

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K/A**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of  
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)  
**September 1, 2004**

**SEGMENTZ, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**000-49606**  
(Commission  
File Number)

**03-0450326**  
(IRS Employer  
Identification No.)

**18302 Highwoods Preserve Parkway, Suite 100, Tampa, FL**  
(Address of principal executive offices)

**33647**  
(Zip Code)

Registrant's telephone number, including area code  
**(813) 989-2232**

**Not applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS.

On September 1, 2004, Segmentz acquired all of the issued and outstanding stock of Express-1, Inc., a privately owned provider of third party logistics services. The stock of Express-1, Inc. was acquired from 5 nonaffiliated individual accredited shareholders. Prior to the closing of the transaction Segmentz had no material relationship with any of the selling shareholders.

The purchase price for the stock of Express-1, Inc., included a \$6,000,000 cash payment, the issuance of 50,000 shares of restricted common stock of Segmentz, and the issuance of warrants to purchase 2,928,571 shares of common stock of Segmentz at an exercise price of \$1.75 per share. The consideration also includes an earn-out provision under which Segmentz could be required to pay up to an additional \$6,500,000 in cash and restricted common stock to the selling shareholders over the following 3 years, depending on the performance of Express-1, Inc.

The effective date of the closing is August 1, 2004.

A copy of the Stock Purchase Agreement setting forth the terms of the transaction is incorporated by reference to Exhibit 10.1 to that certain Form 8-K filed by Segmentz with the Commission on August 13, 2004.

### ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements of Business Acquired

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Audit report  
**Express-1, Inc.**  
December 31, 2003 and 2002  
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Report of Independent Certified Public Accountants

To the Board of Directors  
and Stockholders of  
Express-1 Inc.

We have audited the accompanying balance sheet(s) of Express-1, Inc. as of December 31, 2003 and 2002 and the related statements of operations, changes in stockholders' equity, and cash flows for the years, then ended. These financial statements are the responsibility of the management of Express-1, Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Express 1, Inc. as of December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Pender Newkirk & Company  
Certified Public Accountants  
Tampa, Florida  
August 27, 2004

**Express, Inc.**  
**BALANCE SHEETS**

	December 31,	
	2003	2002
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,300	\$ 1,000
Accounts receivable, net of allowance for doubtful accounts of \$27,000 and \$12,000, respectively	2,730,925	1,240,909
Prepaid expenses and other current assets	57,900	117,972
Total current assets	2,794,125	1,359,881
Property and equipment, net of accumulated depreciation	728,118	700,842
Total assets	<u>\$3,522,243</u>	<u>\$ 2,060,723</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 213,247	\$ 304,986
Line of credit	751,303	258,541
Accrued salaries and wages	294,120	265,918
Accrued owner / operator expenses	425,653	52,232
Accrued liabilities, other	504,254	74,450
Current portion of notes payable	24,569	35,148
Total current liabilities	2,213,146	991,275
Notes payable, less current portion	7,654	32,223
Total liabilities	2,220,800	1,023,498
Commitments and contingencies	—	—
Stockholders' equity:		
Common stock, \$40 par value, 1,250 authorized, 125 issued and outstanding at December 31, 2003, and 2002	5,000	5,000
Additional paid in capital	55,800	55,800
Retained earnings	1,240,643	976,425
Total stockholders' equity	1,301,443	1,037,225
Total liabilities and stockholders' equity	<u>\$3,522,243</u>	<u>\$ 2,060,723</u>

The accompanying notes are an integral part of these financial statements.

**Express, Inc.**  
**STATEMENTS OF OPERATIONS**

	For the Year Ended December 31,	
	2003	2002
Operating revenues	\$15,860,957	\$12,856,177
Cost of services	11,000,668	9,118,444
Gross profit	4,860,289	3,737,733
Selling, general and administrative expenses	4,290,819	3,497,469
Other income	(45,974)	(29,811)
Net income	\$ 615,444	\$ 270,075

The accompanying notes are an integral part of these financial statements.

**Express, Inc.**  
**STATEMENT OF STOCKHOLDERS' EQUITY**  
**For the Years Ended December 31, 2003 and 2002**

	<u>Common Stock</u>	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at December 31, 2001	125	\$ 5,000	\$ 55,800	\$ 908,798	\$ 969,598
Distributions to stockholders	—	—	—	(202,448)	(202,448)
Net income	—	—	—	270,075	270,075
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance at December 31, 2002	125	5,000	55,800	976,425	1,037,225
Distributions to stockholders	—	—	—	(351,226)	(351,226)
Net income	—	—	—	615,444	615,444
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance at December 31, 2003	125	\$ 5,000	\$ 55,800	\$1,240,643	\$1,301,443
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The accompanying notes are an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2003 and 2002**

	For the Years Ended December 31,	
	2003	2002
<b>Cash flows from operating activities:</b>		
Net income	\$ 615,444	\$ 270,075
Adjustments to reconcile net operations to net cash used in operating activities:		
Depreciation	235,223	236,746
Adjustments to allowance for doubtful accounts	15,000	—
Changes in operating assets and liabilities:		
Accounts receivable	(1,505,016)	(62,181)
Prepaid expenses and other current assets	60,072	10,100
Accounts payable	(91,739)	(48,180)
Accrued salaries and wages	28,202	64,205
Accrued owner / operator expense	429,804	26,149
Accrued liabilities	206,617	(2,687)
Net cash (used in) provided by operating activities	<u>(6,393)</u>	<u>494,227</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(291,481)	(278,597)
Proceeds from sale of equipment	28,982	20,015
Net cash used in investing activities	<u>(262,499)</u>	<u>(258,582)</u>
<b>Cash flows from financing activities:</b>		
Proceeds and payments on line of credit, net	492,762	(32,729)
Principal payments on notes payable	(35,148)	(30,918)
Proceeds from issuance on notes payable	—	30,615
Distributions to stockholders	(184,422)	(202,448)
Net cash provided by (used in) financing activities	<u>273,192</u>	<u>(235,480)</u>
Net increase in cash and cash equivalents	4,300	165
Cash and cash equivalents at beginning of period	1,000	835
Cash and cash equivalents at end of period	<u>\$ 5,300</u>	<u>\$ 1,000</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid:		
Interest	<u>\$ 12,988</u>	<u>\$ 24,384</u>
<b>Non-cash financing activity</b>		
Accrued distribution to stockholders	<u>\$ 166,804</u>	<u>\$ —</u>

The accompanying notes are an integral part of these financial statements.



## NOTES TO FINANCIAL STATEMENTS

### 1. Description of Business and Organization

Express-1, Inc. (“Express-1” or “the Company”) is incorporated in the state of Michigan and headquartered in Buchanan, Michigan. The Company is engaged in the business of expedited trucking and is licensed to carry cargo in the 48 continental states and Canada. The Company runs automobiles, cargo vans, straight trucks and tractor-trailers and charter planes. These vehicles run under the Company’s authority in addition to brokering freight to other approved carriers to provide their customers service. The Company’s customer base is made up primarily of manufacturers located in the Midwest and Southeast United States.

Express-1 was founded in 1989 in a small business incubator in Niles, Michigan with a cargo van, a straight truck and a pager. The Company has forged a partnership between drivers and management to build Express-1’s reputation as a premier trucking company. The company currently occupies a 20,000 square foot facility in Buchanan, Michigan and regularly contracts with over 150 owner operators all equipped with the latest telecommunication technology. Express-1 is ISO 9001-2000 certified and has embraced this management philosophy and practice throughout its operations.

### 2. Summary of Significant Accounting Policies

#### *Method of accounting*

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews its estimates, including but not limited to, purchased transportation, recoverability of long-lived assets and allowance for doubtful accounts, on a regular basis and makes adjustments based on historical experiences and existing and expected future conditions. These evaluations are performed and adjustments are made, as information is available. Management believes that these estimates are reasonable; however, actual results could differ from these estimates.

#### *Cash and cash equivalents*

Cash and cash equivalents are defined as highly liquid investments that have original maturities of three months or less. The majority of cash is maintained with a major financial institution in the United States. Deposits with this bank may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk.

**NOTES TO FINANCIAL STATEMENTS**

**2. Summary of Significant Accounting Policies – Continued**

***Accounts receivable***

The Company extends credit to its various customers based on the customer's ability to pay. The Company provides for estimated losses on accounts receivable considering a number of factors, including the overall aging of the receivables, previous history with the customer and the customer's current ability to pay its obligation to the Company. Based on management's review of accounts receivable, an allowance for doubtful accounts of approximately \$27,000 and approximately \$12,000 is considered necessary as of December 31, 2003 and 2002, respectively. The Company does not accrue for interest on delinquent accounts.

***Property and equipment***

Property and equipment are stated at cost. Expenditures for maintenance and repair costs are expensed as incurred. Major improvements that increase the estimated useful life of an asset are capitalized. Depreciation is computed using an accelerated method of depreciation over the following estimated useful lives of the related assets:

	<u>Years</u>
Office furniture	7-10
Office equipment	5-7
Automotive	5-7
Communication equipment	3-5
Trucks	3-5
Leasehold improvements	Lease term

***Prepaid expenses and other current assets***

Prepaid expenses and other current assets consist primarily of prepaid insurance.

***Revenue recognition***

Operating revenues for expediting services are recognized on the date the freight is delivered. Related costs of deliveries, which includes accrued owner / operator expense, are accrued as incurred and are also recognized when the freight is delivered.

***Income taxes***

The Company, with the consent of the stockholders, has elected under Sections 1361 through 1379 (sub-chapter S) of the Internal Revenue Code to be treated substantially as a partnership instead of as a corporation for income tax purposes. As a result, the stockholders will report the entire corporate taxable income and investment credit on their individual tax returns. Therefore, no provision for income taxes has been made to these financial statements.

**NOTES TO FINANCIAL STATEMENTS****2. Summary of Significant Accounting Policies – Continued***Estimated fair value of financial instruments*

Management estimates that the aggregate net fair value of financial instruments recognized on the statements of financial condition (including cash and cash equivalents, receivables, payables, and short-term borrowings) approximates their carrying value, as such financial instruments are short-term in nature, bear interest at current market rates, or are subject to re-pricing.

*Retirement Plans*

The Company sponsors a 401k profit sharing plan covering substantially all of its employees with one year of service. The Company matches 50 percent of the employee elected deferrals up to a total of 3 percent of the employees' compensation. Total expense was approximately \$49,000 and approximately \$43,000 in 2003 and 2002, respectively.

The company also sponsors a defined contribution money purchase plan covering substantially all of its employees with one year of service. Total expense was approximately \$170,000 and approximately \$184,000 in 2003 and 2002, respectively.

**3. Property and Equipment**

Property and equipment consists of the following:

	December 31,	
	2003	2002
Office furniture	\$ 171,756	\$ 155,566
Office equipment	524,666	401,617
Automotive	126,862	126,862
Communication equipment	599,095	469,118
Trucks	380,701	480,405
	<u>1,803,080</u>	<u>1,633,568</u>
Less: Accumulated depreciation	(1,074,962)	(932,726)
	<u>\$ 728,118</u>	<u>\$ 700,842</u>

Depreciation expense of property and equipment totaled approximately \$235,000 and approximately \$237,000 for 2003 and 2002, respectively.

**NOTES TO FINANCIAL STATEMENTS****4. Line of Credit**

The Company has a line of credit with a bank that is collateralized by substantially all assets of the Company in addition to certain non-Company assets and due on demand. The note bears interest at the bank's prime rate, an effective rate of 4.00 percent and 4.25 percent, at December 31, 2003 and 2002, respectively. The balance includes checks written in anticipation of draws on the line of credit. To maintain this line of credit, Express-1 agreed to certain financial covenants, which include a minimum: net worth, debt ratio and current ratio. The company is not in compliance with all financial covenants for the year ended December 31, 2003 of which the bank waived compliance. The line of credit is limited to 70% of eligible accounts receivable with a maximum of \$1,250,000. There was approximately \$440,000 available under the line of credit as of December 31, 2003.

The Company has an outstanding letter of credit drawn in favor of its auto liability insurance carrier. The letter of credit allows draws up to approximately \$66,000 at December 31, 2003 and 2002. No draws have been made on the letter of credit to date. The current letter of credit expires on April 25, 2004.

**5. Notes Payable**

The Company has entered into various notes to purchase equipment, which are collateralized by that equipment. The terms range from three to five years with interest rates ranging up to 0.9% with varying payoff dates through 2005.

The balances outstanding on the above debt instruments are as follows:

	December 31,	
	2003	2002
Equipment notes	\$32,223	\$67,371
Less: current portion	24,569	35,148
Long-term portion of notes payable	\$ 7,654	\$32,223

Minimum principal payments on long-term debt to maturity as of December 31, 2003 are as follows:

2004	\$24,569
2005	7,654
Total	\$32,223

**NOTES TO FINANCIAL STATEMENTS**

**6. Commitments and Contingencies**

*Lease commitments*

The following is a schedule by year of future minimum payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year as of December 31, 2003:

2004	\$ 65,938
2005	37,974
2006	2,754
2007	1,770
2008	
Thereafter	—
	<hr/>
	\$ 108,436

The Company rents equipment and facilities under operating leases with lease terms of less than one year.

Rent expense amounted to approximately \$284,000 and approximately \$353,000 for the years ended December 31, 2003 and 2002, respectively.

*Litigation*

In the ordinary course of business, the Company may be a party to a variety of legal actions that affect any business. The Company does not anticipate any of these matters or any matters in the aggregate to have a material adverse effect on the Company's business or its financial position or results of operations.

*Regulatory compliance*

The Company's activities are regulated by state and federal regulatory agencies under requirements that are subject to broad interpretations. The Company cannot predict the position that may be taken by these third parties that could require changes to the manner in which the Company operates.

**NOTES TO FINANCIAL STATEMENTS****7. Related Party Transactions**

The company has entered in the following transactions with related parties having substantially the same ownership as Express-1, Inc.:

	December 31, 2003	December 31, 2002
<b>Receivable/Payable</b>		
Receivable Express-1 Transportation, LLC	\$ 2,648	\$ 2,867
Receivable Express-1 Properties, LLC	—	53,544
<b>Income/Expense</b>		
Management fees received from Express-1 Transportation, LLC	38,563	50,398
Building rent paid to Express-1 Properties, LLC	130,000	120,000
Supplies purchased from Express-1 Transportation, LLC	\$ 10,508	\$ 15,587

The Company is related through common ownership and control to Express-1 Properties Inc., which owns the headquarters building in Buchanan Michigan. The financial statements reflect the financial position and results of operations of only Express-1 Inc. During the year ended December 31, 2003 and 2002 the Company paid approximately \$130,000 and \$120,000 in month-to-month rent payments to Express-1 Properties Inc., respectively.

Express-1 Properties has a mortgage of approximately \$723,000 and approximately \$765,000 at December 31, 2003 and 2002, respectively. Express-1 Properties Inc. had depreciation expense of approximately \$43,000 and approximately \$49,000 and interest expense of approximately \$48,000 and approximately \$53,000 for the year ended December 31, 2003 and 2002, respectively.

From time to time, the Company charges Express-1 Transportation, LLC a management fee as determined by the officers of the Company.

The above amounts are not necessarily indicative of the amounts that would have been incurred had comparable transactions been entered into with independent parties.

**8. Subsequent Events**

Effective as of August 1, 2004, Segmentz, Inc. acquired all of the outstanding capital stock of Express-1 Inc. Segmentz Inc. paid \$6,000,000 cash, 2,928,571 options to buy common stock and 50,000 shares of Segmentz, Inc.'s common stock. In addition to the initial payment, the stockholders will be able to receive additional consideration in the form of an earn-out based on revenue and gross margin targets.

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(b) Pro Forma Financial Information

The Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2004 of Segmentz, Inc. (“Segmentz”) and Express-1 Inc (“Express-1”). The Unaudited Pro Forma Condensed Consolidated Income Statement for the Six-months Ended June 30, 2004 of Segmentz and Express-1. The Unaudited Pro Forma Condensed Consolidated Income Statement for the Year Ended December 31, 2003 for Segmentz, Dasher Express Inc. (Dasher) and Express-1. Management has included Dasher for the year ended December 31, 2003, as it is more indicative of historical performance of the current combined entities. The following table includes pro-forma adjustments for the estimated fair value of Express-1.

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**Segmentz, Inc.**  
Unaudited Pro Forma Condensed Consolidated Balance Sheet  
June 30, 2004  
Historical

	<u>Segmentz</u>	<u>Express-1</u>	<u>Pro-Forma Adjustments</u>	<u>Pro-Forma</u>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 9,239,631	\$ 800	\$(6,000,000)(1)	\$ 3,240,431
Trade receivables, net	4,981,135	3,515,076		8,496,211
Prepaid expenses and other current assets	1,556,200	179,744		1,735,944
<b>Total current assets</b>	<b>15,776,966</b>	<b>3,695,620</b>	<b>(6,000,000)</b>	<b>13,472,586</b>
Equipment, net	3,170,314	824,405		3,994,719
Goodwill and other intangible assets	1,550,446		4,765,851(2)	6,316,297
Other assets	955,300			955,300
Loans and advances	100,401			100,401
	<u>\$21,553,427</u>	<u>\$4,520,025</u>	<u>\$(1,234,149)</u>	<u>\$24,839,303</u>
<b>Liabilities and Stockholders' Equity</b>				
<b>Current liabilities</b>				
Accounts payables	\$ 751,449	\$ 784,534		\$ 1,535,983
Accrued salaries and wages	265,601	243,124		508,725
Accrued expenses, other	501,120	904,208	250,000(1)	1,655,328
Line of credit		550,569		550,569
Short-term portion of long-term debt	205,928	122,519		328,447
Other current liabilities	10,450			10,450
<b>Total current liabilities</b>	<b>1,734,548</b>	<b>2,604,954</b>	<b>250,000</b>	<b>4,589,502</b>
Long-term liabilities	283,056	180,922		463,978
Deferred tax liabilities	450,979			450,979
<b>Stockholders Equity</b>				
Common stock	26,097	5,000	(4,950)(1)	26,147
Additional paid in capital	19,748,912	55,800	194,150(1)	19,998,862
Retained earnings	(690,165)	1,673,349	(1,673,349)(1)	(690,165)
<b>Total stockholders' equity</b>	<b>\$21,553,427</b>	<b>\$4,520,025</b>	<b>\$(1,234,149)</b>	<b>\$24,839,303</b>

(1) Adjustments for purchase of all outstanding Express-1 Inc. stock (cash, stock and options) and \$250,000 estimated acquisition costs.

(2) Adjustment for purchase price allocation.



