

FREQUENTLY ASKED QUESTIONS

AREA MAIL PROCESSING STUDY DECISION 2012

In a move to help ensure the future of the nation's mail system, while adapting to America's changing mailing trends, the U.S. Postal Service today announced that the Area Mail Processing consolidation studies that began more than five months ago have been completed.

Implementation of these consolidations is contingent upon the outcome of pending rulemaking regarding a proposal to revise existing service standards. In addition, the Postal Service has committed to members of the U.S. Senate that it will not close or consolidate any postal facility prior to May 15, 2012. Accordingly, if service standard changes are adopted, any related operational changes and facility closures will occur after that date.

On Sep. 15, 2011, the Postal Service announced it would study 252 processing facilities for possible closure. At that time, the Postal Service announced that it was considering changing service standards and an Advance Notice of Proposed Rulemaking was filed with the Federal Register.

Prior to the Sep. 15 announcement, eight facility studies had already been initiated and four additional studies were undertaken sometime thereafter — the total number of facilities studied was actually 264.

Of the 264 processing facilities studied, 6 are on hold for further internal study, 35 will remain open for now and 223 will be consolidated all or in part. In accordance with postal personnel policy and collective bargaining agreements, this announcement is the beginning of a notification process now under way that will permit the Postal Service to begin implementing the national processing facility realignment if the service standard revisions are approved and on a schedule consistent with its commitment to postpone any such action until after May 15, 2012.

These changes are a necessary part of a larger comprehensive plan developed by the Postal Service to reduce operating costs by \$20 billion by 2015 and return the organization to profitability.

Employees in the affected facilities have been notified of the study results, as have the unions, management associations and Congressional representatives.

Here are the facts driving this effort:

- The changes being planned are a necessary part of a larger comprehensive plan developed by the Postal Service to reduce operating costs by \$20 billion by 2015 and return the organization to profitability.
- Since 2006, First-Class Mail volume has rapidly declined, leaving a mail mix that generates far less revenue than it costs to sustain postal operations.
- The dramatic decline in mail volume has resulted in an enormous amount of excess capacity within the network, creating significant opportunity for consolidation.
- The Postal Service continually assesses its infrastructure, network, logistics capabilities and mail processing operations and constantly makes changes designed to improve efficiencies by making better use of space, staffing, equipment and transportation to process the nation's mail.
- The Postal Service is in the midst of a financial crisis due to the combined effects of the economic recession, increased use of electronic communications, and an obligation to

prefund Retiree Health Benefits (RHB). First-Class Mail volume has deteriorated, leading to significant revenue declines, and the obligation to prefund RHB on an accelerated basis remains unresolved. To date, legislative proposals to address the financial crisis remain pending, leaving the Postal Service and the mailing industry it supports in an increasingly precarious position.

- In December 2011, the Postal Service agreed to impose a moratorium on closing Post Offices and processing facilities prior to May 15, 2012. Therefore, the earliest closing date would be May 19, 2012.

WHAT IS NETWORK OPTIMIZATION?

For decades the Postal Service expanded its network and infrastructure to accommodate a growing nation and an exponential increase in mail volume. The nationwide expansion resulted in more vehicles, more processing facilities, more processing equipment and more employees. Through network optimization, the Postal Service adapts its network and infrastructure to the realities it's facing today — that for the first time in its history, the Postal Service must significantly reduce capacity across the board.

WHAT IS AN AREA MAIL PROCESSING STUDY?

An Area Mail Processing (AMP) study is the consolidation of mail processing operations to improve operational efficiency and/or service. An AMP study may involve the consolidation of originating operations (canceling and sorting locally generated mail at a facility close to where the mail originates), destination operations (sorting and preparing mail received from more distant areas for local delivery) or both. The intent is to more efficiently use Postal Service equipment, facilities, staff work hours and transportation.

Additional information can be found at <http://about.usps.com/streamlining-operations/area-mail-processing.htm>.

DOES THIS DECISION ANNOUNCEMENT BREAK THE MORATORIUM?

The statement released mid-December specified that the Postal Service would continue all necessary steps required for the review of these facilities during the interim period, including public input meetings. The moratorium prevents the actual physical closure of Post Offices and mail processing facilities.

