

C H ROBINSON WORLDWIDE INC

FORM S-1

(Securities Registration Statement)

Filed 8/15/1997

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

**As filed with the Securities and Exchange Commission
on August 15, 1997**

Registration No. 333-

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

C.H. ROBINSON WORLDWIDE, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

4731
(Primary Standard Industrial
Classification Code Number)

41-1883630
(I.R.S. Employer
Identification Number)

**C.H. ROBINSON WORLDWIDE, INC.
8100 MITCHELL ROAD
EDEN PRAIRIE, MINNESOTA 55444-2248
(612) 937-8500**

(Address, including zip code, and telephone number, including area
code, of registrant's principal executive offices)

**D.R. VERDOORN, CHIEF EXECUTIVE OFFICER
C.H. ROBINSON WORLDWIDE, INC.
8100 MITCHELL ROAD
EDEN PRAIRIE, MINNESOTA 55444-2248
(612) 937-8500**

(Name, address, including zip code, and telephone number, including area code,

of agent for service)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as
practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ☐ If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ☐

If delivery of this Prospectus is expected to be made pursuant to Rule 434, please check the following box: ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share (2)	Proposed maximum aggregate offering price(2)	Amount of registration fee
Common Stock, \$.10 par value.....	12,165,155 shares	\$17.00	\$206,807,635	\$62,669

(1) Including 1,586,759 shares which may be purchased by the underwriters pursuant to an over-allotment option.

(2) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(o) of the Securities Act of 1933, as amended.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

Subject to Completion August 15, 1997

10,578,396 Shares

[LOGO] C. H. ROBINSON WORLDWIDE, INC.

COMMON STOCK

All of the 10,578,396 shares of Common Stock (the "Common Stock") of C. H. Robinson Worldwide, Inc. ("Robinson" or the "Company") offered hereby are being sold by certain stockholders of the Company (the "Selling Stockholders"). See "Principal and Selling Stockholders." The Company will not receive any proceeds from the sale of shares by the Selling Stockholders, but has agreed to bear the expenses of registration of such shares under federal and state securities laws. Prior to this offering, there has been no public market for the Common Stock. It is currently estimated that the initial public offering price will be between \$15.00 and \$17.00 per share. See "Underwriting" for a discussion of the factors to be considered in determining the initial public offering price. The Company has applied for quotation of the Common Stock on the Nasdaq National Market under the symbol "CHRW."

THE COMMON STOCK OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK.
SEE "RISK FACTORS" BEGINNING ON PAGE 6 HEREOF.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Selling Stockholders
Per share.....	\$	\$	\$
Total (1).....	\$	\$	\$

(1) The Selling Stockholders have granted the Underwriters a 30-day option to purchase up to 1,586,759 additional shares of Common Stock solely to cover over-allotments, if any. To the extent that the option is exercised, the Underwriters will offer the additional shares to the public at the Price to Public shown above. If the option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions and Proceeds to the Selling Stockholders will be \$, \$ and \$, respectively. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters, subject to prior sale, when, as and if delivered to and accepted by them, and subject to the right of the Underwriters to reject any order in whole or in part. It is expected that delivery of the shares will be made at the offices of Alex. Brown & Sons Incorporated, Baltimore, Maryland, on or about , 1997.

ALEX. BROWN & SONS
INCORPORATED

MORGAN STANLEY DEAN WITTER

PIPER JAFFRAY INC.

The date of this Prospectus is , 1997.

[Map of Robinson branch offices]

The Company intends to distribute to its stockholders annual reports containing financial statements audited by its independent public accountants and will make available copies of quarterly reports for the first three quarters of each fiscal year containing unaudited financial statements.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE COMMON STOCK. SPECIFICALLY, THE UNDERWRITERS MAY OVER-ALLOT IN CONNECTION WITH THIS OFFERING AND MAY BID FOR AND PURCHASE SHARES OF THE COMMON STOCK IN THE OPEN MARKET.

PROSPECTUS SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and the consolidated financial statements of the Company and notes thereto included elsewhere in this Prospectus. Unless the context otherwise indicates, "Company" or "Robinson" refers to C.H. Robinson Worldwide, Inc. (including its predecessors in interest) and its wholly owned subsidiaries. Unless otherwise indicated herein, all information in this Prospectus (i) has been adjusted to give effect to the Company's reincorporation in Delaware upon consummation of this offering, providing for, among other things, an increase in the authorized shares of capital stock of the Company and the conversion of Class A Common Stock and Class B Common Stock into Common Stock, and (ii) assumes no exercise of the Underwriters' over-allotment option.

THE COMPANY

Founded in 1905, the Company is the largest third-party logistics company in North America with 1996 gross revenues of \$1.6 billion. The Company is a global provider of multimodal transportation services and logistics solutions through a network of 116 offices in 38 states and Canada, Mexico, Belgium, the United Kingdom, France, Spain, Italy, Singapore and South Africa. Through contracts with over 14,000 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 raw materials sourcing, freight consolidation, cross-docking and contract warehousing. During 1996, the Company handled over 935,000 shipments for more than 8,600 customers, ranging from Fortune 100 companies to small businesses in a wide variety of industries. During the past five years, the Company has increased net revenues at a compound annual growth rate of 18.6 percent.

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 its own asset utilization, using established relationships with motor carriers, railroads (primarily intermodal service providers), air freight carriers and ocean carriers. Through its motor carrier contracts, the Company maintains access to more than 370,000 dry vans, 128,000 temperature-controlled vans and containers and 96,000 flatbed trailers. The Company also has intermodal marketing contracts with 11 railroads, including all of the major North American railroads, which give the Company access to more than 150,000 additional trailers and containers.

Throughout its 90-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 compared with, and may exceed, the cost of the produce being shipped. 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)/, which is sourced through various relationships and packed to order through contract packing agreements. The Company has also leveraged its food sourcing and logistics expertise into the sourcing of food ingredients on behalf of food manufacturers.

The Company's unique 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 nearly 1,300 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 their branch's profitability, which in the Company's opinion produces a more service-oriented, focused and creative sales force. The Company is substantially owned by more than 700 of its employees, and, following this offering, these employees will continue to own more than 75% of the Company's

Common Stock. The Company's recently adopted Stock Incentive Plan and Stock Purchase Plan will allow for even broader equity participation by employees following this offering.

Growth within the logistics industry is being driven by the continuing trend of companies outsourcing their logistics needs in order to focus on their core businesses, better manage just-in-time inventory systems and reduce costs. According to a leading industry consultant, the available domestic market for third-party logistics providers was \$421 billion in 1996, only 5.9%, or \$25 billion, of which was actually generated by third-party logistics providers. This same consultant predicts the market for third-party logistics to double to \$50 billion by the year 2000, representing approximately 10% of the estimated \$474 billion domestic market. The international logistics market is estimated at three to four times the domestic market, and both the domestic and international markets are highly fragmented.

The Company's strategy for future growth is to expand the following:

- . Core transportation business. The Company believes there are significant opportunities to gain more transportation business from both existing and new customers through its existing branch network. The Company also believes it can selectively add domestic branches in response to customer demand and opportunities to serve new customers in new geographic areas.
- . International markets. The Company intends to open additional international branches to serve the local needs of its existing multinational customer base and gain new customers throughout the world. For example, after many years of providing logistics services to an international snack food company in North America, the Company was recently designated as this customer's international logistics partner. The Company has implemented a comprehensive logistics solution for this customer in Europe and is currently developing a similar solution in South Africa and South America.
- . Enhanced logistics services. In recent years, the Company has been providing an expanded range of enhanced logistics services. The Company believes there are significant opportunities to increase the level of logistics services it provides to its customers. The Company intends to offer increasingly sophisticated logistics services to customers in order to provide greater efficiencies and reduce costs throughout the customers' supply chains.

The Company was reincorporated in Delaware in 1997 as the successor to a business existing, in various legal forms, since 1905. The Company's corporate office is located at 8100 Mitchell Road, Eden Prairie, Minnesota 55444-2248, and its telephone number is (612) 937-8500. Its web site address is www.chrobinson.com. The Company has recently put up for sale its consumer finance business and its results of operations and net assets are now reflected as discontinued operations in its consolidated financial statements and consolidated financial data included elsewhere herein. Accordingly, this Prospectus does not include information on the historical operations of that business.

THE OFFERING

Common Stock offered by the Selling Stockholders.....	10,578,396 shares
Common Stock outstanding after the offering.....	41,264,621 shares(1)
Use of proceeds.....	The Company will not receive any of the proceeds from the sale of the Common Stock by the Selling Stockholders.
Proposed Nasdaq National Market symbol	CHRW

(1) Excludes (i) 457,917 shares of Common Stock issuable upon exercise of options granted immediately prior to this offering at an exercise price per share equal to the public offering price shown on the cover page of this Prospectus, none of which is currently exercisable, and (ii) an additional 3,542,083 shares of Common Stock reserved for future issuance under the Company's 1997 Omnibus Stock Plan (the "Stock Incentive Plan") and the 1997 Employee Stock Purchase Plan (the "Stock Purchase Plan"). See "Management-- New Incentive Plans."

DIVIDENDS, STOCK REPURCHASE PROGRAM AND NON-CASH CHARGE

The Company's ability to generate substantial amounts of cash flow from operations has enabled it to make annual repurchases of its Common Stock and, for more than 50 years, to pay annual dividends to its stockholders. The Company anticipates that it will pay regular quarterly dividends beginning in December 1997, initially at the rate of \$0.06 per share per quarter. The declaration of dividends by the Company is subject to the discretion of the Board of Directors.

The Company's Board of Directors has authorized a stock repurchase program under which up to 1,000,000 shares of Common Stock may be repurchased. Shares repurchased will be used to reduce shares outstanding and may be reissued to employees pursuant to the recently adopted Stock Incentive Plan. Such purchases may be made from time to time at prevailing prices in the open market, by block purchase and in private transactions in compliance with the rules of the Securities and Exchange Commission (the "Commission"). The Company intends to fund repurchases with internally generated funds. See "Dividends and Stock Repurchase Program."

Pursuant to Commission rules related to stock issued or sold to employees at prices below the initial public offering price during the 12 months preceding the effective date of an initial public offering, the Company will record an \$18.6 million non-recurring, non-cash compensation charge at the effective date of this offering. This charge relates to 1,237,000 shares sold to employees by retired employees under the Company's book value stock purchase program and 282,000 shares issued under the Company's existing incentive plans, and represents the

aggregate difference between book value (the amount expensed by the Company for restricted shares upon issuance or the amount paid by employees upon purchase of stock) and an assumed estimated public offering price of \$16.00 per share. See "Management -- Existing Incentive Plans."

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA
(Dollars in thousands, except per share amounts)

	Year Ended December 31,					Six Months Ended June 30,	
	1992	1993	1994	1995	1996	1996	1997(1)
STATEMENT OF OPERATIONS DATA:							
Gross revenues.....	\$968,893	\$1,095,815	\$1,257,946	\$1,445,975	\$1,605,905	\$ 775,024	\$855,152
Net revenues(2).....	90,408	108,713	135,599	160,094	179,069	86,920	99,156
Selling, general and administrative expenses.....	68,030	81,030	95,088	115,114	129,040	62,571	72,465
Income from operations.....	22,378	27,683	40,511	44,980	50,029	24,349	26,691
Net income from continuing operations.....	14,449	17,844	24,141	29,455	32,442	15,685	17,233
Net income from discontinued operations(3).....	1,846	2,411	2,964	2,086	2,158	1,083	900
Net income.....	16,295	20,255	27,105	31,541	34,600	16,768	18,133
Net income from continuing operations per share.....	\$ 0.28	\$ 0.36	\$ 0.52	\$ 0.67	\$ 0.78	\$ 0.37	\$ 0.42
Weighted average number of shares outstanding (in thousands).....	52,106	48,961	46,277	43,915	41,780	42,163	41,299
Dividends per share.....	\$ 0.073	\$ 0.087	\$ 0.108	\$ 0.130	\$ 0.185	\$ 0.010	\$ 0.020
OPERATING DATA (AT END OF PERIOD):							
Branches.....	75	81	89	99	108	104	113
Employees	1,050	1,183	1,403	1,436	1,665	1,563	1,801
Average net revenues per branch.....	\$ 1,247	\$ 1,392	\$ 1,597	\$ 1,683	\$ 1,717	\$ 856	\$ 901
						June 30, 1997	
						Actual	Pro Forma(4)
BALANCE SHEET DATA:							
Working capital.....						\$ 131,264	\$ 104,367
Total assets.....						361,160	332,030
Total long-term debt.....						--	--
Stockholder's investment.....						171,366	144,469

(1) Pursuant to Commission rules related to stock issued or sold to employees at prices below the initial public offering price during the 12 months preceding the effective date of an initial public offering, the Company will record an \$18.6 million non-recurring, non-cash compensation charge at the effective date of this offering. This charge relates to 1,237,000 shares sold to employees by retired employees under the Company's book value stock purchase program and 282,000 shares issued under the Company's existing incentive plans, and represents the aggregate difference between book value (the amount expensed by the Company for restricted shares upon issuance or the amount paid by employees upon purchase of stock) and an assumed estimated public offering price of \$16.00 per share. See "Management -- Existing Incentive Plans." If the \$18.6 million non-recurring, non-cash compensation expense had been recorded in the six month period ended June 30, 1997, net loss from continuing operations would have been \$425,000, or a \$0.01 loss per share.

(2) Net revenues are determined by deducting cost of transportation and products from gross revenues. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(3) Discontinued operations include the Company's equipment lease financing business, which was disposed of in 1994, and the Company's consumer finance business. In July 1997, the Company approved a plan to sell its consumer finance business, which the Company expects to be completed by the end of 1997.

(4) Pro forma to give effect to: (i) an anticipated tax benefit of approximately \$36 million resulting from the tax effect of termination, in connection with this offering, of restrictions on restricted stock issued to employees, which will be credited to stockholders' investment, (ii) a dividend of \$1.50 per share (\$61.9 million in the aggregate) which purchasers in this offering will not receive, (iii) an \$18.6 million non-recurring, non-cash compensation charge, and (iv) \$1 million of estimated expenses of this offering. Pro forma amounts do not reflect the expected sale of the Company's consumer finance business nor any gain on the sale of such business.

RISK FACTORS

In addition to the other information in this Prospectus, the following factors should be carefully considered in evaluating an investment in the Common Stock.

Possible Effect of Economic Developments. The transportation industry historically has been cyclical as a result of economic recession, customers' business cycles, increases in prices charged by third party carriers, interest rate fluctuations, and other economic factors over which the Company has no control. Increased operating expenses incurred by third party carriers can be expected to result in higher transportation costs, and the Company's net revenues and income from operations would be adversely affected if it were unable to pass through to its customers the full amount of increased transportation costs. Economic recession or a downturn in customers' business cycles, particularly in industries in which the Company has a large number of customers, also could have a material adverse effect on the Company's operating results if the volume of freight shipped by those customers were also reduced. See "Business--Overview and Strategy."

Dependence on Equipment and Services Availability. The Company is dependent in part on the availability of truck, rail, ocean and air services provided by independent third parties. There have historically been periods of equipment shortages in the transportation industry, particularly among truckload carriers. If the Company were unable to secure sufficient equipment or other transportation services to meet its customers' needs, its results of operations could be materially adversely affected, and customers could seek to have their transportation and logistics needs met by other third parties on a temporary or permanent basis. See "Business--Relationships with Carriers."

Risks Associated with International Business. An increasing portion of the Company's business is providing services within and between continents. Doing business outside of the United States is subject to various risks, including changing economic and political conditions in the United States and abroad, major work stoppages, exchange controls, currency fluctuations, armed conflicts, unexpected changes in United States and foreign laws relating to tariffs, trade restrictions, transportation regulations, foreign investments and taxation. Significant expansion in foreign countries will expose the Company to increased risk of loss from foreign currency fluctuations and exchange controls as well as longer accounts receivable payment cycles. The Company has no control over most of these risks and may be unable to anticipate changes in international economic and political conditions and, therefore, unable to alter its business practices in time to avoid the adverse effect of any such changes. See "Business--Overview and Strategy."

Risks Associated with Managing a Growing Business. The Company's continued success depends upon its ability to attract and retain a large group of motivated salespersons and other logistics professionals. If the Company were unable to recruit and retain a sufficient number of personnel, it would be forced to limit its growth. There can be no assurance that the Company will be able to continue to hire and retain a sufficient number of qualified personnel. The Company's rapid expansion of operations has placed demands on its management and operating systems. Continued expansion will depend in large part on the Company's ability to develop successful salespersons into managers and to implement enhancements to its information systems and adapt those systems to the changes in its business and the requirements of its customers. See "Business-- Organization" and "-- Communications and Information Systems."

Competition. The transportation services industry is highly competitive and fragmented. The Company competes against other non-asset based logistics companies as well as asset-based logistics companies, third-party freight brokers and carriers offering logistics services. The Company also competes against carriers' internal sales forces and shippers' transportation departments. It also

buys and sells transportation services from and to many companies with which it competes. Historically, competition has created downward pressure on freight rates, and continuation of this rate pressure may adversely affect the Company's net revenues and income from operations. See "Business--Competition."

Seasonality. In the transportation industry generally, results of operations show a seasonal pattern as customers reduce shipments during and after the winter holiday season. In recent years, the Company's operating income and earnings have been higher in the second and third quarters than in the first and fourth quarters. The Company expects this seasonality to continue. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Availability and Pricing of Produce. The Company's sourcing business is dependent upon the availability and price of fresh produce, which is affected by government food safety regulation, growing conditions, such as drought, insects and disease, and other conditions over which the Company has no control. Shortages or overproduction of fresh produce affect the pricing of fresh produce, and prices are often highly volatile. See "Business--Sourcing."

Risks Associated with Fresh Produce. The Company sources and resells fresh produce. 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 sale. 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. See "Business--Risk Management and Insurance."

Government Regulation. The Company is licensed by the Department of Transportation (the "DOT") as a broker in arranging for the transportation of general commodities by motor vehicle. The DOT prescribes qualifications for acting in this capacity, including certain insurance and surety bond requirements. The Company is also licensed by the Federal Maritime Commission as an ocean freight forwarder and maintains a non-vessel operating common carrier bond, and is licensed by the United States Customs Service of the Department of the Treasury. The Company sources fresh produce under a license issued by the Department of Agriculture. The Company's failure to comply with the laws and regulations applicable to entities holding these licenses could have a material adverse effect on the Company's results of operations or financial condition. The transportation industry is subject to legislative or regulatory changes that can affect the economics of the industry by requiring changes in operating practices or influencing the demand for, and the cost of providing, transportation services. See "Business--Regulation."

Importance of Major Clients. The Company derives a significant portion of its gross revenues from its largest clients. The Company's 10, 20 and 50 largest clients accounted for approximately 15%, 22% and 31% of the Company's gross revenues, respectively, in 1996. The sudden loss of a number of the Company's major clients could have a material adverse effect on the Company. See "Business--Customers and Marketing."

Change in Corporate Culture. For many years, employees have broadly participated in the ownership of the Company, and more than 700 employees and a few retired employees currently own substantially all of its outstanding Common Stock. Consequently, employees consider themselves the owners of the Company. Upon completion of this offering and lapse of restrictions on employees'

ability to resell their shares of Common Stock, a larger portion of the Common Stock will be in the hands of the public, and the Company's employees will have significant liquid assets. This change in structure and liquidity may adversely affect employee motivation. The Company has also issued restricted stock as an incentive, and employees owning Common Stock have profited from the growth in the book value of the Common Stock. The Company intends to replace its current stock program with new stock-based programs, but is unable to predict whether the substitution of the new plans will be perceived as being a less valuable form of compensation, thereby adversely affecting employee performance. If the Company finds that it must initiate new incentive programs, its results of operations could be adversely affected. See "Management--Existing Incentive Plans" and "--New Incentive Plans."

Dependence on Management. The Company is highly dependent upon the continued services of its senior management team, none of whom has an employment agreement with the Company. The sudden loss of the services of several members of senior management could have a material adverse effect on the Company. See "Business-- Management."

Certain Charter, Bylaw and Statutory Anti-Takeover Provisions. The Company's Certificate of Incorporation and By-laws provide for a classified Board of Directors, restrict the ability of stockholders to call special meetings or take stockholder action by written consent and contain advance notice requirements for stockholder proposals and nominations and special voting requirements for the amendment of the Company's Certificate of Incorporation and By-laws. These provisions could delay or hinder the removal of incumbent directors and could discourage or make more difficult a proposed merger, tender offer or proxy contest involving the Company or may otherwise have an adverse effect on the market price of the Common Stock. The Company also will be subject to provisions of Delaware corporate law that will restrict the Company from engaging in certain business combinations with an interested stockholder, unless certain conditions are met or the business combination is approved by the Board of Directors and/or the Company's stockholders in a prescribed manner. These provisions also could render more difficult or discourage a merger, tender offer or other similar transaction. See "Description of Capital Stock."

The rights of the holders of Common Stock will be subject to, and may be adversely affected by, any preferred stock that may be issued in the future. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions, financings and other corporate transactions, could have the effect of discouraging, or making more difficult, a third party's acquisition of a majority of the Company's outstanding voting stock. The Company has no present plans to issue any shares of preferred stock. See "Description of Capital Stock--Preferred Stock."

One preferred share purchase right (a "Right") is attached to each share of Common Stock outstanding, including the Common Stock offered hereby. The Rights will have certain anti-takeover effects. If triggered, the Rights would cause substantial dilution to a person or group of persons that acquires more than 15% of the Common Stock on terms not approved in advance by the Board. The Rights are intended to discourage or make more difficult a merger, tender offer or other similar transactions not approved by the Board, regardless of whether the stockholders favor any such transactions. See "Description of Capital Stock-- Stockholder Rights Plan."

Shares Eligible for Future Sale. Sales of a substantial number of shares of Common Stock or their availability for sale in the public market following this offering may adversely affect prevailing market prices for the Common Stock. Upon consummation of this offering, the Company will have 41,264,621 shares of Common Stock outstanding. All of the 10,578,396 shares of Common Stock offered hereby will be freely tradeable without restriction or further registration unless acquired by "affiliates" of the Company as defined in Rule 144 under the Securities Act. In connection with this offering, the Company and its officers, directors and other Selling Stockholders, who will beneficially own an aggregate of 18,513,775 shares of Common Stock

after this offering, have agreed not to sell or otherwise dispose of any shares, directly or indirectly, for one year from the date of this Prospectus without the prior written consent of Alex. Brown & Sons Incorporated. In addition, all other current stockholders, who beneficially own an aggregate of 12,172,450 shares of outstanding Common Stock, will be prohibited for a period of six months from transferring Common Stock they currently hold except upon death or to family members or trusts that take subject to the same restrictions. See "Shares Eligible for Future Sale."

No Prior Public Market; Determination of Offering Price; Stock Price Volatility. Prior to this offering, there has been no public market for the Common Stock, and there can be no assurance that an active trading market will develop or be sustained after this offering. The initial public offering price was determined through negotiations among the Company, the Selling Stockholders and the Representatives of the Underwriters and may bear no relationship to the price at which the Common Stock will trade after this offering. See "Underwriting" for a discussion of the factors that were considered in determining the initial offering price. The market price of the Common Stock may be volatile and be significantly affected by factors such as actual or anticipated fluctuations in the Company's operating results, announcements of new services by the Company or its competitors, developments with respect to conditions and trends in the logistics or transportation industries served by the Company, changes in governmental regulation, changes in estimates by securities analysts of the Company's future financial performance, general market conditions and other factors. In addition, the stock markets have from time to time experienced significant price and volume fluctuations that have adversely affected the market prices of securities of companies for reasons often unrelated to their operating performance.

Immediate and Substantial Dilution. The initial public offering price is substantially higher than the pro forma net tangible book value per share of Common Stock. Purchasers of shares of Common Stock in this offering will incur immediate and substantial dilution of \$12.66 in the pro forma net tangible book value per share of the Common Stock, assuming an initial public offering price of \$16.00 per share. See "Dilution."

USE OF PROCEEDS

The Company will not receive any of the proceeds from the sale of the Common Stock by the Selling Stockholders.

DIVIDENDS, STOCK REPURCHASE PROGRAM AND NON-CASH CHARGE

The Company's ability to generate substantial amounts of cash flow from operations has enabled it to make annual repurchases of its Common Stock and, for more than 50 years, to pay annual dividends to its stockholders. For 1995 and 1996, the Company paid aggregate annual dividends of \$0.13 per share and \$0.185 per share, respectively. The Board of Directors has declared an extraordinary cash dividend of \$1.50 per share (\$61.9 million in the aggregate) payable to stockholders of record immediately prior to this offering. Purchasers of Common Stock in this offering will not receive this dividend.

The Company anticipates that it will pay regular quarterly dividends, beginning in December 1997, initially at the rate of \$0.06 per share per quarter. 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.

In order to provide a source of Common Stock for issuance in the near future pursuant to the recently adopted Stock Incentive Plan and Stock Purchase Plan, the Company's Board of Directors has authorized a stock repurchase program under which up to 1,000,000 shares of Common Stock may be repurchased. Such purchases may be made from time to time at prevailing prices in the open market, by block purchase and in private transactions in compliance with the rules of the Commission. The Company intends to fund repurchases with internally generated funds.

Pursuant to Commission rules related to stock issued or sold to employees at prices below the initial public offering price during the 12 months preceding the effective date of an initial public offering, the Company will record an \$18.6 million non-recurring, non-cash compensation charge at the effective date of this offering. This charge relates to 1,237,000 shares sold to employees by retired employees under the Company's book value stock purchase program and 282,000 shares issued under the Company's existing incentive plans, and represents the aggregate difference between book value (the amount expensed by the Company for restricted shares upon issuance or the amount paid by employees upon purchase of stock) and an assumed estimated public offering price of \$16.00 per share. See "Management -- Existing Incentive Plans."

CAPITALIZATION

The following table sets forth the capitalization of the Company as of June 30, 1997, on an actual basis and pro forma to give effect to (i) an anticipated tax benefit of approximately \$36 million resulting from the tax effect of termination, in connection with this offering, of restrictions on restricted stock issued to employees, which will be credited to stockholders' investment, (ii) a dividend of \$1.50 per share (\$61.9 million in the aggregate) which purchasers in this offering will not receive, (iii) an \$18.6 million non-recurring, non-cash compensation charge and (iv) \$1 million of estimated expenses of the offering:

	As of June 30, 1997	
	Actual	Pro Forma
	(In thousands)	
Total debt.....	\$ --	\$ --
Stockholders' investment:		
Preferred stock, \$.10 par value;		
20,000,000 shares authorized; none outstanding.....	--	--
Common stock, \$.10 par value;		
130,000,000 shares authorized; 41,264,621		
shares issued and outstanding actual and pro forma (1).....	4,126	4,126
Additional paid-in capital.....	--	54,558
Foreign currency translation adjustment.....	(346)	(346)
Retained earnings.....	167,586	86,131
	-----	-----
Total stockholders' investment.....	\$171,366	\$144,469
	=====	=====

(1) Excludes (i) 457,917 shares of Common Stock issuable upon exercise of options granted immediately prior to this offering at an exercise price per share equal to the public offering price shown on the cover page of this Prospectus, none of which is presently exercisable, and (ii) an additional 3,542,083 shares of Common Stock reserved for issuance under the Company's Stock Incentive Plan and Stock Purchase Plan. See "Management--New Incentive Plans."

DILUTION

The pro forma net tangible book value of the Company as of June 30, 1997 was \$137.7 million or \$3.34 per share of Common Stock. Pro forma net tangible book value is the Company's total tangible assets (total assets less intangible assets) less total liabilities at June 30, 1997, with certain adjustments arising from this offering. See "Capitalization." Pro forma tangible net worth per share is determined by dividing the pro forma net tangible book value by the number of outstanding shares of Common Stock. Pro forma net tangible book value dilution per share represents the difference between the amount per share paid by purchasers of Common Stock in this offering and the pro forma net tangible book value per share of Common Stock. The following table illustrates the per share dilution:

Assumed initial public offering price per share.....	\$ 16.00
Pro forma net tangible book value per share.....	3.34

Pro forma net tangible book value dilution per share.....	\$ 12.66
	=====

SELECTED CONSOLIDATED FINANCIAL DATA

(Dollars in thousands, except per share amounts)

The selected consolidated financial data for the Company for the years ended December 31, 1992 through 1996 have been derived from the Company's consolidated financial statements, which have been audited by Arthur Andersen LLP, independent public accountants. The data for the six months ended June 30, 1996 and June 30, 1997 have been derived from the Company's unaudited consolidated financial statements which, in the opinion of the Company's management, contain all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial condition and results of operations for these periods. The results of operations for the six months ended June 30, 1997 are not necessarily indicative of the results that may be expected for the entire year. The selected historical consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto all included elsewhere herein.

	Year Ended December 31,					Six Months Ended June 30,	
	1992	1993	1994	1995	1996	1996	1997(1)
STATEMENT OF OPERATIONS DATA:							
Gross revenues.....	\$968,893	\$1,095,815	\$1,257,946	\$1,445,975	\$1,605,905	\$775,024	\$855,152
Cost of transportation and products.....	878,485	987,102	1,122,347	1,285,881	1,426,836	688,104	755,996
Net revenues (2)	90,408	108,713	135,599	160,094	179,069	86,920	99,156
Selling, general and administrative expenses.....	68,030	81,030	95,088	115,114	129,040	62,571	72,465
Income from operations.....	22,378	27,683	40,511	44,980	50,029	24,349	26,691
Investment and other income (loss).....	1,181	2,144	(109)	2,925	3,095	1,391	1,881
Income from continuing operations before pro- vision for income taxes.....	23,559	29,827	40,402	47,905	53,124	25,740	28,572
Provision for income taxes.....	9,110	11,983	16,261	18,450	20,682	10,055	11,339
Net income from continuing operations.....	14,449	17,844	24,141	29,455	32,442	15,685	17,233
Net income from discontinued operations (3).....	1,846	2,411	2,964	2,086	2,158	1,083	900
Net income.....	\$ 16,295	\$ 20,255	\$ 27,105	\$ 31,541	\$ 34,600	\$ 16,768	\$ 18,133
Per share data:							
Net income from continuing operations.....	\$ 0.28	\$ 0.36	\$ 0.52	\$ 0.67	\$ 0.78	\$ 0.37	\$ 0.42
Net income from discontinued operations.....	0.03	0.05	0.07	0.05	0.05	0.03	0.02
Net income.....	\$ 0.31	\$ 0.41	\$ 0.59	\$ 0.72	\$ 0.83	\$ 0.40	\$ 0.44
Weighted average number of shares outstanding (in thousands).....	52,106	48,961	46,277	43,915	41,780	42,163	41,299
Dividends per share.....	\$ 0.073	\$ 0.087	\$ 0.108	\$ 0.130	\$ 0.185	\$ 0.010	\$ 0.020
OPERATING DATA (AT END OF PERIOD):							
Branches.....	75	81	89	99	108	104	113
Employees.....	1,050	1,183	1,403	1,436	1,665	1,563	1,801
Average net revenues per branch.....	\$ 1,247	\$ 1,392	\$ 1,597	\$ 1,683	\$ 1,717	\$ 856	\$ 901
BALANCE SHEET DATA (AT END OF PERIOD):							
Working capital.....	\$ 61,875	\$ 64,600	\$ 86,122	\$ 97,144	\$114,070	\$ 107,452	\$131,264
Total assets.....	167,926	202,282	246,528	285,517	320,780	312,643	361,160
Total long-term debt.....	--	--	--	--	--	--	--
Stockholders' investment.....	84,664	95,899	112,784	133,339	154,428	142,502	171,366

- (1) Pursuant to Commission rules related to stock issued or sold to employees at prices below the initial public offering price during the 12 months preceding the effective date of an initial public offering, the Company will record an \$18.6 million non-recurring, non-cash compensation charge at the effective date of this offering. This charge relates to 1,237,000 shares sold to employees by retired employees under the Company's book value stock purchase program and 282,000 shares issued under the Company's existing incentive plans, and represents the aggregate difference between book value (the amount expensed by the Company for restricted shares upon issuance or the amount paid by employees upon purchase of stock) and an assumed estimated public offering price of \$16.00 per share. See "Management -- Existing Incentive Plans." If the \$18.6 million non-recurring, non-cash compensation charge had been recorded in the six month period ended June 30, 1997, net loss from continuing operations would have been \$425,000, or a \$0.01 loss per share.
- (2) Net revenues are determined by deducting cost of transportation and products from gross revenues. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- (3) Discontinued operations include the Company's equipment lease financing business, which was disposed of in 1994, and the Company's consumer finance business. In July 1997, the Company approved a plan to sell its consumer finance business, which the Company expects to be completed by the end of 1997.

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

INTRODUCTION

The selected consolidated financial and operating data of the Company set forth certain information with respect to the Company's financial position and results of operations that should be read in conjunction with the following discussion and analysis. The following does not include an analysis of the Company's consumer finance business, which is now accounted for as a discontinued operation as a result of the Company's decision in July 1997 to sell this business.

Gross revenues represent the total amount of services and goods sold by the Company to its customers. Costs of transportation and products include direct costs of transportation contracted by the Company, including motor carrier, intermodal, ocean, air, and other costs, and the purchase price of products sourced by the Company. The Company acts principally as a service provider to add value and expertise in the execution and procurement of these services for its customers. The net revenues of the Company (gross revenues less costs of transportation and products) are the primary indicator of the Company's ability to source, add value and resell services and products that are provided by third parties, and are considered by management to be the primary measurement of growth for the Company. Accordingly, the discussion of results of operations below focuses on the changes in the Company's net revenues.

Historically, the Company had a deferred compensation plan which provided for the issuance of restricted stock to certain employees. Further, Robinson had stock repurchase agreements in place with all employee-owners which allowed active employees to purchase the shares when other stockholders' employment with the Company ceased. Such arrangements allowed for broad-based employee ownership and the orderly exit of stockholder/employees under a net book value based system. In connection with this offering, the Company is terminating these plans and replacing them with stock-based incentive plans more typical of a publicly held company and will receive a tax benefit estimated at \$36 million. At the effective date of this offering, the Company will record a non-recurring, non-cash compensation expense totaling \$18.6 million to conform with Commission requirements to account for the restricted stock issued to employees under existing incentive plans and the purchase of outstanding stock by certain employees from retiring employees at prices below the initial public offering price during the 12 months preceding the date of this offering ("cheap stock").

In the transportation industry generally, results of operations show a seasonal pattern as customers reduce shipments during and after the winter holiday season. In recent years, the Company's operating income and earnings have been higher in the second and third quarters than in the first and fourth quarters. The Company expects this seasonality to continue. Inflation has not materially affected the Company's operations due to the very short-term, transactional basis of its business.

RESULTS OF OPERATIONS

The following table represents certain income statement data shown as percentages of the Company's gross revenues:

	Year Ended December 31,			Six Months Ended June 30,	
	1994	1995	1996	1996	1997
Gross revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of transportation and products.....	89.2	88.9	88.9	88.8	88.4
Net revenues.....	10.8	11.1	11.1	11.2	11.6
Selling, general and administrative expenses.....	7.6	8.0	8.0	8.1	8.5
Income from operations.....	3.2	3.1	3.1	3.1	3.1
Investment and other income (loss).....	--	0.2	0.2	0.2	0.2
Income from continuing operations before provision for income taxes.....	3.2	3.3	3.3	3.3	3.3
Provision for income taxes.....	1.3	1.3	1.3	1.3	1.3
Net income from continuing operations.....	1.9	2.0	2.0	2.0	2.0
Net income from discontinued operations.....	0.2	0.2	0.1	0.1	0.1
Net income.....	2.1%	2.2%	2.1%	2.1%	2.1%

The following table summarizes net revenue and transactions by service line:

	Year Ended December 31,					Six Months Ended June 30,		
	1994	1995	Change	1996	Change	1996	1997	Change
Net revenue (in thousands):								
Transportation.....	\$ 99,287	\$117,021	17.9%	\$133,246	13.9%	\$ 62,593	\$ 75,682	20.9%
Sourcing.....	32,447	38,207	17.8	39,252	2.7	21,382	19,662	(8.0)
Information services.....	3,865	4,866	25.9	6,571	35.0	2,945	3,812	29.4
Total.....	\$135,599	\$160,094	18.1	\$179,069	11.9	\$ 86,920	\$ 99,156	14.1
Transactions (in thousands):								
Transportation.....	610	675	10.7	830	23.0	394	473	20.1
Sourcing.....	81	99	22.2	105	6.1	54	54	--
Information services.....	2,854	3,861	35.3	5,647	46.3	2,699	3,623	34.2
Net revenue per transaction:								
Transportation.....	\$ 162.77	\$ 173.36	6.5	\$ 160.54	(7.4)	\$158.87	\$160.00	0.7
Sourcing.....	400.58	385.93	(3.7)	373.83	(3.1)	395.96	364.11	(8.0)
Information services.....	1.35	1.26	(6.7)	1.16	(7.9)	1.09	1.05	(3.7)

SIX MONTHS ENDED JUNE 30, 1997 COMPARED TO SIX MONTHS ENDED JUNE 30, 1996

Revenues. Gross revenues for the six months ended June 30, 1997, were \$855.2 million, an increase of 10.3% over gross revenues of \$775.0 million for the six months ended June 30, 1996. Net revenues for the six months ended June 30, 1997 were \$99.2 million, an increase of 14.1% over net revenues of \$86.9 million for the six months ended June 30, 1996, resulting from an increase in net revenues from transportation services of 20.9% to \$75.7 million, offset by a decrease in net revenues from sourcing of 8.0% to \$19.7 million. Information services net revenues increased by 29.4% to \$3.8 million.

The increase in transportation net revenues was due to a 20.1% increase in transaction volume from a significant expansion of business with current domestic and international customers, particularly larger accounts, and from new domestic and international customers. The Company opened seven new U.S. and two new international branches between June 30, 1996 and June 30, 1997.

Sourcing net revenues decreased primarily due to the elimination in December 1996 of a program at a large branch to source and distribute various seafood and other products, which was partially offset by net revenue growth from a branch that sources produce for the Company's large retail chain customers.

Information services net revenues increased because of significant increases in the number of transactions for all services. Because the number of lower- priced electronic transactions increased faster than the number of manual transactions, there was a 3.7% decrease in net revenues per transaction.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$72.5 million for the six months ended June 30, 1997, an increase of 15.8% over \$62.6 million for the six months ended June 30, 1996. Selling, general and administrative expenses as a percent of gross revenue increased from 8.1% for the six months ended June 30, 1996 to 8.5% for the six months ended June 30, 1997, due primarily to higher personnel costs from additional staffing and new warehouse expenses to support the Company's growth.

Income from Operations. Income from operations was \$26.7 million for the six months ended June 30, 1997, an increase of 9.6% over \$24.3 million for the six months ended June 30, 1996.

Investment and Other Income (Loss). Investment and other income (loss) was \$1.9 million for the six months ended June 30, 1997, an increase of 35.2% over \$1.4 million for the six months ended June 30, 1996, due to a combination of higher average levels of cash and other liquid investments and higher overall rates of return on such funds.

Provision for Income Taxes. The effective income tax rates for continuing operations were 39.7% and 39.1% for the six months ended June 30, 1997 and 1996, respectively. 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 the federal benefit.

Net Income from Continuing Operations. Net income from continuing operations was \$17.2 million for the six months ended June 30, 1997, an increase of 9.9% over \$15.7 million in the first half of 1996. Net income from continuing operations per share increased by 13.5% to \$0.42 per share in the first half of 1997 compared to \$0.37 per share in the first half of 1996, primarily due to an increase in net income and partly as a result of a decrease in shares outstanding due to the Company's share repurchase program.

1996 COMPARED TO 1995

Revenues. Gross revenues for 1996 were \$1.6 billion, an 11.1% increase over gross revenues of \$1.4 billion for 1995. Net revenues for 1996 were \$179.1 million, an 11.9% increase over net revenues of \$160.1 million for 1995. Transportation net revenues were \$133.2 million, an increase of 13.9% over net revenues in 1995 of \$117.0 million. Sourcing net revenues were \$39.3

million, an increase of 2.7% over net revenues in 1995 of \$38.2 million. Information services net revenues were \$6.6 million, an increase of 35.0% over net revenues in 1995 of \$4.9 million.

The transportation net revenue increase resulted primarily from a 23.0% increase in the number of transactions, including a 27.0% transaction volume increase in motor carrier transportation. The volume increase came from both existing customers (particularly large accounts) and new customers. This volume increase was offset by a 7.4% reduction in average net revenue of \$12.82 per transaction. Net revenues per transaction in 1995 had been unusually high due to motor carrier overcapacity resulting in lower costs of purchased transportation.

The increase in net revenues from sourcing primarily resulted from a 6.1% increase in the number of transactions, partially offset by a 3.1% decline in net revenues per transaction. Net revenues per transaction were adversely affected by a write-off of approximately \$1.0 million in connection with the elimination of a sourcing and distribution program for seafood and other products that had been initiated in early 1996.

Information service net revenues increased primarily due to a 46.3% increase in transaction volume for all services. An increasingly higher percentage of lower-priced electronic transactions resulted in a 7.9% decrease in net revenues per transaction.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$129.0 million for 1996, an increase of 12.1% over 1995. The increase was due primarily to higher personnel costs from additional staffing and new warehouse expenses to support the Company's growth. Selling, general and administrative expenses as a percent of gross revenues remained constant at 8.0%.

Income from Operations. Income from operations was \$50.0 million for 1996, an increase of 11.2% over \$45.0 million for 1995.

Investment and Other Income (Loss). Investment and other income (loss) was \$3.1 million for 1996, an increase of 5.8% over 1995, as the average amount of funds available for short-term investment increased in 1996.

Provision for Income Taxes. The effective income tax rates for continuing operations were 38.9% in 1996 and 38.5% in 1995. The adjusted effective income tax rate for 1996 and the effective income tax rate for 1995 are higher than the statutory federal income tax rate primarily due to state income taxes, net of the federal benefit.

Net Income from Continuing Operations. Net income from continuing operations for 1996 was \$32.4 million, an increase of 10.1% from \$29.5 million in 1995. Net income from continuing operations per share for 1996 was \$0.78 per share versus \$0.67 per share for 1995.

1995 COMPARED TO 1994

Revenues. Gross revenues for 1995 were \$1.4 billion, an increase of 14.9% over gross revenues of \$1.3 billion for 1994. Net revenues for 1995 were \$160.1 million, an increase of 18.1% over net revenues of \$135.6 million for 1994. Transportation net revenues were \$117.0 million, an increase of 17.9% over 1994 net revenues of \$99.3 million. Sourcing net revenues were \$38.2 million, an increase of 17.8% over 1994 net revenues of \$32.4 million. Information

services net revenues were \$4.9 million, an increase of 25.9% over 1994 net revenues of \$3.9 million.

An increase of 10.7% in transportation transaction volume and a 6.5% increase in the average net revenues per transaction resulted in the 17.9% overall increase in transportation net revenues. Transaction volume increases came from both existing customers and new customers. The net revenue per transaction increase resulted from favorable market conditions for the purchasing of transportation services due to motor carrier overcapacity.

The sourcing net revenue increase resulted from a significant volume increase from a new sourcing program for a large grocery retailer. In addition, one branch's sourcing revenues from two large retailers increased approximately 90% to \$2.3 million.

Information service net revenues increased primarily due to a 35.3% increase in transaction volume. An increasingly higher percentage of lower-priced electronic transactions resulted in a 6.7% decrease in net revenues per transaction.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$115.1 million for 1995, an increase of 21.1% over 1994. Selling, general and administrative expenses increased as a percent of gross revenues from 7.6% in 1994 to 8.0% in 1995 primarily due to additional warehouse expenses to support the Company's expanded services.

Income from Operations. Income from operations was \$45.0 million for 1995, an increase of 11.0% over \$40.5 million for 1994.

Investment and Other Income (Loss). Investment and other income (loss) was \$2.9 million for 1995, versus a \$100,000 loss in 1994. During 1994, a loss of approximately \$1.9 million was incurred on an investment, which was subsequently liquidated.

Provision for Income Taxes. The effective income tax rate on continuing operations was 38.5% and 40.2% for 1995 and 1994, respectively. The effective income tax rate for both periods was higher than the statutory federal income tax rate due primarily to state income taxes, net of the federal benefit.

Net Income from Continuing Operations. Net income from continuing operations for 1995 was \$29.5 million, an increase of 22.0% over \$24.1 million in 1994. Net income from continuing operations per share for 1995 was \$0.67 per share, an increase of 28.8% compared with \$0.52 per share for 1994.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically generated substantial cash from operations which has enabled it to fund its growth while paying cash dividends and repurchasing stock from retiring employees. Cash and cash equivalents at June 30, 1997, totaled \$40.3 million compared to \$42.6 million at December 31, 1996. Available- for-sale securities were \$50.2 million at June 30, 1997, compared to \$42.7 million at December 31, 1996. Working capital at June 30, 1997 totaled \$131.3 million. The Company has had no long-term debt for the last five years.

The shares offered hereby will be sold by current stockholders of the Company. Accordingly, the Company will receive no proceeds from the sale of these shares. Certain transactions associated with the sale of shares will have an effect on the liquidity and capitalization of the Company.

The Company believes that proceeds arising from the sale of the consumer finance business will be in excess of the recorded carrying value of the net assets of discontinued operations of \$12.5 million. The Company also will receive an estimated \$36 million tax benefit from removing restrictions on shares previously awarded to employees. In addition the Company has declared a special cash dividend of \$1.50 per share (\$61.9 million in total) on all shares outstanding immediately prior to

consummation of this offering. The sale of the consumer finance business and the tax benefit noted above are expected to offset substantially all the cash required for the special dividend.

Management believes that the Company's available cash, together with expected future cash generated from operations, are expected to be sufficient to satisfy its anticipated needs for working capital, capital expenditures, cash dividends and stock repurchases. In addition, the Company has \$17.5 million available under its existing lines of credit.

Operating Activities. Cash provided by operations totaled \$33.0 million, \$38.2 million and \$35.4 million for 1994, 1995 and 1996, respectively. Cash provided by operations for the six months ended June 30, 1996 and six months ended June 30, 1997, totaled \$10.6 million and \$12.3 million, respectively. Cash provided by operations in 1995 was higher than 1994 and 1996 primarily due to the timing of accounts receivable collections and the payment of accounts payable.

Investing Activities. Cash provided by (used for) investing activities was \$9.5 million, (\$35.5) million and (\$12.7) million for 1994, 1995 and 1996, respectively. Cash provided by (used for) investing activities for the six months ended June 30, 1996 and six months ended June 30, 1997, was \$2.0 million and (\$12.5) million, respectively. The Company's primary use of cash for investing activities during 1994, 1995 and 1996 and for the six months ended June 30, 1996 and six months ended June 30, 1997 related to the purchase of marketable securities, as well as additions to equipment. The Company regularly invests its cash primarily in investment grade fixed-income securities in order to obtain a higher rate of return on available funds. During the periods presented, significant fluctuations in cash flows from investing activities have occurred due to purchases and sales of securities available for sale.

Financing Activities. Cash used for financing activities totaled \$15.3 million, \$13.5 million and \$14.5 million for 1994, 1995 and 1996, respectively. Cash used for financing activities for the six months ended June 30, 1996 and six months ended June 30, 1997, totaled \$7.2 million and \$2.1 million, respectively. Cash used for financing activities for all periods primarily consists of repurchases of stock under the Company's book value repurchase plan and cash dividends paid to stockholders.

INDUSTRY OVERVIEW

Logistics can generally be defined as the management and transportation of materials and inventory throughout the supply chain. According to a leading industry consultant, the available domestic market for third-party logistics providers was \$421 billion in 1996, only 5.9%, or \$25 billion, of which was actually generated by third-party logistics providers. This same consultant predicts the market for third-party logistics to double to \$50 billion by the year 2000, representing approximately 10% of the estimated \$474 billion domestic market. The international logistics market is estimated to be three to four times the size of the domestic market, and both markets are highly fragmented.

The logistics industry has evolved over the past 20 years as increasing global competition has led to manufacturing automation, production flexibility and just-in-time inventory management systems. Historically, logistics decisions, such as the mode of transport, carrier selection and inventory placement, were performed by production-focused traffic managers, typically with minimal analysis. Carrier selection was often based solely on price or the effectiveness of a carriers' sales program. These factors led to the evolution of high-cost private fleets, poor transportation mode and carrier selections, suboptimal warehouse location, inefficient loading patterns and higher-than-necessary inventory levels. As companies' logistics decisions involve greater emphasis on cost efficiency and increased focus on core competencies, many companies are increasingly reevaluating their in-house transportation function.

Many of these companies are finding it advantageous to outsource their logistics management as the most efficient way to manage the entire supply chain and reduce costs. At the same time, major domestic and international shippers are seeking to utilize fewer firms to service their transportation and logistics needs. The key advantages of logistics outsourcing include:

- . Capitalizing on broader logistics knowledge. Outsourcing permits a shipper to take advantage of the third-party logistics provider's greater knowledge gained through experience with numerous customers, multiple transportation modes, regional, national and international markets and other logistics issues.
- . Leveraging network economies of scale. Third-party logistics firms can lower logistics costs through purchasing economies gained by access to greater transportation capacity and their ability to select the level of service and transportation mode best suited to a customer's individual needs. For example, by pooling less-than-truckload and less-than-containerload freight to form truckloads and/or containerloads, freight can be shipped at greatly reduced costs. Through logistics programs, inventory can be reduced or kept in motion, warehouses can be by-passed or in some cases eliminated, and a private fleet's empty miles can be reduced.
- . Accessing transportation information systems. Information systems are critical to providing seamless logistics service across multiple carriers and modes of transportation. These systems must be capable of managing the flow of information through EDI and other electronic means while providing shippers instant access to shipment data. Quality third-party logistics providers have developed these systems and make them available to their customers.
- . Transforming fixed costs to variable costs. Third-party logistics services turn many of a shipper's fixed logistics costs into variable costs.

As a result of increasingly global markets, international freight transportation is one of the fastest growing sectors of the freight transportation industry. For international shipments, shippers must rely on international providers to originate or complete a shipment. Managing the movement of goods within and between continents has become increasingly complex, and, therefore, multinational companies are seeking global logistics solutions. Only a few third-party domestic logistics providers, such as the Company, have developed the global capabilities to provide customers with logistics services on a worldwide basis.

OVERVIEW AND STRATEGY

Founded in 1905, the Company is the largest third-party logistics company in North America with 1996 gross revenues of \$1.6 billion. The Company is a global provider of multimodal transportation services and logistics solutions through a network of 116 offices in 38 states and Canada, Mexico, Belgium, the United Kingdom, France, Spain, Italy, Singapore and South Africa. Through contracts with over 14,000 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 raw materials sourcing, freight consolidation, cross-docking and contract warehousing. During 1996, the Company handled over 935,000 shipments for more than 8,600 customers, ranging from Fortune 100 companies to small businesses in a wide variety of industries. During the past five years, the Company has increased net revenues at a compound annual growth rate of 18.6 percent.

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. Through its motor carrier contracts, the Company maintains access to more than 370,000 dry vans, 128,000 temperature-controlled vans and containers and 96,000 flatbed trailers. The Company also has intermodal marketing contracts with 11 railroads, including all of the major North American railroads, which give the Company access to more than 150,000 additional trailers and containers.

Throughout its 90-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 compared with, and may exceed, the cost of the produce being shipped. 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)/, which is sourced through various relationships and packed to order through contract packing agreements. The Company has also leveraged its food sourcing and logistics expertise into the sourcing of food ingredients on behalf of food manufacturers.

The Company's unique 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 nearly 1,300 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 their branch's profitability, which in the Company's opinion produces a more service-oriented, focused and creative sales force. The Company is substantially owned by more than 700 of its employees, and, following this offering, these employees will continue to own more than 75% of the Company's Common Stock. The Company's recently adopted Stock Incentive Plan and Stock Purchase Plan will allow for even broader equity participation by employees following this offering.

Growth within the logistics industry is being driven by the continuing trend of companies outsourcing their logistics needs in order to focus on their core businesses, better manage just-in-time inventory systems and reduce costs. According to a leading industry consultant, the available domestic market for third-party logistics providers was \$421 billion in 1996, only 5.9%, or \$25 billion, of which was actually generated by third-party logistics providers. This same consultant predicts the market for third-party logistics to double to \$50 billion by the year 2000, representing approximately 10% of the estimated \$474 billion domestic market. The international logistics market is estimated at three to four times the domestic market, and both the domestic and international markets are highly fragmented.

The Company's strategy for future growth is to expand the following:

- . Core transportation business. The Company believes there are significant opportunities to gain more transportation business from both existing and new customers through its existing branch network. The Company also believes it can selectively add domestic branches in response to customer demand and opportunities to serve new customers in new geographic areas.

- . International markets. The Company intends to open additional international branches to serve the local needs of its existing multinational customer base and gain new customers throughout the world. For example, after many years of providing logistics services to an international snack food company in North America, the Company was recently designated as this customer's international logistics partner. The Company has implemented a comprehensive logistics solution for this customer in Europe and is currently developing a similar solution in South Africa and South America.

- . Enhanced logistics services. In recent years, the Company has been providing an expanded range of enhanced logistics services. The Company believes there are significant opportunities to increase the level of logistics services it provides to its customers. The Company intends to offer increasingly sophisticated logistics services to customers in order to provide greater efficiencies and reduce costs throughout the customers' supply chains.

LOGISTICS 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, e-mail or EDI message to the branch office salesperson responsible for the particular customer. That salesperson enters all appropriate information about each load into the Company's computer based Customer Oriented Shipment Management Operating System ("COSMOS"), 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. The 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 over 14,000 motor carriers, the Company maintains access to more than 370,000 dry vans, 128,000 temperature- controlled units and 96,000 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.

. 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 370 intermodal containers. The Company also has intermodal marketing contracts with 11 railroads, which give the Company access to more than 150,000 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 revenue by transportation mode for the periods indicated:

TRANSPORTATION SERVICES NET REVENUE
(In thousands)

	Year Ended December 31,					Six Months Ended June 30,	
	1992	1993	1994	1995	1996	1996	1997
Truck.....	\$ 55,826	\$ 63,549	\$ 81,122	\$ 97,636	\$ 110,460	\$ 51,884	\$ 63,073
Intermodal.....	3,876	4,411	7,828	6,864	8,014	3,865	5,045
Ocean.....	1,903	6,278	6,865	7,212	8,121	4,079	4,369
Air.....	298	323	550	1,402	1,687	795	769
Miscellaneous (1)...	2,381	2,686	2,922	3,907	4,964	1,970	2,426
Total.....	\$ 64,284	\$ 77,247	\$ 99,287	\$ 117,021	\$ 133,246	\$ 62,593	\$ 75,682
	=====	=====	=====	=====	=====	=====	=====

(1) Consists of customs clearance (Automated Brokerage Interface (ABI) and Automated Clearing House (ACH) capabilities with the U.S. Customs Service) and warehousing.

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. Examples include:

. For an international snack food company, the Company redesigned the sourcing program for raw commodities to more efficiently serve multiple plant sites and designed special containers for the transportation of these commodities. Through its services, the Company assures more timely delivery of higher quality commodities, minimizes factory downtime, and improves flexibility to respond to emergency situations.

. For a national retailer with an overburdened distribution center network and a need for enhanced inventory control, the Company implemented a flow- through cross-docking program keeping inventory in motion while consolidating less than truckload freight deliveries from seven states into truckload deliveries to ten distribution centers. Direct vendor communication improved control of inbound inventory by giving distribution centers the ability to plan delivery and scheduling of inventory. The Company also

opened two distribution centers on a contract basis, began receiving product within days and commenced distribution of products to retail stores within two weeks of initiating the program.

. To address a national dairy cooperative's peak-season volatility, the Company's on-site team is solely responsible for selecting and dispatching all carriers, including the cooperatives's private fleet. The Company consolidates customer orders, schedules pick-ups and manages routing, tracking and tracing, delivery appointments and pallet returns for all of the cooperative's finished dairy products from 25 facilities.

. For the beverage division of a national food company, the Company implemented a transition from product specific transportation management to a regionally focused, decentralized approach for 41 plants which distribute to over 1,000 customers. The Company now consolidates customer orders which enables the Company to streamline production scheduling to eliminate manufacturing downtime. The Company manages the core carrier program and is responsible for carrier selection and on-time performance.

SOURCING

Throughout its 90-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. Approximately one-half of the Company's sourcing customers are 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. More than one-third of Robinson's sourcing customers are grocery store chains and other multistore retailers, and 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 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.

Examples of perishable commodities sourcing and logistics services provided by the Company for major retail chains include:

. The Company has improved the quality of produce offered by a major grocery retailer through the use of Robinson's packed-to-order The Fresh 1/(R)/ label. The Company is responsible for sourcing produce, assisting in management of inventory levels, transporting to the customer's nine distribution centers and, when required, delivering to each retail store. Payment is electronic.

. For another major retailer, the Company is responsible for providing produce to the customer's seven distribution centers, emphasizing The Fresh 1/(R)/ labeled produce. These distribution centers currently serve approximately 350 individual stores. The Company receives point of sale produce sales information directly through EDI from the customer and is implementing a program where it is responsible for inventory control and reordering as well as management of transportation to the customer's distribution centers. Invoicing is electronic.

The Company has also sought to leverage its food sourcing and logistics expertise into the food ingredients market and has focused on the major food manufacturers that utilize significant quantities of various ingredients in producing food products. Examples of ingredients sourced for food processors include fruit juice concentrates, dehydrated onions, chocolate and natural food colors.

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. T-Chek is also seeking to market other tracking, tracing and communications services and products, primarily to motor carriers.

Through its subsidiary, Payment and Logistics, 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 paperless 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. The Company and the customer use these data to better manage the customer's supply chain.

ORGANIZATION

To allow the Company to stay close to customers and markets, the Company has created and continues to expand a network of 116 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. Some branches may rely on expertise in other branches when contracting 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 to serve the branch's customers.

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

	BRANCH DATA (Dollars in thousands)					Six Months Ended	
	Year Ended December 31,					June 30,	
	1992	1993	1994	1995	1996	1996	1997
Average employees per branch.....	14.0	14.6	15.8	14.6	15.4	15.0	15.9
Average net revenues per branch.....	\$ 1,247	\$ 1,392	\$ 1,597	\$ 1,683	\$ 1,717	\$ 856	\$ 901
Average net revenues per employee.....	\$ 93	\$ 98	\$ 105	\$ 113	\$ 115	\$ 58	\$ 57

As of June 30, 1997, the Company's 1,365 branch salespersons represented approximately 70% of the Company's total workforce and all branch employees, including support staff, represented over 90% of the Company's workforce. At June 30, 1997, the number of salespersons per Company branch ranged from three to 54.

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 focus particularly on opening 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.

Unique Branch Network. 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 unique incentive compensation system under which a significant part of the 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 compensation is provided by this compensation program. For 1996, incentive-based compensation averaged 31% of branch salespersons' total compensation, 64% of branch managers' total compensation and 61% of officers' total compensation. Branch employees also participate in the Company's Profit Sharing Plan, contributions to which depend on overall Company profitability. See "Management--Existing Incentive Plans--Profit Sharing Plan." Branch managers of larger branches also participate in a separate incentive program based on overall Company profits. See "Management--Existing Incentive Plans--Restricted Stock Programs." 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.

Following this offering, all managers throughout the Company who have significant responsibilities will be eligible to participate in the Company's Stock Incentive Plan. Employees at all levels, after a qualifying period of employment, will be eligible to participate in the Company's Stock Purchase Plan. See "Management--New Incentive Plans."

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

EXECUTIVES

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.

EMPLOYEES

As of June 30, 1997, the Company had a total of 1,801 employees, 1,641 of which 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. In 1996, the Company served approximately 8,600 customers, ranging from Fortune 100 companies to small businesses in a wide variety of industries. During 1996, no customer accounted for more than 4% of gross revenues, and the Company's 10, 20 and 50 largest customers represented approximately 15%, 22% and 31% of gross revenues, respectively. 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. In the first half of 1997, net revenues attributable to the Company's 50 largest transporation customers increased 36.7% over net revenues from the Company's 50 largest transportation customers in the same period in 1996.

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 13 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 June 30, 1997, the Company had contracts with 14,125 motor carriers (representing approximately 128,000 temperature controlled vans, 370,000 dry vans and 96,000 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 June 30, 1997, the Company also had intermodal marketing contracts with 11 railroads, including all of the major North American railroads, giving the Company access to more than 150,000 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 which 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 believes that its most significant competitive advantages are:

(i) 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, (ii) its ability to provide a broad range of logistics services, and (iii) its ability to provide 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, e-mail and/or EDI to communicate requirements and availability, to confirm and bill orders and, through the Company's Internet home page, to trace shipments. The Company has developed its own proprietary computer based system, COSMOS. The most recent enhancements help salespersons service customer orders, select the optimal modes of transportation, build and consolidate loads and select routes, all based on customer-specific service parameters. COSMOS makes load data visible to the entire branch sales team, 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 ("BSMART") uses data captured from daily transactions to generate various management reports which are available to the Company's large logistics customers to provide information on traffic patterns, product mix and production schedules. BSMART enables customers to analyze their own customer base, transportation expenditure trends and the impact on out-of-route and out-of-stock costs.

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 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 U.S. Customs Service of the Department of Treasury. The Company sources fresh produce under a license issued by the U.S. 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.

LITIGATION

In 1995, the United States Customs Service began an investigation of possible duties owed on imports of certain juice concentrates by a subsidiary of the Company. The Company has been advised by the United States Attorney for the Eastern District of New York that its subsidiary was not the target or the subject of a criminal investigation, although the United States Attorney is not bound by such statements. The Company believes, however, that the United States Customs Service will seek additional duties and may seek civil monetary penalties against the subsidiary of the Company. The Company believes the disposition of this matter will not have a material adverse effect on the business, financial condition or results of operations of the Company, although there can be no assurance that the duties and penalties sought against the subsidiary will not exceed the Company's reserves for this matter.

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.

PROPERTIES

Principally all of the Company's branch offices and its central office are leased from third parties under leases with initial terms ranging from three to ten years. 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.

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 with a deductible of \$100,000 per incident. Total claims paid by the Company in 1996 and uncollectible from carriers were less than \$200,000. The Company also carries various liability policies, including auto and general liability, with a \$75 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 sale. 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.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The Company's executive officers and directors are:

Name -----	Age -----	Position -----
D.R. Verdoorn.....	58	President, Chief Executive Officer and Director
Looe Baker III.....	47	Vice President and Director
Barry W. Butzow.....	50	Vice President and Director
Gregory D. Goven.....	46	Vice President
Bernard M. Madej.....	54	Vice President, Logistics
Robert S. Ingram.....	57	Vice President, Transportation
Michael T. Rempe.....	43	Vice President, Produce
Thomas M. Jostes.....	37	Vice President, Transportation
Thomas D. Perdue.....	47	Vice President, Intermodal
Dale S. Hanson.....	58	Vice President, Finance, Chief Financial Officer and Director
Owen P. Gleason.....	46	Vice President, General Counsel and Secretary and Director
Jennifer T. Amys.....	46	Vice President, Chief Information Officer
John P. Wiehoff.....	35	Corporate Controller and Treasurer
Robert Ezrilov.....	52	Director
Gerald A. Schwalbach.....	52	Director

D. R. Verdoorn has been the President and Chief Executive Officer of the Company and its predecessor since 1977 and a director since 1975. 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.

Looe Baker III has been a Vice President since 1979 and a director since 1984. Mr. Baker began his career with the Company in 1971. Mr. Baker has served on the Board of Directors for the Produce Marketing Association. He is a director of Orval Kent Holding Co. He holds a Bachelor of Science degree from Drake University

Barry W. Butzow has been a Vice President since 1984 and a director since 1986. 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 since 1988. Mr. Goven joined the Company in 1973. Mr. Goven holds a Bachelor of Science degree from North Dakota State University.

Bernard M. Madej has been Vice President, Logistics since 1995. Prior to that, he had held the position of Vice President, Transportation since 1986. Prior to joining the Company, he held other senior positions with various logistics companies. He has served on the Executive Committee of the Council of Logistics Management and is a past president of the Transportation Intermediaries Association, Midwest Division. He holds a Bachelor of Science degree from the University of St. Thomas.

Robert S. Ingram has been Vice President, Transportation since 1996 and prior to that was Vice President of Intermodal from 1992. Prior to joining the Company, Mr. Ingram held several executive positions with the Burlington Northern Railway, the Soo Line Railroad, Sealand Service

and several regional railroads. He holds a Bachelor of Science degree from the University of Pennsylvania.

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 positions in the retail grocery industry.

Thomas M. Jostes has served as Vice President, Transportation since 1995 and has been employed by the Company since 1984. Mr. Jostes holds a Bachelor of Arts degree from Iowa State University.

Thomas D. Perdue has been Vice President, Intermodal since 1995. From 1992 through 1995, he was Assistant Vice President of Intermodal Operations for the Burlington Northern Railway, and prior thereto, he held various transportation operations positions with Conrail. Mr. Perdue holds a Bachelor of Science degree from Indiana University.

Dale S. Hanson has been Vice President, Finance and Chief Financial Officer since 1990 and a director since 1988. Prior to joining the Company, Mr. Hanson held various executive positions with First Bank System, Inc. (now U.S. Bancorp), including Executive Vice President of First Bank System, Inc., President of FBS Merchant Banking Group and President of First Bank of St. Paul. Mr. Hanson holds a Bachelor of Arts degree from Carlton College.

Owen P. Gleason has been Vice President and General Counsel 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.

Jennifer T. Amys has been Vice President and Chief Information Officer since 1994. From 1989 through 1993, she was Director of Systems Development and Support for The Quaker Oats Company and prior to that held other senior MIS positions for several transportation and food companies. She has a Masters of Business Administration degree from the University of Minnesota and a Bachelor of Science degree from the University of Taiwan.

John P. Wiehoff has been Treasurer since May 1997 and Corporate Controller since 1992. Prior to that, he was employed as an audit manager by Arthur Andersen LLP. He holds a Bachelor of Science degree from St. John's University.

Robert Ezrilov has been a director of the Company since 1995. Mr. Ezrilov has been self-employed as a business consultant since April 1995. Prior to that, he was a partner with Arthur Andersen LLP, which he joined in 1966 subsequent to his obtaining a BSB degree at the University of Minnesota. Mr. Ezrilov also serves on the Board of Directors of Zomax Optical Media, Inc., (a turnkey provider of CDs and cassettes) and as an advisory board member to Holiday Companies (a group of related companies engaged in retailing and wholesaling grocery, general merchandise and petroleum products) and L&M Radiator (a replaceable core radiator manufacturer).

Gerald A. Schwalbach has been a director of the Company since 1997. He is currently an officer and director of Two S Properties, Inc. and Superior Storage, LLC, both of which are engaged in the business of operating self- storage and office warehouses. From 1985 to June 1996, Mr. Schwalbach served as Executive Vice President of Jacobs Management, Inc., a management corporation, and from 1996 to March 1997, as Executive Vice President of IMR General, Inc., an affiliate of Jacobs Management, Inc. Prior to joining Jacobs Management, Inc., Mr. Schwalbach was a tax partner with Arthur Andersen LLP. Since 1988, he has been a director of Delta Beverage Group, Inc., a beverage bottler and distributor. He graduated from Mankato State University in 1966 with a Bachelor of Science degree.

CLASSES OF DIRECTORS

Following this offering, the Board of Directors will be divided into three classes, each of whose members will serve for a staggered three-year term. Messrs. Verdoorn and Butzow will serve in the class whose term expires in 1998; Messrs. Baker, Ezrilov and Gleason will serve in the class whose term expires in 1999; and Messrs. Schwalbach and Hanson will serve in the class whose term expires in 2000. Upon the expiration of the term of a class of directors, directors in such class will be elected for three-year terms at the annual meeting of stockholders in the year in which such term expires.

BOARD COMMITTEES

The Board of Directors has a Compensation Committee that until the closing of this offering will continue to be comprised of Messrs. Verdoorn, Ezrilov and Schwalbach and after the closing will be comprised of Messrs. Ezrilov and Schwalbach. There are no Compensation Committee interlocks which are required to be disclosed by the rules promulgated by the Commission under the Securities Act. The Board of Directors has established an Audit Committee, effective upon closing of this offering, comprised of Messrs. Ezrilov and Schwalbach.

DIRECTOR COMPENSATION

Directors who are not employees of the Company will receive \$1,500 for each Board meeting attended, \$750 for each committee meeting attended and \$6,000 annually. The Company may pay such fees in Common Stock.

Each non-employee director has been granted a nonqualified stock option to purchase 3,000 shares of Common Stock at a price equal to the public offering price under the Stock Incentive Plan. The Company intends to make annual grants of nonqualified stock options at fair market value to its non-employee directors in the future.

EXECUTIVE OFFICERS

Executive officers are elected by the Board of Directors annually and serve at the pleasure of the Board of Directors.

EXECUTIVE COMPENSATION

The following table sets forth all compensation awarded, paid or accrued by the Company for services rendered to the Company in all capacities for each of the five most highly compensated executive officers of the Company (the "Named Executive Officers") for the year ended December 31, 1996:

SUMMARY COMPENSATION TABLE

	Annual Compensation			Long-Term Compensation	All Other Compensation (3)
	Salary (1)	Bonus (2)	Other	Restricted Stock Awards	
D.R. Verdoorn Chief Executive Officer...	\$164,276	\$271,452	\$1,606	\$197,271	\$ --
Looe Baker III Vice President.....	111,900	173,764	--	65,757	12,000
Barry W. Butzow Vice President.....	98,823	179,764	--	65,757	12,000
Bernard M. Madej Vice President, Logistics.	97,924	179,839	--	57,535	12,000
Gregory D. Goven Vice President.....	97,924	164,839	--	57,535	12,000

(1) Base salary plus amount paid as an automobile allowance.

(2) See "Existing Incentive Plans--Cash-Based Programs."

(3) Contributions to the Profit Sharing Plan.

OPTION GRANTS

The Company adopted a Stock Incentive Plan in August 1997. See "New Incentive Plans--Stock Incentive Plan." On the date of this Prospectus, the Company is granting options for an aggregate of 457,917 shares of Common Stock to 241 employees, including the Named Executive Officers, at an exercise price equal to the initial public offering price of the Common Stock offered hereby, as follows: Mr. Verdoorn, 13,109 shares, Mr. Baker, 13,109 shares, Mr. Butzow, 13,109 shares, Mr. Madej, 13,109 shares and Mr. Goven, 13,109 shares.

INDEBTEDNESS OF MANAGEMENT

The Company has made loans to its officers from time to time. All such loans require that the officer pay interest on an annual basis at the prime rate. The following table shows for certain of the Company's executive officers and members of their immediate families the name of such person, the person's relationship to the Company, the largest aggregate amount of indebtedness outstanding during the period from January 1, 1996, through July 31, 1997, and the amount outstanding on July 31, 1997. The interest rate charged on such loans has varied from 8.25% to 8.50% over the period from January 1, 1996 through July 31, 1997 and was 8.50% at July 31, 1997.

Name	Relationship	Maximum Outstanding	Outstanding at July 31, 1997
D.R. Verdoorn	Executive Officer	55,166	--
Barry W. Butzow	Executive Officer	185,000	160,000
Gregory D. Goven	Executive Officer	112,880	55,000
Bernard M. Madej	Executive Officer	13,330	10,330
Michael T. Rempe	Executive Officer	89,786	84,639
Thomas M. Jostes	Executive Officer	100,000	100,000
Thomas D. Perdue	Executive Officer	45,000	30,000
Dale S. Hanson	Executive Officer	150,000	100,000
Owen P. Gleason	Executive Officer	187,401	187,401
Jennifer T. Amys	Executive Officer	50,000	50,000
John P. Wiehoff	Executive Officer	40,000	40,000
Suzanne M. Jostes	Immediate family (1)	18,000	12,000

(1) Ms. Jostes is the sister of Mr. Thomas M. Jostes and is an employee of the Company.

EXISTING INCENTIVE PLANS

The Company believes that its cash and stock-based incentive plans have been significant motivational factors for its executives and other employees for many years.

BOOK VALUE STOCK PURCHASES

Certain employees selected by the Board of Directors have made annual purchases of Common Stock at book value from retiring employees. Upon an employee's retirement, the Company has the right to purchase at then current book value all outstanding Common Stock held by the employee or to designate a purchaser of the Common Stock. In some cases, a retiring employee has the right to require the Company to purchase the Common Stock at then book value. Because of the growth in the book value of the Common Stock, employees have achieved significant returns on their investments.

At June 30, 1997, 740 employees, former employees and directors held an aggregate of 35,295,720 shares of Common Stock in addition to stock held under the three restricted stock programs described below. Upon the closing of this offering, the Company's right to repurchase Common Stock will lapse and all such Common Stock will become freely tradeable, except for restrictions on resale applicable for six months (as to all employees) and for 12 months (as to all Selling Stockholders). See "Shares Eligible for Future Sale." Employees will no longer have the opportunity to purchase Common Stock at book value from retiring employees. The Company has established a Stock Purchase Plan by which employees may purchase stock at a small discount from fair market value after this offering. See "--New Incentive Plans--Stock Purchase Plan."

