Tulsa OK P&DC
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 in Billions</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 in Billions</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
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 Redesign

Mail Processing Facility

12:00 a.m. 12:00 a.m.

6:00 p.m. 6:00 p.m.

Current Operation

Proposed Operation

In use

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 – 114 miles
## BUSINESS CASE*

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Processing Workhour Savings</td>
<td>$5,747,863</td>
</tr>
<tr>
<td>Mail Processing Management Savings</td>
<td>$2,023,585</td>
</tr>
<tr>
<td>Maintenance Savings</td>
<td>$5,547,489</td>
</tr>
<tr>
<td>Transportation Costs</td>
<td>($2,301,936)</td>
</tr>
<tr>
<td>Proposed Annual Savings</td>
<td>$11,017,001</td>
</tr>
</tbody>
</table>

*Preliminary results subject to change
EMPLOYEE IMPACTS*

Net craft impacts - 173
Net management impacts - 10

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
Oklahoma District
4025 W Reno Ave
Oklahoma City OK 73125-9631

Must be postmarked by December 16, 2011.