

# C H ROBINSON WORLDWIDE INC

## FORM 424B4

(Prospectus filed pursuant to Rule 424(b)(4))

Filed 10/15/1997

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

10,578,396 Shares

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

**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. See "Underwriting" for a discussion of the factors considered in determining the initial public offering price. The Company's Common Stock has been approved for listing on the Nasdaq National Market under the symbol "CHRW."

**THE COMMON STOCK OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" ON PAGE 7 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.....	\$18.00	\$1.12	\$16.88
Total (1).....	\$190,411,128	\$11,847,804	\$178,563,324

(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 \$218,972,790, \$13,624,974 and \$205,347,816, 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 BT Alex. Brown Incorporated, Baltimore, Maryland, on or about October 20, 1997.

**BT ALEX. BROWN**

**MORGAN STANLEY DEAN WITTER**

**PIPER JAFFRAY INC.**

**THE DATE OF THIS PROSPECTUS IS OCTOBER 15, 1997.**

**[INTERNATIONAL LOCATIONS]**

[Map of Robinson branch offices]

[  . C.H. Robinson office]  
[  FOREIGN AGENT office]

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.

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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. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

## 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 Company believes the international logistics market is approximately 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 55344-2248, and its telephone number is (612) 937-8500. Its web site address is [www.chrobinson.com](http://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.
Nasdaq National Market symbol .....	CHRW

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(1) Excludes (i) 471,917 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 3,528,083 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"), including Regulation M. The Company intends to fund repurchases with internally generated funds. See "Dividends, Stock Repurchase Program and Non-Cash Charge."

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 a \$21.6 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 the public offering price of \$18.00 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).....	52,125	48,980	46,296	43,934	41,799	42,182	41,306
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

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ACTUAL    PRO FORMA(4)

BALANCE SHEET DATA:

Working capital.....	\$131,264	\$ 84,593
Total assets.....	361,160	312,256
Total long-term debt.....	--	--
Stockholders' investment.....	171,366	124,695

(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 a \$21.6 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 the public offering price of \$18.00 per share. See "Management--Existing Incentive Plans." If the \$21.6 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 \$4.4 million, or an \$0.11 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 sold pursuant to an agreement entered into in September 1997, the proceeds of which were deposited into an escrow account on October 14, 1997, to be closed upon obtaining final regulatory approval.

(4) Pro forma to give effect to: (i) an anticipated tax benefit of approximately \$40.3 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), plus a liquidating distribution of the net proceeds of the sale of the consumer finance business, which purchasers in this offering will not receive, (iii) a \$21.6 million non-recurring, non-cash compensation charge, and (iv) \$1.0 million of estimated expenses of this offering.

## 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.

**Risks of Adverse Economic Developments and Downturn in Business Cycle.** 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 among certain national retailers or in the food, beverage or printing 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. Although seasonality in the transportation industry has not had a significant impact on the Company's cash flow or results of operations in recent years, the Company expects this seasonality to continue and cannot fully predict the impact it may have in the future. 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. Sourcing of fresh produce accounted for approximately 20%, 20% and 20% of the Company's net revenues in 1994, 1995 and 1996, respectively. 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%, 20% and 29% 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, as opposed to one or two individuals, could have a material adverse effect on the Company. See "Business--Management," for information on the senior management team.

**Certain Charter, Bylaw and Statutory Anti-Takeover Provisions.** The Company's Certificate of Incorporation and Bylaws 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 Bylaws. 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 BT Alex. Brown Incorporated. In addition, all other current stockholders, who beneficially own an aggregate of 12,172,450 shares of outstanding Common Stock, will be prohibited, pursuant to transactions resulting in the Company's reincorporation in Delaware upon consummation of this offering, 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 \$15.14 in the pro forma net tangible book value per share of the Common Stock. 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) and a liquidating distribution of the net proceeds of the sale of the Company's consumer finance business, payable to stockholders of record immediately prior to this offering. Purchasers of Common Stock in this offering will not receive these dividends.

