Orgenesis Inc.
Form 10-Q
July 15, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended **May 31, 2016**

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _________ to _________

Commission file number: **000-54329**

ORGENESIS INC.

(Exact name of registrant as specified in its charter)

Nevada	**98-0583166**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

20271 Goldenrod Lane
Germantown, MD 20876
(Address of principal executive offices) (zip code)

(480) 659-6404
(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]
(Do not check if a smaller reporting company)			

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X].

As of July 14, 2016, there were 110,732,129 shares of registrant s common stock outstanding.

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ORGENESIS INC.
FORM 10-Q
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2016

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PART I UNAUDITED FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ORGENESIS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. Dollars in Thousands)
(Unaudited)

	May 31, 2016	November 30, 2015
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	$ 474	$ 4,168
Accounts receivable	1,712	1,173
Prepaid expenses and other receivables	1,117	1,118
Grants receivable	1,431	1,446
Inventory	413	301
Total current assets	5,147	8,206
NON CURRENT ASSETS:		
Property and equipment, net	4,787	4,296
Restricted cash	5	5
Intangible assets, net	16,683	16,653
Goodwill	10,059	9,535
Other assets	65	53
Total non current assets	31,599	30,542
TOTAL ASSETS	36,746	38,748
Liabilities and equity (net of capital deficiency)		
CURRENT LIABILITIES:		
Accounts payable	4,209	3,475
Accrued expenses	975	816
Employee and related payables	1,947	1,348
Related parties	42	42
Advance payments on account of grant	136	307
Short-term loans and current maturities of long term loans	1,249	2,829
Deferred income	1,617	1,216
Convertible loans	2,199	3,022
Convertible bonds	1,859	1,888
Price protection derivative	175	1,533
TOTAL CURRENT LIABILITIES	14,408	16,476
LONG-TERM LIABILITIES:		
Loans payable	2,514	2,540
Warrants	1,730	1,382
Retirement benefits obligation	5	5
Deferred taxes	2,562	3,327
TOTAL LONG-TERM LIABILITIES	6,811	7,254
TOTAL LIABILITIES	21,219	23,730
COMMITMENTS		
REDEEMABLE COMMON STOCK		21,458
EQUITY (CAPITAL DEFICIENCY):		

Common stock		11		6
Additional paid-in capital		39,402		14,229
Receipts on account of shares to be allotted		623		1,251
Accumulated other comprehensive loss		(202)		(1,286)
Accumulated deficit		(24,307)		(20,640)
TOTAL EQUITY (CAPITAL DEFICIENCY)		15,527		(6,440)
TOTAL LIABILITIES AND EQUITY (NET OF CAPITAL DEFICIENCY)	$	36,746	$	38,748

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORGENESIS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(U.S. Dollars in thousands, except share and loss per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2016	May 31, 2015	May 31, 2016	May 31, 2015
REVENUES	$ 1,132	$ 820	$ 2,652	$ 820
COST OF REVENUES	1,964	973	3,444	973
GROSS PROFIT (LOSS)	(832)	(153)	(792)	(153)
RESEARCH AND DEVELOPMENT EXPENSES, net	486	290	887	465
AMORTIZATION OF INTANGIBLE ASSETS	482	393	810	393
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,173	1,200	3,339	1,858
OPERATING LOSS	3,973	2,036	5,828	2,869
FINANCIAL EXPENSES (INCOME), net	553	(924)	(1,219)	(967)
LOSS BEFORE INCOME TAXES	4,526	1,112	4,609	1,902
INCOME TAX BENEFIT	(634)	(15)	(942)	(15)
NET LOSS	$ 3,892	$ 1,097	$ 3,667	1,887
LOSS PER SHARE:				
Basic	$ 0.04	$ 0.02	$ 0.03	$ 0.03
Diluted	$ 0.04	$ 0.03	$ 0.04	$ 0.05
WEIGHTED AVERAGE NUMBER OF SHARES USED IN COMPUTATION OF BASIC AND DILUTED LOSS PER SHARE:				
Basic	107,583,871	55,785,407	106,693,858	55,760,675
Diluted	107,583,871	62,795,145	106,693,858	60,159,549
OTHER COMPREHENSIVE LOSS:				
Net loss	$ 3,892	$ 1,097	$ 3,667	1,887
Translation adjustments	(580)	458	(1,084)	560
TOTAL COMPREHENSIVE LOSS	$ 3,312	$ 1,555	2,583	2,447

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORGENESIS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
(U.S. Dollars in thousands, except share amounts)
(Unaudited)

	Common Stock						
	Number	Par Value	Additional Paid-in Capital	Receipts on Account of Share to be Allotted	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at December 1, 2014	55,970,565	$ 6	$ 13,152	$ 60	$ (18)	$ (16,179)	$ (2,979)
Changes during the six months ended May 31, 2015:							
Stock-based compensation to employees and directors			321				321
Stock-based compensation to service providers			57				57
Comprehensive loss for the period					(560)	(1,887)	(2,447)
Balance at May 31, 2015	55,970,565	$ 6	$ 13,530	$ 60	$ (578)	$ (18,066)	$ (5,048)
Balance at December 1, 2015	55,835,950	$ 6	$ 14,229	$ 1,251	$ (1,286)	$ (20,640)	$ (6,440)
Changes during the six months ended May 31, 2016:							
Stock-based compensation to employees and directors			865				865
Stock-based compensation to service providers			792				792
Warrants and shares to be issued due to extinguishment			114				114

of a convertible loan							
Issuances of shares from investments and conversion of convertible loans	10,502,132	1	1,948	(1,251)			698
Reclassification of redeemable common stock	42,401,724	4	21,454				21,458
Receipts on account of shares to be allotted				623			623
Comprehensive loss for the period					1,084	(3,667)	(2,583)
Balance at May 31, 2016	108,739,806	$ 11	$ 39,402	$ 623	$ (202)	$ (24,307)	$ 15,527

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORGENESIS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. Dollars in thousands)
(Unaudited)

	Six Months Ended May 31, 2016	Six Months Ended May 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (3,667)	$ (1,887)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	1,657	378
Loss from extinguishment of a convertible loan	229	-
Depreciation and amortization expenses	1,335	625
Change in fair value of warrants and embedded derivatives	(1,721)	(951)
Change in fair value of convertible bonds	(132)	(379)
Interest expense accrued on loans and convertible loans	56	224
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(471)	210
Inccrease in inventory	(94)	(33)
Increase in other assets	(9)	-
Decrease (increase) in prepaid expenses and other accounts receivable	34	(789)
Increase in accounts payable	587	311
Increase in accrued expenses	150	101
Increase in employee and related payables	579	91
Increase in deferred income	332	601
Increase (decrease) in advance payments and receivables on account of grant	(87)	496
Decrease in deferred taxes	(944)	(15)
Net cash used in operating activities	(2,166)	(1,017)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(708)	(244)
Restricted cash	-	(5)
Acquisition of MaSTherCell, net of cash acquired	-	305
Net cash provided by (used in) investing activities	(708)	56
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term line of credit	-	(14)
Proceeds from issuance of warrants into shares and warrants	975	-
Proceeds from issuance of loans payable	-	317
Repayment of short and long-term debt	(1,828)	(67)
Net cash provided by (used in) financing activities	(853)	236
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,727)	(725)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	33	(404)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,168	1,314
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 474	$ 185

SUPPLEMENTAL NON-CASH FINANCING ACTIVITIES

Conversion of loans (including accrued interest) to common stock and warrants	$	1,028
Reclassification of redeemable common stock to equity	$	21,458
SUPPLEMENTAL INFORMATION ON INTEREST PAID IN CASH	$	143

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORGENESIS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended May 31, 2016 and 2015

NOTE 1 - GENERAL AND BASIS OF PRESENTATION

Orgenesis Inc. (the Company) was incorporated in the State of Nevada on June 5, 2008. The Company is developing a technology that demonstrates the capacity to induce a shift in the developmental fate of cells from the liver and differentiating (converting) them into pancreatic beta cell-like insulin producing cells for patients with Type 1 Diabetes.

As discussed in Note 3, on March 2, 2015, the Company completed the acquisition of MaSTherCell SA and Cell Therapy Holding SA (collectively MaSTherCell). MaSTherCell is a Contract Development and Manufacturing Organization (CDMO) specializing in cell therapy development for advanced medicinal products. Cell therapy is the prevention or treatment of human disease by the administration of cells that have been selected, multiplied and pharmacologically treated or altered outside the body (ex vivo). MaSTherCell's CDMO activity is operated as a separate reporting segment (See Note 4).

