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BEFORE THE FEDERAL MARITIME COMMISSION

PETITION OF C.H. ROBINSON WORLDWIDE, INC. FOR EXEMPTION PURSUANT TO SECTION 16 OF THE SHIPPING ACT OF 1984 TO PERMIT NEGOTIATION, ENTRY AND PERFORMANCE OF CONFIDENTIAL SERVICE CONTRACTS

FMC Petition No. P9 - 03

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I. INTRODUCTION

Pursuant to Federal Maritime Commission's regulations at 46 C.F.R. $502.67, C.H. Robinson Worldwide, Inc. ("CHRW"), and its wholly-owned subsidiary, C.H. Robinson International, Inc ("CHRI"), a Federal Maritime Commission licensed Ocean Transportation Intermediary (FMC No.3282NF), collectively with its other companies affiliated by common ownership, herein referred to also as "CHRW," request that the Commission grant an exemption pursuant to Section 16 of the Shipping Act of 1984, as amended, (hereinafter the "Shipping Act" or the "Act") to permit CHRI to utilize confidential service contracts with its shippers.

It is the objective of this Petition to demonstrate that, while it holds out as a "non-asset-based" third party logistics company ("3PL"), CHRW is nevertheless an extremely financially stable company, publicly traded on the NASDAQ, and is listed on the 2002 Fortune 500 as the only "non-asset-based' transportation/logistics company. As of this submission CHRW has a market capitalization of approximately $3.2 billion; annual gross revenues of $3.3 billion; no long term debt; and historically healthy cash flow and working capital ratios. While it does not own fleets of trucks or aircraft, as a 3PL company, CHRW will clearly demonstrate that it has invested substantial sums in the information technology ("IT") systems demanded by shippers in the current transportation/logistics environment. This investment also extends to the corresponding skilled personnel that must be employed by 3PL companies such as CHRW to work with and implement that technology.

CHRW submits that an industry paradigm shift has occurred which was not considered when Congress last revisited the shipping laws that resulted in the Ocean

Shipping Reform Act ("OSRA"). CHRW further submits that the Federal Maritime Commission has the legal authority to grant this Exemption, and that Congress expects the Commission to exercise its discretion since ". . . the FMC is more capable of examining through the administrative process specific regulatory provisions and practices . . . to determine where they can be deregulated consistent with the policies of Congress." S. Rep. No. 105-61 at 30 (1997). CHRW will demonstrate through its Petition that it meets all requirements for this Exemption, including the requirements that granting the Petition will not reduce competition, nor be detrimental to commerce.

A. OVERVIEW OF CHRW, THE 3PL COMPANY

CHRW is one of North America's largest third party logistics (3PL) companies, with operations in the United States, Canada, Mexico, South America, Europe, and Asia. Most of CHRW's revenues come from providing truck, rail, ocean, and air transportation throughout the world. Fresh produce sourcing, and transportation information services are also important components of CHRW's business mix. CHRW has been on Fortune magazine's list of America's Most Admired Companies, and is the only non-asset based transportation company listed on the 2002 Fortune 500. See Attachment 1, Verified Statement of Chad M. Lindbloom at p. 1 (hereinafter "Lindbloom Statement").

CHRI, a CHRW wholly-owned affiliate, is a non-vessel operating common carrier ("NVOCC"), an ocean transportation intermediary ("OTI"), as these terms are defined in the Act'. CHRI transports substantial volumes of freight that move via all modes of transportation, including by vessel-operating common carriers ("VOCCs"). A substantial amount of this ocean cargo also moves, and is handled and integrated in connection with CHRW's other transportation activities and modes-i e , air and surface, intermodal, IT services, and logistics. See Attachment 2, Verified Statement of Joseph J. Mulvehill, p. 3 (hereinafter "Mulvehill Statement")

CHRW services approximately 15,000 shippers, both large and small. These shippers depend on CHRW for transportation services in all modes of transportation as well as for intermodal and full-service global supply chain management solutions. Id. at p. 1.

CHRW assists shippers to solve their supply chain problems, and to develop and implement distribution strategies that help shippers meet their long-term goals. CHRW provides value added services that supplement shippers' supply chain management plans. These value-added transportation management services include the following: a) carrier management; b) transportation mode selection; c) freight bill audits; d) consolidated billing; e) consolidated shipments; f) vendor management; g) premium freight reduction; h) complete supply chain visibility; i) private fleet utilization, j) backhauls, k) inventory management; 1) new market distribution; m) crossdocking; n) network analysis/design, o) process engineering; p) purchase order management; q) site analysis; r) private fleet analysis; and s) supply chain engineering. Other services provided by CHRW to NVOCC customers include traditional services such as tracking of freight shipments, document processing, customs clearance, warehousing, and "just-in-time" inventory delivery capabilities. Id at pp. 2-3

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[1] An NVOCC is defined by Section 3(17)(B) of the Shipping Act of 1894, as amended 46 U.S.C. app § 1702(17)(B). An NVOCC is "a common carrier that does not operate or own the vessels by which the ocean transportation is provided, and is a shipper in its relationship with an ocean common carrier."

B. THE CHANGED OCEAN SHIPPING ENVIRONMENT

In view of this development of 3PLs offering myriad services that were somewhat non-existent or at nascent stages during the OSRA period, it is important that an exemption be granted to permit CHRI as a 3PL/NVOCC to offer service contracts subject to Section 8(c) of the Act and the Commission's service contract regulations This is especially true in light of industry developments since the enactment of OSRA. Industry conditions have changed significantly in that the shipping arena now includes significant new players, new services, and conditions not previously considered by Congress in the OSRA discussions. These include the following.

a) the proliferation of 3PL logistics companies, such as CHRW, with extensive capital investment in information technology, and corresponding skilled personnel, offering complex transportation/logistics solutions to shippers, which strategies include NVOCC transportation services as components of these solutions. This is a major departure from the types of 3PL firm that were in business during the OSRA days which dealt with limited functions in international trade;

b) the proliferation of logistics companies that are subsidiaries of VOCCs. These companies offer services to their customers which cannot be provided solely through their affiliated VOCCs. Therefore, they will require similar relief as CHRW is herein requesting to service their customer base,

c) the continuing change in the OTI panorama by the growing trend of large full service multi-modal companies such as UPS, FEDEX, DHL, and others which are acquiring NVOCC components to their core business. These companies will also require freedom to contract with their customer base so as to include ocean components, and achieve obvious efficiencies of confidential service contracts; and,

d) lastly, and one of the most important of current developments, is that shippers of all sizes are demanding one-stop shopping, including confidential ocean components from transportation/logistics companies such as CHRW. Id. at pp. 5-7.

The proposed Exemption is consistent with the intent of Congress in enacting OSRA in 1998. Notwithstanding that Congress considered allowing service contract authority to NVOCCs as carriers during OSRA, they decided at that time to allow service contract authority only to VOCCs as carriers. However, as already noted herein, there have been substantial changes in industry conditions since the congressional deliberations in 1998. CHRW, as well as other financially stable and competent OTIs, as will be discussed herein, do not fit the NVOCC "model" over which Congress expressed concerns. It is now truly a new and different environment from that which Congress considered during OSRA. The mechanism that Congress provided for just such changes in circumstances as described herein is the Exemption process of Section 16 of the Act.

As required by the Exemption provision in OSRA, the requested exemption, if granted, will not be detrimental to commerce, nor will it reduce competition. It will, in fact, promote competition. There is also substantial support for this exemption among shippers. Id. at pp. 6-7.

II. STATEMENT OF EXEMPTION REQUESTED

CHRW and its wholly-owned subsidiaries, including CHRI, hereby request an exemption pursuant to Section 16 of the Shipping Act of 1984, as amended, 46 U.S.C. app. $1715, to permit CHRI, a Non-Vessel Operating Common Carrier as defined in Section 3(17) of the Act, to enter into and perform service contracts, as defined in Section 3(19) of the Act, in the manner permitted in and subject to the requirements of Section 8(c) of the Act and subject to the Federal Maritime Commission's regulations at 46 C.F.R. Part 530[2].

HI. JUSTIFICATION FOR EXEMPTION

A. CHRW AND INDUSTRY BACKGROUND

1. CHRW Corporate, Financial & Operations Profile.

CHRW, a Delaware corporation, was founded in 1905 CHRW is one of the largest third party logistics companies in North America, with annual 2002 gross revenues of approximately $3.3 billion. CHRW is a provider of multimodal transportation services and logistics solutions operating through a network of 150 offices in 41 states, Canada, Mexico, Europe, South America and Asia. The company's headquarters are located in Eden Prairie, MN. CHRW has approximately 4,000 employees worldwide. The company handles about 2.7 million shipments (ocean, air, and surface) annually. The company serves more than 15,000 customers ranging from

[2] CHRW, as UPS has expressed in its Petition, also understands that if the Exemption is granted to CHRI, its service contracts would be regulated and filed with the Commission pursuant to service contract rules in Part 530 rather than the tariff rules in Part 520 of the Commission's regulations. CHRI would expect that all rules pertaming to service contracts in Section 8(c) of the Act and 46 C.F.R. Part 530, would be imposed as necessary conditions to approving this Petition by the Commission.

Fortune 100 companies to small companies in a variety of businesses, but with a significant portion of its customers in the following industry segments.

- Food and beverage
- Manufacturing
- Paper and Printed Materials
- Retail
- Wholesale food distributors
- Retail grocery
- Food service

Id. at pp. 1-2. Among other things, CHRI is a licensed OTI and has been issued FMC No.3282, NF. It operates as a licensed OTI from its headquarters in Eden Prairie, MN, as well as eleven other branches. CHRI is also a U.S. licensed customhouse broker CHRW utilizes all modes of transportation in arranging and managing single-source, door-to-door transportation solutions. In providing integrated multi-modal services, CHRW maintains the single largest network of motor carrier capacity in North America through its contracts with over 20,000 motor carriers in the United States. CHRW maintains a network of over 5,000 motor carriers in Europe Id. at p. 3.

In 2002, CHRW had annual Gross Revenues of $3.3 billion, Gross Profits of $483.8 million, and Income from Operations of $156 6 million. 85% of CHRW's 2002 Gross Profits were derived from its Transportation operations; 9.6% from its Sourcing business, and 5.4% from its Information Services business, which is comprised entirely of a subsidiary called T-Chek Systems that provides fuel purchase and information technology services to the trucking industry See Mulvehill Statement, Attachment A.

While CHRW is not an asset-based company, at the end of 2002, CHRW carried "Net Property and Equipment" valued at approximately $26 million. See Lindbloom Statement at pp. 2-3. This property consists principally of IT support equipment, property which principally is utilized in providing enhanced IT support to CHRW's extensive customer base through various of its transportation/logistics products. As of December 31, 2002, CHRW had approximately $178.2 million in Cash and Investments, $588.6 million in Current Assets, Stockholders Equity of $425 8 million. CHRW has no long-term debt. CHRW has consistently over the years maintained a healthy working capital ratio of approximately 2: 1. Id. at pp 2-3.

CHRW has increased net revenues at a compound rate annual growth rate of approximately 15% for the past twenty-five years. For the six months ended June 30, 2003, CHRW Gross Revenues increased 10 7% to $1.75 billion from $1.58 billion for the six months ended June 30, 2002. Cross profits increased 14.4% to $269.1 million from $235.2 million, Net Income increased 21.1% to $55.8 million $46.0 million in 2002. Id. at pp. l-2.

CHRW is a publicly traded company. Its shares, traded on the NASDAQ since its Initial Public Offering in October, 1997, have a current market capitalization of approximately $3.0 billion as of this submission. CHRW has distributed regular dividends for more than twenty years. See Lindbloom Statement, Attachment A.

2. CHRW's Transportation Services.

As international trade has grown, CHRW has increasingly come to rely on ocean common carrier services to move containerized shipments for its customers, either on a stand-alone basis, or as part of multimodal integrated logistics solutions. CHRW combines ocean freight movements with its surface and air capabilities to offer shippers bundled service solutions to their transportation problems. In that respect, CHRW has established fifteen (15) of its own offices in Europe, four (4) in South America, and one (1) in Hong Kong. Growth has been augmented through key acquisitions, including that of the Greene Companies International, formerly C.S. Greene, Inc. Additionally, CHRW is a full-service global freight forwarder, customs broker and warehousing firm. CHRW does not own or operate any vessels. All CHRW ocean freight is shipped via ocean common carriers, in many instances pursuant to service contracts entered into as a shipper with VOCCs. In some cases, CHRW ocean shipments move pursuant to ocean carrier tariffs. On occasions also, CHRW charters vessels for project cargo. See Mulvehill Statement, pp. 3-4.

The majority of CHRW's ocean movements are provided to large, medium, and small shippers with multimodal requirements, including inland distribution needs in the United States and abroad. The vast majority of ocean cargo handled by CHRW, whether for imports or exports, is controlled by U.S. companies. Some of CHRW's customers have two-way export and import requirements with regards to shipments of raw materials on the outbound leg, and finished products on the inbound. For these customers, CHRW provides a series of services such as warehousing, inventory control, distribution, and intermodal shipping coordination. These types of companies prefer to work with one service provider with whom they can have all-inclusive comprehensive contracts, which include ocean portions as well as all the other diverse services provided by CHRW. From the Far East, CHRW also services smaller shippers that act as suppliers to larger companies importing products from overseas. These services involve overseas consolidations, ocean shipping, and delivery services in the U.S. CHRW provides the entire string of services to these U.S. importing companies, including ocean transportation through its own Hong Kong office. In some instances, CHRW provides vendor managed inventory services in addition to the more traditional services of an NVOCC. These types of services provide CHRW's customers with additional benefits, including the reduction of inventory and ocean transportation costs, as well as full management of the customer's supply chain. Id. at pp. 4-5.

CHRW also manages the electronic flow of information for its customers that facilitate movement of freight, inventory control, documentation, and other reporting capabilities to its customers. As noted above, even though CHRW is non-asset based 3PL company, in its 2002 Balance Sheet it nevertheless carried approximately $26 million in "Net Property and Equipment" See Lindbloom Statement, pp. 2-3. As noted before, this asset investment is mostly for IT capabilities (hardware, and software) that relate to customer services provided by CHRW personnel. These services additionally include to varying degrees: a) vendor management; b) new market distribution, c) network analysis/design; d) process engineering; e) order management; f) site analysis, and g) supply chain engineering. See Mulvehill Statement, p. 5.

As is clear from the above, CHRW offers logistics, global freight management, and consulting services to improve its customers' global supply chain management. CHRW systems can manage complex transportation networks, carriers and multimodal shipments, and deliver shipments through its global network. CHRW puts together the most effective solution for each shipper, using ocean, air, road, or rail modalities. CHRW manages the transportation details for the shipper, including shipment booking, carrier routing, tariffs, customs and documentation requirements. While the shipper's goods are in transit, the CHRW information system provides visibility on all aspects of the shipments.

As part of its stated growth strategy, CHRW, with an eye to the future, will be expanding its international transportation and logistics service capabilities, to meet the needs of its customers. However, as noted throughout this Petition, CHRW requires that in this new exciting environment, the FMC give its customers and CHRI the ability to confidentially enter contracts that include ocean components.

B. MEETING SHIPPER DEMANDS

In short, if the Exemption is granted, CHRW would be able to address shippers' demands for a single confidential agreement covering all aspects of CHRW's global transportation and supply chain management services. In a single comprehensive contract, CHRW could provide unique, customized service packages to each shipper, charging rates appropriate to the specific needs and traffic of the shipper, including ocean components.

Shippers are demanding confidential treatment of ocean rates. Id. at p. 7. These cannot be achieved in a tariff-only context. Additionally, confidential service contracts with multiple components, including ocean rates and charges, result in customized packages of services at optimum pricing. These efficiencies would not be generally available in a tariff context. Service contracts further give the parties flexibility in price adjustments as shipping conditions may change. Additionally, with a committed volume of cargo from shippers, CHRW would be better situated to negotiate more favorable ocean rates and charges from ocean carriers. This would result in more competitive pricing to shippers. Id. at pp. 6-7.

Under the requested exemption, CHRW, as UPS has also indicated, would implement its service contract business in accordance with the Commission's regulations at 46 C.F.R. Part 530. CHRW service contracts and amendments would be filed with the Commission and notices and essential terms would be published, as required in 46 C.F.R. $530.5 and §§530.8 through 530 12 and Appendix A. CHRW would be subject to the same requirements as ocean carriers using service contracts.

C. EXEMPTION WILL PROMOTE COMPETITION AND WILL NOT BE DETRIMENTAL TO COMMERCE

1. Granting of the Exemption Will Not be Detrimental to Commerce.

CHRW's proposed exemption, if granted, not only to CHRW, but also to other financially responsible NVOCCs as they might apply for an Exemption, would be beneficial to commerce and would increase competition. Confidential service contracts would result in better pricing opportunities for shippers in that CHRW, with cargo volume obligations from its shippers, would be able to negotiate more favorable rates and terms with ocean carriers. This would result in CHRW offering more competitive pricing and more advantageous service packages for shippers of all sizes Id at pp 7-8.

