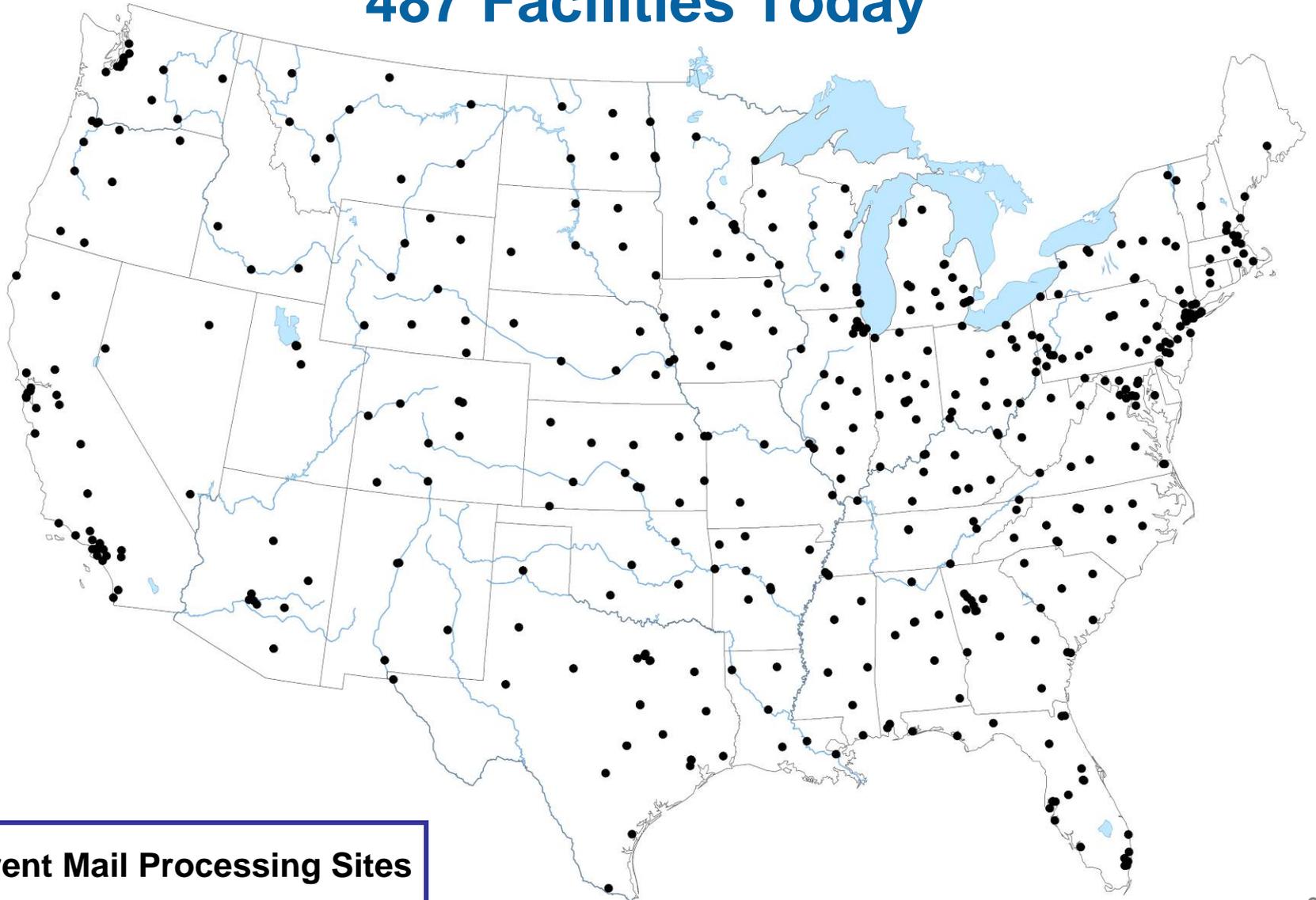


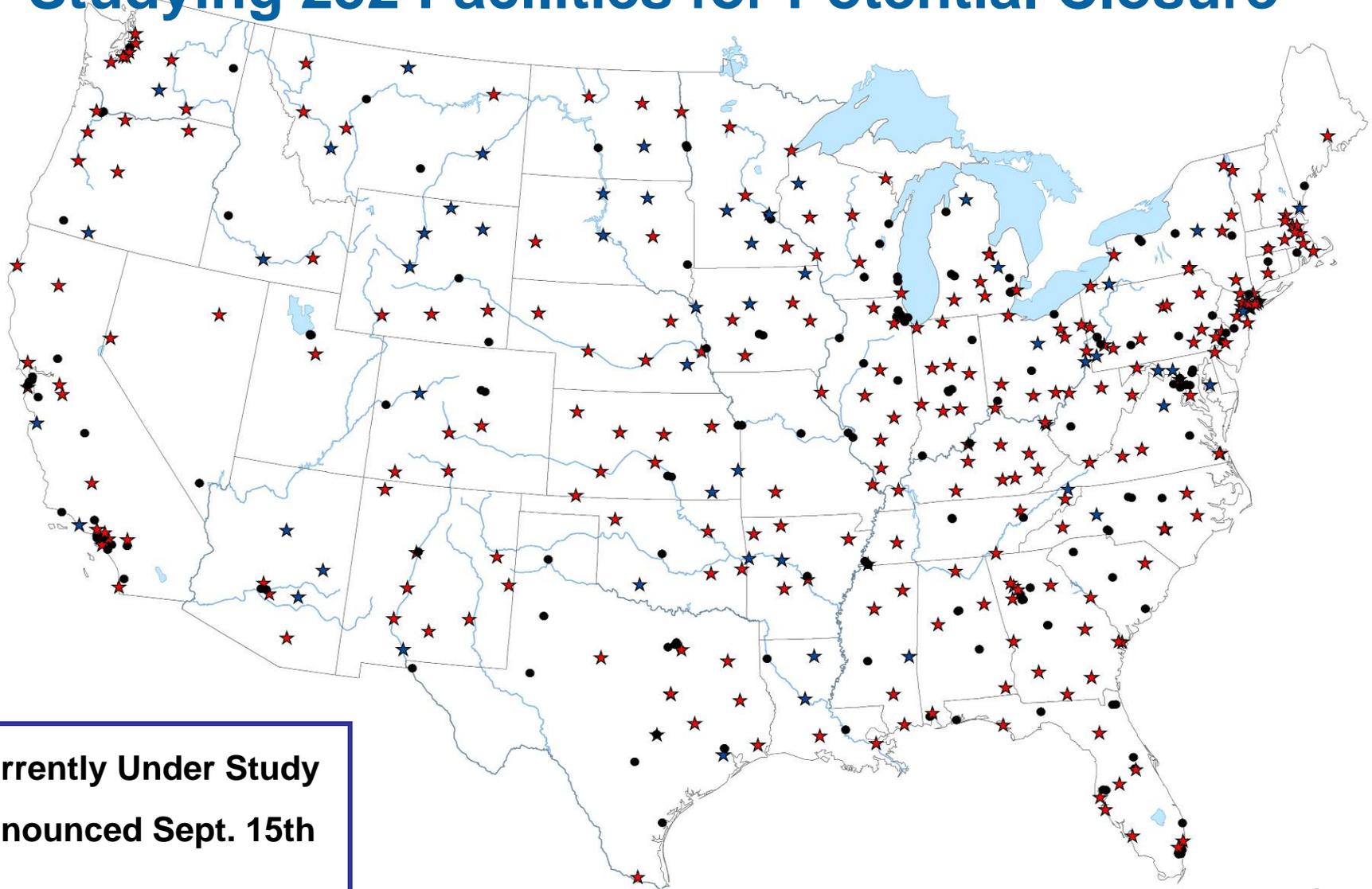
Network Optimization Concept Update

