NORFOLK P&DF
Area Mail Processing (AMP)
Public Meeting

November 29, 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

2013
Potential Decrease in Processing Facilities Through 2013

As of 8/31/2011
Mail Processing Facility Footprint

487 Facilities Today

- Current Mail Processing Sites
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
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 – 83.5 miles
**BUSINESS CASE**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Processing Workhour Savings</td>
<td>$12,439,228</td>
</tr>
<tr>
<td>Mail Processing Management Savings</td>
<td>$1,599,054</td>
</tr>
<tr>
<td>Maintenance Savings</td>
<td>$6,973,055</td>
</tr>
<tr>
<td>Transportation Costs</td>
<td>($850,703)</td>
</tr>
<tr>
<td>Proposed Annual Savings</td>
<td>$20,222,639</td>
</tr>
</tbody>
</table>

*Preliminary results subject to change*
EMPLOYEE IMPACTS*

Net craft impacts: 255
Net Supervisory/Management 5

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
Richmond District
1801 Brook Road
Richmond, Virginia 23232-9631

Must be postmarked by December 14, 2011