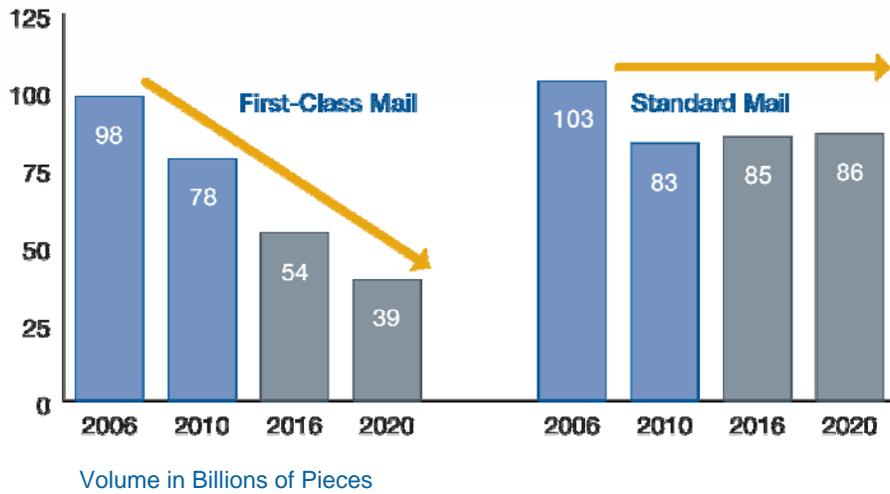
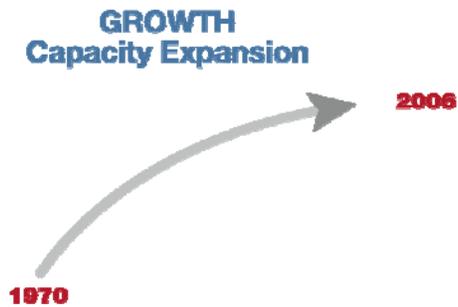


Network Optimization Concept

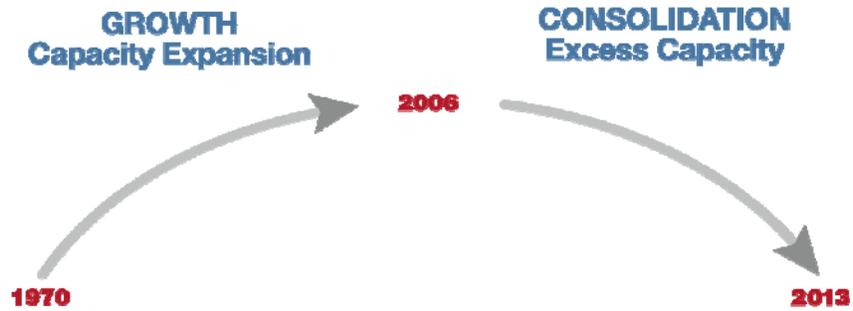
- **Volume Realities**
- **Current and Future Mail Processing Infrastructure**
- **Plan for Change**
- **Next Steps**



