New Orleans LA P&DC
Area Mail Processing (AMP)
Public Meeting

November 8, 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

2006 → 2013
Potential Decrease in Processing Facilities Through 2013

As of 8/31/2011

Processing Facilities

<table>
<thead>
<tr>
<th>Year</th>
<th>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>
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</tbody>
</table>
Mail Processing Facility Footprint

Studying 252 Facilities for Potential Consolidation

Currently Under Study
Announced Sept. 15th
Mail Processing Redesign

Mail Processing Facility

![Diagram showing current and proposed mail processing operations. Current operation: 6:00 p.m. to 12:00 a.m., 12:00 p.m. to 6:00 a.m. In use: 6:00 p.m. to 12:00 a.m. Proposed operation: 6:00 p.m. to 12:00 a.m., 12:00 p.m. to 6:00 a.m. In use: 6:00 p.m. to 12:00 a.m.]

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
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 – 75 miles
BUSINESS CASE*

Mail Processing Workhour Savings: $2,404,344
Mail Processing Management Savings: $465,159
Maintenance Savings: $2,225,128
Transportation Costs: ($775,495)
Proposed Annual Savings: $4,319,136

*Preliminary results subject to change
EMPLOYEE IMPACTS*

Net employee impacts: -120

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
Louisiana District
701 Loyola Ave. Rm. 1101
New Orleans LA  70113-9631

Must be postmarked by November 23, 2011.