

CLASS FUND DISTRIBUTION PLAN

The Initial Settlement Agreement provides that back pay damages and compensatory damages may be awarded for lost advancement opportunities. It also provides that damages may be recovered for lost promotional opportunities (Assignment, Detail, Training and Award). Depending upon the nature of their claims, Eligible Class Members may be awarded for lost advancement opportunities, lost promotional opportunities, or damages for a combination of both kinds of claims.

Among the 10,543 individuals who submitted Claim Form 1s under the Initial Settlement Agreement, 3,031 claims were dismissed. The remaining 7,512 Eligible Class Members are entitled to receive a portion of the Class Fund.

The Global Settlement Agreement provides that a Class Fund in the amount of \$53,665,767 will be distributed to the Eligible Class Members. This total amount will be distributed as shown below.

- Class Agents Glover and Albrecht will receive \$85,000 each.
- Eligible Class Members other than Glover and Albrecht will receive \$300 each.
- The remainder of the Class Fund will be distributed to Eligible Class Members on a pro-rata basis. An Eligible Class Member's actual pro-rata amount is equal to his/her proportion of the total Settlement Shares (hereinafter "Settlement Share"). The computation of each type of Settlement Share is described below.

Advancement Opportunity Settlement Share Calculations

There are six categories of advancement opportunity damages. Three of the categories are associated with alleged denial of advancement opportunities within the union/craft ranks which are called *grid* promotions.

Grid Promotions:

APWU from grade 5 into 6
NALC from grade 5 into 6
NPMHU from grade 4 into 5

The other three categories are associated with alleged denial of advancement opportunities within the management ranks or relate to the alleged denial of union/craft positions not contained on the grid described above. These categories are called *non-grid* promotions.

Non-Grid Promotions:

Non-Grid Craft into Craft
Craft into Management
Management into Management

Qualification for advancement opportunity damages is determined by responses provided on Claim Form 1s.¹ Those who answered “yes” to question 11B or 12B qualify for grid promotion damages. Eligible Class Members who answered “yes” to questions 11C or 12 C qualify for non-grid promotion damages.² The computation of the number of Settlement Shares awarded to an Eligible Class Member for allegedly denied advancement opportunities are described below.

Grid Advancement Opportunity Settlement Shares:

Back pay Settlement Shares for a grid advancement opportunity claim depend upon the:

- first year that the Eligible Class Member entered a rehabilitation position; and
- type of job (craft or management) in which the Eligible Class Member worked at the onset of rehabilitation status.

The time period over which the Settlement Shares are computed starts with the first year the Eligible Class Member was in a rehabilitation position, or 1992, whichever is later. This loss period ends in the year that the Eligible Class Member terminated, or 2003, whichever is earlier.

Back pay Settlement Shares for grid advancement opportunities are determined by three matrices.³ The matrix that applies to the Eligible Class Member depends upon the type of job that the Eligible Class Member occupied at the onset of rehabilitation status.

- Matrix 1: APWU Advancements from Grade 5 to 6
- Matrix 2: NALC Advancements from Grade 5 to 6
- Matrix 3: Mail Handler Advancements from Grade 4 to 5

Each matrix has three step categories. The step category that applies to an individual Eligible Class Member depends upon the Eligible Class Member’s step category at the time of the lost opportunity.

- Step 1 applies to employees at steps A-E.
- Step 2 applied to employees at steps F-J.

¹ See Claim Form 1, Exhibit 4 to the Initial Settlement Agreement .

² In an limited number of cases where the “yes” box was not checked, but other information on the Claim Form 1 indicates an affirmative response to the relevant question, Class Counsel directed that the claim be treated as if the “yes” box was checked.

³ See **Section VII, B.1.d** and Exhibit 10 of the Initial Settlement Agreement.

- Step 3 applied to employees at steps K-O.

For Eligible Class Members who were employed on November 20, 2003, the Settlement Share amount is determined by the year of the denied advancement opportunity on the relevant matrix at the relevant step category.

For example, the amount of back pay for a Step F APWU employee who was denied advancement from Grade 5 to 6 in 1996 is \$8,817.

Settlement Shares for Eligible Class Members who were not employed by USPS on November 23, 2003 are also determined by the relevant matrix and the step category in which the Eligible Class Member was working at the time of the allegedly denied advancement opportunity. The Eligible Class Members Settlement Share is equal to the dollar amount shown on the matrix/step category that corresponds to the year the opportunity was lost less the amount shown for the year the employee terminated.

