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

As of 8/31/2011

- 673 facilities in 2006
- 623 facilities in 2007
- 614 facilities in 2008
- 599 facilities in 2009
- 528 facilities in 2010
- 487 facilities in 2011
- Less than 200 facilities in 2013
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 a.m.
6:00 p.m.
6:00 a.m.
In use

Proposed Operation
12:00 a.m.
6:00 p.m.
6:00 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
- Substantial Cost Reduction
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 – 58.4 miles
<table>
<thead>
<tr>
<th></th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Processing Workhour</td>
<td>$1,088,121</td>
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<tr>
<td>Mail Processing Management</td>
<td>$371,044</td>
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<tr>
<td>Maintenance</td>
<td>$1,776,788</td>
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<tr>
<td>Transportation</td>
<td>$410,818</td>
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<tr>
<td>Proposed Annual</td>
<td>$3,646,771</td>
</tr>
</tbody>
</table>

*Preliminary results subject to change*
EMPLOYEE IMPACTS*

Net craft impacts: \(-21\)

Net management impacts: \(-3\)

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
Mississippi District
PO Box 99655
Jackson MS 39205-9655

Must be postmarked by November 16, 2011