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November 18, 2009

**Via Facsimile and First-Class Mail**

Mr. Allen Hobart  
Teamsters Joint Council 28  
14675 Interurban Avenue S., #301  
Tukwila, WA 98168

Re: Oak Harbor Freight Lines

Dear Mr. Hobart:

We have just learned that the Western Conference of Teamsters Pension Trust has determined its Unfunded Vested Benefits Liability ("UVBL"). That figure is \$2.9 billion. (See enclosed.) This is a huge amount, three times greater than the UVBL 2005 figure.

Given this new event, please be advised that Oak Harbor Freight Lines will not be proposing the Western Conference of Teamsters Pension Plan in its negotiations for a new labor agreement.

Furthermore, it is important to point out that competitors such as Yellow Roadway, USF Reddaway, Peninsula Truck, and others have been given labor cost

Mr. Al Hobart  
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concessions by the Teamsters. This includes the Western Conference of Teamsters cancelling the pension obligations for YRC for 18 months.

We simply wanted you to know that Oak Harbor will not be proposing the Western Conference of Teamsters Pension and the reasons therefor.

We recognize that many other important issues remain to be resolved by the parties. We look forward to our next scheduled meeting in Mediation and receiving the Union's reply to my letter of September 9, 2009, as we jointly work to achieve a mutually acceptable successor labor agreement at Oak Harbor Freight Lines.

In an effort to help move the process along we are responding to the Union's request that Oak Harbor state its position regarding those provisions that remain tentatively agreeable in the Company's September 22, 2008 offer. Oak Harbor's reply to your request is attached so the various locals may respond for their units.

Sincerely,



John M. Payne

JMP:tac  
Enclosures  
cc: Bob Braun (w/encl.)

**WESTERN CONFERENCE OF TEAMSTERS PENSION PLAN**

**TABLE 2009-12**  
**Age-Longevity of Disabled Pensioners**  
 (Based on Number of Records)

Attained Age Group	Years Since Pension Commencement					Greater than 19	Total
	Less Than 1	1-4	5-9	10-14	15-19		
39 & Under	2	42	39	11	0	0	94
40 - 44	3	91	107	45	21	0	267
45 - 49	13	190	247	129	48	2	629
50 - 54	29	482	508	235	229	37	1,520
55 - 59	65	874	910	413	381	170	2,813
60 - 64	40	764	1,298	733	642	401	3,878
65 - 69	1	163	973	1,034	1,180	687	4,038
70 - 74	0	0	134	722	1,580	1,045	3,481
75 - 79	0	0	0	77	808	1,778	2,663
80 - 84	0	0	0	2	46	1,445	1,493
85 - 89	0	0	0	0	0	683	683
90 & Over	0	0	0	0	0	157	157
<b>Total</b>	<b>153</b>	<b>2,686</b>	<b>4,216</b>	<b>3,401</b>	<b>4,935</b>	<b>6,405</b>	<b>21,716</b>

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**WESTERN CONFERENCE OF TEAMSTERS PENSION PLAN**

**SECTION B — SUMMARY OF PRINCIPAL RESULTS (Continued)**

**2. Funding Status — Estimated Level of Employer Contributions**

The contribution assumption is used to determine the expected amortization period for the Plan's UA1. Based on our review of the recent history of employer contributions and contributory hours, we have assumed that annual employer contributions would be approximately \$1.353 billion, including expected PEBER contributions. This assumed annual employer contribution amount is the same as last year's, based on the anticipation that this year's contribution rate increases would generally be offset by decreases in levels of covered employment.

**3. Funded Status of Vested Benefit Liability**

During 2008, the Plan's Vested Benefit Liability increased by about 3.4%, or \$1.026 billion. The actuarial value of the assets, on the other hand, decreased by 9.1%, or \$2.857 billion. As a result, the Plan has an Unfunded Vested Benefit Liability of \$2.919 billion as of December 31, 2008, based on the actuarial assumptions used for funding purposes.

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**Oak Harbor Freight Lines  
Confirmation of Tentative Agreement  
As Requested by the Local Unions**

The Local Unions have asked Oak Harbor to confirm which sections of its September 22, 2008 Proposal (Document #8) remain tentatively agreeable without further negotiation for inclusion in a new successor agreement. Oak Harbor is in agreement that the following sections remain tentatively agreed to with certain exceptions noted.

