

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K/A

Current report filing [amend]

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FILER

**C H ROBINSON WORLDWIDE INC**

CIK: **1043277** | IRS No.: **411883630** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K/A** | Act: **34** | File No.: **000-23189** | Film No.: **13527270**  
SIC: **4731** Arrangement of transportation of freight & cargo

Mailing Address  
*14701 CHARLSON ROAD  
EDEN PRAIRIE MN 55347*

Business Address  
*14701 CHARLSON ROAD  
EDEN PRAIRIE MN 55347  
9529378500*

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

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**FORM 8-K/A  
Amendment No. 1**

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**CURRENT REPORT**

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

**Date of Report: November 1, 2012  
(Date of earliest event reported)**

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

**(Exact name of registrant as specified in its charter)**

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**Commission File Number: 000-23189**

**Delaware** **41-1883630**  
**(State or other jurisdiction of incorporation)** **(IRS Employer Identification No.)**

**14701 Charlson Road, Eden Prairie, MN 55347**  
**(Address of principal executive offices, including zip code)**

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



## Explanatory Note

On November 1, 2012, C.H. Robinson Worldwide, Inc. ("C.H. Robinson") completed the acquisition of all of the issued and outstanding shares of Phoenix International Freight Services, Ltd. ("Phoenix") for \$571.5 million in cash and approximately \$63.5 million in newly-issued shares of common stock of C.H. Robinson, plus an additional \$57.0 million in cash representing the closing date preliminary estimated Phoenix cash and working capital adjustment, in accordance with the purchase agreement. This Amendment No. 1 to the Current Report on Form 8-K includes certain financial information required by Item 9.01 that was not contained in the Current Report on Form 8-K dated October 29, 2012 (File No. 000-23189). Except as described above, all other information in, and the exhibits to, the Current Report on Form 8-K remain unchanged.

The registrant hereby amends Item 9.01 of its Current Report on Form 8-K dated October 29, 2012 as set forth below.

### Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited consolidated balance sheets of Phoenix International Freight Services, Ltd. and Subsidiaries as of June 30, 2012, related audited consolidated statements of income, changes in owners' equity, and cash flows for the year ended June 30, 2012, notes to the consolidated financial statements and the report of independent certified public accountants are attached hereto as Exhibit 99.1 and are incorporated in their entirety herein by reference.

(b) Pro Forma Financial Information.

The following pro forma financial information is filed herewith as Exhibit 99.2:

- Pro Forma Condensed Combined Balance Sheet (Unaudited) as of June 30, 2012
- Pro Forma Condensed Combined Statements of Operations (Unaudited) for the six months ended June 30, 2012
- Pro Forma Condensed Combined Statements of Operations (Unaudited) for the year ended December 31, 2011

(d) Exhibits.

|      |  |
|------|--|
| 23.1 | Consent of Independent Certified Public Accountants.   |
| 99.1 | Consolidated Financial Statements and Report of Independent Certified Public Accountants of Phoenix International Freight Services, Ltd. and Subsidiaries as of June 30, 2012. |
| 99.2 | Unaudited Pro Forma Condensed Combined Financial Statements as of and for the six months ended June 30, 2012 and for the year ended December 31, 2011.                         |

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

C.H. ROBINSON WORLDWIDE, INC.

Date: January 14, 2013

By: /s/ Ben Campbell

Ben Campbell

Vice President, General Counsel and  
Secretary

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## Exhibit Index

| <u>Exhibit</u> | <u>Description</u>   | <u>Method of Filing</u> |
|----------------|--|-------------------------|
| 23.1           | Consent of Independent Certified Public Accountants.   | Filed Electronically    |
| 99.1           | Consolidated Financial Statements and Report of Independent Certified Public Accountants of Phoenix International Freight Services, Ltd. and Subsidiaries as of June 30, 2012. | Filed Electronically    |
| 99.2           | Unaudited Pro Forma Condensed Combined Financial Statements as of and for the six months ended June 30, 2012 and for the year ended December 31, 2011.                         | Filed Electronically    |

**Consent of Independent Certified Public Accountants**

We have issued our report dated September 14, 2012, with respect to the consolidated financial statements of Phoenix International Freight Services, Ltd. (an Illinois corporation) and Subsidiaries included in the C. H. Robinson Worldwide, Inc. Form 8-K/A. We hereby consent to the incorporation by reference of said report in the Registration Statements of C. H. Robinson Worldwide, Inc. on Forms S-8 (File No. 333-41027, effective November 25, 1997, 333-41899, effective December 10, 1997, 333-53047, effective May 19, 1998, 333-47080, effective September 29, 2000, 333-67718, effective August 16, 2001, 333-110396, effective November 12, 2003 and 333-155166, effective November 6, 2008).

/s/ GRANT THORNTON LLP

Chicago, Illinois  
January 11, 2013

**CONSOLIDATED FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS  
PHOENIX INTERNATIONAL FREIGHT  
SERVICES, LTD. AND SUBSIDIARIES  
JUNE 30, 2012**

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Phoenix International Freight Services, Ltd.

We have audited the accompanying consolidated balance sheet of Phoenix International Freight Services, Ltd. (an Illinois corporation) and Subsidiaries (collectively, the Company) as of June 30, 2012, and the related consolidated statements of income, changes in owners' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Phoenix International Freight Services, Ltd. and Subsidiaries as of June 30, 2012, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Chicago, Illinois  
September 14, 2012



**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**CONSOLIDATED BALANCE SHEET**  
**June 30, 2012**

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**ASSETS**

**CURRENT ASSETS**

|  |                |
|--|----------------|
| Cash and cash equivalents  | \$ 67,705,976  |
| Accounts receivable, net of allowance for doubtful accounts of \$979,151 | 119,715,970    |
| Notes receivable   | 193,451        |
| Prepaid expenses   | 1,080,867      |
| Deferred income taxes  | <u>978,382</u> |

Total current assets 189,674,646

**PROPERTY AND EQUIPMENT**

|  |                  |
|--|------------------|
| Buildings                                      | 6,556,400        |
| Leasehold improvements                         | 2,858,143        |
| Furniture and fixtures                         | 8,589,446        |
| Machinery and other equipment                  | 10,662,470       |
| Automobiles and other transportation equipment | <u>1,271,744</u> |

29,938,203

Less accumulated depreciation 17,086,016

12,852,187

Land 382,937

13,235,124

**OTHER ASSETS**

|  |                  |
|--|------------------|
| Deposits   | 1,046,947        |
| Deferred financing fees, net of amortization of \$28,969 | 19,763           |
| Goodwill   | 5,776,061        |
| Other assets   | <u>1,296,138</u> |

