

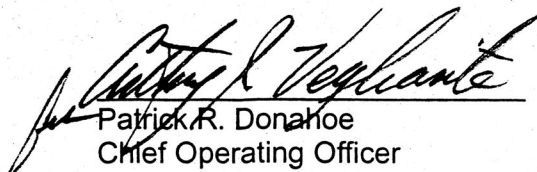
**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
NATIONAL ASSOCIATION OF LETTER CARRIERS,
AFL-CIO**

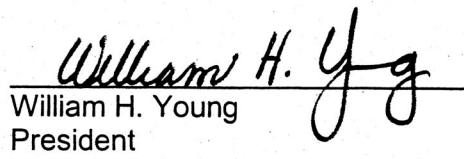
The parties recognize the need to extend the national task force on evaluating and adjusting routes. The task force will continue their activities through FY2005, which ends on September 30, 2005.

From the date of this agreement and during FY2005, the local parties may jointly evaluate routes utilizing locally available data and any agreed upon method. Once the local parties agree to a method, they are required to forward a signed copy of their agreement to the national parties. This agreement must include the total impact that their selected method will have on the affected delivery unit. Local parties not electing the above option will be subject to an evaluation and adjustment process determined by the national parties.

During the moratorium period (4-3-04/8-31-04), special route inspections and those inspections that were to be conducted as a result of a grievance/arbitration decision were suspended. Effective September 1, 2004, these route inspections and adjustments may be implemented using the traditional route inspection process. In addition, requests for special route inspections that meet the criteria of the M-39, Section 271 will be conducted during FY2005. While this memo remains in effect, no other routes will be evaluated and adjusted using the traditional route inspection process outlined in the M-39 Handbook.

It is understood that either party at the national level may terminate these efforts to develop a new route evaluation process, provided it is done so in writing with 14 days advance notice to the other party. If that occurs, all route evaluations and adjustments not agreed to at the local level, will be conducted in accordance with the current applicable handbooks and manuals.


Patrick R. Donahoe
Chief Operating Officer
and Executive Vice President
U.S. Postal Service


William H. Young
President
National Association of Letter
Carriers, AFL-CIO

Date: 8-04-04