**Segmentz, Inc.**  
Unaudited Pro Forma Condensed Consolidated Income Statement  
Six-months Ended June 30, 2004  
Historical

	<u>Segmentz</u>	<u>Express-1</u>	<u>Pro-forma Adjustments</u>	<u>Pro-forma</u>
Sales, net	\$14,188,842	\$11,538,921		\$25,727,763
Cost of services	11,690,090	8,135,250		19,825,340
Gross profit	2,498,752	3,403,671		5,902,423
Selling, general and administrative	3,732,134	2,382,889	140,000(3)	6,255,023
(Loss) income before tax provision	(1,233,382)	1,020,782	(140,000)	(352,600)
Provision for income tax	(435,000)	374,627(1)	(51,380)(1)	(111,753)
Net (loss) income	\$ (798,382)	\$ 646,155	\$ (88,620)	\$ (240,847)
Basic loss per share	\$ (0.04)	—		\$ (0.01)
Basic weighted average shares	21,443,788	50,000(2)		21,493,788
Diluted loss per share	\$ (0.04)	—		\$ (0.01)
Diluted weighted average shares	21,443,788	50,000(2)		21,493,788

(1) Pro forma taxes estimated at 36.7%

(2) Initial shares issued related to the Express-1 acquisition

(3) Estimated additional amortization expense related to the Express-1 acquisition, \$280,000 per year

**Segmentz, Inc.**

Unaudited Pro Forma Condensed Consolidated Income Statement  
For the Year Ended December 31, 2003  
Historical

	Segmentz	Dasher	Express-1	Pro-forma Adjustments	Pro-forma
Sales, net	\$ 14,687,754	\$ 6,728,249	\$ 15,860,957	(179,090)(6)	\$ 37,097,870
Cost of services	11,118,710	5,440,675	11,000,668	(179,090)	27,380,963
Gross profit	3,569,044	1,287,574	4,860,289	—	9,716,907
Selling, general and administrative	3,391,846	1,308,501	4,244,845	361,083(4)(5)	9,306,275
(Loss) income before tax provision	177,198	(20,927)	615,444	(361,083)	410,632
Provision for income tax	(25,965)	(7,680)(1)	225,868(1)	(132,517)(1)	59,706
	203,163	(13,247)	389,576	(228,566)	350,926
Net (loss) income					
Gain on repurchase of preferred stock	174,268				174,268
Net income (loss) applicable to common stock	\$ 377,431	\$ (13,247)	\$ 389,576	\$ (228,566)	\$ 525,194
Basic income per share	\$ 0.04				\$ 0.06
Basic weighted average shares	9,403,695	(3)	50,000(2)		9,453,695
Diluted income per share	\$ 0.04				\$ 0.05
Diluted weighted average shares	10,630,956	(3)	50,000(2)		10,680,956

(1) Pro forma taxes estimated at 36.7%

(2) Initial shares issued related to the Express-1 acquisition

(3) Initial shares issued related to the Dasher acquisition are included in the December 31, 2003 totals for Segmentz

(4) Estimated additional amortization expense related to the Express-1 acquisition, \$280,000 per year

(5) Estimated additional amortization expense related to the Dasher acquisition, \$81,083 per year

(6) Elimination of inter-company transaction

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(c) Exhibits

- 10.1 Stock Purchase Agreement (incorporated by reference to Exhibit 10.1 to that certain Form 8-K filed by Segmentz with the Commission on August 13, 2004).
- 10.2 Amendments to Stock Purchase Agreement (incorporated by reference to Exhibit 10.1 to that certain Form 8-K filed by Segmentz with the Commission on August 13, 2004).
- 10.3 Promissory note from Segmentz, Inc. to the Payees of Express-1, Inc.
- 99.1 Express-1 Inc. Audited financial statements for the six-months ended June 30, 2004 and for the year ended December 31, 2003.
- 99.2 Express-1 Inc. Unaudited financial statements for the six-months ended June 30, 2004 and 2003
- 99.3 Marshall Stevens Inc. Fairness opinion
- 99.4 Mike Welch Employment Agreement and Amendment
- 99.5 Jim Welch Employment Agreement and Amendment
- 99.6 John Welch Employment Agreement
- 99.7 Keith Avery Employment Agreement and Amendment

**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SEGMENTZ, INC.

By:         /s/ Andrew J. Norstrud        

Name: Andrew J. Norstrud

Title: Chief Financial Officer

Date: October 22, 2004

**Exhibit Index**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
10.2	Amendments to Stock Purchase Agreement (incorporated by reference to Exhibit 10.1 to that certain Form 8-K filed by Segmentz with the Commission on August 13, 2004.
10.3	Promissory note from Segmentz, Inc. to the Payees of Express-1, Inc.
99.1	Express-1 Inc. Audited financial statements for the six-months ended June 30, 2004 and December 31, 2003.
99.2	Express-1 Inc. Unaudited financial statements for the six-months ended June 30, 2004 and 2003
99.3	Marshall Stevens Inc. Fairness opinion
99.4	Mike Welch Employment Agreement and Amendment
99.5	Jim Welch Employment Agreement and Amendment
99.6	John Welch Employment Agreement
99.7	Keith Avery Employment Agreement and Amendment

**AMENDMENT #1  
TO  
STOCK PURCHASE AGREEMENT**

Reference is made to the Stock Purchase Agreement (the "Agreement") dated August 9, 2004, by and among Segmentz, Inc., a Delaware corporation (the "Buyer"), and Mike Welch, John Welch, Jim Welch, Keith Avery and Ralf Mojsiejenko (collectively the "Sellers"). The Buyer and the Sellers are referred to collectively herein as the "Parties."

1. The Parties hereby agree that Section 2(d), Section 10(a)(iii), and Section 10(a)(iv) of the Agreement shall each be amended to extend the "drop dead date" from August 30, 2004, to September 15, 2004.

2. The Parties hereby agree that except as modified herein, the Agreement shall remain in full force and effect.

3. This Amendment #1 to Stock Purchase Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment #1 to Stock Purchase Agreement to be executed on its behalf as of August 30, 2004.

Segmentz, Inc.

By: /s/ Allan Marshall

\_\_\_\_\_  
Name: Allan Marshall

Its: Chief Executive Officer

[REMAINING SIGNATURES ON FOLLOWING PAGE]

---

/s/ Mike Welch  
Mike Welch

/s/ John Welch  
John Welch

/s/ Jim Welch  
Jim Welch

/s/ Keith Avery  
Keith Avery

/s/ Ralf Mojsienko  
Ralf Mojsiejenko



**AMENDMENT #2  
TO  
STOCK PURCHASE AGREEMENT**

Reference is made to the Stock Purchase Agreement (the "Agreement") dated August 9, 2004, by and among Segmentz, Inc., a Delaware corporation (the "Buyer"), and Mike Welch, John Welch, Jim Welch, Keith Avery and Ralf Mojsiejenko (collectively the "Sellers"). The Buyer and the Sellers are referred to collectively herein as the "Parties." All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

1. Effective Date. The Parties hereby agree that for all purposes the Closing Date shall be August 31, 2004, and that, notwithstanding the foregoing, the effective date of Closing of all transactions set forth in the Agreement shall be August 1, 2004.

The Parties further agree that notwithstanding any provision of the Agreement to the contrary, the Buyer shall indemnify and hold harmless Sellers against any claims, demands, costs, expenses, including attorneys' fees and court costs, damages, lawsuits, actions, causes of action, assessments, penalties, interest, judgments, liabilities and losses, arising from or relating to the agreement to make August 1, 2004 the effective date of Closing.

2. Sublease of Building. The Parties hereby agree that the last sentence of Section 2(c) of the Agreement is hereby deleted.

3. Name Change. The Parties hereby agree that the following shall be added as Section 6(i) of the Agreement:

"(i) Name Change. Upon the Closing of the transactions set forth in this Agreement, Seller's shall promptly change the names of all Subsidiaries and/or Affiliate's of Target to delete, where applicable, the word "Express" and the numeral "1" and any derivatives thereof from said names."

4. Target Litigation. Notwithstanding any provision of the Agreement to the contrary, the Parties hereto agree as follows:

(a) Seller's have disclosed in Section 4(t) of the Disclosure Schedule all items required to be disclosed therein by Section 4(t) of the Agreement.

(b) Seller's shall indemnify and hold harmless Buyer against any claims, demands, costs, expenses, including attorneys' fees and court costs, damages, lawsuits, actions, causes of action, assessments, judgments, liabilities and losses, arising from or relating to the litigation matters set forth in Schedule 4(t) of the Disclosure Schedule (a "Litigation Loss"), to the extent that said Litigation Loss exceeds \$250,000.

5. Sole Amendments. The Parties hereby agree that except as modified herein, the Agreement shall remain in full force and effect.

6. Counterparts. This Amendment #2 to Stock Purchase Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment #2 to Stock Purchase Agreement to be executed on its behalf as of August 31, 2004.

Segmentz, Inc.

By: /s/ Allan Marshall

Name: Allan Marshall

Its: Chief Executive Officer

[REMAINING SIGNATURES ON FOLLOWING PAGE]

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/s/ Mike Welch  
Mike Welch

/s/ John Welch  
John Welch

/s/ Jim Welch  
Jim Welch

/s/ Keith Avery  
Keith Avery

/s/ Ralf Mojsienko  
Ralf Mojsiejenko

PROMISSORY NOTE

\$6,000,000

Effective Date: August 1, 2004

1. **Amount; Obligation to Pay; Interest Rate.** FOR VALUE RECEIVED, as hereinafter set forth and at the times hereinafter stated, Segmentz, Inc. (the "Maker") promises to pay to Mike Welch, John Welch, Jim Welch, Keith Avery and Ralf Mojsiejenko (the "Payees"), in funds constituting legal tender of the United States of America, the principal sum of SIX MILLION DOLLARS (\$6,000,000), with interest as set forth in Paragraph 2 hereof.

2. **Interest Rate.** Interest shall accrue on the unpaid principal balance of this Note from September 2, 2004, until all amounts under this Note are paid in full, at the rate of three percent (3%) per year, calculated on a 365/366 day year, as applicable.

3. **Terms.** This Note shall be paid in one lump sum on or before September 7, 2004

4. **Manner and Place of Payment; Holidays.** All payments on this Note shall be made in coin or currency which, at the time or times of payment, constitute legal tender for public or private debts in the United States of America. All payments on this Note shall be made by wire transfer to the Payees as set forth on the attached Exhibit A. If the prescribed date of payment of any of the principal or interest hereon is a Saturday, Sunday or legal holiday, such payment shall be due on the next succeeding business day.

5. **Events of Default and Acceleration.** Time is of the essence of this Note. The occurrence of any of the following events shall constitute an "Event of Default" hereunder: (i) Maker's failure to pay timely any amount due hereunder; (ii) bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against Maker and, if instituted against Maker, Maker shall by any action or answer approve of, consent to or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding or such proceedings shall not be dismissed within ninety (90) calendar days thereafter; or (iii) any breach by Maker of any of the terms of this Note. If any such Event of Default occurs, Payees may, then or at any time thereafter, with notice, and at their option, accelerate maturity and cause the entire unpaid balance of this Note to become immediately due and payable. If Payees waive Payees' right to accelerate maturity as a result of an Event of Default hereunder, either one or more time or repeatedly, nevertheless Payees shall not be deemed to have waived the right to require strict compliance with the terms of this Note thereafter.

6. **Application of Payments.** All sums paid hereon shall be applied first to the payment of accrued interest due on the unpaid principal balance and the remainder to the reduction of unpaid principal.

7. **Parties in Interest.** This Note may not be assigned by Payees without the prior written consent of Maker, and may not be assigned by Maker without the prior written consent of Payees. This Note will be binding in all respects upon Maker and inure to the benefit of Payees and its permitted successors and assigns.

8. **Definitions.** The terms "Maker" and "Payees" and other nouns and pronouns include the singular and/or the plural, as appropriate. The terms "Maker" and "Payees" also include their respective heirs, personal representatives, permitted successors and assigns. The term "Payees" includes subsequent permitted holders of this Note.

9. **Choice of Law; Venue.** All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of Florida, without regard to the principles of conflicts of law thereof. Each party agrees that all proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Note (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in Broward County, Florida. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Broward County, Florida for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such proceeding is improper. The parties hereto hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or the transactions contemplated hereby.

10. **Notice.** All notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given one (1) business day after delivery to an overnight carrier, or, if sent by facsimile, upon receipt of a confirmation of delivery:

If to Maker:                      Segmentz, Inc.  
18302 Highwoods Preserve Parkway, Suite 100  
Tampa, Florida 33647  
Attn: Allan Marshall, Chief Executive Officer

Copy to:                            Adorno & Yoss, P.A.  
350 East Las Olas Boulevard, Suite 1700  
Fort Lauderdale, Florida 33301  
Attn: Clint J. Gage, Esq.

If to Payees:                      Passaro & Kahne Law Office, PLLC  
2900 S. State Street, Suite 3 East  
St. Joseph, MI 49085  
Attn: William Westerbeke

**THIS NOTE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.**

**THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

IN WITNESS WHEREOF, Maker has executed this Note effective as of the date first set forth above.

MAKER:

Segmentz, Inc.

By: /s/ Allan Marshall

\_\_\_\_\_  
Name: Allan Marshall

Its: Chief Executive Officer

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Exhibit A  
Payment Instructions

Excluded from Filing.

Audit report

**Express-1, Inc.**

June 30, 2004 and December 31, 2003



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Report of Independent Certified Public Accountants

To the Board of Directors  
and Stockholders of  
Express-1 Inc.

We have audited the accompanying balance sheets of Express-1, Inc. as of June 30, 2004 and December 31, 2003 and the related statements of operations, changes in stockholders' equity, and cash flows for the year ended December 31, 2003 and the six-month period ended June 30, 2004. These financial statements are the responsibility of the management of Express-1, Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Express 1, Inc. as of June 30, 2004 and December 31, 2003 and the results of its operations and its cash flows for the year ended December 31, 2003 and the six-month period ended June 30, 2004 in conformity with accounting principles generally accepted in the United States of America.

Pender Newkirk & Company  
Certified Public Accountants  
Tampa, Florida  
August 27, 2004

**Express-1, Inc.**  
**BALANCE SHEETS**

	June 30, 2004	December 31, 2003
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 800	\$ 5,300
Accounts receivable, net of allowance for doubtful accounts of \$35,000 and \$27,000, respectively	3,515,076	2,730,925
Prepaid expenses and other current assets	179,744	57,900
<b>Total current assets</b>	<b>3,695,620</b>	<b>2,794,125</b>
Property and equipment, net of accumulated depreciation	824,405	728,118
<b>Total assets</b>	<b>\$4,520,025</b>	<b>\$ 3,522,243</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 784,534	\$ 213,247
Line of credit	550,569	751,303
Accrued salaries and wages	243,124	294,120
Accrued owner / operator expenses	705,531	425,653
Accrued liabilities, other	198,677	504,254
Current portion of notes payable	122,519	24,569
<b>Total current liabilities</b>	<b>2,604,954</b>	<b>2,213,146</b>
Notes payable, less current portion	180,922	7,654
<b>Total liabilities</b>	<b>2,785,876</b>	<b>2,220,800</b>
Commitments and contingencies	—	—
Stockholders' equity:		
Common stock, \$40 par value, 1,250 authorized, 125 issued and outstanding at June 30, 2004 and December 31, 2003	5,000	5,000
Additional paid in capital	55,800	55,800
Retained earnings	1,673,349	1,240,643
<b>Total stockholders' equity</b>	<b>1,734,149</b>	<b>1,301,443</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$4,520,025</b>	<b>\$ 3,522,243</b>

The accompanying notes are an integral part of these financial statements.

**Express-1, Inc.**  
**STATEMENTS OF OPERATIONS**

	<b>For the Six-months Ended June 30, 2004</b>	<b>For the Year Ended December 31, 2003</b>
Operating revenues	\$ 11,538,921	\$ 15,860,957
Cost of services	8,135,250	11,000,668
Gross profit	3,403,671	4,860,289
Selling, general and administrative expenses	2,407,816	4,290,819
Other income	(24,927)	(45,974)
Net income	\$ 1,020,782	\$ 615,444

The accompanying notes are an integral part of these financial statements.

**Express-1, Inc.**  
**STATEMENT OF STOCKHOLDERS' EQUITY**  
**For the Six-months Ended June 30, 2004 and the Year Ended December 31, 2003**

	Common Stock	Common Stock	Additional Paid in Capital	Retained Earnings	Total
Balance at December 31, 2002	125	\$ 5,000	\$ 55,800	\$ 976,425	\$1,037,225
Distributions to stockholders	—	—	—	(351,226)	(351,226)
Net income	—	—	—	615,444	615,444
Balance at December 31, 2003	125	5,000	55,800	1,240,643	1,301,443
Distributions to stockholders	—	—	—	(588,076)	(588,076)
Net income	—	—	—	1,020,782	1,020,782
Balance at June 30, 2004	125	\$ 5,000	\$ 55,800	\$1,673,349	\$1,734,149

The accompanying notes are an integral part of these financial statements.

**Express-1, Inc.**  
**STATEMENTS OF CASH FLOWS**

	For the Six-months Ended June 30, 2004	For the Year Ended December 31, 2003
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,020,782	\$ 615,444
<b>Adjustments to reconcile net operations to net cash used in operating activities:</b>		
Depreciation	136,348	235,223
Adjustments to allowance for doubtful accounts	8,000	15,000
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(792,151)	(1,505,016)
Prepaid expenses and other current assets	(121,844)	60,072
Accounts payable	571,287	(91,739)
Accrued salaries and wages	(50,996)	28,202
Accrued owner / operator expense	279,878	429,804
Accrued liabilities	(190,600)	206,617
Net cash provided by (used in) operating activities	860,704	(6,393)
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(232,635)	(291,481)
Proceeds from sale of equipment	—	28,982
Net cash used in investing activities	(232,635)	(262,499)
<b>Cash flows from financing activities:</b>		
Proceeds and payments on line of credit, net	(200,734)	492,762
Principal payments on notes payable	(56,910)	(35,148)
Proceeds from issuance on notes payable	328,128	—
Distributions to stockholders	(703,053)	(184,422)
Net cash (used in) provided by financing activities	(632,569)	273,192
Net increase in cash and cash equivalents	(4,500)	4,300
Cash and cash equivalents at beginning of period	5,300	1,000
Cash and cash equivalents at end of period	\$ 800	\$ 5,300
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid:		
Interest	\$ 12,458	\$ 12,988
Non-cash financing activity		
Accrued distribution to stockholders	\$ 51,827	\$ 166,804

The accompanying notes are an integral part of these financial statements.

