

C H ROBINSON WORLDWIDE INC

FORM 10-Q (Quarterly Report)

Filed 8/8/2001 For Period Ending 6/30/2001

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

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

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)

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 ☐

As of July 31, 2001, the number of outstanding shares of the registrant's common stock was 84,550,512.

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except per share amounts)

ASSETS	June 30, 2001	December 31, 2000
	<u>(unaudited)</u>	<u></u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 71,585	\$ 79,912
Receivables, net of allowance for doubtful accounts of \$23,847 and \$22,712	378,948	354,953
Deferred tax asset	16,174	21,219
Prepaid expenses and other	6,203	4,155
	<u>472,910</u>	<u>460,239</u>
Total current assets	472,910	460,239

PROPERTY AND EQUIPMENT, net	27,795	29,402
INTANGIBLE AND OTHER ASSETS, net	152,594	154,566
	<hr/>	<hr/>
	\$ 653,299	\$ 644,207
	<hr/>	<hr/>

LIABILITIES AND STOCKHOLDERS' INVESTMENT

CURRENT LIABILITIES:

Accounts payable	\$ 274,628	\$ 285,932
Accrued expenses –		
Compensation and profit-sharing contribution	21,816	33,456
Income taxes and other	30,020	26,863
	<hr/>	<hr/>
Total current liabilities	326,464	346,251

LONG TERM OBLIGATIONS AND OTHER	866	940
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STOCKHOLDERS' INVESTMENT:

Preferred stock, \$0.10 par value, 20,000 shares authorized;		
No shares issued or outstanding	--	--
Common stock, \$0.10 par value; 130,000 shares authorized;		
85,009 and 85,008 shares issued, 84,324 and 84,621 shares outstanding	8,432	8,462
Additional paid-in capital	100,345	101,571
Retained earnings	236,781	204,463
Deferred compensation	(6,614)	(6,980)
Cumulative other comprehensive loss	(1,224)	(1,049)
Treasury stock at cost (448 and 387 shares)	(11,751)	(9,451)
	<hr/>	<hr/>
Total stockholders' investment	325,969	297,016
	<hr/>	<hr/>
	\$ 653,299	\$ 644,207
	<hr/>	<hr/>

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

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C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations and Comprehensive Income
(In thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
GROSS REVENUES	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 796,694	\$ 750,994	\$ 1,529,178	\$ 1,401,085
COST OF TRANSPORTATION AND PRODUCTS	<hr/>	<hr/>	<hr/>	<hr/>
	678,691	644,596	1,297,866	1,196,312
NET REVENUES	<hr/>	<hr/>	<hr/>	<hr/>
	118,003	106,398	231,312	204,773

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	81,446	74,962	165,381	148,248
INCOME FROM OPERATIONS	36,557	31,436	65,931	56,525
INVESTMENT AND OTHER INCOME (EXPENSE)	739	(123)	1,245	(73)
INCOME BEFORE PROVISION FOR INCOME TAXES	37,296	31,313	67,176	56,452
PROVISION FOR INCOME TAXES	14,654	12,369	26,400	22,299
NET INCOME	22,642	18,944	40,776	34,153
OTHER COMPREHENSIVE INCOME (LOSS): Foreign currency translation adjustment	(137)	30	(175)	(72)
COMPREHENSIVE INCOME	\$ 22,505	\$ 18,974	\$ 40,601	\$ 34,081
 BASIC NET INCOME PER SHARE	\$ 0.27	\$ 0.22	\$ 0.48	\$ 0.40
DILUTED NET INCOME PER SHARE	\$ 0.26	\$ 0.22	\$ 0.48	\$ 0.40
BASIC WEIGHTED AVERAGE SHARES OUTSTANDING	84,353	84,582	84,362	84,571
DILUTIVE EFFECT OF OUTSTANDING STOCK OPTIONS	1,529	1,044	1,456	979
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	85,882	85,626	85,818	85,550

