

Mr. William H. Young
President
National Association of Letter
Carriers, AFL-CIO
100 Indiana Avenue, N.W.
Washington, DC 20001-2144

NALC# 8265
Re: Q01N-4Q-C 05022605
Class Action
Washington DC 20260-4100

Dear Mr. Young:

Recently our representatives met in pre-arbitration discussion of the above-referenced grievance.

After reviewing this matter, the parties agree to the following:

The Carrier Optimal Routing (COR) process is a management tool to assist with the adjustment of letter carrier routes pursuant to Chapter 2 of Handbook M-39. No components of the COR program or application of the COR process will be inconsistent with the route inspection, evaluation, or adjustment process found in Chapter 2 of the M-39 Handbook.

Should the Postal Service develop COR for use in the minor route adjustment process, related components of the COR program or application of the COR process will be consistent with the specific minor route adjustment formula in Section 141.19 of Handbook M-39. Local parties that have established, by mutual agreement, an alternate route adjustment method may also use applications of COR consistent with their alternate route adjustment process.

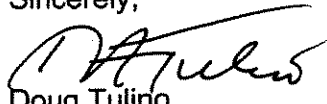
To facilitate the practical application of this understanding, when transferring territory the back of the PS Form 1840 will indicate, by sector segment, any change in street credit from the actual street time used in sector-segment on PS Form 3999; including all relay, travel, allied time, etc. Any such adjustment to the carrier's actual street time must be documented and explained by appropriate comments on the reverse of PS Form 1840. Additionally, any time adjustment to the base street time, which must be selected pursuant to M-39 Section 242.321, will be documented and explained under the comments section on the reverse of PS Form 1840. Travel To, Travel From, and Travel Within times must be validated, documented, and discussed during carrier consultation. The actual time should be taken from the Inspection PS Form 3999, unless a new pattern is created during the route adjustment process. If a new travel pattern has been created, the new times must be validated.

Notwithstanding any disputes regarding documentation of and/or justification for time adjustments made, the intent of the previous paragraph is for the letter carrier to be made aware of any proposed time adjustment to the carrier's base street time and/or to the street time of the territory being transferred. Time adjustments for territory being transferred will be by sector-segment, including all relay, allied, parcels, accountables, etc. Any time adjustment to a carrier's base street time must comply with the M-39 Section 242.345 through 242.347.

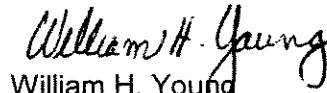
Any grievance held pending a decision on this case will be resolved consistent with the principles of this agreement.

Please sign and return the enclosed copy of this decision as acknowledgment of your agreement to settle this grievance and remove it from the national arbitration docket.

Sincerely,



Doug Tulino
Vice-President
Labor Relations
U.S. Postal Service



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

Date: 7-30-07

The terms of this settlement became effective September 11, 2007 with ratification of the 2006-2011 National Agreement.