduct of any such agent or attorney-in-fact selected by it with reasonable care. The Administrative Bank shall be entitled to rely on advice of counsel (including counsel who are the employees of the Administrative Bank) selected by the Administrative Bank concerning all matters pertaining to the agency hereby created and its duties under any of the Loan Documents.

Section 11.4 Reliance. The Administrative Bank shall be entitled to rely upon and shall not be under a duty to examine or pass upon the validity, effectiveness or genuineness of any notice, consent, waiver, amendment, certificate, affidavit, letter, telegram, statement, paper, document or writing believed by it to be genuine and to have been signed or sent by the proper Person or Persons, and the Administrative Bank shall be entitled to assume that the same are valid, effective and genuine and what they purport to be.

Section 11.5 General Immunity. Neither the Administrative Bank nor any of the Administrative Bank's directors, officers, agents, attorneys or employees shall be liable to any Bank for any action taken or omitted to be taken by it or them under the Loan Documents or in connection therewith except that the Administrative Bank shall be obligated on the terms set forth herein for performance of its express obligations hereunder and except that no

Person shall be relieved of any liability imposed by law for intentional tort or gross negligence. Without limiting the generality of the foregoing, the Administrative Bank: (a) shall not be responsible to any Bank for any recitals, statements, warranties or representations under the Loan Documents or any agreement or document relative thereto or for the financial condition of the Borrower; (b) shall not be responsible for the authenticity, accuracy, completeness, value, validity, effectiveness, due execution, legality, genuineness, enforceability or sufficiency of any of the Loan Documents; (c) shall not be responsible for the validity, genuineness, creation, perfection or priority of any of the Liens created by any of the Loan Documents, or the validity, genuineness, enforceability, existence, value or sufficiency of any Collateral or other security; (d) shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, covenants or conditions of any of the Loan Documents on the part of the Borrower or of any of the terms of any such agreement by any party thereto and shall have no duty to inspect the property (including the books and records) of the Borrower; (e) shall incur no liability under or in respect of any of the Loan Documents or any other document or Collateral by acting upon any notice, consent, certificate or other instrument or writing (which may be by telegram, cable or telex) believed by the Administrative Bank to be genuine and signed or sent by the proper party; and (f) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by the Administrative Bank and shall not be liable for any action taken or omitted to be taken in accordance with the advice of such counsel, accountants or experts.

Section 11.6 Credit Analysis. Each Bank has made, and shall continue to make, its own independent investigation or evaluation of the operations, business, property and condition, financial and otherwise, of the Borrower in connection with the making of its commitments hereunder and has made, and will continue to make, its own independent appraisal of the creditworthiness of the Borrower. Without limiting the generality of the foregoing, each Bank acknowledges that prior to the execution of this Agreement, it had this Agreement and all other Loan Documents and such other documents or matters as it deemed appropriate relating thereto reviewed by its own legal counsel as it deemed appropriate, and it is satisfied with the form of this Agreement and all other Loan Documents. Each Bank agrees and acknowledges that neither the Administrative Bank nor any of its directors, officers, attorneys or employees makes any representations or warranties about the creditworthiness of the Borrower or with respect to the due execution, legality, validity, genuineness, effectiveness, sufficiency or enforceability of this Agreement or any other Loan Documents, or the validity, genuineness, execution, perfection or priority of Liens created or reaffirmed by any of the Loan Documents, or the validity, genuineness, enforceability, existence, value or sufficiency of any Collateral or other security. Except as explicitly provided herein, neither the Administrative Bank nor any Bank has any duty or responsibility, either initially or on a continuing basis, to provide any other Bank with any credit or other information with respect to the operations, business, property, condition or creditworthiness of the Borrower or any other Loan Party, whether such information comes into its possession on or before a Default or an Event of Default or at any time thereafter; provided, however, that the Administrative Bank agrees that it will promptly provide each Bank with copies of the financial statements, other financial reports and notices received by the Administrative Bank pursuant to Section 8.1 and, at the request of a Bank, a copy of any Collateral audit performed by the Administrative Bank; provided further, however, that neither the Administrative Bank nor any of its employees, officers, directors or agents makes any representation or warranty regarding any information or analyses provided to any Bank, whether such information or analyses was provided by the Borrower or prepared or obtained by the Administrative Bank and none of the Administrative Bank or any of its employees, officers, directors or agents shall be liable to any Person receiving a copy of such information or analyses.

Section 11.7 U.S. Bank and Affiliates. With respect to its Commitments, the Loans made by it, the Notes issued to it and the Letter of Credit Participations retained by it, U. S. Bank shall have the same rights and powers under the Loan Documents as any other Bank and may exercise the same as though it were not the Administrative Bank; and the term "Bank" or "Banks" shall, unless otherwise expressly indicated, include U. S. Bank in its individual capacity. U. S. Bank and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with the Borrower, and any person or entity who may do business with or own securities of the Borrower, all as if U. S. Bank were not the Administrative Bank and without any duty to account therefor to the Banks.

Section 11.8 Indemnification. The Banks severally agree to indemnify and hold harmless the Administrative Bank and its officers, directors, employees and agents (to the extent not reimbursed by the

Borrower), ratably according to their respective Percentages, from and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Bank or any of its officers, directors, employees or agents, in any way relating to or arising out of any investigation, litigation or proceeding concerning or relating to the transaction contemplated by this Agreement or any of the other Loan Documents, or any of them, or any action taken or omitted to be taken by the Administrative Bank or any of its officers, directors, employees or agents, under any of the Loan Documents' provided, however, that no Bank shall be liable for any portion of such claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Administrative Bank or any of its officers, directors, employees or agents. Without limitation of the foregoing, each Bank agrees to reimburse the Administrative Bank promptly upon demand for such Bank's Percentage of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Bank or its officers, directors, employees or agents in connection with the preparation, execution, administration or enforcement of, or obtaining legal advice in respect of rights or responsibilities under any of, the Loan Documents, to the extent that the Administrative Bank is not reimbursed for such expenses by the Borrower. If any indemnity furnished to the Administrative Bank for any purpose shall, in the opinion of the Administrative Bank, be insufficient or become impaired, the Administrative Bank may call for additional indemnity and not commence or cease to do the acts indemnified against until such additional indemnity is furnished.

Section 11.9 Successor Administrative Bank. The Administrative Bank may resign at any time as Administrative Bank under the Loan Documents by giving written notice thereof to the Banks and the Borrower and may be removed as agent under the Loan Documents at any time with or without cause by the Required Banks. Upon any such resignation or removal, the Required Banks shall have the right to appoint a successor Administrative Bank hereunder. If no successor Administrative Bank shall have been so appointed by the Required Banks, and such appointed successor shall have accepted such appointment, within 30 days after the retiring Administrative Bank's giving of notice of resignation or the Required Bank's removal of the retiring Administrative Bank, then the retiring Administrative Bank may, on behalf of the Banks, appoint a successor Administrative Bank, which shall be a commercial bank organized under the laws of the United States or of any State thereof and having a combined capital and surplus of at least \$300,000,000.00. Upon the acceptance of any appointment as Administrative Bank under the Loan Documents by a successor Administrative Bank, such successor Administrative Bank shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Bank, and the retiring Administrative Bank shall be discharged from its duties and obligations under the Loan Documents. After any retiring Administrative Bank's resignation or removal as Administrative Bank under the Loan Documents, the provisions of this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Bank under the Loan Documents.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Waiver and Amendment. No failure on the part of any Bank or the holder of any Note to exercise and no delay in exercising any power or right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof or the exercise of any other power or right. The remedies herein and in any other instrument, document or agreement delivered or to be delivered to the Banks hereunder or in connection herewith are cumulative and not exclusive of any remedies provided by law. No notice to or demand on the Borrower not required hereunder or under any Note or any other Loan Document shall in any event entitle the Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Banks or the holder of any Note to any other or further action in any circumstances without notice or demand. The provisions of this Agreement and each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower (in the case of amendments or modifications) and by the Required Banks, except that the consent of all Banks shall be required to: (a) extend or increase the amount of the Commitment; (b) extend the maturity of any principal or any installment of principal payable under any Note or any Letter of Credit Obligation; (c) reduce the rate of interest payable with respect to any Note or Letter of Credit Obligation or extend the date of the payment thereof; (d) reduce the fees or any other payment obligations of the Borrower hereunder or under any other Loan Document or extend the date of the payment thereof; (e) release any material collateral except as otherwise expressly permitted by the terms of the Loan Documents; (f) waive any Event of Default of the nature described in Section 10.1(a); (g) reduce the aggregate Percentages required to effect an amendment, modification, waiver or consent to this Agreement or any other Loan Document; (h) change the definition of Required Banks; or (i) amend, modify, supplement, or grant any waiver or consent, under this Section. Notwithstanding any other provisions of this Agreement, no amendment, modification or waiver shall be made with respect to the provisions of any Loan Document which affects the rights and obligations of the Administrative Bank without the consent of the Administrative Bank. No amendment, modification or waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall be effective unless the same shall be in writing and signed by the Required Banks, and then such amendment, modification, waiver or consent shall be effective only in the specific instances and for the specific purpose for which given.

Section 12.2 Expenses and Indemnities.

(a) Loan Documents. Whether or not any Loan is made, the Borrower agrees to pay and reimburse the Administrative Bank, upon demand, for all reasonable expenses paid or incurred by the Administrative Bank (including filing and recording costs and fees and expenses of legal counsel, who may be employees of the Administrative Bank, and including the costs of any appraisals and environmental assessments) in connection with the preparation, review, execution, delivery, amendment, modification or interpretation of the Loan Documents. The Borrower agrees to pay and reimburse the Administrative Bank and each Bank, upon demand, for all reasonable expenses paid or incurred by the Administrative Bank or such Bank (including reasonable fees and expenses of legal counsel, who may be employees of the Administrative Bank or such Bank) in connection with the collection and enforcement of the Loan Documents. The Borrower agrees to pay, and save each Bank (including the Administrative Bank) harmless from all liability for, any stamp or other taxes which may be payable with respect to the execution or delivery of the Loan Documents. The Borrower agrees to indemnify and hold each Bank (including the Administrative Bank) harmless from any loss or expense which may arise or be created by the acceptance of telephonic or other instructions for making Loans or disbursing the proceeds thereof except for losses or expenses caused by such Bank's or the Administrative Bank's, as the case may be, gross negligence or willful misconduct. The obligations of the Borrower under this Section 12.2 shall survive any termination of this Agreement.