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

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C.H. ROBINSON WORLDWIDE INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Six Months Ended June 30,	
	2001	2000
OPERATING ACTIVITIES:		
Net income	\$ 40,776	\$ 34,153
Adjustments to reconcile net income to net cash provided by operating activities –		
Depreciation and amortization	9,600	8,346
Deferred compensation expense	366	--
Deferred income taxes	3,205	(1,108)
Loss on sale or disposal of assets	270	272
Changes in operating elements –		
Receivables	(23,995)	(97,361)
Prepaid expenses and other	(1,951)	(2,355)
Accounts payable	(11,312)	62,798
Accrued compensation and profit sharing contribution	(11,640)	(5,732)
	3,157	8,807

Accrued income taxes and other		
Net cash provided by operating activities	8,476	7,820
INVESTING ACTIVITIES:		
Purchases of property and equipment	(4,431)	(10,039)
Sales of property and equipment	--	118
Other, net	(366)	(445)
Net cash used for investing activities	(4,797)	(10,366)
FINANCING ACTIVITIES:		
Sale of common stock	2,944	1,725
Repurchase of common stock	(6,500)	(2,573)
Cash dividends	(8,450)	(6,675)
Net cash used for financing activities	(12,006)	(7,523)
Net decrease in cash and cash equivalents	(8,327)	(10,069)
CASH AND CASH EQUIVALENTS, beginning of period	79,912	49,637
CASH AND CASH EQUIVALENTS, end of period	\$ 71,585	\$ 39,568

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

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C.H. ROBINSON WORLDWIDE INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. General:

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 138 branch offices in North America, South America and Europe. The condensed consolidated financial statements include the accounts of C.H. Robinson Worldwide, Inc. and its majority owned and controlled subsidiaries. Minority interests in subsidiaries are not significant. All significant intercompany transactions and balances have been eliminated in the condensed consolidated financial statements.

The condensed consolidated financial statements, which are unaudited, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In management's opinion, these financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for the six months ended June 30, 2001 and 2000 are not necessarily indicative of results to be expected for the entire year. Pursuant to SEC rules and regulations, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted from these statements. The condensed consolidated financial statements and notes thereto should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with our Condensed Consolidated Financial Statements and Notes thereto.

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 has 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.

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Results of Operations

The following table summarizes our net revenues by service line:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2001	2000	% change	2001	2000	% change
Net revenues (in thousands)						
Transportation:						
Truck	\$ 89,958	\$ 77,407	16.2%	\$ 177,166	\$ 150,705	17.6%
Intermodal	3,849	3,667	5.0%	7,594	6,837	11.1%
Ocean	4,034	4,823	(16.4)%	7,509	8,227	(8.7)%
Air	792	1,024	(22.7)%	1,455	1,623	(10.4)%
Miscellaneous	1,741	1,819	(4.3)%	3,378	3,857	(12.4)%
Total transportation:	100,374	88,740	13.1%	197,102	171,249	15.1%
Sourcing	12,436	12,615	(1.4)%	23,966	23,505	2.0%
Information services	5,193	5,043	3.0%	10,244	10,019	2.2%
Total	\$ 118,003	\$ 106,398	10.9%	\$ 231,312	\$ 204,773	13.0%

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Net revenues	100.0%	100.0%	100.0%	100.0%
Selling, general and administrative expenses	69.0%	70.5%	71.5%	72.4%
Income from operations	31.0%	29.5%	28.5%	27.6%
Investment and other income (expense)	0.6%	(0.1)%	0.5%	0.0%
Income before provision for income taxes	31.6%	29.4%	29.0%	27.6%
Provision for income taxes	12.4%	11.6%	11.4%	10.9%
Net income	19.2%	17.8%	17.6%	16.7%

Three Months Ended June 30, 2001 Compared to Three Months Ended June 30, 2000

Revenues. Gross revenues for the three months ended June 30, 2001 were \$796.7 million, an increase of 6.1% over gross revenues of \$751.0 million for the three months ended June 30, 2000. Net revenues for the three months ended June 30, 2001 were \$118.0 million, an increase of 10.9% over net revenues of \$106.4 million for the three months ended June 30, 2000, resulting from an increase in transportation net revenues of 13.1% to \$100.4 million, a decrease in sourcing net revenues of 1.4% to \$12.4 million, and an increase in information services net revenues of 3.0% to \$5.2 million. Our net revenues increased at a faster rate than our gross revenues due to the different growth rates of our service lines. The net revenue margin, or net revenues as a percentage of gross revenues, varies by business line. Information services has the highest net revenue margin, followed by transportation and finally sourcing.

