



Earnings Conference Call – Third Quarter 2017  
November 1, 2017

John Wiehoff, Chairman & CEO  
Andrew Clarke, CFO  
Tim Gagnon, Director, Investor Relations



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**C.H. ROBINSON**

# Safe Harbor Statement

Except for the historical information contained herein, the matters set forth in this presentation and the accompanying earnings 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 changes in economic conditions, including uncertain consumer demand; changes in market demand and pressures on the pricing for our services; competition and growth rates within the third party logistics industry; freight levels and increasing costs and 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.; risks associated with the potential impacts of changes in government regulations; risks associated with the produce industry, including food safety and contamination issues; fuel prices and availability; changes to our share repurchase activity; risk of unexpected or unanticipated events or opportunities that might require additional capital expenditures; the impact of war on the economy; and other risks and uncertainties detailed in our Annual and Quarterly Reports.



# Results Q3 2017

*in thousands, except per share amounts and headcount*

Three Months Ended September 30

Nine Months Ended September 30

	2017	2016	% Change	2017	2016	% Change
Total Revenues	\$3,784,451	\$3,355,754	12.8%	\$10,909,594	\$9,729,438	12.1%
Total Net Revenues	\$593,846	\$558,462	6.3%	\$1,736,201	\$1,716,012	1.2%
<i>Net Revenue Margin %</i>	15.7%	16.6%		15.9%	17.6%	
Income from Operations	\$194,465	\$211,267	(8.0%)	\$564,243	\$643,966	(12.4%)
<i>Operating Margin %</i>	32.7%	37.8%		32.5%	37.5%	
Net Income	\$119,186	\$129,028	(7.6%)	\$352,337	\$391,081	(9.9%)
Earnings Per Share (Diluted)	\$0.85	\$0.90	(5.6%)	\$2.49	\$2.73	(8.8%)
Weighted Average Shares Outstanding (Diluted)	141,022	142,883	(1.3%)	141,403	143,245	(1.3%)
Depreciation and Amortization	\$23,963	\$17,657	35.7%	\$69,340	\$52,716	31.5%
Total Assets	\$4,175,588	\$3,664,062	14.0%	\$4,175,588	\$3,664,062	14.0%
Average Headcount <sup>(1)</sup>	14,903	13,706	8.7%	14,590	13,478	8.3%
Ending Headcount <sup>(1)</sup>	14,998	13,710	9.4%	14,998	13,710	9.4%

- Total revenues increased as a result of volume increases across nearly all transportation services in the third quarter of 2017 when compared to the third quarter of 2016.
- Net revenues increase of 6.3 percent was primarily the result of net revenues growth in Global Forwarding partially offset by lower truckload net revenues. APC added approximately 2 percent to total company net revenues in the third quarter of 2017.
- Average headcount increased 8.7 percent when compared to the third quarter of 2016. The acquisitions of APC and Milgram increased headcount 5 percent.



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# Summarized Income Statement

*in thousands*

Three Months Ended September 30

Nine Months Ended September 30

	2017	2016	% Change	2017	2016	% Change
Total Revenues	\$3,784,451	\$3,355,754	12.8%	\$10,909,594	\$9,729,438	12.1%
Total Net Revenues	\$593,846	\$558,462	6.3%	\$1,736,201	\$1,716,012	1.2%
Personnel Expenses	\$293,204	\$256,883	14.1%	\$867,928	\$804,631	7.9%
Selling, General, and Admin	\$106,177	\$90,312	17.6%	\$304,030	\$267,415	13.7%
Total Operating Expenses	\$399,381	\$347,195	15.0%	\$1,171,958	\$1,072,046	9.3%
Income from Operations	\$194,465	\$211,267	(8.0%)	\$564,243	\$643,966	(12.4%)
<i>% of Net Revenue</i>	32.7%	37.8%		32.5%	37.5%	
Net Income	\$119,186	\$129,028	(7.6%)	\$352,337	\$391,081	(9.9%)

- Personnel expenses increased as a result of headcount additions and an increase in variable compensation in the third quarter of 2017 when compared to the third quarter of 2016.
- SG&A expenses increased as a result of costs related to the addition of APC and Milgram, higher allowance for doubtful accounts, claims, and warehouse expenses in the third quarter of 2017 when compared to the third quarter of 2016.
- The effective tax rate was 35.2 percent in the third quarter.