(b) General Indemnity. In addition to the payment of expenses pursuant to Section 12.2(a), whether or not the transactions contemplated hereby shall be consummated, the Borrower hereby

indemnifies, and agrees to pay and hold the Administrative Bank, each Bank, any holder of any Notes, and their respective officers, directors, employees, agents, successors and assigns (collectively called the "Indemnitees") harmless from and against, any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for any of such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not any of such Indemnitees shall be designated a party thereto), that may be imposed on, incurred by, or asserted against the Indemnitees (or any of them), in any manner relating to or arising out of the Loan Documents, the statements contained in any commitment letters delivered by a Bank, the Banks' several agreements to make the Loans, or the use or intended use of the proceeds of any of the Loans (the "Indemnified Liabilities"); provided, however, that the Borrower shall have no obligation to an Indemnatee hereunder with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of such Indemnatee. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrower shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Liabilities incurred by the Indemnitees or any of them.

(c) Survival. The obligations of the Borrower under this Section 12.2
shall survive any termination of this Agreement.

Section 12.3 Notices. Except when telephonic notice is expressly authorized by this Agreement, any notice or other communication to any party in connection with this Agreement shall be in writing and shall be sent by manual delivery, telegram, telex, facsimile transmission, overnight courier or United States mail (postage prepaid) addressed to such party at the address specified on the signature page hereof, or at such other address as such party shall have specified to the other party hereto in writing. All periods of notice shall be measured from the date of delivery thereof if manually delivered, from the date of sending thereof if sent by telegram, telex or facsimile transmission, from the first Business Day after the date of sending if sent by overnight courier, or from four days after the date of mailing if mailed; provided, however, that any notice to the Administrative Bank or any Bank under Article II hereof shall be deemed to have been given only when received by the Administrative Bank or such Bank, as the case may be. The Borrower hereby authorizes the Administrative Bank and the Banks to rely upon the telephone or written instructions of any person identifying himself as an authorized officer of the Borrower and upon any signature which the Administrative Bank or the Banks believes to be genuine, and the Borrower shall be bound thereby in the same manner as if such person were authorized or such signature were genuine.

Section 12.4 Successors. This Agreement shall be binding upon the Borrower, the Administrative Bank, and the Banks and their respective successors and assigns, and shall inure to the benefit of the Borrower, the Administrative Bank, and the Banks and the successors and assigns of the Administrative Bank and each Bank. The Borrower shall not assign its rights or duties hereunder without the consent of the Administrative Bank and all of the Banks. With the prior written consent of the Administrative Bank, which shall not be unreasonably withheld or delayed by the Administrative Bank, and upon the payment to the Administrative Bank, solely for the account of the Administrative Bank, of a fee of \$3,500.00 for each assignment, a Bank may assign to a financial institution a proportionate part of its rights and obligations under this Agreement; provided, however, that, so long as no Event of Default has occurred and is continuing, the assignment shall not be less than \$10,000,000.00 (or, if a Bank's Individual Revolving Credit Commitment is less than \$10,000,000.00, then not less than the entire amount of such Bank's Individual Revolving Credit Commitment) of the assigning Bank's Individual Revolving Credit Commitment. Schedule A shall be amended to reflect each such assignment and the Borrower agrees to execute and deliver replacement notes to reflect such assignment.

Section 12.5 Participations and Information. Each Bank may sell participation interests in any or all of the Loans and in all or any portion of its Individual Revolving Credit Commitment to any Person without the consent of the Borrower, the Administrative Bank, or any other Bank.

Section 12.6 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 12.7 Captions. The captions or headings herein and any table of contents hereto are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Agreement.

Section 12.8 Entire Agreement. This Agreement, the Notes and the other Loan Documents embody the entire agreement and understanding between the Borrower and the Administrative Bank and the Banks with respect to the subject matter hereof and thereof. This Agreement supersedes all prior agreements and understandings relating to the subject matter hereof.

Section 12.9 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and either of the parties hereto may execute this Agreement by signing any such counterpart.

Section 12.10 Governing Law. THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF MINNESOTA, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS OF THE UNITED STATES APPLICABLE TO NATIONAL BANKS.

Section 12.11 Consent to Jurisdiction. AT THE OPTION OF THE REQUIRED BANKS, THIS AGREEMENT AND THE NOTES MAY BE ENFORCED IN ANY FEDERAL COURT OR MINNESOTA STATE COURT SITTING IN MINNEAPOLIS OR ST. PAUL, MINNESOTA; AND THE BORROWER CONSENTS TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT. IN THE EVENT THE BORROWER COMMENCES ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS AGREEMENT, THE REQUIRED BANKS AT THEIR OPTION SHALL BE ENTITLED TO HAVE THE CASE TRANSFERRED TO ONE OF THE JURISDICTIONS AND VENUES ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

Section 12.12 Waiver of Jury Trial. EACH OF THE ADMINISTRATIVE BANK, THE BANKS AND THE BORROWER WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (a) UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR (b) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

Section 12.13 Disclosure of Information. Subject to this Section, the Borrower authorizes each Bank to disclose to any participant or assignee (each a "Transferee") and any prospective Transferee any and all financial and other Confidential Information (as hereinafter defined) in such Bank's possession concerning the Loan Parties which has been delivered to such Bank by the Loan Parties pursuant to this Agreement or which has been delivered to such Bank by the Loan Parties in connection with such Bank's credit evaluation of the Loan Parties prior to entering into this Agreement. The Administrative Bank and each Bank agree that, except as may be required by applicable law or regulation, or by reason of subpoena after providing notice thereof and an opportunity to contest unless such notice is prohibited by the terms of the subpoena or applicable law, court order or government action or as may be necessary or convenient for the enforcement of the Administrative Bank's and the Banks' rights and remedies under the Loan Documents or applicable law after the occurrence of any Event of Default: (a) neither the Administrative Bank nor such Bank will divulge, publish or otherwise reveal, either directly or through another, to any Person (other than a Transferee or prospective Transferee) any Confidential Information; (b) the Administrative Bank and such Bank will return all Confidential Information to the relevant Loan Party after the termination of the Administrative Bank's or such Bank's, as the case may be, interests in this Agreement; and (c) the relevant Loan Party is entitled to injunctive relief restraining any disclosure of Confidential Information in contravention of the provisions of this Section without the prior written consent of the relevant Loan Party. For purposes of this Agreement, "Confidential Information" shall mean any proprietary information and, in particular, any confidential information, including facts, business information, formulae, methods, processes, inventions, devices, plant facilities or the like delivered to, or received by, the Banks pursuant to Sections 8.1 or 8.5 or otherwise pursuant to the transactions contemplated by this Agreement except for any such information which: (w) the relevant Loan Party identifies as not being confidential information; (x) was known to the public prior to the date of its disclosure to the Banks; (y) becomes known to the public subsequent to the date of its disclosure by the Borrower through no act of the Banks; or (z) becomes known to any Bank on a non-confidential basis from a source other than the Borrower.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above.

C. H. ROBINSON WORLDWIDE, INC.

*By /s/ Troy Renner
Its: Treasurer*

*8100 Mitchell Road
Eden Prairie, MN 55344-2248
Attention: Mr. Troy Renner
Telecopier: (612) 937-7781*

U. S. Bank National Association, as Administrative Bank and a Bank

*By /s/ Mark R. McDonald
Its Vice President*

*U. S. Bank Place
Minneapolis, MN 55402
Attention: Mr. Mark McDonald
Telecopier: (612) 973-0822*

Norwest Bank Minnesota, National Association

*By /s/ Bradley D. Sullivan
Its Assistant Vice President*

*Norwest Center
Sixth Street and Marquette
Minneapolis, MN 55479
Attention: Mr. Brian Schneider
Telecopier: (612) 316-4203*

Exhibit 10.16

REVOLVING NOTE

\$20,000,000.00 Minneapolis, Minnesota December 29, 1999

FOR VALUE RECEIVED, the undersigned, C. H. ROBINSON WORLDWIDE, INC., a Delaware corporation (the "Borrower"), promises to pay to the order of U.S. BANK NATIONAL ASSOCIATION (the "Bank"), on the "Revolving Credit Termination Date" (as defined in the Credit Agreement hereinafter described (the "Credit Agreement")), the principal sum of TWENTY MILLION AND NO/100THS DOLLARS (\$20,000,000.00) or if less, the then aggregate unpaid principal amount of the Revolving Loans (as such term is defined in the Credit Agreement) as may be borrowed by the Borrower from the Bank under the Credit Agreement. All Revolving Loans and all payments of principal shall be recorded by the holder in its records which records shall be conclusive evidence of the subject matter thereof, absent manifest error.

The Borrower further promises to pay to the order of the Bank interest on each Revolving Loan from time to time outstanding from the date hereof until paid in full at the rates per annum which shall be determined in accordance with the provisions of the Credit Agreement. Accrued interest shall be payable on the dates specified in the Credit Agreement.

All payments of principal and interest under this Note shall be made in lawful money of the United States of America in immediately available funds to U.S. Bank National Association, as the Administrative Bank (the "Administrative Bank"), at the Administrative Bank's office at U. S. Bank Place, Minneapolis, Minnesota 55402, or at such other place as may be designated by the Administrative Bank to the Borrower in writing.

This Note is one of the Revolving Notes referred to in, and evidences indebtedness incurred under, a Credit Agreement dated as of December 29, 1999 (herein, as it may be amended, modified or supplemented from time to time, called the "Credit Agreement;" capitalized terms not otherwise defined herein being used herein as therein defined) among the Borrower, the Administrative Bank, the Bank and the other bank parties thereto, to which Credit Agreement reference is made for a statement of the terms and provisions thereof, including those under which the Borrower is permitted and required to make prepayments and repayments of principal of such indebtedness and under which such indebtedness may be declared to be immediately due and payable.