Transportation net revenues were 85.1% of our total net revenues for the quarter. Our transportation net revenues grew at 13.1%, with growth in our truck business of 16.2%, and in our intermodal business of 5.0%. Our truck business growth, including less-than-truckload business, was primarily volume driven, as net revenue per transaction stayed relatively consistent. Our intermodal net revenue growth rate slowed compared to recent quarters,

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primarily as a result of somewhat depressed truckload rates, which lessened the financial incentives to move goods via intermodal, and also slower growth of the economy. Our net revenues in air, ocean and miscellaneous (primarily customs brokerage revenue) decreased a total of 14.3% for the quarter. A significant portion of our net revenues in these three areas is earned from several key customers. Our business with these key customers is down due to their decreased volumes.

Sourcing net revenues decreased 1.4% in the second quarter. The company continues to see the trend of less volume with its traditional business with produce wholesalers, which is offset by increases in volumes and net revenues with large retailers. The consolidation and growth of large grocery retailers has contributed to less reliance on produce wholesalers.

T-Chek Systems-related revenues made up 98% of the information services net revenues during the second quarter of 2001 compared to 90% in the second quarter of 2000. In 2000, the remaining 10% consisted of some software maintenance revenues that ended in December 2000 and freight payment services. We completed a one year phase-out of our freight payment services in June 2001. T-Chek-related revenues were up 13.3% this quarter. T-Chek's growth has been negatively impacted by the slowdown in the U.S. truckload market because it generates fees when its customers buy fuel, and many carriers are having difficult times financially.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the three months ended June 30, 2001 were \$81.4 million, an increase of 8.6% over \$75.0 million for the three months ended June 30, 2000. Selling, general and administrative expenses as a percentage of net revenues decreased to 69.0% for the three months ended June 30, 2001 compared to 70.5% for the three months ended June 30, 2000. During 2000, we incurred expenses integrating American Backhaulers, our acquisition in December 1999. Those integration expenses have been much lower in 2001. Also, our branch network was able to reduce their discretionary spending during the quarter to add to the decrease in selling, general and administrative expenses as a percentage of revenue.

Income from Operations. Income from operations was \$36.6 million for the three months ended June 30, 2001, an increase of 16.3% over \$31.4 million for the three months ended June 30, 2000. Income from operations as a percentage of net revenues was 31.0% and 29.5% for the three months ended June 30, 2001 and 2000.

Investment and Other Income (Expense). Investment and other income was \$739,000 for the three months ended June 30, 2001 compared to an expense of \$123,000 for the three months ended June 30, 2000. Our cash and investments as of June 30, 2001 increased \$32.0 million over the balance as of June 30, 2000. In December 1999, we paid \$100 million to purchase American Backhaulers (ABH) which lowered our cash available for investments in 2000. This caused us to borrow on our line of credit during 2000, which created interest expense.

Provision for Income Taxes. The effective income tax rates were 39.3% and 39.5% for the three months ended June 30, 2001 and 2000. The effective 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 \$22.6 million for the three months ended June 30, 2001, an increase of 19.5% over \$18.9 million for the three months ended June 30, 2000. Net income per share increased by 22.7% to \$0.27 (basic) and 18.2% to \$0.26 (diluted) for the three months ended June 30, 2001 compared to \$0.22 (basic and diluted) for the three months ended June 30, 2000.

Six Months Ended June 30, 2001 Compared to Six Months Ended June 30, 2000

Revenues. Gross revenues for the six months ended June 30, 2001 were \$1.53 billion, and increase of 9.1% over gross revenues of \$1.40 billion for the six months ended June 30, 2000. Net revenues for the six months ended June 30, 2001 were \$231.3 million, an increase of 13.0% over net revenues of \$204.8 million for the six months ended June 30, 2000, resulting from an increase in transportation net revenues of 15.1% to \$197.1 million, an increase in sourcing net revenues of 2.0% to \$24.0 million, and an increase in information services net revenues of 2.2% to \$10.2 million. Our net revenues increased at a faster rate than our gross revenues due to the different growth rates of our service lines. The net revenue margin, or net revenues as a percentage of gross revenues, varies

by business line. Information services has the highest net revenue margin, followed by transportation and finally sourcing.

