Provo UT CSMPC
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
</tr>
</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>
</tr>
<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

Potential Decrease in Processing Facilities Through 2013

Processing Facilities

2006 2007 2008 2009 2010 2011 2012 2013

673 623 614 599 528 487 Less than 200

Processing Facilities

0 200 400 600 800
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
Our Employees

559,000  Total Career Employees
151,000  Total Mail Processing Employees
35,000  Fewer Mail Processing Positions
Topic

Area Mail Processing Study
Provo -
845 to Grand Junction, 846 to Salt Lake City, 847 To Las Vegas
Distance between Provo and Salt Lake – 42.8 miles
Distance between Provo and Grand Junction – 238.1 miles
Distance between Provo and Las Vegas – 377.6 miles
**BUSINESS CASE***

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Mail Processing Workhour Savings</td>
<td>$1,833,060</td>
</tr>
<tr>
<td>Mail Processing Management Savings</td>
<td>$393,797</td>
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<tr>
<td>Maintenance Savings</td>
<td>$1,557,590</td>
</tr>
<tr>
<td>Transportation Costs</td>
<td>($129,707)</td>
</tr>
<tr>
<td>Proposed Annual Savings</td>
<td>$3,654,740</td>
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</tbody>
</table>

*Preliminary results subject to change*
EMPLOYEE IMPACTS*

Net craft impacts: -34

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 14, 2011