

**Second Amended and Restated  
Charter for the Compensation and Nominating Committee  
Of the Board of Directors  
Of  
Celadon Group, Inc.**

**1. Purpose**

The purposes of the Compensation and Nominating 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:

- a. Oversee the Company's compensation policies, plans, and benefits programs;
- b. Review and discuss with management the Company's compensation discussion and analysis to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC");
- c. Prepare the Compensation Committee Report as required by the rules of the SEC;
- d. Select, or recommend for the selection of the Board of Directors, director nominees; and
- e. Evaluate director compensation.

In furtherance of these purposes, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time-to-time prescribe.

**2. Membership and Organization**

a. Composition. The Committee members shall be appointed annually by, and shall serve at the discretion of, the Board. The Committee shall consist of at least three (3) members of the Board. The Board may designate one (1) member of the Committee as the Committee's chair. The Committee may form and delegate authority to subcommittees when appropriate. 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 meet the independence requirements and any other rules and regulations adopted by the Regulatory Authorities;
- (ii) Each member must qualify as a "non-employee director" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") or any other applicable SEC rules and regulations;
- (iii) Each member must qualify as an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, or any other applicable tax rules and regulations; and
- (iv) Each member must have, in the judgment of the Board, the expertise and judgment

necessary to make objective decisions on compensation matters and performance evaluations and be free of any relationship that, in the Board's discretion, would interfere with the member's independent judgment.

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. Meetings and Reports. The Committee will meet at least three (3) times each year and at such other times deemed necessary to fulfill its responsibilities. The Committee may establish its own meeting schedule. 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. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Chief Executive Officer (the "CEO") may not be present during voting or deliberations regarding CEO compensation.

d. 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.

e. Compensation. Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board in its sole discretion. 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**

The responsibilities and duties of the Committee shall include:

a. Executive Compensation.

- (i) Review at least annually the goals and objectives of the Company's executive compensation plans, including with respect to CEO compensation, and approve or amend, or recommend that the Board approve or amend, these goals and objectives if the Committee deems it appropriate.
- (ii) Review at least annually the Company's overall compensation plans and benefits programs in light of the Company's goals and objectives with respect to such plans, and make recommendations to the Board with respect to improvements or changes to such plans or the adoption of new plans when the Committee deems it appropriate.
- (iii) Evaluate annually the performance of the CEO in light of the goals and objectives of the Company's executive compensation plans, and, either as a Committee or together with the other independent directors (as directed by the Board), determine and approve the CEO's compensation level based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider all

relevant factors, including the Company's performance and relative stockholder return, the value of similar awards to chief executive officers of comparable companies, and the awards given to the Company's CEO in past years.

- (iv) Evaluate annually the performance of the other executive officers of the Company in light of the goals and objectives of the Company's executive compensation plans, and either as a Committee or together with the other independent directors (as directed by the Board), determine and approve the compensation of such other executive officers. To the extent that long-term incentive compensation is a component of such executive officer's compensation, the Committee shall consider all relevant factors in determining the appropriate level of such compensation, including the factors applicable with respect to the CEO.
- (v) Review and approve any of the following matters with respect to the Company's executive officers: (A) any employment agreement, severance arrangement, change in control agreement/provision, and any special supplemental benefits; and (B) any prerequisites or other personal benefits.
- (vi) To perform such duties and responsibilities as may be assigned to the Committee under the terms of any executive compensation plan, including, without limitation, acting as administrator of the Company's equity-based compensation plans.
- (vii) Evaluate, on a periodic basis, the competitiveness of (A) the compensation of the CEO and the other executive officers of the Company and (B) the Company's overall compensation plan.

b. Other Matters Related to Executive Compensation.

- (i) Review and discuss with management the Company's compensation discussion and analysis and, based on that review and discussion, recommend to the Board that the compensation discussion and analysis be included in the Company's annual proxy statement or annual report on Form 10-K.
- (ii) Prepare the Compensation Committee Report in accordance with the rules and regulations of the SEC for inclusion in the Company's annual proxy statement or annual report on Form 10-K.
- (iii) Review the description of the Committee's processes and procedures for the consideration and determination of executive and director compensation to be included in the Company's annual proxy statement.
- (iv) Review and approve the Company's policies designed to assure that directors and officers are aware of and comply with the reporting requirements of Section 16(a) of the Exchange Act and the short-swing profit provisions of Rule 16(b)-3(d) of the Exchange Act and any other applicable SEC rules and regulations.
- (v) Consider, on at least an annual basis, whether the risks arising from the Company's compensation policies and overall actual compensation practices for employees, including non-executive officers, may have a material adverse effect on the Company.

- (vi) Review and approve 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 Committee under such plans, or by the Board in connection with such plans.

c. Director Nominations.

- (i) Assist in identifying, recruiting and, if appropriate, interviewing candidates to fill positions on the Board, including persons properly proposed by stockholders or others. The Committee may, if it deems appropriate, establish procedures to be followed by stockholders in submitting recommendations for Board candidates in accordance with applicable federal securities laws, state corporate law, and the rules of Regulatory Authorities.
- (ii) Review the background and qualifications of individuals being considered as director candidates. Among the qualifications considered in the selection of candidates, the Committee shall look at the following attributes and criteria of candidates: experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest, and such other relevant factors that the Committee considers appropriate in the context of the needs of the Board.
- (iii) Recommend to the Board the director nominees for election by the stockholders or appointment by the Board, as the case may be, pursuant to the bylaws of the Company, which recommendations shall be consistent with the criteria for selecting directors established by the Board from time-to-time and applicable rules and regulations of Regulatory Authorities.
- (iv) Select, or recommend for selection by the Board, the director nominees for election to the Board by the stockholders at the annual meeting of stockholders.
- (v) Review the suitability for continued service as a director of each Board member when his or her term expires and when he or she has a change in status, including, but not limited to, an employment change, and to recommend whether or not the director should be re-nominated.
- (vi) Review the disclosure included in the Company's proxy statement regarding the Company's policies and procedures for the Committee's consideration of candidates for the Board.

d. Director Compensation.

- (i) Evaluate annually the appropriate level of compensation for Board and Committee service by non-employee directors and make recommendations to the Board regarding such compensation, including, without limitation, retainer, committee and committee chair fees, equity awards, and other similar items, as appropriate.

**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 or appropriate. The Committee shall have the sole authority to retain or terminate any compensation consultant to assist the Committee in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, such fees to be borne by the Company. The Committee shall periodically and in accordance with federal securities law, applicable state corporate law, and applicable rules of Regulatory Authorities review such factors as may be relevant to determine the independence of the applicable consultants and advisers. Such factors shall also be reviewed by the Committee prior to retaining any new consultants or other advisers. The Committee shall have the sole authority to retain or terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms, such fees to be borne by the Company.

#### **6. Limitation of Compensation Committee Duties**

The Committee shall exercise its business judgment in performing its responsibilities and 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 sole discretion and judgment, believes are the most important, given the particular circumstances. In performing its functions, the Committee may rely upon information provided to it by management, the Company's auditors, or 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 Law. 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.