

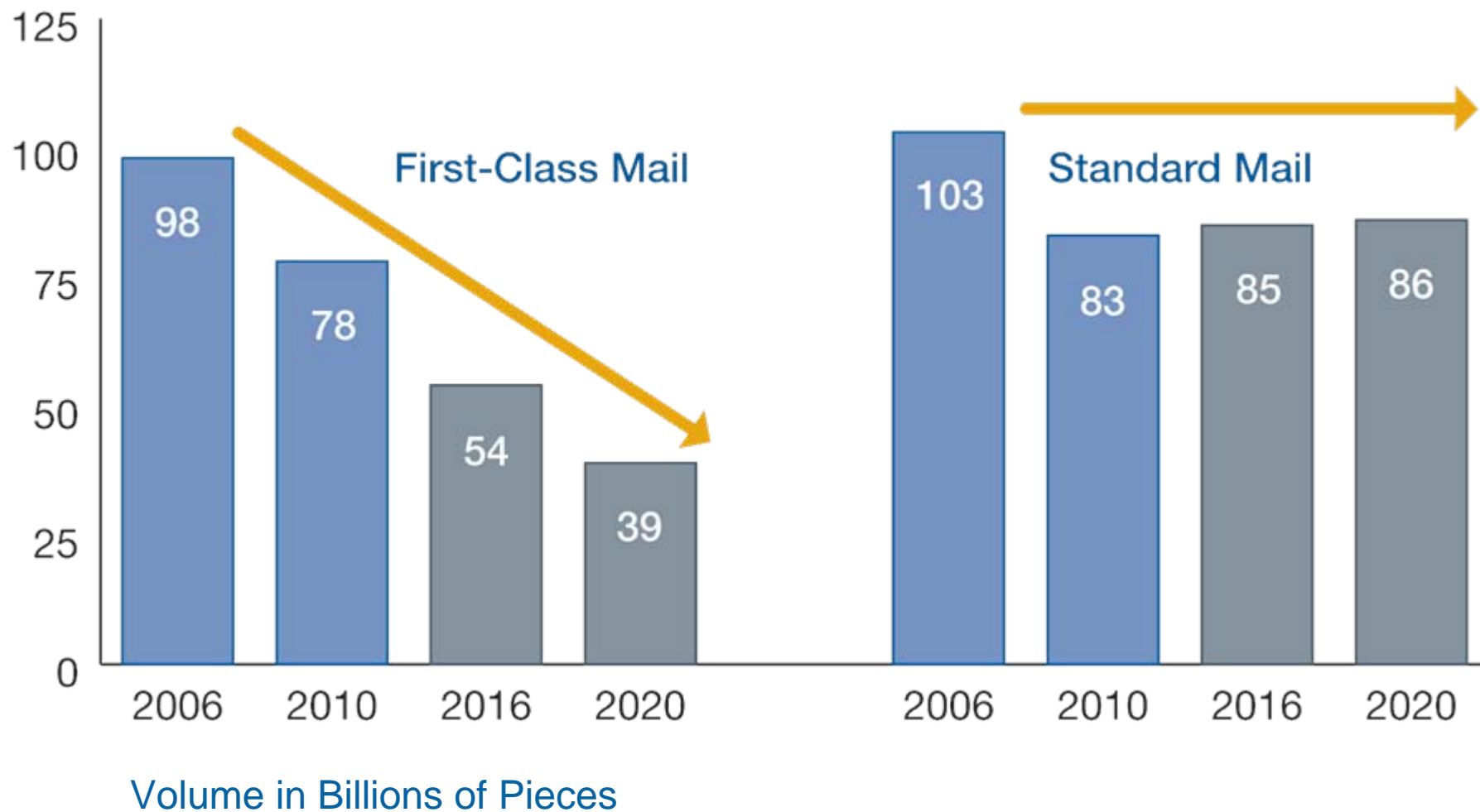


SEPTEMBER 15, 2011

Two Announcements