As used in this report and unless otherwise indicated, the term Company refers to Orgenesis Inc. and its wholly-owned subsidiaries (Subsidiaries). Unless otherwise specified, all amounts are expressed in United States dollars.

Basis of Presentation

These unaudited condensed consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with U.S. GAAP, pursuant to the rules and regulations of the United States Securities and Exchange Commission (SEC) for interim financial statements. Accordingly, they do not contain all information and notes required by U.S. GAAP for annual financial statements. In the opinion of management, the unaudited condensed consolidated interim financial statements reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the Company s consolidated financial position as of May 31, 2016, and the consolidated statements of comprehensive loss for the three and six months ended May 31 2016 and 2015, and the changes in equity (capital deficiency) and cash flows for the six months period ended May 31, 2016 and 2015. The results for the six months ended May 31, 2016 are not necessarily indicative of the results to be expected for the year ending November 30, 2016. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended November 30, 2015.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As of May 31, 2016, the Company had not achieved profitable operations, had accumulated losses of $24.3 million (since inception), had a negative cash flows from operating activities, had a working deficiency of $9.3 million and expects to incur further losses in the development of its business. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company s continuation as a going concern is dependent on its ability to obtain additional financing as may be required and ultimately to attain profitability. The Company needs to raise significant funds on an immediate basis in order to continue to meet its liquidity needs, realize its business plan and maintain operations. The Company s current cash resources are not sufficient to support its operations as presently conducted or permit it to take advantage of business opportunities that may arise. Management of the Company is continuing its efforts to secure funds through equity and/or debt instruments for its operations.

The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. There can be no assurance that management will be successful in implementing a business plan or that the successful implementation of a business plan will actually improve the Company s operating results. Presently, the Company does not have any financing commitment from any person, and there can be no assurance that additional capital will be available to the Company on commercially acceptable terms or at all. If the Company is unable to obtain the necessary capital, the Company may have to cease operations.

The Company has been funding its operations primarily from the proceeds from the private placements of its convertible and equity securities. From December 2015 through May 2016, the Company received proceeds of approximately $975 thousand from the proceeds of the private placement to certain accredited investors of its unsecured equity stock. In addition, between June 1 and July 14, 2016, the Company raised an additional $1.4 million from the proceeds of private placement of its securities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as described below.

Newly Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*. ASU 2014-09 will supersede most current revenue recognition guidance, including industry-specific guidance. The underlying principle is that an entity will recognize revenue upon the transfer of goods or services to customers in an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity s contracts with customers. The guidance is effective for the interim and annual periods beginning on or after December 15, 2016 (early adoption is not permitted). The guidance permits the use of either a retrospective or cumulative effect transition method. On July 9, 2015, the FASB decided to delay the effective date of the new revenue standard by one year. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. The Company is currently evaluating the impact of this standard.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements - Going Concern* (Subtopic 205-40), Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern. Continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity s liquidation becomes imminent. Preparation of financial statements under this presumption is commonly referred to as the going concern basis of accounting. Prior to this, there was no guidance under U.S. GAAP about management s responsibility to evaluate whether there is substantial doubt about an entity s ability to continue as a going concern or to provide related footnote disclosures. The amendments in this update provide that guidance. In doing so, the amendments reduce diversity in the timing and content of footnote disclosures. The amendments require management to assess an entity s ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt , (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management s plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management s plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). For the period ended November 30, 2015, management evaluated the Company s ability to continue as a going concern and concluded that substantial doubt has not been alleviated about the Company s ability to continue as a going concern. While the Company continues to explore further significant sources of financing, management s assessment was based on the uncertainty related to the availability, amount and nature of such financing over the next twelve months.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. The pronouncement requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. ASU 2016-01 requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. These changes become effective for the Company's fiscal year beginning January 1, 2018. The expected adoption method of ASU 2016-01 is being evaluated by the Company and the adoption is not expected to have a significant impact on the

Company s consolidated financial position or results of operations.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes the existing guidance for lease accounting, Leases (Topic 840). ASU 2016-02 requires lessees to recognize leases on their balance sheets, and leaves lessor accounting largely unchanged. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early application is permitted for all entities. ASU 2016-02 requires a modified retrospective approach for all leases existing at, or entered into after, the date of initial application, with an option to elect to use certain transition relief. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-06, *Contingent Put and Call Options in Debt Instruments* (Topic 815), which requires that embedded derivatives be separated from the host contract and accounted for separately as derivatives if certain criteria are met. One of those criteria is that the economic characteristics and risks of the embedded derivatives are not clearly and closely related to the economic characteristics and risks of the host contract (the clearly and closely related criterion). The amendments in this Update clarify what steps are required when assessing whether the economic characteristics and risks of call (put) options are clearly and closely related to the economic characteristics and risks of their debt hosts, which is one of the criteria for bifurcating an embedded derivative. Consequently, when a call (put) option is contingently exercisable, an entity does not have to assess whether the event that triggers the ability to exercise a call (put) option is related to interest rates or credit risks. The amendments are an improvement to GAAP because they eliminate diversity in practice in assessing embedded contingent call (put) options in debt instruments. The amendments in this ASU are effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted for all entities. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, as part of its simplification initiative. The areas for simplification in this update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Some of the areas for simplification apply only to nonpublic entities. The amendments in this ASU are effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early application is permitted for all entities. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

NOTE 3 ACQUISITION OF MASTHERCELL

Description of the Transaction

The Company entered into a share exchange agreement dated November 3, 2014, as subsequently amended (the "Share Exchange Agreement" or "SEA"), with MaSTherCell SA, Cell Therapy Holding SA (collectively MaSTherCell). Pursuant to the Share Exchange Agreement, which closed on March 2, 2015 in exchange for all of the issued and outstanding shares of MaSTherCell, the Company issued to the shareholders of MaSTherCell an aggregate of 42,401,724 shares (the Consideration Shares) of common stock at a price of $0.58 per share for an aggregate price of $24.6 million. Out of the Consideration Shares, 8,173,483 shares will be allocated to the bondholders of MaSTherCell in case of conversion.

On November 12, 2015, the Company and MaSTherCell and each of the shareholders of MaSTherCell (the MaSTherCell Shareholders), entered into an amendment (Amendment No. 2) to the Share Exchange Agreement. Under Amendment No. 2, the MaSTherCell Shareholders option to unwind the transaction as contained in the original Share Exchange Agreement (the Unwind Option) was extended to November 30, 2015. In addition the Company agreed to remit to MaSTherCell, by way of an equity investment, the sum of EUR 3.8 million by November 30, 2015 (the Initial Investment), to be followed by a subsequent equity investment by December 31, 2015 in MaSTherCell of EUR 1.2 million. The extended right of the MaSTherCell Shareholders to unwind the transaction could have been exercised by them only if the Company had not achieved the Post Closing Financing and/or completed the Initial Investment (as defined) by November 30, 2015.

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In connection with the equity investment, on December 10, 2015 the Company agreed to invest EUR 2.2 million in MaSTherCell equity in addition to the Initial Investment, which additional amount becomes due upon the request of the MaSTherCell board of directors, of whom Company directors/officers currently represent a majority. The Company s agreement represents an increase of EUR 1 million over the amount which the Company was previously obligated to invest in MaSTherCell under the Share Exchange Agreement as additional equity and replaces any funding obligation that the Company had under the SEA, as amended.

On December 10, 2015 the Company remitted to MaSTherCell the Initial Investment of € 3.8 million or $4.1 million (out of the original obligation for investment of €6 million), in compliance with its obligations as required under the Share Exchange Agreement. As a result, the Unwind Option was canceled and all the shares that were issued, have been reclassed from redeemable common stock into equity.

During the three months ended May 31, 2016, the Company remitted to MaSTherCell an additional $328 thousand (€ 286 thousand), in compliance with its obligations. On June and July 2016, an additional $1 million (€ 896 thousand was remitted to MaSTherCell (See also Note 11).

NOTE 4 - SEGMENT INFORMATION

The Chief Executive Officer ("CEO") is the Company s chief operating decision-maker ("CODM"). Following the acquisition of MaSTherCell, management has determined that there are two operating segments, based on the Company's organizational structure, its business activities and information reviewed by the CODM for the purposes of allocating resources and assessing performance.

CDMO

The CDMO activity is operated by MaSTherCell, which specializes in cell therapy development for advanced medicinal products. MaSTherCell is providing two types of services to its customers: (i) process and assay development services and (ii) GMP contract manufacturing services. The CDMO segment includes only the results of MaSTherCell.

