



Special Update from the U.S. Postal Service

June 30, 2014

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Dear Valued Suppliers,

You are receiving this newsletter from the Postal Service as you have registered your interest to do business with the Postal Service or your e-mail is on file as a point of contact for a current or past contract. Please share this newsletter with your colleagues within your company as it contains important supplier related information about the Postal Service.

As part of our communications plan to keep our suppliers fully informed of all major initiatives affecting them, please see the recently released information from the U.S. Postal Service.

This issue is simultaneously being sent to USPS Supply Management employees for their information.

Thank you!

U.S. Postal Service Network Rationalization Update

USPS to Resume Efforts Early Next Year



The United States Postal Service is planning to resume the rationalization of our network of mail processing facilities which began in 2012. To provide adequate time for planning and preparation, the Postal Service is providing this six-month advance notice of consolidations, for up to 82 facilities, which will begin early January 2015 and be completed by the fall mailing season.

The Postal Service will provide detailed information about its network rationalization planning in the coming weeks. As with prior network rationalization efforts, the Postal Service will work closely with customers to mitigate potential issues associated with transportation and logistical requirements.

In 2012 and 2013, the Postal Service consolidated 141 mail processing facilities. This rationalization was highly successful, resulted in negligible service impact, generating

annualized cost savings of \$865 million and required no employee layoffs. The Postal Service expects the completion of this phase of network rationalization will generate an additional \$750 million in annual savings.

Why are we taking this step now?

Over the past three years, the Postal Service recorded financial losses of \$26 billion. The Postal Service receives no tax-payer funds to pay for operating costs and derives all of its revenues from the sale of our products and services, and continues to face significant financial challenges associated with the decline of First-Class Mail volume and revenue, wage and benefit inflation, increasing operating costs, as well as legislative mandates and significant debt pressures. Moreover, the uncertainty regarding legislative reform and review of postal rates in the courts continues to delay needed capital investments to acquire package sorting equipment and replace an aging mail delivery fleet.

We believe strongly that this phase of network rationalization will establish the low-cost, technology-centric delivery platform necessary to serve the mailing and shipping industry for decades to come. We look forward to discussing our specific plans for our network in the coming weeks.

The list of facilities to be consolidated after January of 2015 is available at <http://about.usps.com/news/electronic-press-kits/our-future-network/welcome.htm>.

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The Postal Service™ receives no tax dollars for operating expenses and relies on the sale of postage, products, and services to fund its operations.

ARE YOU REGISTERED TO DO BUSINESS WITH THE U.S. POSTAL SERVICE?

More than 11,000 suppliers have registered since our launch of the Supplier Registration site in July 2009.

All suppliers interested in doing business with the U.S. Postal Service should register their company in the Postal Service Supplier Registration system.

For more information, please go to <http://about.usps.com/suppliers/becoming/registration.htm>.

CONTACT US!

We value your questions and feedback to this newsletter. Please feel free to reply to this message with your feedback or mail to:

U.S. Postal Service
Supply Management Communications
475 L'Enfant Plaza, SW, Room 1100
Washington, DC 20260-6201

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