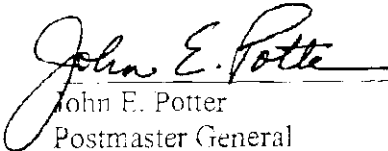
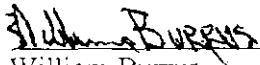


**Memorandum of Understanding
Between The
United States Postal Service
And The
American Postal Workers Union, AFL-CIO**

The 2000 "National Agreement" between the United States Postal Service and the American Postal Workers Union, AFL-CIO, is hereby extended to and including 12 midnight November 20, 2005, 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



William Burrus
President
American Postal Workers
Union, AFL-CIO

Date: 1-14-03

Article 9, Section 1 is amended to provide as follows:

Effective November 15, 2003 - 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 September 6, 2003.

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 September 6, 2003.

Article 9, Section 4.B. is amended to provide as follows:

- the second full pay period after the release of the January 2004 Index.
- the second full pay period after the release of the July 2004 Index.
- 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.

Article 9, Section 8 is amended to provide as follows:

Effective November 15, 2003 - the hourly rate for all grades shall be increased by 1.3% based on the salary schedule in effect on September 6, 2003.

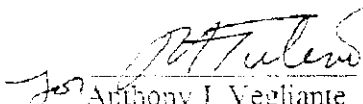
Effective November 27, 2004 - the hourly rate for all grades shall be increased by 1.3% based on the salary schedule in effect on September 6, 2003.

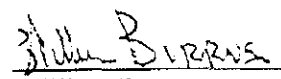
Article 21, Section 1.B. is amended as follows:

The adjustment begins on the effective date determined by the Office of Personnel Management in January 2002, January 2003, January 2004, **January 2005 and January 2006.**

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 2002, 2003, 2004, **2005 and 2006.**


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


William Burrus
President
American Postal Workers
Union, AFL-CIO

Date: 12-19-02

Article 26 Section 2.A. is amended to provide as follows:

Effective November 21, 2003, the annual allowance for all eligible employees shall be increased from \$312.00 per annum to \$320.00 per annum; and from \$134.00 per annum to \$137.00 per annum. The increase shall become effective on the employee's anniversary date.

Effective November 21, 2004, the annual allowance for all eligible employees shall be increased from \$320.00 per annum to \$328.00 per annum; and from \$137.00 per annum to \$140.00 per annum. The increase shall become effective on the employee's anniversary date.

Article 26 Section 2.B. is amended to provide as follows:

Effective November 21, 2003

- \$74.00 if entitled to \$320.00 per annum;
- \$16.00 if entitled to \$137.00 per annum

Effective November 21, 2004

- \$76.00 if entitled to \$328.00 per annum;
- \$17.00 if entitled to \$140.00 per annum

Article 26 Section 3 is amended to provide as follows:

Clerical, Motor Vehicle Maintenance (eligible) – work clothes

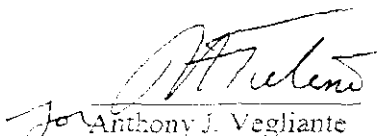
- \$64.00 effective November 21, 2003
- \$66.00 effective November 21, 2004

Custodial Maintenance (eligible) – contract uniform


- \$124.00 effective November 21, 2003
- \$127.00 effective November 21, 2004

Vehicle Maintenance (eligible) – contract uniform

- \$156.00 effective November 21, 2003
- \$160.00 effective November 21, 2004



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



William Burrus
President
American Postal Workers
Union, AFL-CIO


Date: 12-19-02

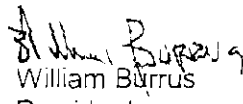
MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO

RE: TE CAREER OPPORTUNITIES MOU – PAGE 274-275

The parties agree to modify the TE career opportunities MOU on page 274-5 as follows:

"4. This agreement will be effective from June 7, 1996, through November 20, 2005. Nothing herein is intended to limit any veteran's preference in hiring as established by law."


Anthony J. Vegliante
Vice President
Labor Relations
U.S. Postal Service


William Burrus
President
American Postal Workers
Union, AFL-CIO

Date: 12-19-02

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO

Re: Workforce Repositioning


Significant and continuing changes in technology, business practices, and the erosion of mail volume prompt the parties to join in the exploration of placement and reassignment strategies for the purpose of shifting the workforce to match changing workload demands.


To that end, the parties agree to the establishment of a joint task force to explore methods of repositioning the workforce in response to the changing business conditions. The joint task force is chartered to explore various methods of repositioning the workforce consistent with the principles of minimizing employee dislocation, maximizing customer service, and maintaining efficient operations. The parties agree that the following subjects will be included among those considered by the task force: compiling existing contractual provisions, arbitration awards, Step 4 agreements and mutually agreed to national level interpretations relative to excessing, utilizing higher level vacancies when placing impacted employees, and dealing with issues that arise when reassigning impacted preference eligible employees.

