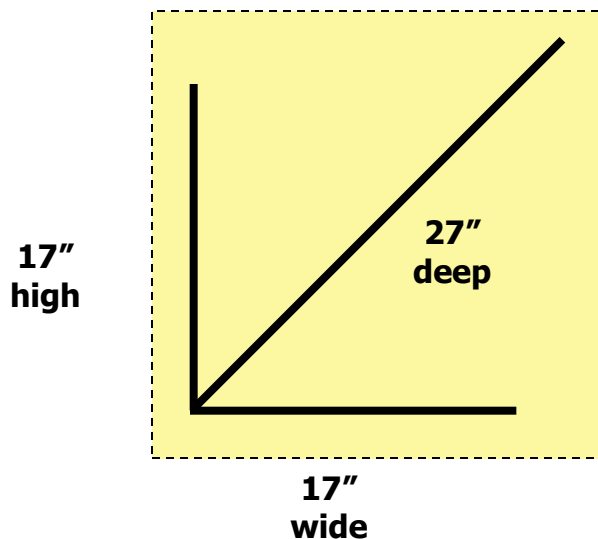


NMO Pilot

December 11th, 2013

- **To develop, test and analyze alternative methods of processing and transporting of non-machinable outsides using a Supplier resulting in increased efficiencies and improved service**
- **Leverage Supplier automated package network**

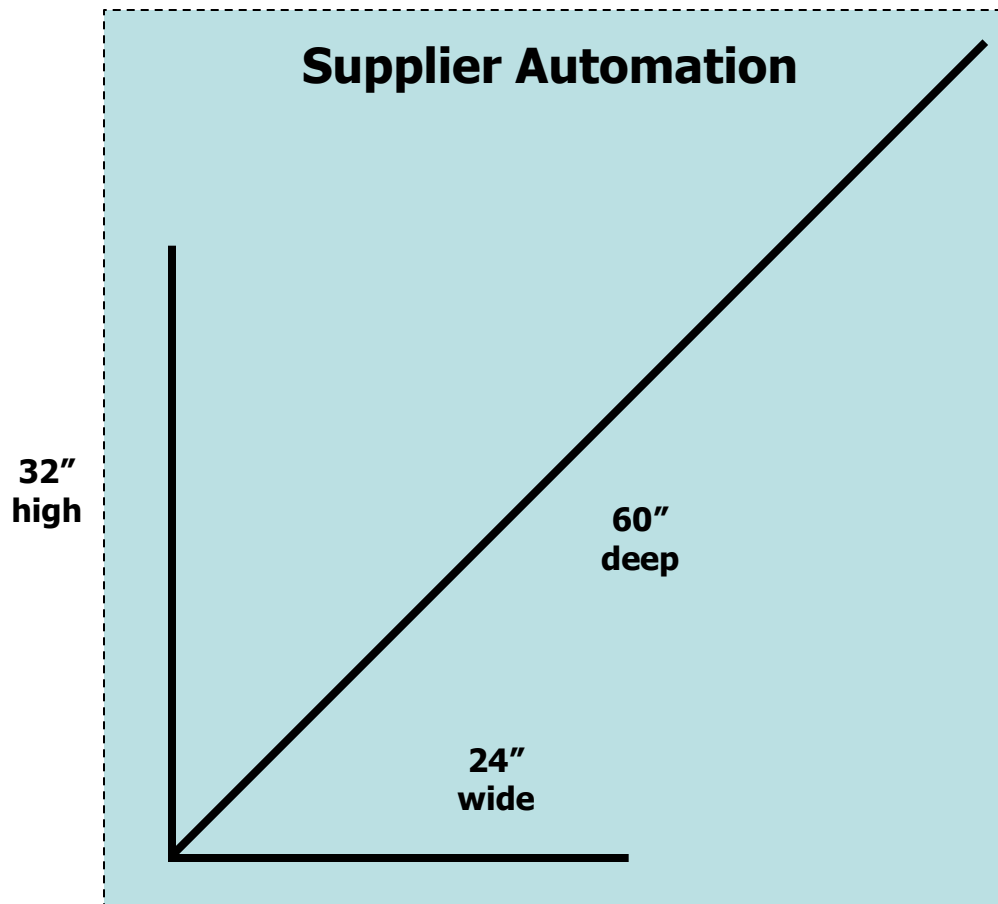
USPS Automation



If the parcel exceeds **any** of these dimensions then the parcel is classified as an NMO