**Express-1, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004 and December 31, 2003**

**1. Description of Business and Organization**

Express-1, Inc. ("Express-1" or "the Company") is incorporated in the state of Michigan and headquartered in Buchanan, Michigan. The Company is engaged in the business of expedited trucking and is licensed to carry cargo in the 48 continental states and Canada. The Company runs automobiles, cargo vans, straight trucks and tractor-trailers and charter planes. These vehicles run under the Company's authority in addition to brokering freight to other approved carriers to provide their customers service. The Company's customer base is made up primarily of manufacturers located in the Midwest and Southeast United States.

Express-1 was founded in 1989 in a small business incubator in Niles, Michigan with a cargo van, a straight truck and a pager. The Company has forged a partnership between drivers and management to build Express-1's reputation as a premier trucking company. The company currently occupies a 20,000 square foot facility in Buchanan, Michigan and regularly contracts with over 180 owner operators all equipped with the latest telecommunication technology. Express-1 is ISO 9001-2000 certified and has embraced this management philosophy and practice throughout its operations.

**2. Summary of Significant Accounting Policies**

***Method of accounting***

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews its estimates, including but not limited to, purchased transportation, recoverability of long-lived assets and allowance for doubtful accounts, on a regular basis and makes adjustments based on historical experiences and existing and expected future conditions. These evaluations are performed and adjustments are made, as information is available. Management believes that these estimates are reasonable; however, actual results could differ from these estimates.

***Cash and cash equivalents***

Cash and cash equivalents are defined as highly liquid investments that have original maturities of three months or less. The majority of cash is maintained with a major financial institution in the United States. Deposits with this bank may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk.

**Express-1, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004 and December 31, 2003**

**2. Summary of Significant Accounting Policies – Continued**

***Accounts receivable***

The Company extends credit to its various customers based on the customer's ability to pay. The Company provides for estimated losses on accounts receivable considering a number of factors, including the overall aging of the receivables, previous history with the customer and the customer's current ability to pay its obligation to the Company. Based on management's review of accounts receivable, an allowance for doubtful accounts of approximately \$35,000 and approximately \$27,000 is considered necessary as of June 30, 2004 and December 31, 2003, respectively. The Company does not accrue for interest on delinquent accounts.

***Property and equipment***

Property and equipment are stated at cost. Expenditures for maintenance and repair costs are expensed as incurred. Major improvements that increase the estimated useful life of an asset are capitalized. Depreciation is computed using an accelerated method of depreciation over the following estimated useful lives of the related assets:

	<u>Years</u>
Office furniture	7-10
Office equipment	5-7
Automotive	5-7
Communication equipment	3-5
Trucks	3-5
Leasehold improvements	Lease term

***Prepaid expenses and other current assets***

Prepaid expenses and other current assets consist primarily of prepaid insurance.

***Revenue recognition***

Operating revenues for expediting services are recognized on the date the freight is delivered. Related costs of deliveries, which includes accrued owner / operator expense, are accrued as incurred and are also recognized when the freight is delivered.

***Income taxes***

The Company, with the consent of the stockholders, has elected under Sections 1361 through 1379 (sub-chapter S) of the Internal Revenue Code to be treated substantially as a partnership instead of as a corporation for income tax purposes. As a result, the stockholders will report the entire corporate taxable income and investment credit on their individual tax returns. Therefore, no provision for income taxes has been made to these financial statements.



**Express-1, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004 and December 31, 2003**

**2. Summary of Significant Accounting Policies – Continued**

*Estimated fair value of financial instruments*

Management estimates that the aggregate net fair value of financial instruments recognized on the statements of financial condition (including cash and cash equivalents, receivables, payables, and short-term borrowings) approximates their carrying value, as such financial instruments are short-term in nature, bear interest at current market rates, or are subject to re-pricing.

*Retirement Plans*

The Company sponsors a 401k profit sharing plan covering substantially all of its employees with one year of service. The Company matches 50 percent of the employee elected deferrals up to a total of 3 percent of the employees compensation. Total expense was approximately \$27,000 for the six-months ended June 30, 2004 and approximately \$49,000 for the year ended December 31, 2003.

The company also sponsors a defined contribution money purchase plan covering substantially all of its employees with one year of service. Total expense was approximately \$93,000 for the six-months ended June 30, 2004 and approximately \$170,000 for the year ended December 31, 2003.

**3. Property and Equipment**

Property and equipment consists of the following:

	<u>June 30, 2004</u>	<u>December 31, 2003</u>
Office furniture	\$ 185,019	\$ 171,756
Office equipment	569,085	524,666
Automotive	142,305	126,862
Communication equipment	559,360	599,095
Trucks	380,701	380,701
	<u>1,836,470</u>	<u>1,803,080</u>
Less: Accumulated depreciation	<u>(1,012,065)</u>	<u>(1,074,962)</u>
	<u>\$ 824,405</u>	<u>\$ 728,118</u>

Depreciation expense of property and equipment totaled approximately \$136,000 for the six-months ended June 30, 2004 and approximately \$235,000 for the year ended December 31, 2003, respectively.

**Express-1, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004 and December 31, 2003**

**4. Line of Credit**

The Company has a line of credit with a bank that is collateralized by substantially all assets of the Company in addition to certain non-Company assets and due on demand. The note bears interest at the bank's prime rate, an effective rate of 4.00 ("prime rate") percent and 4.00 percent, at June 30, 2004 and December 31, 2003, respectively. The balance includes checks written in anticipation of draws on the line of credit. To maintain this line of credit, Express-1 agreed to certain financial covenants, which include a minimum: net worth, debt ratio and current ratio. The company is not in compliance with all financial covenants as of June 30, 2004 of which the bank waived compliance. The line of credit is limited to 70% of eligible accounts receivable with a maximum of \$1,250,000. There was approximately \$620,000 available under the line of credit as of December 31, 2003.

The Company has an outstanding letter of credit drawn in favor of its auto liability insurance carrier. The letter of credit allows draws up to approximately \$85,000 and approximately \$66,000 at June 30, 2004 and December 31, 2003, respectively. No draws have been made on the letter of credit to date. The current letter of credit expires on March 1, 2005.

**5. Notes Payable**

The Company has entered into various notes to purchase equipment, which are collateralized by that equipment. The terms range from three to five years with interest rates ranging up to the prime rate with varying payoff dates through 2005.

The balances outstanding on the above debt instruments are as follows:

	June 30, 2004	December 31, 2003
Equipment notes	\$ 303,441	\$ 32,223
Less: current portion	122,519	24,569
	<u>          </u>	<u>          </u>
Long-term portion of notes payable	<u>\$ 180,922</u>	<u>\$ 7,654</u>

Minimum principal payments on notes payable to maturity as of June 30, 2004 are as follows:

For the six months ended, December 31, 2004	\$ 62,884
2005	112,430
2006	104,776
2007	22,179
2008	1,172
	<u>          </u>
Total	<u>\$ 303,441</u>

**Express-1, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004 and December 31, 2003**

**6. Commitments and Contingencies**

***Lease commitments***

The following is a schedule by year of future minimum payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2004:

For the six months ended, December 31, 2004	\$30,877
2005	37,974
2006	2,754
2007	1,770
	<hr/>
	\$73,375
	<hr/>

The Company rents equipment and facilities under operating leases with lease terms of less than one year.

Rent expense amounted to approximately \$140,000 and approximately \$284,000 for the six-months ended June 30, 2004 and the year ended December 31, 2003, respectively.

***Litigation***

In the ordinary course of business, the Company may be a party to a variety of legal actions that affect any business. The Company does not anticipate any of these matters or any matters in the aggregate to have a material adverse effect on the Company's business or its financial position or results of operations.

***Regulatory compliance***

The Company's activities are regulated by state and federal regulatory agencies under requirements that are subject to broad interpretations. The Company cannot predict the position that may be taken by these third parties that could require changes to the manner in which the Company operates.

**Express-1, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004 and December 31, 2003**

**7. Related Party Transactions**

The company has entered in the following transactions with related parties having substantially the same ownership as Express-1, Inc.:

	<b>June 30, 2004</b>	<b>December 31, 2003</b>
<b>Receivable/Payable</b>		
Receivable Express-1 Transportation, LLC	\$ 2,557	\$ 2,648
<b>Income/Expense</b>		
Management fees received from Express-1 Transportation, LLC	12,644	38,563
Building rent paid to Express-1 Properties, LLC	50,000	130,000
Supplies purchased from Express-1 Transportation, LLC	\$12,223	\$ 10,508

The Company is related through common ownership and control to Express-1 Properties Inc., which owns the headquarters building in Buchanan Michigan. The financial statements reflect the financial position and results of operations of only Express-1 Inc. During the six-month period ended June 30, 2004 and the year ended December 31, 2003 the Company paid approximately \$50,000 and \$130,0000 in month-to-month rent payments to Express-1 Properties Inc., respectively.

Express-1 Properties has a mortgage of approximately \$696,000 and approximately \$723,000 at June 30, 2004 and December 31, 2003, respectively. Express-1 Properties Inc. had depreciation expense of approximately \$22,000 and approximately \$43,000 and interest expense of approximately \$21,000 and approximately \$48,000 for the six months ended June 30, 2004 and for the year ended December 31, 2003, respectively.

From time to time, the Company charges Express-1 Transportation, LLC a management fee as determined by the officers of the Company.

The above amounts are not necessarily indicative of the amounts that would have been incurred had comparable transactions been entered into with independent parties.

**8. Subsequent Events**

Effective as of August 1, 2004, Segmentz, Inc. acquired all of the outstanding capital stock of Express-1 Inc. Segmentz Inc. paid \$6,000,000 cash, 2,928,571 options to buy common stock and 50,000 shares of Segmentz, Inc.'s common stock. In addition to the initial payment, the stockholders will be able to receive additional consideration in the form of an earn-out based on revenue and gross margin targets.

Unaudited Financial Statements

**Express-1, Inc.**

June 30, 2004 and 2003

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**Express-1, Inc.**  
**UNAUDITED BALANCE SHEETS**

	June 30,	
	2004	2003
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 800	\$ 120,175
Accounts receivable, net of allowance for doubtful accounts of \$35,000 and \$27,000, respectively	3,515,076	1,699,651
Prepaid expenses and other current assets	179,744	75,825
Total current assets	3,695,620	1,895,651
Property and equipment, net of accumulated depreciation	824,405	648,080
Total assets	\$4,520,025	\$ 2,543,731
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 784,534	\$ 622,141
Line of credit	550,569	348,581
Accrued salaries and wages	243,124	160,854
Accrued owner / operator expenses	705,531	131,817
Accrued liabilities, other	198,677	89,402
Current portion of notes payable	122,519	29,900
Total current liabilities	2,604,954	1,382,695
Notes payable, less current portion	180,922	18,151
Total liabilities	2,785,876	1,400,846
Commitments and contingencies	—	—
Stockholders' equity:		
Common stock, \$40 par value, 1,250 authorized, 125 issued and outstanding at June 30, 2004 and 2003	5,000	5,000
Additional paid in capital	55,800	55,800
Retained earnings	1,673,349	1,082,085
Total stockholders' equity	1,734,149	1,142,885
Total liabilities and stockholders' equity	\$4,520,025	\$ 2,543,731

The accompanying notes are an integral part of these financial statements.

**Express-1, Inc.**  
**UNAUDITED STATEMENTS OF OPERATIONS**  
**For the Six months Ended June 30,**

	<u>2004</u>	<u>2003</u>
Operating revenues	\$ 11,538,921	\$6,546,433
Cost of services	8,135,250	4,542,517
Gross profit	3,403,671	2,003,916
Selling, general and administrative expenses	2,407,816	1,804,961
Other income	(24,927)	(26,705)
Net income	<u>\$ 1,020,782</u>	<u>\$ 225,660</u>

The accompanying notes are an integral part of these financial statements.



**Express-1, Inc.**  
**UNAUDITED STATEMENTS OF CASH FLOWS**

	<u>2004</u>	<u>June 30,</u> <u>2003</u>
<b>Cash flows from operating activities:</b>		
Net income	\$1,020,782	\$ 225,660
Adjustments to reconcile net operations to net cash used in operating activities:		
Depreciation	136,348	136,800
Adjustments to allowance for doubtful accounts	8,000	15,000
Changes in operating assets and liabilities:		
Accounts receivable	(792,151)	(473,742)
Prepaid expenses and other current assets	(121,844)	42,147
Accounts payable	571,287	317,155
Accrued salaries and wages	(50,996)	(105,064)
Accrued owner / operator expense	279,878	14,952
Accrued liabilities	(190,600)	79,585
Net cash provided by operating activities	860,704	252,493
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(232,635)	(84,038)
Net cash used in investing activities	(232,635)	(84,038)
<b>Cash flows from financing activities:</b>		
Proceeds and payments on line of credit, net	(200,734)	90,040
Principal payments on notes payable	(56,910)	(19,320)
Proceeds from issuance on notes payable	328,128	—
Distributions to stockholders	(703,053)	(120,000)
Net cash used in financing activities	(632,569)	(49,280)
Net change in cash and cash equivalents	(4,500)	119,175
Cash and cash equivalents at beginning of period	5,300	1,000
Cash and cash equivalents at end of period	\$ 800	\$ 120,175
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid:		
Interest	\$ 12,458	\$ 6,483
Non-cash financing activity		
Accrued distribution to stockholders	\$ 51,827	\$ —

The accompanying notes are an integral part of these financial statements.

**Express-1, Inc.**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**  
**June 30, 2004 and 2003**

**1. Description of Business and Organization**

Express-1, Inc. ("Express-1" or "the Company") is incorporated in the state of Michigan and headquartered in Buchanan, Michigan. The Company is engaged in the business of expedited trucking and is licensed to carry cargo in the 48 continental states and Canada. The Company runs automobiles, cargo vans, straight trucks and tractor-trailers and charter planes. These vehicles run under the Company's authority in addition to brokering freight to other approved carriers to provide their customers service. The Company's customer base is made up primarily of manufacturers located in the Midwest and Southeast United States.

Express-1 was founded in 1989 in a small business incubator in Niles, Michigan with a cargo van, a straight truck and a pager. The Company has forged a partnership between drivers and management to build Express-1's reputation as a premier trucking company. The company currently occupies a 20,000 square foot facility in Buchanan, Michigan and regularly contracts with over 180 owner operators all equipped with the latest telecommunication technology. Express-1 is ISO 9001-2000 certified and has embraced this management philosophy and practice throughout its operations.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

In the opinion of management, all adjustments consisting of normal recurring adjustments necessary for a fair statement of (a) the financial position at June 30, 2004, (b) the results of operations for the six month periods ended June 30, 2004 and 2003, and (c) cash flows for the six month periods ended June 30, 2004 and 2003, have been made.

Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted. The accompanying financial statements and notes should be read in conjunction with the audited financial statements and notes of the Company for the six-month period ended June 30, 2004 and fiscal year ended December 31, 2003. The results of operations for the six-month period ended June 30, 2004 are not necessarily indicative of those to be expected for the entire year.

***Method of accounting***

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews its estimates, including but not limited to, purchased transportation, recoverability of long-lived assets and allowance for doubtful accounts, on a regular basis and makes adjustments based on historical experiences and existing and expected future conditions. These evaluations are performed and adjustments are made, as information is available. Management believes that these estimates are reasonable; however, actual results could differ from these estimates.

**Express-1, Inc.**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**  
**June 30, 2004 and 2003**

**2. Summary of Significant Accounting Policies – Continued**

***Accounts receivable***

The Company extends credit to its various customers based on the customer's ability to pay. The Company provides for estimated losses on accounts receivable considering a number of factors, including the overall aging of the receivables, previous history with the customer and the customer's current ability to pay its obligation to the Company. Based on management's review of accounts receivable, an allowance for doubtful accounts of approximately \$35,000 and approximately \$27,000 is considered necessary as of June 30, 2004 and 2003, respectively. The Company does not accrue for interest on delinquent accounts.

***Revenue recognition***

Operating revenues for expediting services are recognized on the date the freight is delivered. Related costs of deliveries, which includes accrued owner / operator expense, are accrued as incurred and are also recognized when the freight is delivered.

***Income taxes***

The Company, with the consent of the stockholders, has elected under Sections 1361 through 1379 (sub-chapter S) of the Internal Revenue Code to be treated substantially as a partnership instead of as a corporation for income tax purposes. As a result, the stockholders will report the entire corporate taxable income and investment credit on their individual tax returns. Therefore, no provision for income taxes has been made to these financial statements.

**3. Commitments and Contingencies**

***Litigation***

In the ordinary course of business, the Company may be a party to a variety of legal actions that affect any business. The Company does not anticipate any of these matters or any matters in the aggregate to have a material adverse effect on the Company's business or its financial position or results of operations.

***Regulatory compliance***

The Company's activities are regulated by state and federal regulatory agencies under requirements that are subject to broad interpretations. The Company cannot predict the position that may be taken by these third parties that could require changes to the manner in which the Company operates.

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**Express-1, Inc.**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**  
**June 30, 2004 and 2003**

**4. Subsequent Events**

Effective as of August 1, 2004, Segmentz, Inc. acquired all of the outstanding capital stock of Express-1 Inc. Segmentz Inc. paid \$6,000,000 cash, 2,928,571 options to buy common stock and 50,000 shares of Segmentz, Inc.'s common stock. In addition to the initial payment, the stockholders will be able to receive additional consideration in the form of an earn-out based on revenue and gross margin targets.

September 23, 2004

File Reference: 31-40-30395

Board of Directors  
Segmentz, Inc.  
18302 Highwoods Preserve Parkway  
Suite 100  
Tampa, FL 33647

Gentlemen:

We have been asked to render an opinion (the "Opinion") with respect to the fairness, from a financial point of view, to the shareholders (the "Shareholders") of Segmentz, Inc. ("Segmentz") of the acquisition of the stock of Express-1, Inc. of Buchanan, Michigan ("E-1" or the "Company"). The purchase price for 100% of E-1's stock is \$12.5 million as defined in the Stock Purchase Agreement, and is payable at Closing as follows:

- a.) \$6 Million cash; and
- b.) Fifty Thousand (50,000) shares of common stock of Segmentz; and
- c.) Five Hundred Thousand (500,000) common stock purchase warrants, with an exercise price of \$1.75 per share, exercisable for a period of 3 years from issuance, and containing a cashless exercise provision; and
- d.) Two Million Four Hundred Twenty-Eight Thousand Five Hundred and Seventy-One (2,428,571) common stock purchase warrants, with an exercise price of \$1.75 per share, exercisable as follows:
  - 285,714 May 15, 2006 to June 15, 2006
  - 1,000,000 May 15, 2007 to June 15, 2007
  - 1,142,857 May 15, 2008 to June 15, 2008and;
- e.) Up to a total of Six Million Five Hundred Thousand Dollars (\$6,500,000) payable to the sellers of E-1, annually, if, the Benchmark Revenue and Gross Profit Margin for the year in question has been met or exceeded, in either cash or shares of common stock of Segmentz, in each case as set forth below (each an "Annual Payment Amount"):

Year Ended	Benchmark Revenues	Gross Profit Margins	Annual Payment Amount	
			Cash	Cash or Stock
12/31/2004	\$ 19,000,000	NA	\$1,250,000	NA
12/31/2005	\$ 22,000,000	15%	\$1,000,000	\$ 500,000
12/31/2006	\$ 26,000,000	15%	NA	\$1,750,000
12/31/2007	\$ 30,000,000	15%	NA	\$2,000,000
<b>Total</b>			<b>\$2,250,000</b>	<b>\$4,250,000</b>

Based on our analysis, the calculated purchase price as of September 1, 2004, considering the estimated value of the options and payment timing factors, would be \$11,500,000. The basis for our fairness opinion is both the stated (i.e., \$12,500,000) and calculated (i.e., \$11,500,000) purchase prices.