RESTRICTED STOCK PROGRAMS

Under the Central Office Management Incentive Program, executives have been awarded restricted stock, without any additional payment, the amount of which depends upon the achievement of certain growth objectives for the Company. Participants and their percentage participation have been selected prior to the beginning of a fiscal year for participation for the next three fiscal years. A pool, based on growth in net profits before taxes and profit sharing, with certain other adjustments, over the prior year, has been established for each year. Each participant has a percentage participation in the pool. The value of the pool, as of the end of a year, is paid out in Common Stock in the following year to participants in the pool, based on the book value of the Common Stock at year-end and their

respective participations. The Common Stock awarded under the Program has been restricted and forfeited unless the employee remains employed by the Company to age 65, except in the case of death or disability, as determined by the Company's Compensation Committee. Certain employees have the right to retire early, with the consent of the Company, and to receive the book value of the restricted Common Stock that would otherwise be forfeited, payable over a period of five to ten years, conditioned upon not being a competitor of the Company. For 1996, \$710,973 was earned by 20 employees, including 13 executive officers, under this Program, which was paid out in 1997 in the form of 188,088 shares of Common Stock. Upon the closing of this offering, this Program will be modified to provide that participants for 1997 will receive cash rather than Common Stock based on the value of the pool.

Under the Profit Center Incentive Program, managers of larger profit centers who have been selected to participate in the Program have been awarded restricted stock, without any additional payment, the value of which depends upon the achievement of certain growth objectives for the Company. Participants and their percentage participation has been selected annually prior to the beginning of a fiscal year. A pool, based on growth in net profits before taxes and profit sharing, with certain other adjustments, over the prior year, was established for each year. The value of the pool, as of the end of a year, was paid out in Common Stock in the following year to participants in the pool, based on the book value of the Common Stock at year end and their relative participations. The Common Stock awarded under the Program has been restricted and will be forfeited unless the employee remains employed by the Company to age 65, except in the case of death or disability as determined by the Company's Compensation Committee. Certain employees have the right to retire early, with the consent of the Company, and to receive the book value of the restricted stock that would otherwise be forfeited, payable over a period of five to ten years, conditioned upon not being a competitor of the Company. For 1996, \$349,264 was earned by 35 profit center managers under this Program, which was paid out in 1997 in the form of 92,398 shares of Common Stock. Upon the closing of this offering, this Program will be modified to provide that participants for 1997 will receive cash rather than Common Stock based on the value of the pool.

Under the Employee Incentive Program, Common Stock has been awarded to key employees, without any additional payment. The Common Stock awarded under the Program has been restricted and will be forfeited unless the employee remains employed by the Company until five years after the end of the calendar year in which such award was made, except in the case of death or disability. Certain employees have the right to retire early, with the consent of the Company, and to receive the book value of the restricted stock that would otherwise be forfeited, over a period of five to ten years. In 1997, 6,048 shares of Common Stock having a book value of \$3.78 were awarded to six employees under this Program. Upon the closing of this offering, this Program will be terminated. The Company intends to use its newly created Stock Incentive Plan as an alternative to this program. See "--New Incentive Plans."

At June 30, 1997, 87 employees held an aggregate of 5,968,901 shares of Common Stock under the three Programs described above. Of such shares, 87% are being sold in this offering. Prior to the closing of this offering, all restrictions described above will be removed.

The Central Office Management Incentive Program and the Profit Center Incentive Program, unlike the Employee Incentive Program, will continue after this offering for the remainder of 1997, on a cash basis. For 1998 and later years, the Company intends to either substitute an alternative program or use its Stock Incentive Plan as an alternative.

CASH-BASED PROGRAMS

In addition to these stock-based plans, the Company pays bonuses to executives who achieve certain objectives established on an annual basis, dependent upon the Company's achieving one or more ranges of earnings from operations. Branch-level employees participate in the profits of their respective branches.

PROFIT SHARING PLAN

The Company maintains one tax-qualified retirement plan, the Robinson Companies Retirement and Savings Plan, established in 1953. Generally, employees of the Company and all of its subsidiaries are eligible to participate in the plan after completing one year of service.

The plan permits each participating employee to make before-tax elective contributions, which are generally limited to 8% of regular compensation. These elective contributions are not matched by any employer contribution. The plan also allows the employer to make discretionary profit sharing contributions, generally in an annual amount not to exceed 15% of the aggregate compensation of all participating employees. These profit sharing contributions are made on a profit center basis and allocated to the accounts of participants employed in that profit center pro rata with each participant's compensation. Employee contributions are immediately vested. Employer contributions vest after five years of service. For the 1996 plan year, the Company contributed \$3.6 million to the plan.

Participants may direct the investment of their accounts into any of several mutual funds. The plan generally distributes the vested accounts to participants (or their beneficiaries) after termination of employment or death.

NEW INCENTIVE PLANS

STOCK INCENTIVE PLAN

The Board of Directors adopted the Stock Incentive Plan on July 30, 1997, and the stockholders approved it on August 14, 1997. Pursuant to the Stock Incentive Plan, officers, other employees, consultants and eligible independent contractors of the Company may receive options to purchase Common Stock. The Stock Incentive Plan provides for the grant both of incentive stock options intended to qualify for preferential tax treatment under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and nonqualified stock options that do not qualify for such treatment. The exercise price of incentive stock options must equal or exceed the fair market value of the Common Stock on the date of grant. The Stock Incentive Plan also permits grants of stock appreciation rights, restricted stock and restricted stock unit awards, performance awards, dividend equivalents and other stock grants or other stock-based awards.

The Compensation Committee administers the Stock Incentive Plan and approves awards thereunder. A total of 2,000,000 shares of Common Stock has been reserved for issuance under the Stock Incentive Plan. Incentive stock options may only be granted under the Stock Incentive Plan to full or part-time employees of the Company (including officers and directors who are also employees) and of its present and future subsidiaries. Full or part-time employees, consultants and independent contractors to the Company or its subsidiaries or affiliates are eligible to receive options which do not qualify as incentive stock options, as well as other awards. In determining the persons to whom options and awards may be granted and the number of shares subject to each, the Board of Directors may take into account the nature of services rendered by the respective employees or consultants, their present and potential contributions to the success of the Company, and such other factors as the Board of Directors in its discretion may deem relevant.

Under the Stock Incentive Plan, non-employee directors may be granted a nonqualified stock option to purchase shares of Common Stock on an annual basis. The exercise price of such nonqualified stock options will be equal to the fair market value of the Common Stock on the date of grant.

The Board of Directors may amend or discontinue the Stock Incentive Plan at any time, but may not make any revisions or amendments to the Stock Incentive Plan, absent stockholder approval, that would cause Rule 16b-3 under the Securities Exchange Act of 1934 or Section 162(m) of the Code to become unavailable with respect to the Stock Incentive Plan, would violate the rules or regulations of the Nasdaq National Market (or any other securities exchange that are applicable to the Company), or would cause the Company to be unable, under the Code, to grant incentive stock options under the Stock Incentive Plan. The Board of Directors may not alter or impair any award granted under the Stock Incentive Plan without the consent of the holder of the award. The Stock Incentive Plan will expire in 2007.

STOCK PURCHASE PLAN

The Company's Stock Purchase Plan will become effective upon consummation of this offering and will commence on January 1, 1998, and is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Code. The Stock Purchase Plan covers an aggregate of 2,000,000 shares of Common Stock. In order to participate in the Stock Purchase Plan, employees must meet certain eligibility requirements. Participating employees will be able to direct the Company to make payroll deductions of up to 10% of their compensation during a quarterly purchase period for the purchase of shares of Common Stock. The Stock Purchase Plan will provide participating employees with the right, subject to certain limitations, to purchase the Company's Common Stock at a price equal to 85% of fair market value on the last business day of the applicable purchase period. The Stock Purchase Plan will terminate on such date as the Board of Directors may determine, or automatically as of the date on which all of the shares of Common Stock the Company has reserved for purchase under the Stock Purchase Plan have been sold.

CERTAIN TRANSACTIONS

In December 1996, the Company invested \$4,323,000 in a real estate venture. Gerald A. Schwalbach, a director of the Company, has a substantial interest in the venture. In August 1997, the investment was sold to Mr. Schwalbach and an unrelated individual. The Company's income on the investment was \$595,000.

On June 30, 1997, the Company sold 25,000 shares of Common Stock to Gerald A. Schwalbach, a director of the Company, for cash in the amount of \$103,000 (\$4.12 per share, the book value of the stock at May 31, 1997).

PRINCIPAL AND SELLING STOCKHOLDERS

The table below sets forth, as of the date of this Prospectus, the number and percentage of outstanding shares of Common Stock beneficially owned by (i) each Named Executive Officer, (ii) each director of the Company, (iii) all directors and executive officers of the Company as a group, (iv) each other person known by the Company to own beneficially (directly or together with affiliates) more than 5% of the Common Stock and (v) the Selling Stockholders. The Company believes that each individual named has sole investment and voting power with respect to shares of Common Stock indicated as beneficially owned by him or her, except as otherwise noted. The shares being offered hereby represent 87% of the shares of Common Stock previously issued to employees and former employees under the Company's restricted stock programs. The Selling Stockholders have granted the Underwriters a 30-day over-allotment option to purchase the remaining 13% of such shares.

Name	Shares Beneficially Owned Prior		Number of Shares Offered	Shares Beneficially Owned After	
	to Offering			Offering	
	Number	%		Number	%

DIRECTORS AND EXECUTIVE OFFICERS					
D. R. Verdoorn (1).....	5,048,802	12.2	1,564,774	3,484,028	8.4
Looe Baker III (2).....	2,657,828	6.4	712,452	1,945,376	4.7
Barry W. Butzow.....	1,309,592	3.2	465,597	843,995	2.0
Dale S. Hanson.....	920,037	2.2	127,083	792,954	1.9
Owen P. Gleason.....	888,025	2.2	415,350	472,675	1.1
Gregory D. Goven.....	816,685	2.0	219,114	597,571	1.5
Bernard M. Madej.....	766,054	1.9	278,770	487,284	1.2
Jennifer T. Amys.....	290,353	*	30,742	259,611	*
Robert S. Ingram.....	247,051	*	45,199	201,852	*
Thomas M. Jostes.....	172,671	*	20,324	152,347	*
John P. Wiehoff.....	123,317	*	27,719	95,598	*
Michael T. Rempe.....	115,983	*	63,403	52,580	*
Robert Ezrilov.....	55,000	*	--	55,000	*
Thomas D. Perdue.....	38,114	*	4,447	33,667	*
Gerald A. Schwalbach.....	25,000	*	--	25,000	*
All directors and executive officers as a group (15 persons).....	13,474,512	32.7	3,974,974	9,499,538	23.0
SELLING STOCKHOLDERS WHO ARE RETIRED EMPLOYEES					
Donald Lerner (3).....	2,141,460	5.2	1,862,140	279,320	*
John R. Taylor.....	833,610	2.0	724,879	108,731	*
Roger Lowe.....	825,702	2.0	718,003	107,699	*
Robert A. Fair.....	583,224	1.4	507,152	76,072	*
Duane L. McConkey.....	493,349	1.2	429,000	64,349	*
Stanley Schoenfeld.....	312,300	*	271,565	40,735	*
D.G. MacDonald.....	283,200	*	246,261	36,939	*
Ted J. Copeland.....	261,282	*	227,202	34,080	*
Kenneth S. Machado.....	261,102	*	227,045	34,057	*
Raymond W. Tobias.....	202,500	*	176,087	26,413	*
William T. Fairbanks.....	171,168	*	148,842	22,326	*
Jeffrey Langenfeld.....	18,030	*	15,678	2,352	*
David R. Shell.....	16,665	*	14,491	2,174	*
Brent O. Ward.....	1,035	*	900	135	*
Travis D. Palena.....	396	*	344	52	*

Name	Shares Beneficially Owned Prior to Offering		Number of Shares Offered	Shares Beneficially Owned After Offering	
	Number	%		Number	%
SELLING STOCKHOLDERS WHO ARE CURRENT EMPLOYEES					
Vincent C. Immordino.....	1,066,382	2.6	370,092	696,290	1.7
Elliot E. Hansen.....	488,272	1.2	4,376	483,896	1.2
Raymond Sobieck.....	439,191	1.1	2,836	436,355	1.1
Gary D. Joseph.....	410,307	*	11,189	399,118	*
Oliver John McDonald.....	409,354	*	7,678	401,676	*
J. Scott Wessel.....	302,637	*	11,189	291,448	*
Leann Peterson.....	290,832	*	2,087	288,745	*
Roger Kerber.....	288,367	*	90,173	198,194	*
Joseph J. Mulvehill.....	282,415	*	18,923	263,492	*
John M. Salpietra.....	261,655	*	18,140	243,515	*
Gary Niedorkorn.....	260,072	*	34,720	225,352	*
Richard J. Myers.....	255,574	*	7,678	247,896	*
David J. Florenzano.....	237,035	*	20,227	216,808	*
Christine Hellekson.....	220,374	*	1,043	219,331	*
James E. Butts.....	216,014	*	11,282	204,732	*
Darryl L. Harper.....	210,914	*	10,243	200,671	*
James N. Schulte.....	183,228	*	3,913	179,315	*
David M. Barros.....	180,840	*	14,097	166,743	*
Jeanne M. Landures.....	159,996	*	1,304	158,692	*
Mark A. Walker.....	158,911	*	76,474	82,437	*
Jeffrey J. Begin.....	116,607	*	7,206	109,401	*
James P. Cummings.....	114,832	*	7,678	107,154	*
Bruce E. Morris.....	110,937	*	17,455	93,482	*
Lee A. Stassen.....	110,640	*	1,043	109,597	*
Leo C. Johnson Jr.....	104,342	*	5,591	98,751	*
John B. Evans.....	103,240	*	7,826	95,414	*
Jeffrey Jorgenson.....	100,920	*	10,238	90,682	*
Colleen J. Zwach.....	96,602	*	20,141	76,461	*
Gary G. Kouba.....	92,100	*	1,304	90,796	*
Charles D. Johnson.....	91,134	*	7,457	83,677	*
Robert W. Hall.....	90,103	*	23,281	66,822	*
Maurice F. Ayers III.....	88,926	*	1,565	87,361	*
Thomas J. Sandstrom.....	86,443	*	23,281	63,162	*
James K. Cypher.....	82,998	*	1,565	81,433	*
Robert W. Hubert.....	77,856	*	1,565	76,291	*
David H. Goldberg.....	73,040	*	1,826	71,214	*
Michael Migoski.....	72,644	*	9,717	62,927	*
John D. Lenzmeier.....	68,730	*	2,087	66,643	*
Lewis D. Canouse.....	68,318	*	1,565	66,753	*
Charles J. Taylor.....	63,577	*	945	62,632	*
Michael J. Sherlock.....	63,270	*	10,962	52,308	*
William E. Valentine.....	60,930	*	6,261	54,669	*
Peter B. Coster.....	60,457	*	2,461	57,996	*
James P. Lemke.....	60,189	*	12,130	48,059	*
Gregory Ritter.....	57,586	*	1,417	56,169	*

Name	Shares Beneficially Owned Prior to Offering		Number of Shares Offered	Shares Beneficially Owned After Offering	
	Number	%		Number	%
Daniel D. Smith.....	50,113	*	15,368	34,745	*
Roger A. Haack.....	46,814	*	8,151	38,663	*
Christopher Kramer.....	46,400	*	24,226	22,174	*
Jeffery W. Skokan.....	42,640	*	783	41,857	*
Jean M. Hairston.....	41,967	*	1,043	40,924	*
Arthur A. Mollica.....	40,609	*	23,281	17,328	*
Robert V. Pierson.....	40,116	*	8,501	31,615	*
Steven J. Nelson.....	37,934	*	8,151	29,783	*
James A. Griffith.....	35,718	*	1,565	34,153	*
David C. Swarts.....	32,430	*	1,565	30,865	*
James Burke III.....	29,440	*	1,043	28,397	*
Darryl A. Solem.....	29,332	*	870	28,462	*
Steven J. Battaglia.....	29,100	*	1,304	27,796	*
Conrad Johnson III.....	28,440	*	1,565	26,875	*
Douglas L. Tannehill.....	27,438	*	8,353	19,085	*
Richard J. Heimerl.....	25,800	*	1,565	24,235	*
Michael C. Borowiec.....	24,986	*	5,543	19,443	*
Kevin C. Wilner.....	24,893	*	3,195	21,698	*
James Z. Burgess Jr.....	23,332	*	1,043	22,289	*
Todd L. Ortman.....	19,230	*	1,565	17,665	*
William E. Farrell.....	18,527	*	945	17,582	*
Mark S. Prizer.....	17,114	*	1,890	15,224	*
Michael A. Ciofalo.....	16,830	*	1,304	15,526	*
Kent R. Stuart.....	16,230	*	522	15,708	*
Terry G. Schreifels.....	11,580	*	2,348	9,232	*
Steven M. Weiby.....	8,900	*	2,348	6,552	*
Eric D. Halverson.....	4,932	*	1,043	3,889	*
Charles J. Busby.....	3,000	*	522	2,478	*

* Less than one percent (1) Mr. Verdoorn's address is 8100 Mitchell Road, Eden Prairie, Minnesota 55444-2248. (2) Mr. Baker's address is 8100 Mitchell Road, Eden Prairie, Minnesota 55444- 2248. (3) Mr. Lerner's address is 1 Capri Court, Palm Coast, Florida 32137.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 130,000,000 shares of Common Stock, \$0.10 par value, and 20,000,000 shares of preferred stock, \$0.10 par value (the "Preferred Stock"). The following description of the capital stock of the Company is a summary and is qualified in its entirety by reference to the Company's Certificate of Incorporation (the "Certificate") and Bylaws.

PREFERRED STOCK

The Certificate authorizes the issuance of 20,000,000 shares of Preferred Stock, par value \$0.10 per share, none of which is outstanding. The Preferred Stock may be issued by resolution of the Company's 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. The Company has no present intention to issue shares of any series of Preferred Stock.

COMMON STOCK

The Certificate provides for the authorization of 130,000,000 shares of Common Stock, par value \$0.10 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 therefor when, as 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.

DIRECTORS' LIABILITY

As authorized by the Delaware General Corporation Law (the "DGCL"), the Certificate provides that no director of the Company shall be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) in respect of certain unlawful dividend payments or stock redemptions or purchases or (iv) for any transaction from which the director derived an improper personal benefit. The effect of the provision in the Certificate is to eliminate the rights of the Company and its stockholders to recover monetary damages against a director for breach of fiduciary duty as a director except in the situations described in clauses (i) through (iv) above. This provision does not limit or eliminate the rights of the Company or any stockholder to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's fiduciary duty. In addition, the Certificate provides that if the DGCL is amended to authorize the further elimination or limitation of the liability of a director, then the liability of the directors shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. These provisions do not alter the liability of directors under federal securities laws.

The Certificate also contains provisions requiring the indemnification of the Company's directors and officers to the fullest extent permitted by the DGCL, including circumstances in which indemnification is otherwise discretionary. The Company also has the power to maintain insurance, on terms and conditions the Board deems acceptable, on behalf of officers and directors against any expense, liability or loss arising out of such person's status as an officer or director. The Company believes that these provisions and agreements are necessary to attract and retain qualified persons as directors and officers.

SECTION 203 OF THE DELAWARE GENERAL CORPORATION LAW

The Company is subject to the provisions of Section 203 of the DGCL. That section provides, with certain exceptions, that a Delaware corporation may not engage in any of a broad range of business combinations with a person or affiliate or associate of such person who is an "interested stockholder" for a period of three years from the date that such person became an interested stockholder unless: (i) the transaction resulting in a person's becoming an interested stockholder, or the business combination, is approved by the board of directors of the corporation before the person becomes an interested stockholder, (ii) upon consummation of the transaction that resulted in the interested stockholder's becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding shares owned by persons who are both officers and directors of the corporation, and shares held by certain employee stock ownership plans); or (iii) on or after the date the person becomes an interested stockholder, the business combination is approved by the corporation's board of directors and by the holders of at least 66-2/3% of the corporation's outstanding voting stock at an annual or special meeting, excluding shares owned by the interested stockholder. An "interested stockholder" is defined as any person (other than the corporation or any direct or indirect majority owned subsidiary of the corporation) that is (i) the owner of 15% or more of the outstanding voting stock of the corporation or (ii) an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the three- year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder.

STOCKHOLDER RIGHTS PLAN

On August 14, 1997, the Board of Directors of the Company declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of Common Stock outstanding on the business day immediately preceding the date of this Prospectus (the "Record Date") to the stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company one one- hundredth of a share of Series A Junior Participating Preferred Stock, par value \$0.10 per share (the "Preferred Shares"), of the Company, at a price of \$100.00 per one one-hundredth of a Preferred Share (the "Purchase Price"), subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement (the "Rights Agreement") between the Company and , as Rights Agent (the "Rights Agent"), a copy of the form of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part.

Initially the Rights will be evidenced by the Common Stock then outstanding and no separate Right Certificates will be distributed. The Rights will separate from the Common Stock, and a Distribution Date for the Rights will occur, upon the earlier of: (i) the first date of public announcement that a person or group of affiliated or associated persons has become an "Acquiring Person" (i.e., has become the beneficial owner of 15% or more of the outstanding Common Stock (other than as a result of a Permitted Offer and subject to certain exceptions)) and (ii) the close of business on the 10th day (or such later date as may be determined by the Board of Directors prior to such time as any Person becomes an Acquiring Person) following the commencement or public

announcement of a tender offer or exchange offer, the consummation of which would result in a person or group of affiliated or associated persons becoming an Acquiring Person.

A "Permitted Offer" is a tender offer or an exchange offer for all outstanding Common Stock of the Company determined by the Board of Directors of the Company, after receiving such advice as it deems necessary and giving due consideration to all relevant factors, to be in the best interests of the Company and its stockholders.

Until the Distribution Date, (i) the Rights will be evidenced by the Common Stock and will be transferred with and only with the Common Stock, (ii) any Common Stock certificates issued after the Record Date upon transfer or new issuance of the Common Stock will contain a notation incorporating the Rights Agreement by reference, and (iii) the surrender for transfer of any Common Stock certificate will also constitute the transfer of the Rights associated with the Common Stock.

As promptly as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Common Stock as of the close of business on the Distribution Date, and such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire on the date that is ten years after the Record Date, unless extended or earlier redeemed or exchanged by the Company as described below. No fraction of a Preferred Share (other than fractions in integral multiples of one one-hundredth of a share) will be issued and, in lieu thereof, an adjustment in cash will be made based on the closing price on the last trading date prior to the date of exercise.

The Purchase Price payable and the number of Preferred Shares issuable upon exercise of the Rights are subject to adjustment from time to time to prevent dilution: (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Shares, (ii) upon the grant to holders of the Preferred Shares of certain rights, options or warrants to subscribe for or purchase Preferred Shares or convertible securities at less than the then current market price of the Preferred Shares or (iii) upon the distribution to holders of the Preferred Shares of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in Preferred Shares) or of subscription rights or warrants (other than those described in clause (ii) of this paragraph). With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in the Purchase Price. The number of outstanding Rights and the number of Preferred Shares issuable upon exercise of the Rights are also subject to adjustment in the event of a stock split of the Common Stock or a stock dividend on the Common Stock payable in Common Stock or subdivisions, consolidations or combinations of the Common Stock occurring, in any such case, prior to the Distribution Date.

Preferred Shares purchasable upon exercise of the Rights will not be redeemable. Each Preferred Share will be entitled to a minimum preferential quarterly dividend payment of \$1.00 per share but will be entitled to an aggregate dividend of 100 times the dividend declared per share of Common Stock. In the event of liquidation, the holders of the Preferred Shares will be entitled to a minimum preferential liquidation payment of \$100.00 per share but will be entitled to an aggregate payment of 100 times the payment made per share of Common Stock. Each Preferred Share will have 100 votes, voting together with the Common Stock. Finally, in the event of any merger, consolidation or other transaction in which Common Stock is exchanged, each Preferred Share will be entitled to receive 100 times the amount received per share of Common Stock. These rights are subject to adjustment in the event of a stock dividend on the Common Stock or a subdivision, combination or consolidation of the Common Stock.

In the event any Person becomes an Acquiring Person, each holder of a Right shall thereafter have a right to receive, upon exercise thereof at the then current aggregate exercise price, in lieu of Preferred Shares, such number of shares of Common Stock of the Company having a current aggregate market price equal to twice the current aggregate exercise price. In the event that at any time after there is an Acquiring Person, the Company is acquired in certain mergers or other business combination transactions or 50% or more of the assets or earning power of the Company and its subsidiaries (taken as a whole) are sold, holders of the Rights will thereafter have the Right to receive, upon exercise thereof at the then current aggregate exercise price, such number of shares of Common Stock of the acquiring company (or, in certain cases, one of its affiliates) having a current aggregate market price equal to twice the current aggregate exercise price.

At any time after a Person becomes an Acquiring Person (subject to certain exceptions), and prior to the acquisition by a Person of 50% or more of the outstanding Common Stock, the Board of Directors of the Company may exchange all or part of the Rights for Common Stock at an exchange ratio of one share of Common Stock per right, subject to adjustment.

At any time before a Person has become an Acquiring Person, the Board of Directors of the Company may redeem the Rights in whole, but not in part, at a price of \$0.01 per Right, subject to adjustment. The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including without limitation, the right to vote or to receive dividends.

The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire the Company pursuant to an offer that is not a Permitted Offer unless the Rights have been redeemed. However, the Rights should not interfere with any tender offer or merger approved by the Board because the Rights may be redeemed (or an offer designated as a Permitted Offer) by the Board of Directors at any time prior to such time as any entity becomes an Acquiring Person.

ANTITAKEOVER EFFECTS OF PROVISIONS OF THE COMPANY'S CERTIFICATE OF INCORPORATION AND BYLAWS

Certain provisions of the Certificate and the Bylaws could discourage potential takeover attempts and could delay or prevent a change in control of the Company. See "Certificate of Incorporation" and "Bylaws." These provisions are intended to enhance the likelihood of continuity and stability in the composition of the Board of Directors of the Company and in the policies formulated by the Board of Directors and to discourage certain types of transactions that may involve an actual or threatened change of control of the Company. The provisions are designed to reduce the vulnerability of the Company to an unsolicited proposal for a takeover of the Company. The provisions are also intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for the Company's shares and, as a consequence, they may also inhibit fluctuations in the market price of the Common Stock that often result from actual or rumored takeover attempts. Such provisions may also have the effect of preventing changes in the management of the Company.

CERTIFICATE OF INCORPORATION

Classified Board of Directors. There shall not be less than six nor more than nine directors. The Company presently has seven directors. The Certificate provides for the classification of the Board of Directors into three classes, each class to consist as nearly as possible of one-third of the directors. The term of office of the first class of directors will expire at the 1998 Annual Meeting of

Stockholders; the term of the second class of directors will expire at the 1999 Annual Meeting of Stockholders; and the term of the third class of directors will expire at the 2000 Annual Meeting of Stockholders. At each annual meeting, the class of directors to be elected at such meeting will be elected for a three-year term and the directors in the other two classes will continue in office.

The Certificate also permits the Board of Directors to create new directorships and to elect new directors to serve for the full term of the class of directors in which the new directorship was created. The Board of Directors (or its remaining members, even though less than a quorum) is also empowered to fill vacancies on the Board of Directors occurring for any reason for the remainder of the term of the class of director in which the vacancy occurred.

Stockholder Action. The Certificate provides that all stockholder actions must be effected at a duly called annual or special meeting and not by a written consent.

Special Voting Requirements for Certain Transactions. The Certificate provides that without the affirmative vote of the holders of at least 66-2/3% of the outstanding shares of Common Stock, together with the affirmative vote of at least 66-2/3% of the members of the Board of Directors of the Company, (i) the Company may not consolidate or merge with any other entity, (ii) the Company may not convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets, (iii) the Company may not amend the Certificate to permit the removal of directors without cause or (iv) the Company may not amend the Certificate. These voting requirements will make it more difficult for stockholders to make changes in the Certificate which would be designed to facilitate the exercise of control over the Company. In addition, the requirement for approval by at least a 66-2/3% stockholder vote will enable the holders of a minority of the Common Stock of the Company to prevent the holders of less than 66-2/3% from amending the Certificate.

BYLAWS

Special Super-Majority Provisions. The Bylaws provide that without the approval of 66-2/3% of all disinterested directors, the Company shall not and shall not permit any wholly owned subsidiary to (i) acquire, consolidate with or merge with another entity if the aggregate consideration exceeds \$50 million

(ii) convey, transfer, lease or otherwise dispose of assets or properties of the Company or any of its subsidiaries if the aggregate consideration for such transaction exceeds \$50 million, (iii) make any recommendation to the stockholders with respect to a pending tender offer, (iv) issue any shares of Common Stock, subject to certain specified exceptions, (v) increase the size of the Board of Directors or (vi) amend the Bylaws to permit the Corporation to take any of the foregoing actions without such super-majority approval. For the purposes of these provisions, a disinterested director is any director that does not have a financial interest in the outcome of such vote (other than as a stockholder of the Company) except that directors who are employees of the Company ("Management Directors") may vote on certain transactions, notwithstanding a financial interest therein, if the transaction is a merger or acquisition of the Company or any subsidiary with or by any person or entity not affiliated with such Management Director, and such Management Director has not initiated discussions concerning such acquisition or merger with such person or entity, and such person or entity has not entered into management equity or employment arrangements with such Management Director.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. The Bylaws establish an advance notice procedure for the nomination of candidates for election as directors and for stockholder proposals to be considered at stockholders' meetings.

Notice of stockholder proposals and director nominations must be timely given in writing to the Secretary of the Company prior to the meeting at which the matters are to be acted upon or directors are to be elected. To be timely, notice of director nominations must be received (i) with respect to an election to be held or a stockholder proposal to be considered at an annual meeting of stockholders, 90 days prior to the anniversary date of the immediately preceding annual meeting, and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. Notice to the Company from a stockholder must contain certain information.

The purpose of requiring advance notice is to afford the Board of Directors an opportunity to consider the qualifications of the proposed nominees or the merits of other stockholder proposals and, to the extent deemed necessary or desirable by the Board of Directors, to inform stockholders about those matters.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Stock is .

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for the Common Stock. The effect, if any, of public sales of shares or the availability of shares for sale at prevailing market prices cannot be predicted. Nevertheless, sales of substantial amounts of shares in the public market could adversely affect prevailing market prices.

Upon consummation of this offering, the Company will continue to have 41,264,621 shares of Common Stock outstanding. All of the shares of Common Stock offered hereby will be freely tradeable without restriction or further registration under the Securities Act unless acquired by "affiliates" of the Company as defined in Rule 144 under the Securities Act. In connection with this offering, the Company and its officers, directors and other Selling Stockholders, who will beneficially own an aggregate of 18,513,775 shares of outstanding Common Stock after this offering, have agreed not to sell or otherwise dispose of any shares, directly or indirectly, for one year from the date of this Prospectus without the prior written consent of Alex. Brown & Sons Incorporated (the "Underwriters' Lock-Up"). In addition, all other current stockholders, who beneficially own an aggregate of 12,172,450 shares of outstanding Common Stock, will be prohibited for a period of six months from transferring Common Stock currently held except upon death or to family members or trusts that take subject to the same restrictions.

Shares currently outstanding but not being sold in this offering may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemption contained in Rule 144 under the Securities Act. In general, under Rule 144, beginning 90 days after the date of this Prospectus, a person (or persons whose shares are aggregated) who has beneficially owned restricted shares for at least one year, including an "affiliate" as that term is defined in Rule 144, will be entitled to sell, within any three-month period, a number of shares that does not exceed the greater of (1) the average weekly trading volume during the four calendar weeks preceding the filing of a notice of sale with the Commission or, if no such notice is required, the sale date or (2) 1% of the then outstanding shares of Common Stock (approximately 413,000 shares immediately following completion of this offering). Sales under Rule 144 are also subject to certain requirements as to the manner of sale, notice and availability of current public information about the Company. A person who is deemed not to have been an affiliate of the Company at any time during the 90 days preceding a sale by such person and who has beneficially owned shares for at least two years is entitled to sell those shares under Rule

The Selling Stockholders have granted to the Underwriters an option, exercisable not later than 30 days after the date of this Prospectus, to purchase up to 1,586,759 additional shares of Common Stock at the initial public offering price less the underwriting discounts and commissions set forth on the cover page of this Prospectus. To the extent that the Underwriters exercise such option, each of the Underwriters will have a firm commitment to purchase approximately the same percentage thereof that the number of shares of Common Stock to be purchased by it shown in the above table bears to 10,578,396 and the Selling Stockholders will be obligated, pursuant to the option, to sell such shares to the Underwriters. The Underwriters may exercise such option only to cover over-allotments made in connection with the sale of the 10,578,396 shares of Common Stock offered hereby. If purchased, the Underwriters will offer such additional shares on the same terms as those on which the 10,578,396 shares are being offered.

To facilitate this offering of the Common Stock, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the market price of the Common Stock. Specifically, the Underwriters may over-allot shares of the Common Stock in connection with this offering, thereby creating a short position in the Underwriters' syndicate account. Additionally, to cover such over-allotments or to stabilize the market price of the Common Stock, the Underwriters may bid for, and purchase, shares of Common Stock in the open market. Any of these activities may maintain the market price of the Common Stock at a level above that which might otherwise prevail in the open market. The Underwriters are not required to engage in these activities, and, if commenced, any such activities may be discontinued at any time. The Representatives, on behalf of the Underwriters, also may reclaim selling concessions allowed to an Underwriter or dealer, if the syndicate repurchases shares distributed by that Underwriter or dealer.

The Underwriting Agreement contains covenants of indemnity and contribution among the Underwriters, the Company and the Selling Stockholders regarding certain liabilities, including liabilities under the Securities Act.

The Selling Stockholders (including the Company's officers) and directors, who following this offering will beneficially own 18,513,775 shares of Common Stock, and the Company, have agreed not to offer, sell or otherwise dispose of any shares of Common Stock for a period of one year from the date of this Prospectus without the prior written consent of Alex. Brown & Sons Incorporated. In addition, all other current stockholders, who beneficially own an aggregate of 12,172,450 shares of outstanding Common Stock, will be prohibited for a period of six months from transferring Common Stock they currently hold except upon death or to family members or trusts that take subject to the same restrictions.

The Representatives have advised the Company and the Selling Stockholders that the Underwriters do not intend to confirm sales to any account over which they exercise discretionary authority.

Prior to this offering, there has been no public market for the Common Stock. Consequently the initial public offering price for the Common Stock was determined by negotiation among the Company, the Selling Stockholders and the Representatives. Among the factors considered in such negotiations were prevailing market conditions, the results of operations of the Company in recent periods, the market capitalizations and stages of development of other companies which the Company and the Representatives of the Underwriters believe to be comparable to the Company, estimates of the business potential of the Company, the state of the Company's development and other factors deemed relevant.

Piper Jaffray Inc., one of the Representatives, is acting as a financial advisor to the Company with regard to the Company's sale of its consumer finance business. Piper Jaffray Inc. will be separately compensated by the Company for the provision of these services.

LEGAL MATTERS

The validity of the shares of Common Stock being offered hereby and certain other legal matters will be passed upon for the Company and the Selling Stockholders by Dorsey & Whitney LLP, Minneapolis, Minnesota. Certain legal matters will be passed upon for the Underwriters by Piper & Marbury L.L.P., Baltimore, Maryland.

EXPERTS

The financial statements of the Company as of December 31, 1995 and 1996 and for each of the three years in the period ended December 31, 1996 in this Prospectus and elsewhere in the Registration Statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said report.

ADDITIONAL INFORMATION

The Company has filed with the Commission a registration statement on Form S-1 (the "Registration Statement") under the Securities Act with respect to the shares of Common Stock offered hereby. For the purposes hereof, the term "Registration Statement" means the original Registration Statement and any and all amendments thereto. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company and such Common Stock, reference is hereby made to the Registration Statement, exhibits and schedules, which may be inspected and copied at the public reference facilities maintained by the Commission at its principal office at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 and at certain regional offices of the Commission located at Northwest Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and at 13th Floor, Seven World Trade Center, New York, New York 10048. Copies of the Registration Statement can be obtained at prescribed rates from the Public Reference Section of the Commission at its principal office at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. In addition, the Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The Web site's address is <http://www.sec.gov>.

Statements contained in this Prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES

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After the conversion of common stock discussed in Note 7 to C.H. Robinson Worldwide, Inc. and Subsidiaries consolidated financial statements is effected, we expect to be in a position to render the following audit report.

ARTHUR ANDERSEN LLP

August 15, 1997

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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, 1995 and 1996, and the related consolidated statements of operations, stockholders' investment and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of C.H. Robinson Worldwide, Inc. and Subsidiaries as of December 31, 1995 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

Minneapolis, Minnesota,

February 10, 1997 (except with respect to matters discussed in Note 6, as to which the date is July 30, 1997 and Note 7 as to which the date is October _____, 1997)

C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In Thousands, Except Per Share Data)

	December 31		June 30
	1995	1996	1997
ASSETS			(Unaudited)
CURRENT ASSETS:			
Cash and cash equivalents	\$ 34,452	\$ 42,567	\$ 40,288
Available-for-sale securities	37,112	42,711	50,225
Receivables, net of allowance for doubtful accounts of \$8,033, \$10,079 and \$11,130	148,916	170,935	204,311
Inventories	7,326	5,276	5,018
Deferred tax benefit	5,230	6,698	7,073
Prepaid expenses and other	2,432	2,088	1,664
Net assets of discontinued operations (Note 6)	13,854	10,147	12,479
Total current assets	249,322	280,422	321,058
PROPERTY AND EQUIPMENT:			
Land, building and improvements	2,823	2,773	2,773
Furniture, fixtures and equipment	30,151	33,835	36,185
Accumulated depreciation and amortization	(9,742)	(13,561)	(15,821)
Net property and equipment	23,232	23,047	23,137
INTANGIBLE ASSETS, net of accumulated amortization of \$8,091, \$10,331 and \$11,893	9,624	7,811	6,855
OTHER ASSETS	3,339	9,500	10,110
	\$285,517	\$320,780	\$361,160
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' INVESTMENT			
CURRENT LIABILITIES:			
Accounts payable	\$125,894	\$140,376	\$165,769
Accrued expenses-			
Compensation and profit-sharing contribution	17,940	17,991	11,637
Income taxes and other	8,344	7,985	12,388
Total current liabilities	152,178	166,352	189,794
COMMITMENTS AND CONTINGENCIES (Notes 3 and 5)			
STOCKHOLDERS' INVESTMENT:			
Preferred stock, \$0.10 par value, 20,000 shares authorized; none outstanding	-	-	-
Common stock, \$0.10 par value; 130,000 shares authorized, 43,407, 41,375, and 41,265 shares issued and outstanding	4,340	4,137	4,126
Additional paid-in capital	704	-	-
Foreign currency translation adjustment	(305)	(346)	(346)
Retained earnings	128,600	150,637	167,586
Total stockholders' investment	133,339	154,428	171,366
	\$285,517	\$320,780	\$361,160
	=====	=====	=====

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

C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(In Thousands, Except Per Share Data)

	For the Years Ended December 31			For the Six Months Ended	
	1994	1995	1996	June 30, 1996	June 30, 1997
				(Unaudited)	
GROSS REVENUES	\$1,257,946	\$1,445,975	\$1,605,905	\$775,024	\$855,152
COST OF TRANSPORTATION AND PRODUCTS	1,122,347	1,285,881	1,426,836	688,104	755,996
NET REVENUES	135,599	160,094	179,069	86,920	99,156
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	95,088	115,114	129,040	62,571	72,465
INCOME FROM OPERATIONS	40,511	44,980	50,029	24,349	26,691
INVESTMENT AND OTHER INCOME (LOSS)	(109)	2,925	3,095	1,391	1,881
INCOME FROM CONTINUING OPERATIONS BEFORE PROVISION FOR INCOME TAXES	40,402	47,905	53,124	25,740	28,572
PROVISION FOR INCOME TAXES	16,261	18,450	20,682	10,055	11,339
NET INCOME FROM CONTINUING OPERATIONS	24,141	29,455	32,442	15,685	17,233
NET INCOME FROM DISCONTINUED OPERATIONS	2,964	2,086	2,158	1,083	900
NET INCOME	\$ 27,105	\$ 31,541	\$ 34,600	\$ 16,768	\$ 18,133
NET INCOME PER SHARE:					
Net income from continuing operations	\$ 0.52	\$ 0.67	\$ 0.78	\$ 0.37	\$ 0.42
Net income from discontinued operations	0.07	0.05	0.05	0.03	0.02
Net income	\$ 0.59	\$ 0.72	\$ 0.83	\$ 0.40	\$ 0.44
WEIGHTED AVERAGE SHARES OUTSTANDING	46,277	43,915	41,780	42,163	41,299

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

C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Investment For the Years Ended December 31, 1994, 1995 and 1996 and For the Six Months Ended June 30, 1997 (Unaudited)

(In Thousands, Except Per Share Data)

	Common Stock \$0.10 Par Value		Additional Paid-In Capital	Foreign Currency Translation Adjustment	Retained Earnings	Total Stockholders' Investment
	Shares Issued	Amount				
BALANCE, December 31, 1993	48,371	\$4,837	\$ 10,716	\$(206)	\$ 80,552	\$ 95,899
Net income	-	-	-	-	27,105	27,105
Foreign currency translation adjustment	-	-	-	(151)	-	(151)
Cash dividends, \$.108 per share	-	-	-	-	(4,954)	(4,954)
Incentive shares of common stock issued, net	504	50	1,157	-	-	1,207
Repurchase of common stock	(3,185)	(319)	(6,003)	-	-	(6,322)
BALANCE, December 31, 1994	45,690	4,568	5,870	(357)	102,703	112,784
Net income	-	-	-	-	31,541	31,541
Foreign currency translation adjustment	-	-	-	52	-	52
Cash dividends, \$.13 per share	-	-	-	-	(5,644)	(5,644)
Incentive shares of common stock issued, net	878	88	2,387	-	-	2,475
Repurchase of common stock	(3,161)	(316)	(7,553)	-	-	(7,869)
BALANCE, December 31, 1995	43,407	4,340	704	(305)	128,600	133,339
Net income	-	-	-	-	34,600	34,600
Foreign currency translation adjustment	-	-	-	(41)	-	(41)
Cash dividends, \$.185 per share	-	-	-	-	(7,655)	(7,655)
Incentive shares of common stock issued, net	200	20	1,031	-	-	1,051
Repurchase of common stock	(2,232)	(223)	(1,735)	-	(4,908)	(6,866)
BALANCE, December 31, 1996	41,375	4,137	-	(346)	150,637	154,428
Net income (unaudited)	-	-	-	-	18,133	18,133
Cash dividends, \$.02 per share (unaudited)	-	-	-	-	(825)	(825)
Incentive shares of common stock issued, net (unaudited)	239	24	919	-	-	943
Sale of common stock (unaudited)	25	3	100	-	-	103
Repurchase of common stock (unaudited)	(374)	(38)	(1,019)	-	(359)	(1,416)
BALANCE, June 30, 1997 (unaudited)	41,265	\$4,126	\$ -	\$(346)	\$ 167,586	\$ 171,366

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

C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31

(In Thousands)

	For the Years Ended December 31			For the Six Months Ended June 30	
	1994	1995	1996	1996	1997
	-----	-----	-----	-----	-----
				(Unaudited)	
OPERATING ACTIVITIES:					
Net income	\$ 27,105	\$ 31,541	\$ 34,600	\$ 16,768	\$ 18,133
Adjustments to reconcile net income to net cash provided by continuing operations-					
Depreciation and amortization	6,091	5,998	7,604	3,700	4,073
Incentive stock expense	2,475	1,051	943	560	-
Deferred income tax benefit	(1,770)	(2,293)	(2,464)	(2,972)	(1,662)
Loss (gain) on sale of assets	1,793	(190)	10	8	75
Changes in operating elements-					
Receivables	(32,902)	(13,175)	(22,019)	(31,736)	(33,376)
Inventories	250	(3,925)	2,050	802	258
Prepaid expenses and other current assets	(22)	(648)	344	466	424
Accounts payable	29,645	15,729	14,482	26,181	25,393
Accrued compensation and profit sharing	2,140	1,007	159	(6,099)	(5,411)
Accrued income taxes and other	(1,853)	3,121	(359)	2,947	4,403
	-----	-----	-----	-----	-----
Net cash provided by operating activities	32,952	38,216	35,350	10,625	12,310
	-----	-----	-----	-----	-----
INVESTING ACTIVITIES:					
Additions of property and equipment	(4,326)	(14,448)	(4,784)	(2,772)	(2,807)
Disposals of property and equipment	1,508	2,486	80	41	26
Cash paid for acquisitions, net	(4,247)	(2,908)	-	-	-
Sales of long-term investments	3,825	508	115	115	-
Purchases of long-term investments	(33)	(33)	(5,267)	(1,012)	-
Sales of available-for-sale securities	2,330	17,971	33,719	21,526	34,362
Purchases of available-for-sale securities	(6,419)	(35,827)	(39,318)	(18,076)	(41,876)
Cash provided by (used for) discontinued operations	18,076	(2,600)	3,707	2,062	(2,332)
Other assets, net	(1,211)	(692)	(966)	147	176
	-----	-----	-----	-----	-----
Net cash provided by (used for) investing activities	9,503	(35,543)	(12,714)	2,031	(12,451)
	-----	-----	-----	-----	-----
FINANCING ACTIVITIES:					
Repayments under lines of credit	(4,000)	-	-	-	-
Sales of common stock	-	-	-	-	103
Repurchases of common stock	(6,322)	(7,869)	(6,866)	(6,817)	(1,416)
Cash dividends	(4,954)	(5,644)	(7,655)	(414)	(825)
	-----	-----	-----	-----	-----
Net cash used for financing activities	(15,276)	(13,513)	(14,521)	(7,231)	(2,138)
	-----	-----	-----	-----	-----
Net increase (decrease) in cash	27,179	(10,840)	8,115	5,425	(2,279)
	-----	-----	-----	-----	-----
CASH AND CASH EQUIVALENTS, beginning of period	18,113	45,292	34,452	34,452	42,567
	-----	-----	-----	-----	-----
CASH AND CASH EQUIVALENTS, end of period	\$ 45,292	\$ 34,452	\$ 42,567	\$ 39,877	\$ 40,288
	=====	=====	=====	=====	=====
CASH PAID FOR INCOME TAXES	\$ 17,718	\$ 21,525	\$ 22,662	\$ 9,059	\$ 8,184
	=====	=====	=====	=====	=====

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

C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Including Data Applicable to Unaudited Periods)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF CONSOLIDATION

C.H. Robinson Worldwide, Inc. and Subsidiaries (the Company) is a global provider of multimodal transportation services and logistics solutions through a network of 113 branch offices in 38 states throughout the United States, along with offices in Canada, Mexico and Europe. The consolidated financial statements include the accounts of C.H. Robinson Worldwide, Inc. and its majority owned and controlled subsidiaries. The Company's financial services segment is 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.

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 amount of goods and services purchased by customers. The Company acts principally as the service provider for these transactions and recognizes 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 stockholders' investment.

The Company provides products and services to numerous international customers. At times, the Company enters 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 June 30, 1997.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists 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 consists of various debt and equity securities. The fair value of the Company's 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 following estimated lives of the assets:

	Years

Building and improvements	3-37
Furniture, fixtures and equipment	5-10

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 customer lists, trade names, contracts, noncompete agreements, software and goodwill. Intangible assets are being amortized over their estimated economic lives, ranging from 3 to 20 years. The Company periodically evaluates whether events and circumstances have occurred that indicate the remaining balance of intangible assets may not be recoverable.

INCOME PER SHARE

Primary and fully diluted income per common share are determined by dividing net income by the weighted average number of common shares outstanding during each period. There were no differences between primary and fully diluted weighted average shares outstanding.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS No. 128) in February 1997. SFAS No. 128 establishes accounting standards for computing and presenting earnings per share and is effective for reporting periods ending after December 15, 1997. The adoption of SFAS No. 128 will not have a material impact on the Company's calculation of income per share.

INTERIM FINANCIAL INFORMATION (UNAUDITED)

The accompanying consolidated balance sheet as of June 30, 1997, the consolidated statements of operations and cash flows for the six-month periods ended June 30, 1996 and 1997, and the consolidated statement of stockholders' investment for the six-month period ended June 30, 1997 are unaudited. However, in the opinion of management, these financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of results for these interim periods. The results of operations for the six months ended June 30, 1996 and 1997 are not necessarily indicative of results to be expected for the entire year.

2. MARKETABLE SECURITIES:

The Company has classified all of its marketable securities as available-for-sale as of December 31, 1995 and 1996 and June 30, 1997. Available-for-sale securities are carried at fair value, with the unrealized gains and losses reported net of tax as a separate component of stockholders' investment when material. 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, 1995 and 1996 and for the six months ended June 30, 1997.

The following is a summary of marketable securities (in thousands):

	December 31		June 30
	1995	1996	1997
U.S. government and government agency obligations	\$ 6,648	\$ 1,033	\$ 2,523
State and local agency obligations	22,029	27,373	35,333
Corporate bonds	30,067	40,858	35,788
Other debt securities	1,300	700	700
Equity securities	82	87	97
Total	60,126	70,051	74,441
Less- Cash equivalents	(23,014)	(27,340)	(24,216)
Available-for-sale securities	\$ 37,112	\$ 42,711	\$ 50,225

The fair value of marketable securities by contractual maturity are stated below (in thousands).

	December 31, 1996	June 30, 1997
Debt securities:		
Due within one year	\$ 20,596	\$ 13,628
Due after one year through five years	8,506	21,128
Due after five years	13,522	15,372
	\$ 42,624	\$ 50,128

3. LINES OF CREDIT:

The Company has unsecured lines of credit with banks which provide for borrowings of up to \$17,500,000 and expire on May 1, 1998. Interest on borrowings under the lines is at 1% above the banks' cost of funds (6.69% and 6.63% as of June 30, 1997). There were no borrowings under the lines of credit during 1994, 1995, 1996 or for the six months ended June 30, 1997.

The Company's credit agreements contain certain financial covenants. The Company was in compliance with such covenants at December 31, 1996 and June 30, 1997.

4. INCOME TAXES:

C.H. Robinson Worldwide, Inc. and its 80% (or more) owned U.S. subsidiaries file a consolidated federal income tax return. The Company files unitary or separate state returns based on state filing requirements. The components of the provision for income taxes consisted of the following (in thousands):

	December 31		
	1994	1995	1996
Tax provision:			
Federal	\$14,339	\$17,367	\$19,060
State	3,465	2,956	3,423
Foreign	227	420	663
	18,031	20,743	23,146
Deferred benefit	(1,770)	(2,293)	(2,464)
	\$16,261	\$18,450	\$20,682
	=====	=====	=====

A reconciliation from the provision for income taxes using the statutory federal income tax rate to the Company's effective income tax rate is as follows:

	December 31		
	1994	1995	1996
Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	4.3	3.8	3.9
Other	0.9	(0.3)	-
	40.2%	38.5%	38.9%
	=====	=====	=====

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

	December 31	
	1995	1996
Deferred income tax assets:		
Receivables	\$ 3,749	\$ 5,305
Accrued expenses	1,463	1,353
Amortization	908	1,518
Other	1,663	1,092
Accrued compensation	2,365	3,581
Deferred income tax liabilities:		
Long-lived assets	(2,034)	(2,279)
Other	(77)	(56)
Net deferred income tax asset	\$ 8,037	\$10,514
	=====	=====

5. COMMITMENTS AND CONTINGENCIES:

EMPLOYEE BENEFIT PLANS

The Company participates in a defined contribution profit-sharing plan and a 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. Profit-sharing plan expense aggregated approximately \$3,408,000 in 1994, \$3,608,000 in 1995, and \$3,611,000 in 1996 and \$1,947,000 and \$2,470,000 for the six months ended June 30, 1996 and 1997. The Company can elect to make contributions to the 401(k) plan at the discretion of the Company's board of directors. There were no Company contributions during 1994, 1995, 1996 or for the six months ended June 30, 1997.

LEASE COMMITMENTS

The Company leases certain facilities, equipment and automobiles under operating leases. Lease expense was \$4,775,000 for 1994, \$7,088,000 for 1995, and \$8,318,000 for 1996 and \$4,030,000 and \$6,276,000 for the six months ended June 30, 1996 and 1997.

Minimum future lease commitments under noncancelable lease agreements in excess of one year as of December 31, 1996 are as follows (in thousands):

1997	\$ 6,981
1998	6,216
1999	4,699
2000	2,002
2001	1,520
Thereafter	2,754

	\$24,172
	=====

LITIGATION

In 1995, the United States Customs Service began an investigation of possible duties owed on imports of certain juice concentrates by a subsidiary of the Company. The Company has been advised by the United States Attorney for the Eastern District of New York that its subsidiary was not the target or the subject of a criminal investigation, although the United States Attorney is not bound by such statements. The Company believes, however, that the United States Customs Service will seek additional duties and may seek civil monetary penalties against the subsidiary of the Company. The Company believes the disposition of this matter will not have a material adverse effect on the financial condition or results of operations of the Company, although there can be no assurance that the duties and penalties sought against the subsidiary will not exceed the Company's reserves for this matter.

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 financial condition or results of operations of the Company.

6. DISCONTINUED OPERATIONS:

On July 30, 1997, the Company approved a plan to sell its finance businesses. This segment is expected to be sold prior to the end of 1997. Accordingly, these operations are reported as discontinued operations in the accompanying consolidated financial statements. CHR Equipment Financing, Inc. (EFI) is included in the results of discontinued operations. The majority of EFI assets were disposed of in 1994. Summary condensed financial information for the discontinued segment is as follows (in thousands):

	December 31			June 30	
	1994	1995	1996	1996	1997
Revenues	\$13,216	\$12,117	\$12,870	\$ 6,406	\$ 6,606
Expenses	8,269	8,636	9,238	4,575	5,035
Income from operations	4,947	3,481	3,632	1,831	1,571

	December 31		June 30
	1995	1996	1997
Cash and investments	\$ 6,790	\$ 6,885	\$ 7,045
Finance receivables	53,492	46,213	48,686
Other assets	2,429	2,650	2,149
Total assets	\$62,711	\$55,748	\$57,880
Thrift deposits	\$32,649	\$33,457	\$31,038
Long-term debt	13,101	7,635	9,156
Accounts payable and accrued expenses	3,107	4,509	5,207
Total liabilities	\$48,857	\$45,601	\$45,401
Net assets of discontinued operations	\$13,854	\$10,147	\$12,479

7. CAPITAL STOCK

The Company had two classes of common stock. On October ____, 1997, in connection with the proposed offering of common stock (see Note 8), the Company converted the Class A and Class B common stock into one class of common stock and all stock repurchase agreements were terminated. The Class A common stock was nonvoting but had the same dividend rights as the Class B voting common stock. Both classes were subject to stock repurchase agreements under which the Company had the option to designate a buyer or to purchase the common stock at book value if a stockholder's employment with the Company ceased. Additionally, Class A common stock was redeemable at book value at the option of either the Company or stockholder. Common stock repurchased by the Company under such arrangements totaled 3,185,000, 3,161,000, 2,232,000, and 374,000 shares in 1994, 1995 1996 and the six months ended June 30, 1997. Certain of the shares subject to repurchase in a given year are offered to certain active employees of the Company. Such shares are acquired by the employees directly from the selling stockholder at the then net book value per share of the Company's common stock.

The Company also had incentive plans which awarded shares of common stock to certain employees based upon the annual operating performance of the Company. The net book value of such shares was charged to expense in the year the award was earned. Compensation expense associated with such plans totaled approximately \$2,475,000, \$1,051,000, \$943,000, \$560,000, and \$548,000 for 1994, 1995, 1996 and the six months ended June 30, 1996 and 1997. Such plans were terminated effective October ____, 1997, and any amounts due for 1997 will be paid in cash.

Pursuant to Securities Exchange Commission rules related to stock issued or sold to employees at prices below the initial public offering price for the twelve months preceding the date that the initial offering becomes effective ("cheap stock"), the Company will record an \$18,558,000 charge to expense at the effective date of the Offering. This future charge relates to approximately 1,237,000 shares sold to employees under the book value stock purchase plan and approximately 282,000 shares issued under the incentive plans discussed above and represents the difference between the book value of shares sold and issued to employees and the offering price per share.

At the effective date of the Offering discussed in note 8, the Company was reorganized as a Delaware corporation.

8. OFFERING OF COMMON STOCK, STOCK OPTIONS, STOCK PURCHASE PLAN AND SPECIAL DIVIDEND:

The Company is registering its common stock to allow certain stockholders to sell 12,165,155 shares of the Company's stock to the Public. The proceeds of the offering will accrue entirely to selling stockholders.

In August 1997, the Company adopted stock option and stock purchase plans which the Company expects will be approved by the Company's stockholders prior to the effective date of the offering. Under the plans, options to purchase an aggregate of not more than 2,000,000 shares of common stock may be granted from time to time to key employees, officers and directors of the Company. Immediately prior to the consummation of the offering, the Company intends to grant 457,917 stock options under these plans at a grant price equivalent to that of the offering price per share.

In August 1997, the Company declared a \$1.50 dividend on the Company's common stock to stockholders of record immediately prior to the offering of common stock. Also, the Company will generate an approximate \$36.0 million tax benefit from the removal of restrictions on the shares to be sold in the Offering.

9. SUPPLEMENTARY DATA (UNAUDITED):

The Company's results of operations for each of the quarters in the years ended December 31, 1995 and 1996 and the six months ended June 30, 1997 are summarized below (in thousands, except per share data).

	Quarters Ended (Unaudited)			
	March 31	June 30	September 30	December 31
1995				
Gross revenues	\$331,214	\$379,275	\$370,870	\$364,616
Cost of transportation and products	293,994	337,112	330,034	324,741
Net revenues	37,220	42,163	40,836	39,875
Income from operations	9,332	13,440	12,449	9,759
Net income from continuing operations	6,238	8,567	8,131	6,519
Net income from discontinued operations	451	515	549	571
Net income	\$ 6,689	\$ 9,082	\$ 8,680	\$ 7,090
Net income per share from continuing operations	\$ 0.14	\$ 0.20	\$ 0.19	\$ 0.15
Net income per share from discontinued operations	0.01	0.01	0.01	0.01
Net income per share	\$ 0.15	\$ 0.21	\$ 0.20	\$ 0.16
Weighted average shares outstanding	45,161	43,546	43,499	43,454

		Quarters Ended (Unaudited)			
		March 31	June 30	September 30	December 31
1996					
Gross revenues		\$361,936	\$413,088	\$413,585	\$ 417,296
Cost of transportation and products		320,100	368,004	368,474	370,258
Net revenues		41,836	45,084	45,111	47,038
Income from operations		10,474	13,875	13,509	12,171
Net income from continuing operations		6,719	8,966	8,673	8,084
Net income from discontinued operations		543	540	566	509
Net income		\$ 7,262	\$ 9,506	\$ 9,239	\$ 8,593
Net income per share from continuing operations		\$ 0.16	\$ 0.22	\$ 0.21	\$ 0.20
Net income per share from discontinued operations		0.01	0.01	0.01	0.01
Net income per share		\$ 0.17	\$ 0.23	\$ 0.22	\$ 0.21
Weighted average shares outstanding		42,910	41,416	41,407	41,388

		Quarter Ended (Unaudited)	
		March 31	June 30
1997			
Gross revenues		\$403,705	\$451,447
Cost of transportation and products		356,819	399,177
Net revenues		46,886	52,270
Income from operations		11,415	15,276
Net income from continuing operations		7,426	9,807
Net income from discontinued operations		439	461
Net income		\$ 7,865	\$ 10,268
Net income per share from continuing operations		\$ 0.18	\$ 0.24
Net income per share from discontinued operations		0.01	0.01
Net income per share		\$ 0.19	\$ 0.25
Weighted average shares outstanding		41,345	41,253

[Inside Back Cover]

[Photos]

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UNTIL , 1997 (25 DAYS AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE REGISTERED SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS REQUIREMENT IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

10,578,396 Shares

C.H. ROBINSON WORLDWIDE, INC.

[LOGO OF C.H. ROBINSON WORLDWIDE, INC.]

Common Stock

PROSPECTUS

Alex. Brown & Sons Incorporated

Morgan Stanley Dean Witter

Piper Jaffray Inc.

, 1997

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following fees and expenses (which do not include underwriting commissions and discounts) will be paid by the Company in connection with the issuance and distribution of the securities registered hereby. All such expenses, except for the SEC, NASD and Nasdaq fees, are estimated.

SEC registration fee.....	\$62,669
NASD filing fee.....	21,181
Nasdaq Stock Market listing fee.....	*
Legal fees and expenses.....	*
Accounting fees and expenses.....	*
Blue Sky fees and expenses.....	*
Transfer Agent's and Registrar's fees.....	*
Printing and engraving expenses.....	*
Miscellaneous.....	*

Total.....	\$ *
	=====

* To be provided by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Certificate of Incorporation of the Company provides that a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL or (iv) for any transaction from which the director derived any improper personal benefit.

The Certificate of Incorporation of the Company provides that to the full extent permitted by law the Company shall indemnify and advance expenses to any person who is or was a director or officer of the Company, and may, but shall not be obligated to, indemnify and advance expenses to any employee or agent of the Company, and shall or may, as applicable, indemnify any person serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, against liabilities which may be incurred by such person by reason of (or arising in part from) such capacity.

Section 145 of the DGCL authorizes the indemnification of directors and officer against liability incurred by reason of being a director or officer and against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any action, suit, or proceeding seeking to establish such liability, in the case of third- party claims, if the officer or director acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and in the case of actions by or in the right of the corporation, if the officer or director acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and if such officer or director shall not have been adjudged liable to the corporation, unless, despite the adjudication of liability, a court otherwise determines. Indemnification also is authorized with

respect to any criminal action or proceeding where, in addition to the above, the officer or director has no reasonable cause to believe his conduct was unlawful.

The above discussion of the Company's Certificate of Incorporation, Bylaws and Section 145 of the DGCL is only a summary and is qualified in its entirety by the full text of each of the foregoing.

Reference is made to the Underwriting Agreement, the proposed form of which is filed as Exhibit 1.1 hereto, in which each Underwriter agrees, under certain circumstances, to indemnify the directors and officers of the Company and certain other persons against certain civil liabilities.

The Company intends to purchase insurance against certain losses arising from claims which may be asserted against its directors and officers, including claims under the Securities Act.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

On February 28, 1995, the Company issued an aggregate of 879,612 restricted shares of Common Stock to 70 employees under its Central Office Management Incentive, Employee Incentive and Profit Center Incentive Programs (the "Programs") related to incentive compensation earned for the year ended December 31, 1994 (and determined after the end of the year). The number of shares issued was based on book value per share of Common Stock on December 31, 1994. Such issuances were exempt from registration under the Securities Act of 1933, as amended ("Securities Act"), pursuant to Section 3(b) and Rule 701 thereunder inasmuch as (1) the Company was not subject to the reporting requirements of

Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act") and was not an investment company registered or required to be registered under the Investment Company Act of 1940, as amended ("Investment Company Act") at the time of issuance, (2) the conditions of Rule 701(b)(1) and

(3) were satisfied in that each such issuance was made to pursuant to a written contract with each such employee, which was furnished to the employee, and (3) the conditions of Rule 701(b)(5) were satisfied in that the aggregate amount of securities offered and sold (879,612 shares valued at \$2,190,234) (x) did not exceed \$5,000,000 and (y) did not exceed the greater of (i) \$500,000, (ii) \$44,699,100 (15% of the total assets of the Company at December 31, 1994) or (iii) 6,535,986 shares (15% of the number of shares outstanding as of February 28, 1995, giving effect to such sales).

On February 28, 1996, the Company issued an aggregate of 369,498 restricted shares of Common Stock to 56 employees under the Programs related to incentive compensation earned for the year ended December 31, 1995 (and determined after the end of the year). The number of shares issued was based on book value per share of Common Stock on December 31, 1995. Such issuances were exempt from registration under the Securities Act pursuant to Section 3(b) and Rule 701 thereunder inasmuch as (1) the Company was not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and was not an investment company registered or required to be registered under the Investment Company Act at the time of issuance, (2) the conditions of Rule 701(b)(1) and

(3) were satisfied in that each such issuance was made to pursuant to a written contract with each such employee, which was furnished to the employee, and (3) the conditions of Rule 701(b)(5) were satisfied in that the aggregate amount of securities offered and sold (369,498 shares valued at \$1,147,291) (x) did not exceed \$5,000,000 and (y) did not exceed the greater of (i) \$500,000, (ii) \$50,316,150 (15% of the total assets of the Company at December 31, 1995) or (iii) 6,212,975 shares (15% of the number of shares outstanding as of February 28, 1996, giving effect to such sales).

On February 28, 1997, the Company issued an aggregate of 282,086 restricted shares of Common Stock to 57 employees under the Programs related to incentive compensation earned for the year ended December 31, 1996 (and determined after the end of the year). The number of shares issued was based on book value per share of Common Stock on December 31, 1996. Such

issuances were exempt from registration under the Securities Act pursuant to Section 3(b) and Rule 701 thereunder inasmuch as (1) the Company was not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and was not an investment company registered or required to be registered under the Investment Company Act at the time of issuance, (2) the conditions of Rule 701(b)(1) and (3) were satisfied in that each such issuance was made to pursuant to a written contract with each such employee, which was furnished to the employee, and (3) the conditions of Rule 701(b)(5) were satisfied in that the aggregate amount of securities offered and sold (282,086 shares valued at \$1,066,285) (x) did not exceed \$5,000,000 and (y) did not exceed the greater of (i) \$500,000, (ii) \$48,117,000 (15% of the total assets of the Company at December 31, 1996) or (iii) 6,185,288 shares (15% of the number of shares outstanding as of February 28, 1997, giving effect to such sales).

On June 30, 1997, the Company sold 25,000 shares of Common Stock to Gerald A. Schwalbach, a director of the Company, for cash in the amount of \$103,000, the book value of the stock at May 31, 1997. Such stock was purchased for investment and not with a view to distribution, and the sale thereof was exempt from registration under the Securities Act pursuant to Section 4(2) thereof.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

Number -----	Description -----
*1.1	Underwriting Agreement
3.1	Certificate of Incorporation of the Company
3.2	Bylaws of the Company
*4.1	Form of Certificate for Common Stock
*4.2	Form of Rights Agreement between the Company and
*5.1	Opinion of Dorsey & Whitney LLP
10.1	Form of Central Office Management Incentive Program, including Deferred Compensation Agreement
10.2	Operational Executive Compensation Program
10.3	Employee Incentive Program
*10.4	1997 Omnibus Stock Plan
10.5	Form of Management-Employee Agreement between the Company and each of by D.R. Verdoorn, Looe Baker III and Barry Butzow
10.6	Form of Management-Employee Agreement entered into by Gregory Goven, Dale Hanson, Thomas Jostes, Bernard Madej and Michael Rempe
10.7	Form of Management-Employee Agreement between the Company and by Thomas Perdue

- 10.8 Amended and Restated Promissory Note, due on demand or June 30, 1998, payable by C.H. Robinson Company to the order of First Bank National Association, up to an aggregate principal amount of \$10,000,000
- 10.9 Guaranty, dated as of November 30, 1992, by C.H. Robinson, Inc. for the benefit of First Bank National Association
- 10.10 Master Equipment Lease Agreement, dated August 19, 1994, between Wagonmaster Transportation Company and AT&T Commercial Finance Corporation
- 10.11 Keep-Well Agreement, dated August 19, 1994, between C.H. Robinson, Inc., Wagonmaster Transportation Company and AT&T Commercial Finance Corporation
- 10.12 Master Equipment Lease Agreement, dated _____, 1994, between Wagonmaster Transportation Company and Metlife Capital, Limited Partnership
- 10.13 Keep-Well Agreement, dated April _____, 1994, between C.H. Robinson, Inc., Wagonmaster Transportation Company and Metlife Capital Limited Partnership
- 10.14 Support Agreement, dated as of October 23, 1995, among C.H. Robinson, Inc., Clipper Receivables Corporation, State Street Boston Capital Corporation and Norwest Bank Minnesota, N.A.
- 10.15 Receivables Purchase Agreement, dated as of October 23, 1995, among Cityside Finance Corporation I, Cityside Financial Services of Wisconsin, Inc., Clipper Receivables Corporation, State Street Boston Capital Corporation and Norwest Bank Minnesota, N.A.
- 10.16 First Amendment to Receivables Purchase Agreement and Support Agreement, dated as of April 1, 1996, among Cityside Finance Corporation I, Cityside Financial Services of Wisconsin, Inc., Clipper Receivables Corporation, State Street Boston Capital Corporation, Norwest Bank Minnesota, N.A. and C.H. Robinson, Inc.
- 10.17 Second Amendment to Receivables Purchase Agreement and Support Agreement, dated as of December 11, 1996, among Cityside Finance Corporation I, Cityside Financial Services of Wisconsin, Inc., Clipper

Receivables Corporation, State Street Boston Capital Corporation, Norwest Bank Minnesota, N.A. and C.H. Robinson, Inc.

- 10.18 Letter of Undertaking, dated April 7, 1995, by C.H. Robinson, Inc. to First Bank National Association, Norwest Bank Minnesota, N.A., The Daiwa Bank, Limited and American Bank National Association, in support of Cityside Financial Services of Wisconsin, Inc.
 - 10.19 Subordination Agreement, as amended April 7, 1995, by C.H. Robinson, Inc. in favor of First Bank National Association, Norwest Bank Minnesota, N.A., The Daiwa Bank, Limited and American Bank National Association
 - 21.1 Subsidiaries of the Company
 - 23.1 Consent of Arthur Andersen LLP
 - *23.2 Consent of Dorsey & Whitney LLP (included in Exhibit 5.1)
 - 24.1 Powers of Attorney (included on signature page)
 - 27.1 Financial Data Schedule
-

* To be filed by amendment.

(b) Financial Statement Schedules

None.

ITEM 17. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant further undertakes that:

- (1) It will provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.
- (2) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (3) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and this offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Eden Prairie, State of Minnesota, on August 15, 1997.

C.H. ROBINSON WORLDWIDE, INC.

By: /s/ D. R. Verdoorn

D. R. Verdoorn

President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints D.R. Verdoorn, Dale S. Hanson and Owen P. Gleason, or either of them (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 additional Registration Statement pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and any or all amendments (including post-effective amendments) to this Registration Statement (or Registration Statements, if an additional Registration Statement is filed pursuant to Rule 462(b)), 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, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement on Form S-1 has been signed by the following persons in the capacities indicated on August 15, 1997.

SIGNATURE -----	TITLE -----
/s/ D. R. Verdoorn ----- D. R. Verdoorn	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Dale S. Hanson ----- Dale S. Hanson	Vice President Finance, Chief Financial Officer and Director (Principal Financial Officer)
/s/ John P. Wiehoff ----- John P. Wiehoff	Corporate Controller and Treasurer (Principal Accounting Officer)
/s/ Loe Baker III ----- Loe Baker III	Vice President and Director
/s/ Barry W. Butzow ----- Barry W. Butzow	Vice President and Director
/s/ Owen P. Gleason ----- Owen P. Gleason	Vice President, General Counsel, Secretary and Director
/s/ Robert Ezrilov ----- Robert Ezrilov	Director
/s/ Gerald A. Schwalbach ----- Gerald A. Schwalbach	Director

EXHIBIT INDEX

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- 21.1 Subsidiaries of the Company

- 23.1 Consent of Arthur Andersen LLP
 - *23.2 Consent of Dorsey & Whitney LLP (included in Exhibit 5.1)
 - 24.1 Powers of Attorney (included on signature page)
 - 27.1 Financial Data Schedule
-

* To be filed by amendment.

EXHIBIT 3.1

**CERTIFICATE OF INCORPORATION
OF
C.H. ROBINSON WORLDWIDE, INC.**

To form a corporation pursuant to the Delaware General Corporation Law, the undersigned hereby certifies:

ARTICLE I

The name of the corporation is C.H. Robinson Worldwide, Inc.

ARTICLE II

The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the corporation is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the Delaware General Corporation Law, as amended from time to time ("Delaware Law").

ARTICLE IV

The total number of shares which the corporation is authorized to issue is 150,000,000 shares as follows: 130,000,000 shares of common stock, par value \$.10 per share (the "Common Stock"), and 20,000,000 shares of preferred stock, par value \$.10 per share (the "Preferred Stock").

The Preferred Stock may be issued from time to time by the board of directors as shares of one or more series. Subject to the provisions hereof and the limitations prescribed by law, the board of directors is expressly authorized, by adopting resolutions providing for the issuance of shares of any particular series and, if and to the extent from time to time required by law, by filing with the Delaware Secretary of State a certificate setting forth the resolutions so adopted pursuant to the Delaware Law, to establish the number of shares to be included in each such series and to fix the designation and relative powers, including voting powers, preferences, rights, qualifications, limitations and restrictions thereof relating to the

shares of each such series. The authority of the board of directors with respect to each series shall include, but not be limited to, determination of the following:

- (i) the distinctive serial designation of such series and the number of shares constituting such series;
- (ii) the annual dividend rate on shares of such series, if any, whether dividends shall be cumulative and, if so, from which date or dates;
- (iii) whether the shares of such series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon and after which such shares shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;
- (iv) the obligation, if any, of the corporation to retire shares of such series pursuant to a sinking fund;
- (v) whether shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or classes and, if so, the terms and conditions of such conversion or exchange, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment, if any;
- (vi) whether the shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights;
- (vii) the rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding-up of the corporation; and
- (viii) any other relative rights, powers, preferences, qualifications, limitations or restrictions thereof relating to such series.

The shares of Preferred Stock of any one series shall be identical with each other in all respects except as to the dates from and after which dividends thereon shall cumulate, if cumulative.