Total other assets 8,138,909

**TOTAL ASSETS** \$ 211,048,679



**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**CONSOLIDATED BALANCE SHEET - CONTINUED**  
**June 30, 2012**

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**LIABILITIES AND OWNERS' EQUITY**

**CURRENT LIABILITIES**

|   |    |                  |
|---|----|------------------|
| Bank overdraft                              | \$ | 6,219,221        |
| Line of credit                              |    | 86,971           |
| Current maturities of long-term obligations |    | 803,550          |
| Accounts payable                            |    | 31,157,157       |
| Accrued salaries                            |    | 3,057,862        |
| Accrued real estate taxes                   |    | 36,592           |
| Income taxes payable                        |    | 4,988,347        |
| Other accrued liabilities                   |    | <u>4,050,059</u> |

Total current liabilities 50,399,759

**LONG-TERM LIABILITIES**

|  |  |                |
|--|--|----------------|
| Long-term obligations, less current maturities |  | 664,250        |
| Deferred income taxes                          |  | <u>346,407</u> |

Total long-term liabilities 1,010,657

**OWNERS' EQUITY**

|   |  |                  |
|---|--|------------------|
| Owners' equity attributable to owners   |  |                  |
| Common stock, \$1.00 par value; authorized 100,000 shares;<br>outstanding 39,420 shares |  | 39,420           |
| Additional paid-in capital  |  | 10,099,739       |
| Retained earnings   |  | 144,816,843      |
| Accumulated other comprehensive income  |  | <u>2,193,376</u> |

Total owners' equity attributable to owners 157,149,378

|                                |  |                  |
|--------------------------------|--|------------------|
| Non-controlling interest       |  | 881,071          |
| Non-controlling interest - VIE |  | <u>1,607,814</u> |

Total owners' equity 159,638,263

**TOTAL LIABILITIES AND OWNERS' EQUITY** \$ 211,048,679

The accompanying notes are an integral part of this statement.

**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**CONSOLIDATED STATEMENT OF INCOME**  
**Year ended June 30, 2012**

|   | Amount         | Percentage |
|---|----------------|------------|
| Net revenues  | \$ 989,790,622 | 100.00%    |
| Cost of revenues  | 858,252,278    | 86.71      |
| Gross profit on revenues                                | 131,538,344    | 13.29      |
| Selling, general and administrative expenses            | 88,490,736     | 8.94       |
| Income from operations                                  | 43,047,608     | 4.35       |
| Other income (expense)                                  |                |            |
| Interest income   | 220,550        | 0.02       |
| Interest expense  | (84,444)       | (0.01)     |
| Currency gain   | 631,602        | 0.06       |
| Miscellaneous expense                                   | (619,817)      | (0.06)     |
| Total other income                                      | 147,891        | 0.01       |
| Income before income taxes and non-controlling interest | 43,195,499     | 4.36       |
| Income tax expense                                      | 12,656,267     | 1.28       |
| Net income  | 30,539,232     | 3.08       |
| Non-controlling interest                                | (238,076)      | (0.02)     |
| Non-controlling interest - VIE                          | (229,519)      | (0.02)     |
| Net income attributable to owners                       | \$ 30,071,637  | 3.04%      |



The accompanying notes are an integral part of this statement.

**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**Year ended June 30, 2012**

|  | Common<br>stock  | Additional<br>paid-in<br>capital | Retained<br>earnings  | Accumulated<br>other<br>comprehensive<br>income | Treasury<br>stock | Total<br>owners' equity<br>attributable<br>to owners | Non-controlling<br>interest | Non-controlling<br>interest - VIE |
|--|------------------|----------------------------------|-----------------------|---|-------------------|--|-----------------------------|-----------------------------------|
| Balance at July 1, 2011                  | \$ 39,510        | \$ 10,122,869                    | \$ 115,291,813        | \$ 3,390,631                                    | \$ —              | \$ 128,844,823                                       | \$ 724,037                  | \$ 1,343,354                      |
| Comprehensive income                     |                  |                                  |                       |   |                   |  |                             |                                   |
| Net income                               | —                | —                                | 30,071,637            | —   | —                 | 30,071,637   | 238,076                     | 229,519                           |
| Foreign currency translation adjustments | —                | —                                | —                     | (1,197,255)                                     | —                 | (1,197,255)  | —                           | —                                 |
| Total comprehensive income               |                  |                                  |                       |   |                   |  |                             |                                   |
| Non-controlling interest - Tahiti        | —                | —                                | —                     | —   | —                 | —  | —                           | 34,941                            |
| Partnership dividend distribution        | —                | —                                | —                     | —   | —                 | —  | (81,042)                    | —                                 |
| Treasury stock purchased                 | —                | —                                | —                     | —   | (569,827)         | (569,827)  | —                           | —                                 |
| Treasury stock retired                   | (90)             | (23,130)                         | (546,607)             | -   | 569,827           | —  | —                           | —                                 |
| Balance at June 30, 2012                 | <u>\$ 39,420</u> | <u>\$ 10,099,739</u>             | <u>\$ 144,816,843</u> | <u>\$ 2,193,376</u>                             | <u>\$ -</u>       | <u>\$ 157,149,378</u>                                | <u>\$ 881,071</u>           | <u>\$ 1,607,814</u>               |

The accompanying notes are an integral part of this statement.

**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended June 30, 2012**

|  |                           |
|--|---------------------------|
| Cash flows from operating activities   |                           |
| Net income   | \$ 30,539,232             |
| Adjustments to reconcile net income to net cash provided by operating activities |                           |
| Depreciation and amortization  | 3,761,302                 |
| Deferred taxes   | (243,611)                 |
| Gain on sale of property and equipment   | 38,820                    |
| Changes in assets and liabilities  |                           |
| Receivables  | (13,489,575)              |
| Prepaid expenses   | 1,570,332                 |
| Other assets   | (66,971)                  |
| Accounts payable and accrued expenses  | 4,949,567                 |
|  | <hr/>                     |
| Net cash provided by operating activities  | 27,059,096                |
| Cash flows from investing activities   |                           |
| Disposal of subsidiaries investment  | 11,558                    |
| Acquisition of property and equipment  | (6,815,022)               |
| Proceeds from disposals of property and equipment                                | 106,188                   |
|  | <hr/>                     |
| Net cash used in investing activities  | (6,697,276)               |
| Cash flows from financing activities   |                           |
| Increase in bank overdraft   | 2,432,090                 |
| Decrease in line of credit   | (2,067,951)               |
| Principal repayments on long-term debt   | (2,661,126)               |
| Principal borrowings on long-term debt   | 3,384,402                 |
| Non-controlling interest distribution  | (81,042)                  |
| Non-controlling interest - Tahiti  | 34,941                    |
| Treasury stock purchased   | (569,827)                 |
|  | <hr/>                     |
| Net cash provided by financing activities  | 471,487                   |
| Effects of exchange rates changes on cash and cash equivalents                   | (1,197,254)               |
|  | <hr/>                     |
| Net increase in cash and cash equivalents  | 19,636,053                |
| Cash and cash equivalents, beginning of year                                     | <hr/> 48,069,923          |
| Cash and cash equivalents, end of year   | <hr/> <hr/> \$ 67,705,976 |
| Non-cash financing activities  |                           |
| Treasury stock retired   | \$ 569,827                |

Supplemental cash flow information

|                   |    |            |
|-------------------|----|------------|
| Interest paid     | \$ | 51,988     |
| Income taxes paid |    | 14,615,974 |

The accompanying notes are an integral part of this statement.