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# Other Financial Information

*in thousands*

Three Months Ended September 30

Nine Months Ended September 30

Cash Flow Data	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Net Cash Provided by Operating Activities	\$68,338	\$129,567	(47.3%)	\$218,349	\$376,828	(42.1%)
Capital Expenditures	\$13,448	\$27,135	(50.4%)	\$46,418	\$71,111	(34.7%)

Balance Sheet Data	September 30, 2017
Cash & Cash Equivalents	\$297,307
Current Assets	\$2,454,846
Total Assets	\$4,175,588
Debt	\$1,469,000
Stockholders' Investment	\$1,354,875

- Total debt balance \$1.47 billion
  - \$500 million long-term debt, 4.28% average coupon
  - \$719 million drawn on revolver, 2.36% current rate as of September 30, 2017
  - \$250 million accounts receivable securitization debt facility, 1.97% as of September 30, 2017



# Capital Distribution

*in thousands*

	2012 (a)	2013	2014	2015	2016	Q3 2017	YTD 2017
Net Income	\$447,007	\$415,904	\$449,711	\$509,699	\$513,384	\$119,186	\$352,337
<b>Capital Distribution</b>							
Cash Dividends Paid	\$219,313	\$220,257	\$215,008	\$235,615	\$245,430	\$63,959	\$192,765
Share Repurchases	\$255,849	(b) \$807,449	\$176,645	\$241,231	\$209,603	\$60,617	\$129,991
<b>Subtotal</b>	<b>\$475,162</b>	<b>\$1,027,706</b>	<b>\$391,653</b>	<b>\$476,846</b>	<b>\$455,033</b>	<b>\$124,576</b>	<b>\$322,756</b>
<b>Percent of Net Income</b>							
Cash Dividends Paid	49.1%	53.0%	47.8%	46.2%	47.8%	53.7%	54.7%
Share Repurchases	57.2%	194.1%	39.3%	47.3%	40.8%	50.9%	36.9%
<b>Subtotal</b>	<b>106.3%</b>	<b>247.1%</b>	<b>87.1%</b>	<b>93.6%</b>	<b>88.6%</b>	<b>104.5%</b>	<b>91.6%</b>

- Capital returned to shareholders during the quarter
  - \$64.0 million cash dividends
  - \$60.6 million in cash for share repurchase activity
    - 893,249 shares repurchased in the third quarter
    - Average price of \$70.66 for the shares repurchased in the third quarter
- Target is to return approximately 90% of net income to shareholders annually.

*(a) 2012 Net Income is adjusted to excluded transaction related gains and expenses. A reconciliation of adjusted results appears in Appendix A. 2012 Dividends exclude the fifth dividend payment made during the year.*

*(b) Includes a \$500 million accelerated share repurchase.*



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# Net Revenue by Service Line Q3 2017