All shares of Common Stock shall be identical and shall entitle the holders thereof to the same rights and privileges. When and as dividends are declared on the Common Stock, whether payable in cash, in property or in securities of the corporation, the holders of the Common Stock shall be entitled to share equally, share for share, in such dividends. Upon any liquidation, dissolution or winding-up of the corporation, whether voluntary or involuntary, after the payment in full of all amounts to which the holders of the Preferred Stock shall be entitled, the remaining assets of the corporation to be distributed to the holders of the stock of the corporation shall be distributed

ratably among the holders of the shares of Common Stock. The holders of shares of the Common Stock shall be entitled to vote on all matters to be voted on by the stockholders of the corporation. On all matters to be voted on by the holders of Common Stock, the holders shall be entitled to one vote for each share thereof held of record. Without the affirmative vote of the holders of record of 66-2/3% of all of the shares of the Common Stock outstanding and the approval of 66-2/3% of all of the directors of the corporation (with any fractional number of directors resulting from application of such percentage rounded up to the nearest whole number):

(a) The corporation shall not, directly or indirectly, consolidate with or merge into or with any other person or entity except that any subsidiary may consolidate with or merge into or with the corporation under the provisions of Section 253 of Delaware Law or into or with any wholly owned subsidiary of the corporation.

(b) The corporation shall not, directly or indirectly, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any person or entity, whether in a single transaction or a series of related transactions, except that any subsidiary of the corporation may at any time or from time to time convey, transfer, lease or otherwise dispose of all or any of its properties and assets to the corporation or any wholly owned subsidiary of the corporation.

(c) The corporation shall not amend this Certificate of Incorporation in any manner that would permit a director to be removed from office other than for cause.

(d) The corporation shall not amend or otherwise modify or repeal any of the provisions of this Certificate of Incorporation.

The holders of Common Stock shall have no preemptive rights to subscribe to any or all additional issues of Common Stock or any securities of the corporation convertible into Common Stock.

ARTICLE V

The number of directors to constitute the whole board of directors shall be such number (not less than six nor more than nine) as shall be fixed from time to time by resolution of the board of directors adopted by such vote as may be required in the by-laws. The board of directors shall be divided into three classes as nearly equal in number as may be, with the term of office of one class expiring each year. The directors of the first class shall be elected to hold office for a term expiring at the annual meeting of stockholders in 1998, directors of the second class shall be elected to hold office for a term expiring at the next succeeding annual meeting in 1999, and directors of the third class shall be elected to hold office for a term expiring at the second succeeding annual meeting in 2000. Commencing in 1998, at each annual meeting of stockholders,

successors to the directors whose terms shall then expire shall be elected to hold office for terms expiring at the third succeeding annual meeting of stockholders. In case of any vacancies, by reason of an increase in the number of directors or otherwise, each additional director may be elected by a majority of the directors then in office, even though less than a quorum of the board of directors, to serve until the end of the term he is elected to fill and until his successor shall have been elected and qualified in the class to which such director is assigned and for the term or remainder of the term of such class. Directors shall continue in office until others are chosen and qualified in their stead. When the number of directors is changed, any newly created directorships or any decrease in directorships shall be so assigned among the classes by a majority of the directors then in office, though less than a quorum, as to make all classes as nearly equal in number as may be feasible. No decrease in the number of directors shall shorten the term of any incumbent director.

ARTICLE VI

All actions required or permitted to be taken by the stockholders of the corporation must be effected at a duly called annual or special meeting of stockholders of the corporation and may not be effected by any consent in writing of such stockholders.

ARTICLE VII

In furtherance and not in limitation of the power conferred upon the board of directors by law, the board of directors shall have power to adopt, amend, alter and repeal from time to time the by-laws of the corporation by majority vote of all directors except that any provision of the by-laws requiring, for board action, a vote of greater than a majority of the board shall not be amended, altered or repealed except by such super-majority vote.

ARTICLE VIII

The corporation reserves the right to amend this Certificate of Incorporation in any manner provided herein or permitted by Delaware Law and all rights and powers conferred herein on stockholders, directors and officers, if any, are subject to this reserved power.

ARTICLE IX

A director of the corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its

stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (iii) under Section 174 of Delaware Law, or (iv) for any transaction from which the director derived an improper personal benefit.

If the Delaware Law is hereafter amended to further eliminate or limit the liability of a director of a corporation, then a director of the corporation, in addition to the circumstances set forth herein, shall have no liability as a director (or such liability shall be limited) to the fullest extent permitted by the Delaware Law as so amended. No repeal or modification of the foregoing provisions of this Article IX nor, to the fullest extent permitted by law, any modification of law, shall adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

ARTICLE X

The corporation shall, to the full extent permitted by Delaware Law, indemnify each officer and director of the corporation and may, but shall not be obligated to, indemnify any employee or agent of the corporation who is not an officer or director of the corporation as follows:

(a) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall or may, as applicable, be indemnified and held harmless by the corporation to the fullest extent authorized by Delaware Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Paragraph (c) hereof with respect to proceedings to enforce rights to indemnification, the corporation shall indemnify any such

indemnatee in connection with a proceeding (or part thereof) initiated by such indemnatee only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation.

(b) Right to Advancement of Expenses. The right to indemnification conferred in Paragraph (a) of this Article X shall include the right to be paid by the corporation the expenses incurred in defending any proceeding for which such right to indemnification is applicable in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, if Delaware Law so requires, an advancement of expenses incurred by an indemnatee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnatee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnatee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnatee is not entitled to be indemnified for such expenses under this Article X or otherwise.

(c) Right of Indemnatee to Bring Suit. The rights to indemnification and to the advancement of expenses conferred in Paragraphs (a) and (b) of this Article X shall be contract rights. If a claim under Paragraph (a) or (b) of this Article X is not paid in full by the corporation within sixty days after a written claim has been received by the corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnatee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnatee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnatee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnatee to enforce a right to an advancement of expenses) it shall be a defense for the corporation that, and (ii) in any suit by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking the corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnatee has not met any applicable standard for indemnification set forth in Delaware Law. Neither the failure of the corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that the indemnatee has met the applicable standard of conduct set forth in Delaware Law and that indemnification of the indemnatee is therefore proper in the circumstances, nor an actual determination by the corporation (including its board of directors, independent legal counsel, or its stockholders) that the indemnatee has not met such applicable standard of conduct, shall create a presumption that the

indemnatee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnatee, be a defense of the corporation to such suit. In any suit brought by the indemnatee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnatee is not entitled to be indemnified, or to such advancement of expenses, under this Article X or otherwise shall be on the corporation.

(d) Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article X shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this Certificate of Incorporation, by-law, agreement, vote of stockholders or of disinterested directors or otherwise.

(e) Insurance. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of Delaware Law.

ARTICLE XI

The name and mailing address of the incorporator is William B. Payne, Dorsey& Whitney LLP, 220 South Sixth Street, Minneapolis, Minnesota 55402.

Dated: August 11, 1997

/s/ William B. Payne

William B. Payne

EXHIBIT 3.2

BY-LAWS OF C. H. ROBINSON WORLDWIDE, INC.

ARTICLE I

OFFICES

Section 1.01. Registered Office. The registered office of C. H. Robinson Worldwide, Inc., in the State of Delaware shall be at 1209 Orange Street, Wilmington, Delaware 19801. The name of the registered agent in charge thereof shall be The Corporation Trust Company.

Section 1.02. Other Offices. The corporation may also have an office or offices at such other place or places either within or without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 2.01. Place of Meetings. Each meeting of the stockholders of the corporation shall be held at such place either within or without the State of Delaware as shall be fixed by the board of directors and specified in the notice of said meeting.

Section 2.02. Annual Meetings. The annual meeting of the stockholders for the transaction of such business as may properly come before the meeting shall be held at such place, date and hour as shall be determined by the board of directors.

Section 2.03. Special Meetings. A special meeting of the stockholders for any purposes may be called at any time by the board of directors.

Section 2.04. Notice of Annual and Special Meetings. Written notice of the annual and any special meetings of the stockholders, stating the place, date and hour of the meeting, and for special meetings the purpose or purposes for which the meeting is called, shall be given to each stockholder entitled to vote at such meeting, either personally or by mail, not less than ten, nor more than sixty, days before the date of the meeting.

Section 2.05. Business at Annual and Special Meetings. The business to be transacted at any annual or special meeting of stockholders shall be limited to business which is properly brought before the meeting. For the purposes of these by-laws, "properly brought before the meeting" shall mean (i) the business which is specified in the notice of the meeting given by the board of directors, (ii) otherwise brought before the meeting by order of the board of directors or (iii) otherwise properly brought before an annual meeting by a stockholder. In order for business to be properly brought before an annual meeting by a stockholder, the stockholder must give written notice of such stockholder's intent to bring a matter before the annual meeting, either by personal delivery or by United States mail, postage pre-paid, to the secretary of the corporation no later than ninety days prior to the anniversary date of the immediately preceding annual meeting. Each such notice shall set forth: (a) the name and address of the stockholder who intends to bring such matter before a meeting; (b) the number of shares of the corporation entitled to vote at such meeting held by the stockholder; (c) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to bring such matter before the meeting; (d) a description of the business desired to be brought before the meeting and the reasons therefor; (e) such other information regarding the business proposed by such stockholder as would be required to be included in the proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission; and (f) a representation as to the stockholder's material interest in the business being proposed. The presiding officer of the meeting shall refuse to acknowledge any business proposed to be brought before an annual meeting not made in compliance with the foregoing procedure.

Section 2.06. Quorum and Adjourned Meetings. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, at which the quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment, a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.07. Required Vote. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or by the Certificate of Incorporation, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

ARTICLE III

BOARD OF DIRECTORS

Section 3.01. General Powers. The business, property and affairs of the corporation shall be managed under the direction of the board of directors.

Section 3.02. Nomination of Directors. Nominations for the election of directors may be made by the board of directors or a committee appointed by the board of directors or by any stockholder entitled to vote in the election of directors generally. Any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the secretary of the corporation not later than (i), with respect to an election to be held at an annual meeting of stockholders, ninety days prior to the anniversary date of the immediately preceding annual meeting, and (ii), with respect to the election to be held at a special meeting of stockholders for the election of directors, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) the number of shares of the corporation entitled to vote at such meeting held by the stockholder; (c) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (d) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (e) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission; and (f) the consent of each nominee to serve as a director of the corporation if so elected. The presiding officer of the meeting shall refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

Section 3.03 Quorum and Manner of Acting. One-half in number of the directors in office at the time, but not less than three, shall constitute a quorum for the transaction of business at any meeting. If the number of directors in office at the time is not evenly divisible by two, any resulting fraction shall be rounded upwards to the next whole number in calculation of the quorum number. Except as otherwise required by the Certificate of Incorporation or these by-laws, the affirmative vote of a majority of the directors present at any meeting at which a quorum is present shall be required for the taking of any action by the board of directors. In the absence of a quorum at any meeting of the Board, such meeting need not be held, or a majority of the directors present thereat or, if no director is present, the secretary, may adjourn such meeting from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given.

Section 3.04. Offices; Place of Meetings. The board of directors may hold meetings and have an office or offices at such place or places within or without the State of Delaware, as the board of directors may from time to time determine.

Section 3.05. Annual Meeting. The board of directors shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable following each annual meeting of stockholders. Such meeting shall be called and held at the place and time specified in the notice or waiver of notice thereof as in the case of a special meeting of the board of directors.

Section 3.06. Regular Meeting. Regular meetings of the board of directors shall be held at such places and at such times as the board of directors shall from time to time determine. Notice of regular meetings of the board of directors need not be given.

Section 3.07. Special Meetings. Special meetings of the board of directors shall be held whenever called by the chairman of the board, the chief executive officer or any two of the directors. Notice of each such meeting shall be mailed by the secretary to each director, addressed to him or her at his or her residence or usual place of business, at least two days before the day on which the meeting is to be held, or shall be sent to him or her at his or her residence or at such place of business by facsimile, electronic or similar means, or be delivered personally or by telephone, not later than two days before the day on which the meeting is to be held. Each such notice shall state the time and place of the meeting but need not state the purposes thereof except as otherwise herein expressly provided. Notice of any such meeting need not be given to any director, however, if waived by him or her in writing or by facsimile, electronic or similar means, or by mail, whether before or after such meeting shall be held, or if he or she shall be present at such meeting; and any meeting of the board shall be a legal meeting without any notice thereof having been given if all of the directors shall be present thereat.

Section 3.08. Organization. At each meeting of the board of directors, the chairman of the board, or in the absence of the chairman of the board, the chief executive officer, or in the absence of the chief executive officer, the president, or in the absence of the president, any director chosen by a majority of the directors present thereat, shall preside. The secretary, or in his or her absence an assistant secretary of the corporation, or in the absence of the secretary and all assistant secretaries, a person whom the chairman of such meeting shall appoint, shall act as secretary of such meeting and keep the minutes thereof.

Section 3.09. Order of Business. At all meetings of the board of directors business shall be transacted in the order determined by the board of directors.

Section 3.10. Action by Consent. Any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the board or

of such committee, as the case may be, and such written consent is filed with the minutes of the proceedings of the board of directors or such committee.

Section 3.11. Telephone, etc. Meetings. Members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute the presence of such person at such meeting.

Section 3.12. Resignation. Any director of the corporation may resign at any time by giving written notice of his or her resignation to the chairman of the board, the chief executive officer or the secretary of the corporation. Such resignation shall take effect at the time specified therein, or, if the time when it shall become effective shall not be specified therein, then it shall take effect when received. Except as aforesaid, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.13. Compensation. Each director, in consideration of his or her serving as such, shall be entitled to receive from the corporation such consideration per annum or for attendance at directors' and committee meetings, or both, as the board of directors shall from time to time determine. The board of directors may likewise provide that the corporation shall reimburse each director or member of a committee for any expenses incurred by him or her on account to his or her attendance at any such meeting. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving proper compensation therefor.

Section 3.14. Indemnification of Directors and Officers. The corporation shall indemnify its directors and officers in the manner and to the extent provided in the Certificate of Incorporation.

Section 3.15. Removal. Any director or the entire board of directors may be removed at any time but only for cause.

Section 3.16. Super-Majority. Subject to Article IV of the Certificate of Incorporation, without the approval of 66-2/3% of all "Disinterested Directors" (to the extent that the application of such percentage results in a fractional number, rounded up to the nearest whole number of directors) the corporation shall not and it shall not permit any subsidiary of the corporation to:

(a) Acquire, consolidate with or merge into another person or entity, if the aggregate consideration for such transaction exceeds \$50 million, except that any subsidiary may consolidate with or merge into the corporation under the provisions of Section 253 of Delaware Law or into or with any wholly owned subsidiary of the corporation.

- (b) Convey, transfer, lease or otherwise dispose of assets or properties of the corporation, or any of its subsidiaries, if the aggregate consideration exceeds \$50 million, except that any subsidiary of the corporation may at any time, or from time to time, convey, transfer, lease or otherwise dispose of all or any of its properties and assets to the corporation or any wholly owned subsidiary of the corporation and except that the corporation may at any time, or from time to time, convey, transfer, lease or otherwise dispose of all or any of its properties and assets to any wholly owned subsidiary of the corporation.
- (c) Make any recommendation to the stockholders with respect to a pending tender offer.
- (d) Issue, sell, assign, pledge or otherwise dispose of any shares of, or any securities convertible into, Common Stock of the corporation or any subsidiaries of the corporation except that:
- (i) the corporation may issue up to 500,000 shares of Common Stock in any one transaction or series of related transactions, for any purpose authorized by the board including acquisitions;
- (ii) the corporation may sell or assign to any wholly owned subsidiary of the corporation, and any subsidiary of the corporation may issue, sell, assign, pledge or otherwise dispose of to the corporation or any wholly owned subsidiary of the corporation, shares of or any warrants, rights or options to acquire any securities convertible into, stock of any subsidiary;
- (iii) the corporation may issue shares in connection with stock option plans and other stock-based plans approved by the stockholders and administered by the board of directors; and
- (iv) any subsidiary may issue, sell, assign, pledge or otherwise dispose of any (a) shares of, or any warrants, rights or options to acquire any securities convertible into, stock of such subsidiary, or any other assets or property of such subsidiary.
- (e) Increase the size of the board of directors.
- (f) Agree to do any of the foregoing.
- (g) Amend this Section 3.16.

For purposes of this Section 3.16, a "Disinterested Director" shall mean any director who does not have a financial interest in the outcome of such vote (other than as a stockholder of the corporation). Notwithstanding the foregoing, the term Disinterested Director shall not include any director who has an interest in the outcome of the vote if such director is an employee of the corporation ("Management Director"), and (i) the

transaction giving rise to the vote is an acquisition, merger or consolidation of the corporation (or any subsidiary) with or by a person or entity which is not affiliated with such Management Director (before completion of such transaction), (ii) such Management Director has not initiated discussions concerning such transaction with such person or entity and (iii) such person or entity has not, at the time of such vote, entered into management equity or employment arrangements with such Management Director; provided, however, the foregoing shall not be deemed to prohibit such Management Director from entering into customary management equity and employment arrangements after the vote to facilitate completion of such transaction.

ARTICLE IV

COMMITTEES

The board of directors may, by resolution or resolutions passed by a majority of the full board of directors, designate one or more committees, each such committee to consist of one or more directors of the corporation, which to the extent provided in said resolution or resolutions shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. A majority of all the members of any such committee may determine its actions and fix the time and place of its meetings, unless the board of directors shall otherwise provide. The board of directors shall have power to change the members of any such committee at any time, to fill vacancies and to discharge any such committee, either with or without cause, at any time.

ARTICLE V

OFFICERS

Section 5.01. Number. The principal officers of the corporation shall be chosen by the board of directors and shall be a chief executive officer, a president, one or more vice presidents (the number thereof to be determined by the board of directors and one or more of whom may be designated as executive or senior vice presidents), a secretary and a treasurer. The board of directors may also elect a chairman of the board. In addition, there may be such subordinate officers, agents and employees as may be appointed in accordance with the provisions of Section 5.03. Any two or more offices may be held by the same person. The offices of the corporation for which officers may be elected shall be set forth, from time to time, by resolution of the board of directors.

Section 5.02. Election, Qualifications and Term of Office. Each officer of the corporation, except such officers as may be appointed in accordance with the provisions of Section 5.03, shall be elected by the board of directors from time to time, and shall hold office until his or her successor shall have been duly elected and qualified, or until his or her death, or until he or she shall have resigned or shall have been removed in the manner herein provided.

Section 5.03. Other Officers. The corporation may have such other subordinate officers, agents and employees as the chief executive officer may deem necessary, including one or more assistant secretaries, one or more assistant treasurers, a controller and one or more assistant controllers, each of whom shall hold office for such period, have such authority, and perform such duties as the chief executive officer may from time to time determine.

Section 5.04. Removal. Any officer may be removed, either with or without cause, by the vote of a majority of the full board of directors or, except in case of any officer elected by the board of directors, by any officer upon whom the power of removal may be conferred by the board of directors. Such removal from office shall not affect any rights which such removed officer may have under any employment or stockholder agreement.

Section 5.05. Resignation. Any officer may resign at any time by giving written notice to the board of directors or to the chief executive officer. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, then it shall take effect when accepted by action of the board of directors. Except as aforesaid, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.06. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled for the unexpired portion of the term in the manner prescribed in these by-laws for regular election or appointment to such office.

Section 5.07. Chairman of the Board. The chairman of the board, if one is elected, shall preside at all meetings of the stockholders and of the board of directors and shall perform such other duties and have such responsibilities as the board of directors may from time to time determine.

Section 5.08. Chief Executive Officer. The chief executive officer shall have general supervisory management over the business of the corporation, shall report to the board of directors, and shall see that all orders and resolutions of the board of directors are carried into effect, all subject to the general control of the board of directors. In the absence of the chairman of the board for any reason, including the failure of the board of directors to elect the chairman of the board, or in the event of the chairman's inability or refusal to act, the chief executive officer shall have all the powers of, and be subject to all the restrictions upon, the chairman of the board.

Section 5.09. President. The president shall be responsible for the active management of the business of the corporation, shall perform such other duties as may be prescribed by the board of directors or the chief executive officer and shall have authority to execute such contracts and take such actions required in connection therewith. In the absence of the chief executive officer for any reason, including the failure of the board of directors to elect a chief executive officer, or in the event of the

chief executive officer's inability or refusal to act, the president or any vice president designated by the board shall have all the powers of, and be subject to all the restrictions upon, the chief executive officer.

Section 5.10. Vice President. The vice president or, if there be more than one, the vice presidents, in the order determined by the board of directors (or if there is no such determination, then in the order of their election), shall, in the absence of the president for any reason, including the failure of the board of directors to elect a president or in the event of the president's inability or refusal to act, perform the duties of the president, and, when so acting, have all the powers of, and be subject to all of the restrictions upon, the president. The vice president shall perform such other duties and have such other powers as the board of directors or the chief executive officer may from time to time prescribe.

Section 5.11. Secretary. The secretary shall record or cause to be recorded in books provided for the purpose the minutes of the meetings of the stockholders, the board of directors and all committees of which a secretary shall not have been appointed, shall see that all notices are duly given in accordance with the provisions of these by-laws and as required by law; shall be custodian of all corporate records (other than financial); shall see that the books, reports, statements, certificates and all other documents and records required by law are properly kept and filed; and, in general, shall perform all duties as may, from time to time, be assigned to him or her by the board of directors or the chief executive officer.

Section 5.12. Assistant Secretary. The assistant secretary, or if there be more than one, the assistant secretaries, in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the secretary for any reason, including the failure of the board of directors to elect a secretary or in the event of the secretary's inability or refusal to act, perform the duties and exercise the powers of the secretary and perform such other duties and have such other powers as the board of directors or president may from time to time prescribe. Any assistant secretary shall have authority to attest by his or her signature to the same extent as the secretary.

Section 5.13. Treasurer. The treasurer shall have charge and custody of, and be responsible for, all funds and securities of the corporation, and shall deposit all such funds to the credit of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these by-laws; shall disburse the funds of the corporation as may be ordered by the board of directors, making proper vouchers for such disbursements, and shall render to the board of directors, whenever the board may require him or her so to do, and shall present at the annual meeting of the stockholders a statement of all his or her transactions as treasurer; and, in general, shall perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him or her by the board of directors or the chief executive officer.

Section 5.14. Assistant Treasurer. The assistant treasurer, or if there be more than one, the assistant treasurers, in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer, for any reason, including the failure of the board of directors to elect a treasurer, or the treasurer's inability or refusal to act, perform the duties and exercise the powers of the treasurer, and perform such other duties and have such other powers as the board of directors and president may from time to time prescribe.

Section 5.15 Compensation. The compensation of the officers shall be fixed from time to time by or in the manner prescribed by the board of directors, and none of such officers shall be prevented from receiving compensation by reason of the fact that he or she is also a director of the corporation. The application of this Section 5.15 shall not affect the right any officer may have regarding compensation under an employment agreement.

ARTICLE VI

AMENDMENTS

Subject to the provisions of the Certificate of Incorporation, these by-laws may be altered, amended or repealed at any regular meeting of the stockholders (or at any special meeting thereof duly called for that purpose)

(i) except for Sections 3.15 and 3.16, by a majority vote of the shares represented and entitled to vote at such meeting and (ii) in the case of Sections 3.15 and 3.16 by the affirmative vote of 66-2/3% of all of the shares outstanding. Subject to the Delaware Law (as defined in the Certificate of Incorporation), the Certificate of Incorporation and the provisions of Section 3.16 hereof, the board of directors may by a majority vote of all directors amend these by-laws, or enact such other by-laws as in their judgment may be advisable for the regulation of the conduct of the affairs of the corporation.

April 5, 1996

Office

Dear _____,

CENTRAL OFFICE MANAGEMENT INCENTIVE PROGRAM (C. O. M. I. P.)

I am pleased to advise you, that you have been selected to participate in the Central Office Management Incentive Program recently authorized by the Compensation Committee. The program will be operating during 1996 and will run for a period of three calendar years (1996 - 1997 - 1998).

You have been awarded _____ units in this program. The Committee felt that a program of this nature, which is outlined below, will be a motivation to you, personally, to give the dedication required to help create and build a bigger and a more profitable C. H. Robinson, Inc., (the "Company"). The rewards will be earned exclusively by total Company results and will be paid in C. H. Robinson, Inc. stock, as outlined below.

PROGRAM OUTLINE

1. The program will run for a three calendar year period, commencing January 1, 1996. The Committee would expect that such a program would continue, if successful, after the three year period; however, in no way should this be interpreted to commit the Company or the Committee to continue.
2. The units allocated to you above will remain the same for the three year period.
3. If an individual leaves the Company for any reason, the units awarded that individual will return to the Company and at the discretion of the Compensation Committee may or may not be reallocated for the remaining years of the program.
4. Payments of the amounts earned will be paid in restricted C. H. Robinson, Inc. stock. No profit sharing will be paid on any such stock earned under this program.
5. Stock will be valued at December 31st of the year to which such stock award relates.

The fund shall be based on the consolidated adjusted gross net profit of C. H. Robinson, Inc., and the determination thereof by the Compensation Committee shall be final and binding on all parties. Adjusted gross net profit is defined as profits before

federal and state income taxes, profit sharing and this incentive program; provided, however, that the foregoing computation of profits 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, but only to the extent that any of the foregoing items arise out of, or on account of, any acquisition of any business by the Company taking place at any time on or after December 31, 1989. There is no set maximum potential annual contribution. A contribution shall be based on the adjusted gross net profit in excess of the preceding year's adjusted gross net profit less \$1,200,000.00. Therefore, if the adjusted gross net profit for 1989 was \$29,000,000.00; less \$1,200,000.00, the adjusted base would be \$27,800,000.00. This base would then apply for the year 1990. In 1991 the base would be the 1990 adjusted gross net profits less \$1,200,000.00. 15% of the adjusted gross net profits in excess of the base as calculated above shall be set aside for shareholders equity.

EXAMPLE

1990 Adjusted Gross Net		\$35,000,000
1989 Adjusted Gross Net	\$29,000,000	
Less:	1,200,000	

Adjusted Gross Net: 1989 Base		\$27,800,000

		7,200,000
Less 15% for Shareholders		1,080,000

Increase available for participants		6,120,000
Accrual Rate (15%)		.15

		\$ 918,000

The \$918,000.00 would be divided by the total number of units outstanding to determine the per unit value. In 1991, we would then take the adjusted gross net profit for 1990 which for this example, was \$35,000,000 less \$1,200,000 or \$33,800,000 which would be the new base for 1991.

Amounts earned will be payable in restricted C. H. Robinson, Inc. stock, which will vest as described below.

7. Restricted Stock Award

A. The restricted C. H. Robinson, Inc. stock which may be paid hereunder may not be sold, exchanged, assigned, transferred, discounted, pledged or otherwise disposed of during the restricted period as hereinafter defined. Any disposition or attempted disposition of such restricted C. H. Robinson, Inc. stock during the restricted period shall result in the immediate forfeiture to the Company of such restricted stock.

B. Your right to have restricted stock released from the foregoing restriction, and not be subject to forfeiture to the Company without any payment in exchange therefor, shall accrue if and only if at all times from the date hereof until the date that you reach age 65, the restricted period, you continue to remain employed by the Company. In the event that your employment with the Company is terminated for any reason before the end of the restricted period, the date upon which you reach age 65 you will automatically forfeit all right to such restricted stock, and such restricted stock shall immediately revert to the Company without any liability or obligation by the Company to make any payment to you whatsoever.

C. If, upon your retirement for any reason you are employed or perform a service that is determined to be in direct competition with C. H. Robinson, Inc. or its subsidiaries or if you disclose any confidential information or trade secrets of C. H. Robinson, Inc. or its subsidiaries, you will immediately and automatically forfeit all such restricted stock.

All restricted stock provided for herein, even after the forfeiture restrictions lapse and the stock is otherwise vested, shall in all cases remain subject to the regular stock repurchase rights of the Company. Further, the Company guarantees to repurchase pursuant to the foregoing stock repurchase rights up to (i) 50% of the stock which is vested in accordance with paragraph 7B hereof or (ii) an amount of stock which results in sales proceeds to you equal to the maximum marginal statutory individual federal/state income tax rate times the amount of ordinary income you realized on account of such vesting, whichever is higher.

8. As described above, the restricted stock may not be sold or pledged during the restricted period. You shall, however, receive any dividends paid during the restricted period. Dividends are compensation income, taxed as other compensation and subject to withholding by C.H.Robinson, Inc. You shall vote these shares the same as if you had unrestricted ownership.

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

Yours very truly,

COMPENSATION COMMITTEE

D. R. (Sid) Verdoorn

April 5, 1996

Central Office

CENTRAL OFFICE MANAGEMENT INCENTIVE PROGRAM
(C.O.M.I.P.) - DEFERRED COMPENSATION AGREEMENT

I am pleased to advise you that in connection with your selection to participate in the C. H. Robinson, Inc., (the "Company"), Central Office Management Incentive Program, as set forth in your C.O.M.I.P. award dated April 5, 1996, you are also hereby awarded a right to receive deferred compensation under the limited circumstances set forth below:

1. In the event of your early termination prior to age 65, as referred to in your C.O.M.I.P. award dated April 5, 1996, by reason of death, permanent disability or earlier retirement with consent of the Company (which consent may be withheld in the sole and absolute discretion of the Company), the Company (in recognition of your potential right to have received the restricted stock) will pay to you, your estate or personal representative, as the case may be, deferred compensation equal to the total book value per share of all restricted stock forfeited as a result of such early termination, determined as of the close of the calendar month immediately preceding the calendar month in which such early termination occurs or is effective. Such book value shall be determined by the Company's treasurer in his sole discretion and shall be binding on all interested parties. The aggregate sum of such deferred compensation will then be paid by the Company over a period of years which is not less than five (5) years and which is not more than ten (10) years, as the Company in its sole discretion shall determine.

Installment payments of such sum shall be made at the end of each calendar quarter in equal quarterly amounts (except for an adjusted amount in the first and last quarterly payments) and shall include an amount equivalent to interest on the principal from time to time remaining unpaid, commencing as of the first day of the calendar month following the occurrence of the event of early termination and at a rate equal to the yield payable on or with respect to Treasury bills or notes, as of the date of the first payment hereunder, having a term or maturity date comparable to the term of years being used for the payments hereunder, as determined by the Company's Treasurer.

2. If you become a competitor as outlined in paragraph 7C of your C.O.M.I.P. award after you have begun to receive such deferred compensation, the deferred compensation then ceases immediately. If you become a competitor within three (3) years of your termination, all deferred payments paid to you must be repaid to the Company. After three years all payments will cease but you are not required to repay funds already received.

Yours very truly,

COMPENSATION COMMITTEE

D. R. (Sid) Verdoorn

April 2, 1997

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 by growth, and continued growth, will this program give you increasing financial rewards.

1. The program will run for three calendar years, commencing in 1996. There is no commitment by the Committee or the Company that the program will continue beyond these three years.
2. The units allocated to you below are for the year 1996, and will be awarded annually throughout the life of the program. These units may be decreased or increased, or remain the same in any year at the discretion of the Committee.
3. If an individual dies, or leaves the company for any reason, the unearned units awarded this individual shall return to the Company and may be distributed in the following year or years or left in the program at the discretion of the Committee. Such an individual will have no right to receive any amount under this program.
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 paid in cash and shall be based on C. H. Robinson, Inc., (the Company's) 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, C.O.M.I.P. 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, but only to the extent that any of the foregoing items arise out of, or on account of, any acquisition of any business by the Company taking place at any time on or after December 31, 1989. 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 1996 Budget of \$36,000,000 Gross Net each unit in the following brackets would have a value as follows:

A to E	\$10,000,000 to \$35,000,000	\$ 25,000.00
F	\$35,000,000 to \$40,000,000	\$ 5,000.00
G	\$40,000,000 to \$45,000,000	\$ 5,000.00
H	\$45,000,000 to \$50,000,000	\$ 5,000.00
I	\$50,000,000 to \$55,000,000	\$ 5,000.00
J	\$55,000,000 to \$60,000,000	\$ 5,000.00
K	\$60,000,000 to \$65,000,000	\$ 5,000.00
L	\$65,000,000 to \$70,000,000	\$ 5,000.00
M	\$70,000,000 to \$75,000,000	\$ 5,000.00
N	\$75,000,000 to \$80,000,000	\$ 5,000.00
O	\$80,000,000 to \$85,000,000	-0-

You have been awarded the following units:

		NUMBER OF UNITS

A to E	\$10,000,000 to \$35,000,000	
F	\$35,000,000 to \$40,000,000	
G	\$40,000,000 to \$45,000,000	
H	\$45,000,000 to \$50,000,000	
I	\$50,000,000 to \$55,000,000	
J	\$55,000,000 to \$60,000,000	
K	\$60,000,000 to \$65,000,000	
L	\$65,000,000 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	

7. Any awards earned hereunder shall be paid in cash on March 10 following the end of the year to which the cash award relates. Notwithstanding the foregoing, within 30 days of the date hereof you and the Company may enter into a supplement to this letter, which must be acceptable to the Company in its sole and absolute discretion, pursuant to which the cash award which you may otherwise be entitled to receive on March 10 shall instead be deferred to a subsequent payment date. You must understand, however, that any such supplement to defer the receipt of an award hereunder must be irrevocable when made and shall not be subject to any amendment or modification. Further, the Company will be under a contractual obligation to make payments to you in accordance with any such supplement. Such payments shall not be financed from a trust fund, insurance or otherwise and shall be paid solely out of the general funds of the Company. You will not have any interest whatsoever in any specific asset of the Company as a result of the execution of such a supplement, and your rights to payments thereunder shall be no greater than the right of any other general unsecured creditor of the Company.
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, Inc. or its subsidiaries, or if you disclose any confidential information or trade secrets of C. H. Robinson, 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.

The Committee is enthusiastic about this new 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, Inc. a bigger and better company.

Yours very truly,

COMPENSATION COMMITTEE

D. R. (Sid) Verdoorn

Enclosure

January 31, 1997

Minneapolis Local Sales

Dear _____,

EMPLOYEE INCENTIVE PROGRAM (E.I.P.)

I am pleased to advise you that you have been selected to participate in the EMPLOYEE INCENTIVE PROGRAM recently authorized by the Board of Directors and Compensation Committee. You have been awarded _____ shares of C. H. Robinson, Inc. stock, as outlined below. I feel that this program will be a motivation to you, personally, to give the dedication required to help create and build a bigger and more profitable C. H. Robinson Company.

PROGRAM OUTLINE

1. All awards under this program will be made in the form of restricted C. H. Robinson, Inc. stock. No profit sharing will be paid on any such stock awarded under this program.
2. The restricted C. H. Robinson, Inc. stock will vest as described below.
 - a. The restricted C. H. Robinson, Inc. stock awarded hereunder may not be sold, exchanged, assigned, transferred, discounted, pledged or otherwise disposed of during the restricted period as hereinafter defined. Any disposition or attempted disposition of such restricted C. H. Robinson, Inc. stock during the restricted period shall result in the immediate forfeiture to the Company of such restricted stock.
 - b. Your right to have such restricted stock released from the foregoing restriction, and not be subject to forfeiture to the Company without any payment in exchange therefor, shall accrue if and only if at all times from the date hereof until the end of five (5) calendar years following the end of the current calendar year, the restricted period, you continue to remain employed by the Company. In the event that your employment with the Company is terminated for any reason before the end of the foregoing restricted period, you will automatically forfeit all right to such restricted stock, and such restricted stock shall immediately revert to the Company without any liability or obligation by the Company to make any payment to you whatsoever; provided, however, that in the event that your employment with the Company is terminated early, as a result of your death or disability, which makes it impossible for you to continue to work at the Company, as determined by the Compensation

Committee or the Board of Directors, your rights to such restricted stock shall vest and that stock will no longer be subject to forfeiture.

c. If, upon your retirement for any reason you are employed or perform a service that is determined to be in direct competition with C. H. Robinson, Inc. or its subsidiaries, or if you disclose any confidential information or trade secrets of C. H. Robinson, Inc. or its subsidiaries, you will immediately and automatically forfeit all such restricted stock.

d. All restricted stock provided for herein, even after the forfeiture restrictions lapse and the stock is otherwise vested, shall in all cases remain subject to the regular stock repurchase rights of the Company. Further, the Company guarantees to repurchase, pursuant to the foregoing stock repurchase rights, up to (i) fifty percent (50%) of the stock which is vested in accordance with paragraph 7B hereof, or (ii) an amount of stock which results in sales proceeds to you equal to the maximum marginal statutory individual federal income tax rate times the amount of ordinary income you realized on account of such vesting, whichever is higher.

3. As described below, the restricted stock may not be sold or pledged during the restricted period. You shall, however, receive any dividends paid during the restricted period. Dividends are compensation income, taxed as other compensation and subject to withholding by C. H. Robinson, Inc. You shall vote these shares the same as if you had unrestricted ownership.

I am enthusiastic about this program, as I feel the more incentives we can provide, the more vitally and personally interested and involved you will be in making C. H. Robinson Company a bigger and better company.

Yours very truly,

D. R. (SID) VERDOORN

Exhibit 10.5

**C. H. ROBINSON COMPANY
MANAGEMENT-EMPLOYEE AGREEMENT**

(Last Name) (First Name) (Middle Initial)

hereinafter called Employee.

I.

RECITALS

Employee has heretofore been employed by Company in significant sales and management positions and Employee wishes to continue such employment with the potential of increased responsibility and knowledge about the Company affairs.

II.

DEFINITIONS

In this Agreement:

A. "Company" means C. H. ROBINSON COMPANY and existing or future subsidiaries owned or controlled by said corporation.

B. "Confidential Information" shall mean,

1. All information, written or oral, not generally known, or proprietary to the Company, about the Company's brokerage, marketing, accounting, merchandising, and information gathering techniques and methods, and all accumulated data, listings, or similar recorded matter used or useful in produce and transportation operations including but not limited to the insurance and carrier information rolodex file, ten-day brokerage reports, business forms, weekly exempt loading list, chain store advertisements, marketing center news reports and marketing aids.
2. All information disclosed to me, or to which I have access during the period of my employment, for which there is any reasonable basis to be believed is, or which appears to be treated by the Company as Confidential Information, shall be presumed to be Confidential Information hereunder.

C. "Competing Business" means any business, firm, undertaking, company or organization, other than Company, which;

1. is engaged in, or is about to become engaged in, the produce or transportation industries or engaged in the produce brokerage or transportation brokerage business, or
2. regardless of the nature of its business, either competes directly or indirectly with Company in the purchase and sale of produce and/or in contracting, arranging, providing, procuring, furnishing or soliciting transportation services, or
3. has employed or potentially could employ the Company's services in produce brokerage or truck brokerage matters.

D. "Customer" means any person, company or organization engaged in the produce or transportation industries as a shipper, receiver or carrier.

**III.
NATURE OF EMPLOYEE'S ACTIVITY**

A. I am aware and acknowledge that the Company has developed a special competence in the produce and transportation industries and has accumulated as proprietary information (not generally known to others) more and better information about growers, shippers, truckers, trucking equipment, customers, purchasing agents and similar matters which are of unique value in the conduct and growth of the Company's business. This proprietary pool of information has enabled the Company to conduct its business with unusual success and thus afforded unusual employment opportunities and potential to its employees.

B. In the course of my employment, I have been and wish to continue to be employed in a position or positions with the Company in which I may receive or contribute to Confidential Information as hereinabove defined. It is my desire to continue progressing in the Company in both sales and management capacities and I recognize optimum progression and specialization cannot take place unless Confidential Information relating to technology, processes, plans, development, activity, customers and the like is entrusted to me.

C. I acknowledge in the course of carrying out, performing and fulfilling my responsibilities to the Company, I have had access to and been entrusted with Confidential Information relating to the Company's business and customers and I recognize that disclosure of any such Confidential Information to competitors of the Company or to the general public would be highly detrimental to the Company. I further acknowledge that in the course of performing my obligations to the Company, I will be a representative of the Company to many of the Company's customers and in some instances, practically Company's sole and exclusive contact with the customer and as such will be significantly

responsible for maintaining or enhancing the business and/or goodwill of Company with such customers.

IV.

PROTECTION OF BUSINESS

Therefore, in consideration of my employment by the Company and in consideration of the compensation to be paid to me from time to time during such employment,

I hereby agree as follows:

A. Except as may be required in the performance of my employment duties with the Company, I will never at any time use, disclose, copy or assist any other person or firm in the use, disclosure or copying of any Confidential Information.

B. Upon termination of my employment with the Company all records or copies of such Confidential Information in my possession whether prepared by me or others, and regardless of how the same came into my possession, will be turned over to the Company by me.

C. For a period of two (2) years after termination of my employment with the Company, however occasioned, I will not:

1. Directly or indirectly solicit, sell or render services to or for the benefit of any Competing Business with any customer or prospective customer of Company with whom I worked or had regular contact, or on whose account I worked, at any time during the last two years of my employment with the Company; or
2. Cause or attempt to cause any customer of the Company to divert, terminate, limit or in any manner modify or fail to enter into any actual or potential business relationship with Company.
3. It is understood by me and agreed to by Company that upon termination of employment hereunder, I will not be restricted territorially from competing with Company, so long as I comply with the provisions of subparagraphs 1 and 2 immediately above.

V.

POST-EMPLOYMENT COMPENSATION

A. Except as provided in paragraphs C and D of this Part V, if following termination of employment with the Company, I am unable to obtain subsequent employment solely because of the provisions of Part IV C 1 and IV C 2 above, then, for each month of such unemployment and for a maximum of 24 consecutive months, Company shall make payments to me equal to my average compensation paid or accrued for the two (2) calendar years previous to termination (exclusive of employee benefits) up to a maximum of Three Thousand Dollars (\$3,000.00) per month.

B. During each month of unemployment and as a condition precedent to my claim for post-employment compensation, I agree:

1. to conscientiously seek employment, and
2. to prepare and submit to the Company a detailed written account of my efforts to obtain employment, and
3. to prepare and submit to the Company a written statement that I have not found employment and that the sole reason I was unable to obtain employment was due to the provisions of Part IV C 1 and IV C 2 above.

Company shall be afforded a ten (10) day period from the receipt of my written account to confirm the validity thereof, and upon expiration of said period, Company shall be obligated to make prompt payment of the monthly amount due under this paragraph.

C. Company, at its option, may be relieved of making post-employment compensation payments:

1. for any month during which I have not conscientiously sought employment, or
2. for any month during which I have failed to account as provided for above, or
3. by giving me written permission to accept available employment or a written release from the obligations of Part IV C above.

D. Notwithstanding anything above to the contrary, Part V of this Agreement shall not apply if I am dismissed from employment for cause, i.e. dishonesty, embezzlement, violation of government rules and regulations, or flagrant and repeated failure to follow company rules, regulations and policies. However, in the event I am dismissed for cause, I acknowledge that the remainder of this Agreement (except Part V) shall remain in full force and effect.

E. To insure a clear understanding of this Agreement, including but not limited to post-employment compensation where applicable, I agree, at no additional expense to me, to engage in an exit interview with the Company at a time and place designated by Company.

VI.

INJUNCTIVE RELIEF

In the event of a breach or threatened breach of Part IV C 1 and IV C 2 above, Company shall be entitled to a temporary and/or permanent injunction restraining such breach; but nothing herein shall be construed as prohibiting Company from pursuing any other remedy available to it for such breach or threatened breach.

VII.
SEPARATE AND DIVISIBLE COVENANTS

The covenants contained in Part IV C 1 and IV C 2 are intended to be separate and divisible covenants, and if, for any reason, any one or more thereof shall be held to be invalid or unenforceable, in whole or in part, it is agreed that the same shall not be held to effect the validity or enforceability of any other such covenant or of this agreement. The terms and period set forth in Part IV C 1 and IV C 2 shall be reduced to the maximum permitted by the law actually applied to determine the validity of each such paragraph.

VIII.
GOVERNING LAW

I agree that all of my obligations hereunder shall be binding upon my heirs, beneficiaries, and legal representatives in that the law of the state of Minnesota shall govern as to the interpretation and enforceability of this Agreement.

Signed and delivered this _____ day of _____, 19__.

WITNESSETH:

Accepted for C.H. Robinson Company, this ____ day of ____, 19__, at Minneapolis, Minnesota. This Agreement becomes binding upon acceptance by the Company.

WITNESSETH:

C.H. ROBINSON COMPANY

By:

Title

Exhibit 10.6
C. H. ROBINSON COMPANY
MANAGEMENT-EMPLOYEE AGREEMENT

_____ hereinafter called Employee.

I.

RECITALS

Employee has heretofore been employed by Company in significant sales and management positions and Employee wishes to continue such employment with the potential of increased responsibility and knowledge about the Company affairs.

II.

DEFINITIONS

In this Agreement:

A. "Company" means C. H. ROBINSON COMPANY and existing or future subsidiaries owned or controlled by said corporation.

B. "Confidential Information" shall mean,

1. All information, written or oral, not generally known, or proprietary to the Company, about the Company's brokerage, marketing, accounting, merchandising, and information gathering techniques and methods, and all accumulated data, listings, or similar recorded matter used or useful in produce and transportation operations including but not limited to the insurance and carrier information files, 15-day brokerage reports, business forms, chain store advertisements and marketing aids.

2. All information disclosed to me, or to which I have access during the period of my employment, for which there is any reasonable basis to be believed is, or which appears to be treated by the Company as Confidential Information, shall be presumed to be Confidential Information hereunder.

C. "Competing Business" means any business, firm, undertaking, company or organization, other than Company, which;

1. is engaged in, or is about to become engaged in, the produce or transportation brokerage business, or

2. regardless of the nature of its business, either competes directly or indirectly with Company in the purchase and sale of produce and/or in contracting, arranging, providing, procuring, furnishing or soliciting transportation services, or

3. has employed or potentially could employ the Company's services in produce brokerage or truck brokerage matters.

D. "Customer" means any person, company or organization engaged in the produce or transportation industries as a shipper, receiver or carrier.

III.

NATURE OF EMPLOYEE'S ACTIVITY

A. I am aware and acknowledge that the Company has developed a special competence in the produce and transportation industries and has accumulated as proprietary information (not generally known to others) more and better information about growers, shippers, truckers, trucking equipment, customers, purchasing agents and similar matters which are of unique value in the conduct and growth of the Company's

business. This proprietary pool of information has enabled the Company to conduct its business with unusual success and thus afforded unusual employment opportunities and potential to its employees.

B. In the course of my employment, I have been and wish to continue to be employed in a position or positions with the Company in which I may receive or contribute to Confidential Information as hereinabove defined. It is my desire to continue progressing in the Company in both sales and management capacities and I recognize optimum progression and specialization cannot take place unless Confidential Information relating to technology, processes plans, development, activity, customers and the like is entrusted to me.

C. I acknowledge in the course of carrying out, performing and fulfilling my responsibilities in the Company, I have had access to and been entrusted with Confidential Information relating to the Company's business and customers and I recognize that disclosure of any such Confidential Information to competitors of the Company or to the general public would be highly detrimental to the Company. I further acknowledge that in the course of performing my obligations to the Company, I will be a representative of the Company to many of the Company's customers and in some instances, practically Company's sole and exclusive contact with the customer and as such will be significantly responsible for maintaining or enhancing the business and/or goodwill of Company with such customers.

IV.

PROTECTION OF BUSINESS

Therefore, in consideration of my employment by the Company and in consideration of the compensation to be paid to me from time to time during such employment,

I hereby agree as follows:

A. Except as may be required in the performance of my employment duties with the Company, I will never at any time use, disclose, copy or assist any other person or firm in the use, disclosure or copying of any Confidential Information.

B. Upon termination of my employment with the Company, all records or copies of such Confidential Information in my possession whether prepared by me or others, and regardless of how the same came into my possession, will be turned over to the Company by me.

C. For a period of two (2) years after termination of my employment with the Company, however occasioned, I will not:

1. Directly or indirectly solicit, sell or render services to or for the benefit of any Competing Business, including a business which I may own in whole or in part, with any customer or prospective customer of Company with whom I worked or had regular contact, or on whose account I worked, at any time during the last two years of my employment with the Company; or

2. Cause or attempt to cause any customer of the Company to divert, terminate, limit or in any manner modify or fail to enter into any actual or potential business relationship with Company.

3. It is understood by me and agreed to by Company that upon termination of employment hereunder, I will not be restricted territorially from competing with Company so long as I comply with the provisions of Part IV herein.

D. Extent of Services - I will devote my entire time, attention and energies to the business of the Employer and shall not during the term of this Agreement, be engaged in any other business activity whether or not such business is pursued for gain, profit or other pecuniary advantage, but this shall not be construed as

preventing me from investing my assets in such form or manner as will not require any services on my part in the day to day operation of the affairs and the companies in which such investments are made.

V.

POST-EMPLOYMENT COMPENSATION

A. Except as provided in paragraphs C and D of this Part V, if following termination of employment with the Company, I am unable to obtain subsequent employment solely because of the provisions of Part IV C 1 and Part IV C 2 above, then, for each month of such unemployment and for a maximum of 24 consecutive months, Company shall make payments to me equal to my average compensation paid or accrued for the two (2) calendar years previous to termination (exclusive of employee benefits) up to a maximum of Two Thousand Dollars (\$2,000.00) per month.

B. During each month of unemployment and as a condition precedent to my claim for post- employment compensation, I agree:

1. to conscientiously seek employment, and
2. to prepare and submit to the Company a detailed written account of my efforts to obtain employment, and
3. to prepare and submit to the Company a written statement that I have not found employment and that the sole reason I was unable to obtain employment was due to the provisions of Part IV C 1 and Part IV C 2 above.

Company shall be afforded a ten (10) day period from the receipt of my written account to confirm the validity thereof, and upon expiration of said period, Company shall be obligated to make prompt payment of the monthly amount due under this paragraph.

C. Company, at its option, may be relieved of making post-employment compensation payments:

1. for any month during which I have not conscientiously sought employment, or
2. for any month during which I have failed to account as provided for above, or
3. by giving me written permission to accept available employment or a written release from the obligations of Part IV C above.

D. Notwithstanding anything above to the contrary, Part V of this Agreement shall not apply if I am dismissed from employment for cause, i. e., dishonesty, embezzlement, violation of government rules and regulations, or flagrant and repeated failure to follow company rules, regulations and policies. However, in the event I am dismissed for cause, I acknowledge that the remainder of this Agreement (except Part V) shall remain in full force and effect.

VI.

EXIT INTERVIEW

To insure a clear understanding of this Agreement, I agree to engage in an Exit Interview with Company at a time and place designated by Company. I understand and agree that during said Exit Interview I will be:

- A. required to sign an affidavit attesting to my compliance with paragraphs IV A and IV B hereinabove.
- B. provided a list of Company's customers pursuant to paragraph IV C I hereinabove.

Company, at its option, may elect to conduct the Exit Interview either at the Company's principal headquarters in Minneapolis, Minnesota, or by phone, provided however that Company shall pay all reasonable travel and lodging expenses incurred by me in attending such Exit Interview.

VII.
INJUNCTIVE RELIEF

In the event of a breach or threatened breach of Part IV C 1 and Part IV C 2 above, Company shall be entitled to a temporary and/or permanent injunction restraining such breach; but nothing herein shall be construed as prohibiting Company from pursuing any other remedy available to it for such breach or threatened breach.

VIII.
SEPARATE AND DIVISIBLE COVENANTS

The covenants contained in this Agreement are intended to be separate and divisible covenants, and if for any reason, any one or more thereof shall be held to be invalid or unenforceable, in whole or in part, it is agreed that the same shall not be held to effect the validity or enforceability of any other covenant in this Agreement. The terms and period set forth in Part IV C 1 and Part IV C 2 shall be reduced to the maximum permitted by the law actually applied to determine the validity of each such paragraph.

IX.

GOVERNING LAW

I agree that all of my obligations hereunder shall be binding upon my heirs, beneficiaries and legal representatives and that the law of the State of Minnesota shall govern as to the interpretation and enforceability of this Agreement.

Signed and delivered this ____ day of _____, 199_.

WITNESSETH:

Accepted for C.H. ROBINSON COMPANY, this ____ day of _____, 199_ at Eden Prairie, Minnesota. This Agreement becomes binding upon acceptance by the Company.

WITNESSETH: C.H. ROBINSON COMPANY

President

Exhibit 10.7

**C. H. ROBINSON COMPANY
MANAGEMENT-EMPLOYEE AGREEMENT**

_____, hereinafter called "employee", "I", and "me".

I.

RECITALS

Employee wishes to be employed by the Company in a significant sales and management position and Employee wishes to enter into and continue such employment with the potential of increased responsibility and knowledge about the Company's affairs.

II.

DEFINITIONS

In this Agreement:

A. The "Company" means C. H. ROBINSON COMPANY, and existing or future affiliated corporations including all subsidiaries, divisions and enterprises owned or controlled by said corporations.

B. "Confidential Information" shall mean,

1. All information, written (or generated/stored on magnetic, digital, photographic or other media) or oral, not generally known, or proprietary to the Company about the Company's designs, customers, suppliers, and the Company's marketing, accounting, merchandising, and information-gathering techniques and methods, and all accumulated data, listings, or similar recorded matter used or useful in food sales, freight contracting and freight forwarding (all modes) and customs house brokerage operations including but not limited to the customer and carrier lists, business forms, weekly loading lists, service contracts, all pricing information, computer programs, tariff information and marketing aids.

2. All information disclosed to me, or to which I have access during the period of my employment, for which there is any reasonable basis to be believed is, or which appears to be treated by the Company as, Confidential Information, shall be presumed to be Confidential Information hereunder.

C. "Competing Business" means any business, firm, undertaking, company or organization, other than the Company, which:

1. is engaged in, or is about to become engaged in, the fresh food or food ingredient sales business (similar to the Company's food distribution), or the freight contracting, contract logistics, freight forwarding or custom house brokerage businesses, or
2. regardless of the nature of its business, either competes directly or indirectly with the Company in the contracting, arranging, providing, procuring, furnishing or soliciting food distributors, freight contracting, contract logistics, freight forwarding, custom house brokerage or transportation services, or
3. any person, company or organization engaged in the produce or transportation industries as a shipper, receiver or carrier.

D. "Customer" means any person, company or organization that has employed or potentially could employ the company's services in food distribution, freight contracting, contract logistics, freight forwarding or custom house brokerage.

III. NATURE OF EMPLOYEE'S ACTIVITIES

A. I am aware and acknowledge that the Company has developed a special competence in food distribution, freight contracting, contract logistics, freight forwarding and custom house brokerage and has accumulated as proprietary information (not generally known to others) more and better information about shippers, carriers, truckers, trucking equipment, railroads, ocean carriers, foreign agents, customers, purchasing agents and similar matters which are of unique value in the conduct and growth of the Company's business. This proprietary pool of information has enabled the Company to conduct its business with unusual success and has thus afforded unusual job opportunities and potential to its employees.

B. In the course of my employment, I have been and wish to continue to be employed in a position or positions with the Company in which I may receive or contribute to Confidential Information as hereinabove defined. It is my desire to continue progressing in the Company in both sales and management capacities, and I recognize that optimum progression and specialization cannot take place unless Confidential Information relating to technology, processes, plans, development, activity, customers and the like is entrusted to me.

C. I acknowledge that, in the course of carrying out, performing and fulfilling my responsibilities for the Company, I have had access to and been entrusted with Confidential Information relating to the Company's business and customers, and I recognize that disclosure of any such Confidential information to

competitors of the Company or to the general public would be highly detrimental to the Company. I further acknowledge that, in the course of performing my obligations to the Company, I will be a representative of the Company to many of the Company's customers and, in some instances, practically the Company's sole and exclusive contact with the customer. In this capacity, I will be significantly responsible for maintaining or enhancing the business relationship and/or goodwill of the Company with such customers.

IV.

PROTECTION OF BUSINESS

Therefore, in consideration of my employment by the Company and in consideration of the compensation to be paid to me from time to time during such employment,

I hereby agree as follows:

A. Except as may be required in the performance of my employment duties with the Company, I will never at any time use, disclose, copy or assist any other person or firm in the use, disclosure or copying of any Confidential Information.

B. Upon the termination of my employment with the Company, all records or copies of such Confidential Information in my possession, whether prepared by me or others, and regardless of how the same came into my possession, will be turned over to the Company by me.

C. For a period of two (2) years after the termination of my employment with the Company, however occasioned and for whatever reason, I will not:

1. Directly or indirectly solicit, sell or render services to or for the benefit of any Competing Business, including a business which I may own in whole or in part, with any customer or prospective customer of the Company with whom I worked or had regular contact, or on whose account I worked, at any time during the last two years of my employment with the Company; or

2. Cause or attempt to cause any customer of the Company to divert, terminate, limit or in any manner modify or fail to enter into any actual or potential business relationship with the Company.

3. It is understood by me and agreed to by the Company that upon the termination of my employment hereunder, I will not be

restricted territorially from competing with the Company so long as I comply with the provisions of Part IV herein.

4. It is further understood and agreed that the running of the two

(2) year period of restriction set forth in Part IV C shall be tolled during any time period in which I violate the provisions of Part IV C.

D. I will not solicit any employee of the Company for employment with or on behalf of any Competing Business or attempt to interfere with the employment contracts or contract relationships between the Company and its employees, or directly or indirectly cause or attempt to cause any employee of the Company to terminate employment with the Company.

E. I will devote my entire time, attention and energies to the business of the Company and shall not, during the term of this Agreement, be engaged in any other business activity whether or not such business is pursued for gain, profit or other pecuniary advantage. This restriction, however, shall not be construed as preventing me from investing my assets in such form or manner as will not require any services on my part in the day-to-day operation of the affairs of the companies in which such investments are made.

V.

POST-EMPLOYMENT COMPENSATION

A. Except as provided in paragraphs C and D of this Part V, if, following the termination of my employment with the Company, I am unable to obtain subsequent employment solely because of the provisions of Part IV C 1 and Part IV C 2 above, then, for each month of such unemployment and for a maximum of 24 consecutive months, the Company shall make payment to me equal to my average compensation paid or accrued for the two (2) calendar years previous to termination (exclusive of employee benefits), up to a maximum of Two Thousand Dollars (\$2,000.00) per month.

B. During each month of unemployment, and as a condition precedent to my claim for post-employment compensation, I agree:

1. to conscientiously seek employment, and
2. to prepare and submit to the Company a detailed written account of my efforts to obtain employment, and
3. to prepare and submit to the Company a written statement that I have not found employment and that the sole reason I was

unable to obtain employment was due to the provisions of Part IV C 1 and Part IV C 2 above.

The Company shall be afforded a ten (10) day period from the receipt of my written account to investigate and confirm the validity thereof, and, upon expiration of said period, the Company shall be obligated to make prompt payment of the monthly amount due under this Part V.

C. Notwithstanding the foregoing, the Company, at its option, may be relieved of making post-employment compensation payments:

1. for any month during which I have not conscientiously sought employment, or
2. for any month during which I have failed to account as provided for above, or
3. by giving me written permission to accept available employment or a written release from the obligations of Part IV C above.

D. Notwithstanding anything above to the contrary, Part V of this Agreement shall not apply if I am dismissed from employment by the Company for cause, i.e., for dishonesty, embezzlement, violation of government rules and regulations, persistent performance deficiency, or flagrant and repeated failure to follow company rules, regulations and policies. However, in the event I am dismissed for cause, I acknowledge that the remainder of this Agreement (except Part V) shall remain in full force and effect.

VI.

EXIT INTERVIEW

To ensure a clear understanding of this Agreement, I agree to engage in an Exit Interview with the Company at a time and place designated by the Company. I understand and agree that during said Exit Interview I will be provided with an Exit Interview Affidavit which, if I choose to accept its terms by signing it, will limit the scope of the restrictions set forth in Parts IV C 1 and IV C 2 of this Agreement to a specified list of customers. Provided, however, in the event that I elect not to sign the Exit Interview Affidavit offered to me by the Company, I understand and agree that the restrictions set forth in Parts IV C 1 and IV C 2 of this Agreement shall remain in full force and effect as written.

The Company, at its option, may elect to conduct the Exit Interview either at the Company's principal headquarters in Minneapolis, Minnesota, or through written correspondence, or by phone; provided, however, that the Company shall

pay all reasonable travel and lodging expenses incurred by me in attending such Exit Interview if the Company requires my personal attendance.

VII.
INJUNCTIVE RELIEF

In the event of a breach or threatened breach of Part IV C 1 and/or IV C 2 above, the Company shall be entitled to a temporary and/or permanent injunction restraining such breach, and shall further be entitled to recover all attorney's fees reasonably incurred in establishing such violations of this Agreement; but nothing herein shall be construed as prohibiting the Company from pursuing any other remedy available to it for such breach or threatened breach.

VIII.
SEPARATE AND DIVISIBLE COVENANTS

The covenants contained in this Agreement are intended to be separate and divisible covenants, and, if for any reason, any one or more thereof shall be held to be invalid or unenforceable, in whole or in part, it is agreed that the same shall not be held to affect the validity or enforceability of any other covenant or part of this Agreement. The terms and period set forth in Part IV C 1 and Part IV C 2 shall be reduced to the maximum permitted by the law actually applied to determine the validity of each such paragraph.

IX.

GOVERNING LAW

I agree that all of my obligations hereunder shall be binding upon my heirs, beneficiaries and legal representatives and that the law of the State of Minnesota shall govern as to the interpretation and enforceability of this Agreement.

Signed and delivered this ____ day of _____, 199_.

WITNESSETH:

Employee

Accepted for C.H. ROBINSON COMPANY this ____ day of _____, 199_, at Eden Prairie, Minnesota. This Agreement becomes binding upon acceptance by the Company.

WITNESS: C.H. ROBINSON COMPANY

_____ **By** _____

Exhibit 10.8
AMENDED AND RESTATED
PROMISSORY NOTE

\$10,000,000 Minneapolis, Minnesota Demand or June 30, 1998 June 26, 1997

ON DEMAND, FOR VALUE RECEIVED, C.H. ROBINSON COMPANY, a Minnesota corporation (the "Company") promises to pay to the order of FIRST BANK NATIONAL ASSOCIATION (the "Bank"), its successor or assigns, at the Bank's office at First Bank Place, 601 Second Avenue South, Minneapolis, Minnesota 55402-4302, or such other place as may be designated in writing by the holder hereof, the principal amount of all loans made by the Bank to the Company under the terms of this Note (each, an "Advance" or collectively the "Advances"). The aggregate principal amount of all Advances outstanding hereunder shall at no time exceed TEN MILLION DOLLARS (\$10,000,000). Each Advance shall be payable on the first to occur of (i) demand by the holder hereof, (ii) the last day of an Interest Period (as hereinafter defined), or (iii) June 30, 1998. Each Advance shall be a Domestic Advance or a Reference Rate Advance (each, called a "type" of Advance) as agreed upon between the Company and the Bank at the time of the making of the Advance. The amount, type, last day of each applicable Interest Period and rate of Interest of each Advance shall be entered by the Bank into its records, which records shall be conclusive evidence of the subject matter thereof absent manifest error.

The unpaid principal amount of the Advances shall bear interest at the following rates per year, determined as provided hereinafter (each computed on the basis of the actual number of days elapsed in a year consisting of 360 days):

- (a) On each Domestic Advance, at the applicable Domestic Rate plus 1% per annum;
- (b) On each Reference Rate Advance at the Reference Rate in effect from time to time per annum; and
- (c) On any Advance (of any type) which is not paid when due, at the Reference Rate in effect from time to time plus 2% per annum but at no time less than 2% in excess of the rate applicable on such Advance on the day due.

Interest under (a) and (b) shall be payable on demand, but in the absence of demand, on the last day of the Interest Period of each Advance.

Interest under

(c) shall be payable on demand.

All payments of principal and interest shall be made in immediately available funds in lawful money of the United States of America.

For purposes of this Note, in addition to terms defined elsewhere:

"Authorized Officer" means any officer, employee or agent of the Company designated as such by the Company from time to time in a written schedule, which schedule shall become effective when received by the Bank.

"Banking Day" means any day on which the Bank is open for business at its principal office in Minneapolis, Minnesota, and, with respect to Eurodollar Advances, on which dealings in Dollars may be carried on by the Bank in the interbank eurodollar market.

"Domestic Rate" means a rate per annum (rounded upward, if necessary, to the nearest 1/100 of 1%) determined pursuant to the following formula:

$$\begin{aligned} \text{DR} &= \left[\frac{\text{Dom. CD}}{1.00 - \text{RR}} \right] + \text{AR} \\ \text{DR} &= \text{Domestic Rate} \\ \text{Dom. CD} &= \text{Domestic CD Rate} \\ \text{RR} &= \text{Reserve Requirement} \\ \text{AR} &= \text{Assessment Rate} \end{aligned}$$

In such formula: (i) "Assessment Rate" means the assessment rate (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by the Bank to be applicable on its insured deposits, as paid to the Federal Deposit Insurance Corporation (or any successor); (ii) "Domestic CD Rate" means the rate of interest determined by the Bank to be the average (rounded upward, if necessary to the nearest 1/100 of 1%) of the rates quoted to the Bank at approximately 8:00 a.m., Minneapolis time (or as soon thereafter as practicable), or at the option of the Bank at approximately the time of the request for an Advance, if such request is made later than 8:00 a.m., Minneapolis time, in each case on the first day of the applicable Interest Period by certificate of deposit dealers selected by the Bank, in its sole discretion, for the purchase from the Bank at face value of certificates of deposit issued by the Bank in an amount and maturity comparable to the amount and maturity of such Domestic Advance; and (iii) "Reserve Requirement" means a percentage equal to the average daily aggregate reserve requirements (including all basic, supplemental, marginal and other reserves) during the applicable Interest Period as specified under Regulation D of the Board of Governors of the Federal Reserve System, or any succeeding or similar regulation, on deposits with the Bank of the type used as a reference in determining the Domestic Rate.

"Interest Period" means (a) for any Domestic Advance, a 30 day, 60-day or 90-day period as agreed upon by the Company and the Bank at the time of the making of the applicable Advance, and (b) for any Reference Rate Advance, a period

running through the first day of the next following calendar month, in each case commencing on the date of the Advance. Each Interest Period that would otherwise end on a day which is not a Banking Day shall end on the next following Banking Day.

"Reference Rate" means the rate publicly announced by the Bank from time to time as its reference rate. The Bank may lend to its customers at rates that are at, above, or below the reference rate.

Any Authorized Officer may request an Advance on any Banking Day. Such request shall be made by 10:00 a.m., on the day of the Requested Advance. Such request shall specify that amount of the requested Advance (which shall be at least \$100,000 or an integral multiple of \$100,000 if above such amount), and shall specify the type of Advance and the Interest Period (if a Domestic Advance). If the Bank elects to make such Advance, the Bank shall so inform such Authorized Officer. Promptly following the making of each Advance or as otherwise requested by the Bank, an Authorized officer shall sign and mail to the Bank a confirmation listing the date, amount and Maturity Date of each such Advance. Failure to deliver such confirmation shall not affect the obligations of the Company hereunder. If no request is made for a new Advance at the end of the Interest Period of an existing Advance, and such Advance is not repaid, the Bank may, at its discretion, treat such Advance as having been requested as Reference Rate Advance, with the Interest Period commencing on the last day of the expiring Interest Period (provided, however, that interest shall always have been paid on such last day).

The Company hereby authorizes the Bank to rely upon the telephone or written instructions of any person identifying himself as an Authorized Officer and upon any signature which the Bank believes to be genuine, and the Company shall be bound thereby in the same manner as if such person were authorized of such signature were genuine.

The Company agrees: (a) to reimburse the Bank upon demand in the event any applicable law, rule or regulation shall impose, modify or deem applicable any tax, duty, reserve (including, without limitation, any such item imposed by the Board of Governors of the Federal Reserve System) or similar requirement against the Bank, its assets or any deposits or credit extended by or to the Bank; and
(b) to indemnify the Bank against any loss or expense which the Bank may sustain
(i) due to any failure of the Company to borrow an Advance on a date requested (but only if the Bank has agreed to make the Advance requested), or (ii) due to any payment of any Advance on a date other than the last day of the Interest Period thereof (except in the instance of a Reference Rate Advance, which may be prepaid without penalty upon two Banking Days', prior notice).

The Bank shall credit the proceeds of each Advance to the Company's demand deposit account No. 801-2079-066, maintained at the Bank's principal office, and the Company hereby authorizes the Bank to debit such account in the principal amount of such Advance, when due, together with accrued interest thereof (which may be debited from time to time at the election of the Bank).

It is expressly understood that (a) the Bank is under no obligation to make any Advances to the Company under this Note (whether by reason of any provision hereof or otherwise) and that the making of one or more such Advances shall not obligate the Bank to make any future Advance or Advances; and (b) nothing contained in this Note shall limit or otherwise affect the Bank's right to demand payment of any outstanding Advance at any time.

The Company warrants and represents to the Bank that (a) it is a corporation duly incorporated and in good standing under the laws of its state of incorporation and duly qualified to do business in each jurisdiction where such qualification is necessary, (b) the execution and delivery of this Note, and the performance by the Company of its obligations hereunder are within the Company's corporate powers and have been duly authorized by all necessary corporate action on the Company's part, and (c) this Note is the Company's legal, valid and binding obligation, enforceable in accordance with its terms, the making and performance of which do not and will not contravene or conflict with the Company's charter or by-laws or violate or constitute a default under any law, any presently existing requirement or restriction imposed by judicial, arbitral or other governmental instrumentality or any agreement, instrument or indenture by which the Company is bound. Each request for an Advance hereunder shall be deemed a remaking of each of the foregoing warranties and representations.

The Company agrees to provide financial information to the Bank that the Bank shall reasonably request and to allow the Bank to inspect the properties, books and records of the Company.

In the event that the interest or principal under this Note shall not be paid when due (upon demand or otherwise): (a) the Company shall pay all costs of collection of every kind, including but not limited to all reasonable attorneys' fees, court costs, and expenses incurred by the Bank in connection with collection or the protection or enforcement of any rights hereunder whether or not any lawsuit is ever filed, and (b) the Bank or any other holder of this Note shall have the right to set off the indebtedness evidenced by this Note against any indebtedness of the Bank or such holder or any deposit of the Company with the Bank or such holder.

The Bank may sell participations in all or any part of any Advance to another bank or other entity and may furnish information concerning the Company in the

ACKNOWLEDGMENT

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing Amended and Restated Promissory Note was acknowledged before me this 27th day of June, 1997, by John P. Wiehoff as Treasurer of C.H. Robinson Company, a Minnesota corporation, on behalf of said corporation.

[SEAL]

Notary Public

Exhibit 10.9
GUARANTY

To induce FIRST BANK NATIONAL ASSOCIATION, a national banking association (the "Bank") to make or extend loans, or issue letters of credit for the account of C.H. ROBINSON COMPANY, a Minnesota corporation (the "Debtor"), C.H. ROBINSON, INC., a Minnesota corporation (the "Guarantor") does hereby guarantee full and prompt payment to the Bank at maturity (including accelerated or extended maturity) of all indebtedness, obligations and liabilities of said Debtor to the Bank, now existing or hereafter created or arising, whether direct, indirect, absolute, contingent, joint or several, howsoever owned, held or acquired by the Bank, whether by discount, direct loan, overdraft, purchase, in connection with issuance of letters of credit or creation of bankers' acceptances or otherwise) (all of said indebtedness, liabilities and obligations are hereinafter called "Indebtedness"). The Guarantor further agrees to pay all expenses, including legal expenses, court costs and attorneys' fees paid or incurred by the Bank in endeavoring to collect such Indebtedness or any part thereof or in enforcing this Guaranty, whether or not a lawsuit is commenced.

This is a continuing, absolute and unconditional Guaranty and shall continue in force with respect to all Indebtedness of the Debtor until revoked in writing as hereinafter provided. The Guarantor may, by serving written notice to that effect upon the Bank, discontinue its liability, but only as to Indebtedness arising or created after the service of such notice. The liability of the Guarantor hereunder is absolute and unconditional and is not conditioned or contingent upon any other party signing this Guaranty or the obtaining of any security upon any of its said Indebtedness or the obtaining of any other party upon any said Indebtedness or any other matter.

A. Warranties and Representations of the Guarantor.

The Guarantor hereby warrants and represents to the Bank as follows:

1. The Guarantor is the parent corporation of the Debtor and has a direct and substantial economic interest in the Debtor and expects to derive substantial benefits therefrom and from any loans and financial accommodations resulting in the creation of Indebtedness. This Guaranty is given for a corporate purpose.
2. The Guarantor has full power and authority to enter into and perform its obligations under this Guaranty.
3. The execution, delivery and performance by the Guarantor of this Guaranty have been duly authorized by all necessary corporate action, do not require any approval or consent of, or any registration, qualification or filing with, any governmental agency or authority or any approval or consent of any other person or

entity (including, without limitation, any stockholder), do not and will not conflict with, result in any violation of or constitute any default under, any provision of the Guarantor's Articles of Incorporation or By-laws, any agreement binding on or applicable to the Guarantor or any of its property, or any law or governmental regulation or court decree or order, binding upon or applicable to the Guarantor of any of its property.

4. This Guaranty is the legal, valid and binding obligation of the Guarantor and is enforceable in accordance with its terms, subject only to bankruptcy, insolvency, reorganization, moratorium or similar laws, rulings or decisions at the time in effect affecting the enforceability of rights of creditors generally and to general equitable principles.