In the course of our analyses for rendering this opinion, we have:

1. Reviewed the Stock Purchase Agreement dated August 9, 2004 and the Amendments to the Agreement dated August 30 and 31, 2004;
2. Reviewed E-1's annual reviewed financial statements, prepared by Plante & Moran, PLLC of Benton Harbor, MI, for the fiscal years ended December 31, 1999 through 2003;
3. Reviewed the Company's tax returns, prepared by Plante & Moran, PLLC of Benton Harbor, MI, for the tax years ended December 31, 2000 through 2003;
4. Reviewed certain operating and financial information, including interim financial statements for the 8-month period ended August 31, 2004 and projections, provided to us by the Company's management relating to the Company's business and prospects;
5. Met with certain members of E-1's senior management to discuss the Company's history, financial performance and future prospects;
6. Toured E-1's facilities and attended a driver orientation;
7. Reviewed various market data detailing expectations for the industry and the economy, and its potential impact on the operations of the Company;
8. Analyzed similar companies' stocks that are traded on various public exchanges to determine market trading multiples for comparison with the subject's stock purchase price;

9. Performed a valuation analysis of the Company's business enterprise;
10. Conducted such other studies, analyses, inquiries and investigations as we deemed appropriate.

We have based our conclusion on a comparison of the purchase price of the stock (both stated and calculated) with a hypothetical going concern valuation of the Company's equity. We have considered synergies that may or may not result from the acquisition, but we have not included them in our analysis.

In the course of our review, we have relied upon and assumed the accuracy of the financial and other information provided to us. We do not assume any responsibility for the information or projections provided to us. We have relied upon the assurances of the management of the "Company" that they are unaware of any facts that would make the information provided to us incomplete or misleading. Our opinion is necessarily based on economic, market and other conditions, and the information made available to us as of the date hereof. This opinion does not address the "Company's" underlying decision to effect the purchase of the stock.

It is understood that this letter is intended solely for the benefit and use of the Board of Directors of Segmentz, Inc. and is subject to the attached Assumptions and Limiting Conditions.

Based on the above referenced reviews and analyses, it is our opinion that the purchase of the stock of Express-1, Inc. as presented in the Stock Purchase Agreement is fair, from a financial point of view, to the shareholders of Segmentz, Inc.

We are independent of the management of Segmentz, Inc. and have no current or anticipated financial interest in either the Express-1, Inc. or Segmentz, Inc. Our compensation is not contingent on the results of our analysis.

Very truly yours,



/s/ Marshall & Stevens Incorporated

## ASSUMPTIONS AND LIMITING CONDITIONS

### **Date of Opinion**

We assume no responsibility for economic or physical factors occurring subsequent to the date of value which may affect the opinions reported.

### **Non-Appraisal Expertise**

No opinion is intended to be expressed for matters which require legal or specialized expertise, investigation, or knowledge, beyond that customarily employed by us.

### **Information and Data**

Information supplied by others that was considered in this analysis is from sources believed to be reliable, and no further responsibility is assumed for its accuracy. We reserve the right to make such adjustments to the opinion herein reported based upon consideration of additional or more reliable data that may become available subsequent to the issuance of this report.

### **Management**

The opinions expressed herein assume the continuation of prudent management policies over whatever period of time is deemed reasonable and necessary to maintain the character and integrity of the subject business enterprise.

### **Purpose**

All opinions are presented as Marshall & Stevens Incorporated's considered opinion based on the facts and data obtained during the course of the investigation. This opinion has been prepared for the sole purpose stated herein and shall not be used for any other purpose.

### **Unexpected Conditions**

We assume there are no hidden or unexpected conditions associated with the subject property that might adversely affect our opinion. Further, we assume no responsibility for changes in market conditions.



**Fee**

The fee established for the formulation and reporting of these conditions has not been contingent upon the results of our analysis.

**Future Events**

The reader is advised that this opinion is heavily dependent upon future events with respect to industry performance, economic conditions, and the ability or lack there of for certain product lines and business divisions to meet certain performance levels. The operating projections are deemed to be reasonable and valid at the date of this appraisal; however, there is no assurance or implied guarantee that the assumed facts and circumstances will actually occur.

**EXECUTIVE EMPLOYMENT AGREEMENT**

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of the 9th of August, 2004 (the "Effective Date"), between Segmentz, Inc., a Delaware corporation, whose principal place of business is 18302 Highwoods Preserve Parkway, Suite 100, Tampa, Florida 33467 (the "Company") and Mike Welch, an individual whose address is 3039 Sundance Path, Stevensville, MI 49127 (the "Executive").

RECITALS

A. The Company is a Delaware corporation and is principally engaged in the business of Expedited Transportation and Third Party Logistics (the "Business").

B. The Executive has extensive experience in logistics operations and transportation management.

C. The Company desires to employ the Executive and the Executive desires to be employed by the Company.

D. The parties agree that a covenant not to compete is essential to the growth and stability of the Business of the Company.

NOW, THEREFORE, in consideration of the mutual agreements herein made, the Company and the Executive do hereby agree as follows:

1. Recitals. The above recitals are true, correct, and are herein incorporated by reference.

2. Employment. The Company hereby employs the Executive, and the Executive hereby accepts employment, upon the terms and conditions hereinafter set forth.

3. Authority and Power During Employment Period.

a. Duties and Responsibilities. During the term of this Agreement, the Executive shall serve as President for the Company and shall have general executive operating supervision over the operations and sales departments of the Company, its subsidiaries and divisions, subject to the guidelines and direction of the Chief Executive Officer and the Board of Directors of the Company.

b. Time Devoted. Throughout the term of the Agreement, the Executive shall devote all of the Executive's business time and attention to the business and affairs of the Company consistent with the Executive's position with the Company.

4. Term. The Term of employment hereunder will commence on the date as set forth above and terminate four (4) years from the Effective Date, and such term shall automatically be extended for a one (1) year term thereafter at the request of the Company. For purposes of this Agreement, the Term (the "Term") shall include the initial term and all renewals thereof.

5. Compensation and Benefits.

a. Salary. The Executive shall be paid a base salary (the "Base Salary") at an annual rate of one hundred and twenty five thousand Dollars (\$125,000) beginning at the Effective Date of this Agreement for the first year with a minimum annual increase to base salary of Ten Thousand dollars (\$10,000) for the subsequent term of the contract. In addition the Executive will be furnished a company car or comparable car allowance during the term of the agreement.

b. Performance Based Bonus. As additional compensation, the Executive shall be entitled to receive a bonus ("Bonus") for each fiscal year during the Term of the Executive's employment by the Company in an amount of Twenty Thousand Dollars (\$20,000) per million of net income reported by the Company. In addition, the Executive will be granted options to purchase fifty thousand (50,000) shares of common stock of the Company per million of net income, at an exercise price of \$1.45 per share, exercisable for a period of three years from the date of issuance. Any partial year of the contract the performance bonus will be prorated. Further, depending on operations department performance, Executive may receive additional compensation, in cash, stock or options. All bonuses are subject to board approval.

c. Options. On the Effective Date of the agreement, Executive shall be granted options to purchase five hundred thousand (500,000) shares at 1.45 per share upon execution of the contract which shall vest over the following four years.

d. Executive Benefits. The Executive shall be entitled to participate in benefit programs of the Company currently existing or hereafter made available to comparable executives, including, but not limited to, group life insurance, health insurance, dental, 401 K and deferred compensation. The Executive will receive a minimum of \$30,000 per year as additional compensation to be contributed by the Company to the deferred compensation plan that shall be subject to the deferred compensation plan terms.

e. Vacation. During each fiscal year of the Company, the Executive shall be entitled to five (5) weeks of paid time off (PTO).

f. Business Expense Reimbursement. During the Term of employment, the Executive shall be entitled to receive proper reimbursement for all reasonable, out-of-pocket expenses incurred by the Executive (in accordance with the policies and procedures established by the Company for its senior executive officers) in performing services hereunder, provided the Executive properly accounts therefore.

g. AMEX Restriction. Notwithstanding any provision of this Agreement to the contrary, the total number of shares of common stock of the Company issued under the terms of this Agreement and all related agreements (including, but not limited to, that certain Stock Purchase Agreement executed herewith (the "Stock Purchase Agreement"), shall in no event exceed 19.9% of the number of shares of common stock of the Company outstanding as of the date of this Agreement

6. Consequences of Termination of Employment.

a. Death. In the event of the death of the Executive during the Term, salary and earned bonus shall be paid to the Executive's designated beneficiary, or, in the absence of such designation, to the estate or other legal representative of the Executive until the date of death. Other death benefits will be determined in accordance with the terms of the Company's benefit programs and plans. All benefits, including stock options will be made a part of Executive's estate.

b. Disability.

(1) In the event of the Executive's disability, as hereinafter defined, the Executive shall be entitled to compensation in accordance with the Company's disability compensation practice for senior executives, including any separate arrangement or policy covering the Executive, but in all events the Executive shall continue to receive the Executive's salary for a period, at the annual rate in effect immediately prior to the commencement of disability, of ninety (90) days from the date on which the disability has been deemed to occur as hereinafter provided below. Any amounts provided for in this Section 6(b) shall be offset by other long-term disability benefits provided to the Executive by the Company.

(2) "Disability," for the purposes of this Agreement, shall be deemed to have occurred in the event (A) the Executive is unable by reason of sickness or accident to perform the Executive's duties under this Agreement for an aggregate of 30 days in any twelve-month period or (B) the Executive has a guardian of the person or estate appointed by a court of competent jurisdiction. Termination due to disability shall be deemed to have occurred upon the first day of the month following the determination of disability as defined in the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of employment hereunder due to disability as provided in the preceding paragraph, the Executive becomes reemployed, whether as an Executive or a consultant to the Company, any salary, annual incentive payments or other benefits earned by the Executive from such reemployment shall offset any salary continuation due to the Executive hereunder commencing with the date of re-employment.

c. Termination by the Company for Cause.

(1) Nothing herein shall prevent the Company from terminating Employment for "Cause," as hereinafter defined. The Executive shall continue to receive salary only for the period ending ten (10) days after the date of such termination plus any accrued Bonus through such date of termination. Executive shall be entitled to keep only those rights and benefits in respect of any other compensation that have vested as of the date of termination; all other rights and benefits shall be lost.

(2) "Cause" shall mean and include those actions or events specified below in subsections (A) through (G) to the extent the same occur, or the events constituting the same take place, subsequent to the date of execution of this Agreement: (A) Committing or participating in an injurious act of fraud, gross neglect or embezzlement against the Company; (B) committing or participating in any other injurious act or omission in a manner which was negligent against the Company, monetarily or otherwise; (C) engaging in a criminal enterprise involving moral turpitude; (D) conviction of an act or acts constituting a felony under the laws of the United States or any state thereof; (E) any assignment of this Agreement by the Executive in violation of Section 14 of this Agreement; or (F) failure to discharge duties under this Agreement. No actions, events or circumstances occurring or taking place at any time prior to the date of this Agreement shall in any event constitute or provide any basis for any termination of this Agreement for Cause;

(3) Notwithstanding anything else contained in this Agreement, this Agreement will not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a notice of termination stating that the Executive committed one of the types of conduct set forth in this Section 6(c) contained in this Agreement and specifying the particulars thereof and the Executive shall be given a thirty ~~(30)~~ day period to cure such conduct, if possible.

d. Termination by the Company Other than for Cause. The foregoing notwithstanding, the Company may terminate the Executive's employment for whatever reason it deems appropriate; provided, however, that in the event such termination is not pursuant to Section 6(a), Section 6(b), or Section 6(c), the Company may terminate this Agreement upon giving three (3) months' prior written notice. During such three (3) month period, the Executive shall continue to perform the Executive's duties pursuant to this Agreement, and the Company shall continue to compensate the Executive in accordance with this Agreement with full benefits (including but not limited to deferred compensation and insurance) for the lesser period of twenty four (24) months after termination date or for the remainder of the agreement. During such time the Executive shall not be entitled to any additional options, and shall receive a pro-rated bonus, to the extent any is due and payable. Additionally, all options will be vest immediately when executive is terminated by the Company pursuant to this Section 6(d).

e. Voluntary Termination. In the event the Executive terminates the Executive's employment on the Executive's own volition (except as provided in Section 6(f)

and/or Section 6(g)) prior to the expiration of the Term of this Agreement, including any renewals thereof, Executive shall be limited to salary, earned bonus, and vested options to date of voluntary termination.

f. Termination Following a Change of Control.

(1) In the event that a “Change in Control” of the Company shall occur at any time during the Term hereof, the Executive shall have the right to terminate the Executive’s employment under this Agreement upon thirty (30) days written notice given at any time within one year after the occurrence of such event, and such termination of the Executive’s employment with the Company pursuant to this Section 6(g)(1), and, in any such event, Executive shall be entitled to (A) vesting of all options; and (B) payment of remaining salary and benefits for the greater of the Term of contract at salary of at least \$125,000 per year or three months.

(2) For purposes of this Agreement, a “Change in Control” of the Company shall mean a change in control (A) as set forth in Section 280G of the Internal Revenue Code or (B) of a nature that would be required to be reported in response to Item 1 of the current report on Form 8K, as in effect on the date hereof, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”); provided that, without limitation, such a change in control shall be deemed to have occurred at such time as:

(A) any “person”, other than the Executive, (as such term is used in Section 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company’s outstanding securities then having the right to vote at elections of directors; or,

(B) There is a failure to elect three or more (or such number of directors as would constitute a majority of the Board of Directors) candidates nominated by management of the Company to the Board of Directors; or

(C) the individuals who at the commencement date of the Agreement constitute the Board of Directors cease for any reason to constitute a majority thereof unless the election, or nomination for election, of each new director was approved by a vote of at least two thirds of the directors then in office who were directors at the commencement of the Agreement; or

(D) the business of the Company for which the Executive’s services are principally performed is disposed of by the Company pursuant to a partial or complete liquidation of the Company, a sale of assets (including stock of a subsidiary of the Company) or otherwise.

Anything herein to the contrary notwithstanding, this Section 6(g)(2) will not apply where the Executive gives the Executive's explicit written waiver stating that for the purposes of this Section 6(g)(2) a Change in Control shall not be deemed to have occurred. The Executive's participation in any negotiations or other matters in relation to a Change in Control shall in no way constitute such a waiver which can only be given by an explicit written waiver as provided in the preceding sentence.

7. Covenant Not to Compete.

a. Covenant Not to Compete. The Executive acknowledges and recognizes the highly competitive nature of the Company's business and the goodwill, continued patronage, and specifically the names and addresses of the Company's Clients (as hereinafter defined) constitute a substantial asset of the Company having been acquired through considerable time, money and effort. Accordingly, in consideration of the execution of this Agreement and the Stock Purchase Agreement the Executive agrees to the following:

(1) That during the Restricted Period (as hereinafter defined) and within the Restricted Area (as hereinafter defined), the Executive will not, individually or in conjunction with others, directly or indirectly, engage in any Competitive Business Activities (as hereinafter defined), whether as an officer, director, proprietor, employer, partner, independent contractor, investor (other than as a holder solely as an investment of less than 1% of the outstanding capital stock of a publicly traded corporation), consultant, advisor or agent.

(2) That during the Restricted Period and within the Restricted Area, the Executive will not, directly or indirectly, compete with the Company by soliciting, inducing or influencing any of the Company's Clients which have a business relationship with the Company at the time during the Restricted Period to discontinue or reduce the extent of such relationship with the Company.

b. Non-Disclosure of Information. Executive agrees that during the term hereof, and during the Restricted Period, Executive will comply with the confidentiality covenants set forth in Section 6(d) of the Stock purchase Agreement.

c. Company's Clients. The "Company's Clients" shall be deemed to be any partnerships, corporations, professional associations or other business organizations for whom the Company or its subsidiaries have performed Business Activities.

d. Restrictive Period. The "Restrictive Period" shall be deemed to commence on the date of this Agreement, and end twenty four (24) months after the scheduled date for final payment pursuant to the Stock Purchase Agreement.

Notwithstanding the foregoing, in the event the Company fails to make any Annual Payment Amount under Section 2(b)(ii) of the Stock Purchase Agreement, and

said nonpayment continues for a period of greater than sixty (60) days after receipt by the Company of written notice of default from one or more of the Sellers (as defined in the Stock Purchase Agreement), the provisions of this Section 7 shall be void and of no further force and effect.

e. Competitive Business Activities. The term "Competitive Business Activities" as used herein shall be deemed to mean the business of expedited transportation and third party logistics.

f. Restrictive Area. The term "Restrictive Area" shall be deemed to mean any area in which the Company does business.

g. Covenants as Essential Elements of this Agreement. It is understood by and between the parties hereto that the foregoing covenants contained in Section 7 are essential elements of this Agreement, and that but for the agreement by the Executive to comply with such covenants, the Company would not have agreed to enter into this Agreement or the Stock Purchase Agreement. Such covenants by the Executive shall be construed to be agreements independent of any other provisions of this Agreement or of the Stock Purchase Agreement. The existence of any other claim or cause of action, whether predicated on any other provision in this Agreement, or otherwise, as a result of the relationship between the parties shall not constitute a defense to the enforcement of such covenants against the Executive.

h. Survival After Termination of Agreement. Notwithstanding anything to the contrary contained in this Agreement, the covenants in Section 7 shall survive the termination of this Agreement and the Executive's employment with the Company.

i. Revisions. The parties hereto acknowledge that (A) the restrictions contained in Section 7 are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind, and (B) Executive's full, uninhibited, and faithful observance of each of the covenants contained in this Agreement will not cause Executive any undue hardship, financial or otherwise. It is the intention of all parties to make the covenants of Section 7 binding only to the extent that it may be lawfully done under existing applicable laws. In the event that any part of any covenant of Section 7 is determined by a court of law to be overly broad thereby making the covenant unenforceable, the parties hereto agree, and it is their desire, that such court shall substitute a reasonable, judicially enforceable limitation in place of the offensive part of the covenant and as so modified the covenant shall be as fully enforceable as set forth herein by the parties themselves in the modified form.

j. Remedies. The Executive acknowledges and agrees that the Company's remedy at law for a breach or threatened breach of any of the provisions of Section 7 herein would be inadequate and a breach thereof will cause irreparable harm to the Company. In recognition of this fact, in the event of a breach by the Executive of any of the provisions of Section 7, the Executive agrees that, in addition to any remedy at law available to the Company, including, but not limited to, monetary damages and all rights of the Executive to payment or otherwise under this Executive Employment Agreement may



be terminated, and the Company, without posting any bond, shall be entitled to obtain, and the Executive agrees not to oppose the Company's request for, equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available to the Company.

