Progress and Performance

Annual Report to Congress
2012

UNITED STATES POSTAL SERVICE ®

FY 2012 Annual Report to Congress

FY 2012 Comprehensive Statement on Postal Operations

FY 2012 Annual Performance Report *and* FY 2013 Performance Plan

The Year In Review

Financial Highlights

2012 was a difficult year for both the U.S. economy and the Postal Service. As the economy continued to remain weak, mail volumes and revenue continued to decline. In response, the Postal Service achieved significant cost reductions and increased efficiency, aggressively improved package delivery revenues and created opportunities by introducing new products and promotions.

(dollars in millions)	Years ended Sept. 30			Percent change from preceding year		
	2012	**2011**	**2010**	**2012**	**2011**	**2010**
Operating revenue	$ 65,223	$ 65,711	$ 67,052	(0.7%)	(2.0%)	(1.5%)
Operating expenses *	$ 80,964	$ 70,634	$ 75,426	14.6%	(6.4%)	5.0%
Net interest expense	$ 165	$ 144	$ 131			
Net loss	$ (15,906)	$ (5,067)	$ (8,505)			
Purchases of capital property and equipment	$ 705	$ 1,190	$ 1,393	(40.8%)	(14.6%)	(24.3%)
Debt	$ 15,000	$ 13,000	$ 12,000			
Capital contributions of U.S. government	$ 3,132	$ 3,132	$ 3,132			
Deficit since reorganization	$ (37,978)	$ (22,072)	$ (17,005)			
Total net deficiency	$ (34,846)	$ (18,940)	$ (13,873)			
Number of career employees	528,458	557,251	583,908	(5.2%)	(4.6%)	(6.3%)
Mail volume *(pieces in millions)*	159,859	168,297	170,859	(5.0%)	(1.5%)	(3.3%)
New delivery points served	654,560	636,530	739,580			

* Due to the passage of P.L. 112-33 which changed the due date of the scheduled PSRHBF prefunding payment of $5.5 billion originally due by Sep. 30, 2011 into 2012, PSRHBF expenses were zero in 2011. As a result, total PSRHBF expenses in 2012, including the previously scheduled prefunding payment of $5.6 billion due by Sep. 30, 2012, were $11.1 billion.

Progress and Performance

United States Postal Service
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FY 2012 Financial Summary

FY 2012 Comprehensive Statement on Postal Operations

Progress and Performance

A letter from the Postmaster General and CEO and the Chairman of the Board of Governors

To the President, Members of Congress, Postal customers, Postal employees and the American people

As it has throughout its history, the Postal Service continues to bind the nation together and play an indispensible role in America's economy and society. Even as consumer behaviors and means of communicating evolve in an increasingly digital age, the Postal Service remains as vital as it has ever been, providing the nation with secure, reliable and affordable delivery to every address in America.

With revenues of $65 billion — generated almost entirely through the sale of postage — the Postal Service powers American commerce and enables an $800 billion mailing industry that employs 8 million people. America's businesses rely on the Postal Service to provide a highly effective marketing channel and means of delivering physical goods, content and communications via mail and packages.

To continue to meet the opportunities and challenges of today's and tomorrow's marketplace, the Postal Service focuses relentlessly on strengthening its core function as a national delivery platform. As the Postal Service adapts to an evolving market for its products and services, it strives also to innovate in ways that enable it to be an engine for future economic growth.

This past year has been especially productive for the Postal Service, marked by great progress in advancing and implementing a comprehensive five-year business plan and by excellent operational and service performance throughout the organization. These achievements are a testament to a forward-thinking and customer-focused organization that continues to contend with substantial financial and business model challenges.

However, to fully achieve its potential and to return to long-term profitability and financial stability, the Postal Service requires the enactment of comprehensive legislation to reform and provide flexibility to its business model.

Indeed, due to its current inflexible business model and as a result of several years of significant financial losses, the Postal Service saw its cash liquidity decline to unacceptable levels in Fiscal Year 2012. To conserve cash needed to fund operations, the Board of Governors elected to forgo two payments totaling $11.1 billion to the U.S. Treasury in August and September to fund retiree health benefits. This unprecedented action was necessary to ensure the continued functioning of the organization.

If provided with the necessary flexibility under the law, the Postal Service can continue to evolve and adapt to a changing marketplace and to power the American economy. The Postal Service has advanced a business plan that accomplishes these goals and is working relentlessly to shape a positive future for its customers, its employees, its business partners and the American people.

We believe 2012 was a year of great progress and performance and of addressing challenges and pursuing opportunities. We hope you reach the same conclusion as you read this year's Annual Report to Congress.