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, including Regulation M. 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 a \$21.6 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 the public offering price of \$18.00 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 \$40.3 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) and a liquidating distribution of the net proceeds of the sale of the Company's consumer finance business, which purchasers in this offering will not receive, (iii) a \$21.6 million non-recurring, non-cash compensation charge and (iv) \$1.0 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 (2).....	--	61,908
Foreign currency translation adjustment.....	(346)	(346)
Retained earnings (3).....	167,586	59,007
	-----	-----
Total stockholders' investment.....	\$ 171,366	\$ 124,695
	=====	=====

(1) Excludes (i) 471,917 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 3,528,083 shares of Common Stock reserved for issuance under the Company's Stock Incentive Plan and Stock Purchase Plan. See "Management--New Incentive Plans."

(2) The increase in pro forma additional paid-in capital is a result of (i) the anticipated \$40.3 million tax benefit resulting from the termination of restrictions on restricted stock in connection with this offering and (ii) the effect of a \$21.6 million non-recurring, non-cash compensation charge.

(3) The decrease in pro forma retained earnings is the net result of (i) a decrease for the dividend of \$1.50 per share (\$61.9 million in the aggregate), (ii) a decrease for the liquidating distribution of the net proceeds of the sale of the Company's consumer finance business of approximately \$38.7 million, (iii) an increase for the gain, net of tax, from the sale of the Company's consumer finance business of approximately \$14.6 million, (iv) a decrease for the effect of a \$21.6 million non-recurring, non-cash compensation charge and (v) a decrease for the estimated expenses of \$1.0 million for this offering.

## DILUTION

The pro forma net tangible book value of the Company as of June 30, 1997 was \$118.0 million or \$2.86 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:

Initial public offering price per share.....	\$18.00
Pro forma net tangible book value per share.....	2.86
	-----
Pro forma net tangible book value dilution per share.....	\$15.14
	=====

**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 provision 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).....							
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	143,502	171,366

(Footnotes on following page)

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(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 a \$21.6 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 the public offering price of \$18.00 per share. See "Management--Existing Incentive Plans." If the \$21.6 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 \$4.4 million, or an \$0.11 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 sold pursuant to an agreement entered into in September 1997, the proceeds of which were deposited into an escrow account on October 14, 1997, to be closed upon obtaining final regulatory approval.



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

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.

### **INTRODUCTION**

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 \$40.3 million. At the effective date of this offering, the Company will record a non-recurring, non-cash compensation expense totaling \$21.6 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. Although seasonality in the transportation industry has not had a significant impact on the Company's cash flow or results of operations in recent years, the Company expects this seasonality to continue and cannot fully predict the impact it may have in the future. Inflation has not materially affected the Company's operations due to the very short-term, transactional basis of its business.

### **RESULTS OF OPERATIONS**

#### **Interim Operating Results**

**Revenues.** Net revenues for July and August 1997 were \$35.8 million, an increase of 17.4% over net revenues of \$30.5 million for the same period in 1996, resulting from an increase in net revenues from transportation services of 21.3% to \$27.6 million and an increase in net revenues from sourcing of 2.1% to \$6.7 million. Information services net revenue increased by 29.8% to \$1.5 million.

**Net Income From Continuing Operations.** Net income from continuing operations was \$6.9 million for July and August 1997, an increase of 15.0% over \$6.0 million for the same period in 1996. Net income from continuing operations per share increased by 6.7% to \$0.16 per share in July and August of 1997 compared to \$0.15 per share in July and August of 1996.

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 27.5% 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 has entered into a definitive agreement to sell its consumer finance business 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 \$40.3 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) and a liquidating distribution of the net proceeds arising from the sale of its consumer finance business of approximately \$0.94 per share (\$38.7 million in total) on all shares outstanding immediately prior to consummation of this offering.

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 two existing lines of credit at interest rates of 6.69% and 6.63%, respectively, as of June 30, 1997. The lines of credit do not restrict the payment of dividends.

**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 Electronic Data Interchange ("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.

## BUSINESS

### 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 Company believes the international logistics market is approximately 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
<b>Total.....</b>	<b>\$64,284</b>	<b>\$77,247</b>	<b>\$99,287</b>	<b>\$117,021</b>	<b>\$133,246</b>	<b>\$ 62,593</b>	<b>\$ 75,682</b>

(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.