All the justifying rationale relating to the enhancement of commerce by the establishment of confidential service contracts that was considered by Congress in structuring OSRA would apply in the context being considered herein. Shippers would obtain exactly the same benefits, and therefore, it would benefit ocean commerce, in general, as was seen early in the implementation of OSRA. Shippers have without fail identified this potential development of entering confidential service contracts as beneficial to them and commerce in general. It is a foregone conclusion that confidential service contracts have created greater flexibility in pricing policy, and this would be equally true in this contractual context under consideration herein. The Commission in its September, 2001 Study, "The Impact of the Shipping Reform Act of 1998" ("FMC OSRA Report") concluded:

> Overall, the responses reflect that confidentiality under OSRA has provided shippers and carriers with the privacy they deem necessary to freely transact business. With the ability to shield such information, the contracting process is not constrained by the previous standards of meeting benchmarks and matching terms identically. Commercially sensitive issues and business requirements can be discussed more freely and accommodated more easily with specific contract terms. Carriers and shippers are more focused on achieving their individual rate and business objectives through contract negotiations

See Mulvehill Statement, Attachment E (FMC OSRA Report, at 33-34).

It clearly would be beneficial to ocean commerce for CHRW to have the ability to provide contract terms for a myriad of services, including ocean transportation, as an all-inclusive source of obligating CHRW, and shippers over the entire door-to-door route of a shipment. The structuring of complex logistics/transportation solutions in a tariff context, aside from the issue that it would not be confidential, would be strained, difficult, if not impossible. The efficiencies of confidential contracting for total transport packages are not currently possible, but are being promoted by shippers. Id. at p 8.

2. Granting of the Exemption Will Not Substantially Reduce Competition.

Section 16 of the Shipping Act requires that the proposed exemption not be detrimental to commerce, but it also requires that granting of the Exemption not result in the substantial reduction of competition. The proposed CHRW Exemption would meet this requirement by stimulating competition at many levels of the international transportation industry.

A. Carriers and Carrier-owned Logistics Companies. It is CHRW's expectation that the ocean carrier-owned logistics companies such as Maersk Logistics, APL Logisitcs, Crowley Logistics, and others will be seeking similar treatment as CHRW. Most of the major ocean carriers own a corresponding 3PL. See Mulvehill Statement, Attachment E. These companies will be seeking the same treatment for basically the same reasons as CHRW These companies have the same requirement to offer integrated logistics/transportation services to their customers in confidential service contracts. As stated before, it is CHRW's opinion, based on marketplace realities, that ocean carrier-owned logistics firms, operating as NVOCCs to provide the ocean component of their service, require the benefits of confidential service contracts as much as any other 3PL company. In reaching comprehensive global agreements with their customers, it is rarely the case that such contracts can be achieved with a single ocean carrier. Note that Maersk Logistics at its web-site prominently states in its Web-site:

> With Maersk Logistics operating as an Ocean Transportation Intermediary, a DSL Star express Bill of lading allows you access to almost 20 ocean carrier contracts.

See Mulvehill Statement, Attachment D.

In other words, it is clear that the Maersk-Sealand, Inc. ("MSL") assets (chartered and owned vessels) are minimally relied on in the delivery of services for Maersk-Logistics, since Maersk-Logistics requires the chartered and owned vessels of at least 19 other ocean carriers to deliver its services. In this context Maersk-Logistics, and other similarly situated carrier-owned 3PLs are not "asset-based" 3PLs. The traditional definition of "Asset-based' 3PL, as expressed in a seminal article on 3PL firms which appeared in the *American Shipper*, Non-Asset-Based 3rd Party Managers, April 1996, p. **52** is:

> Asset-based---Service firms affiliated with or owned by rail, truck, air, barge, shipping, warehouse or forwarding **firms offering traditional service through their own, substantial fixed assets.** (Emphasis added).

In reality the MSL connection to Maersk Logistics, in view of how it provides its services, removes it from this definition. What is clearly important today is the public perception that the Maersk Group of companies is financially behind Maersk-Logistics. However, it is clear that Maersk-Logistics is not primarily "offering traditional service through their own (MSL), substantial fixed assets." Id. Therefore the real criterion in allowing carrier-owned logistics 3PL firms, or for that matter, any 3PL firms such as CHRW, to enter confidential service contracts with shippers should not be the "vessels" that the parent owns/operates. As noted, these are minimally utilized by the logistics firm, but rather the true standard should be whether these firms, and their parents, are financially responsible. The query should be: "How will shippers fare in terms of risk exposure in dealing with these 3PL firms, regardless of their pedigree?" It is clear reality that carrier-owned 3PLs, or any other 3PL, will be implementing ocean services through the marketplace of vessels, and clearly not exclusively, nor even substantially, through those vessels owned or operated by their parent VOCCs. That is how this business works at this time. It is clear that concern should now be focused on whether the NVOCCs/logistics firms are: a) adding real value to their services, and b) whether they are financially stable in dealing with shippers in a contract context. The ability of a carrier-owned 3PL company to offer services through its parent's vessels is of secondary importance in terms of service and pricing. Those days are long gone. In fact, it is a well known fact that most ocean carriers operate through chartered vessels which are not owned by them, and through slot charter arrangements with other VOCCs. What is important is whether the 3PL, and their "parents" are financially reliable. Id. at p. 10.

It, therefore, stands to reason that allowing 3PL companies, if they are otherwise financially stable, the ability to enter confidential service contracts as carriers, including those owned by ocean carriers, will increase rather than decrease competition. Increased competition would ensue among ocean carriers, their affiliated logistics firms, and financially responsible 3PL/transportation companies such as CHRW. This, in effect, extends the market reach of those VOCCs owning logistics companies, but it also brings greater competition to bear as companies such as UPS and CHRW are allowed to participate in this competitive endeavor by offering confidential service contracts to its shippers for a myriad of services, including ocean transportation.

B. Other NVOCCs Offering Value-Added Services. The proposed Exemption would additionally have a salubrious effect on competition with respect to other NVOCCs, especially those already committed to adding value to their ocean transportation transactions. Id. at pp. 10-l 1. As noted above, there are a myriad of services that logistics/transportation companies provide to shippers, including ocean transport, under one umbrella. There are currently many NVOCCs that have made serious infrastructure and personnel investments, especially in the IT areas, that would be interested in pursuing, and we are sure will pursue, the same confidential service contract remedy that is being sought by CHRW and UPS. Id. at p. 11. These financially stable and forward-looking OTI organizations based in the United States and outside the United

States, also are seeking and competing by expanding the range of services offered to their customers. CHRW believes that many of these companies are deserving of the same treatment being sought by CHRW and UPS, provided that they can demonstrate appropriate financial stability. In any case, these companies will be competing as fiercely as ever as these industries develop and become ever more sophisticated in the delivery of value-added services to shippers. Id. at p. 11.

Obviously, there are also some NVOCCs that to a large degree are "paper" NVOs, and bring little, or no value-added services to their customer base. These NVOCCS are merely "wholesalers" of transportation. Id. at p. 11 They buy and sell transportation space, and nothing else. The financial stability of these types of NVOCCs tend to fluctuate with the "ups and downs" of freight rates. As margins get tighter, their margins become slim or disappear altogether. These NVOCCs whose main product is "price" would be largely unaffected by the granting of the Exemption requested. These NVOCCs compete on pricing only. Their customers do not expect the same laundry list of services provided by 3PL companies; they expect pricing advantages and nothing else. Id. at pp. 11-12. The confidential service contract construct is relatively unimportant to this NVOCC. Therefore, this group should not be adversely effected, and the granting of the Exemption to CHRW will not substantially reduce competition from this group of NVOCCs who are basically selling to shippers at one level only---pricing. Id.

Also, one might easily conclude, that, in fact, if anything, granting of this exemption by CHRW might promote competition within this group of NVOCC, by motivating some of these firms to enter into the new arena of logistics transport, and the conclusion that value added services are worth pursuing In any case, there is no indication of a substantial reduction of competition from this group of NVOCCs if this Petition is granted. Id. at p. 12.

In conclusion, granting of this Exemption Petition by the Commission would not result in either the reduction of competition nor would it be detrimental to commerce.

IV. OSRA'S LEGISLATIVE HISTORY SUPPORTS THE COMMISSION'S AUTHORITY TO GRANT THE EXEMPTION

A. THE CHANGED COMMERCIAL ENVIRONMENT

As already provided herein, the transportation/business environment that exists today is radically different from what it was when Congress enacted OSRA. OSRA's legislative history shows that Congress' decision not to allow OTI's to offer service contracts was based on its perception of the 1998 transportation environment that is totally alien from the one in which CHRW operates in 2003. CHRW provides its customers with a large, well financed and efficiently managed OTI operation that reflects the paradigm shift that has occurred in the logistics sector during the past five years. Today, such traditional vessel operators as Maersk-Sea-Land, and APL have their own 3PL/NVO operations. Large and mid-size U.S. manufacturing companies are increasingly relying on 3PL companies such as CHRW. The identity of the companies themselves has also changed. The NVO world today includes such giant transportation entities as FedEx, UPS, DHL, Airborne, Deutsche Post, Deutsche Bahn, as well as large consolidators of LCL cargo such as Shipco, NACA Logistics and CaroTrans. Id. at p. 12.

In 1998, Congress focused its consideration of service contract authority on distinctions between vessel operators and NVOCCs. The distinctions Congress looked at involved disparities in capital invested and services rendered.[3] These disparities are demonstrably inapplicable to CHRW, and other companies. As discussed above, CHRW performs a whole list of supply chain management services for its customers that were never the province of the traditional NVOCC that Congress looked at in 1998. When Congress was considering OSRA, transportation, like nearly every other industry, was rapidly evolving toward a service-based IT business model. Capital investment is no longer focused primarily on vessels, trucks and planes. Today, the focus has expanded to include significant investment in the information technology systems demanded by shippers. CHRW currently carries approximately $26 million in net property and equipment on its balance sheet. In short, unlike the earlier generation of "paper" NVOCCs, CI-IRW *does* incur a significant expense in equipment and skilled personnel; it *does* accept the liability for the total transportation/logistics activities; and, it *does* bear the door-to-door commercial and legal responsibility for the transportation/logistics services it provides. There has been a definite shift of how business is conducted from 1998 to now. Id. at p. 13.

As discussed below, Congress recognized the evolutionary forces at work and retained the Commission's authority to grant exemptions from "any requirement" of the Act. See 46 U.S.C. app. $1715. However, while Congress continued the Commission's authority to grant exemptions, Congress amended Section 16 of the 1984 Act to eliminate two of the four standards that previously applied to granting exemptions. Specifically, Congress eliminated the standard that previously prohibited exemptions for activities that

[3] "Yet the Gorton amendment (to permit OTI's to offer service contracts) would basically accord these intermediary companies, who actually do not perform any transportation function Itself, the same contractual rights that an ocean carrier enjoys, without any of the expense, without any of the liability,

impaired Commission regulation, but retained prohibitions against substantial reductions in competition and detriment to commerce[4] See 46 U. S C. app. § 1715. These changes demonstrate Congress' overall intent to reduce regulation, increase competition, and promote commerce.

As discussed above, granting the exemption requested by CHRW will not reduce competition and it will actually benefit commerce by allowing CHRW, and others, to develop innovative service contract features that its customers are looking for, while it continues to expand its existing customer services.

Finally, the statement that Congress chose not to allow OTIs to offer service contracts tells only half the story. It misses the underlying deregulatory and pro-commerce purposes behind OSRA. It is not only the NVOs that are denied the right to offer contracts to their shippers, it is also denied to their customers, U.S. importers and exporters. These customers are currently being denied the right to enter comprehensive contracts, to include ocean transport, with large, financially stable 3PLs like CHRW, upon which shippers have increasingly come to rely. CHRW's petition seeks by this Petition to align the regulatory infrastructure to which it is subject with the commercial environment in which it and its customers now find themselves.

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without any of the responsibility. That is simply not right, and it is not correct." 144 Cong. Rec. S3307 (daily ed. April 21, 1998) (statement by Senator Breaux).

B. THE COMMISSION'S EXEMPTION AUTHORITY

The Commission's exemption authority allows it to:

> exempt for the future. . .any specified activity of those persons (subject to this chapter) from any requirement of this chapter if it finds that the exemption will not result in substantial reduction in competition or be detrimental to commerce. The Commission may attach conditions to any exemption and may, by order, revoke any exemption. No order or rule of exemption or revocation of exemption may be issued unless opportunity for hearing has been afforded interested persons and departments and agencies of the United States . . .

46 U.S.C. app. §1715.

Two things demonstrate that in 1998, Congress' understood that if conditions changed after OSRA was enacted, it might become appropriate to allow OTIs to offer service contracts to their customers, and, if so, that Congress intended the FMC to use its exemption authority to bring this about.

First, when Congress amended Section 10 of the Shipping Act of 1984, 46 U.S.C. app. §1709, it chose not to include a specific prohibition against service contracts between OTIs and their customers. Considering that Section 10 lists some twenty nine (29) separate prohibitions, the absence of any specifically enumerated prohibition against OTI service contracts must be taken as Congressional acknowledgment that 1) such contracts do not, *per* se, violate Congressional policy and that 2) in a commercial environment different from that which existed in 1998, NVO-shipper contracts could be pro-competitive and beneficial to U.S. commerce.

Second, the legislative history of the OSRA amendment to the Commission's exemption authority under Section 16 of the Shipping Act of 1984, 46 U.S.C. app §1715,

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[4] Congress also eliminated the "unjustly discriminatory" test, which is consistent with the whole statutory approach taken towards service contracts, which are inherently discriminatory, especially in a confidential

states that its underlying policy is that " . .the FMC is more capable of examining through the administrative process specific regulatory provisions and practices not yet addressed by Congress to determine where they can be deregulated consistent with the policies of Congress." S. Rep. No. 105-61 at 30 (1997).

Taken together, these two considerations show that Congress gave the Commission all of the authority it needs to grant CHRW's petition. It is clear that Congress during the OSRA dialogues could not address conditions and practices that were not then prevalent as they are now. It is now up to the FMC, as Congress acknowledged, as more "capable through the administrative process to . . . determine where they [regulatory provisions] can be deregulated consistent with the policies of Congress." Id.

This is the perfect opportunity for the Commission to exercise this discretionary authority that will benefit all responsible segments of the ocean shipping industry.

V. THE EXEMPTION CRITERIA

It is CHRW's belief that this Exemption should be made available to CHRI, and to the NVO community on a case-by-case basis to those NVOCCs which evince the qualities that we believe Congress was suggesting as lacking in the legislative history of OSRA. This is an opportunity for the Commission to raise the level of professionalism in this important industry while increasing competition, and enhancing ocean commerce in general. In this respect, we respectfully suggest that the Commission utilize the criteria discussed below in reviewing CHRW's Petition.

For the foregoing reasons, and by applying the following criteria, CHRW submits that the requested exemption to permit CHRW and its affiliate OTI, CHRI, to utilize confidential service contracts, subject in all respects to Commission regulations on service contracts, is justified and sound policy, meets Congressional concerns, and should be the criteria by which the agency reviews this and other similar Petitions:

A. Value-added services. Review should include whether an NVOCC is offering its customers more than just ocean rates and charges; value-added services may be provided at various levels in a transportation transaction Is the Petitioner integrating multi-transportation modalities, logistics, distribution services, warehouse, and supply chain management solutions to its list of services provided to its customers? The complexity and the spectrum of the services provided by the Petitioner should be a foremost criterion in this review of whether an NVOCC meets the requirement for entering confidential service contracts as a carrier. The NVOCC must clearly define these services. At the heart of the review should be the conclusion that the NVOCC is clearly providing significant value, other than ocean pricing, and that, therefore, confidential service contracts are an appropriate and desirable tool for servicing its customers. In this respect, CHRW and its affiliates have clearly demonstrated the myriad of services it provides to its ocean transport customers. See Lindbloom Statement at pp. 3-4.

B. History of financial stability. For an NVOCC that will be dealing with its customers on a confidential service contract basis, the review must also demonstrate a history of financial stability. CHRW has increased net revenues at a compound rate annual growth rate of approximately 15% for the past twenty-five years. Consistent with this growth pattern over the years, CHRW gross revenues for the six months ended June

30, 2003 were $1.75 billion, an increase of 10.7% over gross revenues of $1.58 billion for the six months ended June 30, 2002. Gross profits for the six months ended June 30, 2003 were $269.1 million, an increase of 14.4% over gross profits of $235.2 million for the six months ended June 30, 2002. Additionally, net income was $29.0 million for the three months ended June 30, 2003, an increase of 14.9% over $25.2 million for the three months ended June 30, 2002. Also, this consistent growth is currently demonstrated from 2002 through the 2nd Quarter, 2003, which further demonstrates sustained growth. CHR had during this period total working capital of $291 million, with a current ratio of 1.81 and a quick ratio of 1.75. Id. at p.2.

