

Oak Harbor Freight Lines, Inc.

Questions and Answers



Volume 3

Q1 Why did the company expand into California?

A1 There are three reasons why we are adding terminals in California.

1. Increasingly our customers are requesting we provide complete west coast service. In addition to input from customers, we believed our market share in the Pacific Northwest was starting to peak and it would become more difficult to generate new business without gaining it by reducing the price. We believed we would either have to reduce price and, consequently, make it more difficult to be profitable or we would start to see the business shrink and we would have to reduce the company's size. We believed that expanding into Southern California would bring on new business into the Pacific Northwest would allow us to continue to grow in this area. As it turns out, we are currently seeing a reduction in the freight levels in the Pacific Northwest and we are able to counter that with growth from our California business. The business from California is helping keep the operations in the Pacific Northwest running with fewer reductions.

2. As mentioned above, we believed our larger customers were choosing carriers more frequently by the geographical areas they serviced. We think that a carrier that services the entire west coast is more prepared for the competition from Multi-billion dollar carriers than a smaller carrier that only services the Pacific Northwest. We believe we are being considered more often in bids with large customers because of our coverage area than we did when we did not cover the entire west coast.

3. Diversifying our customer base leads to greater stability of overall freight for all terminals which increases job security for us all.

Q2 why did the company change the structure for office wages in the proposal and is it discriminatory?

A2 First, you must know that the proposal does not take anything away from any current employee and actually offers current office employees increases just like all other employees (see offer 7) .

Second, In past contracts we have had 3 tiers of wages for office. That structure has caused problems within our administrative group because it created classes of employees that seem to always play against each other and cause division in our workforce. In our old contract we tried to address this but were unsuccessful. In our current proposal we have eliminated the tiers and created a single set of wages for new office employees or employee changes in office positions. The Offer grandfathered the current employees in the 3 old tier structure, with increases, so that they are not negatively impacted by this change. (See offer 7)

We believe that a single set of wages for new office employees is the right thing to do, and we do not understand how someone might consider it discriminatory.

Q3 Is it true that this month Henry and Ann are celebrating their 70th wedding anniversary?

A3 This is true. If you see Henry or Ann around this month please congratulate them on 70 years of marriage. You may also want to ask for advice on how they did it.

Submit your questions to Asktheboss@oakh.com

For our union represented employees if you have questions you may ask us. If you have feedback or input about our proposal or negotiations you must bring that to the union. The union is the lawful representative of our union represented employees. We simply want employees to have answers to questions about our proposal.