The liability of the Guarantor hereunder shall, in no way, be affected or impaired by (and the Bank is hereby expressly authorized to make from time to time, without notice to anyone) any sale, pledge, surrender, compromise, settlement, release, renewal, extension, indulgence, alteration, substitution, exchange, change in, modification or other disposition of any said Indebtedness or any contract evidencing the same or any part thereof, or of any security therefor. The liability of the Guarantor hereunder shall, in no way, be affected or impaired by the acceptance by the Bank of any security for or additional parties upon or other guarantors upon any of said Indebtedness, or by any failure, neglect, or omission on the part of the Bank to realize upon or protect any of said Indebtedness or any security therefor or to exercise any remedies that it may have, or any lien upon or right of appropriation of any moneys, credits or property of said Debtor possessed by the Bank toward the liquidation of Indebtedness. No act of commission or omission of any kind or at any time upon the part of the Bank in respect to any matters whatsoever shall in any way affect or impair this Guaranty. The Bank shall be under no obligation at any time to resort for payment to the Debtor or other persons or corporations, or to resort to any security, property, liens, or other rights or remedies whatsoever.

The Guarantor hereby expressly waives the making of a demand, or absence of demand, for payment of the Indebtedness; all diligence in collection or protection of any of the Indebtedness or security therefor; all protests and notices of every kind and character as to anyone, including the Guarantor, of default, dishonor and nonpayment of, and of the creation and existence of, any and all of said Indebtedness or any contract evidencing the same or any part thereof; any notice of any kind whatsoever of any security and collateral and of the disposition of any such collateral and any right to object to the commercial reasonableness of the disposition of any such collateral; and of the acceptance of this Guaranty and of any and all extensions of credit and indulgences hereunder.

Notwithstanding any modification, discharge or extension of the Indebtedness or any amendment, modification, stay or cure of the Bank's rights under the Indebtedness or any mortgage or other collateral securing repayment of the Indebtedness which may incur in any case or proceeding under Title 11 of the United States Code concerning the Debtor, whether permanent or temporary, and whether assented to by the Bank, the Guarantor hereby agrees that it is obligated hereunder to pay the Indebtedness and discharge its other obligations in accordance with the terms of this Guaranty. In addition, the Guarantor's obligation hereunder shall survive the foreclosure by advertisement of any mortgage securing payment of any Indebtedness and the expiration of any applicable redemption period.

The Guarantor further understands and acknowledges that by virtue of this Guaranty, it has specifically assumed any and all risks of a bankruptcy, or reorganization case or related proceeding of the Debtor.

This Guaranty shall be binding upon the successors and assigns of the Guarantor and shall inure to and may be enforced by the Bank, its successors and assigns, and also by any person to whom all or any part of said Indebtedness may be sold or transferred, PROVIDED, HOWEVER, that in the event such sale or transfer covers only a part of the Indebtedness hereby guaranteed, the Bank shall have the right to enforce this Guaranty as to the remainder of the Indebtedness retained and owned by it. The Guarantor shall have no rights, claims, or causes of action against the Debtor as a result of its execution of this Guaranty (whether by subrogation or otherwise) unless and until all of the Indebtedness has been paid in full.

This Guaranty shall be construed according to the laws of the State of Minnesota. The Guarantor hereby consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any controversy related to this Guaranty, waives any argument that venue in such forums is not convenient and agrees that any litigation instigated by the Guarantor against the Bank in connection herewith shall be venued in either the District Courts of Hennepin County, Minnesota, or the United States District Court for the District of Minnesota, Third Division.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered to the Bank by its duly authorized officer(s) as of the 30th day of November, 1992.

C.H. ROBINSON, INC.,
a Minnesota corporation

By /s/ Dale S. Hanson

Its: CFO, Vice President and Treasurer

ACKNOWLEDGEMENT

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing Guaranty was acknowledged before me this 30th day of November, 1992, by Dale S. Hanson as CFO, Vice President and Treasurer of C.H. Robinson, Inc., a Minnesota corporation, on behalf of said corporation.

[SEAL]

/S/ LeAnn L. Peterson

Notary Public

MASTER EQUIPMENT LEASE AGREEMENT

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=====
LESSEE:                                LESSOR:
WAGONMASTER                           AT&T COMMERCIAL FINANCE
TRANSPORTATION COMPANY                 CORPORATION

STREET ADDRESS                         ADDRESS:
C/O C.H. ROBINSON, INC.                44 WHIPPANY ROAD
8100 MITCHELL ROAD                     MORRISTOWN, NJ 07962-1983

CITY, STATE, ZIP                       LEASE NUMBER
EDEN PRAIRIE, MN 55344                 940808
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1. AGREEMENT. Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the equipment (Equipment) described in any schedule (Schedule) that incorporates this Master Equipment Lease Agreement (Agreement) by reference. A Schedule shall incorporate this Agreement by reference by listing the above-referenced Lease Number thereon. Such lease shall be governed by the terms and conditions of this Agreement, as well as by the terms and conditions set forth in the applicable Schedule. Each Schedule shall constitute an agreement separate and distinct from this Agreement and any other Schedule. In the event of a conflict between the provisions of this Agreement and a Schedule, the provisions of the Schedule shall govern.

2. ASSIGNMENT OF PURCHASE DOCUMENTS; SALE/LEASEBACK. Lessee shall execute and deliver to Lessor a writing acceptable to Lessor whereby Lessor is assigned all of Lessee's rights and interest in and to: (a) the Equipment described in the applicable Schedule and (b) any purchase order, contract or other documents (collectively, Purchase Documents) relating thereto that Lessee has entered into with the Seller (as specified in the applicable Schedule). If Seller is not an affiliate of Lessor, Lessee shall deliver to Lessor a writing acceptable to Lessor whereby Seller acknowledges, and provides any required consent to, such assignment. If Lessee has not entered into any Purchase Document for the Equipment with Seller, Lessee authorizes Lessor to act as Lessee's agent to issue a purchase order to Seller for the Equipment and for associated matters, and such purchase order shall be subject to this Section 2 and all references in this Agreement to Purchase Documents shall include such purchase order. By executing the applicable Schedule, Lessee represents and warrants that Lessee either (y) has reviewed, approved and received a copy of the applicable Purchase Documents or (z) has been informed by Lessor (i) of the identity of the Seller, (ii) that Lessee may have rights under the Purchase Documents and (iii) that Lessee may contact Seller for a description of such rights.

Alternately, Lessee may sell the Equipment to Lessor and leaseback such Equipment from Lessor. In such event, Lessee shall deliver to Lessor a report covering the Equipment to be purchased from and leased back to Lessee and which report shall contain a full description of each Item of Equipment, including year made, Type, Lessee's identifying number, Seller, Seller's identifying number date delivered to Lessee, and cost to Lessee. Lessee shall further provide Lessor copies of the original invoices comprising the total cost paid to Seller. Lessee shall provide Lessor evidence of payment to Seller, and, upon Lessor's purchase of the Equipment pursuant to Section 4, shall deliver marketable title to said Equipment and warranting that all such Equipment is free of any and all liens and encumbrances (other than the encumbrance created by this Agreement, the applicable Schedule, and any subleases of the Equipment). Said bill of sale shall also contain an assignment in favor of Lessor of any representations, warranties, and agreement made by the Seller pursuant to any Purchase Document relating to the Equipment, it being understood that said assignment shall not in any way limit Lessee's rights under Section 15.

All Equipment shall be subject to the review and prior approval of Lessor, which approval shall be conclusively evidenced by Lessor's purchase of the Equipment pursuant to Section 4.

3. **DELIVERY; ACCEPTANCE.** Lessee shall cause the Equipment to be delivered to Lessee at the Equipment Location (as specified in the applicable Schedule) and Lessee shall accept the Equipment as soon as it is delivered or, if acceptance criteria is specified in the applicable Purchase Documents, as soon as it has met such criteria. Lessee shall evidence its acceptance of the Equipment and commencement of the lease with respect thereto by executing and delivering to Lessor a commencement certificate (Commencement Certificate) in a form acceptable to Lessor. By executing and delivering a Commencement Certificate to Lessor, (a) Lessee represents and warrants that it has selected the Equipment and Seller specified on the applicable Schedule and (b) Lessee shall irrevocably accept such Equipment under lease.

4. **PURCHASE OF EQUIPMENT.** Provided that no Event of Default (as defined in Section 19) exists, and no event has occurred and is continuing that with notice or the lapse of time or both would constitute an Event of Default, Lessor shall be obligated to purchase the Equipment from Seller and to lease the Equipment to Lessee if (and only if) Lessor receives on or before the Latest Commencement Date (as specified in the applicable Schedule) the related Commencement Certificate and Schedule (both executed by Lessee), and such other documents and assurances as Lessor may request, all such documents and assurances to be in form and substance satisfactory to Lessor.

5. TERM. The initial term of each Schedule (Initial Term) shall begin on the date specified as the Commencement Date on the Commencement Certificate with respect to such Schedule and shall continue for the period specified in such Schedule. Any renewal term of a Schedule (Renewal Term) shall begin on the expiration of, as applicable, the Initial Term or any preceding Renewal Term (collectively, Term).

6. RENT; ADVANCE RENT; LATE CHARGES. Lessee shall pay Lessor the first Rental Payment and/or Interim Rent, if any, (in either case, as specified in the applicable Schedule), for the Equipment on or before the Commencement Date of the applicable Schedule, and shall pay Lessor the remaining Interim Rent, if any, and the remaining periodic Rental Payments on or before the periodic payment dates specified in the applicable Schedule or, if periodic payment dates are not specified, on or before the corresponding day of each subsequent period during the Initial Term of the applicable Schedule, regardless of whether Lessee has received notice that such Rental Payments are due. Additionally, if pursuant to this Agreement or the applicable Schedule the term is extended or a renewal option exercised, Lessee shall also pay all Rental Payments required with respect thereto. All Rental Payments will be sent to Lessor's above- referenced address, or to such other address as specified by Lessor in writing. Lessee shall also pay Lessor Advance Rent (as specified in the applicable Schedule) for the Equipment when it signs the applicable Schedule, and such Advance Rent shall be refunded without interest to Lessee only if Lessor declines to sign the applicable Schedule. Advance Rent shall be credited to Lessee's first Rental Payment under the applicable Schedule, and any excess Advance Rent shall be credited to Lessee's final Rental Payment(s). Lessee agrees to pay Lessor a late charge of 5% of any Rental Payment (or other amount due hereunder) that is not paid within 10 days of its due date, plus interest at the rate of 1 1/2% per month on any such amounts (or such lesser rate as is the maximum rate allowable under applicable law). Also, in the event that more than one Schedule is entered into hereunder, the parties will use their best efforts to implement a common billing date for all Schedules.

7. ADJUSTMENTS. The Total Purchase Price (as specified in the applicable Schedule) and Rental Payment set forth in each Schedule are estimates, and if the final invoice from Seller specifies a Total Purchase Price (including taxes, delivery, installation and other charges) that is greater or less than such estimated Total Purchase Price, Lessee hereby authorizes Lessor to adjust the Total Purchase Price and Rental Payment on the applicable Schedule to reflect the final invoice amount (Final Invoice Amount). If Option B in the Schedule has been selected, Lessee also authorizes Lessor to adjust such purchase and renewal options to reflect the Final Invoice Amount. However, if the Final Invoice Amount exceeds the estimated Total Purchase Price by more than 10%, Lessor will notify Lessee and obtain Lessee's prior written approval of the aforementioned adjustments; provided, however that such written approval shall not be required when such

adjustments are caused by Equipment changes or system reconfigurations requested or caused by Lessee. Additionally, if Lessor financed any down payment for the Equipment pursuant to an interim financing agreement (Financing Agreement) with Lessee, Lessor may also adjust the Total Purchase Price and Rental Payment with respect to such Equipment to reflect any accrued interest that Lessee elects to finance. All references in this Agreement and in any Schedule to Total Purchase Price and Rental Payment shall mean the estimates thereof specified in the applicable Schedule, as adjusted pursuant to this Section 7.

8. **INSURANCE.** At its own expense, Lessee shall provide and maintain the following insurance: (a) insurance against the loss or theft of or damage to the Equipment for the actual cash value of damages or stolen property as of the time of loss, or the cost of repairing or replacing the damaged or stolen property with other property of like kind and quality, naming Lessor as a loss payee (the Loss Payee); and (b) public liability and third party property damage insurance in an amount not less than \$25 Million per occurrence naming Lessor, AT&T Capital Corporation, AT&T Corp. and their respective affiliates as additional insureds (the Additional Insureds). Excess coverage will be provided which will protect the Additional Insureds to no less than the limits of Lessee's insurance as set forth herein. Such insurance policies shall be in a form and with companies rated "A" or better by A.M. Best or otherwise satisfactory to Lessor, shall contain the insurer's agreement to give Lessor 30 days' prior written notice before cancellation or material change thereof, and shall not be invalidated by any action or inaction of Lessee and shall insure the Loss Payee or the Additional Insureds (as the case may be) as their interests may appear, regardless of any breach or violation by Lessee of any condition, declaration, warranty or provision of any such policies. Lessee shall deliver to Lessor the insurance policies or copies thereof or certificates of such insurance on or before the Commencement Date of the applicable Schedule, at least 5 days prior to the renewal or expiration thereof, and at such other times as Lessor may reasonably request, which policies, copies thereof or certificates shall be accompanied by a statement from an insurance agent or broker knowledgeable with respect to such insurance stating whether, in the opinion of such agent or broker, such insurance policies comply with the requirements of this Section 8. If no Event of Default exists, and no event has occurred and is continuing that with notice or the lapse of time or both would constitute an Event of Default, the proceeds of any insurance required under clause (a) hereof that have been paid to Lessor shall be applied against Lessee's obligations to Lessor under Section 13 hereof.

9. **TAXES.** A. General. Lessee shall reimburse Lessor for (or pay directly, but only if instructed by Lessor) all taxes, fees, and assessments that may be imposed by any taxing authority on the Equipment, on its purchase, ownership, delivery, possession, operation, rental, return to Lessor or its purchase by Lessee (collectively, Taxes); provided, however, that Lessee shall not be liable for any such Taxes (whether imposed by the United States of America or by any other domestic or

foreign taxing authority) imposed on or measured by Lessor's net income or tax preference items. Lessee's obligation includes, but is not limited to, the obligation to pay all license and registration fees and all sales, use, personal property and other taxes and governmental charges, together with any penalties, fines and interest thereon, that may be imposed during the Term of the applicable Schedule. Lessee is liable for these Taxes whether they are imposed upon Lessor, Lessee, the Equipment, this Agreement, the applicable Schedule or any Financing Agreement. If Lessee is required by law or administrative practice to make any report or return with respect to such Taxes, Lessee shall promptly advise Lessor thereof in writing and shall cooperate with Lessor to ensure that such reports are properly filed and accurately reflect Lessor's interest in the Equipment. Lessor has no obligation to contest any such Taxes, however Lessee may do so provided that: (a) Lessee does so in its own name and at its own expense; (b) the contest does not and will not result in any lien attaching to any Equipment or otherwise jeopardize Lessor's right to any Equipment; and (c) Lessee indemnifies Lessor for all expenses (including legal fees and costs), liabilities and losses that Lessor incurs as a result of any such contest.

B. Personal Property Taxes. Notwithstanding the provision of Section 9A above, Lessee shall be responsible for properly preparing and timely filing all applicable state and local ad valorem or personal property tax returns or reports required to be filed with respect to the Equipment during or with respect to the Term, and for paying directly to the applicable taxing authorities all ad valorem or personal property taxes applicable to the Equipment during or with respect to the Term, unless Lessee shall have notified Lessor in writing that applicable law requires Lessor to so file and/or pay (at least 30 days prior to the due date for such filing or payment).

C. Equipment Location Reports. Upon Lessor's request, Lessee agrees to provide Lessor reports regarding the location of the various items of Equipment during any given period.

10. REPAIRS; USE; LOCATION; LABELS. Lessee shall: (a) at its own expense, keep the Equipment in good repair, condition and working order and maintained in accordance with the manufacturer's recommended engineering and maintenance standards; (b) use the Equipment lawfully and exclusively in connection with its business operations and for the purpose for which the Equipment was designed and intended; and (c) without Lessor's prior written consent, not move the Equipment from the Equipment Location. If Lessor supplies Lessee with labels stating that the Equipment is owned by Lessor, Lessee shall affix such labels to the Equipment pursuant to Lessor's instructions.

11. MAINTENANCE; INSPECTION; ALTERATIONS. At its own expense, Lessee shall: (a) enter into and maintain a maintenance agreement for the Equipment with the manufacturer or other party acceptable to Lessor, unless and to

the extent otherwise provided on the applicable Schedule; (b) maintain the Equipment in the same condition as when delivered, subject only to ordinary wear and tear, and in good operating order and appearance; (c) make all alterations or additions to the Equipment that may be required or supplied by the Seller or legally necessary; and (d) make no other alterations or additions to the Equipment (except for alterations or additions that will not impair the value or performance of the Equipment and that are readily removable without damage to the Equipment). Any modifications, alterations or additions that Lessee makes to the Equipment (except as permitted by Section 11(d) above) shall become Lessor's property and shall also be deemed to be Equipment. Upon request, Lessor, or any party designated by Lessor, shall have the right to inspect the Equipment and Lessee's applicable maintenance agreement and records at any reasonable time.

12. PERSONAL PROPERTY; LIENS AND ENCUMBRANCES; TITLE. The Equipment shall at all times remain personal property, notwithstanding that the Equipment, or any part thereof, may be (or becomes) affixed or attached to real property or any improvements thereon. Except for the interest of Lessor, Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances of any nature whatsoever. Except as expressly set forth in this Agreement, the Equipment shall at all times remain the property of Lessor and Lessee shall have no right, title or interest therein.

13. RISK OF LOSS. As between Lessor and Lessee, Lessee shall bear the entire risk of loss, theft, destruction or damage to the Equipment from any cause whatsoever or requisition of the Equipment by any governmental entity or the taking of title to the Equipment by eminent domain or otherwise (collectively, Loss). Lessee shall advise Lessor in writing within 10 days of any such Loss. Except as provided below, no such Loss shall relieve Lessee of the obligation to pay Lessor Rental Payments and all other amounts owed hereunder. In the event of any such Loss, Lessor, at its option, may: (a) if the Loss has not materially impaired the Equipment (in Lessor's reasonable judgment), require Lessee, upon Lessor's demand, to place the Equipment in good condition and repair reasonably satisfactory to Lessor; or (b) if the Loss has materially impaired the Equipment (in Lessor's reasonable judgment), require Lessee, upon Lessor's demand, to pay Lessor its anticipated return (Lessor's Return), which shall consist of the following amounts: (i) the Rental Payments (and other amounts) then due and owing under the applicable Schedule; plus (ii) the Stipulated Loss Value (computed as described in the applicable Schedule) of the Equipment; plus (iii) all other amounts that become due and owing under the applicable Schedule, but only to the extent such amounts are not included in the moneys paid to Lessor pursuant to clauses (i) and (ii) above. Upon Lessor's full receipt of such Lessor's Return: (y) the applicable Schedule shall terminate, and except as provided in Section 25, Lessee shall be relieved of all obligations under the applicable Schedule; and (z) Lessor shall transfer all of its interest in the Equipment to Lessee "AS IS, WHERE IS," and without any warranty,

express or implied from Lessor, other than the absence of any liens or claims by, through, or under Lessor.

14. NON-CANCELABLE NET LEASE. ALL LEASES HEREUNDER SHALL BE NON- CANCELABLE NET LEASES, AND LESSEE AGREES THAT IT HAS AN UNCONDITIONAL OBLIGATION TO PAY ALL RENTAL PAYMENTS AND OTHER AMOUNTS WHEN DUE. LESSEE IS NOT ENTITLED TO ABATE OR REDUCE RENTAL PAYMENTS OR ANY OTHER AMOUNTS DUE, OR TO SET OFF ANY CHARGES AGAINST THOSE AMOUNTS. LESSEE IS NOT ENTITLED TO RECOUPMENTS, CROSS- CLAIMS, COUNTERCLAIMS OR ANY OTHER DEFENSES TO ANY RENTAL PAYMENTS OR OTHER AMOUNTS DUE HEREUNDER, WHETHER THOSE DEFENSES ARISE OUT OF CLAIMS BY LESSEE AGAINST LESSOR, SELLER, THIS AGREEMENT, ANY SCHEDULE OR OTHERWISE. NEITHER DEFECTS IN EQUIPMENT, DAMAGE TO IT, NOR ITS LOSS, DESTRUCTION OR LATE DELIVERY SHALL TERMINATE THIS AGREEMENT OR ANY SCHEDULE, OR AFFECT LESSEE'S OBLIGATIONS HEREUNDER. UNLESS LESSEE'S OBLIGATION TO PAY RENTAL PAYMENTS AND OTHER AMOUNTS HAS BEEN TERMINATED PURSUANT TO THE EXPRESS TERMS OF THIS AGREEMENT, ALL RENTAL PAYMENTS AND OTHER AMOUNTS SHALL CONTINUE TO BE DUE AND PAYABLE HEREUNDER.

15. LESSOR DISCLAIMERS; LIMITATION OF REMEDIES. IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT: (A) LESSOR SHALL NOT BE DEEMED TO HAVE MADE ANY REPRESENTATION, WARRANTY OR PROMISE MADE BY SELLER, NEITHER SELLER NOR LESSOR SHALL ACT AS, OR BE DEEMED TO BE, AN AGENT OF THE OTHER, AND LESSOR SHALL NOT BE BOUND BY, OR LIABLE FOR, ANY REPRESENTATION OR PROMISE MADE BY SELLER (EVEN IF LESSOR IS AFFILIATED WITH SELLER); (B) LESSOR SHALL NOT BE LIABLE FOR ANY FAILURE OF ANY EQUIPMENT OR ANY DELAY IN ITS DELIVERY OR INSTALLATION; (C) LESSOR SHALL NOT BE LIABLE FOR ANY BREACH OF ANY WARRANTY THAT SELLER MAY HAVE MADE; (D) LESSEE HAS SELECTED ALL EQUIPMENT WITHOUT LESSOR'S ASSISTANCE; (E) LESSOR IS NOT A MANUFACTURER OF ANY EQUIPMENT; AND (F) LESSOR HAS NOT MADE AND DOES NOT NOW MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION, OR CONDITION OF ANY EQUIPMENT (OR ANY PART THEREOF), THE MERCHANTABILITY OR FITNESS OF EQUIPMENT FOR A PARTICULAR PURPOSE, OR ISSUES REGARDING PATENT INFRINGEMENT, TITLE AND THE LIKE. IT IS FURTHER AGREED THAT LESSOR SHALL HAVE NO LIABILITY TO LESSEE, LESSEE'S CUSTOMERS, OR ANY THIRD PARTIES FOR ANY DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS AGREEMENT OR ANY SCHEDULE OR CONCERNING ANY EQUIPMENT, OR FOR ANY DAMAGES

BASED ON STRICT OR ABSOLUTE TORT LIABILITY, EXCLUDING, HOWEVER, DAMAGES ARISING FROM LESSOR'S BREACH OF ITS OBLIGATIONS EXPRESSLY PROVIDED IN THIS AGREEMENT; PROVIDED, HOWEVER, THAT NOTHING IN THIS AGREEMENT SHALL DEPRIVE LESSEE OF ANY RIGHTS IT MAY HAVE AGAINST ANY PERSON OTHER THAN LESSOR. LESSEE SHALL LOOK SOLELY TO SELLER FOR ANY AND ALL CLAIMS AND WARRANTIES RELATING TO THE EQUIPMENT. LESSOR HEREBY ASSIGNS TO LESSEE FOR THE TERM OF THE APPLICABLE SCHEDULE THE RIGHT TO ENFORCE, PROVIDED NO EVENT OF DEFAULT THEN EXISTS UNDER THIS AGREEMENT AND SUCH ENFORCEMENT IS PURSUED IN LESSEE'S NAME, ANY REPRESENTATIONS, WARRANTIES AND AGREEMENTS MADE BY SELLER PURSUANT TO THE PURCHASE DOCUMENTS, AND LESSEE MAY RETAIN ANY RECOVERY RESULTING FROM ANY SUCH ENFORCEMENT EFFORTS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, LESSEE WAIVES ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON A LESSEE BY ARTICLE 2A OF THE UCC AND ANY RIGHTS NOW OR HEREINAFTER CONFERRED BY STATUTE OR OTHERWISE THAT MAY LIMIT OR MODIFY LESSOR'S RIGHTS AS DESCRIBED IN THIS SECTION OR OTHER SECTIONS OF THIS AGREEMENT.

16. LESSEE WARRANTIES. Lessee represents, warrants and covenants to Lessor that: (a) unless it is an individual, Lessee is duly organized, validly existing and in good standing under applicable law; (b) Lessee has the power and authority to enter into this Agreement, all Schedules and all other related instruments or documents hereunder (collectively, Fundamental Agreements); (c) such Fundamental Agreements are enforceable against Lessee in accordance with their terms and do not violate or create a default under any instrument or agreement binding on Lessee; (d) there are no pending or threatened actions or proceedings before any court or administrative agency that could have a material adverse effect on Lessee or any Fundamental Agreement, unless such actions are disclosed to Lessor and consented to in writing by Lessor; (e) Lessee shall comply in all material respects with all Federal, state and municipal laws and regulations the violation of which could have a material adverse effect upon the Equipment or Lessee's performance of its obligations under any Fundamental Agreement; (f) Lessee shall obtain all governmental approvals necessary for it to enter into and perform each Fundamental Agreement; (g) each Fundamental Agreement shall be effective against all creditors of Lessee under applicable law, including fraudulent conveyance and bulk transfer laws, and shall raise no presumption of fraud; (h) financial statements and other related information furnished by Lessee shall be prepared in accordance with generally accepted accounting principles and shall present Lessee's financial position as of the dates given on such statements; (i) Lessee shall furnish Lessor with its certified financial statements, opinions of counsel, resolutions, and such other information and documents as Lessor may reasonably request; (j) ALL EQUIPMENT IS LEASED FOR BUSINESS PURPOSES ONLY, AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES; and (k) all Equipment is

tangible personal property and shall not become a fixture or real property under Lessee's use thereof. Lessee shall be deemed to have reaffirmed the foregoing warranties each time it executes any Fundamental Agreement.

17. GENERAL INDEMNITY. Lessee shall indemnify, hold harmless, and, if so requested by Lessor, defend Lessor against all claims (Claims) directly or indirectly arising out of or connected with the Equipment or any Fundamental Agreement or Lessee's breach of any representation, warranty, or covenant contained in any Fundamental Agreement. Claims refers to all losses, liabilities, damages, penalties, expenses (including legal fees and costs), claims, actions, and suits, whether in contract or in tort, and whether based on a theory of strict liability of Lessor or otherwise, (excluding, however, claims arising solely from the Lessor's gross negligence or wilful misconduct), and includes, but is not limited to, matters regarding: (a) the selection, manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, maintenance, use, condition, return or operation of the Equipment; (b) any latent defects or other defects in any Equipment, whether or not discoverable by Lessor or by Lessee; (c) any patent, trademark, or copyright infringement; and (d) the condition of any Equipment arising or existing during Lessee's use.

18. SURRENDER; EXTENSION OF TERM. Unless Lessee purchases the Equipment or renews the Term pursuant to the applicable Schedule, or acquires the Equipment pursuant to Section 13 hereof, Lessee shall, at its expense, deinstall, inspect, test and properly pack the Equipment, and return the Equipment at the expiration of the Term, free of all liens and rights of others, by delivering it to Lessor at such location as Lessor shall specify, and provide storage of such Equipment at Lessee's cost and expense for 90 days after the expiration of the Term. Such storage period shall begin as of the date the last item of Equipment is inspected and repaired in accordance with the provisions of this Section 18. If Lessor so requests, Lessor and its agents shall have the right to enter upon any premises where Equipment may be located to perform any of Lessee's tasks noted above in this Section 18, and Lessee shall reimburse Lessor for all costs and expenses Lessor incurs in fulfilling such tasks. Lessee agrees that the Equipment, when returned to Lessor, shall be in the same condition as when delivered to Lessee, reasonable wear and tear excepted, with 10,000 hours on compressors and 20,000 hours remaining since last maintenance or overhaul (if applicable), and certified as being eligible for Seller's or the manufacturer's generally available maintenance contract at then prevailing rates, without Lessor incurring any expense to repair, rehabilitate or certify such Equipment (Lessee shall be liable for all costs and expenses Lessor incurs to place the Equipment in such condition). If requested by Lessor, Lessee, at its expense, shall store the Equipment on its premises for a reasonable period, during which period the Equipment shall be subject to all of the terms and conditions hereof, except for the obligation to make Rental Payments. In all instances where Lessee is returning Equipment to Lessor, Lessee shall give Lessor written notice thereof in accordance

with the terms of the applicable Schedule. If Lessee fails to provide the aforementioned notice or return the Equipment to Lessor in the time and manner provided above, the Term shall be extended in accordance with the terms of the applicable Schedule. If any Schedule is extended pursuant to the preceding sentence, Lessee shall continue to pay the higher of the periodic Rental Payments in effect prior to the expiration of the then existing term of the applicable Schedule (whether it be the Initial Term or any Renewal Term (Applicable Term)) or such other periodic rental payment amount as is specified for such extension period in the Schedule, and all other provisions of this Agreement shall continue to apply.

19. EVENTS OF DEFAULT. Any of the following shall constitute an Event of Default under this Agreement and all Schedules: (a) Lessee fails to pay any Rental Payment or any other amount payable to Lessor hereunder within 10 days after its due date; or (b) Lessee fails to perform or observe any other representation, warranty, covenant, condition or agreement to be performed or observed by Lessee hereunder or in any other agreement with Lessor, or in any agreement with any other person that in Lessor's sole opinion is a material agreement, and Lessee fails to cure any such breach within 10 days after notice thereof; or (c) any representation or warranty made by Lessee hereunder, or in any other instrument provided to Lessor by Lessee, proves to be incorrect in any material respect when made; or (d) Lessee makes an assignment for the benefit of creditors, whether voluntary or involuntary; or (e) a proceeding under any bankruptcy, reorganization, arrangement of debts, insolvency or receivership law is filed by or against Lessee or Lessee takes any action to authorize any of the foregoing matters; or (f) Lessee becomes insolvent or fails generally to pay its debts as they become due, the Equipment is levied against, seized or attached, or Lessee seeks to effectuate a bulk sale of Lessee's inventory or assets; or (g) Lessee voluntarily or involuntarily dissolves or is dissolved, or terminates or is terminated; or (h) any guarantor dies or revokes a guaranty provided to Lessor under this Agreement; or (i) any guarantor under this Agreement is the subject of an event listed in clauses (b) through (g) above; or (j) any letter of credit (including that certain Keep-Well Agreement by and among C. H. Robinson, Inc., Lessor and Lessee dated August, 1994) required pursuant to any Schedule is breached, canceled, terminated or not renewed during the Term of any such Schedule.

20. REMEDIES. If an Event of Default occurs, Lessor may, in its sole discretion, exercise one or more of the following remedies: (a) terminate this Agreement or any or all Schedules; or (b) take possession of, or render unusable, any Equipment wherever the Equipment may be located, without demand or notice, without any court order or other process of law and without liability to Lessee for any damages occasioned by such action, and no such action shall constitute a termination of any Schedule; or (c) require Lessee to deliver the Equipment at a location designated by Lessor; or (d) declare the Lessor's Return (as defined in Section 13 hereof and calculated by Lessor as of the date of the Event of Default) for

each applicable Schedule due and payable as liquidated damages for loss of a bargain and not as a penalty and in lieu of any further Rental Payments under the applicable Schedule; or (e) proceed by court action to enforce performance by Lessee of any Schedule and/or to recover all damages and expenses incurred by Lessor by reason of any Event of Default; or (f) terminate any other agreement that Lessor may have with Lessee; or (g) exercise any other right or remedy available to Lessor at law or in equity. Also, Lessee shall pay Lessor all costs and expenses (including legal fees and costs and fees of collection agencies) incurred by Lessor in enforcing any of the terms, conditions or provisions of this Agreement. Upon repossession or surrender of any Equipment, Lessor shall lease, sell or otherwise dispose of the Equipment in a commercially reasonable manner, with or without notice and at public or private sale, and apply the net proceeds thereof (after deducting all expenses (including legal fees and costs) incurred in connection therewith) to the amounts owed to Lessor hereunder; provided, however, that Lessee shall remain liable to Lessor for any deficiency that remains after any sale or lease of such Equipment. Lessee agrees that with respect to any notice of a sale required by law to be given, 10 days' notice shall constitute reasonable notice. These remedies are cumulative of every other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

21. LESSOR'S PERFORMANCE OF LESSEE'S OBLIGATIONS. If Lessee fails to perform any of its obligations hereunder, Lessor may perform any act or make any payment that Lessor deems reasonably necessary for the maintenance and preservation of the Equipment and Lessor's interests therein; provided, however, that the performance of any act or payment by Lessor shall not be deemed a waiver of, or release Lessee from, the obligation at issue. All sums so paid by Lessor, together with expenses (including legal fees and costs) incurred by Lessor in connection therewith, shall be paid to Lessor by Lessee immediately upon demand.

22. FINANCING OF ADDITIONS. If Lessee intends to make any addition to the Equipment, the cost of which Lessee will finance, then Lessee shall, in writing, request Lessor to finance the costs of such addition. Lessee shall provide Lessor with the terms under which it hopes to obtain the financing, and upon receiving such a request Lessor shall determine, in its sole discretion, whether to provide such financing. If Lessor does not, within 20 days after receiving Lessee's request, offer to finance the addition upon the terms requested by Lessee, Lessee may obtain offers from third parties for financing the addition, and Lessee shall notify Lessor of the details of any third party financing offer Lessee would like to accept (Third Party Offer). If Lessor has not made a financing offer to Lessee on terms substantially similar to the Third Party Offer within 20 days of receiving Lessee's notice, Lessee may accept the Third Party Offer unless: (a) the aggregate cost to Lessee of obtaining financing from the Third Party Offer is greater than the aggregate cost under Lessor's financing offer; (b) the Third Party Offer would create a security

interest in, or a lien on, the Equipment; or (c) the addition is not permitted under Section 11 (d) hereof.

23. **ASSIGNMENT BY LESSOR.** Lessor shall have the unqualified right to assign, pledge, transfer, mortgage or otherwise convey any of its interests hereunder or in any Schedule or any Equipment, in whole or in part, without notice to, or consent of, Lessee. If any Schedule is assigned, Lessee shall:

(a) unless otherwise specified by the Lessor and the assignee (Assignee) specified by Lessor, pay all amounts due under the applicable Schedule to such Assignee, notwithstanding any defense, setoff or counterclaim whatsoever that Lessee may have against Lessor or Assignee; (b) not permit the applicable Schedule to be amended or the terms thereof waived without the prior written consent of the Assignee; (c) not require the Assignee to perform any obligations of Lessor, other than those that are expressly assumed in writing by such Assignee; and (d) execute such acknowledgments thereto as may be requested by Lessor. It is further agreed that: (x) each Assignee shall be entitled to all of Lessor's rights, powers and privileges under the applicable Schedule, to the extent assigned; (y) any Assignee may reassign its rights and interest under the applicable Schedule with the same force and effect as the assignment described herein; and (z) any payments received by the Assignee from Lessee with respect to the assigned portion of the Schedule shall, to the extent thereof, discharge the obligations of Lessee to Lessor with respect to the assigned portion of the Schedule. **LESSEE ACKNOWLEDGES THAT ANY ASSIGNMENT OR TRANSFER BY LESSOR OR ANY ASSIGNEE SHALL NOT MATERIALLY CHANGE LESSEE'S OBLIGATIONS UNDER THE ASSIGNED SCHEDULE.**

24. **ASSIGNMENT OR SUBLEASE BY LESSEE.** WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS AGREEMENT OR ANY SCHEDULE OR ASSIGN ITS RIGHTS IN OR SUBLET THE EQUIPMENT OR ANY INTEREST THEREIN; provided, however, that Lessee may sublease or assign a Schedule to an affiliate or a wholly-owned subsidiary of Lessee if: (a) Lessee and such sublessee or assignee execute and deliver to Lessor a writing (to be provided by Lessor) whereby the sublessee or assignee agrees to assume joint and several liability with Lessee for the full and prompt payment, observance and performance when due of all of the obligations of the Lessee under such Schedule; and (b) Lessor consents to such sublease or assignment, which consent shall not be unreasonably withheld. In no event, however, shall any such sublease or assignment discharge or diminish any of Lessee's obligations to Lessor under such Schedule.

25. **SURVIVAL; QUIET ENJOYMENT.** All representations, warranties and covenants made by Lessee hereunder shall survive the termination of this Agreement and shall remain in full force and effect. All of Lessor's rights, privileges, and indemnities, to the extent they are fairly attributable to events or conditions occurring or existing on or prior to the termination of this Agreement,

shall survive such termination and be enforceable by Lessor and any successors and assigns. So long as no Event of Default exists, and no event has occurred and is continuing that with notice or the lapse of time or both would constitute an Event of Default, neither Lessor nor any Assignee will interfere with Lessee's quiet enjoyment of the Equipment.

26. **FILING FEES; FURTHER ASSURANCES; NOTICES.** Lessee will promptly reimburse Lessor for any filing or recordation fees or expenses (including lien search fees, legal fees and costs) incurred by Lessor in perfecting or protecting its interests in the Equipment and under this Agreement. Lessee shall promptly execute and deliver to Lessor such documents and take such further action as Lessor may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to protect the rights and remedies of Lessor created or intended to be created hereunder. All notices under this Agreement shall be sent to the respective party at its address set forth on the front page of this Agreement or on the applicable Schedule or at such other address as the parties may provide to each other in writing from time to time. Any such notice mailed to said address shall be effective when deposited in the United States mail, duly addressed and with first class postage prepaid.

27. **WAIVER OF JURY TRIAL; SUCCESSORS.** LESSEE AND LESSOR EACH IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION OR PROCEEDING UPON, ARISING OUT OF, OR RELATED TO THIS AGREEMENT, ANY OTHER CONFIDENTIAL AGREEMENT, OR THE DEALINGS OR RELATIONSHIP BETWEEN OR AMONG LESSOR, LESSEE, SELLER OR ANY OTHER PERSON. This Agreement and all Schedules inure to the benefit of and are binding upon the permitted successors or assigns of Lessor and Lessee.

28. **NO WAIVER; LESSOR APPROVAL.** Any failure of Lessor to require strict performance by Lessee, or any written waiver by Lessor of any provision hereof, shall not constitute consent or waiver of any other breach of the same or any other provision hereof. Neither this Agreement nor any other Fundamental Agreement shall be binding upon Lessor unless and until executed by Lessor.

29. **CAPTIONS; COUNTERPARTS; LESSOR'S AFFILIATES.** The captions contained in this Agreement are for convenience only and shall not affect the interpretation of this Agreement. Only one counterpart of the Schedule shall be marked "Original" (Original), and all other counterparts thereof shall be marked as, and shall be, duplicates. To the extent that any Schedule constitutes chattel paper (as such term is defined in the Uniform Commercial Code in effect in any applicable jurisdiction), no security interest in such Schedule may be created through the transfer or possession of any counterpart other than the Original. Lessee understands and agrees that any affiliate or subsidiary of AT&T Capital Corporation

may, as lessor, execute Schedules under this Agreement, in which event the terms and conditions of the applicable Schedule and this Agreement as it relates to the lessor under such Schedule shall be binding upon and shall inure to the benefit of such entity executing such Schedule as lessor, as well as any successors or assigns of such entity.

30. CHOICE OF LAW; INTEGRATION; ENTIRE AGREEMENT. EACH LEASE UNDER THIS AGREEMENT SHALL BE GOVERNED BY THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF NEW JERSEY (STATE). If any provision of this Agreement or such Schedule shall be prohibited by or invalid under that law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or such Schedule. Lessor and Lessee consent to the jurisdiction of any local, state or Federal court located within the State, and waive any objection relating to improper venue or forum non conveniens to the conduct of any proceeding in any such court. This Agreement and all other Fundamental Agreements executed by both Lessor and Lessee constitute the entire agreement between Lessor and Lessee relating to the leasing of the Equipment, and supersede all prior agreements relating thereto, whether written or oral, and may not be amended or modified except in a writing signed by the parties hereto.

<i>WAGONMASTER TRANSPORTATION COMPANY (Lessee)</i>	<i>AT&T COMMERCIAL FINANCE CORPORATION (Lessor)</i>
<i>By: /s/ Dale S. Hanson ----- (Lessee Authorized Signature)</i>	<i>By /s/ Edward F. Gromek ----- (Lessor Authorized Signature)</i>
<i>Dale S. Hanson ----- (Type/Print Name)</i>	<i>Edward F. Gromek ----- (Type/Print Name)</i>
<i>Treasurer ----- (Title)</i>	<i>Vice President ----- (Title)</i>
<i>August 19, 1994 ----- (Date)</i>	<i>August 22, 1994 ----- (Date)</i>

KEEP-WELL AGREEMENT

THIS KEEP-WELL AGREEMENT (this "Agreement") is made and entered into this 19th day of August, 1994 by and among C. H. ROBINSON, INC., a Minnesota corporation ("Robinson"), WAGONMASTER TRANSPORTATION COMPANY, a Minnesota corporation ("Wagonmaster"), and AT&T COMMERCIAL FINANCE CORPORATION, a Delaware Corporation ("AT&T") with respect to the following facts:

RECITALS

A. Robinson is the sole shareholder of all of the issued and outstanding stock of Wagonmaster.

B. Wagonmaster has requested that AT&T lease to Wagonmaster, pursuant to the terms of that certain lease between AT&T and Wagonmaster of even date herewith (the "Lease"), certain equipment (the "Equipment") described more particularly in the Lease.

C. AT&T has agreed to lease the Equipment to Wagonmaster on the condition, among other things, that Robinson and Wagonmaster execute and deliver this Agreement.

D. Robinson and Wagonmaster anticipate that the Equipment may from time to time be used by Robinson and affiliates of Robinson, pursuant to the terms of written subleases.

E. As sole shareholder of Wagonmaster, and because the Equipment may from time to time be used by Robinson and affiliates of Robinson, Robinson acknowledges that it will receive substantial benefit if AT&T agrees to lease the Equipment to Wagonmaster.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by all the parties, the parties agree as follows:

AGREEMENT

1. Representations and Warranties. Robinson and Wagonmaster hereby represent and warrant that, as of the date hereof:

a. Robinson owns one hundred percent (100%) of the issued and outstanding stock of Wagonmaster;

- b. Wagonmaster has tangible net worth of not less than Two Million Dollars (\$2,000,000);
 - c. The ratio of Wagonmaster's total cash flow (as hereinafter defined) to its fixed charges (as hereinafter defined) is not less than 1.1 to 1; and
 - d. The execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action, this Agreement has been duly executed and delivered by Robinson and Wagonmaster, and this Agreement constitutes a legal, valid and binding obligation of Robinson and Wagonmaster, enforceable against them in accordance with its terms in all pertinent jurisdictions.
2. Financial Covenants. For and during the term of the Lease and any renewals and extensions thereof, Robinson and Wagonmaster agree to comply with the following covenants, and Robinson specifically agrees to take such actions with respect to Wagonmaster as are required for such covenants to be met:
- a. Robinson shall at all times continue to own one hundred percent (100%) of the issued and outstanding stock of Wagonmaster;
 - b. Wagonmaster shall have a minimum tangible net worth of not less than Two Million Dollars (\$2,000,000); and
 - c. Wagonmaster shall maintain a ratio of total cash flow to fixed charges of not less than 1.1 to 1. Compliance with the covenant set forth in the preceding sentence shall be tested on an annual basis as of the end of each fiscal year of Wagonmaster; provided, however, that after and during the continuance of any event of default under the Lease, such compliance shall be tested on a quarterly basis beginning with the fiscal quarter ending immediately prior to the occurrence of such event of default. The term "total cash flow" shall mean, for any relevant fiscal period, net after tax income as reflected in the relevant quarterly or annual financial statements, plus depreciation expense, plus capital infusions from Robinson, plus rental expense, minus stockholder dividends. The term "fixed charges" shall mean, for any fiscal quarter or year, as applicable, the sum of all obligations payable during such fiscal period for (i) principal on borrowed money repayable over a period in excess of one (1) year; and (ii) any other obligations under leases which shall have been or, under generally accepted accounting principles, should be recorded as capital leases; and (iii) rental expenses.
3. Officer's Certificates. (a) Wagonmaster shall deliver to AT&T, as soon as available but in any event not later than thirty (30) days following the end of each fiscal quarter, copies of the quarterly or annual (as the case may be) financial statements of Wagonmaster for such fiscal quarter or year, together with a certificate in the form attached hereto as Exhibit A executed within thirty (30) days following

the end of such fiscal quarter or year, by a vice president of Wagonmaster, indicating the status of each of the covenants set forth in Section 2.

(b) Robinson shall deliver to AT&T, (i) as soon as available but in any event not later than thirty (30) days following the end of each of the first three fiscal quarters of each fiscal year, copies of the quarterly consolidated and consolidating financial statements of Robinson and its subsidiaries for such fiscal year, certified by Robinson's Chief Financial Officer, and (ii) as soon as available but in any event not later than ninety (90) days following the end of each fiscal year, copies of the audited annual consolidated and consolidating financial statements of Robinson and its subsidiaries for such fiscal year, certified by an independent accounting firm.

4. Events of Default. Each of the following shall constitute an event of default (an "Event of Default") under this Agreement:

a. Wagonmaster shall fail to deliver the financial statements and officer's certificates required to be delivered under, and within the time period set forth in, Section 3(a), and such failure shall continue for five (5) days after Wagonmaster's receipt of notice from AT&T of such failure.

b. Robinson shall fail to deliver the financial statements required to be delivered under, and within the time period set forth, in Section 3(b), and such failure shall continue for five (5) days after Robinson's receipt of notice from AT&T of such failure.

c. Any of the representations and warranties set forth in Section 1 shall prove to have been false.

d. Robinson shall own less than one hundred percent (100%) of the issued and outstanding stock of Wagonmaster, and such failure shall continue for ten (10) days after Robinson's receipt of notice from AT&T of such failure.

e. The tangible net worth of Wagonmaster shall be less than Two Million Dollars (\$2,000,000), and such tangible net worth shall not be increased to at least Two Million Dollars (\$2,000,000) within ten (10) days after Robinson's receipt of notice from AT&T.

f. The ratio of Wagonmaster's total cash flow to Wagonmaster's fixed charges shall fall below 1.1 to 1, and such ratio shall not be increased to at least 1.1 to 1 within ten (10) days after Robinson's receipt of notice from AT&T.

g. Wagonmaster makes an assignment for the benefit of creditors or any proceeding under any bankruptcy, reorganization, arrangement of debts,

insolvency or receivership law is filed by or against Wagonmaster or Wagonmaster takes any action to authorize any of the foregoing matters.

5. Remedies. Upon the occurrence of an Event of Default, Robinson shall have the option to purchase the Equipment at Lessor's Return (as defined in the Lease) on an "as-is, where-is" basis without any obligation on the part of AT&T to deliver possession of the Equipment to Robinson and without any warranty, express or implied from AT&T, other than the absence of any liens by, through or under AT&T; provided that Robinson shall purchase such Equipment on such basis within ten (10) days of Robinson's receipt from AT&T of written notice of the Event of Default. The purchase price for the Equipment shall include, in addition to an amount equal to the then Lessor's Return, an amount equal to all expenses incurred by AT&T in pursuing its remedies hereunder, including reasonable attorneys' fees. If Robinson fails to deliver to AT&T an amount equal to the then Lessor's Return for the Equipment plus the other amounts set forth above within such time period, AT&T may, at its option, take any of the following actions:

a. Proceed by appropriate court action or actions, either at law or in equity, either before or after resorting to its remedies set forth in Section 5(b), to (i) require Robinson to take such actions as are necessary to comply or cause compliance with the covenants set forth herein, and Robinson acknowledges and agrees that specific performance is an appropriate remedy, or (ii) recover from Robinson damages for the breach of the covenants contained herein; and/or

b. By written notice to Robinson and Wagonmaster terminate Robinson and Wagonmaster's right of possession of the Equipment, whereupon all rights of Robinson and Wagonmaster or their permitted assigns to use the Equipment shall absolutely cease and terminate, but Wagonmaster and Robinson shall remain liable as herein provided. Upon such a termination, Robinson shall cause Wagonmaster, at its expense, to redeliver the Equipment to AT&T. If Wagonmaster shall fail to do so, AT&T may retake possession of the Equipment by entering upon any premises at any reasonable time and thereafter AT&T may hold, possess, sell, upgrade, lease to others or enjoy the same, free from any right of Wagonmaster, Robinson or their respective successors or assigns, and Robinson hereby waives the right to object to the amount that may be bid by AT&T or any other person at any foreclosure sale. If AT&T is required to retake possession, Robinson shall upon demand reimburse AT&T for all costs and expenses relating thereto. Notwithstanding such redelivery or retaking, AT&T shall have the right to recover from Robinson and Wagonmaster or either of them its damages for loss of a bargain and not as a penalty, an amount equal to the Lessor's Return with respect to the Equipment as of the rent payment date on or next preceding the date of the Event of Default, less:

(i) the amount AT&T in fact receives from the sale of the Equipment, after deduction of all estimated expenses of such sale (Equipment which AT&T is unable to recover shall at AT&T's option be deemed worthless); or

(ii) at AT&T's election, the present value of the noncancellable regularly scheduled rentals receivable from a subsequent lease of all or part of the Equipment entered into by AT&T (discounted at a rate equal to five (5) percentage points above the prime rate then in effect), and taking into account only the rentals receivable from the commencement date of such subsequent lease until the end of the term of the Lease. In addition, Robinson shall be liable to AT&T for all costs and expenses incurred by AT&T by reason of Robinson's breach or default. In addition to the foregoing, Robinson shall be liable for interest on any of the above referenced amounts from and after the due date at the rate of five (5) percentage points above the prime rate then in effect, or the legal limit, whichever is smaller. AT&T's costs and expenses incurred by reason of breach or default shall include, without limitation, costs and expenses of receiving or retaking possession of the Equipment, storing, holding, transporting, insuring, caring for, servicing, maintaining and renting the Equipment and collecting rents and professional fees and expenses with respect to or incurred by reason of the breach or default, including legal fees and expenses for advice and legal services in any actions or proceedings which AT&T may commence or in which AT&T may appear or participate to exercise or enforce any rights or remedies or to protect or preserve any rights or interests, and in all reviews of and appeals from any such actions or proceedings.

6. AT&T's Rights. Robinson and Wagonmaster acknowledge and agree that

(a) Robinson's obligations to AT&T under this Agreement are primary, (b) AT&T may pursue any and all of its remedies hereunder in any order it may choose, (c) AT&T shall have no obligation to pursue its remedies with respect to Wagonmaster or the Equipment under the terms of the Lease before pursuing Robinson or the Equipment under the terms of this Agreement, (d) if an Event of Default under this Agreement has occurred and is continuing, AT&T may pursue its remedies under this Agreement even if Wagonmaster is then in full compliance with the terms of the Lease, and (e) AT&T's rights and remedies hereunder shall not be affected by any bankruptcy or insolvency of Wagonmaster or Robinson except to the extent that AT&T's right to repossess the Equipment may be lawfully stayed subsequent to the filing of a bankruptcy petition. Robinson hereby consents and agrees that AT&T may at any time, or from time to time, in its discretion, and without affecting Robinson's obligations under this Agreement:

a. extend or change the time of payment, and/or the manner, place, currency or terms of payment of all or any of Wagonmaster's obligations under the Lease or any related document, or otherwise agree with Wagonmaster to amend the terms of the Lease or any related document;

b. waive any of the terms of the Lease or any related document; and

c. settle or compromise with Wagonmaster any and all of its obligations under the Lease or any related document and/or subordinate the payment of the same, or any part thereof, to the payment of any other debts or claims which may at any time be due or owing to AT&T or any other person, all in such manner and upon such terms as AT&T may deem proper, and without notice to or further assent from Robinson, it being hereby agreed that Robinson shall be and remain bound under this Agreement, irrespective of the existence, value or condition of the Equipment or any collateral or other security, and notwithstanding any such change, exchange, settlement compromise, surrender, release, sale, application, renewal or extension.

7. Waiver. (a) Subrogation. Robinson hereby irrevocably waives all claims it has or may acquire, if any, against Wagonmaster in respect of the obligations set forth above, including rights of exoneration, reimbursement, contribution and subrogation. Wagonmaster hereby irrevocably waives all claims it has or may acquire, if any, against Robinson in respect of the obligations set forth above, including rights of exoneration, reimbursement, contribution and subrogation.

(b) Defenses. Robinson hereby irrevocably waives:

(i) promptness, diligence, all presentments and demands for performance or payment, any notices that payment or performance of all or any of Wagonmaster's obligations under the Lease or any related document are due and any other notice of any kind whatsoever with respect to any of Wagonmaster's obligations under the Lease or any related document or under this Agreement (other than notices expressly contemplated by the terms of this Agreement);

(ii) all notices of the existence, creation or incurring of new or additional obligations of Wagonmaster and notices of any and all proceedings against Wagonmaster, any endorser, any guarantor, or any other person with respect to all or any part of Wagonmaster's obligations under the Lease or any related document, and, to the extent permitted by law, notices of exchange, sale, surrender or other handling of the Equipment or any collateral or other security given to secure

payment or performance of all or any part of Wagonmaster's obligations under the Lease or any related document;

(iii) any defense based on non-amenability to suit of Robinson, including the defenses of any type of immunity and inconvenient forum; and

(iv) any other circumstance whatsoever which might otherwise constitute a legal, equitable, admiralty or maritime discharge, release or defense of any guarantor or surety or which might otherwise limit recourse against Robinson.

8. No Waiver Rights Cumulative, Reasonable Notice. No delay in making demand for satisfaction of the obligations set forth herein shall prejudice AT&T's right to enforce such satisfaction. All of AT&T's rights and remedies shall be cumulative, and any failure of AT&T to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any time and from time to time hereafter. If AT&T, in its sole discretion, elects to give notice of any action with respect to the sale of the Equipment, Robinson and Wagonmaster agree that ten (10) days prior written notice shall be deemed reasonable notice of any matters contained in such notice.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New Jersey without regard to the conflicts of laws rules thereof.

10. Assignment. This Agreement shall inure to the benefit of AT&T and its successors and assigns. AT&T may at any time assign or otherwise transfer all or any part of its interest under this Agreement and to the extent of such assignment, the assignee shall have the same rights and benefits against Robinson and Wagonmaster and otherwise under this Agreement (including any right of setoff) as if such assignee were an original party hereto. This Agreement shall be binding upon Robinson and Wagonmaster, and neither Robinson nor Wagonmaster shall assign or otherwise transfer all or any part of their respective rights or obligations hereunder without the prior written consent of AT&T, and any such assignment or transfer purported to be made without such consent shall be ineffective.

11. 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. To the extent permitted by applicable law, Robinson and Wagonmaster each hereby waives any provision of law which renders any provision of this Agreement prohibited or unenforceable in any respect.

12. WAIVER OF JURY TRIAL. ROBINSON, WAGONMASTER AND AT&T EACH IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION OR PROCEEDING UPON, ARISING OUT OF, OR RELATED TO THIS AGREEMENT, ANY OTHER FUNDAMENTAL AGREEMENT, OR THE DEALINGS OR RELATIONSHIP BETWEEN OR AMONG ROBINSON, WAGONMASTER AND AT&T OR ANY OTHER PERSON.

13. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and there are no understandings or agreements, written or oral, outside of this Agreement with respect to the subject matter hereof. This Agreement may only be amended in a writing executed by all parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officers as of the date first set forth above.

C.H. ROBINSON, INC.

By /s/ Dale S. Hanson

Title Vice President, CFO and Treasurer

**WAGONMASTER TRANSPORTATION
COMPANY**

By /s/ Robert S. Ingram

Title Vice President

**AT&T COMMERCIAL FINANCE
CORPORATION**

By /s/ Edward F. Gromek

Title Vice President

**EXHIBIT A
TO
KEEP-WELL AGREEMENT**

Form of Officer's Certificate

The undersigned, being a duly elected or appointed vice president of Wagonmaster Transportation Company, does hereby certify, as of the date set forth below, for the benefit of AT&T Commercial Finance Corporation, that the following is true and correct:

1. C.H. Robinson, Inc. is presently, and has been since the date of the last Officer's Certificate delivered to AT&T Commercial Finance Corporation, the sole owner of all of the issued and outstanding stock of Wagonmaster Transportation Company.
2. As reflected in the attached [insert "quarterly" or "annual", as applicable] financial statements of Wagonmaster Transportation Company, which financial statements are true and correct, Wagonmaster Transportation Company, has a tangible net worth of [insert the correct amount of the tangible net worth, or if it is at least \$2 Million, insert "not less than Two Million Dollars (\$2,000,000)"].
- [3. The ratio of Wagonmaster's total cash flow to Wagonmaster's fixed charges, each as defined in that certain Keep Well Agreement dated _____, 1994, is not less than 1.1 to 1.]/*/

IN WITNESS WHEREOF, the undersigned Vice President has executed this certificate this ____ day of _____, 1994.

Robert S. Ingram, Vice President

*/To be included when applicable.

Exhibit 10.12
MASTER EQUIPMENT LEASE AGREEMENT

THIS AGREEMENT is entered into this ____ day of _____, 1994 between METLIFE CAPITAL, LIMITED PARTNERSHIP ("Lessor") whose address is 10900 N.E. 4th St., mailing address C-97550, Bellevue, Washington 98009 and WAGONMASTER TRANSPORTATION COMPANY ("Lessee") whose address is 8100 Mitchell Road, Eden Prairie, Minnesota 55344.

Lessor and Lessee from time to time may enter into written agreements in the form of "Request to Purchase Addenda" for the purchase by Lessor of equipment and leasing of such equipment to Lessee. To facilitate such transactions, Lessor and Lessee are entering into this Master Equipment Lease Agreement (the "Master Lease"), the terms and provisions of which shall be incorporated by reference in each such Request to Purchase, and they MUTUALLY AGREE AS FOLLOWS:

1. REQUEST TO PURCHASE

If Lessor agrees to acquire and lease equipment when requested by Lessee, the parties shall sign a Request to Purchase Addendum ("Request to Purchase") setting forth the particulars regarding the transaction, including, without limitation, the list of items of equipment (individually, an "Item" and, collectively, the "Equipment"), the prices of each Item (including disclosure of all rebates, discounts and other incentives received or receivable with respect thereto), "Related Costs", including taxes, transportation, installation and other applicable costs, the aggregate of the foregoing ("Total Cost"), length of the Basic Term, rental rates and other applicable provisions. "Cost of an Item" shall mean the price of the Item plus its applicable portion of Related Costs. In the absence of a signed Request to Purchase, this Master Lease shall not constitute a lease or a commitment by either party to enter into a lease.

2. PURCHASE; ACCEPTANCE

(a) Request; Specifications. Signing a Request to Purchase shall constitute the request from Lessee to Lessor to purchase the Equipment, and the Request to Purchase and this Master Lease shall constitute the lease and agreement (the "Lease") regarding the Equipment. Lessee will assign to Lessor purchase orders or agreements issued or entered into by Lessee for the Equipment, or Lessor shall issue Lessor's purchase orders to the suppliers of the Equipment, as Lessor at the time shall deem appropriate, all in form and substance satisfactory to Lessor. At the time of signing the Request to Purchase, Lessee shall furnish Lessor detailed specifications ("Specifications") for the purchase of the Items, including descriptions, prices, delivery terms and instructions, installation provisions and all other applicable specifications. Lessee assumes full responsibility with respect to the selection of items supplied for lease and the specification thereof; the Lessor shall have no

liability or responsibility with respect thereto regardless of whether the specifications prove inadequate for the intended purpose or use.

(b) Inspection; Acceptance. It is Lessee's responsibility to receive and promptly inspect and test each Item tendered for delivery by a supplier and the installation thereof. Lessee shall give Lessor written notice of acceptance of an Item as soon as it can be determined that the Item and its installation are in compliance with Specifications. As between Lessee and Lessor, the giving of such written notice shall constitute Lessee's irrevocable acceptance of the Item or Items designated in the notice, whether or not such Items or their installation or Lessor's title to the same are defective in any respect, and notwithstanding any failure of an Item or its installation to conform to Specifications, without prejudice however to rights which Lessor and Lessee, or either of them, may have against any other person, whether with respect to design, manufacture, condition or otherwise.

(c) Purchase Cut-Off Date. If, by the "Purchase Cut-Off Date" set forth in a Request to Purchase, Lessee shall not have given Lessor written notice of acceptance of an Item, Lessor shall have no obligation to purchase the Item or to lease it to Lessee. In such event, Lessee shall immediately pay all accrued Interim Rental and reimburse Lessor for all sums Lessor may have paid for or with respect to the Item and for all Lessor's costs and expenses with respect thereto, and Lessee shall indemnify and defend Lessor against and hold Lessor harmless from any and all cost, expense, loss, liability and damage that Lessor may suffer or that may be asserted against Lessor by reason of Lessor's failure or refusal to purchase such Item. Any such Item shall be deemed to be deleted from the Request to Purchase and no longer included in the Equipment.

(d) Conditions. Lessee shall deliver to Lessor such further instruments, documents and certifications as Lessor reasonably may request, including without limitation evidences of authority (e.g., corporate certificates, corporate resolutions, partnership documents and authorizations), evidence of insurance, purchase orders and acceptances thereof, purchase and sale agreements and financial information, and instruments and documents to implement, perfect or continue the perfection of Lessors rights and remedies as owner and Lessor of the Equipment, including Uniform Commercial Code forms. Notwithstanding the execution, delivery or filing of any instruments or documents, it is agreed that this transaction is a lease and is not intended as security. Lessee's delivery of the foregoing and of the Specifications are conditions precedent to any obligation of Lessor to purchase or to make any commitments to purchase or pay for the Equipment or any Item.

(e) Supplemental Lease Schedule. If at any time prior to the Closing Date Lessee requests Lessor to add further Items to the Equipment, and if Lessor so agrees, Lessee shall execute a Supplemental Request to Purchase in a form supplied by Lessor, which shall become part of the Request to Purchase, subject to all of its

provisions and the provisions of this Master Lease, and the equipment specified therein shall be Items of Equipment under the Lease. If at any time after the Closing Date Lessee requests Lessor to add further Items to the Equipment, and if Lessor so agrees, Lessee shall execute an additional Request to Purchase Addendum, amending the Lease to include such Items as part of the Equipment and setting forth the particulars with respect thereto. The Basic Term with respect to all Equipment, including Items covered by a Supplemental Lease Schedule, shall terminate in accordance with the provisions of the original Request to Purchase.

(f) Closing. Following the date ("Closing Date") which is the earlier of

(i) the date Lessee gives Lessor written notice of acceptance of the last Item or (ii) the Purchase Cut-Off Date (or on such other day as is mutually agreed), Lessor shall send Lessee a Closing Schedule, setting forth any adjustments to descriptions and Costs of Items and Total Cost and confirming the Closing Date and amount of Periodic Rental installments and payment schedules. Such Closing Schedule and the facts and determinations set forth therein shall be conclusive unless, within sixty (60) days after the Closing Schedule is sent by Lessor to Lessee, Lessee shall give Lessor written notice specifying any claimed error therein. Notwithstanding any such notice, Lessee shall pay all rentals as they become due. If Lessee establishes an error that affects the amount of rentals, Lessor shall give Lessee a credit for any overpayment of rentals, and Lessee promptly shall pay Lessor any underpayments.

3. LESSEE'S WARRANTIES

(a) Lessee represents and warrants to Lessor that it is a corporation or partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and that it is qualified to do business in every jurisdiction where the failure to qualify would have a materially adverse effect on Lessor's rights hereunder; it has taken all corporate or partnership action which may be required to authorize the execution, delivery and performance of this Lease, and such execution, delivery and performance will not conflict with or violate any provision of its Charter or Articles or Certificate of Incorporation, By-laws or any provisions thereof, or in the case of a partnership, its Certificate of Partnership or Limited Partnership and its Partnership Agreement, or result in a default or acceleration of any obligation under any agreement, order, decree or judgement to which it is a party or by which it is bound, nor is it now in default under any of the same; there is no litigation or proceeding pending or threatened against it which may have a materially adverse effect on Lessee or which would prevent or hinder the performance by it of its obligations hereunder; this Lease and the attendant documents constitute valid obligations of the Lessee, binding and enforceable against it in accordance with their respective terms; no action by or with any commission or administrative agency is required in connection herewith; it has the power to own its assets and to transact business in which it is engaged; it will give to Lessor prompt notice of any change in its name, identity or structure.

(b) Lessee's written acceptance of an Item and its installation shall constitute a REPRESENTATION AND WARRANTY BY Lessee to Lessor that: (i) the Item is personal property in good order and condition and, unless Lessor otherwise agrees in writing, has not been used prior to the time of such written notice of acceptance, the Equipment does not constitute "imported property covered by an Executive order" as defined in Section 168 (g)(6) of the Internal Revenue Code of 1986 ("Code"), and that the recovery period set forth in the Request to Purchase is the period applicable under the Code to the Equipment; and (ii) at all times Lessee shall keep the Equipment in Lessee's possession at the address specified in the Request to Purchase unless Lessor shall otherwise consent in writing. Lessee shall not cause, suffer or permit any Item to be attached or affixed to real property or improvements thereon (collectively, "Realty") unless Lessor first shall consent thereto in writing and Lessee shall have obtained from all persons having any interest in the Realty written consents which approve such attachment, waive any claims to or encumbrances upon attached Items and consent to the detachment and removal of such Items at any time by Lessor or Lessee. Notwithstanding attachment of any Items to Realty, all the Equipment at all times shall be and remain personal property. Upon termination of Lessee's right to possession of the Equipment, whether by expiration of the Term or otherwise, Lessee at its sole cost and expense shall detach and remove the Equipment from the Realty and save Lessor harmless from and indemnify and defend Lessor against any claim, demand, loss, liability, and damage arising from such detachment, removal, or both.

(c) With respect to the Equipment and to each Item of Equipment, Lessee represents and warrants to Lessor that: (i) at all times during the Term, for federal income tax purposes, each item of income, deduction and credit related to the Equipment will be derived from or allocable to sources within the United States; (ii) Lessee, its successors or assigns will not at any time during the Term remove any Item of Equipment from the United States in such a manner or for such a period as will result in such Item of Equipment being deemed used predominantly outside the United States within the meaning of Code Section 168(g)(4), and Lessee shall maintain sufficient records to verify such use (which records will be furnished to Lessor within thirty (30) days after receipt of written request therefor); (iii) when accepted under the Lease, the fair market value of the Equipment will not be less than Lessor's Cost thereof (excluding sales, use and Federal excise taxes); (iv) Lessee will not claim that it is the owner of any Item of Equipment at any time after execution of the Lease; (v) during the Lease term, Lessee will not cause the Equipment to be depreciated using the "Alternative Depreciation System" as provided in Code Section 168(g), unless Lessor so elects; (vi) when accepted under the Lease, no Item of Equipment will require improvements, modifications or additions (other than ancillary items of removable equipment of a kind that are selected and furnished by purchasers or lessees of similar equipment) in order to be rendered complete for its intended use by Lessee; and (vii) assuming that Lessor is

considered the Owner of each Item of Equipment for federal income tax purposes, each Item of Equipment will be deemed to be placed in service by Lessor within the meaning of the Code and Regulations thereunder on the date each Item of Equipment is accepted under the Lease.

4. TERM OF LEASE

The Term of the Lease ("Term") shall consist of an "Interim Term" and a "Basic Term." The Interim Term shall begin on the date that Lessee first gives Lessor written notice of acceptance of an Item or written approval for partial payment, whichever is earlier, and shall continue until the time the Basic Term begins. The Basic Term shall begin on the Closing Date and shall continue for the length of the Basic Term set forth in the Request to Purchase.

5. INTERIM RENTAL

During the Interim Term, Lessee shall pay rent monthly ("Interim Rental"), on a calendar month basis, in an amount determined by Lessor by applying the "Interim Rental Rate" set forth in the Request to Purchase to portions of the Total Cost then or theretofore expended by Lessor, for the number of days such sums are outstanding during such calendar month. The "prime rate" referred to in this Lease shall mean the rate per annum announced by Chase Manhattan Bank, New York City, from time to time as its prime rate, whether or not such rate is applied by said bank to any then outstanding loans, changing with each announced change of such prime rate. Lessee shall pay Lessor each installment of Interim Rental on the fifteenth day after the end of such calendar month.

6. PERIODIC RENTAL

Lessee shall pay rent ("Periodic Rental") for the Basic Term in an amount calculated by multiplying the Total Cost by the Periodic Rental Rate set forth in the Request to Purchase multiplied by the number of months constituting the length of the Basic Term. Lessee shall pay installments of Periodic Rental to Lessor in accordance with the payment schedule set forth in the Request to Purchase.

7. LATE PAYMENT

If any installment of rent or other sum owing under the Lease shall not be paid when due and shall remain unpaid for ten (10) days, Lessee shall pay Lessor a late charge equal to five percent (5%) of the amount delinquent, but in no event at a rate greater than limited by any applicable law. Such late charge is in addition to and not in lieu of other rights and remedies Lessor may have.

8. INSURANCE

Lessee shall procure and continuously maintain and pay for (a) all risk physical damage insurance covering loss or damage to the Equipment for not less than the full replacement value thereof naming Lessor as Loss Payee and (b) bodily injury and property damage combined single limit liability insurance naming Lessor as Additional Insured, all in such amounts and against such risks and hazards as are set forth in the Request to Purchase, with insurance companies and pursuant to contracts or policies and with deductibles thereon satisfactory to Lessor. All contracts and policies shall include provisions for the protection of Lessor notwithstanding any act or neglect of or breach or default by Lessee, shall provide that they may not be modified, terminated or cancelled unless Lessor is given at least ten (10) days advance written notice thereof, and shall provide that the coverage is "primary coverage" for the protection of Lessee and Lessor notwithstanding any other coverage carried by Lessee or Lessor protecting against similar risks. Lessee shall promptly notify any appropriate insurer and Lessor of each and every occurrence which may become the basis of a claim or cause of action against the insureds and provide Lessor with all data pertinent to such occurrence. Lessee shall furnish Lessor with certificates of such insurance or copies of policies upon request, and shall furnish Lessor with renewal certificates not less than ten (10) days prior to the renewal date. Proceeds of all insurance shall be payable first to Lessor to the extent of its liability or interest as the case may be.

9. TAXES

Lessee shall pay or reimburse Lessor for the payment of all taxes, fees, assessments and other governmental charges of whatsoever kind or character and by whomsoever payable on or relating to any Item of Equipment or the sale, purchase, use, value, value added, ownership, possession, shipment, transportation, delivery or operation thereof or the exercise of any option, election or performance of any obligation by Lessee hereunder, which may accrue or be levied, assessed or imposed during the Term and any Renewal Term or which remain unpaid as of the date of surrender of such Item to Lessor, and all taxes of any kind imposed by any federal, state, local or foreign taxing authority against Lessor on or measured by any amount payable by Lessee hereunder, including, without limitation, all license and registration fees and all sales, use, value, ad valorem, personal property, excise, gross receipts, stamp or other taxes, imposts, duties and charges together with any penalties, fines or interest thereon, except taxes of Lessor on net income imposed by the United States or any state. Lessee shall reimburse Lessor for any payments made by Lessor which are the obligation of Lessee under the Lease, but Lessee shall not be obligated to pay any amount under this Section so long as it shall in good faith and by appropriate proceedings contest the validity or the amount thereof, unless such contest would adversely affect the title of Lessor to any Item of Equipment or would subject any Item to forfeiture or sale. Lessee shall indemnify Lessor on an after-tax

basis against any loss, claim, demand and expense, including legal expense, resulting from such nonpayment or contest and further agrees to indemnify Lessor against any and all taxes, assessments and other charges imposed upon Lessor under the laws of any federal, state, local or foreign government or taxing authority, as a result of any payment made by Lessee pursuant to this Section. Whenever this lease terminates as to any Item, Lessee will, on request, advance to Lessor the amount estimated by Lessor to equal personal property taxes on the Item which are not yet payable but for which Lessee will afterward become liable hereunder; Lessor will account to Lessee for such advances. On request of either Lessor or Lessee, the other will submit written evidence of all payments required of it under this Section.

10. MAINTENANCE, ETC.

(a) Lessee at its expense at all times shall: (i) keep the Equipment in good and efficient working order, condition and repair, ordinary wear and tear excepted, and make all inspections and repairs, including replacement of worn parts, to effect the foregoing and to comply with requirements of laws, regulations, rules and provisions and conditions of insurance policies; and (ii) pay all costs, expenses, fees and charges incurred in connection with the use or operation of the Equipment and of each Item, including but not limited to repairs, maintenance, storage and servicing. Lessee shall not make any alterations, substitutions, improvements or additions to the Equipment or Items, except those required in order to comply with laws, regulations, rules and insurance policies, unless Lessor first shall have consented thereto in writing. Notwithstanding any consent by Lessor, Lessee shall pay all costs and expenses of the foregoing. All replacements, repairs, improvements, alterations, substitutions and additions shall constitute accessions to the Equipment and title thereto shall vest in Lessor.