CHRW has consistently grown over the past 25 years; CHRs gross profit has increased at a compounded annual growth rate ("CAGR") of 15% between 1977 and 2002. Over the past 10 years, CHR's gross revenue, gross profit and net income have grown at a CAGR of 13%, 18% and 21%. Over the past 5 years, our gross revenue, gross profit and net income have grown at a CAGR of 13%, 19% and 22%. This growth has been funded through the cash flow generated from the business. CHR has not had any long-term debt in 6 years. In addition to funding growth, CHRW has consistently paid an increasing dividend for more than 20 years from its cash flow. Over the past 10 years, CHRW's dividend per share has grown at a CAGR of more than 20%. Id. at p.2.

CHRW is the only non-asset based company listed in the Fortune 500 in 2002. As a publicly traded company, CHRW's financial state is part of the public record. CHRW meets the requirements that Congress might have had in mind when they expressed fiscal reservations of NVOCCs' during OSRA discussions. It is equally clear that CHRW has experienced a growth pattern over decades. Id. at p. 2.

C. Long-term liabilities picture. As part of this analysis, in judging the impact of servicing long-term debt, a company must demonstrate ample resources for that purpose, so that its operations and commitments are not interrupted. In the Petition context, this ensures that shippers in confidential service contracts with NVOCCs are not going to be prejudiced in any way by the servicing of such debt, or the inability to service that debt. CHRW has no long-term debt at all. Id. at p. 2.

D. Capital investment record. In the legislative history of OSRA there was concern that NVOCCs had no capital investment at all in their businesses, in comparison with VOCCs, especially with regard to vessels, and shipping equipment, and, therefore, it was concluded that they should not have the ability to enter confidential service contracts. It should be noted that as part of this Petition, it is argued that in the so-called paradigm shift that occurred since OSRA, capital investment is no longer focused primarily on vessels, trucks and planes. Today, the focus has expanded to include significant investment in the information technology systems, warehousing, and other service areas demanded by shippers. CHRW currently carries approximately $26 million in net property and equipment on its balance sheet as of 2002. It is time to shelve the old canards that are now only dusty myths that hinder real progress in this industry. In any case, CHRW, even as a "non-asset based" 3PL, has significant investment in property, equipment and specialized personnel. Id at p. 3.

It should also be noted, as previously discussed, even ocean carrier-owned 3PLs are non-asset-based firms in a technical, and real sense, and must be scrutinized on their own financial merits. It will be no solace to a shipper dealing with a carrier-owned 3PL company that its parent operated vessels, but became insolvent. All assets must be considered in the evaluation.

E. Regulatory history of the Petitioner. Obviously, the Commission should not be rewarding NVOCCs who historically have been consistently bad actors in the regulatory process. CHRW has a clean slate in that regard. See Mulvehill Statement at p. 13.

VI. CONCLUSION

For the foregoing reasons, CHRW submits that the requested exemption to permit CHRW and its OTI affiliate CHRI to utilize confidential service contracts, subject in all respects to Commission regulation, is a fully-justified and sound policy that will only bring a new level of professionalism to this industry. It is within the Commission's discretion to grant the Exemption, based on conditions that in every way assuages all congressional concerns shown during OSRA, and which will inevitably result in increased competition and improve ocean commerce in general. Accordingly, CHRW respectfully requests that the Commission grant its approval.

R[redacted]fully s[redacted]

Carlos Rodriguez, Esq.
Rodriguez O'Donnell Ross
Fuerst Gonzalez & Williams
1211 Connecticut Ave. N. W., Suite 800
Washington, D.C. 20036
(202) 973-2999

Counsel for Petitioner

September 11, 2003

CERTIFICATE OF SERVICE

I hereby certify that I have this 1 1th day of September, 2003, served a copy of foregoing Petition of C.H. Robinson Worldwide, Inc., upon the parties, named herein, by causing an original and fifteen copies thereof to be hand delivered to the following:

Mr. Bryant L. VanBrakle
Secretary
Federal Maritime Commission
800 North Capitol Street, N.W.
Room No. 1046
Washington, D.C. 20573

Mr. Eddie L. Edwards
RODRIGUEZ O'DONNELL ROSS
FUERST GONZALEZ & WILLIAMS, P.C.
1211 Connecticut Avenue, N.W.
Suite 800
Washington, DC 20036
(202) 293-3300 (Telephone)
(202) 293-3307 (Facsimile)

VERIFIED STATEMENT OF CHAD M. LINDBLOOM

I am Chad M. Lindbloom, Vice President and Chief Financial Officer ("CFO") of C.H. Robinson Worldwide, Inc. ("CHRW") 8100 Mitchell Road, Eden Prairie, MN 55344-2248. I have been the CFO since December 1999. I joined the company in 1990 and have held various financial positions since that time including corporate controller. As CFO of CHRW my duties consist of overseeing all financial aspects of the company and various other administrative functions. The statements made herein are made either by first hand knowledge of those facts or they are facts that come under my official duties as CFO, or I have otherwise ascertained that they are true.

Overview of CHRW Financial Profile

Founded in 1905, C.H. Robinson Worldwide, Inc., is a global provider of multimodal transportation services and logistics solutions, serving over 15,000 customers through a network of 150 offices in North America, South America, Europe, and Asia. C.H. Robinson is one of the largest third-party logistics companies in North America, with 2002 gross revenues of $3.3 billion. Many of our customer relationships are based on our ability to provide a bundled service offering including many different logistics services such as ocean freight, customs clearance, truckload services, less-than-truck load services, rail transportation services and warehousing. These integrated services often are sold for a single bundled price for the service.

Shares of our common stock have traded on the NASDAQ National Market under the symbol CHRW since October 1997. Our current market capitalization is approximately $3 billion. Our success, size and stability have been recognized by many publications including being named one of America's Most Admired Companies by Fortune Magazine and also being number 464 on the 2003 Fortune 500 List. (See **Attachment A).**

Salient Financial Features of CHRW

Historical Financial Performance: CHRW has consistently grown over the past 25 years; our gross profit has increased at a compounded annual growth rate ("CAGR") of 15% between 1977 and 2002. Over the past 10 years, our gross revenue, gross profit and net income have grown at a CAGR of 13%, 18% and 21%. Over the past 5 years, our gross revenue, gross profit and net income have grown at a CAGR of 13%, 19% and 22%. This growth has been funded through the cash flow generated from our business. We have not had any long-term debt in 6 years. In addition to funding growth, we have consistently paid an increasing dividend for more than 20 years from our cash flow. Over the past 10 years, our dividend per share has grown at a CAGR of more than 20%.

Current Financial Performance: For the six months ended June 30, 2003, our gross revenue, gross profit and net income increased 1 1%, 14% and 2 1% compared to the first six months of 2002. For the six months ended June 30, 2003, our dividend per share grew 33% compared to the first six months of 2002. (See **Attachment B).**

Balance Sheet: As of December 3 1, 2002, the date of our last Audited Balance Sheet, we had over $178 million of cash, cash equivalents and short-term investments. Our total working capital was $245 million. Our current ratio was 1.71 and our quick ratio was

1.66. Our net property and equipment, which consists primarily of computers and other equipment our employees use to transact our business transactions, totaled $26 million. Total stockholders' investment was $467 million. As mentioned above, we do not have any long-term debt. (See **Attachment C).**

As of June 30, 2003, we had over $213 million of cash, cash equivalents and short-term investments. Our total working capital was $291 million. Our current ratio was 1.8 1 and our quick ratio was 1.75. **(See Attachment B).**

Continuous Investment: In order to meet the changing expectation of our customers, we invest in our future to continue our growth and success. We are a service company that continues to invest in our people. The people we employ to meet the needs of our customers are the key to our success. Our personnel related expenses totaled over $236 million in 2002.

The most important tool our people use to serve our customers is technology. We have a proprietary, internally developed operating system that is continually being updated. in 2002, our technology related expenses exceeded $30 million. In addition the majority of the $7 million of purchases of property and equipment were related to technology.

Exemption Standards

I am aware that the purpose of this statement is to supplement a Petition tiled by CHRW for an Exemption at the Federal Maritime Commission. I understand that if granted, this Petition would allow CHRW's wholly-owned subsidiary, C.H. Robinson International, Inc. ("CHRI"), to enter confidential service contracts with its customers including ocean transportation components. I also understand that when the Ocean Shipping Reform Act ("OSRA") was considered in Congress in 1998, that Congress was concerned that non-vessel operating common carriers ("NVOCCs") intermediary companies, did not perform any transportation functions themselves, and that it would be unfair to allow NVOCCs the same contractual rights that an ocean carrier enjoyed, without any of the expense, without any of the liability, and without any of the responsibility that ocean carries undertake.

The value added, capital investment standard: We add valuable services to the marketplace. We make commitments to our customers to perform services and in many cases bear the risk of execution. While we don't own any transportation assets, we do invest heavily in our ability to continue to perform these services.

History of financial stabilitv: As outlined above, CHRW is a well-capitalized, successful company with a history of strong cash flow generation and with great financial flexibility. We have the means to meet our commitments. While the 3PL industry contains many companies in many different financial conditions, we ask the FMC to carefully evaluate us and each NVOCC that applies for Exemptions based on company-specific information. We believe these evaluations should consider not only a single point in time, but the long-term performance of each company.

Conclusion

I believe that we have outlined our ability to successfully perform integrated logistics arrangements for our customers. We have the financial strength, including extremely strong free cash flow, to meet our obligations. Therefore, I believe that the requested service contract authority exemption is justified under Section 16 of the Act and should be granted.

Respectfully submitted,

Chad M. Lindbloom
Vice President and Chief Financial Officer
C.H. Robinson Worldwide, Inc.

Dated: September 11, 2003

VERIFICATION

In accordance with the Federal Maritime Commission's regulations at 46 C.F.R. §502.112(c)(2), I hereby verify under penalty of perjury that the foregoing is true and correct.

Chad M. Lindbloom
Vice President and Chief Financial Officer
C.H. Robinson Worldwide, Inc.

Dated: September 11, 2003

ATTACHMENT –A

C.H. ROBINSON WORLDWIDE, INC.

QUARTERLY CASH DIVIDEND

CHRWFINANCIALINFORMATIC

C.H. Robinson Worldwide Inc (ticker: CHRW, exchange: NASDAQ) News Release - February 25, 2003

C.H. Robinson Worldwide Declares Quarterly Cash Dividend

MINNEAPOLIS, Feb 25, 2003 (BUSINESS WIRE) -- C.H. Robinson Worldwide, Inc. ("C.H. Robinson") (Nasdaq:CHRW) announced today that its Board of Directors has declared a regular quarterly cash dividend of 8 cents ($0.08) per share, payable on April 1, 2003 to shareholders of record on March 7, 2003. C.H. Robinson has distributed regular dividends for more than twenty years. As of February 25, 2003 there were approximately **84,511,000** shares outstanding.

Founded in 1905, C.H. Robinson Worldwide, Inc., is a global provider of multimodal transportation services and logistics solutions, serving over 15,000 customers through a network of 150 offices in North America, South America, Europe, and Asia. C.H. Robinson is one of the largest third-party logistics companies in North America, with 2002 gross revenues of $3.3 billion. For more information about our company, visit our Web site at www.chrobinson.com.

CONTACT: C.H. Robinson Worldwide, Inc., Eden Prairie
Angie Freeman, 952/937-7847

URL: http://www.businesswire.com
Today's News On The Net - Business Wire's full file on the Internet with Hyperlinks to your home page.

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Thursday, September 11, 2003, 2:02pm ET - U.S. Markets close in 1 hour and 58 minutes.

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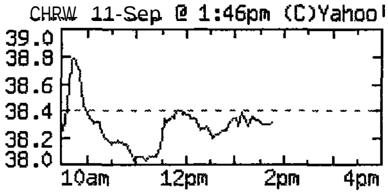
C.H. Robinson Worldwide Inc (CHRW)

At 1:46PM ET: **38.31** ↓ 0.09 (0.

CH ROBINSON WW (NasdaqNM:CHRW) Quote data by Reuters Edit

Last Trade:	**38.31**	Day's Range:	38.04 - 38 83
Trade Time.	1·46PM ET	52wk Range:	25.83 - 39.50
Change:	↓ 0.09 (0.23%)	Volume	163,163
Open:	38.39	Market Cap:	3 24B
Prev Close:	38.40	Avg Vol (3m):	378,181
Bid:	38 28 x **300**	P/E (ttm)	31.22
Ask:	38.31 x **200**	EPS (ttm)·	1 23
ly Target Est:	39.09	Div & Yield	0.32 (0 83%)



1d 5d 3m 6m 1y 2y 5y max

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HEADLINES Edit

- C.H. Robinson Worldwide Declares-Quarterly Cash Dividend
  Tue, Aug 26 - Business Wire
- C H ROBINSON WORLDWIDE INC Financials
  Sat, Aug 16 - EDGAR Online Financials
- New Top Analyst Rankings for C H. Robinson Worldwide Inc
  Wed, Jul 23 - StarMine
- C.H. Robins-on Reports Second Quarter Results
  Tue, Jul 22 - Business Wire
- Q-22003 C H Robinson Worldwide Inc Earnings Release - Before Market Open
  Tue, Jul 22 - CCBN
- C.H. Robinson upgraded by Morgan Stanley
  Mon, Jun 23 - Briefing.com
- C H ROBINSON WORLDWIDE INC Files SEC form 8-K, Financial Statements & Exhibits and Regulation FD Disclosure
  Tue, Apr 22 - EDGAR Online
- C H ROBINSON WORLDWIDE INC Files SEC form 1 O-K, Annual Report

KEY STATISTICS

Forward **P/E** (1 yr)	25.26
P/S (ttm):	0.94
Div Date.	1 -act-03
Ex-Div:	3-Sep-03

More Key Statistics...

Mon, Mar 17 - EDGAR Online

- C H ROBINSON WORLDWIDE INC Files SEC form 8-K Financial Statements & Exhibits and Reaulation FD Disclosure
  Wed, Feb 5 - EDGAR Online
- C H ROBINSON WORLDWIDE INC Files SEC form 8-K, Financial Statements and Exhibits
  Mon, Jan 6 - EDGAR Online

More Headlines for **CHRW...**

REPORTS

Independent research on CHRW; daily ENTERPRISE VALUE and trade recommendation..
Sep 11 - Greenwich Research Analytics

Independent research covering the TRANSPORTATION industry, including quantitative.
Sep 11 - Greenwich Research Analytics

OptionSmart Technical Analysis Report for CHRW: Comprehensive multi-level analysis,..
Sep 11 - OptionSmart Reports

More Reports for CHRW...

ANALYST

EPS Est (current year)	1.33
EPS Est (current quarter):	0.34
Avg Rec (current)*'	2.3
PEG Ratio.	1 94

* (Strong Buy) 1.0 - 5.0 (Strong Sell)

Analyst Opinion - Estimates

BUSINESS SUMMARY

C.H. Robinson Worldwide, Inc. is a third-party logistics company The Company is a global provider of multimodal transportation services and logistics solutions operating through a network of 150 offices in North America, South America, Europe and more

Company Profile - Industry

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- Market Overview
- US Indices

ATTACHMENT –B

C.H. ROBINSON WORLDWIDE, INC.
SECOND QUARTER RESULTS

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Transportation & Logistics
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Europe
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CHRWjobs

Operational Sites
CHRWtrucks
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ShipLTL

C.H. Robinson Worldwide Inc (ticker: CHRW, exchange: NASDAQ) News Release - July 22, 2003

C.H. Robinson Reports Second Quarter Results

MINNEAPOLIS--(BUSINESS WIRE)-July 22, 2003--C.H. Robinson Worldwide, Inc. ("C.H. Robinson") (Nasdaq:CHRW), today reported financial results for the three months and six months ended June 30, 2003.

For the second quarter of 2003, gross profit increased 11.9 percent to $136.0 million from $121.6 million in 2002. Income from operations increased 12.6 percent to $46.2 million from $41.0 million in 2002. Net income increased 14.9 percent to $29.0 million from $25.2 million in 2002. Basic net income per share increased 13.3 percent to $0.34 from $0.30 per share in 2002. Diluted net income per share increased 17.2 percent to $0.34 from $0.29 per share in 2002.

For the six months ended June 30, 2003, gross profit increased 14.4 percent to $269.1 million from $235.2 million in 2002. Income from operations increased 19.8 percent to $89.6 million from $74.8 million in 2002. Net income increased 21.1 percent to $55.8 million from $46.0 million in 2002. Basic net income per share increased 20.0 percent to $0.66 from $0.55 per share in 2002. Diluted net income per share increased 20.4 percent to $0.65 from $0.54 per share in 2002.

"Our core truck business continued to turn in solid results, and our other modes again made significant contributions to our double-digit gross profit growth this quarter. We believe this shows how our flexible, mode-neutral menu of services enables us to succeed in volatile freight and economic environments," said John P. Wiehoff, chief executive officer of C.H. Robinson.

