Two Topics

Radical Network Realignment

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

Volume in Billions of Pieces

**First-Class Mail**

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (Billions of Pieces)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>98</td>
</tr>
<tr>
<td>2010</td>
<td>78</td>
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<tr>
<td>2016</td>
<td>54</td>
</tr>
<tr>
<td>2020</td>
<td>39</td>
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</table>

**Standard Mail**

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (Billions of Pieces)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>103</td>
</tr>
<tr>
<td>2010</td>
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<td>2016</td>
<td>85</td>
</tr>
<tr>
<td>2020</td>
<td>86</td>
</tr>
</tbody>
</table>
NETWORK CAPACITY

GROWTH
Capacity Expansion

1970

2006
NETWORK CAPACITY

GROWTH Capacity Expansion

CONSOLIDATION Excess Capacity

1970

2006

2013
Potential Decrease in Processing Facilities Through 2013

As of 8/31/2011
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
Our Employees

559,000  Total Career Employees

151,000  Total Mail Processing Employees

35,000   Fewer Mail Processing Positions
Topic

Area Mail Processing Study
DISTANCE BETWEEN FACILITIES – 125 miles to Macon P&DC & 72 miles to Columbia P&DC.
BUSINESS CASE*

Mail Processing Workhour Savings: $1,630,456
Mail Processing Management Savings: $855,969
Maintenance Savings: $1,559,974
Transportation Savings: $938,303
Proposed Annual Savings: $4,984,702

*Preliminary results subject to change
EMPLOYEE IMPACTS*

Craft Employees Impacted at Augusta P&DF -110
Proposed Craft Positions to be added at Macon P&DC and Columbia P&DC + 80
Net Craft Employees impacts due to consolidations - 30

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
North Florida District
PO Box 40005
Jacksonville FL 32203-0005

Must be postmarked by December 30, 2011.