McAlester OK CSMPC
Area Mail Processing (AMP)
Public Meeting

November 30, 2011
Two Topics

Radical Network Realignment

Area Mail Processing Study
Mail Volume Shifting to a Less Profitable Mix

First-Class Mail

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (Billions of Pieces)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>98</td>
</tr>
<tr>
<td>2010</td>
<td>78</td>
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<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 of Pieces)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>103</td>
</tr>
<tr>
<td>2010</td>
<td>83</td>
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<tr>
<td>2016</td>
<td>85</td>
</tr>
<tr>
<td>2020</td>
<td>86</td>
</tr>
</tbody>
</table>

Volume in Billions of Pieces
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

Processing Facilities

2006 2007 2008 2009 2010 2011 2012 2013

673 623 614 599 528 487 Less than 200

As of 8/31/2011
Studying 252 Facilities for Potential Consolidation

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

Potential Network
Mail Processing Redesign

Mail Processing Facility

Current Operation

Proposed Operation
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 – 140 miles
BUSINESS CASE*

Mail Processing Workhour Savings: $454,484
Maintenance Savings: $160,707
Transportation Savings: $60,458
Proposed Annual Savings: $675,649

*Preliminary results subject to change
EMPLOYEE IMPACTS*

Net employee impacts - 9

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 and Industry Contact
Oklahoma District
4025 W Reno Ave
Oklahoma City OK 73125-9631

Must be postmarked by December 15, 2011.