For the second quarter, total Transportation gross profit increased 12.7 percent. The increase in our truck transportation business of 10.0 percent was driven by volume growth in both truckload and less-than-truckload transactions and an increase in profit per transaction in our truckload business. Our truckload profit per transaction increased slightly compared to the second quarter of 2002, when our margins declined due to market conditions in parts of the country. Our profit per transaction in the second quarter of 2003 was consistent with historical levels for this period.

Our intermodal gross profit growth of 41.5 percent in the second quarter of 2003 was the result of increased volumes and margin expansion. Volume growth was driven by our aggressive sales efforts, and customers' greater confidence in intermodal service levels and their increased focus on cost savings. Gross profit per transaction in our intermodal business increased largely due to the mix of freight.

Our combined air and ocean gross profits increased 22.4 percent this quarter compared to the second quarter of 2002. We opened an office in Hong Kong during the second quarter of 2002, and that office was a significant contributor to the increase in these modes. New customers also contributed to our international forwarding growth.

Miscellaneous transportation gross profit consists of customs brokerage fees, transportation management fees, warehouse and cross-dock services, and other miscellaneous transportation related services. The increase of 34.7 percent in the second quarter was driven by an increase in both customs brokerage business and in transportation management fees.

For the second quarter of 2003, Sourcing gross profit increased 5.9 percent. The transition continues in our customer base of this business, which is the buying and selling of fresh fruits and vegetables. We continue to see increases in volume and

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gross profit in our integrated relationships with large retailers, offset by a decline with our produce wholesale customers.

Information Services is comprised entirely of revenue generated from our subsidiary, T-Chek Systems. For the second quarter of 2003, Information Services gross profit increased 11.6 percent, primarily due to transaction growth. Following industry trends, T-Chek changed its pricing during the first quarter of 2002, which generated additional gross profit growth through the first quarter of 2003. Our growth rate in the second quarter of 2003 was no longer impacted by this price change.

Our consolidated headcount increased by 116 to 3,989 during the second quarter, from the first quarter of 2003. Average gross profit per employee, a key management indicator of productivity, increased 7.0 percent in the second quarter of 2003 compared to the second quarter of 2002. Our branch network has been able to leverage growth with fewer people through improved productivity.

Personnel expense as a percentage of gross profit increased in the second quarter of 2003 to 49.8 percent compared to 48.2 percent in the second quarter of 2002. The increase is largely attributable to an accrual for anticipated restricted stock grants in 2003 of approximately 1 million shares. These shares will vest over a five-year period, based on the company's financial performance. This board-approved program is being created under our existing Omnibus Stock Incentive Plan in order to further align certain employees' interests towards long-term company growth.

For the quarter, selling, general, and administrative expenses were $22.1 million, an increase of 0.7 percent from $22.0 million in 2002. Increased legal and travel expenses were offset by slight declines in our bad debt, communications and depreciation expense. While many of our expenses are variable, we gain leverage in periods of growth.

Founded in 1905, C.H. Robinson Worldwide, Inc., is one of the largest third-party logistics companies in North America. C.H. Robinson is a global provider of multimodal transportation services and logistics solutions, serving 15,000 customers through a network of 150 offices in North America, South America, Europe and Asia. C.H. Robinson maintains one of the single largest networks of motor carrier capacity in North America through contracts with more than 20,000 motor carriers, and is one of the largest third-party providers of intermodal services in the United States.

Except for the historical information contained herein, the matters set forth in this release are forward-looking statements that represent our expectations, beliefs, intentions or strategies concerning future events. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience or our present expectations, including, but not limited to such factors as market demand and pressures on the pricing for our services; changing market conditions, competition and growth rates within the third-party logistics industry; availability of truck capacity or alternative means of transporting freight, and changes in relationships with existing truck, rail, ocean and air carriers; changes in our customer base due to possible consolidation among our customers; our ability to integrate the operations of acquired companies with our historic operations successfully; risks associated with litigation and insurance coverage; risks associated with operations outside of the U.S.; changing economic conditions such as general economic slowdown, decreased consumer confidence, fuel shortages and the impact of war on the economy; and other risk and uncertainties detailed under "Cautionary Statement" in Exhibit 99.1 to C.H. Robinson's Annual Report on Form 10-K filed on March 17, 2003.

CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(In thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Gross revenues and management fees	$935,206	$842,720	$1,751,950	$1,582,751
Gross profits:				
Transportation:				
Truck	$98,673	$89,724	$199,216	$175,676
Intermodal	7,168	5,066	12,601	9,234
Ocean	5,242	4,301	9,847	8,140
Air	1,056	846	1,827	1,399

Air	1,056	846	1,827	1,399
Miscellaneous	2,827	2,099	5,459	4,155
Total transportation	114,966	102,036	228,950	198,604
Sourcing	13,787	13,018	25,608	24,342
Information services	7,272	6,516	14,558	12,221
Total gross profits	136,025	121,570	269,116	235,167
Operating costs and expenses:				
Personnel expenses	67,747	58,634	134,966	117,520
Selling, general and administrative expenses	22,126	21,965	44,538	42,838
Total operating costs and expenses	89,873	80,599	179,504	160,358
Income from operations	46,152	40,971	89,612	74,809
Investment and other income:				
Interest income and other	801	581	1,211	921
Nonqualified deferred compensation investment gain (loss)	249	(229)	183	(241)
Investment and other income	1,050	352	1,394	680
Income before provision for income taxes	47,202	41,323	91,006	75,489
Provision for income taxes	18,251	16,117	35,219	29,441
Net income	$28,951	$25,206	$55,787	$46,048
Net income per share (basic)	$0.34	$0.30	$0.66	$0.55
Net income per share (diluted)	$0.34	$0.29	$0.65	$0.54
Weighted average shares outstanding (basic)	84,391	84,339	84,362	84,307
Weighted average shares outstanding (diluted)	86,126	85,980	85,875	85,825

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30, 2003	December 31, 2002
Assets		
Current assets:		
Cash and cash equivalents	$168,223	$132,999
Available-for-sale securities	45,516	45,227
Receivables	415,742	391,670
Other current assets	20,570	18,676
Total current assets	650,051	588,572
Net property and equipment	24,589	26,476
Intangible and other assets	163,443	162,103
	$838,083	$777,151
Liabilities and stockholders' investment		
Current liabilities:		
Accounts payable	$296,451	$275,157
Accrued compensation	35,936	39,533
Other accrued expenses	26,331	28,784
Total current liabilities	358,718	343,474
Long term liabilities:		
Deferred tax liability	9,517	6,280
Nonqualified deferred compensation obligation	2,371	1,567
Total long term liabilities	11,888	7,847
Total liabilities	370,606	351,321
Total stockholders' investment	467,477	425,830
	$838,083	$777,151

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, except operational data)

	Six months ended June 30, 2003	Six months ended June 30, 2002
Operating activities:		
Net income	$55,787	$46,048
Depreciation and amortization	5,466	7,121
Other non-cash expenses	6,718	6,225
Net changes in operating elements	(13,436)	(17,275)
Net cash provided by operating activities	54,535	42,119
Investing activities:		
Net property additions	(2,850)	(4,454)
Cash paid for acquisition	-	(15,716)
Net purchases of investments	(291)	
Other assets, net	(1,571)	(809)
Net cash used for investing activities	(4,712)	(20,979)
Financing activities:		
Net repurchases of common stock	(2,089)	(1,200)
Cash dividends	(13,512)	(10,132)
Net cash used for financing activities	(15,601)	(11,332)
Effect of exchange rates on cash	1,002	(891)
Net increase in cash and cash equivalents	35,224	8,917
Cash and cash equivalents, beginning of period	132,999	115,741
Cash and cash equivalents, end of period	$168,223	$124,658

Operational Data:	As of June 30, 2003	As of June 30, 2002
Employees	3,989	3,768
Branches	150	146

CONTACT: C.H. Robinson Worldwide, Inc., Eden Prairie Chad Lindbloom, 952-937-7779
or
Investor Relations:
Angie Freeman, 952-937-7847

SOURCE: C.H. Robinson Worldwide, Inc.

ATTACHMENT –C

C.H. ROBINSON WORLDWIDE, INC.
FOURTH QUARTER RESULTS;
INCOME FROM OPERATIONS UP 17.4% FOR THE QUARTER

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C.H. Robinson Worldwide Inc (ticker: CHRW, exchange: NASDAQ) News Release - February 4, 2003

C.H. Robinson Reports Fourth Quarter Results; Income From Operations Up 17.4 Percent For the Quarter

Press Release Source: C.H. Robinson Worldwide, Inc.

C.H. Robinson Reports Fourth Quarter Results

Tuesday February 4, 4: 15 pm ET

Income From Operations Up 17.4 Percent For the Quarter

MINNEAPOLIS--(BUSINESS WIRE)--Feb. 4, 2003--C.H. Robinson Worldwide, Inc. ("C.H. Robinson") (Nasdaq: CHRW), today reported financial results for the three months and twelve months ended December 31, 2002.

For the fourth quarter of 2002, gross profit increased 12.0 percent to $125.5 million from $112.1 million in 2001. Income from operations increased 17.4 percent to $39.4 million from $33.6 million in 2001. Net income increased 18.2 percent to $24.3 million from $20.6 million in 2001. Basic net income per share increased 20.8 percent to $0.29 from $0.24 per share in 2001. Diluted net income per share increased 16.7 percent to $0.28 from $0.24 per share in 2001. The results from the fourth quarter of 2002 include a previously disclosed $4.25 million charge with respect to a lawsuit settlement.

For 2002, gross profit increased 6.0 percent to $483.8 million from $456.6 million in 2001. Income from operations increased 16.6 percent to $156.6 million from $134.3 million in 2001. Net income increased 14.7 percent to $96.3 million from $84.0 million in 2001. Basic net income per share increased 14.0 percent to $1.14 from $1.00 per share in 2001. Diluted net income per share increased 14.3 percent to $1.12 from $0.98 per share in 2001. The results for the year 2002 include a previously disclosed $4.25 million charge with respect to a lawsuit settlement.

"We're very pleased to have returned to double-digit gross profit growth this quarter, despite the continuing challenges of the economy," said John P. Wiehoff, chief executive officer of C.H. Robmson. "Our strong results reflect the successes our branch offices have had aggressively selling and marketing through this difficult period. In addition, we believe the normal seasonal tightness of the truckload capacity market benefited us as we gained additional spot market business. While there remains a lot of uncertainty in the operating environment, we're hoping to maintain double-digit revenue growth in the coming year, and business activity in the month of January showed growth trends comparable to the fourth quarter of 2002. We're confident that our long-term growth strategy, supported by our flexible, variable-cost business model, will put us in a strong competitive position for the future."

For the fourth quarter, Transportation gross profit increased 12.3 percent. The increase in our truck transportation business of 12.3 percent was driven by volume growth in both truckload and less-than-truckload shipments. Gross profit per transaction in our truckload business declined due to rising costs of capacity. During the fourth quarter of 2002, we experienced tight truckload capacity in many North American markets, leading to less margin per load than a year ago. Growth in load volumes was driven by increased spot market freight opportunities, which is typical during periods of tight truck capacity as motor carriers find it difficult to cover all of their load commitments.

Our intermodal gross profit growth in the fourth quarter of 2002 was the result of increased volumes. Our growth in intermodal was driven by shippers' focus on cost savings and our aggressive sales efforts to further penetrate the market. Gross profit per transaction in our third-party intermodal business was down slightly, due largely to the mix of freight.

Our air and ocean business combined declined 8.9 percent this quarter compared to the fourth quarter of 2001. In the fourth quarter of 2001, volumes for a few customers increased significantly due to their promotional activities. Those promotions did not occur in the fourth quarter of 2002, impacting our volume growth. Overall, we have added many new, smaller customers that have helped our international forwarding growth and will be important as our international business grows.

Miscellaneous transportation gross profit consists of customs brokerage fees, transportation management fees, warehouse and cross-dock services, and other miscellaneous transportation related services. The increase of 16.9 percent in the fourth quarter was driven by an increase in both customs brokerage business and in transportation management fees.

For the fourth quarter of 2002, Sourcing gross profit increased 0.9 percent. We are experiencing a transition in the customer base of our Sourcing business, which is primarily the buying and selling of fresh fruits and vegetables. We continue to see increases in volume and gross profit with large retailers, offset by the trend of less volume with our traditional business with produce wholesalers.

Information Services is comprised entirely of our subsidiary, T-Chek Systems. For the fourth quarter of 2002, Information Services gross profit increased 28.2 percent, primarily due to significant transaction growth. Changes in industry pricing, including growth in transaction fees charged to truckstops, also contributed to gross profit growth.

Our consolidated headcount increased by 63 to 3,814 during the fourth quarter of 2002. Personnel expense, as a percentage of gross profit, decreased in the fourth quarter of 2002 compared to the fourth quarter of 2001. While our compensation system is largely variable cost, pay-for-performance, we do have some fixed personnel costs that have not grown as fast as gross profit growth.

For the quarter, selling, general, and administrative expenses were $26.2 million, an increase of 16.3 percent from $22.5 million in 2001. We recorded a charge of $4.25 million in the fourth quarter of 2002 related to a previously disclosed lawsuit settlement, covering the first of three wrongful death lawsuits stemming from an accident in 1999. Our insurance carriers settled the second of these lawsuits without a contribution from us. Amortization of certain intangible assets has been eliminated due to new accounting rules, which reduced amortization expense by $1.3 million in the fourth quarter of 2002. Excluding the lawsuit charge and the amortization change, selling, general, and administrative expenses in the fourth quarter of 2002 increased 3.5 percent, but decreased as a percentage of gross profit. This was due to declines in communications costs and credit and finance expense, along with slower growth in travel and occupancy expenses. Absent any major acquisitions or unforeseen changes to our business or the environment we operate in, we believe our annual operating expenses, in relation to gross profit, are at a sustainable level.

Founded in 1905, C.H. Robinson Worldwide, Inc., is one of the largest third-party logistics companies in North America. C.H. Robinson is a global provider of multimodal transportation services and logistics solutions, serving 15,000 customers through a network of 150 offices in North America, South America, Europe and Asia. C.H. Robinson maintains one of the single largest networks of motor carrier capacity in North America through contracts with more than 20,000 motor carriers, and is one of the largest third-party providers of intermodal services in the United States.

Except for the historical information contained herein, the matters set forth in this release are forward-looking statements which are based on certain assumptions and expectations of future events. These assumptions and expectations are dependent on and subject to certain risks and uncertainties Including, but not limited to such factors as market demand, pricing, and risks associated with litigation and insurance coverage, and risks associated with operationsoutside of the U.S., changing economic conditions such as general economic slowdown and decreased consumer confidence, war, and other risk factors detailed under "Cautionary Statement" in Exhibit 99 to C.H. Robinson's Annual Report on Form 10-K filed on March 15, 2002.

CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	Three months ended December 31, 2002	Three months ended December 31, 2001	Twelve months ended December 31, 2002	Twelve months ended December 31, 2001
Gross revenues and management fees	$839,477	$776,377	$3,294,473	$3,090,072
Gross profits:				
Transportation:				
Truck	$94,678	$84,309	$361,353	$347,991
Intermodal	6,141	4,472	21,111	16,119
Ocean	4,528	5,187	17,007	16,345
Air	839	706	3,068	2,699
Miscellaneous	2,319	1,984	8,772	7,286
Total transportation	108,505	96,658	411,311	390,440
Sourcing	10,089	10,002	46,536	45,154
Information services	6,933	5,408	25,931	20,978
Total grossofits	125,527	112,068	483,778	456,572
Operating costs and expenses:				
Personnel expenses	59,919	55,964	236,673	224,997
Selling, general and administrative	26,201	22,531	90,525	97,301
Total operating costs and expenses	86,120	78,495	327,198	322,298
Income from operations	39,407	33,573	156,580	134,274
Investment and other income:				
Interest income and other	397	237	1,740	4,198
NQDC investment gain/(loss)	77	109	(406)	(99)
Total investment and other income	474	346	1,334	4,099
Income before provision for income taxes	39,881	33,919	157,914	138,373
Provision for income taxes	15,555	13,331	61,589	54,381
Net income	$24,326	$20,588	$96,325	$83,992
Net income per share (basic)	$ 0.29	$ 0.24	$ 1.14	$ 1.00
Net income per share (diluted)	$0.28	$0.24	$1.12	$0.98
Weighted average shares outstanding (basic)	84,273	84,478	84,368	84,374
Weighted average shares outstanding (diluted)	85,569	85,767	85,757	85,774

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2002	December 31, 2001
Assets		
Current assets:		
Cash and cash equivalents	$132,999	$115,741
Investments	45,227	
Receivables	391,670	370,378
Other current assets	18,676	17,096
Total current assets	588,572	503,215
Net property and equipment	26,476	30,920
Intangible and other assets	162,103	149,355
	$777,151	$683,490

	$777,151	$683,490
Liabilities and stockholders' investment		
Current liabilities:		
Accounts payable	$275,157	$267,708
Accrued compensation	39,533	32,098
Other accrued expenses	28,784	23,722
Total current liabilities	343,474	323,528
Long term liabilities:		
Deferred tax liability	6,280	3,241
Nonqualified deferred compensation obligation	1,567	906
Total long term liabilities	7,847	4,147
Total liabilities	351,321	327,675
Total stockholders' investment	425,830	355,815
	$777,151	$683,490

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, except operational data)

	Twelve months ended December 31,	
	2002	2001
Operating activities:		
Net income	$96,325	$83,992
Depreciation and amortization	14,029	19,136
Other non-cash expenses	8,979	20,135
Net changes in operating elements	(5,194)	(48,811)
Net cash provided by operating activities	114,139	74,452
Investing activities:		
Net property additions	(7,325)	(12,101)
Cash paid for acquisition	(15,716)	
Net purchases of investments	(45,209)	
Other assets, net	(1,993)	(573)
Net cash used for investing activities	(70,243)	(12,674)
Financing activities:		
Net repurchases of common stock	(5,512)	(8,505)
Cash dividends	(20,267)	(16,901)
Net cash used for financing activities	(25,779)	(25,406)
Effect of exchange rates on cash	(859)	(543)
Net increase in cash	17,258	35,829
Cash and cash equivalents, beginning of period	115,741	79,912
Cash and cash equivalents, end of period	$132,999	$115,741

	As of December 31,	
Operational data:	2002	2001
Employees	3,814	3,727
Branches	150	139

Contact: C.H. Robinson Worldwide, Inc., Eden **Prairie**
Chad Lindbloom, **952/937-7779**
or
Investor Relatrons:
Angie Freeman, **952/937-7847**

Source: C.H. Robinson Worldwide, Inc.

