North Bay, CA P&DC
Area Mail Processing (AMP)
Public Meeting

November 16, 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

Processing Facilities

2006: 673
2007: 623
2008: 614
2009: 599
2010: 528
2011: 487
2012: Less than 200
2013: (arrow indicating decrease)

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 – 47.5 miles
<table>
<thead>
<tr>
<th>Description</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Mail Processing Employee Savings</td>
<td>$2,932,437</td>
</tr>
<tr>
<td>Annual Maintenance Savings</td>
<td>$1,195,740</td>
</tr>
<tr>
<td>Annual Transportation Savings</td>
<td>($1,611,665)</td>
</tr>
<tr>
<td><strong>Proposed Annual Savings:</strong></td>
<td><strong>$2,451,782</strong></td>
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</tbody>
</table>

*Preliminary results subject to change*
EMPLOYEE IMPACTS*

Net craft impacts: -221
Net management impacts: -7

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
San Francisco District
PO Box 193000
San Francisco, CA 94188-3000

Must be postmarked by December 3, 2011