CTB

The Cellular Therapy Business (CTB) activity is based on the technology licensed by the Israeli Subsidiary, that demonstrates the capacity to induce a shift in the developmental fate of cells from the liver and differentiating (converting) them into pancreatic beta cell-like insulin producing cells for patients with Type 1 Diabetes. This segment is comprised of all entities aside from MaSTherCell.

The Company assesses the performance based on a measure of "Adjusted EBIT" (earnings before financial expenses and tax, and excluding share-based compensation expenses and non-recurring income or expenses). The measure of assets has not been disclosed for each segment.

Adjusted EBIT is a non-GAAP financial measure that the Company believes that provides useful information to investors and others in understanding and evaluating the Company's operating results in the same manner as the Company's management and board of directors.

Segment data for the six months ended May 31, 2016 is as follows:

	CDMO	CTB	Corporate and Eliminations	Consolidated
		(in thousands)		
Net revenues from external customers	$ 2,974	$	$ (322)	$ 2,652
Cost of revenues	(3,220)		299	(2,921)
Research and development expenses, net		(674)	23	(651)
Operating expenses	(1,065)	(851)		(1,916)
Depreciation and amortization expenses	(1,333)	(2)		(1,335)
Segment Performance	$ (2,644)	$ (1,527)		(4,171)
Stock-based compensation			(1,657)	(1,657)
Financial income (expenses), net			1,219	1,219
Loss before income taxes				$ (4,609)

Segment data for the six months ended May 31, 2015 is as follows:

	CDMO	CTB	Corporate and Eliminations	Consolidated
		(in thousands)		
Net revenues from external customers	$ 951	$	$ (131)	$ 820
Cost of revenues	(743)			(743)
Research and development expenses, net		(517)	131	(386)
Operating expenses	(664)	(893)		(1,557)
Depreciation and amortization expense	(622)	(3)		(625)
Segment Performance	$ (1,078)	$ (1,413)		(2,491)
Stock-based compensation			(378)	(378)
Financial income (expenses), net			967	967
Loss before income taxes				$ (1,902)

Segment data for the three months ended May 31, 2016 is as follows:

	CDMO	CTB	Corporate and Eliminations	Consolidated
		(in thousands)		
Net revenues from external customers	$ 1,403	$	$ (271)	$ 1,132
Cost of revenues	(1,932)		180	(1,752)
Research and development expenses, net		(376)	91	(285)
Operating expenses	(458)	(429)		(887)
Depreciation and amortization expense	(693)	(1)		(694)

Segment Performance	$ (1,680)	$ (806)		(2,486)
Share-based compensation			(1,487)	(1,487)
Financial income (expenses), net			(553)	(553)
Loss before income taxes				$ (4,526)

Segment data for the three months ended May 31, 2015 is as follows:

	CDMO	CTB	Corporate and Eliminations	Consolidated
	(in thousands)			
Net revenues from external customers	$ 951	$	$ (131)	$ 820
Cost of revenues	(743)			(743)
Research and development expenses, net		(290)	131	(159)
Operating expenses	(664)	(534)		(1,198)
Depreciation and amortization expense	(622)	(3)		(625)
Segment Performance	$ (1,078)	$ (827)		(1,905)
Stock-based compensation			(131)	(131)
Financial income (expenses), net			924	924
Loss before income taxes				$ (1,112)

Geographic, Product and Customer Information

Substantially all of the Company's revenues and long lived assets are located in Belgium.

Net revenues from single customers from the CDMO segment that exceed 10% of total net revenues are:

	Three Months Ended May 31, 2016	Six Months Ended May 31, 2016
	(in thousands)	
Customer A	$ 830	$ 1,594
Customer B	$ 420	$ 981

The Company has included adjusted EBIT in this Quarterly Report on Form 10-Q because it is a key measure used to evaluate the Company s financial and operating performance, generate future operating plans and make strategic decisions for the allocation of capital. Accordingly, the Company believes that adjusted EBIT provides useful information to investors and others in understanding and evaluating the operating results in the same manner as our management and board of directors. While the Company believes that this non-GAAP financial measure is useful in evaluating its business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared in accordance with US GAAP.

NOTE 5 CONVERTIBLE LOAN AGREEMENTS

1) During the year ended November 30, 2015 and 2014, the Company entered into six convertible loan agreements (out of which five during 2015) with new investors for a total amount of $1 million (the Convertible Loans), interest is calculated at 6% annually and was payable, along with the principal on or before the maturity date.

On April 27, 2016 and December 23, 2015, the holders of all the Convertible Loans and the Company agreed to convert the Convertible Loans and accrued interest into units of the Company s common stock, each unit comprising one share of the Company s common stock and one three-year warrant to purchase an additional share of the Company s common stock at an exercise price of $0.52. Upon conversion of the Convertible Loans, the Company issued an aggregate of 1,976,330 shares of Common stock and three year warrants to purchase up to an additional 1,976,330 shares. Furthermore, in the event the Company issues any common shares or securities convertible into

common shares in a private placement for cash at a price less than $0.52 (the New Issuance Price) on or before December 23, 2016, the Company will issue, for no additional consideration, additional common shares to subscribers, according to the mechanism defined in the agreements. This provision does not apply to issuance of shares under options, issuance of shares under existing rights to acquire shares, nor issuance of shares for non-cash consideration.

The Company allocated the principal amount of the convertible loans and the accrued interest thereon based on their fair value.

The table below presents the fair value of the instruments issued as of the conversion dates and the allocation of the proceeds (for the fair value as of May 31, 2016, see Note 10):

	Total Fair Value (in thousands)	
	December 23, 2015	**April 27, 2016**
Warrants component	$ 323	$ 13
Price protection derivative component	34	2
Shares component	614	32
Total	$ 971	$ 47

2) On April 27, 2016, the Company entered into an assignment and assumption of debt agreement with Nine Investments Ltd. (Nine Investments) and Admiral Ventures Inc. (Admiral). Pursuant to the terms of a Convertible Loan Agreement dated May 29, 2014, as amended on December 2014 (collectively, the "Loan Agreement"), Nine Investments agreed to assign and transfer to Admiral all of the Company s obligations for the outstanding amount of the Loan Agreement. Additional amendments to the provisions of the Loan Agreement were executed as follows:

a) Extend the due date of the loan of $1.5 million through September 30, 2016;
b) The Company paid to Admiral an extension fee in the form of 288,461 units, each unit was comprised of one common share and one, three-year warrant for one common share at an exercise price of $0.52 per common share. The fair value of the warrants as of the grant date was $34 thousand. Using the Black-Scholes model, the shares were valued at the fair value of the Company s common stock as of April 27, 2016, or $0.28; and
c) The Company shall accrue additional interest totalling $55 thousand for the period from January 31, 2015 to December 31, 2015. In addition the interest rate shall be 12% per annum commencing from January 1, 2016.

The Company accounted for the above changes as an extinguishment of the old debt and issuance of a new debt. As a result, a loss of $229 thousand was recorded within financial expenses.

NOTE 6 COMMITMENTS

Collaboration Agreements

1) On March 14, 2016, the Israel subsidiary, entered into a collaboration agreement with CureCell Co., Ltd. (CureCell), initially for the purpose of applying for a grant from the Korea Israel Industrial R&D Foundation ("Koril-RDF") for pre-clinical and clinical activities related to the commercialization of Orgenesis Ltd. s AIP cell therapy product in Korea ("Koril Grant"). Subject to receiving the Koril Grant, the Parties agreed to carry out at their own expense their respective commitments under the work plan approved by Koril-RDF and any additional work plan to be agreed between the Israeli Subsidiary and CureCell. The Israeli Subsidiary will own sole rights to any intellectual property developed from the collaboration which is derived under the Israeli Subsidiary s AIP cell therapy product, information licensed from THM. Subject to obtaining the requisite approval needed to commence commercialization in Korea, the Israel subsidiary has agreed to grant to CureCell, or a fully owned subsidiary thereof, under a separate sub-license agreement an exclusive sub-license to the intellectual property underlying the Company s API product solely for commercialization of the Israel subsidiary products in Korea. As part of any such license, CureCell has agreed to pay annual license fees, ongoing royalties based on net sales generated by CureCell and its sublicensees, milestone payments and sublicense fees. Under the agreement, CureCell is entitled to share in the net profits derived by the Israeli Subsidiary from world-wide sales (except for sales in Korea) of any product developed as a result of the collaboration with CureCell. Additionally, CureCell was given the first right to obtain exclusive commercialization rights in Japan of the AIP product, subject to CureCell procuring all of the regulatory approvals

required for commercialization in Japan.