Sourcing accounted for approximately 24%, 24% and 22% of the Company's net revenues in 1994, 1995 and 1996, respectively.

## **INFORMATION SERVICES**

A subsidiary of the Company, T-Chek Systems, Inc. provides motor carrier customers with funds transfer and driver payroll services, fuel management services, fuel and use tax reporting as well as on-line access to custom-tailored information management reports, all through the use of its proprietary automated system. This system enables motor carriers to track equipment, manage fleets and dictate

where and when their drivers purchase fuel. For several companies and truck stop chains, T-Chek captures sales and fuel cost data, applies the margin agreed between seller and purchaser, reprices the sale, invoices the carrier and provides management information to the seller. 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.

The Company's information services accounted for approximately 3%, 3% and 4% of the Company's net revenues in 1994, 1995 and 1996, respectively.

## 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)

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED 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, substantially all of whom are full-time 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%, 20% and 29% 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 transportation customers increased 36.7% over net revenues from the Company's 50 largest transportation customers in the same period in 1996. While the Company has increased the level of business with its larger customers in recent years, the Company has experienced growth in its total customer base as well.

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 U.S. 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 U.S. Customs Service will seek additional duties of approximately \$4.0 million 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 sales of produce. While the Company carries product liability coverage of \$75 million, settlement of class action claims is often costly, and the Company cannot assure that its liability coverage will be adequate and will continue to be available. In addition, in connection with any recall, the Company may be required to bear the cost of repurchasing, transporting and destroying any allegedly contaminated product, for which it is not insured. Any recall or allegation of contamination could affect the Company's reputation, particularly of its The Fresh 1(R) brand. Loss due to spoilage (including the need for disposal) is also a routine part of the sourcing business.

## 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, Secretary and Director
Jennifer T. Amys.....	46	Vice President, Chief Information Officer
John P. Wiehoff.....	36	Corporate Controller and Treasurer
Robert Ezrilov.....	52	Director
Gerald A. Schwabach.....	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. Mr. Goven's wife is the first cousin of Mr. Verdoorn.

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 senior positions in the retail grocery industry. Mr. Rempe is currently on the Board of Directors of the Produce Marketing Association and Produce for Better Health. Mr. Rempe attended Indiana University Purdue University in Indianapolis.

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 Carleton 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 initial 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	ALL OTHER
	SALARY (1)	BONUS (2)	OTHER (3)	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	179,839	--	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) Consists of unreimbursed personal travel expenses.