35 pounds max weight

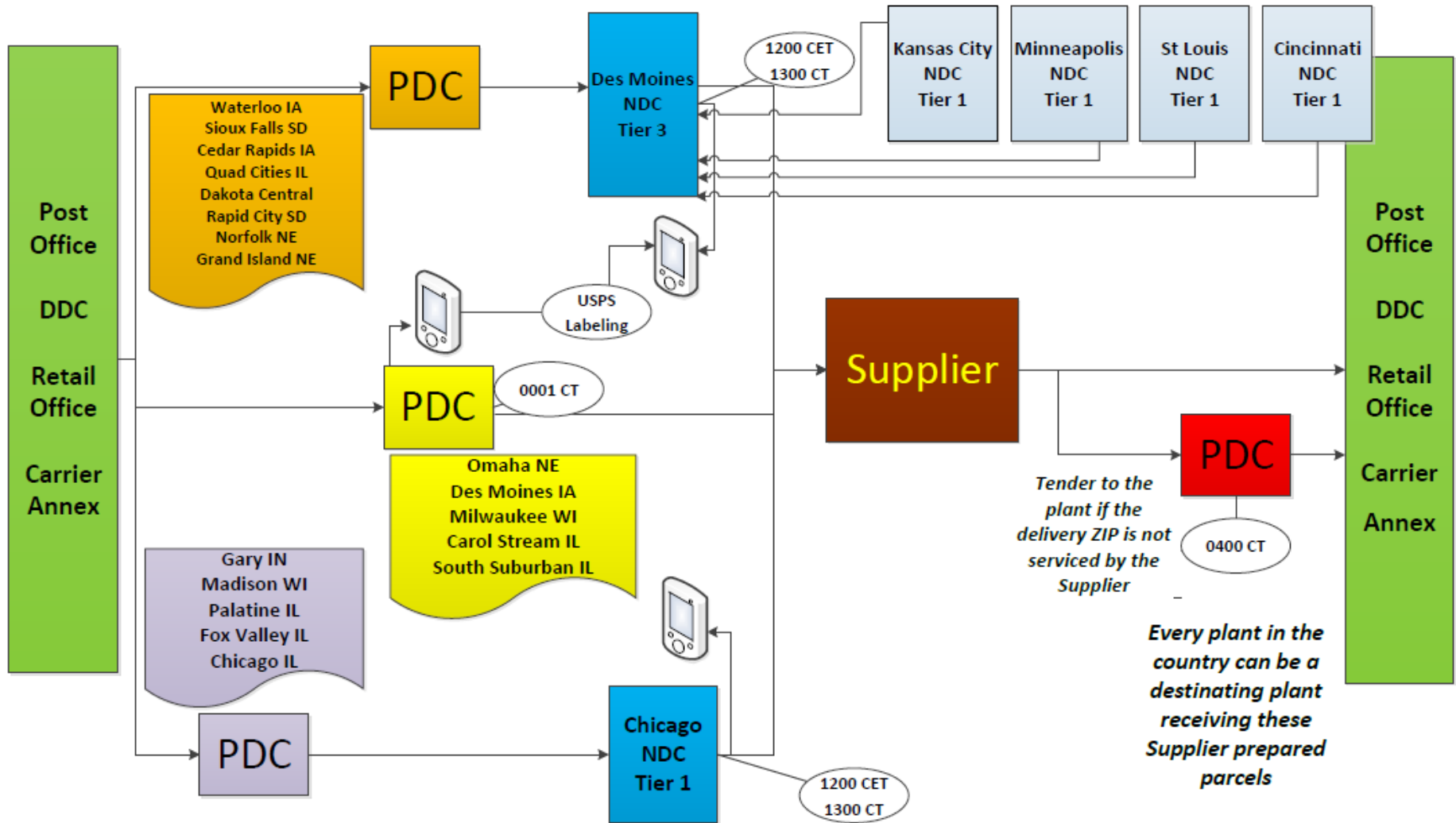
Supplier Automation



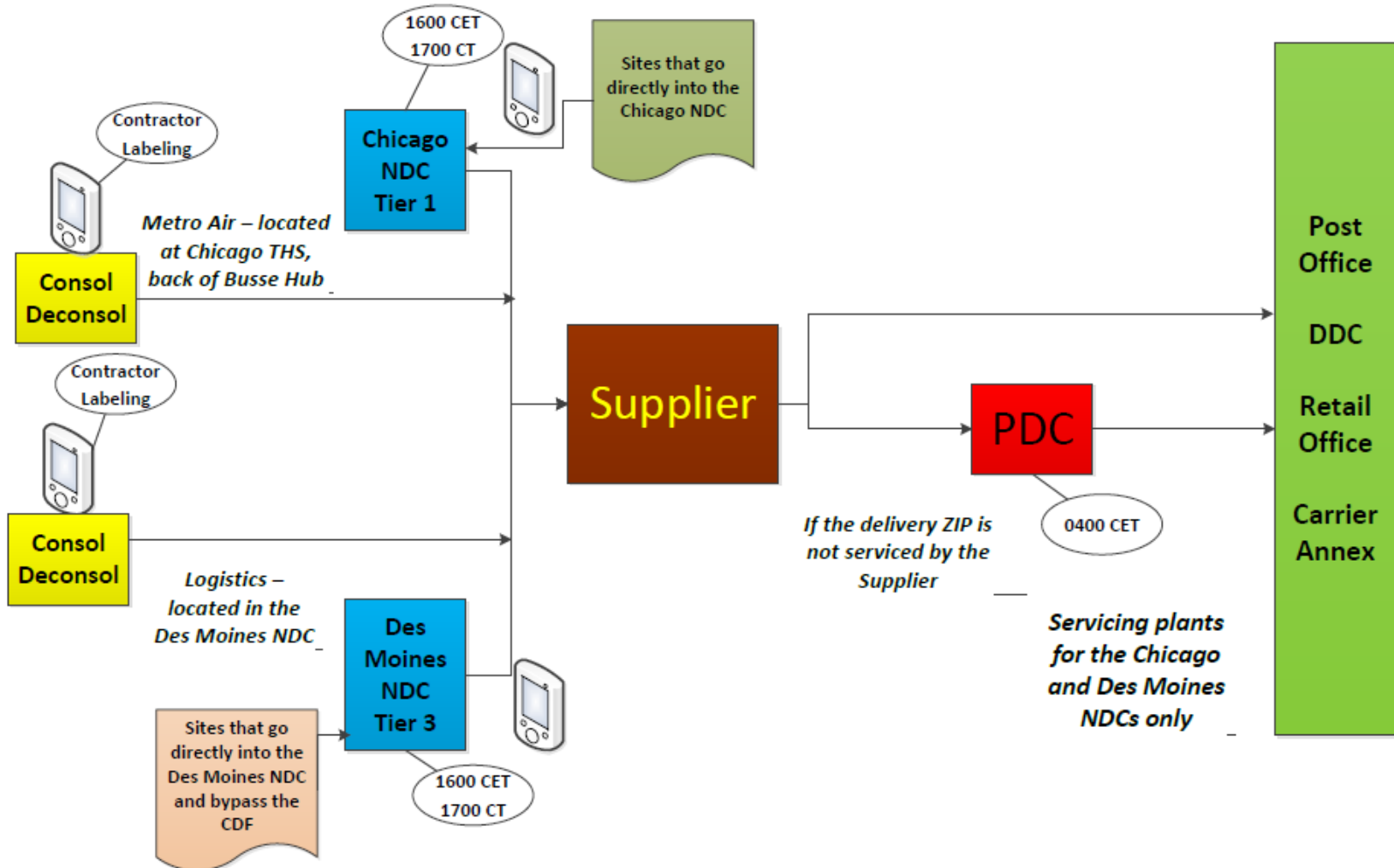
70 pounds max weight

- **Six month pilot**
- **Pilot sites: Des Moines & Chicago NDC Service**
- **Includes Originating Tier 3 volumes from Cincinnati, Kansas City, Minneapolis, and St Louis NDC's**
- **Supplier will provide the middle mile**
- **USPS will maintain first and last mile**
- **Supplier will tender package to DDU or Plant**
- **Increased End-to-end scanning visibility for customer**
- **Unions have been notified at National level**

Originating NMO Mail Flow



Destinating NMO Mail Flow



- **Contract awarded to UPS for Pilot**
- **Packages will flow through Supplier automation that is geared to large parcels**
- **Supplier will deliver parcels directly to 18,000 DDU's**
- **Supplier has over 800 facilities and 288 hub locations**
- **Pilot begins this week**
 - **Packages will begin to arrive at destinating DDU's and Plants nationally**

- **Supplier scanning work stations at pilot sites**
- **USPS will perform the scan for Dual-agency label**
- **Dual agency label applied to NMO**
- **USPS will transport NMO's to Supplier facility**
- **Approximately 1500 3-Digit ZIP Codes will be delivered to Plants not serviced by Supplier**
- **Offshore will be delivered to the USPS facility utilizing L601 labeling list**



- **Plants will receive destination NMOs for DDUs not served directly by Supplier**
- **The Supplier's driver will arrive at Plant dock with NMO shipment of few pieces**
- **No appointment required**
 - **Expedite driver in and out**
 - **8125 not required**
 - **USPS employee verify shipment**
 - **Provide electronic signature for driver**

- **After receipt from the Supplier**
 - **Route shipment to incoming manual NMO distribution area after receiving**
 - **Manual distribution employee scan each NMO for enroute scan**
 - **Dispatch to DDU**
- **DDU's will receive with SurePost**
 - **Follow same process as accepting Surepost**

- **Communicate to employees**
- **New Process for Plant personnel**
 - **Do not reject mail – make sure electronic signature provided to Supplier for delivery**
 - **May not receive shipments each day**
- **Provide Stand up talks to all employees**