VERIFIED STATEMENT OF JOSEPH J. MULVEHILL

My name is Joseph J. Mulvehill. I am Vice-President, International ("VPI") of C.H. Robinson Worldwide, Inc. ("CHRW"), 8100 Mitchell Road, Eden Prairie, MN 55344-2248. I have held my present position for the last four years. Before then, I held various positions of responsibility with CHRW for over twenty-five years. As VPI, my duties include all aspects of CHRW's air, ocean, and surface, intermodal, and logistics products in the United States and abroad related to international transactions. The statements made herein are made either because I have first hand knowledge of those facts; they are facts that come under my official duties as CFO; or, I have otherwise ascertained that they are true

Overview of CHRW, The 3PL Company.

CHRW, a Delaware corporation, was founded in 1905. CHRW is one of North America's largest third party logistics (3PL) companies, with operations in the United States, Canada, Mexico, South America, Europe, and Asia. CHRW started out in 1905 as a produce company. Today most of CHRW's revenues come from providing truck, rail, ocean, and air transportation, logistics, warehousing, and supply chain management services throughout the world. CHRW also continues to source fresh produce, as well as provides transportation information services. CHRW is one of the largest third party logistics companies in North America, with annual 2002 gross revenues of approximately $3 3 billion. **(See Attachment A, Corporate Brochure).**

CHRW is a provider of multi-modal transportation services and logistics solutions operating through a network of 150 offices in 40 states, Canada, Mexico, Europe, South America and Asia. The company's headquarters are located in Eden Prairie, MN CHRW has approximately 4,000 employees worldwide. The company handles about 2.7 million shipments (ocean, air, and surface) annually serving more than 15,000 customers ranging from Fortune 100 companies to small companies in a variety of businesses, but with a focus on the following industry segments:

- Food and beverage
- Manufacturing
- Paper and Printed Materials
- Retail
- Wholesale food distributors
- Retail grocery
- Food service

(See Attachment A).

Evolution of Value-added Services and the NVO/3PL Marketplace.

CHRW services approximately 15,000 shippers, both large and small. These shippers depend on CHRW for transportation services in all modes of transportation as well as for inter-modal and full-service global supply chain management solutions. CHRW assists shippers to solve their supply chain problems, and to develop and implement distribution strategies that help shippers meet their long-term goals. CHRW provides value-added services that supplement shippers' supply chain management plans. These value-added transportation management services include the following: a) carrier management; b) transportation mode selection; c) freight bill audits; d) consolidated billing; e) consolidated shipments; f) vendor management; g) premium freight reduction; h) complete supply chain visibility; i) private fleet utilization; j) backhauls; k) inventory management; 1) new market distribution; m) crossdocking; n) network analysis/design; o) process engineering; p) purchase order management; q) site analysis; r) private fleet analysis; and s) supply chain engineering. Other services provided by CHRW to NVOCC customers include traditional services such as tracking of freight shipments, document processing, customs clearance, warehousing, and "just-in-time" inventory delivery capabilities. **(Attachment A).**

Among other things, C.H. Robinson International, Inc. ("CHRWI"), a wholly-owned subsidiary of CHRW, is a licensed OTI and has been issued FMC No.3282, NF. It operates as a licensed OTI from its headquarters in Eden Prairie, MN, as well as eleven branches. CHRWI is also a U.S. licensed customhouse broker. CHRW utilizes all modes of transportation in arranging and managing single-source, door-to-door transportation solutions. In providing integrated multi-modal services, CHRW maintains the single largest network of motor carrier capacity in North America through its contracts with over 20,000 motor carriers in the United States. CHRW maintains a network of over 5,000 motor carriers in Europe. (See **Attachment A).**

CHRWI, as a non-vessel operating common carrier ("NVOCC"), an ocean transportation intermediary ("OTI"), as these terms are defined in the Act handles international transactions relating to air and water transport. CHRW transports substantial volumes of freight that move via all modes of transportation, including by vessel-operating common carriers ("VOCCs"). For many of CHRW customers, the ocean cargo component is but one feature of a myriad of other services performed which may include transport by other modalities (air and surface), and which may be part of integrated services involving inter-modal features, IT services, warehousing, and logistics.

As international traffic is growing, CHRW has increasingly come to rely on ocean common carrier services to move containerized shipments for its customers, either on a stand-alone basis, or as part of multimodal integrated logistics solutions. CHRW combines ocean freight movements with its surface and air capabilities to offer shippers bundled service solutions to their transport problems. In that respect, CHRW has established fifteen (15) of its own offices in Europe, with its own employees. Similarly, CHRW has invested in establishing its own offices in South America, and Hong Kong. CHRW has also made key acquisitions, like that of the Greene Companies International, formerly C.S. Greene, Inc. to grow its ocean international air and ocean business. Additionally, CHRW is a full-service global freight forwarder, customs broker and warehousing firm. CHRW does not own or operate any vessels. All CHRW ocean freight is shipped via ocean common carriers, in many instances pursuant to service contracts entered into as a shipper with VOCCs. In some cases, CHRW ocean shipments move pursuant to ocean carrier tariffs. On occasions , CHRW also charters vessels for project cargo. The majority of CHRW's ocean movements are provided for large, medium, and small shippers with multimodal requirements, usually with corresponding surface requirements in the United States and abroad. The vast majority of ocean cargo handled by CHRW, whether it is for imports or exports, is controlled by U.S. companies.

Some of CHRW's customers have two-way export and import requirements with regards to shipments of raw materials on the outbound leg, and finished products on the inbound. For these customers, CHRW provides a series of services such as warehousing, inventory control, distribution, and inter-modal shipping coordination. These types of companies prefer to have all-inclusive comprehensive contracts, which include ocean portions as well as all the other diverse services provided by CHRW.

From the Far East, CHRW also interfaces with smaller shippers that act as suppliers to larger companies importing products from overseas. These services involve overseas consolidations, ocean shipping, and delivery services in the U.S. CHRW provides the entire string of services to these U.S. importing companies, including ocean transportation through its own Hong Kong office. In some instances, CHRW provides vendor managed inventory services in addition to the more traditional services of an NVOCC. These types of services provide CHRW's customers with additional, value-added benefits, such as reduced inventory costs.

Capital Investment in IT. CHRW also manages the electronic flow of information for its customers that facilitate movement of freight, inventory control, documentation, and a myriad of other services and products to its customers. As noted above, even though CHRW is by definition not an asset based company, in its 2002 Balance Sheet it nevertheless carried approximately $26 million in "Net Property and Equipment". In order to meet the changing expectation of our customers, we invest in our future to continue our growth and success. We are a service company that continues to invest in our people. The people we employ to meet the needs of our customers are the key to our success. Our personnel related expenses totaled over $236 million in 2002. The most important tool our people use to serve our customers is technology. We have a proprietary, internally developed operating system that is continually being updated. In 2002, our technology related expenses exceeded $30 million. In addition the majority of the $7 million of purchases of property and equipment were related to technology. **(See Lindbloom Statement).**

As noted before, this asset investment is mostly for IT capabilities (hardware, and software) that relate to customer services provided by CHRW personnel. The investment trend is in IT capabilities and skilled personnel which implement the IT products. These services additionally include: a) vendor management; b) new market distribution; c) network analysis/design; d) process engineering; e) order management; f) site analysis; and g) supply chain engineering. It is very clear that the role of the 3PL has changed considerably. **(Attachment A).**

Changes after OSRA.

This is especially true in light of industry developments since the enactment of OSRA. Industry conditions have changed substantially in that the shipping arena now includes significant new players, new services, and conditions not previously considered by Congress in the OSRA discussions. These include the following:

a) the proliferation of 3PL logistics companies, such as CHRW, with extensive capital investment in information technology, and corresponding skilled personnel. These 3PL's offer complex transportation/logistics solutions to shippers, including NVOCC transportation services as bundled integrated components of these solutions. This is a major departure from the types of 3PL firms that were in business during the OSRA days that dealt with limited functions in international trade. **(See Attachment B, and C, respectively, American Shipper, June 2003Article, and Journal of Commerce editorial, August 18-24, 2003).**

b) the proliferation of logistics companies which are subsidiaries of vessel operating common carriers ("VOCCs"). These companies offer services to their customers that cannot be provided solely through their affiliated VOCCs. **(Attachment D, Copy of web-site page for Maersk Logistics.)**

c) the continuing change in the OTI panorama by the growing trend of large full service multi-modal companies such as UPS, FEDEX, DHL, and others which are acquiring NVOCC components to their core business. These companies will also require freedom to contract with their customer base so as to include ocean components, and achieve obvious efficiencies of confidential service contracts. **(See Attachments B and C).**

Shipper Expectations and Demands.

Lastly, and one of the most important of current developments, is that shippers of all sizes are demanding total one-stop shopping, including confidential ocean components from transportation/logistics companies such as CHRW. This Exemption is fully supported in the shipper community. CHRW offers logistics, global freight, and consulting to improve its customers' global supply chain management. CHRW personnel, supported by its advanced systems can manage complex transportation networks, carriers and multimodal shipments, and delivery orders anywhere through its global network. CHRW puts together the most effective solution for each shipper, using ocean, air, road, or rail modalities. CHRW manages the transportation details for the shipper, including shipment booking, carrier routing, tariffs, customs and documentation requirements. While the shipper's goods are in transit, the CHRW information system provides visibility on all aspects of the shipments. Shippers are demanding confidential treatment of ocean rates. Letters will be provided directly to the Federal Maritime Commission by shippers in support of this Petition.

The Benefits of Confidential Service Contracts to Commerce in General, and as a Catalyst to Competition.

The benefits of service contract confidentiality cannot be achieved in a tariff-only context. Additionally, confidential service contracts with multiple service components, including ocean rates and charges, result in customized packages of services at optimum pricing. These efficiencies would not be generally available in a tariff context. Service contracts further give the parties flexibility in price adjustments as shipping conditions may change. Additionally, with a committed volume of cargo from shippers, CHRW would be better situated to negotiate more favorable ocean rates and charges from ocean carriers. This would result in more competitive pricing to shippers.

All the justifying rationale relating to the enhancement of commerce by the establishment of confidential service contracts that was considered by Congress in structuring OSRA would apply in the context being considered herein. Shippers would obtain exactly the same benefits, and therefore, it would benefit ocean commerce, in general, as was seen early in the implementation of OSRA. Shippers have without fail identified this potential development of entering confidential service contracts as beneficial to them and commerce in general. It is a foregone conclusion that confidential service contracts have created greater flexibility in pricing policy, and this would be equally true in this contractual context under consideration herein. (See **Attachment E, FMC OSRA Report, pp.33, 34).**

It clearly would be beneficial to ocean commerce for CHRW to have the ability to provide contract terms for a myriad of services, including ocean transportation, as an all-inclusive source of obligating CHRW, and shippers over the entire door-to-door route of a shipment. The structuring of complex logistics/transportation solutions in a tariff context, aside from the issue that it would not be confidential, would be strained, difficult, if not impossible. The efficiencies of confidential contracting for total transport packages are not currently possible, but are being promoted by shippers. Letters will be provided directly to the Federal Maritime Commission by shippers in support of this Petition.

Competition and the Special Case of the Ocean Carrier-Owned 3PLs. It is CHRW's expectation that the ocean carrier-owned logistics companies such as Maersk Logistics, APL Logisitcs, Crowley Logistics, and others will be seeking similar treatment as CHRW. Most of the major ocean carriers own a corresponding 3PL. (See Attachment E, list of 3PLs owned by ocean carriers). These companies will be seeking the same treatment for basically the same reasons as CHRW. These companies have the same requirement to offer integrated logistics/transportation services to its customers in confidential service contracts. As stated before, it is CHRW's opinion, based on marketplace realities, that ocean carrier-owned logistics firms, operating as NVOCCs to provide the ocean component of their service, require the benefits of confidential service contracts as much as any other 3PL company. In reaching comprehensive global agreements with their customers, it is rarely the case that such contracts can be achieved with a single ocean carrier. Note that Maersk Logistics at its web-site prominently states in its Web-site, www: maersklogistics.com :

> "With Maersk Logistics operating as an Ocean Transportation Intermediary, a DSL Star express Bill of lading allows you access to almost 20 ocean carrier contracts." **(See Attachment D).**

In other words, it is clear that the Maersk-Sealand, Inc. ("MSL") assets (chartered and owned vessels) are minimally relied on in the delivery of services for Maersk-Logistics, since Maersk-Logistics requires the chartered and owned vessels of at least 19 other ocean carriers to deliver its services. In this context Maersk-Logistics, and other similarly situated carrier-owned 3PLs are not "asset-based" 3PLs. The traditional definition of "Asset-based" 3PL, as expressed in a seminal article on 3PL firms which appeared in the *American Shipper,* "Non-Asset-Based 3rd Party Managers", April 1996, p. 52 is: "Asset-Based---Service firms affiliated with or owned by rail, truck, air, barge, shipping, warehouse or forwarding **firms offering traditional service through their own, substantial fixed assets."** In reality the MSL connection to Maersk Logistics, in view of how it provides its services, removes it from this definition. What is clearly important today is the public perception that the Maersk Group of companies is financially behind Maersk-Logistics. However, it is clear that Maersk-Logistics is not primarily "offering traditional service through their own (MSL), substantial fixed assets." Therefore the real criterion in allowing carrier-owned logistics 3PL firms, or for that matter, any 3PL firms such as CHRW, to enter confidential service contracts with shippers should not be the "vessels" that the parent owns/operates. As noted, these may be minimally utilized by the logistics firm. Rather, the true standard should be whether these firms are financially responsible. It is clear reality that carrier-owned 3PLs, like any other 3PL, will be implementing ocean services through the marketplace of vessels, and clearly not exclusively, nor even substantially, through those vessels owned or operated by their parent VOCCS. That is not how this business works at this time. Therefore, concern should now be focused on whether the NVOCCs/logistics firms are 1) adding real value to their services, and b) whether they are financially stable in dealing with shippers in a contract context. The ability of a carrier-owned 3PL company to offer services through its parent's vessels is of secondary importance in terms of service and pricing. Those days are long gone.

It, therefore, stands to reason that allowing 3PL companies that are financially stable, including those owned by ocean carriers, the ability to enter confidential service contracts as carriers will increase rather than decrease competition. Increased competition would ensue among ocean carriers, their affiliated logistics firms, and financially responsible 3PL/transportation companies such as CHRW. This, in effect, extends the market reach of those VOCCs owning logistics companies, but it also brings greater competition to bear as companies such as UPS and CHRW are allowed to participate in this competitive endeavor by offering confidential service contracts to its customers.

Competition and Other NVOCC/Logistics Firms. The proposed Exemption would additionally have a salubrious effect on competition with respect to other NVOCCs, especially those already committed to adding value to their ocean transportation transactions. As noted above, there are a myriad of services that logistics/transportation companies provide to shippers, including ocean transport, all under one umbrella. There are currently many NVOCCs that have made significant infrastructure and personnel investments, especially in the IT areas, that would be interested in pursuing, and we are sure will pursue, the same confidential service contract remedy that is being sought by CHRW and UPS. These financially stable and forward-looking OTI organizations based in the United States and outside the United States, also are competing by expanding the range of services offered to their customers. CHRW believes that many of these companies are deserving of the same treatment being sought by CHRW and UPS, provided that they can demonstrate appropriate financial stability. In any case, these companies will be competing as fiercely as ever as these industries develop and become ever more sophisticated in the delivery of value-added services to shippers. See the attached list of e-commerce companies included in American Shipper (Who's Who in E-Logistics"), many of which are also licensed OTI's (NVOCCs), including CHRW, that will surely be seeking an Exemption. (See **Attachment F).**

Competition and the "Paper" NVOCCs. Obviously, there are also some NVOCCs that to a large degree are "paper" NVOs, and bring little, or no value-added services to their customer base. These NVOCCS are merely "wholesalers" of transportation. They buy and sell transportation space, and nothing else. The financial stability of these types of NVOCCs tend to fluctuate with the "ups and downs" of freight rates. As margins get tighter, their margins become slim or disappear altogether. These NVOCCs whose main product is "price" would be largely unaffected by the granting of the Exemption requested. These NVOCCs compete on pricing only. Their customers do not expect the same laundry list of services provided by 3PL companies; they expect pricing advantages and nothing else. The confidential service contract construct is relatively unimportant to this type of NVOCC. Therefore, this group should not be adversely affected, and the granting of the Exemption to CHRW will not substantially reduce competition from this group of NVOCCs who are basically selling to shippers at one level only---pricing.