Transportation net revenues were 85.2% of our total net revenues for the six months ended June 30, 2001. Our transportation net revenues grew at 15.1%, with growth in our truck business of 17.6%, and in our intermodal business of 11.1%. Our truck business growth was primarily volume driven, with slight expansion in our net revenue margin. We have historically been able to grow in slowing economies by adding new customers and providing additional services to existing customers. The net revenue margin expansion is primarily related to the mix of services provided. Our intermodal net revenue growth rate slowed compared to recent periods. This was primarily a result of somewhat depressed truckload rates, which lessened the financial incentives to move goods via intermodal and also slower growth of the economy. Our net revenues in air, ocean and miscellaneous (primarily customs brokerage revenue) decreased a total of 10.0%. A significant portion of our net revenues in these three areas is earned from several key customers. Our business with these key customers is down due to their decreased volumes.

Sourcing net revenues increased 2.0% in the first six months of the year. The company continues to see the trend of less volume with its traditional business with produce wholesalers, which is offset by increases in volumes and net revenues with large retailers. The consolidation and growth of large grocery retailers has contributed to less reliance on produce wholesalers.

T-Chek Systems-related revenues made up 97% of the information services net revenues during the first six months of 2001 compared to 89% in the first six months of 2000. In 2000, the remaining 11% consisted of some software maintenance revenues that ended in December 2000 and freight payment services. We completed a one year phase-out of our freight payment services in June 2001. T-Chek-related revenues were up 10.8% in the first six months of 2001. T-Chek's growth has been negatively impacted by the slowdown in the U.S. truckload market because it generates fees when its customers buy fuel, and many carriers are having difficult times financially.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the six months ended June 30, 2001 were \$165.4 million, an increase of 11.6% over \$148.2 million for the six months ended June 30, 2000. Selling, general and administrative expenses as a percentage of net revenues decreased to 71.5% for the six months ended June 30, 2001 compared to 72.4% for the six months ended June 30, 2000. During 2000, we incurred expenses integrating American Backhaulers, our acquisition in December 1999. Those integration expenses have been much lower in 2001. Also, our branch network was able to reduce their discretionary spending during the period to add to the decrease in selling, general and administrative expenses as a percentage of revenue.

Income from Operations. Income from operations was \$65.9 million for the six months ended June 30, 2001, an increase of 16.6% over \$56.5 million for the six months ended June 30, 2000. Income from operations as a percentage of net revenues was 28.5% and 27.6% for the six months ended June 30, 2001 and 2000.

Investment and Other Income (Expense). Investment and other income was \$1,245,000 for the six months ended June 30, 2001 compared to an expense of \$73,000 for the six months ended June 30, 2000. Our cash and cash equivalents as of June 30, 2001 increased \$32.0 million over the balance as of June 30, 2000. In December 1999, we paid \$100 million to purchase American Backhaulers (ABH) which lowered our cash available for investment in 2000. This caused us to borrow on our line of credit during 2000, which created interest expense.

Provision for Income Taxes. The effective income tax rates were 39.3% and 39.5% for the six months ended June 30, 2001 and 2000. The effective income tax rate for both periods is greater than the statutory rate primarily due to state income taxes, net of federal benefit.

Net Income. Net income was \$40.8 million for the six months ended June 30, 2001, an increase of 19.4% over \$34.2 million for the six months ended June 30, 2000. Net income per share increased by 20.0% to \$0.48 (basic and diluted) for the six months ended June 30, 2001 compared to \$0.40 (basic and diluted) for the six months ended June 30, 2000.

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 \$71.6 million and \$79.9 million as of June 30, 2001 and December 31, 2000. Our cash and cash equivalents decreased in the first six months primarily due to the shutdown of our freight payment company. This company had a \$22 million positive cash balance as of December 31, 2000 and was closed in early June, 2001.

We generated \$8.5 million and \$7.8 million of cash flow from operations for the six months ended June 30, 2001 and 2000. Our operating cash flows were reduced during the first six months of 2001 as a result of closing our freight payment service and were reduced during the first six months of 2000 as a result of funding the working capital of American Backhaulers (ABH).