REVOLVING NOTE

Page 2

\$20,000,000.00 Minneapolis, Minnesota December 29, 1999

All parties hereto, whether as makers, endorsers or otherwise, severally waive presentment, demand, protest and notice of dishonor in connection with this Note.

This Note is made under and governed by the internal laws of the State of Minnesota without giving effect to conflict of laws principles thereof, but giving effect to the federal laws of the United States applicable to national banks.

C. H. ROBINSON WORLDWIDE, INC.

By /s/ Troy Renner

*_____
Its Treasurer*

Exhibit 10.17

REVOLVING NOTE

\$20,000,000.00 Minneapolis, Minnesota December 29, 1999

FOR VALUE RECEIVED, the undersigned, C. H. ROBINSON WORLDWIDE, INC., a Delaware corporation (the "Borrower"), promises to pay to the order of NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION (the "Bank"), on the "Revolving Credit Termination Date" (as defined in the Credit Agreement hereinafter described (the "Credit Agreement")), the principal sum of TWENTY MILLION AND NO/100THS DOLLARS (\$20,000,000.00) or if less, the then aggregate unpaid principal amount of the Revolving Loans (as such term is defined in the Credit Agreement) as may be borrowed by the Borrower from the Bank under the Credit Agreement. All Revolving Loans and all payments of principal shall be recorded by the holder in its records which records shall be conclusive evidence of the subject matter thereof, absent manifest error.

The Borrower further promises to pay to the order of the Bank interest on each Revolving Loan from time to time outstanding from the date hereof until paid in full at the rates per annum which shall be determined in accordance with the provisions of the Credit Agreement. Accrued interest shall be payable on the dates specified in the Credit Agreement.

All payments of principal and interest under this Note shall be made in lawful money of the United States of America in immediately available funds to U.S. Bank National Association, as the Administrative Bank (the "Administrative Bank"), at the Administrative Bank's office at U. S. Bank Place, Minneapolis, Minnesota 55402, or at such other place as may be designated by the Administrative Bank to the Borrower in writing.

This Note is one of the Revolving Notes referred to in, and evidences indebtedness incurred under, a Credit Agreement dated as of December 29, 1999 (herein, as it may be amended, modified or supplemented from time to time, called the "Credit Agreement;" capitalized terms not otherwise defined herein being used herein as therein defined) among the Borrower, the Administrative Bank, the Bank and the other bank parties thereto, to which Credit Agreement reference is made for a statement of the terms and provisions thereof, including those under which the Borrower is permitted and required to make prepayments and repayments of principal of such indebtedness and under which such indebtedness may be declared to be immediately due and payable.

REVOLVING NOTE

Page 2

\$20,000,000.00 Minneapolis, Minnesota December 29, 1999

All parties hereto, whether as makers, endorsers or otherwise, severally waive presentment, demand, protest and notice of dishonor in connection with this Note.

This Note is made under and governed by the internal laws of the State of Minnesota without giving effect to conflict of laws principles thereof, but giving effect to the federal laws of the United States applicable to national banks.

C. H. ROBINSON WORLDWIDE, INC.

*By /s/ Troy Renner
Its Treasurer*

Exhibit 10.18

[C.H. Robinson Letterhead]
February 1, 2000

MANAGEMENT BONUS PLAN

The Compensation Committee is pleased to initiate the management bonus plan for certain selected personnel. Compared with prior plans some modifications have been made which the Compensation Committee believes will be beneficial. C.H. Robinson Worldwide, Inc.'s (the Company's) continued growth will cause this program to give you increasing financial rewards.

1. The plan will run for one calendar year, commencing in 2000. There is no commitment by the Committee or the Company that the plan will continue beyond this year.
2. The units allocated to you below are for the year 2000. These units may be decreased or increased, or remain the same in any year at the discretion of the Committee.
3. The individual must be an employee on December 31 of the plan year in order to earn the award.
4. Payment of any awards earned hereunder will be paid in cash or such other medium as determined by the Compensation Committee.
5. Profit Sharing will be paid only on those awards earned and paid, and in the year those awards are paid.
6. This award shall be based on the Company's earnings prior to federal and state income taxes, to any expense associated with this executive bonus plan, and to extraordinary gains or losses from the sale of all or part of various businesses. The calculation of the award value will be determined by the Compensation Committee which determination shall be final and binding on all parties. The individual award value shall be determined by taking the number of units in each bracket and multiplying by the unit value for units in that bracket. The value of a whole unit in each bracket is equal to .1% of the final pre tax earnings included in that bracket. For example, if we were to achieve our pre tax earnings plan for 2000 of \$106,000,000 each unit in the following brackets would have a value as follows:

BRACKET	PRE TAX EARNINGS RANGE	UNIT VALUE
-----	-----	-----
A	\$0 to \$10,000,000	
B	\$10,000,000 to \$20,000,000	
C	\$20,000,000 to \$30,000,000	
D	\$30,000,000 to \$40,000,000	
E	\$40,000,000 to \$50,000,000	
F	\$50,000,000 to \$60,000,000	
G	\$60,000,000 to \$70,000,000	
H	\$70,000,000 to \$80,000,000	
I	\$80,000,000 to \$90,000,000	
J	\$90,000,000 to \$95,000,000	

K	\$95,000,000	to	\$100,000,000
L	\$100,000,000	to	\$105,000,000
M	\$105,000,000	to	\$110,000,000
N	\$110,000,000	to	\$115,000,000

You have been awarded the following units:

BRACKET	PRE TAX EARNINGS RANGE	NUMBER OF UNITS
-----	-----	-----
A	\$0 to \$ 10,000,000	
B	\$ 10,000,000 to \$ 20,000,000	
C	\$ 20,000,000 to \$ 30,000,000	
D	\$ 30,000,000 to \$ 40,000,000	
E	\$ 40,000,000 to \$ 50,000,000	
F	\$ 50,000,000 to \$ 60,000,000	
G	\$ 60,000,000 to \$ 70,000,000	
H	\$ 70,000,000 to \$ 80,000,000	
I	\$ 80,000,000 to \$ 90,000,000	
J	\$ 90,000,000 to \$ 95,000,000	
K	\$ 95,000,000 to \$100,000,000	
L	\$100,000,000 to \$105,000,000	
M	\$105,000,000 to \$110,000,000	
N	\$110,000,000 to \$115,000,000	

7. Any awards earned hereunder shall be paid as soon as administratively practical following the end of the year to which the cash award relates.

8. Any payment due, paid, or advanced hereunder will be forfeited if you leave the Company and are employed or perform a service that is determined to be in direct competition with the Company or its affiliates or subsidiaries, or if you disclose any confidential information or trade secrets of the Company or its affiliates or subsidiaries. The Compensation Committee's determination of this is final. Your participation in the program shall not confer on you any right to continued employment with the Company, nor will it interfere in any way with the right of the Company to terminate such employment at any time. Furthermore, the adoption of this program will not in any way interfere with the right of the Company to select among, adopt or change any business, investment, or compensation policies or plans at any time or from time to time in its sole and absolute discretion.

9. Individuals may take advances against the awards. The advance that may be taken is subject to the absolute discretion of the Compensation Committee.

10. The Company will withhold the following from advances and final payouts: federal and state income tax withholding, FICA withholding, loan payments to the Company, and any other withholding required by law.

The Committee is enthusiastic about this program, as it feels that the more incentives it can provide each person, the more vitally and personally interested and involved this person will become in making C. H. Robinson Worldwide, Inc. a bigger and better company.

Yours very truly,

John Wiehoff
President

Enclosure

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA
C.H. Robinson Worldwide, Inc. and Subsidiaries

For the years ended December 31,	1999	1998	1997 as adjusted	1997	1996	1995
Statement of Operations Data (In thousands, except per share data)						
Gross revenues	\$2,261,027	\$2,038,139	\$1,790,785	\$1,790,785	\$1,605,905	\$1,445,975
Net revenues(1)	293,283	245,666	206,020	206,020	179,069	160,094
Income from operations	83,828	68,443	56,735/(2)/	32,079	50,029	44,980
Net income from continuing operations	53,349	43,015	36,148/(2)/	11,492	32,442	29,455
Net income from continuing operations per share (basic and diluted)	\$ 1.29	\$ 1.04	\$.88/(2)/	\$.28	\$.78	\$.67
Weighted average number of shares outstanding (in thousands)						
Basic	41,228	41,216	41,285	41,285	41,799	43,934
Diluted	41,503	41,309	41,302	41,302	41,799	43,934
Dividends and distributions per share	\$.290	\$.250	\$.210/(3)/	\$ 2.530	\$.185	\$.130
Balance Sheet Data As of December 31 (In thousands)						
Working capital	\$ 67,158	\$ 135,245	\$ 109,042	\$ 109,042	\$ 114,070	\$ 97,144
Total assets	522,661	409,116	340,628	340,628	320,780	285,517
Total long-term debt	-	-	-	-	-	-
Stockholders' investment	246,767	169,518	138,981	138,981	154,428	133,339
Operating Data (Dollars in thousands)						
Branches	131	120	119	119	108	99
Employees	3,125	2,205	1,925	1,925	1,665	1,436
Average net revenues per branch	\$ 2,263	\$ 2,082	\$ 1,822	\$ 1,822	\$ 1,717	\$ 1,683

/(1)/ Net revenues are determined by deducting cost of transportation and products from gross revenues. See "Management's Discussion and Analysis." /(2)/ Excludes unusual charges and expenses of \$24,656 related to our initial public offering in October 1997.

/(3)/ Excludes special dividends and distributions related to our initial public offering in October 1997.

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

General

Gross revenues represent the total dollar value of services and goods we sell to our customers. Our costs of transportation and products include the contracted direct costs of transportation, including motor carrier, intermodal, ocean, air, and other costs, and the purchase price of the products we source. We act principally as a service provider to add value and expertise in the execution and procurement of these services for our customers. Our net revenues (gross revenues less cost of transportation and products) are the primary indicator of our ability to source, add value and resell services and products that are provided by third parties, and are considered by management to be our primary measurement of growth. Accordingly, the discussion of results of operations below focuses on the changes in our net revenues.