(4) 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 471,917 of Common Stock to 249 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 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, 1,600 shares of Common Stock having a book value of \$3.78 were awarded to two 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 on terms that the Company believes were no less favorable than what the Company could have received from an unaffiliated third party. 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 awarded to employees under the Company's restricted stock programs and 87% of the shares of Common Stock owned by former employees. 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 TO OFFERING		NUMBER OF SHARES OFFERED	NUMBER OF SHARES PURCHASED IN OFFERING	SHARES BENEFICIALLY OWNED AFTER 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	1,000	844,995	2.0
Dale S. Hanson.....	920,037	2.2	205,343	--	714,694	1.7
Owen P. Gleason.....	888,025	2.2	337,090	--	550,935	1.3
Gregory D. Goven.....	816,685	2.0	219,114	750	598,321	1.5
Bernard M. Madej.....	766,054	1.9	278,770	--	487,284	1.2
Jennifer T. Amys.....	290,353	*	30,742	3,000	262,611	*
Robert S. Ingram.....	247,051	*	45,199	--	201,852	*
Thomas M. Jostes.....	172,671	*	20,324	2,777	155,124	*
John P. Wiehoff.....	123,317	*	27,719	2,222	97,820	*
Michael T. Rempe.....	115,983	*	63,403	16,666	69,246	*
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	26,415	9,525,953	23.1
SELLING STOCKHOLDERS WHO ARE RETIRED EMPLOYEES:						
Donald Lerner (3).....	2,141,460	5.2	1,862,140	4,000	283,320	*
John R. Taylor.....	833,610	2.0	724,879	--	108,731	*
Roger Lowe.....	825,702	2.0	718,003	1,000	108,699	*
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	1,000	23,326	*
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	NUMBER OF SHARES PURCHASED IN OFFERING	SHARES BENEFICIALLY OWNED AFTER OFFERING	
	NUMBER	%			NUMBER	%
	-----				-----	
SELLING STOCKHOLDERS WHO ARE CURRENT EMPLOYEES:						
Vincent C. Immordino...	1,066,382	2.6	370,092	1,000	697,290	1.7
Elliot E. Hansen.....	488,272	1.2	4,376	882	484,778	1.2
Raymond Sobieck.....	439,191	1.1	2,836	2,250	438,605	1.1
Gary D. Joseph.....	410,307	*	11,189	2,250	401,368	*
Oliver John McDonald...	409,354	*	7,678	1,000	402,676	*
J. Scott Wessel.....	302,637	*	11,189	2,250	293,698	*
Leann Peterson.....	290,832	*	2,087	1,000	289,745	*
Roger Kerber.....	288,367	*	90,173	1,000	199,194	*
Joseph J. Mulvehill....	282,415	*	18,923	4,000	267,492	*
John M. Salpietra.....	261,655	*	18,140	5,000	248,515	*
Gary Niedorkorn.....	260,072	*	34,720	2,500	227,852	*
Richard J. Myers.....	255,574	*	7,678	2,500	250,396	*
David J. Florenzano....	237,035	*	20,227	2,500	219,308	*
Christine Hellekson...	220,374	*	1,043	2,000	221,331	*
James E. Butts.....	216,014	*	11,282	3,000	207,732	*
Darryl L. Harper.....	210,914	*	10,243	2,500	203,171	*
James N. Schulte.....	183,228	*	3,913	1,500	180,815	*
David M. Barros.....	180,840	*	14,097	1,444	168,187	*
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	1,500	110,901	*
James P. Cummings.....	114,832	*	7,678	2,000	109,154	*
Bruce E. Morris.....	110,937	*	17,455	3,000	96,482	*
Lee A. Stassen.....	110,640	*	1,043	2,000	111,597	*
Leo C. Johnson Jr.....	104,342	*	5,591	1,500	100,251	*
John B. Evans.....	103,240	*	7,826	4,000	99,414	*
Jeffrey Jorgenson.....	100,920	*	10,238	4,000	94,682	*
Colleen J. Zwach.....	96,602	*	20,141	3,000	79,461	*
Gary G. Kouba.....	92,100	*	1,304	--	90,796	*
Charles D. Johnson.....	91,134	*	7,457	2,500	86,177	*
Robert W. Hall.....	90,103	*	23,281	500	67,322	*
Maurice F. Ayers III...	88,926	*	1,565	1,000	88,361	*
Thomas J. Sandstrom....	86,443	*	23,281	--	63,162	*
James K. Cypher.....	82,998	*	1,565	1,000	82,433	*
Robert W. Hubert.....	77,856	*	1,565	3,000	79,291	*
David H. Goldberg.....	73,040	*	1,826	3,000	74,214	*
Michael Migoski.....	72,644	*	9,717	2,500	65,427	*
John D. Lenzmeier.....	68,730	*	2,087	1,500	68,143	*
Lewis D. Canouse.....	68,318	*	1,565	1,750	68,503	*
Charles J. Taylor.....	63,577	*	945	1,250	63,882	*
Michael J. Sherlock....	63,270	*	10,962	--	52,308	*
William E. Valentine...	60,930	*	6,261	2,500	57,169	*
Peter B. Coster.....	60,457	*	2,461	3,000	60,996	*
James P. Lemke.....	60,189	*	12,130	3,000	51,059	*
Gregory Ritter.....	57,586	*	1,417	555	56,724	*
Daniel D. Smith.....	50,113	*	15,368	1,000	35,745	*