We used \$4.8 million and \$10.4 million of cash and cash equivalents for investing activities for the six months ended June 30, 2001 and 2000. The decrease in cash used for investing activities is primarily due to our decrease in capital expenditures to \$4.4 million in the first six months of 2001 from \$10.0 million in the first six months of 2000. In 2000 we purchased computers and related equipment to upgrade our company-wide network and to accommodate our headcount growth. During 2001, we have maintained a consistent headcount, which decreases our need for new capital expenditures.

We also used \$12.0 million and \$7.5 million of cash and cash equivalents for financing activities for the six months ended June 30, 2001 and 2000, primarily to pay quarterly cash dividends and to repurchase common stock. We declared a \$0.05 per share dividend payable to stockholders of record of June 12, 2001, paid on July 2, 2001.

We have \$40.0 million available under an existing line of credit at an interest rate of LIBOR plus 60 basis points (4.46% as of June 30, 2001). During the first six months of 2001, we had borrowings of \$9.0 million, all of which was repaid by June 30, 2001. Our credit agreement contains certain financial covenants, but does not restrict the payment of dividends. We were in compliance with all covenants of the agreement as of June 30, 2001. The line of credit expires on December 16, 2002 and we expect to be able to renew the line of credit in the future.

We also have 20 million French francs available under a line of credit at an interest rate of Euribor plus 90 basis points (5.43% at June 30, 2001). This discretionary line of credit has no expiration date. As of June 30, 2001, the outstanding balance was 14.9 million French francs or \$1.9 million, which is included in income taxes and other current liabilities. Our credit agreement contains certain financial covenants, but does not restrict the payment of dividends. We were in compliance with all covenants of this agreement as of June 30, 2001.

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 lines of credit, are expected to be sufficient to satisfy our anticipated needs for working capital, capital expenditures and cash dividends for all future periods.

New Accounting Pronouncements

On June 29, 2001, the Financial Accounting Standards Board (FASB) approved for issuance Statement of Financial Accounting Standards (SFAS) 141, Business Combinations, and SFAS 142, Goodwill and Intangible Assets. Major provisions of these Statements are as follows: all business combinations initiated after June 30, 2001 must use the purchase accounting method of accounting; the pooling of interest method of accounting is prohibited except for transactions initiated before July 1, 2001; intangible assets acquired in a business combination must be recorded separately from goodwill if they arise from contractual or other legal rights or are separable from the acquired entity and can be sold, transferred, licensed, rented or exchanged, either individually or as part of a related contract, asset or liability; goodwill and intangible assets with indefinite lives are not amortized but tested for impairment annually, except in certain circumstances, and whenever there is an impairment indicator; all acquired goodwill must be assigned to reporting units for purposes of impairment testing and segment reporting; effective January 1, 2002, goodwill will no longer be subject to amortization. Management is currently reviewing the provision of these Statements and their impact on the Company's results of operations.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

We had approximately \$71.6 million of cash and investments on June 30, 2001, all of which were cash and cash equivalents. 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.

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Cautionary Statement Relevant to Forward-Looking Information

Our discussions and analysis of our financial condition and results of operations, including our market risk discussions, contain certain "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-Q 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-Q 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 on a variety of important factors, including those described in Exhibit 99 to our Form 10-K filed with the Securities and Exchange Commission with respect to the fiscal year ended December 31, 2000.

PART II — OTHER INFORMATION

ITEM 1. Legal Proceedings

None.

ITEM 2. Changes in Securities and Use of Proceeds

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of the Company's stockholders was held on May 1, 2001. At the meeting, stockholders voted on the reelection of two directors for terms expiring at the Annual Meeting of the Company in 2004. Each of the directors was reelected by a vote as follows: D.R. Verdoorn received 67,717,695 votes "For" and 10,568,522 votes were "Withheld;" and Barry W. Butzow received 67,731,457 votes "For" and 10,554,760 votes were "Withheld".

The Company's 1997 Omnibus Stock Plan (the "Plan") was amended to increase the number of shares authorized for issuance under the Plan by 5,000,000 with 34,519,661 votes in favor, 27,295,951 against, 283,236 abstentions and 16,187,369 broker non-votes.

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ITEM 5. Other Information

None.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.1 1997 Omnibus Stock Plan (as amended May 1, 2001).

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended June 30, 2001.

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SIGNATURES

Pursuant to the requirements 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.

