

**CHARTER OF THE COMPENSATION COMMITTEE  
OF  
THE BOARD OF DIRECTORS  
OF  
CENTRAL FREIGHT LINES, INC.**

**March 4, 2004**

**Recitals.**

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

**Charter.**

1. **Purposes of Compensation Committee.** The primary purpose of the Compensation Committee is to aid the Board in discharging its responsibilities relating to the compensation of the Company's executive officers, including the chief executive officer. The Compensation Committee has overall responsibility for evaluating and approving the Company's compensation plans, policies and programs. The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement.

2. **Qualifications of Compensation Committee.** The Compensation Committee shall consist of not less than two directors, each of whom shall (a) meet the independence requirements of the Nasdaq National Market listing standards and any other applicable laws, rules, and regulations governing independence (including the Sarbanes-Oxley Act of 2002); (b) qualify as a "non-employee director" as defined in Section 16 of the Securities Exchange Act of 1934; (c) qualify as an "outside director" under Section 162(m) of the Internal Revenue Code; and (d) be free of any relationship that, in the Board's discretion, would interfere with the member's independent judgment. The members of the Compensation Committee shall be appointed and removed by the Board..

3. **Duties and Authority of the Compensation Committee.** Subject to the second sentence of Paragraph 7, the Compensation Committee will perform the following duties in the manner and priority the Compensation Committee determines, in its sole discretion and judgment, to be appropriate under the circumstances:

(a) Annually review and determine (i) the annual compensation, including amounts and terms of base salary, bonus, incentive compensation, and all other compensation of the chief executive officer, and (ii) corporate goals and objectives relevant to compensation of the chief executive officer, evaluate performance in light of these goals and objectives, approve compensation in accordance therewith, and provide a report thereon to the Board;

(b) Annually review and approve the annual compensation, including amounts and terms of base salary, bonus, incentive compensation, and all other compensation for the Company's executive officers, and report the Compensation Committee's determinations to the Board;

(c) Prepare, or oversee the preparation of, and approve the annual Compensation Committee report on executive compensation for inclusion in the Company's proxy statement;

(d) Review executive officer compensation in reference to Section 162(m) of the Internal Revenue Code, as it may be amended from time to time, and any other applicable laws, rules, and regulations;

(e) Annually review employee compensation strategies, benefits, and equity programs;

(f) Recommend to the Board the compensation for directors (including retainer, committee and committee chair fees, stock options, and other similar items, as appropriate);

(g) Review and approve employment agreements, severance arrangements, and change in control agreements and provisions when, and if appropriate, as well as any special supplemental benefits;

(h) Review and make recommendations to the Board with respect to incentive-based compensation plans and equity-based plans, establish criteria for the terms of awards granted to participants under such plans, grant awards in accordance with such criteria, and exercise all authority granted to the Compensation Committee under such plans, or by

the Board in connection with such plans;

(i) Conduct an annual review of the Compensation Committee's performance, periodically assess the adequacy of its charter, and recommend changes to the Board as needed;

(j) Regularly report to the Board on the Compensation Committee's activities;

(k) Obtain advice and assistance, as needed, from internal or external legal, accounting, search firms, compensation specialists, or other advisors, including the retention, termination, and negotiation of terms and conditions of the assignment; and

(l) Delegate responsibility to subcommittees of the Compensation Committee as necessary or appropriate.

4. Access to Legal Counsel and Advisors. The Compensation 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.

5. Meeting Procedures.

(a) The Compensation Committee shall meet at such times as may be necessary. It is anticipated that Compensation Committee meetings will be held in conjunction with selected Board meetings. Special meetings of the Compensation Committee can be called by the chairperson of the Compensation Committee or the Chairman of the Board.

(b) Members of the Compensation Committee shall endeavor to attend all meetings of the Compensation Committee. The Compensation Committee is governed by the same rules regarding meetings (including meetings by telephone conference), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board and is authorized to adopt its own rules of procedure not inconsistent with any provision of this Charter, any provision of the Company's Bylaws, or the laws of the state of Nevada.

(c) Written minutes will be maintained for each meeting of the Compensation Committee.

6. Other Duties. The Compensation Committee will perform such other duties as the Board may assign to it or as may be imposed by applicable law, rule, or regulation.

7. Limitation of Compensation Committee Duties. The Compensation 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 Compensation Committee, in its discretion and judgment, believes are the most important, given the particular circumstances. In performing its functions, the Compensation 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 Compensation 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 Compensation 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 Compensation Committee, any of its members, or the Company.