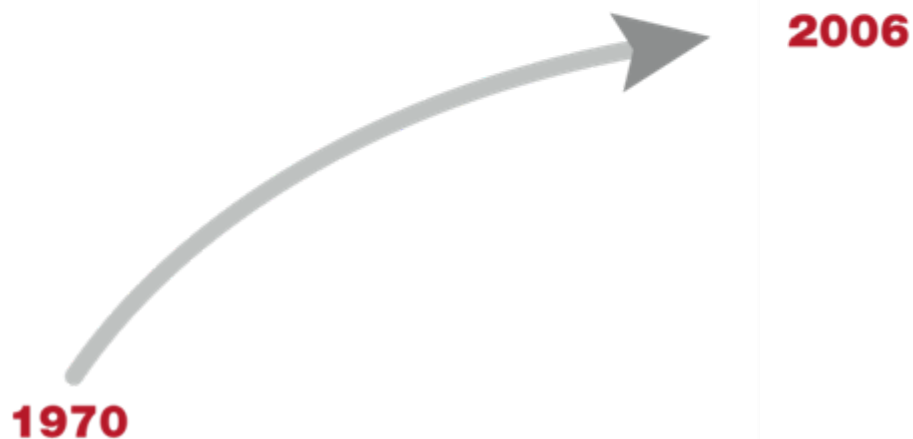
**Radical
Network
Realignment**

**Mail
Processing
Facility Study
