

**2011**

**FREIGHT EXCHANGE OF NORTH AMERICA LLC.**

# **SAFETY MANAGEMENT PLAN**

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Freight Exchange of North America, LLC. ("FX") has implemented the following Safety Management Plan ("SMP"). The purpose of the SMP is to implement sufficient measures to ensure full compliance with the Federal Motor Carrier Safety Regulations ("FMCSR"). The SMP also reinforces FX's commitment to the areas of safety and compliance, which is reflected by our excellent accident frequency.

### **Company Overview.**

FX is an Illinois corporation with its principal place of business located at 400 North Noble Street, Chicago, Illinois. FX also operates a terminal in El Paso Texas and Ontario, California. FX began operation in 2004 and has had substantial growth over the past six years with currently over 286 power units. Our company is an established truckload carrier of general commodities which includes a fleet of dry van equipment used to provide superior service to its customers throughout the 48 contiguous states.

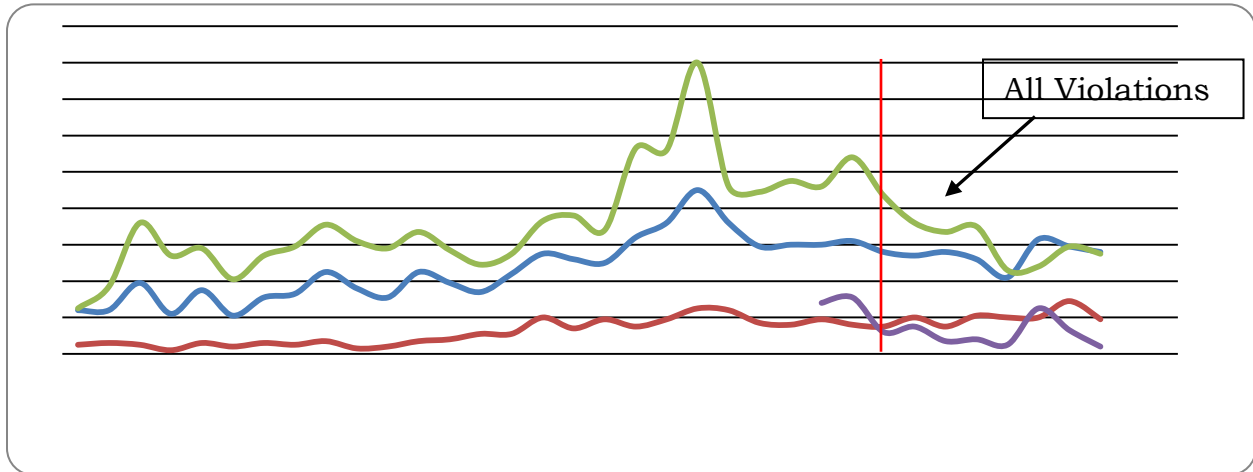
The growth which FX has experienced over the past six years has resulted in a high number of roadside inspections with little or no previous history. This provides misleading trending when viewing the SafeStat History results. Proportionally, FX's fleet remains under the national average for Out-of-Service violations and accidents.

FX's dedication to safety in its fleet safety program will result in excellent safety performance by the company's fleet. Its accident ratio per million mile ratio is currently well below the industry average. We feel that these safety performance measures are indicative of excellent operational and safety programs implemented by our company which will continue to improve with the implementation of this SMP.

In January 2010 F/X retained Jay Thomas, Vice President of Safety and Risk Management. Thomas has more than 30 years of experience in the trucking industry and over 18 years in safety and compliance. He has been reviewing FX's safety and compliance programs since January 2010 and continues to strengthen FX's safety management program. Thomas meets weekly with the executive staff of Freight Exchange of North America to discuss all safety and compliance issues to ensure management is kept advised and support continued improvement.

As an organization, we have undertaken significant business changes designed to improve our safety policies and compliance. Many of these changes were put into process the beginning of 2010. We believe the changes have, and will

continue to, make a substantial improvement on our overall safety compliance program. The chart below illustrates the significant reduction of violations since the implementation of this SMP and the addition of our VP of Safety and Risk Management (indicated with vertical line)



We believe the policies and procedures as outlined in this SMP are indicative of our corporate philosophy toward ensuring safety and compliance in operating safely. As discussed below, FX has implemented procedures in the SMP to only strengthen our company's existing safety and compliance program and eliminate any future problems in these areas.