In the transportation industry, results of operations generally show a seasonal pattern as customers reduce shipments during and after the winter holiday season. In recent years, our operating income and income from continuing operations have been lower in the first quarter than in the other three quarters. Seasonality in the transportation industry has not had a significant impact on our results of operations or our cash flows in recent years. Also, inflation has not materially affected our operations due to the short-term, transactional basis of our business. However, we cannot fully predict the impact seasonality and inflation may have in the future.

Results of Operations

The following table summarizes our net revenues by service line:

For the years ended December 31, (Dollars in thousands)	1999	1998	Change	1997	Change
Net revenues					
Transportation	\$233,848	\$189,797	23.2%	\$159,260	19.2%
Sourcing	42,759	44,229	(3.3)	38,060	16.2
Information services	16,676	11,640	43.3	8,700	33.8
Total	\$293,283	\$245,666	19.4%	\$206,020	19.2%

The following table represents certain statement of operations data shown as percentages of our net revenues:

For the years ended December 31,	1999	1998	1997	1997 as adjusted / (1) /
Net revenues	100.0%	100.0%	100.0%	100.0%
Selling, general and administrative expenses	71.4	72.1	72.5	72.5
Public offering charges and expenses	--	--	12.0	--
Income from operations	28.6	27.9	15.5	27.5
Investment and other income	1.6	1.1	1.4	1.4
Income from continuing operations before provision for income taxes	30.2	29.0	16.9	28.9
Provision for income taxes	12.0	11.5	11.4	11.4
Net income from continuing operations	18.2%	17.5%	5.5%	17.5%

/(1)/ Adjusted to exclude unusual charges and expenses of \$24,656 related to our initial public offering in October 1997.

1999 Compared to 1998

Revenues - Gross revenues for 1999 were \$2.26 billion, an increase of 10.9% over \$2.04 billion for 1998. Net revenues for 1999 were \$293.3 million, an increase of 19.4% over \$245.7 million for 1998, resulting from an increase in transportation net revenues of 23.2% to \$233.8 million, a decrease in sourcing net revenues of 3.3% to \$42.8 million, and an increase in information services net revenues of 43.3% to \$16.7 million. Our net revenues increased at a faster rate than our gross revenues due to the different growth rates in the mix of our service lines. Our information services net revenues as a percentage of gross revenues was highest of our three lines, followed by our transportation business and finally our sourcing business.

The increase in transportation net revenues of 23.2% resulted from internal growth of approximately 18% and growth from current year acquisitions of approximately 5%. Revenue per transaction remained relatively consistent from 1998 to 1999. The increase in transaction volume and net revenues was driven by significant expansion of business with current customers and from new domestic and international customers.

Sourcing net revenues decreased by 3.3% due principally to difficult comparisons caused by abnormal net revenue growth of 16.2% during 1998. During 1998, adverse weather conditions in major produce growing areas created temporary opportunities for us. We continued to expand our sourcing business with large retailers, but this was offset by a decline in business with produce wholesalers.

The increase in information services net revenues was the result of significant growth in transaction volume from new and existing customers and growth in market share due to consolidation of our competitors in the information services industry.

Selling, General and Administrative Expenses - Selling, general and administrative expenses for 1999 were \$209.5 million, an increase of 18.2% over \$177.2 million for 1998. Selling, general and administrative expenses as a percentage of net revenues were 71.4% and 72.1% in 1999 and 1998. The decrease in selling, general and administrative expenses as a percentage of net revenues was due primarily to cost containment efforts in fixed cost areas while growing net revenues at 19.4%.

Income from Operations - Income from operations was \$83.8 million for 1999, an increase of 22.5% over \$68.4 million for 1998. Income from operations as a percentage of net revenues was 28.6% and 27.9% for 1999 and 1998.

Investment and Other Income - Investment and other income was \$4.6 million for 1999, an increase of 63.5% from \$2.8 million for 1998. This increase was the result of the growth in cash and investments throughout the year. In late December 1999, we used \$100 million of our cash and investments to purchase American Backhaulers, Inc., which we expect will reduce our investment and other income in 2000.

Provision for Income Taxes - The effective income tax rate was 39.7% for both 1999 and 1998. The effective income tax rate for both periods is greater than the statutory federal income tax rate primarily due to state income taxes, net of federal benefit.

Net Income - Net income was \$53.3 million for 1999, an increase of 24.0% over \$43.0 million for 1998. Net income per share increased by 24.0% to \$1.29 (basic and diluted) for 1999 compared to \$1.04 (basic and diluted) for 1998.

1998 Compared to 1997

Revenues - Gross revenues for 1998 were \$2.04 billion, an increase of 13.8% over \$1.79 billion for 1997. Net revenues for 1998 were \$245.7 million, an increase of 19.2% over \$206.0 million for 1997, resulting from an increase in transportation net revenues of 19.2% to \$189.8 million, an increase in sourcing net revenues of 16.2% to \$44.2 million, and an increase in information services net revenues of 33.8% to \$11.6 million. Our net revenues increased at a faster rate than our gross revenues due to the different growth rates in the mix of our service lines. Our information services net revenues as a percentage of gross revenues was highest of our three lines, followed by our transportation business and finally our sourcing business.

The increase in transportation net revenues resulted primarily from an increase in transaction volume. Net revenue per transaction on our third-party truck business also increased slightly in 1998. During the fourth quarter of 1997, a high demand for trucks in the marketplace increased our cost, reducing our net

revenue per transaction. The increase in transaction volume and net revenues was driven by significant expansion of business with current customers and from new domestic and international customers.

Sourcing net revenues increased by 16.2% due principally to growth from sourcing produce for our large retail chain customers and temporary opportunities created by adverse weather conditions in major produce growing areas. In this challenging market, our branch network and relationships with produce growers worldwide provided us with sources of produce, growing both the number of transactions and the profit per transaction. In addition, we entered into a new program with an international banana shipper in the first quarter of 1998, which added to our sourcing growth.

The increase in information services net revenues was the result of significant growth in transaction volume from new and existing customers.

Selling, General and Administrative Expenses - Selling, general and administrative expenses for 1998 were \$177.2 million, an increase of 18.7% over \$149.3 million for 1997. Selling, general and administrative expenses as a percentage of net revenues were 72.1% and 72.5% in 1998 and 1997. The decrease in selling, general and administrative expenses as a percentage of net revenues was due primarily to the elimination and consolidation of warehouse facilities in 1998.

Public Offering Charges and Expenses - On October 15, 1997, we recorded charges and expenses of \$24.7 million for unusual items related to our initial public offering. This amount includes a non-recurring, non-cash charge of \$21.6 million to conform with Securities and Exchange Commission requirements to account for stock issued to employees and for outstanding stock purchased by certain employees from retiring employees at prices below the initial public offering price under our previous book value plans during the 12 months preceding our initial public offering ("cheap stock"). These book value plans were terminated and have been replaced by stock-based incentive plans more typical of a publicly held company, including a stock incentive plan and an employee stock purchase program.

Income from Operations - Income from operations was \$68.4 million for 1998, an increase of 20.6% over \$56.7 million for 1997, excluding the non-recurring public offering charges and expenses. Income from operations, excluding the public offering charges and expenses, as percentage of net revenues was 27.9% and 27.5% for 1998 and 1997. Income from operations, including the public offering charges and expenses incurred in 1997, increased 113.4% from 1997 to 1998.

Investment and Other Income - Investment and other income was \$2.8 million for 1998, a decrease of 2.8% from \$2.9 million for 1997.

Provision for Income Taxes - The effective income tax rates for continuing operations were 39.7% and 39.4% for 1998 and 1997, excluding the public offering charges and expenses incurred in 1997. The effective income tax rate for both periods is greater than the statutory federal income tax rate primarily due to state income taxes, net of federal benefit. The majority of the \$24.7 million in public offering charges and expenses in 1997 is not deductible for income tax purposes.

Net Income from Continuing Operations - Net income from continuing operations was \$43.0 million for 1998, an increase of 19.0% over \$36.1 million for 1997, excluding the public offering charges and expenses. Net income from continuing operations per share, excluding the public offering charges and expenses, increased by 18.2% to \$1.04 (basic and diluted) for 1998 compared to \$.88 (basic and diluted) for 1997. Net income from continuing operations for 1998 increased 274.3% from 1997 to 1998, including the effects of our public offering charges and expenses.

Liquidity and Capital Resources

We have historically generated substantial cash from operations which has enabled us to fund our growth while paying cash dividends and repurchasing stock. Cash and cash equivalents totaled \$49.6 million and \$99.3 million and available-for-sale securities totaled \$0 and \$30.7 million as of December 31, 1999 and 1998. In conjunction with our December 1999 acquisition of all of the operations and certain assets and liabilities of American Backhauleders, Inc. (ABH), we used \$100.0 million of our cash and cash equivalents on hand. This was the primary reason our working capital decreased from \$135.2 million at December 31, 1998 to \$67.2 million at December 31, 1999. In addition, we entered into a new debt facility to fund our expected short-term cash needs. We have had no long-term debt for the last five years and have no material commitments for future capital expenditures. We have not experienced, nor do we believe that the conversion to the euro will have a material business or financial impact on us.

During the fourth quarter of 1997, several transactions occurred related to our initial public offering including the sale of our finance businesses. On October 10, 1997, we paid a special cash dividend of \$1.50 per share (\$61.9 million in the aggregate). We removed restrictions on October 13, 1997 on shares previously awarded to employees which generated a \$40.5 million tax benefit. On October 14, 1997 we sold our finance businesses for \$40.3 million and we declared and paid a liquidating distribution to stockholders of record on October 14, 1997 of \$.95 per share (\$39.2 million in the aggregate), the net proceeds resulting from this sale.

We generated \$51.9 million, \$77.6 million and \$70.4 million of cash flow from operations for 1999, 1998 and 1997. This was due to net income generated, offset by increases in our working capital resulting from our growth. Our net cash provided by operating activities was higher in 1998 than 1999 due primarily to the timing of federal income tax payments. We had a \$17.3 million income tax receivable as of December 31, 1997, which was collected in 1998.

