



July 26, 2011

The Honorable Peter Welch
House of Representatives
Washington, DC 20515-4501

Dear Congressman Welch:

The U.S. Postal Service continues to face tremendous financial challenges due to a combination of factors including dwindling First-Class Mail volumes, the continued sluggish economy, and significant Congressional mandates. We are working diligently to strike a balance between ongoing implementation of aggressive cost-cutting measures and our relentless commitment to provide affordable, secure, and dependable service to all Americans.

I am writing to provide information to you on two crucial issues. The first is an important development regarding America's network of more than 32,000 Post Offices, stations, and branches. Second, I want to take this opportunity to introduce the concept of the Village Post Office, which we believe will be a vital component of the Postal Service of the future.

Today the Postal Service is announcing plans to conduct studies of approximately 3,700 Post Offices, stations, and branches to determine whether discontinuance and/or conversion to forms of alternative access is appropriate given factors such as low workload, insufficient customer demand, and/or availability of alternatives.

As part of this announcement, the Postal Service is providing each member of Congress a list of Post Offices, stations, and branches to be studied in their state or district, as well as specific information about each facility. This information is enclosed.

As part of this process, the Postal Service is also introducing the Village Post Office. This new concept is simple, and we believe should be quite attractive to small businesses and rural communities. In certain locations where we decide to discontinue a Post Office, we would work to establish Village Post Offices operated by local businesses, such as pharmacies, grocery stores, and other appropriate retailers, or municipalities, and they would offer core, frequently used postal products and services—including the sale of stamps and prepaid, flat-rate boxes and envelopes.

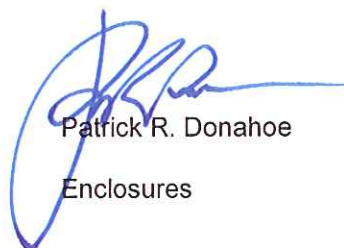
As contractor-operated units, Village Post Offices could be open for longer hours of daily operation and on weekends. We also expect that store locations would better fit existing shopping patterns because postal services would be offered in conjunction with the operator's existing merchandise. Neither ZIP Codes nor town names would be impacted.

Retailers electing to operate a Village Post Office would benefit from increased revenue and foot traffic, which may improve the viability of many small businesses in rural and suburban communities. We currently estimate that as many as 2,500 of the Post Offices currently being studied may be suitable for conversion to Village Post Offices. As part of today's announcement and through ongoing communications, the Postal Service will be soliciting interest from small businesses and other potential partners in operating a Village Post Office.

We are providing greater access and convenience to our customers and moving beyond traditional brick-and-mortar facilities. Today approximately 35 percent of our retail revenue is generated through the usps.com Web site; self-serve postal kiosks; ordering stamps by mail, fax, or phone; and our Approved Postal Providers—and this trend is increasing. In fact, we have over 70,000 alternative non-postal locations available for our customers to purchase our products and services outside traditional Post Offices. The Village Post Office is yet another way that we can offer greater convenience and service to our customers.

America's use of the mail is changing, and the Postal Service is changing to better meet the needs of our customers. We would be pleased to discuss these developments with you at your convenience. We appreciate your continued interest in postal issues.

Sincerely,

A handwritten signature in blue ink, appearing to read "P. Donahoe", with a large, stylized loop on the left side.

Patrick R. Donahoe

Enclosures

Congressman Peter Welch District 1 Vermont

| Office | City | State | ZIP |
|------------------|----------------------|-------|-------|
| BEECHER FALLS | BEECHER FALLS | VT | 05902 |
| CAMBRIDGEPORT | CAMBRIDGEPORT | VT | 05141 |
| EAST RYEGATE | EAST RYEGATE | VT | 05042 |
| FLORENCE | FLORENCE | VT | 05744 |
| GILMAN | GILMAN | VT | 05904 |
| GRANVILLE | GRANVILLE | VT | 05747 |
| HIGHGATE SPRINGS | HIGHGATE SPRINGS | VT | 05460 |
| MC INDOE FALLS | MC INDOE FALLS | VT | 05050 |
| NORTH THETFORD | NORTH THETFORD | VT | 05054 |
| RUPERT | RUPERT | VT | 05768 |
| STOCKBRIDGE | STOCKBRIDGE | VT | 05772 |
| WEBSTERVILLE | WEBSTERVILLE | VT | 05678 |
| WEST NEWBURY | WEST NEWBURY | VT | 05085 |
| LYMAN | WHITE RIVER JUNCTION | VT | 05001 |