The SMP is intended to supplement FX's existing safety and compliance program which is reinforced with FX's drivers and other personnel through its orientation program, safety meetings, and other communications. Information and documentation concerning FX's existing program, and more importantly perhaps, its success are provided herein.

### **Corporate Value Statement**

This is to acknowledge that as a professional driver certified to operate commercial vehicles under federal authority, I am aware of and committed to uphold the following standards of conduct.

These standards of operation can prevent injury, disablement and death. Freight Exchange of North America, LLC. considers health, enablement, life and freedom from fear and pain to be priceless and possess immeasurable value. Conduct threatening these values is considered to be absolutely unacceptable. Conduct that tends to preserve and protect others is considered to be of equal importance to honesty, truthfulness and integrity. This firm belief is at the foundation of Freight Exchange of North America's system of

corporate values. It is expected that every employee and contractor at Freight Exchange of North America will adhere to:

Zero tolerance for deviation from the standard. – Purposefully strive to protect others.

### **Policies and Procedures**

FX has higher standards than that of the FMCSA. Our Policy of “Three Strikes and you’re out” won’t be found anywhere in the regulations. Our standards are high, and each of our drivers and each of their trucks have met and continue to meet, Freight Exchange’s high standards. Or they truck someplace else. Some of the most basic policies are listed below. Attached herein within the Appendixes are all the policies.

#### **Company Speed Limit Policy**

A policy is established wherein the maximum speed limit driven by one of our trucks will be 70mph. In addition to the maximum speed limit our drivers shall not receive a violation or citation for speeding in excess of 10mhp over a posted speed limit. FX has a Zero tolerance for Speeding in any school or construction zone. The first time a driver is found to have violated this rule; he/she shall be suspended for a period of not less than 3 days and shall be placed on one (1) year probation. If, within the six months following the 1<sup>st</sup> violation of this policy, that drivers violates the policy again the driver will be disqualified and have their lease agreement cancelled. If the violation occurs 7months following the first violation the driver will be suspended for a period of not less than ten (10) days and have the probation extended for an additional year from the date of the most recent violation.

#### **Accident Policy**

Any contractor/driver who is involved in an accident, regardless of how minor will be required to participate in a Post-Accident Interview and attend Post Accident Counter-measure training. Any contractor/driver who is involved in an accident will be responsible for the first \$2500.00 deductible. The deductions will begin immediately following the accident. If, after the accident claim is closed the deductible was not used or used in its entirety the balance will be promptly refunded to the contractor/driver.

## **Backing Policy**

Of all types of at fault accidents, back-up accidents are the most frequent and occur more than 2 ½ times more than any other liability accident in our fleet. Never assume that nothing is behind you. Before backing be sure that you get out and look (G.O.A.L). FX has a Zero tolerance for backing on any public street, highway, or thoroughfare, any driver who is found to have violated this regulation is subject to immediate disqualification and cancelation of their lease agreement.

## **Following Distance Policy**

Violating this simple policy can often result in injury or death to the people in front of you or yourself. Remember it takes at least 1 ½ second for your brakes to engage. It takes at least 1-2 seconds for you to see the problem and react to it. And it takes approximately 1 second for every 10 mph to come to a stop on level dry ground. So as a rule of thumb, your following distance should be 3 seconds plus 1 second for every 10 mph you are traveling. FX has a Zero tolerance for drivers who tailgate or bully their way through traffic. If you are cited for Following-to- Close you will be immediately suspended for three (3) days and be placed on probation for not less than one (1) year. If the violation occurs within three years of the 1<sup>st</sup> violation you will be disqualified and your lease will be cancelled.

## **Distracted Driving Policy**

FX prohibits the use of any electronic in-cab communication device while the CMV is in motion. These devices are Cell phones, texting devices, GPS, laptop computers, Televisions, and Satellite communication. It is recommended that you turn your cell phone to silent or vibrate while you are driving. If your phone rings do not answer the phone. Pull off the road to a safe location and return the call. Texting while driving is prohibited and will result in immediate disqualification if you are found in violation of this regulation. Hands-free devices allow the driver to keep both hands on the wheel; however your full concentration is not on driving. FX only supports the policy of “NO-USE of In-cab devices which could distract the driver while the CMV is in motion”.