*in thousands*

Three Months Ended September 30

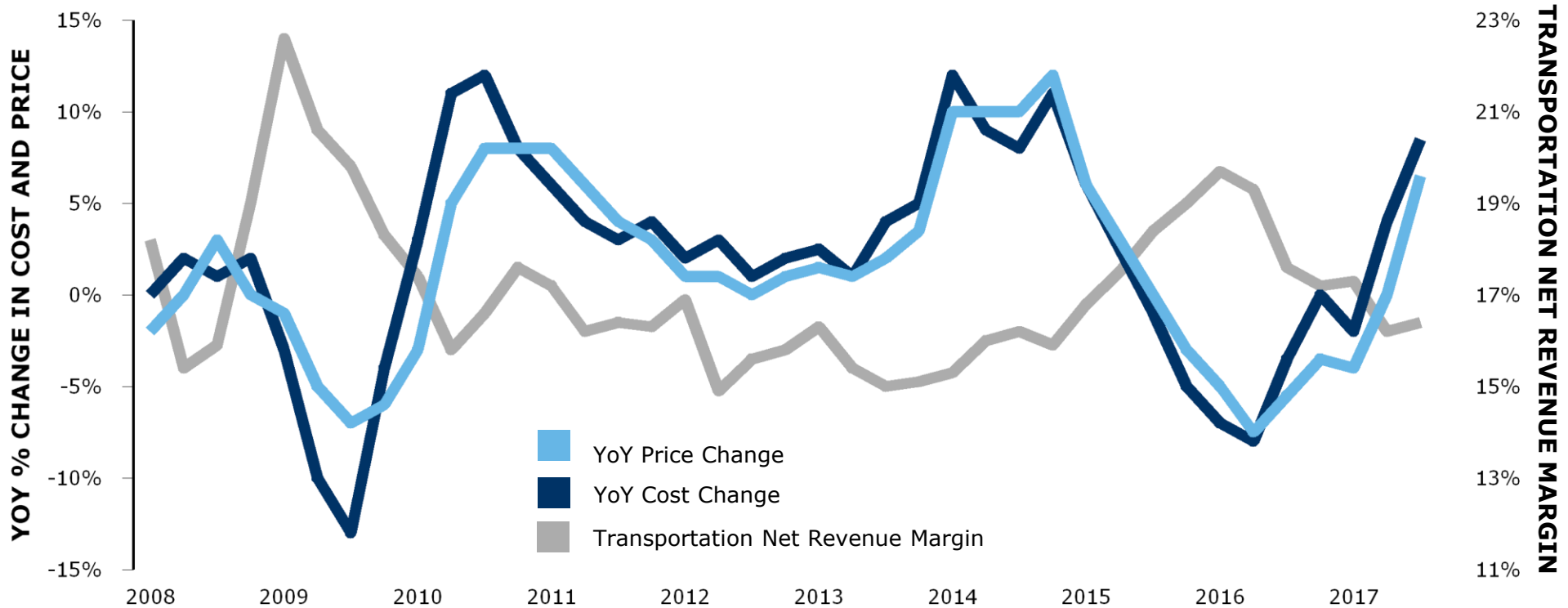
Nine Months Ended September 30

Net Revenue by Service Line	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Truckload	\$301,025	\$309,027	(2.6%)	\$887,865	\$960,451	(7.6%)
LTL	\$101,870	\$96,447	5.6%	\$301,706	\$287,518	4.9%
Intermodal	\$7,478	\$7,676	(2.6%)	\$23,278	\$25,961	(10.3%)
Ocean	\$81,182	\$56,506	43.7%	\$217,495	\$175,243	24.1%
Air	\$25,529	\$19,897	28.3%	\$73,166	\$58,424	25.2%
Customs	\$17,421	\$12,320	41.4%	\$49,810	\$34,649	43.8%
Other Logistics Services	\$29,580	\$26,771	10.5%	\$87,563	\$76,965	13.8%
Sourcing	\$29,761	\$29,818	(0.2%)	\$95,318	\$96,801	(1.5%)
<b>Total</b>	<b>\$593,846</b>	<b>\$558,462</b>	<b>6.3%</b>	<b>\$1,736,201</b>	<b>\$1,716,012</b>	<b>1.2%</b>

- Net revenues by service line for the enterprise (all segments).



# North America Truckload Cost and Price Change<sup>(1)</sup>



- North America Truckload cost and price change chart represents truckload shipments from all North America segments. Transportation net revenue margin represents total Transportation results from all segments.
- Purchase transportation costs increased throughout the third quarter, negatively impacting the margins on contractual truckload shipments.

North America Truckload	Q3	YTD
Volume	1%	7%
Price	6.5%	1%
Cost	8.5%	3.5%
Net Revenue Margin	↓	↓

<sup>(1)</sup> Cost and price change exclude the estimated impact of fuel.





