



## Oak Harbor Freight Lines

# Memo

**To:** All Employees  
**From:** David & Ed Vander Pol  
**Date:** 11/20/2009  
**Re:** Negotiation Update

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Just recently the Western Conference of Teamsters Pension Trust (WCTPT) issued their "Actuarial Report" for 2008. There was some disturbing news in this report that has an impact on our Teamster negotiations.

- As of December 31<sup>st</sup>, 2008, the fund was 2.9 billion dollars underfunded. That essentially means they have 2.9 billion dollars less than they need to cover current pension liability obligations.
- By law, if we enter into a new subscription agreement with the Trust, Oak Harbor Freight lines could be liable for a prorated portion of the unfunded liability if we withdraw at a later date.
- As of September of 2008 (when we canceled our obligation to make pension contributions under the applicable subscription agreements) the unfunded liability in the WCTPT, measured back to December 31<sup>st</sup>, 2007, was zero

We believe that entering back into the Western Conference of Teamsters Pension Trust and, potentially taking on a portion of the 2.9 billion dollar unfunded liability, would not be in the best interests of our customers and Oak Harbor Freight Lines particularly with the current instability of some of the larger participants of the Trust, such as YRC. We believe reduction of contributions to the Trust through shrinking workforces and potential business failure of other participating companies will only increase the risk of potential liability to Oak Harbor Freight Lines. For this reason, on November 18, 2009, we issued a letter to Allen Hobart, head of the Teamsters Negotiating committee, advising him that Oak Harbor is no longer proposing the Western Conference of Teamster Pension Trust (WCTPT) as part of a contract.

In an effort to move the negotiating process along, we also included in that letter a list of all the sections from the last proposal that we confirm as tentatively agreeable. A copy of that letter is posted with of this memo.

We are meeting in Mediation with the teamsters negotiating committee today, November 20. As we stated in our letter to Mr. Hobart, it is our hope that they will present a proposal that we can consider.