## **Roles and Responsibilities**

### **Vice President of Safety and Risk Management**

The VP of Safety and Risk Management is responsible for the overall Safety, Compliance and Risk Management of the company. Specifically, the VP of Safety is responsible for the direct supervision of the entire safety, compliance, and recruiting personnel with indirect supervision of the operations staff and all terminal operations with regards to safety, compliance and training. The VP of Safety and Risk is also responsible for all claims and accident investigations, and claims management, insurance compliance and working with the claims adjustor and attorneys as required. This position is also required to develop training materials, programs, policies and procedures. The VP of Safety & Risk Management is the direct contact for the FMCSA and all state and local authorities. All communications with authorities shall be communicated through the VP of Safety and Risk Management.

### **Director of Safety & Compliance**

The Director of Safety is responsible for the day to day safety operations of the fleet. The director ensures all drivers meet the requirements of all local, state and federal regulations. The director is responsible for the monthly safety meetings and on-going safety training of the fleet. Driver's daily Log audits, and safety compliance is a key factor in the daily responsibilities of the Director of Safety. The Director communicates with the drivers and ensures the driver are in compliance. Drivers who fail to comply with the SMP and polices of Freight Exchange are disciplined by the Director.

### **Supervisor of Compliance**

The Supervisor of Compliance is responsible for the following:

- All Traffic enforcement stops and submitting required paperwork
- All roadside inspection paperwork and prompt remittal to state agencies
- All roadside inspection bonuses to driver
- All roadside inspection repairs and proof of repairs
- All OOS violations
- Administrating of all discipline associated with FX Polices as it relates to roadside inspections and traffic violations.
- Administration of all expirations as related to Drivers Licenses, Physicals and annual inspections

## **Log Compliance Clerk**

The Log Compliance Clerk is responsible for the following:

- Daily batching and auditing of driver's daily logs
- Importing of all Check points into the Rapid Log system
- Daily verification all drivers are active in the Rapid Log system
- Daily review of the violation report for errors
- Daily review of the missing log report for errors
- Daily distribution of the missing log and violation report
- Daily contact to drivers who are over 10 days behind on their logs
- Daily review, of the missing log report, for drivers who have exceeded 14 days.
- Administration of suspensions for all drivers who are out of compliance with missing logs
- Point-to-Point checks for drivers who have been flagged as risky drivers.

## **Recruiter**

The recruiter is responsible for the following:

- Receiving phone calls about potential driving opportunities
- Screening of applicants for driving opportunities
- Assist the applicant through the lease on process
- Gathering information as needed to expedite the lease on process
- Work with EBE recruiting software
- Assist Verification Clerk as needed
- Assist in the advertising and Job Fairs as needed

## **Verification and Driver Status Clerk**

The Verification and Driver Status Clerk is responsible for the following:

- Perform previous employment verifications for all new applicants
- Complete previous employment verification for past contractors and drivers
- Work with the EBE recruiting software and update as needed.
- Maintain the TMW software in relationship to active drivers and contractors and equipment.
- Properly terminate or cancel drivers within the TMW system
- Properly terminate or cancel drivers with Great West Insurance

## **Orientation and Training**

- The Orientation and Training Instructor is responsible for the following:
- Performing Orientation weekly
- Conducting monthly safety meetings
- Conducting monthly Post-Accident training
- Conducting monthly Log re-training
- Working directly with the VP of Safety and Risk to develop current and comprehensive training.
- Assist drivers as needed with questions regarding log preparation, Hour of Service, Maintenance issues and/or any other training needed.
- Responsible for the administration of the IRP plate program
- Responsible for the administration of plates and permits for new contractors
- Responsible to ensure all the paperwork is completed properly by the drivers and contractors during orientation.
- Responsible to ensure the paperwork is properly filed in the required folders in accordance with FMCSA regulations.

**Qualification and Hiring.**FX utilizes an electronic application process which pre-qualifies applicants based upon the data provided by the applicant. If the applicants score meets the minimum qualifications the system then orders the applicants MVR, CDLIS, SSN check, Employment History, Criminal Background check and PSP. The reports are then reviewed by the recruiter to verify the applicant still meets the minimum qualifications. If the minimum qualifications are met, the verification clerk then begins the verification process.

Once the applicant has completed:

1. Orientation,
2. Driving test,
3. Pre-employment drug test
4. Physical (if required)
5. Written examinations
6. All verifications have been obtained for the previous three (3) years

The entire qualification file is then reviewed by the VP of Safety and Risk for final approval.

