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Hocking, Wendy A - Washington, DC

From: LaChance, Susan M - Washington, DC
Sent: Monday, August 22, 2011 12:06 PM
To: LaChance, Susan M - Washington, DC
Subject: FW: Material from 8/10 Industry Association Meeting

Attachments: 2011 08-10 June Financial Update - Industry Assoc Execs.pdf; V2 Industry_NetworkOpt.pdf

From: LaChance, Susan M - Washington, DC
Sent: Monday, August 15, 2011 10:13 AM
To: (James.Cregan@magazine.org); (kgarner@mfsanet.org); 2kjjudkins@cox.net; Art Sackler (asackler@postalcouncil.org); Ben Cooper (bycooper@wms-jen.com); Donna Hanbery (hanbery@hnclaw.com); genedp@postcom.org; Hamilton Davison (hdavison@catalogmailers.org); Jerry Cerasale (jcerasale@the-dma.org); Joel Thomas (joel@presortmailer.org); Maynard Benjamin (mhbenjamin@envelope.org); Mury Salls (malls@dstmailingservices.com); paul.boyle@naa.org; Pierce Myers (pierce@parcelshippers.org); Tony Conway (tony@nonprofitmailers.org); trush@americanpressworks.com
Cc: Owens, Sharon - Washington, DC; Hocking, Wendy A - Washington, DC; Ambrose, Linda J - Washington, DC
Subject: Material from 8/10 Industry Association Meeting



2011 08-10 June V2
Financial Upda... try_NetworkOpt.pdf (

Association Executives

Attached you'll find the presentation material presented by Steve Masse (USPS Financials) and the Network Optimization Concept briefing as presented by Megan Brennan. The one slide presented by the PMG regarding the need to Close the \$20 B gap is being reviewed and verified for accuracy of numbers. This will not be sent out at this time.

Action items from our meeting include:

- Share details of Legislative proposals regarding allowing the Postal Service to establish its own health benefit program and admit its own retirement system (Shared on Friday 8/12)
- Work on a Video of PMG to share with Associations on Optimizing our Networks and controlling costs to be used by Associations with their membership
- Setting up opportunities to gather Mailer Comments on Network Concepts-- Association Executives to work with Postal on identifying interests and opportunities

Upcoming Events:

- Legislative Update - DMPG Webinar with Industry Executives August 24 at 10 am - Webex call in to be set up
- Next Meeting of Industry Association Executives with PMG September 28