8. Indemnification.

a. The Executive shall continue to be covered by the Articles of Incorporation and/or the Bylaws of the Company with respect to matters occurring on or prior to the date of termination of the Executive's employment with the Company, subject to all the provisions of Florida and Federal law and the Articles of Incorporation and Bylaws of the Company then in effect. Such reasonable expenses, including attorneys' fees that may be covered by the Articles of Incorporation and/or Bylaws of the Company shall be paid by the Company on a current basis in accordance with such provision, the Company's Articles of Incorporation and Florida law. To the extent that any such payments by the Company pursuant to the Company's Articles of Incorporation and/or Bylaws may be subject to repayment by the Executive pursuant to the provisions of the Company's Articles of Incorporation or Bylaws, or pursuant to Florida or Federal law, such repayment shall be due and payable by the Executive to the Company within twelve (12) months after the termination of all proceedings, if any, which relate to such repayment and to the Company's affairs for the period prior to the date of termination of the Executive's employment with the Company and as to which Executive has been covered by such applicable provisions.

b. The Company specifically acknowledges and agrees that the Executive has personally guaranteed certain obligations on behalf of the Company and further that the Executive is personally liable for certain obligations of the Company. The Company shall indemnify and hold the Executive harmless from any and all obligations that the Executive may incur, including, without limitation, costs and attorneys fees in connection with such guaranties or personal liabilities. Any costs or expenses that may be incurred by the Executive in connection with such liabilities or guaranties shall be reimbursed to the Executive, upon receipt by the Company of documented evidence of such liabilities, within three (3) business days of the receipt of such documented evidence.

9. Withholding. Anything to the contrary notwithstanding, all payments required to be made by the Company hereunder to the Executive or the Executive's estate or beneficiaries shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation. In lieu of withholding such amounts, the Company may accept other arrangements pursuant to which it is satisfied that such tax and other payroll obligations will be satisfied in a manner complying with applicable law or regulation.

10. Notices. Any notice required or permitted to be given under the terms of this Agreement shall be sufficient if in writing and if sent postage prepaid by registered or certified mail, return receipt requested; by overnight delivery; by courier; or by confirmed telecopy, in the case of the Executive to the Executive's last place of business or residence

as shown on the records of the Company, or in the case of the Company to its principal office as set forth in the first paragraph of this Agreement, or at such other place as it may designate.

11. Waiver. Unless agreed in writing, the failure of either party, at any time, to require performance by the other of any provisions hereunder shall not affect its right thereafter to enforce the same, nor shall a waiver by either party of any breach of any provision hereof be taken or held to be a waiver of any other preceding or succeeding breach of any term or provision of this Agreement. No extension of time for the performance of any obligation or act shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

12. Completeness and Modification. This Agreement constitutes the entire understanding between the parties hereto superseding all prior and contemporaneous agreements or understandings among the parties hereto concerning the Employment Agreement. This Agreement may be amended, modified, superseded or canceled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the parties or, in the case of a waiver, by the party to be charged.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute but one agreement.

14. Binding Effect/Assignment. This Agreement shall be binding upon the parties hereto, their heirs, legal representatives, successors and assigns. This Agreement shall not be assignable by the Executive but shall be assignable by the Company in connection with the sale, transfer or other disposition of its business or to any of the Company's affiliates controlled by or under common control with the Company.

15. Governing Law. This Agreement shall become valid when executed and accepted by Company. The parties agree that it shall be deemed made and entered into in the State of Florida and shall be governed and construed under and in accordance with the laws of the State of Florida. Anything in this Agreement to the contrary notwithstanding, the Executive shall conduct the Executive's business in a lawful manner and faithfully comply with applicable laws or regulations of the state, city or other political subdivision in which the Executive is located.

16. Further Assurances. All parties hereto shall execute and deliver such other instruments and do such other acts as may be necessary to carry out the intent and purposes of this Agreement.

17. Headings. The headings of the sections are for convenience only and shall not control or affect the meaning or construction or limit the scope or intent of any of the provisions of this Agreement.

18. Survival. Any termination of this Agreement shall not, however, affect the ongoing provisions of this Agreement which shall survive such termination in accordance with their terms.

19. Severability. The invalidity or unenforceability, in whole or in part, of any covenant, promise or undertaking, or any section, subsection, paragraph, sentence, clause, phrase or word or of any provision of this Agreement shall not affect the validity or enforceability of the remaining portions thereof.

20. Enforcement. Should it become necessary for any party to institute legal action to enforce the terms and conditions of this Agreement, the successful party will be awarded reasonable attorneys' fees at all trial and appellate levels, expenses and costs.

21. Venue. Company and Employee acknowledge and agree that the 13th Judicial Circuit (or its successor) in and for Hillsborough County, Florida, shall be the venue and exclusive proper forum in which to adjudicate any case or controversy arising either, directly or indirectly, under or in connection with this Agreement and the parties further agree that, in the event of litigation arising out of or in connection with this Agreement in these courts, they will not contest or challenge the jurisdiction or venue of these courts.

22. Construction. This Agreement shall be construed within the fair meaning of each of its terms and not against the party drafting the document.

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS ENTIRE AGREEMENT, HAS HAD THE OPPORTUNITY TO DISCUSS THIS WITH HIS COUNSEL AND FURTHER ACKNOWLEDGES THAT HE UNDERSTANDS THE RESTRICTIONS, TERMS AND CONDITIONS IMPOSED UPON THE EXECUTIVE BY THIS AGREEMENT AND UNDERSTANDS THAT THESE RESTRICTIONS, TERMS AND CONDITIONS MAY BE BINDING UPON THE EXECUTIVE DURING AND AFTER TERMINATION OF THE EMPLOYMENT OF THE EXECUTIVE.

IN WITNESS WHEREOF, the parties have executed this Agreement as of date set forth in the first paragraph of this Agreement.

Witness:

\_\_\_\_\_

The Company:

SEGMENTZ, INC.

By: /s/ Allan Marshall

\_\_\_\_\_  
Allan Marshall  
Chief Executive Officer

Witness:

\_\_\_\_\_

The Executive

/s/ Mike Welch  
Mike Welch  
President

**AMENDMENT #1  
TO  
EXECUTIVE EMPLOYMENT AGREEMENT**

Reference is made to the Executive Employment Agreement (the "Agreement") dated August 9, 2004, by and among Segmentz, Inc., a Delaware corporation (the "Company"), and Mike Welch (the "Executive"). The Company and the Executive are referred to collectively herein as the "Parties." All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

1. Exercise Price of Options. The Parties hereby agree that Section 5(b) of the Agreement shall be revised such that the exercise of the options issuable thereunder shall be the price equal to the "last sale price" of the Company's common stock on the date of grant of the option, which date of grant shall in every case be a trading day. For purposes hereof, the term "last sale price" shall mean (i) if the common stock is listed on a national securities exchange or quoted on the Nasdaq National Market, Nasdaq SmallCap Market or NASD OTC Bulletin Board (or successor such as the Bulletin Board Exchange), the last sale price of the common stock in the principal trading market for the common stock as reported by the exchange, Nasdaq or the NASD, as the case may be; (ii) if the common stock is not listed on a national securities exchange or quoted on the Nasdaq National Market, Nasdaq SmallCap Market or the NASD OTC Bulletin Board (or successor such as the Bulletin Board Exchange), but is traded in the residual over-the-counter market, the closing bid price for the common stock on the last trading day preceding the date in question for which such quotations are reported by the Pink Sheets, LLC or similar publisher of such quotations; and (iii) if the fair market value of the common stock cannot be determined pursuant to clause (i) or (ii) above, such price as the Board of Directors of the Company shall determine, in good faith.

2. Sole Amendments. The Parties hereby agree that except as modified herein, the Agreement shall remain in full force and effect.

3. Counterparts. This Amendment #1 to Executive Employment Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment #1 to Executive Employment Agreement to be executed on its behalf as of August 31, 2004.

Segmentz, Inc.

By: /s/ Allan Marshall

\_\_\_\_\_  
Name: Allan Marshall

Its: Chief Executive Officer

/s/ Mike Welch

\_\_\_\_\_  
Mike Welch

**EXECUTIVE EMPLOYMENT AGREEMENT**

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of the 9th of August, 2004 (the "Effective Date"), between Segmentz, Inc., a Delaware corporation, whose principal place of business is 18302 Highwoods Preserve Parkway, Suite 100, Tampa, Florida 33467 (the "Company") and Jim Welch, an individual whose address is 110 Song Sparrow Trail Niles, MI 49120 (the "Executive").

## RECITALS

A. The Company is a Delaware corporation and is principally engaged in the business of Expedited Transportation and Third Party Logistics (the "Business").

B. The Executive has extensive experience in logistics operations and transportation management.

C. The Company desires to employ the Executive and the Executive desires to be employed by the Company.

D. The parties agree that a covenant not to compete is essential to the growth and stability of the Business of the Company.

NOW, THEREFORE, in consideration of the mutual agreements herein made, the Company and the Executive do hereby agree as follows:

1. Recitals. The above recitals are true, correct, and are herein incorporated by reference.

2. Employment. The Company hereby employs the Executive, and the Executive hereby accepts employment, upon the terms and conditions hereinafter set forth.

3. Authority and Power During Employment Period.

a. Duties and Responsibilities. During the term of this Agreement, the Executive shall serve as Vice President of Expedited Services for the Company and shall have general executive operating supervision over the operations and sales departments of the Company's Expedited Division, subject to the guidelines and direction of executive management and the Board of Directors of the Company.

b. Time Devoted. Throughout the term of the Agreement, the Executive shall devote all of the Executive's business time and attention to the business and affairs of the Company consistent with the Executive's position with the Company.

4. Term. The Term of employment hereunder will commence on the date as set forth above and terminate three (3) years from the Effective Date, and such term shall automatically be extended for a one (1) year term thereafter at the request of the Company. For purposes of this Agreement, the Term (the "Term") shall include the initial term and all renewals thereof.

5. Compensation and Benefits.

a. Salary. The Executive shall be paid a base salary (the "Base Salary") at an annual rate of one hundred and twenty five thousand Dollars (\$125,000) beginning at the Effective Date of this Agreement. In addition the Executive will be furnished a company car or car allowance of \$1,000 per month during the term of the agreement.

b. Performance Based Bonus. As additional compensation, the Executive shall be entitled to receive a bonus ("Bonus") for each fiscal year during the Term of the Executive's employment by the Company in an amount of Ten Thousand Dollars (\$10,000) per million of net income reported by the Company. In addition, the Executive will be granted options to purchase twenty five thousand (25,000) shares of the common stock of the Company per million of net income, at an exercise price of \$1.45 per share, exercisable for a period of three (3) years from the date of issuance. Any partial year of the contract the performance bonus will be prorated. Further, depending on operations department performance, Executive may receive additional compensation, in cash, stock or options. All bonuses are subject to board approval.

c. Executive Benefits. The Executive shall be entitled to participate in benefit programs of the Company currently existing or hereafter made available to comparable executives, including, but not limited to, group life insurance, health insurance, dental, 401 K and deferred compensation. The Executive will receive a minimum of \$30,000 per year as additional compensation to be contributed by the Company to the deferred compensation plan that shall be subject to the deferred compensation plan terms.

d. Vacation. During each fiscal year of the Company, the Executive shall be entitled to five (5) weeks of paid time off (PTO).

e. Business Expense Reimbursement. During the Term of employment, the Executive shall be entitled to receive proper reimbursement for all reasonable, out-of-pocket expenses incurred by the Executive (in accordance with the policies and procedures established by the Company for its senior executive officers) in performing services hereunder, provided the Executive properly accounts therefore.

f. AMEX Restriction. Notwithstanding any provision of this Agreement to the contrary, the total number of shares of common stock of the Company issued under the terms of this Agreement and all related agreements (including, but not limited to, that certain Stock Purchase Agreement executed herewith (the "Stock Purchase Agreement"), shall in no event exceed 19.9% of the number of shares of common stock of the Company outstanding as of the date of this Agreement



6. Consequences of Termination of Employment.

a. Death. In the event of the death of the Executive during the Term, salary and earned bonus shall be paid to the Executive's designated beneficiary, or, in the absence of such designation, to the estate or other legal representative of the Executive until the date of death. Other death benefits will be determined in accordance with the terms of the Company's benefit programs and plans. All benefits, including stock options will be made a part of Executive's estate.

b. Disability.

(1) In the event of the Executive's disability, as hereinafter defined, the Executive shall be entitled to compensation in accordance with the Company's disability compensation practice for senior executives, including any separate arrangement or policy covering the Executive, but in all events the Executive shall continue to receive the Executive's salary for a period, at the annual rate in effect immediately prior to the commencement of disability, of ninety (90) days from the date on which the disability has been deemed to occur as hereinafter provided below. Any amounts provided for in this Section 6(b) shall be offset by other long-term disability benefits provided to the Executive by the Company.

(2) "Disability," for the purposes of this Agreement, shall be deemed to have occurred in the event (A) the Executive is unable by reason of sickness or accident to perform the Executive's duties under this Agreement for an aggregate of 30 days in any twelve-month period or (B) the Executive has a guardian of the person or estate appointed by a court of competent jurisdiction. Termination due to disability shall be deemed to have occurred upon the first day of the month following the determination of disability as defined in the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of employment hereunder due to disability as provided in the preceding paragraph, the Executive becomes reemployed, whether as an Executive or a consultant to the Company, any salary, annual incentive payments or other benefits earned by the Executive from such reemployment shall offset any salary continuation due to the Executive hereunder commencing with the date of re-employment.

c. Termination by the Company for Cause.

(1) Nothing herein shall prevent the Company from terminating Employment for "Cause," as hereinafter defined. The Executive shall continue to receive salary only for the period ending ten (10) days after the date of such termination plus any accrued Bonus through such date of termination. Executive shall be entitled to keep only those rights and benefits in respect of any other

compensation that have vested as of the date of termination; all other rights and benefits shall be lost.

(2) "Cause" shall mean and include those actions or events specified below in subsections (A) through (G) to the extent the same occur, or the events constituting the same take place, subsequent to the date of execution of this Agreement: (A) Committing or participating in an injurious act of fraud, gross neglect or embezzlement against the Company; (B) committing or participating in any other injurious act or omission in a manner which was negligent against the Company, monetarily or otherwise; (C) engaging in a criminal enterprise involving moral turpitude; (D) conviction of an act or acts constituting a felony under the laws of the United States or any state thereof; (E) any assignment of this Agreement by the Executive in violation of Section 14 of this Agreement; or (F) failure to discharge duties under this Agreement. No actions, events or circumstances occurring or taking place at any time prior to the date of this Agreement shall in any event constitute or provide any basis for any termination of this Agreement for Cause;

(3) Notwithstanding anything else contained in this Agreement, this Agreement will not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a notice of termination stating that the Executive committed one of the types of conduct set forth in this Section 6(c) contained in this Agreement and specifying the particulars thereof and the Executive shall be given a thirty (30) day period to cure such conduct, if possible.

d. Termination by the Company Other than for Cause. The foregoing notwithstanding, the Company may terminate the Executive's employment for whatever reason it deems appropriate; provided, however, that in the event such termination is not pursuant to Section 6(a), Section 6(b), or Section 6(c), the Company may terminate this Agreement upon giving three (3) months' prior written notice. During such three (3) month period, the Executive shall continue to perform the Executive's duties pursuant to this Agreement, and the Company shall continue to compensate the Executive in accordance with this Agreement with full benefits (including but not limited to deferred compensation and insurance) for the lesser period of twenty four (24) months after termination date or for the remainder of the agreement. During such time the Executive shall not be entitled to any additional options, and shall receive a pro-rated bonus, to the extent any is due and payable. Additionally, all options already issued will vest immediately when executive is terminated by the Company under this Section 6(d).

e. Voluntary Termination. In the event the Executive terminates the Executive's employment on the Executive's own volition (except as provided in Section 6(f) and/or Section 6(g)) prior to the expiration of the Term of this Agreement, including any renewals thereof, Executive shall be limited to salary, vested options, and earned bonus to date of voluntary termination.

f. Termination Following a Change of Control.

(1) In the event that a “Change in Control” of the Company shall occur at any time during the Term hereof, the Executive shall have the right to terminate the Executive’s employment under this Agreement upon thirty (30) days written notice given at any time within one year after the occurrence of such event, and such termination of the Executive’s employment with the Company pursuant to this Section 6(g)(1), and, in any such event, Executive shall be entitled to (A) vesting of all options; and (B) payment of remaining salary and benefits for the greater of the Term of contract at salary of at least \$125,000 per year or three months.

(2) For purposes of this Agreement, a “Change in Control” of the Company shall mean a change in control (A) as set forth in Section 280G of the Internal Revenue Code or (B) of a nature that would be required to be reported in response to Item 1 of the current report on Form 8K, as in effect on the date hereof, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”); provided that, without limitation, such a change in control shall be deemed to have occurred at such time as:

(A) any “person”, other than the Executive, (as such term is used in Section 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company’s outstanding securities then having the right to vote at elections of directors; or,

(B) There is a failure to elect three or more (or such number of directors as would constitute a majority of the Board of Directors) candidates nominated by management of the Company to the Board of Directors; or

(C) the individuals who at the commencement date of the Agreement constitute the Board of Directors cease for any reason to constitute a majority thereof unless the election, or nomination for election, of each new director was approved by a vote of at least two thirds of the directors then in office who were directors at the commencement of the Agreement; or

(D) the business of the Company for which the Executive’s services are principally performed is disposed of by the Company pursuant to a partial or complete liquidation of the Company, a sale of assets (including stock of a subsidiary of the Company) or otherwise.