List**

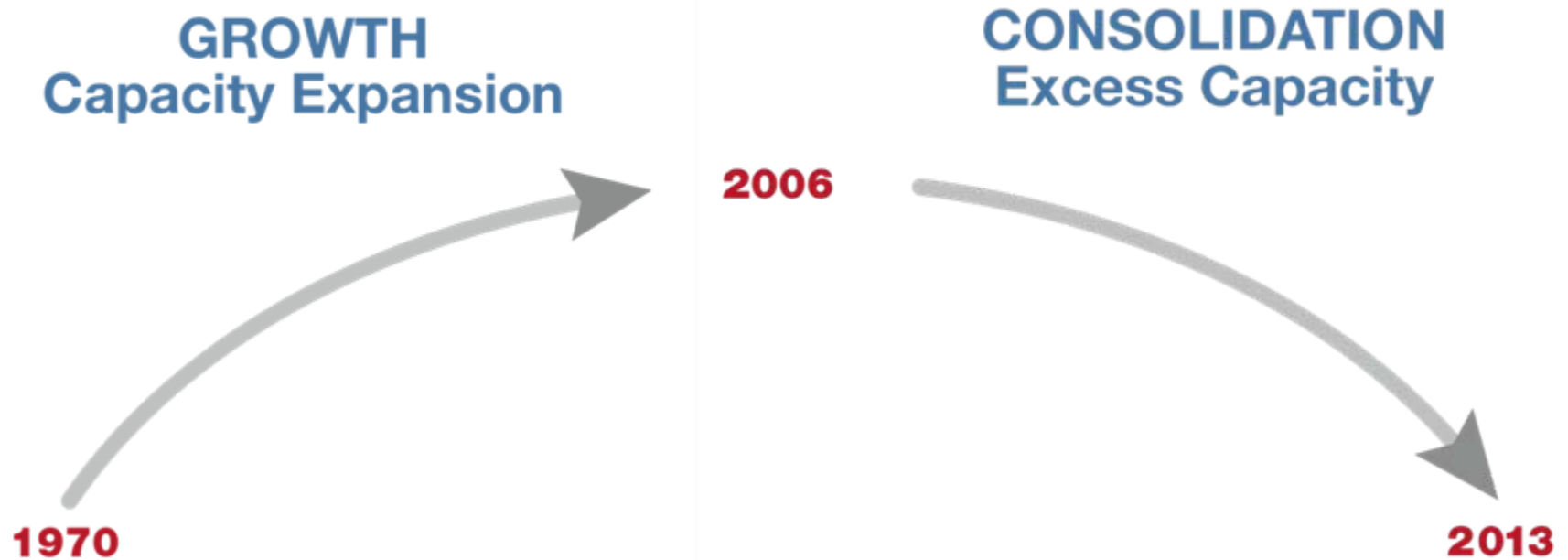


NETWORK CAPACITY

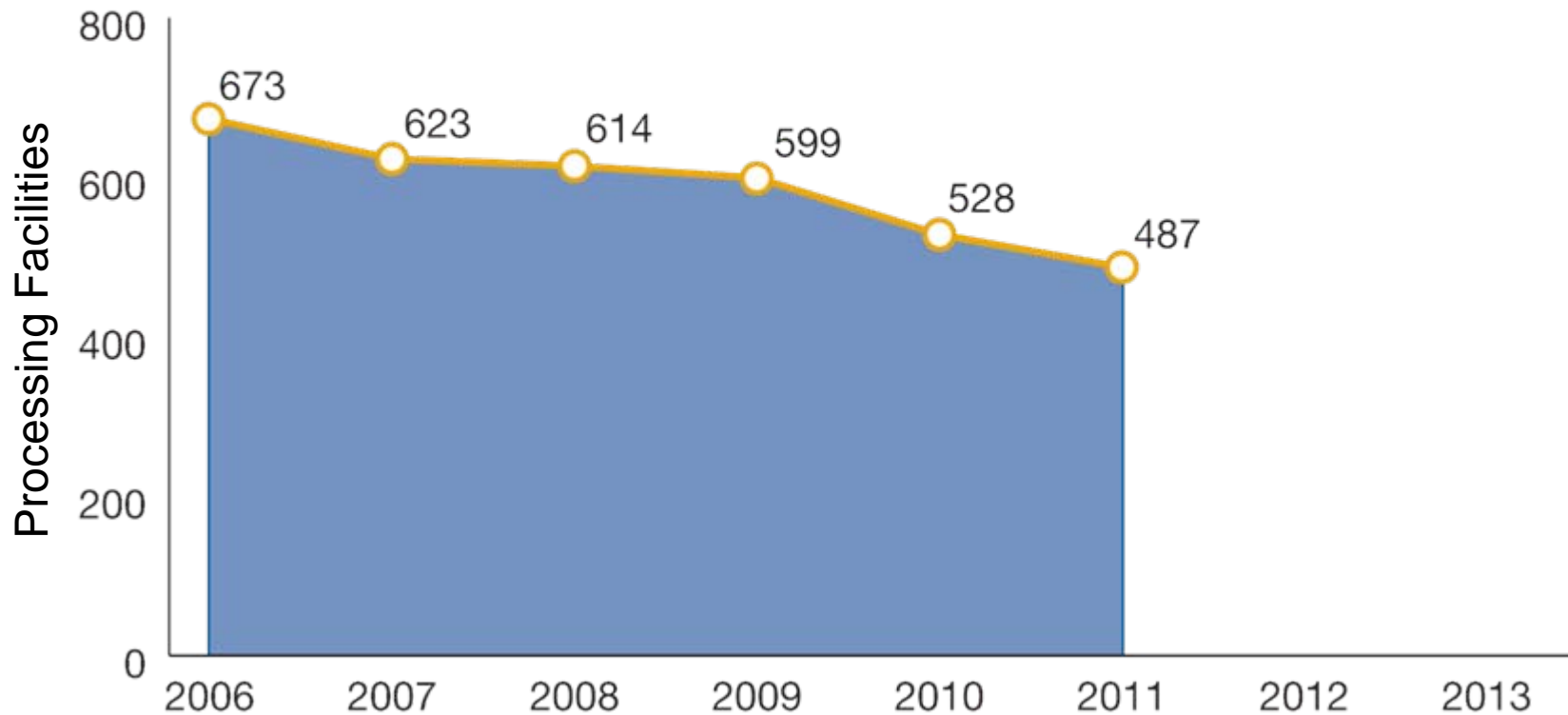