Let me know if you have questions or need additional information

Susan



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June 2011 Financial Update

**Industry Association Executives
August 10, 2011**

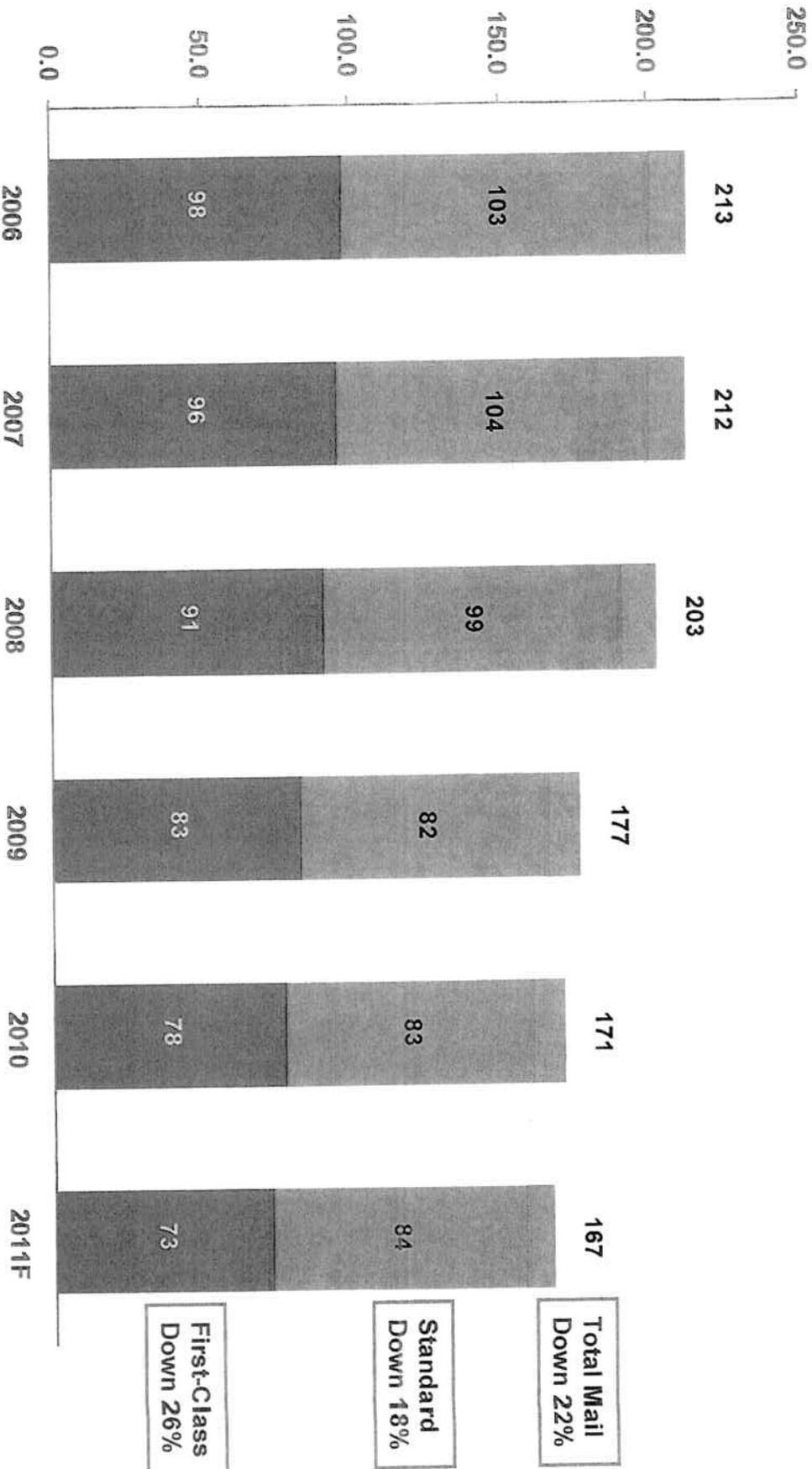


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USPS Volume

Billion Pieces

■ First-Class Mail ■ Standard Mail ■ Other

