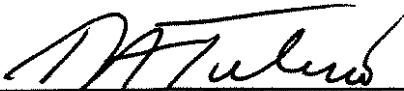


**LETTER OF INTENT  
BETWEEN THE  
UNITED STATES POSTAL SERVICE  
AND THE  
NATIONAL ASSOCIATION OF LETTER CARRIERS, AFL-CIO**

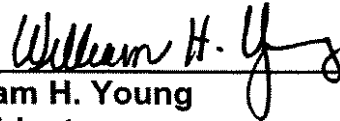
**Re: Subcontracting MOU Issues**

The parties recognize that, in light of continuing changes in technology and the competitive environment in which the Postal Service operates, the Employer cannot commit itself to the maintenance of the MOU on subcontracting on an indefinite basis, and reciprocally, the Union may seek additional restrictions on subcontracting. Accordingly, while the parties' practice has been to keep in place the terms and conditions of the expired contract until a successor agreement is reached voluntarily or by interest arbitration, the Postal Service reserves its rights with regard to not continuing the MOU upon expiration of the National Agreement. Likewise, the NALC reserves its rights with regard to such issue. Further, in the event that the parties do not achieve an agreement for modification or extension of the next collective bargaining agreement, and the continuation of the MOU on subcontracting is an issue to be resolved in interest arbitration, there shall be no presumption that those restrictions are to be carried forward based upon the fact that the provisions of the MOU on subcontracting have been in effect.

The subcontracting modifications provided in the MOU on subcontracting are without prejudice to the positions of the parties with respect to any interpretive issue. Accordingly, the MOU shall not be admissible in any future rights arbitration, except to enforce its terms.



**Doug A. Tulino  
Vice President  
Labor Relations  
U. S. Postal Service**



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

**Date: September 11, 2007**