GROWTH
Capacity Expansion



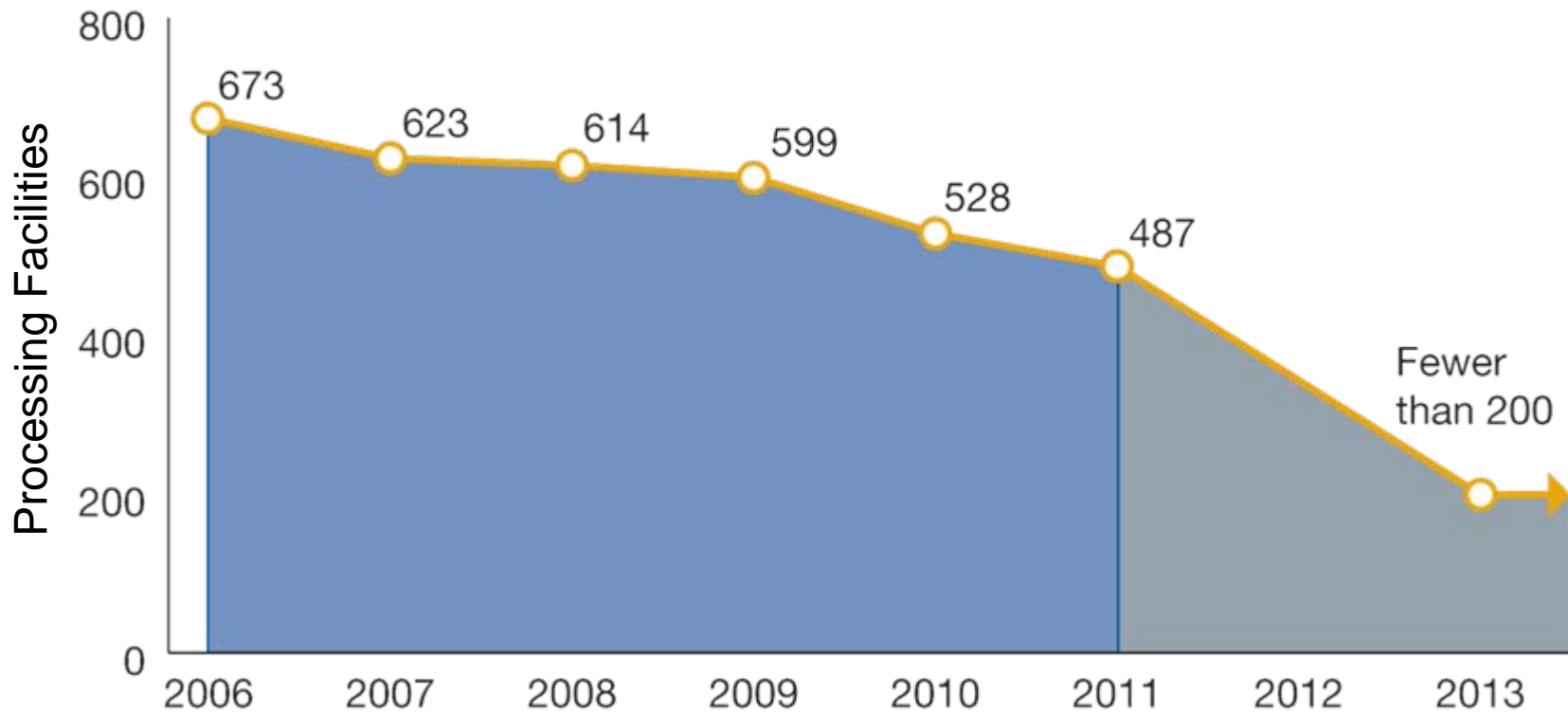
NETWORK CAPACITY



