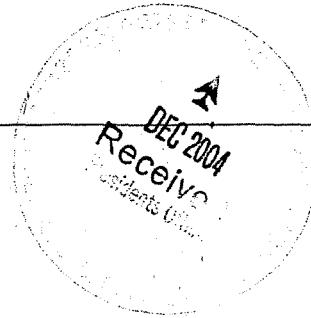


LABOR RELATIONS



December 23, 2004

Mr. William Burrus
President
American Postal Workers
Union, AFL-CIO
1300 L Street, N.W.
Washington, DC 20005-4128

Certified Mail Number
7003 0500 0000 3828 0505

Dear Mr. Burrus:

This is to provide you with additional information regarding the Postal Service's plan to modify 206 of the 534 AFSM 100s with an automatic induction system.

The modification will automate the machine feeding task and will also mechanize current related manual mail preparation and transport activities. The system is expected to increase the speed of the feed and transport. These changes will reduce the staffing requirements for the AFSM 100 and for flat mail preparation. Deployment is estimated to begin in October 2005 and be completed in August 2006.

Impact is expected to clerk and mail handler positions. Currently the AFSM 100 is staffed with three feed operators. With automation of the feed task, there will no longer be a requirement for feed operators. The faster feed and transport speed will allow faster processing and require fewer work hours. Impact also is anticipated to mail handler positions as current decentralized preparation work is centralized, mechanized and located adjacent to the AFSM 100. The modifications will eliminate the need for flat mail preparation into Flat Mail Carts and other containers. Instead four ergonomically designed preparation stations will allow the preparation function to link directly to the AFSM 100.

Net work hour savings are estimated at 889 full-time equivalent employees. The savings include a reduction of the AFSM 100 operating crew, decreases in operation run times, and efficiencies in the preparation activities. Break down of the impact to clerks versus mailhandlers must be determined at the local level due to site differences in preparation operations and other operating constraints.

If you have any questions, please contact Sandy Savoie of my staff at 202-268-3823.

Sincerely,

for
John W. Dockins
Manager
Contract Administration (APWU)