487 Facilities Today

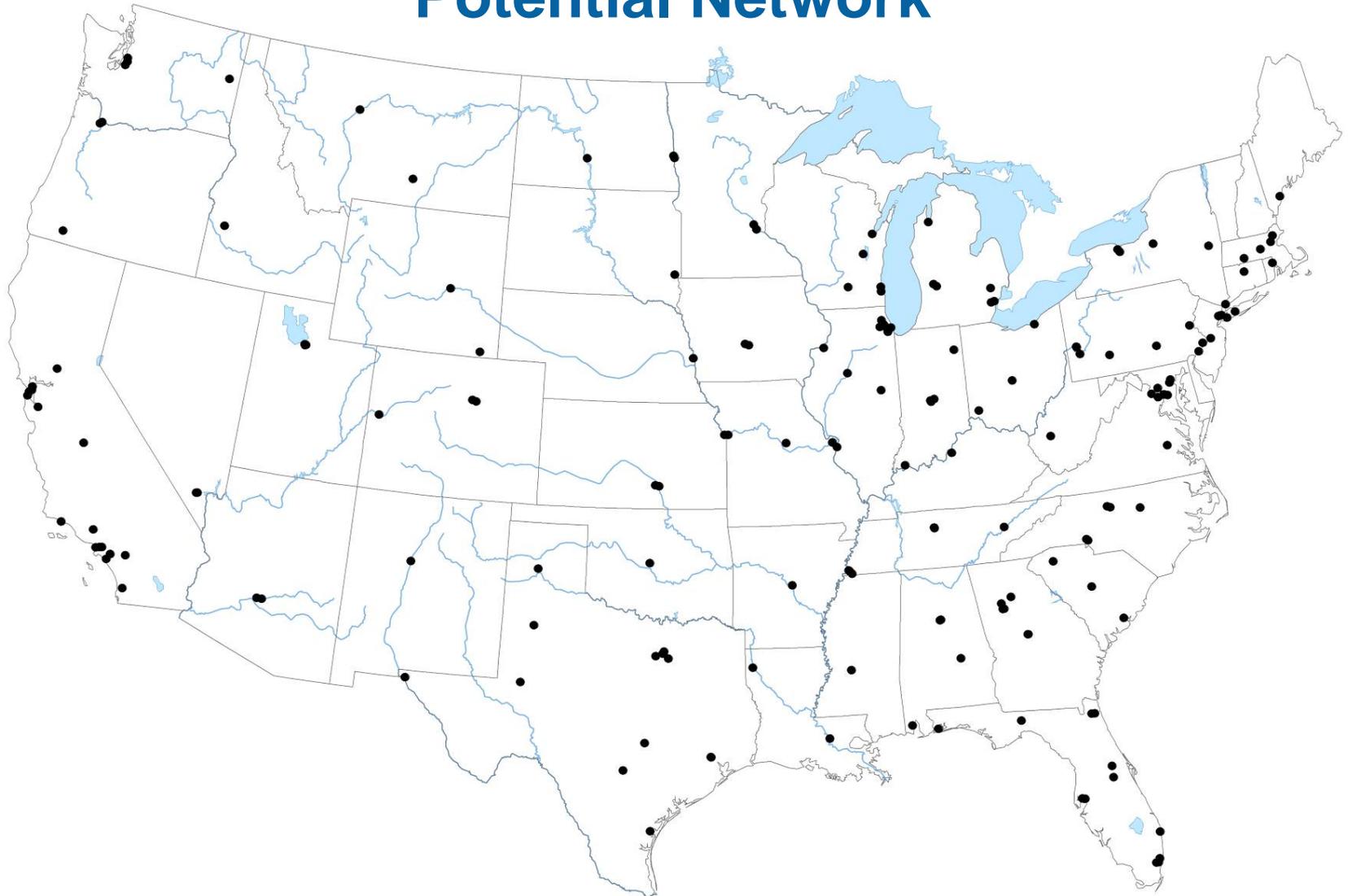


● Current Mail Processing Sites

