

**Second Amended and Restated  
Charter for the Audit and Corporate Governance Committee  
of the Board of Directors  
of  
Celadon Group, Inc.**

**1. Purpose**

The purpose of the Audit and Corporate Governance Committee (the "Committee") of the Board of Directors (the "Board") of Celadon Group, Inc. and its subsidiaries from time-to-time (collectively, the "Company") shall be to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control, risk assessment, corporate governance, and legal compliance functions of the Company, including, without limitation:

- a. Assisting the Board's oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the Company's independent auditors' qualifications and independence, and (iv) the performance of the Company's independent auditors and the Company's internal audit function;
- b. Preparing the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Company's annual proxy statement;
- c. Advising the Board with respect to the Board composition, procedures, and committees;
- d. Developing and recommending to the Board corporate governance policies applicable to the Company; and
- e. Overseeing the evaluation of the Board and the Company's management.

In addition, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe. In connection therewith, the Committee should review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function.

**2. Membership and Organization**

a. Composition. The Committee members will be appointed by, and will serve at the discretion of, the Board. The Committee will consist of at least three (3) members of the Board. Members of the Committee must meet the following criteria as well as any rules and regulations applicable to the Company that are adopted by the SEC, the exchange on which the Company's common stock is then traded (the "Exchange"), and any other regulatory authority or exchange with proper jurisdiction (each a "Regulatory Authority" and collectively, the "Regulatory Authorities"):

- (i) Each member must be qualified to serve on the Committee pursuant to the rules and regulations promulgated by the Regulatory Authorities, including, without limitation, Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any other applicable SEC rules and regulations;
- (ii) Each member must meet the independence requirements adopted by the Regulatory Authorities;
- (iii) Each member of the Committee must be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee;
- (iv) At least one member of the Committee must be designated by the Board to be the "audit committee financial expert," as defined by applicable SEC rules and Regulatory Authorities; and
- (v) Members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Exchange Act or any other applicable SEC rules and regulations.

b. Vacancy. Any vacancy on the Committee shall be filled by majority vote of the Board. In the absence of direction by the Board, the member(s) of the Committee present at any meeting thereof and not disqualified from voting, whether or not such member(s) constitute a quorum, may unanimously appoint another qualified member of the Board to act at such meeting in the place of any absent or disqualified Committee member. No member of the Committee shall be removed except by majority vote of the Board.

c. Membership in Other Audit Committees. No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any such determination must be disclosed in the Company's annual proxy statement.

d. Meetings and Reports. The Committee will meet at least four (4) times annually. The Committee may establish its own meeting schedule. The Committee will meet separately with the Chief Executive Officer (the "CEO"), President, Principal Accounting Officer or Principal Financial Officer of the Company, at such times as are appropriate to review the financial affairs of the Company. The Committee will meet separately with the independent auditors of the Company, at such times as it deems appropriate, but not less than quarterly. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

e. Minutes and Reports. The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. The Committee will report regularly to the Board on its activities, as appropriate.

f. Compensation. Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board. Members of the Committee may not receive any consulting, advisory, or other compensatory fee from the Company, except the fees that

they receive for service as a member of the Board or any committee thereof.

### **3. Responsibilities and Duties of the Committee**

The responsibilities and duties of the Committee shall include:

#### **a. Review of Financial Statements.**

- (i) Meet to review with management, the Company's independent auditors and, if appropriate, the Company's internal auditing department, the Company's annual audited financial statements and quarterly financial statements, including the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any major issues related thereto.
- (ii) Review with management, the Company's independent auditors and, if appropriate, the Company's internal auditing department, the following: (A) major issues regarding accounting principles and financial statements presentations, including any significant changes in the Company's selection or application of accounting principles; (B) any analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects on the Company's financial statements of alternative methods in the generally accepted accounting principles; and (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- (iii) Resolve all disagreements between the Company's independent auditors and management regarding financial reporting.
- (iv) Review the type and presentation of information to be included in the Company's earnings press releases (especially the use of "pro forma" or "adjusted" information not prepared in compliance with generally accepted accounting principles), as well as financial information and earnings guidance provided by the Company to analysts and rating agencies (which review may be done generally (*i.e.*, discussion of the types of information to be disclosed and type of presentations to be made), and the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance).
- (v) Establish procedures for (A) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (B) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### **b. Selection, Evaluation, and Oversight of Independent Auditors.**

- (i) Be directly responsible for the appointment, compensation, retention, and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attestation services for the Company, and each such registered public accounting firm must report directly to the Committee (the registered public accounting firm engaged for the purpose of preparing or issuing an audit report for inclusion in the Company's Annual Report on

Form 10-K is referred to herein as the "independent auditors").