Anything herein to the contrary notwithstanding, this Section 6(g)(2) will not apply where the Executive gives the Executive’s explicit written waiver stating that for the purposes of this Section 6(g)(2) a Change in Control shall not be deemed to have occurred. The Executive’s participation in any negotiations or other matters in relation to a Change in

Control shall in no way constitute such a waiver which can only be given by an explicit written waiver as provided in the preceding sentence.

7. Covenant Not to Compete.

a. Covenant Not to Compete. The Executive acknowledges and recognizes the highly competitive nature of the Company's business and the goodwill, continued patronage, and specifically the names and addresses of the Company's Clients (as hereinafter defined) constitute a substantial asset of the Company having been acquired through considerable time, money and effort. Accordingly, in consideration of the execution of this Agreement and that certain Stock Purchase Agreement dated August 9, 2004 (the "Stock Purchase Agreement"), the Executive agrees to the following:

(1) That during the Restricted Period (as hereinafter defined) and within the Restricted Area (as hereinafter defined), the Executive will not, individually or in conjunction with others, directly or indirectly, engage in any Competitive Business Activities (as hereinafter defined), whether as an officer, director, proprietor, employer, partner, independent contractor, investor (other than as a holder solely as an investment of less than 1% of the outstanding capital stock of a publicly traded corporation), consultant, advisor or agent.

(2) That during the Restricted Period and within the Restricted Area, the Executive will not, directly or indirectly, compete with the Company by soliciting, inducing or influencing any of the Company's Clients which have a business relationship with the Company at the time during the Restricted Period to discontinue or reduce the extent of such relationship with the Company. Provided however, subparagraph (a) shall not apply to Executive's previously established relationship with Landstar Logistics in which he established a run with MSC Industrial Services out of Long Island, NY that goes from Mableton, GA to Jackson, MS on a daily basis and is done by Total Transportation of Mississippi. When the relationship with Landstar Logistics ended, the Executive turned this run over to a Landstar agent (Roger Crum) who is based in Bristol, WI. For this run, Mr. Crum pays Executive a small commission.

b. Non-Disclosure of Information. Executive agrees that during the term hereof, and during the Restricted Period, Executive will comply with the confidentiality covenants set forth in Section 6(d) of the Stock purchase Agreement.

c. Company's Clients. The "Company's Clients" shall be deemed to be any partnerships, corporations, professional associations or other business organizations for whom the Company or its subsidiaries have performed Business Activities.

d. Restrictive Period. The "Restrictive Period" shall be deemed to commence on the date of this Agreement, and end twenty four (24) months after the scheduled date for final payment pursuant to the Stock Purchase Agreement.

Notwithstanding the foregoing, in the event the Company fails to make any Annual Payment Amount under Section 2(b)(ii) of the Stock Purchase Agreement, and said nonpayment continues for a period of greater than sixty (60) days after receipt by the Company of written notice of default from one or more of the Sellers (as defined in the Stock Purchase Agreement), the provisions of this Section 7 shall be void and of no further force and effect.

e. Competitive Business Activities. The term “Competitive Business Activities” as used herein shall be deemed to mean the business of expedited transportation and third party logistics.

f. Restrictive Area. The term “Restrictive Area” shall be deemed to mean any area in which the Company does business or expects to begin to do business, in which the Company’s clients do business.

g. Covenants as Essential Elements of this Agreement. It is understood by and between the parties hereto that the foregoing covenants contained in Section 7 are essential elements of this Agreement, and that but for the agreement by the Executive to comply with such covenants, the Company would not have agreed to enter into this Agreement or the Stock Purchase Agreement. Such covenants by the Executive shall be construed to be agreements independent of any other provisions of this Agreement or of the Stock Purchase Agreement. The existence of any other claim or cause of action, whether predicated on any other provision in this Agreement, or otherwise, as a result of the relationship between the parties shall not constitute a defense to the enforcement of such covenants against the Executive.

h. Survival After Termination of Agreement. Notwithstanding anything to the contrary contained in this Agreement, the covenants in Section 7 shall survive the termination of this Agreement and the Executive’s employment with the Company.

i. Revisions. The parties hereto acknowledge that (A) the restrictions contained in Section 7 are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind, and (B) Executive’s full, uninhibited, and faithful observance of each of the covenants contained in this Agreement will not cause Executive any undue hardship, financial or otherwise. It is the intention of all parties to make the covenants of Section 7 binding only to the extent that it may be lawfully done under existing applicable laws. In the event that any part of any covenant of Section 7 is determined by a court of law to be overly broad thereby making the covenant unenforceable, the parties hereto agree, and it is their desire, that such court shall substitute a reasonable, judicially enforceable limitation in place of the offensive part of the covenant and as so modified the covenant shall be as fully enforceable as set forth herein by the parties themselves in the modified form.

j. Remedies. The Executive acknowledges and agrees that the Company’s remedy at law for a breach or threatened breach of any of the provisions of Section 7 herein would be inadequate and a breach thereof will cause irreparable harm to

the Company. In recognition of this fact, in the event of a breach by the Executive of any of the provisions of Section 7, the Executive agrees that, in addition to any remedy at law available to the Company, including, but not limited to, monetary damages and all rights of the Executive to payment or otherwise under this Executive Employment Agreement may be terminated, and the Company, without posting any bond, shall be entitled to obtain, and the Executive agrees not to oppose the Company's request for, equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available to the Company.

8. Indemnification.

a. The Executive shall continue to be covered by the Articles of Incorporation and/or the Bylaws of the Company with respect to matters occurring on or prior to the date of termination of the Executive's employment with the Company, subject to all the provisions of Florida and Federal law and the Articles of Incorporation and Bylaws of the Company then in effect. Such reasonable expenses, including attorneys' fees that may be covered by the Articles of Incorporation and/or Bylaws of the Company shall be paid by the Company on a current basis in accordance with such provision, the Company's Articles of Incorporation and Florida law. To the extent that any such payments by the Company pursuant to the Company's Articles of Incorporation and/or Bylaws may be subject to repayment by the Executive pursuant to the provisions of the Company's Articles of Incorporation or Bylaws, or pursuant to Florida or Federal law, such repayment shall be due and payable by the Executive to the Company within twelve (12) months after the termination of all proceedings, if any, which relate to such repayment and to the Company's affairs for the period prior to the date of termination of the Executive's employment with the Company and as to which Executive has been covered by such applicable provisions.

b. The Company specifically acknowledges and agrees that the Executive has personally guaranteed certain obligations on behalf of the Company and further that the Executive is personally liable for certain obligations of the Company. The Company shall indemnify and hold the Executive harmless from any and all obligations that the Executive may incur, including, without limitation, costs and attorneys fees in connection with such guaranties or personal liabilities. Any costs or expenses that may be incurred by the Executive in connection with such liabilities or guaranties shall be reimbursed to the Executive, upon receipt by the Company of documented evidence of such liabilities, within three (3) business days of the receipt of such documented evidence.

9. Withholding. Anything to the contrary notwithstanding, all payments required to be made by the Company hereunder to the Executive or the Executive's estate or beneficiaries shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation. In lieu of withholding such amounts, the Company may accept other arrangements pursuant to which it is satisfied that such tax and other payroll obligations will be satisfied in a manner complying with applicable law or regulation.

10. Notices. Any notice required or permitted to be given under the terms of this Agreement shall be sufficient if in writing and if sent postage prepaid by registered or certified mail, return receipt requested; by overnight delivery; by courier; or by confirmed telecopy, in the case of the Executive to the Executive's last place of business or residence as shown on the records of the Company, or in the case of the Company to its principal office as set forth in the first paragraph of this Agreement, or at such other place as it may designate.

11. Waiver. Unless agreed in writing, the failure of either party, at any time, to require performance by the other of any provisions hereunder shall not affect its right thereafter to enforce the same, nor shall a waiver by either party of any breach of any provision hereof be taken or held to be a waiver of any other preceding or succeeding breach of any term or provision of this Agreement. No extension of time for the performance of any obligation or act shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

12. Completeness and Modification. This Agreement constitutes the entire understanding between the parties hereto superseding all prior and contemporaneous agreements or understandings among the parties hereto concerning the Employment Agreement. This Agreement may be amended, modified, superseded or canceled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the parties or, in the case of a waiver, by the party to be charged.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute but one agreement.

14. Binding Effect/Assignment. This Agreement shall be binding upon the parties hereto, their heirs, legal representatives, successors and assigns. This Agreement shall not be assignable by the Executive but shall be assignable by the Company in connection with the sale, transfer or other disposition of its business or to any of the Company's affiliates controlled by or under common control with the Company.

15. Governing Law. This Agreement shall become valid when executed and accepted by Company. The parties agree that it shall be deemed made and entered into in the State of Florida and shall be governed and construed under and in accordance with the laws of the State of Florida. Anything in this Agreement to the contrary notwithstanding, the Executive shall conduct the Executive's business in a lawful manner and faithfully comply with applicable laws or regulations of the state, city or other political subdivision in which the Executive is located.

16. Further Assurances. All parties hereto shall execute and deliver such other instruments and do such other acts as may be necessary to carry out the intent and purposes of this Agreement.

17. Headings. The headings of the sections are for convenience only and shall not control or affect the meaning or construction or limit the scope or intent of any of the provisions of this Agreement.

18. Survival. Any termination of this Agreement shall not, however, affect the ongoing provisions of this Agreement which shall survive such termination in accordance with their terms.

19. Severability. The invalidity or unenforceability, in whole or in part, of any covenant, promise or undertaking, or any section, subsection, paragraph, sentence, clause, phrase or word or of any provision of this Agreement shall not affect the validity or enforceability of the remaining portions thereof.

20. Enforcement. Should it become necessary for any party to institute legal action to enforce the terms and conditions of this Agreement, the successful party will be awarded reasonable attorneys' fees at all trial and appellate levels, expenses and costs.

21. Venue. Company and Employee acknowledge and agree that the 13th Judicial Circuit (or its successor) in and for Hillsborough County, Florida, shall be the venue and exclusive proper forum in which to adjudicate any case or controversy arising either, directly or indirectly, under or in connection with this Agreement and the parties further agree that, in the event of litigation arising out of or in connection with this Agreement in these courts, they will not contest or challenge the jurisdiction or venue of these courts.

22. Construction. This Agreement shall be construed within the fair meaning of each of its terms and not against the party drafting the document.

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS ENTIRE AGREEMENT, HAS HAD THE OPPORTUNITY TO DISCUSS THIS WITH HIS COUNSEL AND FURTHER ACKNOWLEDGES THAT HE UNDERSTANDS THE RESTRICTIONS, TERMS AND CONDITIONS IMPOSED UPON THE EXECUTIVE BY THIS AGREEMENT AND UNDERSTANDS THAT THESE RESTRICTIONS, TERMS AND CONDITIONS MAY BE BINDING UPON THE EXECUTIVE DURING AND AFTER TERMINATION OF THE EMPLOYMENT OF THE EXECUTIVE.



IN WITNESS WHEREOF, the parties have executed this Agreement as of date set forth in the first paragraph of this Agreement.

Witness:

\_\_\_\_\_

The Company:

SEGMENTZ, INC.

By: /s/ Allan Marshall

\_\_\_\_\_  
Allan Marshall  
Chief Executive Officer

Witness:

\_\_\_\_\_

The Executive

/s/ Jim Welch

\_\_\_\_\_  
Jim Welch  
Vice President of Expedited Services

**AMENDMENT #1  
TO  
EXECUTIVE EMPLOYMENT AGREEMENT**

Reference is made to the Executive Employment Agreement (the "Agreement") dated August 9, 2004, by and among Segmentz, Inc., a Delaware corporation (the "Company"), and Jim Welch (the "Executive"). The Company and the Executive are referred to collectively herein as the "Parties." All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

1. Exercise Price of Options. The Parties hereby agree that Section 5(b) of the Agreement shall be revised such that the exercise of the options issuable thereunder shall be the price equal to the "last sale price" of the Company's common stock on the date of grant of the option, which date of grant shall in every case be a trading day. For purposes hereof, the term "last sale price" shall mean (i) if the common stock is listed on a national securities exchange or quoted on the Nasdaq National Market, Nasdaq SmallCap Market or NASD OTC Bulletin Board (or successor such as the Bulletin Board Exchange), the last sale price of the common stock in the principal trading market for the common stock as reported by the exchange, Nasdaq or the NASD, as the case may be; (ii) if the common stock is not listed on a national securities exchange or quoted on the Nasdaq National Market, Nasdaq SmallCap Market or the NASD OTC Bulletin Board (or successor such as the Bulletin Board Exchange), but is traded in the residual over-the-counter market, the closing bid price for the common stock on the last trading day preceding the date in question for which such quotations are reported by the Pink Sheets, LLC or similar publisher of such quotations; and (iii) if the fair market value of the common stock cannot be determined pursuant to clause (i) or (ii) above, such price as the Board of Directors of the Company shall determine, in good faith.

2. Sole Amendments. The Parties hereby agree that except as modified herein, the Agreement shall remain in full force and effect.

3. Counterparts. This Amendment #1 to Executive Employment Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment #1 to Executive Employment Agreement to be executed on its behalf as of August 31, 2004.

Segmentz, Inc.

By: /s/ Allan Marshall

\_\_\_\_\_  
Name: Allan Marshall

Its: Chief Financial Officer

/s/ Jim Welch

\_\_\_\_\_  
Jim Welch

**EXECUTIVE EMPLOYMENT AGREEMENT**

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of the 9th of August, 2004 (the "Effective Date"), between Segmentz, Inc., a Delaware corporation, whose principal place of business is 18302 Highwoods Preserve Parkway, Suite 100, Tampa, Florida 33467 (the "Company") and John Welch, an individual whose address is 2809 W. Linco Rd, Stevensville, MI 49127 (the "Executive").

## RECITALS

A. The Company is a Delaware corporation and is principally engaged in the business of Expedited Transportation and Third Party Logistics (the "Business").

B. The Executive has extensive experience in finance, accounting and management.

C. The Company desires to employ the Executive and the Executive desires to be employed by the Company.

D. The parties agree that a covenant not to compete is essential to the growth and stability of the Business of the Company.

NOW, THEREFORE, in consideration of the mutual agreements herein made, the Company and the Executive do hereby agree as follows:

1. Recitals. The above recitals are true, correct, and are herein incorporated by reference.

2. Employment. The Company hereby employs the Executive, and the Executive hereby accepts employment, upon the terms and conditions hereinafter set forth.

3. Authority and Power During Employment Period.

a. Duties and Responsibilities. During the term of this Agreement, the Executive shall serve as Controller for the Company and shall have general supervision over the accounting department of the Company subject to the guidelines and direction of the Chief Financial Officer and the Board of Directors of the Company.

b. Time Devoted. Throughout the term of the Agreement, the Executive shall devote all of the Executive's business time and attention to the business and affairs of the Company consistent with the Executive's position with the Company.

4. Term. The Term of employment hereunder will commence on the date as set forth above and terminate three (3) years from the Effective Date, and such term shall automatically be extended for a one (1) year term thereafter at the request of the Company. For purposes of this Agreement, the Term (the "Term") shall include the initial term and all renewals thereof.

5. Compensation and Benefits.

a. Salary. The Executive shall be paid a base salary (the "Base Salary") at an annual rate of one hundred and twenty five thousand Dollars (\$125,000) beginning at the Effective Date of this Agreement. In addition the Executive will be furnished a company car or comparable car allowance during the term of the agreement.

b. Performance Based Bonus. As additional compensation, the Executive shall be entitled to receive a bonus ("Bonus") for each fiscal year during the Term of the Executive's employment by the Company in an amount determined by the compensation committee and paid in either stock or cash.

c. Options. On the Effective Date of this Agreement, Executive shall be granted options to purchase seventy five thousand (75,000) shares of common stock of the Company at an exercise price of \$1.45 per share, which shall vest over the following three years.

d. Executive Benefits. The Executive shall be entitled to participate in benefit programs of the Company currently existing or hereafter made available to comparable executives, including, but not limited to, group life insurance, health insurance, dental, 401 K and deferred compensation. The Executive will receive a minimum of \$30,000 per year as additional compensation to be contributed by the Company to the deferred compensation plan that shall be subject to the deferred compensation plan terms.

e. Vacation. During each fiscal year of the Company, the Executive shall be entitled to five (5) weeks of paid time off (PTO).

f. Business Expense Reimbursement. During the Term of employment, the Executive shall be entitled to receive proper reimbursement for all reasonable, out-of-pocket expenses incurred by the Executive (in accordance with the policies and procedures established by the Company for its senior executive officers) in performing services hereunder, provided the Executive properly accounts therefore.

g. AMEX Restriction. Notwithstanding any provision of this Agreement to the contrary, the total number of shares of common stock of the Company issued under the terms of this Agreement and all related agreements (including, but not limited to, that certain Stock Purchase Agreement executed herewith (the "Stock Purchase Agreement"), shall in no event exceed 19.9% of the number of shares of common stock of the Company outstanding as of the date of this Agreement.

6. Consequences of Termination of Employment.

a. Death. In the event of the death of the Executive during the Term, salary and earned bonus shall be paid to the Executive's designated beneficiary, or, in the absence of such designation, to the estate or other legal representative of the Executive until the date of death. Other death benefits will be determined in accordance with the terms of the Company's benefit programs and plans. All benefits, including stock options will be made a part of Executive's estate.

b. Disability.

(1) In the event of the Executive's disability, as hereinafter defined, the Executive shall be entitled to compensation in accordance with the Company's disability compensation practice for senior executives, including any separate arrangement or policy covering the Executive, but in all events the Executive shall continue to receive the Executive's salary for a period, at the annual rate in effect immediately prior to the commencement of disability, of ninety (90) days from the date on which the disability has been deemed to occur as hereinafter provided below. Any amounts provided for in this Section 6(b) shall be offset by other long-term disability benefits provided to the Executive by the Company.

(2) "Disability," for the purposes of this Agreement, shall be deemed to have occurred in the event (A) the Executive is unable by reason of sickness or accident to perform the Executive's duties under this Agreement for an aggregate of 30 days in any twelve-month period or (B) the Executive has a guardian of the person or estate appointed by a court of competent jurisdiction. Termination due to disability shall be deemed to have occurred upon the first day of the month following the determination of disability as defined in the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of employment hereunder due to disability as provided in the preceding paragraph, the Executive becomes reemployed, whether as an Executive or a consultant to the Company, any salary, annual incentive payments or other benefits earned by the Executive from such reemployment shall offset any salary continuation due to the Executive hereunder commencing with the date of re-employment.

c. Termination by the Company for Cause.