2) On March 14, 2016, the Company and CureCell Co., Ltd. (CureCell) of Korea entered into a Joint Venture Agreement (the JVA) pursuant to which the parties will collaborate in the contract development and manufacturing of cell therapy products in Korea. The parties intend to pursue the joint venture through a newly established Korean company (the JV Company) which the Company by itself, or together with a designee, will hold a 50% participating interest therein, with the remaining 50% participating interest being held by CureCell. Under the JVA, CureCell is to procure, at its sole expense, a GMP facility and appropriate staff in Korea for the manufacture of the cell therapy products. The Company will share with CureCell the Company s know-how in the field of cell therapy manufacturing, which know-how will not include the intellectual property included in the license from the Tel Hashomer Hospital in Israel to the Israeli subsidiary. In addition, each party shall be required to perform its respective obligations according to a detailed work plan to be agreed upon by CureCell and Company within no later than 30 days following the execution of the JVA. Under the JVA, the Company and CureCell each undertook to remit, within two years of the execution of the JVA, $2 million to the JV Company, of which $1 million is to be in cash and the balance in an in-kind investment, the scope and valuation of which shall be preapproved in writing by CureCell and the Company. The Company s funding will be made by way of a convertible loan to the JV Company or the joint venture (if the JV Company is not established). The JVA provides that, under certain specified conditions, the Company can require CureCell to sell to the Company its participating (including equity) interest in the JV Company in consideration for the issuance of the Company s common stock based on the then valuation of the JV Company.

3) On May 10, 2016 (the Effective Date), the Company and Atvio Biotech Ltd., a newly formed Israeli company (Atvio) entered into a Joint Venture Agreement (the JVA) pursuant to which the parties agreed to collaborate in the contract development and manufacturing of cell and virus therapy products in the field of regenerative medicine in the State of Israel. The parties intend to pursue the joint venture through Atvio, in which the Company will have a 50% participating interest therein. Under the JVA, Atvio is to procure, at its sole expense, a GMP facility and appropriate staff in Israel. The Company will share with Atvio the Company s know-how in the field of cell therapy manufacturing, which know-how will not include the intellectual property included in the license from the Tel Hashomer Hospital in Israel to the Israeli Subsidiary. The parties are to create a mutually agreeable work plan within 60 days following the execution of the JVA, detailing each party s respective obligations. Subject to the adoption of a work plan acceptable to the Company, the Company shall remit to Atvio $1 million to defray the costs associated with the setting up and the maintenance of the GMP facility, all or part of which may be contributed by way of in kind services as agreed to in the work plan. The Company s funding will be made by way of a convertible loan to Atvio, which shall be convertible at the Company s option at any time into 50% of the then outstanding equity capital immediately following such conversion. In addition, within a year from the Effective Date the Company has the option to require the Atvio shareholders to transfer the Company the entirety of their interest in Atvio for the consideration specified in the agreement. Within three years from the Effective Date, the Atvio shareholders shall have the option to require the Company to purchase from Atvios' shareholders their entire interest in Atvio for the consideration specified in the agreement. As of May 31, 2016, no activities have begun in Atvio.

Grants

1) On April 2016, the Belgian Subsidiary received the formal approval from the Walloon Region, Belgium (Service Public of Wallonia, DGO6) for a budgeted EUR 1,304 thousand support program for the development of a potential cure for Type 1 Diabetes. The financial support is awarded to the Belgium subsidiary as a recoverable advance payment at 55% of budgeted costs, or for a total of EUR 717 thousand ($800 thousand). The grant will be paid to Orgenesis over the project period.

2) On May 26, 2016, the Israeli Subsidiary entered into a pharma Cooperation and Project Funding Agreement (CPFA) with KORIL and CureCell. KORIL will give a conditional grant of up to $400 thousand each (according to terms defined in the agreement), for a joint research and development project for the use of Autologous Insulin Producing (AIP) Cells for the Treatment of Diabetes (the Project). The Project started on June 1, 2016. Upon the conclusion of product development, the grant shall be repaid at the yearly rate of 2.5% of gross sales. The grant will be used solely to finance the costs to conduct the research of the project during a period of 18 months starting on June

1, 2016. On June 2016, the Israeli Subsidiary received $160 thousand under the grant.

NOTE 7 EQUITY

a. Share Capital

The Company s common shares are traded on the OTC Market Group s OTCQB tier under the symbol ORGS .

b. *Financings*

During the six months ended May 31, 2016, the Company entered into definitive agreements with accredited and other qualified investors relating to a private placement (the Private Placement) of (i) 1,875,002 shares of the Company s common stock and (ii) three year warrants to purchase up to an additional 1,875,002 shares of the Company s Common Stock at a per share exercise price of $0.52. The purchased securities were issued pursuant to subscription agreements between the Company and the purchasers for aggregate proceeds to the Company of $975 thousand. Furthermore, in the event the Company issues any common shares or securities convertible into common shares in a private placement for cash at a price less than $0.52 (the New Issuance Price) within a year from the issuance date, the Company will issue, for no additional consideration, additional common shares to subscribers in the $0.52 per share which total each subscriber s subscription proceeds divided by the New Issuance Price, minus the number of shares already issued to such subscriber. This provision does not apply to issuance of shares under options, issuance of shares under existing rights to acquire shares, nor issuance of shares for non-cash consideration (See also Note 10).

The Company allocated the proceeds from the private placement based on the fair value of the warrants and the price protection derivative components. The residual amount was allocated to the shares.

The table below presents the fair value of the instruments issued as of the closing dates and the allocation of the proceeds (for the fair value as of May 31, 2016, see Note 10):

	Total Fair Value (in thousands)	
Warrants component	$	265
Price protection derivative component		37
Shares component		673
Total	$	975

NOTE 8 STOCK BASED COMPENSATION

a. *Options Granted to Employees and Directors*

On April 27, 2016, the Company approved an aggregate of 1,104,950 stock options to the Company s Chief Executive Officer that are exercisable at $0.0001 per share and an aggregate of 1,641,300 stock options to the Chief Executive Officer of the U.S. Subsidiary that are exercisable at $.0.28 per share. The options vested immediately with a fair value as of the date of grant of $622 thousand using the Black-Scholes valuation model.

b. *Options Granted to Consultant*

On March 1, 2016 the Company entered into a consulting agreement for professional services for a period of one year. Under the terms of the agreement, the Company granted to a consultant 1 million options exercisable at $0.30 per share. The options shall vest quarterly over a period of one year, but shall immediately vest prior to such one-year period if there is an acquisition of 40% or more of the Company or upon funding of $5 million or more in financing. The fair value of those options as of the date of grant was $187 thousand using the Black-Scholes valuation model.

c. *Shares Issued to Consultants*

1) On March 1, 2016, the Company entered into a consulting agreement for professional services for a period of one year. Under the terms of the agreement, the Company agreed to grant the consultant 250 thousand shares of restricted common stock. The fair value of the Company s common stock as of the date of grant was $0.30. In addition, the Company will pay a retainer fee of $10,000 per month, consisting $5,000 cash per month and $5,000 shall be payable in shares of the Company s common stock at a value equal to the price paid for the equity capital raise

of at least $3 million (the financing). The cash fee per month and shares shall be issued upon completion of the financing. As of May 31, 2016, the financing was not completed and, therefore, no expenses were recorded in connection with the shares.

2) On April 27, 2016, the Company entered into a consulting agreement for professional services for a period of one year with two consultants. Under the terms of the agreements, the Company agreed to grant the consultants an aggregage of 1.2 million shares of restricted common stock that vested on grant date. The fair value of the Company s common stock as of the date of grant was $0.28.

3) On May 1, 2016, the Company entered into a consulting agreement for professional services for a period of one year. Under the terms of the agreement, the Company agreed to grant a consultant 1 million shares of restricted common stock, of which the first 350,000 shares will vest immediately, 350,000 shares are to vest 90 days following the agreement date and 300,000 shares are schedule to vest 180 following the agreement date. The fair value of the Company s common stock as of the date of grant of the first tranche was $0.28. With respect to each subsequent tranche, the fair value of the Company s common stock as of May 31, 2016, was $0.35.