Patrick R. Donahoe
Postmaster General and Chief Executive Officer

Thurgood Marshall Jr.
Chairman, Board of Governors

Thurgood Marshall, Jr., Chairman, Board of
Governors, and Patrick R. Donahoe, Postmaster
General and Chief Executive Officer.

The Path to Financial Stability

This *Annual Report to Congress* focuses on four core areas that defined the activities of the Postal Service in fiscal year 2012.

The Postal Service remains a fundamentally strong organization regarding its operational excellence, its focus on excellent customer service, the commitment of its employees, its role within the American economy and society and the power of its brand as a trusted institution. However, it also contended with an ongoing fiscal and liquidity crisis throughout 2012.

Postmaster General Donahoe addresses the national Postal Customer Council in September.

1 Our Financial Plan

In February, the Postal Service published a comprehensive five-year business plan to return the Postal Service to financial stability. This plan was the result of intense financial analysis and was subject to validation by private sector restructuring experts. If fully implemented — which would require legislative changes — the plan would enable a return to long-term profitability and financial stability. This business plan is the cornerstone of the Postal Service's response to a systemic revenue and cost imbalance, which is a direct result of an inflexible business model. The Postal Service recorded a loss of $15.9 billion in fiscal year 2012 — of which the accrual for mandated retiree health benefits payments accounted for $11.1 billion. The fact that the Postal Service had no alternative but to default on these obligations in order to conserve cash to fund operations, demonstrates the depth and urgency of its current financial predicament.

2 Driving Innovation

The path forward for the Postal Service requires aggressive cost reductions and the pursuit of revenue-generating opportunities. During the year, the Postal Service further strengthened its role as a driver of American commerce and as a platform for the growth of the mailing industry. The Postal Service continued to invest in new product offerings and innovations, while better leveraging data and technology for the benefit of its customers — and remaining focused on enhancing the value of mail for senders and receivers.

3) Platforms for Growth

Growth in package delivery throughout 2012 validates the effectiveness of our combined product development and marketing efforts. They help build confidence in the potential of the Postal Service and the mailing industry to innovate and create popular products and services.

4) Delivering Exceptional Service

The Postal Service fully embraces the challenge of competing for customers and responding quickly to the demands of the marketplace. More than 629,000 Postal employees demonstrated their commitment to customer service throughout the year, achieving record service performance in a challenging environment.

Our efforts to attract new customers while retaining our current ones, combined with our longer-term focus on shaping the future of the Postal Service and the mailing industry reflect the great progress and performance that defined the Postal Service in 2012.

Our Financial Plan

In February 2012, we published the most detailed and far-reaching five-year business plan in our history. It set forth strategies necessary to return the Postal Service to financial stability, preserve the affordability of mail and enable us to more readily adapt to a dynamic marketplace.

Validated by independent restructuring experts and set against long-term projected declines in First-Class Mail volume and an immediate liquidity crisis, the plan envisions bold changes to our business model. Some can be implemented immediately and some require changes to laws that govern us.

A central tenet is that the scale of the financial challenge requires all major elements to be pursued concurrently and executed within a short window of opportunity.

The plan achieves annual cost reductions of at least $22 billion by 2016 and full repayment of the $15 billion debt currently owed by the Postal Service to the U.S. Treasury.

Network Changes

Delivery

We deliver to more than 152 million residential and business addresses on a typical day. These operations are managed through 24,852 delivery units frequently co-located with Post Offices. By centralizing delivery operations, adjusting our route structure and using more efficient delivery modes, we will gain significant logistical and transportation efficiencies, amounting to a $3.0 billion annual cost reduction by 2016. Throughout 2012, we consolidated delivery operations in more than 734 locations. In total, we achieved cost reductions in delivery operations of more than $400 million during the fiscal year.

Proposed Decrease in Processing Facilities Through 2013

Business Model Changes

In the absence of legislative reform that enables meaningful operational changes and cost reductions, the Postal Service could incur annual losses as great as $18.2 billion by 2015. Fortunately, such an undesirable outcome is avoidable.

We have worked with the Administration and Congress to make clear our urgent financial condition and the need for a more flexible business model. Legislative changes sought include:

- Establish an appropriate schedule of Retiree Health Benefit payments or let us provide healthcare benefits to our employees and retirees independent of the federal system.

Retail

In May 2012, the Postal Service announced the Post Office Structure Plan, or Post Plan. The Post Plan sets forth a strategy for maintaining 13,000 low foot-traffic Post Offices in rural communities, while also generating $500 million in cost reduction savings. The plan will be implemented through 2014. It would maintain regular Post Office Box hours in rural Post Offices, but would modify window hours according to adjusted earned workhours.