**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Business***

Phoenix International Freight Services, Ltd. (Phoenix or the Company) provides international freight forwarding, customs house brokerage, air and ocean consolidation, and non-vessel operating common carrier services throughout the United States of America and abroad. The Company's sales are primarily concentrated in the United States of America (76%), Europe (4%) and the Asia/Pacific Rim region (20%).

***Principles of Consolidation***

The financial statements include the consolidated accounts of Phoenix and companies in which Phoenix (PHX USA) has a controlling interest. The consolidated financial statements include the following subsidiaries:

- Phoenix International Logistics Co., Ltd. (Phoenix China), 100% owned.
- Phoenix International Freight Services Limited (Phoenix England), 100% owned.
- Phoenix International Freight Services, SAS (Phoenix France), 90% owned.
- Shanghai He Xun Software Company (SHA He Xun), 100% owned.
- Phoenix International Freight Services Limited (Phoenix India), 100% owned.
- Phoenix International Freight Services Limited (Phoenix Ireland), 75% owned.
- Phoenix Cespel S.r.l. (Phoenix Italy), 55% owned.
- Phoenix International Freight Services (Korea) Ltd. (Phoenix Korea), 100% owned.
- Phoenix International Freight Service SDN. BHD. (Phoenix Malaysia), 100% owned.
- Phoenix International Freight Services Limited (Phoenix Singapore), 90% owned.
- Phoenix International Freight Services Limited (Phoenix Sri Lanka), 90% owned.
- Phoenix International Freight Services, Ltd. (Taiwan, Air) (Taiwan Air), 100% owned.
- Phoenix International Freight Services, Ltd. (Taiwan, Ocean) (Taiwan Ocean), 100% owned.
- Phoenix International Freight Services (Thailand) Limited (Phoenix Thailand), 100% owned.
- PHX Holdings Ltd (PHX Holdings), 100% owned.
- Phoenix International Freight Services Limited (Phoenix Hong Kong), 100% owned by PHX Holdings.

The portion of net income attributable to non-controlling interests for subsidiaries not wholly owned is presented as net income applicable to non-controlling interest on the consolidated statement of operations, and the portion of the owners' equity of such subsidiaries is presented as non-controlling interest on the consolidated balance sheet and consolidated statement of changes in owners' equity.

All intercompany transactions have been eliminated between Phoenix and the consolidated entities.

***Variable Interest Entities***

Phoenix evaluates consolidation of entities in accordance with applicable literature that requires that assets, liabilities and results of the activity of a variable interest entity (VIE) be consolidated into the financial statements of the enterprise that is considered the primary beneficiary. The Company has determined that the following entities represent VIEs that are required to be consolidated because Phoenix is the primary beneficiary: Phoenix International Tahiti SARL, Phoenix Properties - Missouri, and Phoenix Properties Missouri, LLC (collectively Phoenix Properties).



**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2012**

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***Revenue Recognition***

Net revenues consist of the total dollar value of services purchased from the Company by customers. Gross profits are gross revenues less the direct costs of transportation and handling. The Company acts principally as the service provider for these transactions and recognizes revenue as these services are rendered. At that time, the Company's obligations to the transactions are completed and collection of receivables is reasonably assured. Nearly all transactions in the Company's business are recorded at the gross amount the Company charges its customers for the service it provides. In these transactions, the Company is the primary obligor, is a principal to the transaction, has all credit risk, maintains substantially all risks and rewards, and has latitude in pricing decisions. Unbilled services of \$30,896,138 are included in accounts receivable and represent accrued revenues for services performed.

***Cash***

The Company maintains its primary cash accounts with one financial institution, which could potentially subject the Company to risk for those amounts in excess of insured limitations. However, the Company has not experienced any losses in these accounts and believes that it is not exposed to any significant credit risk.

The Company maintained \$66,844,875 in cash balances at financial institutions outside the United States of America. The Company has not experienced any losses on such amounts and believes it is not subject to significant risks related to cash.

***Foreign Currency Transactions and Translations***

The local currency is the functional currency for all of Phoenix's operations outside the United States. The determination of the functional currency is made based on the appropriate economic and management indicators. Assets and liabilities of the Company's consolidated foreign affiliates are translated into U.S. dollars at the year-end rate of exchange, and their statements of earnings are translated at the weighted-average exchange rates for the year. The resulting translation adjustments are made directly to other comprehensive income. Gains and losses resulting from foreign currency transactions are charged or credited to earnings.

***Comprehensive Income***

Comprehensive income is defined as the change in equity of a business enterprise from transactions and other events from non-owner sources. Comprehensive income includes net income and other non-owner changes in equity that bypass the statement of income and are reported as a separate component of owners' equity. For the year ended June 30, 2012, other comprehensive income is made up solely of the change in foreign currency translation adjustments.

***Property, Equipment and Depreciation***

Property and equipment are recorded at cost. Depreciation is provided for using straight-line and accelerated methods over the estimated lives of the assets. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of income.





**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2012**

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Depreciation is based upon the following useful lives:

| Asset description                              | Life    |
|--|---------|
| Buildings                                      | 39      |
| Leasehold improvements                         | 15 - 39 |
| Furniture and fixtures                         | 7       |
| Machinery and other equipment                  | 5 - 7   |
| Automobiles and other transportation equipment | 3 - 7   |

Leasehold improvements are amortized over the shorter of the lease term or estimated useful life of the asset. Depreciation and amortization expense for the year ended June 30, 2012, was \$3,763,885. Expenses for maintenance and repairs are charged to expense as incurred, whereas major improvements are capitalized.

***Income Taxes***

The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year.

Deferred taxes result from differences between the financial and tax bases of Phoenix's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. No valuation allowance has been recorded in 2012.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. At June 30, 2012, there was no liability for uncertain tax positions recorded on the accompanying consolidated balance sheet. The Company's policy is to classify all income tax-related interest and penalties as income tax expense. There were no interest and penalties in 2012. The Company's open tax years are 2009, 2010, 2011 and 2012. The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and multiple state and foreign jurisdictions.