NOTE 9 LOSS PER SHARE

The following table sets forth the calculation of basic and diluted earnings (loss) per share for the periods indicated:

	Three Months Ended May 31,		Six Months Ended May 31,	
	2016	2015	2016	2015
	(in thousands, except per share data)			
Basic:				
Loss for the period	$ 3,892	$ 1,097	$ 3,667	$ 1,887
Weighted average number of common shares outstanding	107,583,871	55,785,407	106,693,858	55,760,675
Loss per common share	$ 0.04	$ 0.02	$ 0.03	$ 0.03
Diluted:				
Loss for the period	$ 3,892	$ 1,097	$ 3,667	$ 1,887
Changes in fair value of embedded derivative and interest expense on convertible bonds		592	92	560
Change in fair value of warrants		380		526
Loss for the period	3,892	2,069	$ 3,759	2,973
Weighted average number of shares used in the computation of basic loss per share	107,583,871	55,785,407	106,693,858	55,760,675
Number of dilutive shares related to convertible bonds		6,554,728		3,894,438
Number of dilutive shares related to warrants		455,010		504,436
Weighted average number of common shares outstanding	107,583,871	62,795,145	106,693,858	60,159,549
Loss per common share	$ 0.04	$ 0.03	$ 0.04	$ 0.05

Diluted loss per share does not include 16,954,564 shares underlying outstanding options, 19,769,959 shares issuable upon exercise of warrants, 1,150,000 shares due to stock-based compensation to service providers and 4,793,603 shares upon conversion of convertible notes for the six and three months ended May 31, 2016, because the effect of their inclusion in the computation would be anti-dilutive.

Diluted loss per share does not include 42,401,724 redeemable common stock, 15,367,559 shares underlying outstanding options, 350,000 shares due to stock-based compensation to service providers, 2,682,256 shares issuable upon exercise of warrants for the six and three months ended May 31, 2015, because the effect of their inclusion in the computation would be anti-dilutive.

NOTE 10 - FAIR VALUE PRESENTATION

The Company measures fair value and discloses fair value measurements for financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standard establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
Level 2: Observable inputs that are based on inputs not quoted on active markets, but corroborated by market data.
Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible, and considers credit risk in its assessment of fair value.

As of May 31, 2016 and November 30, 2015 the Company s liabilities that are measured at fair value and classified as level 3 fair value are as follows (in thousands):

	May 31, 2016 Level 3	November 30, 2015 Level 3
Warrants (1)	$ 1,730	$ 1,382
Price protection derivative (1)	175	1,533
Embedded derivatives*(1)	260	289
Convertible bonds (2)	$ 1,859	$ 1,888

* The embedded derivative is presented in the Company's balance sheets on a combined basis with the related host contract (the convertible loans).

(1) The fair value of the warrants, price protection derivatives and embedded derivatives is determined by using a Monte Carlo Simulation Model. This model, in contrast to a closed form model, such as the Black-Scholes Model, enables the Company to take into consideration the conversion price changes over the conversion period of the loan, and therefore is more appropriate in this case.

(2) The fair value of the convertible bonds described in Note 7 of the Annual Report is determined by using a binomial model for the valuation of the embedded derivative and the fair value of the bond was calculated based on the effective rate on the valuation date (6%). The binomial model used the forecast of the Company share price during the convertible bond's contractual term. Since the convertible bond is in Euro and the model is in USD, the Company has used the Euro/USD forward rates for each period. In order to solve for the embedded derivative fair value, the calculation was performed as follows:

Stage A - The model calculates a number of potential future share prices of the Company based on the volatility and risk-free interest rate assumptions.
Stage B - the embedded derivative value is calculated "backwards" in a way that takes into account the maximum value between holding the bonds until maturity or converting the bonds.

The following table presents the assumptions that were used for the models as of May 31, 2016:

	Price Protection Derivative and Warrants	Embedded Derivative
Fair value of shares of common stock	$ 0.35	$ 0.35
Expected volatility	88%-91%	91%
Discount on lack of marketability	14%	-
Risk free interest rate	0.27%-1.03%	0.39%
Expected term (years)	2.4-3	0.33
Expected dividend yield	0%	0%

Expected capital raise dates	Q3 2016, Q1 2018	-

The fair value of the convertible bonds is equal to their principal amount and the aggregate accrued interest.

The following table presents the assumptions that were used for the models as of November 30, 2015:

James E. Butts	2006			888	39,540	35,190	58,160	133,778
Vice President, Transportation	2005		1,468	10,656	39,540	35,190	7,030	93,884
	2004	465	17,620	10,656	39,540	35,190		103,471
Mark A. Walker	2006			3,552	26,360	23,460	23,415	76,787
Vice President, Transportation	2005		2,349	42,624	26,360	23,460		94,793
	2004	589	28,192	42,624	26,360	23,460		121,225
Scott Satterlee	2006			888	39,540	35,190	68,551	144,169
Vice President, Transportation	2005		294	10,656	39,540	35,190		85,680
	2004	295	3,524	10,656	39,540	35,190		89,205

(3) The dollar amount in this column represents the amount the named executive earned during the respective year under their individual non-equity incentive plan. The amount earned is paid out as cash compensation early in the following year after the company calculates the value earned under the award.

Supplemental All Other Compensation Table

Name	Year	(1) Perks and Other Personal Benefits	Earnings on Deferred Compensation	(2) Tax Reimbursements	(3) Discounted Securities Purchases	Payments/ Accruals on Termination Plans	(4) Registrant Contributions to Defined Contributions	Increase in Pension Actuarial Value	(5) Insurance Premiums	Other	Total
John P. Wiehoff	2006	$ 2,500	$ 0	$ 2,300	$ 0	$ 0	$ 24,200	$ 0	$ 900	$ 0	$ 29,900
Chairman and Chief Executive	2005	1,875	0	920	0	0	25,200	0	600	0	28,595
Officer	2004	2,500	0	46	0	0	18,450	0	600	0	21,596
Chad M. Lindbloom	2006	1,415	0	647	0	0	24,200	0	600	0	26,862
Chief Financial Officer	2005	2,425	0	1,187	0	0	25,200	0	600	0	29,412
	2004	2,500	0	46	0	0	18,450	0	600	0	21,596
James E. Butts	2006	2,035	0	1,659	1,759	0	24,200	0	1,380	0	31,033
Vice President, Transportation	2005	1,857	0	628	1,760	0	25,200	0	1,380	0	30,825
	2004	2,500	0	68	1,760	0	18,450	0	900	0	23,678
Mark A. Walker	2006	2,435	0	2,300	1,759	0	24,200	0	900	0	31,594
Vice President, Transportation	2005	1,250	0	621	1,760	0	22,300	0	900	0	26,831
	2004	2,500	0	50	1,760	0	10,250	0	900	0	15,460
Scott A. Satterlee	2006	2,500	0	1,477	0	0	24,200	0	540	0	28,717
Vice President, Transportation	2005	1,250	0	615	0	0	25,200	0	540	0	27,605
	2004	2,500	0	45	0	0	18,450	0	540	0	21,535

(1) Represents the fair market value of tax services under the executive tax program.

(2) Represents tax reimbursements on the executive tax program and the executive life insurance program.

(3) Represents the discount on shares purchased under the Company s qualified employee stock purchase plan.

(4) Represents matching and profit sharing contributions under the Company s qualified 401(k) plan.

(5) Represents taxable portion of premiums paid for life insurance for the named executive officer under the Company s qualified Group Life Plan.

Grants of Performance Based Awards

Name	Year	(1) Performance Based Stock and Stock-Based Incentive Plans: Number of Shares, Units or Other Rights	(2) Grant Date Fair Value Under FAS 123R	Performance Based Options: Number of Securities Underlying Options	Non-Stock Incentive Plan Awards: Number of Units or Other Rights	Dollar Amount of Consideration Paid for Award, if any	Grant Date for Stock or Option Awards	Performance or Other Period Until Vesting or Payout and Option Expiration Date	Estimated Future Payouts Threshold (#)	Target (#)	Maximum (#)
John P. Wiehoff	2006	0	0	0	0	$ 0		0	0	0	0
Chairman and Chief	2005	120,000 (3)	4,102,800	0	0	0	12/7/2005	0	0	0	120,000
Executive Officer	2004	0	0	0	0	0		0	0	0	0
Chad M. Lindbloom	2006	0	0	0	0	0		0	0	0	0
Chief Financial Officer	2005	45,000 (4)	1,538,550	0	0	0	12/7/2005	0	0	0	45,000
	2004	0	0	0	0	0		0	0	0	0
James E. Butts	2006	0	0	0	0	0		0	0	0	0
Vice President,	2005	45,000 (5)	1,538,550	0	0	0	12/7/2005	0	0	0	45,000
Transportation	2004	0	0	0	0	0		0	0	0	0
Mark A. Walker	2006	0	0	0	0	0		0	0	0	0
Vice President,	2005	45,000 (6)	1,538,550	0	0	0	12/7/2005	0	0	0	45,000
Transportation	2004	0	0	0	0	0		0	0	0	0
Scott A. Satterlee	2006	0	0	0	0	0		0	0	0	0
Vice President,	2005	45,000 (7)	1,538,550	0	0	0	12/7/2005	0	0	0	45,000
Transportation	2004	0	0	0	0	0		0	0	0	0

(1) These restricted shares granted in 2005 are available to vest over five calendar years beginning in 2006. The actual vesting percentage for each year is determined by the following: year-over-year growth rates in income from operations and diluted net income per share are averaged, and then five percentage points are added to that number. Any shares unvested after five years are forfeited back to the company. The actual vesting percentage for 2006 was 35%.

