

## FACT SHEET

### MODIFIED NETWORK REALIGNMENT PLAN

*Nine Month Process; \$1.2 Billion in Annual Savings*

#### Taking responsible steps toward financial stability

Due to the rapid decline in the use of First-Class Mail, the Postal Service is realigning its operational networks to gain important efficiencies and help return the organization to financial stability. The Postal Service is making the tough decisions it needs to make in order to return to a stronger financial footing.

#### Achieving \$2.1 Billion in Total Annual Savings by 2014

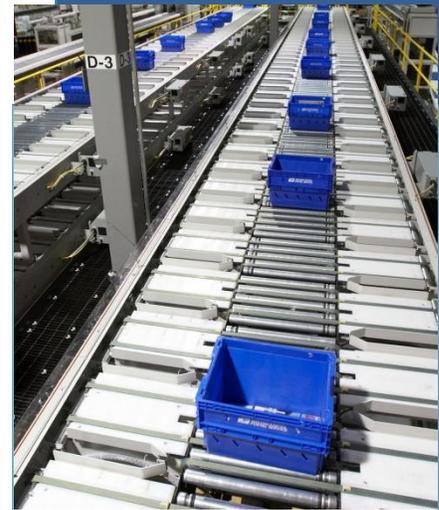
By realigning our mail processing network, the Postal Service can achieve \$1.2 billion dollars in annual savings by February 2013. Approximately a billion dollars in additional savings can be achieved by early 2014. The realignment of the Postal Service operations is one part of a larger, comprehensive plan to reduce costs by \$20 billion by 2015.

#### Providing a smooth transition for our customers

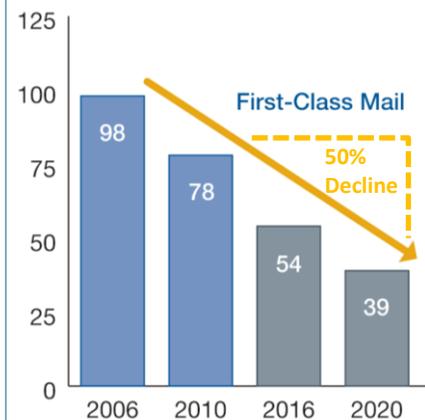
The Postal Service is committed to ensuring a smooth transition for our customers as we create a more efficient footprint of mail processing facilities. We will be transparent about our planning process and will provide ample time for our customers to prepare for our service changes. We will provide logistical solutions for our business customers. **We expect our transition will be virtually unnoticeable to the 150 million residents and businesses we deliver to everyday.**

#### Proceeding with consolidations but over a longer time span

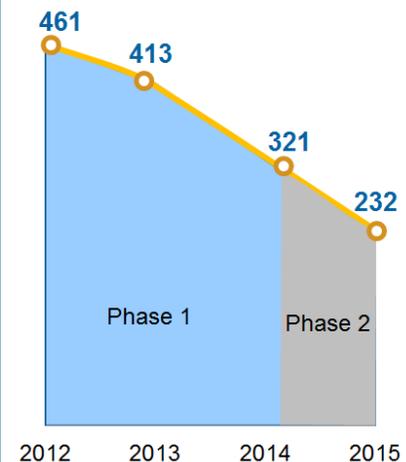
The Postal Service will implement the network realignment in two phases over 18 months to ensure customers and employees have time to adapt. Given the lengthy notification process and self-imposed moratorium on network changes during the busy fall mailing season, the Postal Service will conduct limited consolidation activity at approximately 48 locations starting in July. Consolidation activity would be completed at a total of 140 locations by February 2013, achieving an annual cost savings of \$1.2 billion. A second phase of 89 consolidations would be completed by early 2014. Phase 2 will achieve nearly a billion dollars in additional annual savings.



#### QUICK FACTS



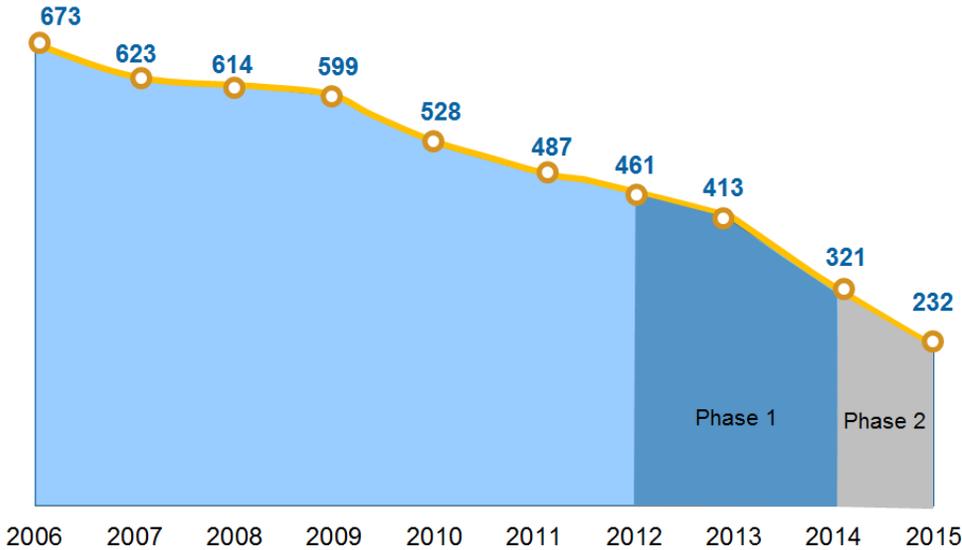
#### Modified Timeline in Reducing Our Mail Processing Footprint





## Proven track record of consolidation while maintaining excellent performance – Over 200 locations since 2006

Since 2006, the Postal Service has been diligent in reacting to volume declines by reducing mail processing facilities by 27% or 200 fewer facilities.



## Local Overnight Delivery Standard Maintained Through 2013

In order to achieve cost savings and reduce our mail processing footprint, service standards will be modified. Overnight delivery within a facility’s service area will be maintained through 2013. The overnight delivery standard would be modified again in Phase II to enable additional reductions in order to achieve additional savings.

## Commitment to Our Dedicated Employees

Reducing our mail processing footprint will result in a reduction in our workforce. The Postal Service has a proven track record of working with affected employees to minimize potential impacts. We believe most reductions will occur through attrition. USPS is working with unions for an employee incentive and will announce when a final decision is made. We are committed to a careful and thoughtful transition for our dedicated workforce.

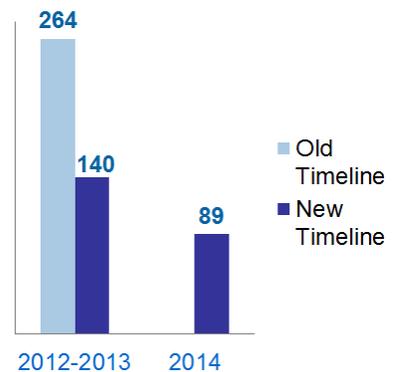
*“Our current plan meets our cost reduction goals, ensures seamless and excellent service performance throughout the implementation period, and provides adequate time for our customers to adapt to our network changes.”*

**Patrick R. Donahoe, Postmaster General/Chief Executive Officer of the United States Postal Service**



## QUICK FACTS

### Revised Timeline



**Postal Service has consolidated over 200 locations since 2006**

**Postal Service has reduced its workforce by 244,000 since 2000 without layoffs**

**Network Realignment plan is part of a comprehensive plan to reduce costs by \$20 billion by 2015**



For more information, go to:

<http://about.usps.com/news/electronic-press-kits/our-future-network>