Columbia MO
Area Mail Processing (AMP)
Public Meeting

April 2, 2013
Two Topics

Radical Network Realignment

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

<table>
<thead>
<tr>
<th>Year</th>
<th>First-Class Mail</th>
<th>Standard Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>98</td>
<td>103</td>
</tr>
<tr>
<td>2010</td>
<td>78</td>
<td>83</td>
</tr>
<tr>
<td>2016</td>
<td>54</td>
<td>85</td>
</tr>
<tr>
<td>2020</td>
<td>39</td>
<td>86</td>
</tr>
</tbody>
</table>

Volume in Billions of Pieces
Adapting to America’s Changing Mailing Habits

First-Class, Single-Piece Volumes

37% Decrease since 2007

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
Mail Processing Facility Footprint

487 Facilities Today

- Current Mail Processing Sites
252 Facilities Studied 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
Our Employees

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

Area Mail Processing Study
Driving Distance: 132.9 miles to St Louis; 136.7 miles to KC MO
<table>
<thead>
<tr>
<th>Description</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Processing Workhour Savings</td>
<td>$1,788,132</td>
</tr>
<tr>
<td>Mail Processing Management Savings</td>
<td>$392,649</td>
</tr>
<tr>
<td>Maintenance Savings</td>
<td>$1,163,711</td>
</tr>
<tr>
<td>Transportation Savings</td>
<td>$806,218</td>
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<tr>
<td>Proposed Annual Savings</td>
<td>$4,150,710</td>
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</tbody>
</table>

*Preliminary results subject to change*
EMPLOYEE IMPACTS*

Net bargaining employee impacts: -42

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
Gateway District
1720 Market St., Room 1015
St. Louis MO 63155-9511

Must be postmarked by April 17, 2013