

LTL TRANSPORTATION SERVICE AGREEMENT

This LTL Transportation Service Agreement ("Agreement"), is entered into this ___ day of _____, _____ by and between WATKINS AND SHEPARD TRUCKING, INC., a licensed interstate motor carrier (hereinafter "WST") and _____, with its principal place of business located at _____ (hereinafter "Shipper"), for the transportation services of WST provided for Shipper.

Recital

WST is a motor contract carrier of property authorized to operate in interstate commerce by the U.S. Department of Transportation. In addition, WST has authority as a transportation freight broker to arrange for the transportation of freight on other motor carriers on behalf of shipping customers. Under such authorities, WST desires to provide transportation services at the request of Shipper pursuant to the terms of this Agreement.

Shipper desires to contract with WST to provide transportation services as requested by Shipper pursuant to the terms of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing and the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Shipper and WST, intending to be legally bound, agree as follows:

Agreement

1. **Duties of WST.** During the term of this Agreement, Shipper will tender to WST, on a load-by-load or shipment basis, freight for transportation within WST's authorities. WST, upon acceptance of the tender, will transport, deliver and unload the freight with its own transportation equipment or otherwise arrange for the transportation, delivery and unloading of the freight with another motor carrier, according to terms and conditions of this Agreement.
2. **Term of Agreement.** This Agreement shall apply to any and all shipments and freight services rendered by the WST during the term of the Agreement unless modified in writing by the parties. The term of this Agreement shall be for one (1) year ("Initial Term") and shall automatically renew for successive one (1) year terms ("Renewal Terms") unless either party advises the other in writing at least seven (7) days prior to the date the party intends to terminate the Agreement. At any time after the expiration of the Initial Term, WST or Shipper may terminate this Agreement upon seven (7) days written notice for any reason.
3. **Rates, Rules and Accessorial Charges.** As compensation for services provided by WST, Shipper shall pay WST the rates set forth in the attached Rate Schedule. WST's freight bill, upon verification and acceptance by Shipper for conformance to Exhibit "A", will serve as written confirmation of the charges to be paid by Shipper. In addition, all shipments made by WST at the request of Shipper are subject to the rules and accessorial charges applicable to the shipment as set forth in the attached Applicable Rules and Accessorial Charges. In addition, all shipments made by WST at the request of Shipper are subject to the applicable Fuel Surcharge as set forth in the Fuel Surcharge Matrix attached hereto. All rates and other applicable charges and fuel surcharges are payable by Shipper in U.S. Funds not later than twenty (20) days from the date that is the later of (a) the date of delivery of the shipment or (b) the date shipper was billed by WST. The Rate Schedule and Applicable Rules and Accessorial Charges and Fuel Surcharge Matrix are incorporated herein and made a part of this Agreement.
4. **Lien for Unpaid Charges.** Shipper acknowledges and agrees that to the extent permitted by applicable law that WST has a lien on all freight within its possession to secure payment of any unpaid freight charges. Should Shipper fail to make payment as required herein, WST has the right to refuse to make future shipments, including shipments that are in-transit in order to protect itself against Shipper's failure to make payment on charges due and owing to WST.
5. **Bill of Lading.** WST shall issue to or obtain from the Shipper a Bill of Lading for all loads tendered to WST under this Agreement. WST understands and agrees that it shall be solely responsible for any liability resulting from its performance of the transportation services pursuant to such Bill of Lading, except as otherwise provided in this Agreement.
6. **Independent Contractor Status.** WST (or other motor carrier providing transportation services at the request of WST) is an independent contractor in the performance of the services rendered under this Agreement. WST shall have the exclusive control and direction of the persons operating motor vehicles or otherwise engaged in transportation services. WST assumes full responsibility for the payment of local, state and federal payroll taxes, unemployment insurance, worker's compensation, pensions, profit sharing, social security taxes or any employment benefits available to persons engaged in the performance of transportation services.

WST agrees to comply with all applicable rules and regulations pertaining to employee benefit laws. WST shall indemnify Shipper and hold Shipper harmless from any and all liability for employee benefits including reasonable attorney fees.

7. Insurance. WST shall procure and maintain at its cost the insurance coverage set forth below at all times during the Term of this Agreement:

(a) Cargo Insurance. One Hundred Thousand Dollars (\$100,000) minimum per occurrence, with a higher amount necessary to provide full coverage for the shipment, as circumstances require. Shipper shall be provided at least thirty (30) days notice of any cancellation of WST's Cargo Insurance Policy. Shipper acknowledges and agrees that WST maintains limits of liability for damage to certain shipped products. Please refer to the attached Claims Policy, Applicable Rules and Accessorial Charges.

(b) Comprehensive General Liability Insurance. One Million Dollars (\$1,000,000) minimum per occurrence. At Shipper's request, Shipper may be named as an additional insured and Shipper shall be provided at least thirty (30) days notice of any cancellation of WST's Comprehensive General Liability Insurance Policy.

(c) Automobile Bodily Injury and Property Damage Insurance. One Million Dollars (\$1,000,000) per occurrence. At Shipper's request, Shipper may be named as an additional insured and Shipper shall be provided at least thirty (30) days notice of any cancellation of WST's Automobile Bodily Injury and Property Damage Insurance Policy.

