

PATRICK R. DONAHOE
POSTMASTER GENERAL, CEO



April 16, 2013

Mr. John F. Hegarty
National President
National Postal Mail Handlers Union
1101 Connecticut Avenue, NW, Suite 500
Washington, DC 20036-4304

Dear Mr. Hegarty:

As you know, we have requested since 2010 that Congress pass comprehensive postal reform legislation. The legislation that we envision would address our financial deficits in a fair and balanced manner. While we have had many assurances of action, there is no accurate way to predict when, or if, a bill will be passed by both the House and the Senate and signed by the President.

Our finances have continued to deteriorate as we have shared with you, in detail, at our monthly meetings. We continue to endure the negative effects of electronic diversion, a weak economy, and increased retiree health benefits and workers' compensation actuarial and accounting liabilities. Despite extraordinary efforts to implement operational improvements that reduce our infrastructure and unit labor costs (many jointly undertaken in negotiations or interest arbitration), the organization's current financial position, particularly our available cash on hand, is untenable. The situation demands urgent action to ensure the near-term viability of our great institution.

It is against this financial backdrop that I request we reopen negotiations as soon as possible to address the potential for further cost reductions. I fully understand the significance of this request and would not make it; however, the financial challenges confronting the organization and all who depend upon its very survival make it necessary.

We will schedule a meeting to discuss your thoughts and ideas on how to proceed. I look forward to your response and your ongoing cooperation in what clearly is a challenge for all of us.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick R. Donahoe", written over a large, stylized blue scribble.

Patrick R. Donahoe