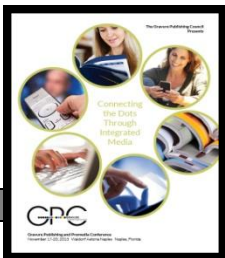


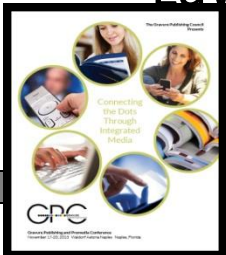
Postal Progress At Last?



Gravure Publishing & Premedia Conference
Naples, Florida November 17-20, 2013

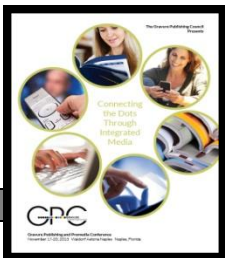
Why Do We Need Postal Legislation?

- USPS is significantly in debt
 - Daily operating losses
 - Has not made retiree medical pre-funding payment of \$5 billion in three years
 - Labor contracts prohibit layoffs
 - Congress prohibits ending Saturday delivery and resist post office closing
- Rapidly changing market conditions
 - Collapse of first class mail which will continue
 - Growth in online shopping boosts parcel business but not enough to offset other losses
- Law requires universal service



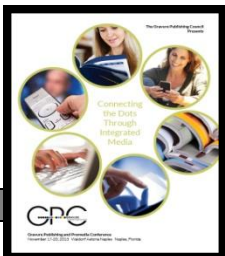
Status of Bills - Senate

- **S. 1489 introduced by Senators Tom Carper (D-DE) and Tom Coburn (R-OK)**
- **Controversial sections expanding USPS role in rates and governance**
- **Some slow down in facility reductions and service changes**
- **Significant opposition among Committee Democrats to proposal**



Status of Bills - House

- **House Oversight Committee approved HR 2748 on July 24**
- **Approved on straight party line vote**
- **Bill preserves most of current rate structure with allowance for increase in “underwater” rates**
- **Ties rate increases to USPS efforts to reduce costs**
- **Bill would allow USPS to move to five day delivery in six months**
- **Promotes curbside and cluster box delivery**
- **Provides for control authority to replace current Board if adequate cost reductions are not achieved**



Where Things Stand

Regular Order

- **House Committee approves bill, entire House approves bill**
- **Senate Committee approves bill, entire Senate approves bill**
- **Conference committee negotiates bill for both bodies to approve**

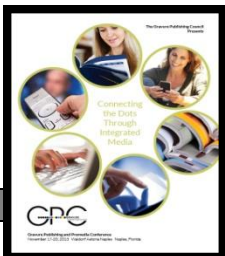
Likely Order

- **House Committee approves bill**
- **Senate Committee fails to approve bill**
- **Senate Democratic leadership crafts bill for vote**
- **House and Senate leaders work out bill for final approval**



What Is At Stake?

- **30 percent of paper production is related to mail**
- **60+ percent of all print is related to mail**
- **Online sales dependent on USPS delivery through shared arrangements with FedEx and UPS as well as Amazon, Ebay Etc**
- **\$1.3 trillion of economy is tied to USPS delivery**
- **Eight million employees are tied to industries depending on mail service**



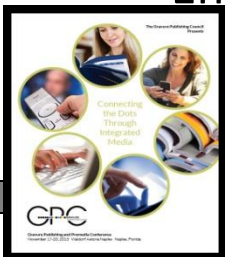
Congressional Dynamics

- House

- Committee Chairman Darrell Issa (R-CA) is committed to ending Saturday delivery, cost reductions, more rational employee compensation
- Democrats very opposed to points listed above
- House could pass HR 2748 but Saturday delivery is very controversial

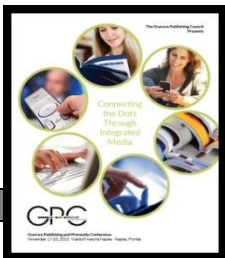
- Senate

- Committee Chairman Tom Carper(D-DE) and Ranking Member Tom Coburn (R-OK) attempting to craft bi-partisan bill
- Allows end of Saturday delivery in six months
- Slows process of closing mail processing facilities
- Encourages expansion of business by USPS



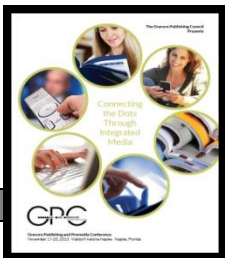
Current Postal Administration and Oversight

- USPS
 - PMG, Deputy PMG, Board of Governors
 - BOG appointed by President with Senate approval
 - Five of nine governors in place
 - One administrative staff
- Postal Regulatory Commission
 - Five commissioners appointed by President confirmed by Senate with no more than three coming from one party
 - Currently two vacancies
 - Substantial staff expertise and resources



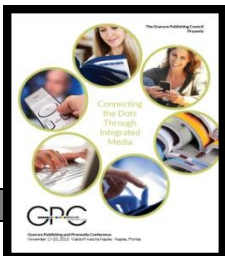
If Nothing Gets Done

- USPS continues financial slide primarily due to failure to pay retiree medical obligation
- Facility closing may accelerate
- USPS will continue to attempt to resolve financial problems with above inflation rate increases
- Continued efforts to reduce employment through attrition
- Some possible service reductions or disruptions



Industry Response

- Industry has formed Coalition for a 21st Century Postal Service comprised of companies and associations in the mailing industry supply chain
- Hundreds of meetings with legislators and staff over the past three years
- Numerous appearances and quotes in media
- Frequent testimony before congressional committees
- Coordinated industry wide response to legislative proposals



What You Can Do

- Join The Coalition
- Know what is going on
- Contact your Representatives and Senators
- Encourage suppliers and customers to get involved

