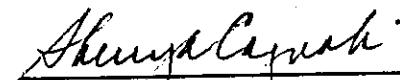


MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
NATIONAL RURAL LETTER CARRIERS' ASSOCIATION

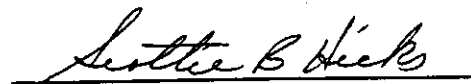
Pre-Tax Payment Of Health Insurance Premiums
For Non-Career Rural Carriers

The above parties hereby agree that the pre-tax payment of Federal Employees Health Benefits (FEHB) Program premiums provided in Article 21 Section 1.D of the 1995 USPS-NRLCA National Agreement shall be extended to non-career rural carriers enrolled in the FEHB. However, this does not change the requirement that the total cost of health insurance is the responsibility of the non-career employee.

Any eligible non-career rural carrier who wants to pay health premiums on a pre-tax basis will be required to make an election to do so in accordance with procedures to be published as soon as administratively practicable. This differs from the procedure for a career employee, who automatically pays premiums on a pre-tax basis unless he or she files a waiver.



Sherry A. Cagnoli
Manager, Contract Administration
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Scottie B. Hicks
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Association