Also, one might easily conclude, that granting of this Exemption to CHRW and others who would be equally qualified might promote competition within this group of NVOCCs, by motivating some of these firms to enter into the new arena of logistics transport. These firms may conclude that value added services to their customers are worth pursuing. In any case, there is no indication of a substantial reduction of competition from this group of NVOCCs if this Petition is granted.

What Congress Saw in 1998 No Longer is the Case. CHRW provides its customers with a large, well financed and efficiently managed OTI operation that reflects the paradigm shift that has occurred in the logistics sector during the past five years. Today, such traditional vessel operators as Maersk-Sea-Land, and APL have their own 3PL/NVO operations. Large and mid-size U.S. manufacturing companies are increasingly relying on 3PL companies such as CHRW. The identity of the companies themselves has also changed. The NVO world today includes such giant transportation entities as FedEx, UPS, DHL, Airborne, Deutsche Post, Deutsche Bahn, as well as large consolidators of LCL cargo such as Shipco, NACA Logistics and CaroTrans. (See **attachments B and C).**

In 1998, Congress focused its consideration of service contract authority on distinctions between vessel operators and NVOCCs. The distinctions Congress looked at involved disparities in capital invested and services rendered. These disparities are demonstrably inapplicable to CHRW, and other companies. As discussed above, CHRW performs a whole list of supply chain management services for its customers that were never the province of the traditional NVOCC that Congress looked at in 1998. When Congress was considering OSRA, transportation, like nearly every other industry, was rapidly evolving toward a service-based IT business model. Capital investment is no longer focused primarily on vessels, trucks and planes. Today, the focus has expanded to include significant investment in the information technology systems demanded by shippers. CHRW currently carries approximately $26 million in net property and equipment on its balance sheet. As previously stated, the most important tool our people use to serve our customers is technology. We have a proprietary, internally developed operating system that is continually being updated. In 2002, our technology related expenses exceeded $30 million. In addition the majority of the $7 million of purchases of property and equipment were related to technology.

In short, unlike the earlier generation of "paper" NVOCCs, CHRW does incur a significant expense in equipment and skilled personnel; it does accept the liability for the total transportation/logistics activities; and, it does bear the door-to-door commercial and legal responsibility for the transportation/logistics services it provides. There has been a definite shift of how business is conducted from 1998 to now.

In conclusion, the Commission, obviously, should not be rewarding NVOCCs who historically have been consistently bad actors in the regulatory process. CHR has a clean slate in that regard.

Conclusion

For the reasons stated above, CHRW believes tha quested service contract authority exemption is justified under Section 16 of the Act and should be granted.

Respectfully submitted,

Joseph J. Mulvehill
Vice-President, International
C.H. Robinson Worldwide, Inc,

Dated: September 11, 2003

VERIFICATION

In accordance with the Federal Maritime Commission's regulations at 46 C.F.R. §502.112(c)(2), I hereby verify under penalty of perjury that the foregoing is true and correct.

Joseph J. Mulvehill
Vice-President, International
C.R. Robinson Worldwide, Inc.

Dated: September 11, 2003

ATTACHMENT – A

C.H. ROBINSON WORLDWIDE, INC.
CORPORATE BROCHURE

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ABOUT US

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At C. H. Robinson Worldwide, we have roots that run deep and far. CHRW got its start in 1905 as a produce company. Today, we're one of North America's largest third party logistics (3PL) companies, with operations in the United States, Canada, Mexico, South America, Europe, and Asia. Most of our revenues come from **providing** truck, rail, ocean, and air transportation throughout the world. Sourcing and Information services are also important components of our business mix.

Over our **98-year** history, we've developed strong **relationships with** customers and carriers across the globe. Our strength lives in all of our people, who have extended our tradition of service and Integrity to companies in every location and situation, and who take pride **in** making us one of the most resilient resources in the transportation industry.

CHRW is on Fortune magazine's list of America's Most Admired Companies, and is the only non-asset-based transportation company listed on the 2002 Fortune 500.

Fast Facts From Year-End, 2002

- $3.3 billion in gross revenues
- 2.7 million shipments delivered for **15,000+** customers globally
- **20,000+** U.S. motor **carriers** under contract, 10,000 in Europe
- Approximately 3,800 employees
- More than 150 **offices worldwide**
- Publicly owned and traded on NASDAQ (symbol: CHRW)

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Overview

Corporate Profile

Founded in 1905, C.H. Robinson is one of the largest third party logistics companies in North America, with gross revenues of approximately $3.3 billion. The Company is a global provider of multimodal transportation services and logistics solutions operating through a network of 150 offices in 40 states, Canada, Mexico, Europe, South America and Asia. The Company has approximately 3,800 employees worldwide.

The Company is one of the few third-party providers that use all modes in arranging and managing single-source, door-to-door transportation solutions. Through contracts with approximately 20,000 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. Additionally, the Company regularly provides air, ocean and customs services. The Company handles approximately 2.7 million shipments annually, serving more than 15,000 customers ranging from Fortune 100 companies to small businesses in a variety of industries.

Key Investment Characteristics

- A leading provider of transportation, distribution and other logistics services.
- Domestic and international third party logistics markets are growing rapidly.
- Non-asset-based philosophy enables the Company to focus on optimizing the transportation solution for its customers, rather than on its own asset utilization.
- Performance-based compensation and variable cost business model give Company significant management flexibility.
- Solid financial platform: The Company has no debt, strong free cash flow, and it has increased net revenues at a compound annual growth rate of approximately 15% for the past twenty-five years.
- Motivated management and employees are aligned with the goals of the shareholders. Employees continue to own a significant portion of the Company's Common Stock.

CHRW Growth Strategy

- Continue to grow market share of North American transportation and logistics services.
- Continue to add new third-party logistics services.
- Selectively add domestic and international profit centers in response to customer demand and opportunities to serve new customers in new geographic areas.
- Replicate the CHRW North American continental network on other continents, to serve the needs of current

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CHRW is one of North America's largest third-party logistics companies. Because we are non-asset-based, we work with truck, rail, ocean, and air carriers to serve our customers with a single call. Last year, more than 15,000 customers entrusted us with their shipments worldwide.

Our People
We hire people with high creativity, flexibility, and customer service skills. Our employees are experts in many industries. They have the technology and expertise to solve logistics challenges and move products from origin to destination, anywhere in the world, door to door.

Our Customers
CHRW works with Fortune 500/Blue Chip companies and family-owned and start-up businesses. We develop logistics plans and provide the people and execution to make the plans work.

Our Carriers
We manage relationships with carriers so our customers don't have to. Because we don't own equipment, we seek out the mode that provides the greatest efficiencies while meeting the customer's service needs.
Our load-matching systems help our employee experts locate the best carrier for every load.

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TRANSPORTATION

CHRW is one of the largest third party logistics companies in North America, and is a global provider of multimodal (truck, air, ocean, and rail) transportation services. As a non-asset-based transportation provider, we focus on seeking solutions that work for our customers, rather than on our own asset utilization.

Major Customer Industry Segments

- Food and beverage
- Printed materials
- Paper
- Manufacturing
- Retail

Competitive Advantages

- More than 150 offices in 40 states, Canada, Mexico, Europe, South America, and Asia
- 2.7 million shipments in 2002
- Flexibility of non-asset-based model
- Local knowledge with international capability
- Relationships with 20,000+ motor carriers
- Complete multimodal capability
- Value added logistics services
- Internet visibility for shippers and carriers

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on other continents, to serve the needs of current multinational customers and gain new customers worldwide.

- Strengthen global freight forwarding network.
- Utilize technology to streamline customer and carrier communications and to enhance efficiency of operations.

Shareholder Information

Exchange

NASDAQ

Stock Ouote (CHRW)

38.39 -0.67 (-1.72%)
As of September 5, 2003 1:04 PM
Minimum 20 minutes delayed

Listed Security

CHRW Common Stock

Transfer Agent

Wells Fargo Shareowner Services
Phone 800-468-9716

Independent Accountants

Deloitte & Touche LLP
Minneapolis, MN

Except for the historical information contained herein, the matters set forth in this Web site contain forward-looking statements that are dependent on ***certain risks and uncertainties including, but not limited to such factors as market demand, pricing, risks associated with operations outside of the U.S., changing economic conditions, and other risk factors detailed under "Cautionary Statement" in Exhibit 99 to C.H. Robinson's Annual Report on Form 10-K filed on March 15, 2002. These forward-looking statements are made only as of the date set forth above, and C.H. Robinson Worldwide, Inc. undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.***

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As one of the world's largest third-party logistics companies, CHRW offers shippers a wide range of customized global transportation, logistics and supply chain management solutions. Our relationships with truck, rail, ocean, and air carriers mean more equipment options and greater **flexibility** to bring freight to market.

CHRW doesn't own equipment. Our non-asset-based approach allows us to change with market conditions. That means our logistics managers are free to evaluate your requirements, including service and cost expectations, then suggest the best multimodal options to help you achieve your objectives.

Since we don't rely on a single **carrier,** we have great **flexibility** when solving freight problems. **CHRW's** industry expertise makes it possible to track trends and fo when capacity will be a problem. At all times, we leverage our buying power in the **equipme** on your behalf to source equipment.

We employ premier technologies to provide our customers with real-time freight **visibility** an reporting.

For brief summary of our transportation and logistics services, click here.

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We're more than just a port-to-port provider. CHRW's international focus gives our customers a single solution for global door-to-door distribution. To accomplish this, CHRW is establishing **intra-continental** networks, then linking those operations to offer intercontinental logistics.

Today, CHRW has over 150 **offices** and an additional 100 distribution agents worldwide. CHRW expects continued growth as more companies ship into new markets.

CHRW provides pan-European distribution through its **offices in** France, the U.K., Spain, Italy, Poland, and Hungary, with European headquarters established in **Antwerp,** Belgium.

CHRW has been serving customers in South America since 1991. CHRW added new operations **in** Argentina, Brazil, Venezuela, and Chile with to the acquisition of Comexter Group, a transportation, freight forwarding, and customs brokerage **firm.** That acquisition offers shippers new options for distribution throughout the Mercosur.

In Canada and Mexico, CHRW also provides comprehensive logistics services. Our customers depend on our knowledge to complete seamless cross-border deliveries. With our leading-edge systems and strong carrier relationships, we provide exceptional service to our Canadian, Mexican, U.S., and multinational clients.

CHRW's office **in** Hong Kong assists customers with freight into and out of Asia.

CHRW is a **licensed** custom house broker.

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* Eurooe
* South America
* Mexico
* Canada
* Asia

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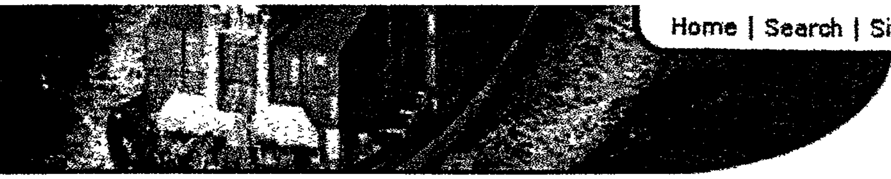

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Ocean
CHRW provides comprehensive import and export services, door to door. As an international freight forwarder and non-vessel operation common carrier (NVOCC) with full tariff authority worldwide, CHRW handles full containerload, LCL, or breakbulk movements anywhere in the world. CHRW consolidates shipments, determines routing, selects ocean carriers, contracts for ocean shipments, provides for local pickup and delivery of shipments, and arranges for customs clearance. Complete documentation services are available.

We also offer tailored warehousing, **distribution,** and assembly services domestically and abroad.

International C:

- International 0 Air
- Europe
- South America
- Mexico
- Canada
- **Asia**

Air
As a full-service air freight forwarder, CHRW offers air cargo service, door to door, for both domestic and international freight. CHRW coordinates the air leg of movements through air carriers under contract, and the ground segment through a network of quality motor carriers. Charter air service is a required. CHRW manages all details of air freight service, including documentation.

CHRW is licensed by the International Air Transport Association (IATA). Services include **com** documentation, national rate and service contracts with all international air carriers, worldw customs clearance, and a complete cargo insurance program.

Offices With A Specialty In International Ocean &Air Service
Every CHRW **office** can provide international service for your freight, but some branches spe international ocean and **air** service. Contact the **office** nearest you.

- U.S. International **Offices**
-
- **Europe**
- South America

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C. H. Robinson Europe is a division of C. H. Robinson Worldwide, Inc. With headquarters in **Antwerp,** Belgium, and 15 **offices** in France, the U.K., Spain, Italy, Poland, and Hungary, C.H. Robinson Europe is one of the most geographically diverse logistics providers on the continent.

The **offices** of C.H. Robinson Europe have 20 years of experience in transporting products **in** Europe.

Highly motivated and customer-oriented employees are empowered at the local level to solve any logistics challenge. Their knowledge of supply chain management makes it possible to move virtually anything quickly and cost effectively, not only within Europe, but anywhere in the world. C.H. Robinson Europe's carrier network benefits from advanced technology, including an operations Web site, where carriers can post available equipment and obtain loads.

International C:

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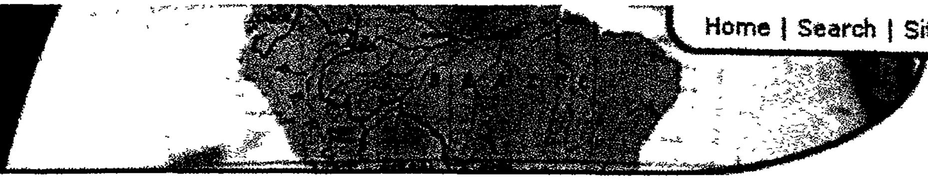

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CHRW's offices in South America are part of a network of over 150 **offices** worldwide.

These offices specialize in general commodities, as well as refrigerated or frozen freight, bulk liquid, dry cargo, and hazardous loads. They handle special parcels or project shipments and palletized freight.

The **South** American branches deliver shipments within each country and across all major intercontinental **traffic** lanes, with a focus on execution. Clients rely on them for purchasing, import/export, freight forwarding, warehousing, and customs clearance expertise.

Companies with freight moving to or from the continent can make a single call for over-the-road, air, ocean, or rail transportation or logistics services.

Contact Our South American **Offices:**

- Buenos Aires, Argentina
- Sao Paulo, Brazil
- Santiago, Chile
- Valencia, Venezuela

Multilingual personnel answer the phone in our South American **offices.** They accept orders telephone, fax, e-mail, the Internet, or **EDI.**

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CHRW's offices in Mexico are part of a network of over 150 offices worldwide. Our branch offices in Mexico's principal cities connect Mexico with the world. Our leading-edge systems and strong carrier relationships enable us to provide exceptional service to our Mexican, U.S., and multinational clients.

Companies with freight moving to or from the country can make a single call for over-the-road, air, ocean, or rail transportatton or logistics **services.**

Multilingual personnel answer the phone in our Mexican **offices.** They accept orders by telephone, fax, e-mail, the Internet, or **EDI.**

Contact Our Mexican **Offices:**

- Guadalajara
- Mexico City
- Monterrey
- Nuevo Laredo TM
- Queretaro

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CHRW's offices in Canada are part of a network of over 150 **offices** worldwide. If your company has suppliers and customers across the country and throughout the world, you need a far-reaching network of support.

At CHRW, our Canadian transportation specialists live in the **communities** where they work and know local business customs, challenges, and carriers. But our network of **offices** provides the connections, the know-how, and the financial power to bring the world to your doorstep and your product to the world.

Companies with freight moving to or from the country can make a single call for over-the-road, air, ocean, or rail transportation or logistics services.

Multilingual personnel answer the phone in our Canadian **offices.** They accept orders by telephone, fax, e-mail, the Internet, or **EDI.**

Contact Our Canadian Offices:

- Calgary, Alberta
- London, Ontario
- Montreal, Quebec
- Toronto, Ontario
- Vancouver, British Columbia

International C:

- International 0 Air
- Europe
- South America
- Mexico
- Canada
- Asia

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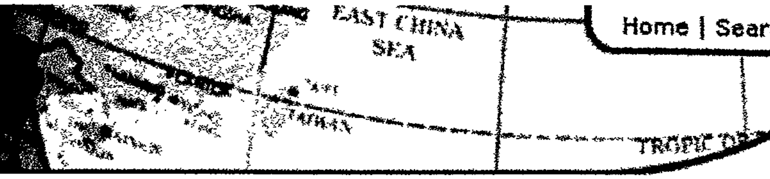

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CHRW opened an **office in** Asia in 2002. This **office** is part of a network of over 150 **offices** worldwide.

