

Competition

The transportation services industry is highly competitive and fragmented. We compete against a large number of other non-asset based logistics companies, asset-based trucking companies, third party freight brokers, carriers offering logistics services, and freight forwarders. We also compete against carriers' internal sales forces. We also buy from and sell transportation services to companies that compete with us.

In our Sourcing business, we compete with produce brokers, produce growers, produce marketing companies, produce wholesalers, and foodservice buying groups. We also buy from and sell produce to companies that compete with us.

The primary business of our Information Services business, which is comprised of our subsidiary T-Chek Systems, is fuel card services. The fuel card processing industry is very consolidated and a small number of companies represent the majority of the market.

We often compete with respect to price, scope of services, or a combination thereof, but believe that our most significant competitive advantages are:

- Our branch network, which enables our salespeople to gain broad knowledge about individual customers, carriers and the local and regional markets they serve, and to provide superior customer service based on that knowledge. This network also offers customers higher service as responsibility for shipments is commonly shared across branches, to provide nationwide coverage and local market knowledge;
- Our 50,000 carrier relationships;
- Our size, relative to other providers, is an advantage in attracting more carriers, which in turn enables us to serve our customers more efficiently and earn more business. Additionally, because of the large number of transactions we do annually, 7.3 million in 2008, we have greater opportunity to efficiently identify available capacity for our customers' needs;
- Our non-asset based model, which enables us to remain flexible in our service offerings to our customers;
- Our dedicated employees and entrepreneurial culture, which are supported by our performance-based compensation system;
- Our proprietary information systems;
- Our ability to provide a broad range of logistics services; and
- Our ability to provide door-to-door services on a worldwide basis.

Communications and Information Systems

Our information systems are essential to our ability to efficiently communicate, service our customers and carriers, and manage our business. Our proprietary information systems help our employees efficiently manage more than 7.3 million shipments annually, 32,000 customer relationships, and 50,000 carrier relationships. Our employees are linked with each other and with our customers, carriers, and suppliers by telephone, fax, internet, email, and/or EDI to communicate shipment requirements and availability, and to confirm and bill orders.

Our branch employees use our information systems to identify freight matching opportunities, communicate and coordinate activity with other branches, and "cross-cover" or find equipment for other branches' freight. Our systems help our salespeople service customer orders, select the optimal modes of transportation, build and consolidate shipments, and select routes, all based on customer-specific service parameters. Our systems also make shipment data visible to the entire sales team as well as customers and carriers, enabling our salespeople to select carriers and track shipments in progress. Our systems automatically provide alerts to arising problems. Our systems also provide performance and productivity reports that our managers and executives can use to more efficiently manage our business.

Through our internet sites CHRWonline.com[®] and CHRWtrucks.com[®], customers and carriers can contract for shipments or equipment as well as track and trace shipments, including delivery confirmation. Customers, carriers, and suppliers also have access to other information in our operating systems through the internet. Our systems use data captured from daily transactions to generate various management reports that are available to our customers and carriers. These reports provide them with information on traffic patterns, product mix, and production schedules, and support analysis of their own customer base, transportation expenditure trends, and the impact on out-of-route costs.