# Transportation Results Q3 2017<sup>(1)</sup>

*in thousands*

Transportation	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Total Revenues	\$3,433,701	\$2,998,583	14.5%	\$9,855,739	\$8,593,767	14.7%
Total Net Revenues	\$564,085	\$528,644	6.7%	\$1,640,883	\$1,619,211	1.3%
Net Revenue Margin %	16.4%	17.6%		16.6%	18.8%	

Transportation Net Revenue Margin %	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Q1	18.2%	22.6%	17.4%	17.2%	16.9%	16.3%	15.3%	16.8%	19.7%	17.3%
Q2	15.4%	20.6%	15.8%	16.2%	14.9%	15.4%	16.0%	17.5%	19.3%	16.2%
Q3	15.9%	19.8%	16.6%	16.4%	15.6%	15.0%	16.2%	18.4%	17.6%	16.4%
Q4	19.0%	18.3%	17.6%	16.3%	15.8%	15.1%	15.9%	19.0%	17.2%	
<b>Total</b>	<b>17.0%</b>	<b>20.2%</b>	<b>16.8%</b>	<b>16.5%</b>	<b>15.8%</b>	<b>15.4%</b>	<b>15.9%</b>	<b>17.9%</b>	<b>18.4%</b>	

- Transportation net revenue margin decline in the third quarter of 2017 when compared to the third quarter of 2016 was primarily the result of lower net revenue margins in NAST.

*(1) Includes results across all segments.*



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# North American Surface Transportation ("NAST") Results Q3 2017

*in thousands, except headcount*

Three Months Ended September 30

Nine Months Ended September 30

	2017	2016	% Change	2017	2016	% Change
Total Revenues <sup>(1)</sup>	\$2,469,420	\$2,252,187	9.6%	\$7,110,223	\$6,456,281	10.1%
Total Net Revenues	\$377,403	\$378,073	(0.2%)	\$1,109,749	\$1,161,074	(4.4%)
<i>Net Revenue Margin %</i>	15.3%	16.8%		15.6%	18.0%	
Income from Operations	\$151,392	\$171,733	(11.8%)	\$447,553	\$516,805	(13.4%)
<i>Operating Margin %</i>	40.1%	45.4%		40.3%	44.5%	
Depreciation and Amortization	\$5,808	\$5,547	4.7%	\$17,104	\$16,551	3.3%
Total Assets	\$2,297,980	\$2,115,467	8.6%	\$2,297,980	\$2,115,467	8.6%
Average Headcount	6,998	6,869	1.9%	6,921	6,767	2.3%

- Net revenues decreased primarily as a result of lower truckload margins when compared to the third quarter of 2016. September 2017 NAST net revenues increased when compared to September 2016 NAST net revenues.
- NAST operating expenses increased 9.5 percent in the third quarter of 2017 when compared to the third quarter of 2016. This increase was due to increases in both personnel and SG&A expenses.
- NAST headcount increased 1.9 percent when compared to the third quarter of 2016 and was down 5 employees sequentially from the second quarter of 2017.

*(1) Does not include intersegment revenues.*



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# NAST Results by Service Line Q3 2017

Truckload, Less Than Truckload, and Intermodal  
*in thousands*

Three Months Ended September 30

Nine Months Ended September 30

Net Revenues	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Truckload	\$266,632	\$272,398	(2.1%)	\$784,265	\$847,222	(7.4%)
LTL	\$97,634	\$93,118	4.8%	\$288,287	\$275,508	4.6%
Intermodal	\$7,109	\$7,207	(1.4%)	\$22,053	\$24,170	(8.8%)
Other	\$6,028	\$5,350	12.7%	\$15,144	\$14,174	6.8%
<b>Total</b>	<b>\$377,403</b>	<b>\$378,073</b>	<b>(0.2%)</b>	<b>\$1,109,749</b>	<b>\$1,161,074</b>	<b>(4.4%)</b>

Truckload <sup>(1)</sup>	Quarter	YTD
Pricing <sup>(2)</sup>	6.5%	1%
Cost <sup>(2)</sup>	8.5%	3.5%
Volume	0%	6%
Net Revenue Margin	↓	↓

LTL <sup>(1)</sup>	Quarter	YTD
Pricing <sup>(2)</sup>	↑	↑
Volume	6.5%	7%
Net Revenue Margin	↓	↓

Intermodal <sup>(1)</sup>	Quarter	YTD
Pricing <sup>(2)</sup>	↑	↑
Volume	13%	14%
Net Revenue Margin	↓	↓

**TL**

- Net revenues decrease in the third quarter was a result of lower margins when compared to the third quarter of 2016.

