Tacoma, WA P&DF
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

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

CONSOLIDATION Excess Capacity

1970 → 2006

2013
Potential Decrease in Processing Facilities Through 2013

Processing Facilities

- 673 in 2006
- 623 in 2007
- 614 in 2008
- 599 in 2009
- 528 in 2010
- 487 in 2011

As of 8/31/2011

Less than 200
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
<table>
<thead>
<tr>
<th></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>
</tr>
</tbody>
</table>
Area Mail Processing Study
BUSINESS CASE*

Mail Processing Workhour Savings: $3,026,523
Mail Processing Management Savings: $1,362,865
Maintenance Savings: $2,468,370
Transportation Costs: $83,948
Proposed Annual Savings: $6,941,706

*Preliminary results subject to change
EMLOYEE IMPACTS*

Net craft impacts: -134
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
Seattle District
PO Box 90306
Seattle, WA 98109-9631

Must be postmarked by December 2, 2011