As limited partnerships, the taxable income of the Phoenix Properties is the responsibility of the partners and is included in the partners' tax returns.

***Goodwill***

Goodwill is recognized as the excess cost of an acquired entity over the net amount assigned to assets acquired and liabilities assumed. Goodwill is not amortized, but rather tested for impairment on an annual basis, and more often if circumstances require. Impairment losses are recognized whenever the implied fair value of goodwill is less than its carrying value. In 2012, no impairment loss has been recognized.



**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2012**

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*Accounts Receivable*

The Company grants unsecured credit to customers in the normal course of business. However, the Company maintains an international credit insurance policy for its foreign sales. The majority of the Company's accounts receivable is due from companies operating within a variety of industries. Credit is extended to customers based on evaluation of the customers' financial condition. Accounts receivable are due based on contract terms and stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance for doubtful accounts by considering a number of factors, including the length of time past due, the customer's current ability to pay, and the condition of the general economy and industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Fair Value of Financial Instruments*

The Company has adopted authoritative guidance on the disclosure regarding fair value measurements. The guidance establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which give the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets and liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

The Company discloses estimated fair values of financial instruments and extends existing disclosure to the fair value of financial instruments, both assets and liabilities recognized and not recognized in the financial statements, for which it is practicable to estimate fair value. The carrying amounts of cash and cash equivalents, accounts receivable, notes receivable, and accounts payable approximated their respective fair values as of June 30, 2012, because of the relatively short maturities of these financial instruments. The carrying values of debt instruments reasonably approximates their fair values, as stated interest rates approximate current market interest rates of debt with similar items.



**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2012**

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**NOTE B - ACCOUNTS RECEIVABLE**

Accounts receivable, consisted of the following as of June 30, 2012:

|   |    |                           |
|---|----|---------------------------|
| Accounts receivable                     | \$ | 120,695,121               |
| Less allowance for doubtful receivables |    | <u>979,151</u>            |
| Net receivables                         | \$ | <u><u>119,715,970</u></u> |

Changes in the Company's allowance for doubtful accounts are as follows as of June 30, 2012:

|                         |    |                       |
|-------------------------|----|-----------------------|
| Beginning balance       | \$ | 961,573               |
| Provision for bad debts |    | 1,257,677             |
| Accounts written off    |    | <u>(1,240,099)</u>    |
| Ending balance          | \$ | <u><u>979,151</u></u> |

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**NOTE C - DEBT ARRANGEMENTS**

***Line of Credit***

The Company entered into a line of credit for \$40,000,000 maturing on June 30, 2013. Interest ranges from LIBOR plus 170 basis points (1.93875% at June 30, 2012) to the prime rate (3.25% at June 30, 2012). The interest is adjusted monthly. The line is collateralized by substantially all of the Company's assets and is subject to certain covenants, for which PHX USA is currently in compliance. The line of credit balance for PHX USA is \$-0- as of June 30, 2012.

***Long-term Debt***

Long-term obligations consist of the following as of June 30, 2012:

**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2012**

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|   |                          |
|---|--------------------------|
| Phoenix Properties MO - Note payable to bank, due August 2018, payable in monthly installments of \$8,333, including interest ranging from LIBOR plus 170 basis points (1.93875% at June 30, 2012) to the prime rate (3.25% at June 30, 2012), collateralized by building | \$ 117,958               |
| Phoenix Properties MO II - Note payable to bank, due March 2015, payable in monthly installments of \$2,578, plus interest ranging from LIBOR plus 170 basis points (1.93875% at June 30, 2012) to the prime rate (3.25% at June 30, 2012), collateralized by building    | 199,733                  |
| Other miscellaneous - foreign long-term notes   | <u>1,150,109</u>         |
|   | 1,467,800                |
| Less current maturities included in current liabilities   | <u>(803,550)</u>         |
| Total   | <u><u>\$ 664,250</u></u> |

Following are the maturities of long-term obligations as of June 30, 2012:

| <u>Years ending June 30,</u> |    |                         |
|------------------------------|----|-------------------------|
| 2013                         | \$ | 803,550                 |
| 2014                         |    | 55,140                  |
| 2015                         |    | 142,486                 |
| 2016                         |    | 2,694                   |
| 2017                         |    | —                       |
| Thereafter                   |    | <u>463,930</u>          |
| Total                        | \$ | <u><u>1,467,800</u></u> |

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**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2012**

**NOTE D - EMPLOYEE RETIREMENT PLANS**

*401(k) Plan*

The Company maintains a 401(k) plan that was established in 2005 for substantially all of its U.S. employees. In order to participate in the plan, full-time employees must have completed one year of service and be at least age 21. Employees can contribute up to 15% of their pay, subject to the annual Internal Revenue Service limit. From April 1, 2009 through April 1, 2010, the Company temporarily suspended the employee match contributions. Through March 4, 2011, the Company matched employee contributions up to 2% and effective March 5, 2011, the Company increased the match up to 5%. The Company's 401(k) match expense equaled \$1,180,517 in 2012.

**NOTE E - INCOME TAXES**

Income tax expense for the year ended June 30, 2012, is as follows:

|               |    |                   |
|---------------|----|-------------------|
| Current       |    |                   |
| Federal       | \$ | 6,226,604         |
| State         |    | 644,726           |
| Foreign       |    | 6,028,548         |
|               |    | <hr/>             |
| Total current |    | 12,899,878        |
| Deferred      |    | (243,611)         |
|               |    | <hr/>             |
| Total expense | \$ | <u>12,656,267</u> |

The effective income tax rate on income before the provision for income taxes of the Company differed from the U.S. federal statutory rate is as follows as of June 30, 2012:

|  |              |
|--|--------------|
| Federal taxes at the statutory rate                | 35.0%        |
| State income tax, net of federal income tax effect | 0.5          |
| Permanent differences                              | 0.5          |
| Effect of foreign tax credits utilized             | 1.1          |
| Foreign rates differential                         | <u>(7.6)</u> |
| Total  | <u>29.5%</u> |





**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2012**

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The income tax effects of temporary differences that gave rise to the net deferred tax assets (liabilities) were as follows as of June 30, 2012:

|   |            |
|---|------------|
| Current deferred tax assets (liabilities)     |            |
| Allowance for doubtful accounts               | \$ 312,878 |
| Accrued expenses                              | 513,837    |
| Foreign tax credit                            | 178,725    |
| Self-insurance                                | 158,604    |
| Prepaid insurance                             | (225,763)  |
| Other   | 40,101     |
|   | <hr/>      |
| Total current deferred tax assets             | 978,382    |
| Non-current deferred tax (liabilities) assets |            |
| Goodwill                                      | (249,601)  |
| Property and equipment                        | (420,137)  |
| Step rent                                     | 276,786    |
| Other   | 46,545     |
|   | <hr/>      |
| Total non-current deferred tax liabilities    | (346,407)  |
|   | <hr/>      |
| Net deferred tax assets                       | \$ 631,975 |

Total deferred tax assets were \$1,536,424 as of June 30, 2012. Total deferred tax liabilities were \$904,449 as of June 30, 2012.