We used \$88.8 million and \$31.6 million of cash flow for investing activities for 1999 and 1998 and generated \$55.3 million of cash flow from investing activities in 1997. The cash used in 1999 was due to \$112.2 million spent for acquisitions and \$9.4 million to fund capital expenditures necessary for continued growth, offset by \$30.5 million generated by sales and maturities of available-for-sale securities (net of purchases). Comparing 1999 to 1998, the effects of selling our available-for-sale securities and funding the acquisition of ABH accounted for a majority of the excess cash used for investing activities.

We also used \$12.7 million, \$9.2 million and \$105.7 million of cash flow for financing activities for 1999, 1998 and 1997. This was due primarily to quarterly cash dividends and distributions and share repurchases for our employee stock plans. We have declared an \$.08 per share dividend payable to shareholders of record as of March 8, 2000 payable on April 3, 2000. In 1997, we paid special dividends and distributions of \$101.1 million in conjunction with our initial public offering and the sale of our finance businesses.

Assuming no change in our current business plan, management believes that our available cash, together with expected future cash generated from operations and the amounts available under our line of credit, are sufficient to satisfy our anticipated needs for working capital, capital expenditures and cash dividends for all future periods. Our board of directors has authorized two stock repurchase plans, which allow management to repurchase up to a total of 3,000,000 shares of our common stock for reissuance upon the exercise of employee stock options and other stock plans. Any purchases would be made from available cash or cash generated from future operations. As of December 31, 1999, we had purchased a total of 223,000 shares. We have \$40.0 million available under an existing line of credit at an interest rate of 6.4%, as of December 31, 1999. The line of credit expires on December 16, 2002 and does not restrict the payment of dividends. We were in compliance with all covenants of the agreement as of December 31, 1999. There were no borrowings during 1999 or 1998.

Impact of Year 2000

We have not experienced any material disruptions or other problems with our internal computer systems related to the Year 2000 issue. In addition, we are not aware of any material systems interruptions with any customer, produce supplier or transportation carrier that has had a material impact on our business as a result of Year 2000. We have no single third-party relationship that accounts for more than 6% of our business.

Total costs we have incurred for programming, testing, purchase of Year 2000 testing software, and outside consultant costs approximated \$600,000. Our costs to replace noncompliant systems are not included in this amount, as these replacements were planned to occur and were not accelerated due to Year 2000 requirements.

Market Risk

We had approximately \$49.6 million of cash and cash equivalents on December 31, 1999. Substantially all of the cash equivalents are money market securities from domestic issuers. Because of the credit risk criteria of our investment policies, the primary market risk associated with these investments is interest rate risk. We do not use derivative financial instruments to manage interest rate risk or to speculate on future changes in interest rates. A rise in interest rates could negatively affect the fair value of our investments. We believe a reasonable near-term change in interest rates would not have a material impact on our future earnings due to the short-term nature of our investing practices. We also have inventory which is subject to certain commodity price volatility, and we sometimes choose to hedge our positions with futures and options. We believe a reasonable near-term change in foreign currency exchange rates or commodity prices would not have a material impact on our future earnings or cash flows because the amount of our inventory and foreign currency exposure is not material.

Our discussion and analysis of our financial condition and results of operations, including our market risk discussions, contain forward-looking statements, including our current assumptions about future financial performance and our plans for future operations are subject to various risks and uncertainties. Our actual results may differ significantly. Further discussion of factors that may cause a difference may be found in an exhibit to the Company's Form 10-K filed with the Securities and Exchange Commission.

Consolidated Balance Sheets
C.H. Robinson Worldwide, Inc. and Subsidiaries

(In thousands, except per share data)
As of December 31,

	1999	1998
Assets		
Current assets:		
Cash and cash equivalents	\$ 49,637	\$ 99,341
Available-for-sale securities	-	30,730
Receivables, net of allowance for doubtful accounts of \$18,280 and \$12,412	270,296	221,021
Deferred tax benefit	18,480	12,821
Prepaid expenses and other	2,854	7,442
Inventories	1,785	3,488
Total current assets	343,052	374,843
Property and equipment	51,387	41,285
Accumulated depreciation and amortization	(26,640)	(21,801)
Net property and equipment	24,747	19,484
Goodwill, net of accumulated amortization of \$1,729 and \$630	144,625	8,485
Other intangible assets, net of accumulated amortization of \$4,396 and \$7,946	8,951	4,128
Other assets	1,286	2,176
	\$ 522,661	\$ 409,116
=====		
Liabilities and Stockholders' Investment		
Current liabilities:		
Accounts payable	\$ 231,592	\$192,908
Accrued expenses -		
Compensation and profit-sharing contribution	28,115	27,481
Income taxes and other	16,187	19,209
Total current liabilities	275,894	239,598
Commitments and contingencies (Notes 4 and 8)		
Stockholders' investment:		
Preferred stock, \$.10 par value, 20,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$.10 par value, 130,000 shares authorized; 42,386 shares issued, 42,284 and 41,190 outstanding	4,228	4,119
Additional paid-in capital	98,958	62,054
Retained earnings	147,586	106,178
Cumulative other comprehensive loss	(1,053)	(1,145)
Treasury stock at cost (102 and 75 shares)	(2,952)	(1,688)
Total stockholders' investment	246,767	169,518
	\$ 522,661	\$ 409,116
=====		

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

CONSOLIDATED STATEMENTS OF OPERATIONS
C.H. Robinson Worldwide, Inc. and Subsidiaries

(In thousands, except per share data)			
For the years ended December 31,			
	1999	1998	1997
Gross revenues	\$2,261,027	\$2,038,139	\$1,790,785
Cost of transportation and products	1,967,744	1,792,473	1,584,765
Net revenues	293,283	245,666	206,020
Selling, general and administrative expenses	209,455	177,223	149,285
Public offering charges and expenses (Note 1)	-	-	24,656
Income from operations	83,828	68,443	32,079
Investment and other income	4,649	2,844	2,927
Income from continuing operations before provision for income taxes	88,477	71,287	35,006
Provision for income taxes	35,128	28,272	23,514
Net income from continuing operations	53,349	43,015	11,492
Net income from discontinued operations, net of taxes of \$951 in 1997	-	-	1,589
Gain on sale of discontinued operations, net of taxes of \$10,440 in 1997	-	-	14,506
Net income	\$ 53,349	\$ 43,015	\$ 27,587
Basic net income per share:			
From continuing operations	\$ 1.29	\$ 1.04	\$.28
From discontinued operations	-	-	.39
Basic net income per share	\$ 1.29	\$ 1.04	\$.67
Diluted net income per share:			
From continuing operations	\$ 1.29	\$ 1.04	\$.28
From discontinued operations	-	-	.39
Diluted net income per share	\$ 1.29	\$ 1.04	\$.67
Basic weighted average shares outstanding	41,228	41,216	41,285
Dilutive effect of outstanding stock options	275	93	17
Diluted weighted average shares outstanding	41,503	41,309	41,302

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT AND COMPREHENSIVE INCOME
C.H. Robinson Worldwide, Inc. and Subsidiaries

(In thousands, except per share data)

For the years ended December 31, 1999, 1998 and 1997

	Common Shares Outstanding	Amount	Additional Paid-In Capital	Retained Earnings	Cumulative Other Com- prehensive Loss	Treasury Stock	Total Stockholders' Investment
Balance, December 31, 1996	41,375	\$4,137	\$ -	\$ 150,637	\$ (346)	\$ -	\$ 154,428
Net income	-	-	-	27,587	-	-	27,587
Other comprehensive income:							
Foreign currency translation adjustment	-	-	-	-	(372)	-	(372)
Comprehensive income	-	-	-	-	-	-	27,215
Cash dividends and distributions, \$2.53 per share	-	-	-	(104,400)	-	-	(104,400)
Incentive shares of common stock issued, net	239	24	919	-	-	-	943
Sale of common stock	25	3	100	-	-	-	103
Cheap stock charge (Note 1)	-	-	21,596	-	-	-	21,596
Tax benefit on vesting of stock awards	-	-	40,539	-	-	-	40,539
Repurchase of common stock	(374)	(38)	(1,046)	(359)	-	-	(1,443)
Balance, December 31, 1997	41,265	4,126	62,108	73,465	(718)	-	138,981
Net income	-	-	-	43,015	-	-	43,015
Other comprehensive income:							
Foreign currency translation adjustment	-	-	-	-	(427)	-	(427)
Comprehensive income	-	-	-	-	-	-	42,588
Cash dividends, \$.25 per share	-	-	-	(10,302)	-	-	(10,302)
Sale of common stock	63	6	(115)	-	-	1,430	1,321
Tax benefit on deferred compensation plans	-	-	61	-	-	-	61
Repurchase of common stock	(138)	(13)	-	-	-	(3,118)	(3,131)
Balance, December 31, 1998	41,190	4,119	62,054	106,178	(1,145)	(1,688)	169,518
Net income	-	-	-	53,349	-	-	53,349
Other comprehensive income:							
Foreign currency translation adjustment	-	-	-	-	92	-	92
Comprehensive income	-	-	-	-	-	-	53,441
Cash dividends, \$.29 per share	-	-	-	(11,941)	-	-	(11,941)
Sale of common stock	58	6	51	-	-	1,472	1,529
Stock issued in acquisition (Note 2)	1,121	112	36,813	-	-	-	36,925
Tax benefit on deferred compensation plans	-	-	40	-	-	-	40
Repurchase of common stock	(85)	(9)	-	-	-	(2,736)	(2,745)
Balance, December 31, 1999	42,284	\$ 4,228	\$98,958	\$ 147,586	\$ (1,053)	\$ (2,952)	\$ 246,767

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
C.H. Robinson Worldwide, Inc. and Subsidiaries

(In thousands)