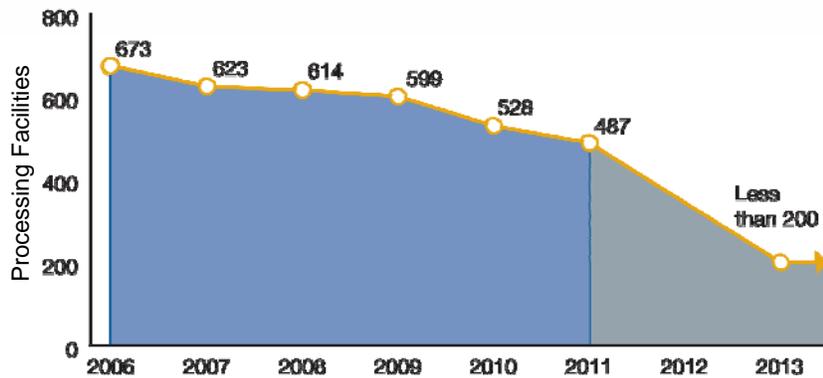
NETWORK CAPACITY



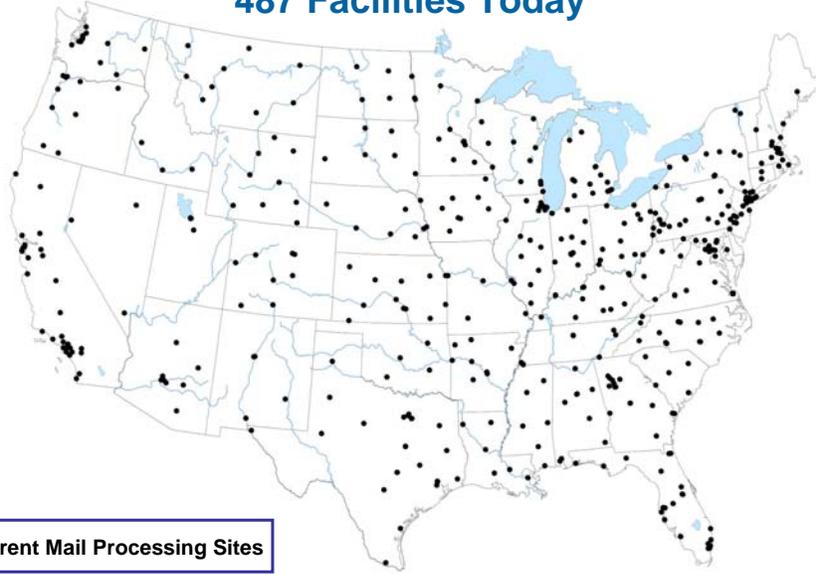
NETWORK CAPACITY



Potential Decrease in Processing Facilities Through 2013

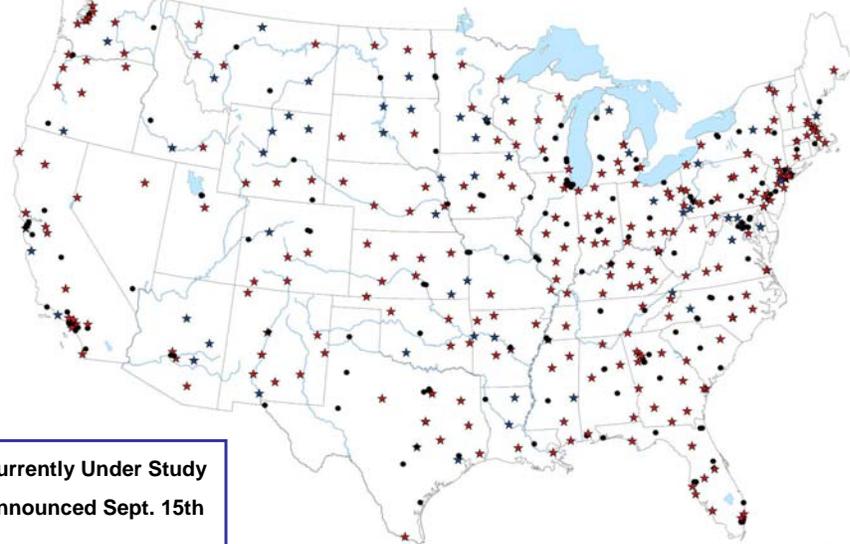


487 Facilities Today



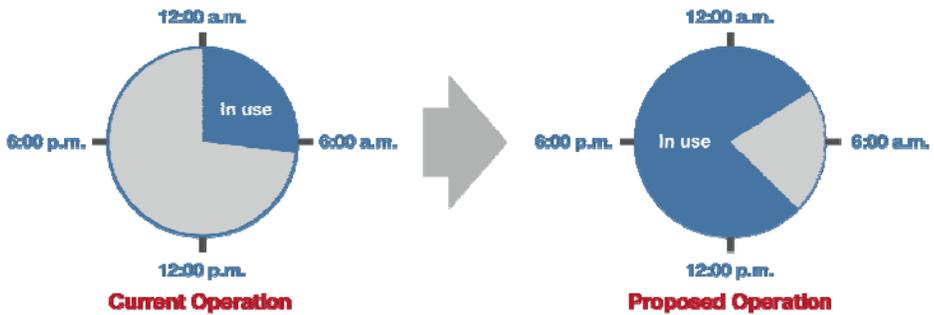
• Current Mail Processing Sites

Studying 252 Facilities for Potential Closure



★ Currently Under Study
★ Announced Sept. 15th

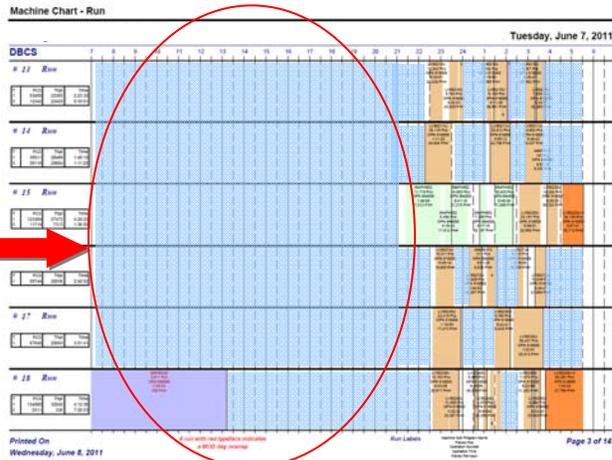
Potential Network



Illustrative Example

Network infrastructure driven by operating windows constrained to meet current First-Class Mail overnight service commitments