(2) The amounts in this column represent the grant date FAS123R value for the respective awards. Because these awards vest based on the financial performance of the Company, the FAS 123R value will be reflected in the financial statements of the Company based on the actual vesting percentage for each vesting year. These restricted shares, vested and unvested, earn dividends at the same rate as Common Stock. Because these dividends are considered compensation under the Internal Revenue Code, the dividends are paid to each named executive officer through the Company s payroll system.

(3) All vested shares will be paid out in five equal annual installments to Mr. Wiehoff beginning in January 2013.

(4) All vested shares will be paid out to Mr. Lindbloom in January 2013.

(5) All vested shares will be paid out in five equal annual installments to Mr. Butts after termination of employment.

(6) All vested shares will be paid out in five equal annual installments to Mr. Walker after termination of employment.

(7) All vested shares will be paid out in five equal annual installments to Mr. Satterlee beginning in January 2013.

Grants of All Other Equity Awards

(Restoration Grant Detail)

Name	Year	(1) Number of Securities Underlying Stock Options Granted (#)	Exercise or Base Price ($ per Share)	Expiration Date	Number of Shares of Stock or Units Granted (#)	Vesting Date	Grant Date
John P. Wiehoff	2006	54,863	47.92	1/31/2010		8/18/2006	8/18/2006
Chairman and Chief Executive Officer	2006	3,596	42.02	2/15/2009		11/6/2006	11/6/2006
	2004	7,372	25.90	10/15/2007		10/22/2004	10/22/2004
Chad M. Lindbloom	2006	12,886	42.68	2/1/2011		2/14/2006	2/14/2006
Chief Financial Officer	2006	2,302	42.68	1/31/2010		2/14/2006	2/14/2006
	2006	1,239	42.68	2/15/2009		2/14/2006	2/14/2006
	2005	240	31.34	2/15/2009		8/1/2005	8/1/2005
	2005	1,380	31.29	10/15/2007		7/29/2005	7/29/2005
	2005	804	31.29	2/15/2009		7/29/2005	7/29/2005
James E. Butts	2006	1,576	47.92	2/15/2009		8/18/2006	8/18/2006
Vice President, Transportation	2006	4,801	42.37	1/31/2010		11/14/2006	11/14/2006
	2005	1,309	41.25	10/15/2007		11/22/2005	11/22/2005
Mark A. Walker	2006	1,331	47.31	10/15/2007		3/22/2006	3/22/2006
Vice President, Transportation	2006	1,594	47.31	1/31/2010		3/22/2006	3/22/2006
Scott A. Satterlee	2006	5,689	42.83	2/15/2012		2/16/2006	2/16/2006
Vice President, Transportation	2006	243	41.81	1/31/2010		11/8/2006	11/8/2006

(1) The options shown in this table are non-qualified restoration stock options and are granted pursuant to the company s Omnibus Stock Plan. A restoration option (also referred to as a reload option) is granted when an original option is exercised and payment of the exercise price or tax withholding obligation is made by delivery of previously owned shares of company Common Stock. Each restoration option is granted for the number of shares tendered as payment for the exercise price and tax withholding obligation, has a per share exercise price equal to the fair market value of a share of Common Stock on the date of grant, is exercisable in full on the date of grant, and expires on the same date as the original option.

Outstanding Equity Awards At Fiscal Year-End

	Option Awards	Option Awards	Restricted Shares	Restricted Shares		
Name	Number of Securities Underlying Unexercised Options (#) (Exercisable/ Unexercisable)	(1) In-the-Money Amount of Unexercised Options ($) (Exercisable/ Unexercisable)	Number of Shares or Units of Stock Held That Have Not Vested (#)	(2) Market Value of Nonvested Shares or Units of Stock Held That Have Not Vested ($)	Incentive Plans: Number of Nonvested Shares, Units or Other Rights Held (#)	Incentive Plans: Market or Payout Value of Nonvested Shares, Units or Other Rights Held ($)
John P. Wiehoff Chairman and Chief Executive Officer	373,807 / 55,000	$8,775,873 / $1,436,775	281,390	$ 11,506,053	0	0
Chad M. Lindbloom Chief Financial Officer	96,511 / 22,500	2,255,913 / 588,038	29,250	1,196,033	0	0
James E. Butts Vice President, Transportation	51,877 / 22,500	1,197,133 / 588,038	29,250	1,196,033	0	0
Mark A. Walker Vice President, Transportation	104,005 / 15,000	2,928,092 / 392,025	29,250	1,196,033	0	0
Scott A. Satterlee Vice President, Transportation	44,488 / 22,500	1,028,106 / 588,038	29,250	1,196,033	0	0

(1) In-the-Money Amount has been determined based on the difference between the last sale price of our Common Stock as reported by The Nasdaq Global Market on December 29, 2006 ($40.89) and the per share option exercise price, multiplied by the number of shares subject to the in-the-money options.

(2) Market Value has been determined based on the last sale price of our Common Stock as reported by The Nasdaq Global Market on December 29, 2006 ($40.89).

Option Exercises and Stock Vested

Name of Executive Officer		No. of Shares Acquired on Exercise or Vesting (#)	Value Realized Upon Exercise or Vesting ($)	Grant Date Fair Value Previously Reported in Summary Compensation Table ($)
John P. Wiehoff Chairman and Chief Executive Officer	Options Stock	124,000 64,599 (1)	4,632,105 2,641,450	496,300 1,769,314
Chad M. Lindbloom Chief Financial Officer	Options Stock	37,752 15,750 (2)	1,139,761 644,018	202,644 538,493
James E. Butts Vice President, Transportation	Options Stock	33,309 15,750 (2)	1,146,987 644,018	123,029 538,493
Mark A. Walker Vice President, Transportation	Options Stock	17,120 15,750 (2)	715,209 644,018	35,094 538,493
Scott A. Satterlee Vice President, Transportation	Options Stock	11,032 15,750 (2)	312,296 644,018	70,274 538,493

(1) This number reflects 42,000 restricted shares vesting due to the financial performance of the company and 22,599 restricted shares vesting under a time based vesting award.

(2) This number reflects restricted shares vesting based on the financial performance of the company.

Nonqualified Defined Contribution and Other Deferred Compensation Plans

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY	Aggregate Earnings in Last FY	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE
John P. Wiehoff Chairman and Chief Executive Officer	$ 0	$ 0	$ 3,288	$ 114,677	$ 0
Chad M. Lindbloom Chief Financial Officer	0	0	0	0	0
James E. Butts Vice President, Transportation	0	0	1,543	50,831	0
Mark A. Walker Vice President, Transportation	0	0	2,502	77,127	0
Scott A. Satterlee Vice President, Produce	0	0	0	0	0

Compensation Committee Report on Executive Compensation

The Compensation Committee has reviewed and approved the management compensation discussion and analysis section and concurs that it accurately represents the compensation philosophy of the company. The Compensation Committee charter is posted on the C.H. Robinson Worldwide website at

http://phx.corporate-ir.net/phoenix.zhtml?c=97366&p=irol-governance

Wayne Fortun

Robert Ezrilov

ReBecca Koenig Roloff

Gerald Schwalbach

Michael Wickham

The Members of the Compensation Committee of the Board of Directors

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table contains information regarding beneficial ownership of C.H. Robinson s Common Stock as of March 26, 2007 by (i) each person who is known by the company to own beneficially more than five percent of the Common Stock, (ii) each director or nominee, and each executive officer of the company named in the Summary Compensation Table under the heading Executive Compensation above, and (iii) all company directors and executive officers as a group. Unless otherwise noted, the shareholders listed in the table have sole voting and investment powers with respect to the shares of Common Stock owned by them.