For the years ended December 31

	1999	1998	1997
Operating Activities			
Net income	\$ 53,349	\$ 43,015	\$ 27,587
Adjustments to reconcile net income to net cash provided by operating activities -			
Depreciation and amortization	10,133	8,521	8,684
Cheap stock charge	-	-	21,596
Deferred income taxes	(4,822)	(9,272)	4,842
Gain on sale of discontinued operations, net of tax	-	-	(14,506)
(Gain) loss on sale of assets	(178)	141	82
Changes in operating elements, net of effects of acquisitions -			
Receivables	(35,196)	(11,056)	(35,808)
Prepaid expenses and other	3,907	(1,379)	(3,709)
Inventories	1,703	(374)	2,167
Accounts payable	25,748	20,027	26,413
Accrued compensation and profit-sharing contribution	339	5,275	5,059
Accrued income taxes and other	(3,105)	22,750	27,971
Net cash provided by operating activities	51,878	77,648	70,378
Investing Activities			
Purchases of property and equipment	(9,433)	(5,071)	(6,305)
Sales of property and equipment	430	1,981	1,446
Cash paid for acquisitions, net of cash acquired	(112,216)	(6,799)	-
Sales of long-term investments	1,300	-	5,536
Sales/maturities of available-for-sale securities	44,172	37,594	113,576
Purchases of available-for-sale securities	(13,643)	(57,900)	(81,293)
Cash provided by discontinued operations	-	-	24,653
Changes in other assets, net	553	(1,380)	(2,321)
Net cash provided by (used for) investing activities	(88,837)	(31,575)	55,292
Financing Activities			
Sale of common stock	1,529	1,321	103
Repurchase of common stock	(2,745)	(3,131)	(1,443)
Cash dividends and distributions	(11,529)	(7,419)	(104,400)
Net cash used for financing activities	(12,745)	(9,229)	(105,740)
Net increase (decrease) in cash and cash equivalents	(49,704)	36,844	19,930
Cash and cash equivalents, beginning of year	99,341	62,497	42,567
Cash and cash equivalents, end of year	\$ 49,637	\$ 99,341	\$ 62,497
Cash paid for income taxes	\$ 42,348	\$ 34,848	\$ 9,678
Supplemental disclosure of noncash activities:			
Stock issued in acquisition (Note 2)	\$ 36,925	\$ -	\$ -

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

C.H. Robinson Worldwide, Inc. and Subsidiaries

1. Summary of Significant Accounting Policies

Basis of Presentation - C.H. Robinson Worldwide, Inc. and its Subsidiaries ("the Company," "we," "us," or "our") is a global provider of multimodal transportation services and logistics solutions through a network of 131 branch offices in 39 states throughout the United States, along with offices in Canada, Mexico, South America and Europe. The consolidated financial statements include the accounts of C.H. Robinson Worldwide, Inc. and its majority owned and controlled subsidiaries. Our finance businesses are presented in the accompanying consolidated statements of operations as discontinued operations (See Note 6). Minority interests in subsidiaries are not significant. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

Initial Public Offering - On October 15, 1997, we completed an initial public offering of 10,578,396 shares of our common stock which were previously held by our employees. Pursuant to Securities Exchange Commission rules related to stock issued or sold to employees at prices below the initial public offering price for the 12 months preceding the date that the initial offering becomes effective ("cheap stock"), we recorded a \$21,596,000 charge to expense at the effective date of the offering. This charge related to approximately 1,519,000 shares previously sold to employees or issued under incentive plans no longer in effect and represented the difference between the book value of shares sold and issued to employees and the offering price per share.

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 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.

Revenue Recognition - Gross revenues consist of the total dollar value of goods and services purchased by customers. We act principally as the service provider for these transactions and recognize revenue as these services are rendered and goods are delivered.

Foreign Currency - All balance sheet accounts of foreign subsidiaries are translated at the current exchange rate as of the end of the year. Statement of operations items are translated at average exchange rates during the year. The resulting translation adjustment is recorded as a separate component of comprehensive income in our statement of stockholders' investment and comprehensive income.

We provide products and services to numerous international customers. At times, we enter into forward contracts to hedge against foreign currency exposure related to these transactions. Upon settlement, resultant gains or losses on such contracts offset the impact of foreign currency rates on cash collected from accounts receivable. There are no open contracts at December 31, 1999.

Segment Reporting and Geographic Information - We have adopted the provisions of Statement of Financial Accounting Standards No. 131, "Disclosure About Segments of an Enterprise and Related Information" (SFAS No. 131). SFAS No. 131 establishes accounting standards for segment reporting. No operational segments or customer information is required for us. The following table presents our gross revenues (based on location of the customer) for the years ended December 31 and our long-lived assets as of December 31 by geographic regions (in thousands):

	1999	1998	1997

Gross revenues			
United States	\$2,144,386	\$1,935,191	\$1,700,802
Other locations	116,641	102,948	89,983

	\$2,261,027	\$2,038,139	\$1,790,785
	=====		
		1999	1998

Long-lived assets			
United States		\$33,882	\$23,303
Other locations		1,102	2,485

		\$34,984	\$25,788
	=====		

Cash and Cash Equivalents - Cash and cash equivalents consist primarily of highly liquid investments with an original maturity of three months or less. The carrying amount approximates fair value due to the short maturity of the instruments.

Available-For-Sale Securities - Available-for-sale securities consist of various debt and equity securities. The fair value of our available-for-sale securities equals the quoted market price where available or quoted market prices for similar securities, if a quoted market price is not available.

Inventories - Inventories consist primarily of produce, fruit concentrates and related products held for resale and are stated at the lower of cost or market.

Property and Equipment - Property and equipment additions are recorded at cost. Maintenance and repair expenditures are charged to expense as incurred. Depreciation is computed using straight-line and accelerated methods over the estimated lives of the assets of three to 10 years.

Amortization of leasehold improvements is computed over the shorter of the lease term or the estimated useful lives of the improvements.

Intangible Assets - Intangible assets consist of goodwill and other identifiable intangible assets. Intangible assets are being amortized over their estimated economic lives, ranging from three to 40 years. We periodically evaluate whether events and circumstances have occurred that indicate the remaining balance of intangible assets may not be recoverable.

Income Per Share - Basic net income per common share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share are computed under the treasury stock method and are calculated to compute the dilutive effect of outstanding options, warrants and other securities.

Comprehensive Income - Comprehensive income includes any changes in the equity of an enterprise from transactions and other events and circumstances from nonowner sources. Our foreign currency translation adjustment is currently our only component of other comprehensive income and is presented on our consolidated statements of stockholders' investment and comprehensive income.

Recently Issued Accounting Pronouncements - In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133). SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments imbedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires changes in the derivatives' fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. We do not expect adoption of this standard to have a material impact on our consolidated financial statements or disclosures contained herein.

2. Acquisition of American Backhaulers, Inc.

On December 16, 1999, we acquired all of the operations and certain assets and liabilities of American Backhaulers, Inc. (ABH). ABH was a privately held, non-asset-based third-party transportation provider, located primarily in Chicago, Illinois. The purchase price of the assets was \$136,925,000, including \$100,000,000 in cash and 1,120,715 newly issued shares of our common stock. We accounted for the acquisition using the purchase method of accounting, with assets acquired including primarily goodwill and other identifiable intangible assets. We are amortizing the goodwill associated with the acquisition over 40 years, and all other intangible assets over periods ranging from three to seven years. Our results of operations include the operations of ABH from the closing date through December 31, 1999. Pro forma operating results of the combined enterprise assuming this transaction had occurred on January 1, 1998 are as follows for the years ended December 31 (in thousands, except per share data):

	1999	1998
Net revenues		
As reported	\$293,283	\$245,666
Pro forma	\$345,706	\$286,185
Income before income taxes		
As reported	\$ 88,477	\$ 71,287
Pro forma	\$ 91,264	\$ 67,824
Net income		
As reported	\$ 53,349	\$ 43,015
Pro forma	\$ 55,032	\$ 40,898
Basic net income per share		
As reported	\$ 1.29	\$ 1.04
Pro forma	\$ 1.30	\$.97
Diluted net income per share		
As reported	\$ 1.29	\$ 1.04
Pro forma	\$ 1.29	\$.96

3. Marketable Securities

In December 1999, we liquidated our portfolio of marketable securities to fund the acquisition of ABH. We have historically classified all of our marketable securities as available-for-sale. Available-for-sale securities are carried at amortized cost, which approximates market value. The unrealized gains and losses are immaterial as the fair value approximates amortized cost. The gross realized gains and losses on sales of available-for-sale securities were not material for the years ended December 31, 1999 and 1998.

The following is a summary of marketable securities at December 31, 1998 (in thousands):

U.S. government and government agency obligations	\$ 1,803
State and local agency obligations	16,641
Corporate bonds	11,183
Other debt securities	999
Equity securities	104
Available-for-sale securities	\$30,730

The contractual maturities of marketable securities at December 31, 1998 are stated below (in thousands):

Debt securities:	
Due within one year	\$ 6,763
Due after one year through five years	21,278
Due after five years	2,585
Total debt securities with contractual maturities	30,626
Equity securities	104
	\$30,730

4. Lines Of Credit

In connection with our acquisition of ABH we have obtained an unsecured line of credit with two banks which provides for borrowings of up to \$40,000,000 and expires on December 16, 2002. Interest on borrowings under the line is at LIBOR plus 0.60% (6.43% at December 31, 1999). We cancelled our previous lines of credit at that time. There were no borrowings under our lines of credit during 1999, 1998 or 1997. Our credit agreement contains certain financial covenants. We were in compliance with such covenants at December 31, 1999.

5. Income Taxes

C.H. Robinson Worldwide, Inc. and its 80% (or more) owned U.S. subsidiaries file a consolidated federal income tax return. We file unitary or separate state returns based on state filing requirements.

