Our Plan to Preserve Rural Post Offices

May 9, 2012
Retail Mix

EXPANDED ACCESS

39%

TRADITIONAL POST OFFICES

61%

ONLINE

56.6%

APPROVED POSTAL PROVIDER

28%

KIOSKS

9.5%

STAMPS BY MAIL, FAX AND PHONE

5.9%
27% drop - 350 million fewer visits to POs
Average cost to operate: $114,000 annually

Bottom 4,500 earn an average of $15,000 annually: equivalent to $52 and 4.4 customer window visits per day

Cost to serve is increasing, revenue and visits are decreasing
Rising costs to maintain Post Offices!

88% of rural Post Offices losing money!

Financial crisis!

USPS commitment to rural America

Rural customers’ desire to preserve Post Office

88% of rural Post Offices losing money

Rising costs to maintain Post Offices

Situation
Solution

New framework based on four options for rural Post Offices

- Financial crisis
- 88% of rural Post Offices losing money
- Customers’ preference for more convenient access
<table>
<thead>
<tr>
<th>Four Paths for Rural Retail Access</th>
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<tr>
<td><strong>Maintain</strong></td>
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<tr>
<td><strong>Deliver</strong></td>
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<td><strong>Engage</strong></td>
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<td><strong>Merge</strong></td>
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Maintaining Rural Post Offices

- Lobby and P.O. Box access
- Modified window hours
- Maintain ZIP Code
- Retain community identity
46% would prefer closing Post Office for alternate access
Analyzed 17,728 rural Post Offices

4,561 to remain at 8 hours of window service

Starting review process for approximately 13,000 Post Offices

Upgrading 400 Post Offices from designated closure

Closing more than 100 non-operating Post Offices

Rural Post Offices will remain open unless community has strong alternative preference
Two-year Process with Phased Approach

2012
- 90 Day PRC Review

2013
- Phased implementation

2014
- FALL 2014 Completion

END OF MAY
- PRC filing

SEPTEMBER 2012 TO FALL 2014
- Community meetings with surveys begin
OUR COMMITMENT TO EMPLOYEES

- Methodical process, two year transition
- Options available for staying with the Postal Service
- Incentive to be provided
Preserves rural Post Offices
Allows communities to retain identity and ZIP Code

Postal Service will engage communities
Will obtain local input before changes are made

Saves over half a billion dollars a year
Consistent with five-year plan
Helps return Postal Service to financial stability