	Number of Shares Beneficially Owned (1)	Percentage of Outstanding Shares
FMR Corp. (2) 82 Devonshire Street Boston, MA 02109	23,252,103	13.46%
John P. Wiehoff (3)	1,262,746	*
Jim Butts (4)	870,221	*
Mark Walker (5)	318,891	*
Chad Lindbloom (6)	292,149	*
Scott Satterlee (7)	142,232	*
Robert Ezrilov (8)	163,255	*
Gerald A. Schwalbach	171,330	*
Wayne M. Fortun (9)	38,157	*
Brian P. Short (10)	28,181	*
Michael W. Wickham	6,025	*
Rebecca Roloff	5,567	*
Ken Keiser	3,035	*
All executive officers and directors as a group (15 persons)	3,761,747	2.17

* Less than 1%

(1) Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission (the Commission), and includes generally voting power and/or investment power with respect to securities. Shares of Common Stock subject to options currently exercisable or exercisable within 60 days of March 26, 2007 (Currently Exercisable Options) are deemed outstanding for computing the percentage beneficially owned by the person holding such options, but are not deemed outstanding for computing the percentage beneficially owned by any other person.

(2) Disclosure is made in reliance upon a statement on Schedule 13G/A, dated as of February 14, 2007, filed with the Securities and Exchange Commission. FMR Corp has sole voting power over 1,619,719 shares and sole dispositive power over 23,252,103 shares. FMR Corp. reported that its wholly owned subsidiary Fidelity Management & Research Company serves as an investment advisor to various investment company clients and that no one client accounts for more than five percent of the total outstanding Common Stock.

(3) Includes 59,508 shares owned by Mr. Wiehoff s spouse and children, and includes 408,807 shares underlying options exercisable within 60 days. Also includes 338,984 restricted shares. These restricted shares vest ratably over a period of fifteen (15) years from the date of grant provided he remains employed by the company, and vesting will not be accelerated for any reason. These restricted shares are subject to other restrictions as defined in the Deferred Compensation Plan. The dividends on these shares were used to purchase 20,118 shares of C.H. Robinson common stock, which are fully vested. Such deferred shares have been placed in a non-qualified grantor trust for Mr. Wiehoff s benefit. Mr. Wiehoff has the right to advise the trustee on how to vote such shares, but does not have dispositive power with respect to such shares. Also includes 80,000 restricted shares issued in 2003 and 120,000 restricted shares issued in 2005 that were placed into the Deferred Compensation Plan and are available to vest over five calendar years. The actual vesting percentage for each year is determined by the following formula: five percentage points are added to

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the average of the year-over-year growth rate in income from operations and diluted net income per share. Any shares that are unvested at the end of the five years are forfeited back to the company. The restricted award issued in 2003 is fully vested.

(4) Includes 50,231 shares issuable upon exercise of outstanding options. Also includes 30,000 restricted shares issued in 2003 and 45,000 restricted shares issued in 2005 that were placed into the Deferred Compensation Plan and are available to vest over five calendar years. The actual vesting percentage for each year is determined by the following formula: five percentage points are added to the average of the year-over-year growth rate in income from operations and diluted net income per share. Any shares that are unvested at the end of the five years are forfeited back to the company. The restricted award issued in 2003 is fully vested.

(5) Includes 1,800 shares owned by Mr. Walker s children and includes 114,005 shares underlying options exercisable within 60 days. Also includes 30,000 restricted shares issued in 2003 and 45,000 restricted shares issued in 2005 that were placed into the Deferred Compensation Plan and are available to vest over five calendar years. The actual vesting percentage for each year is determined by the following formula: five percentage points are added to the average of the year-over-year growth rate in income from operations and diluted net income per share. Any shares that are unvested at the end of the five years are forfeited back to the company. The restricted award issued in 2003 is fully vested. Also includes 524 restricted shares placed into the Deferred Compensation Plan during 2003 which vested immediately.

(6) Includes 12,664 shares owned by Mr. Lindbloom s spouse and includes 111,511 shares underlying options exercisable within 60 days. Also includes 40,000 restricted shares issued in 2003 and 45,000 restricted shares issued in 2005 that were placed into the Deferred Compensation Plan and are available to vest over five calendar years. The actual vesting percentage for each year is determined by the following formula: five percentage points are added to the average of the year-over-year growth rate in income from operations and diluted net income per share. Any shares that are unvested at the end of the five years are forfeited back to the company. The restricted award issued in 2003 is fully vested. Also includes 1,568 restricted shares placed into the Deferred Compensation Plan during 2003 which vested immediately.

(7) Includes 45,146 shares issuable upon exercise of outstanding options. Also includes 40,000 restricted shares issued in 2003 and 45,000 restricted shares issued in 2005 that were placed into the Deferred Compensation Plan and are available to vest over five calendar years. The actual vesting percentage for each year is determined by the following formula: five percentage points are added to the average of the year-over-year growth rate in income from operations and diluted net income per share. Any shares that are unvested at the end of the five years are forfeited back to the company. The restricted award issued in 2003 is fully vested. Also includes 1,568 restricted shares placed into the Deferred Compensation Plan during 2003 which vested immediately.

(8) Includes 58,000 shares underlying options exercisable within 60 days.

(9) Includes 22,000 shares underlying options exercisable within 60 days.

(10) Includes 10,000 shares underlying options exercisable within 60 days.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the company s executive officers and directors and persons who beneficially own more than ten percent of the company s Common Stock to file initial reports of ownership and reports of changes in ownership with the Commission. Such executive officers, directors and greater than ten percent beneficial owners are required by the regulations of the Commission to furnish the company with copies of all Section 16(a) reports they file.

Based solely on a review of the copies of such reports furnished to the company and written representations from the executive officers and directors, we believe that all Section 16(a) filing requirements applicable to our executive officers and directors and greater than ten percent

beneficial owners were complied with in 2006.

AUDIT COMMITTEE REPORT

The Audit Committee operates under a written charter adopted by the Board of Directors. A copy of the amended and restated charter can be found on the Investors page of our website at www.chrobinson.com. The Audit Committee of the company s Board of Directors is composed of the following non-employee directors: Robert Ezrilov, ReBecca Koenig Roloff, Gerald Schwalbach, and Brian Short. The Board of Directors has reviewed the status of each of the members of its Audit Committee and has confirmed that each meets the independence requirements of the current Nasdaq listing standards that apply to Audit Committee members, and that Mssrs. Ezrilov, Schwalbach and Short each qualifies as an Audit Committee Financial Expert , as defined by the Securities and Exchange Commission.

Management is responsible for the company s internal controls and the financial reporting process. C.H. Robinson s independent registered public accounting firm is responsible for performing an independent audit of our financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The Audit Committee s responsibility is to hire, monitor and oversee the independent auditors.

In this context, the Audit Committee has met and held discussions with management and Deloitte & Touche LLP, the company s independent accountants for the fiscal year ending December 31, 2006. Management represented to the Audit Committee that the company s consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent accountants. The Audit Committee discussed with the independent accountants matters required to be discussed by *Statement on Auditing Standards No. 61 (Communications with Audit Committees*).

Our independent accountants also provided to the Audit Committee the written disclosures required by *Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees*), and the Audit Committee discussed with the independent accountants that firm s independence. The Audit Committee also considered whether the provision of any non-audit services was compatible with maintaining the independence of Deloitte & Touche LLP as the company s independent auditors.

Based upon the Audit Committee s discussions with management and the independent accountants and the Audit Committee s review of the representation of management and the report of the independent accountants to the Audit Committee, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2006 filed with the Securities and Exchange Commission.

Robert Ezrilov

ReBecca Koenig Roloff

Gerald Schwalbach

Brian Short

The Members of the Audit Committee

of the Board of Directors

PROPOSAL TWO: SELECTION OF INDEPENDENT AUDITORS

The Audit Committee has selected Deloitte & Touche LLP as independent public accountants for C.H. Robinson for the fiscal year ending December 31, 2007. Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they desire to do so, and will be available to answer appropriate questions from shareholders. If the appointment of Deloitte & Touche LLP is not ratified by the shareholders, the Audit Committee is not obligated to appoint other accountants, but the Audit Committee will give consideration to such unfavorable vote.

Independent Auditors Fees

The following table summarizes the aggregate fees for audit services rendered by the independent auditor for the audit of the company s annual consolidated financial statements for the year ended December 31, 2006 and December 31, 2005, and fees billed for other services rendered by the independent auditor during the same periods.

