

**AMENDED AND RESTATED
CHARTER OF THE AUDIT COMMITTEE
OF
THE BOARD OF DIRECTORS
OF
CENTRAL FREIGHT LINES, INC.**

March 4, 2004

Recitals.

On February 8, 1999, the Securities and Exchange Commission's Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees (the "Blue Ribbon Committee") issued a report containing recommendations for improving the effectiveness of corporate audit committees. The Blue Ribbon Committee directed its recommendations to the Securities and Exchange Commission (the "Commission"), the New York Stock Exchange (the "NYSE"), the American Stock Exchange (the "AMEX"), the National Association of Securities Dealers (the "NASD"), and the Auditing Standards Board (the "ASB") (collectively, the "Market Authorities"). In response to its recommendations, the Market Authorities adopted rules pertaining to corporate audit committees. In 2002, the United States Congress passed the Sarbanes-Oxley Act, which Act created additional requirements for audit committees of publicly traded companies and directed the Market Authorities to amend and supplement their rules with respect to such committees. The United States Congress, the Market Authorities, and any other regulatory bodies that from time to time may adopt rules pertaining to audit committees are hereinafter referred to as the "Regulatory Authorities."

The Board of Directors (the "Board") of Central Freight Lines, a Nevada corporation (the "Company"), has adopted this Audit Committee Charter (the "Charter"). The Charter describes the duties and responsibilities of the Company's audit committee (the "Audit Committee") and grants the Audit Committee the authority necessary to perform its oversight responsibility.

Charter.

1. **Purposes of Audit Committee.** The purposes of the Audit Committee are (a) to oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements, and (b) in connection therewith, to assist the Board in fulfilling its responsibility to ensure the fairness and accuracy of the Company's financial statements and to ensure the existence of appropriate internal financial controls, and the independence of the independent public accountants engaged to audit the Company's financial statements (the "external auditors"), and to render the reports required of the Audit Committee, and to allow the Company to make the disclosures required by related Commission regulations.

2. **Qualifications of Audit Committee.** The Audit Committee shall consist of not less than three directors, each of whom meets the definition of an "independent director" specified by applicable law (including the Sarbanes-Oxley Act of 2002) and rules and regulations of Regulatory Authorities, or is subject to an available exemption from the requirement to meet such definition pursuant to rules and regulations of Regulatory Authorities. Each member of the Audit Committee shall be generally familiar with the general requirements of financial reporting and shall demonstrate all other qualifications required by law or any Regulatory Authority. At least one member of the Audit Committee shall in the judgment of the Board be an audit committee financial expert in accordance with the rules and regulations of the Commission.

3. **Duties and Authority of the Audit Committee.** Subject to the second sentence of Paragraph 10, the Audit Committee will perform the following duties in the manner and priority the Audit Committee determines, in its discretion, to be appropriate under the circumstances:

(a) Review the Company's earnings statements with management and with the Company's external auditors prior to the release of such statements to the public;

(b) Assure that the Company's interim financial statements are reviewed by the Company's external auditors, as required by Commission rules, prior to the filing of such interim financial statements with the Commission as part of the Company's report on Form 10-Q;

(c) Review and discuss the Company's audited financial statements with management, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K;

(d) Review and discuss the Company's audited financial statements with the Company's external auditors and shall review those matters required to be discussed by Statement of Auditing Standards No. 61, as modified or supplemented from time to time;

(e) Receive the written disclosures and the letter from the Company's external auditors required by the Independent Standards Board's Standard No. 1, as modified or supplemented, discuss with the external auditors their independence, and, as required by Commission rules, pre-approve all audit services and permitted non-audit services to be performed by the external auditor and establish policies and procedures for the engagement of the independent external auditor to provide permitted non-audit services;

(f) Review annually the scope of the external auditors' work, including any non-auditing or consulting services;

(g) Review with the Company's external auditors all adjustments made to the Company's audited financial statements, including a reconciliation of any adjustments made in the audited financial statements from the Company's quarterly interim financial statements;

(h) Review with management and the Company's external auditors any significant financial reporting issues or judgments called for in connection with the preparation of the Company's financial statements, including the adequacy and appropriateness of any reserves, policies relating to the recognition of revenue, the quality and appropriateness of the Company's accounting principles, and any other matters which, in its judgment, or the judgment of the Company's external auditors, could have a material impact on the Company's financial statements;

(i) Meet with the Company's external auditors and with management to review and assess any material financial risk exposure to the Company and the steps management has or plans to take to monitor and control financial risk;

(j) Review with the Company's external auditors and management the adequacy of the Company's internal financial controls and reporting systems;

(k) Confer with the Company's external auditors about any audit requirements as specified in the Securities and Exchange Act of 1934 that may have come to the attention of the external auditors;