(b) Lessor hereby transfers and assigns to Lessee, for so long during the Term and any Renewal Term as Lessee is not in default, Lessor's right, title and interest in, under and to any assignable factory and dealer warranty, whether express or implied, with respect to the Equipment. All claims and actions upon any warranty shall be made and prosecuted by Lessee at its sole cost and expense. Lessor shall have no obligation to make or prosecute any claim upon or under a warranty. So long as Lessee shall not be in default, Lessor shall cooperate with Lessee with respect to a claim on a non-assignable warranty, at Lessee's expense. Lessee shall have proceeds of a warranty claim or recovery paid to Lessor. Lessor shall make such proceeds available for any repair, restoration or replacement to correct such warranted condition. Excess proceeds shall be used to reduce Lessee's Lease obligations.

11. USE

So long as Lessee shall not be in default, Lessee shall be entitled to the possession, use and quiet enjoyment of the Equipment during the Term and any Renewal Term in accordance with the terms of the Lease. Unless a purchase option is exercised, Lessee shall deliver and surrender the Equipment to Lessor at the end of the Term or Renewal Term in accordance with paragraph 20 hereof. Lessee warrants that the Equipment will at all times be used and operated solely in the conduct of Lessee's business for the purpose for which it was designed and intended and under and in compliance with applicable laws and all lawful acts, rules, regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner that will not adversely affect the title of Lessor to any Equipment or subject the same to forfeiture or sale. Lessee will not permit its rights or interest hereunder to be subject to any lien, charge or encumbrance and will keep the Equipment free and clear of any and all liens charges, encumbrances and adverse claims (except those arising from acts of Lessor).

12. NET LEASE; LOSS AND DAMAGE

(a) This is a net lease. Lessee assumes all risk of and shall indemnify Lessor against all damage to and loss of the Equipment from any cause whatsoever, whether or not such loss or damage is or could have been covered by insurance. Except as otherwise specifically provided herein, the Lease shall not terminate and there shall be no abatement, reduction, suspension or deferment of Interim or Periodic Rental for any reason, including damage to or loss of the Equipment or any one or more Items. Lessee promptly shall give Lessor written notice of any material loss or damage, describing completely and in detail the cause and the extent of loss and damage. At its option, Lessee shall: (i) repair or restore the damaged or lost Items to good condition and working order; or

(ii) replace the damaged or lost Items with similar equipment in good condition and working order; or (iii) pay Lessor in cash the Stipulated Loss Value of the damaged or lost Items. Upon Lessee's complying with the foregoing, Lessor shall pay or cause to be paid over to Lessee the net proceeds of insurance, if any, with respect to such damage or loss. "Damage" and "loss" shall include damages and losses of any kind whatsoever including, without limitation, physical damage and partial or complete destruction, including intentionally caused damage and destruction, and theft.

(b) If Lessee pays Lessor the Stipulated Loss Value for an Item, then the Lease shall terminate with respect to that Item, that Item shall no longer be deemed part of the Equipment and Lessee shall be entitled to retain the Item. However, it is understood that Lessor makes no representation or warranty with respect to the Item, and further that Lessor shall have no obligation to pay any tax with respect

thereto. In the event that Lessee pays Lessor the Stipulated Loss Value for an Item, no further Interim Rental shall be payable with respect to the Item, and Periodic Rental for the remainder of the Term shall be reduced by multiplying the Cost of that Item by the Periodic Rental Rate by the number of months then remaining in the Basic Term.

13. STIPULATED LOSS VALUE

The Stipulated Loss Value of an Item shall be a sum computed by Lessor, which shall not exceed the amount determined by multiplying the Cost of the Item by the Stipulated Loss Factor as set forth in the Request to Purchase for the Lease Year during which the loss of the Item occurs. Stipulated Loss Value is based on the recovery period specified in the Request to Purchase.

14. OWNERSHIP AND MARKING

Lessee has not and by execution and performance hereof will not have or obtain any title to the Equipment or any other interest therein except as Lessee hereunder and subject to all the terms hereof. Title to the equipment shall at all times remain in Lessor and Lessee at its expense shall protect and defend the title of Lessor and keep it free of all claims and liens other than the rights of Lessee hereunder and claims and liens created by or arising through Lessor. Lessee will treat this transaction as a lease for tax purposes and will not claim any credit or deduction inconsistent with Lessor's ownership of the Equipment. On or before the delivery thereof, Lessee will cause each Item of Equipment (to the extent practicable and, to the extent not practicable, then each major component) to be plainly, permanently and conspicuously marked by stenciling or by a metal tag or plate or decal affixed thereto with the following legend:

**PROPERTY OF AND LEASED FROM METLIFE CAPITAL, LIMITED PARTNERSHIP
10900 N.E. 4TH ST., SUITE 500, C-97550, BELLEVUE, WASHINGTON 98009**

Lessee shall replace any such marking which may be removed or destroyed or become illegible and keep the Equipment free from any markings or labelings which might be interpreted as a claim of ownership thereof by Lessee or any other person except Lessor or its assigns.

15. LESSEE'S INDEMNITIES

(a) General Indemnities. Lessee will defend, indemnify and hold harmless Lessor from and against any claim, cause of action, damage, liability, cost or expense (including but not limited to legal fees and costs) which may be asserted against or incurred in any manner by or for the account of Lessor or Lessee: (i) relating to the Equipment or any part thereof, including without limitation the

manufacture, construction, purchase, delivery, acceptance or rejection, installation, ownership, sale, leasing, removal or return of the Equipment, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable); (ii) by reason or as a result of any act or omission of Lessee for itself or as agent or attorney-in-fact for Lessor hereunder; (iii) as a result of claims for patent, trademark or copyright infringement; or (iv) as a result of product liability claims or claims for strict liability.

(b) If Lessor shall lose the right to claim, suffer a disallowance of or be required to recapture all or any portion of the modified Accelerated Recovery deductions pursuant to Section 168(e) of the Code with respect to the Total Cost for property with cost recovery period(s) referred to in the Request to Purchase Addendum due to (i) any act or failure to act of Lessee or any Assignee or Sublessee of Lessee; (ii) the incorrectness of any representation or warranty made by Lessee in the Lease, or in any certificate, statement or document delivered or furnished to Lessor pursuant thereto; (iii) the sale or other disposition of the Equipment or any Item of Equipment or the interest of Lessor therein after the occurrence of an Event of Default under the Lease or; (iv) Lessee (or its Assignee or Sublessee) making any non-severable improvement within the meaning of Revenue Procedure 79-48 to the Equipment or any Item of Equipment not permitted by Revenue Procedure 79-48, then Lessee shall pay to Lessor on demand a sum equal to the amount of deductions or credits lost by Lessor as a result of such event, or at Lessee's option, such sum shall be paid as a rental adjustment. The amount of lost deductions and credits to be paid by Lessee pursuant to this Section either in a lump sum or over the term of the Lease shall be computed by Lessor so as to cause Lessor's after-tax rate of return on investment and after-tax cash flows in respect of the Lease to equal that which would have been realized by Lessor if such event had not occurred, but without regard to whether Lessor has or would have had taxable income sufficient to use the lost deductions or credits.

(c) Lessee shall indemnify Lessor against any and all taxes, assessments and other charges imposed upon Lessor under the laws of any federal, state, local or foreign government or taxing authority, as a result of any payment made by Lessee pursuant to this Section 15.

(d) This Lease assumes that the provisions of the Internal Revenue Code of 1986 (as enacted October 22, 1986) govern this transaction. In the event a material adverse change in tax law, including but not limited to technical corrections, modifications or official interpretations of the Tax Reform Act of 1986, occurs prior to the Closing Date, then the rental factor shall be adjusted to preserve Lessor's after-tax economics.

16. END OF TERM OPTIONS

(a) Purchase Option. Lessee may purchase all, but not less than all of the Equipment on the last day of the Term (the "Option Date"), for cash, at the Equipment's then Fair Market Value or 38% of Total Cost, whichever is greater, provided Lessee is not then in breach or default and that Lessee gives Lessor written notice of election to purchase at least sixty (60) days prior to the Option Date. Upon payment of the purchase price and all Rentals and other sums owing or to become owing to and including the Option Date, Lessor shall transfer to Lessee all of Lessor's right, title and interest in the Equipment, in its then condition, without any representation or warranty other than the warranty that the Equipment is not subject to any liens resulting from acts of Lessor. For purposes of this Lease, the term "Fair Market Value" shall be an amount agreed upon by Lessor and Lessee or if such parties are unable to agree prior to the Option Date, such value shall be determined by an appraiser chosen by mutual agreement. Lessee shall pay the fees and expenses of the appraiser.

(b) Renewal Option. At the end of the Term (the "Option Date"), provided there shall be no breach or default by Lessee or event which with the giving of notice or passage of time, or both, might mature into an event of default, Lessee may renew the lease for Thirty-six (36) months (the "Renewal Term"), by giving Lessor written notice of election to renew at least sixty (60) days before the Option Date. The rental for the Renewal Term shall be .8467% of the Total Cost as of the first day of the Renewal Term. All provisions of the Lease shall continue in full force and effect during a Renewal Term except for the amount of the rental and, Lessee may purchase all, but not less than all of the Equipment on the last day of the Renewal Term, for cash, at the Equipment's then Fair Market Value.

(c) Return Option. At the end of the Term (the "Option Date"), provided there shall be no breach or default by Lessee or event which with the giving of notice or passage of time, or both, might mature into an event of default, Lessee may return the Equipment after giving Lessor written notice of election to return the Equipment at least ninety (90) days before the Option Date, on payment to Lessor of a fee of 9.50% of Total cost ("Termination Fee") and on return of the Equipment to Lessor pursuant to paragraph 20 hereof, Lessee may terminate the Lease with respect to all, but not less than all of the Equipment.

In addition to the return provisions contained in paragraph 20 hereof, the following special return provisions shall apply:

a) Advertising and insignia placed on containers will be removed and any damage to surfaces caused by the removal must be repaired prior to the return of the containers to MetLife and the repaired surfaces must be painted to match the existing color scheme; b) Be in compliance with all the applicable federal, state and local laws and regulations; c) Be in good appearance, in a clean condition, free of

abnormal rust and corrosion; d). Be in good repair and operating condition and have no missing or damaged parts; e) Have no visibly cracked or bent frames or undercarriage damage; f) Have no exterior paint, body or panel damage in excess of \$250.00 total appraisal repair cost per container; 9) Refrigeration units must be in good operating condition with no more than 10,000 hours on compressors, and 20,000 hours on diesel engines since last maintenance or overhaul.

17. LESSOR MAY PERFORM

If Lessee at any time shall fail to pay to any person any sum which Lessee is required by the Lease to pay or shall fail to do or perform any other thing Lessee is required by the Lease to do or perform, Lessor at its option may pay such sum or do or perform such thing, and Lessee shall reimburse Lessor on demand for the amount of such payment and for the cost and expense which may be incurred by Lessor for such acts or performance, together with interest thereon at the Default Rate from the date of demand until paid.

18. DEFAULT

(a) Events of Default. Each of the following shall constitute an event of default: (i) failure to perform and comply with the provisions and conditions of

Section 8 hereof or to pay any sum, including installments of rental, on the date when due; (ii) failure to perform and comply with any other provision or condition of the Lease within thirty (30) days after Lessor shall have given Lessee written notice of default with respect thereto, or failure to make good, within thirty (30) days after written notice by Lessor to Lessee, any representation or warranty, whether made in the Lease or in any certificate, agreement, instrument or statement, including income and financial statements, which shall prove to have been incorrect in any material respect when made;

(iii) any event of default occurs with respect to any obligations of Lessee to Lessor on or with respect to any transactions, debts, undertakings or agreements other than the Lease; (iv) the failure of Lessee generally to pay debts as they become due in the ordinary course of business, or the filing of any application for the appointment of a receiver for a major part of Lessee's assets or the filing of any petition or application by or against Lessee under any present or future laws for the relief of debtors or for the subjection of the property of a debtor to the control of any court, tribunal or agency for the benefit of creditors, including proceedings under the Bankruptcy Code, if the proceeding commenced by such filing shall not be dismissed within sixty (60) days from the date of filing; (v) the execution by Lessee of a general assignment for the benefit of creditors; (vi) the merger, consolidation, reorganization, conversion to a Subchapter "S" status or dissolution of a corporate or partnership Lessee, which has a materially adverse effect upon Lessor's position under the Lease.

(b) Effect on Request to Purchase. Upon the occurrence of an Event of Default, Lessor shall have no further obligation to Lessee to purchase Equipment or Items or to lease any thereof to Lessee.

(c) Remedies. (i) Upon the occurrence of an event of default as provided above, Lessor may at its option (1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or (2) by notice in writing to the Lessee terminate Lessee's right of possession of the equipment, whereupon all rights of the Lessee to use the Equipment shall absolutely cease and terminate, but Lessee shall remain liable as herein provided. Upon such a termination, Lessee at its expense shall redeliver the Equipment to Lessor. If Lessee shall fail to do so, Lessor may retake possession of the Equipment by entering upon any premises at any reasonable time and thereafter Lessor may hold, possess, sell, upgrade, lease to others or enjoy the same, free from any right of Lessee, or its successors or assigns. If Lessor is required to retake possession, Lessee upon demand shall reimburse Lessor for all costs and expenses relating thereto. Notwithstanding such redelivery or retaking Lessor shall have a right to recover from Lessee any and all amounts which under the terms of the Lease may be then due or which may have accrued to the date of such termination, and also to recover forthwith from the Lessee its damages for loss of a bargain and not as a penalty, an amount equal to the higher of Fair Market Value or the Stipulated Loss Value of the Equipment as of the rent payment date on or next preceding the date of default, less: (1) the amount Lessor in fact receives from the sale of the Equipment, after deduction of all estimated expenses of such sale (Equipment which Lessor is unable to recover shall at Lessor's option be deemed worthless) or, (2) at Lessor's election, the present value of the non-cancelable regularly scheduled rentals receivable from a subsequent lease of all or part of the Equipment entered into by Lessor (discounted at the Default Rate), and taking into account only the rentals receivable from the commencement date of such subsequent lease until the end of the Lease Term specified in the Request to Purchase for such Equipment. In addition, Lessee shall be liable to Lessor for all costs and expenses incurred by Lessor by reason of Lessee's breach or default. In addition to the foregoing, the Lessee shall be liable for interest on any of the above referenced amounts from and after the due date at the Default Rate, or the legal limit, whichever is smaller; (ii) "Lessor's costs and expenses incurred by reason of Lessee's breach or default" shall include, without limitation, costs and expenses of receiving or retaking possession of the Equipment, storing, holding, transporting, insuring, caring for, servicing, maintaining and renting the Equipment or Items and collecting rents and professional fees and expenses with respect to or incurred by reason of the breach or default, including legal fees and expenses for advice and legal services in any actions or proceedings which Lessor may commence or in which Lessor may appear or participate to exercise or enforce any rights or remedies or to protect or preserve any rights or interests, and in all reviews of and appeals from any such actions or proceedings; (iii) The "Default Rate" of interest shall be a rate per

annum computed monthly which shall be five (5) percentage points above the prime rate, but not greater than the maximum rate, if any, limited by applicable law.

19. RIGHTS CUMULATIVE

Unless otherwise expressly provided herein, all rights and remedies of Lessor are concurrent and cumulative. The exercise or partial exercise of any remedy shall not restrict Lessor from further exercise of that remedy or any other remedy.

20. SURRENDER

At any time that Lessee is required to deliver the Equipment to Lessor, Lessee shall immediately cease using the Equipment and at Lessee's expense shall redeliver and surrender the Equipment to Lessor in good order, condition and repair, ordinary wear and tear excepted, securely crated and safely packed, at a place to be designated by Lessor in the State where the Equipment by the terms of the Request to Purchase is required to be kept, and, if Lessor so specifies, loaded FOB a common or contract carrier designated by Lessor.

21. HOLDOVER

If Lessee shall not immediately redeliver and surrender any Item of Equipment to Lessor when required by the terms hereof, Lessee shall pay Lessor, at such time or times as Lessor may demand, a sum equal to a one-month installment of Periodic Rental for each calendar month or fraction of a month during which such failure to redeliver and surrender continues.

22. INSPECTION REPORTS

Lessor, its agents and employees shall have the right to enter upon any premises where the Equipment or Items are then located to inspect and examine the same during normal business hours and at any other times if Lessor reasonably believes any Items or Lessor's rights are in jeopardy of damage or loss. So long as Lessee is not in default, Lessor shall give Lessee not less than twenty-four (24) hours notice of such inspection. Lessee shall immediately give Lessor written notice of any damage to or loss of the Equipment or any Items from any cause, including without limitation damage or loss caused by accident, the elements, intentional acts and theft. Such notice shall set forth an itemization of the affected Items and a detailed account of the event, including names of any injured persons and a description of any damaged property arising from any such event or from any use or operation of the Equipment or any Items, and of any attempt to take, distrain, levy upon, seize or attach the Equipment or any Items. All rights granted to Lessor herein are for the benefit of Lessor and shall not be construed to impose any obligation on Lessor, whether or not Lessor makes any inspections or receives any reports.

23. FINANCIAL AND OTHER DATA

During the Term and any Renewal Term, Lessee: (a) shall furnish Lessor annual balance sheets and profit and loss statements of Lessee and any guarantor of Lessee's obligations accompanied, at Lessor's request, by the audit report of an independent certified public accountant acceptable to Lessor; and (b) at Lessor's request, shall furnish Lessor all other financial information and reports reasonably requested by Lessor at any time, including quarterly or other interim balance sheets and profit and loss statements of Lessee and any such guarantor. Lessee shall furnish such other information as Lessor may reasonably request at any time concerning Lessee and its affairs.

24. WARRANTY OF INFORMATION

Lessee warrants that all information furnished and to be furnished to Lessor is accurate and that all financial statements it has furnished and hereafter may furnish Lessor, including operating statements and statements of condition, are and will be prepared in accordance with generally accepted accounting principles, consistently applied, and reasonably reflect and will reflect, as of their respective dates, results of the operations and the financial condition of Lessee and of any other entity they purport to cover.

25. NON-WAIVER

Neither the acceptance by Lessor of any payment or any other performance, nor any act or failure of Lessor to act or to exercise any rights, remedies or options in any one or more instances shall constitute a waiver of any such right, remedy or option or of any other then existing or thereafter accruing right, remedy or option, or of any breach or default then existing or thereafter occurring. No purported waiver by Lessor of any right, remedy, option, breach or default shall be binding unless in writing and signed by an officer of Lessor. A written waiver by Lessor of any right, remedy, option, breach or default shall not constitute a waiver of any other then existing or thereafter accruing right, remedy or option or of any other then existing or thereafter occurring breach or default.

26. NOTICES, PAYMENTS

(a) A written notice may be given: (i) by delivering the same to a corporate officer of the party to whom it is directed (the "Addressee"), or to a general partner if the Addressee is a partnership, or to the owner if the Addressee is a sole proprietorship; or (ii) by mailing the notice to the Addressee by first class mail registered or certified, with postage prepaid, addressed to the Addressee at the address following its name in the opening paragraph of the Request to Purchase or

to such other address as Addressee may specify by notice in writing given in accordance with this Section. A notice so mailed shall be deemed given on the third business day following the date of mailing. A "business day" shall be any day that is not a Saturday or Sunday, or a legal holiday.

(b) The Lessee shall make all payments to Lessor at the place where the notice is to be mailed to Lessor pursuant to subparagraph (a). Payments are deemed paid when received by Lessor.

27. ASSIGNMENT

(a) Lessee shall not sublease or allow any other person to possess the Equipment, nor shall Lessee assign the Lease or any rights in or to the Equipment or Items. Any attempted assignment shall be of no effect, unless Lessor first shall have consented thereto in writing. Lessor's consent to an assignment in any one or more instances shall not impose any obligation upon Lessor to consent to any other or further assignments. Lessor's consent to an assignment shall not release Lessee from any obligations with respect to the Lease unless expressly so stated in the written consent.

(b) All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, without notice to Lessee but subject always to the rights of Lessee under this Lease. If Lessee is given notice of any such assignment, Lessee shall acknowledge receipt thereof in writing. In the event that Lessor assigns this Lease or the rent due or to become due hereunder or any other interest herein, whether as security for any of its indebtedness or otherwise, no breach or default by Lessor hereunder or pursuant to any other agreement between Lessor and Lessee, should there be one, shall excuse performance by Lessee of any provision hereof, it being understood that in no event of such default or breach by Lessor that Lessee shall pursue any rights on account thereof solely against Lessor. No such assignee shall be obligated to perform any duty, covenant or condition requested to be performed by Lessor under the terms of this Lease.

28. SURVIVAL

The representations, warranties, indemnities and agreements of Lessee, and Lessee's obligations under any and all provisions of the Lease, shall survive the expiration or other termination of the Lease, shall be binding upon its successors and assigns and are expressly made for the benefit of and shall be enforceable by Lessor and its successors and assigns.

29. MISCELLANEOUS

- (a) The term "Lessor" shall mean the Lessor named herein and its successors and assigns.
- (b) Whenever the context so requires, any pronoun gender includes all other genders, and the, singular includes the plural. If more than one person constitute Lessee, whether as a partnership or otherwise all such persons are and shall be jointly and severally liable for all agreements, undertakings and obligations of Lessee.
- (c) All captions and section, paragraph and other divisions and subdivisions are for convenience of reference only and shall not affect the construction, interpretation or meaning of the agreement or Lease or of any of the provisions thereof.
- (d) This Lease shall be governed by and construed according to the law of the State of Washington.
- (e) This Lease shall be binding upon and, except as limited in Section 27 hereof, shall inure to the benefit of Lessor and Lessee and their respective successors and assigns.
- (f) This Lease cannot be cancelled or terminated except as expressly provided herein.
- (g) Wherever Lessor's consent is required hereunder, such consent will not be unreasonably withheld.
- (h) Lessee's obligation to pay or reimburse Lessor for expenses as provided hereunder shall be limited to reasonable expenses.

30. LESSOR'S DISCLAIMER

Lessee acknowledges and agrees that it has selected both the Equipment of the type and quantity which is the subject of this Lease and the supplier for whom the Lessor purchased the equipment. LESSOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, CONDITION, QUALITY, WORKMANSHIP, OR THE SUITABILITY, ADEQUACY, OPERATION, USE OR PERFORMANCE OF THE EQUIPMENT OR AS TO ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. ANY DELAY IN DELIVERY SHALL NOT AFFECT THE VALIDITY OF THIS LEASE. The Lessee understands and agrees that neither of the supplier nor any salesman or any agent of the supplier is an agent of Lessor. No

salesman or agent of supplier is authorized to waive or alter any term or condition of this Lease, and no representation as to the Equipment or any other matter by the supplier shall in any way affect Lessee's duty to pay the rent and perform its obligations as set forth in this Lease. Lessor shall not be liable to Lessee for any incidental, consequential, or indirect damages or for any act, neglect, omission, breach or default by Lessor or any third party.

31. NO AFFILIATION WITH SUPPLIERS

Lessee warrants that neither it nor any of its officers, directors (if a corporation) or partners (if a partnership) has, directly or indirectly, a substantial financial interest in the manufacturer or supplier of any Equipment except as previously disclosed in writing to Lessor.

32. ENTIRE AGREEMENT

This Lease and any Requests to Purchase hereto shall constitute the entire agreement between the parties and shall not be altered or amended except by an agreement in writing signed by the parties hereto or their successors or assigns.

IN WITNESS WHEREOF Lessor and Lessee have signed this agreement as of the day and year first hereinabove written.

LESSOR:	LESSEE:
METLIFE CAPITAL, LIMITED	WAGONMASTER TRANSPORTATION
PARTNERSHIP	COMPANY
BY: MetLife Capital, General Partner	
By: _____	By: /s/ Bernard Madej -----
Its: Vice President -----	Its: President -----

Exhibit 10.13
KEEP-WELL AGREEMENT

THIS KEEP-WELL AGREEMENT (this "Agreement") is made and entered into this day ____ of April, 1994 by and among C.H. ROBINSON, INC., a Minnesota corporation ("Robinson"), WAGONMASTER TRANSPORTATION COMPANY, a Minnesota corporation ("Wagonmaster"), and METLIFE CAPITAL, LIMITED PARTNERSHIP ("MetLife") with respect to the following facts:

RECITALS

A. Robinson is the sole shareholder of all of the issued and outstanding stock of Wagonmaster.

B. Wagonmaster has requested that MetLife lease to Wagonmaster, pursuant to the terms of that certain lease between MetLife and Wagonmaster of even date herewith (the "Lease"), certain equipment (the "Equipment") described more particularly in the Lease.

C. MetLife has agreed to lease the Equipment to Wagonmaster on the condition, among other things, that Robinson and Wagonmaster execute and deliver this Agreement.

D. Robinson and Wagonmaster anticipate that the Equipment may from time to time be used by Robinson and affiliates of Robinson, pursuant to the terms of written subleases.

E. As sole shareholder of Wagonmaster, and because the Equipment may from time to time be used by Robinson and affiliates of Robinson, Robinson acknowledges that it will receive substantial benefit if MetLife agrees to lease the Equipment to Wagonmaster.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by all the parties, the parties agree as follows:

AGREEMENT

1. Financial Covenants. For and during the term of the Lease and any renewals and extensions thereof, Robinson and Wagonmaster agree to comply with the following covenants, and Robinson specifically agrees to take such actions with respect to Wagonmaster as are required for such covenants to be met:

a. Robinson shall at all times continue to own one hundred percent (100%) of the issued and outstanding stock of Wagonmaster;

b. Wagonmaster shall have a minimum tangible net worth of not less than Two Million Dollars (\$2,000,000); and

c. Wagonmaster shall maintain a ratio of total cash flow to fixed charges of not less than 1.1 to 1. The term "total cash flow" shall mean net after tax income as reflected in annual financial statements, plus depreciation, plus capital infusions from Robinson, plus rental expense, minus stockholder dividends. The term "fixed charges" shall mean the sum of all obligations payable during any period of twelve (12) consecutive months for (i) principal on borrowed money repayable over a period in excess of one (1) year; and (ii) any other obligations under leases which shall have been or, under generally accepted accounting principles, should be recorded as capital leases; and (iii) rental expenses.

2. Officer's Certificates. Wagonmaster shall deliver to MetLife, as soon as available but in any event not later than thirty (30) days following the end of each fiscal quarter, copies of the quarterly financial statements of Wagonmaster together with a certificate in the form attached hereto as Exhibit A, executed within thirty (30) days following the end of such fiscal quarter, by a vice president of Wagonmaster, indicating the status of each of the covenants set forth in Section 1 above.

3. Events of Default. Each of the following shall constitute an event of default (an "Event of Default") under this Agreement:

a. Wagonmaster shall fail to deliver the financial statements and officer's certificates required to be delivered under, and within the time period set forth in, Section 2, and such failure shall continue for five (5) days after Wagonmaster's receipt of notice from MetLife of such failure.

b. Robinson shall own less than one hundred percent (100%) of the issued and outstanding stock of Wagonmaster, and such failure shall continue for ten (10) days after Robinson's receipt of notice from MetLife of such failure.

c. The tangible net worth of Wagonmaster shall be less than Two Million Dollars (\$2,000,000), and such tangible net worth shall not be increased to at least Two Million Dollars (\$2,000,000) within ten (10) days after Robinson's receipt of notice from MetLife.

d. The ratio of Wagonmaster's total cash flow to Wagonmaster's fixed charges shall fall below 1.1 to 1, and such ratio shall not be increased to at least 1.1 to 1 within ten (10) days after Robinson's receipt of notice from MetLife.

4. Remedies. Upon the occurrence of an Event of Default, Robinson shall have the option to purchase the Equipment at its then Stipulated Loss Value (as defined in the Lease); provided that Robinson shall purchase such Equipment

within ten (10) days of Robinson's receipt from MetLife of written notice of the Event of Default. The purchase price for the Equipment shall include, in addition to the Stipulated Loss Value, (i) the past due noncancellable rents remaining unpaid under the Lease plus all late fees assessed under the terms of the Lease, each as of the date on which Robinson pays the purchase price, and (ii) reimbursement of all expenses incurred by MetLife in pursuing its remedies hereunder, including reasonable attorneys' fees. If Robinson fails to deliver to MetLife the Stipulated Loss Value for the Equipment plus the other amounts set forth above within such time period, MetLife may, at its option, take any of the following actions:

a. Proceed by appropriate court action or actions, either at law or in equity, either before or after resorting to its remedies set forth in Section 4(b), to (i) require Robinson to take such actions as are necessary to comply or cause compliance with the covenants set forth herein, and Robinson acknowledges and agrees that specific performance is an appropriate remedy, or (ii) recover from Robinson damages for the breach of the covenants contained herein; and/or

b. By written notice to Robinson and Wagonmaster terminate Robinson and Wagonmaster's right of possession of the Equipment, whereupon all rights of Robinson and Wagonmaster or their permitted assigns to use the Equipment shall absolutely cease and terminate, but Wagonmaster and Robinson shall remain liable as herein provided. Upon such a termination, Robinson shall cause Wagonmaster, at its expense, to redeliver the Equipment to MetLife. If Wagonmaster shall fail to do so, MetLife may retake possession of the Equipment by entering upon any premises at any reasonable time and thereafter MetLife may hold, possess, sell, upgrade, lease to others or enjoy the same, free from any right of Wagonmaster, Robinson or their respective successors or assigns, and Robinson hereby waives the right to object to the amount that may be bid by MetLife or any other person at any foreclosure sale. If MetLife is required to retake possession, Robinson shall upon demand reimburse MetLife for all costs and expenses relating thereto. Notwithstanding such redelivery or retaking, MetLife shall have the right to recover from Robinson and Wagonmaster or either of them any and all amounts which under the terms of the Lease may be then due or which may have accrued to the date of such termination, and also to recover forthwith from Robinson and Wagonmaster or either of them its damages for loss of a bargain and not as a penalty, an amount equal to the Stipulated Loss Value of the Equipment (as defined in the Lease) as of the rent payment date on or next preceding the date of the Event of Default, less:

(i) the amount MetLife in fact receives from the sale of the Equipment, after deduction of all estimated expenses of such sale (Equipment which MetLife is unable to recover shall at MetLife's option be deemed worthless) or

(ii) at MetLife's election, the present value of the noncancellable regularly scheduled rentals receivable from a subsequent lease of all or part of the Equipment entered into by MetLife (discounted at a rate equal to five (5) percentage points above the prime rate then in effect), and taking into account only the rentals receivable from the commencement date of such subsequent lease until the end of the term of the Lease specified in the Request to Purchase for such Equipment, as defined in the Lease. In addition, Robinson shall be liable to MetLife for all costs and expenses incurred by MetLife by reason of Robinson's breach or default. In addition to the foregoing, Robinson shall be liable for interest on any of the above referenced amounts from and after the due date at the rate of five (5) percentage points above the prime rate then effect, or the legal limit, whichever is smaller. MetLife's costs and expenses incurred by reason of breach or default shall include, without limitation, costs and expenses of receiving or retaking possession of the Equipment, storing, holding, transporting, insuring, caring for, servicing, maintaining and renting the Equipment and collecting rents and professional fees and expenses with respect to or incurred by reason of the breach or default, including legal fees and expenses for advice and legal services in any actions or proceedings which MetLife may commence or in which MetLife may appear or participate to exercise or enforce any rights or remedies or to protect or preserve any rights or interests, and in all reviews of and appeals from any such actions or proceedings.

5. MetLife's Obligations. Robinson and Wagonmaster acknowledge and agree that (a) Robinson's obligations to MetLife under this Agreement are primary, (b) MetLife may pursue any and all of its remedies hereunder in any order it may choose, (c) MetLife shall have no obligation to pursue its remedies with respect to Wagonmaster or the Equipment under the terms of the Lease before pursuing Robinson or the Equipment under the terms of this Agreement, (d) if an Event of Default under this Agreement has occurred and is continuing, MetLife may pursue its remedies under this Agreement even if Wagonmaster is then in full compliance with the terms of the Lease, and (e) MetLife's rights and remedies hereunder shall not be affected by any bankruptcy or insolvency of Wagonmaster or Robinson except to the extent that MetLife's right to repossess the Equipment may be lawfully stayed subsequent to the filing of a bankruptcy petition.

6. Waiver. Robinson hereby irrevocably waives all claims it has or may acquire, if any, against Wagonmaster in respect of the obligations set forth above, including rights of exoneration, reimbursement, contribution and subrogation. Wagonmaster hereby irrevocably waives all claims it has or may acquire, if any, against Robinson in respect of the obligations set forth above, including rights of exoneration, reimbursement, contribution and subrogation.

7. No Waiver; Rights Cumulative; Reasonable Notice. No delay in making demand for satisfaction of the obligations set forth herein shall prejudice

MetLife's right to enforce such satisfaction. All of MetLife's rights and remedies shall be cumulative, and any failure of MetLife to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any time and from time to time hereafter. If MetLife, in its sole discretion, elects to give notice of any action with respect to the sale of the Equipment, Robinson and Wagonmaster agree that ten (10) days prior written notice shall be deemed reasonable notice of any matters contained in such notice.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Washington without regard to the conflicts of laws rules thereof.

9. Assignment. This Agreement shall inure to the benefit of MetLife and its successors and assigns. MetLife may at any time assign or otherwise transfer all or any part of its interest under this Agreement and to the extent of such assignment, the assignee shall have the same rights and benefits against Robinson and Wagonmaster and otherwise under this Agreement (including any right of setoff) as if such assignee were an original party hereto. This Agreement shall be binding upon Robinson and Wagonmaster, and neither Robinson nor Wagonmaster shall assign or otherwise transfer all or any part of their respective rights or obligations hereunder without the prior written consent of MetLife, and any such assignment or transfer purported to be made without such consent shall be ineffective.

10. 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. To the extent permitted by applicable law, Robinson and Wagonmaster each hereby waives any provision of law which renders any provision of this Agreement prohibited or unenforceable in any respect.

11. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and there are no understandings or agreements, written or oral, outside of this Agreement with respect to the subject matter hereof. This Agreement may only be amended in a writing executed by all parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officers as of the date first set forth above.

C.H. ROBINSON, INC.

By: /s/ Dale S. Hanson

Title: Vice President and CFO

WAGONMASTER TRANSPORTATION COMPANY

By: /s/ Bernard Madej

Title: President

METLIFE CAPITAL, LIMITED PARTNERSHIP

By _____

Title: _____

**EXHIBIT A
TO
KEEP WELL AGREEMENT**

FORM OF OFFICER'S CERTIFICATE

The undersigned, being a duly elected or appointed vice president of Wagonmaster Transportation Company, does hereby certify, as of the date set forth below, for the benefit of MetLife Capital, Limited Partnership, that the following is true and correct:

1. C.H. Robinson Inc. is presently, and has been since the date of the last Officer's Certificate delivered to MetLife, the sole owner of all of the issued and outstanding stock of Wagonmaster Transportation Company.
2. As reflected in the attached quarterly financial statements of Wagonmaster Transportation Company, which financial statements are true and correct, Wagonmaster Transportation Company has a tangible net worth of [insert the correct amount of the tangible net worth, or if it is at least \$2 Million, insert "not less than Two Million Dollars (\$2,000,000)"].
3. The ratio of Wagonmaster's total cash flow to Wagonmaster's fixed charges, each as defined in that certain Keep Well Agreement dated _____, 1994, is not less than 1.1 to 1.

IN WITNESS WHEREOF, the undersigned Vice President has executed this certificate this day of _____, 1994.

_____ **Vice President**

Exhibit 10.14

SUPPORT AGREEMENT

Dated as of October 23, 1995

Among

C.H. ROBINSON, INC.,

as Support Party,

CLIPPER RECEIVABLES CORPORATION,

as Senior Purchaser,

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION,

as Subordinated Purchaser,

STATE STREET BOSTON CAPITAL CORPORATION,

as Administrator,

and

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION,

as Relationship Bank

SUPPORT AGREEMENT

This Support Agreement is made as of this 23rd day of October, 1995 by C.H. ROBINSON, INC., a Minnesota corporation (the "Support Party") to and for the benefit of CLIPPER RECEIVABLES CORPORATION, a Delaware corporation ("Senior Purchaser"), NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, as subordinated purchaser (in such capacity "Subordinated Purchaser" and together with Senior Purchaser, "Purchasers"), STATE STREET BOSTON CAPITAL CORPORATION, a Massachusetts corporation, as administrator for Senior Purchaser (the "Administrator") and NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, as referral agent and relationship bank (in such capacity, the ("Relationship Bank").

Recitals

A. The Support Party is the owner of one hundred percent (100%) of the issued and outstanding common stock of CHR Financial Services, Inc. ("CHR Financial"), which is the owner of one hundred percent (100%) of the issued and outstanding common stock of Cityside Financial Services of Wisconsin, Inc. ("Cityside").

B. Cityside is the owner of one hundred percent (100%) of the issued and outstanding common stock of Cityside Finance Corporation I ("Seller").

C. Seller, Cityside, in its separate capacity as Servicer (in such capacity "Servicer"), Senior Purchaser, Subordinated Purchaser, the Administrator and the Relationship Bank have entered into a Receivables Purchase Agreement of even date herewith~(the "Receivables Purchase Agreement") pursuant to which Senior Purchaser and Subordinated Purchaser have agreed to purchase an undivided interest in certain receivables which Seller will purchase from Cityside pursuant to a Purchase and Sale Agreement of even date herewith.

D. The Support Party understands, acknowledges and agrees that Senior Purchaser, Subordinated Purchaser, the Administrator, the Relationship Bank and each other of the Affected Parties and the Indemnified Parties (as such terms are defined and used in the Receivables Purchase Agreement) have conditioned their respective undertakings, commitments and agreements under or in respect of the transactions contemplated in the Receivables Purchase Agreement upon the execution and delivery of this Agreement by the Support Party and by the continuing effectiveness and enforceability of this Agreement as a condition to providing such undertakings, commitments and agreements to Seller from time to time pursuant to, or in connection with, the Receivables Purchase Agreement.

E. Each capitalized term used in this Agreement and not otherwise defined herein shall have the respective meaning given to it in the Receivables Purchase Agreement.

ACCORDINGLY, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Support Party hereby agrees as follows:

SECTION 1. Covenants of the Support Party. So long as any amount, obligation, covenant, representation, warranty, duty or agreement of Seller, Cityside or Servicer shall remain unsatisfied, unpaid or otherwise outstanding to any Senior Purchaser, Subordinated Purchaser, the Administrator, the Relationship Bank and each other Affected Party and Indemnified Party (herein collectively the "Benefited Parties") of, with respect to or arising in relation to the Receivables Purchase Agreement (herein the "Obligations"), the Support Party hereby irrevocably and unconditionally commits and agrees as follows:

(a) Support Party Repurchase Obligation. Within one (1) Business Day of receiving notice from the Relationship Bank, the Administrator or either Purchaser, stating (i) that a Liquidation Event has occurred, (ii) that one or more Pool Receivables included in the Net Pool Balance under the Receivable Purchase Agreement were not in fact Eligible Receivables as of the date of purchase thereof by the Purchasers pursuant to the Receivables Purchase Agreement and (iii) that demand for repurchase has been made upon Cityside pursuant to the Purchase and Sale Agreement and Cityside has not complied with its repurchase obligations thereunder within five (5) Business Days following receipt of any such demand for repurchase the Support Party shall purchase the Purchaser's undivided ownership interest in such Receivable or Receivables from the Purchasers as the owner and holder thereof. Upon receipt of the purchase price therefor, as hereinafter provided, Purchasers shall be obligated to convey to the Support Party their respective Purchaser's Interest in such conveyed Receivable pursuant to an assignment reasonably acceptable to the parties hereto, but without recourse, representation or warranty except that the interest assigned is free of offset, liens and other encumbrances created by or through the assignor. The purchase price to be paid by the Support Party for any such Receivable hereunder shall be in an amount equal to the sum of (A) the Unpaid Balance of such Receivable, and (B) all accrued and unpaid interest in respect of such Receivable. The Support Party shall pay such purchase price in cash to the Paying Agent for deposit to the Collection Account in accordance with the Receivables Purchase Agreement.

(b) Limitation on Purchase Obligation. Notwithstanding the obligation of the Support Party as set forth and described in subsection (a), the aggregate amount of the Support Party's obligation under such subsection

(a) shall, as of the date of demand for repurchase, be limited to an amount equal to (i) the Net Worth Deficiency minus the aggregate of all amounts previously paid by the Support Party pursuant to subsection (a); provided, however, that in no event shall the amount of any purchase of a Receivable by the Support Party be deducted from the foregoing amount unless the proceeds of such purchase are paid to the Paying Agent after demand made under subsection (a). For purposes hereof, the "Net Worth Deficiency" shall mean the amount by which \$8,000,000 exceeds the tangible net worth of Cityside as of the date of the last day of the calendar quarter immediately preceding the Liquidation Event described in the notice given pursuant to subsection (a), as shown in the Cityside financial statements delivered to the Purchasers pursuant to the Receivables Purchase Agreement or, if not delivered in a timely manner, as otherwise determined in accordance with generally accepted accounting principles.

(c) Ownership of Cityside. The Support Party shall at all times hold and own 100% of the issued and outstanding capital stock of CHR Financial and shall ensure that CHR Financial shall at all times hold and own 100% of the issued and outstanding capital stock of Cityside.

SECTION 2. Delivery of Financial Statements. So long as any Obligations shall remain unpaid or outstanding, the Support Party hereby irrevocably commits and agrees to deliver to the Administrator and the Relationship Bank, for the benefit of the Benefited Parties, the following:

(a) Annual Consolidated Financial Statements. As soon as available and in any event within one hundred and twenty (120) days after the end of each fiscal year of the Support Party, a copy of the consolidated balance sheet of the Support Party and its subsidiaries as at the end of such fiscal year and consolidated statements of income, retained earnings and cash flows of the Support Party and its subsidiaries for such fiscal year, in each case accompanied by the audit report of a nationally- recognized independent public accounting firm acceptable to the Administrator and the Relationship Bank.

(b) Litigation. As soon as possible and in any event within thirty

(30) Business Days of the Support Party's receiving knowledge thereof, notice of (i) any litigation, investigation or proceeding which may exist in any time which

could have a Material Adverse Effect and (ii) any material adverse development in previously disclosed litigation.

SECTION 3. Representations and Warranties of the Support Party. The Support Party represents and warrants to the Benefited Parties as follows:

(a) The Support Party and each of its subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and is duly qualified to do business in, and is in good standing in, all other jurisdictions where the nature of its business or the nature of property owned or used by it makes such qualification necessary (except where the failure to so qualify would not have a material adverse affect on the business, financial condition, operations, results of operations or prospects of the Support Party and its subsidiaries, taken as a whole).

(b) The execution, delivery and performance by the Support Party of this Agreement are within the Support Party's corporate powers, have been duly authorized by all necessary corporate action, and do not and will not contravene (i) the Support Party's charter or by-laws, (ii) law, or

(iii) any legal or contractual restriction binding on or affecting the Support Party.

(c) This Agreement is the legal, valid and binding obligation of the Support Party enforceable against the Support Party in accordance with its terms, subject to the qualification, however, that the enforcement of the rights and remedies herein is subject to bankruptcy and other similar laws of general application affecting rights and remedies of creditors and that the remedy of specific performance or of injunctive relief is subject to the discretion of the court before which any proceedings therefor may be brought.

(d) The consolidated balance sheet of the Support Party and its subsidiaries as at December 31, 1994, and the related consolidated statements of income, retained earnings and cash flows of the Support Party and its subsidiaries for the fiscal year then ended, and the consolidated unaudited balance sheet of the Support Party and its subsidiaries as at June 30, 1995, and the related consolidated unaudited statements of income, retained earnings and cash flows of the Support Party and its subsidiaries for the period then ended, copies of each of which have been furnished to the Benefited Parties, fairly present (subject, in the case of such balance sheets and statements of income, retained earnings and cash flows for the period ended June 30, 1995, to year-end adjustments) the consolidated financial condition of the Support Party and its

subsidiaries as at such dates and the consolidated results of operations of the Support Party and its subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied, and since June 30, 1995, there has been no material adverse change in the business, financial condition, operations, results of operations or prospects of the Support Party and its subsidiaries, taken as a whole, or in the Support Party's ability to perform its obligations under this Agreement.

(e) There is no pending or threatened action or proceeding affecting the Support Party or any of its subsidiaries or properties before any court, governmental agency or arbitrator, that might reasonably be expected to materially adversely affect (i) the business, financial condition, operations, results of operations or prospects of the Support Party and its subsidiaries, taken as a whole, or (ii) the ability of the Support Party to perform its obligations under this Agreement; and since December 31, 1994, there have been no material adverse developments in any action or proceeding so disclosed.

(f) The Support Party has filed all tax returns (Federal, state and local) required to be filed and paid all taxes shown thereon to be due, including interest and penalties, or, to the extent the Support Party is contesting in good faith an assertion of liability based on such returns, has provided adequate reserves for payment thereof in accordance with generally accepted accounting principles.

SECTION 4. Waivers; Remedies.

(a) The Support Party hereby waives any failure or delay on the part of the Benefited Parties in asserting or enforcing any of rights or in making any claims or demands hereunder. The Benefited Parties may at any time, without the Support Party's consent, without notice to the Support Party

and without affecting or impairing their rights or the Support Party's obligations hereunder, do any of the following with respect to the Receivables Purchase Agreement and each other Transaction Documents: (i) make changes, modifications, amendments or alterations thereto, by operation of law or otherwise, (ii) grant renewals and extensions of time, for payment or otherwise, (iii) accept new or additional documents, instruments or agreements relating to or in substitution thereof, (iv) release any or all collateral securing payment or release any guarantor or other party providing support in any manner related to or as contemplated in any Transaction Document, or (v) otherwise handle the enforcement of their respective rights and remedies in accordance with their business judgment.

(b) Obligations arising under the Receivables Purchase Agreement or any other Transaction Document may be created and continued in any amount, without affecting or impairing the liability of the Support Party hereunder, and no amounts paid or received on account of any Receivable with respect to which the Support Party is obligated to purchase under Section 1(a) from Seller, Servicer, Cityside or any other Person (except the Support Party), from their properties, any collateral security or any other source, shall not reduce, affect or impair the computation of the Support Party's maximum liabilities under Section 1(b) hereof. Any payment made by the Support Party under this Support Agreement shall be effective to reduce or discharge the obligations of the Support Party hereunder only if accompanied by a written transmittal document, received by a Benefited Party, advising the Benefited Parties that such payment is made under Section 1(a) of this Agreement and for such purpose.

(c) The Support Party hereby waives all rights that the Support Party may now have or hereafter acquire, whether by subrogation, contribution, reimbursement, recourse, exoneration, contract or otherwise, to recover from the Seller, Servicer or Cityside, or from any property of Seller, Servicer or Cityside any sums paid under this Agreement. The Support Agreement will not exercise or enforce any right of contribution to recover any such sums from any person who is a co-obligor with Seller, Servicer or Cityside or a guarantor or surety of any obligations of any thereof under any Transaction Document, or from any property of any such person until all Obligations shall have been paid and discharged.

(d) The parties to this Agreement acknowledge and agree that breach of any of the covenants of the Support Party set forth herein may not be compensable by payment of money damages and, therefore, the covenants of the Support Party set forth herein may be enforced in equity by a decree requiring

specific performance. All remedies hereunder shall be cumulative and non- exclusive and shall be in addition to any other rights and remedies the Benefited Parties may have against the Seller or others in connection with the Receivables Purchase Agreement.

SECTION 5. Amendments, Etc. No termination, modification, amendment or waiver of any provision of this Agreement, nor consent to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent and the Relationship Bank on behalf of all Benefited Parties.

SECTION 6. Notices. All notices provided for hereunder shall be in writing and shall be delivered by a nationally recognized overnight delivery service or hand delivery.

If to the Support Party:

C.H. Robinson, Inc.
8100 Mitchell Road
Suite 200
Eden Prairie, MN 55344
Attention: Dale S. Hanson

If to the Benefited Parties:

State Street Boston Capital Corporation
225 Franklin Street
Boston, Massachusetts 02110

Attention: Clipper Funds

and to

Norwest Bank Minnesota
National Association
Sixth and Marquette
Minneapolis, MN 55479-0089
Attention: Asset Securitization Group

All such notices, when delivered by overnight delivery service, shall be effective one (1) Business Day after being deposited with the delivery service, or when delivered by hand, be effective when actually delivered.

SECTION 7. Successors. This Agreement shall be binding upon the parties hereto and their respective successors and assigns. This Agreement is not intended for the benefit of any person other than the Benefited Parties (and their successor and

assignees), and shall not confer or be deemed to confer upon any other person any benefits, rights or remedies hereunder.

SECTION 8. Miscellaneous.

- (a) The obligations of the Support Party under this Agreement shall terminate whenever all Obligations are satisfied.
- (b) The Support Party shall pay all costs and expenses (including reasonable attorney's fees) incurred by any Benefitted Party in connection with the enforcement of this Agreement.
- (c) This Agreement contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire understanding among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings.
- (d) THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.
- (e) THE SUPPORT PARTY HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT OR DOCUMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR ARISING FROM ANY BANKING OR OTHER RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT A JURY.
- (f) THE SUPPORT PARTY HEREBY ACKNOWLEDGES AND AGREES THAT:
 - (i) IT IRREVOCABLY (A) SUBMITS TO THE JURISDICTION, FIRST, OF ANY UNITED STATES FEDERAL COURT, AND SECOND, IF FEDERAL JURISDICTION IS NOT AVAILABLE, OF ANY NEW YORK STATE COURT, IN EITHER CASE SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, (B) AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED ONLY IN SUCH NEW YORK STATE OR FEDERAL COURT AND NOT IN ANY OTHER COURT, AND (C) WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF

**AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR
PROCEEDING.**

(ii) TO THE EXTENT THAT IT HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM THE JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID TO EXECUTION, EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE SUPPORT PARTY HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER OR IN CONNECTION WITH THIS AGREEMENT.

(g) The Support Party hereby waives notice of the acceptance hereof by the Benefited Parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year above written.

C.H. ROBINSON, INC.

Dale S. Hanson

/s/ Dale S. Hanson

Dale S. Hanson
Chief Financial Officer
and Treasurer

[Signature page to Support Agreement]

EXHIBIT 10.15

RECEIVABLES PURCHASE AGREEMENT

Dated as of October 23, 1995

Among

CITYSIDE FINANCE CORPORATION I

as Seller

and

CITYSIDE FINANCIAL SERVICES OF WISCONSIN, INC.

as Servicer

and

CLIPPER RECEIVABLES CORPORATION

as Senior Purchaser

and

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION

as Subordinated Purchaser

and

STATE STREET BOSTON CAPITAL CORPORATION

as Administrator

and

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION

as Relationship Bank

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RECEIVABLES PURCHASE AGREEMENT

DATED AS OF OCTOBER 23, 1995

THIS IS A RECEIVABLES PURCHASE AGREEMENT, AMONG CITYSIDE FINANCE CORPORATION I ("Cityside Finance"), a Minnesota corporation ("Seller"), CITYSIDE FINANCIAL SERVICES OF WISCONSIN, INC. ("Cityside"), a Wisconsin corporation ("Servicer"), CLIPPER RECEIVABLES CORPORATION, a Delaware corporation as Senior Purchaser (in such capacity, "Senior Purchaser"), NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, a national banking association ("Norwest"), as Subordinated Purchaser (in such capacity, "Subordinated Purchaser", and together with Senior Purchaser, "Purchasers" and each individually a "Purchaser"), STATE STREET BOSTON CAPITAL CORPORATION, a Massachusetts corporation ("State Street Capital"), as administrator for Senior Purchaser under the Program Administration Agreement (in such capacity, the "Administrator") and NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, a national banking association, as a referral agent for Purchasers under the Relationship Bank Agreement (in such capacity, together with any successors thereto in such capacity, the

"Relationship Bank"). Unless otherwise indicated, capitalized terms used in this Agreement are defined in Appendix A.

Background

1. Seller is engaged in the business of purchasing new and used automobile and light truck installment sale contracts and is in the business of making direct new and used automobile and light truck installment sale contracts and promissory notes secured by new or used automobiles or light trucks.
2. Seller has, and expects to have, Pool Receivables in which Seller will sell undivided interests, referred to as the Senior Interest and the Subordinated Interest and collectively as the Purchasers' Interests. Seller has requested Purchasers, and Purchasers have agreed, subject to the terms and conditions contained in this Agreement, to purchase the Purchasers' Interests from Seller from time to time during the term of this Agreement.
3. State Street Capital has been requested, and is willing, to act as the Administrator.
4. Norwest has been requested, and is willing, to act as the Relationship Bank.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

ARTICLE I

PURCHASES

SECTION 1.01. Commitments to Purchase; Limits on Purchasers' Obligations.

(a) Commitments to Purchase. Upon the terms and subject to the conditions set forth in this Agreement, from time to time prior to the Termination Date, Seller may request Purchasers to purchase, and Purchasers hereby severally agree to purchase, in one or more transactions, undivided ownership interests in all Pool Receivables, related Contracts, Related Security, all Collections and all other Property with respect to, and other proceeds of, any of the foregoing;

(i) in the case of Senior Purchaser, an undivided senior ownership interest therein, in an amount equal to the Senior Percentage thereof (the "Senior Interest"), and

(ii) in the case of Subordinated Purchaser, an undivided subordinated ownership interest therein, in an amount equal to the Subordinated Percentage thereof (the "Subordinated Interest").

The Senior Interest and the Subordinated Interest are sometimes referred to individually as a "Purchaser's Interest" and collectively as the "Purchasers' Interests", and each of the initial purchase of a Purchaser's Interest by either Purchaser and any subsequent purchase that increases such Purchaser's Interest is herein called a "Purchase".

(b) Limits on Purchasers' Obligations. Notwithstanding Section 1.01(a) or any other provision of this Agreement:

(i) the aggregate amount of any Purchase to be made by Senior Purchaser shall be limited so that, after giving effect to such Purchase and to any simultaneous Purchase by Subordinated Purchaser:

(A) the Senior Investment would not exceed the product of
(x) 84% and (y) the Facility Amount divided by 92% (the "Senior

Purchase Limit"),

(B) the Senior Investment would not exceed 84% of the Net Receivables Balance (the "Senior Investment Limit"),

(C) the Subordinated Investment would not be less than 8% of the Net Receivables Balance; and

(D) the Seller Amount would not be less than 8% of the Net Receivables Balance; and

(ii) the aggregate amount of any Purchase to be made by Subordinated Purchaser shall be limited so that, after giving effect to such Purchase and to any simultaneous Purchase by Senior Purchaser:

(A) the Subordinated Investment would not exceed the

product of (x) 8% and (y) the Facility Amount divided by 92% (the "Subordinated Purchase Limit"),

(B) the Subordinated Investment would not exceed 8% of the Net Receivables Balance (the "Subordinated Investment Limit"),

(C) the Seller Amount would not be less than 8% of the Net Receivables Balance; and

(iii) the initial Purchase shall not be made by either Purchaser if the purchase price to be paid by such Purchaser, when added to the purchase price to be paid by the other Purchaser in connection with any simultaneous Purchase, does not equal or exceed \$10,000,000, and no Purchase shall be made thereafter if the purchase price to be paid by such Purchaser, when added to the purchase price to be paid by the other Purchaser in connection with any simultaneous Purchase, does not equal or exceed \$1,100,000.

(c) Purchase Prices.

(i) Senior Interest. The purchase price for the initial Purchase of the Senior Interest and for each additional Purchase shall be an amount equal to eighty-four percent (84%) of the Net Receivables Balance of the Eligible Receivables subject to such Purchase.

(ii) Subordinated Interest. The purchase price for the initial Purchase of the Subordinated Interest and for each additional Purchase shall be an amount equal to the eight percent (8%) of the Net Receivables

Balance of the Eligible Receivables subject to such Purchase.

SECTION 1.02. Purchase Procedures; Assignment of Purchasers' Interests; Delivery of Documents.

(a) Frequency of Purchases; Notice of Purchase. Purchases shall be made on the 8th Business Day and the 22nd calendar day of each month, to the extent Seller has obtained Eligible Receivables on such date in amounts consistent with the limitation set forth in Section 1.01(b)(iii) (each herein a "Purchase Date"). Each Purchase shall be made upon notice from Seller to the Administrator and the Subordinated Purchaser received by them not later than 11:00 a.m. (New York City time) on the fourth Business Day next preceding such proposed Purchase Date, with a copy thereof to the Custodian. Each such notice of a proposed Purchase shall be in the form of

Exhibit 1.02(a) (each, a "Purchase Notice"), shall be accompanied (but not until the Business Day next preceeding the proposed Purchase Date) by a fully executed Lien Release and shall specify the desired amount, Purchase Date of, and related Purchase Cut-Off Date for, such Purchase, shall set forth a calculation of the Purchase Price for each Purchaser and such Purchaser's respective share of the Purchase and shall have attached thereto a schedule identifying each Receivable included in the Purchase, together with a computer diskette or other computer data storage method acceptable to Purchasers setting forth with respect to each related Contract the information specified in Schedule I to the form of Purchase Notice as set forth in Exhibit 1.02(a), including (i) the social security number, name and mailing address of the Obligor thereon, (ii) the identifying code, if any, with respect thereto, (iii) the Financed Amount thereof, (iv) the Unpaid Balance thereof, (v) the day of the month on which scheduled payments are due, (vi) the first date on which any such scheduled payment is due, (vii) the annual percentage rates applicable thereto, (viii) the amount of each scheduled payment, (ix) the original term of the Contract, (x) the vehicle identification number of the Financed Vehicle and (xi) the manufacture, model and model year of the Financed Vehicle.

(B) Funding of Purchases. On each Purchase Date, each Purchaser, upon satisfaction of the applicable conditions set forth in Article V, shall make available to the Paying Agent the amount of its Purchase as determined pursuant to Section 1.01(c) in same day funds, and after receipt by the Paying Agent of such funds, the Paying Agent will make such funds immediately available to Seller pursuant to such instructions as Seller and the Paying Agent shall from time to time agree.

(C) Assignment of Purchasers' Interests. Seller hereby sells, assigns and transfers to Senior Purchaser and Subordinated Purchaser, respectively, effective on and as of each Purchase Date hereunder, the Senior Interest and the Subordinated Interest, respectively, in the Pool Receivables, the related Contracts, the Related Security, all Collections and all other Property in respect of, and other proceeds of, any of the foregoing.

(D) Delivery of Contract Files. No later than five Business Days prior to the Purchase Date, Seller shall deliver to the Custodian the Contract Files for each Contract related to the Receivables to be purchased by Purchasers on such Purchase Date, together with a schedule identifying each Receivable to be included in the purchase. The Purchase Notice, this Agreement and the other Transaction Documents shall together govern the relationship among Purchasers and Seller with respect to the Receivables to which the Purchase Notice relates, unless the Administrator, the Subordinated Purchaser or the Custodian make specific objection promptly after receipt of such Purchase Notice. No Purchase shall be consummated unless and until any such objection by the Administrator, the Subordinated Purchaser or the Custodian shall have been removed or shall have been waived by the Administrator and the Subordinated Purchaser in their sole discretion. If the Custodian determines that any deficiency exists with respect to a Purchase Notice or the related Contract Files delivered in connection therewith, the Custodian shall provide the notices required under Section 2.3 of the Custodial Agreement. Unless the Seller shall receive written notice from the Custodian advising Seller that the Administrator and Subordinated Purchaser have waived any such deficiency, Seller shall remedy the noted deficiency before the related Purchase Date or the related Receivable with respect to such deficient Contract File shall not constitute an Eligible Receivable.

SECTION 1.03. Purchasers' Percentages.

(a) Calculations. On any date, the "Percentage" with respect to Senior Purchaser and the Senior Interest shall be 84% (herein called the "Senior Percentage"), and with respect to Subordinated Purchaser and the Subordinated Interest shall be 8% (herein called the "Subordinated Percentage"); provided that during any Liquidation Period, the Percentages shall be as follows:

(i) prior to the occurrence of a Liquidation Event, the Senior Percentage shall be 91.304348% and the Subordinated Percentage shall be 8.695652%;

(ii) after the occurrence of a Liquidation Event and continuing thereafter until the Senior Investment, accrued and unpaid Earned Discount and Senior Purchaser's Program Fee (including Default Interest thereon, if any) and all other costs and expenses of Senior Purchaser have been paid in full, the Senior Percentage shall be 100% and the Subordinated Percentage shall be zero;

(iii) after the occurrence of a Liquidation Event and after the Senior Investment, accrued and unpaid Earned Discount and Senior Purchaser's Program Fee (including Default Interest thereon, if any) and all other costs and expenses of Senior Purchaser are paid in full and continuing thereafter until the Subordinated Investment, accrued and unpaid Interest Amount and Subordinated Purchaser's Program Fee (including Default Interest thereon, if any) and all other costs and expenses of Subordinated Purchaser have been paid in full, the Subordinated Percentage shall be 100%; and

(iv) upon payment in full of the Senior Investment, Subordinated Investment, accrued and unpaid Earned Discount, Interest Amount and Program Fees with respect thereto, and all Default Interest thereon, if any, and all other costs and expenses of both Purchasers, the Percentages shall each be zero.

(b) Frequency of Computation. The Percentage with respect to each Purchaser's Interest and the Seller Amount shall be computed on and as of the date of each Purchase and, as provided in Section 3.03, on each Settlement Date. In addition, the Administrator or Subordinated Purchaser may require the Servicer to provide an Information Package for purposes of computing each Percentage and the Seller Amount as of any other date, and the Servicer agrees to do so within three Business Days of its receipt of any such request.

SECTION 1.04. Purchasers' Interests; Security Interest.

(a) Components of Purchasers' Interest. On any date, subject to such Purchaser's seniority rights as provided in Section 1.01, each Purchaser's Interest will represent (i) such Purchaser's undivided percentage ownership interest in (x) all Receivables in the Receivables Pool, all related Contracts, Related Security and any and all other related property or rights and (y) all rights to receive payments under any Interest Rate Agreement entered into in connection herewith, (ii) all of Seller's rights (including, without

limitation, enforcement rights) under the Purchase and Sale Agreement and under each and every contract and agreement entered into by Cityside (as originator of the Receivables) with Dealers or others as to the sale and purchase by Cityside of Contracts from such Person, including all recourse and other repurchase rights thereunder, and under all other Transaction Documents, (iii) all of Seller's rights under the Depository Accounts, the Cityside Account and the Collection Account (if any), (iv) such Purchaser's interest in the Collection Account to the extent provided herein, and (v) all proceeds of the foregoing (together, the "Property").

(b) Security Interest. Seller hereby grants to the Purchasers a lien on and security interest in all of Seller's right, title and interest in, to and under the Property and all of Seller's right, title and interest in any and all payments due or becoming due with respect to, or in connection with, such Property and under any insurance policy held or maintained by, or on behalf of, Seller or Servicer in respect of such Property, and the Custodian shall act as the agent of Purchasers for the purpose of holding all Contracts and other Property for and on behalf of Purchasers. Such lien and security interest shall secure all of Seller's obligations hereunder, including, without limitation, the obligation to turn over Collections to the Paying Agent for deposit in the Collection Account in accordance with Section 3.01. This Agreement shall constitute a security agreement under applicable law with regard to the lien and security interest granted pursuant to this Section 1.04(b).

(c) Further Assurances. Seller agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action that either Purchaser, the Administrator, the Relationship Bank or their respective designees may reasonably request in order to perfect, protect or more fully evidence the Purchases hereunder and the resulting Purchasers' Interests, or to enable the Purchasers, the Administrator, the Relationship Bank or their respective designees to exercise or enforce their rights hereunder or under any Transaction Document. In addition, after the occurrence and continuance of a Liquidation Event or Unmatured Liquidation Event and upon request by the Administrator, the Relationship Bank or the Subordinated Purchaser, Seller and Servicer shall promptly file such financing statements and amendments thereto as the Administrator, the Relationship Bank or the Subordinated Purchaser shall determine in their sole discretion are necessary to perfect or protect, or more fully perfect or protect, the Purchasers' security interest.

SECTION 1.05. Extensions and Increases of Purchase Facility. Seller, at its option, may increase the Facility Amount and extend the Termination Date as follows:

(a) Increase to \$36,000,000. Prior to the initial Termination Date

(without giving effect to any extensions granted pursuant to subsection (c)

below), Seller may request an increase in the Facility Amount to \$36,000,000, provided that (i) the granting of any such increase shall be in the sole and exclusive discretion of Purchasers, the Administrator and the Relationship Bank, (ii) written notice requesting such increase shall be delivered by Seller to the Administrator and Subordinated Purchaser not less than 30 days prior to the requested effective date thereof, (iii) the Administrator shall have received written confirmation from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and Moody's Investors Service, Inc. (and any other rating agencies whose ratings are material in connection with the issuance and sale of Commercial Paper Notes by Senior Purchaser) confirming that the existing ratings on the Commercial Paper Notes will remain unchanged after giving effect to the contemplated increase, (iv) the Administrator shall have received written confirmation from the Liquidity Agent and the Senior Purchaser that the maximum amount of purchase commitments or other funding sources available to Senior Purchaser under the Liquidity Agreement has been increased by an appropriate amount corresponding to such increase in the Facility Amount,

(v) Seller shall have paid all out-of-pocket costs and expenses (including all attorneys' fees and expenses) incurred by the Administrator, the Relationship Bank, the Liquidity Banks, either Purchaser, the Custodian, the Paying Agent or any other Person necessary to effect any such increase.

(b) Increases Above \$36,000,000. Not later than 30 days prior to the Termination Date, Seller may request one or more increases in the Facility Amount in increments of \$10,000,000 or more, provided that (i) the granting of any such increase in the Facility Amount shall be in the sole and exclusive discretion of Purchasers, the Administrator and the Relationship Bank and shall be available only upon receipt of the prior written consent of each such party, (ii) if any such increase is granted, Seller shall be obligated to pay an additional one-time fee equal to .25% of the amount of the increase and (iii) any such increase shall in all events be subject to satisfaction of the requirements set forth in clauses (ii), (iii) and (iv) of subsection (a) above.

(c) Extensions of Termination Date. Not later than 30 days prior to any Termination Date then in effect, Seller may

request an extension thereof for one year or two years, provided that (i) the granting of any such extension of the Termination Date shall be in the sole and exclusive discretion of Purchasers, the Administrator and the Relationship Bank and shall be available only upon receipt of the prior written consent of each such party, (ii) if any such extension is granted, Seller shall be obligated to pay an additional one-time fee equal to (A) .075% of the Facility Amount then in effect with respect to a one year extension or (B) .10% of the Facility Amount then in effect with respect to a two year extension and (iii) any such extension shall in all events be subject to satisfaction of the requirements set forth in clauses (ii), (iii) and (iv) of subsection (a) above, relating, however, to such extension rather than an increase.

ARTICLE II

COMPUTATIONAL RULES

SECTION 2.01. Selection of Asset Tranches. The Administrator shall, from time to time for purposes of computing Earned Discount, divide the Senior Interest into Asset Tranches, and the applicable Earned Discount Rate may be different for each Asset Tranche. The Senior Investment shall be allocated to each Asset Tranche by the Administrator to reflect the funding sources for the Senior Interest, so that:

(a) there will be one or more Asset Tranches, selected by the Administrator, reflecting the portion of the Senior Interest funded by Liquidity Purchases;

(b) there will be one or more Asset Tranches, selected by the Administrator, reflecting the portion of the Senior Interest funded by Credit Draws; and

(c) there will be a single Asset Tranche equal to the excess of Senior Investment over the aggregate amounts allocated at such time pursuant to clauses (a) and (b) above, which Asset Tranche shall reflect the portion of the Senior Interest funded by Commercial Paper Notes;

provided, that after the occurrence of the Transfer Date, all Asset Tranches will be selected by the Liquidity Agent and will be funded solely by Liquidity Purchases.

SECTION 2.02. Computation of Purchasers' Investment and Senior Purchaser's Tranche Investment. In making any determination of Purchasers' Investment and Senior Purchaser's Tranche Investment, the following rules shall apply:

(a) the Purchaser's Investment of either Purchaser shall not be considered reduced by any allocation, setting aside or distribution of any portion of Collections unless such Collections shall have been actually delivered to the Administrator, or in the case of the Subordinated Investment, to Subordinated Purchaser, pursuant hereto and, in any event, if received on a day other than a Settlement Date, effective as of the next succeeding Settlement Date;

(b) the Purchaser's Investment of either Purchaser shall not be considered reduced by any distribution of any portion of Collections if at any time such distribution is rescinded or must otherwise be returned for any reason; and

(c) if there is any reduction in the Senior Investment, there shall be a corresponding reduction in a Senior Purchaser's Tranche Investment with respect to one or more Asset Tranches selected by the Administrator in its discretion.

SECTION 2.03. Computation of Earned Discount. In making any determination of Earned Discount with respect to the Senior Interest, the following rules shall apply:

(a) the Administrator shall determine the Earned Discount accruing with respect to each Asset Tranche, and each Yield Period therefor (or, in the case of the Asset Tranche funded by Commercial Paper Notes, each Settlement Period), in accordance with the definition of Earned Discount;

(b) no provision of this Agreement shall require the payment or permit the collection of Earned Discount in excess of the maximum permitted by applicable law; and

(c) Earned Discount for any Asset Tranche shall not be considered paid by any distribution if at any time such distribution is rescinded or must otherwise be returned for any reason.

SECTION 2.04. Computation of Interest Amount. In making any determination of Interest Amount with respect to the Subordinated Interest, the following rules shall apply:

(a) the Subordinated Purchaser shall determine the Interest Amount accruing with respect to the Subordinated Interest, and each Interest Period therefor, in accordance with the definition of Interest Amount;

(b) no provision of this Agreement shall require the payment or permit the collection of Interest Amount in excess of the maximum permitted by applicable law; and

(c) Interest Amount shall not be considered paid by any distribution if at any time such distribution is rescinded or must otherwise be returned for any reason.

ARTICLE III

ACCOUNTS AND SETTLEMENTS

SECTION 3.01. Accounts; Investments by Paying Agent.

(a) Appointment of Paying Agent; Collection Account. The Administrator and Purchasers hereby appoint Norwest as the Paying Agent hereunder, and Norwest hereby accepts such appointment. On or before the first Purchase, the Paying Agent shall establish, for the benefit of Purchasers and Seller, to the extent of their respective interests therein, an account (the "Collection Account"), which shall be a segregated trust account maintained with the Paying Agent. Subject to the further provisions of this Section 3.01(a), the Paying Agent shall, upon receipt or upon transfer from another account, as the case may be, deposit into the Collection Account all amounts received by it which are required to be deposited therein in accordance with the provisions hereof. All such amounts and all investments made with such amounts, including all income and other gain from such investments, shall be held as additional Collections by the Paying Agent in the Collection Account as herein provided, subject to withdrawal by, or at the direction of, the Administrator or the Relationship Bank in accordance with, and for the purposes specified in the provisions of, this Agreement. Neither the Administrator nor the Paying Agent shall have any right of set-off with respect to the Collection Account or any investment therein, whether or not commingled, and the Paying Agent hereby irrevocably waives any and all such rights.

(b) Depository Accounts and Cityside Account. Servicer may maintain one or more deposit accounts (herein the "Depository Accounts") into which Collections shall initially be deposited. Servicer shall deposit all such Collections in a Depository Account before the close of business on the day after the day of receipt thereof by the Servicer. Not later than the close of business on the Business Day following the day on which Collections are deposited to a Depository Account, Servicer shall cause such Collections to be transferred to a separate deposit account maintained by the Paying Agent for the account of Seller and Purchasers (herein

the "Cityside Account"). Servicer shall identify and post all Collections of Pool Receivables so transferred to the Cityside Account and remit such Collections to the Paying Agent not later than 1:00 p.m., Minneapolis time,

(i) prior to the occurrence of a Liquidation Event, on the next occurring Collections Remittance Day and (ii) after the occurrence of a Liquidation Event, on the same day of deposit thereof to the Cityside Account; and the Paying Agent, after receipt of such amounts from the Servicer, shall deposit such Collections into the Collection Account. The Depository Accounts may be established in Servicer's name and Collections held therein may be commingled with other collections received by Servicer, but the Servicer shall deliver to the bank in which such account is maintained a notice letter in substantially the form of Exhibit 3.01(b) hereto (each a "Depository Letter"). The Cityside Account shall be established in the name of the Servicer for the benefit of Purchasers and Seller and Collections held therein may be commingled with other collections received by the Servicer. The Cityside Account shall be subject to a segregation agreement giving the Paying Agent, in its separate capacity as segregation agent thereunder, the right, upon the occurrence of a Liquidation Event or a Servicer Transfer Event, to review all deposits therein and make a determination and allocation as to which such deposits constitute Collections of Pool Receivables. Servicer shall be permitted access to the Depository Accounts and the Cityside Account until the occurrence of a Liquidation Event or a Servicer Transfer Event and receipt of notice from the Administrator, the Paying Agent, the Relationship Bank or Subordinated Purchaser, with a copy to each other party hereto, that Servicer shall no longer be permitted such access; such notice to be sent in the sole and absolute discretion of the Person sending same.

(c) Administration of Payments. Unless otherwise advised by Servicer in writing, the Paying Agent shall assume that any amount remitted to it by Servicer is to be deposited into the Collection Account pursuant to Section

3.03. The Paying Agent may establish from time to time such deadline or

deadlines as it shall determine are reasonable or necessary in the administration hereof after which all amounts received or collected by the Paying Agent on any day shall not be deemed to have been received or collected until the next succeeding Business Day.