(d) Workers' Compensation Insurance. As required by the laws of the states in which WST shall provide the transportation services. Shipper shall be provided at least thirty (30) days notice of any cancellation of WST's Workers' Compensation Insurance Policy.

At Shipper's request, WST will have a certificate of insurance delivered to Shipper demonstrating that WST's Cargo Insurance, Comprehensive General Liability, Automobile and Workers' Compensation Insurance is in place and, where requested by Shipper, showing Shipper as a certificate holder.

8. Liability for Damage to Freight. In the event, a claim is asserted against Shipper for damage to any freight transported by WST under this Agreement, WST shall be promptly notified by Shipper (within 15 days of the delivery of the shipment) to effectuate any settlement of the claim. Shipper is obligated to assist WST in the investigation of any claim presented to WST and must use all reasonable efforts to provide any information requested by WST so that WST can make a prompt decision to accept or deny a freight claim. All cargo claims shall be investigated and settled by WST in accordance with the regulations codified in 49 C.F.R. 1005. In addition, Shipper acknowledges and agrees that WST maintains limits of liability for damage to certain shipped products. Please refer to the attached Claims Policy, Applicable Rules and Accessorial Charges.

9. Assumption of Liability and Indemnification by WST and by Shipper. (a) WST assumes all liability for loss, damage, injury, liability, costs (including reasonable attorney fees) that results from the actions, inactions or other conduct of WST under this Agreement in the same manner as is assumed by an interstate motor common carrier in general. WST shall also assume all responsibility for loss, damage, liability, costs, or claims suffered by any goods or cargo transported by WST under this Agreement, except to the extent that any such liability, loss, damage, injury or costs are caused by the negligence of Shipper or persons acting on behalf of Shipper, such as consignees.

(b) WST shall indemnify Shipper and hold Shipper harmless from any and all liabilities, losses, damage, expense, litigation, actions or claims for damages to persons or property, including death or injury, which occur or are alleged to have occurred arising from the transportation of any freight by WST under this Agreement. Indemnification shall include but is not limited to any and all financial losses or damages incurred by Shipper including the defense of any such claims and reasonable attorney fees. This provision shall survive the termination of this Agreement.

(c) Shipper shall indemnify WST and hold WST harmless from any and all liabilities, losses, damage, expense, litigation, actions or claims for damages to persons or property, including death or injury, which occur or are alleged to have occurred arising from the actions or omissions of Shipper or any person or entity acting on behalf of Shipper, such as consignees of Shipper. Indemnification shall include but is not limited to any and all financial losses or damages incurred by WST including the defense of any such claims and reasonable attorney fees. This provision shall survive the termination of this Agreement.

10. Terms. Invoices are due and payable 20 days from invoice date, in accordance with ICC Regulations. Delinquent invoices will be subject to a late charge of 1 1/2% per month, 18% per annum, should collection become necessary, customer will be charged all collection or legal fees associated with collections.

Please be advised that failure to pay billed freight charges when due may result in a lien on future shipments, including the cost of storage and appropriate security for such future shipments held. Your timely payment of freight charges is greatly appreciated.

11. **Confidentiality.** Neither party to this Agreement shall divulge to any third party the terms of neither this Agreement nor any proprietary information derived in the course of negotiation or performance of this Agreement by WST or Shipper.

12. **Non-assignment of Agreement.** Except to the extent that WST tenders shipments to other motor carriers as authorized by this Agreement, this Agreement shall not be assignable by either party without the written consent of the other party.

13. **Miscellaneous.** (a) This Agreement shall be construed and governed in accordance with the laws of the State of Montana to the extent such laws do not conflict with the law set forth in Title 49 of the United States Code and Part 49 of the Code of Federal Regulations, in which case the latter shall prevail. Shipper waives any objection to the jurisdiction of the Courts of Montana.

(b) This Agreement, the Rate Schedule, the Applicable Rules and Accessorial Charges binding on the parties including their personal representatives, heirs, successor and assigns.

(c) The parties agree that the provisions of this Agreement are separable and should any of the provisions be deemed invalid then only that invalid provision shall fail and the remainder of this Agreement continues in full force and effect.

(d) This Agreement constitutes the entire understanding between the parties and supersedes all prior oral or written agreements and cannot be modified, altered, revised or amended except by written instrument signed by the parties. The parties shall execute and deliver such additional documents as are necessary or convenient to perform this Agreement.

(e) Both parties shall be excused from performance under this Agreement to the extent that such party is prevented from performing its obligations under this Agreement, as a result of any act of God, war, civil disturbance, court order, labor dispute or other like cause beyond the party's reasonable control. Such performance shall not be deemed a material default so long as reasonable means are taken to expeditiously remedy the problem causing such nonperformance.

(f) In the event that a dispute arises between the parties to this Agreement, the prevailing party in any action, including appeals, to enforce or interpret the provisions of this Agreement, including the indemnification provisions, shall be entitled to recover costs and reasonable legal expenses.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate, by their duly authorized representatives on the date first above written.

SHIPPER

WST

(The addresses below are the addresses designated by the parties for notices made under this Agreement.)

Phone: _____
Fax: _____

Watkins and Shepard Trucking, Inc.
P.O. Box 5328
Missoula, Montana 59806-5328
(406) 728-6121
Fax: (406) 721-4116

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____