For example, the amount of back pay for a Step F APWU employee who was denied advancement from Grade 5 to 6 in 1996 and retired in 1999 is \$3,424 (\$8,817 - \$5,393).

If the Eligible Class Member separated from USPS prior to November 20, 2003, then the Settlement Shares are pro-rated for the proportion of the separation year that the employee worked. Likewise, Settlement Shares for any year in which the Eligible Class Member was On Leave Without Pay (NOA = 460) are also pro-rated for the proportion of the year that the employee worked.

Non-Grid Advancement Opportunity Settlement Shares:

Back pay Settlement Shares for a non-grid advancement opportunity claim depend upon the:

- first year that the Eligible Class Member entered a rehabilitation position; and
- type of job (craft or management) in which the Eligible Class Member worked at the onset of rehabilitation status.

The time period over which the Settlement Shares are computed starts with the first year the Eligible Class Member was in a rehabilitation position, or 1992, whichever is later. This loss period ends in the year that the Eligible Class Member terminated, or 2003, whichever is earlier.

As shown below, the type of advancement claim for which an Eligible Class Member is considered is determined by the type of job that the employee occupied upon entry into a rehabilitation position.

<i>First Rehabilitation Job</i> Grid Craft	<i>Lost Advancement Opportunity Category</i> Grid Craft to Craft Grid Craft to Management
Non-grid Craft	Non-grid Craft to Craft Non-grid Craft to Management
Management	Management to Management

The first step in the calculation of Settlement Shares for non-grid lost advancement opportunities is to estimate the salary that the Eligible Class Member would have been paid in each year if he/she had advanced.⁴ The “advanced” salary for the first year of the loss period is estimated by applying a percentage increase to the Eligible Class Member’s actual salary in that year. A percentage increase is also applied to the “advanced” salary in each subsequent year of the loss period. The percentage increases that are used to estimate the “advanced” salary are the rates of salary increase received by employees who were actually promoted in the Eligible Class Member’s first year of rehabilitation (or 1992, whichever is later) and who were in the same grade as the Eligible Class Member.

Second, for each year during the relevant time period, subtract the Eligible Class Member’s actual salary from the “advanced” salary (from step one).

Third, sum the annual differences computed at step two. If the sum of these differences is positive, the Eligible Class Member receives that number of back pay advancement opportunity shares. If the sum is zero or negative (i.e., over the relevant time period, the Eligible Class Member had higher earnings than the “advanced” amount), then the Eligible Class Member receives zero Settlement Shares for that advancement opportunity back pay claim.

Fourth, if the Eligible Class Member separated from USPS prior to November 20, 2003, then the Settlement Shares are pro-rated for the proportion of the separation year that the employee worked. Likewise, Settlement Shares for any year in which the Eligible Class Member was On Leave Without Pay (NOA = 460) are also pro-rated for the proportion of the year that the employee worked.

Final Settlement Shares for Lost Advancement Opportunities:

If the Eligible Class Member has Settlement Shares computed for more than one advancement opportunity category (grid or non-grid), the “unadjusted” damage amount awarded to the Eligible Class Member is the largest of these computed amounts.

⁴ **Section VII.B.1.d** of the Initial Settlement Agreement states, “Back pay for Advancement Opportunity claims involving movement 1) from craft to any non-craft (such as Executive and Administrative Schedule, also known as EAS) positions, 2) from craft to best qualified craft positions, or 3) from any non-craft (EAS) position to any non-craft (EAS) position will be determined by individual back pay calculations pursuant to normal USPS policy.”

Adjustments are made to some Eligible Class Members' Settlement Shares. As described below, these adjustments depend upon whether or not the:

- Claim Form 1 indicated that he/she applied for the advancement opportunity; and
- Eligible Class Member was actually promoted after the first rehabilitation date, according to the USPS' electronic job history data.

If the Eligible Class Member did not indicate that he/she applied for any advancement opportunities and did not advance after the earliest rehabilitation date, the Eligible Class Member receives the unadjusted Settlement Shares.