Studying 252 Facilities for Potential Closure



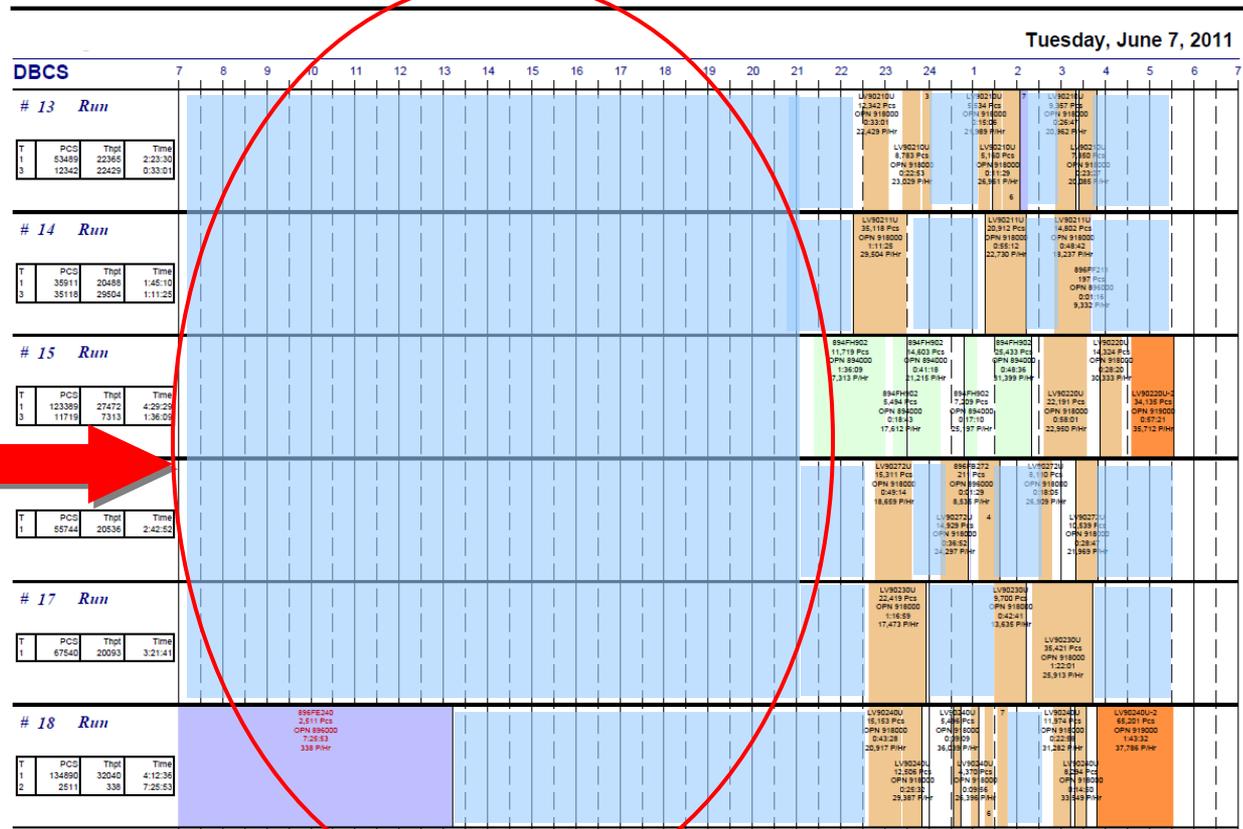
Potential Network



Illustrative Example