(d) Investments. Pursuant to one or more Seller Orders received from Seller, all or a portion of the amounts in the Collection Account shall be invested and reinvested by the Paying Agent in one or more Eligible Investments. Subject to the restrictions on the maturity of investments set forth in

Section 3.01(f), each such Seller Order may authorize the Paying Agent to make the specific Eligible Investments set forth therein, to make Eligible Investments from time to time consistent with the general instructions set forth therein, or to make specific Eligible Investments pursuant to instructions received in writing or by facsimile transmission from the employees or agents of Seller or the Servicer, as the case may be, identified therein, in each case in such amounts as such Seller Order shall specify. Seller agrees to report as income for financial reporting and tax purposes (to the extent reportable) all investment earnings on amounts in the Collection Account. Each of Seller and Servicer agrees to give appropriate and timely investment directions to the Paying Agent so that there will not be more than two Business Days in any one calendar year at the end of which funds in the Collection Account are not invested, directly or indirectly, pursuant to a Seller Order in Eligible Investments that mature on or after the opening of business on the next Business Day.

(e) Investments in the Absence of a Seller Order. In the event that

(i) Seller shall have failed to give investment directions to the Paying Agent by 9:30 A.M. Minneapolis, Minnesota, time on any Business Day on which there may be uninvested cash or (ii) a Liquidation Event or Unmatured Liquidation Event shall have occurred and be continuing, then the Paying Agent shall invest such funds in Eligible Investments as directed by the Administrator and the Subordinated Purchaser, or, if no such directions are given, in Eligible Investments described in clause (e) of the definition thereof. All investments made by the Paying Agent shall mature no later than the maturity date therefor permitted by Section 3.01(f).

(f) Maturity of Investments. No investment of any amount held in the Collection Account shall mature later than the Business Day immediately preceding the Settlement Date which is scheduled to occur immediately following the date of investment for application in accordance with the provisions of this Agreement. All income or other gains from the investment of moneys deposited in the Collection Account shall be deposited by the Paying Agent in such account immediately upon receipt. Any net loss (determined on a month by month basis) resulting from such investment of amounts in the Collection Account shall be charged to Seller, which, upon notice thereof by the Paying Agent, shall reimburse the Collection Account for such loss.

(g) Form of Investment. Any investment of funds in the Collection Account shall be made under the following terms and conditions:

(i) each such investment shall be made in the name of the Paying Agent (in its capacity as such) or in the name of a nominee of the Paying Agent; and

(ii) any certificate or other instrument evidencing such investment shall be delivered directly to the Paying Agent or its agent and the Paying Agent shall have sole possession of such instrument, and all income on such investment.

(h) Paying Agent Not Liable. The Paying Agent shall not in any way be held liable by reason of any insufficiency in the Collection Account resulting from losses on investments made in accordance with the provisions of this Section 3.01 (but the institution serving as Paying Agent shall at all times remain liable for its own debt obligations, if any, constituting part of such investments). The Paying Agent shall not be liable for any investment made by it in accordance with this Section 3.01 on the grounds that it could have made a more favorable investment.

(i) Reduction of Purchasers' Investment. Neither Purchaser's Investment shall be reduced by the amount of Collections deposited in the Collection Account unless and until such Collections are actually delivered to the Administrator (with respect to the Senior Interest) and Subordinated Purchaser (with respect to the Subordinated Interest) pursuant hereto and applied to the reduction of a Purchaser's Investment in accordance herewith.

SECTION 3.02. Collection of Moneys. If at any time Seller or Servicer shall receive any payment on or in respect of any Receivable or Contract or the related Financed Vehicle, it shall hold such payment in trust for the benefit of Purchasers, shall segregate such payment from the other property of Seller, and shall, promptly upon receipt, deliver such payment in the form received to the Servicer for deposit to the Cityside Account.

SECTION 3.03. Collection Account.

(a) Deposits. The amounts to be deposited in the Collection Account by the Paying Agent shall include, but not be limited to, the following:

(i) any and all Collections and other payments in respect of Receivables, related Contracts, Related Security and the related Financed Vehicles;

(ii) all amounts transferred from the Cityside Account in accordance with Section 3.01(b);

(iii) each Servicer Advance pursuant to Section 3.07 (to the extent not previously deposited to the Cityside Account and transferred pursuant to clause (ii) above);

(iv) all amounts paid pursuant to Section 3.06 and all Indemnified Amounts paid by Seller or Servicer for Receivables required to be repurchased on account of a breach of representation or warranty with respect thereto or for any other reason; and

(v) all State Street Net Swap Payments paid by Norwest to State Street Bank, if any, it being understood that pursuant to the State Street Interest Rate Agreement all such State Street Net Swap Payments are to be remitted by Norwest to the Paying Agent for deposit to the Collection Account on each Settlement Date; and

(vi) all Servicer Net Swap Payments payable by Norwest to Servicer, if any, it being understood that pursuant to the Servicer Interest Rate Agreement all Servicer Net Swap Payments payable to Servicer are to be remitted by Norwest to the Paying Agent for deposit to the Collection Account on each Settlement Date.

(b) Settlement Procedures. The parties hereto will take the following actions with respect to each Settlement Period:

(i) Earned Discount and Interest Amount Due; Information

Package. On or prior to the third Business Day following the Cut-Off Date for such Settlement Period, the Administrator will notify Servicer of the Earned Discount accrued during such Settlement Period and the Relationship Bank shall notify Servicer of the Interest Amount accrued during such Settlement Period. On or prior to the fourth Business Day following the Cut-Off Date for such Settlement Period, Servicer shall deliver to the Relationship Bank a hard copy of the certificate and related information described in Exhibit 3.03(b) (each, an "Information Package"), and shall also transfer such information by electronic data transmission or deliver to the Relationship Bank a computer tape or diskette containing such information. The Relationship Bank shall deliver such Information Package to the Administrator via diskette or other

electronic data transmission on or prior to the next Business Day after receipt thereof from the Servicer.

(ii) Settlement Date Procedures - No Liquidation Event. Unless the Paying Agent has actual knowledge that a Liquidation Event has occurred and is continuing, amounts on deposit in the Collection Account on any Settlement Date shall be withdrawn from the Collection Account, in the amounts required, for application in the following order of priority:

first, an amount equal to the theretofore accrued and unpaid

Servicer Advances shall be paid to Servicer;

second, an amount equal to any unpaid Paying Agent fees,

Custodian fees and Back-Up Servicer fees accrued with respect to the preceding Settlement Period, plus any theretofore accrued and

unpaid Paying Agent fees, Custodian fees and Back-Up Servicer fees not paid when due on any prior Settlement Date, shall be paid to the Paying Agent, Custodian or Back-Up Servicer as the case may be;

third, if Cityside or any Affiliate of Cityside is not the Servicer, an amount equal to the unpaid Servicer's Fee accrued with respect to such Settlement Date shall be paid to Servicer;

fourth, an amount equal to the unpaid Earned Discount and Program Fee in respect of the Senior Interest accrued during the preceding Settlement Period, plus any theretofore accrued and

unpaid Earned Discount and Program Fee in respect of the Senior Interest not paid when due on any prior Settlement Date, together with Default Interest thereon, shall be paid to the Administrator for the account of Senior Purchaser;

fifth, an amount equal to the unpaid Interest Amount and Program Fee in respect of the Subordinated Interest accrued during the preceding Settlement Period, plus any theretofore

accrued and unpaid Interest Amount and Program Fee in respect of the Subordinated Interest not paid when due on any prior Settlement Date, together with Default Interest thereon, shall be paid to Subordinated Purchaser;

sixth, an amount equal to the Senior Percentage of all Principal Collections received (or deemed received) during the preceding Settlement Period, plus to the extent the Senior

Investment is not in compliance with the limitations described in

Section 1.01(b)(i), the amount necessary to reduce the Senior Investment to effect such compliance, shall be paid to the Administrator for the account of Senior Purchaser;

seventh, an amount equal to the Subordinated Percentage of all Principal Collections received (or deemed received) during the preceding Settlement Period, plus to the extent the

Subordinated Investment is not in compliance with the limitations described in Section 1.01(b)(ii), the amount necessary to reduce the Subordinated Investment to effect such compliance, shall be paid to Subordinated Purchaser;

eighth, an amount equal to any other amounts due and owing to the Administrator, the Relationship Bank or either Purchaser pursuant to this Agreement shall be paid to the Administrator, the Relationship Bank or such Purchaser, as the case may be;

ninth, if Cityside or any Affiliate of Cityside is Servicer, an amount equal to the unpaid Servicer's Fee with respect to such Settlement Date shall be paid to Servicer; and

tenth, any remaining amounts shall be paid to Seller; provided, that if the Paying Agent has actual knowledge that a Liquidation Event has occurred and is continuing, all remaining amounts shall be deposited in the Collection Account.

(iii) Settlement Date Procedures - Liquidation Event. If the Paying Agent has actual knowledge that a Liquidation Event has occurred and is continuing, amounts on deposit in the Collection Account on any Settlement Date shall be withdrawn from the Collection Account, in the amounts required, for application in the following order of priority:

first, an amount equal to the theretofore accrued and unpaid

Servicer Advances shall be paid to the Servicer;

second, an amount equal to the accrued Paying Agent fees, Custodian fees and Back-Up Servicer fees accrued with respect to the preceding Settlement Period, plus any theretofore accrued and

unpaid Paying Agent fees, Custodian fees and Back-Up Servicer fees not paid when due on any prior Settlement Date, shall be paid to the Paying Agent, Custodian or Back-Up Servicer, as the case may be;

third, if Cityside or any Affiliate of Cityside is not Servicer, an amount equal to the unpaid Servicer's Fee accrued with respect to such Settlement Date shall be paid to Servicer;

fourth, an amount equal to the unpaid Earned Discount and Program Fee in respect of the Senior Interest accrued during the preceding Settlement Period, plus any theretofore accrued and

unpaid Earned Discount and Program Fee in respect of the Senior Interest not paid when due on any prior Settlement Date, together with Default Interest thereon, shall be paid to the Administrator for the account of Senior Purchaser;

fifth, if the Senior Investment is in excess of the Senior Investment Limit, the amount necessary to reduce the Senior Investment to effect compliance with such Senior Investment Limit shall be paid to the Administrator for the account of Senior Purchaser;

sixth, an amount equal to the unpaid Interest Amount and Program Fee in respect of the Subordinated Interest accrued during the preceding Settlement Period, plus any portion of the

Interest Amount and Program Fee in respect of the Subordinated Interest not paid when due on any prior Settlement Date, together with Default Interest thereon, shall be paid to Subordinated Purchaser;

seventh, an amount equal to the Senior Percentage of any and all remaining amounts constituting Collections received (or deemed received) during the preceding Settlement Period shall be paid to the Administrator for the account of Senior Purchaser until the Senior Investment shall be reduced to zero;

eighth, an amount equal to the Subordinated Percentage of any and all remaining amounts constituting Collections received (or deemed received) during the preceding Settlement Period shall be paid to Subordinated Purchaser until the Subordinated Investment shall be reduced to zero;

ninth, an amount equal to any other amounts due and owing to the Administrator, the Relationship Bank or either Purchaser pursuant to this Agreement shall be paid to the Administrator, the Relationship Bank or such Purchaser, as the case may be; and

tenth, if Cityside or any Affiliate of Cityside is Servicer, an amount equal to the unpaid Servicer's Fee with respect to such Settlement Date shall be paid to Servicer;

eleventh, any remaining amounts shall be paid to Seller.

(iv) Certain Payments. If at any time any amount or portion thereof previously distributed pursuant to this Section 3.03 shall have been recovered, or shall be subject to recovery, in any proceeding with respect to Seller, Servicer or otherwise, then for purposes of determining future distributions pursuant to this Section 3.03 such amount or portion thereof shall be deemed to have not been

previously so distributed.

(v) Senior Purchaser Application. All amounts paid to the Administrator for the account of Senior Purchaser pursuant to Sections 3.03(b)(ii) and (iii) in respect of Earned Discount and in reduction of the Senior Investment shall be allocated by the Administrator in the following order of priority:

(A) first, to all interest on, and all principal of, outstanding Liquidity Purchases, until reduced to zero;

(B) second, to all interest on, and principal of, outstanding Commercial Paper Notes issued to fund the Senior Interest, or a portion thereof, until reduced to zero; and

(C) third, to all interest on, and principal of, outstanding Credit Draws used to fund the

Senior Interest, or a portion thereof, until reduced to zero.

(vi) Non-Distribution of Servicer's Fee. The Administrator, the Relationship Bank and Purchasers hereby consent (which consent may be revoked at any time) to Servicer's retention of the Servicer's Fee out of Collections prior to deposit in the Collection Account, and as a result thereof no distribution shall be made in respect of Servicer's Fee pursuant to Sections 3.03(b)(ii) or (iii) above. At any time, upon written notice to Servicer, the right to retain the Servicer's Fee as provided above may be withdrawn by any of the Administrator, the Relationship Bank or any Purchaser.

SECTION 3.04. Deemed Collections. If on any day an event set forth in clause (a), (b) or (c) below shall have occurred with respect to a Pool Receivable, then, on such day, Seller shall be deemed to have received a Collection of such Pool Receivable (x) in the case of clause (a), in the amount of such reduction or cancellation or the difference between the actual Unpaid Balance of such Pool Receivable and the amount included in calculating its Net Receivable Balance, as applicable, (y) in the case of clause (b), in the amount of the Unpaid Balance of such Pool Receivable and (z) in the case of clause (c), in the amount of the Unpaid Balance of such Chapter 7 Receivable. For purposes of the foregoing, a deemed Collection shall have occurred if:

(a) Reduction or Cancellation of Receivable. With respect to any

Pool Receivable, the Unpaid Balance of any Pool Receivable is:

(i) reduced as a result of any defective, rejected or returned merchandise or services, any cash discount, or any adjustment by Seller or any Affiliate of Seller (other than any adjustment permitted by Section 8.02(b)(i) unless the Administrator or the Subordinated Purchaser shall reasonably object thereto within 30 days of being informed thereof), or

(ii) reduced or canceled as a result of a setoff in respect of any claim by the Obligor thereof against Seller or any Affiliate of Seller (whether such claim arises out of the same or a related or an unrelated transaction), or

(iii) reduced on account of the obligation of Seller to pay to the related Obligor any rebate or refund, or

(iv) less than the amount included in calculating the Net Receivables Balance as of the Cut-Off Date for purposes of any Information Package; or

(b) Breach of Representations or Warranties Regarding Receivable.

With respect to any Pool Receivable, any of the representations or warranties of Seller set forth in Section 6.01(l) or (p) were not true when made or any of the representations or warranties of Seller set forth in

Section 6.01(l) are no longer true (except to the extent any such representation or warranty as to title is no longer true as a result of transfer of an undivided ownership interest in such Pool Receivable to the Purchasers pursuant to this Agreement); or

(c) Chapter 7 Receivable Limit. With respect to any Chapter 7 Receivable, the Unpaid Balance thereof, when added to the Unpaid Balance of all other Chapter 7 Receivables, exceeds 2% of the Net Receivable Balance of the entire Receivables Pool.

SECTION 3.05. Payments and Computations, Etc.

(a) Payments. All amounts to be paid to the Administrator, Subordinated Purchaser or any other Person hereunder (other than amounts payable under Section 4.02) shall be paid or deposited in accordance with the terms hereof no later than 11:00 a.m. (New York time) on the day when due in lawful money of the United States of America in same day funds (i) in the case of amounts to be paid or deposited in respect of accrued and unpaid Earned Discount or in reduction of the Senior Investment, to the Collateral Agent at The First National Bank of Chicago, ABA No. 071000013, Clearing Account No. 4811-5377, for further credit to Account No. 21- 201949-7, reference Clipper Receivables Corporation, Attention: Melissa Weisman, (ii) in the case of all Program Fees and other fees, expenses and amounts (other than amounts payable under Section 4.02) payable in respect of the Senior Interest, to the Administrator at State Street Bank and Trust Company, ABA No. 011000028, Account No. 13585872/Clipper Receivables Corporation, Attention: Ken Whittmore, extension 4-3844, Ref. Route Code 5, Function 5, for distribution to Senior Purchaser and (iii) in the case of amounts to be paid or deposited in respect of accrued and unpaid Interest Amount or Program Fee payable in respect of the Subordinated Interest or in reduction of the Subordinated Investment, to Subordinated Purchaser at Norwest Bank Minnesota, National Association, for further credit to CLO Clearing Account No. 840-165, Reference: Cityside.

(b) Late Payments. Seller or Servicer, as applicable, shall pay to Purchasers additional interest (herein "Default Interest") on all amounts not paid or deposited when due hereunder at a rate per annum equal to 2% above the Alternate Base Rate, payable on demand; provided, however, that such interest rate shall not at any time exceed the maximum rate permitted by applicable law. For purposes of this Section 3.05(b), any portion of the Earned Discount, Interest Amount or Program Fee payable with respect to a Settlement Period which is not paid on the related Settlement Date therefor shall be deemed not paid when due and shall be subject to accrual of Default Interest as provided above.

(c) Method of Computation. All computations of interest, Earned Discount, Interest Amount, Program Fees, Arrangement Fees, and any other fees payable by Seller to the Purchasers, the Administrator or the Relationship Bank in connection with Purchases hereunder shall be made on the basis of a year of 360 days and the actual number of days (including the first day but excluding the last day) elapsed.

SECTION 3.06. Treatment of Collections and Deemed Collections. Seller shall forthwith deliver to Servicer all Collections deemed received by Seller pursuant to Section 3.04, and Servicer shall deposit such Collections to the Cityside Account to the same extent as if such Collections had actually been received on the date of such delivery to Servicer. So long as Seller shall hold any Collections or deemed Collections required to be paid to Servicer, the Administrator or Collateral Agent, it shall hold such Collections in trust and shall clearly mark its records to reflect such trust; provided that unless the Administrator or the Relationship Bank shall request it to do so in writing, Seller shall not be required to hold such Collections in a separate deposit account containing only such Collections.

SECTION 3.07. Servicer Advances. On any Settlement Date, with respect to the distributions required to be made on such Settlement Date pursuant to

Section 3.03 hereunder, the Servicer shall make one or more advances in an amount or amounts equal to all accrued interest in respect of Pool Receivables which became due during the related Settlement Period but which was not paid on or prior to the applicable Cut-Off Date (each such advance, a "Servicer Advance"); provided that, Servicer shall make no such advance if (a) the related Receivable has become a Delinquent Receivable or (b) it has reasonably determined in good faith that the amount of such Servicer Advance is not recoverable by it from anticipated future payments to be received on account of such Pool Receivable.

SECTION 3.08. Repurchases.

(a) If at any time the sum of the Senior Investment and the Subordinated Investment shall be equal to or be less than 10% of the Facility Amount then in effect, Seller shall be entitled on the next succeeding Settlement Date to repurchase the Senior Interest and the Subordinated Interest. Seller shall give the Administrator, the Paying Agent, the Relationship Bank and Subordinated Purchaser at least thirty Business Days' prior written notice of such repurchase and upon payment of the repurchase price therefor, as hereinafter provided, Purchasers shall be obligated to reconvey their respective Purchasers' Interests to Seller pursuant to an assignment acceptable to the parties, but without recourse, representation or warranty except that the interest assigned is free of offset, liens and other encumbrances created by or through the assignor. Seller shall pay such repurchase price in cash to the Paying Agent for the benefit of Purchasers in an amount equal to the sum of (i) the amount of any unreimbursed Servicer Advances, (ii) accrued and unpaid Earned Discount and Program Fee in respect of the Senior Interest, (iii) accrued and unpaid Interest Amount and Program Fee in respect of the Subordinated Interest, (iv) the Senior Investment and the Subordinated Investment, (v) the aggregate of any other obligations then owed hereunder by Seller in respect of clauses (i) - (iv) above and (vi) accrued and unpaid Servicing Fee payable with respect to such Purchasers' Interests. Upon receipt of the aforesaid repurchase price, the Paying Agent shall distribute it (i) to Servicer in repayment of any unreimbursed Servicer Advances, (ii) to Purchasers as owners of the Purchasers' Interests (a) in payment of the Earned Discount, Program Fees and Interest Amount for such Purchasers' Interests, (b) in reduction of the Senior Investment and the Subordinated Investment and (c) in payment of any other amounts owed by Seller to Purchasers, Relationship Bank or Administrator hereunder, in each case until reduced to zero, and (iii) thereafter to Servicer in payment of the accrued and unpaid Servicing Fee, also until reduced to zero; it being understood that, in the case of any Asset Tranche of Senior Purchaser or portion of the Subordinated Interest having a related maturity or Yield Period extending beyond such next succeeding Settlement Date, Seller shall be entitled (other than in accordance with Section 4.3) only to repurchase such Asset Tranche or Subordinated Interest upon the maturity thereof or upon expiration of the related Yield Period therefor.

ARTICLE IV

FEES AND YIELD PROTECTION

SECTION 4.01. Fees. Seller shall pay (a) to the Relationship Bank an

arrangement fee (herein the "Arrangement Fee") payable upon execution of this Agreement, and (b) to each Purchaser on-going program fees (herein the "Program Fee") payable on each Settlement Date, in the respective amounts determined in

accordance with a fee letter of even date herewith by and among Seller, the Relationship Bank and the Administrator.

SECTION 4.02. Yield Protection.

(a) If (i) Regulation D or (ii) any Regulatory Change occurring after the date hereof

(A) shall subject an Affected Party to any tax, duty or other charge with respect to any Purchaser's Interest owned by or funded by it, or any obligations or right to make Purchases or to provide funding therefor, or shall change the basis of taxation of payments to the Affected Party of any Purchaser's Investment, Earned Discount or Interest Amount owned by, owed to or funded in whole or in part by it or any other amounts due under this Agreement in respect of any Purchaser's Interest owned by or funded by it or its obligations or rights, if any, to make Purchases or to provide funding therefor (except for changes in the rate of tax on the overall net income of such Affected Party imposed by the United States of America, by the jurisdiction in which such Affected Party's principal executive office is located and, if such Affected Party's principal executive office is not in the United States of America, by the jurisdiction where such Affected Party's principal office in the United States is located); or

(B) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the Federal Reserve Board, but excluding any reserve included in the determination of Earned Discount or Interest Amount), special deposit or similar requirement against assets of any Affected Party, deposits or obligations with or for the account of any Affected Party or with or for the account of any affiliate (or entity deemed by the Federal Reserve Board to be an affiliate) of any Affected Party, or credit extended by any Affected Party; or

(C) shall change the amount of capital maintained or required or requested or directed to be maintained by any Affected Party;

(D) shall impose any other condition affecting any Purchaser's Interest owned or funded in whole or in part by any Affected Party, or its obligations or rights, if any, to make Purchases or to provide funding therefor; or

(E) shall change the rate for, or the manner in which the Federal Deposit Insurance Corporation (or a successor thereto) assesses, deposit insurance premiums or similar charges;

and the result of any of the foregoing is or would be

(x) to increase the cost to (or in the case of Regulation D referred to above, to impose a cost on) (i) an Affected Party funding or making or maintaining any Purchases, any purchases, reinvestments, or loans or other extensions of credit under the Liquidity Agreement, or any Credit Draw, or any commitment of such Affected Party with respect to any of the foregoing, or (ii) the Administrator, the Relationship Bank or Subordinated Purchaser for continuing its, Cityside's or Seller's relationship with any Purchaser,

(y) to reduce the amount of any sum received or receivable by an Affected Party under this Agreement, or under the Liquidity Agreement or the Credit Agreement with respect thereto, or

(z) in the sole determination of such Affected Party, to reduce the rate of return on the capital of an Affected Party as a consequence of its obligations hereunder or arising in connection herewith to a level below that which such Affected Party could otherwise have achieved,

then upon written demand by such Affected Party (which demand shall be accompanied by a statement setting forth the basis for such demand), Seller shall pay directly to such Affected Party such additional amount or amounts as will compensate such Affected Party for such additional or increased costs or reductions occurring from and after the 90th day following such written demand to Seller. Seller, at its option following receipt of any such demand, may replace the Affected Party with a Person of comparable financial strength and capability of such Affected Party, provided that such

replacement Person shall in all events be acceptable to the Relationship Bank, the Administrator and each Purchaser, in the respective sole discretion of each thereof.

(b) Each Affected Party will promptly notify Seller and the Administrator of any event of which it has knowledge which will entitle such Affected Party to compensation pursuant to this Section 4.02.

(c) In determining any amount provided for or referred to in this

Section 4.02, an Affected Party may use any reasonable averaging and attribution methods that it (in its sole discretion) shall deem applicable. Any Affected Party when making a claim under this Section 4.02 shall submit to Seller a statement as to such increased cost or reduced return (including calculation thereof in reasonable detail), which statement shall, in the absence of demonstrable error, be conclusive and binding upon Seller.

SECTION 4.03. Funding Losses. In the event that any Liquidity Bank or the Subordinated Purchaser shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Liquidity Bank or the Subordinated Purchaser to make any Liquidity Purchase or maintain any Liquidity Purchase and/or the Subordinated Investment, respectively) as a result of (i) any settlement with respect to Senior Purchaser's Tranche Investment of any Asset Tranche funded by a Liquidity Purchase being made on any day other than the scheduled last day of an applicable Yield Period with respect thereto, (ii) any settlement with respect to Subordinated Purchaser's Investment being made on any day other than the scheduled last day of an applicable Yield Period with respect thereto, or

(iii) any Purchase not being made in accordance with a request therefor under

Section 1.02, then, upon written notice from the Administrator or Subordinated Purchaser to Seller and Servicer, Seller shall pay to Servicer, and Servicer shall pay to the Administrator and/or Subordinated Purchaser, as applicable, for the account of such Liquidity Bank or Subordinated Purchaser, as applicable, the amount of such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be conclusive and binding upon the Seller and Servicer.

ARTICLE V CONDITIONS OF PURCHASES

SECTION 5.01. Conditions Precedent to Initial Purchase. The initial Purchase hereunder is subject to the condition precedent that the Administrator and the Subordinated Purchaser shall have received, on or before the date of such Purchase, the following,

each (unless otherwise indicated) dated such date and in form and substance satisfactory to the Administrator and the Subordinated Purchaser:

(a) copies of the resolutions of the boards of directors of Seller, Servicer and CHR, respectively, approving this Agreement and the other Transaction Documents to be delivered hereunder and the transactions contemplated hereby, certified by the Secretary or Assistant Secretary of each such company;

(b) a good standing certificate for Seller issued by the Secretary of State of Minnesota; for the Servicer issued by the Secretary of State of Wisconsin, and for CHR issued by the Secretary of State of Minnesota.

(c) a certificate of the Secretary or Assistant Secretary of each of Seller, Servicer and CHR certifying the names and true signatures of the officers authorized on its behalf to sign this Agreement and/or the other Transaction Documents to be delivered by it hereunder (on which certificate the Administrator, the Relationship Bank and the Purchasers may conclusively rely until such time as each of them shall receive from Seller, Servicer or CHR a revised certificate meeting the requirements of this subsection (c));

(d) the Articles of Incorporation of each of Seller, Servicer and CHR duly certified by the Secretary of State of their respective states of incorporation, as of a recent date acceptable to Administrator, together with a copy of the by-laws of each of Seller, Servicer and CHR duly certified by the Secretary or an Assistant Secretary thereof;

(e) acknowledgment copies of proper financing statements (Form UCC-

1), filed on or prior to the date of the initial Purchase, naming Seller as the debtor and seller of Receivables or an undivided interest therein and each Purchaser as the secured party and purchaser, and naming Cityside as the debtor and seller of Receivables, Seller as the secured party and purchaser and Purchasers as assignees of Seller's position, or other, similar instruments or documents, as may be necessary or, in the opinion of the Administrator, desirable under the UCC or any comparable law of all appropriate jurisdictions to perfect the Purchasers' Interests in the Property;

(f) a search report provided in writing to the Administrator by CSR Networks or Cityside listing all effective financing statements that name Seller as debtor and that are filed in the jurisdictions in which filings were made

pursuant to subsection (e) above and in such other jurisdictions that Administrator shall reasonably request, together with copies of such financing statements (none of which shall cover any Property);

(g) evidence of the establishment of Depository Accounts, together with duly executed copies of Depository Letters with respect to each such Depository Account; evidence of the establishment of the Cityside Account, together with an appropriate segregation agreement as contemplated in Section 3.01(b); and evidence of the establishment of the Collection

Account;

(h) a favorable opinion of Dorsey & Whitney, counsel to Seller and Servicer, in substantially the form of Exhibit 5.01(h-1) and a favorable opinion of Dorsey & Whitney counsel to CHR, in substantially the form of

Exhibit 5.01(h-2);

(i) such sublicenses as the Administrator shall require with regard to all computer programs leased by Seller and used in the servicing of the Receivables Pool;

(j) such powers of attorney as the Administrator shall reasonably request to enable the Administrator to collect all amounts due under any and all Pool Receivables;

(k) a pro forma Information Package, prepared in respect of the proposed initial Purchase, assuming a Purchase Cut-Off Date of October 11, 1995, together with a computer file containing all account information with respect thereto;

(l) a report in form and substance satisfactory to the Administrator from the Relationship Bank as to a pre-closing due diligence audit of Seller by the Relationship Bank;

(m) the Liquidity Agreement, duly executed by Purchaser, the Liquidity Agent and each Liquidity Bank;

(n) a Back-Up Servicing Agreement, duly executed by the Back-Up Servicer and the other parties thereto;

(o) written approval by the Credit Bank of this Agreement and the transactions contemplated hereby;

(p) letters from the rating agencies then rating the Commercial Paper Notes, confirming that the existing ratings of the Commercial Paper Notes will remain in effect after giving effect to the transactions contemplated hereby;

(q) favorable "non-substantive consolidation" and "true sale" opinions issued by counsel to the Seller;

(r) the Senior Purchaser Interest Rate Agreement, in form and content acceptable to Senior Purchaser and State Street Capital, the State Street Interest Rate Agreement, in form and content acceptable to State Street Capital and Norwest and the Servicer Interest Rate Agreement, in form and content acceptable to the Relationship Bank, each duly executed by the parties thereto;

(s) copies of the Credit and Collection Policy pursuant to which Seller will purchase Receivables from originators thereof and the approved Contract forms which will evidence Eligible Receivables, together with copies of all computer programs used by the Servicer in administration of its servicing functions contemplated in this Agreement;

(t) the CHR Support Agreement, duly executed by CHR;

(u) the Custodial Agreement, duly executed by the Custodian and the other parties thereto;

(v) the Purchase and Sale Agreement, duly executed by Cityside, in its capacity as originator of the Receivables, and Seller, as purchaser thereof; and

(v) such other or further documents as either Purchaser, the Administrator or the Relationship Bank may reasonably require.

SECTION 5.02. Conditions Precedent to All Purchases. Each Purchase (including the initial Purchase) hereunder shall be subject to the further conditions precedent that on the date of such Purchase the following statements shall be true (and Seller by accepting the amount of such Purchase shall be deemed to have certified that):

(a) the representations and warranties contained in Section 6.01 are correct on and as of such day as though made on and as of such day and shall be deemed to have been made on such day;

(b) for each Contract described in the related Purchase Notice, a fully executed Contract and complete Contract File shall have been delivered to, and accepted by, the Custodian;

(c) no event has occurred and is continuing, or would result from such Purchase, that constitutes a Liquidation Event or Unmatured Liquidation Event;

(d) after giving effect to each proposed Purchase, the Senior Investment will not exceed the Senior Purchase Limit, the Subordinated Investment will not exceed the Subordinated Purchase Limit and the Purchaser's Interest of each Purchaser, respectively, expressed as a percentage of Net Receivables Balance, will not exceed its respective Investment Limit; and

(e) the Termination Date shall not have occurred.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

SECTION 6.01. Representations and Warranties of Seller. Seller represents and warrants as follows:

(a) **Organization and Good Standing.** Seller has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Minnesota, with power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted, and had at all relevant times, and now has, all necessary power, authority, and legal right to acquire and own the Pool Receivables.

(b) **Due Qualification.** Seller is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualification, licenses or approvals.

(c) **Power and Authority; Due Authorization.** Seller (i) has all necessary power, authority and legal right to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) carry out the terms of the Transaction Documents, and (C) sell and assign the Purchaser's Interests on the terms and conditions herein provided and (ii) has duly authorized by all necessary corporate action the execution, delivery and performance of this Agreement and the other Transaction Documents and the sale and assignment of the Purchaser's Interests on the terms and conditions herein provided.

(d) **Valid Sale; Binding Obligations.** This Agreement constitutes a valid sale, transfer, and assignment of the Purchaser's Interests to the Purchasers, respectively, enforceable against creditors of, and purchasers from, Seller;

and this Agreement constitutes, and each other Transaction Document to be signed by Seller when duly executed and delivered will constitute, a legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms hereof and thereof will not (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, the articles of incorporation or by-laws of Seller, or any indenture, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which Seller is a party or by which it or any of its properties is bound, (ii) result in the creation or imposition of any Lien upon any of Seller's properties pursuant to the terms of any such indenture, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument, other than this Agreement, or (iii) violate any law or any order, rule, or regulation applicable to Seller of any court or of any federal or state regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over Seller or any of its properties.

(f) No Proceedings. There are no proceedings or investigations pending, or to Seller's knowledge threatened, before any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (i) asserting the invalidity of this Agreement or any other Transaction Document, (ii) seeking to prevent the sale and assignment of any Purchaser's Interest or the consummation of any of the other transactions contemplated by this Agreement or any other Transaction Document, or (iii) seeking any determination or ruling that might have a Material Adverse Effect or seeking to adversely affect the federal income tax attributes of the Purchases hereunder.

(g) Bulk Sales Act. No transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(h) Government Approvals. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the

due execution, delivery and performance by Seller of this Agreement or any other Transaction Document, except for the filing of the UCC financing statements referred to in Article V, all of which, at the time required in Article V, shall have been duly made and shall be in full force and effect.

(i) Financial Condition. (i) The consolidated balance sheets of CHR and Servicer, respectively, and their consolidated subsidiaries as at December 31, 1994, and the related statements of income and shareholders' equity of CHR and Servicer, respectively, and their consolidated subsidiaries for the fiscal year then ended, certified by Arthur Andersen & Co., independent certified public accountants, copies of which have been furnished to the Administrator, fairly present the consolidated financial condition, business, business prospects and operations of such companies and their consolidated subsidiaries as at such date and the consolidated results of the operations of such companies and their consolidated subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied, and (ii) since December 31, 1994 there has been no material adverse change in any such condition, business, business prospects or operations except as described in Schedule 6.01(i).

(j) Litigation. No injunction, decree or other decision has been issued or made by any court, governmental agency or instrumentality thereof that prevents, and no threat by any person has been made to attempt to obtain any such decision that would prevent, Seller from conducting a significant part of its business operations, except as described in

Schedule 6.01(j).

(k) Margin Regulations. The use of all funds obtained by Seller under this Agreement will not conflict with or contravene any of Regulations G, T, U and X promulgated by the Board of Governors of the Federal Reserve System from time to time.

(l) Quality of Title. Each Pool Receivable, together with the related Contract and all purchase orders and other agreements related to such Pool Receivable, is owned by Seller free and clear of any lien (other than any lien arising solely as the result of any action taken by a Purchaser (or any assignee thereof) or by the Administrator); when any Purchaser makes a Purchase, it shall have acquired and shall at all times thereafter continuously maintain a valid and perfected first priority undivided percentage ownership interest to the extent of the Purchaser's Interest purchased by it in each Pool Receivable, each related Contract, the Related Security

and Collections with respect thereto, free and clear of any lien (other than any lien arising solely as the result of any action taken by a Purchaser (or any assignee thereof) or by the Administrator); and no financing statement or other instrument similar in effect showing either Seller or Cityside as debtor/seller and covering any Pool Receivable, any interest therein, the related Contracts, the Related Security or Collections with respect thereto is on file in any recording office except such as may be filed (i) in favor of Seller in accordance with the Purchaser and Sale Agreement, (ii) in favor of the Custodian, Purchasers or the Administrator in accordance with this Agreement or in connection with any lien arising solely as the result of any action taken by a Purchaser (or any assignee thereof) or by the Administrator, or (iii) in favor of the Back-Up Purchaser in accordance with the Liquidity Agreement.

(m) Accurate Reports. No Information Package (if prepared by Seller or its Affiliate, or to the extent information therein was supplied by Seller or its Affiliate) or other information, exhibit, financial statement, document, book, record or report furnished or to be furnished by or on behalf of Seller or its Affiliates to the Administrator, Purchasers or the Relationship Bank in connection with this Agreement was or will be inaccurate in any material respect as of the date it was or will be dated or (except as otherwise disclosed to the Administrator, Purchasers, and the Relationship Bank at such time) as of the date so furnished, or contained or will contain any material misstatement of fact or omitted or will omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

(n) Offices. The chief place of business and chief executive office of Seller are located at the address of Seller referred to in Section 13.02, and the offices where Seller keeps all its books, records and documents evidencing Pool Receivables, the related Contracts and all purchase orders and other agreements related to such Pool Receivables are located at the addresses specified in Schedule 6.01(n) (or at such other locations, notified to the Administrator in accordance with Section 7.01(f), in jurisdictions where all action required by Section 8.05 has been taken and completed).

(o) Depository Accounts. The names and addresses of all the Depository Banks, together with the account numbers of the Depository Accounts and the Cityside Account at such Depository Banks, are specified in Schedule 6.01(o) (or have been notified to the Administrator and the Relationship Bank in accordance with Section 7.03(d)).

(p) Eligible Receivables. Each Receivable included in the Net Receivables Balance as an Eligible Receivable on any Purchase Date shall be an Eligible Receivable on such date.

(q) Servicing Programs. No license or approval is required for the Administrator's use of any program used by Servicer in the servicing of the Receivables, other than those which have been obtained and are in full force and effect.

(r) No Disclosure Required. Under applicable laws and regulations in effect on the date hereof, Seller is not required to file a copy of this Agreement with the Securities and Exchange Commission or any other governmental authority.

SECTION 6.02. Representations and Warranties of Servicer. Servicer represents and warrants as follows:

(a) Organization and Good Standing. Servicer has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Wisconsin, with power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted, and had at all relevant times, and now has, all necessary power, authority, and legal right to service the Pool Receivables.

(b) Due Qualification. Servicer is duly qualified to do business as a foreign corporation in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualification, licenses or approvals.

(c) Power and Authority; Due Authorization. Servicer (i) has all necessary power, authority and legal right to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, and (B) carry out the terms of the Transaction Documents to which it is a party and (ii) has duly authorized by all necessary corporate action the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party.

(d) Binding Obligations. This Agreement constitutes, and each other Transaction Document to be signed by Servicer when duly executed and delivered will constitute, a legal, valid and binding obligation of Servicer enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights

generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms hereof and thereof will not (i) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, the articles of incorporation or by-laws of Servicer, or any indenture, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which Servicer is a party or by which it or any of its properties is bound, (ii) result in the creation or imposition of any Lien upon any of Servicer's properties pursuant to the terms of any such indenture, loan agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument, other than this Agreement, or

(iii) violate any law or any order, rule, or regulation applicable to Servicer of any court or of any federal or state regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over Servicer or any of its properties.

(f) No Proceedings. There are no proceedings or investigations pending, or to Servicer's knowledge threatened, before any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (i) asserting the invalidity of this Agreement or any other Transaction Document to which it is a party or (ii) seeking any determination or ruling that might have a Material Adverse Effect or seeking to adversely affect the federal income tax attributes of the Purchases hereunder.

(g) Government Approvals. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Servicer of this Agreement or any other Transaction Document to which it is a party.

(h) Financial Condition. (i) The consolidated balance sheets of Servicer and its consolidated subsidiaries as at December 31, 1994, and the related statements of income and shareholders' equity of Servicer and its consolidated subsidiaries for the fiscal year then ended, certified by Arthur Andersen & Co., independent certified public accountants, copies of which have been furnished to the Administrator, fairly present the consolidated financial condition, business, business prospects and operations of

Servicer and its consolidated subsidiaries as at such date and the consolidated results of the operations of Servicer and its consolidated subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied, and (ii) since December 31, 1994, there has been no material adverse change in any such condition, business, business prospects or operations except as described in Schedule 6.02(h).

(i) Litigation. No injunction, decree or other decision has been issued or made by any court, governmental agency or instrumentality thereof that prevents, and no threat by any person has been made to attempt to obtain any such decision that would prevent, Servicer from conducting a significant part of its business operations, except as described in

Schedule 6.02(i).

(j) Accurate Reports. No Information Package (if prepared by Servicer or its Affiliate, or to the extent information therein was supplied by Servicer or its Affiliate) or other information, exhibit, financial statement, document, book, record or report furnished or to be furnished by or on behalf of Seller, Servicer or its Affiliates to the Administrator, Purchasers or the Relationship Bank in connection with this Agreement was or will be inaccurate in any material respect as of the date it was or will be dated or (except as otherwise disclosed to the Administrator, Purchasers, and the Relationship Bank at such time) as of the date so furnished, or contained or will contain any material misstatement of fact or omitted or will omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

(k) Offices. The chief place of business and chief executive office of Servicer are located at the address of Servicer referred to in Section 13.02, and the offices where Servicer keeps all its books, records and documents evidencing Pool Receivables, the related Contracts and all purchase orders and other agreements related to such Pool Receivables are located at the addresses specified in Schedule 6.02(k) (or at such other locations, notified to the Administrator in accordance with Section 7.01(f), in jurisdictions where all action required by Section 8.05 has been taken and completed).

(l) Depository Accounts. The names and addresses of all the Depository Banks, together with the account numbers of the Depository Accounts and Cityside Account at such Depository Banks, are specified in

Schedule 6.01(o) (or have been notified to the Administrator and the Relationship Bank in accordance with Section 7.03(d)).

(m) Servicing Programs. No license or approval is required for the Administrator's use of any program used by Servicer in the servicing of the Receivables, other than those which have been obtained and are in full force and effect.

(n) No Disclosure Required. Under applicable laws and regulations in effect on the date hereof, Servicer is not required to file a copy of this Agreement with the Securities and Exchange Commission or any other governmental authority.

SECTION 6.03. Breach of Representations and Warranties.

(a) Breach of Representations and Warranties. Upon discovery by Cityside, Servicer or Seller of a breach of any of the representations and warranties set forth in this Article IV, the party discovering such breach shall give written notice to the Administrator, the Relationship Bank and Purchasers within three (3) Business Days of such discovery.

(b) Survival of Certain Representations and Warranties. The representations and warranties provided in this Article VI shall survive purchase by Purchasers of their respective Purchaser's Interests in Receivables, the delivery of the Contracts to the Custodian and the termination of this Agreement or any other Transaction Document.

(c) No Representation as to Collectibility. Seller makes no representations or warranties, whether express or implied, to Purchasers as to the collectibility of the Receivables or the solvency of the Obligors, or any guarantor(s), endorser(s), co-maker(s) or assuming party(ies), except as specifically made in this Article VI.

ARTICLE VII GENERAL COVENANTS OF SELLER

SECTION 7.01. Affirmative Covenants of Seller. From the date hereof until the Final Payout Date, Seller will, unless the Administrator and Relationship Bank shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders with respect to the Pool Receivables and related Contracts.

(b) Preservation of Corporate Existence. Preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and

qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification would have a Material Adverse Effect.

(c) Audits. (i) At any time and from time to time during regular business hours, permit the Administrator, the Relationship Bank or any of their agents or representatives, (A) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of Seller relating to Pool Receivables, including, without limitation, the related Contracts and purchase orders and other agreements, and (B) to visit the offices and properties of Seller for the purpose of examining such materials described in clause (i)(A) next above, and to discuss matters relating to Pool Receivables or Seller's performance hereunder with any of the officers or employees of Seller having knowledge of such matters, which audits under this clause (i) shall be conducted no less frequently than once each year; and (ii) without limiting the provisions of clause (i) next above, from time to time on request of the Administrator or the Relationship Bank, permit certified public accountants or other auditors acceptable to the Administrator to conduct, at Seller's expense, a review of Seller's books and records.

(d) Keeping of Records and Books of Account. Maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Pool Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Pool Receivables (including, without limitation, records adequate to permit the daily identification of each new Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(e) Performance and Compliance with Receivables and Contracts. At its expense, timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables and all purchase orders and other agreements related to such Pool Receivables.

(f) Location of Records. Keep its chief place of business and chief executive office, and the offices where it keeps its records concerning the Pool Receivables, all related Contracts and all purchase orders and other agreements related

to such Pool Receivables (and all original documents relating thereto), at the address(es) of Seller referred to in Section 6.01(n) or, upon 30 days' prior written notice to the Administrator, at such other locations in jurisdictions where all action required by Section 8.05 shall have been taken and completed.

(g) Credit and Collection Policies. Comply in all material respects with its Credit and Collection Policy in regard to each Pool Receivable and the related Contract.

(h) Collections. Upon the occurrence of a Liquidation Event and receipt of written demand therefor from the Administrator or the Relationship Bank, instruct all Obligor to cause all Collections of Pool Receivables to be paid directly to the Paying Agent for deposit to the Collection Account.

(i) Interest Rate Protection. Within 15 days after the occurrence of a Liquidation Event, enter into and maintain in effect until the Final Payout Date, additional Interest Rate Agreements satisfactory in form and substance to the Administrator and the Subordinated Purchaser, with counterparties satisfactory to the Administrator and the Subordinated Purchaser, resulting in an effective funding cost to Seller equal to the Swap Rate with respect to an aggregate notional principal amount equal to 100% of the Aggregate Purchasers' Investments then in effect.

(j) Preservation of Corporate Status. Seller is and shall at all times be operated in such a manner that it will not be substantively consolidated in the bankruptcy estate of any Affiliate, such that the separate corporate existence of Seller will be disregarded in the event of a bankruptcy or insolvency of any Affiliate, and in that regard:

(i) Seller shall remain a limited purpose corporation whose activities are restricted in accordance with its Certificate of Incorporation;

(ii) Seller has and shall have no Subsidiaries;

(iii) Seller shall maintain separate corporate records and books of account from any Affiliate, hold regular corporate meetings and otherwise observe corporate formalities and keep and maintain a separate room designated as its business office;

(iv) the financial statements and books and records of any Affiliate prepared after the date hereof

shall reflect the separate corporate existence of Seller;

(v) Seller shall maintain its assets separately from the assets of any Affiliate;

(vi) at least one director of Seller shall be an independent director approved by the Administrator and Relationship Bank, which independent director shall at no time be a material customer or supplier of Seller or of any Affiliate of Seller, or a stockholder, director, officer or employee of Seller or any Affiliate; and

(vii) Seller shall at all times continue to be a direct, wholly- owned Subsidiary of CHR or Servicer.

SECTION 7.02. Reporting Requirements of Seller. From the date hereof until the Final Payout Date, unless the Administrator and the Relationship Bank shall otherwise consent in writing, Seller shall furnish to the Administrator and the Relationship Bank:

(a) **Quarterly Financial Statements.** As soon as available and in any event within 30 days after the end of each of the first three quarters of each fiscal year of Seller, copies of the unaudited financial statements of Servicer and its Subsidiaries as at the end of such fiscal quarter, prepared on a consolidated basis and on a consolidating basis to separately show the operations of Seller, in each case in conformity with generally accepted accounting principles, duly certified by the chief financial officer of Servicer and Seller.

(b) **Annual Financial Statements.** As soon as available and in any event within 90 days after the end of each fiscal year of Seller, copies of the financial statements of Servicer and its Subsidiaries prepared on a consolidated basis and on a consolidating basis to separately show the operations of Seller, in each case in conformity with generally accepted accounting principles, duly certified by independent certified public accountants of recognized standing selected by Servicer and Seller.

(c) **ERISA.** Promptly after the filing or receiving thereof, copies of all reports and notices with respect to any Reportable Event defined in Article IV of ERISA which Seller files under ERISA with the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the U.S. Department of Labor or which Seller receives from the Pension Benefit Guaranty Corporation.

(d) Liquidation Events. As soon as possible and in any event within five days after the occurrence of each Liquidation Event and each Unmatured Liquidation Event, a written statement of the chief financial officer or chief accounting officer of Seller setting forth details of such event and the action that Seller proposes to take with respect thereto.

(e) Litigation. As soon as possible and in any event within three Business Days of Seller's knowledge thereof, notice of (i) any litigation, investigation or proceeding which may exist at any time which could have a Material Adverse Effect and (ii) any material adverse development in previously disclosed litigation.

(f) Audit of Pool Receivables. As soon as available and in any event within 90 days after the end of each fiscal year of Seller, a copy of a report, prepared by nationally recognized independent certified public accountants, with respect to its review of the Pool Receivables, as at the end of the fiscal year of Seller, setting forth the procedures and reviews conducted by such accountants with respect to the Pool Receivables and certifying the aggregate Unpaid Balance of the Pool Receivables, the Unpaid Balance of the Delinquent Receivables and Defaulted Receivables, respectively, and confirming that the Information Package provided for the Settlement Period ended on or next preceding the last day of such fiscal year of Seller is not materially inaccurate or incomplete.

(g) Change in Credit and Collection Policy. Prior to its effective date, notice of any change in the character of Seller's business or in the Credit and Collection Policy.

(h) Other. Promptly, from time to time, such other information, documents, records or reports respecting the Receivables or the condition or operations, financial or otherwise, of Seller as the Administrator or the Relationship Bank may from time to time reasonably request in order to protect the interests of the Administrator or Purchasers under or as contemplated by this Agreement.

SECTION 7.03. Negative Covenants of Seller. From the date hereof until the Final Payout Date, Seller will not, unless the Administrator and the Relationship Bank shall otherwise consent in writing:

(a) Sales, Liens, Etc. Except as otherwise provided herein, sell, assign (by operation of law or otherwise) or

otherwise dispose of, or create or suffer to exist any Lien upon or with respect to, any Pool Receivable or related Contract or Related Security, or any interest therein, or any Depository Account to which any Collections of any Pool Receivable are sent, or any right to receive income or proceeds from or in respect of any of the foregoing.

(b) Extension or Amendment of Receivables. Except as otherwise permitted in Section 8.02, extend, amend or otherwise modify the terms of any Pool Receivable, or amend, modify or waive any term or condition of any Contract related thereto.

(c) Change in Business or Credit and Collection Policy. Make any change in the character of its business or in the Credit and Collection Policy, which change would, in either case, impair the collectibility of any Pool Receivable or otherwise adversely affect the interests or remedies of Purchasers under this Agreement or any other Transaction Document.

(d) Change in Payment Instructions to Obligors. Add or terminate any bank as a Depository Bank from those listed in Schedule 6.01(o) or make any change in its instructions to Obligors regarding payments to be made to Seller or Servicer or payments to be made to any Depository Bank, unless the Administrator and the Relationship Bank shall have received notice of such addition, termination or change and duly executed copies of Depository Letters with each new Depository Bank.

(e) Mergers, Acquisitions, Sales, etc. Be a party to any merger or consolidation, or purchase or otherwise acquire all or substantially all of the assets or any stock of any class of, or any partnership or joint venture interest in, any other Person, or, except in the ordinary course of its business, sell, transfer, convey or lease all or any substantial part of its assets, or sell or assign with or without recourse any Receivables or any interest therein (other than pursuant hereto), or permit any Subsidiary to do any of the foregoing, except for any such merger or consolidation, sale, transfer, conveyance, lease or assignment of or by any wholly-owned Subsidiary into Seller or into, with or to any other wholly-owned Subsidiary and any such purchase or other acquisition by Seller or any wholly-owned Subsidiary of the assets or stock of any wholly-owned Subsidiary.

(f) Restricted Payments. Purchase or redeem, or permit any Subsidiary to purchase or redeem, any shares of the capital stock of Seller, declare or pay any dividends thereon

(other than stock dividends), make any distribution to stockholders or set aside any funds for any such purpose, or prepay, purchase or redeem, or permit any Subsidiary to purchase, any subordinated indebtedness of Seller, except that, so long as no Liquidation Event shall have occurred and shall be continuing, Seller shall be entitled to declare and pay dividends so long as such dividends are paid no more frequently than monthly, on a Settlement Date, and do not exceed, in the aggregate, Seller's share of Collections distributed to Seller pursuant to Section 3.03.

(g) Deposits to Special Accounts. Deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Collection Account cash or cash proceeds other than as contemplated in Section 3.03(a).

(h) Incurrence of Indebtedness. Incur or permit to exist, or permit any Subsidiary to incur or permit to exist, any indebtedness or liability on account of deposits or advances or for borrowed money or for the deferred purchase price of any property or services, except current accounts payable arising in the ordinary course of business.

SECTION 7.04. Affirmative Covenants of Servicer. From the date hereof until the Final Payout Date, Servicer will, unless the Administrator and the Relationship Bank shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders with respect to the Pool Receivables and related Contracts.

(b) Preservation of Corporate Existence. Preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification would have a Material Adverse Effect.

(c) Audits. (i) At any time and from time to time during regular business hours, permit the Administrator, the Relationship Bank or any of their agents or representatives, (A) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of Servicer relating to Pool Receivables, including, without limitation, the related Contracts and purchase orders and other agreements, and (B) to visit the offices and

properties of Servicer for the purpose of examining such materials described in clause (i)(A) next above, and to discuss matters relating to Pool Receivables or Servicer's performance hereunder with any of the officers or employees of Servicer having knowledge of such matters, which audits under this clause (i) shall be conducted no less frequently than once each year; and (ii) without limiting the provisions of clause (i) next above, from time to time on request of Administrator or the Relationship Bank, permit certified public accountants or other auditors acceptable to the Administrator to conduct, at Servicer's expense, a review of Servicer's books and records with respect to the Pool Receivables.

(d) Keeping of Records and Books of Account. Maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Pool Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Pool Receivables (including, without limitation, records adequate to permit the daily identification of each new Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(e) Performance and Compliance with Receivables and Contracts. At its expense timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables and all purchase orders and other agreements related to such Pool Receivables.

(f) Location of Records. Keep its chief place of business and chief executive office, and the offices where it keeps its records concerning the Pool Receivables, all related Contracts and all purchase orders and other agreements related to such Pool Receivables (and all original documents relating thereto), at the address(es) of Servicer referred to in Section 6.02(k) or, upon 30 days' prior written notice to the Administrator, at such other locations in jurisdictions where all action required by Section 8.05 shall have been taken and completed.

(g) Credit and Collection Policies. Comply in all material respects with the Credit and Collection Policy in regard to each Pool Receivable and the related Contract.

(h) Collections. Upon the occurrence of a Liquidation Event and receipt of written demand therefor from the

Administrator or the Relationship Bank, instruct all Obligor to cause all Collections of Pool Receivables to be paid directly to the Paying Agent for deposit to the Collection Account.

SECTION 7.05. Reporting Requirements of Servicer. From the date hereof until the Final Payout Date, unless the Administrator and the Relationship Bank shall otherwise consent in writing, Servicer shall furnish to the Administrator and the Relationship Bank:

(a) Quarterly Financial Statements. As soon as available and in any event within 30 days after the end of each of the first three quarters of each fiscal year of Servicer, copies of the unaudited financial statements of Servicer and its Subsidiaries as at the end of such fiscal quarter, prepared on a consolidated basis and on a consolidating basis, in each case in conformity with generally accepted accounting principles, duly certified by the chief financial officer of Servicer; together with a certificate from such officer containing a computation of, and showing compliance with, the financial restrictions contained in Section 7.06(h).

(b) Annual Financial Statements. As soon as available and in any event within 90 days after the end of each fiscal year of Servicer, copies of the financial statements of Servicer and its Subsidiaries prepared on a consolidated basis and on a consolidating basis, in each case in conformity with generally accepted accounting principles, duly certified by independent certified public accountants of recognized standing selected by Servicer; together with a certificate from such accountants containing a computation of, and showing compliance with, the financial restrictions contained in Sections 7.06(h).

(c) ERISA. Promptly after the filing or receiving thereof, copies of all reports and notices with respect to any Reportable Event defined in Article IV of ERISA which Servicer files under ERISA with the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the U.S. Department of Labor or which Servicer receives from the Pension Benefit Guaranty Corporation.

(d) Liquidation Events. As soon as possible and in any event within five days after the occurrence of each Liquidation Event and each Unmatured Liquidation Event, a written statement of the chief financial officer or chief accounting officer of Servicer setting forth details of such

event and the action that Servicer proposes to take with respect thereto.

(e) Litigation. As soon as possible and in any event within three Business Days of Servicer's knowledge thereof, notice of (i) any litigation, investigation or proceeding which may exist at any time which could have a Material Adverse Effect and (ii) any material adverse development in previously disclosed litigation.

(f) Audit of Pool Receivables. As soon as available and in any event within 90 days after the end of each fiscal year of Servicer, a copy of a report, prepared by nationally recognized independent certified public accountants, with respect to its review of the Pool Receivables, as at the end of the fiscal year of Servicer, setting forth the procedures and reviews conducted by such accountants with respect to the Pool Receivables and certifying the aggregate Unpaid Balance of the Pool Receivables, the Unpaid Balance of the Delinquent Receivables and Defaulted Receivables, respectively, and confirming that the Information Package provided for the Settlement Period ended on or next preceding the last day of such fiscal year of Servicer is not materially inaccurate or incomplete.

(g) Monthly Settlement Statements. Not later than four Business Days after the end of each calendar month, (i) a detailed written statement in substantially the form of Exhibit 7.05(g), together with a computer tape, computer diskette or other form of electronic transmission, containing all such information, certifying the aggregate Unpaid Balance of all Pool Receivables, the Unpaid Balance of all Delinquent Receivables and Defaulted Receivables, respectively and such information regarding the delinquency, repossession and liquidation activity of Servicer with respect to the Receivables as the Administrator or the Relationship Bank may from time to time reasonably request and (ii) a detailed written statement setting forth that portion of the information provided pursuant to clause (i) above as may be necessary to reconcile the determinations made in the monthly settlement statement described in clause (i), in form and content acceptable to the Administrator and the Subordinated Purchaser.

(h) Change in Credit and Collection Policy. Prior to its effective date, notice of any change in the character of Servicer's business or in the Credit and Collection Policy.

(i) Other. Promptly, from time to time, such other information, documents, records or reports respecting the

Receivables or the condition or operations, financial or otherwise, of Servicer as the Administrator or the Relationship Bank may from time to time reasonably request in order to protect the interests of the Administrator or Purchasers under or as contemplated by this Agreement.

(j) Back-Up Tapes; Monthly Activity. Not later than four Business Days after the end of each calendar month, computer diskettes, or other forms of electronic transmission of data, in form acceptable to the Administrator and the Subordinated Purchaser, constituting a back-up tape showing all payment, collection and other activity with respect to each Pool Receivable for the month then ended and such other information as the Back-Up Servicer, the Administrator or the Subordinated Purchaser shall reasonably request.

SECTION 7.06. Negative Covenants of Servicer. From the date hereof until the Final Payout Date, Servicer will not, unless Administrator and the Relationship Bank shall otherwise consent in writing:

(a) Sales, Liens, Etc. Except as otherwise provided herein, sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Lien upon or with respect to, any Pool Receivable or related Contract or Related Security, or any interest therein, or any Depository Account or Cityside Account to which any Collections of any Pool Receivable are deposited, or any right to receive income or proceeds from or in respect of any of the foregoing.

(b) Extension or Amendment of Receivables. Except as otherwise permitted in Section 8.02, extend, amend or otherwise modify the terms of any Pool Receivable, or amend, modify or waive any term or condition of any Contract related thereto.

(c) Change in Business or Credit and Collection Policy. Make any change in the character of its business or in the Credit and Collection Policy, which change would, in either case, impair the collectibility of any Pool Receivable or otherwise adversely affect the interests or remedies of Purchasers under this Agreement or any other Transaction Document.

(d) Change in Payment Instructions to Obligors. Add or terminate any bank as a Depository Bank from those listed in Schedule 6.01(o) or make any change in its instructions to Obligors regarding payments to be made to Seller or Servicer or payments to be made to any Depository Bank, unless the

Administrator and the Relationship Bank shall have received notice of such addition, termination or change and duly executed copies of Depository Letters to each new Depository Bank.

(e) Mergers, Acquisitions, Sales, etc. Be a party to any merger or consolidation, or purchase or otherwise acquire all or substantially all of the assets or any stock of any class of, or any partnership or joint venture interest in, any other Person, or, except in the ordinary course of its business, sell, transfer, convey or lease all or any substantial part of its assets, or sell or assign with or without recourse any Receivables or any interest therein (other than pursuant hereto), or permit any Subsidiary to do any of the foregoing, except for any such merger or consolidation, sale, transfer, conveyance, lease or assignment of or by any wholly-owned Subsidiary into Seller or into, with or to any other wholly-owned Subsidiary and any such purchase or other acquisition by Seller or any wholly-owned Subsidiary of the assets or stock of any wholly-owned Subsidiary.

(f) Restricted Payments. Purchase or redeem, or permit any Subsidiary to purchase or redeem, any shares of the capital stock of Servicer, declare or pay any dividends thereon (other than stock dividends), make any distribution to stockholders or set aside any funds for any such purpose, unless Servicer's consolidated tangible net worth (determined in accordance with generally accepted accounting principles), after giving effect to any such purchase, redemption, payment or distribution, exceeds \$10,000,000.

(g) Deposits to Special Accounts. Deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Collection Account cash or cash proceeds other than as contemplated in Section 3.03(a).

(h) Maintenance of Financial Condition. Permit, or suffer to exist

(i) the sum of (A) Servicer's consolidated tangible net worth (meaning net worth, determined in accordance with generally accepted accounting principles, less all intangible assets of the Servicer) and (B)

subordinated debt of Servicer held exclusively by CHR, to be less than \$5,000,000; (ii) Servicer's net after-tax losses in any calendar quarter to be greater than ten (10%) percent of Servicer's consolidated tangible net worth at the beginning of such calendar quarter; (iii) Servicer's net after-tax income to be negative for any period of two consecutive calendar quarters; and (iv) Servicer's net after-tax income to be negative for any fiscal year of Servicer.

(i) Impairment of Purchaser's Rights. Except as otherwise expressly permitted or authorized in this Agreement, Servicer shall do nothing to impair the rights of Purchasers in the Pool Receivables, related Contracts, Related Security and Collections, including, without limitation, releasing in whole or in part any security interest in any Financed Vehicle securing a Contract, except upon payment in full of such Contract or as otherwise permitted hereunder.

ARTICLE VIII

ADMINISTRATION AND COLLECTION

SECTION 8.01. Designation of Servicer.

(a) Cityside as Initial Servicer. The servicing, administering and collection of the Pool Receivables shall be conducted by the Person designated as Servicer hereunder ("Servicer") from time to time in accordance with this Section 8.01. Until the Administrator, Relationship Bank or the Subordinated Purchaser gives Cityside a Successor Notice (as defined in Section 8.01(b)), Cityside is hereby designated as, and hereby agrees to perform the duties and obligations of, Servicer pursuant to the terms hereof.

(b) Successor Notice; Servicer Transfer Events. Upon Cityside's receipt of a notice from the Administrator, Relationship Bank or Subordinated Purchaser of the Administrator's, Relationship Bank's or Subordinated Purchaser's designation of a new Servicer (a "Successor Notice"), Cityside agrees that it will terminate its activities as Servicer hereunder in a manner that the Administrator and the Relationship Bank believes will facilitate the transition of the performance of such activities to the new Servicer, and the Administrator (or its designee) shall assume each and all of Cityside's obligations to service and administer such Receivables, on the terms and subject to the conditions herein set forth, and Seller and Cityside shall use their best efforts to assist the new Servicer (or its designee) in assuming such obligations. The Administrator, Relationship Bank and the Subordinated Purchaser agree not to give Cityside a Successor Notice until after the occurrence of a Liquidation Event or any event which, in the reasonable opinion of the Administrator, the Relationship Bank or Subordinated Purchaser, could have a material adverse effect on Cityside's ability to perform its obligations as Servicer hereunder (any such Liquidation Event or other event being herein called a "Servicer Transfer Event"), in which case such Successor Notice may be given at

any time in the Administrator's, the Relationship Bank's or the Subordinated Purchaser's discretion. If Cityside disputes the occurrence of a Servicer Transfer Event, Cityside may take appropriate action to resolve such dispute; provided that Cityside must terminate its activities hereunder as Servicer and allow the newly designated Servicer to perform such activities on the date provided by the Administrator, Relationship Bank or Subordinated Purchaser as described above, notwithstanding the commencement or continuation of any proceeding to resolve the aforementioned dispute.

(c) Subcontracts. Servicer may, with the prior consent of the Administrator and the Subordinated Purchaser, subcontract with any other person for servicing, administering or collecting the Pool Receivables, provided that Servicer shall remain liable for the performance of the duties and obligations of Servicer pursuant to the terms hereof.

SECTION 8.02. Duties of Servicer.

(a) Appointment; Duties in General. Each of Seller, each Purchaser, the Relationship Bank and the Administrator hereby appoints as its agent Servicer, as from time to time designated pursuant to Section 8.01, to enforce its rights and interests in and under the Pool Receivables, the Related Security and the related Contracts. Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Pool Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy.

(b) Modification of Receivables. So long as no Liquidation Event or Unmatured Liquidation Event shall have occurred and is continuing, Cityside, while it is Servicer, may, in accordance with the Credit and Collection Policy, (i) extend the payment date of any Pool Receivable,

provided that, no such extension shall be made with respect to a Delinquent Receivable, nor shall any such extension extend the related payment date beyond the end of the calendar month in which such payment date was previously scheduled and (ii) adjust the Unpaid Balance of any Receivable to reflect the reductions or cancellations described in Section 3.04(a).

(c) Documents and Records. Seller shall deliver to Servicer, and Servicer shall hold in trust for Seller and the Purchasers in accordance with their respective interests, all documents, instruments and records (including, without limitation, computer tapes or disks) that evidence or relate to Pool Receivables.

(d) Certain Duties to Seller. Servicer shall, as soon as practicable upon demand, deliver to Seller all documents, instruments and records in its possession that evidence or relate to Receivables of Seller other than Pool Receivables, and copies of documents, instruments and records in its possession that evidence or relate to Pool Receivables.

(e) Realization Upon Contracts; Repossession and Foreclosure.

Servicer is authorized to follow such customary practices and procedures as it shall deem necessary or advisable in order to collect upon a Contract, which practices and procedures may include selling the related Financed Vehicle at public or private sale, the submission of claims under any applicable insurance policy and other related actions. The foregoing is subject to the provision that, in any case in which a Financed Vehicle shall have suffered damage, the Servicer shall not expend funds in connection with any repair or towards the repossession of any such Financed Vehicle unless it shall determine in its reasonable discretion that such repair and/or repossession shall increase the net proceeds realizable upon the related Receivable. All proceeds realized upon liquidation of a Financed Vehicle shall be remitted to the Paying Agent for deposit to the Collection Account as soon as practicable after receipt thereof. Servicer shall use its best efforts to repossess and liquidate any Financed Vehicle securing a Contract with respect to which Servicer has determined that payments thereunder are not likely to be resumed, as soon as practicable after default on such Contract.

(f) Force-Placed Insurance. Servicer shall, if an Obligor fails to obtain or maintain physical loss and damage insurance with respect to a Financed Vehicle, obtain insurance with respect to such vehicle and advance on behalf of such Obligor, as required under the terms of such insurance policy, the premiums for such insurance (herein "Force-Placed Insurance"). All policies of Force-Placed Insurance shall be endorsed with clauses providing for loss payable to the Servicer. Any costs incurred by the Servicer in maintaining such Force-Placed Insurance shall only be recoverable out of premiums paid by the Obligors or proceeds obtained upon liquidation of the related Contract or Financed Vehicle. In connection with any Force-Placed Insurance, Servicer may require the Obligor to pay the entire premium to the Servicer. In no event shall the Servicer include the amount of any such premium in the Net Receivables Balance of the related Receivable. Servicer may sue to enforce or collect upon any insurance policies maintained with respect to a Financed

Vehicle, in its own name, if possible, or as agent of Purchasers.

(g) Maintenance of Security Interests in Financed Vehicles. Servicer shall take any and all steps that are necessary to maintain a first perfected security interest in the related Financed Vehicle for the benefit of the Purchasers, including but not limited to obtaining the execution by the Obligor with respect thereto and the recording, registering, filing, re-recording, re-filing and re-registering of all certificates of title, security agreements, financing statements and continuation statements as are necessary to maintain the security interest granted by the Obligor of the related Contract. Until the occurrence of a Liquidation Event or Unmatured Liquidation Event, and providing that naming the Purchasers as secured parties on a certificate of title for a Vehicle is not required to perfect the security interest therein granted pursuant to a Contract, the certificates of title shall show Servicer as secured party and Servicer shall not be required to (i) deliver the original certificates of title with respect to Financed Vehicles to the Custodian or (ii) have any such certificates of title re-issued to show the Purchasers as secured party with respect to the related Financed Vehicles. Upon receipt of written demand from the Administrator, Relationship Bank or Subordinated Purchaser following the occurrence of a Liquidation Event or an Unmatured Liquidation Event, Servicer shall immediately deliver to the Custodian the original certificates of title with respect to all Financed Vehicles and Servicer and Seller shall take such additional steps (and execute such additional instruments of assignment) as may be required to have the Purchasers shown as lienholder on such certificates of title.

(h) Termination. Servicer's authorization under this Agreement shall terminate on the Final Payout Date.

(i) Power of Attorney. Seller hereby grants to Servicer an irrevocable power of attorney, with full power of substitution, coupled with an interest, to take in the name of Seller all steps which are necessary or advisable to endorse, negotiate or otherwise realize on any writing or other right of any kind held or transmitted by Seller or transmitted or received by Purchasers (whether or not from Seller) in connection with any Receivable.

SECTION 8.03. Rights of the Administrator and Subordinated Purchaser.

(a) Notice to Obligors. At any time during the continuance of a

Liquidation Event, the Administrator and

Subordinated Purchaser may notify the Obligors of Pool Receivables, or any of them, of the ownership of Purchasers' Interests by Purchasers.

(b) Notice with Respect to Payments. At any time following the earliest to occur of (i) the occurrence of a Liquidation Event, (ii) the commencement of the Liquidation Period, and (iii) the warranties in Section 6.01(i) or 6.02(h) shall no longer be true, the Administrator and Subordinated Purchaser are hereby authorized to (A) give notice to Obligors to make all future payments in respect of any Receivable directly to the Paying Agent or otherwise to a lock-box account specified therein and (B) give notice to the Depository Banks, as provided in the Depository Letters, of the transfer to the Paying Agent of dominion and control over deposits held in the related Depository Account which arise from Collections of Pool Receivables. Seller hereby transfers to the Paying Agent, effective when the Administrator shall give notice to the Depository Banks as provided in the Depository Letters, the exclusive dominion and control over such Collections in such accounts, and shall take any further action that the Administrator may reasonably request to effect such transfer.

(c) Rights on Servicer Transfer Event. At any time following the designation of a Servicer other than Cityside pursuant to Section 8.01:

(i) The Administrator and Subordinated Purchaser may direct the Obligors of Pool Receivables, or any of them, to pay all amounts payable under any Pool Receivable directly to the Paying Agent.

(ii) Seller shall, at the Administrator's, Relationship Bank's or Subordinated Purchaser's request and at Seller's expense, give notice of such ownership to each said Obligor and direct that payments be made directly to the Paying Agent.

(iii) Seller shall, at the Administrator's, Relationship Bank's or Subordinated Purchaser's request, (A) assemble all of the documents, instruments and other records (including, without limitation, computer programs, tapes and disks) which evidence the Pool Receivables, and the related Contracts and Related Security, or which are otherwise necessary or desirable to collect such Pool Receivables, and make the same available to the Administrator at a place selected by the Administrator, the Relationship Bank or the Subordinated Purchaser, and (B) segregate all cash,

checks and other instruments received by it from time to time constituting Collections of Pool Receivables in a manner acceptable to the Administrator and promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Paying Agent.

(iv) Each of Seller and Purchaser hereby authorizes the Administrator and the Relationship Bank, and grants to the Administrator and the Relationship Bank an irrevocable power of attorney, to take any and all steps in Seller's name and on behalf of Seller and Purchasers which are necessary or desirable, in the determination of the Administrator or the Relationship Bank, to collect all amounts due under any and all Pool Receivables, including, without limitation, endorsing Seller's name on checks and other instruments representing Collections and enforcing such Pool Receivables and the related Contracts; provided that the Administrator shall not exercise its rights under such Power of Attorney unless a Servicer Transfer Event shall have occurred and be continuing.

SECTION 8.04. Responsibilities of Seller. Anything herein to the contrary notwithstanding:

(a) Contracts. Seller shall perform all of its obligations under the Contracts related to the Pool Receivables and under the related purchase orders and other agreements to the same extent as if the Purchasers' Interests had not been sold hereunder and the exercise by the Administrator or its designee of its rights hereunder shall not relieve Seller from such obligations.

(b) Limitation of Liability. The Administrator, the Relationship Bank, the Paying Agent, the Custodian and the Purchasers shall not have any obligation or liability with respect to any Pool Receivables, Contracts related thereto or any other related purchase orders or other agreements, nor shall any of them be obligated to perform any of the obligations of Seller thereunder.

(c) Additional Security. Seller hereby agrees that (i) all Contracts in which Purchasers shall purchase an undivided interest hereunder shall be held by the Custodian on behalf of Purchasers, (ii) the first security interests in the related Financed Vehicles subject to each Contract (which security interests shall be evidenced by a lien notation in the name of Servicer or Seller on the certificates of title) shall be assigned to the Purchasers and (iii) Seller will execute any

additional instruments of assignment or other documentation as may be necessary to effectuate the assignment to the Purchasers of such first security interest in the Financed Vehicles and to perfect such security interests for the benefit of Purchasers, including (without limitation) a blanket absolute assignment with respect to each Contract in substantially the form of Exhibit 8.04(c).

