Redding, CA
Customer Service and Mail Processing Center
Area Mail Processing (AMP)
Public Meeting

November 28, 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

CONSOLIDATION
Excess Capacity

2006

2013
Potential Decrease in Processing Facilities Through 2013

- 2006: 673
- 2007: 623
- 2008: 614
- 2009: 599
- 2010: 528
- 2011: 487
- 2012: Less than 200
- 2013: Less than 200

As of 8/31/2011
487 Facilities Today

- Current Mail Processing Sites
Studying 252 Facilities for Potential Consolidation

- Currently Under Study
- Announced Sept. 15th

Mail Processing Facility Footprint
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 – 161 miles
**BUSINESS CASE**

<table>
<thead>
<tr>
<th>Description</th>
<th>Savings</th>
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</thead>
<tbody>
<tr>
<td>Annual Mail Processing Employee Savings</td>
<td>$1,361,999</td>
</tr>
<tr>
<td>Annual Maintenance Savings</td>
<td>$174,183</td>
</tr>
<tr>
<td>Annual Transportation Savings</td>
<td>$44,518</td>
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<tr>
<td><strong>Proposed Annual Savings:</strong></td>
<td><strong>$1,920,194</strong></td>
</tr>
</tbody>
</table>

*Preliminary results subject to change*
EMPLOYEE IMPACTS*

Net craft impacts: -59

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
Sacramento District
3775 Industrial Blvd
West Sacramento, CA 95799-0070

Must be postmarked by December 13, 2011