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

Machine Chart - Run



**IDLE
CAPACITY**



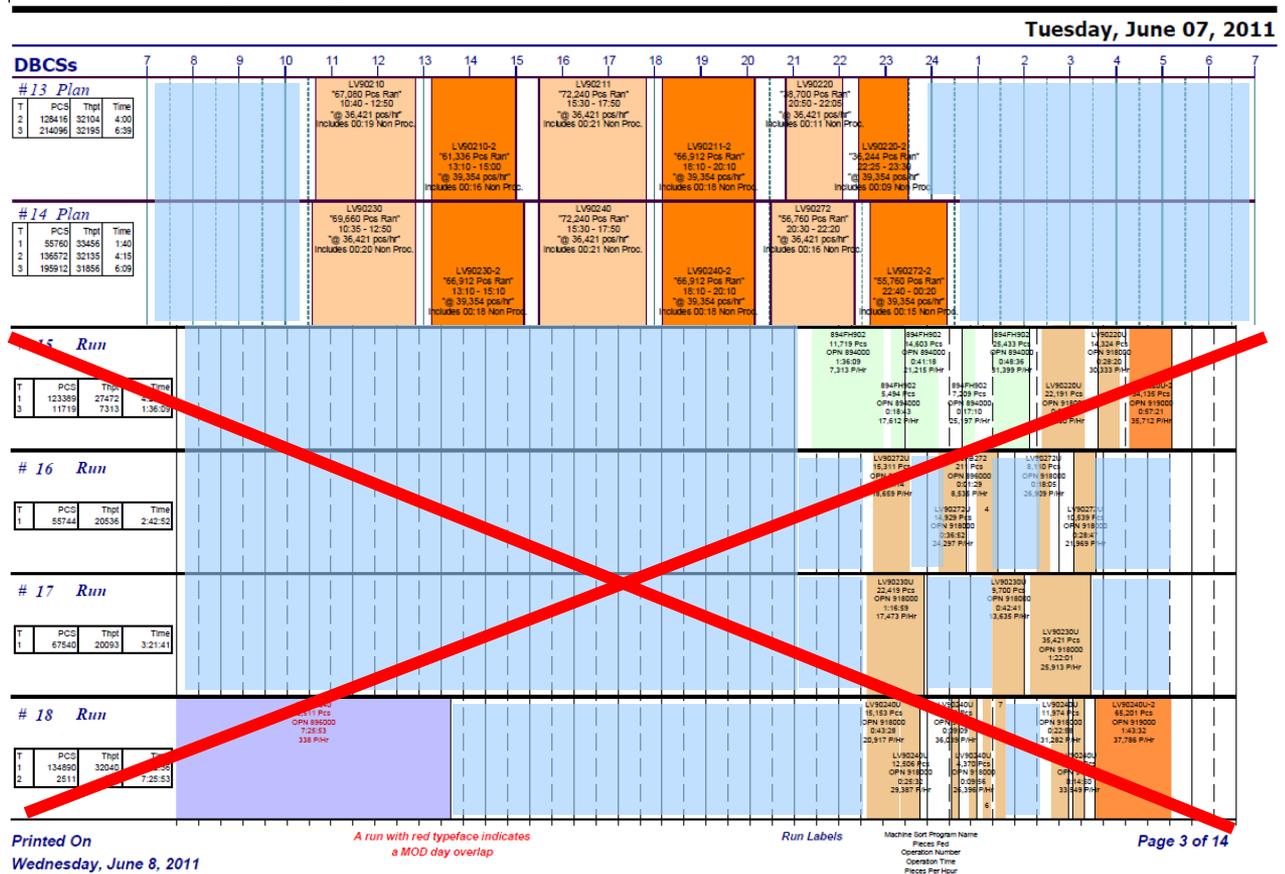
Illustrative Example Processing Consolidated onto Significantly Fewer Machines

