Fayetteville, NC
Area Mail Processing (AMP)
Public Meeting

December 5, 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

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

Standard Mail

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>103</td>
</tr>
<tr>
<td>2010</td>
<td>83</td>
</tr>
<tr>
<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 2006

1970 2013

CONSOLIDATION Excess Capacity
Potential Decrease in Processing Facilities Through 2013

As of 8/31/2011

Processing Facilities

2006 2007 2008 2009 2010 2011 2012 2013

673 623 614 599 528 487

Less than 200
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
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>Total Career Employees</th>
<th>559,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Mail Processing Employees</td>
<td>151,000</td>
</tr>
<tr>
<td>Fewer Mail Processing Positions</td>
<td>35,000</td>
</tr>
</tbody>
</table>
Topic

Area Mail Processing Study
DISTANCE BETWEEN FACILITIES – 143 miles
**BUSINESS CASE**

<table>
<thead>
<tr>
<th>Component</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Processing Workhour Savings</td>
<td>$8,961,976</td>
</tr>
<tr>
<td>Mail Processing Management Savings</td>
<td>$1,753,772</td>
</tr>
<tr>
<td>Maintenance Savings</td>
<td>$7,781,005</td>
</tr>
<tr>
<td>Transportation Savings</td>
<td>$3,429,342</td>
</tr>
<tr>
<td>Proposed Annual Savings</td>
<td>$21,926,095</td>
</tr>
</tbody>
</table>

*Preliminary results subject to change*
EMPLOYEE IMPACTS*

Net craft impacts: -107

Net management impacts: -2

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
Mid-Carolinas District
2901 Scott Futrell Drive
Charlotte NC 28228-9976

Must be postmarked by December 20, 2011