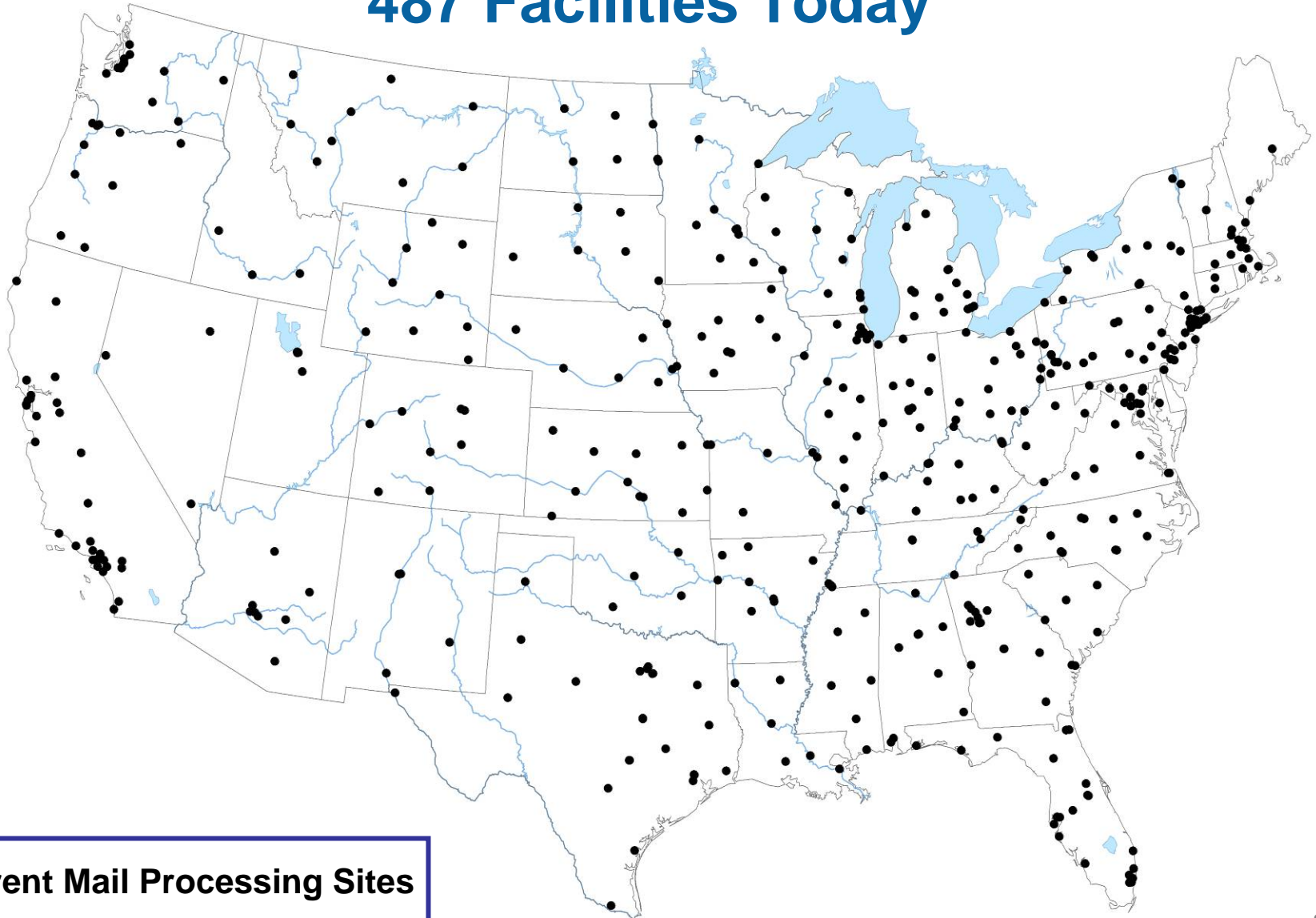
Decrease in Processing Facilities Through 2011



