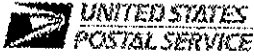


PATRICK R. DONAHOE  
DEPUTY POSTMASTER GENERAL & COO



August 18, 2008

VICE PRESIDENTS, AREA OPERATIONS

SUBJECT: Field Non-Bargaining Job Postings

The July financial results were as follows: Volume was 5.4 percent under plan, revenue was 3.5 percent under plan, and expenses were 2.8 percent under plan, resulting in a net loss of \$216 million. Year-to-date, volume is 3.5 percent under plan, revenue is 3.5 percent under plan, and expenses are 1.4 percent under plan, resulting in a net year-to-date loss of \$1.4 billion.

The net income loss and decreasing workload require a thorough review of all administrative positions. Headquarters is working with Area representatives to determine the appropriate field administrative staffing. As a result, effective immediately, all field non-bargaining position postings are frozen. Any exceptions must be approved by the Area Vice President.

Patrick R. Donahoe