Companies with freight moving to or from the continent can make a **single call for** over-the-road, air, ocean, or rail **transportation** or **logistics services**.

Multilingual personnel answer the phone in our Hong Kong **office.** They accept orders by telephone, fax, e-mail, the Internet, or **EDI.**

Contact Our Asian **Office:**

- Hong Kong

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As one of the world's largest third-party logistics companies, CHRW offers shippers a wide range of customized global transportation, logistics and supply chain management solutions. Our relationships with truck, rail, ocean, and air carriers mean more equipment options and greater flexibility to bring freight to market.

CHRW doesn't own equipment. Our non-asset-based approach allows us to change with market conditions. That means our logistics managers are free to evaluate your requirements, including service and cost expectations, then suggest the best multimodal options to help you achieve your **objectives.**

Since we don't rely on a single carrier, we have great flexibility when solving freight problems. **CHRW's** industry expertise makes it possible to track trends and fo when capacity will be a problem. At all times, we leverage our buying power **in** the **equipme** on your behalf to source equipment.

We employ premier technologies to provide our customers with real-time freight visibility an reporting.

For **brief** summary of our transportation and logistics services, click here-

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INTERMODALSERVICES

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Our multimodal options only begin with truck services. CHRW is a top ten intermodal marketing company (IMC) in the United States and one of the largest third party providers of global intermodal services.

Intermodal

- Carload Servic
- Dimensional S

Backed by our extensive truck network, intermodal service is a vital segment of **CHRW's** transportation business. Shippers benefit from intermodal's tremendous flexibility, economic advantage, and equipment availability.

CHRW will develop a unique solution for your organization to help lower overall landed cost supply chain. Because we operate the networks we create, you receive superior execution a customer service in the industry.

Every day, we leverage our contracts and relationships with all the major North American ra serve shippers' requirements.

Globally, we have introduced intermodal programs in Europe and South America, with more intermodal networks under development. As customers ship beyond their traditional borders will have the intermodal infrastructure in place to satisfy their needs.

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CARLOADSERVICES

CHRW can handle all aspects of your carload management activities. We manage the day-to-day activities that free up your time to concentrate on running your business.

CHRW can provide a comprehensive **logistics** package or customize our services to meet your specific business requirements. Because CHRW is a non-asset-based company we offer an unbiased approach to help you determine if carload represents the best service and price option to move your freight.

Full management capabilities, including:

- Equipment sourcing
- Rail car billing
- Rate negotiations
- Tracking, tracing, reporting
- Expediting - problem resolution
- Claims assistance
- Access to complete door to door services (transload, trucking, warehousing)
- Freight bill auditing and payment

If you have any questions
or immediate transportation
needs for Carload Services
please contact us.

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CHRW has the expertise to expedite the movement of oversized and overweight shipments with creativity, precision, and attention to detail.

CHRW and its professional subcontractors can attend to the essential details, from rate and service negotiation to in-transit clearances, permits, and safety inspections, loading/unloading, rigging, and transloading.

We assist with all aspects of the move, and provide expediting services to ensure that freight arrives at the destination on time and cost-effectively.

CHRW has moved loads that have weighed as much as 700,000 pounds. We have also cons smaller shipments and moved them more economically via **rail** to the destination.

If you have any questions
or immediate transportation
needs for dimensional service,
please contact us.

Intermodal

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TRANSPORTATION

As one of the world's largest third-party logistics companies, CHRW offers shippers a wide range of customized global transportation, logistics and supply chain management solutions. Our relationships with truck, rail, ocean, and air carriers mean more equipment options and greater flexibility to bring freight to market.

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Since we don't rely on a single carrier, we have great flexibility when solving freight problems. CHRW's industry expertise makes it possible to track trends and fo when capacity will be a problem. At all times, we leverage our buying power in the equipme on your behalf to source equipment.

We employ premier technologies to provide our customers with real-time freight visibility an reporting.

For brief summary of our transportation and logistics services, click here.

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As a full-service air freight forwarder, CHRW offers air cargo service, door to door, for both domestic and international freight.

CHRW coordinates the air leg of movements through air carriers under contract, and the ground segment through a network of quality motor carriers. Charter air service is available, if required. CHRW manages all details of air freight service, including documentation.

CHRW is licensed by the International Air Transport Association (IATA). Services include complete documentation, national rate and service contracts with all international air carriers, worldwide customs clearance, and a complete cargo insurance program.

lime Definite Truck Service

CHRW also provides time definite service over the road through its CHREX™ subsidiary.

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CHREX™ provides guaranteed expedited services using core carriers with more than 10,000 pieces of equipment, and is the largest capacity provider in the expedited market. Its centralized customer service center is open 24 hours a day, 365 days a year.

CHREX provides instant competitive rate quotes and availability of equipment. On-board satellite communications allow for precise tracking and tracing of every shipment.

CHREX also services the LTL expedited marketplace using a group of expeditors with equipment ranging from cargo vans to 24' straight trucks.

For further information, please contact Steve Leervig.

Over T

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Last Updated: Thursday, 24-Jul-2003 9:37

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Transportation Management
CHRW has in-house transportation management expertise for all of the major modes of transportation (truckload, intermodal, less than truckload, air, and ocean).

At your request, our implementation team will work with your organization and analyze your transportation network. Our goal is to draw conclusions on modal selection based on the lane patterns, customer demand, delivery requirements, and equipment utilization.

With this information, we can determine the most beneficial cost structure. Additional services that we offer include backhauls, continuous moves, and round trips. We will explore every opportunity to minimize total logistics costs.

- Value Added S
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Supply Chain Management
At CHRW, we're logistics practitioners. We can develop a comprehensive project plan for you organization, deploy a project team, and remain with your team through the implementatio start-up.

We analyze existing processes, from initiation of an order through fulfillment, and evaluate selection, carrier utilization, and existing cost structures. We formulate a customized solutio unique needs.

For further information, please contact logisticservices@chrobinson.com.

Last Updated: Monday, 18-Aug-2003 9:54

VALUEADDEDSERVICES

Can your business save money by consolidating shipments? Can you reach your customers a different warehousing strategy?

CHRW can help answer your supply chain questions, and use the answers to develop a new distribution strategy that will help your company meet its long-term goals. Our value added will supplement your supply chain management plan.

Our Transportation Management services include:

- Carrier management
- Mode selection
- Freight bill audits
- Consolidated billing
- Consolidated shipments
- Vendor management
- Premium freight reduction
- Complete supply chain visibility
- Private fleet utilization
- Backhauls
- Inventory management
- New market distribution

Our Analytical services Include:

- Crossdocking
- Network analysis/design
- Process engineering
- Order management
- Site analysis
- Private fleet analysis
- Supply chain engineering

For further information, please contact logisticservices@chrobinson.com.

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NEWSPAPERINSERTS

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CHRW's expertise in the newspaper insert industry can help ensure your advertising program success.

Because of our flexible non-asset based structure, we seek solutions for our customer's ship rather than concentrating on the utilization of a corporate truck fleet. Once you provide a di list, we identify the most efficient means of transportation without compromising on service CHRW uses contracted line haul carriers, drop shipment carriers (LTL), and breakup agents on time deliveries to your newspapers at economical rates.

Flexibility is one of the strongest advantages to working with us. If production changes, we change load plans on the fly and reduce expedited charges without missing newspaper dead order becomes critical, we can use a variety of modes to accommodate your product's time shipment.

Here are some of the services we provide:

- Newspaper database maintenance
- Production coordination with printers
- Carrier management and equipment sourcing
- Load and mode optimization for maximum cost savings
- Newspaper delivery extensions during late off press crisis
- Load plan rebuilding during late off press crisis
- Bills of Lading/shipping paperwork production, upon request
- Expedited services, as needed
- Contracting of re-stacking services when needed
- Verification of order integrity once shipment is delivered
- Deferred payment for transportation costs at 30 days (industry standard 14 days)
- Customized reporting and invoicing to customer's specifications
- Load plan building/routing capabilities

Last Updated: Wednesday, 20-Aug-2003 14:20

VENDORMANAGEMENT

The top concern for most companies is getting a product out to the market. That may mean shipments down at consolidation or distribution centers and building outbound loads to man destinations.

In other cases, the company IS the market, because making the product or stocking the sto on bringing in goods from multiple vendors and suppliers to their own facility.

C. H. Robinson will manage the inflow of your suppliers' materials and the outflow of your p the marketplace-more cost-effectively, better, and faster-through our vendor managemen We'll employ our load optimization, warehousing, and order management capabilities to cre logistics solution that keeps your business moving smoothly in all directions.

CHRW analyzes your flow of suppliers, then creates a supply chain solution based on clearly parameters. We execute that solution through maintaining constant communication with yo to ensure your product is being shipped and received within deadlines. Since we manage pa from multiple vendors, we can consolidate that freight into full truckloads to save you mone

Have regular shipments of materials? CHRW will leverage its high volumes of freight and yo repetitive business to obtain competitive rates. All shipments are visible online for you to vi track based on the dynamics of your business.

CHRW's Competitive Advantage:

- We save you money with rolling consolidation processes that maintain timeliness.
- We make your life easier by providing access to our nationwide and global network distribution centers and warehouses.
- We simplify ordering for your suppliers or vendors through our order management s
- We set your mind at ease by providing online visibility to your products in transit.
- We provide new ways to evaluate the cost of doing business by analyzing shipments allowances and reporting historical costs at the piece, project, and buyer level.
- We help develop reasonable expectations for all participants in your supply chain by managing all facets of inbound shipments.
- We help you zero in on Inventory status and monitor supplier compliance with track capabilities for inbound product and custom-designed information management sys
- We find new ways to increase efficiencies in your operation by optimizing loads and orders together to create multi-pick shipments.

Last Updated: Monday, 25-Aug-2003 9:09

REVERSELOGISTICS&RECALLS

Reverse Logistics

Newspaper Ins

Since 1992, CHRW has worked **with** product withdrawals, including cereals, canned foods, beverages, and other commodities. A centralized, focused team manages, collects, and distributes withdrawn products from distributors and retailers.

We understand and respect the need for confidentiality that is part and parcel of reverse logistics, especially when such programs involve food products. Within a day or two of being notified of the need for a return program, we can set national call center and process calls on our customers' behalf. Our staff works with our cus distributors and retailers to verify the products being returned qualify for the withdrawal. Be product is moved, our staff creates bills of lading to ensure correct billing and carrier assign

C.H.Robinson gives customers **visiblity** of their shipments throughout the transit process. Withdrawn goods are collected in warehouses, and CHRW provides regional consolidation, pallet consolidation, physical count, and audit services to verify actual returned products. During our processing, custom variance reporting and summaries by region and collection facility are available. All shipment invoices are reconciled by CHRW and our customers receive custom invoicing, including summary and detail information.

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Without solid systems to back up your shipping procedures, your supply chain may be missing a few links that can come back to haunt you. At CHRW, we understand transportation operations inside and out, and have developed leading-edge technology that addresses your need to know.

Te

- EDI
- CHRWonline

CHRW has designed an extensive communications and information system to tie together our network of employees, carriers, and customers.

We use telephone, fax, the Internet, e-mail, and/or ED1 to communicate requirements and a to confirm and bill orders and, through CHRWonline, to contract loads or equipment through **CHRWtrucks** and track and trace shipments.

CHRW develops proprietary information systems to service customer orders, select optimal modes of transportation, build and consolidate loads, and select routes, all based on **customer-**specific service parameters. These systems make load information visible to the entire sales team, as well as customers and carriers.

We use the information captured from daily transactions to generate management reports, which are available to **CHRW's** logistics customers. These reports provide information on traffic patterns, product mix, and production schedules, and enable our customers to analyze their own customer base, transportation expenditure trends, and the impact on out-of-route and out-of-stock costs.

Last Updated: Monday, 11-Aug-2003 12:OO

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EDI

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If you prefer using electronic data interchange **(EDI),** you can join the other companies that regularly transfer business documents with us via traditional or proprietary ED1 formats, the Internet, or XML.

CHRW offers complete visibility to orders for shippers, carriers, and CHRW.

Shippers can execute electronic day-to-day business with CHRW via **EDI,** the Internet, or XML. Electronic order entry, load tracking notices, and other integrated functions make it possible to enter the information once and use it across a control systems. That eliminates errors that stem from multiple entries.

All information is real time, so reports, online billing, and accounting capabilities are always disposal of your customer service and management staff.

Carriers assigned to your freight can enter their check calls via phone, **EDI,** or CHRWtrucks.com. You can see all these activities as they happen and track and trace your freight at any time.

CHRW can help identify the best ED1 structure and method of transmission. For further information, please contact our ED1 **Group.**

Te

- EDI
- CHRWonline

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CHRWONLINE

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Our shipper Web site, CHRWonline, allows companies to see the progress of their freight through the entire supply chain. Your local CHRW account rep will help you obtain your password-protected ID to access the integrated functions.

Through the site, shippers enter all the details about their orders: dates of pickup and delivery, the commodity, equipment desired, and the origin and destination. Once the order is submitted electronically, it appears on the desktop of a CHRW employee.

CHRW staff identifies the best carrier match for the freight. Carriers whose equipment and p lanes match the shipper's criteria can learn of shipment availability through the carrier Web CHRWtrucks.com.

While the freight is in transit, the carrier enters their check calls at CHRWtrucks.com, calls CHRW, or sends the information via EDI. The customer sees these entries in real time, and can track and trace the location of their freight from pickup to delivery.

CHRW's reporting tools provide real time freight and billing activity. The shipper can break out comprehensive information on commodities and shipments according to their needs, and obtain graphs that illustrate account activity.

Last Updated: Wednesday, 20-Aug-2003 14:09

ATTACHMENT – B

AMERICAN SHIPPER ARTICLE
JUNE, 2003
PAGE 55

Express carriers boost NVO cause

Raymond Van Achteren, president of Antwerp-based ocean freight consolidator Ecu International has the right attitude toward the express carriers, also referred tom the shippmg industry as integrators.

"Large NVOs (non-vessel-operating common carriers) should follow in the steps of the integrators . and go to barcode systems which are linked to tracking and tracing functions," Van Achteren said in an interview with *American Shipper* earlier this year. "Then the customers can follow their shipments from point A — the receiving pomt at the factory-to point Z — delivery at destination."

Once the express carriers, namely United Parcel Service, FedEx and DHL, mastered package handling by air, they will naturally turn their attention to ocean transportation's less-than-contamerload market

They should be welcomed by the traditional NVOCC industry for their innovative and integrated cargo handling and technology approaches, in addition to the clout they bring to the market

Most NVOs, however, are nowhere close to the technological aptitude of the express carriers, but the technologygap continues to shrink. The Internet and new advance cargo manifest mformation regulations from the U S. Bureau of Customs and Border Protection helped force NVOs to embrace mformation systems. It will also become increasingly difficult and more expensive for express carriers to stay ahead of the technological curve.

Currently, express carriers are attempting to apply then sophisticated gateway-style package handling networks to LCL freight.

Last August, UPS Supply Chain Services started LCL freight service from China and Brazil to the United States. Under the "Trade Direct" UPS product, U.S.-bound cargoes are labeled, consolidated and delivered direct to the importers. UPS essentially reduces the need for shipper-owned warehouses.

For its U.S. outbound LCL service, UPS Supply Chain Services operates gateways in Dallas, Atlanta, Miami, New York, Chicago, Los Angeles and San Francisco.

FedEx Freight, the regional less-than-truckload operation of FedEx Corp., operates its LCL services in conJunction with FedEx Trade Networks and FedEx Ground.

Last November, FedEx Freight started a LCL service between the United States and Europe, followed in April with an Asia-to-U.S ocean freight service. The LCL service in the United States uses the express carrier's first-day and second-day ground capabilities.

DHL Danzas Air & Ocean, a subsidiary of Deutsche Post, recently expanded its LCL network throughout the United States. Danmar Lines, the company's NVO, separated the U.S. gateways in Atlanta, Houston, Los Angeles, New York, Chicago and Miami from then local ocean freight operations. These six gateways now deliver two-way LCL services linking 28 U.S. freight stations to more than 300 global destinations.

DHL Danzas plans to continue increasing its stake in the LCL ocean freight market. The company is already considered one of the largest global LCL service providers, handling about 1.4 million cubic meters of LCL cargo a year.

In the short term, the express carriers may pose a competitive threat to small and mid-sized NVOs, especially mismanaged operations. But their continued expansion will take pressure off traditional NVO freight as they compete more among themselves and other carrier-affiliated NVOs, such as Maersk Logistics, APL Logistics and Crowley Logistics, for the big shippers. Large shippers have complained for years about the informational black holes of freight consolidators, which should be largely eliminated by more technology-rich express and carrier NVOs.