- (ii) Obtain at least annually from the Company's independent auditors and review a report describing: (A) the independent auditors' internal quality control procedures; (B) any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors, or by any inquiry or investigation by any governmental or professional authority, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to address any such issues; and (C) all relationships between the independent auditors and the Company (including a description of each category of services provided by the independent auditors to the Company and a list of the fees billed for each such category).
- (iii) Discuss with the independent auditors the matters required to be discussed, in accordance with Statement on Auditing Standards No. 61, as modified or supplemented from time to time and as adopted by the Public Company Accounting Oversight Board.
- (iv) Review the performance of the Company's independent auditors, including the lead partner and reviewing partner of the independent auditors, and, in its sole discretion (subject, if applicable, to stockholder ratification or approval), make decisions regarding the replacement or termination of the independent auditors when circumstances warrant.
- (v) Ensure that the independent auditors report directly to the Committee.
- (vi) Review on a regular basis with the Company's independent auditors any problems or difficulties encountered by the independent auditors in the course of any audit work, including management's response with respect thereto, any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management. In connection therewith, the Committee should review with the independent auditors the following:
  - (A) any accounting adjustments that were noted or proposed by the independent auditors, but were rejected by management (as immaterial or otherwise);
  - (B) any communications between the audit team and the independent auditor's national office respecting auditing or accounting issues presented by the engagement; and
  - (C) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company.
- (vii) Present to the Board its conclusions with respect to the above matters, as well as its review of the lead partner and the reviewing partner of the independent auditors, and its views on whether there should be a regular rotation of the independent auditors.
- (viii) Establish clear hiring policies by the Company for employees or former employees of the Company's independent auditors.

- (ix) Pre-approve audit and permissible non-audit services provided to the Company by the independent auditors, except where pre-approval is not required because such non-audit services are de minimis under the rules of the SEC, in which case subsequent approval may be obtained. The Committee may delegate to one (1) or more designated members of the Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Committee at its scheduled meetings.
- (x) Present to the Board its conclusions with respect to the above matters, as well as its review of the lead partner and the reviewing partner of the independent auditors, and its views on whether there should be a regular rotation of the independent auditors.

c. Board Composition, Procedures, and Committees.

- (i) Review annually with the Board the composition of the Board as a whole and to recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity required for the Board as a whole and contains at least the minimum number of independent directors required by Regulatory Authorities.
- (ii) Review periodically the size of the Board and to recommend to the Board any appropriate changes.
- (iii) Make recommendations on the frequency and structure of Board meetings.
- (iv) Make recommendations concerning any other aspect of the procedures of the Board that the Committee considers warranted, including, but not limited to, procedures with respect to the waiver by the Board of any Company rule, guideline, procedure, or corporate governance principle.
- (v) Oversee the management of risks associated with the independence of the Company's independent directors.
- (vi) Make recommendations to the Board regarding the size and composition of each standing committee of the Board, including the identification of individuals qualified to serve as members of a committee and to recommend individual directors to fill any vacancy that might occur on a committee.
- (vii) Monitor the functioning of the committees of the Board and to make recommendations for any changes, including the creation and elimination of committees.
- (viii) Review annually committee assignments and the policy with respect to the rotation of committee memberships and/or chairpersonships, and to report any recommendations to the Board.
- (ix) Recommend that the Board establish such special committees as may be desirable or necessary from time-to-time in order to address ethical, legal, or other matters that may arise.

d. Corporate Governance.

- (i) Develop and review periodically, and at least annually, the corporate governance guidelines, code of business conduct and ethics, and other corporate governance policies adopted by the Board to assure that they are appropriate for the Company and comply with the requirements of the Regulatory Authorities, and to recommend any desirable changes to the Board.
- (ii) Consider any other corporate governance issues that arise from time to time, and to develop appropriate recommendations for the Board.
- (iii) Carry out its responsibilities under the Company's corporate governance guidelines.
- (iv) Review and approve any activities of members of the Board or senior corporate officers that create or appear to create a conflict of interest as to the private interests of such director or officer with the interests of the Company.

e. Evaluation of the Board and Management.

- (i) Oversee the evaluation of the Board as a whole and evaluate and report to the Board on the performance and effectiveness of the Board.
- (ii) Establish procedures to allow the Committee to exercise this oversight function.

**4. Evaluation of the Committee**

The Committee shall, on an annual basis, evaluate its performance. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and shall recommend such changes as it deems necessary or appropriate. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness, and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner. The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

**5. Investigations and Studies; Outside Advisors**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other consultants or advisers as it deems necessary.

**6. Limitations of Audit Committee Duties**

The Committee is not an investigative committee of the Board and shall have no investigative duties unless expressly assigned to the Committee by the Board or pursuant to the Company's Code of Business Conduct and Ethics. The Committee shall exercise its business judgment in performing its duties under this Charter, including the responsibilities and duties outlined in Paragraph 3, and may

emphasize and prioritize those responsibilities and duties set forth above that the Committee, in its discretion and judgment, believes are the most important, given the particular circumstances. It is not the duty of the 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 outside auditors. The 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 Committee may rely upon information provided to it by management, by the Company's internal and outside auditors, or by legal counsel. This Charter imposes no duties on the Committee or its members that are greater than those duties imposed by law upon a director of a Delaware corporation under the provisions of the Delaware General Corporation Act. If any claim is asserted against the 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 Committee, any of its members, or the Company.