The components of the provision for income taxes consist of the following at December 31 (in thousands):

	1999	1998	1997
Tax provision:			
Federal	\$33,207	\$29,974	\$14,688
State	5,649	5,862	3,619
Foreign	1,094	1,708	365
	39,950	37,544	18,672
Deferred provision (benefit)	(4,822)	(9,272)	4,842
Total provision	\$35,128	\$28,272	\$23,514

A reconciliation from the provision for income taxes using the statutory federal income tax rate to our effective income tax rate at December 31 is as follows:

	1999	1998	1997
Federal statutory rate	35.0%	35.0%	35.0%

State income taxes, net of federal benefit	2.7	4.1	3.3
Public offering charges and expenses	-	-	27.8
Foreign and other	2.0	.6	1.1
	-----	-----	-----
	39.7%	39.7%	67.2%
	=====	=====	=====

Deferred tax assets (liabilities) are comprised of the following at December 31 (in thousands):

	1999	1998
-----	-----	-----
Deferred income tax assets:		
Receivables	\$ 6,735	\$ 5,000
State taxes	3,797	2,423
Accrued expenses	7,092	5,401
Amortization	1,303	3,026
Accrued compensation	1,409	771
Other	1,607	830
Deferred income tax liabilities:		
Long-lived assets	(2,169)	(2,488)
Other	(8)	(19)
-----	-----	-----
Net deferred income tax asset	\$19,766	\$14,944
=====	=====	=====

6. Discontinued Operations

On October 14, 1997, we sold our finance businesses. As a result, we recorded a gain on the sale of \$14,506,000, net of income taxes. These operations were reported as discontinued operations in the accompanying consolidated financial statements. Summary condensed financial information for the discontinued segment for the year ended December 31, 1997 is as follows (in thousands):

Revenues	\$12,996
Expenses	10,456
Income from discontinued operations	\$ 2,540

7. Capital Stock and Stock Award Plans

Preferred Stock - Our Certificate of Incorporation (Certificate) authorizes the issuance of 20,000,000 shares of Preferred Stock, par value \$.10 per share, none of which is outstanding. The Preferred Stock may be issued by resolution of our board of directors from time to time without any action of the stockholders. The Preferred Stock may be issued in one or more series and the board of directors may fix the designation and relative powers, including voting powers, preferences, rights, qualifications, limitations and restrictions of each series, so authorized. The issuance of any such series may have an adverse effect on the rights of holders of Common Stock or impede the completion of a merger, tender offer or other takeover attempt. We have no present intention to issue shares of any series of Preferred Stock.

Common Stock - The Certificate authorizes 130,000,000 shares of Common Stock, par value \$.10 per share. Subject to the prior rights of any series of Preferred Stock which may from time to time be authorized and outstanding, holders of Common Stock are entitled to receive dividends out of funds legally available when, and if declared by the board of directors and to receive pro rata the net assets of the Company legally available for distribution upon liquidation or dissolution. Holders of Common Stock are entitled to one vote for each share of Common Stock held on each matter to be voted on by the holders of Common Stock, including the election of directors. Holders of Common Stock are not entitled to cumulative voting, which means that the holders of more than 50% of the outstanding Common Stock can elect all of the directors of any class if they choose to do so. The stockholders do not have preemptive rights. All outstanding shares of Common Stock are fully paid and nonassessable.

Share Repurchase Program - In conjunction with our initial public offering, our board of directors authorized a stock repurchase plan which allows management to repurchase 1,000,000 common shares for reissuance upon the exercise of employee stock options and other stock plans. During 1999, the board of directors also authorized a second stock repurchase plan, allowing for the repurchase of 2,000,000 shares. We purchased approximately 85,000 and 138,000 shares of our common stock for the treasury at an aggregate cost of \$2,745,000 and \$3,131,000 in 1999 and 1998 under the initial stock repurchase plan. No shares have been repurchased under the 1999 stock repurchase plan.

Stock Award Plans - We have an Omnibus Stock Plan to grant certain stock awards, including stock options at fair market value and restricted shares, to our key employees and outside directors. A maximum of 2,000,000 shares can be granted under this plan; 1,035,788 shares were available for stock awards as of December 31, 1999. The contractual lives of all options granted are 10 years.

The following schedule summarizes activity in the plans:

	1999 Option Grant	1997 Option Grant
Outstanding at December 31, 1996	-	-
Granted in 1997 at \$18/share	-	475,667
Outstanding at December 31, 1997	-	475,667
Terminated in 1998	-	(43,621)
Outstanding at December 31, 1998	-	432,046
Granted in 1999 at \$25.19/share	488,545	-
Terminated in 1999	(24,496)	(14,314)
Exercised in 1999	-	(1,250)
Outstanding at December 31, 1999	464,049	416,482
Exercisable at December 31, 1998	-	-
Exercisable at December 31, 1999	-	112,849

We follow the provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123) which encourages, but does not require, a fair value based method of accounting for employee stock options or similar equity instruments. As permitted under SFAS No. 123, we have continued to account for employee stock options using the intrinsic value method outlined in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, we have not recognized any compensation expense for our stock options. Had compensation expense for our stock-based compensation plans been determined based on the fair value at the grant dates consistent with the method of SFAS No. 123, our net income and income per share would have been as follows (in thousands, except per share amounts):

		1999	1998
Net income	As reported	\$ 53,349	\$ 43,015
	Adjusted	\$ 52,540	\$ 42,460
=====			
Basic and diluted income per share	As reported	\$ 1.29	\$ 1.04
	Adjusted	\$ 1.27	\$ 1.03
=====			

The adjusted effects to net income presented reflect compensation costs for all outstanding options which were granted during 1997 and 1999. The compensation cost is being reflected over the options' vesting period of five years. Therefore, the full impact of calculating compensation costs of options under SFAS No. 123 is not reflected.

The fair value per option was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	1999 Grant	1997 Grant
Risk-free interest rate	5.10%	5.72%
Expected dividend yield	1.00%	1.00%
Expected volatility factor	30.00%	25.00%
Expected option term	7 years	7 years
Fair value per option	\$ 9.31	\$ 6.09

8. Commitments and Contingencies

Employee Benefit Plans - We participate in a defined contribution profit-sharing and savings plan which qualifies under section 401(k) of the Internal Revenue Code and covers all full-time employees with one or more years of continuous service. Annual profit-sharing contributions are determined by each company's board of directors, in accordance with the provisions of the plan. We can also elect to make matching contributions to the plan at the discretion of our board of directors. We contributed a 3% match in 1999. There were no Company matching contributions during 1998 or 1997. Profit-sharing plan expense, including matching contributions, was approximately \$5,928,000 in 1999, \$4,560,000 in 1998, and \$4,030,000 in 1997.

Lease Commitments - We lease certain facilities, equipment and automobiles under operating leases. Lease expense was \$16,072,000 for 1999, \$14,376,000 for 1998 and \$13,356,000 for 1997.

Minimum future lease commitments under noncancelable lease agreements in excess of one year as of December 31, 1999 are as follows (in thousands):

2000	\$10,277
2001	8,516
2002	6,053
2003	3,271
2004	2,018
Thereafter	83

	\$30,218
=====	

Litigation - We are currently not subject to any pending or threatened litigation, other than routine litigation arising in the ordinary course of business, none of which is expected to have a material adverse effect on our financial condition or results of operations.

9. Supplementary Data (Unaudited)

Our results of operations for each of the quarters in the years ended December 31, 1999 and 1998 are summarized below (in thousands, except per share data).

1999	Quarters Ended			
	March 31	June 30	September 30	December 31
Gross revenues	\$509,275	\$579,423	\$593,354	\$578,975
Cost of transportation and products	442,256	506,027	518,351	501,110
Net revenues	67,019	73,396	75,003	77,865
Income from operations	16,911	22,060	22,193	22,664
Net income	\$ 10,772	\$ 13,982	\$ 14,042	\$ 14,553
Basic and diluted net income per share	\$.26	\$.34	\$.34	\$.35
Basic weighted average shares outstanding	41,186	41,195	41,181	41,351
Dilutive effect of outstanding stock options	157	283	331	327
Diluted weighted average shares outstanding	41,343	41,478	41,512	41,678

1998	Quarters Ended			
	March 31	June 30	September 30	December 31
Gross revenues	\$468,189	\$546,672	\$516,181	\$507,097
Cost of transportation and products	412,968	483,380	452,422	443,703
Net revenues	55,221	63,292	63,759	63,394
Income from operations	13,354	18,621	18,933	17,535
Net income	\$ 8,374	\$ 11,612	\$ 11,911	\$ 11,118
Basic and diluted net income per share	\$.20	\$.28	\$.29	\$.27
Basic weighted average shares outstanding	41,251	41,215	41,203	41,195
Dilutive effect of outstanding stock options	101	100	89	82
Diluted weighted average shares outstanding	41,352	41,315	41,292	41,277

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
C.H. Robinson Worldwide, Inc. and Subsidiaries

To C.H. Robinson Worldwide, Inc.:

We have audited the accompanying consolidated balance sheets of C.H. Robinson Worldwide, Inc. (a Delaware corporation) and Subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, stockholders' investment and comprehensive income and cash flows for each of the three years in the period ended December 31, 1999. 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. 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 C.H. Robinson Worldwide, Inc. and Subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Minneapolis, Minnesota
January 28, 2000

REPORT OF MANAGEMENT

The management of C.H. Robinson Worldwide, Inc., is responsible for the integrity and objectivity of the consolidated financial statements and other financial information contained in this annual report. The consolidated financial statements and related information were prepared in accordance with accounting principles generally accepted in the United States and include some amounts that are based on management's best estimates and judgments.

To meet its responsibility, management depends on its accounting systems and related internal accounting controls. These systems are designed to provide reasonable assurance, at an appropriate cost, that financial records are reliable for use in preparing financial statements and that assets are safe-guarded. Qualified personnel throughout the organization maintain and monitor these internal accounting controls on an ongoing basis.

The Audit Committee of the Board of Directors, composed entirely of directors who are not employees of the Company, meets periodically and privately with the Company's independent public accountants as well as management to review accounting, auditing, internal control, financial reporting and other matters.

*/s/ John P. Wiehoff
John P. Wiehoff
President*

*/s/ Chad M. Lindbloom
Chad M. Lindbloom
Vice President and Chief Financial Officer*

EXHIBIT 21

SUBSIDIARIES OF C.H. ROBINSON WORLDWIDE, INC.

