Muncie, Indiana
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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Processing Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>673</td>
</tr>
<tr>
<td>2007</td>
<td>623</td>
</tr>
<tr>
<td>2008</td>
<td>614</td>
</tr>
<tr>
<td>2009</td>
<td>599</td>
</tr>
<tr>
<td>2010</td>
<td>528</td>
</tr>
<tr>
<td>2011</td>
<td>487</td>
</tr>
<tr>
<td>2012</td>
<td>Less than 200</td>
</tr>
<tr>
<td>2013</td>
<td></td>
</tr>
</tbody>
</table>
Mail Processing Facility Footprint

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
CHANGE

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

Area Mail Processing Study
DISTANCE BETWEEN FACILITIES – 58.9 miles
BUSINESS CASE

Mail Processing Workhour Savings: $1,550,101
Mail Processing Management Savings: $285,368
Maintenance Savings: $1,630,634
Transportation Savings: $47,441
Proposed Annual Savings: $3,513,544

*Preliminary results subject to change
EMPLOYEE IMPACTS*

Net bargaining employee impacts:  -41

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 14, 2011