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

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
487 Facilities Today
Mail Processing Facility Footprint

Studying 252 Facilities for Potential Consolidation

Currently Under Study
Announced Sept. 15th
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
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:
- Dallas to Ft. Worth: 35 miles
- Ft. Worth to NTX: 38 miles
Proposed Destinating Mail Processing Network

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Current Destinating Network

Proposed Destinating Network
DAL AMP proposes shifting all destinating volume from 751 to 753 from Dallas to Ft. Worth
FTW AMP proposes shifting all destinating volume from 762 and 763 from Ft. Worth to NTX
DISTANCE BETWEEN FACILITIES: Ft. Worth to NTX - 38 miles

Proposed Originating Network (Letters and Flats)
FTW AMP proposes shifting originating letters and flats for 760 to 764 Ft. Worth to NTX

Proposed Originating Network (Priority and Expedited Packages)
FTW AMP proposes shifting originating Priority and Expedited Packages for 762 and 763 from Ft. Worth to NTX
<table>
<thead>
<tr>
<th>Component</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Processing Workhour Savings:</td>
<td>$11,546,412</td>
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<tr>
<td>Mail Processing Management Savings:</td>
<td>$6,414,355</td>
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<tr>
<td>Maintenance Savings:</td>
<td>$13,731,662</td>
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<tr>
<td>Transportation Savings:</td>
<td>$289,097</td>
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<td>Proposed Annual Savings: (Dallas AMP)</td>
<td>$31,981,526</td>
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<tr>
<td>Proposed Annual Savings: (Ft. Worth AMP)</td>
<td>$6,773,097</td>
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<tr>
<td>Proposed Annual Savings: (Both AMPs)</td>
<td>$38,754,623</td>
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</tbody>
</table>

*Preliminary results subject to change
EMPLOYEE IMPACTS*

Craft Employees Impacted at Dallas P&DC  -980
Craft Positions to be Added at Ft Worth & North Texas  +463
Net Craft Employee Impact as result of Consolidations  -517
Net Supervisor/Management Employee Impact  -52
Net Total Employee Impact  -569

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
Dallas District
951 W Bethel Rd
Coppell TX 75099-9631

Must be postmarked by December 22, 2011.