Small shippers and freight forwarders, competing with larger shippers and carriers, will continue to rely on traditional NVOs for their LCL transportation needs. This view is supported by the fact that the large neutral NVOs have failed to eliminate the well-run mid-sized neutral NVOs, as many industry analysts predicted durmg the mid- 1990s.

Another benefit from the express carriers is then willingness to spend money and time on political causes that affect not only themselves but also the overall freight consolidation mdustry.

Many NVO executives simply don't have the resources to expend on these activities and the detnment to the industry is apparent. In 1998 Ocean Shipping Reform Act, NVOs were excluded from arranging confidential service contracts with then customers and must still maintain tariffs on file with the U.S. Federal Maritime Commission. The legislative outcome may have been different for the NVOs if the express carriers had been on the scene.

Indeed, the contributions of UPS to the freight consolidation industry through the NVO-Government Affairs Conference and the U.S. Treasury Department's Advisory Committee on the Commercial Operations of the U.S. Customs Service (COAC) surely helped save the industry from similar setbacks under the country's new advance manifest regulation If nothing was done, NVOs may not have received access to the Customs Automated Manifest System to file then manifest details.

In addition, the influence of express carriers in ocean freight matters is going to increase on Capitol Hill in the coming years, because, let's face it, most congressman are unaware of the NVOs in their votmg districts.

Express carriers have a presence that's hard to miss. Then trucks are everywhere on the nation's highways and their advertisements are on the television and billboards and in the general media. When was the last time you saw an NVO, or a liner carrier for that matter, with the ability to generate that type of exposure?

Good-bye AES Option 3

The U.S. Census Bureau will soon end a filing option in the government's Automated Export System that allows shippers to file minimal shipment data pnor to export, followed five days later with complete mformation.

Census officials said the filing option, known as AES Option 3, has been underused by the export industry dunng the past several years. Option 3 filers have also repeatedly failed the agency's compliance tests

"It's simply not cost effective for Census to continue," said Charles Woods, assistant chief of the agency's Foreign Trade Division.

Companies that use Option 3 will have to shift to either to AES filing Option 2, which requires all shipment data tiled electronically in AES or the Internet version, AESDirect, prior to export, or AES Option 4, which allows certain approved exporters to tile their data electronically 10 days post-departure. However, Option 4 may also be terminated when mandatory pre-export AES filing takes effect in mid-2004.

ATTACHMENT-C

JOC ARTICLE

AUGUST 18-24, 2003

PAGE 6

Why a deal is likely

PETER TIRSCHWELL

I'd be very surprised if there's not a deal in the works involving United Parcel Service's interest in signing confidential service contracts for ocean shipping. I predict UPS will achieve the right to sign confidential contracts, even though the 1998 Ocean Shipping Reform Act says such contracts can be signed only by bona-fide vessel operators. UPS is legally a non-vessel-operating common carrier whenever it handles international ocean cargo. I further predict UPS will secure the right to sign confidential contracts before the Federal Maritime Commission, without having to go to the trouble of getting Congress to change U.S. shipping law.

There are clues to why a deal is likely to be made, and they are to be found among ocean carriers and within the FMC.

Any "deal" that resolves UPS's July 25 petition to the FMC for an exemption from the OSRA-imposed restrictions on confidential contracting by NVOs will of necessity involve ocean carriers. Ocean carriers know that how they respond to UPS will be an important determinant in how the issue is resolved. It could be the difference between whether the issue is settled at the FMC or goes to Congress. It should come as little surprise that there is a lively global conversation going on right, now among the senior executives ofcontainer lines about how to respond to UPS.

There are key issues they are considering. One question they are probably asking themselves is whether UPS is the proverbial camel's nose under the tent — in other words, whether a UPS victory will mean that eventually all NVOs large and small will gain the right to sign confidential contracts. Or whether NVOs, as UPS appears to argue, can be divided into two classes, one of which deserves the right to sign contracts, the other of which doesn't.

UPS's argument is that large, asset-owning global freight transportation companies such as itself contribute positively to shipping and logistics and should therefore have the same rights as vessel operators, even if vessels aren't among the transportation assets they own and operate. This argument suggests that other NVOs that thrive precisely because they own no transportanon assets are not in the same league as UPS and presumably shouldn't have the same rights to contracting. For the ocean carriers, it would appear the advantages to be gained in buying into this argument outweigh the costs.

The most basic reason is that the carriers would make a friend in UPS rather than an enemy — not a small consideration. UPS, a crown jewel of corporate America, eventually gets most of what it wants in Washington. Ocean carriers, largely an industry of non-U.S. companies, would have a hard time fighting Big Brown but would benefit from having UPS as an ally.

Forging such an alliance could be a way for the carriers to neutralize for a potentially long time any legislative threat from the larger industry of NVOs. If the carriers agree with UPS and the FMC goes along, it potentially leaves the thousands of non-asset NVOs in the same position they were in following the passage of OSRA: outside in the cold. UPS and other asset-owning transportation companies such as FedEx and DHL could sign contracts, but other NVOs couldn't.

The NVOs could complain to Congress of unequal treatment by the FMC, but it's hard to see them getting very far; one needs to look no further than NVOs' bill in the House Judiciary Committee to eliminate antitrust immunity — it's gone nowhere. The NVOs could challenge an adverse FMC ruling in federal court, but they may not want to bankroll what likely would be an expensive legal challenge.

The other advantage to carriers in striking a deal with UPS is that it averts a showdown in Congress over the issue. UPS, having made a long-term commitment to corporate logistics through its acquisition of Fritz Cos, would inevitably win such a showdown. Moreover, if Congress were to take up the issue of confidential contracting by NVOs, the debate wouldn't stop there but would likely extend to antitrust immunity. That's the last thing carriers want.

The carriers are fighting to preserve antitrust immunity against a determined European Commission, and I'm sure they'd prefer to avoid a second front in the U.S. Going hand-in-hand to the FMC with UPS would appear to accomplish that. Because the FMC doesn't want to see the issue go to Congress, either. The FMC, as self-preservationist as any federal agency, does not want to see another full-fledged debate on U.S. shipping law. There's too great a chance someone would ask whether the FMC is needed in the first place.

Peter Erschwell is editor of The Journal of Commerce. He can be reached at (973) 848-7158, or via e-mail at ptirschwell@joc.com.

ATTACHMENT – D

MAERSK LOGISTICS INTERNATIONAL WEB PAGE

LCL; FCL; PIECE OF PAPER-PIECE OF MIND

Services

○ Supply Chain Management
● International Forwarding
○ Warehousing & Distribution
○ Airfreight
○ Value added services

International Forwarding

Less than Container Loads

Achieve economy of scale on any small shipments through our attractive service contracts with prime ocean carriers If you are unable to fill a container, you can easily make use of Maersk Logistics' extensive Less-than-Container-Load (LCL) programme and we will consolidate your merchandise with other consignments so as to fill up a container at the receiving site You can cc on our highly skilled staff and sophisticated IT systems – enabling reliability and visibility of your shipments You can also benefit from our vast global network with about 200 offices in more than countries where your merchandise is in our full control at any given time With our financial stabi you can count on the safe arrival and certain release of your merchandise at the destination

Full Container Loads

With Maersk Logistics operating as an Ocean Transport Intermediary a DSL Star express Bill of Lading allows you access to almost 20 ocean carrier contracts That gives us the ability to easily fulfil your requirements in terms of pricing, transit time and service to any corner of the world Such access to so many ocean carrier contracts means that you can be sure of the right carrier with the most experienced staff to handle your merchandise professionally, promptly and globally

Piece of paper – peace of mind

You can rely on our local expertise of Customs procedures to ensure proper document handling and swift Customs clearance You can keep up-to-date with the progress of your merchandise - from receipt at the overseas warehouse until delivery at destination Our information management system – M*Power™ has been carefully designed to make sure that you have on-going access to the facts and visibilit over the entire process So if you're looking for someone to handle everything involving internatio forwarding look to Maersk Logistics

▲ Top

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ATTACHMENT – E

FMC's STUDY ON:
"THE IMPACT OF THE OCEAN SHIPPING REFORM ACT OF 1998"
SEPTEMBER 2001
COVER PAGE, 33 & 34

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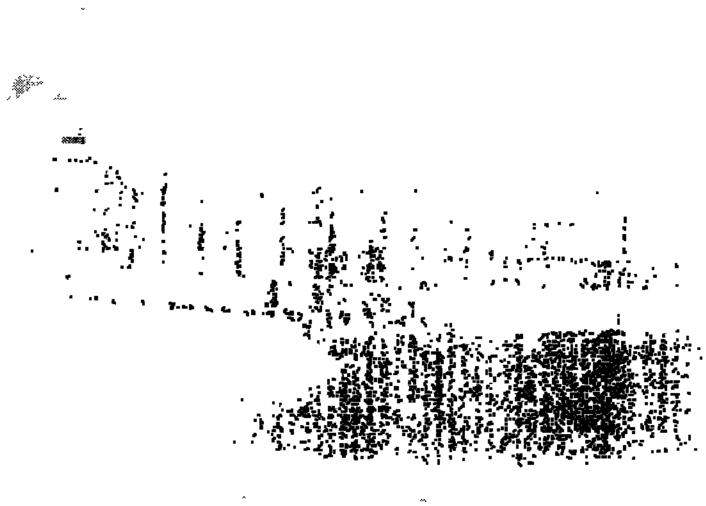

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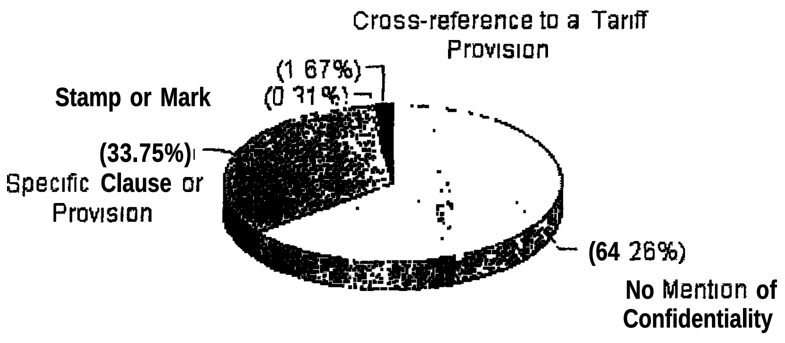

allowed the carrier party to share unpublished information with an agreement secretariat or other carrier members of an agreement without identifying the shipper party.

Certain carriers disclosed in their NOI comments that internal controls and new procedures were developed to limit the exposure of confidential contract information within their companies. On the use of confidentiality in contracting, roughly half of the carrier respondents indicated that standard confidentiality clauses automatically are included in 100 percent of their contracts. Those carriers also reported that shippers requested specifically crafted confidentiality clauses or language in about 5 percent of the carriers' contracts. Such requests were acceptable to the carriers so long as the confidentiality terms were reciprocal. Other carriers stated that as a matter of policy, confidentiality clauses are added to contracts only at the shipper's request. Further comments disclosed that some of the larger shippers sought confidentiality agreements prior to conducting contract negotiations. Such agreements usually were initiated by shippers, and here again, carriers found them acceptable as long as the terms were reciprocal.

On a related issue, the Commission's survey showed that only 2 percent of the contracts sampled contained penalty provisions for breach of confidentiality. The breach penalties predominantly focused on the recourse of legal action with court remedies. Most NOI comments voiced no significant concern with respect to breach of confidential information. Carriers stated that cases of suspected breach usually were treated by limiting the number of participants in future negotiations. Certain carriers recognized that sales representatives and shippers exchanged market information in the course of making contract proposals, but did not characterize breach of confidential information as a problem. Another shippers' association expressed concern over the possible breach of confidentiality given non-contract parties' broad access to rate information on bills of lading.

Overall, the responses reflect that confidentiality under OSRA has provided shippers and carriers with the privacy they deem necessary to freely transact business. With the ability to shield such information, the contracting process is not constrained by the previous standards of meeting benchmarks and matching terms identically. Commercially sensitive issues and business requirements can be discussed more freely and accommodated more easily with specific contract terms. Carriers and shippers are more focused on achieving their individual rate and business objectives through contract negotiations. Specific clauses and

To gain an economic understanding of a trade, one now must assess the competitive impact of carrier behavior across a myriad of interconnected arrangements.

Members of discussion agreements are not bound to specific rate levels, and are attracted by the opportunity to exchange information and the ability to agree voluntarily on pricing policy.

other internal measures have evolved to ensure that negotiations and unpublished contract terms remain confidential.

AGREEMENT ACTIVITY/VOLUNTARY SERVICE CONTRACT GUIDELINES

Industry Structure Overview

While liner operators have enjoyed antitrust immunity since 19 16, the last decade has seen dramatic changes in their exercise of this privilege. No longer can the structure of liner shipping be viewed as fifty or so major carriers operating autonomously. It is more appropriate to view the industry as blocs of operational partnerships with crisscross ties via space charters between and among different members of different partnership blocs. Such arrangements are important to understand when reviewing the use of antitrust authority. The Commission is acutely aware of the growing mosaic of vessel-sharing, alliance, and space-chartering configurations that can form a web, often with a discussion agreement bringing all involved carriers together. An economic understanding of a trade no longer can be garnered merely by focusing on a single agreement -- the competitive impact of carrier behavior across a myriad of interconnected relationships must be assessed.

The emergence of global markets and anticipated deregulation under OSRA were the twin catalysts that triggered de-emphasis on traditional conferences and the continual migration to operational agreements. In 1996, one observer opined that "[a]ny history of the industry will have to distinguish between 'Before Global Alliance' and 'After Global Alliance,' so radical are the changes which the new structure promises."(9) The story of the use of antitrust immunity under OSRA is the progressive shifting from a demand-side focus to a realization of the considerable possibilities to be gained from a supply-side focus.

Discussion Agreements

During the 1980s, the traditional demand-side preoccupation was with rate stability, and the vehicle to address this single concern was the stereotypical, binding-ratemaking conference. The emergence of strong non-conference carriers, bringing a homogeneity of services across most liner operators, fractured the existing industry structure of strong conferences and weak non-conference carriers. The conference system was unable to deal with outsiders

ATTACHMENT – F

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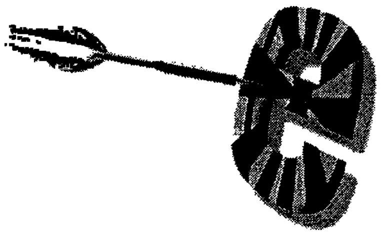

Who's Who in e-Logistics

Who's Who In e-Logistics - Company Profiles
Constantly updated listing of e-Logistic companies organized alphabetically

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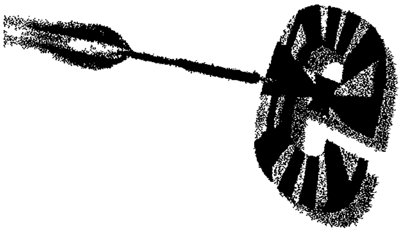

Who's Who in e-Logistics

Company Profiles - Alphabetical Listing

How can I get my company listed?

How can I update my company's profile?

Company (Click company name for profile)	WebSite
Americas Systems, LLC	www.americasys.com
ComPair Data, Inc.	www.compairdata.com
FEDEX Corporation	www.fedex.com
FWL TECHNOLOGIES	www.fwltech.com
IES Ltd.	www.iesltd.com
LOG-NET, Inc.	www.LOG-NET.com
Maersk Logistics	www.maersk-logistics.com

Management Dynamics Inc Management Dynamics, Inc.	www.mgmtdynamics.com
MICROSOFTWARESERVICES Global Trade Connection Micro Software Services, Inc.	editrade.com
ACCUSHIP	accuship.com
Acuitive Solutions, LLC	www.AcuitiveSolutions.com
ADi SmartBOL	www.smartbol.com
ADS Logistics, LLC	www.adslogistics.com
Advent, Inc.	www.adventinc.com
AmazonTech	www.amazontech.com
Americas Systems, LLC	www.americasys.com
Arzoon Inc.	www.arzoon.com
August Design, LLC	www.august-design.com
Aviarc Corporation	www.aviarc.com
Baan	www.baan.com
Bender Group	www.bendergroup.com
BestTransport.com, Inc.	www.BestTransport.com
bolero.net	www.bolero.net
BridgePoint	www.bridge-point.com
C.H. Robinson Worldwide	www.chrobinson.com
CargoReservations.com	www.cargoreservations.com
CargoSmart Limited	www.cargosmart.com
CargoSphere.com	www.cargosphere.com
ComPair Data, Inc.	www.compairdata.com
Connextions	www.connextions.com
CRMS Online.com	crmsonline.com
Descartes System Group Inc	www.descartes.com
Elite Group Inc.	www.eliteint.com
Elogex, Inc.	www.elogex.com
Embarcadero Systems Corporation	www.esystem.com
eModal	www.emodal.com
EXE Technologies, Inc.	www.exe.com
Exel	www.exel.com