**LTL**

- Net revenues increase in the third quarter was primarily the result of 6.5 percent volume growth offset by lower LTL margins.

**IMDL**

- Net revenues decreased while volume increased in the third quarter driven by contractual volume growth, partially offset by a decrease in transactional business.



# Global Forwarding Results Q3 2017

*in thousands, except headcount*

	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Total Revenues <sup>(1)</sup>	\$552,134	\$390,830	41.3%	\$1,549,742	\$1,098,715	41.1%
Total Net Revenues	\$129,842	\$93,368	39.1%	\$357,411	\$283,458	26.1%
<i>Net Revenue Margin %</i>	23.5%	23.9%		23.1%	25.8%	
Income from Operations	\$31,125	\$17,047	82.6%	\$75,006	\$56,300	33.2%
<i>Operating Margin %</i>	24.0%	18.3%		21.0%	19.9%	
Depreciation and Amortization	\$8,455	\$5,073	66.7%	\$24,574	\$15,231	61.3%
Total Assets	\$840,762	\$625,267	34.5%	\$840,762	\$625,267	34.5%
Average Headcount <sup>(2)</sup>	4,301	3,559	20.8%	4,113	3,523	16.7%

- The acquisitions of APC Logistics and Milgram added approximately 18 percent to net revenues and 18 percent to average headcount when compared to the third quarter of 2016.
- Global Forwarding operating expenses increased 29.3 percent when compared to the third quarter of 2016.

(1) Does not include intersegment revenues.

(2) Q3 2016 average headcount does not include employees of APC Logistics acquired on September 30, 2016.



# Global Forwarding Results by Service Line Q3 2017

## Ocean, Air, and Customs

*in thousands*

Three Months Ended September 30

Nine Months Ended September 30

Net Revenues	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Ocean	\$81,110	\$56,309	44.0%	\$217,768	\$174,907	24.5%
Air	\$23,992	\$18,075	32.7%	\$68,850	\$54,142	27.2%
Customs	\$17,419	\$12,318	41.4%	\$49,804	\$34,638	43.8%
Other	\$7,321	\$6,666	9.8%	\$20,989	\$19,771	6.2%
<b>Total</b>	<b>\$129,842</b>	<b>\$93,368</b>	<b>39.1%</b>	<b>\$357,411</b>	<b>\$283,458</b>	<b>26.1%</b>

Ocean	Quarter	YTD
Pricing	↑	↑
Volume	↑	↑
Net Revenue Margin	↔	↓

Air	Quarter	YTD
Pricing	↑	↑
Volume	↑	↑
Net Revenue Margin	↓	↓

- APC and Milgram acquisitions added approximately 17 percent to ocean net revenues, 15 percent to air net revenues and 30 percent to customs net revenues.
- Achieved organic volume growth in each of the global forwarding services in the third quarter of 2017 when compared to the third quarter of 2016.



# Robinson Fresh Results Q3 2017

*in thousands, except headcount*

Three Months Ended September 30

Nine Months Ended September 30

	2017	2016	% Change	2017	2016	% Change
Total Revenues <sup>(1)</sup>	\$613,646	\$590,385	3.9%	\$1,821,094	\$1,814,682	0.4%
Total Net Revenues	\$54,253	\$57,036	(4.9%)	\$171,936	\$183,041	(6.1%)
<i>Net Revenue Margin %</i>	8.8%	9.7%		9.4%	10.1%	
Income from Operations	\$11,586	\$17,733	(34.7%)	\$40,487	\$62,777	(35.5%)
<i>Operating Margin %</i>	21.4%	31.1%		23.5%	34.3%	
Depreciation and Amortization	\$1,190	\$983	21.1%	\$3,534	\$2,590	36.4%
Total Assets	\$413,520	\$405,832	1.9%	\$413,520	\$405,832	1.9%
Average Headcount	970	956	1.5%	966	939	2.9%

- Robinson Fresh results include revenues from sourcing and transportation services.
- Net revenues decrease was primarily the result of lower truckload margin when compared to the third quarter of 2016.
- Robinson Fresh operating expenses increased 8.6 percent when compared to the third quarter of 2016. The increase was the result of an increase in both personnel and SG&A expenses.

