

POSTAL NEWS

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Tuesday, April 14, 2009, 11:22am EDT

1. FedEx to ground 14 jets due to economy

United Parcel Service Inc. rival FedEx Corp. said late Monday it will permanently remove 14 jets from service as part of an overall plan to reduce capacity in the current recession.

The 10 Airbus A310s and four Boeing MD10s will be removed from service by May 31, along with some excess engines. The shipping giant will take a \$180 million charge for the move.

Memphis, Tenn.-based FedEx expects to take delivery of newer, more fuel-efficient aircraft in fiscal year 2010, which begins June 1. The company said it still has a "limited amount" of aircraft grounded because of overcapacity.

FedEx (NYSE: FDX) warned more cutbacks will result in more charges.

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2. Austrian Post Secures Logistics Contract With Hermes Austria

14 April 2009 by Franz Groter - © Hellmail.co.uk

Austrian Post's parcel & logistics division has secured a large contract with Hermes Austria.

"Based on the assumption of a stable parcels market, we expect volume growth of several million parcels on an annual basis resulting from this contract", says Carl-Gerold Mende, Member of the Management Board of Austrian Post in charge of the Parcel & Logistics Division.

Over the last 18 months, Austrian Post has substantially modernised its parcel logistics operations. The clearly defined goal of the redimensioning process was to ensure an optimal service mix and an outstanding price-performance ratio.

"The hard and consistently high quality work of our employees and local management has really paid off. Following the necessary shock at the end of 2007, we have now

achieved a competitive cost level and represent the quality benchmark in the parcels sector

“The combination of these two factors convinced Hermes to contract Austrian Post with this parcels volume. The bar has been raised high. We will not rest on our laurels, but persistently pursue our strategy of further improving our cost structure and quality management.

“We are convinced of our ability to achieve our ambitious growth target in market share for business customers (B2B parcels) and for European combined freight. The earnings contribution made by this new contract will help to secure the planned operating result of the Parcel & Logistics Division in 2009” said Carl-Gerold Mende.

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3. Sales slip at Business Post

14 April 2009

Business Post’s second half sales were down slightly on the previous year, primarily reflecting the effects of the difficult economic environment on the parcels business. As a result, sales for the year to 31st March were seven per cent up, the group said in its pre-close trading update and the group expects – pre-tax profit to be ahead of market expectations.

“We have carried out a review of our operations to reduce the fixed cost base across our network. This review will result in exceptional costs for the year of some £1.2m relating to depot closures, vehicle fleet and staff reductions, but will generate significant savings going forward.”

Mail growth slipped from the high levels previously achieved, but the business continued to win significant new contracts with both existing and new customers, the group said.

“Despite this slight reduction we believe we are outperforming the markets in which our businesses trade, and are therefore gaining market share. Our operations continue to achieve high levels of efficiency which have enabled us to reduce our operating costs, more than offsetting the profit impact of the lower revenues.”

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4. Despite rally, Postal Service planning to move some processing off Staten Island

Tuesday April 14, 2009, 6:14 PM

A rally organized by public officials and U.S. Postal Service union leaders outside the Manor Road Post Office this morning may not be enough to save two dozen jobs on Staten Island.

A U.S. Postal Service spokeswoman said some mail processing will be moved out of the Castleton Corner facility and said more than two dozen Staten Island jobs are slated to be lost under a reorganization of Postal operations here.

Spokeswoman Monica Hand told the Advance late today that "some" processing will occur off-Island and said "26 jobs are projected to be reassigned under collective bargaining." She declined to provide further information.

Ms. Hand also said a "public meeting" would be held on the issue, but declined to say where or when, saying the information would be made public tomorrow.

A Postal source said the meeting would be held on April 29 in Susan Wagner High School.

During the rally, Sen. Kirsten Gillibrand (D-N.Y.) promised to "challenge a cost-cutting analysis" if one indicates moving Staten Island processing duties to Brooklyn or Queens would save money.

Sen. Gillibrand and Rep. Michael McMahon (D-Staten Island), who teamed with U.S. Postal union representatives to organize the rally, said trucking Staten Island mail off the Island for sorting, only to truck it back again for delivery, would be environmentally harmful and delay the timely distribution of letters.

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