(l) Review any major changes to the Company's auditing and accounting policies and practices suggested by the Company's external auditors or by management. (In undertaking the duties specified herein, in communications with the Company's external auditors, the Audit Committee will, in accordance with Statement of Auditing Standards No. 61, communicate with the external auditors with respect to (1) methods used to account for significant or unusual transactions; (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus; (3) the process used by management in formulating particularly sensitive accounting estimates, and the basis for the auditors' conclusions regarding the reasonableness of those estimates; and (4) disagreements with management, if any, over the application of accounting principles, the basis for management's accounting estimates, and the disclosures in the Company's financial statements);

(m) Take responsibility for the appointment, compensation, retention, and oversight of the Company's external auditors, review the proposed scope and plan of the annual audit, and recommend their selection and engagement;

(n) Review the external auditors' management letter and consider any comments made by the external auditors with respect to improvements in the internal accounting controls of the Company, consider any corrective action recommended by the external auditors, and review any corrective action taken by management;

(o) Review and devote attention to any areas in which management and the Company's external auditors disagree and determine the reasons for such disagreement;

(p) Review the performance of the external auditors and take direct responsibility for hiring and, if appropriate, replacing any external auditor failing to perform satisfactorily;

(q) Review the performance of the Company's Chief Financial Officer;

(r) Review any difficulties any external auditor may have encountered with respect to performance

of an audit, including, without limitation, any restrictions placed upon the scope of the audit on access to information, or any changes in the proposed scope of the audit;

(s) Provide, as part of the Company's proxy filed pursuant to Commission regulations, the report required by Commission regulations relating to proxies and cause a copy of that report to be included annually in the Company's proxy solicitation materials;

(t) Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;

(u) Establish in accordance with law and the rules and regulations of Regulatory Authorities procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(v) Obtain the advice and assistance, as appropriate, of independent counsel and other advisors as necessary to fulfill the responsibilities of the Audit Committee;

(w) Establish policies for the hiring of employees and former employees of the independent external auditor;

(x) Review and approve in advance all transactions between the Company and its executive officers and directors;

(y) Review and approve in advance all non-audit related work performed on behalf of the Company by the external auditor; and

(z) Periodically review the adequacy of this Charter and make recommendations to the Board with respect to any changes in this Charter.

4. Access to Information. In order to perform its obligations, the Audit Committee shall have unrestricted access to all relevant internal and external Company information and to any officer, director, or employee of the Company.

5. Employee Access to Audit Committee. Any person employed by the Company and any of the Company's independent contractors will have access to the Audit Committee, pursuant to procedures adopted by the Audit Committee, to report any matter which such person believes would be of interest to the Audit Committee or of general concern to the Audit Committee or the Board. Contacting a member of the Audit Committee to report any irregularity, questionable activity, or other matter will not subject the person making the report to discipline.

6. Frequency of Meetings.

(a) The Audit Committee will meet each quarter prior to the release of the Company's earnings statements to review the earnings release. In addition, the Audit Committee will convene if a meeting is noticed by its Chairman, any member of the Audit Committee, any member of the Board, the Chief Financial Officer, or the Chief Executive Officer.

(b) The Audit Committee, at least once a year, will meet privately with the Company's external and, if applicable, internal auditors, and no representative of the Company's management shall attend such meetings.

7. Access to Legal Counsel and Advisors. The Audit Committee shall have full and free access to the Company's outside legal counsel, and if requested, to its own independent legal counsel and other advisors. The Company will pay for the cost of any such legal counsel and advisors.

8. Meeting Procedures.

(a) Members of the Audit Committee shall endeavor to attend all meetings of the Audit Committee. The Audit Committee may meet telephonically or in person and may take action upon the written consent of all members. A majority of the Audit Committee will constitute a quorum for all purposes.

(b) Written minutes will be maintained for each meeting of the Audit Committee.

9. Other Duties. The Audit Committee will perform such other duties as the Board may assign to it or as may be imposed by law or by rule or regulation of Regulatory Authorities.

10. Limitation of Audit Committee Duties. The Audit Committee is not an investigative committee of the Board and shall have no investigative duties unless expressly assigned to the Audit Committee by the Board. The Audit Committee will exercise its business judgment in performing its duties under this Charter, including the duties outlined in Paragraph 3, and may emphasize and prioritize those duties and responsibilities set forth above which the Committee, in its discretion and judgment, believes are the most important, given the particular circumstances. It is not the duty of the Audit Committee to undertake the audit of the Company itself, to plan the audit, or to undertake any of the responsibilities of the Company's internal or external auditors. The Audit Committee is not required to follow the procedures required of auditors in performing reviews of interim financial statements or audited financial statements. In performing its functions, the Audit Committee may rely upon information provided to it by management, by the Company's internal and external auditors, or by legal counsel. This Charter imposes no duties on the Audit Committee or its members that are greater than those duties imposed by law upon a director of a Nevada corporation under Section 78.138 of the Nevada General Corporation Law. If any claim is asserted against the Audit Committee, any of its members or the Company by a stockholder or any other person, nothing in this Charter shall be construed to limit or restrict any defense or indemnification available to the Audit Committee, any of its members, or the Company.