*(1) Does not include intersegment revenues.*



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# Robinson Fresh Results Q3 2017

## Sourcing

*in thousands*

Three Months Ended September 30

Nine Months Ended September 30

Sourcing	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Total Revenues <sup>(1)</sup>	\$350,750	\$357,171	(1.8%)	\$1,053,855	\$1,135,671	(7.2%)
Net Revenues	\$29,761	\$29,818	(0.2%)	\$95,318	\$96,801	(1.5%)
<i>Net Revenue Margin %</i>	8.5%	8.3%		9.0%	8.5%	

- Sourcing total revenues decrease was primarily the result of slightly lower sourcing commodity pricing when compared to the third quarter of 2016.
- Sourcing net revenues were virtually flat when compared to last year's third quarter. A slight increase in net revenue margin was offset by a case volume decrease of 1 percent compared to the third quarter of 2016.

*(1) Does not include intersegment revenues.*



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# Robinson Fresh Results Q3 2017

## Transportation

in thousands

Three Months Ended September 30

Nine Months Ended September 30

Transportation	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Total Revenues <sup>(1)</sup>	\$262,896	\$233,214	12.7%	\$767,239	\$679,011	13.0%
Net Revenues	\$24,492	\$27,218	(10.0%)	\$76,618	\$86,240	(11.2%)
Net Revenue Margin %	9.3%	11.7%		10.0%	12.7%	
Net Revenues	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Truckload	\$19,466	\$22,607	(13.9%)	\$60,084	\$70,531	(14.8%)
Other	\$5,026	\$4,611	9.0%	\$16,534	\$15,709	5.3%
<b>Total</b>	<b>\$24,492</b>	<b>\$27,218</b>	<b>(10.0%)</b>	<b>\$76,618</b>	<b>\$86,240</b>	<b>(11.2%)</b>

Truckload <sup>(2)</sup>	Quarter	YTD
Pricing <sup>(3)</sup>	6.5%	1%
Cost <sup>(3)</sup>	8.5%	3.5%
Volume	13%	17%
Net Revenue Margin	↓	↓

- Transportation net revenues decrease was primarily a result of lower truckload net revenue margin when compared to the third quarter of 2016.

(1) Does not include intersegment revenues.

(2) Represents price and cost YoY change for North America shipments across all segments.

(3) Pricing and cost measures exclude the estimated impact of the change in fuel prices.



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# All Other and Corporate Results Q3 2017

*in thousands, except headcount*

Three Months Ended September 30

Nine Months Ended September 30

	2017	2016	% Change	2017	2016	% Change
Total Revenues <sup>(1)</sup>	\$149,251	\$122,352	22.0%	\$428,535	\$359,760	19.1%
Total Net Revenues	\$32,348	\$29,985	7.9%	\$97,105	\$88,439	9.8%
Income from Operations	\$362	\$4,754	NM	\$1,197	\$8,084	NM
Depreciation and Amortization	\$8,510	\$6,054	40.6%	\$24,128	\$18,344	31.5%
Total Assets	\$623,326	\$517,496	20.5%	\$623,326	\$517,496	20.5%
Average Headcount	2,634	2,322	13.4%	2,590	2,249	15.2%

- Results represent business from Managed Services, Other Surface Transportation outside of North America, and other miscellaneous operations.
- Headcount includes personnel from shared services, Managed Services, Other Surface Transportation, and other miscellaneous operations.

(1) Does not include intersegment revenues.



