



August 25, 2009

## ALL POSTAL SERVICE EMPLOYEES

While the Postal Service has had its share of challenges since the beginning of the current economic recession, I want to let you all know what an outstanding job you have done to meet those challenges. We have been very successful in implementing unprecedented cost-cutting and efficiency improvements in a relatively short time frame. We have also maintained high levels of end-to-end service performance and customer satisfaction during this period. You should take great pride in these achievements.

We have relied on natural attrition and the use of voluntary early retirement (VER) to reduce the size of our bargaining unit workforce. Unfortunately, we are projecting additional declines in mail volumes next year and therefore need to accelerate the pace of operational change to bring our costs in line with revenues.

We have an opportunity to improve efficiency in mail processing operations in plants and Post Offices around the country while maintaining very high levels of service. We met with the leadership of the American Postal Workers Union (APWU) and National Postal Mail Handlers Union (NPMHU) to discuss alternatives to achieve operational changes with the least amount of disruption to impacted employees. We concluded that a one-time cash retirement incentive was the best first step in the operational transition. The subsequent negotiated agreement creates an opportunity for select full-time employees to receive a \$15,000 incentive to retire or resign. The \$15,000 incentive will be paid in two installments, depending on retirement or separation date. Most employees will receive \$10,000 in November 2009 and \$5,000 approximately one year later.

With some exceptions, all full-time, part-time regular, and part-time flexible career employees who are represented by the APWU and the NPMHU, and who are eligible for optional or early retirement as of October 31, 2009, will begin receiving annuity information at their home over the next few days. We hope as many of you as possible will take advantage of this opportunity. Although we don't have the deep pockets to make a more generous offer, we believe this one-time incentive is a good value for those who are considering retirement.

Employees who receive this incentive offer will want to take the opportunity to consider their financial security and life beyond the Postal Service and consult with their family and friends. Those who accept the offer should know, as we all do, that even in retirement they will remain valued members of our extended Postal Service family.

This incentive offer is also an important step among the many we have been making recently as we seek to make structural changes in the way we do business. As an organization, we must continue to improve efficiencies and be responsive to a changing marketplace. Every employee plays a vital role. Your continued hard work and dedication to the Postal Service help inspire the confidence of our customers to choose the Postal Service as their preferred business partner and means of communication.

Thank you again for your continued dedication.

A handwritten signature in cursive script that reads "John E. Potter".

John E. Potter