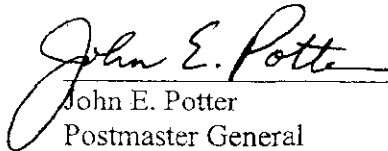
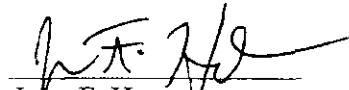


**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE  
UNITED STATES POSTAL SERVICE  
AND THE  
NATIONAL POSTAL MAIL HANDLERS UNION,  
A DIVISION OF THE LABORERS' INTERNATIONAL UNION  
OF NORTH AMERICA, AFL-CIO**

The 2000 "National Agreement" between the United States Postal Service and the National Postal Mail Handlers Union, AFL-CIO, is hereby extended to and including 12 midnight November 20, 2006, and unless either party desires to terminate or modify it, for successive annual periods. The party demanding such termination or modification must serve written notice of such intent to the other party, not less than 90 or more than 120 days before the expiration of the Agreement. All provisions of the 2000 Agreement shall remain in full force and effect during the extension period, except to the extent that those provisions have been revised or added to herein.



John E. Potter  
Postmaster General  
Chief Executive Officer  
United States Postal Service



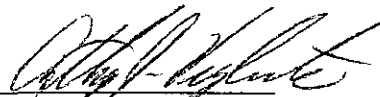
John F. Hegarty  
National President  
National Postal Mail Handlers Union

Dated:

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**Re: Flexible Spending Account**

Effective with the November 2003 Flexible Spending Account (FSA) Open Season to enroll for 2004 plan year health care expenses, the United States Postal Service agrees to increase the maximum allowable employee FSA health care contribution to \$5,000.

  
Anthony J. Vegliante  
Vice President  
Labor Relations  
United States Postal Service

  
John F. Hegarty  
National President  
National Postal Mail Handlers Union

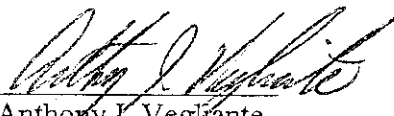
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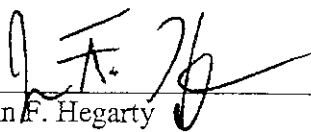
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**Re: Joint Task Force on Article 12**

The parties agree to establish a joint task force for the purpose of discussing and reviewing issues that arise as a result of implementing the provisions of Articles 12.5 and 12.6. The task force shall consist of at least four persons, two each selected by the Employer and the Union.

The work of the task force may include a review of issues that have arisen at the Area and local levels, including the extent of withholding in specific geographic areas or at particular locations. The task force shall make such findings and recommendations as it deems appropriate to facilitate compliance with the principles and requirements of Article 12 and any other related contractual obligations. These recommendations will be submitted to the Postal Service's Vice President, Labor Relations and to the President of the Union. The parties are committed to taking prompt action with respect to the work of the task force.

  
\_\_\_\_\_  
Anthony J. Vegliante  
Vice President  
Labor Relations  
United States Postal Service

  
\_\_\_\_\_  
John F. Hegarty  
National President  
National Postal Mail Handlers Union

Dated:

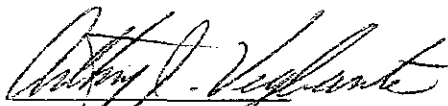
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**Re: Annual Leave Exchange Option**

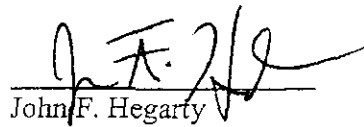
The parties agree that mail handler career employees will be allowed to sell back a maximum of forty (40) hours of annual leave prior to the beginning of the leave year provided the following two criteria are met:

- 1) The employee must be at the maximum leave carry over ceiling at the start of the leave year, and
- 2) The employee must have used fewer than 75 sick leave hours in the leave year immediately preceding the year for which the leave is being exchanged.

This Memorandum of Understanding expires November 20, 2006.



Anthony J. Vegliante  
Vice President  
Labor Relations  
United States Postal Service



John F. Hegarty  
National President  
National Postal Mail Handlers Union

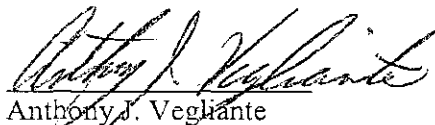
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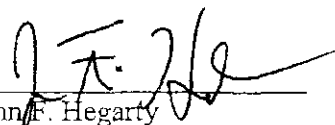
**Re: Education and Training Fund MOU**

The parties agree to modify the Education and Training Fund MOU on page 154 of the National Agreement as follows:

“The Employer shall make available \$1,000,000.00 per year for the Joint Education and Training Committee in Fiscal Years 2002, 2003, 2004, 2005, and 2006. In the event that the maximum allowable annual contribution of the Employer is not used, the remainder shall not carry over to the succeeding fiscal year and no funds will be carried beyond the term of the 2000 Agreement, **as extended**. The Fund shall be supervised by the Joint National Committee. However, the disbursement of any expenditures must be authorized by the appointed chairpersons of each of the respective parties. The appointment of such shall be in writing and provided to each of the parties.”



