Pocatello ID CSMPC
Area Mail Processing (AMP)
Public Meeting

December 1, 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
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</thead>
<tbody>
<tr>
<td>2006</td>
<td>98</td>
</tr>
<tr>
<td>2010</td>
<td>78</td>
</tr>
<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</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>
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
Mail Processing Facility Footprint

487 Facilities Today

• Current Mail Processing Sites
Studying 252 Facilities for Potential Consolidation

⭐ Currently Under Study
⭐ Announced Sept. 15th
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
<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>559,000</td>
<td>Total Career Employees</td>
</tr>
<tr>
<td>151,000</td>
<td>Total Mail Processing Employees</td>
</tr>
<tr>
<td>35,000</td>
<td>Fewer Mail Processing Positions</td>
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</tbody>
</table>
Area Mail Processing Study
Distance between Pocatello and Salt Lake – 167.6 miles
BUSINESS CASE*

Mail Processing Workhour Savings: $1,706,879
Mail Processing Management Savings: $670,246
Maintenance Savings: $1,547,874
Transportation Costs: ($94,889)
Proposed Annual Savings: $3,830,110

*Preliminary results subject to change
EMPLOYEE IMPACTS*

Net craft impacts: -26
Net management impacts: -3

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
Salt Lake District
1760 W 2100 S
Salt Lake City UT 84199-9631

Must be postmarked by December 16, 2011