Erie PA
Area Mail Processing (AMP)
Public Meeting

December 14, 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

1970

CONSOLIDATION Excess Capacity

2006

2013
Potential Decrease in Processing Facilities Through 2013
487 Facilities Today

- Current Mail Processing Sites
Studying 252 Facilities for Potential Consolidation

Currently Under Study
Announced Sept. 15th
Mail Processing Facility Footprint

Potential Network
Mail Processing Redesign

Comparison of Current and Proposed Operation Times:

**Current Operation**
- Start: 6:00 p.m.
- End: 6:00 a.m.
- In use: 12:00 p.m.

**Proposed Operation**
- Start: 6:00 p.m.
- End: 6:00 a.m.
- In use: 12:00 a.m.
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 – 134.5 miles
**BUSINESS CASE**

<table>
<thead>
<tr>
<th>Category</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Processing Workhour Savings</td>
<td>$2,910,387</td>
</tr>
<tr>
<td>Management Savings</td>
<td>$268,634</td>
</tr>
<tr>
<td>Maintenance Savings</td>
<td>$126,529</td>
</tr>
<tr>
<td>Transportation Savings</td>
<td>$717,824</td>
</tr>
<tr>
<td>Proposed Annual Savings</td>
<td>$4,027,261</td>
</tr>
</tbody>
</table>

*Preliminary results subject to change*
EMPLOYEE IMPACTS*

Net craft impacts: -113

Net management impacts -7

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
Western PA District
1001 California Avenue
Pittsburgh, PA 15290

Must be postmarked by December 29, 2011