(1) Nothing herein shall prevent the Company from terminating Employment for "Cause," as hereinafter defined. The Executive shall continue to receive salary only for the period ending ten (10) days after the date of such termination plus any accrued Bonus through such date of termination. Executive shall be entitled to keep only those rights and benefits in respect of any other

compensation that have vested as of the date of termination; all other rights and benefits shall be lost.

(2) "Cause" shall mean and include those actions or events specified below in subsections (A) through (G) to the extent the same occur, or the events constituting the same take place, subsequent to the date of execution of this Agreement: (A) Committing or participating in an injurious act of fraud, gross neglect or embezzlement against the Company; (B) committing or participating in any other injurious act or omission in a manner which was negligent against the Company, monetarily or otherwise; (C) engaging in a criminal enterprise involving moral turpitude; (D) conviction of an act or acts constituting a felony under the laws of the United States or any state thereof; (E) any assignment of this Agreement by the Executive in violation of Section 14 of this Agreement; or (F) failure to discharge duties under this Agreement. No actions, events or circumstances occurring or taking place at any time prior to the date of this Agreement shall in any event constitute or provide any basis for any termination of this Agreement for Cause;

(3) Notwithstanding anything else contained in this Agreement, this Agreement will not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a notice of termination stating that the Executive committed one of the types of conduct set forth in this Section 6(c) contained in this Agreement and specifying the particulars thereof and the Executive shall be given a thirty (30) day period to cure such conduct, if possible.

d. Termination by the Company Other than for Cause. The foregoing notwithstanding, the Company may terminate the Executive's employment for whatever reason it deems appropriate; provided, however, that in the event such termination is not pursuant to Section 6(a), Section 6(b), or Section 6(c), the Company may terminate this Agreement upon giving three (3) months' prior written notice. During such three (3) month period, the Executive shall continue to perform the Executive's duties pursuant to this Agreement, and the Company shall continue to compensate the Executive in accordance with this Agreement with full benefits (including but not limited to deferred compensation and insurance) for the lesser period of twenty four (24) months after termination date or for the remainder of the agreement. During such time the Executive shall not be entitled to any additional options, and shall receive a pro-rated bonus, to the extent any is due and payable. Additionally, all issued options will be vest immediately when executive is terminated by the Company under this Section 6(d).

e. Voluntary Termination. In the event the Executive terminates the Executive's employment on the Executive's own volition (except as provided in Section 6(f) and/or Section 6(g)) prior to the expiration of the Term of this Agreement, including any renewals thereof, Executive shall be limited to salary, earned bonus, and vested options to date of voluntary termination.

f. Termination Following a Change of Control.

(1) In the event that a “Change in Control” of the Company shall occur at any time during the Term hereof, the Executive shall have the right to terminate the Executive’s employment under this Agreement upon thirty (30) days written notice given at any time within one year after the occurrence of such event, and such termination of the Executive’s employment with the Company pursuant to this Section 6(g)(1), and, in any such event, Executive shall be entitled to (A) vesting of all options; and (B) payment of remaining salary and benefits for the greater of the Term of contract at salary of at least \$125,000 per year or three months.

(2) For purposes of this Agreement, a “Change in Control” of the Company shall mean a change in control (A) as set forth in Section 280G of the Internal Revenue Code or (B) of a nature that would be required to be reported in response to Item 1 of the current report on Form 8K, as in effect on the date hereof, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”); provided that, without limitation, such a change in control shall be deemed to have occurred at such time as:

(A) any “person”, other than the Executive, (as such term is used in Section 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company’s outstanding securities then having the right to vote at elections of directors; or,

(B) There is a failure to elect three or more (or such number of directors as would constitute a majority of the Board of Directors) candidates nominated by management of the Company to the Board of Directors; or

(C) the individuals who at the commencement date of the Agreement constitute the Board of Directors cease for any reason to constitute a majority thereof unless the election, or nomination for election, of each new director was approved by a vote of at least two thirds of the directors then in office who were directors at the commencement of the Agreement; or

(D) the business of the Company for which the Executive’s services are principally performed is disposed of by the Company pursuant to a partial or complete liquidation of the Company, a sale of assets (including stock of a subsidiary of the Company) or otherwise.

Anything herein to the contrary notwithstanding, this Section 6(g)(2) will not apply where the Executive gives the Executive’s explicit written waiver stating that for the purposes of this Section 6(g)(2) a Change in Control shall not be deemed to have occurred. The Executive’s participation in any negotiations or other matters in relation to a Change in



Control shall in no way constitute such a waiver which can only be given by an explicit written waiver as provided in the preceding sentence.

7. Covenant Not to Compete.

a. Covenant Not to Compete. The Executive acknowledges and recognizes the highly competitive nature of the Company's business and the goodwill, continued patronage, and specifically the names and addresses of the Company's Clients (as hereinafter defined) constitute a substantial asset of the Company having been acquired through considerable time, money and effort. Accordingly, in consideration of the execution of this Agreement and that certain Stock Purchase Agreement dated August 9, 2004 (the "Stock Purchase Agreement"), the Executive agrees to the following:

(1) That during the Restricted Period (as hereinafter defined) and within the Restricted Area (as hereinafter defined), the Executive will not, individually or in conjunction with others, directly or indirectly, engage in any Competitive Business Activities (as hereinafter defined), whether as an officer, director, proprietor, employer, partner, independent contractor, investor (other than as a holder solely as an investment of less than 1% of the outstanding capital stock of a publicly traded corporation), consultant, advisor or agent.

(2) That during the Restricted Period and within the Restricted Area, the Executive will not, directly or indirectly, compete with the Company by soliciting, inducing or influencing any of the Company's Clients which have a business relationship with the Company at the time during the Restricted Period to discontinue or reduce the extent of such relationship with the Company.

b. Non-Disclosure of Information. Executive agrees that during the term hereof, and during the Restricted Period, Executive will comply with the confidentiality covenants set forth in Section 6(d) of the Stock purchase Agreement.

c. Company's Clients. The "Company's Clients" shall be deemed to be any partnerships, corporations, professional associations or other business organizations for whom the Company or its subsidiaries have performed Business Activities.

d. Restrictive Period. The "Restrictive Period" shall be deemed to commence on the date of this Agreement, and end twenty four (24) months after the scheduled date for final payment pursuant to the Stock Purchase Agreement.

Notwithstanding the foregoing, in the event the Company fails to make any Annual Payment Amount under Section 2(b)(ii) of the Stock Purchase Agreement, and said nonpayment continues for a period of greater than sixty (60) days after receipt by the Company of written notice of default from one or more of the Sellers (as defined in the Stock Purchase Agreement), the provisions of this Section 7 shall be void and of no further force and effect.

e. Competitive Business Activities. The term “Competitive Business Activities” as used herein shall be deemed to mean the business of expedited transportation and third party logistics.

f. Restrictive Area. The term “Restrictive Area” shall be deemed to mean any area in which the Company does business or expects to begin to do business, in which the Company’s clients do business.

g. Covenants as Essential Elements of this Agreement. It is understood by and between the parties hereto that the foregoing covenants contained in Section 7 are essential elements of this Agreement, and that but for the agreement by the Executive to comply with such covenants, the Company would not have agreed to enter into this Agreement or the Stock Purchase Agreement. Such covenants by the Executive shall be construed to be agreements independent of any other provisions of this Agreement or of the Stock Purchase Agreement. The existence of any other claim or cause of action, whether predicated on any other provision in this Agreement, or otherwise, as a result of the relationship between the parties shall not constitute a defense to the enforcement of such covenants against the Executive.

h. Survival After Termination of Agreement. Notwithstanding anything to the contrary contained in this Agreement, the covenants in Section 7 shall survive the termination of this Agreement and the Executive’s employment with the Company.

i. Revisions. The parties hereto acknowledge that (A) the restrictions contained in Section 7 are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind, and (B) Executive’s full, uninhibited, and faithful observance of each of the covenants contained in this Agreement will not cause Executive any undue hardship, financial or otherwise. It is the intention of all parties to make the covenants of Section 7 binding only to the extent that it may be lawfully done under existing applicable laws. In the event that any part of any covenant of Section 7 is determined by a court of law to be overly broad thereby making the covenant unenforceable, the parties hereto agree, and it is their desire, that such court shall substitute a reasonable, judicially enforceable limitation in place of the offensive part of the covenant and as so modified the covenant shall be as fully enforceable as set forth herein by the parties themselves in the modified form.

j. Remedies. The Executive acknowledges and agrees that the Company’s remedy at law for a breach or threatened breach of any of the provisions of Section 7 herein would be inadequate and a breach thereof will cause irreparable harm to the Company. In recognition of this fact, in the event of a breach by the Executive of any of the provisions of Section 7, the Executive agrees that, in addition to any remedy at law available to the Company, including, but not limited to, monetary damages and all rights of the Executive to payment or otherwise under this Executive Employment Agreement may be terminated, and the Company, without posting any bond, shall be entitled to obtain, and the Executive agrees not to oppose the Company’s request for, equitable relief in the form

of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available to the Company.

8. Indemnification.

a. The Executive shall continue to be covered by the Articles of Incorporation and/or the Bylaws of the Company with respect to matters occurring on or prior to the date of termination of the Executive's employment with the Company, subject to all the provisions of Florida and Federal law and the Articles of Incorporation and Bylaws of the Company then in effect. Such reasonable expenses, including attorneys' fees that may be covered by the Articles of Incorporation and/or Bylaws of the Company shall be paid by the Company on a current basis in accordance with such provision, the Company's Articles of Incorporation and Florida law. To the extent that any such payments by the Company pursuant to the Company's Articles of Incorporation and/or Bylaws may be subject to repayment by the Executive pursuant to the provisions of the Company's Articles of Incorporation or Bylaws, or pursuant to Florida or Federal law, such repayment shall be due and payable by the Executive to the Company within twelve (12) months after the termination of all proceedings, if any, which relate to such repayment and to the Company's affairs for the period prior to the date of termination of the Executive's employment with the Company and as to which Executive has been covered by such applicable provisions.

b. The Company specifically acknowledges and agrees that the Executive has personally guaranteed certain obligations on behalf of the Company and further that the Executive is personally liable for certain obligations of the Company. The Company shall indemnify and hold the Executive harmless from any and all obligations that the Executive may incur, including, without limitation, costs and attorneys fees in connection with such guaranties or personal liabilities. Any costs or expenses that may be incurred by the Executive in connection with such liabilities or guaranties shall be reimbursed to the Executive, upon receipt by the Company of documented evidence of such liabilities, within three (3) business days of the receipt of such documented evidence.

9. Withholding. Anything to the contrary notwithstanding, all payments required to be made by the Company hereunder to the Executive or the Executive's estate or beneficiaries shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation. In lieu of withholding such amounts, the Company may accept other arrangements pursuant to which it is satisfied that such tax and other payroll obligations will be satisfied in a manner complying with applicable law or regulation.

10. Notices. Any notice required or permitted to be given under the terms of this Agreement shall be sufficient if in writing and if sent postage prepaid by registered or certified mail, return receipt requested; by overnight delivery; by courier; or by confirmed telecopy, in the case of the Executive to the Executive's last place of business or residence as shown on the records of the Company, or in the case of the Company to its principal

office as set forth in the first paragraph of this Agreement, or at such other place as it may designate.

11. Waiver. Unless agreed in writing, the failure of either party, at any time, to require performance by the other of any provisions hereunder shall not affect its right thereafter to enforce the same, nor shall a waiver by either party of any breach of any provision hereof be taken or held to be a waiver of any other preceding or succeeding breach of any term or provision of this Agreement. No extension of time for the performance of any obligation or act shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

12. Completeness and Modification. This Agreement constitutes the entire understanding between the parties hereto superseding all prior and contemporaneous agreements or understandings among the parties hereto concerning the Employment Agreement. This Agreement may be amended, modified, superseded or canceled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the parties or, in the case of a waiver, by the party to be charged.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute but one agreement.

14. Binding Effect/Assignment. This Agreement shall be binding upon the parties hereto, their heirs, legal representatives, successors and assigns. This Agreement shall not be assignable by the Executive but shall be assignable by the Company in connection with the sale, transfer or other disposition of its business or to any of the Company's affiliates controlled by or under common control with the Company.

15. Governing Law. This Agreement shall become valid when executed and accepted by Company. The parties agree that it shall be deemed made and entered into in the State of Florida and shall be governed and construed under and in accordance with the laws of the State of Florida. Anything in this Agreement to the contrary notwithstanding, the Executive shall conduct the Executive's business in a lawful manner and faithfully comply with applicable laws or regulations of the state, city or other political subdivision in which the Executive is located.

16. Further Assurances. All parties hereto shall execute and deliver such other instruments and do such other acts as may be necessary to carry out the intent and purposes of this Agreement.

17. Headings. The headings of the sections are for convenience only and shall not control or affect the meaning or construction or limit the scope or intent of any of the provisions of this Agreement.

18. Survival. Any termination of this Agreement shall not, however, affect the ongoing provisions of this Agreement which shall survive such termination in accordance with their terms.

19. Severability. The invalidity or unenforceability, in whole or in part, of any covenant, promise or undertaking, or any section, subsection, paragraph, sentence, clause, phrase or word or of any provision of this Agreement shall not affect the validity or enforceability of the remaining portions thereof.

20. Enforcement. Should it become necessary for any party to institute legal action to enforce the terms and conditions of this Agreement, the successful party will be awarded reasonable attorneys' fees at all trial and appellate levels, expenses and costs.

21. Venue. Company and Employee acknowledge and agree that the 13th Judicial Circuit (or its successor) in and for Hillsborough County, Florida, shall be the venue and exclusive proper forum in which to adjudicate any case or controversy arising either, directly or indirectly, under or in connection with this Agreement and the parties further agree that, in the event of litigation arising out of or in connection with this Agreement in these courts, they will not contest or challenge the jurisdiction or venue of these courts.

22. Construction. This Agreement shall be construed within the fair meaning of each of its terms and not against the party drafting the document.

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS ENTIRE AGREEMENT, HAS HAD THE OPPORTUNITY TO DISCUSS THIS WITH HIS COUNSEL AND FURTHER ACKNOWLEDGES THAT HE UNDERSTANDS THE RESTRICTIONS, TERMS AND CONDITIONS IMPOSED UPON THE EXECUTIVE BY THIS AGREEMENT AND UNDERSTANDS THAT THESE RESTRICTIONS, TERMS AND CONDITIONS MAY BE BINDING UPON THE EXECUTIVE DURING AND AFTER TERMINATION OF THE EMPLOYMENT OF THE EXECUTIVE.

IN WITNESS WHEREOF, the parties have executed this Agreement as of date set forth in the first paragraph of this Agreement.

Witness:

\_\_\_\_\_

The Company:

SEGMENTZ, INC.

By: /s/ Allan Marshall

\_\_\_\_\_  
Allan Marshall  
Chief Executive Officer

Witness:

\_\_\_\_\_

The Executive

/s/ John Welch

\_\_\_\_\_  
John Welch  
Controller

**EXECUTIVE EMPLOYMENT AGREEMENT**

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of the 9th of August, 2004 (the "Effective Date"), between Segmentz, Inc., a Delaware corporation, whose principal place of business is 18302 Highwoods Preserve Parkway, Suite 100, Tampa, Florida 33467 (the "Company") and Keith Avery, an individual whose address is 2110 Wooded Way, Stevensville, MI 49127 (the "Executive").

## RECITALS

A. The Company is a Delaware corporation and is principally engaged in the business of Expedited Transportation and Third Party Logistics (the "Business").

B. The Executive has extensive experience in logistics operations and transportation management.

C. The Company desires to employ the Executive and the Executive desires to be employed by the Company.

D. The parties agree that a covenant not to compete is essential to the growth and stability of the Business of the Company.

NOW, THEREFORE, in consideration of the mutual agreements herein made, the Company and the Executive do hereby agree as follows:

1. Recitals. The above recitals are true, correct, and are herein incorporated by reference.

2. Employment. The Company hereby employs the Executive, and the Executive hereby accepts employment, upon the terms and conditions hereinafter set forth.

3. Authority and Power During Employment Period.

a. Duties and Responsibilities. During the term of this Agreement, the Executive shall serve as Director of Capacity Management for the Company and shall have general operating supervision over the capacity management department of the Company's Expedited Division subject to the guidelines and direction of executive management and the Board of Directors of the Company.

b. Time Devoted. Throughout the term of the Agreement, the Executive shall devote all of the Executive's business time and attention to the business and affairs of the Company consistent with the Executive's position with the Company.

4. Term. The Term of employment hereunder will commence on the date as set forth above and terminate three (3) years from the Effective Date, and such term shall automatically be extended for a one (1) year term thereafter at the request of the Company. For purposes of this Agreement, the Term (the "Term") shall include the initial term and all renewals thereof.

5. Compensation and Benefits.

a. Salary. The Executive shall be paid a base salary (the "Base Salary") at an annual rate of eighty five thousand Dollars (\$85,000) beginning at the Effective Date of this Agreement. In addition the Executive will be furnished a company car or comparable car allowance during the term of the agreement.

b. Performance Based Bonus. As additional compensation, the Executive shall be entitled to receive a bonus ("Bonus") for each fiscal year during the Term of the Executive's employment by the Company in an amount of Five Thousand Dollars (\$5,000) per million of net income reported by the Company. In addition, the Executive will be granted options to purchase twelve thousand five hundred (12,500) shares of the common stock of the Company per million of net income, at an exercise price of \$1.45 per share, exercisable for a period of three (3) years from the date of issuance. Any partial year of the contract the performance bonus will be prorated. Further, depending on operations department performance, Executive may receive additional compensation, in cash, stock or options. All bonuses are subject to board approval.

c. Executive Benefits. The Executive shall be entitled to participate in benefit programs of the Company currently existing or hereafter made available to comparable executives, including, but not limited to, group life insurance, health insurance, dental, 401 K and deferred compensation. The Executive will receive a minimum of \$30,000 per year as additional compensation to be contributed by the Company to the deferred compensation plan that shall be subject to the deferred compensation plan terms.

d. Vacation. During each fiscal year of the Company, the Executive shall be entitled to five (5) weeks of paid time off (PTO).

e. Business Expense Reimbursement. During the Term of employment, the Executive shall be entitled to receive proper reimbursement for all reasonable, out-of-pocket expenses incurred by the Executive (in accordance with the policies and procedures established by the Company for its senior executive officers) in performing services hereunder, provided the Executive properly accounts therefore.

f. AMEX Restriction. Notwithstanding any provision of this Agreement to the contrary, the total number of shares of common stock of the Company issued under the terms of this Agreement and all related agreements (including, but not limited to, that certain Stock Purchase Agreement executed herewith (the "Stock Purchase Agreement"), shall in no event exceed 19.9% of the number of shares of common stock of the Company outstanding as of the date of this Agreement.



