Gary, Indiana
Area Mail Processing (AMP)
Public Meeting

November 21, 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 - 2006)

CONSOLIDATION Excess Capacity

(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

Mail Processing Facility

Current Operation

12:00 p.m.  
6:00 p.m.  
6:00 a.m.  
12:00 a.m.

In use

Proposed Operation

12:00 p.m.  
6:00 p.m.  
6:00 a.m.  
12:00 a.m.

In use
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 – 38.2 miles
# BUSINESS CASE

<table>
<thead>
<tr>
<th>Category</th>
<th>Savings</th>
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</thead>
<tbody>
<tr>
<td>Mail Processing Workhour Savings</td>
<td>$3,009,084</td>
</tr>
<tr>
<td>Mail Processing Management Savings</td>
<td>$1,179,672</td>
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<tr>
<td>Maintenance Savings</td>
<td>$7,939,448</td>
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<tr>
<td>Transportation Savings</td>
<td>$1,090,830</td>
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<tr>
<td><strong>Proposed Annual Savings</strong></td>
<td><strong>$13,219,034</strong></td>
</tr>
</tbody>
</table>

*Preliminary results subject to change
EMPLOYEE IMPACTS*

Net craft impacts: -150

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
Greater Indiana District
PO Box 9661
Indianapolis, IN 46298-9661

Must be postmarked by **December 6, 2011**