No provision has been made for deferred taxes on unremitted earnings of certain foreign subsidiaries since no significant tax liability is anticipated due to the availability of foreign tax credits should such earnings be remitted.

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**NOTE F - OPERATING LEASES**

***Facilities***

The Company leases office and warehouse facilities in Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Kentucky, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, South Carolina, Tennessee, Texas and Wisconsin. The lease terms range from one to 10 years with periodic increases in rent. With the exception of the Wisconsin lease, the Company pays its proportionate share of the real estate taxes and insurance on each facility. The Company is also required to pay utilities and maintenance on all facilities.

The Company also has office leases belonging to its foreign subsidiaries, Phoenix Hong Kong and Phoenix England.



**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2012**

***Equipment***

The Company also leases most of its computer, phone and transportation equipment under non-cancelable leases.

The rent expense for all facilities and equipment for the year ended June 30, 2012, was \$7,616,612.

The future minimum rental payments required under the lease terms are as follows at June 30, 2012:

| <u>Years ending June 30,</u> | <u>Facilities</u> | <u>Equipment</u> |
|------------------------------|-------------------|------------------|
| 2013                         | \$ 5,503,615      | \$ 1,103,039     |
| 2014                         | 4,844,136         | 740,983          |
| 2015                         | 4,326,644         | 478,484          |
| 2016                         | 3,865,734         | 260,381          |
| 2017                         | 2,711,005         | 66,521           |
| Thereafter                   | 8,303,128         | 14,583           |

**NOTE G - SHAREHOLDER AGREEMENTS**

The Company has entered into agreements with officer-owners and certain key employees under which, in the event an individual desires to sell, exchange, give or pledge his or her Company stock, or upon the death, retirement or termination of employment of the individual, the Company has the option to reacquire all or a part of his or her stock. The purchase price is determined by the agreement and payable as the parties may determine.

The Company has entered into an agreement with its Employee Stock Ownership Plan under which the Company is obligated to acquire the stock, subject to certain requirements, of terminated or retiring employees. The purchase price and subsequent payment are determined by the agreement.

**NOTE H - OWNERS' EQUITY**

***Common Stock***

Common stock consists of the following at June 30, 2012:

|  | <u>Shares</u> | <u>Shares</u>      | <u>Additional</u> |                |
|--|---------------|--------------------|-------------------|----------------|
|  | <u>issued</u> | <u>outstanding</u> | <u>Amount</u>     | <u>paid-in</u> |
|  |               |                    | <u>capital</u>    |                |
| Phoenix International Freight Services, Ltd., \$1.00 par value;<br>100,000 shares authorized | 39,420        | 39,420             | \$39,420          | \$10,099,739   |



**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2012**

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***Treasury Stock***

The Company records treasury stock purchases at cost. During the year ended June 30, 2012, the Company repurchased 90 shares of common stock at a cost of \$569,827.

Furthermore, the Company retired its entire treasury stock balance of 90 shares at June 30, 2012. It is also the Company's plan that any common stock shares acquired in the future will be immediately retired.

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**NOTE I - CONTINGENCIES**

The Company is involved in various litigations arising in the normal course of business. In the opinion of the Company's management, the ultimate outcome of these matters will not have a material impact on the Company's financial statements.

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**NOTE J - VARIABLE INTEREST ENTITIES**

The consolidated financial statements as of June 30, 2012, include the following amounts related to the Phoenix Properties and Phoenix Tahiti, which have been determined to be VIEs for which the Company is the primary beneficiary:

|  |    |                         |
|--|----|-------------------------|
| Current assets                                 | \$ | 2,222,547               |
| Property and equipment, net                    |    | 1,987,431               |
| Other assets                                   |    | <u>468,176</u>          |
| Total assets                                   | \$ | <u><u>4,678,154</u></u> |
| Current liabilities                            | \$ | 2,026,879               |
| Long-term liabilities                          |    | 1,034,669               |
| Minority interests - VIEs                      |    | 1,607,814               |
| Ownership interest eliminated in consolidation |    | 30,750                  |
| Currency translation differences               |    | <u>(21,958)</u>         |
| Total liabilities and equity                   | \$ | <u><u>4,678,154</u></u> |

The real property is collateral for the Phoenix Properties' long-term debt.

**Phoenix International Freight Services, Ltd. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2012**

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**NOTE K - SUBSEQUENT EVENTS**

The Company evaluated its June 30, 2012, consolidated financial statements for subsequent events through September 14, 2012, the date the consolidated financial statements were available to be issued. Management has determined that there are no subsequent events that would require adjustment to or disclosure in the Company's consolidated financial statements through this date.

**Unaudited Pro Forma Condensed Combined Financial Statements**

On November 1, 2012, C.H. Robinson Worldwide, Inc. ("C.H. Robinson") completed the acquisition of all of the issued and outstanding shares of Phoenix International Freight Services, Ltd. ("Phoenix") for \$571.5 million in cash and approximately \$63.5 million in newly-issued shares of common stock of C.H. Robinson, plus an additional \$57.0 million in cash representing the closing date preliminary estimated Phoenix cash and working capital adjustment, in accordance with the purchase agreement.

The following Unaudited Pro Forma Condensed Combined Financial Information should be read in conjunction with the historical financial statements and accompanying notes of C.H. Robinson included in its Annual Report on Form 10-K for the year ended December 31, 2011 and Form 10-Q for the six months ended June 30, 2012 and the historical audited financial statements and accompanying notes of Phoenix for the twelve months ended June 30, 2012 included in this Form 8-K/A.

The Unaudited Pro Forma Condensed Combined Balance Sheet combines historical balance sheets, giving effect to the acquisition as if it had occurred on June 30, 2012. The unaudited Pro Forma Combined Statements of Operations reflect the combined results of operations as if the acquisition had occurred at the beginning of C.H. Robinson's 2011 fiscal year.

The allocation of purchase price used to prepare the unaudited pro forma financial information is based on a preliminary valuation of assets acquired and liabilities assumed. Accordingly, the pro forma purchase price adjustments are preliminary and are subject to further adjustments as additional information becomes available and as additional analysis is performed. The preliminary pro forma purchase price adjustments have been made solely for the purposes of providing the Unaudited Pro Forma Financial Statements included herewith. A final determination of these fair values will include management's consideration of a valuation prepared by an independent valuation specialist. This valuation will be based on the actual net tangible and intangible assets of Phoenix that exist as of the closing date of the transaction. In addition, the Unaudited Pro Forma Condensed Combined Financial Statements do not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies or revenue synergies expected to result from the acquisition.