The minimum qualifications are outlined below

#### Driver Qualifications

Freight Exchange of North America LLC has established the following minimum qualification requirements for contractors and drivers leased to Freight Exchange of North America LLC. These requirements exceed the minimum requirements as set forth by the FMCSA and by the carrier's insurance provider. Freight Exchange of North America maintains a high qualification and retention standard within the industry.

a) Age

Tractor trailer combination drivers must be at least 23 years old.

b) Experience

Tractor trailer drivers must have at least 2 years of **VERIFIABLE** OTR experience. Driving experience must be recent (at least 12 months with the past 18 months).

c) Driving Record

FX must be able to verify your driving record.

FX **will not** enter into a lease agreement or qualify any driver whose record reflects:

- Rollover or rear end collisions within past 5 years
- Careless, reckless driving in the previous 5 years.
- Speeding 15 over limit within the past 5 years

- Positive drug or alcohol test ever
- More than 2 moving violations in the past 3 years.
- DUI, DWI, OWI, OUI, convictions within the past 5 years
- DUI, DWI, OWI, OUI, convictions while holding a CDL
- More than 1 at fault or preventable accidents in past 3 years,
- Misdemeanor Convictions in past 5 years
- Felony convictions in past 10 years
- Drug convictions within the past 10 years
- Drug convictions while possessing a CDL
- Drug distribution or intent to distribute EVER
- Conviction for sex crimes which require Federal, State or Local registration

d) Physical Examination

We must have a legible copy of the **LONG FORM** of the physical examination signed by the physician. Additionally we must have a copy of the signed Medical Examiners Certificate. We will accept these documents if they have been completed within the past 30 days. Physicals older than 31 days will not be accepted and a new physical will be required.

e) Driver's License

Every driver must present for copying his current valid commercial driver's license. **The license must be issued from the driver's current state of residence.** The driver must also hold only 1 license and sign a statement certifying the same.

**Training and Communication.**

All contractors to or drivers for a contractor leased to Freight Exchange of North America LLC. Are required to attend at least ten (10) of the twelve (12) safety meetings held throughout a given year.

Each month FX conducts the following training and safety meetings.

1. Monthly Safety Meeting
2. Monthly Log Re-training
3. Monthly Perceptive Driving & Speed Management Training

Drivers involved with an accident are required to have a Post-Accident interview with the VP of Safety and Risk Management and also attend the next monthly Perceptive Driving and Speed Management Training.

Drivers who have had log problems or who have violated the HOS regulations are required to attend the Monthly Log Re-Training.

The Safety and Risk Management department publishes a monthly Safety Newsletter to all drivers which communicates new regulations, safety topics and seasonal driving tips.

**Monitoring and Tracking.**

All drivers are monitored and their performance is tracked through the FX Safety Module and Rapid Log Software system. The Safety Module electronically issues points to drivers for all violations the driver receives from a roadside inspection, traffic enforcement, accident, service failure, cargo claim, log violations and or motorist complaints. The Safety Module also compares data found within the FMCSA website (Compass).

**Meaningful Action.**

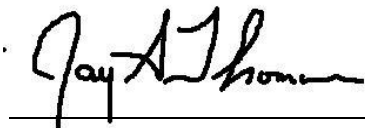
The Safety Module then assigns points based upon the relationship to accidents. When the driver's points reaches a **Conditional** rating the driver is brought into the office to discuss the rating and how the driver intends on correcting the issues.

When a driver's points reaches the **Unsatisfactory** rating the driver will become disqualified and their lease will be cancelled.

**Conclusion and Certification of SMP.**

In sum, FX is confident that the plan, in conjunction with its continued focus upon safety as a priority, as shown by its low accident frequency, will contribute the continued success of our company, and most importantly, result in safe operations for our drivers as well as the general public.

By signing below, the Vice President of Safety and Risk Management of FX hereby certifies that FX is one hundred percent committed to safety and compliance and will continue to do all things reasonably necessary to ensure compliance with the FMCSR and the SMP. The undersigned also certifies that FX's operations currently meet the safety standards and factors set forth in 49 C.F.R. § 385.5.



Jay Thomas, Vice President of Safety and Risk Management  
Freight Exchange of North America LLC.