WHERE IS THE LIST OF PROCESSING FACILITIES THAT WERE ANNOUNCED ON SEP. 15, 2011?

The list of facilities can be found at <http://about.usps.com/news/electronic-press-kits/our-future-network/welcome.htm>.

HOW MANY OF THE 264 PROCESSING FACILITIES WILL BE CLOSED?

Of the 264 facilities, 223 have been found feasible to consolidate all or in part.

HOW MANY OF THE 264 PROCESSING FACILITIES WENT THROUGH THE AMP STUDY PROCESS?

212 facilities went through the AMP study process. Of the 212, 183 have been found feasible to consolidate some or all operations.

WHY DIDN'T THE REMAINING 52 FACILITIES GO THROUGH THE AMP STUDY PROCESS?

The Postal Service can close annexes and mail processing operations within customer service facilities without going through the AMP study process.

HOW MANY OF THE 52 FACILITIES THAT DIDN'T GO THROUGH THE AMP STUDY PROCESS WILL BE CONSOLIDATED?

40 of the 52 facilities will be consolidated — all or in part. During the week of Feb. 6, the Postal Service placed paid notices in newspapers in the affected locations soliciting comments regarding the potential processing operation consolidation in the respective communities. While no public meetings are required for these facility studies, the Postal Service is encouraging customers and mailers to provide feedback.

WHICH FACILITIES WILL BE AFFECTED?

The list of affected processing facilities can be found at usps.com/postalnetworkchanges.

WHEN WILL THE FACILITIES ACTUALLY CLOSE?

This will be handled locally — local management, local decisions — with timing based on the needs of the service.

WILL THE POSTAL SERVICE SELL THE FACILITIES?

These decisions will be made based on the needs of the service. The Postal Service has entered into a contract with CBRE to represent postal interests regarding the sale of any and all postal-owned properties. More information can be found at <http://uspspropertiesforsale.com/>.

HOW MUCH MONEY WILL BE SAVED AS A RESULT OF THESE CLOSURES?

The Postal Service is projecting \$2.1 billion in cost savings as a result of this initiative.

WHERE WILL MAIL FROM THE CLOSING LOCATIONS BE PROCESSED?

The list of affected facilities and where the mail processed in that location will be processed in the future can be found at usps.com/postalnetworkchanges.

WHAT FACILITIES WILL REMAIN OPEN AT THIS TIME?

The list at usps.com/ourfuturenetwork includes the status of all 264 processing facilities that were studied.

WHY WERE SOME FACILITIES REMOVED FROM CONSIDERATION?

The decision to keep some facilities open at this time was based on logistical challenges and capacity issues associated with today's mail volume. The fact that not all facilities will be closed is evidence the AMP study process works.

WERE PUBLIC COMMENTS REVIEWED AND CONSIDERED?

Yes. All comments received were carefully reviewed.

WHEN WILL SERVICE STANDARDS CHANGE?

At this point in time, service standard changes are scheduled to go into effect this spring.

WHAT CRITERIA WERE USED TO STUDY THE FACILITIES?

Projected savings, service issues, transportation and logistic networks, capacity within processing plant, amount of required capacity necessary, equipment usage and maximizing capacity across the board.

HOW MANY JOBS WILL BE AFFECTED?

When a plant closes, it does not mean every employee loses their job. We project a reduction

of 30,000 full-time and 5,000 non-career positions. However, let us be clear. The Postal Service has a proven track record of working with affected employees to find opportunities at other locations. In fact, the Postal Service reduced 140,000 positions in the last four years without laying off a single career employee. As a responsible employer, we are working with the unions and management associations to work through this issue. If we move forward, we will follow the requirements of the collective bargaining agreements where they apply, and all other requirements of the law.

WHAT TYPES OF JOBS WILL BE AFFECTED?

This move will affect clerks, mail handlers, mechanics, motor vehicle operators, custodians, maintenance employees, supervisors, managers and other administrative personnel. Before any plan is implemented, the Postal Service will meet its legal and contractual obligations to its labor unions, as well as its consultation obligations to the management associations.

WHAT HAPPENS TO PEOPLE WHO DON'T GET JOBS?

The Postal Service will follow the requirements of the collective bargaining agreements where they apply and all requirements of the law.