Abilene TX CSMPC
Area Mail Processing (AMP)
Public Meeting

December 13, 2011
Two Topics

Radical Network Realignment

Area Mail Processing Study
Mail Volume Shifting to a Less Profitable Mix

Volume in Billions of Pieces
NETWORK CAPACITY

GROWTH Capacity Expansion

1970

2006
NETWORK CAPACITY

GROWTH Capacity Expansion

1970

CONSOLIDATION Excess Capacity

2006

2013
Potential Decrease in Processing Facilities Through 2013

As of 8/31/2011

Potential Decrease in Processing Facilities Through 2013

Processing Facilities

2006 2007 2008 2009 2010 2011 2012 2013

673 623 614 599 528 487

Less than 200

As of 8/31/2011
Mail Processing Facility Footprint

487 Facilities Today

Current Mail Processing Sites
Mail Processing Facility Footprint

Studying 252 Facilities for Potential Consolidation

Currently Under Study
Announced Sept. 15th
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
- Significant Annual Savings
CHANGES

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

OUR APPROACH

- Ongoing communication and collaborative solutions
559,000 Total Career Employees
151,000 Total Mail Processing Employees
35,000 Fewer Mail Processing Positions
Area Mail Processing Study
DISTANCE BETWEEN FACILITIES – 153 miles
DISTANCE BETWEEN FACILITIES – 228 miles
# BUSINESS CASE*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Processing Workhour Savings</td>
<td>$1,871,241</td>
</tr>
<tr>
<td>Mail Processing Management Savings</td>
<td>$573,328</td>
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<tr>
<td>Maintenance Savings</td>
<td>$2,156,327</td>
</tr>
<tr>
<td>Transportation Costs</td>
<td>$(490,323)</td>
</tr>
<tr>
<td>Proposed Annual Savings</td>
<td>$4,110,573</td>
</tr>
</tbody>
</table>

*Preliminary results subject to change*
EMPLOYEE IMPACTS*

Craft Employees Impacted at Abilene CSMPC -119
Projected Craft Positions to be added at Austin & Midland facilities + 76
Net Craft Employees impacts due to consolidations - 43

All bargaining employee reassignments will be made in accordance with the respective collective bargaining agreements.

*Preliminary results subject to change
CUSTOMER & DELIVERY SERVICES

- Supports a 2-3 day service standard for First-Class Mail
- Retail and other services
- Business mail acceptance
- Collection mail
- Delivery of mail
- Local postmark
NEXT STEPS

- Complete Area and HQ review
- Review Public Comments
- Continue Network Optimization studies
Mail additional comments to:

Manager, Consumer and Industry Contact
Fort Worth District
4600 Mark IV Parkway
Fort Worth TX 76161-9631

Must be postmarked by December 28, 2011.