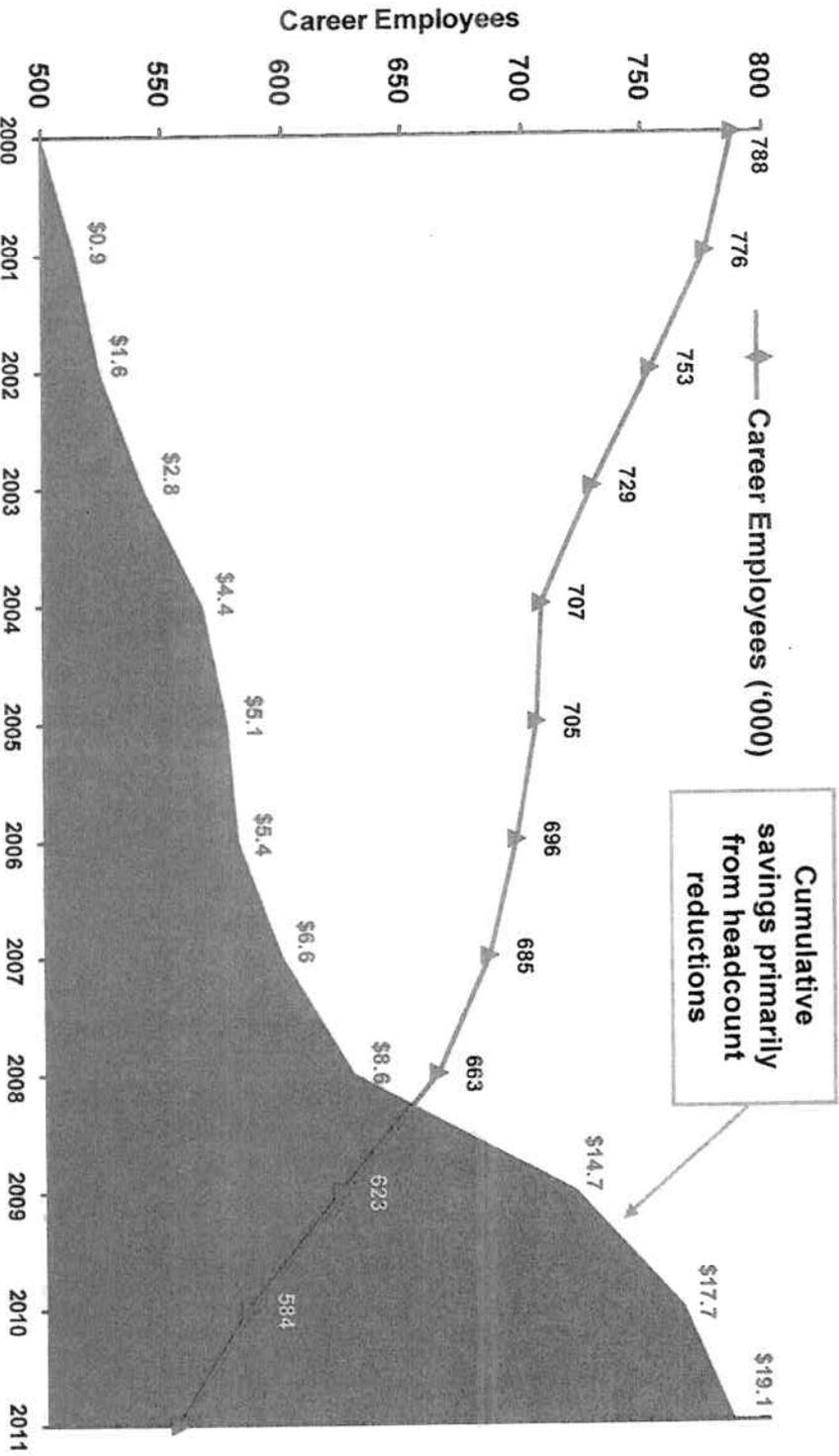


June YTD Revenue

June YTD (Billions)	FY 2011	FY 2010	Change
First-Class Mail *	\$24.4	\$26.3	-6.9%
Standard Mail	13.4	13.0	3.4%
Periodicals Mail	1.4	1.4	-3.6%
Packages Services	1.2	1.2	4.2%
Other Mailing Services *	2.6	2.8	-9.1%
Total Mailing Services	\$43.0	\$44.7	-3.6%
Total Shipping Services *	\$ 6.9	\$ 6.4	6.3%
Total Revenue	\$49.9	\$51.1	-2.4%

