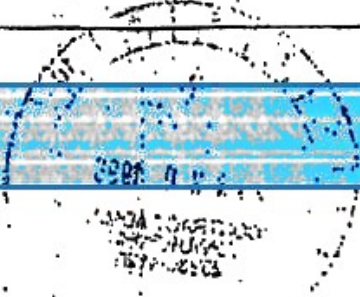


JOHN E. POTTER
VICE PRESIDENT, LABOR RELATIONS



March 20, 1998



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HUMAN RESOURCE MANAGERS (AREA)

SUBJECT: Non-Compliance with Arbitration Awards

It has been brought to our attention that we have an increasing problem with postal managers not complying with arbitration awards and grievance settlements, especially back pay awards.

Arbitration awards and grievance settlements are final and binding. Compliance is not an option but a requirement. One of the few acceptable reasons for non-compliance with an arbitration award is if the Postal Service is seeking to have the award vacated in a federal court, which is very rare. No manager or supervisor has the authority to override an arbitrator's award or a signed grievance settlement.

Please take affirmative steps to ensure that all arbitration awards and grievance settlements are being complied with in a timely fashion. Failure to do so only damages our credibility with both our employees and our unions.


John E. Potter

cc: Mr. William Henderson
Mr. Michael Coughlin