The task force is to begin its work immediately after the signing of this memorandum. Recommended changes by the joint task force will be submitted to the APWU President and the USPS Vice President, Labor Relations no later than January 31, 2003.

This memorandum does not alter or amend existing contractual rights absent agreement by the parties at the national level. Disagreements over existing national level interpretations of the above-referenced topics will not be subject to arbitration.

This memorandum expires for all purposes, once the task force completes its charter as outlined in paragraph two above, or on November 20, 2005, whichever comes first.


Anthony J. Vegliante
Vice President
Labor Relations
U.S. Postal Service


William Burrus
President
American Postal Workers
Union, AFL-CIO

Date: 12-19-02

Memorandum of Understanding
Between The
United States Postal Service
And The
American Postal Workers Union, AFL-CIO

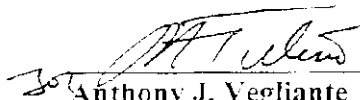
Re: Upgrades

Effective November 29, 2003, the pay levels of the following 2 positions will be upgraded by one-pay level:

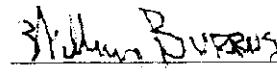
Electronic Technician, PS-10

Electronics Technician, PS-11

Generally, the parties' promotion rules apply with respect to upgrades; however, the parties have agreed on a non-precedential basis that the November 29, 2003, upgrades will be based on a step-to-step upgrade mechanism, including credit for waiting period time already served, for the purpose of implementing these upgrades. This upgrade mechanism is identical to the November 16, 2002, upgrade mechanism for the above 2 positions.



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



William Burrus
President
American Postal Workers
Union, AFL-CIO

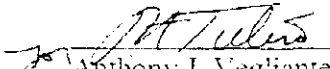
Date: 12-19-02

**Memorandum of Understanding
Between The
United States Postal Service
And The
American Postal Workers Union, AFL-CIO**

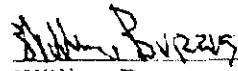
Re: Layoff Protection

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, 2005, and may not be cited or used in any subsequent dispute resolution proceedings.



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



William Burrus
President
American Postal Workers
Union, AFL-CIO

Date: 12-19-02

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO**

RE: COMPUTER FORWARDING SYSTEM – CFS CLERK REASSIGNMENT

The parties agree that whenever the Postal Service decides to reassign CFS clerks from a CFS unit, the appropriate provisions of Article 12 of the collective bargaining agreement will apply, with the following additional provisions:

A. CFS Reassignments:


1. If a determination is made to reassign CFS clerks out of a section, to other crafts, and/or installations, the Area will begin withholding residual vacancies or PTF vacancies, as appropriate, in the same and lower levels within an area, as determined by management, up to the number of career impacted CFS employees. In addition, the Area will also begin withholding residual vacancies or PTF vacancies in higher levels in APWU represented crafts, as appropriate, up to the number of career impacted CFS employees.
2. For the purposes of this agreement, the Test 470 (Battery Exam) requirement is waived for CFS clerks for reassignments or bidding/optioning. Employees optioning for an assignment must meet the other minimum requirements of the duty assignment.
3. Veteran's preference eligible CFS employees will be given priority placement into same and higher level duty assignments and will not be reassigned to a lower level. If there is no same or higher level duty assignment(s) available, the veteran's preference eligible employee(s) will be bypassed and the next senior non-preference eligible employee will be excessed in lieu of the preference eligible.
4. Beginning with local notification that CFS employees will be excessed, if a non-preference eligible CFS employee opts or bids to a lower level duty assignment, he/she will receive saved grade protection in accordance with the following:
 - a. Employees who receive saved grade under this MOU will not be required to bid or apply for vacancies in their former wage level for a period of two years from the time they occupy the lower level duty assignment.
 - b. After the two-year period, employees will be expected to bid or apply to former level duty assignments for which they are qualified or may become qualified by entering a scheme deferment period.

- c. If no employee in the saved grade status bids or applies to the former level duty assignments, the junior employee(s) in the saved grade status will have their saved grade taken away.
- d. An employee in saved grade status who bids or applies for a former wage level duty assignment and is declared the senior bidder but fails to qualify, will lose saved grade protection. No more than one employee in the saved grade status group will have saved grade taken away for each former level duty assignment posted.

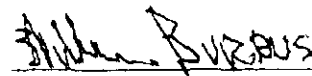
B. CFS EMPLOYEE UPGRADE

The Postal Service and the APWU agree that all remaining PS-4 CFS clerks will be upgraded to PS-5 effective on November 13, 2004. Generally, the parties' promotion rules apply with respect to upgrades; however, the parties have agreed on a non-precedential basis that the November 13, 2004, CFS upgrade will be based on a step-to-step upgrade mechanism, including credit for waiting period time already served, for the purpose of implementing this upgrade.