6. Consequences of Termination of Employment.

a. Death. In the event of the death of the Executive during the Term, salary and earned bonus shall be paid to the Executive's designated beneficiary, or, in the absence of such designation, to the estate or other legal representative of the Executive until the date of death. Other death benefits will be determined in accordance with the terms of the Company's benefit programs and plans. All benefits, including stock options will be made a part of Executive's estate.

b. Disability.

(1) In the event of the Executive's disability, as hereinafter defined, the Executive shall be entitled to compensation in accordance with the Company's disability compensation practice for senior executives, including any separate arrangement or policy covering the Executive, but in all events the Executive shall continue to receive the Executive's salary for a period, at the annual rate in effect immediately prior to the commencement of disability, of ninety (90) days from the date on which the disability has been deemed to occur as hereinafter provided below. Any amounts provided for in this Section 6(b) shall be offset by other long-term disability benefits provided to the Executive by the Company.

(2) "Disability," for the purposes of this Agreement, shall be deemed to have occurred in the event (A) the Executive is unable by reason of sickness or accident to perform the Executive's duties under this Agreement for an aggregate of 30 days in any twelve-month period or (B) the Executive has a guardian of the person or estate appointed by a court of competent jurisdiction. Termination due to disability shall be deemed to have occurred upon the first day of the month following the determination of disability as defined in the preceding sentence.

Anything herein to the contrary notwithstanding, if, following a termination of employment hereunder due to disability as provided in the preceding paragraph, the Executive becomes reemployed, whether as an Executive or a consultant to the Company, any salary, annual incentive payments or other benefits earned by the Executive from such reemployment shall offset any salary continuation due to the Executive hereunder commencing with the date of re-employment.

c. Termination by the Company for Cause.

(1) Nothing herein shall prevent the Company from terminating Employment for "Cause," as hereinafter defined. The Executive shall continue to receive salary only for the period ending ten (10) days after the date of such termination plus any accrued Bonus through such date of termination. Executive shall be entitled to keep only those rights and benefits in respect of any other

compensation that have vested as of the date of termination; all other rights and benefits shall be lost.

(2) "Cause" shall mean and include those actions or events specified below in subsections (A) through (G) to the extent the same occur, or the events constituting the same take place, subsequent to the date of execution of this Agreement: (A) Committing or participating in an injurious act of fraud, gross neglect or embezzlement against the Company; (B) committing or participating in any other injurious act or omission in a manner which was negligent against the Company, monetarily or otherwise; (C) engaging in a criminal enterprise involving moral turpitude; (D) conviction of an act or acts constituting a felony under the laws of the United States or any state thereof; (E) any assignment of this Agreement by the Executive in violation of Section 14 of this Agreement; or (F) failure to discharge duties under this Agreement. No actions, events or circumstances occurring or taking place at any time prior to the date of this Agreement shall in any event constitute or provide any basis for any termination of this Agreement for Cause;

(3) Notwithstanding anything else contained in this Agreement, this Agreement will not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a notice of termination stating that the Executive committed one of the types of conduct set forth in this Section 6(c) contained in this Agreement and specifying the particulars thereof and the Executive shall be given a thirty (30) day period to cure such conduct, if possible.

d. Termination by the Company Other than for Cause. The foregoing notwithstanding, the Company may terminate the Executive's employment for whatever reason it deems appropriate; provided, however, that in the event such termination is not based on Cause, as provided in Section 6(c) above, the Company may terminate this Agreement upon giving three (3) months' prior written notice. During such three (3) month period, the Executive shall continue to perform the Executive's duties pursuant to this Agreement, and the Company shall continue to compensate the Executive in accordance with this Agreement with full benefits (including but not limited to deferred compensation and insurance) for the lesser period of twenty four (24) months after termination date or for the remainder of the agreement. During such time the Executive shall not be entitled to any additional options, and shall receive a pro-rated bonus, to the extent any is due and payable. Additionally, all options will be vest immediately when executive is terminated by the Company under this Section 6(d).

e. Voluntary Termination. In the event the Executive terminates the Executive's employment on the Executive's own volition (except as provided in Section 6(f) and/or Section 6(g)) prior to the expiration of the Term of this Agreement, including any renewals thereof, Executive shall be limited to salary, vested options, and earned bonus to date of voluntary termination.

f. Termination Following a Change of Control.

(1) In the event that a “Change in Control” of the Company shall occur at any time during the Term hereof, the Executive shall have the right to terminate the Executive’s employment under this Agreement upon thirty (30) days written notice given at any time within one year after the occurrence of such event, and such termination of the Executive’s employment with the Company pursuant to this Section 6(g)(1), and, in any such event, Executive shall be entitled to (A) vesting of all options; and (B) payment of remaining salary and benefits for the greater of the Term of contract at salary of at least \$85,000 per year or three months.

(2) For purposes of this Agreement, a “Change in Control” of the Company shall mean a change in control (A) as set forth in Section 280G of the Internal Revenue Code or (B) of a nature that would be required to be reported in response to Item 1 of the current report on Form 8K, as in effect on the date hereof, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”); provided that, without limitation, such a change in control shall be deemed to have occurred at such time as:

(A) any “person”, other than the Executive, (as such term is used in Section 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company’s outstanding securities then having the right to vote at elections of directors; or,

(B) There is a failure to elect three or more (or such number of directors as would constitute a majority of the Board of Directors) candidates nominated by management of the Company to the Board of Directors; or

(C) the individuals who at the commencement date of the Agreement constitute the Board of Directors cease for any reason to constitute a majority thereof unless the election, or nomination for election, of each new director was approved by a vote of at least two thirds of the directors then in office who were directors at the commencement of the Agreement; or

(D) the business of the Company for which the Executive’s services are principally performed is disposed of by the Company pursuant to a partial or complete liquidation of the Company, a sale of assets (including stock of a subsidiary of the Company) or otherwise.

Anything herein to the contrary notwithstanding, this Section 6(g)(2) will not apply where the Executive gives the Executive’s explicit written waiver stating that for the purposes of this Section 6(g)(2) a Change in Control shall not be deemed to have occurred. The Executive’s participation in any negotiations or other matters in relation to a Change in

Control shall in no way constitute such a waiver which can only be given by an explicit written waiver as provided in the preceding sentence.

7. Covenant Not to Compete.

a. Covenant Not to Compete. The Executive acknowledges and recognizes the highly competitive nature of the Company's business and the goodwill, continued patronage, and specifically the names and addresses of the Company's Clients (as hereinafter defined) constitute a substantial asset of the Company having been acquired through considerable time, money and effort. Accordingly, in consideration of the execution of this Agreement and that certain Stock Purchase Agreement dated August 9, 2004 (the "Stock Purchase Agreement"), the Executive agrees to the following:

(1) That during the Restricted Period (as hereinafter defined) and within the Restricted Area (as hereinafter defined), the Executive will not, individually or in conjunction with others, directly or indirectly, engage in any Competitive Business Activities (as hereinafter defined), whether as an officer, director, proprietor, employer, partner, independent contractor, investor (other than as a holder solely as an investment of less than 1% of the outstanding capital stock of a publicly traded corporation), consultant, advisor or agent.

(2) That during the Restricted Period and within the Restricted Area, the Executive will not, directly or indirectly, compete with the Company by soliciting, inducing or influencing any of the Company's Clients which have a business relationship with the Company at the time during the Restricted Period to discontinue or reduce the extent of such relationship with the Company.

b. Non-Disclosure of Information. Executive agrees that during the term hereof, and during the Restricted Period, Executive will comply with the confidentiality covenants set forth in Section 6(d) of the Stock purchase Agreement.

c. Company's Clients. The "Company's Clients" shall be deemed to be any partnerships, corporations, professional associations or other business organizations for whom the Company or its subsidiaries have performed Business Activities.

d. Restrictive Period. The "Restrictive Period" shall be deemed to commence on the date of this Agreement, and end twenty four (24) months after the scheduled date for final payment pursuant to the Stock Purchase Agreement.

Notwithstanding the foregoing, in the event the Company fails to make any Annual Payment Amount under Section 2(b)(ii) of the Stock Purchase Agreement, and said nonpayment continues for a period of greater than sixty (60) days after receipt by the Company of written notice of default from one or more of the Sellers (as defined in the Stock Purchase Agreement), the provisions of this Section 7 shall be void and of no further force and effect.

e. Competitive Business Activities. The term “Competitive Business Activities” as used herein shall be deemed to mean the business of expedited transportation and third party logistics.

f. Restrictive Area. The term “Restrictive Area” shall be deemed to mean any area in which the Company does business or expects to begin to do business, in which the Company’s clients do business.

g. Covenants as Essential Elements of this Agreement. It is understood by and between the parties hereto that the foregoing covenants contained in Section 7 are essential elements of this Agreement, and that but for the agreement by the Executive to comply with such covenants, the Company would not have agreed to enter into this Agreement or the Stock Purchase Agreement. Such covenants by the Executive shall be construed to be agreements independent of any other provisions of this Agreement or of the Stock Purchase Agreement. The existence of any other claim or cause of action, whether predicated on any other provision in this Agreement, or otherwise, as a result of the relationship between the parties shall not constitute a defense to the enforcement of such covenants against the Executive.

h. Survival After Termination of Agreement. Notwithstanding anything to the contrary contained in this Agreement, the covenants in Section 7 shall survive the termination of this Agreement and the Executive’s employment with the Company.

i. Revisions. The parties hereto acknowledge that (A) the restrictions contained in Section 7 are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind, and (B) Executive’s full, uninhibited, and faithful observance of each of the covenants contained in this Agreement will not cause Executive any undue hardship, financial or otherwise. It is the intention of all parties to make the covenants of Section 7 binding only to the extent that it may be lawfully done under existing applicable laws. In the event that any part of any covenant of Section 7 is determined by a court of law to be overly broad thereby making the covenant unenforceable, the parties hereto agree, and it is their desire, that such court shall substitute a reasonable, judicially enforceable limitation in place of the offensive part of the covenant and as so modified the covenant shall be as fully enforceable as set forth herein by the parties themselves in the modified form.

j. Remedies. The Executive acknowledges and agrees that the Company’s remedy at law for a breach or threatened breach of any of the provisions of Section 7 herein would be inadequate and a breach thereof will cause irreparable harm to the Company. In recognition of this fact, in the event of a breach by the Executive of any of the provisions of Section 7, the Executive agrees that, in addition to any remedy at law available to the Company, including, but not limited to, monetary damages and all rights of the Executive to payment or otherwise under this Executive Employment Agreement may be terminated, and the Company, without posting any bond, shall be entitled to obtain, and the Executive agrees not to oppose the Company’s request for, equitable relief in the form

of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available to the Company.

8. Indemnification.

a. The Executive shall continue to be covered by the Articles of Incorporation and/or the Bylaws of the Company with respect to matters occurring on or prior to the date of termination of the Executive's employment with the Company, subject to all the provisions of Florida and Federal law and the Articles of Incorporation and Bylaws of the Company then in effect. Such reasonable expenses, including attorneys' fees that may be covered by the Articles of Incorporation and/or Bylaws of the Company shall be paid by the Company on a current basis in accordance with such provision, the Company's Articles of Incorporation and Florida law. To the extent that any such payments by the Company pursuant to the Company's Articles of Incorporation and/or Bylaws may be subject to repayment by the Executive pursuant to the provisions of the Company's Articles of Incorporation or Bylaws, or pursuant to Florida or Federal law, such repayment shall be due and payable by the Executive to the Company within twelve (12) months after the termination of all proceedings, if any, which relate to such repayment and to the Company's affairs for the period prior to the date of termination of the Executive's employment with the Company and as to which Executive has been covered by such applicable provisions.

b. The Company specifically acknowledges and agrees that the Executive has personally guaranteed certain obligations on behalf of the Company and further that the Executive is personally liable for certain obligations of the Company. The Company shall indemnify and hold the Executive harmless from any and all obligations that the Executive may incur, including, without limitation, costs and attorneys fees in connection with such guaranties or personal liabilities. Any costs or expenses that may be incurred by the Executive in connection with such liabilities or guaranties shall be reimbursed to the Executive, upon receipt by the Company of documented evidence of such liabilities, within three (3) business days of the receipt of such documented evidence.

9. Withholding. Anything to the contrary notwithstanding, all payments required to be made by the Company hereunder to the Executive or the Executive's estate or beneficiaries shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation. In lieu of withholding such amounts, the Company may accept other arrangements pursuant to which it is satisfied that such tax and other payroll obligations will be satisfied in a manner complying with applicable law or regulation.

10. Notices. Any notice required or permitted to be given under the terms of this Agreement shall be sufficient if in writing and if sent postage prepaid by registered or certified mail, return receipt requested; by overnight delivery; by courier; or by confirmed telecopy, in the case of the Executive to the Executive's last place of business or residence as shown on the records of the Company, or in the case of the Company to its principal

office as set forth in the first paragraph of this Agreement, or at such other place as it may designate.

11. Waiver. Unless agreed in writing, the failure of either party, at any time, to require performance by the other of any provisions hereunder shall not affect its right thereafter to enforce the same, nor shall a waiver by either party of any breach of any provision hereof be taken or held to be a waiver of any other preceding or succeeding breach of any term or provision of this Agreement. No extension of time for the performance of any obligation or act shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

12. Completeness and Modification. This Agreement constitutes the entire understanding between the parties hereto superseding all prior and contemporaneous agreements or understandings among the parties hereto concerning the Employment Agreement. This Agreement may be amended, modified, superseded or canceled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the parties or, in the case of a waiver, by the party to be charged.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute but one agreement.

14. Binding Effect/Assignment. This Agreement shall be binding upon the parties hereto, their heirs, legal representatives, successors and assigns. This Agreement shall not be assignable by the Executive but shall be assignable by the Company in connection with the sale, transfer or other disposition of its business or to any of the Company's affiliates controlled by or under common control with the Company.

15. Governing Law. This Agreement shall become valid when executed and accepted by Company. The parties agree that it shall be deemed made and entered into in the State of Florida and shall be governed and construed under and in accordance with the laws of the State of Florida. Anything in this Agreement to the contrary notwithstanding, the Executive shall conduct the Executive's business in a lawful manner and faithfully comply with applicable laws or regulations of the state, city or other political subdivision in which the Executive is located.

16. Further Assurances. All parties hereto shall execute and deliver such other instruments and do such other acts as may be necessary to carry out the intent and purposes of this Agreement.

17. Headings. The headings of the sections are for convenience only and shall not control or affect the meaning or construction or limit the scope or intent of any of the provisions of this Agreement.

18. Survival. Any termination of this Agreement shall not, however, affect the ongoing provisions of this Agreement which shall survive such termination in accordance with their terms.

19. Severability. The invalidity or unenforceability, in whole or in part, of any covenant, promise or undertaking, or any section, subsection, paragraph, sentence, clause, phrase or word or of any provision of this Agreement shall not affect the validity or enforceability of the remaining portions thereof.

20. Enforcement. Should it become necessary for any party to institute legal action to enforce the terms and conditions of this Agreement, the successful party will be awarded reasonable attorneys' fees at all trial and appellate levels, expenses and costs.

21. Venue. Company and Employee acknowledge and agree that the 13th Judicial Circuit (or its successor) in and for Hillsborough County, Florida, shall be the venue and exclusive proper forum in which to adjudicate any case or controversy arising either, directly or indirectly, under or in connection with this Agreement and the parties further agree that, in the event of litigation arising out of or in connection with this Agreement in these courts, they will not contest or challenge the jurisdiction or venue of these courts.

22. Construction. This Agreement shall be construed within the fair meaning of each of its terms and not against the party drafting the document.

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS ENTIRE AGREEMENT, HAS HAD THE OPPORTUNITY TO DISCUSS THIS WITH HIS COUNSEL AND FURTHER ACKNOWLEDGES THAT HE UNDERSTANDS THE RESTRICTIONS, TERMS AND CONDITIONS IMPOSED UPON THE EXECUTIVE BY THIS AGREEMENT AND UNDERSTANDS THAT THESE RESTRICTIONS, TERMS AND CONDITIONS MAY BE BINDING UPON THE EXECUTIVE DURING AND AFTER TERMINATION OF THE EMPLOYMENT OF THE EXECUTIVE.



IN WITNESS WHEREOF, the parties have executed this Agreement as of date set forth in the first paragraph of this Agreement.

Witness:

\_\_\_\_\_

The Company:

SEGMENTZ, INC.

By: /s/ Allan Marshall

\_\_\_\_\_  
Allan Marshall  
Chief Executive Officer

Witness:

\_\_\_\_\_

The Executive

/s/ Keith Avery

\_\_\_\_\_  
Keith Avery  
Director of Capacity Management

**AMENDMENT #1  
TO  
EXECUTIVE EMPLOYMENT AGREEMENT**

Reference is made to the Executive Employment Agreement (the "Agreement") dated August 9, 2004, by and among Segmentz, Inc., a Delaware corporation (the "Company"), and Keith Avery (the "Executive"). The Company and the Executive are referred to collectively herein as the "Parties." All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

1. Exercise Price of Options. The Parties hereby agree that Section 5(b) of the Agreement shall be revised such that the exercise of the options issuable thereunder shall be the price equal to the "last sale price" of the Company's common stock on the date of grant of the option, which date of grant shall in every case be a trading day. For purposes hereof, the term "last sale price" shall mean (i) if the common stock is listed on a national securities exchange or quoted on the Nasdaq National Market, Nasdaq SmallCap Market or NASD OTC Bulletin Board (or successor such as the Bulletin Board Exchange), the last sale price of the common stock in the principal trading market for the common stock as reported by the exchange, Nasdaq or the NASD, as the case may be; (ii) if the common stock is not listed on a national securities exchange or quoted on the Nasdaq National Market, Nasdaq SmallCap Market or the NASD OTC Bulletin Board (or successor such as the Bulletin Board Exchange), but is traded in the residual over-the-counter market, the closing bid price for the common stock on the last trading day preceding the date in question for which such quotations are reported by the Pink Sheets, LLC or similar publisher of such quotations; and (iii) if the fair market value of the common stock cannot be determined pursuant to clause (i) or (ii) above, such price as the Board of Directors of the Company shall determine, in good faith.

2. Sole Amendments. The Parties hereby agree that except as modified herein, the Agreement shall remain in full force and effect.

3. Counterparts. This Amendment #1 to Executive Employment Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment #1 to Executive Employment Agreement to be executed on its behalf as of August 31, 2004.

Segmentz, Inc.

By: /s/ Allan Marshal

\_\_\_\_\_  
Name: Allan Marshall

Its: Chief Executive Officer

/s/ Keith Avery

\_\_\_\_\_  
Keith Avery