Date: August 8, 2001

C.H.ROBINSON WORLDWIDE, INC.

By /s/ D.R. Verdoorn
D.R. Verdoorn
Chief Executive Officer

By /s/ Thomas K. Mahlke
Thomas K. Mahlke
Controller
(principal accounting officer)

EXHIBIT INDEX

Exhibit No. Description

10.1 1997 Omnibus Stock Plan (as amended May 1, 2001).

Exhibit 10.1

**C.H. ROBINSON WORLDWIDE, INC.
1997 OMNIBUS STOCK PLAN
(as amended May 1, 2001)**

Section 1. Purpose.

The purpose of the Plan is to promote the interests of the Company and its stockholders by aiding the Company in attracting, retaining and incentivizing employees, officers, consultants, independent contractors and non-employee directors.

Section 2. Definitions.

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "Affiliate" shall mean (i) any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, in each case as determined by the Committee.

(b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent, Other Stock Grant or Other Stock-Based Award granted under the Plan.

(c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

(e) "Committee" shall mean either the Board of Directors of the Company or a committee of the Board of Directors appointed by the Board of Directors to administer the Plan. The Company expects to have the Plan administered in accordance with the requirements for the award of "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

(f) "Company" shall mean C.H. Robinson Worldwide, Inc., a Delaware corporation, and any successor corporation.

(g) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the Plan.

(h) "Eligible Person" shall mean any employee, trust for the benefit of an employee, officer, consultant, independent contractor or director providing services to the Company or any Affiliate whom the Committee determines to be an Eligible Person.

(i) "Fair Market Value" shall mean, with respect to any property (including, without limitation, any Shares or other securities), the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.

Notwithstanding the foregoing, unless otherwise determined by the Committee, the Fair Market Value of Shares on a given date for purposes of the Plan shall not be less than (i) the closing price as reported for composite transactions, if the Shares are then listed on a national securities exchange, (ii) the last sale price, if the Shares are then quoted on the Nasdaq National Market or (iii) the average of the closing representative bid and asked prices of the Shares in all other cases, on the date as of which fair market value is being determined. If on a given date the Shares are not traded in an established securities market, the Committee shall make a good faith attempt to satisfy the requirements of this clause and in connection therewith shall take such action as it deems necessary or advisable.

(j) "Incentive Stock Option" shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.

(k) "Non-Qualified Stock Option" shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock

Option.

- (l) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option, and shall include Reload Options.
- (m) "Other Stock Grant" shall mean any right granted under Section 6(f) of the Plan.
- (n) "Other Stock-Based Award" shall mean any right granted under Section 6(g) of the Plan.
- (o) "Participant" shall mean an Eligible Person designated to be granted an Award under the Plan.
- (p) "Performance Award" shall mean any right granted under Section 6(d) of the Plan.
- (q) "Person" shall mean any individual, corporation, partnership, association or trust.
- (r) "Plan" shall mean the C.H. Robinson Worldwide, Inc. 1997 Omnibus Stock Plan, as amended from time to time.
- (s) "Reload Option" shall mean any Option granted under Section 6(a)(iv) of the Plan.
- (t) "Restricted Stock" shall mean any Shares granted under Section 6(c) of the Plan.
- (u) "Restricted Stock Unit" shall mean any unit granted under Section 6(c) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date.
- (v) "Shares" shall mean shares of Common Stock, \$0.10 par value, of the Company or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan.

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- (w) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.

Section 3. Administration.

(a) Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or with respect to which payments, rights or other matters are to be calculated in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement; (v) amend the terms and conditions of any Award or Award Agreement and accelerate the exercisability of Options or the lapse of restrictions relating to Restricted Stock, Restricted Stock Units or other Awards; (vi) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended; (vii) determine whether, to what extent and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee; (viii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (ix) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award.

(b) Delegation. The Committee may delegate its powers and duties under the Plan to one or more officers of the Company or any Affiliate or a committee of such officers, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion.

Section 4. Shares Available for Awards.

(a) Shares Available. Subject to adjustment as provided in Section 4(c), the aggregate number of Shares that may be issued under all Awards under the Plan shall be 9,000,000. Shares to be issued under the Plan may be either Shares held in treasury or newly issued. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited, or if an Award otherwise terminates without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture or termination, shall again be available for granting Awards under the Plan. Notwithstanding the foregoing, the number of Shares available for granting Incentive Stock Options under the Plan shall not exceed 9,000,000, subject to adjustment as provided in the Plan and Section 422 or 424 of the Code or any successor provision.