* Minor reclassification pending PRC approval

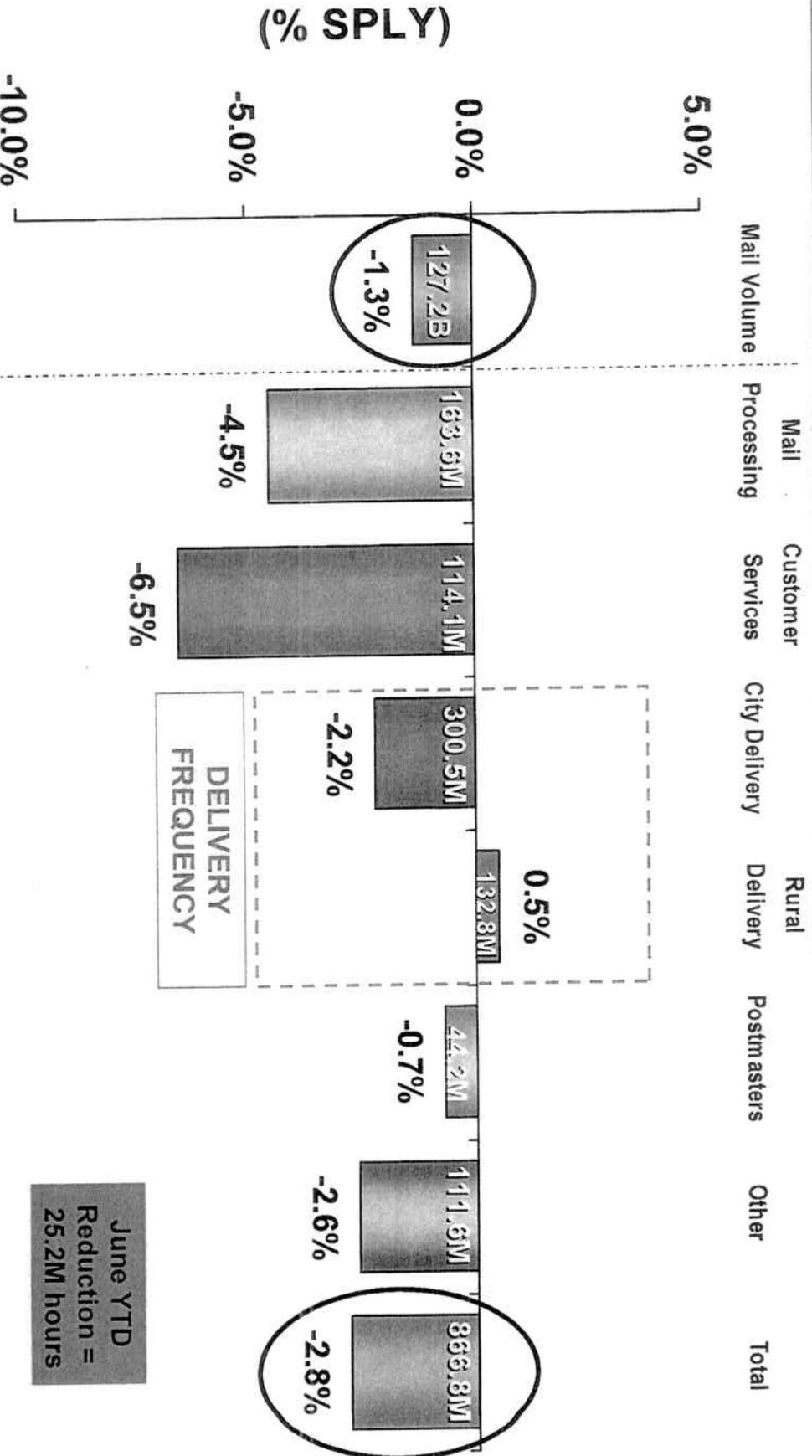
Response to Declining Volume & Revenue





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Workhour and Volume Changes June YTD - FY 2011