- |            |   |
|------------|---|
| Article 1  | Sections 1.01, 1.02, 1.03, 1.04 (a) (b) (c) (d), 1.05, 1.07, 1.08   |
|            | With the Unions' rejection of the Company offer, Sections 1.04.1, and 1.04.2 are again open, with the Oak Harbor offer returning to previous position to delete these sections.   |
| Article 2  | Sections 2.01, 2.01.1, 2.01.2, 2.02.1, 2.02.4, 2.02.5, 2.06 a) b) c) d), 2.07   |
| Article 3  | Sections 3.01, 3.02, 3.03, 3.04 (a) (b) (c), 3.04.1, 3.06   |
|            | With the Unions' rejection of the Company offer, Sections 3.05, 3.08 and 3.09 are again open, with the Oak Harbor offer returning to previous position to delete these sections.  |
| Article 4  | Sections 4.01, 4.01.1, 4.01.2, 4.02, 4.02.1, 4.03.1, 4.03.3, a) b), 4.03.4, 4.05, 4.05.1, 4.05.2, 4.07, 4.08 a) b) c) d) e) f), 4.09, 4.09.1 a) b) c), 4.09.2, 4.09.3, 4.09.4, 4.10, 4.10.1, 4.10.2, 4.11, 4.11.1, 4.12 |
| Article 5  | As discussed at prior meetings the change in the economics necessitates review of many sections of Article 5.   |
|            | Sections Oak Harbor continues to agree to are: 5.02, 5.03, 5.04 , 5.05, 5.07, 5.08  |
| Article 6  | Sections 6.01, 6.02, 6.02.1, 6.02.2, 6.06, 6.07, 6.07.1   |
| Article 7  | Sections 7.01.1, 7.01.2, 7.02 a) b) c) d), 7.03   |
| Article 8  | Sections 8.01, 8.06, 8.06.1, 8.07, 8.07.1 a) b), 8.07.2   |
| Article 9  | Sections 9.01, 9.01.1, 9.01.2, 9.01.3, 9.03, 9.04, 9.04.1, 9.04.2   |
| Article 10 | Sections 10.01, 10.01.1, 10.03, 10.04, 10.05, 10.06, 10.08 (a) (b) (c) (d), 10.08.1, 10.08.2, 10.09, 10.09.1, 10.11   |

Article 11	Sections 11.01, 11.01.1, 11.01.2, 11.01.3, 11.01.4, 11.01.5, 11.01.6, 11.02, 11.03, 11.03.1, 11.03.2, 11.04, 11.05, 11.06.2, 11.06.3, 11.06.4, 11.06.5, 11.06.6, 11.07, 11.07.1, 11.07.2, 11.08
Article 12	Sections 12.01, 12.01.1, 12.02, 12.03.2, 12.04, 12.05.1, 12.05.2
Article 13	Sections 13.01, 13.02, 13.03 a) b), 13.03.1, 13.05, 13.06, 13.06.1, 13.07, 13.08
Article 14	Sections 14.03.3
Article 15	Sections 15.01, 15.04, 15.04.2, 15.04.3, 15.05, 15.06, 15.07, 15.07.1, 15.08, 15.10, 15.11
Article 16	Section 16.01
Article 19	Sections 19.01, 19.02
Article 21	Section 21.03
	With the Unions' rejection of the Company offer Sections 21.01, and 21.02 are again open, with the Oak Harbor offer returning to previous position to delete these sections.
Article 23	This Article is all TA
Article 24	Oak Harbor is open regarding the term of the successor agreement
Appendixes	Oak Harbor is open on the terms on all the various Appendixes Appendix F is TA
LOUs	LOU II , LOU III re ABC and D only
	LOU V is withdrawn, wage addendum is withdrawn, NEW LOU regarding Retirees is withdrawn. (Employer proposes the complete elimination of Retirees Health & Welfare and revision of entire Article 17.)

Except as specifically noted above, all other sections regarding a successor agreement remain open for negotiation and in need of agreement between the parties.