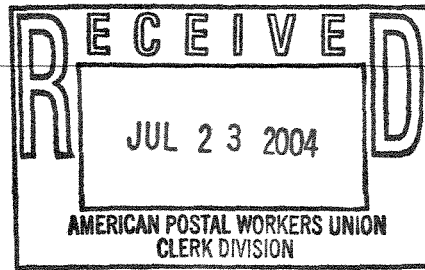


LABOR RELATIONS



July 20, 2004

Mr. James McCarthy
Director, Clerk Division
American Postal Workers Union
1300 L Street, N.W.
Washington, DC 20005-4128

Dear Jim:

This is to provide an update of our plan to implement on a permanent basis the changes piloted in the Northeast Area Facilities Service Center (FSO).

In my last update, I informed you that the Western Area did not begin their consolidation efforts in early April as originally planned. The start date is unknown at this time.

The Southwest Area tentatively scheduled to begin on October 4, 2004. There are 34 contract technicians in the Southwest Area. We anticipate six will be impacted by the FSSP program. These are preliminary numbers.

Capital Metro Area will be combined with the Eastern Area, and we are scheduled to begin August 5, 2004.

There are seven contract technician positions in the Capital Metro Area. Three of those positions are responsible for facilities related duties. These will be abolished or reverted as appropriate. The remainder of the contract technicians who will primarily perform supply management duties will be assigned to the district Finance office.

As more information is provided, I will forward it to you.

If you have any questions regarding the foregoing, please contact me at 202-268-5143.

Sincerely,

A handwritten signature in cursive script that reads "Donna M. Gill".

Donna M. Gill
Labor Relations Specialist
Contract Administration (NRLCA/NPMHU)