

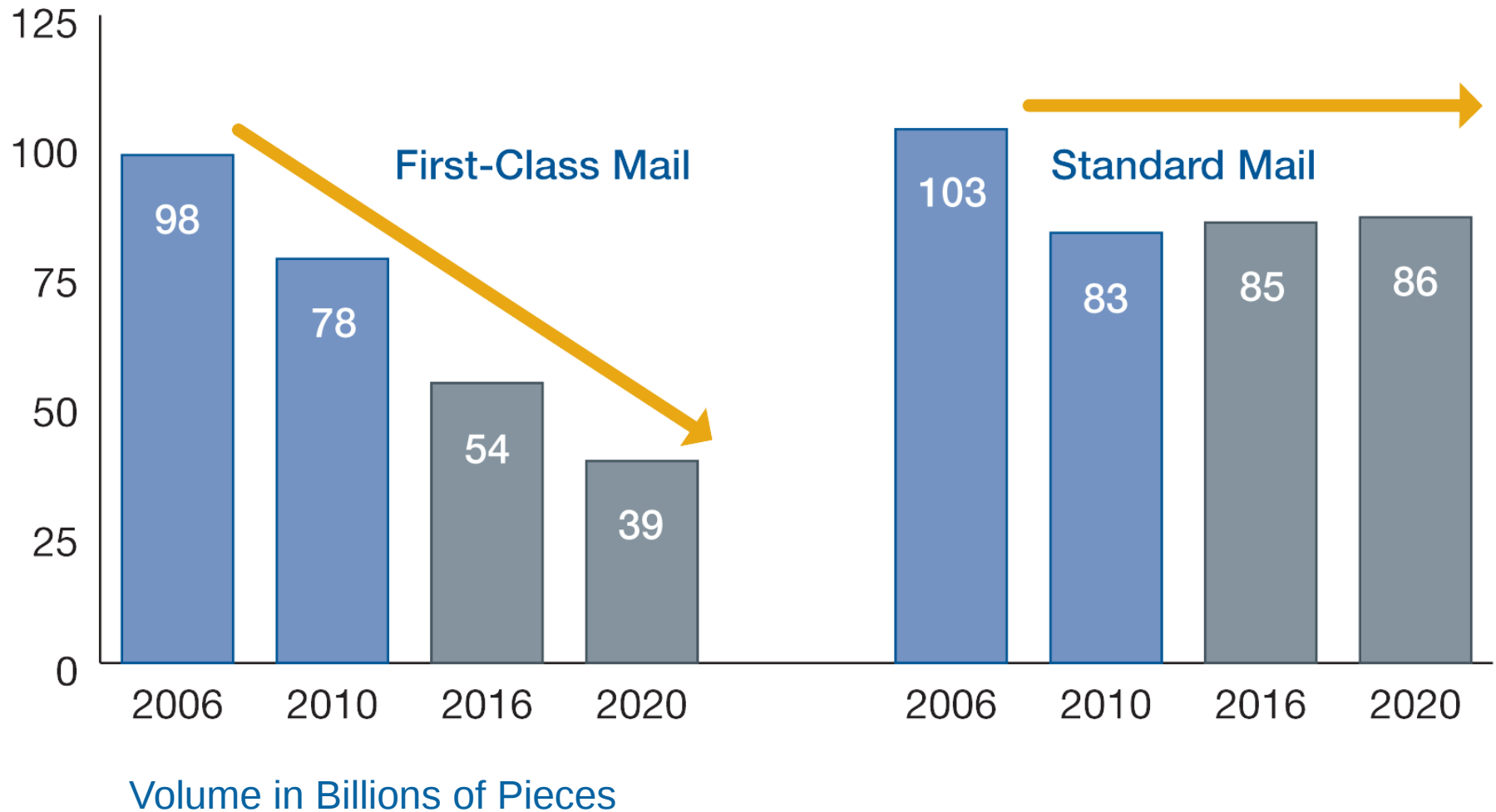


**Network Realignment
Announcement**
May 17, 2012

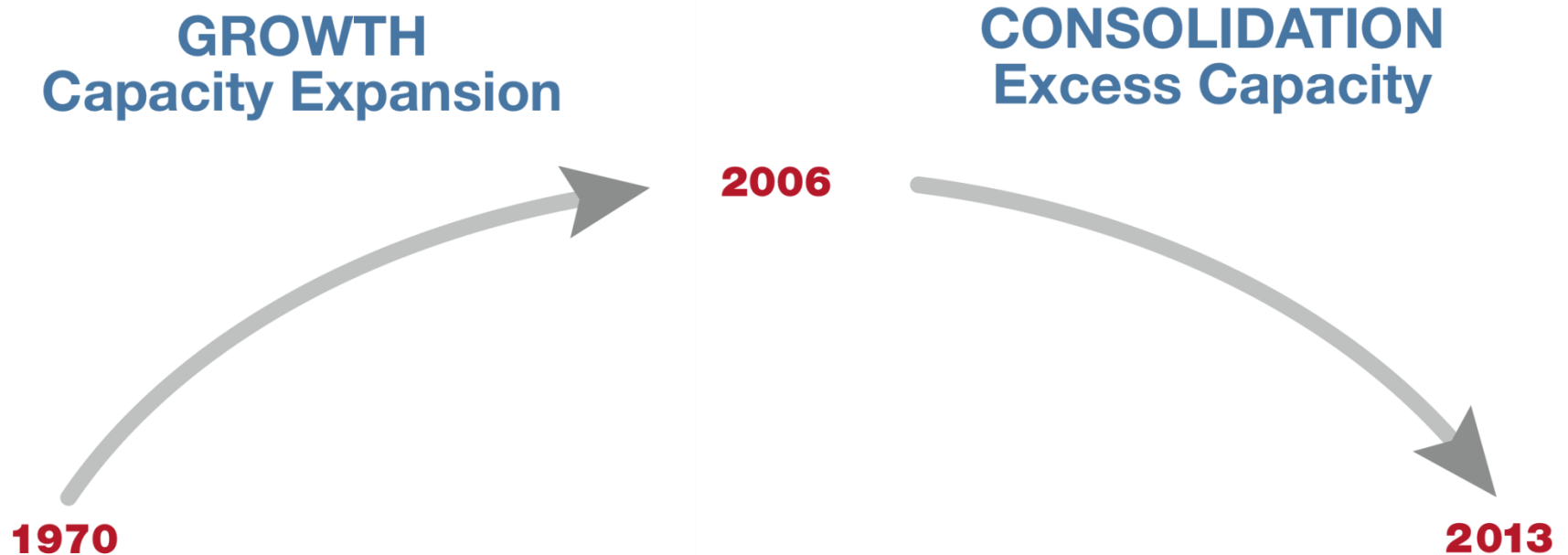


➔ **PHASED NETWORK
CONSOLIDATION**

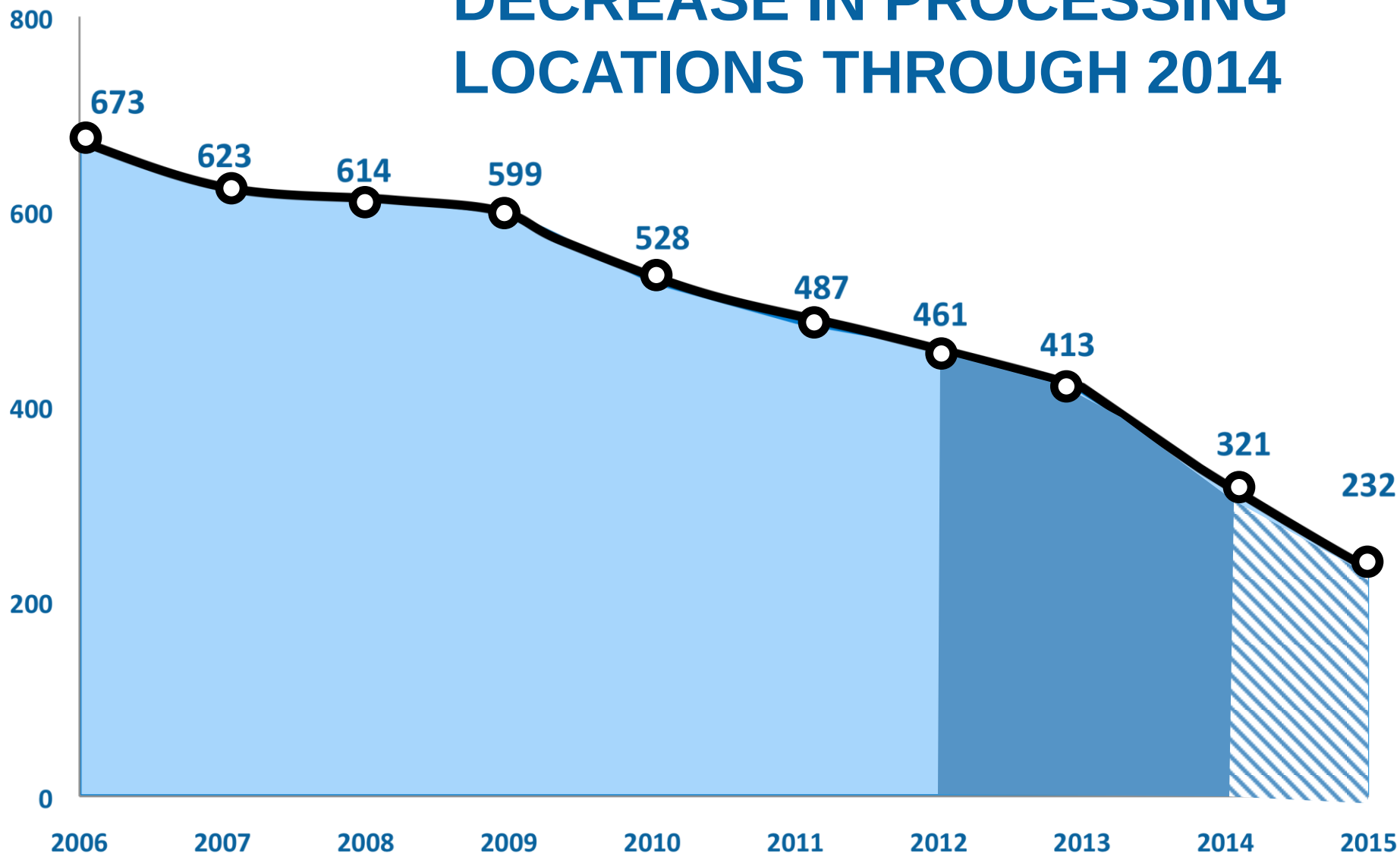