Proposed Decrease in Processing Facilities Through 2013

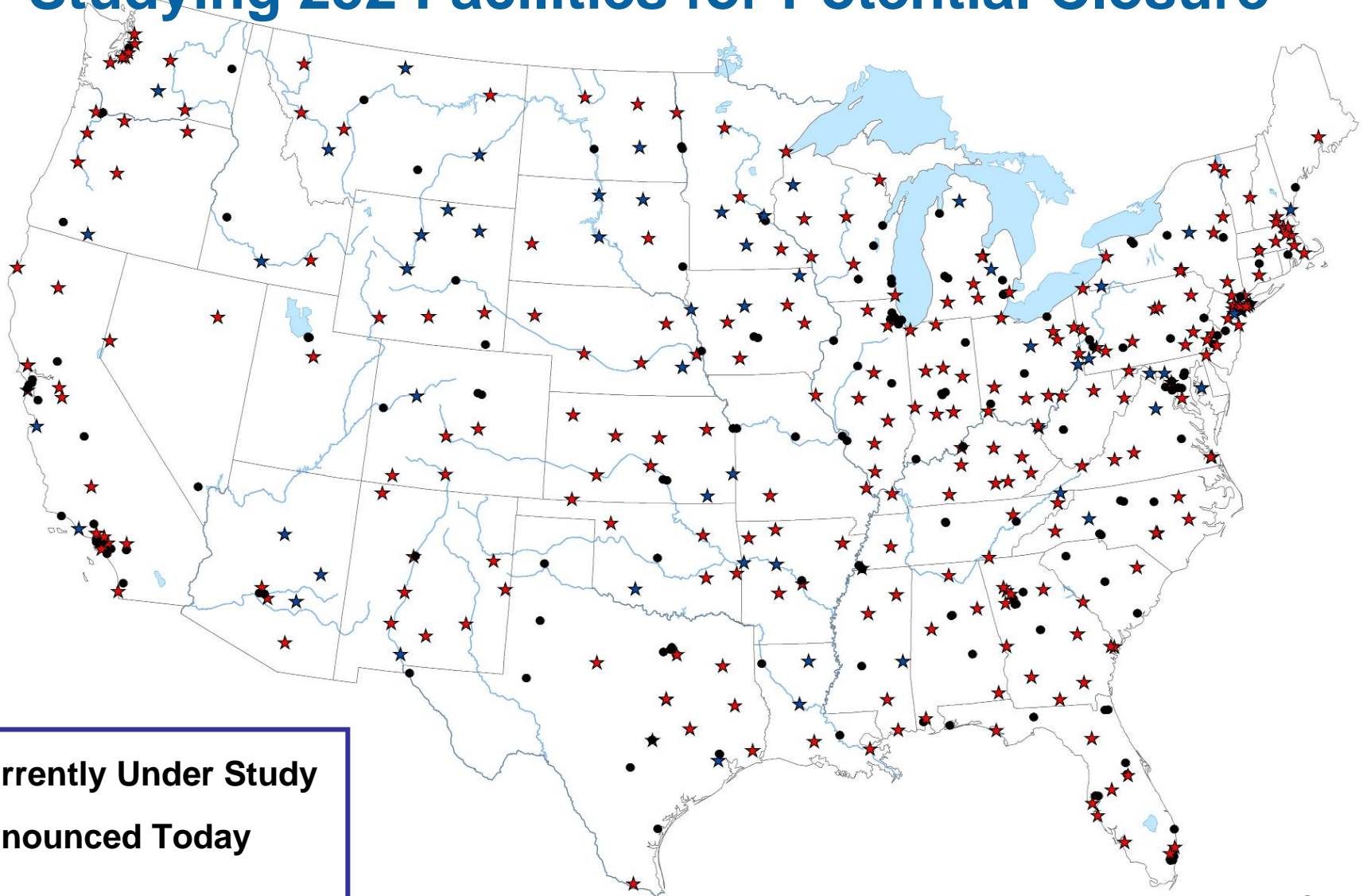


487 Facilities Today

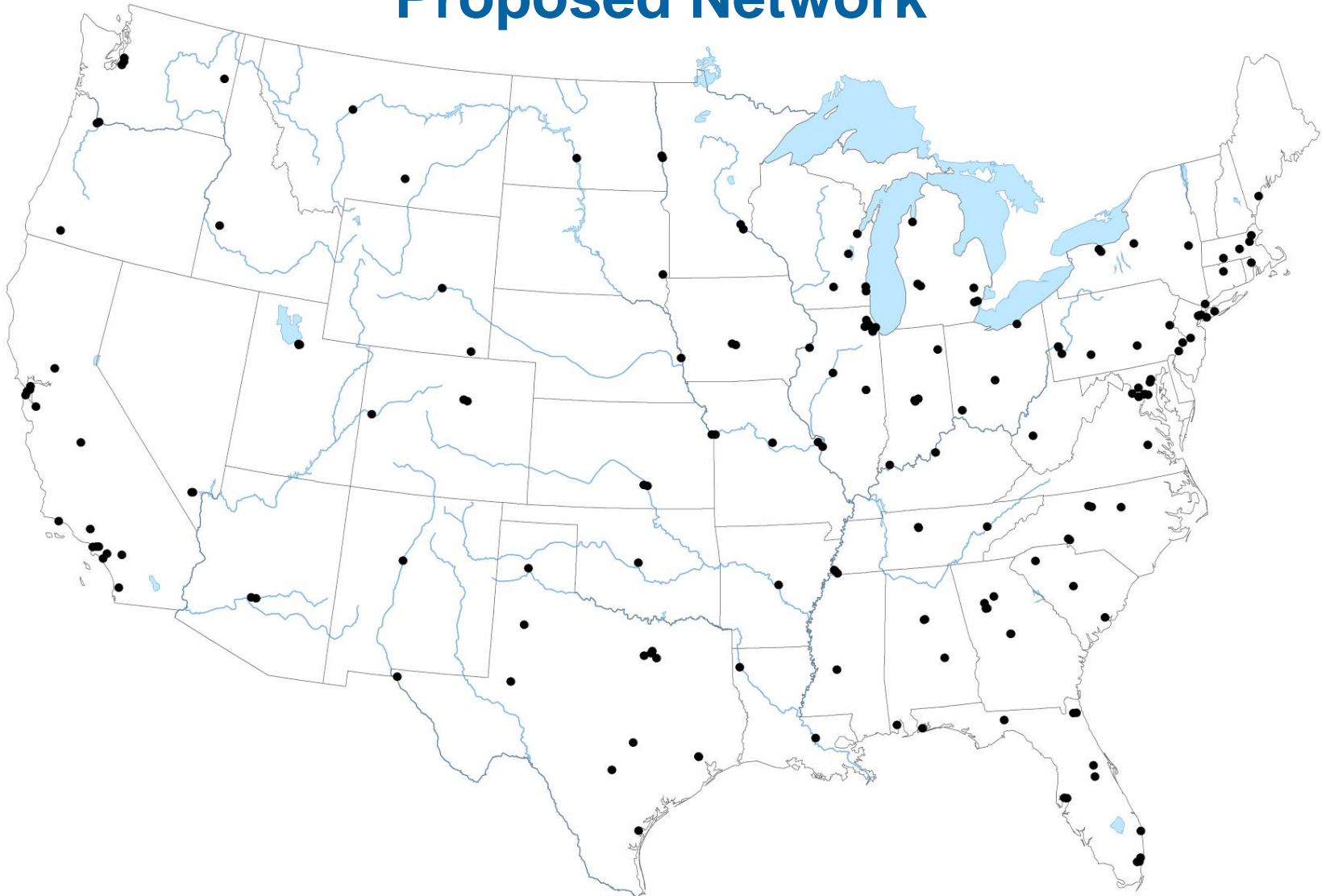


● Current Mail Processing Sites

Studying 252 Facilities for Potential Closure

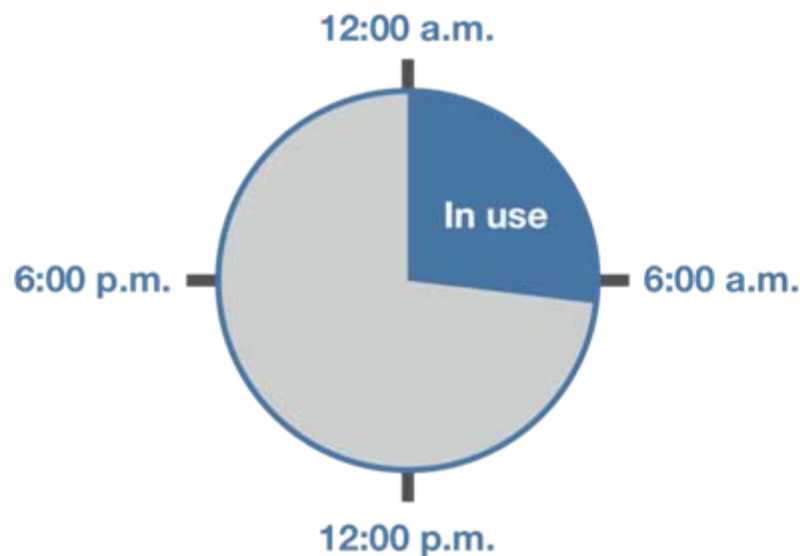


Proposed Network

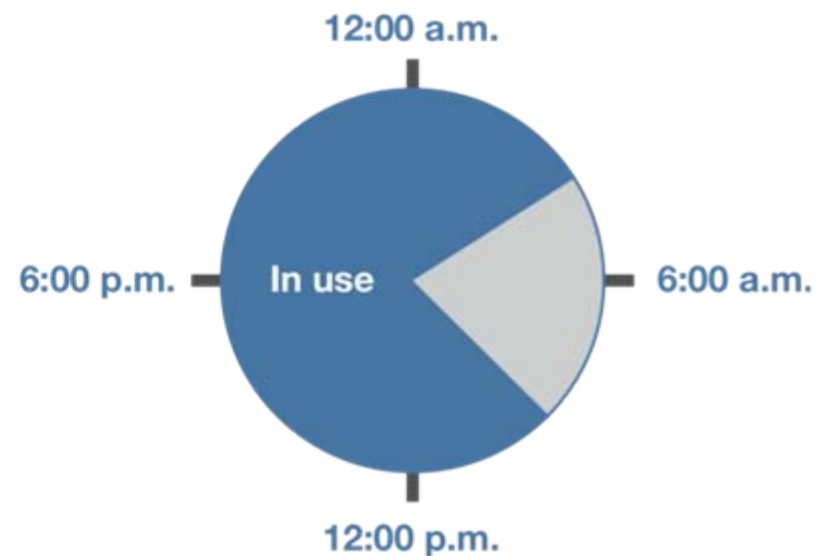




Mail Processing Facility



Current Operation



Proposed Operation





FUTURE NETWORK

- Support 2-3 day Service Standards
 - Revised Entry Times
 - Reduced Equipment
 - Reduced Footprint
-

BENEFITS

- Eliminate Excess Capacity
- More Efficient Transportation Network
- Fully Utilized Workforces
- Up to \$3 Billion Cost Reduction

CHANGES

- Planning for new mail processing footprint and transport pattern
 - Transitioning to 2-3 day service standard
-

OUR APPROACH