Fees	**2006**	**2005**
Audit Fees (a)	$ 973,757	$ 908,910
Audit-Related Fees (b)	123,008	79,272
Tax Fees (c)	108,006	162,263
Total	$ 1,204,770	$ 1,150,445

(a) Fees for audit services billed or expected to be billed relating to 2006 and 2005 consisted of:

Audit of the company s annual financial statements

Reviews of the company s quarterly financial statements

Statutory and regulatory audits, consents, and other services related to SEC matters

(b) Fees for audit-related services billed consisted of:

Employee benefit plan audit in 2006 and 2005

Due diligence associated with potential acquisitions in 2006 and 2005

(c) Fees for tax services billed for tax compliance and tax planning and advice:

Fees for tax compliance services totaled $52,200 and $132,195 in 2006 and 2005, respectively. Tax compliance services are services rendered based upon facts already in existence or transactions that have already occurred to document, compute, and obtain

government approval for amounts to be included in tax filings.

Fees for tax planning and advice services totaled $55,806 and $30,068 in 2006 and 2005, respectively. Tax planning and advice are services rendered with respect to proposed transactions or that alter a transaction to obtain a particular tax result.

In considering the nature of the services provided by the independent auditor, the Audit Committee determined that such services are compatible with the provision of independent audit services. The Audit Committee discussed these services with the independent auditor and our management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the U.S. Securities and Exchange Commission to implement the Sarbanes-Oxley Act of 2002, as well as the American Institute of Certified Public Accountants. All services provided by the independent auditor during 2005 and 2006 were pre-approved following the policies and procedures of the Audit Committee.

Pre-Approval Policy

This policy describes the permitted audit, audit-related, tax, and other services (collectively, the Disclosure Categories) that the independent auditor may perform. The policy requires that prior to the beginning of the work being performed, a description of the services (the Service List) expected to be performed by the independent auditor in each of the Disclosure Categories be presented to the Audit Committee for approval.

Any requests for audit, audit-related, tax, and other services not contemplated on the Service List must be submitted to the Audit Committee for specific pre-approval and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings. However, the authority to grant specific pre-approval between meetings, as necessary, has been delegated to the Chairman of the Audit Committee. The Chairman must update the Audit Committee at the next regularly scheduled meeting of any services that were granted specific pre-approval.

In addition, although not required by the rules and regulations of the SEC, the Audit Committee generally requests a range of fees associated with each proposed service on the Service List and any services that were not originally included on the Service List. Providing a range of fees for a service incorporates appropriate oversight and control of the independent auditor relationship, while permitting the company to receive immediate assistance from the independent auditor when time is of the essence.

The Audit Committee reviews the status of services and fees incurred year-to-date against the original Service List and the forecast of remaining services and fees.

The policy contains a *de minimis* provision that operates to provide retroactive approval for permissible non-audit services under certain circumstances. The provision allows for the pre-approval requirement to be waived if all of the following criteria are met:

1. The service is not an audit, review, or other attest service;
2. The aggregate amount of all such services provided under this provision does not exceed the lesser of $20,000 or five percent of total fees paid to the independent auditor in a given fiscal year;
3. Such services were not recognized at the time of the engagement to be non-audit services;
4. Such services are promptly brought to the attention of the Audit Committee and approved by the Audit Committee or its designee; and
5. The service and fee are specifically disclosed in the Proxy Statement as meeting the *de minimis* requirements of Regulation S-X of the Securities Exchange Act of 1934, as amended.

BOARD VOTING RECOMMENDATION

The Board of Directors recommends a vote FOR ratification of the selection of Deloitte & Touche LLP as the company s independent auditors.

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SOLICITATION OF PROXIES

C.H. Robinson is paying the costs of solicitation, including the cost of preparing and mailing this Proxy Statement. Proxies are being solicited primarily by mail, but the solicitation by mail may be followed by solicitation in person, or by telephone, or by facsimile, by regular employees of C.H. Robinson without additional compensation. C.H. Robinson will reimburse brokers, banks and other custodians, and nominees for their reasonable out-of-pocket expenses incurred in sending proxy materials to the company s shareholders.

PROPOSALS FOR THE 2008 ANNUAL MEETING

Pursuant to federal securities laws, any proposal by a shareholder to be presented at the 2008 Annual Meeting of Shareholders and to be included in C.H. Robinson s proxy statement must be received at the company s executive offices, 8100 Mitchell Road, Eden Prairie, Minnesota 55344, no later than the close of business on December 14, 2007. Proposals should be sent to the attention of the Secretary. Our company s Bylaws require that in order for business to be properly brought before the 2008 Annual Meeting of Shareholders by a shareholder, the shareholder must give written notice of their intent to bring a matter before the annual meeting no later than February 16, 2008. Each such notice should be sent to the attention of the Secretary, and must include certain information about the shareholder who intends to bring such matter before the meeting and the business they want to be conducted. These requirements are provided in greater detail in the company s Bylaws. C.H. Robinson intends to exercise its discretionary authority with respect to any matter not properly presented by February 16, 2008.

GENERAL

Our Annual Report for the fiscal year ended December 31, 2006 is being mailed to shareholders together with this Proxy Statement. The Annual Report is not to be considered part of the soliciting materials.

The information set forth in this Proxy Statement under the caption Compensation Discussion and Analysis, the Compensation Committee Report, and Audit Committee Report shall not be deemed to be (i) incorporated by reference into any filing by the company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that in any such filing the company expressly so incorporates such information by reference, and (ii) soliciting material or to be filed with the SEC.

By Order of the Board of Directors

Linda U. Feuss

Secretary

April 3, 2007

C.H. ROBINSON WORLDWIDE, INC.

8100 Mitchell Road

Eden Prairie, MN 55344

ANNUAL MEETING OF SHAREHOLDERS

Thursday, May 17, 2007

10:00 a.m., Central Daylight Savings Time

C.H. Robinson Worldwide, Inc.

14800 Charlson Road, Eden Prairie, Minnesota **Proxy**
This Proxy is solicited by the C.H. Robinson Board of Directors. Please vote your Proxy as soon as possible.

The undersigned hereby appoints John P. Wiehoff and Linda U. Feuss, or either of them, with full power of substitution to each, as attorneys and proxies to represent the undersigned at the Annual Meeting of Stockholders of C.H. Robinson Worldwide, Inc. to be held in the branch office of C.H. Robinson Worldwide, Inc., 14800 Charlson Road, Eden Prairie, Minnesota on the 17th day of May, 2007, at 10:00 a.m. C.D.T. and at any adjournment(s) thereof, and to vote all shares of Common Stock which the undersigned may be entitled to vote at said meeting as directed below with respect to the proposals as set forth in the Proxy Statement, and in their discretion upon any other matters that may properly come before the meeting:

This Proxy, when properly executed, will be voted as you directed. If you do not give any direction, this Proxy will be voted FOR the election of each of the director nominees listed under Proposal 1 and FOR Proposal 2. The tabulator cannot vote your shares unless you vote by telephone, Internet, or by mail. If you choose to mail your Proxy, you must sign and return this Proxy.

See reverse for voting instructions.

There are three ways to vote your Proxy COMPANY #

Your telephone or Internet vote authorizes the Named Proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

VOTE BY PHONE TOLL FREE 1-800-560-1965 QUICK EASY IMMEDIATE

1. Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. (CT) on May 16, 2007.
2. Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions the voice provides you.
3. If you vote by phone, please do not mail your Proxy Card

VOTE BY INTERNET http://www.eproxy.com/chrw/ QUICK EASY IMMEDIATE

1. Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. (CT) on May 16, 2007.
2. Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions to obtain your records and create an electronic ballot.
3. If you vote by Internet, please do not mail your Proxy Card

VOTE BY MAIL

1. Mark, sign and date your proxy card
2. Return it in the postage-paid envelope we ve provided or return it to **C.H. Robinson Worldwide, Inc.**, c/o Shareowner Services[SM], P.O. Box 64945, St. Paul, MN 55164-0945.

------------------*Please fold here*------------------

Unless you indicate otherwise, this Proxy will be voted FOR Proposals 1 and 2.

1. Election of directors:	01 ReBecca K. Roloff	FOR all nominees	WITHHOLD AUTHORITY
	02 Michael W. Wickham	(except as marked)	to vote from all nominees

(Instructions: To withhold authority to vote for one or more individual nominees, write the number(s) of the nominee(s) in the space provided to the right.) ____________________________

¨ For ¨ Against ¨ Abstain

2. Ratification of the selection of Deloitte & Touche LLP as Independent Registered Public Accounting Firm.

3. In their discretion, consider and act upon such other matters as may properly come before the meeting or any adjournments thereof

IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR EACH PROPOSAL.

Address Change? Mark Box ¨ Indicate changes below:

Dated: __________, 2007

Signature(s) in Box

When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

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