This agreement is made for the specific circumstances described above and does not alter in any way any other provisions of the collective bargaining agreement. The parties agree that this understanding is without prejudice and will not be used in any forum other than to enforce the provisions within this document.



For Anthony J. Vegliante
Vice President
Labor Relations
U.S. Postal Service



William Burrus
President
American Postal Workers
Union, AFL-CIO

Date: 12-19-02

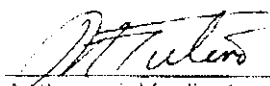
MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO

RE: ARTICLE 12.3. PRINCIPLES OF POSTING – NUMBER OF BIDS DURING
CONTRACT

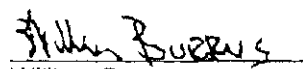
In concert with the agreement to extend the 2000-2003 collective bargaining agreement through November 20, 2005, the parties agree to modify Article 12, Section 3.A.

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 2000-2005 collective bargaining agreement.



Anthony J. Vegliante
Vice President
Labor Relations
U.S. Postal Service



William Burrus
President
American Postal Workers
Union, AFL-CIO

Date: 12-19-02

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO

Re: Excessing


In recognition of the parties' efforts to respond to the need to reposition the workforce by jointly seeking an approach that is consistent with the principles of minimizing employee dislocation, consistent with the needs of the service, it is agreed that the Postal Service will petition the Office of Personnel Management (OPM) for the purpose of implementing Section 8336(d)(2) (voluntary early retirement – CSRS) and Section 8414 (b)(1)(B) (voluntary early retirement – FERS) of Title 5, United States Code for all eligible APWU represented employees, subject to the limitations imposed by OPM. The Postal Service will petition OPM no later than February 1, 2003 and the union will be provided a copy of the petition request.


The Postal Service will place a temporary moratorium on excessing and the reassignment of employees through May 15, 2003. The plan to consolidate installations will be provided to the union in December 2002. This moratorium will not apply to current or future excessings and reassignments, where the APWU and the affected employees receive notice in accordance with Article 12 of the 2000 National Agreement, provided that the impacted employees will be reassigned within the local commuting area of their installation (a 50 mile radius). If a need still exists to reassign employees after termination of the moratorium, employees given notice of reassignment pursuant to Article 12 prior to the date of this agreement will be reassigned.

In light of the need to prepare for the possibility of employee reassignment, the parties agree that the Postal Service will immediately begin withholding all residual vacancies. The need for withholding these residual vacancies is provided by the consolidation plan and recognized pursuant to this memorandum.

Any disputes arising out of this memorandum will be handled in accordance with the Memorandum of Understanding Re: Administrative Disputes Resolution Procedures.

This memorandum expires for all purposes on November 20, 2005.


Anthony J. Vegliante
Vice President
Labor Relations
U.S. Postal Service


William Burrus
President
American Postal Workers
Union, AFL-CIO

Date: 12-19-02

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO**

RE: EMPLOYEE DEVELOPMENTAL OPPORTUNITIES

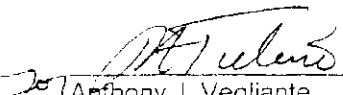
The parties recognize that internal recruitment and development of current bargaining unit career employees for skilled positions is in the best interest of postal employees and the Postal Service. The parties agree to the establishment of a process and program to allow for developmental opportunities for placement of current APWU bargaining unit career employees in the Maintenance department.

In order to improve the opportunity for career APWU bargaining unit employees to qualify for and establish themselves on the appropriate in-craft and/or in-service register(s), the Postal Service will develop and implement a program in those locations where a need is identified. The program will include a process whereby APWU career employees will have an opportunity to express interest in entering a developmental program for future opportunities in the maintenance craft.

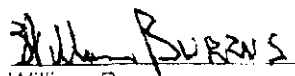
Once created and implemented, APWU bargaining unit career employees who express an interest will be given an opportunity to qualify for placement in the program and subsequent placement in a position in the Maintenance craft. Placement into the Maintenance Craft will follow the provisions of Article 38 of the current APWU-USPS collective bargaining agreement.

If the initial placement resulting from successful completion of the training program is to an Electronic Technician (ET) duty assignment, upon placement into the craft duty assignment, employees will commit to a three year lock-in for that craft from the date placed in the assignment. The employees will not be able to request transfer, in-craft downgrade or bid to a non-skilled position during the lock-in period, but same position designation transfers and in-craft promotions in the installation are permitted. If an employee leaves before the end of the lock-in period, the employee will be responsible for reimbursing the Postal Service for all training costs.

As skilled Maintenance and Motor Vehicle craft positions are identified, developmental programs will be established where needed. Non-skilled employees already assigned to the craft for which the developmental training opportunity assignment is intended will have first priority to qualify for the available training.



Anthony J. Vegliante
Vice President
Labor Relations
U.S. Postal Service



William Burrus
President
American Postal Workers
Union, AFL-CIO

Date: 12-19-02