The Unaudited Pro Forma Condensed Combined Financial Statements are provided for informational purposes only and are not necessarily indicative of results that would have occurred had the acquisition been completed as of the dates indicated. In addition, the Unaudited Pro Forma Financial Information does not purport to be indicative of the future financial position or operating results of the combined operations. There were no material transactions between C.H. Robinson and Phoenix during the periods presented in the Unaudited Pro Forma Condensed Combined Financial Statements that would need to be eliminated.



**C.H. Robinson Worldwide, Inc.**  
**Pro Forma Condensed Combined Balance Sheet**  
**(Unaudited, in thousands)**  
**As of June 30, 2012**

|   | <u>Historical</u><br>C.H.<br>Robinson | <u>Historical</u><br>Phoenix | Adjustments                 | Pro Forma<br>Combined |
|---|---------------------------------------|------------------------------|-----------------------------|-----------------------|
| <b>ASSETS</b>                                   |                                       |                              |                             |                       |
| <b>Current assets:</b>                          |                                       |                              |                             |                       |
| Cash and cash equivalents                       | \$ 240,627                            | \$ 67,706                    | \$ (455,500) 3a<br>(181) 3h | \$ (147,348)          |
| Receivables, net                                | 1,415,390                             | 119,716                      | —                           | 1,535,106             |
| Deferred tax asset                              | 6,743                                 | 978                          | —                           | 7,721                 |
| Prepaid expenses and other                      | 44,841                                | 1,275                        | —                           | 46,116                |
| <b>Total current assets</b>                     | <b>1,707,601</b>                      | <b>189,675</b>               | <b>(455,681)</b>            | <b>1,441,595</b>      |
| Property and equipment, net                     | 132,255                               | 13,235                       | (1,911) 3h<br>4,500 3e      | 148,079               |
| Goodwill  | 359,372                               | 5,776                        | 446,672 3c                  | 811,820               |
| Intangible and other assets, net                | 40,771                                | 2,363                        | 130,000 3d<br>(20) 3h       | 173,114               |
| <b>Total assets</b>                             | <b>\$ 2,239,999</b>                   | <b>\$ 211,049</b>            | <b>\$ 123,560</b>           | <b>\$ 2,574,608</b>   |
| <b>LIABILITIES AND STOCKHOLDERS' INVESTMENT</b> |                                       |                              |                             |                       |
| <b>Current liabilities:</b>                     |                                       |                              |                             |                       |
| Accounts payable and outstanding checks         | \$ 834,692                            | \$ 37,376                    | \$ (3) 3h                   | \$ 872,065            |
| Current maturities of Long-term debt            | —                                     | 891                          | 173,000 3a<br>(804) 3g      | 173,087               |
| Accrued expenses                                | 114,649                               | 12,133                       | 8,000 3f                    | 134,782               |
| <b>Total current liabilities</b>                | <b>949,341</b>                        | <b>50,400</b>                | <b>180,193</b>              | <b>1,179,934</b>      |
| Long term liabilities                           | 12,468                                | 1,010                        | (664) 3g<br>48,170 3i       | 60,984                |
| <b>Total liabilities</b>                        | <b>961,809</b>                        | <b>51,410</b>                | <b>227,699</b>              | <b>1,240,918</b>      |
| <b>Stockholders' investment:</b>                |                                       |                              |                             |                       |
| Common stock                                    | 16,217                                | 39                           | 111 3b<br>(39) 3g           | 16,328                |
| Retained earnings                               | 1,957,462                             | 144,817                      | (144,817) 3g<br>(8,000) 3f  | 1,949,462             |
| Additional paid-in capital                      | 206,846                               | 10,100                       | (10,100) 3g<br>63,389 3b    | 270,235               |
| Accumulated other comprehensive (loss) income   | (11,745)                              | 2,193                        | (2,193) 3g                  | (11,745)              |
| Treasury stock                                  | (890,590)                             | —                            | —                           | (890,590)             |

|   |                     |                   |                   |                     |
|---|---------------------|-------------------|-------------------|---------------------|
| Non-controlling interest                              | —                   | 2,490             | (2,490) 3h        | —                   |
| <b>Total Stockholders' investment</b>                 | <u>1,278,190</u>    | <u>159,639</u>    | <u>(104,139)</u>  | <u>1,333,690</u>    |
| <b>Total liabilities and stockholders' investment</b> | <u>\$ 2,239,999</u> | <u>\$ 211,049</u> | <u>\$ 123,560</u> | <u>\$ 2,574,608</u> |

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**C.H. Robinson Worldwide, Inc.**  
**Pro Forma Condensed Combined Statements of Operations (Unaudited)**  
**For the Sixth Months Ended June 30, 2012**  
(in thousands, except for per share amounts)

|   | <u>Historical</u><br>C.H.<br>Robinson | <u>Historical</u><br>Phoenix | <u>Adjustments</u> |    | <u>Pro Forma<br/>Combined</u> |
|---|---------------------------------------|------------------------------|--------------------|----|-------------------------------|
| <b>REVENUES:</b>                                    |                                       |                              |                    |    |                               |
| Transportation                                      | \$ 4,653,602                          | \$ 414,303                   | \$ —               |    | \$ 5,067,905                  |
| Sourcing  | 822,327                               | —                            | —                  |    | 822,327                       |
| Payment Services                                    | 31,899                                | —                            | —                  |    | 31,899                        |
| <b>Total revenues</b>                               | <u>5,507,828</u>                      | <u>414,303</u>               | <u>—</u>           |    | <u>5,922,131</u>              |
| <b>COSTS AND EXPENSES:</b>                          |                                       |                              |                    |    |                               |
| Purchased transportation and related services       | 3,917,380                             | 331,383                      | —                  |    | 4,248,763                     |
| Purchased products sourced for resale               | 750,179                               | —                            | —                  |    | 750,179                       |
| Personnel expenses                                  | 360,622                               | 46,180                       | (5,080)            | 3k | 401,722                       |
| Other selling, general, and administrative expenses | 125,188                               | 18,507                       | 8,133              | 3j | 152,071                       |
|   |                                       |                              | 168                | 3n |                               |
|   |                                       |                              | 75                 | 3e |                               |
| <b>Total costs and expenses</b>                     | <u>5,153,369</u>                      | <u>396,070</u>               | <u>3,296</u>       |    | <u>5,552,735</u>              |
| <b>Income from operations</b>                       | 354,459                               | 18,233                       | (3,296)            |    | 369,396                       |
| Investment and other income (expense)               | 900                                   | (1,662)                      | (1,275)            | 3l | (1,923)                       |
|   |                                       |                              | 114                | 3h |                               |
| <b>Income before provision for income taxes</b>     | 355,359                               | 16,571                       | (4,457)            |    | 367,473                       |
| Provision for income taxes                          | 134,277                               | 4,909                        | (523)              | 3o | 138,663                       |
| <b>Net income</b>                                   | <u>\$ 221,082</u>                     | <u>\$ 11,662</u>             | <u>\$ (3,934)</u>  |    | <u>\$ 228,810</u>             |
| Basic net income per share                          | <u>\$ 1.36</u>                        |                              |                    |    | <u>\$ 1.40</u>                |
| Diluted net income per share                        | <u>\$ 1.36</u>                        |                              |                    |    | <u>\$ 1.40</u>                |
| Basic weighted average shares outstanding           | 162,290                               |                              | 1,108              | 3m | 163,398                       |
| Dilutive effect of outstanding stock awards         | 353                                   |                              |                    |    | 353                           |
| Diluted weighted average shares outstanding         | <u>162,643</u>                        |                              | <u>1,108</u>       |    | <u>163,751</u>                |