The Company's consolidated subsidiaries are shown below together with the percentage of voting securities owned and the state or jurisdiction of organization of each subsidiary. The names have been omitted for subsidiaries which, if considered in the aggregate as a single subsidiary, do not constitute a significant subsidiary. Subsidiaries of subsidiaries are indented in the following table:

Subsidiaries -----	Percentage of Outstanding Voting Securities Owned -----
C.H. Robinson International, Inc. (Minnesota)	100%
C.H. Robinson Venezuela, C.A. (Venezuela)	51%
C.H. Robinson de Mexico, S.A. de C.V. (Mexico)	100%
C.H. Robinson Company (Canada) Ltd. (Ontario, Canada)	100%
C.H. Robinson Company (Delaware)	100%
C.H. Robinson Company LP (Minnesota)	1%
C.H. Robinson Company, Inc. (Minnesota)	100%
CHR Aviation, LLC (Minnesota)	100%
Daystar-Robinson, Inc. (Delaware)	100%
Fresh 1 Marketing, Inc. (Minnesota)	100%
Preferred Translocation Systems, Inc (Minnesota)	100%
Robinson Holding Company (Minnesota)	100%
C.H. Robinson Company LP (Minnesota)	99%
Wagonmaster Transportation Co. (Minnesota)	100%
Robinson Europe, S.A. (France)	100%
Robinson Italia S.R.L (Italy)	95%
C.H. Robinson Poland Sp. Zo.o (Poland)	100%
Comexter Trading S.A. (Argentina)	100%
Comexter Cargo S.A. (Argentina)	100%
Geotrade S.A. (Argentina)	100%
Comexter Trading Company (Florida)	100%
Comexter Cargo, Inc. (Florida)	100%
Norminter S.A. (France)	100%
C.H. Robinson (UK) Limited (United Kingdom)	100%

Norminter France SARL	100%
(France)	
Norminter Iberica	98%
(Spain)	
E.G.C. SARL	100%
(France)	
Payment & Logistics Services, Inc.	100%
(Minnesota)	
T-Chek Systems, Inc.	100%
(Minnesota)	
Robinson Logistica Do Brasil Ltda.	100%
(Brazil)	

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report incorporated by reference in this Form 10-K, into the Company's previously filed Registration Statement Nos. 333-53047, 333-41027 and 333-41899.

/s/ ARTHUR ANDERSEN LLP

*Minneapolis, Minnesota
March 24, 2000*

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1999
PERIOD START	JAN 01 1999
PERIOD END	DEC 31 1999
CASH	49,637
SECURITIES	0
RECEIVABLES	288,576
ALLOWANCES	18,280
INVENTORY	1,785
CURRENT ASSETS	343,052
PP&E	51,387
DEPRECIATION	26,640
TOTAL ASSETS	522,661
CURRENT LIABILITIES	275,894
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	4,228
OTHER SE	242,539
TOTAL LIABILITY AND EQUITY	522,661
SALES	0
TOTAL REVENUES	2,261,027
CGS	0
TOTAL COSTS	2,177,199
OTHER EXPENSES	0
LOSS PROVISION	10,393
INTEREST EXPENSE	0
INCOME PRETAX	88,477
INCOME TAX	35,128
INCOME CONTINUING	53,349
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	53,349
EPS BASIC	1.29
EPS DILUTED	1.29

CAUTIONARY STATEMENT

Forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "PSLRA") are included in our Form 10-K. The words or phrases "believes," "may," "will," "expects," "should," "continue," "anticipates," "intends," "will likely result," "estimates," "projects" or similar expressions identify forward-looking statements in our Form 10-K and in our future filings with the Securities and Exchange Commission, in our press releases, in our presentations to securities analysts or investors, and in oral statements made by or approved by an executive officer of Robinson. Forward-looking statements involve risks and uncertainties that may materially and adversely affect our business, results of operation, financial condition or prospects, and may cause our actual results to differ materially from historical results or the results discussed in the forward-looking statements.

You should consider carefully the following cautionary statements if you own our common stock or are planning to buy our common stock. We intend to take advantage of the "safe harbor" provisions of the PSLRA by providing this discussion. We are not undertaking to address or update each factor in future filings or communications regarding our business or results except to the extent required by law.

Demand for our services may decrease during an economic recession. The transportation industry historically has experienced cyclical financial results as a result of economic recession, the business cycles of customers, price hikes by carriers, interest rate fluctuations, and other economic factors beyond our control. Carriers can be expected to charge higher prices to cover higher operating expenses, and our net revenues and income from operations may decrease if we are unable to pass through to our customers the full amount of higher transportation costs. If economic recession or a downturn in our customers' business cycles causes a reduction in the volume of freight shipped by those customers, particularly among certain national retailers or in the food, beverage or printing industries, our operating results could also be adversely affected.

We depend upon available equipment and services. We do not own trucks or other transportation equipment, and we depend in part on independent third parties to provide truck, rail, ocean and air services. Equipment shortages in the transportation industry have occasionally occurred, particularly among truckload carriers. If we are unable to secure sufficient equipment or other transportation services to meet our customers' needs, our operating results could be materially and adversely affected, and our customers could switch to our competitors temporarily or permanently.

Our international business raises additional difficulties. We provide services within and between continents on an increasing basis. Our business outside of the United States is subject to various risks, including:

- . changing local economic and market conditions,
- . political and economic instability,

- . fluctuations in currency exchange rates,
- . armed conflicts, and
- . unexpected changes in United States and foreign laws relating to tariffs, trade restrictions, transportation regulations, foreign investments and taxation.

As we expand our business in foreign countries we will expose the Company to increased risk of loss from foreign currency fluctuations and exchange controls as well as longer accounts receivable payment cycles. We have no control over these risks, and if we do not correctly anticipate changes in international economic and political conditions, we may not alter our business practices in time to avoid adverse effects.

Our management and internal systems may be inadequate to handle continued growth of our business. Our continued success depends upon our ability to attract and retain a large group of motivated salespersons and other logistics professionals. If we cannot recruit and retain a sufficient number of personnel, we may be forced to limit our growth. We cannot assure you that we will be able to continue to hire and retain a sufficient number of qualified personnel. Our rapid expansion of operations has placed added demands on our management and operating systems. Continued expansion depends in large part on our ability to develop successful salespersons into managers and to implement enhancements to our information systems that are adaptable to the changes in our business and the requirements of our customers.

We face substantial industry competition. Competition in the transportation services industry is intense and broad based. We compete against other non-asset based logistics companies as well as logistics companies that own their own equipment, third-party freight brokers, Internet matching services and Internet freight brokers, and carriers offering logistics services. We also compete against carriers' internal sales forces and shippers' transportation departments. We often buy and sell transportation services from and to many of our competitors. Historically, competition has created downward pressure on freight rates, and continued rate pressure may adversely affect our net revenues and income from operations.

Our earnings may be affected by seasonal changes in the transportation industry. Results of operations for our industry generally show a seasonal pattern as customers reduce shipments during and after the winter holiday season. In recent years, our operating income and earnings have been lower in the first quarter than in the other three quarters. Although seasonal changes in the transportation industry have not had a significant impact on our cash flow or results of operations, we expect this trend to continue and we cannot assure you that it will not adversely impact us in the future.

Our sourcing business is dependent upon the supply and price of fresh produce. The supply and price of fresh produce is affected by government food safety regulation, growing conditions (such as drought, insects and disease), and other conditions over which we have no control. Shortages or overproduction of fresh produce affect commodity prices, which are often highly volatile.

Sourcing and reselling fresh produce exposes us to possible product liability. Agricultural chemicals used on fresh produce are subject to various approvals, and the

commodities themselves are subject to regulations on cleanliness and contamination. Product recalls in the produce industry have been caused by concern about particular chemicals and alleged contamination, often leading to lawsuits brought by consumers of allegedly affected produce. Because we sell produce, we may have legal responsibility arising from the sale. While we are insured for up to \$75 million for product liability claims, settlement of class action claims is often costly, and we cannot assure you that our liability coverage will be adequate and will continue to be available. If we have to recall produce, we may be required to bear the cost of repurchasing, transporting and destroying any allegedly contaminated product, which our insurance does not cover. Any recall or allegation of contamination could affect our reputation, particularly of our produce brand: The Fresh 1(R). Loss due to spoilage (including the need for disposal) is also a routine part of the sourcing business.

Our business depends upon compliance with numerous government regulations. We are licensed by the Department of Transportation as a broker authorized to arrange for the transportation of general commodities by motor vehicle. We must comply with certain insurance and surety bond requirements to act in this capacity. We are also licensed by the Federal Maritime Commission as an ocean freight forwarder, which requires us to maintain a non-vessel operating common carrier bond. We are also licensed by the United States Customs Service of the Department of the Treasury. We source fresh produce under a license issued by the Department of Agriculture. Our failure to comply with the laws and regulations applicable to entities holding these licenses could materially and adversely affect our results of operations or financial condition. Legislative or regulatory changes can affect the economics of the transportation industry by requiring changes in operating practices or influencing the demand for, and the cost of providing, transportation services.

We increasingly derive a significant portion of our gross revenues from our largest clients. The sudden loss of a number of our major clients could materially and adversely affect our operating results.

Our change to public company status may have a detrimental effect on our corporate culture. Prior to our initial public offering, more than 700 employees owned substantially all of our outstanding common stock. Consequently, our employees considered themselves the owners of C.H. Robinson. As a result of our establishing a public market for the trading of shares of our common stock, a larger portion of common stock may rest in the hands of the general public, and our employee stockholders will have significant liquid assets. This change in structure and liquidity may adversely affect employee motivation. We had also issued restricted stock as an incentive, and employees owning common stock before going public profited from the growth in the book value of the common stock. We have replaced our previous stock program with new stock-based programs, but we cannot predict whether the new plans will be perceived as being a less valuable form of compensation. If we find that we must initiate new incentive programs to improve employee performance in the future, our results of operations could be adversely affected.

We may be unable to identify or complete suitable acquisitions and investments. We may acquire or make investments in complementary businesses, products, services or technologies. We cannot assure you that we will be able to identify suitable acquisitions or

investment candidates. Even if we identify suitable candidates, we cannot assure you that we will be able to make acquisitions or investments on commercially acceptable terms, if at all. If we acquire a company, we may have difficulty assimilating its businesses, products, services, technologies and personnel into our operations. These difficulties could disrupt our ongoing business, distract our management and workforce, increase our expenses and adversely affect our results of operations. In addition, we may incur debt or be required to issue equity securities to pay for future acquisitions or investments. The issuance of

any equity securities could be dilutive to our stockholders.

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