IDLE CAPACITY



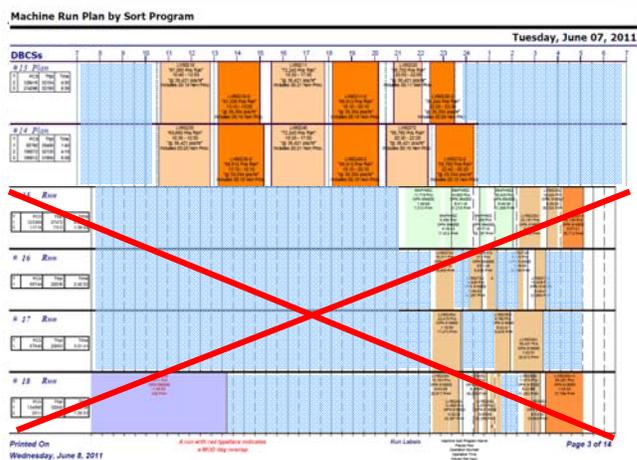
Illustrative Example

Processing Consolidated onto Significantly Fewer Machines

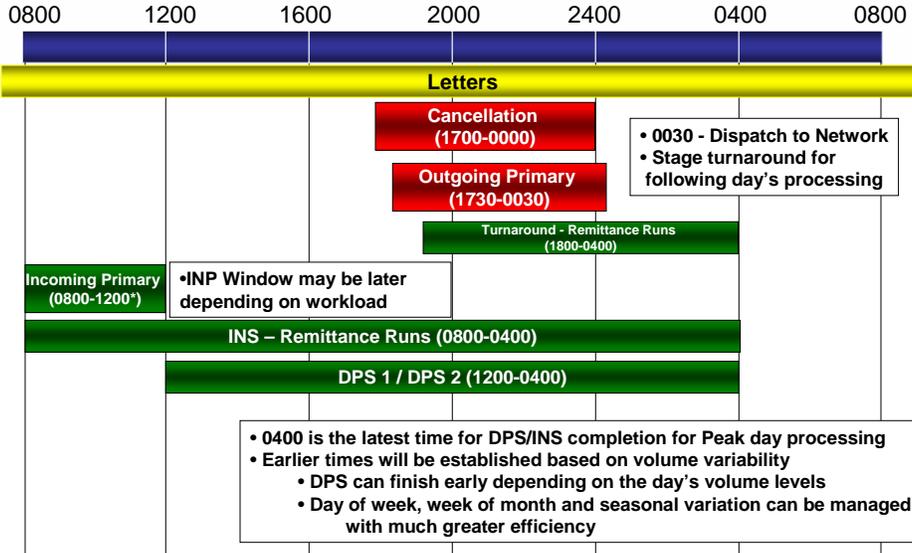
Example:
6 machines
consolidated to 2



**Fewer machines
needed for
longer window**

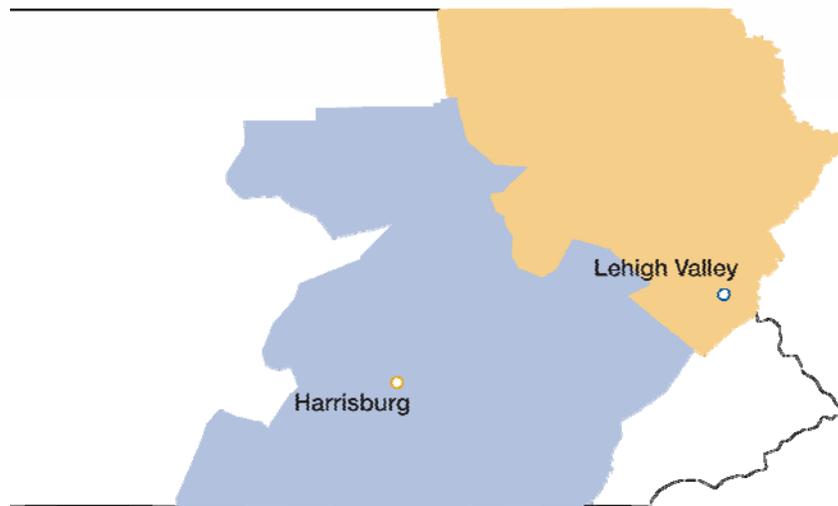


Plan for Change – Operating Concept



Current Reach





FUTURE NETWORK

- Support 2-3 day Service Standards
- Revised Entry Times
- Reduced Equipment ~ 50 % reduction
- Reduced Footprint

BENEFITS

- Eliminate Excess Capacity
- More Efficient Transportation Network
- Fully Utilized Workforce
- Up to \$3 Billion Cost Reduction

CHANGES

- Planning for new mail processing footprint and transport pattern
- Transitioning to 2-3 day service standard

OUR APPROACH

- Industry-specific strategies
- Ongoing communication and collaborative mitigation of issues

17

559,000

Total Career Employees

151,000

Total Mail Processing Employees

35,000

Fewer Mail Processing Positions

18



Fewer facilities, greater utilization and efficiency



Earlier mail availability driving more efficient local delivery



More retail partners and kiosks, more online, fewer brick and mortar Post Offices

**\$6.5 Billion
Cost Reduction
by 2015**

THE RESULT

**Highly efficient, low cost,
national delivery platform**

2011

- **September 15**
 - Announce AMP Studies and Advance Notice of Proposed Rulemaking
- **Mid-September**
 - Notice published in Federal Register
- **Mid-October**
 - Comments due on FR notice
- **November**
 - AMP Public Input Meetings held in Nov-Dec
 - Working toward a Nov PRC filing (need to obtain approval to file from the Postal Service Governors)

**Questions and additional
comments, please contact:
industryfeedback@usps.com**