- Industry-specific strategies
- Ongoing communication and collaborative solutions

559,000

Total Career Employees

151,000

Total Mail Processing Employees

35,000

Fewer Mail Processing Positions



Fewer facilities, greater utilization and efficiency



Earlier mail availability driving more efficient local delivery



More retail partners and kiosks, more online, fewer brick and mortar Post Offices

**\$6.5 Billion
Cost Reduction
by 2015**

THE RESULT

Highly efficient, low cost,
national delivery platform

NETWORK:

Sorting and Transport
Retail
Delivery

\$6.5 B

COMPENSATION & BENEFITS:

Flexibility, Benefits, Wages/Admin

\$5.0 B

LEGISLATIVE CHANGES:

RHB Pre-Funding Resolved
Five-Day Delivery

\$8.5 B

\$20 Billion
Total Potential
Savings

- **Delivery Frequency** – authority to go from 6- to 5-Day Delivery
- **FERS Refund** – return \$6.9 billion in overpayments to the Postal Service
- **Resolve the current mandate to pre-fund Retiree Health Benefits** by \$5.5 billion annually and manage legacy cost going forward
 - Transfer CSRS overpayment (\$50 billion), or
 - Allow Postal Service to restructure its healthcare system to make it independent of federal programs — USPS Health Care Program

- **Managing Workforce** – allow reductions in the number of bargaining unit postal employees to follow Reduction-in-Force provisions applicable to other federal employees
- **Retirement Plan** – allow Postal Service to provide a defined contribution retirement plan for its new hires; can be accomplished via OPM
- **Streamlined Governance Model** to speed pricing and product decisions



UNITED STATES

POSTAL SERVICE®