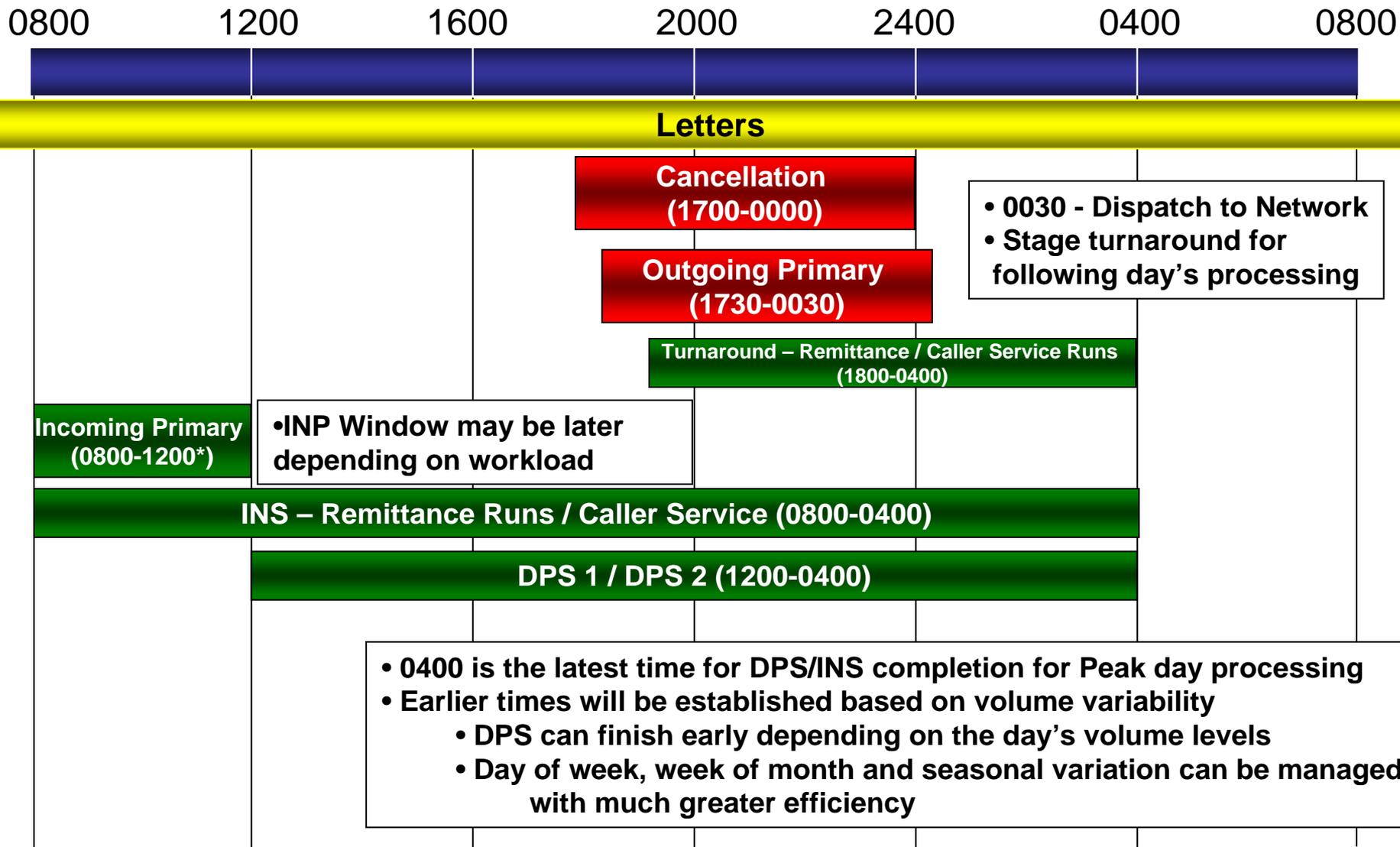
Example:
6 machines
consolidated to 2



**Fewer machines
needed for
longer window**

Machine Run Plan by Sort Program





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

Outreach Status

- Press event – September 15
 - PCC Day – September 21
 - Held 23 Stakeholder Outreach Meetings / Webinars
 - Additional 10 Stakeholder Outreach Meetings / Webinars scheduled in next couple of weeks
-

Key Issues

- Operations
- Communications / Outreach
- Service Standards
- Acceptance / Entry
- Pricing / Preparation
- Volume and Revenue Impacts

2011

- **September 15**
 - Announce AMP Studies and Advance Notice of Proposed Rulemaking
- **September 21**
 - Advance Notice published in Federal Register
- **October 21**
 - Comments due on Advance Notice
- **November**
 - Prepare and publish Federal Register proposal
 - Work toward a PRC filing (need to obtain approval to file from the Postal Service Governors)
 - AMP Public Input Meetings held in Nov-Dec