**C.H. Robinson Worldwide, Inc.**  
**Pro Forma Condensed Combined Statements of Operations (Unaudited)**  
**For the Year Ended December 31, 2011**  
(in thousands, except for per share amounts)

|   | <u>Historical</u><br>C.H.<br>Robinson | <u>Historical</u><br>Phoenix | <u>Adjustments</u> |    | <b>Pro Forma<br/>Combined</b> |
|---|---------------------------------------|------------------------------|--------------------|----|-------------------------------|
| <b>REVENUES:</b>                                    |                                       |                              |                    |    |                               |
| Transportation                                      | \$ 8,740,524                          | \$ 817,748                   | \$ —               |    | \$ 9,558,272                  |
| Sourcing  | 1,535,528                             | —                            | —                  |    | 1,535,528                     |
| Payment Services                                    | 60,294                                | —                            | —                  |    | 60,294                        |
| <b>Total revenues</b>                               | <b>10,336,346</b>                     | <b>817,748</b>               | <b>—</b>           |    | <b>11,154,094</b>             |
| <b>COSTS AND EXPENSES:</b>                          |                                       |                              |                    |    |                               |
| Purchased transportation and related services       | 7,296,608                             | 652,059                      | —                  |    | 7,948,667                     |
| Purchased products sourced for resale               | 1,407,080                             | —                            | —                  |    | 1,407,080                     |
| Personnel expenses                                  | 696,233                               | 83,237                       | (4,060)            | 3k | 775,410                       |
| Other selling, general, and administrative expenses | 243,695                               | 32,862                       | 16,265             | 3j | 293,301                       |
|   |                                       |                              | 329                | 3n |                               |
|   |                                       |                              | 150                | 3e |                               |
| <b>Total costs and expenses</b>                     | <b>9,643,616</b>                      | <b>768,158</b>               | <b>12,684</b>      |    | <b>10,424,458</b>             |
| <b>Income from operations</b>                       | <b>692,730</b>                        | <b>49,590</b>                | <b>(12,684)</b>    |    | <b>729,636</b>                |
| Investment and other income (expense)               | 1,974                                 | 3,473                        | (2,574)            | 3l | 3,093                         |
|   |                                       |                              | 220                | 3h |                               |
| <b>Income before provision for income taxes</b>     | <b>694,704</b>                        | <b>53,063</b>                | <b>(15,038)</b>    |    | <b>732,729</b>                |
| Provision for income taxes                          | 263,092                               | 15,717                       | (1,842)            | 3o | 276,967                       |
| <b>Net income</b>                                   | <b>\$ 431,612</b>                     | <b>\$ 37,346</b>             | <b>\$ (13,196)</b> |    | <b>\$ 455,762</b>             |
| Basic net income per share                          | \$ 2.63                               |                              |                    |    | \$ 2.76                       |
| Diluted net income per share                        | \$ 2.62                               |                              |                    |    | \$ 2.75                       |
| Basic weighted average shares outstanding           | 164,114                               |                              | 1,108              | 3m | 165,222                       |
| Dilutive effect of outstanding stock awards         | 627                                   |                              |                    |    | 627                           |
| Diluted weighted average shares outstanding         | 164,741                               |                              | 1,108              |    | 165,849                       |

**C.H. Robinson Worldwide, Inc.**  
**Notes to Pro Forma Condensed Combined Financial Statements**  
**(Unaudited)**

**Note 1. Basis of Presentation**

The unaudited Pro Forma Condensed Combined Balance Sheet combines historical balance sheets, giving effect to the acquisition of Phoenix International Freight Services, Ltd. ("Phoenix") as if it had occurred on June 30, 2012. The unaudited Pro Forma Condensed Combined Statements of Operations reflects the combined results of operations as if the acquisition had occurred at the beginning of C.H. Robinson Worldwide, Inc.'s ("C.H. Robinson") 2011 fiscal year. Certain items in the historical financial statements of Phoenix have been reclassified to conform to C.H. Robinson's financial reporting presentation. There have been no changes in historical operating income or historical net income for any period as a result of these changes.

The historical results of Phoenix for the six months ended June 30, 2012 and for the twelve months ended December 31, 2011 are adjusted to conform the Phoenix June 30 year-end basis to C.H. Robinson's December 31 year-end basis and for certain accounting classification conformity adjustments. Phoenix's historical operating results have been derived from the combination of Phoenix's quarterly historical operating results for the periods presented as follows:

|   | Quarter<br>Ended | Quarter<br>Ended | Quarter<br>Ended | Quarter<br>Ended | 12<br>Months<br>Ended<br>12/31/<br>2011 | Quarter<br>Ended | Quarter<br>Ended | 6 Months<br>Ended |
|---|------------------|------------------|------------------|------------------|---|------------------|------------------|-------------------|
|   | 3/31/2011        | 6/30/2011        | 9/30/2011        | 12/31/2011       | 2011                                    | 3/31/2012        | 6/30/2012        | 6/30/2012         |
| <b>REVENUES</b>                                     | 163,614          | 255,912          | 200,724          | 197,498          | 817,748                                 | 187,192          | 227,111          | 414,303           |
| <b>COSTS AND EXPENSES:</b>                          |                  |                  |                  |                  |   |                  |                  |                   |
| Purchased transportation and related services       | 129,317          | 205,379          | 159,122          | 158,241          | 652,059                                 | 150,311          | 181,072          | 331,383           |
| Personnel expenses                                  | 18,794           | 24,630           | 19,798           | 20,015           | 83,237                                  | 19,681           | 26,499           | 46,180            |
| Other selling, general, and administrative expenses | 7,673            | 8,958            | 8,031            | 8,200            | 32,862                                  | 8,676            | 9,831            | 18,507            |
| Total costs and expenses                            | 155,784          | 238,967          | 186,951          | 186,456          | 768,158                                 | 178,668          | 217,402          | 396,070           |
| <b>Income from operations</b>                       | 7,830            | 16,945           | 13,773           | 11,042           | 49,590                                  | 8,524            | 9,709            | 18,233            |