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# All Other and Corporate Results by Service Line Q3 2017

## Managed Services and Other Surface Transportation

*in thousands*

Net Revenues	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	% Change	2017	2016	% Change
Managed Services	\$18,487	\$16,680	10.8%	\$53,844	\$47,034	14.5%
Other Surface Transportation	\$13,861	\$13,305	4.2%	\$43,261	\$41,405	4.5%
<b>Total</b>	<b>\$32,348</b>	<b>\$29,985</b>	<b>7.9%</b>	<b>\$97,105</b>	<b>\$88,439</b>	<b>9.8%</b>

- Managed Services net revenues growth was driven by new business with new and existing customers.
- Other Surface Transportation includes surface transportation outside of North America.
- Other Surface Transportation net revenues increase was primarily the result of volume growth partially offset by margin compression in the Surface Transportation business in Europe.



# Final Comments

- October to date total company net revenue per day has increased approximately 8 percent when compared to October 2016.
- Truckload volume growth is virtually flat on a year-over-year basis in October
- Q4 priorities
  - Milgram integration continues
  - Price volatility will likely continue into 2018
  - Account management disciplines will be critical to our success
  - Focus on efficiency and operating expense control
  - Continued focus on growth



# Appendix A: 2012 Summarized Adjusted Income Statement

*in thousands, except per share amounts*

	2012 Actual	Non-Recurring Acquisition Impacts	Non-Recurring Divestiture Impacts	Adjusted
<b>Total Net Revenues</b>	<b>\$1,717,571</b>			<b>\$1,717,571</b>
Personnel Expenses <sup>(1)</sup>	766,006	(385)	(34,207)	731,414
Other Operating Expenses <sup>(2)</sup>	276,245	(10,225)	(379)	265,641
<b>Total Operating Expenses</b>	<b>1,042,251</b>	<b>(10,610)</b>	<b>(34,586)</b>	<b>997,055</b>
<b>Income from Operations</b>	<b>675,320</b>	<b>10,610</b>	<b>34,586</b>	<b>720,516</b>
Investment & Other Income <sup>(3)</sup>	283,142		(281,551)	1,591
Income before Taxes	958,462	10,610	(246,965)	722,107
Provision for Income Taxes	364,658	2,745	(92,303)	275,100
<b>Net Income</b>	<b>\$593,804</b>	<b>\$7,865</b>	<b>(\$154,662)</b>	<b>\$447,007</b>
Net Income Per Share (Diluted)	\$3.67			\$2.76
Weighted Average Shares (Diluted)	161,946	185 <sup>(4)</sup>	92 <sup>(5)</sup>	161,669

To assist investors in understanding our financial performance, we supplement the financial results that are generated in accordance with the accounting principles generally accepted in the United States, or GAAP, with non-GAAP financial measures, including non-GAAP operating expenses, non-GAAP income from operations, non-GAAP net income and non-GAAP diluted net income per share. We believe that these non-GAAP measures provide meaningful insight into our operating performance excluding certain event-specific charges, and provide an alternative perspective of our results of operations. We use non-GAAP measures to assess our operating performance for the quarter. Management believes that these non-GAAP financial measures reflect an additional way of analyzing aspects of our ongoing operations that, when viewed with our GAAP results, provides a more complete understanding of the factors and trends affecting our business.

- 1) The adjustment to personnel consists of \$33 million of incremental vesting expense of our equity awards triggered by the gain on the divestiture of T-Chek. The balance consists of transaction related bonuses.
- 2) The adjustments to other operating expenses reflect fees paid to third parties for:
  - a) Investment banking fees related to the acquisition of Phoenix
  - b) External legal and accounting fees related to the acquisitions of Apreo and Phoenix and the divestiture of T-Chek.
- 3) The adjustment to investment and other income reflects the gain from the divestiture of T-Chek.
- 4) The adjustment to diluted weighted average shares outstanding relates to the shares of C.H. Robinson stock issued as consideration paid to the sellers in the acquisition of Phoenix.
- 5) The adjustment to diluted weighted average shares outstanding relates to the additional vesting of performance-based restricted stock as a result of the gain on sale recognized from the divestiture of T-Chek.





**C.H. ROBINSON**