South Bend, Indiana
Area Mail Processing (AMP)
Public Meeting

November 17, 2011
Two Topics

Radical Network Realignment

Area Mail Processing Study
Mail Volume Shifting to a Less Profitable Mix

**First-Class Mail**
- 2006: 98
- 2010: 78
- 2016: 54
- 2020: 39

**Standard Mail**
- 2006: 103
- 2010: 83
- 2016: 85
- 2020: 86

Volume in Billions of Pieces
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Processing Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>673</td>
</tr>
<tr>
<td>2007</td>
<td>623</td>
</tr>
<tr>
<td>2008</td>
<td>614</td>
</tr>
<tr>
<td>2009</td>
<td>599</td>
</tr>
<tr>
<td>2010</td>
<td>528</td>
</tr>
<tr>
<td>2011</td>
<td>487</td>
</tr>
<tr>
<td>2012</td>
<td>Less than 200</td>
</tr>
<tr>
<td>2013</td>
<td></td>
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</tbody>
</table>
Mail Processing Facility Footprint

487 Facilities Today

- Current Mail Processing Sites
Mail Processing Facility Footprint

Studying 252 Facilities for Potential Consolidation

Currently Under Study
Announced Sept. 15th
Mail Processing Facility Footprint

Potential Network
Mail Processing Redesign

Mail Processing Facility

Current Operation

6:00 p.m. - 6:00 a.m.

Proposed Operation

6:00 p.m. - 6:00 a.m.

12:00 a.m. - 12:00 p.m.
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 – 91 miles
BUSINESS CASE*

Mail Processing Workhour Savings: $1,853,845
Mail Processing Management Savings: $1,176,020
Maintenance Savings: $2,549,580
Transportation Savings: $517,655
Proposed Annual Savings: $6,097,100

*Preliminary results subject to change
EMPLOYEE IMPACTS*

Net craft impacts: -55
Net management impacts: -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
Greater Indiana District
PO Box 9661
Indianapolis, IN 46298-9661

Must be postmarked by December 2, 2011