➔ **MODIFIED SERVICE
STANDARD CHANGE**



NETWORK CAPACITY



DECREASE IN PROCESSING LOCATIONS THROUGH 2014



PROCEEDING WITH CONSOLIDATIONS OVER A LONGER TIME SPAN

Summer 2012: Phase 1 Begins

Consolidating
activity at 48
locations within
schedule
constraints



Spring 2013: Phase 1 Concludes

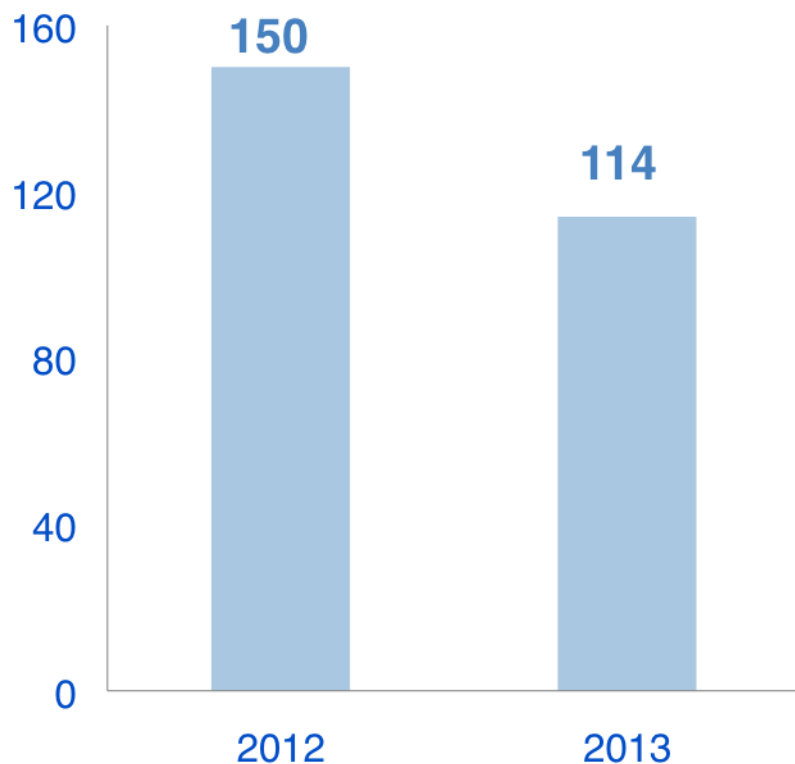
Consolidating
activity at 140
locations; \$1.2B
in annual
savings



