Chattanooga, TN
Area Mail Processing (AMP)
Public Meeting

November 30, 2011
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
- 2006: 98
- 2010: 78
- 2016: 54
- 2020: 39

Standard Mail
- 2006: 103
- 2010: 83
- 2016: 85
- 2020: 86
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
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
Mail Processing Facility Footprint

Potential Network

[Map of the United States showing potential network locations]
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
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td><strong>559,000</strong></td>
<td>Total Career Employees</td>
</tr>
<tr>
<td><strong>151,000</strong></td>
<td>Total Mail Processing Employees</td>
</tr>
<tr>
<td><strong>35,000</strong></td>
<td>Fewer Mail Processing Positions</td>
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</table>
Topic

Area Mail Processing Study
DISTANCE BETWEEN FACILITIES – 128 miles
**BUSINESS CASE**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Mail Processing Workhour Savings:</td>
<td>$5,104,810</td>
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<tr>
<td>Maintenance Savings:</td>
<td>$5,161,595</td>
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<tr>
<td>Transportation Savings:</td>
<td>($7,938,102)</td>
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<tr>
<td>Proposed Annual Savings:</td>
<td>$1,710,302</td>
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</tbody>
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*Preliminary results subject to change*
EMPLOYEE IMPACTS*

Net craft impacts: -104
Net management impacts: -6

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 & Industry Contact
Tennessee District
525 Royal Parkway
Nashville, TN 37229-9603

Must be postmarked by December 15, 2011