The allocation of purchase price used to prepare the unaudited pro forma financial information is based on a preliminary valuation of assets acquired and liabilities assumed. Accordingly, the pro forma purchase price adjustments are preliminary and are subject to further adjustments as additional information becomes available and as additional analysis is performed. The preliminary pro forma purchase price adjustments have been made solely for the purposes of providing the Unaudited Pro Forma Financial Statements presented above. A final determination of these fair values will include management's consideration of a valuation prepared by an independent valuation specialist. This valuation will be based on the actual net tangible and intangible assets of Phoenix that exist as of the closing date of the transaction. In addition, the Unaudited Pro Forma Condensed Combined Financial Statements do not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies or revenue synergies expected to result from the acquisition.



## Note 2. Purchase Price Allocation

The Unaudited Pro Forma Condensed Combined Balance Sheet has been adjusted to reflect the allocation of the preliminary estimated purchase price to identifiable net assets acquired with the excess recorded as goodwill. The purchase price allocation in these Unaudited Pro Forma Combined Financial Statements is based upon a purchase price of \$571.5 million in cash and approximately \$63.5 million in newly-issued shares of common stock of C.H. Robinson, plus an additional \$57.0 million in cash representing the closing date preliminary estimated Phoenix cash and working capital adjustment, in accordance with the purchase agreement. The preliminary purchase price was allocated based on preliminary estimated fair values as of June 30, 2012 (in thousands):

|   |                   |
|---|-------------------|
| Cash & cash equivalents                             | \$ 67,525         |
| Receivables, net of allowance for doubtful accounts | 119,716           |
| Deferred tax asset                                  | 978               |
| Prepaid expenses and other                          | 1,275             |
| Property and equipment, net                         | 15,824            |
| Intangible and other assets                         | 2,343             |
| Identifiable intangible assets                      | 130,000           |
| Goodwill  | 452,448           |
| Total assets  | <u>790,109</u>    |
| Accounts payable                                    | (37,373)          |
| Long-term debt                                      | (87)              |
| Accrued expenses                                    | (12,133)          |
| Long term liabilities                               | (48,516)          |
| Net assets acquired                                 | <u>\$ 692,000</u> |

Preliminary identifiable intangible assets and estimated useful lives are as follows (dollars in thousands):

|                                      | <u>Life (years)</u> | <u>Amount</u>     |
|--------------------------------------|---------------------|-------------------|
| Customer relationships               | 8                   | \$ 129,800        |
| Noncompete agreements                | 5                   | 200               |
| Total identifiable intangible assets |                     | <u>\$ 130,000</u> |

### Note 3. Adjustments

- a. Represents cash adjustment as follows (in millions):

|   |                 |
|---|-----------------|
| Cash paid for acquisition   | \$ 571.5        |
| Preliminary estimated Phoenix cash and working capital adjustment | 57.0            |
| Borrowing from new credit agreement                               | (173.0)         |
|   | <u>\$ 455.5</u> |

The remaining negative cash amount was off-set from the sale of substantially all of the assets of T-Chek Systems, Inc. for \$302.5 million occurring in October 2012, which sale is not reflected within the pro forma financial information.

- b. Stockholders' investment is adjusted to reflect approximately \$63.5 million in newly-issued C.H. Robinson common stock, which represents approximately 1.1 million shares (\$ .10 par value) at the share price of \$57.30.
- c. Represents eliminating goodwill of \$5.8 million on the historical, pre-acquisition books of Phoenix and adding \$452.4 million reflecting an estimate of the excess of the purchase price paid over the estimated fair value of Phoenix assets and liabilities as of June 30, 2012.
- d. Represents estimated identifiable intangible assets of \$130.0 million reflecting preliminary valuation of customer relationships and noncompete agreements related to the Phoenix business.
- e. Represents an increase of \$4.5 million to reflect the preliminary valuation of estimated fair value of the Phoenix property and equipment and is expected to be depreciated over a weighted average life of approximately 30 years. Adjustment to other selling, general and administrative expenses of \$0.1 million for the six months ended June 30, 2012 and \$0.2 million for the year ended December 31, 2011 reflects additional depreciation.
- f. Represents estimated transaction costs of \$8.0 million for one-time investment banking, legal, and professional fees as a result of the acquisition for C.H. Robinson. Certain costs are presented net of tax as they are believed to be deductible. Additionally, these estimated costs are not reflected in the pro-forma condensed combined statement of operations as they are nonrecurring charges.
- g. Represents the elimination of the Phoenix equity accounts and certain long-term debt not included in the acquisition.
- h. Represents the elimination of the Phoenix variable interest entities not included in the acquisition.
- i. Represents deferred tax liabilities established for book and tax basis differences of the finite-lived intangible assets of \$46.8 million and the revaluation of property and equipment of \$1.6 million, which are amortizable for book purposes but not for tax. These are off-set by a reversal of deferred taxes associated with Phoenix goodwill of \$0.2 million.
- j. Represents estimated amortization expense of \$8.1 million for the six months ended June 30, 2012 and \$16.3 million for the year ended December 31, 2011 for identifiable intangible assets.
- k. Represents reduction in personnel expenses for contractual changes in compensation for Phoenix executives, whereas the founder / executive chairman retired and three other executives entered into new employment arrangements with C.H. Robinson as part of the purchase agreement.





- l. Represents incremental interest expense on borrowings used to complete the acquisition of \$1.3 million for the six months ended June 30, 2012 and \$2.6 million for the year ended December 31, 2011, using a weighted average rate of 1.25 percent. A one-fourth percentage point increase in the interest rate on variable rate borrowings would increase the pro forma interest adjustment by \$0.2 million and \$0.4 million, respectively.
- m. Represents an increase of weighted average shares outstanding based on 1.1 million of newly-issued shares of common stock of C.H. Robinson included as part of purchase price consideration.
- n. Represents additional rent expense as a result of entering into lease arrangements with entities excluded from the acquisition.
- o. Represents the pro forma tax effect of the Phoenix acquisition pro forma adjustments based upon the C.H. Robinson historical consolidated effective tax rate. This does not reflect the Phoenix effective tax rate and does not take into account any historical or possible future tax events that may have an impact.