Work-Hour & Cost Reductions Continue

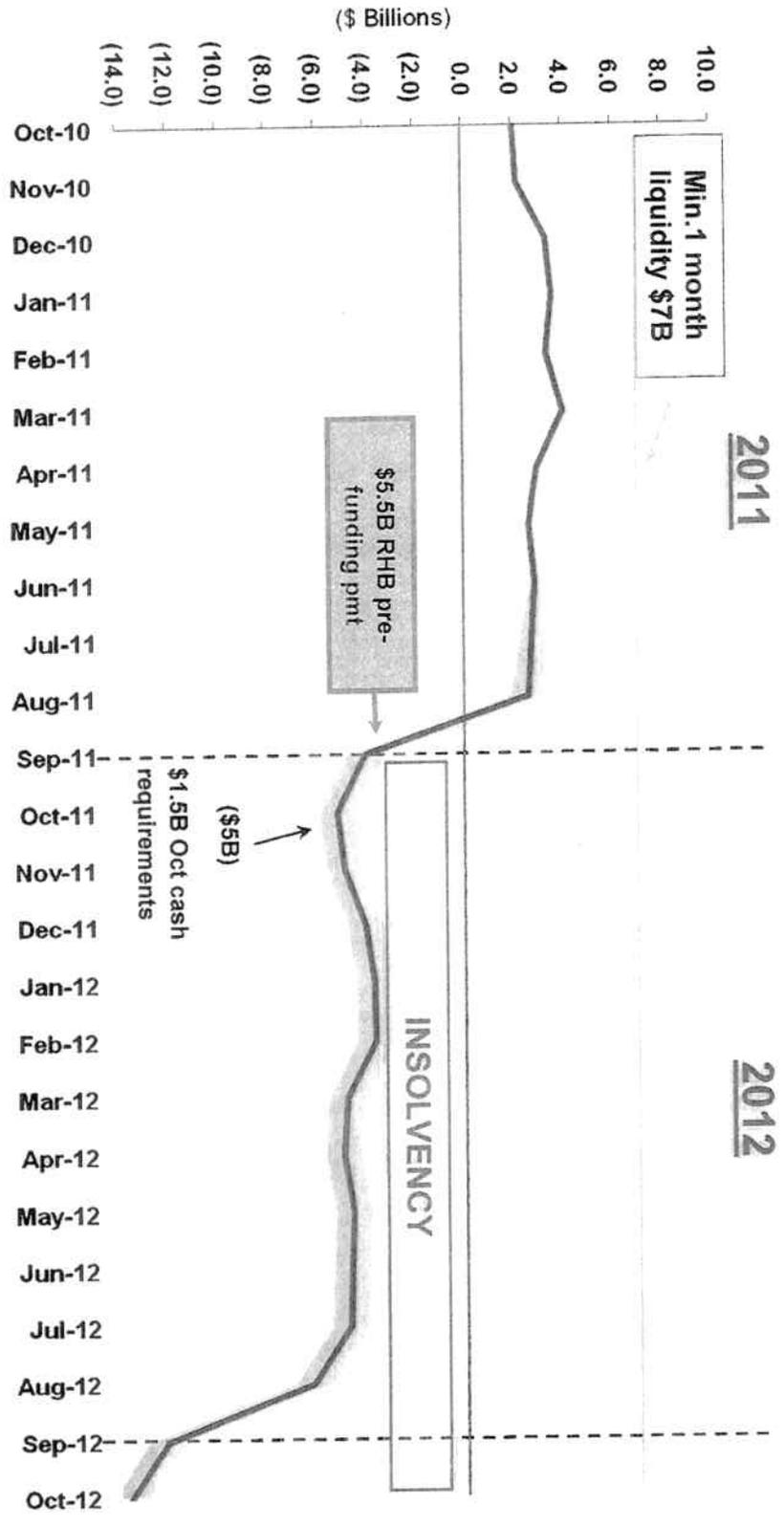
June YTD Financial Results

	FY 2011	FY 2010
June YTD		
(Billions)		
Revenue	\$49.9	\$51.1
Expenses	<u>50.9</u>	<u>50.6</u>
Operating Income (Loss)*	(1.0)	0.5
Retiree Hlth. Benefits Pre-Funding	(4.1)	(4.1)
Workers Comp Discount Rate Adj	0.7	(1.5)
Workers Comp Claims, Adj & Contingency	<u>(1.3)</u>	<u>(0.3)</u>
		<small>Non-Cash Items</small>
Net Income (Loss)	<u>(\$5.7)</u>	<u>(\$5.4)</u>
Volume (Pieces)	127.2	128.8

* Before RHB Pre-Funding, Non-Cash Adjustments to Workers' Compensation & Contingency

Projected Cash / Liquidity

Default projected by Sept 2011 based on available cash / liquidity and expected losses





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USPS Actions

We continue to take action across our business to address our dire financial situation

- ✓ Workforce Flexibility
- ✓ Administrative Realignment
- ✓ Facility and Equipment Optimization
- ✓ Delivery Route Consolidation
- ✓ Retail Network Optimization and Expanded Access

But....these actions alone are not enough. The Postal Service cannot regain financial stability without Congressional action



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Legislative Actions Needed

Key Elements of Congressional Actions

- A** Eliminate the current mandate to pre-fund Retiree Health Benefits (RHB) by \$5.5 billion annually.
- B** Allow the Postal Service to access overpayments to both the Federal Employees' Retirement Fund (FERS) and the Civil Service Retirement System (CSRS).
- C** Give the Postal Service the authority to determine delivery frequency.



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Network Optimization

Industry Association