SECTION 8.05. Further Action Evidencing Purchases; Further Assurances. Seller agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action that the Administrator or Subordinated Purchaser or their respective designee may reasonably request in order to perfect, protect or more fully evidence the Purchases hereunder and the resulting Purchasers' Interests, or to enable Purchaser or the Administrator or its designee to exercise or enforce any of their respective rights hereunder or under any Transaction Document. Without limiting the generality of the foregoing, Seller will upon the request of the Administrator or its designee:

(a) execute and file such lien notations with respect to certificates of title, financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate;

(b) mark conspicuously each Contract evidencing each Pool Receivable not then held by the Custodian with a legend, acceptable to the Administrator, evidencing that the Purchaser's Interest has been sold in accordance with this Agreement; and

(c) mark its master data processing records evidencing such Pool Receivables and related Contracts with such legend.

SECTION 8.06. Application of Collections. Any payment by an Obligor in respect of any indebtedness owed by it to Seller shall, except as otherwise specified by such Obligor, required by the underlying Contract or law or unless the Administrator instructs otherwise, be applied, first, as a Collection of any Pool Receivable or Receivable then outstanding of such Obligor in the order of the age of such Pool Receivables, starting with the oldest of such Pool Receivable and, second, to any other indebtedness of such Obligor.

ARTICLE IX

LIQUIDATION EVENTS; COMMENCEMENT OF LIQUIDATION PERIOD

SECTION 9.01. Liquidation Events. The following events shall be "Liquidation Events" hereunder:

(a) (i) Servicer (if Seller or its Affiliate is Servicer) shall fail to perform or observe any term, covenant or agreement that is an obligation of Servicer hereunder (other than as referred to in clause (ii) next following) and such failure shall remain unremedied for three calendar days or (ii) Servicer (if Seller or its Affiliate is Servicer) shall fail to make any payment or deposit to be made by it hereunder when due; or

(b) any representation or warranty made or deemed to be made by Seller or Servicer (or any of its officers) under or in connection with this Agreement (other than a breach of the representations set forth in

Section 6.01(p)) or any Information Package or other information or report delivered pursuant hereto shall prove to have been false or incorrect in any material respect when made and such condition (other than a breach of the representation set forth in Section 6.01(l) as it pertains to each Pool Receivable being free and clear of certain liens) shall continue unremedied for a period of three Business Days after (i) written notice thereof by the Administrator or Relationship Bank to Seller or (ii) Seller or Servicer has or obtains actual knowledge thereof; or

(c) Seller shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or any of the other Transaction Documents on its part to be performed or observed and any such failure shall remain unremedied for ten Business Days after (i) written notice thereof shall have been given by the Administrator or the Relationship Bank to Seller or (ii) Seller has or obtains actual knowledge thereof; or

(d) a default shall have occurred and be continuing under any instrument or agreement evidencing, securing or providing for the issuance of indebtedness for borrowed money in excess of \$500,000 of, or guaranteed by, Seller or Servicer, or in excess of \$5,000,000 with respect to CHR, which default if unremedied, uncured, or unwaived (with or without the passage of time or the giving of notice or both) would permit acceleration of the maturity of such indebtedness and such default shall have continued unremedied, uncured or unwaived for a period long enough to permit such acceleration and any notice of default required to permit acceleration

shall have been given; or any default under any agreement or instrument relating to the purchase of Receivables of Seller, Servicer, CHR or any Affiliate thereof, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default is to terminate, or permit the termination of, the commitment of any party to such agreement or instrument to purchase Receivables or the right of Seller, Servicer, CHR or any Affiliate thereof, to reinvest in Receivables the principal amount paid by any party to such agreement or instrument for interest in Receivables; or

(e) an Event of Bankruptcy shall have occurred and shall be continuing with respect to Seller, Servicer or CHR; or

(f) (i) any litigation (including, without limitation, derivative actions), arbitration proceedings or governmental proceedings not disclosed in writing to the Administrator and Purchasers prior to the date of execution and delivery of this Agreement is pending against Seller, Servicer, CHR or any Affiliate thereof, or (ii) any material development not so disclosed has occurred in any litigation (including, without limitation, derivative actions), arbitration proceedings or governmental proceedings so disclosed, which, in the case of clause (i) or (ii), in the opinion of the Administrator, has a reasonable likelihood of having a Material Adverse Effect; or

(g) prior to the Purchase Termination Date, (i) the Delinquency Ratio for the three month period ending on any Cut-Off Date shall exceed 2.00%;

(ii) the Delinquency Ratio for the single month ending on any Cut-Off Date shall exceed 3.00%; (iii) the Default Ratio for the three month period ending on any Cut-Off Date shall exceed 2.75%; or (iv) the Default Ratio for the single month ending on any Cut-Off Date shall exceed 4.00%; or

(h) from and after the Purchase Termination Date, the Delinquency Ratio for the three month period ending on any Cut-Off Date shall exceed 3.00%; the Delinquency Ratio for the single month ending on any Cut-Off Date shall exceed 4.00%; the Default Ratio for the three month period ending on any Cut-Off Date shall exceed 3.50%; or the Default Ratio for the single month ending on any Cut-Off Date shall exceed 5.00%; or

(i) [intentionally deleted]

(j) as of any Cut-Off Date, the Excess Yield shall be less than 6.00%; or

(k) Servicer shall change in any material respect its collection, origination or servicing policies with respect to Receivables without first obtaining the prior written approval of the Administrator, the Relationship Bank and the Subordinated Purchaser; or

(l) the Administrator shall determine that any Property shall not be subject to a duly perfected first and prior security interest in favor of Purchasers or is subject to any lien, security interest, claim or right in favor of any Person other than Purchasers; or

(m) on any Settlement Date, after giving effect to the payments made under Section 3.03, the Purchaser's Interest of either Purchaser shall exceed its respective Investment Limit, the Senior Investment shall exceed the Senior Purchase Limit or the Subordinated Investment shall exceed the Subordinated Purchase Limit; or

(n) there shall exist any event or occurrence that has a reasonable possibility of causing a Material Adverse Effect; or

(o) there shall have occurred any event which materially adversely impairs the ability of Seller to originate Receivables of a credit quality which are at least of the credit quality of the Receivables included in the initial Purchase; or

(p) a Change-in-Control shall have occurred with respect to Seller or Servicer (if Servicer is Seller or its Affiliate); or

(q) the Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Internal Revenue Code with regard to any of the assets of Seller or Servicer and such lien shall not have been released within five Business Days, or the Pension Benefit Guaranty Corporation shall, or shall indicate its intention to, file notice of a lien pursuant to Section 4068 of the Employee Retirement Income Security Act of 1974 with regard to any of the assets of Seller, Servicer or any Affiliate thereof; or

(r) any representation or warranty made by CHR (or any of its officers) under the CHR Support Agreement or otherwise in connection with this Agreement or any other informational report delivered pursuant hereto shall prove to have been false or incorrect in any material respect when made and shall continue unremedied for a period of three Business Days after (i) written notice thereof by the Administrator or

Relationship Bank to Seller or (ii) CHR has or obtains actual knowledge thereof; or

(s) CHR shall fail to perform or observe any term, covenant or agreement contained in the CHR Support Agreement on its part to be performed or observed and any such failure shall remain unremedied for ten Business Days after (i) written notice thereof shall have been given by the Administrator or the Relationship Bank to CHR or (ii) CHR has or obtains actual knowledge thereof.

SECTION 9.02. Remedies Upon Occurrence of Liquidation Event.

(a) Optional Liquidation. Upon the occurrence of a Liquidation Event (other than a Liquidation Event described in subsection (e) of Section 9.01), the Administrator or the Relationship Bank shall, at the request, or may with the consent, of the Administrator or Subordinated Purchaser, by notice to Seller declare the Purchase Termination Date to have occurred and the Liquidation Period to have commenced.

(b) Automatic Liquidation. Upon the occurrence of a Liquidation Event described in subsection (e) of Section 9.01, the Purchase Termination Date shall occur and the Liquidation Period shall commence automatically.

(c) Additional Remedies. Upon any Purchase Termination Date pursuant to this Section 9.02, no Purchases thereafter will be made, and the Administrator, the Purchasers and the Relationship Bank shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided under the CHR Support Agreement and under the UCC of each applicable jurisdiction and other applicable laws, which rights shall be cumulative.

SECTION 9.03. Other Events Commencing Liquidation Period. Upon the occurrence of any of the events set forth below, the Administrator or the Relationship Bank shall at the request, or may with the consent, of the Administrator or Subordinated Purchaser, by notice to Seller, declare the Liquidation Period to have commenced, whereupon the Purchasers' respective commitments to purchase Receivables pursuant to Section 1.01 (a) shall terminate:

(a) the Termination Date shall have occurred (and shall not have been extended in accordance with Section 1.05);

(b) a replacement or extended Liquidity Agreement in substitution for the then existing Liquidity Agreement shall not have been executed and delivered on or before their thirteenth calendar day prior to the expiration of

the commitments of the Liquidity Banks under such existing Liquidity Agreement;

(c) (i) a Downgrading Event with respect to a Liquidity Bank shall have occurred and been continuing for not less than 45 days, (ii) the Downgraded Liquidity Bank shall not have been replaced by a Qualifying Liquidity Bank pursuant to a Liquidity Agreement in form and substance acceptable to Purchasers and the Administrator, and (iii) the commitment of such Downgraded Liquidity Bank under the Liquidity Agreement shall not have been funded or collateralized in such a manner that such Downgrading Event will not result in a reduction or withdrawal of the credit rating applied to the Commercial Paper Notes by any of the rating agencies then rating the Commercial Paper Notes;

(d) (i) a Downgrading Event with respect to Norwest shall have occurred and been continuing for not less than 45 days, (ii) within 45 days prior to such Downgrading Event a Senior Purchaser Net Swap Payment shall have become due and payable under the State Street Interest Rate Agreement,

(iii) Norwest shall not have been replaced as counterparty under the State Street Interest Rate Agreement by another financial institution which, if it were a Liquidity Bank, would constitute a Qualifying Liquidity Bank, pursuant to documentation in form and substance acceptable to the Administrator; or

(e) either Purchaser shall become an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

ARTICLE X

THE ADMINISTRATOR; RELATIONSHIP BANK

SECTION 10.01. Authorization and Action. Pursuant to the Program Administration Agreement and the Relationship Bank Agreement, Senior Purchaser has appointed and authorized the Administrator and the Relationship Bank (or their respective designees) to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrator or the Relationship Bank by the terms hereof, together with such powers as are reasonably incidental thereto.

SECTION 10.02. Administrator's and Relationship Bank's Reliance, Etc. The Administrator, the Relationship Bank, Senior Purchaser and their directors, officers, agents or employees shall not be liable for any action taken or omitted to be taken by it or them under or in connection with the Transaction Documents

(including, without limitation, the servicing, administering or collecting Pool Receivables as Servicer pursuant to Section 8.01), except for its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, each of the Administrator, Senior Purchaser and the Relationship Bank: (a) may consult with legal counsel (including counsel for Seller), independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to Purchasers or any other holder of any interest in Pool Receivables and shall not be responsible to Purchasers or any such other holder for any statements, warranties or representations made in or in connection with any Transaction Document; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Transaction Document on the part of Seller or to inspect the property (including the books and records) of Seller; (d) shall not be responsible to Purchasers or any other holder of any interest in Pool Receivables for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Transaction Document; and (e) shall incur no liability under or in respect of this Agreement by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by facsimile or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 10.03. State Street Capital and Norwest and Affiliates. State Street Capital and Norwest and any of their respective Affiliates may generally engage in any kind of business with Seller or any Obligor, any of their respective Affiliates and any Person who may do business with or own securities of Seller or any Obligor or any of their respective Affiliates, all as if State Street Capital and Norwest were not the Administrator and the Relationship Bank, respectively, and without any duty to account therefor to either Purchaser or any other holder of an interest in Pool Receivables.

ARTICLE XI

ASSIGNMENT OF PURCHASERS' INTERESTS; TRANSFER DATE

SECTION 11.01. Restrictions on Assignments.

(a) Except as set forth in Section 11.05, neither Seller, individually or as Servicer, nor Norwest, as the Relationship Bank (except as otherwise provided in the Relationship Bank Agreement) or as Paying Agent, may assign its rights, or delegate its duties hereunder or any interest herein without the prior written consent of the Administrator.

Subordinated Purchaser may assign its rights and delegate its duties, commitments and obligations hereunder, or all or any portion of its Subordinated Interest without the prior written consent of any Person. Senior Purchaser may not assign its rights hereunder (although it may delegate its duties hereunder as expressly indicated herein) or its Senior Interest (or any portion thereof) to any Person without the prior written consent of Seller, which shall not be unreasonably withheld; provided, however, that without the prior written consent of any Person:

(i) Senior Purchaser may assign all or any part of its rights and interests in the Transaction Documents, together with all or any portion of its interest in the Senior Interest, to the Back-Up Purchaser, any Liquidity Bank, the Liquidity Agent, State Street Capital or Norwest, or both, or any Affiliate of either of them, or to any "bankruptcy remote" special purpose entity the business of which is administered by State Street Capital or any Affiliate of State Street Capital or by Norwest or any Affiliate of Norwest;

(ii) Senior Purchaser may assign and grant a security interest in all of its rights in the Transaction Documents, together with all of its rights and interest in the Senior Interest, to the Collateral Agent and the Liquidity Agent, to secure Senior Purchaser's obligations under or in connection with the Commercial Paper Notes, the Liquidity Agreement, the Credit Agreement and any letter of credit issued thereunder, and certain other obligations of Senior Purchaser incurred in connection with the funding of the Purchases hereunder, which assignment and grant of a security interest (and any subsequent assignment by the Collateral Agent or the Liquidity Agent) shall not be considered an "assignment" for purposes of Section 11.01 or, prior to the enforcement of such security interest, for purposes of any other provision of this Agreement.

(b) Seller agrees to advise the Administrator for Senior Purchaser within five Business Days after notice to Seller of any proposed assignment, not otherwise permitted under subsection (a), of Seller's consent or non-consent to such assignment and if it does not consent, the reasons therefor. If Seller does not consent to such assignment, Senior Purchaser may immediately assign its respective Purchaser's Interest (or portion thereof) in accordance with clauses (i) or (ii) of subsection (a), as appropriate. All of the aforementioned assignments shall be upon such terms and conditions as Purchasers and the assignee may mutually agree.

SECTION 11.02. Rights of Assignee. Upon the assignment by a Purchaser in accordance with this Article XI, the assignee receiving such assignment shall have all of the rights of such Purchaser with respect to the Transaction Documents and the assigned Purchaser's Interest (or such portion thereof as has been assigned).

SECTION 11.03. Evidence of Assignment. Any assignment of a Purchaser's Interest (or any portion thereof) to any Person may be evidenced by such instrument(s) or document(s) as may be satisfactory to the related Purchaser, the Administrator (in the case of Senior Purchaser only) and the assignee.

SECTION 11.04. Rights of the Banks, Collateral Agent and Collection Agent. Seller hereby agrees that, upon notice to Seller, the Collateral Agent and/or the Collection Agent may exercise all the rights of the Administrator and Senior Purchaser hereunder, with respect to the Senior Interest (or any portions thereof), and Collections with respect thereto, which are owned by Senior Purchaser, and all other rights and interests of Senior Purchaser in, to or under this Agreement or any other Transaction Document. Without limiting the foregoing, upon such notice the Collateral Agent and/or the Collection Agent may request Servicer to segregate Senior Purchaser's allocable shares of Collections from the allocable shares of Subordinated Purchaser and Seller, require Collections to be retained in the Collection Account, give a Successor Notice pursuant to Section 8.01(a), give or require the Administrator or Relationship Bank to give notice to the Depository Banks as referred to in Section 8.03(b) and direct the Obligors of Pool Receivables to make payments in respect thereof directly to an account designated by them, in each case, to the same extent as the Administrator or Senior Purchaser might have done.

SECTION 11.05. Transfer Date.

(a) Effect of Transfer Date. Upon the occurrence of the Transfer Date under the Liquidity Agreement, Senior Purchaser will sell, transfer and assign and the Back-Up Purchaser will purchase and accept, all of Senior Purchaser's right, title and interest in and to the Senior Interest, this Agreement and each other Transaction Document. Except to the limited extent set forth herein and in the Liquidity Agreement, from and after the Transfer Date, the Back-Up Purchaser shall automatically and without any further action required by any Person, assume, and be entitled to the benefit of, all rights, interests and duties of Senior Purchaser hereunder and under each other Transaction Document. Additionally, from and after the Transfer Date, the Relationship Bank shall automatically and without any further

action required by any Person, assume, and be entitled to the benefit of, except as specifically set forth in the Transaction Document, all rights, interests and duties of the Administrator, the Collateral Agent and the Collection Agent hereunder and under each other Transaction Document.

(b) Certain Terminations. After the Transfer Date, the outgoing Senior Purchaser's, the Administrator's, the Collateral Agent's and the Collection Agent's rights and obligations under this Agreement and each other Transaction Document shall terminate automatically and shall be of no further force or effect, except, in the case of rights, with respect to Indemnified Amounts and other amounts (including pursuant to Section 4.02) due them and to the extent specifically set forth herein; and with respect to obligations and liabilities, as set forth in subsection (c) below. In addition, all provisions of this Agreement requiring the consent of any rating agency shall from and after the Transfer Date be of no further force or effect as to such required consent.

(c) Obligations and Liabilities. It shall be understood and agreed that neither the Back-Up Purchaser nor the Liquidity Agent shall hereunder, or under any other Transaction Document, assume, or be deemed to have assumed, other than as specifically provided in the Liquidity Agreement, any obligation or liability of the outgoing Senior Purchaser, the Administrator, the Collateral Agent, the Collection Agent or any other Person; and the assumption of any such obligation or liability other than as specifically provided in the Liquidity Agreement, is hereby expressly disclaimed.

(d) Purchaser After Transfer Date. Subject to Sections 11.05(b) and
(c) above, from and after the Transfer Date the Back-Up Purchaser shall be

the Purchaser for all purposes hereunder; and Seller and Servicer shall no longer deal with the outgoing Senior Purchaser in connection with the Transaction Documents except to the extent of matters relating to events occurring prior to the Transfer Date.

(e) Permitted Assignment. The assignments by Senior Purchaser contemplated pursuant to this Section 11.05 shall be permitted assignments pursuant to Section 11.01(a)(i) and shall, except as specifically set forth in this Section 11.05, be implemented hereunder as if made pursuant to Section 11.01(a)(i).

ARTICLE XII

INDEMNIFICATION

SECTION 12.01. Indemnities by Seller.

(a) General Indemnity. Without limiting any other rights which any such Person may have hereunder or under applicable law, Seller and Servicer each hereby jointly and severally agrees to indemnify each of the Administrator, Purchasers, the Liquidity Banks, the Credit Bank, the Relationship Bank, the Liquidity Agent, the Back-Up Purchaser, the Paying Agent, the Back-Up Servicer and the Custodian, each of their respective Affiliates, and all successors, transferees, participants and assigns and all officers, directors, shareholders, controlling persons, employees and agents of any of the foregoing (each an "Indemnified Party"), forthwith on demand, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including reasonable attorneys' fees and disbursements (all of the foregoing being collectively referred to as

"Indemnified Amounts") awarded against or incurred by any of them arising out of or relating to the Transaction Documents or the ownership or funding of the Purchasers' Interests or in respect of any Receivable or any Contract, excluding, however, (a) Indemnified Amounts to the extent determined by a court of competent jurisdiction to have resulted from gross negligence or willful misconduct on the part of such Indemnified Party or

(b) recourse (except as otherwise specifically provided in this Agreement) for Defaulted Receivables. Without limiting the foregoing, Seller and Servicer shall indemnify each Indemnified Party for Indemnified Amounts arising out of or relating to:

(i) the transfer by Seller of any interest in any Receivable other than the transfer of the Purchasers' Interests to Purchasers pursuant to this Agreement and the grant of a security interest to Purchasers pursuant to Section 1.04;

(ii) any representation or warranty made by Seller (or any of its officers or Affiliates) under or in connection with any Transaction Document, any Information Package or any other information or report delivered by or on behalf of Seller, or Servicer pursuant hereto, which shall have been false, incorrect or misleading in any material respect when made or deemed made;

- (iii) the failure by Seller to comply with any applicable law, rule or regulation with respect to any Pool Receivable or the related Contract, or the nonconformity of any Pool Receivable or the related Contract with any such applicable law, rule or regulation;
- (iv) the failure to vest and maintain vested in the Purchasers their respective undivided senior and subordinate percentage ownership interests, to the extent of their respective Purchaser's Interest, in the Receivables in, or purporting to be in, the Receivables Pool, free and clear of any Lien, other than a Lien arising solely as a result of an act of either Purchaser, the Administrator or the Relationship Bank, whether existing at the time of any Purchase of any such Purchaser's Interest or at any time thereafter;
- (v) the failure to file, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivables in, or purporting to be in, the Receivables Pool, whether at the time of any Purchase or at any time thereafter;
- (vi) any dispute, claim, offset or defense (other than discharge in bankruptcy) of the Obligor to the payment of any Receivable in, or purporting to be in, the Receivables Pool (including, without limitation, a defense based on such Receivable's or the related Contract's not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or services related to such Receivable or the furnishing or failure to furnish such merchandise or services;
- (vii) any failure of Seller or Servicer to perform its duties or obligations in accordance with the provisions of Article VIII;
- (viii) any products liability claim arising out of or in connection with merchandise or services that are the subject of any Pool Receivable; or
- (ix) any tax or governmental fee or charge (but not including taxes upon or measured by net income), all interest and penalties thereon or with respect thereto, and all out-of-pocket costs and expenses, including the

reasonable fees and expenses of counsel in defending against the same, which may arise by reason of the purchase or ownership of any Purchaser's Interest, or any other interest in the Pool Receivables or in any goods which secure any such Pool Receivables.

(b) Contest of Tax Claim; After-Tax Basis. If any Indemnified Party shall have notice of any attempt to impose or collect any tax or governmental fee or charge for which indemnification will be sought from Seller under Section 12.01(a)(ix), such Indemnified Party shall give prompt and timely notice of such attempt to Seller and Servicer and Seller and Servicer shall have the right, at its expense, to participate in any proceedings resisting or objecting to the imposition or collection of any such tax, governmental fee or charge. Indemnification hereunder shall be in an amount necessary to make the Indemnified Party whole after taking into account any tax consequences to the Indemnified Party of the payment of any of the aforesaid taxes and the receipt of the indemnity provided hereunder or of any refund of any such tax previously indemnified hereunder, including the effect of such tax or refund on the amount of tax measured by net income or profits which is or was payable by the Indemnified Party.

(c) Contribution. If for any reason the indemnification provided above in this Section 12.01 is unavailable to an Indemnified Party or is insufficient to hold an Indemnified Party harmless, then Seller and Servicer shall be obligated jointly and severally to contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by such Indemnified Party on the one hand and Seller and Servicer on the other hand but also the relative fault of such Indemnified Party as well as any other relevant equitable considerations.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by Seller or Servicer therefrom shall in any event be effective unless the same shall be in writing and signed by (a) Seller or Servicer, as the case may be, the Administrator and Purchasers (with respect to an amendment), provided that no amendment shall become effective without the signature of the Relationship Bank, if such amendment materially increases the obligations or liabilities of the Relationship Bank, in either its individual or agent capacity

hereunder, or materially reduces any amount payable to it hereunder or (b) the Administrator and Purchasers (with respect to a waiver or consent by them) or Seller or Servicer (with respect to a waiver or consent by it), as the case may be, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The parties acknowledge that, before entering into such an amendment or granting such a waiver or consent, Purchasers may also be required to obtain the approval of some or all of the Liquidity Banks or the Credit Bank or to obtain confirmation from certain rating agencies that such amendment, waiver or consent will not result in a withdrawal or reduction of the ratings of the Commercial Paper Notes.

SECTION 13.02. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including facsimile communication) and shall be personally delivered or sent by express mail or courier or by certified mail, postage prepaid, or by facsimile, to the intended party at the address or facsimile number of such party set forth under its name on the signature pages hereof or at such other address or facsimile number as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective,

(a) if personally delivered or sent by express mail or courier or if sent by certified mail, when received, and (b) if transmitted by facsimile, when sent, receipt confirmed by telephone or electronic means.

SECTION 13.03. No Waiver; Remedies. No failure on the part of the Administrator, the Relationship Bank, any Affected Party, any Indemnified Party, any Purchaser or any other holder of any Purchaser's Interest (or any portion thereof) to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. Without limiting the foregoing, each of State Street Capital, individually and as Administrator, Norwest, individually and as Relationship Bank, the Collateral Agent, the Credit Bank and each Liquidity Bank is hereby authorized by Seller and Servicer at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by State Street Capital, the Collateral Agent and such Liquidity Bank to or for the credit or the account of Seller and Servicer against obligations now or hereafter existing under this Agreement to the Administrator, any Affected Party, any Indemnified Party or Purchasers, or their respective successors and assigns.

SECTION 13.04. Binding Effect; Survival. This Agreement shall be binding upon and inure to the benefit of Seller, Servicer, the Administrator, the Relationship Bank, Purchasers and their respective successors and assigns, and the provisions of Section 4.02 and Article XII shall inure to the benefit of the Affected Parties and the Indemnified Parties, respectively, and their respective successors and assigns; provided, however, nothing in the foregoing shall be deemed to authorize any assignment not permitted by Section 11.01. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Final Payout Date. The rights and remedies with respect to any breach of any representation and warranty made by Seller pursuant to Article VI and the indemnification and payment provisions of Article XII and Sections 4.02, 13.05, 13.06, 13.07, 13.09 and 13.16 shall be continuing and shall survive any termination of this Agreement.

SECTION 13.05. Costs, Expenses and Taxes. In addition to its obligations under Article XII, Seller agrees to pay on demand:

(a) all costs and expenses incurred by the Administrator, the Relationship Bank, the Credit Bank, the Collateral Agent, the Custodian, the Paying Agent, the Back-Up Servicer, the Back-Up Purchaser and the Purchasers and their respective Affiliates in connection with the negotiation, preparation, execution and delivery, the administration (including periodic auditing) or the enforcement of, or any actual or claimed breach of, this Agreement and the other Transaction Documents, including, without limitation (i) the reasonable fees and expenses of counsel to any of such Persons incurred in connection with any of the foregoing or in advising such Persons as to their respective rights and remedies under any of the Transaction Documents, and (ii) all reasonable out-of-pocket expenses (including reasonable fees and expenses of independent accountants), incurred in connection with any review of Seller's or Servicer's books and records either prior to the execution and delivery hereof or pursuant to Sections 7.01(c) or 7.04(c); and

(b) all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement or the other Transaction Documents, and agrees to indemnify each Indemnified Party against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

SECTION 13.06. No Proceedings. Seller, Servicer, State Street Capital (individually and as Administrator) and Norwest

(individually, as Subordinated Purchaser and as Relationship Bank) each hereby agrees that it will not institute against Senior Purchaser, or join any other Person in instituting against Senior Purchaser, any insolvency proceeding (namely, any proceeding of the type referred to in the definition of Event of Bankruptcy) so long as any Commercial Paper Notes issued by Senior Purchaser shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Commercial Paper Notes shall have been outstanding. The foregoing shall not limit Seller's right to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted by any Person other than Seller.

SECTION 13.07. Confidentiality of Seller Information.

(a) Confidential Seller Information. Each party hereto (other than Seller) acknowledges that certain of the information provided to such party by or on behalf of Seller, Servicer and CHR in connection with this Agreement and the transactions contemplated hereby is or may be confidential, and each such party severally agrees that, unless Seller, Servicer or CHR shall otherwise agree in writing, and except as provided in subsection (b), such party will not disclose to any other person or entity:

(i) any information regarding, or copies of, any non-public financial statements, reports and other financial information regarding Seller, Servicer or CHR and furnished by Seller, Servicer or CHR to Purchasers or the Administrator;

(ii) any other information regarding Seller, Servicer or CHR which is designated by Seller, Servicer or CHR to such party in writing as confidential

(the information referred to in clauses (i) and (ii) above, whether furnished by Seller, Servicer or CHR, or any attorney for or other representative of Seller (each a "Seller Information Provider"), is collectively referred to as the "Seller Information"; provided, however, "Seller Information" shall not include

(A) any information which is or becomes generally available to the general public or to such party on a nonconfidential basis from a source other than any Seller Information Provider, or which was known to such party on a nonconfidential basis prior to its disclosure by any Seller Information Provider, or

(B) except to Norwest Financial, Inc., Community Credit Company and the consumer lending divisions of Norwest information regarding the nature of this Agreement, the basic terms hereof (including without limitation the amount and nature of any Purchaser's commitment and either Purchaser's Investment with respect to its Purchaser's Interest and the CHR Support Agreement provided by CHR), the nature, amount and status of the Pool Receivables, and the current and/or historical ratios of losses to liquidations and/or outstandings with respect to the Receivables Pool, such other information as may be required to be disclosed, in the Administrator's reasonable judgment, under applicable securities laws.

(b) Disclosure. Notwithstanding subsection (a), each party may disclose any Seller Information:

(i) to any of such party's independent attorneys, consultants and auditors, and to each Liquidity Bank, the Credit Bank, any dealer or placement agent for Senior Purchaser's commercial paper, and any actual or potential assignees of, or participants in, any of the rights or obligations of Purchasers, any Liquidity Bank, the Credit Bank, the Administrator or the Relationship Bank under or in connection with this Agreement, (excluding, however, from the foregoing Norwest Financial, Inc., Community Credit Company and the consumer lending divisions of Norwest) who (A) in the good faith belief of such party, have a need to know such Seller Information, (B) are informed by such party of the confidential nature of the Seller Information and the terms of this Section 13.07, and (C) are subject to confidentiality restrictions generally consistent with this Section 13.07,

(ii) to any rating agency that maintains a rating for Senior Purchaser's commercial paper or is considering the issuance of such a rating, for the purposes of reviewing the credit of Senior Purchaser in connection with such rating,

(iii) to any other party to this Agreement, for the purposes contemplated hereby,

(iv) as may be required by any municipal, state, federal or other regulatory body having or claiming to have jurisdiction over such party, in order to comply with any law, order, regulation, regulatory request or ruling applicable to such party, or

(v) subject to subsection (c), in the event such party is legally compelled (by interrogatories, requests for information or copies, subpoena, civil investigative demand or similar process) to disclose such Seller Information.

(c) Legal Compulsion. In the event that any party hereto (other than Seller) or any of its representatives is requested or becomes legally compelled (by interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the Seller Information, such party will (or will cause its representative to)

(i) provide Seller with prompt written notice so that (A) Seller or any other Seller Information Provider may seek a protective order or other appropriate remedy, or (B) Seller may, if it so chooses, agree that such party (or its representatives) may disclose such Seller Information pursuant to such request or legal compulsion; and

(ii) unless Seller agrees that such Seller Information may be disclosed, make a timely objection to the request or compulsion to provide such Seller Information on the basis that such Seller Information is confidential and subject to the agreements contained in this Section 13.07.

In the event such protective order or remedy is not obtained, or Seller waives compliance with the provisions of this Section 13.07, such party will furnish only that portion of the Seller Information which (in such party's good faith judgment) is legally required to be furnished and will exercise reasonable efforts to obtain reliable assurance that confidential treatment will be afforded the Seller Information.

(d) This Section 13.07 shall survive termination of this Agreement.

SECTION 13.08. Confidentiality of Program Information.

(a) Confidential Information. Each party hereto acknowledges that Norwest and State Street Capital regard the structure of the transactions contemplated by this Agreement to be proprietary, and each such party severally agrees that:

(i) it will not disclose without the prior consent of State Street Capital and Norwest (other than to the directors, employees, auditors, counsel or affiliates (collectively, "representatives") of State Street Capital or Norwest, each of whom shall be informed by such party of the confidential nature of the Program Information (as defined below) and of the terms of this Section 13.08), (A) any information regarding the pricing in, or copies of, this Agreement or any transaction contemplated hereby, (B) any information regarding the organization, business or operations of Purchasers generally or the services performed by the Administrator or the Relationship Bank for Senior Purchaser, or (C) any information which is furnished by State Street Capital or Norwest to such party and which is designated by State Street Capital or Norwest to such party in writing or otherwise as confidential or not otherwise available to the general public (the information referred to in clauses (A), (B) and (C) is collectively referred to as the "Program Information"); provided, however, that such party may disclose any such Program Information (i) to any other party to this Agreement for the purposes contemplated hereby (including to any permitted assignee under Article XI, (ii) as may be required by any municipal, state, federal or other regulatory body having or claiming to have jurisdiction over such party, (iii) in order to comply with any law, order, regulation, regulatory request or ruling applicable to such party, or (IV) subject to subsection (c), in the event such party is legally compelled (by interrogatories, requests for information or copies, subpoena, civil investigative demand or similar process) to disclose any such Program Information;

(ii) it will use the Program Information solely for the purposes of evaluating, administering and enforcing the transactions contemplated by this Agreement and making any necessary business judgments with respect thereto; and

(iii) it will, upon demand, return (and cause each of its representatives to return) to State Street Capital or Norwest, as the case may be, all documents or other written material received from State Street Capital or Norwest, as the case may be, as the case may be, in connection with (a)(i)(B) or (C) above and all copies thereof made by such party which contain the Information.

(b) Availability of Confidential Information. This Section 13.08

shall be inoperative as to such portions of the Program Information which are or become generally available to the public or such party on a nonconfidential basis from a source other than State Street Capital or were known to such party on a nonconfidential basis prior to its disclosure by State Street Capital.

(c) Legal Compulsion to Disclose. In the event that any party or anyone to whom such party or its representatives transmits the Program Information is requested or becomes legally compelled (by interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the Information, such party will

(i) provide State Street Capital with prompt written notice so that State Street Capital may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 13.08; and

(ii) unless State Street Capital waives compliance by such party with the provisions of this Section 13.08, make a timely objection to the request or confirmation to provide such Program Information on the basis that such Program Information is confidential and subject to the agreements contained in this Section 13.08.

In the event that such protective order or other remedy is not obtained, or State Street Capital waives compliance with the provisions of this Section 13.08, such party will furnish only that portion of the Program Information which (in such party's good faith judgment) is legally required to be furnished and will exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Program Information.

(d) Survival. This Section 13.08 shall survive termination of this

Agreement.

SECTION 13.09. Covenant to Cooperate. Cityside, Seller, Servicer and Purchasers covenant to provide each other with all data and information required to be provided by them hereunder at the times required hereunder, and additionally covenant to reasonably cooperate with each other in providing any additional information required by any of them in connection with their respective duties hereunder.

SECTION 13.10. Captions and Cross References. The various captions (including, without limitation, the table of contents) in this Agreement are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Appendix, Schedule or Exhibit are to such Section of or Appendix, Schedule or Exhibit to this Agreement, as the case may be, and references in any Section, subsection, or clause to any subsection, clause or subclause are to such subsection, clause or subclause of such Section, subsection or clause.

SECTION 13.11. Integration. This Agreement contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire understanding among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings.

SECTION 13.12. GOVERNING LAW. THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THE PERFECTION OF THE INTERESTS OF PURCHASERS IN THE RECEIVABLES IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

SECTION 13.13. WAIVER OF JURY TRIAL. SELLER AND SERVICER HEREBY EXPRESSLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR UNDER ANY AMENDMENT, INSTRUMENT OR DOCUMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR ARISING FROM ANY BANKING OR OTHER RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT A JURY TRIAL.

SECTION 13.14. CONSENT TO JURISDICTION; WAIVER OF IMMUNITIES. SELLER AND **SERVICER HEREBY ACKNOWLEDGE AND AGREE THAT:**

(A) THEY IRREVOCABLY (I) SUBMIT TO THE JURISDICTION, FIRST, OF ANY UNITED STATES FEDERAL COURT, AND SECOND, IF FEDERAL JURISDICTION IS NOT AVAILABLE, OF ANY NEW YORK STATE COURT, IN EITHER CASE SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, (II) AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED ONLY IN SUCH NEW YORK STATE OR FEDERAL COURT AND NOT IN ANY OTHER COURT, AND (III) WAIVE, TO THE FULLEST EXTENT THEY MAY EFFECTIVELY DO

**SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION
OR PROCEEDING.**

(B) TO THE EXTENT THAT THEY HAVE OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM THE JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID TO EXECUTION, EXECUTION OR OTHERWISE) WITH RESPECT TO THEMSELVES OR THEIR PROPERTY, THEY HEREBY IRREVOCABLY WAIVE SUCH IMMUNITY IN RESPECT OF THEIR RESPECTIVE OBLIGATIONS UNDER OR IN CONNECTION WITH THIS AGREEMENT.

SECTION 13.15. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.

SECTION 13.16. No Recourse Against Other Parties. No recourse under any obligation, covenant or agreement of any party hereto contained in this Agreement shall be had against any stockholder, employee, officer, director, or incorporator of any such party, provided, however, that nothing in this Section 13.16 shall relieve any of the foregoing Persons from any liability which such Person may otherwise have directly under any Transaction Document or for his/her or its gross negligence or willful misconduct.

SECTION 13.17. Advice From Independent Counsel. The parties hereto understand that this Agreement is a legally binding agreement that may affect such party's rights. Each party hereto represents to the other that it has received legal advice from counsel of its choice regarding the meaning and legal significance of this Agreement and that it is satisfied with its legal counsel and the advice received from it.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED BY THEIR RESPECTIVE OFFICERS THEREUNTO DULY AUTHORIZED, AS OF THE DATE FIRST ABOVE WRITTEN.

**CITYSIDE FINANCE CORPORATION I,
AS SELLER**

By: /s/ Michael J. Sherlock

Michael J. Sherlock
President

8100 Mitchell Road, Suite 500 Eden Prairie, Minnesota 55344 Facsimile No.: (612) 937-7856 Attention: Michael J. Sherlock

**CITYSIDE FINANCIAL SERVICES
OF WISCONSIN, INC.,
as Servicer**

By: /s/ Michael J. Sherlock

Michael J. Sherlock
President

8100 Mitchell Road, Suite 200 Eden Prairie, Minnesota 55344 Facsimile No.: (612) 937-7856 Attention: Michael J. Sherlock

**CLIPPER RECEIVABLES CORPORATION,
as Senior Purchaser**

By: /s/ Jeffrey R. Gray

Jeffrey R. Gray
Vice President

P.O. Box 4024 Boston, Massachusetts 02101 Facsimile No.: (617) 951-7050 Attention: R. Douglas Johnson

[Signature Page I to Receivables Purchase Agreement]

**STATE STREET BOSTON CAPITAL CORPORATION, AS
ADMINISTRATOR**

By: /s/ S. Sean Chen

S. Sean Chen
Vice President

225 Franklin Street Boston, Massachusetts 02110 Facsimile No.: (617) 350-4020 Attention: Clipper Funds

**NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, as
Subordinated Purchaser**

By: /s/ Brent C. Fossey

Brent C. Fossey
Vice President

Norwest Center Sixth and Marquette Minneapolis, MN 55479-0089 Facsimile No.: (612) 667-7266 Attention: Asset Securitization Group

**NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, as
Relationship Bank**

By: /s/ Brent C. Fossey

Brent C. Fossey
Vice President

Norwest Center Sixth and Marquette Minneapolis, MN 55479-0089 Facsimile No.: (612) 667-7266 Attention: Asset Securitization Group

[Signature Page II to Receivables Purchase Agreement]

Agreed to and Accepted by:

NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION, as Custodian and
Paying Agent

By: /s/ Michael G. Luger

Michael G. Luger
Corporate Trust Officer

Norwest Center
Sixth and Marquette
Minneapolis, Minnesota 55479-0069
Facsimile No.: (612) 667-9825
Attention: William T. Milbauer

[Signature Page III to Receivables Purchase Agreement]

APPENDIX A

DEFINITIONS

THIS IS APPENDIX A TO THE RECEIVABLES PURCHASE AGREEMENT DATED AS OF OCTOBER 23, 1995 AMONG CITYSIDE FINANCE CORPORATION I, CITYSIDE FINANCIAL SERVICES OF WISCONSIN, INC., CLIPPER RECEIVABLES CORPORATION, AS SENIOR PURCHASER, STATE STREET BOSTON CAPITAL CORPORATION, AS ADMINISTRATOR AND NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, AS SUBORDINATED PURCHASER AND RELATIONSHIP BANK (AS AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, THIS "AGREEMENT"). EACH REFERENCE IN THIS Appendix A to any Section, Appendix or Exhibit refers to such Section of or Appendix or Exhibit to this Agreement.

A. Defined Terms. As used in this Agreement, unless the context requires a different meaning, the following terms have the meanings indicated herein below:

"Administrator" has the meaning set forth in the preamble.

"Administrator's Office" means the office of the Administrator at 225 Franklin Street, Boston, Massachusetts 02110, Attention: Clipper Funds, or such other address as shall be designated by the Administrator in writing to Seller and Purchasers.

"Affected Party" means each Purchaser, each Liquidity Bank, any Assignee or Participant of either Purchaser or any Liquidity Bank, the Credit Bank, any Assignee or Participant of the Credit Bank, State Street Capital, any successor to the State Street Capital as Administrator, Norwest, any successor to Norwest as Relationship Bank, Paying Agent, Custodian, Back-Up Servicer, Back-Up Purchaser or Subordinated Purchaser, any sub-agent of the Administrator, the Collateral Agent, any successor of First Chicago as Collateral Agent and any co-agent or sub-agent of the Collateral Agent.

"Affiliate" when used with respect to a Person means any other person controlling, controlled by, or under common control with, such Person.

"Aggregate Purchasers' Investments" means the sum of the Senior Investment and the Subordinated Investment.

"Alternate Base Rate" means, on any date, a fluctuating rate of interest per annum equal to the higher of

(a) the rate of interest most recently announced by the Liquidity Agent in Minneapolis, Minnesota, as its "base rate" or "prime rate" of interest, or any similar successor rate so specified by the Liquidity Agent; and

(b) the Federal Funds Rate (as defined below) most recently determined by the Liquidity Agent, plus 1.0%.

The Alternate Base Rate is not necessarily intended to be the lowest rate of interest determined by the Liquidity Agent in connection with extensions of credit.

"Arrangement Fee" has the meaning set forth in Section 4.01.

"Assessment Rate" for any Yield Period means the annual assessment rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) applicable to the Relationship Bank its insured deposits, on the Business Day immediately preceding the first day of such Yield Period under the Federal Deposit Insurance Act, determined by analyzing the most recent assessment levied on the Relationship Bank by the Federal Deposit Insurance Corporation (or any successor) with respect to such deposits.

"Asset Tranche" means at any time a portion of the Senior Purchaser's Interest selected by the Administrator pursuant to Section 2.01.

"Back-Up Purchaser" shall mean Norwest or any successor party which is named as Back-Up Purchaser pursuant to the Liquidity Agreement.

"Back-Up Servicer" shall mean Norwest or any successor party which has entered into a Back-Up Servicing Agreement.

"Back-Up Servicing Agreement" means the Back-Up Servicing Agreement of even date herewith, pursuant to which the Back-Up Servicer agrees to act as Servicer in the event the existing Servicer is terminated and the Administrator elects to delegate the Servicer's responsibilities to the Back-Up Servicer.

"Bank Rate" for any Yield Period with respect to any Asset Tranche means

(a) in the case of any Yield Period other than a Yield Period described in clause (b), an interest rate per annum equal to the sum of (x) the applicable Bank Rate Margin plus (y) the Eurodollar Rate (Reserve

Adjusted) for such Yield Period;

(b) in the case of:

(i) any Yield Period after the day on which Subordinated Purchaser, any Liquidity Bank or the Credit Bank shall have notified the Administrator that (A) the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Person to fund such Asset Tranche at the rate described in clause (a), or (B) due to market conditions affecting the London interbank eurodollar market, funds are not reasonably available to such Person in such market in order to enable it to fund such Asset Tranche at the rate described in clause (a) (and in the case of subclause (A) or (B), such Person shall not have subsequently notified the Administrator that such circumstances no longer exist), or

(ii) any Yield Period as to which the Administrator does not receive notice or determine, by no later than 12:00 noon (New York City time) on the third Business Day preceding the first day of such Yield Period, that the related Asset Tranche will be funded by Liquidity Purchases and not by the issuance of Commercial Paper Notes, or

(iii) any Yield Period for an Asset Tranche the Senior Purchaser's Tranche Investment of which is less than \$500,000,

an interest rate per annum equal to the Alternate Base Rate in effect from time to time during such Yield Period.

Bank Rate Margin means:

(a) 1.00%, in the case of any Yield Period commencing and termination within the sixty-day period immediately following the funding of an Asset Tranche by a Liquidity Purchase;

(b) 2.00%, in the case of any Yield Period commencing or terminating after the sixty-day period immediately following the funding of an Asset Tranche by a Liquidity Purchase; and

(c) 3.00%, in the case of any Yield Period occurring during any period when a Liquidation Event or unmatured Liquidation Event shall have occurred and is continuing

(whether during or after the sixty-day period immediately following the funding of an Asset Tranche by a Liquidity Purchase).

"Business Day" means a day on which both (a) the Administrator at its principal office in Boston, Massachusetts is open for business and (b) commercial banks in New York City, Minneapolis, Minnesota and Chicago, Illinois are not authorized or required to be closed for business.

"Change in Control" means any of the following:

(a) the failure of CHR to own (directly or through wholly-owned subsidiaries of CHR) free and clear of all liens, 100% of the issued and outstanding voting stock of Seller and Servicer; or

(b) the creation or imposition of any lien on any shares of capital stock of Seller or Servicer.

"Chapter 7 Filing" means, with respect to an Obligor, the naming of such Obligor as debtor in a petition filed under, or converted to, Chapter 7 of the United States Bankruptcy Code.

"Chapter 7 Receivable" means a Pool Receivable that is not a Defaulted Receivable, but with respect to which the Obligor thereunder is the subject of a Chapter 7 Filing.

"CHR" means C.H. Robinson, Inc., a Minnesota corporation.

"CHR Support Agreement" means the Support Agreement of CHR of even date herewith to and for the benefit of Purchasers, the Administrator and the Relationship Bank, as the same may be amended, supplemented or otherwise modified from time to time.

"Cityside" has the meaning set forth in the preamble.

"Cityside Account" has the meaning set forth in Section 3.01(b).

"Cityside Finance" has the meaning set forth in the preamble.

"Collateral Agent" means First Chicago in its capacity as Collateral Agent, together with any successors thereto, under the Security Agreement.

"Collection Account" has the meaning set forth in Section 3.01(a).

"Collection Agent" means First Chicago as the Collection Agent under the Program Supplement, and any successor Collection Agent appointed for purposes of the transactions contemplated in the Transaction Documents pursuant to the Program Supplement.

"Collections" means, with respect to any Receivable, all funds which either
(a) are received by Seller or Servicer from or on behalf of an Obligor or guarantor in payment of amounts owed under or with respect to such Receivable or the related Contract, including, without limitation, principal, interest, finance charges, rule of 78's rebates, insurance proceeds, insurance payments that Seller or Servicer applies in the ordinary course of its business to amounts owed in respect of such Receivable, dealer reserve rebates, warranty rebates, net proceeds of sale or other dispositions of Financed Vehicles or other Related Security, or property of the Obligor or any other party directly or indirectly liable for payment of such Receivable and available to be applied thereon and all other charges in respect of such Receivable, or applied to such amounts owed by an Obligor, or (b) are deemed to have been received by Seller or any other Person as a Collection pursuant to Section 3.04.

"Collections Remittance Day" means the last Business Day of each week.

"Commercial Paper Holders" means the holders from time to time of the **Commercial Paper Notes**.

"Commercial Paper Notes" means short-term promissory notes issued or to be issued by Senior Purchaser to fund its investments in accounts receivable or other financial assets.

"Concentration Limit" means the applicable percentage limit for each category of Contracts set forth below (which limit is expressed as a percentage of the Net Receivables Balance of all Eligible Receivables in the Receivables Pool):

any single state	60%
any single dealer	5%
any single dealer group	5%*

*This percentage shall be increased to 10% with respect to any particular dealer group in the sole discretion of the Administrator and the Relationship Bank, upon submission to them of (a) financial statements for each member of the proposed dealer group, (b) evidence that the principal business of each member of such dealer group includes the sale of new automobiles and light trucks and (c) evidence that each member of such dealer group has successfully

conducted the business described in clause (b) for not less than five consecutive calendar years.

"Contract" means an automobile or light truck installment sales contract or promissory note or notes secured by a security interest in a Financed Vehicle. A "related" Contract with respect to the Receivables means a Contract under which a Receivable in the Receivables Pool arises or which is relevant to the collection or enforcement of such Receivables.

"Contract File" shall mean, with respect to each Contract, the file maintained by the Custodian with respect to such Contract, which shall include, without limitation, (a) the fully executed original Contract, properly assigned to, or originated by, Cityside, (b) a fully executed original assignment from Cityside to Seller, assigning all of Cityside's right, title, claim and interest in such Contract and all Related Security to Seller (which assignment may be included in another Contract File if it also covers other Contracts transferred on the same Purchase Date), (c) a fully executed original assignment from Seller to Purchasers, assigning all of Seller's right, title, claim and interest in such Contract and all Related Security to Purchasers (which assignment may be included in another Contract File if it also covers other Contracts transferred on the same Purchase Date) and (d) a copy of the certificate of title or lien card or a Dealer guaranty of delivery thereof, or the application for the certificate of title, with respect to the related Financed Vehicle, in each case indicating that Servicer is or will be shown thereon as secured party.

"CP Rate" for any period means a rate per annum calculated by the Administrator equal to the sum of (i) the rate or, if more than one rate, the weighted average of the rates, determined by converting to an interest-bearing equivalent rate per annum the discount rate (or rates) at which Commercial Paper Notes on each day during such period have been sold by the commercial paper placement agents selected by the Administrator, plus (ii) the commissions and

charges charged by such commercial paper placement agents with respect to such Commercial Paper Notes, expressed as a percentage of such face amount and converted to an interest-bearing equivalent rate per annum.

"Credit Agreement" means and includes (a) the Credit Agreement, dated as of September 24, 1992 between Senior Purchaser and the Credit Bank and (b) any other Agreement (other than the Liquidity Agreement) hereafter entered into by Senior Purchaser providing for the issuance of one or more letters of credit for the account of Senior Purchaser, the making of loans to Senior Purchaser or any other extensions of credit to or for the account

of Senior Purchaser to support all or any part of Senior Purchaser's payment obligations under its Commercial Paper Notes or to provide an alternate means of funding Senior Purchaser's investments in accounts receivable or other financial assets, in each case as amended, supplemented or otherwise modified from time to time.

"Credit and Collection Policy" means those credit and collection policies and practices relating to Contracts and Receivables as set forth and described in Exhibit 5.01(s-1), as modified without violating Section 7.03(c).

"Credit Bank" means and includes State Street Bank, as Lender to Senior Purchaser and as issuer of a letter of credit for Senior Purchaser's account under the Credit Agreement, and any other or additional bank or other financial institution now or hereafter extending credit or having a commitment to extend credit to or for the account of Senior Purchaser under the Credit Agreement.

"Credit Draw" means a loan in respect of, or a purchase of a percentage interest in, the Senior Interest made by the Credit Bank pursuant to the Credit Agreement or a disbursement made by the Credit Bank under a letter of credit issued pursuant to the Credit Agreement.

"Custodial Agreement" means the Custodial Agreement of even date herewith pursuant to which the Custodian agrees to act as Custodian for and on behalf of Purchasers to hold all Contracts and Contract Files which may from time to time become subject to this Agreement.

"Custodian" means Norwest, or any successor to Norwest in such capacity.

"Cut-Off Date" means the last day of each Settlement Period.

"Dealer" means a Person in the business of selling new or used automobiles or light trucks at retail prices to the general public.

"Default Interest" has the meaning set forth in Section 3.05(b).

"Default Ratio" means the ratio (expressed as a percentage) computed as of the Cut-Off date by dividing (a) the product of (i) 12 and (ii) the aggregate Unpaid Balance of all Pool Receivables that became Defaulted Receivables during the Settlement Period ending on the most recent Cut-Off Date, by (b) the aggregate Unpaid Balance of all Pool Receivables on such date.

"Defaulted Receivable" means a Receivable: (a) as to which any payment, or part thereof, remains unpaid for 150 days from the original due date for such payment, (b) with regard to which an Event of Bankruptcy as to the Obligor thereunder, other than a Chapter 7 Filing, has occurred and remains continuing,

(c) as to which the Obligor is the subject of a Chapter 7 Filing and (i) any payment, or part thereof, remains unpaid for 90 days from the original due date for such payment or (ii) such Obligor has not reaffirmed the indebtedness evidenced thereby in accordance with Section 524 (c) of the United States Bankruptcy Code within 60 days following the commencement of such Chapter 7 Filing, (d) as to which payments have been extended, or the terms of payment thereof rewritten, without the Administrator's and the Relationship Bank's consent, (e) which, consistent with the Credit and Collection Policy, would be written off Seller's books as uncollectible, (f) with respect to which the Servicer has elected not to make an advance to cover an overdue payment as contemplated in Section 3.07 thereunder or (g) as to which the Obligor thereof is the Obligor on any other Defaulted Receivable.

"Delinquency Ratio" means the ratio (expressed as a percentage) computed as of the Cut-Off Date by dividing (a) the aggregate Unpaid Balance of Pool Receivables, together with accrued and unpaid interest thereon, that became (and continued until the applicable Cut-Off Date as) Delinquent Receivables during the applicable number of Settlement Periods ending on the most recent Cut-Off Date by (b) the aggregate Unpaid Balance of all Pool Receivables, together with accrued and unpaid interest thereon, on such date.

"Delinquent Receivable" means a Receivable that is not a Defaulted Receivable and as to which any payment, or part thereof, remains unpaid for 60 days or more from the original due date for such payment.

"Depository Accounts" has the meaning set forth in Section 3.01(a).

"Depository Bank" means a financial institution in which a Depository Account has been opened, as contemplated in Section 3.01(b).

"Depository Letter" means a letter, in substantially the form of Exhibit
3.01(b), from Servicer and Relationship Bank to a Depository Bank.

"Designated Obligor" means, at any time, all Obligors of Seller except any such Obligor as to which the Administrator has, at least three Business Days prior to the date of determination, given notice to Seller that such Obligor shall not be considered a Designated Obligor.

"Dollars" means dollars in lawful money of the United States of America.

"Downgraded Liquidity Bank" means a Liquidity Bank which has been the subject of a Downgrading Event.

"Downgrading Event" with respect to any Person means the lowering of the rating with regard to the short-term securities of such Person to below (i) A-1 by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., or (ii) P-1 by Moody's Investors Service, Inc.

"Earned Discount" means, with respect to the Senior Investment, for any Yield Period with respect to any Asset Tranche, or, in the case of the Asset Tranche funded by Commercial Paper Notes, for any Settlement Period:

$$PTI \times ER \times ED + NSO$$

$$360$$

where:

- PTI = the daily average (calculated at the close of business each day) of the Senior Purchaser's Tranche Investment in such Asset Tranche during such Yield Period or Settlement Period, as applicable,
- ER = the Earned Discount Rate for such Yield Period or Settlement Period,
- ED = the actual number of days elapsed during such Yield Period or Settlement Period, and
- NSO = the Senior Purchaser Net Swap Obligation for such Settlement Period.

"Earned Discount Rate" means, with respect to the Senior Investment, for any Yield Period with respect to any Asset Tranche, or, in the case of the Asset Tranche funded by Commercial Paper Notes, for any Settlement Period:

(a) in the case of an Asset Tranche funded by a Liquidity Purchase, the Bank Rate for such Asset Tranche and such Yield Period;

(b) in the case of an Asset Tranche funded by a Credit Draw, a rate

per annum equal for each day during the Settlement Period to the sum of (i) the Alternate Base Rate in effect on such day and (ii) 2%; and

(c) in the case of the Asset Tranche funded by Commercial Paper Notes, the CP Rate for the related Yield Period or for such Settlement Period, as applicable;

provided, however, that on any day when any Liquidation Event or Unmatured Liquidation Event shall have occurred and is continuing, the Earned Discount Rate for each Asset Tranche described in clause (b) or (c) above shall mean a rata per annum equal to the higher of (i) the Alternate Base Rate plus 2% and

(ii) the rate otherwise applicable to such Asset Tranche during the current Yield Period or Settlement Period plus 2%.

"Eligible Contract" means a Contract in one of the forms set forth in Exhibit 5.01 (s-2) or otherwise approved by the Administrator.

"Eligible Investments" means any one or more of the following obligations or securities:

(a) direct non-callable obligations of, and non-callable obligations fully guaranteed by, the United States of America, or any agency or instrumentality of the United States of America the obligations of which are backed by the full faith and credit of the United States of America;

(b) demand and time deposits in, certificates of deposits of, and bankers' acceptances issued by, any depository institution or trust company incorporated under the laws of the United States of America or any state thereof, having a combined capital and surplus of at least \$500,000,000, and subject to supervision and examination by federal and/or state banking authorities, so long as at the time of such investment or contractual commitment providing for such investment the commercial paper or other short-term debt obligations of such depository institution or trust company (or, in the case of a depository institution that is the principal subsidiary of a holding company, the commercial paper or other short-term debt obligations of such holding company) have one of the two highest short-term credit rating available from Moody's Investors Service, Inc. and Standard &

(c) repurchase obligations with respect to and collateralized by (i) any security described in clause (a) above or (ii) any other security issued or guaranteed by an agency or instrumentality of the United States of America, in each case entered into with a depository institution or trust company (acting as principal) of the type described in clause (a) above, provided that the Paying Agent has taken delivery of such security;

(d) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations, but excluding Commercial Paper Notes) payable on demand or on a specified date not more than one year after the date of issuance thereof having the highest short-term credit rating from Moody's and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. at the time of such investment; and

(e) shares in a mutual fund investing solely in short term securities of the United States government and/or securities described in clause (c) above where the mutual fund custodian has taken delivery of the collateralizing securities, provided that (i) such fund shall have one of the two highest short-term credit rating available from Moody's and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and (ii) such shares shall be freely transferable by the holder on a daily basis.

"Eligible Receivable" means, at any time, a Receivable:

(a) which, (i) was originated by a Dealer or Cityside for the retail sale of a Financed Vehicle in the ordinary course of a Dealer's business, (ii) was originated or purchased by, and validly assigned to, Cityside, and was purchased by, and validly assigned to Seller pursuant to the Purchase and Sale Agreement, (iii) contains customary and enforceable provisions so as to render the rights and remedies of the holder thereof adequate for realization against the related Financed Vehicle, (iv) is a fully amortizing simple interest (computed for each year on the basis of either the actual number of days elapsed or twelve 30-day months) or Rule of 78's receivable which provides for level monthly payments (provided that the payment in the first monthly period and the final monthly period of the life of the Receivable may be minimally different from the level payment) which, if made when due, shall fully amortize the Financed Amount over an

original stated term of not more than 66 months, (v) has a Financed Amount not greater than \$35,000 and (vi) bears an annual percentage rate not less than 12.50%;

(b) which, (i) if the perfection of Purchasers' respective undivided ownership interests therein is governed by the laws of a jurisdiction where the UCC -- secured transactions is in force, constitutes chattel paper as defined in the UCC as in effect in such jurisdiction, and (ii) if the perfection of the Purchasers' respective undivided ownership interests therein is governed by the law of any jurisdiction where the Uniform Commercial Code -- secured transactions is not in force, Seller has furnished to the Administrator such opinions of counsel and other evidence as has reasonably been requested, establishing to the reasonable satisfaction of the Administrator that the Purchasers' respective undivided ownership interests and other rights with respect thereto are not significantly less protected and favorable than such rights under the UCC;

(c) the Obligor of which is resident of the United States, or any of its possessions or territories, is not an Affiliate of any of the parties hereto, and is not a government or a governmental subdivision or agency;

(d) the Obligor of which is a Designated Obligor;

(e) the Obligor of which is not the Obligor of any Defaulted Receivable;

(f) which is not a Defaulted Receivable;

(g) with regard to which (i) the original terms were not extended, modified, deferred, adjusted, restructured or restated unless (A) at the time of any such restructuring no payment due thereunder, or part thereof, was more than 45 days delinquent (B) no payment, or part thereof, remains unpaid for 30 days or more from the original due date for such payment and

(C) no Event of Bankruptcy shall have occurred and shall be continuing with respect to the Obligor thereunder, (ii) payment has not been 30 days or more delinquent more than five times since origination thereof, and (iii) no payment, or part thereof, remains unpaid for 45 days or more from the original due date for such payment, provided, that if any such payment is more than 30 days delinquent but not more than 45 days delinquent, the sum of (A) the Unpaid Balance of such Receivable and (B) the Unpaid Balance of all other Receivables in the 30-45 day delinquent category being purchased on the same Purchase Date, does not (in the aggregate) exceed 2.50%

of the aggregate Unpaid Balance of all Receivables being purchased on such Purchase Date;

(h) with regard to which the warranty of Seller in Section 6.01(1) is true and correct;

(i) the sale of an undivided interest in which does not contravene or conflict with any law;

(j) which is denominated and payable only in Dollars in the United States;

(k) which arises under an Eligible Contract that has been duly authorized and that, together with such Receivable, is in full force and effect and, constitutes the legal, valid and binding obligation of the Obligor of such Receivable, enforceable against such Obligor in accordance with its terms and is not subject to any dispute, offset, counterclaim or defense whatsoever;

(l) which, together with the Contract related thereto, does not contravene in any material respect any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to usury, truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which no party to the Contract related thereto is in violation of any such law, rule or regulation in any material respect;

(m) which (i) satisfies all applicable requirements of the Credit and Collection Policy and (ii) complies with such other criteria and requirements (other than those relating to the collectibility of such Receivable) as the Administrator may from time to time specify to Seller following thirty days' notice;

(n) as to which the Administrator has not notified Seller that the Administrator has determined, in its sole discretion, that such Receivable (or class of Receivables) is not acceptable for purchase hereunder;

(o) the Unpaid Balance of which, together with the Unpaid Balances of all Eligible Receivables in its respective category, does not exceed the Concentration Limit for such category;

(p) the Contract evidencing such Receivable constitutes chattel paper within the meaning of the UCC and there is only one original executed copy of such Contract;

(q) the Contract File with respect thereto has been delivered to the Custodian;

(r) with respect to which, the related Contract has created an enforceable and perfected first priority security interest in the related Financed Vehicle in favor of Servicer as secured party, which security interest is prior to all other liens, claims and security interests upon and in such Financed Vehicle which now exist or may hereafter arise or be created (except, as to priority, for any lien for taxes, labor or materials affecting a Financed Vehicle);

(s) with respect to which, the related Contract has not been satisfied, subordinated or rescinded, and the related Financed Vehicle securing such Contract has not been released from the lien of the related Contract; and

(t) with respect to which, as of the applicable Purchase Date, the related Financed Vehicle is covered by a comprehensive and collision insurance policy (i) in an amount at least equal to the lesser of its maximum insurable value or the Unpaid Balance due from the Obligor as of such date under the related Contract, (ii) naming Servicer and its successors and assigns as loss payee and (iii) insuring against damage due to fire, theft, transportation, collision and other risks customarily covered by comprehensive and collision insurance, and the related Contract requires the Obligor to maintain such physical loss and comprehensive insurance throughout the term of the loan evidenced by such Receivable for the benefit of Servicer, its successors and assigns.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurodollar Business Day" means a day of the year on which dealings are carried on in the London interbank eurodollar market and banks are open for business in London and are not required or authorized to close in New York City, Minneapolis, Minnesota or Boston.

"Eurodollar Rate (Reserve Adjusted)" means, with respect to any Yield Period and any funding subject thereto, a rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) determined pursuant to the following formula:

$$\begin{array}{rcl} \text{Eurodollar Rate} & = & \text{Eurodollar Rate} \\ & & \text{-----} \\ & & 1 - \text{Eurodollar} \\ & & \text{Reserve Percentage} \end{array}$$

"Eurodollar Rate" means, with respect to any Yield Period and any Asset Tranche or Subordinated Interest Funding, as the case may be, the rate per annum determined by the Relationship Bank between the opening of business and 12:00 noon, Minneapolis, Minnesota, time on the second Eurodollar Business Day prior to the beginning of such Yield Period, to be a rate at which U.S. Dollar deposits are offered to major banks in the London interbank eurodollar market for funds to be made available on the first day of such Yield Period and maturing one month thereafter.

"Eurodollar Reserve Percentage" means, with respect to the computation of any Eurodollar Rate (Reserve Adjusted), the then applicable percentage (expressed as a decimal) prescribed by the Federal Reserve Board for determining reserve requirements applicable to "Eurocurrency Liabilities" pursuant to Regulation D.

"Event of Bankruptcy" shall be deemed to have occurred with respect to a Person if either:

(a) a case or other proceeding shall be commenced, without the application or consent of such Person, in any court, seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of such Person, the appointment of a trustee, receiver, custodian, liquidator, assignee, sequestrator or the like for such Person or all or substantially all of its assets, or any similar action with respect to such person under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of 30 consecutive days; or an order for relief in respect of such Person shall be entered in an involuntary case under the federal bankruptcy laws or other similar laws now or hereafter in effect; or

(b) such Person shall commence a voluntary case or other proceeding under any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for, such person or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail to, or admit in writing its

inability to, pay its debts generally as they become due, or, if a corporation or similar entity, its board of directors shall vote to implement any of the foregoing.

"Excess Yield" means, as of the date of determination, the excess of the **Purchased Yield over the Receivables Yield**.

"Exchange Act" means the Securities and Exchange Act of 1934, as amended.

"Facility Amount" shall mean \$24,000,000, or such higher amount as may be established in accordance with Section 1.05.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal (for each day during such period) to

(a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of Boston; or

(b) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by State Street Bank from three federal funds brokers of recognized standing selected by it.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System, or any successor thereto or to the functions thereof.

"Final Payout Date" means the date following the Termination Date on which the Aggregate Purchasers' Investments shall have been reduced to zero and all other amounts payable by Seller under the Transaction Documents shall have been paid in full.

"Financed Amount" means, with respect to any Receivable, the original amount of the loan made to the related Obligor pursuant to, and evidenced by, the related Contract.

"Financed Vehicle" shall mean the new or used automobile or light truck securing repayment of the loan evidenced by a Contract.

"First Chicago" means the First National Bank of Chicago, a national banking association.

"Force-Placed Insurance" has the meaning set forth in Section 8.02(f).

"Indemnified Amounts" has the meaning set forth in Section 12.01.

"Indemnified Party" has the meaning set forth in Section 12.01.

"Information Package" has the meaning set forth in Section 3.03.

"Interest Amount" means, with respect to the Subordinated Investment, for any Yield Period:

$$\frac{\text{SI} \times \text{SIR} \times \text{ED}}{360}$$

360

where:

SI = the daily average (calculated at the close of business each day) of the Subordinated Investment during such Yield Period,

ED = the actual number of days elapsed during such Yield Period, and

SIR = the Subordinated Interest Rate for such Yield Period.

"Interest Rate Agreement" means the Senior Purchaser Interest Rate Agreement, the State Street Interest Rate Agreement, the Servicer Interest Rate Agreement and each and every other agreement with respect to which Seller hedges all or a portion of its interest rate risk with respect to the Receivables Pool, as contemplated in Section 7.01(i).

"Investment Limit" means the Senior Investment Limit or the Subordinated Investment Limit, as the context may require.

"Lien Release" means a letter addressed to Senior Purchaser, Subordinated Purchaser, Seller and Cityside from First Bank National Association, submitted in a connection with a Purchase Notice, referencing such Purchaser Notice and the Receivables therein described and stating that upon receipt by First Bank National Association of immediately available funds in a specified amount each and every security interest, lien, pledge, right, title, claim and interest of First Bank National Association in and to the referenced Receivables and all related Contracts, Related Security, Collections and all other Property with respect thereto shall be deemed automatically terminated, satisfied, released and

cancelled, without any further notice by or writing of First Bank National Association, in form and content reasonably acceptable to the Administrator and Subordinated Purchaser.

"Liquidation Event" has the meaning set forth in Section 9.01.

"Liquidation Period" means the period commencing on the date on which the Purchaser's respective commitments to purchase Receivables under Section 1.01(a) have expired or been terminated and ending on the Final Payout Date, as specified in Article IX.

"Liquidity Agent" means Norwest, as agent for the Liquidity Banks under the Liquidity Agreement, or any successor to Norwest in such capacity.

"Liquidity Agreement" means and includes (a) the Liquidity Agreement of even date herewith by and among Senior Purchaser, as Borrower, State Street Capital, as Program Administrator, Norwest as Liquidity Agent, and certain other financial institutions, and (b) any other agreement hereafter entered into by Senior Purchaser providing for the purchase of a percentage in the Senior Interest or making of loans or other extensions of credit to Senior Purchaser secured by a direct or indirect security interest in the senior interest (or any portion thereof), to support all or part of Senior Purchaser's payment obligations under the Commercial Paper Notes or to provide an alternate means of funding Senior Purchaser's investments in accounts receivable or other financial assets, and under which the amount available from such purchasing or extensions of credit is limited to an amount calculated by reference to the value or eligible unpaid balance of such accounts receivable or other financial assets or any portion thereof or the level of deal-specific credit enhancement available with respect thereto, as such Liquidity Agreement or other agreement may be amended, supplemented or otherwise modified from time to time.

"Liquidity Bank" means any one of, and "Liquidity Banks" means all of, Norwest, First Bank, National Association and the other commercial lending institutions that are at any time parties to the Liquidity Agreement.

"Liquidity Purchase" means a purchase of a percentage interest of the Senior Interest by a Liquidity Bank (or simultaneous purchases made by the Liquidity Banks) pursuant to the Liquidity Agreement.

"Material Adverse Effect" with respect to any event or circumstance, a material adverse effect on:

- (i) the business, assets, financial condition, operations or prospects of Seller, Servicer or CHR;
- (ii) the ability of Servicer, Seller or CHR to perform its obligations under this Agreement or any other Transaction Document;
- (iii) the validity, enforceability or collectibility of this Agreement, any other Transaction Document, the Receivables or the related Contracts; or
- (iv) the status, existence, perfection, priority or enforceability of Purchasers' interest in the Pool Receivables.

"Net Receivables Balance" at any time means an amount equal to the aggregate principal portion of the Unpaid Balance of all Eligible Receivables in the Receivables Pool. Initially, with respect to each Eligible Receivable, the aggregate principal portion of the Unpaid Balance shall be equal to the Financed Amount.

"Net Swap Payment" means, as of any Settlement Date, the net amount, if any, due and payable by Norwest to Servicer pursuant to the Servicer Interest Rate Agreement.

"Norwest" has the meaning set forth in the Preamble.

"Obligor" means a Person obligated to make payments with respect to a Receivable, including any guarantor thereof.

"Paying Agent" shall mean Norwest or any successor or designee of Norwest.

"Percentage" has the meaning set forth in Section 1.03.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, government or any agency or political subdivision thereof or any other entity.

"Pool Receivable" means a Receivable in the Receivables Pool.

"Principal Collections" means with respect to a Settlement Period, the sum of (a) that portion of Collections received during such Settlement Period constituting (i) any payment of principal with respect to a Receivable which is received from or on behalf of an Obligor, whether such payment is scheduled or unscheduled and (ii) with respect to any action or proceeding instituted in respect

of a Receivable, Financed Vehicle or claims under an insurance policy insuring a Financed Vehicle, all net cash amounts realized thereby after payment of the reasonable costs incurred in the realization thereof, whether such Collection is effected through litigation, sale, repossession or otherwise, including, without limitation, cash sale proceeds received upon the sale of a Financed Vehicle, (b) all Collections deemed received during such Settlement Period pursuant to Section 3.04 and (c) an amount equal to the Unpaid Balance of all Receivables which became Defaulted Receivables during such Settlement Period.

"Program Administration Agreement" means the Program Administration Agreement dated as of September 24, 1992 between Senior Purchaser and State Street Capital, as Program Administrator, as the same may be amended, supplemented or otherwise modified from time to time.

"Program Documents" means the documents relating to the Senior Purchaser's commercial paper program, including the Program Administration Agreement, the Security Agreement and the Program Supplement.

"Program Fee" has the meaning set forth in Section 4.01.

"Program Information" has the meaning set forth in Section 13.08.

"Program Supplement" means the supplement to the Program Documents, dated as of June 28, 1995, among the Purchaser, the Administrator and certain other parties, as the same may be amended, supplemented or otherwise modified from time to time.

"Property" has the meaning set forth in Section 1.04(a).

"Purchase" has the meaning set forth in Section 1.01(a).

"Purchase and Sale Agreement" means the Purchase and Sale Agreement of even date herewith between Seller, as purchaser of Receivables, and Cityside, as seller of such Receivables.

"Purchase Cut-Off Date" means (a) with respect to purchases to be made on the 8th Business Day of a month, the last day of the immediately preceding calendar month and (b) with respect to purchases to be made on the 22nd calendar day of a month, the 8th Business Day preceding such calendar day of that month.

"Purchase Date" has the meaning set forth in Section 1.02(a).

"Purchase Notice" has the meaning set forth in Section 1.02(a).

"Purchase Termination Date" means that day on which a Liquidation Event has occurred and is continuing, and

(a) the Administrator or the Subordinated Purchaser declares a purchase Termination Date in a notice to Seller in accordance with Section 9.02(a); or

(b) in accordance with Section 9.02(b), becomes the Purchase Termination Date automatically.

