

# Preparing for the 2021 Peak Holiday Season

During the past year, we have methodically identified our challenges during the 2020 peak season, as outlined below, and addressed each to give us a path to achieve our goals for the upcoming 2021 peak holiday season.

## 2020 Challenges



### Shift in Consumer Demand

Changing consumer demand, accelerated by the COVID-19 pandemic, yielded historic package volumes in 2020. Those volumes strained our processing network, which was originally built for high volumes of letters and flats.



### Chronic Underinvestment

A decade's worth of chronic underinvestment in our processing infrastructure exacerbated the problem. The result was a severely capacity-constrained Postal system with inadequate levels of resources – space, people, and equipment.



### Transportation

The outdated design of our network – including unattainable service standards despite a wide range of extraordinary efforts – led to added risk, cost, delays, and reliance on third parties.

- Contracted air carrier on-time performance fell to 58% in December 2020.



### Processing

Our misaligned processing network could not adapt to an unprecedented customer demand for packages.

- 99% of plants missed their package processing deadlines.
- Backups of package volume contributed to both mail and package delays as aisles were jammed, docks were overloaded, and the flow of product within our facilities and into / out of our facilities was disrupted.



### Workforce

Significant absenteeism and high turnover within our workforce, which were exacerbated by the pandemic, impacted peak season service performance.



### 2020 Election

Necessary network changes were postponed during the 2020 election when local management used extraordinary measures to accelerate the delivery of ballots.

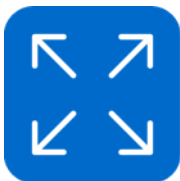
## Key Actions to Deliver On-Time During the 2021 Holiday Season

We began planning for this upcoming holiday season earlier than any other year. We have accelerated key processing, logistics, and delivery investments to meet customers' evolving mail and package needs. Our proactive measures not only correspond to challenges faced last year but also align to our Delivering for America plan. The organization is executing on strategies to pull together people, technology, transportation, equipment, and facilities into a well-integrated and streamlined mail and package network. Our preparations include:



### Ensuring Reliable Transportation Options

- **Diversifying volume traveling across the air network** among additional air carriers and more reliable surface transportation providers.
- Expanding the surface transfer center network to, among other things, mitigate driver shortage issues.
- **Leased over 2,700 trailers** dedicated for peak season.
- Working to acquire **parking lots to prevent trailer parking in residential areas.**



### Expanding Facility Footprint

- **Leasing annexes to create more space**, which will resolve bottlenecks and improve the flow of mail and packages into, out of, and within our facilities.
  - **7.5 million square feet of additional space** across more than **40 multiyear annexes** where we are experiencing year-round space constraints due to parcel growth.
  - Over **80 additional processing, logistics and delivery annexes** where our operations require additional space during peak season.



### Procuring Additional Package Sortation Equipment

- **112 package sorters procured** to expedite the handling and sortation of increased package volumes.
  - **61 have been installed to date**, including 23 deployed at delivery units.
- More than **50 additional package systems capable of sorting large packages** are expected to be deployed prior to December.
- **4.5 million additional packages can be sorted each day** utilizing newly deployed package sortation equipment.



### Stabilizing the Workforce

Two main focuses of the year have been stabilizing our workforce through improved retention and non-career to career conversions as well as amplifying our hiring efforts to fill every available position and ensure an adequate employee base for peak season.

- **33,000 current non-career employees will be converted to career status** by peak season.
- **40,000 seasonal employees will be hired for peak season** and will begin work earlier than last year, allowing more time, training, and experience on the job prior to volume increases.

## 2021 Service Performance Improvements

Since the challenging 2020 peak season, we have worked to continually improve and stabilize service performance. We have recalculated letter, flat, and package processing operating plans to drive predictability and operational discipline. These refined and site-specific targets have improved key processing performance indicators including start-on-time, end-on-time, schedule finalization, and workhour variance as compared to schedule

Since last peak, service performance has been steadily improving across all mail categories. Fourth-quarter service performance for July 1 through September 10 includes:

# 88.5%

of First-Class Mail was delivered on-time against the service standard, an **improvement of 10.1 percentage points** as compared to Q1.

# 92.6%

of Marketing Mail was delivered on-time against the service standard, an **improvement of 8.1 percentage points** as compared to Q1.

# 82.5%

of Periodicals were delivered on-time against the service standard, an **improvement of 12.7 percentage points** as compared to Q1.

## Delivering on our 10-year plan

These initiatives are the beginning of our efforts to implement our 10-year strategic plan, which will generate enough revenue to cover our operating costs while providing our customers and the American people with the reliable service they expect and deserve. Along with the steps outlined above, eliminating the Postal Accountability and Enhancement Act's prefunding requirement for retiree health benefits and requiring Medicare integration—both of which are included in the Postal Service Reform Act of 2021—will restore the Postal Service to financial health and operational excellence.

We appreciate the strong bipartisan cooperation and strongly urge Congress to act swiftly to pass this important legislation.