If the Eligible Class Member indicated that he/she did apply for the type of advancement opportunity for which Settlement Shares are to be awarded, but did not advance after the earliest rehabilitation date, then the unadjusted Settlement Shares are increased by 25%.

If the Eligible Class Member indicated that he/she did apply for the type of advancement opportunity for which Settlement Shares are to be awarded and did advance after the earliest rehabilitation date, then the individual receives 75% of the unadjusted Settlement Shares.

If the Eligible Class Member did not indicate that he/she applied for the type of advancement opportunity for which Settlement Shares are to be awarded, but was selected for advancement after the earliest rehabilitation date, then the Eligible Class Member receives 50% of the unadjusted amount.

Compensatory Settlement Share Calculations:

All Eligible Class Members who are qualified to receive back pay Settlement Shares for an alleged lost advancement opportunity are also qualified for compensatory damage Settlement Shares. As described on page 40 of the Initial Settlement Agreement, compensatory damages are awarded as follows.

For Advancement Opportunity claims, compensatory damages can be awarded only pursuant to the agreed-upon matrix, ranging from a maximum of ten thousand dollars (\$10,000) for Advancement Opportunities denied in 1992 to a minimum of four thousand five hundred fifty dollars (\$4,550) for Advancement Opportunities denied in 2003, as follows:

<i>Year</i>	<i>Amount</i>
<i>1992</i>	<i>\$10,000</i>
<i>1993</i>	<i>\$9,500</i>
<i>1994</i>	<i>\$9,000</i>
<i>1995</i>	<i>\$8,500</i>

1996	\$8,000
1997	\$7,500
1998	\$7,000
1999	\$6,500
2000	\$6,000
2001	\$5,500
2002	\$5,000
2003	\$4,500

Promotional Opportunities (Assignment, Detail, Training and Award) Settlement Share Calculations:

Eligible Class Members qualify for promotional opportunity shares based on responses provided in Claim Form 1s. Eligible Class Members who *have advancement opportunity Settlement Shares* qualify for promotional opportunity damage Settlement Shares in three categories – Assignment/Detail, Training and Award.

Eligible Class Members who *do not have advancement opportunity damage Settlement Shares* qualify for promotional damage Settlement Shares in four categories – Assignment, Detail, Training and Award.

Eligible Class Members who qualify for only one category of lost promotional opportunities receive: \$2,000 if the lost opportunity category is Assignment or Detail;

\$500 if the lost opportunity category is Training; and
\$300 if the lost opportunity category is Award.

Eligible Class Members who qualify for lost promotional opportunity claims can be awarded Settlement Shares in a maximum of two categories. The two categories chosen are the two with the largest Settlement Shares. Settlement Shares for each single category or combination of two categories are shown below.

Assignment	\$2,000	\$2,000 Total
Assignment/Training	\$2,000/\$500	\$2,500 Total
Assignment/Award	\$2,000/\$300	\$2,300 Total
Assignment/Detail	\$2,000/\$2,000	\$4,000 Total
Training	\$500	\$500 Total
Training/Award	\$500/\$300	\$800 Total
Training/Detail	\$500/\$2,000	\$2,500 Total
Award	\$300	\$300 Total
Award/Detail	\$300/\$2,000	\$2,300 Total
Detail	\$2,000	\$2,000 Total

Final Settlement Share Calculations:

All Eligible Class Members except Glover and Albrecht will receive \$300 plus their pro-rata Settlement Share of the remaining Class Fund.

The Settlement Shares for all claimants are summed to obtain Total Settlement Shares. An individual's proportion of the Total Settlement Shares is computed by dividing the Eligible Class Members Settlement Share (advancement opportunity, compensatory and promotional opportunity Settlement Shares) by the Total Settlement Shares. To determine the individual's Settlement Share payment, this percentage is multiplied by the size of the Class Fund remaining after the Glover/Albrecht payments and the \$300 payments to each other Eligible Class Member have been made.

Wage and Non-wage Awards:

The monetary damages for each Eligible Class Member will be partitioned into "wage" and "non-wage" amounts.

For Eligible Class Members who will only receive the \$300 base settlement amount, 75% is wages and 25% is non-wages.

The entire advancement opportunity back pay damage amount is classified as wages.

The entire advancement opportunity compensatory damage amount is classified as non-wages.

Seventy-five percent of the promotional opportunity damage amount is classified as wages and 25% is classified as non-wages.