- (b) Accounting for Awards. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the

which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan.

(c) Adjustments. In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards and (iii) the purchase or exercise price with respect to any Award; provided, however, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number.

(d) Award Limitations Under the Plan. No Eligible Person may be granted any Award or Awards under the Plan, the value of which Awards is based solely on an increase in the value of the Shares after the date of grant of such Awards, for more than 500,000 Shares (subject to adjustment as provided for in Section 4(c)), in the aggregate in any calendar year. The foregoing annual limitation specifically includes the grant of any Awards representing “qualified performance-based compensation” within the meaning of Section 162(m) of the Code.

Section 5. Eligibility.

Any Eligible Person of the Company or any Affiliate, shall be eligible to be designated a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Company or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full or part-time employees (which term as used herein includes, without limitation, officers and directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a “subsidiary corporation” of the Company within the meaning of Section 424(f) of the Code or any successor provision.

Section 6. Awards.

(a) Options. The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee; provided, however, that the purchase price of an Incentive Stock Option shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option.

(ii) Option Term. The term of each Option shall be fixed by the Committee.

(iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms (including, without limitation, cash, Shares, other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price) in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

(iv) Reload Options. The Committee may grant Reload Options, separately or together with another Option, pursuant to which, subject to the terms and conditions established by the Committee, the Participant would be granted a new Option when the payment of the exercise price of a previously granted option is made by the delivery of Shares owned by the Participant pursuant to Section 6(a)(iii) hereof or the relevant provisions of another plan of the Company, and/or when Shares are tendered or forfeited as payment of the amount to be withheld under applicable income tax laws in connection with the exercise of an Option, which new Option would be an Option to purchase the number of Shares not exceeding the sum of (A) the number of Shares so provided as consideration upon the exercise of the previously granted option to which such Reload Option relates and (B) the number of Shares, if any, tendered or withheld as payment of the amount to be withheld under applicable tax laws in connection with the exercise of the option to which such Reload Option relates pursuant to the relevant provisions of the plan or agreement relating to such option. Reload Options may be granted with respect to Options previously granted under the Plan or any other stock option plan of the Company, and may be granted in connection with any Option granted under the Plan or any other stock option plan of the Company at the time of such grant. Such Reload Options shall have a per share exercise price equal to the Fair Market Value as of the date of grant of the new Option. Any Reload Option shall be subject to availability of

sufficient Shares for grant under the Plan. Shares surrendered as part or all of the exercise price of the Option to which it relates that have been owned by the optionee less than six months will not be counted for purposes of determining the number of Shares that may be purchased pursuant to a Reload Option .

(b) Stock Appreciation Rights . The Committee is hereby authorized to grant Stock Appreciation Rights to Participants subject to the terms of the Plan and any applicable Award Agreement. A Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the Fair Market Value of one Share on the date of exercise (or, if the Committee shall so determine, at any time during a specified period before or after the date of exercise) over (ii) the grant price of the Stock Appreciation Right as specified by the Committee, which price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right. Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee. The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

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(c) Restricted Stock and Restricted Stock Units . The Committee is hereby authorized to grant Restricted Stock and Restricted Stock Units to Participants with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) Restrictions . Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, a waiver by the Participant of the right to vote or to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate.

(ii) Stock Certificates . Any Restricted Stock shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock. In the case of Restricted Stock Units, no Shares shall be issued at the time such Awards are granted.

(iii) Forfeiture . Except as otherwise determined by the Committee, upon termination of employment (as determined under criteria established by the Committee) during the applicable restriction period, all Shares of Restricted Stock and all Restricted Stock Units at such time subject to restriction shall be forfeited and reacquired by the Company; provided, however, that the Committee may, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the holders of the Restricted Stock Units.

(d) Performance Awards . The Committee is hereby authorized to grant Performance Awards to Participants subject to the terms of the Plan and any applicable Award Agreement. A Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan and any applicable Award Agreement, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee.