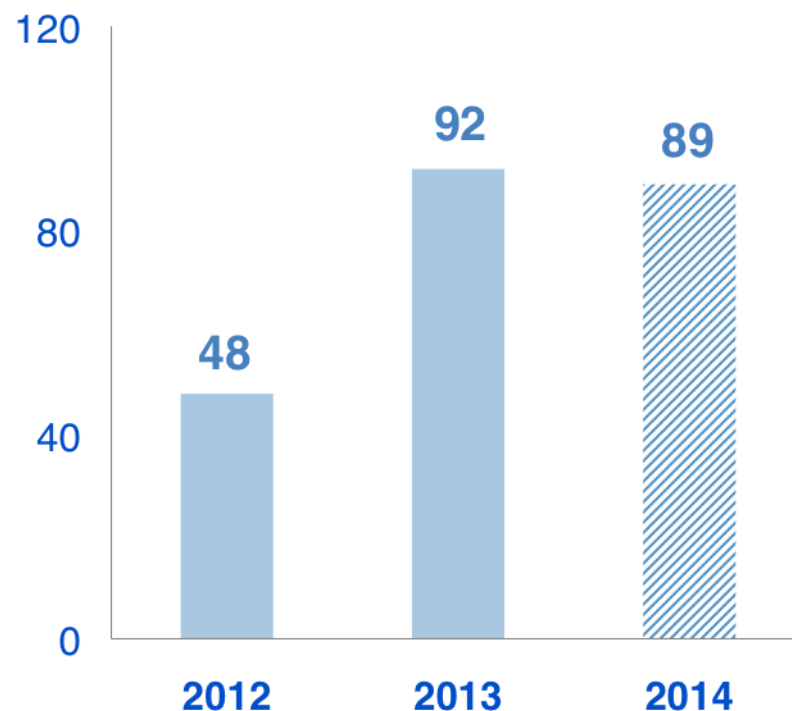
Spring 2014: Phase 2

Consolidating
activity at 89
locations;
\$2.1B
combined
savings

CONSOLIDATING ACTIVITIES AT MAIL PROCESSING LOCATIONS



Announced September 15, 2011



New Plan May 17, 2012

LIMITED ACTIVITY THIS SUMMER

- ➔ Consolidation activity at 48 locations
- ➔ Equipment and employee moves to larger “gaining” sites
- ➔ Realigned transportation model eliminates multiple overnight trips
- ➔ 5,000 employees to receive notifications next week



PREVIOUS TIMELINE

Feb. 2012 – Feb. 2013
264 locations

2012

2013

2014

Phase 1: Aug. 2012
48 locations

Phase 1: 2013
92 locations

Phase 2: 2014
89 locations

REVISED TIMELINE: MAY 17, 2012

NEW APPROACH BASED ON:

Extended Timeline

Providing customers and employees adequate time to plan and adapt to new footprint

Responsible Cost Reduction

Meeting cost reduction goals while maintaining excellent service performance

Schedule Constraints

Modest implementation summer 2012 due to compressed window

INTERIM SERVICE STANDARD CHANGE

- ➔ Final Rule Submitted to Federal Register tomorrow

- ➔ Maintains overnight service for areas served by local mail processing facility

- ➔ Preserves 80% of overnight delivery volume

- ➔ Enables consolidating activity at 140 facilities

- ➔ Post-2014: Revised entry times for overnight

OUR COMMITMENT TO EMPLOYEES

- ➔ Methodical, measured transition
- ➔ Options available for staying with the Postal Service
- ➔ Intention to provide rolling incentives
- ➔ Reducing 28,000 positions, 158,000 employees retirement eligible
- ➔ Proven track record of avoiding lay-offs; success through attrition



Measured Implementation

- Extended, multi-phase approach
- Compressed activity in Summer 2012
- Adequate planning time

Meeting Customer Needs

- Customers support network changes
- Helps preserve affordability of mail
- Customers will continue to utilize mail

Achieves Savings

- Saves \$2.1 billion dollars annually
- Consistent with five-year plan
- Helps return Postal Service to financial stability



For inquiries after the webinar, please contact:

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