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
487 Facilities Today

Current Mail Processing Sites
Studying 252 Facilities for Potential Consolidation

- Currently Under Study
- Announced Sept. 15th
Mail Processing Redesign
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 |
Topic

Area Mail Processing Study
DISTANCE BETWEEN FACILITIES – 108 miles
BUSINESS CASE*

Mail Processing Workhour Savings: $1,385,133
Mail Processing Management Savings: $869,559
Maintenance Savings: $2,398,975
Transportation Costs: ($196,135)
Proposed Annual Savings: $4,457,533

*Preliminary results subject to change
EMPLOYEE IMPACTS*

Net craft impacts: -60

Net management impacts: -8

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
Portland District
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Portland, OR 97208-4759

Must be postmarked by January 12, 2012