"Purchased Yield" means, as of the date of determination, the sum of (a) the current offered yield on a United States Treasury Security (expressed as a percentage) with a remaining maturity equal to the weighted average remaining maturity of all Pool Receivables, assuming an average prepayment rate of 1.60% of the Net Receivables Balance per month, and (b) 5.00%.

"Purchaser" and "Purchasers" has the meaning set forth in the preamble.

"Purchaser's Interest" and "Purchasers' Interests" has the meaning set forth in Section 1.01(a).

"Purchaser's Investment" shall mean the Senior Investment or the Subordinated Investment, as the context shall require.

"Qualifying Liquidity Bank" means a Liquidity Bank with a rating of its short-term securities equal to or higher than (i) A-1 by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and (ii) P-1 by Moody's Investors Service, Inc.

"Receivable" means any right to payment from a Person, whether constituting an account, chattel paper, instrument or a general intangible, arising from the sale by a Dealer of a Financed Vehicle and includes (without limitation) the right to payment of interest and all other finance charges and other obligations of such Person with respect thereto.

"Receivables Pool" means at any time all then outstanding Receivables at any time or from time to time described in a Purchase Notice, except for any such Receivables sold, conveyed and transferred to Cityside pursuant to its repurchase obligations under the Purchase and Sale Agreement, but only to the extent possession of the Contract File with respect thereto has been delivered to Cityside in accordance therewith.

"Receivables Yield" means, as of the date of determination, the weighted average annual percentage rate (as stated in the related Contracts) of all Pool Receivables as of such date.

"Regulation D" means Regulation D of the Federal Reserve Board, or any other Regulation of the Federal Reserve Board that prescribes reserve requirements applicable to nonpersonal time deposits or "Eurocurrency Liabilities" as presently defined in Regulation D, as in effect from time to time.

"Regulatory Change" means, relative to any Affected Party

(a) any change in (or the adoption, implementation, change in phase-in or commencement of effectiveness of) any

(i) United States federal or state law or foreign law applicable to such Affected Party;

(ii) regulation, interpretation, directive, requirement or request (whether or not having the force of law) applicable to such Affected Party of (A) any court, government authority charged with the interpretation or administration of any law referred to in clause

(a)(i) or of (B) any fiscal, monetary or other authority having jurisdiction over such Affected Party; or

(iii) generally accepted accounting principles or regulatory accounting principles applicable to such Affected Party and affecting the application to such Affected Party of any law, regulation, interpretation, directive, requirement or request referred to in

clause (a)(i) or (a)(ii) above; or

(b) any change in the application to such Affected Party of any existing law, regulation, interpretation, directive, requirement, request or accounting principles referred to in clause (a)(i), (a)(ii) or (a)(iii) above.

"Related Security" means, with respect to any Pool Receivable: (a) all of Seller's and Cityside's right, title and interest in and to the Contract that relates to such Pool Receivable; (b) all of Seller's and Cityside's rights in and against the Financed Vehicles, if any, relating to the sale which gave rise to such Pool Receivable; (c) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Pool Receivable, whether pursuant to the Contract related to such Pool Receivable or otherwise; (d) the assignment to the Custodian, for the benefit of Purchasers and any assignees thereof,

of all UCC financing statements covering any collateral securing payment of such Pool Receivable (but such assignment is made only to the extent of the interest of the Purchasers in the respective Pool Receivable); and (e) all guarantees and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Pool Receivable whether pursuant to the Contract related to such Pool Receivable or otherwise. The interest of the Purchasers in any Related Security is only to the extent of the Purchasers' undivided interest, as more fully described in the definition of Purchasers' Interests.

"Relationship Bank" has the meaning set forth in the preamble.

"Relationship Bank Agreement" means the Relationship Bank Agreement, dated as of September 24, 1992, among Senior Purchaser, the Administrator and the Relationship Bank, as such agreement may be amended, supplemented or otherwise modified from time to time.

"Secured Parties" means Purchasers, the Administrator, the Relationship Bank, the indemnified parties and the Affected Parties.

"Security Agreement" means the Security Agreement dated as of September 24, 1992, between Senior Purchaser, as grantor, and the Collateral Agent, as secured party, as the same may be amended, supplemented or otherwise modified from time to time.

"Seller" has the meaning set forth in the preamble.

"Seller Amount" means, at any time, an amount equal to the Net Receivables **Balance minus the Aggregate Purchasers' Investments.**

"Seller Information" has the meaning set forth in Section 13.07(a).

"Seller Information Provider" has the meaning set forth in Section 13.07(a).

"Seller Order" means a direction letter, in such form as the Paying Agent and Seller may approve, specifying the Eligible Investments in which funds in the Collection Account shall be invested pursuant to Section 3.01.

"Senior Interest" has the meaning set forth in Section 1.01(a)(i).

"Senior Investment" means at any time with respect to the Senior Interest an amount equal to the aggregate of the amounts theretofore paid to Seller for Purchases in respect of the Senior

Interest pursuant to Section 1.01, minus the aggregate amount of Collections received and actually distributed to Senior Purchaser to reduce the Senior Investment pursuant to Article III.

"Senior Investment Limit" has the meaning set forth in Section 1.01(b)(i)(B).

"Senior Percentage" has the meaning set forth in Section 1.03.

"Senior Purchase Limit" has the meaning set forth in Section 1.01(b)(i)(A).

"Senior Purchaser" has the meaning set forth in the preamble.

"Senior Purchaser Interest Rate Agreement" means the ISDA Master Agreement of even date herewith between Senior Purchaser and State Street Bank, relating to a swap of interest rate obligations between State Street Bank and Senior Purchaser.

"Senior Purchaser Net Swap Obligation" means, as of any Settlement Date, the net amount, if any, due and payable by Senior Purchaser to State Street Bank pursuant to the State Street Interest Rate Agreement.

"Senior Purchaser's Tranche Investment" means, in relation to any Asset Tranche, the amount of the Senior Investment allocated by the Administrator to an Asset Tranche pursuant to Section 2.01, provided, that at all times the aggregate amounts allocated to all Asset Tranches shall equal the Senior Investment.

"Servicer" initially has the meaning set forth in the preamble and thereafter as set forth in Section 8.01(a).

"Servicer Advance" shall have the meaning set forth in Section 3.07.

"Servicer Interest Rate Agreement" means the ISDA Master Agreement of even date herewith between Servicer and Norwest, relating to a swap of interest rate obligations between Norwest and Servicer.

"Servicer Net Swap Payment" means, as of any Settlement Date, the net amount, if any, due and payable by Norwest to Servicer pursuant to the Servicer Interest Rate Agreement.

"Servicer Transfer Event" has the meaning set forth in Section 8.01(b).

"Servicer's Fee" accrued for any day means an amount equal to (a) 1.50% per

annum, times (b) the amount of the Net Receivables Balance at the close of ---

business on such day, times (c) 1/360.

"Settlement Date" means, with respect to any Settlement Period, the eighth Business Day following the Cut-Off Date for such Settlement Period.

"Settlement Period" means,

- (a) the period from the date of the initial Purchase hereunder to (but not including) the first day of the next following calendar month; and
- (b) thereafter, each period from the last day of the next preceding Settlement Period to (but not including) the first day of the next following calendar month;

provided, however, that the last Settlement Period shall end on the date on which the Aggregate Purchaser's Investment has been reduced to zero and all other fees and expenses owed by Seller hereunder shall have been paid in full.

"State Street Bank" means State Street Bank & Trust Company, a Bank organized under the laws of the Commonwealth of Massachusetts.

"State Street Capital" has the meaning set forth in the Preamble.

"State Street Interest Rate Agreement" means the ISDA Master Agreement of even date herewith between State Street Bank and Norwest, relating to a swap of interest rate obligations between State Street Bank and Norwest.

"Subordinated Investment Limit" has the meaning set forth in Section 1.01(b)(ii)(B).

"State Street Net Swap Payment" means, as of any Settlement Date, the net amount, if any, due and payable by Norwest to State Street Bank pursuant to the Senior Purchaser Interest Rate Agreement.

"Subordinated Interest" has the meaning set forth in Section 1.01(a)(ii).

"Subordinated Interest Funding" means any portion of the Subordinated Investment bearing interest at an annual rate computed in relation to a particular Yield Period.

"Subordinated Interest Rate" means, with respect to the Subordinated **Investment**:

(a) in the case of any portion of the Subordinated Investment funded on a date other than a Settlement Date, an interest rate per annum for each day to (but not including) the next succeeding Settlement Date equal to 75% of the Alternate Base Rate in effect on such day; and

(b) except as otherwise provided in clause (c) below, in the case of any portion of the Subordinated Investment outstanding on any Settlement Date, after giving effect to reductions resulting from payments under Section 3.03, an interest rate per annum equal to the Eurodollar Rate (Reserve Adjusted) for each Yield Period; and

(c) in the case of any portion of the Subordinated Investment outstanding on any Settlement Date, after giving effect to reductions resulting from payments under Section 3.03, if (i) the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for Subordinated Purchaser to fund at the rate described in clause (b) or (ii) due to market conditions affecting the London interbank eurodollar market, funds are not reasonably available to Subordinated Purchaser in such market in order to enable it to fund at the rate described in clause (b), or (iii) the Subordinated Investment at such time is less than \$500,000, an interest rate per annum equal to 75% of the Alternate Base Rate in effect from time to time during the Yield Period;

provided, however, that on any date when any Liquidation Event or Unmatured Liquidation Date shall have occurred and is continuing, the Subordinated Interest Rate with respect to the entire Subordinated Interest then outstanding shall be a rate per annum equal to the sum of (i) the Alternate Base Rate and (ii) 2%.

"Subordinated Investment" means at any time with respect to the Subordinated Interest an amount equal to the aggregate of the amounts theretofore paid to Seller for Purchases in respect of the Subordinated Interest pursuant to Section 1.01, minus the aggregate amount of Collections received and actually distributed to Subordinated Purchaser to reduce the Subordinated Investment pursuant to Article III.

"Subordinated Percentage" has the meaning set forth in Section 1.03.

"Subordinated Purchase Limit" has the meaning set forth in Section 1.01(b)(ii)(A).

"Subordinated Purchaser" has the meaning set forth in the preamble.

"Subsidiary" means a corporation of which Seller, Servicer or CHR and/or their other subsidiaries own, directly or indirectly, such number of outstanding shares as have more than 50% of the ordinary voting power for the election of directors.

"Successor Notice" has the meaning set forth in Section 8.01(B).

"Senior Purchaser Net Swap Obligation" means, as of any Settlement Date, the net amount, if any, due and payable by Senior Purchaser to Norwest pursuant to the Interest Rate Agreement between Senior Purchase at Norwest, as described in the definition of Interest Rate Agreement.

"Senior Purchaser Net Swap Payment" means, as of any Settlement Date, the net amount, if any, due and payable by Norwest to Senior Purchaser pursuant to the Senior Purchaser Interest Rate Agreement

"Swap Rate" means, as of the date of determination, the sum of:

(a) the then current offered yield on a United States Treasury Security (expressed as a percentage) with a remaining maturity equal to the weighted average remaining maturity of all Pool Receivables as of such date, assuming prepayment of such Pool Receivables at an average monthly rate equal to the actual monthly rate of prepayment which occurred with respect thereto over the previous twelve month period; and

(b) the Swap Spread.

"Swap Spread" means, as of the date of determination, the then current offered margin for a fixed-to-LIBOR-based interest rate swap agreement with an average maturity equal to the weighted average remaining maturity of all Pool Receivables as of such date, assuming prepayment of such Pool Receivables at an average monthly rate equal to the actual monthly rate of prepayment which occurred with respect thereto over the previous twelve month period.

"Termination Date" means the earliest of:

(a) the date of termination (whether by scheduled expiration, termination on default or otherwise) of either the Liquidity Banks' commitments under the Liquidity Agreement or the Credit Bank's commitment under the Credit Agreement;

(b) the Purchase Termination Date; and

(c) October 22, 1997, or such later date as may be established pursuant to Section 1.05.

"Transaction Documents" means this Agreement, the Purchase and Sale Agreement, the Depository Letters, the CHR Support Agreement, the Custodial Agreement, each Interest Rate Agreement, the fee letter described in Section 4.01 and the other documents to be executed and delivered in connection

herewith.

"Transfer Date" means the date on which the Back-Up Purchaser purchases the entire Senior Interest pursuant to the Liquidity Agreement.

"UCC" means the Uniform Commercial Code as from time to time in effect in

the applicable jurisdiction or jurisdictions.

"Unmatured Liquidation Event" means any event which, with the giving of notice or lapse of time, or both, would become a Liquidation Event.

"Unpaid Balance" of any Receivable means at any time the unpaid principal amount thereof.

"Yield Period"

(a) with respect to any Asset Tranche funded by a Liquidity Purchase or Credit Draw, means

(i) the period commencing on the date of the initial Purchase of the Senior Interest, the making of such Liquidity Purchase or Credit Draw or the creation of such Asset Tranche pursuant to Section 2.01 (whichever is latest) and ending such number of days thereafter as the Administrator shall select; and

(ii) each period commencing on the last day of the immediately preceding Yield Period for the related Asset Tranche and ending such number of days thereafter as the Administrator shall select; and

(b) with respect to any portion of the Subordinated Investment which will bear interest at a rate computed in relation to a Eurodollar Rate (Reserve Adjusted), means

(i) the period commencing on the first Settlement Date occurring after the initial Purchase of the Subordinated Interest and ending on (but not including) the next succeeding Settlement Date thereafter; and

(ii) each period commencing on the last day of the immediately preceding Yield Period for any portion of the Subordinated Interest then outstanding and ending on (but not including) the next succeeding Settlement Date thereafter; and

(c) with respect to any portion of the Subordinated Investment which will bear interest computed in relation to the Alternate Base Rate, means the period commencing on the day on which such portion of the Subordinated Investment bears interest in relation to such rate and ending on (but not including) the date on which such Alternate Base Rate is no longer applicable thereto;

provided, however, that

(i) any such Yield Period (other than a Yield Period consisting of one day) which would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day (unless the Interest subject to such Yield Period shall be accruing Earned Discount or Interest Amount at a rate determined by reference to the Eurodollar Rate (Reserve Adjusted), in which case if such succeeding Business Day is in a different calendar month, such Yield Period shall instead be shortened to the next preceding Business Day); and

(ii) in the case of Yield Periods of one day for any Asset Tranche, (a) the initial Yield Period shall be the date such Yield Period commences as described in clause (a) above; and (b) any

subsequently occurring Yield Period which is one day shall, if the immediately preceding Yield Period is more than one day, be the last day of such immediately preceding Yield Period.

B. Other Terms. All accounting terms not specifically defined herein

shall be construed in accordance with generally accepted accounting principles. All terms used in Article 9 of the

UCC in the State of Minnesota, and not specifically defined herein, are used herein as defined in such Article 9.

C. Computation of Time Periods. Unless otherwise stated in this Agreement, in the Computation of a Period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

**FIRST AMENDMENT
TO
RECEIVABLES PURCHASE AGREEMENT
AND
SUPPORT AGREEMENT**

This First Amendment to Receivables Purchase Agreement and Support Agreement is made as of the 1st day of April, 1996, by and among CITYSIDE FINANCE CORPORATION I, a Minnesota corporation ("Seller"), CITYSIDE FINANCIAL SERVICES OF WISCONSIN, INC., a Wisconsin corporation (in its capacity as seller of certain receivables, "Cityside", and in its capacity as servicer of those receivables, "Servicer", CLIPPER RECEIVABLES CORPORATION, a Delaware corporation ("Senior Purchaser"), NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, a national banking association (in its capacity as subordinated purchaser, "Subordinated Purchaser", and together with Senior Purchaser, "PURCHASERS", STATE STREET BOSTON CAPITAL CORPORATION, a Massachusetts corporation (the "Administrator"), NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, a national banking association (in its capacity as relationship bank, the "Relationship Bank") and C.H. ROBINSON, INC., a Minnesota corporation ("CHR").

RECITALS

A. Seller, Servicer, Senior Purchaser, Subordinated Purchaser, the Administrator and the Relationship Bank have entered into a Receivables Purchase Agreement dated October 23, 1995 (the "Receivables Purchase Agreement"), pursuant to which Senior Purchaser and Subordinated Purchaser have agreed to purchase an undivided interest in certain receivables purchased by Seller from Cityside.

B. To induce Purchasers to enter into the Receivables Purchase Agreement with Seller, CHR has entered into a Support Agreement dated October 23, 1995 (the "CHR Support Agreement") to and for the benefit of Purchasers.

C. Seller wishes to increase the size of the facility set forth and described in the Receivables Purchase Agreement and CHR wishes to modify its ownership structure of Servicer and Seller and, pursuant to the terms and subject to the conditions set forth in this First Amendment, the other parties hereto have agreed to such request.

ACCORDINGLY, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Except as otherwise expressly set forth herein, all capitalized terms used in this First Amendment which are defined in the Receivables Purchase Agreement shall have the same meanings assigned to them in the Receivables Purchase Agreement.

2. Representations and Warranties of Seller. To induce Purchasers to enter into this First Amendment, Seller hereby represents and warrants as follows:

(a) The Transaction Documents to which Seller is a party constitute the legal, valid and binding agreements of Seller, are subject to no defenses, counterclaims, rights of offset or recoupment and are enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(b) The representations and warranties contained in Section 6.01 of the Receivables Purchase Agreement are true and correct as of the date hereof as though made on and as of this date, except to the extent that such representations and warranties relate solely to an earlier date.

(c) No event has occurred and is continuing or would result from the execution and delivery of this First Amendment and the ancillary documents contemplated hereby which constitutes or would constitute a default or an event of default under the Receivables Purchase Agreement or any other agreement, indenture, evidence of indebtedness or other obligation of Seller.

3. Representation and Warranty of CHR. To induce Purchasers to enter into this First Amendment, CHR hereby represents and warrants that the CHR Support Agreement constitutes the legal, valid and binding agreement of CHR, is subject to no defenses, counterclaims, rights of offset or recoupment and is enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

4. Increase of Purchase Facility. Effective as of April 1, 1996, assuming satisfaction of each condition precedent set forth in paragraph 7 hereof, the Facility Amount shall be deemed increased to Thirty-Six Million Dollars (\$36,000,000) and the definition of "Facility Amount" appearing in Appendix A to

the Receivables Purchase Agreement shall be deemed amended to read as follows:

"Facility Amount" shall mean \$36,000,000, or such higher amount as may be established in accordance with Section 1.05(b)".

By signing this First Amendment, CHR hereby expressly acknowledges and consents to increase of the Facility Amount to \$36,000,000 as contemplated above.

5. Changes in Ownership Structure. Purchasers, the Administrator and the Relationship Bank hereby consent to and approve ownership of Servicer, Seller and related entities as follows: Seller will be a 100% wholly-owned subsidiary of Cityside. Cityside will be a 100% wholly-owned subsidiary of Cityside Holding Company. Cityside Holding Company will be a subsidiary of CHR Financial Services, Inc., with CHR Financial Services, Inc. holding not less than 90% of the issued and outstanding common stock of Cityside Holding Company. Up to 10% of the remaining issued and outstanding common stock of Cityside Holding Company, if not held by CHR Financial Services, Inc., may be held and owned by past, present or future employees, executives and other parties related to or otherwise affiliated with C.H. Robinson, Inc., CHR Financial Services, Inc., Cityside Holding Company, Cityside or Seller. CHR Financial Services, Inc. will be a 100% wholly-owned subsidiary of C.H. Robinson, Inc.

6. Amendments to Receivables Purchase Agreement and Support Agreement. To permit the corporate reorganization contemplated in paragraph 5 above, the following amendments are hereby made to the Receivables Purchase Agreement and CHR Support Agreement, respectively:

(a) The definition of "Change in Control" appearing on page A-4 of Appendix A to the Receivables Purchase Agreement is hereby amended in its entirety to read as follows:

"Change in Control" means any of the following:

- (a) The failure of Cityside to own free and clear of all liens, 100% of the issued and outstanding voting stock of Seller;
- (b) The failure of Cityside Holding Company to own free and clear of all liens, 100% of the issued and outstanding voting stock of Cityside;
- (c) The failure of CHR Financial Services, Inc. to own free and clear of all liens, 90% or more of the issued and outstanding voting stock of Cityside Holding

Company, with the remaining issued and outstanding voting stock of Cityside Holding Company being held only by past, present or future employees, executives and other parties related to or otherwise affiliated with C.H. Robinson, CHR Financial Services, Inc., Cityside Holding Company, Cityside or Seller;

(d) The failure of CHR to own (directly or through wholly-owned subsidiaries of CHR), free and clear of all liens, 100% of the issued and outstanding voting stock of CHR Financial Services, Inc.; or

(e) The creation or imposition of any lien on any shares of capital stock of Seller or Servicer."

(b) Section 1 (c) of the Support Agreement is hereby amended in its entirety to read as follows:

"(c) Ownership. The Support Party shall not cause, suffer to exist or permit to occur a Change in Control as defined in the Receivables Purchase Agreement."

7. Satisfaction of Conditions Under Section 1.05(a). In satisfaction of the conditions to increase the Facility Amount set forth in Section 1.05(a) of the Receivables Purchase Agreement:

(a) Purchasers, the Administrator and the Relationship Bank hereby approve the requested increase in the Facility Amount to \$36,000,000;

(b) The Administrator acknowledges receipt from Seller of written notice requesting such increase not less than 30 days prior to the effective date thereof;

(c) The Administrator has received written confirmation from Standard and Poor's Rating Services and Moody's Investors Service, Inc. confirming that the existing ratings on the Commercial Paper Notes will remain unchanged after giving effect to the increase contemplated in paragraph 4;

(d) The Administrator, in its separate capacity as Liquidity Agent, and Senior Purchaser hereby confirm that the maximum amount of purchase commitments available to Senior Purchaser under the Liquidity Agreement has been increased to \$33,526,956.52, which is the appropriate amount of increase in light of the proposed increase in the Facility Amount; and

(e) Seller hereby acknowledges, confirms and agrees that it shall pay, immediately upon demand, all out-of-pocket costs and expenses (including all attorneys fees and expenses) incurred by the Administrator, the Relationship Bank, the Liquidity Banks, either Purchaser, the Custodian and the Paying Agent in connection with effecting the increase contemplated in paragraph 4 above.

8. Conditions Precedent. The increase in the Facility Amount contemplated in paragraph 4 shall not become effective until the Relationship Bank and the Administrator shall have received the following, in form and substance satisfactory to them:

(a) This First Amendment, duly executed on behalf of each Party hereto.

(b) Written confirmation from Standard & Poor's Rating Services and Moody's Investors Service, Inc. confirming that the existing ratings on the Commercial Paper Notes will remain unchanged after giving effect to the increase in the Facility Amount contemplated in paragraph 4 above.

(c) An amendment to the Liquidity Agreement which shall (i) increase the maximum amount of the purchase commitments thereunder to an amount not less than \$33,526,956.52, (ii) consent to this First Amendment and (iii) otherwise provide for such amendments or modifications thereof as the Parties shall agree, duly executed on behalf of each Party thereto.

(d) Amendments to the Senior Purchaser Interest Rate Agreement, State Street Interest Rate Agreement and Servicer Interest Rate Agreement, respectively, increasing the notional amount of each such agreement to an amount not less than \$32,869,565.22, duly executed on behalf of each Party thereto.

9. Miscellaneous.

(a) Seller hereby reaffirms its agreement under Section 1.05(a) of the Receivables Purchase Agreement to pay or reimburse the Parties therein described, among other costs and expenses, for all expenses incurred by any such Party in connection with the amendment, performance or enforcement of the Transaction Documents, including without limitation, all reasonable fees and disbursements of counsel to the Purchasers incurred in connection with preparation of this First Amendment.

(b) Except as expressly amended hereby, all provisions of the Transaction Documents shall remain in full force and effect. After the effective date hereof, each reference in any Transaction Document, or any other document executed in connection with the Receivables Purchase Agreement, to "this Agreement", "hereunder" or "hereof" or words of like import referring to the Receivable Purchase Agreement or the CHR Support Agreement, respectively, shall be deemed and refer to the Receivables Purchase Agreement or the CHR Support Agreement, as the case may be, as amended hereby.

(c) This First Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one in the same one and the same instrument.

(d) The execution of this First Amendment and acceptance of any documents related hereto shall not be deemed a waiver of any Default or Event of Default under any Transaction Document, whether or not existing on the date of this First Amendment.

(e) This First Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned have executed this First Amendment as of the day and year first above mentioned.

**CLIPPER RECEIVABLES
CORPORATION, the Company**

By: /s/ Tiffany Percival

Name: Tiffany Percival

Title: Vice President

**STATE STREET BOSTON CAPITAL
CORPORATION, as Program
Administrator**

By: /s/ Sean Chen

Name: Sean Chen

Title: Vice President

Percentage: NORWEST BANK MINNESOTA,
33.3334% NATIONAL ASSOCIATION, as
Liquidity Agent, Backup
Purchaser and Liquidity
Provider

By: /s/ Brent C. Fossey

Brent C. Fossey
Vice President

Percentage: FIRST BANK NATIONAL
33.3333% ASSOCIATION, as
Liquidity Provider

By: /s/ Mark R. McDonald

Mark R. McDonald
Vice President

**[SIGNATURE PAGE 1 TO FIRST AMENDMENT TO
LIQUIDITY ASSET PURCHASE AGREEMENT]**

Percentage:
33.3333%

*HARRIS TRUST AND SAVINGS BANK,
as Harris*

By: /s/ Jerome P. Crokin

*Jerome P. Crokin
Vice President*

**[SIGNATURE PAGE 2 TO FIRST AMENDMENT TO
LIQUIDITY ASSET PURCHASE AGREEMENT]**

EXHIBIT 10.17

**SECOND AMENDMENT TO
RECEIVABLES PURCHASE AGREEMENT
AND AGREEMENT**

This Second Amendment to Receivables Purchase Agreement and Agreement ("Second Amendment") is made as of the 11th day of December, 1996, by and among CITYSIDE FINANCE CORPORATION I, a Minnesota corporation ("Seller"), CITYSIDE FINANCIAL SERVICES OF WISCONSIN, INC., a Wisconsin corporation (in its capacity as seller of certain receivables, "Cityside", and in its capacity as servicer of those receivables, "Servicer", CLIPPER RECEIVABLES CORPORATION, a Delaware corporation ("Senior Purchaser"), NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, a national banking association (in its capacity as subordinated purchaser, "Subordinated Purchaser", and together with Senior Purchaser, collectively "Purchasers"), STATE STREET BOSTON CAPITAL CORPORATION, a Massachusetts corporation (the "Administrator"), NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, a national banking association (in its capacity as relationship bank, the "Relationship Bank") and C.H. Robinson, Inc., a Minnesota corporation ("CHR").

RECITALS

A. Seller, Servicer, Senior Purchaser, Subordinated Purchaser, the Administrator and the Relationship Bank have entered into a Receivables Purchase Agreement dated as of October 23, 1995 (as amended by a First Amendment dated as of April 1, 1996, the "Purchase Agreement"), pursuant to which the Purchasers have agreed to purchase undivided percentage interests in certain receivables purchased by Seller from Cityside.

B. Seller wishes to extend and increase the size of the facility set forth and described in the Purchase Agreement, wishes to increase certain investment and purchase limits, establish a reserve fund and, pursuant to the terms and subject to the conditions set forth in this Second Amendment, the other parties hereto have agreed to such request.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Except as otherwise expressly set forth herein, all capitalized terms used in this Second Amendment which are defined in the Purchase Agreement shall have the same meanings assigned to them in the Purchase Agreement.
2. Representations and Warranties of Seller. To induce Purchasers to enter into this Second Amendment, Seller hereby represents and warrants to the Purchaser, the Relationship Bank and the Administrator as follows:
 - (a) The Transaction Documents to which Seller is a party constitute the legal, valid and binding agreements of Seller, are subject to no defenses, counterclaims, rights of

offset or recoupment and are enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(b) The representations and warranties contained in Section 6.01 of the Purchase Agreement are true and correct as of the date hereof as though made on and as of this date, except to the extent that such representations and warranties relate solely to an earlier date.

(c) No event has occurred and is continuing or would result from the execution and delivery of this Second Amendment which constitutes or would constitute a Liquidation Event, default or similar event under the Purchase Agreement, any other Transaction Document or any other agreement, indenture, evidence of indebtedness or other obligation of Seller.

3. Representation and Warranty of CHR. To induce Purchasers to enter into this Second Amendment, CHR hereby represents and warrants to the Purchasers, the Relationship Bank and the Administrator that the CHR Support Agreement, as amended, constitutes the legal, valid and binding agreement of CHR, is subject to no defenses, counterclaims, rights of offset or recoupment and is enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

4. Amendment to Increase Facility Amount. The definition of "Facility Amount" appearing in Appendix A to the Purchase Agreement is hereby restated in its entirety to read as follows:

"Facility Amount" shall mean \$55,042,222.22, or such higher amount as may be established in accordance with Section 1.05(b)".

5. Amendment of Senior Purchase Limit and Senior Investment Limit.

Section 1.01(b) of the Purchase Agreement is hereby amended by restating Sections 1.01(b)(i)(A) through (D) in their entirety as follows:

"(A) the Senior Investment would not exceed the product of (x) 90% and (y) the Facility Amount divided by 94% (the "Senior Purchase Limit"),

(B) the Senior Investment would not exceed 90% of the Net Receivables Balance (the "Senior Investment Limit"),

(C) the Subordinated Investment would not be less than 4% of the Net Receivables Balance and

(D) the Seller Amount would not be less than 6% of the Net Receivables Balance; and".

6. Amendment of Subordinated Purchase Limit and Subordinated Investment Limit. Section 1.01 of the Purchase Agreement is hereby amended by restating Sections 1.01(b)(ii)(A) through (C) in their entirety as follows:

"(A) the Subordinated Investment would not exceed the product of (x) 4% and (y) the Facility Amount divided by 94% (the "Subordinated Purchase Limit"),

(B) the Subordinated Investment would not exceed 4% of the Net Receivables Balance (the "Subordinated Investment Limit"), and

(C) the Seller Amount would not be less than 6% of the Net Receivables Balance".

7. Amendment of Purchase Prices. Section 1.01(c) of the Purchase Agreement is hereby amended by replacing, (a) in subsection (i) thereof, the phrase "equal to eighty-four percent (84%)" with the phrase "equal to ninety percent (90%)" and (b) in subsection (ii) thereof, the phrase "equal to the eight percent (8%)" with the phrase "equal to four percent (4%)".

8. Amendment of Purchasers' Percentages. Section 1.03(a) of the Purchase Agreement is hereby amended by restating the opening and subsection (i) thereof in their entirety as follows:

"(a) Calculations. On any date, the "Percentage" with respect to Senior Purchaser and the Senior Interest shall be 90% (herein called the "Senior Percentage"), and with respect to Subordinated Purchaser and the Subordinated Interest shall be 4% (herein called the "Subordinated Percentage"); provided that during any Liquidation Period, the Percentages shall be as follows:

(i) prior to the occurrence of a Liquidation Event, the Senior Percentage shall be 95.744681% and the Subordinated Percentage shall be 4.255319%;

9. Amendment to extend Termination Date. Clause (c) of the definition of "Termination Date" appearing in Appendix A to the Purchase Agreement is hereby restated in its entirety to read as follows:

"(c) October 30, 1998 or such later date as may be established pursuant to Section 1.05".

10. Amendments and Agreements Relating to Fee Provisions.

(a) Section 1.05(b) of the Purchase Agreement is hereby amended by restating clause (ii) thereof in its entirety as follows:

"(ii) if any such increase is granted after the date of the Second Amendment hereto, Seller shall be obligated to pay an additional one- time fee equal to the amount set forth in the supplemental fee letter of even date with the Second Amendment hereto, and".

(b) Section 1.05(c) of the Purchase Agreement is hereby amended by restating clause (ii) thereof in its entirety as follows:

"(ii) if any such extension is granted after the date of the Second Amendment hereto, Seller shall be obligated to pay an additional one- time fee equal to the amount set forth in the supplemental fee letter of even date with the Second Amendment hereto, and".

(c) With respect to the Program Fee referred to in Section 4.01 of the Purchase Agreement, Seller hereby agrees that such Program Fee shall be determined in accordance with a supplemental fee letter of even date with the Second Amendment hereto.

11. Amendments in Connection with Establishment of Reserve Fund, Trigger Events; Liquidation Events; Etc.

(a) Section 3.01(a) of the Purchase Agreement is hereby amended by

(i) restating the second sentence thereof in its entirety as follows:

"The Paying Agent shall establish for the benefit of the Purchasers and Seller to the extent of their respective interests therein an account (the 'Collection Account') and for the benefit of the Purchasers a second account (the 'Reserve Account'), each of which shall be a segregated trust account maintained with the Paying Agent. All amounts on deposit in the Reserve Account shall at such time as the Paying Agent shall have actual knowledge of the occurrence and continuance of a Liquidation Event be paid by the Paying Agent on the next following Settlement Date (A) to Senior Purchaser to reduce the Senior Investment until reduced to zero or (B) if the Senior Investment shall then be zero, to the Subordinated Purchaser to reduce the Subordinated Investment also until reduced to zero. If at any time the balance in the Reserve Account shall be required to be reduced to zero because of the second proviso to the definition of Trigger Threshold Amount, and if at such time no Liquidation Event or Unmatured Liquidation Event shall have occurred and be continuing, the Paying Agent shall deposit in the Collection Account for distribution in accordance with Section 3.03 on the next following Settlement Date, all funds then on deposit in the Reserve Account. Funds on

deposit in the Reserve Account shall be invested in accordance with Section 3.1 as if such Account were the Collection Account."

(b) Section 3.03(b)(ii) of the Purchase Agreement is hereby amended by restating clause tenth thereof in its entirety as follows:

"tenth, any remaining amounts shall be paid to Seller; provided, that upon the occurrence of a Trigger Event, the Capture Percentage of such remaining amounts shall be deposited in the Reserve Account until the amount on deposit therein shall equal the Trigger Threshold Amount at which time any thereafter remaining amounts shall be paid to Seller; provided, however, that if the Paying Agent has actual knowledge that a Liquidation Event has occurred and is continuing, no further amounts shall be deposited in the Reserve Account or paid to Seller and instead all remaining amounts shall be deposited in the Collection Account."

(c) Section 9.01(g) of the Purchase Agreement is hereby restated in its entirety as follows:

"(g) prior to the Purchase Termination Date, (i) the Delinquency Ratio for the single month ending on any Cut-Off Date shall exceed 3.50% or (ii) the Delinquency Ratio for the three month period ending on any Cut-Off Date shall exceed 3.00% or (iii) the Default Ratio for the single month ending on any Cut-Off Date shall exceed 4.00% or (iv) the Default Ratio for the three month period ending on any Cut-Off Date shall exceed 3.50%; or".

(d) Appendix A (Definitions) to the Purchase Agreement is hereby amended by adding the following new definitions in the alphabetically correct place in such Appendix A:

"Reserve Account' has the meaning set forth in Section 3.01(a).

'Series A Trigger Event' means the occurrence of any one of the following events: (a) the Delinquency Ratio for the single month ending on any Cut-Off Date shall exceed 3.00% or (b) the Delinquency Ratio for the three month period ending on any Cut-Off Date shall exceed 2.50% or (c) the Default Ratio for the three month period ending on any Cut-Off Date shall exceed 2.75%.

'Series B Trigger Event' means the occurrence of the following event: the Default Ratio for the three-month period ending on any Cut- Off Date shall exceed 3.25%.

'Trigger Event' means the occurrence of a Series A Trigger Event and/or a Series B Trigger Event.

'Trigger Threshold Amount' means 2.00% of the Net Receivables Balance provided, that so long as no Trigger Event shall have occurred or after the expiration of 60 days after an existing Trigger Event shall have been cured to the satisfaction of the Relationship Bank and the Administrator, the Trigger Threshold Amount shall be zero."

12. Amendments of Eligibility Requirements and Concentrations.

(a) Section 3.04 of the Purchase Agreement is hereby amended by adding new subsection (d) as follows:

"(d) Chapter 13 Receivable Limit. With respect to any Chapter 13 Receivable, 65% of the Unpaid Balance thereof, when added to the then existing Chapter 13 Concentration exceeds 2% of the Net Receivables Balance of the entire Receivables Pool."

(b) The definition of the term "Defaulted Receivable" is amended by restating subsection (b) thereof in its entirety as follows:

"(b) as to which an Event of Bankruptcy as to the Obligor thereunder, other than (x) a Chapter 7 Filing, or (y) a Chapter 13 Filing to the extent, in the case of such a Chapter 13 Filing only, of 35% of the balance, has occurred and remains continuing,".

(c) Appendix A (Definitions) to the Purchase Agreement is hereby amended by adding the following new definitions in the alphabetically correct place in such Appendix A:

"'Capture Percentage' shall mean (a) if no Trigger Event shall then exist, 0%, (b) if a Series A Trigger Event shall then have occurred and be continuing, 50% and (c) if a Series B Trigger Event shall then have occurred and be continuing, whether or not a Series A Trigger Event shall then exist and be continuing, 100%.

'Chapter 13 Concentration' means the aggregate of all Net Chapter 13 Receivables that are not Defaulted Receivables.

'Chapter 13 Filing' means, with respect to an Obligor, the naming of such Obligor as debtor in a petition filed under Chapter 13 of the United States Bankruptcy Code, and includes, without limitation, the duration of any debt adjustment plan implemented pursuant to such filing.

'Chapter 13 Receivable' means a Pool Receivable that is not a Defaulted Receivable, but with respect to which the Obligor thereunder is the subject of a Chapter 13 Filing.

'Net Chapter 13 Receivable' means 65% of the Unpaid Balance of a Pool Receivable that is not a Defaulted Receivable, but with respect to which the Obligor thereunder is the subject of a Chapter 13 Filing.

'Second Amendment' means the Second Amendment to this Agreement date as of December 11, 1996."

13. Amendment to Negative Covenants of Seller. Section 7.06(h) of the Purchase Agreement is hereby amended by deleting, in subsection (i) (B) thereof, the number "\$5,000,000" and inserting in lieu thereof, the number \$6,250,000.

14. Amendments and Agreements related to Origination of Receivables by Certain Affiliates of Seller.

(a) It shall be understood and agreed that Seller may from time to time purchase Eligible Receivables for inclusion in the Receivables Pool that have been originated by an Origination Affiliate subject to the terms and conditions of the Purchase Agreement as amended by this Second Amendment.

(b) The definition of "Eligible Receivable" appearing in Appendix A to the Purchase Agreement is hereby amended by restating subsections (a) (i) and (ii) thereof in their entirety to read as follows:

"(a) which, (i) was originated by a Dealer, Cityside or an Origination Affiliate for the retail sale of a Financed Vehicle in the ordinary course of business, (ii) was (A) originated or purchased by, and validly assigned to, Cityside, (B) was purchased by, and validly assigned to, Seller pursuant to the Purchase and Sale Agreement and

(C) if originated or purchased by an Origination Affiliate, was originated on an Eligible Contract and was purchased by, and validly assigned to, such Origination Affiliate, and was purchased by, and validly assigned to, Cityside pursuant to an Affiliate Purchase Agreement in a legal "true sale", without recourse and upon the simultaneous payment in full of the amount of the purchase price therefor,".

(c) Appendix A (Definitions) to the Purchase Agreement is hereby further amended by adding the following new definitions in the alphabetically correct place in such Appendix A:

"'Affiliate Purchase Agreement' means an agreement approved in writing by the Relationship Bank, the Subordinated Purchaser and the Administrator between Cityside and an Origination Affiliate, providing for the purchase of Receivables by Cityside from an Origination Affiliate which Receivables and related Contracts, and their origination, administration and servicing conform in all respects to the requirements of the Credit and Collection Policy as the same may

be amended or otherwise modified with the written consent of the Relationship Bank, the Subordinated Purchaser and the Administrator.

'Origination Affiliate' means an Affiliate of Cityside in the business of originating and purchasing automobile and light truck installment sales contracts and promissory notes similar to the Contracts pursuant to underwriting, origination and servicing standards set forth in the Credit and Collection Policy."

15. Satisfaction of Conditions Under Sections 1.05(b) and (c) of Purchase Agreement.

(a) In satisfaction of the conditions to increase the Facility Amount set forth in Section 1.05(b) of the Purchase Agreement:

(i) Purchasers, the Administrator and the Relationship Bank hereby approve the requested increase in the Facility Amount to \$55,042,222.22;

(ii) The Administrator acknowledges receipt from Seller of written notice requesting such increase not less than 30 days prior to the effective date thereof;

(iii) The Administrator has received written confirmation from Standard & Poor's and Moody's Investors Service, Inc. confirming that the existing ratings on the Commercial Paper Notes will remain unchanged after giving effect to the increase contemplated in paragraph 4; and

(iv) Norwest, in its separate capacity as Liquidity Agent, and Senior Purchaser hereby confirm that the maximum amount of purchase commitments available to Senior Purchaser under the Liquidity Agreement has been increased to \$53,754,000.00, which is the appropriate amount of increase in light of the proposed increase in the Facility Amount.

(b) In satisfaction of the conditions to extend the Termination Date set forth in Section 1.05 (c) of the Purchase Agreement:

(i) Purchasers, the Administrator and the Relationship Bank hereby approve the requested extension of clause (c) of the definition of the Termination Date to October 30, 1998;

(ii) The Administrator acknowledges receipt from Seller of written notice requesting such extension not less than 30 days prior to the effective date thereof;

(iii) The Administrator has received written confirmation from Standard & Poor's and Moody's Investors Service, Inc. confirming that the

existing ratings on the Commercial Paper Notes will remain unchanged after giving effect to the extension contemplated in paragraph 7; and

(iv) Norwest, in its separate capacity as Liquidity Agent, and Senior Purchaser hereby confirm that the maximum amount of purchase commitments available to Senior Purchaser under the Liquidity Agreement has been increased to \$53,754,000.00, which is the appropriate amount of increase in light of the proposed increase in the Facility Amount.

16. Conditions Precedent. This Second Amendment shall not become effective until the Relationship Bank and the Administrator shall have received the following, in form and substance satisfactory to them, or shall have confirmed, to their satisfaction, the following, as the case may be:

(a) This Second Amendment, duly executed on behalf of each Party hereto.

(b) Written confirmation from Standard & Poor's and Moody's Investors Service, Inc. confirming that the existing ratings on the Commercial Paper Notes will remain unchanged after giving effect to this Second Amendment.

(c) An amendment to the Liquidity Agreement which shall (i) increase the maximum amount of the purchase commitments thereunder to an amount not less than \$53,754,000, (ii) consent to this Second Amendment and (iii) otherwise provide for such amendments or modifications thereof as the Parties shall agree, duly executed on behalf of each Party thereto.

(d) Amendments to the Senior Purchaser Interest Rate Agreement, State Street Interest Rate Agreement and Sevicer Interest Rate Agreement, respectively, increasing the notional amount of each such agreement to a maximum amount of \$52,700,000, duly executed on behalf of each Party thereto.

(e) Payment by Seller in full of all fees due the Purchasers, the Administrator, the Relationship Bank and any other Person in connection with this Second Amendment.

17. Miscellaneous.

(a) Seller hereby acknowledges, confirms and agrees that it shall pay, immediately upon demand, all out-of-pocket costs and expenses incurred by the Administrator, the Relationship Bank, the Liquidity Banks, either Purchaser, the Custodian and the Paying Agent in connection with this Second Amendment, including without limitation, all reasonable fees and disbursements of counsel to the Purchasers incurred in connection with preparation of this Second Amendment.

(b) Except as expressly amended hereby, all provisions of the Transaction Documents shall remain in full force and effect. After the effective date hereof, each

reference in any Transaction Document, or any other document executed in connection with the Purchase Agreement, to "this Agreement", "hereunder" or "hereof" or words of like import referring to the Purchase Agreement shall be deemed and refer to the Purchase Agreement as amended hereby.

(c) This Second Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one in the same one and the same instrument.

(d) The execution of this Second Amendment and acceptance of any documents related hereto shall not be deemed a waiver of any Liquidation Event, default or similar event under any Transaction Document, whether or not existing on the date of this Second Amendment.

(e) This Second Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York.

IN WITNESS WHEREOF, the undersigned have executed this Second Amendment as of the day and year first above mentioned.

**CITYSIDE FINANCE CORPORATION I,
as Seller**

By /s/ Michael J. Sherlock

Title President

**CITYSIDE FINANCIAL SERVICES OF
WISCONSIN, INC., as Servicer**

By /s/ Michael J. Sherlock

Title President

**C.H. ROBINSON, INC.,
as Support Party**

By /s/ Dale S. Hanson

Title Vice President & CFO

**CLIPPER RECEIVABLES CORPORATION,
as Senior Purchaser**

By /s/ Tiffany Percival

Title Vice President

[SIGNATURE PAGE 1 TO SECOND AMENDMENT]

STATE STREET BOSTON CAPITAL CORPORATION
as Administrator

By /s/ _____
Title Vice President

**NORWEST BANK MINNESOTA NATIONAL
ASSOCIATION, as Subordinated Purchaser**

By /s/ Jerome W. Fus III

Title Vice President

**NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION, as Relationship Bank**

By /s/ Jerome W. Fus III

Title Vice President

Acknowledged, Agreed to
and Accepted by:

**NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, as Custodian,
Back-up Sevicer and Paying Agent**

By /s/ Stephen P. Seitz

Title _____

[SIGNATURE PAGE 2 TO SECOND AMENDMENT]

[LETTERHEAD OF C.H. ROBINSON INC.]

April 7, 1995

First Bank National Association
First Bank Place
601 2nd Avenue South
Minneapolis, MN 55402-4302
Attention: Mr. Mark R. McDonald

Norwest Bank Minnesota,
National Association
Bloomington Office
7900 Xerxes Avenue South
Minneapolis, MN 55431
Attention: Mr. Jeffrey S. Sjolander

The Daiwa Bank, Limited
4135 Multifoods Tower
33 South Sixth Street
Minneapolis, MN 55402
Attention: Mr. Douglas Pudvah

American Bank National Association
101 East Fifth Street
St. Paul MN 55101-1860
Attention: Mr. Allen M. Runden

Re: Cityside Financial Services of Wisconsin, Incorporated

Gentlemen:

C.H. Robinson, Inc., a Minnesota corporation, is indirectly through a wholly-owned subsidiary (CHR Financial Services, Inc.) the sole owner of all the outstanding common and voting stock of Cityside Financial Services of Wisconsin, Incorporated, a Wisconsin corporation ("CFSW").

We have requested together with CFSW that you extend a line of revolving credit to CFSW in the principal amount of \$42,000,000 pursuant to a Credit Agreement dated as of April 7, 1995 (as the same may be modified, waived or restated from time to time, the "Credit Agreement").

C.H. Robinson, Inc. does not guaranty such credit extension to CFSW, but in consideration of the foregoing, we hereby promise to you for so long as such line of credit is available or any amount thereunder is unpaid:

(a) we shall either own all of the common and voting stock of CFSW or cause all of the common and voting stock of CFSW to be owned by a corporation in which we own all of the common and voting stock;

(b) we shall not permit all or any of the stock of CFSW to be pledged to any person, corporation or other entity;

(c) we shall provide you with quarterly and annual financial statements for C.H. Robinson, Inc. and its subsidiaries on a consolidated basis in the same form and not later than the time periods described in Section 5.1 of the Credit Agreement;

(d) we will not, and will not permit any subsidiary of ours that owns any of the stock of CFSW to, become insolvent, generally not pay its debts as they become due, make any assignment of the benefit of creditors, apply for, consent to or acquiesce in the appointment of a custodian, trustee or receiver for us, any such subsidiary or a substantial part of the property thereof, or permit any custodian, trustee or receiver appointed without such application, consent or acquiescence not to be discharged within 45 days;

(e) we will not, and will not permit any subsidiary of ours that owns any of the stock of CFSW to, become subject to any bankruptcy, reorganization, debt arrangement or other proceedings under any bankruptcy or insolvency law; provided that if any such proceeding is instituted against us or any such subsidiary, it shall not be consented to or acquiesced in by us or such subsidiary, and shall be dismissed within 60 days and prior to an order for relief being entered; and

(f) we will not, and will not permit any subsidiary of ours that owns any of the stock of CFSW to, become subject to any dissolution or liquidation proceeding; provided that if any such proceeding is instituted against us or such subsidiary, it shall not be consented to or acquiesced in and shall be dismissed within 45 days.

In addition, we shall use our best efforts to do the following during the term of the Credit Agreement: (i) continue to require the election of a Board of Directors of CFSW consisting entirely of our employees to manage the business and affairs of CFSW as required by law; (ii) require that the Board of Directors hold regular meetings on at least a quarterly basis; (iii) provide copies of CFSW's written underwriting policies and procedures to First Bank National Association, as Agent under the Credit Agreement; (iv) inquire of CFSW management on at least a quarterly basis whether such policies and procedures have materially changed, and provide copies of any changes to the Agent when we learn of them; (v) continue to require CFSW to conduct periodic internal audits by its internal auditor, who shall report to the Board of Directors on a quarterly basis; (vi) promptly notify the Agent if CFSW's internal audit establishes that a change has occurred in CFSW's underwriting policies and procedures; (vii) verify that CFSW's books and records are accurate; (viii) monitor CFSW's compliance with the requirement in the Pledge and Security Agreement (referred to in the Credit Agreement) that CFSW note the security interest of First Bank National Association, as Agent under the Credit Agreement, by placing a legend on each of its automobile contracts; (ix) in the event of a

liquidation of CFSW, service and collect CFSW's automobile contract portfolio (but such collection efforts do not constitute a guaranty of the condition or collectability of the portfolio); and (x) if an "Event of Default" occurs under the Credit Agreement, arrange for all necessary documentation to be delivered to the Agent, as required pursuant to the Pledge and Security Agreement.

We understand you are relying on these promises and best efforts undertakings in your decision to extend the \$42,000,000 line of credit to CFSW referenced above and that any breach of any of such promises by us could cause you damages and give rise to a cause of action against us. We also agree and understand that the judgments and decisions of the Board of Directors will not give rise to liability by us under this Letter of Undertaking so long as they are made in good faith and in the exercise of an informed honest business judgment.

Very truly yours,

C.H. ROBINSON, INC.

/s/ Dale S. Hanson

Dale S. Hanson

Chief Financial Officer/Treasurer

[LETTERHEAD OF C.H ROBINSON INC.]

April 7, 1995

First Bank National Association
First Bank Place
601 2nd Avenue South
Minneapolis, MN 55402-4302
Attention: Mr. Mark R. McDonald

Norwest Bank Minnesota,
National Association
Bloomington Office
7900 Xerxes Avenue South
Minneapolis, MN 55431
Attention: Mr. Jeffrey S. Sjolander

The Daiwa Bank, Limited
4135 Multifoods Tower
33 South Sixth Street
Minneapolis, MN 55402
Attention: Mr. Douglas Pudvah

American Bank National Association
101 East Fifth Street
St. Paul, MN 55101-1860
Attention: Mr. Allen M. Rundeen

Re: Cityside Financial Services of Wisconsin, Incorporated;

Subordination Agreement dated as of September 30, 1993

Gentlemen:

Reference is made to the above-referenced Subordination Agreement (the "Subordination Agreement"). Terms capitalized and used herein without being defined shall have the meanings given them in Subordination Agreement.

The undersigned, C.H. Robinson, Inc., together with the Company, has requested that you extend a line of revolving credit to the Company in the principal amount of \$42,000,000 pursuant to an Amended and Restated Credit Agreement dated as of April 7, 1995 (as the same may be amended, waived, restated or otherwise modified from time to time, the "New Credit Agreement"). As a condition to your willingness to extend credit to the Company pursuant to the New Credit Agreement, you have required that the undersigned acknowledge that the Subordination Agreement, as amended hereby, will remain in full force and effect and

Letter to Banks
April 7, 1995

Page 2

extend to the benefit of all of you, and that the obligations of the Company to you under the New Credit Agreement will be Senior Debt for purposes of the Subordination Agreement.

The undersigned hereby acknowledges and agrees that the term "Banks," as used in the Subordination Agreement, shall mean all of you and any other lender that at any time hereafter becomes a Bank pursuant to the New Credit Agreement. Furthermore, the undersigned agrees that the term "Credit Agreement," as used in the Subordination Agreement, shall mean the New Credit Agreement. The undersigned acknowledges that, as amended hereby, the Subordination Agreement shall remain in full force and effect for the benefit of all of you and any lender that at any time hereafter becomes a Bank pursuant to the New Credit Agreement.

Very truly yours,

C.H. Robinson, Inc.

/s/ Dale S. Hanson

*Dale S. Hanson, Vice President
Chief Financial Officer/Treasurer*

SUBORDINATION AGREEMENT

This Subordination Agreement ("Agreement") is executed by the undersigned in favor of First Bank National Association, a national banking association and Norwest Bank Minnesota, National Association, a national banking association (individually, a "Bank" and collectively, the "Banks").

W I T N E S S E T H:

WHEREAS, the undersigned is financially interested in Cityside Financial Services of Wisconsin, Incorporated (the "Company"), in that (i) the Company is now indebted to the undersigned in the form of Subordinated Debt (as such term is defined in the Credit Agreement, defined below) in the initial principal amount of \$2,788,525, and (ii) the undersigned owns 100% of the issued and outstanding capital stock of the corporation that owns 100% of the issued and outstanding capital stock of the Company; and

WHEREAS, the Company is indebted to the Banks as a result of financial accommodations extended by the Banks to the Company;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged by the undersigned, and in order to induce the Banks to extend credit or other financial accommodations to or for the benefit of the Company, or to grant such renewals or extensions therefore as the Banks may deem advisable, and to better secure the Banks in respect of the foregoing, the undersigned hereby agrees as hereinafter set forth.

1. Definition. For purposes of this Agreement, the following terms shall have the following meanings:

"Bankruptcy Code" shall mean 11 U.S.C. (SS) 101 et seq., as amended from time to time.

"Company" shall mean Cityside Financial Services of Wisconsin, Incorporated, a Wisconsin corporation, and any successor (including a debtor-in-possession under the Bankruptcy Code), assign, receiver, trustee or estate of the foregoing.

"Credit Agreement" shall mean the Credit Agreement dated as of even date herewith by and among the Company, the Banks and First National Association, as Agent for the Banks.

"Senior Debt" shall mean all obligations, liabilities and indebtedness of the Company to either or both of the Banks, whether now or hereafter

arising, and any renewals, extensions or refinancings thereof, including, without limitation, the "Obligations" (as defined in the Credit Agreement).

"Subordinated Debt" shall mean the obligations, liabilities and indebtedness of the Company to the undersigned denominated as "subordinated debt" on the books and records of the Company at any time after the date of this Agreement, whether now existing or hereafter arising, under any written or unwritten agreement.

2. Standby: Subordination. (a) The payment and performance of the Subordinated Debt is hereby subordinated to the payment and performance of the Senior Debt and the undersigned will not ask, demand, sue for, take or receive from the Company, by setoff or in any other manner, the whole or any part of the Subordinated Debt, or any monies which may now or hereafter be owing by any other person, firm, partnership or corporation liable for all or any part of the Senior Debt in respect of the Subordinated Debt (whether such amounts represent principal or interest, or obligations which are due or not due, direct or indirect, absolute or contingent), including, without limitation, the taking of any negotiable instruments evidencing such Subordinated Debt, unless and until all of the Senior Debt shall have been fully paid and satisfied and all financing arrangements between the Company and the Banks shall have been terminated. The undersigned warrants and represents that the Subordinated Debt is unsecured and agrees that (i) the undersigned hereafter will not accept any security therefor from the Company or from any "Person" (as defined in the Loan Agreement) liable for all or any part of the Senior Debt for the benefit of the Company and (ii) in the event the undersigned does obtain any such security for the Subordinated Debt, at the request of the Banks, the undersigned shall execute and deliver to the Banks such termination statements and releases as the Banks shall reasonably request to release the undersigned's security interest in or lien against such property. The undersigned, prior to the payment in full and discharge of the Senior Debt and the termination of all financial arrangements between the Company and the Banks, shall have no right to enforce any claim with respect to the Subordinated Debt, or to take any action against the Company or the property of the Company or of any third person, firm, partnership or corporation liable for all or any part of the Senior Debt for the benefit of the Company. The undersigned acknowledges and agrees that, to the extent the terms and provisions of this Agreement are inconsistent with any agreement or understanding between the undersigned and the Company, such agreement or understanding shall be subject to this Agreement.

(b) Notwithstanding the provisions of Section 2a above, this Agreement, until the Banks give the undersigned written notice to the undersigned at its address below of the occurrence of an Event of Default or a Default (as such terms are defined in the Loan Agreement) and provided that (i) there shall not then exist any breach of this Agreement by the undersigned which has not been waived

in writing by the Banks, (ii) at the time of the payment no Event of Default exists and is continuing and (iii) the payment described below, if made, would not give rise to the occurrence of any Event of Default, the Company may pay to the undersigned, and the undersigned may accept from the Company, (A) scheduled payments on any of the Subordinated Debt created pursuant to a written agreement or evidenced by a promissory note or other instrument evidencing any of the Subordinated Debt, (B) payments for inventory sold or leased or services rendered by the undersigned to the Borrower in the ordinary course of business, provided such sale, lease or rendering of services is on terms no less favorable to the Company than those that could be obtained in an arms-length transaction between unrelated parties, (C) payments of royalties for the use by the Company of intellectual property licensed by the undersigned in the amounts and at the times to the extent authorized in the Loan Agreement and (D) payments of any of the Subordinated Debt not described in clauses (A), (B) or (C) above in the ordinary course of the Company's business and on terms no less favorable to the Company than those that could be obtained in an arm's-length transaction between unrelated parties (the "Permitted Payments"). The undersigned agrees that the terms of any Subordinated Debt described in clauses (A) and/or (C) of the preceding sentence may not be modified or amended without the Banks' prior written consent. The undersigned, prior to the payment in full and discharge of the Senior Debt and the termination of all financial arrangements between the Borrower and the Banks, shall have no right to enforce any claim with respect to the Subordinated Debt or otherwise, except for any claim with respect to a Permitted Payment, or to take any action against the Company, the property of the Company or any of the Company's subsidiaries or of any third person, firm, partnership or corporation for the benefit of the Company, without the Banks' prior written consent.

3. Subordinated Debt Owed Only to the Undersigned. The undersigned warrants and represents that the undersigned has not previously assigned any interest in the Subordinated Debt, that no other party owns an interest in the Subordinated Debt (whether as joint holders of Subordinated Debt, participants or otherwise) and that the entire Subordinated Debt is owing only to the undersigned. The undersigned further covenants that the entire Subordinated Debt shall continue to be owing only to the undersigned unless it is assigned with the prior written consent of the Banks.

4. Priority. In the event of (i) any distribution, division, or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Company or the proceeds thereof to the creditors of the Company or their claims against the Company, or

(ii) any readjustment of the debt or obligations of the Company, whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding involving the readjustment of all or any part of the Senior Debt or Subordinated Debt, or the application of the assets of the Company to the payment or liquidation thereof, or (iii) dissolution or other

winding up of the Company's business, or (iv) the sale of all or substantially all of the Company's assets, then and in any such event, the Banks shall be

entitled to receive payment in full of all of the Senior Debt prior to the payment of all or any part of the Subordinated Debt.

5. Grant of Authority to Bank. In order to enable the Banks to enforce their rights hereunder in any of the aforesaid actions or proceedings, the Banks are hereby irrevocably authorized and empowered, in their discretion, to file and present for and on behalf of the undersigned such proofs of claims or other motions or pleadings as the Banks may deem expedient or proper to establish the Banks's entitlement of payment from, or on behalf of, the undersigned with respect to the Subordinated Debt and to vote such proofs of claims in any such proceeding and to demand, sue for, receive and collect any and all dividends or other payments or disbursements made thereon in whatever form the same may be paid or issued and to apply the same on account of any of the Senior Debt. The undersigned irrevocably authorizes and empowers the Banks to demand, sue for, collect and received each of the payments and distributions described in Section 4 above and give acquittance therefor and to file claims and take such other actions, in the Banks' own names or in the name of the undersigned or otherwise, as the Banks may deem necessary or advisable for the enforcement of this Agreement. To the extent that payments or distributions are made in property other than cash, the undersigned authorizes the Banks to sell such property to such buyers and on such terms as the Banks, in their sole discretion, shall determine. The undersigned will execute and deliver to the Banks such powers of attorney, assignments and other instruments or documents, including debentures (together with such assignments or endorsements as the Banks shall deem necessary), as may be reasonably requested by the Bank in order to enable the Banks to enforce any and all claims upon or with respect to any or all of the Subordinated Debt and to collect and receive any and all payments and distributions which may be payable or deliverable at any time upon or without respect to the Subordinated Debt, all for the Banks' own benefit.

6. Payments Received by the Undersigned. If the undersigned receives any payment or distribution or security or instrument or proceeds thereof upon or with respect to the Subordinated Debt in violation of the terms of this Agreement prior to the payment in full of the Senior Debt and termination of all financing arrangements between the Company and the Banks, the undersigned shall receive and hold the same in trust, as trustee, for the benefit of the Banks and shall forthwith deliver the same to the Banks in precisely the form received (except for the endorsement or assignment by the undersigned where necessary), for application on any of the Senior Debt, due or not due and, until so delivered, the same shall be held in trust by the undersigned as the property of the Banks. In the event of the failure of the undersigned to make any such endorsement or assignment to the Banks, the Banks, or any of their officers or employees, are hereby irrevocably authorized to make the same.

7. Instrument Legend. Any instrument or agreement evidencing the Subordinated Debt, or any portion thereof, which has been or is hereafter executed by the Company will, on the date hereof or the date of execution, be inscribed with a legend conspicuously indicating that payment thereof is subordinated to the claims of the Banks pursuant to the terms of this Agreement. A copy of any such instrument or agreement will be delivered to the Agent for the Banks within five (5) business days after the date hereof or the date of its execution, and the original thereof will be immediately delivered to such Agent upon request therefor by the Banks after the occurrence of an Event of Default.

8. Continuing Nature of Subordination. This Agreement shall be effective and may not be terminated or otherwise revoked by the undersigned until the Senior Debt shall have been fully paid and discharged and all financing arrangements between the Company and the Banks connected with the Notes have been terminated. No obligation of the undersigned hereunder shall be affected by the written revocation of the undersigned or any other subordinated party, pledgor, endorser, or guarantor, if any. Notwithstanding any assignment, sale, hypothecation or other conveyance by the undersigned of all or any part of its interest in the Subordinated Debt, this Agreement shall limit the rights of such transferee and any successor to the undersigned to the same extent it limits the rights of the undersigned as if such transfer or succession had not occurred.

9. Bankruptcy Issues. If Company becomes the subject of proceedings under the Bankruptcy Code and if the Bank desires to permit the use of cash collateral or to provide financing to Company under either Section 363 or Section 364 of the Bankruptcy Code, the undersigned agrees that adequate notice of such financing to the undersigned shall have been provided if the undersigned receives notice two (2) business days prior to the entry of any order approving such cash collateral usage or financing. Notice of a proposed financing or use of cash collateral shall be deemed given upon the sending of such notice by telegraph, telecopy or hand delivery to the undersigned at the address indicated above. All allocations of payments between the Banks and the undersigned shall continue to be made after the filing of a petition under the Bankruptcy Code on the same basis that the payments were to be allocated prior to the date of such filing. The undersigned agrees not to assert any right it may have to "adequate protection" of its interest in any security for the Subordinated Debt in any bankruptcy proceeding, or to seek to have its claims in such bankruptcy proceeding treated as "secured claims" under Section 506(a) of the Bankruptcy Code, without the prior written consent of the Banks. The undersigned waives any claim the undersigned may now or hereafter have against the Banks arising out of the Banks' election, in any proceeding instituted under Chapter 11 of the Bankruptcy Code, of the application of Section 1111(b)(2) of the Bankruptcy Code, and/ or any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code by Company, as debtor in possession, or by a trustee. To the extent that the Banks receive payments on, or proceeds of any collateral for, the Senior Debt which are subsequently avoided,

invalidated, declared to be fraudulent or preferential, set aside and/ or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Senior Debt, or part thereof, intended to be satisfied shall be revived and continue in full force and effect as if such payments or proceeds had not been received by the Banks.

10. Waivers. The Senior Debt shall be deemed to have been made or incurred in reliance upon this Agreement. The undersigned expressly waives all notice of the acceptance by the Bank of the subordination and other provisions of this Agreement and all other notices not specifically required pursuant to the terms of this Agreement whatsoever, and the undersigned expressly waives reliance by the Banks upon the subordination and other agreements as herein provided. The undersigned agrees that the Banks have made no warranties or representations with respect to the due execution, legality, validity, completeness or enforceability of the Loan Documents, or the collectability of the Senior Debt, that the Banks shall be entitled to manage and supervise their credit relationships with the Company in accordance with applicable law and their usual practices, modified from time to time as they deem appropriate under the circumstances, without regard to the existence of any rights that the undersigned may now or hereafter have in or to any of the assets of the Company. The undersigned agrees that the Banks shall have no liability to the undersigned for, and waives any claim which the undersigned may now or hereafter have against, the Banks arising out of any and all actions which the Banks in good faith, take or omit to take (including, without limitation, actions with respect to any security for the Senior Debt, actions with respect to the occurrence of a default, actions with respect to the foreclosure upon, sale, release, or depreciation of, or failure to realize upon, any security for the Senior Debt and actions with respect to the collection of any claim for all or any part of the Senior Debt from any guarantor or other party) with respect to the Loan Documents or any other agreement related thereto or to the collection of the Senior Debt or the valuation, use, protection or release of any security for the Senior Debt with the exception of actions constitution gross negligence or willful misconduct.

11. Bank's Waivers. No waiver shall be deemed to be made by the Banks of any of their rights hereunder unless the same shall be in writing signed on behalf of the Banks, and each waiver, if any, shall be waiver only with respect to specific instance involved and shall in no way impair the rights of the Banks or the obligations of the undersigned to the Banks in any other respect at any other time.

12. Information Concerning Financial Condition of Company. The undersigned hereby assumes responsibility for keeping itself informed of the financial condition of the Company, any and all endorsers and any and all guarantors of the Subordinated Debt and of all other circumstances bearing upon the risk of nonpayment of the Senior Debt and/ or the Subordinated Debt that diligent inquiry would reveal. The undersigned hereby agrees that the Bank shall have no duty to advise the undersigned of information known to the Banks regarding such condition or any such circumstances. In the event the Banks, in their sole discretion, undertake, at any time or from time to time, to provide any such information to the undersigned, the Banks shall be under no obligation (i) to provide any such information to the undersigned on any subsequent occasion, (ii) to undertake any investigation not a part of its regular business routine, or (iii) to disclose any information which, pursuant to its usual practices, the Banks wish to maintain confidential. The undersigned hereby agrees that all payments received by the Banks may be applied, reversed, and reapplied, in whole or in part, to any of the Senior Debt, as the Banks, in their sole discretion, deem appropriate and assents to any extension or postponement of the time of payment of the Senior Debt or to any other indulgence with respect thereto, to any substitution, exchange or release of collateral which may at any time secure the Senior Debt and to the addition or release of any other party or person primarily or secondarily liable therefor.

13. Governing Law. THIS AGREEMENT SHALL BE INTERPRETED AND THE RIGHTS OF THE PARTIES HERETO DETERMINED, IN ACCORDANCE WITH THE LAWS AND DECISIONS OF THE STATE OF MINNESOTA (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF).

14. Waiver of Jury Trial; Jurisdiction. (a) THE UNDERSIGNED BY ITS EXECUTION AND DELIVERY HEREOF, AND THE BANKS, BY THEIR ACCEPTANCE HEREOF, HEREBY EXPRESSLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT OR DOCUMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR ARISING FROM ANY CREDIT RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

(b) THE UNDERSIGNED HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY MINNESOTA STATE OR FEDERAL COURT SITTING IN HENNEPIN OR RAMSEY COUNTY, MINNESOTA OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT. THE UNDERSIGNED HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT HE MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE

UNDERSIGNED IRREVOCABLY CONSENTS TO THE SERVICE OF COPIES OF THE SUMMONS AND COMPLAINT AND ANY OTHER PROCESS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING BY UNITED STATES CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OF COPIES OF SUCH PROCESS TO THE UNDERSIGNED'S ADDRESS SPECIFIED BELOW. SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING, EFFECTED AS AFORESAID, SHALL BE EFFECTIVE UPON RECEIPT BY THE UNDERSIGNED AND SHALL BE DEEMED PERSONAL SERVICE UPON THE UNDERSIGNED AND SHALL BE LEGAL AND BINDING UPON THE UNDERSIGNED FOR ALL PURPOSES. THE UNDERSIGNED AGREES THAT A JUDGMENT, FINAL BY APPEAL OR EXPIRATION OF TIME TO APPEAL WITHOUT BEING TAKEN, IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECTION 14(b) SHALL AFFECT THE RIGHT OR THE BANK TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF THE BANK TO BRING ANY ACTION OR PROCEEDING AGAINST THE UNDERSIGNED OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

15. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

16. Miscellaneous.

(a) This Agreement and the terms, covenants and conditions hereof shall inure to the benefit of the Banks and their successors and assigns.

(b) Any modification, amendment or waiver of this Agreement or any provision herein shall be binding upon the Banks only if contained in a writing signed by or on behalf of the Banks.

(c) The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

IN WITNESS WHEREOF, this instrument has been signed as of the 30th day of September, 1993.

C.H.ROBINSON, INC

By /S/ Dale S. Hanson

Name: Dale S. HANSON

Title: VICE PRESIDENT &

CHIEF FINANCIAL OFFICER

Address: 8100 Mitchell Road
Suite 200
Eden Prairie, MN 55344

Accepted this 30 day of September, 1993

FIRST BANK NATIONAL ASSOCIATION

BY /S/ Mark McDonald

Name: MARK MCDONALD

Title: VICE PRESIDENT

Accepted this 30 day of September, 1993

**NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION**

BY /S/ Jeffrey S Sjolander

Name: JEFFREY S. SJOLANDER

Title: VICE PRESIDENT

EXHIBIT 21.1**SUBSIDIARIES OF C.H. ROBINSON, 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%
CHR Greene International Company (Minnesota)	100%
C.H. Robinson Venezuela, C.A. (Venezuela)	51%
C.H. Robinson de Mexico, S.A. de C.V. (Mexico)	100%
CHR Aviation, Inc. (Minnesota)	100%
C.H. Robinson Company (Canada) Ltd. (Ontario, Canada)	100%
CHR Financial Services, Inc. (Minnesota)	100%
Payment & Logistics Services, Inc. (Minnesota)	100%
T-Chek Systems, Inc. (Minnesota)	100%
Cityside Holding Company 1/ (Minnesota)	96%
Cityside Insurance Company Ltd. (Turks and Caicos Islands)	100%
Cityside Financial Services of Wisconsin, Inc. (Wisconsin)	100%
Cityside Finance Corporation I (Delaware)	100%

1/ In July 1997, the Company approved a plan to sell its consumer finance business, which includes Cityside Holding Company and its subsidiaries. The Company expects the sale to occur before the end of 1997.

Cityside Savings & Financial Services Co. (Minnesota)	100%
Combined Transport Group, Inc. (Minnesota)	100%
C.H. Robinson Company (Delaware)	100%
Daystar-Robinson, Inc. (Delaware)	100%
CTSI Robinson, Inc. (Georgia)	100%
Fresh 1 Marketing, Inc. (Minnesota)	100%
Wagonmaster Transportation Co. (Minnesota)	100%
Brown-Robinson Ingredient, Inc. (Minnesota)	100%
Robinson Europe, S.A. (France)	100%
Transec S.A. (France)	100%
Robinson Italia SRL (Italy)	95%
C.H. Robinson (UK) Limited (United Kingdom)	100%

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report and to all references to our firm included in or made a part of this Registration Statement.

/s/ ARTHUR ANDERSEN LLP

Minneapolis, Minnesota,

August 15, 1997

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FORM S-1 REGISTRATION STATEMENT OF C.H. ROBINSON, INC. AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	12 MOS	6 MOS
FISCAL YEAR END	DEC 31 1996	DEC 31 1996
PERIOD START	JAN 01 1996	JAN 01 1997
PERIOD END	DEC 31 1996	JUN 30 1997
CASH	42,567	40,288
SECURITIES	42,711	50,225
RECEIVABLES	181,014	215,441
ALLOWANCES	10,079	11,130
INVENTORY	6,698	5,018
CURRENT ASSETS	280,422	321,058
PP&E	36,608	38,958
DEPRECIATION	(13,561)	(15,821)
TOTAL ASSETS	320,780	361,160
CURRENT LIABILITIES	166,352	189,794
BONDS	0	0
PREFERRED MANDATORY	0	0
PREFERRED	0	0
COMMON	4,137	4,126
OTHER SE	150,291	167,240
TOTAL LIABILITY AND EQUITY	320,780	361,160
SALES	0	0
TOTAL REVENUES	1,605,905	855,152
CGS	0	0
TOTAL COSTS	1,555,876	828,461
OTHER EXPENSES	0	0
LOSS PROVISION	4,078	2,287
INTEREST EXPENSE	0	0
INCOME PRETAX	53,124	28,572
INCOME TAX	20,682	11,339
INCOME CONTINUING	32,442	17,233
DISCONTINUED	2,158	900
EXTRAORDINARY	0	0
CHANGES	0	0
NET INCOME	34,600	18,133
EPS PRIMARY	.83	.44
EPS DILUTED	.83	.44

End of Filing

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