



Dale A. Holton, President
National Rural Letter Carriers'
Association
1630 Duke Street, 4th Floor
Alexandria, VA 23314-3465

Re: E95R-4E-C 99103123
Class Action
Oregon City, OR 97045-9998

Dear Dale:

The parties recently met in discussion regarding the above referenced case, which has been presented to a national arbitrator and is pending post hearing briefs.

The issue in this grievance is whether a rural carrier is entitled to additional time credit for handling flats processed on automated equipment when the mail is not in neat order and faced in the same direction (helicopter flats).

During our discussion, we mutually agreed that the following will constitute full and complete settlement of this grievance:

The parties agree that the evidence presented in arbitration by the NRLCA in the above referenced case reveals that flats processed to rural routes on the UFSM 1000 do not always provide a product that can be handled in the same manner as flats presented in relatively neat order. Therefore, except as provided below, the parties agree that effective with the next mail count after the signing of this settlement, and continuing thereafter, rural routes receiving flats processed on the UFSM 1000 will be granted an additional credit for flat volume for the added effort required to handle these flats. An additional volume credit of 17.5 percent will be recorded for flats processed to rural routes from the UFSM 1000 during the mail count. For example, if a rural route during one day of a mail count receives 300 flats processed on the UFSM 1000, an additional 53 flats (rounded to the nearest whole number) will be recorded in Column C on Form 4239.

Processing and Distribution Centers that intend to process flats to rural routes on the UFSM 1000 throughout the year will not modify its processing operation for the sake of the mail count.

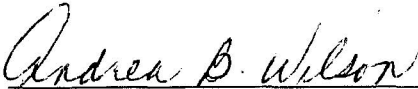
Rural routes that were counted during the February/March 2004 national count and received flats processed on the UFSM 1000 during that mail count will receive additional credit. The additional credit will be calculated as described above. End-of-run reports from the UFSM 1000 will be used to determine the volume of flats processed on the UFSM 1000 to each rural route from February 14 through March 6, 2004. A base hour change will then be processed on affected rural routes as soon as possible, but will be effective no later than June 26, 2004.

The parties agree that currently, flats processed to rural routes on the AFSM 100 do not exhibit characteristics of "helicopter flats" as presented in the Oregon City, Oregon, hearing. However, in the future, should rural routes begin to receive flats processed on the AFSM 100 or any other automated equipment, on a national scale, that are in a condition similar to the flats in the photographs presented in this arbitration hearing and described by the NRLCA as "helicopter flats"; the parties will meet at the national level to address the problem.

As soon as administratively possible, the parties will meet at the national level to determine how to apply this settlement to the particular fact circumstances in the Oregon City, Oregon, grievance and all other grievances held in abeyance pending disposition of this case.


Please sign and return the enclosed copy of this letter as your acknowledgment of agreement to settle the above captioned case and remove it from the arbitrator's authority.

Sincerely,



Andrea B. Wilson
Manager
Contract Administration (NRLCA/NPMHU)

Date: 3/22/04



Dale A. Holton
President
National Rural Letter Carriers' Association

Date: 3/22/04