Anthony J. Vegliante  
Vice President  
Labor Relations  
United States Postal Service



John F. Hegarty  
National President  
National Postal Mail Handlers Union

Dated:

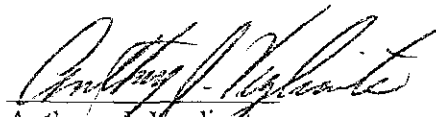
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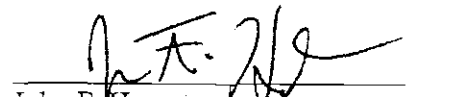
**Re: Workforce Repositioning**

The parties are committed to work together to the extent it becomes necessary to close or consolidate postal plants or other facilities. The parties will explore available options that can address related workforce issues. The Postal Service will meet with the Union at the national level to discuss plans to close or consolidate postal plants or other facilities and to discuss and consider changes to such plans based on input from the Union. Those discussions will include appropriate consideration of the principles and requirements of the applicable provisions of Article 12, including the principle that, in effecting reassignments, dislocation and inconvenience to employees shall be kept to a minimum, consistent with the needs of the Postal Service.

Nothing in this memorandum is intended to negate or alter the applicable requirements of Article 12 of the National Agreement.

This Memorandum of Understanding will terminate upon the expiration of the extension to the 2000 National Agreement.

  
Anthony J. Vegliante  
Vice President  
Labor Relations  
United States Postal Service

  
John F. Hegarty  
National President  
National Postal Mail Handlers Union

Dated:


MEMORANDUM OF UNDERSTANDING  
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**Re: Article 12.3 Principles of Posting – Number of Bids During Contract**

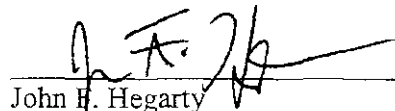
In concert with the agreement to extend the 2000-2004 collective bargaining agreement through November 20, 2006, the parties agree to modify Article 12, Section 3.A.

Specifically, the parties agree that an employee may be designated a successful bidder an additional two (2) times during the extension of the contract.

Therefore, an employee may be designated a successful bidder no more than a total of seven (7) times during the 2000-2006 bargaining agreement. .



Anthony J. Veghante  
Vice President  
Labor Relations  
United States Postal Service



John F. Hegarty  
National President  
National Postal Mail Handlers Union

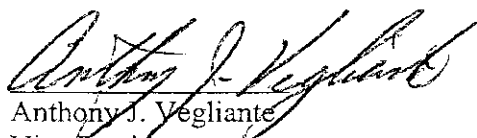
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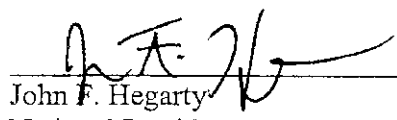
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**Re: Layoff Protection**

Each employee who is employed in the regular work force as of November 20, 2000, and who has not acquired the protection provided under Article 6 shall be protected henceforth against any involuntary layoff or force reduction during the term of this Agreement. It is the intent of this Memorandum of Understanding to provide job security to each such employee during the term of this Agreement; however, in the event Congress repeals or significantly relaxes the Private Express Statutes this Memorandum shall expire upon the enactment of such legislation. In addition, nothing in this Memorandum of Understanding shall diminish the rights of any bargaining-unit employees under Article 6.

Since this Memorandum of Understanding is being entered into on a nonprecedential basis, it shall terminate for all purposes at midnight, November 20, 2006, and may not be cited or used in any subsequent dispute resolution proceedings.

  
Anthony J. Vegliante  
Vice President  
Labor Relations  
United States Postal Service

  
John F. Hegarty  
National President  
National Postal Mail Handlers Union

Dated:



## Article 9, 21, and 26 Revisions

Article 9, Section 1 is amended by adding the following:

**Effective November 27, 2004 - the basic annual salary for each grade and step shall be increased by an amount equal to 1.3% of the basic annual salary for the grade and step in effect on November 20, 2004.**

**Effective November 26, 2005 - the basic annual salary for each grade and step shall be increased by an amount equal to 1.3% of the basic annual salary for the grade and step in effect on November 20, 2004.**

Article 9, Section 4.B. is amended by adding the following:

- the second full pay period after the release of the January 2005 Index.**
- the second full pay period after the release of the July 2005 Index.**
- the second full pay period after the release of the January 2006 Index.**
- the second full pay period after the release of the July 2006 Index.**

Article 21, Section 1.B. is amended as follows:

The adjustment begins on the effective date determined by the Office of Personnel Management in January 2003, January 2004, January 2005, **January 2006, and January 2007.**

Article 21, Section 1.E. is amended as follows:

The limitation upon the Employer's contribution towards any individual employee shall be 88.75% of the subscription charge under the FEHBP in 2003, 2004, 2005, **2006, and 2007.**

Article 26, Section 2 is amended by adding the following:

**\$127 effective November 21, 2004.**  
**\$130 effective November 21, 2005.**

Article 26, Section 3 is amended by adding the following:

**\$64 effective November 21, 2004.**  
**\$65 effective November 21, 2005.**