NAME	SHARES BENEFICIALLY OWNED PRIOR TO OFFERING		NUMBER OF SHARES OFFERED	NUMBER OF SHARES PURCHASED IN OFFERING	SHARES BENEFICIALLY OWNED AFTER OFFERING	
	NUMBER	%			NUMBER	%
Roger A. Haack.....	46,814	*	8,151	1,000	39,663	*
Christopher Kramer....	46,400	*	24,226	500	22,674	*
Jeffery W. Skokan.....	42,640	*	783	1,000	42,857	*
Jean M. Hairston.....	41,967	*	1,043	1,500	42,424	*
Arthur A. Mollica.....	40,609	*	23,281	94	17,422	*
Robert V. Pierson.....	40,116	*	8,501	3,000	34,615	*
Steven J. Nelson.....	37,934	*	8,151	1,111	30,894	*
James A. Griffith.....	35,718	*	1,565	1,500	35,653	*
David C. Swarts.....	32,430	*	1,565	283	31,148	*
James Burke III.....	29,440	*	1,043	3,000	31,397	*
Darryl A. Solem.....	29,332	*	870	555	29,017	*
Steven J. Battaglia....	29,100	*	1,304	2,500	30,296	*
Conrad Johnson III....	28,440	*	1,565	2,250	29,125	*
Douglas L. Tannehill...	27,438	*	8,353	2,500	21,585	*
Richard J. Heimerl....	25,800	*	1,565	--	24,235	*
Michael C. Borowiec....	24,986	*	5,543	3,500	22,943	*
Kevin C. Wilner.....	24,893	*	3,195	555	22,253	*
James Z. Burgess Jr....	23,332	*	1,043	666	22,955	*
Todd L. Ortman.....	19,230	*	1,565	1,388	19,053	*
William E. Farrell.....	18,527	*	945	2,000	19,582	*
Mark S. Prizer.....	17,114	*	1,890	--	15,224	*
Michael A. Ciofalo....	16,830	*	1,304	1,115	16,641	*
Kent R. Stuart.....	16,230	*	522	--	15,708	*
Terry G. Schreifels....	11,580	*	2,348	2,000	11,232	*
Steven M. Weiby.....	8,900	*	2,348	555	7,107	*
Eric D. Halverson.....	4,932	*	1,043	666	4,555	*
Charles J. Busby.....	3,000	*	522	--	2,478	*

\* Less than one percent (1) Mr. Verdoorn's address is 8100 Mitchell Road, Eden Prairie, Minnesota 55344-2248. (2) Mr. Baker's address is 8100 Mitchell Road, Eden Prairie, Minnesota 55344- 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 an accurate summary of the material provisions of, 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 Norwest Bank Minnesota, National Association, 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 Norwest Bank Minnesota, National Association.

## 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 BT Alex. Brown 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, pursuant to transactions resulting in the Company's reincorporation in Delaware upon consummation of this offering, 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 144(k) without regard to the volume limitation, provisions concerning manner of sale or notice requirements of Rule 144. Shares of Common Stock eligible for sale under Rule 144 may also be sold pursuant to any other exemption from registration that might be available without compliance with the requirements of Rule 144.

Any employee, officer or director of or consultant to the Company who, prior to this offering, purchased his or her shares pursuant to a written compensatory plan or contract is entitled to rely on the resale provisions of Rule 701, which permits non-affiliates to sell their Rule 701 shares without complying with the public information, holding period, volume limitation or notice provisions of Rule 144 and which permits affiliates to sell their Rule 701 shares without complying with the Rule 144 holding period restrictions, in each case commencing 90 days after the date of this Prospectus. After this offering, 1,586,759 shares will be eligible for sale under Rule 701, assuming that the Underwriters' over-allotment option is not exercised.

The Company believes that beginning six months from the date of this Prospectus, all outstanding shares of Common Stock other than those held by affiliates or subject to the one-year Underwriters' Lock-Up will be eligible for resale without restriction under Rule 144.

## UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, the underwriters named below (the "Underwriters"), through their representatives, BT Alex. Brown Incorporated, Morgan Stanley & Co. Incorporated and Piper Jaffray Inc. (together the "Representatives"), have severally agreed to purchase from the Selling Stockholders the following respective numbers of shares of Common Stock at the public offering price less the underwriting discounts and commissions shown on the cover page of this Prospectus:

UNDERWRITER -----	NUMBER OF SHARES -----
BT Alex. Brown Incorporated.....	2,951,359
Morgan Stanley & Co. Incorporated.....	2,951,358
Piper Jaffray Inc.....	1,475,679
ABN AMRO Chicago Corporation.....	225,000
Deutsche Morgan Grenfell Inc. ....	225,000
Donaldson, Lufkin & Jenrette Securities Corporation.....	225,000
A.G. Edwards & Sons, Inc. ....	225,000
Goldman, Sachs & Co. ....	225,000
Schroder & Co. Inc. ....	225,000
Smith Barney Inc. ....	225,000
Robert W. Baird & Co. Incorporated.....	125,000
William Blair & Company, L.L.C. ....	125,000
Dain Bosworth Incorporated.....	125,000
Dominick & Dominick, Incorporated .....	125,000
Gerard Klauer Mattison & Co., Inc. ....	125,000
Hoak Breedlove Wesneski & Co. ....	125,000
Hofer & Arnett, Inc. ....	125,000
John G. Kinnard & Company, Incorporated.....	125,000
Morgan Keegan & Company, Inc. ....	125,000
David A. Noyes & Company.....	125,000
Parker/Hunter Incorporated .....	125,000
Scott & Stringfellow, Inc. ....	125,000
Wit Capital Corporation.....	125,000
Total.....	10,578,396 =====

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will purchase the total number of shares of Common Stock offered hereby if any of such shares are purchased.

The Company and the Selling Stockholders have been advised by the Representatives that the Underwriters propose to offer the shares of Common Stock to the public at the initial public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of \$0.64 per share. The Underwriters may allow, and such dealers may re-allow, a concession not in excess of \$0.10 per share to certain other dealers. After commencement of the initial public offering, this offering price and other selling terms may be changed by the Representatives.

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 BT Alex. Brown Incorporated. In addition, all other current stockholders, who beneficially own an aggregate of 12,172,450 shares of outstanding Common Stock, will be prohibited, pursuant to transactions resulting in the Company's reincorporation in Delaware upon consummation of this offering, 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 and schedules 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 reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

## **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 material provisions of any contract or other document, although accurate, 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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## 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 Arthur Andersen LLP 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 9, 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, net of taxes of \$1,983, \$1,395, \$1,451, \$737 and \$630.....	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.....	46,296	43,934	41,799	42,182	41,306

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
<b>OPERATING ACTIVITIES:</b>					
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
<b>INVESTING ACTIVITIES:</b>					
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)
<b>FINANCING ACTIVITIES:</b>					
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.

**C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)**

**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.

**C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)**

**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, JUNE 30,	
	1996	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

**C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED) 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)
Total provision.....	\$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.



**C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)**  
**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 U.S. Customs Service will seek additional duties of approximately \$4,000,000 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

**C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)**

	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. In connection with the 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 will terminate effective October 13, 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 a \$21,596,000 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.

In connection with 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 up to 12,165,155 shares of the Company's stock to the public. The proceeds of the offering will accrue entirely to selling stockholders.

**C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)**

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 471,917 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 \$40.3 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.	45,179	43,565	43,518	43,473
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.	42,929	41,434	41,425	41,406

**C.H. ROBINSON WORLDWIDE, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONCLUDED)**

	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.....	41,359	41,253
	=====	=====

[INSIDE BACK COVER]

[PHOTO OF COMPANY SALESPERSONS]

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NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE SELLING STOCKHOLDERS OR ANY UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY TO ANY PERSON OR BY ANYONE IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

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UNTIL NOVEMBER 10, 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.

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**10,578,396 Shares**

**[LOGO OF C.H. ROBINSON APPEARS HERE]**

**Common Stock**

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**PROSPECTUS**

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**BT ALEX. BROWN**

**MORGAN STANLEY DEAN WITTER**

**PIPER JAFFRAY INC.**

OCTOBER 15, 1997

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**End of Filing**

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