

**CHARTER OF THE NOMINATING AND CORPORATE GOVERNANCE 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 Nominating and Corporate Governance Committee Charter (the "Charter"). The Charter describes the duties and responsibilities of the Company's nominating and corporate governance committee (the "Nominating Committee") and grants the Nominating Committee the authority necessary to perform its oversight responsibility.

**Charter.**

1. Purposes of Nominating Committee. The primary purposes of the Nominating Committee are to make recommendations to the Board concerning the composition and structure of the Board, identify individuals qualified to become Board members, recommend to the Board the director nominees for the next annual meeting of stockholders and to fill any vacancies on the Board, develop and recommend to the Board a set of corporate governance principles applicable to the Company, and make recommendations to the Board on matters of Chairman of the Board, Chief Executive Officer, and President succession.

2. Qualifications of Nominating Committee. The Nominating 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; and (c) be free of any relationship that, in the Board's discretion, would interfere with the member's independent judgment. The members of the Nominating Committee shall be appointed and removed by the Board..

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

(a) Develop and recommend to the Board for adoption an annual self-evaluation process of the Board;

(b) Annually evaluate and report to the Board on the performance and effectiveness of the Board to facilitate the directors fulfilling their responsibilities in a manner that serves the interests of the Company's stockholders including an assessment of the Board's compliance with general corporate governance guidelines and identification of areas in which the Board could improve its performance;

(c) Consider and recommend to the Board the optimum size, classifications, terms of office of nominees, and members and criteria for Board and committee membership;

(d) Establish procedures for identifying and recruiting potential nominees for directorship who meet the criteria for Board membership set forth in Exhibit A hereto and such other criteria as may be established from time to time by the Nominating Committee and Board. The Nominating Committee and Board also shall evaluate each individual in the context of the Board as a whole with the objective of recommending a group that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment;

(e) Evaluate whether incumbent directors should be nominated for reelection to the Board upon expiration of such director's term. In evaluating incumbent directors, the Nominating Committee shall apply the factors specified in Paragraph 3(d) above and may also consider the director's past attendance at, and participation in, meetings and contributions to the activities of the Board;

(f) Annually present to the Board a list of individuals, who meet the criteria for Board membership, recommended for nomination for election to the Board at the annual meeting of stockholders, and also consider suggestions received from stockholders regarding director nominees in accordance with procedures adopted from time to time by the

Nominating Committee;

(g) In the event of a vacancy on the Board, present to the Board, a list of individuals, who meet the criteria for Board membership, recommended for nomination for election to the Board;

(h) Review continued appropriateness of Board membership of those members who retire or change the position they held when they joined the Board;

(i) Consider and recommend to the Board a succession plan for the Chairman of the Board, Chief Executive Officer, and President;

(j) Recommend the functions of the various committees of the Board, the members of the committees, and the chairpersons of the committees;

(k) Periodically review the charters of Board committees to ensure they reflect a commitment to effective corporate governance and make recommendations of any changes to the Board for approval;

(l) Periodically review and make recommendations to the Board concerning the adoption of corporate governance policies and principles for the Company;

(m) Periodically make recommendations to the Board concerning the orientation, training, and continuing education of members of the Board and various committees of the Board;

(n) To the extent they should arise, consider possible conflicts of interest of Board members and management and make recommendations to prevent, minimize, or eliminate such conflicts of interest;

(o) Perform such duties and make such investigations and reports as the Board shall by resolution determine, subject to the restrictions on committee power and authority as set forth in the Company's Bylaws or applicable law;

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

(q) Delegate responsibility to subcommittees of the Nominating Committee as necessary or appropriate.

4. Access to Legal Counsel and Advisors. The Nominating 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 Nominating Committee shall meet at such times as may be necessary and at least twice a year. It is anticipated that Nominating Committee meetings will be held in conjunction with selected Board meetings. Special meetings of the Nominating Committee may be called by the chairperson of the Nominating Committee or the Chairman of the Board.

(b) Members of the Nominating Committee shall endeavor to attend all meetings of the Nominating Committee. The Nominating 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 Nominating Committee.

6. Other Duties. The Nominating 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 Nominating Committee Duties. The Nominating 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 Nominating Committee, in its discretion

and judgment, believes are the most important, given the particular circumstances. In performing its functions, the Nominating 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 Nominating 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 Nominating 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 Nominating Committee, any of its members, or the Company.

**EXHIBIT "A"****CRITERIA FOR BOARD OF DIRECTORS**

The Nominating and Corporate Governance Committee (the "Committee") of Central Freight Lines, Inc. (the "Company") shall consider many factors when evaluating the suitability of, and selecting, individual director nominees. The following criteria should be used as guidelines and not absolute prerequisites for selecting director nominees.

- All director nominees should be committed to the Company's basic beliefs as set forth in the Company's Code of Conduct and Ethics and shall be individuals of integrity, intelligence, and strength of character;
- All director nominees should have reputations, both personal and professional, consistent with the image and reputation of the Company;
- All director nominees should have strong leadership skills;
- All director nominees should have the ability to exercise sound business judgment;
- All director nominees should have relevant expertise and experience, including educational or professional backgrounds and should be able to offer advice and guidance to management of the Company based on that expertise and experience;
- All director nominees should have a willingness to commit the necessary time and effort to attend and participate in board meeting and related board activities, and also to ensure an active board of directors whose members work well together;
- To the extent necessary to ensure that a majority of the board of directors is independent, non-employee director nominees should be "independent" as defined by Rule 4200 of the NASDAQ Stock Market listing requirements, qualify as a "non-employee director" as defined in Section 16 of the Securities Exchange Act of 1934, be free of any relationship that, in the board of director's discretion, would interfere with the member's independent judgment, and comply with all of the Company's corporate governance guidelines and principles as amended from time to time;
- Non-employee director nominees also should maintain the independence necessary for an unbiased evaluation of management performance;
- Non-employee director nominees should effectively oversee the Company's strategy, goals, and progress;
- Non-employee director nominees should have a working knowledge of corporate governance issues and the changing role of boards;
- Non-employee director nominees should have demonstrated management and/or business skills or experience that will contribute substantially to the management of the Company;
- Non-employee director nominees should have a general understanding of marketing, finance, and other disciplines relevant to the success of a publicly-traded company in today's business environment;
- Non-employee director nominees should have an understanding of the Company's business and the general trucking or transportation industry, or the willingness and ability to develop such an understanding; and
- All director nominees also shall comply with any additional criteria determined by the Committee from time to time to be necessary.

All director nominees will be evaluated and selected consistent with the Company's policy of nondiscrimination with respect to race, gender, creed, religion, or national origin.