Corpus Christi TX P&DC
Area Mail Processing (AMP)
Public Meeting

January 4, 2012
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 (Billions of Pieces)</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 (Billions of Pieces)</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

1970

CONSOLIDATION Excess Capacity

2006

2013
Potential Decrease in Processing Facilities Through 2013

As of 8/31/2011

Processing Facilities

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

Mail Processing Facility

Current Operation

Proposed Operation
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>Number</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>
Topic

Area Mail Processing Study
DISTANCE BETWEEN FACILITIES – 150 miles
## BUSINESS CASE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Mail Processing Workhour Savings</td>
<td>$3,219,369</td>
</tr>
<tr>
<td>Mail Processing Management Savings</td>
<td>$1,255,145</td>
</tr>
<tr>
<td>Maintenance Savings</td>
<td>$3,727,512</td>
</tr>
<tr>
<td>Transportation Savings</td>
<td>$3,004,372</td>
</tr>
<tr>
<td>Proposed Annual Savings</td>
<td>$11,206,398</td>
</tr>
</tbody>
</table>

*Preliminary results subject to change*
EMPLOYEE IMPACTS*

Craft Employees Impacted at Corpus Christi P&DC          -171
Proposed Craft Positions to be added at San Antonio      +  78
Net Craft Employees impacts due to consolidations          - 93

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
Rio Grande District
10410 Perrin Beitel Rd
San Antonio TX 78284-9631

Must be postmarked by January 19, 2012