(e) Dividend Equivalents . The Committee is hereby authorized to grant Dividend Equivalents to Participants, subject to the terms of the Plan and any applicable Award Agreement, under which such Participants shall be entitled to receive payments (in cash, Shares, other securities, other Awards or other property as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Shares with respect to a number of Shares determined by the Committee.

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(f) Other Stock Grants . The Committee is hereby authorized, subject to the terms of the Plan and any applicable Award Agreement, to grant to Participants Shares without restrictions thereon as are deemed by the Committee to be consistent with the purpose of the Plan.

(g) Other Stock-Based Awards . The Committee is hereby authorized to grant to Participants subject to the terms of the Plan and any applicable Award Agreement, such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purpose of the Plan. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(g) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms (including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof), as the Committee shall determine.

(h) General.

(i) No Cash Consideration for Awards . Awards shall be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) Awards May Be Granted Separately or Together . Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any plan of the Company or any Affiliate other than the Plan. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under any such other plan of the Company or any Affiliate may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iii) Forms of Payment under Awards . Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine (including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof), and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents with respect to installment or deferred payments.

(iv) Limits on Transfer of Awards . No Award (other than Other Stock Grants) and no right under any such Award shall be transferable by a Participant otherwise than by will or by the laws of descent and distribution; provided, however, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, transfer Options (other than Incentive Stock Options) or designate a beneficiary or beneficiaries to exercise the rights of the Participant and receive any property distributable with respect to any Award upon the death of the Participant. Each Award or right under any Award shall be exercisable during the Participant's lifetime

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only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. No Award or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate.

(v) Term of Awards . The term of each Award shall be for such period as may be determined by the Committee.

(vi) Restrictions; Securities Exchange Listing . All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made or legends to be affixed to reflect such restrictions. If the Shares or other securities are listed on a securities exchange, the Company shall not be required to deliver any Shares or other securities covered by an Award until such Shares or other securities have been listed on such securities exchange.

Section 7. Amendment and Termination; Adjustments.

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

(a) Amendments to the Plan . The Board of Directors of the Company may amend, alter, suspend, discontinue or terminate the Plan.

(b) Amendments to Awards . The Committee may waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively. The Committee may not amend, alter, suspend, discontinue or terminate any outstanding Award, prospectively or retroactively, without the consent of the Participant or holder or beneficiary thereof, except as otherwise herein provided or in the Award Agreement.

(c) Correction of Defects, Omissions and Inconsistencies . The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

Section 8. Income Tax Withholding; Tax Bonuses.

(a) Withholding . In order to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal or state payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant are withheld or collected from such Participant. In order to assist a Participant in paying all or a portion of the federal and state taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (i) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of

such taxes or (ii) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

(b) Tax Bonuses. The Committee, in its discretion, shall have the authority, at the time of grant of any Award under this Plan or at any time thereafter, to approve cash bonuses to designated Participants to be paid upon their exercise or receipt of (or the lapse of restrictions relating to) Awards in order to provide funds to pay all or a portion of federal and state taxes due as a result of such exercise or receipt (or the lapse of such restrictions). The Committee shall have full authority in its discretion to determine the amount of any such tax bonus.

Section 9. General Provisions.

(a) No Rights to Awards. No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) Award Agreements. No Participant will have rights under an Award granted to such Participant unless and until an Award Agreement shall have been duly executed on behalf of the Company and, if requested by the Company, signed by the Participant.

(c) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate such employment at any time, with or without cause. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.

(e) Governing Law. The validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award, shall be determined in accordance with the laws of the State of Minnesota.

(f) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(g) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(h) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(i) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(j) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation under any compensation-based retirement, disability, or similar plan of the Company unless required by law or otherwise provided by such other plan.

Section 10. Effective Date of the Plan.

The Plan shall be effective as of August 14, 1997. The Plan contemplates the merger of C.H. Robinson, Inc. into C.H. Robinson Worldwide, Inc. If the Company's shareholders do not approve the Plan and the merger at a special meeting of shareholders scheduled for August 14, 1997, the Plan shall be null and void.

Section 11. Term of the Plan.

Awards shall only be granted under the Plan during a 10-year period beginning on the effective date of the Plan. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond the end of such 10-year period, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Board of Directors of the Company to amend the Plan, shall extend beyond the termination of the Plan.

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