Mid-Florida FL 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
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Facilities</th>
</tr>
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<tbody>
<tr>
<td>2006</td>
<td>673</td>
</tr>
<tr>
<td>2007</td>
<td>623</td>
</tr>
<tr>
<td>2008</td>
<td>614</td>
</tr>
<tr>
<td>2009</td>
<td>599</td>
</tr>
<tr>
<td>2010</td>
<td>528</td>
</tr>
<tr>
<td>2011</td>
<td>487</td>
</tr>
<tr>
<td>2012</td>
<td>Less than 200</td>
</tr>
<tr>
<td>2013</td>
<td>Less than 200</td>
</tr>
</tbody>
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Processing Facilities
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

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
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 – 30 miles
BUSINESS CASE

Mail Processing Workhour Savings: $ 6,275,424
Mail Processing Management Savings: $ 2,314,438
Maintenance Savings: $ 8,719,143
Transportation Costs: $(3,210,102)
Proposed Annual Savings: $14,098,903

*Preliminary results subject to change
EMPLOYEE IMPACTS*

Craft Employees Impacted at Mid-Florida P&DC -340
Proposed Craft Positions to be added at Orlando +199
Net Craft Employees impacts due to consolidations -141
Net Management Impact - 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
Suncoast District
2203 N Lois Ave, Ste 1163
Tampa FL 33607-7163

Must be postmarked by January 19, 2012