The Postal Service will conduct approximately 13,000 community surveys and meetings over the next two years to determine community preferences regarding window service hours. It is additionally recruiting local businesses to operate Village Post Offices, which would enhance local access, service and support for local communities.

Mail Processing

The Postal Service announced a major consolidation of its network of mail processing facilities in February of 2012 and then released an operational strategy and timeline in May. The first phase of consolidations at 46 locations occurred during July and August of 2012. A second phase of consolidations will resume in February of 2013.

Additional consolidations are planned for 2014, establishing a highly efficient network of mail processing locations that will serve as the Postal Service's long-term operational and logistical footprint. When fully consolidated, this leaner network will generate annual cost reductions of $2.1 billion.
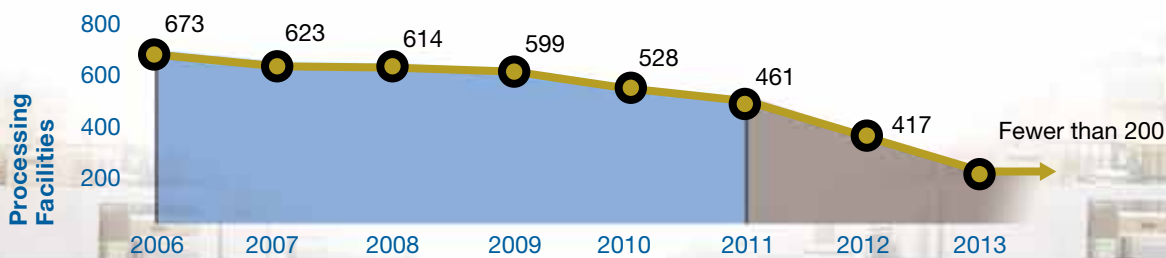
- Gain the flexibility to adjust delivery frequency to better match mail volumes.
- Resolve Postal Service overfunding into the Federal Employee Retirement System (FERS).
- Streamline current governance to enable faster decision-making on product and pricing issues.

- Enable the Postal Service to market non-Postal products and services.
- Provide instructions that require labor negotiation arbitrators to take into account the financial condition of the Postal Service.
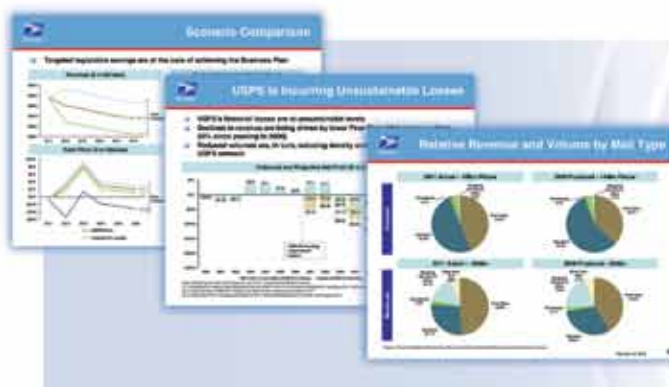
The Postal Service five-year business plan is fundamental to the future of the organization and the long-term health of the mailing industry. The plan will shape a profitable future for the Postal Service — while also providing universal, secure, reliable and affordable service to the American public for decades to come.

Driving Innovation

The world is constantly changing. Technology is evolving quickly and so are consumer habits and preferences. The Postal Service is investing in new products and services, and focusing on innovation to better compete for customers.

The evolution of digital technologies is one of the most significant forces shaping the mailing industry. People are increasingly communicating and managing their lives through smart phones and other digital devices. In the future, mail will be highly integrated into digital experiences — and the Postal Service will be spurring innovations that leverage data and technology to help shape that future.

QR codes are a good example of how mail is being integrated digitally with other communication channels. 2012 saw sizable increases in the use of QR codes in mailed marketing materials, which enable businesses to use mail to quickly promote and instantly connect a customer to a video or Web message. And QR codes are just the tip of the iceberg.

Innovation In Delivery

The Postal Service continues to benefit from the rise in e-commerce. Catalogues, coupons and other mailed offers spark purchasing ideas and inform online shopping. Online shopping then results in package deliveries — which have increased by 7.5 percent in just the past year. e-commerce seems likely to expand and evolve dramatically in the coming years, and the Postal Service is working to enhance the value of delivery.

The Postal Service conducted a pilot test of a package locker offering in Northern Virginia called gopost®, a variation on a popular, proven technology well established in Europe.

The concept is simple: the Postal Service sets up package lockers in convenient, high foot-traffic places — in malls, parking areas or subway stops — and then enables customers to have their packages sent to a gopost locker. Receivers benefit from the convenience of collecting the package on their own schedules, not having to worry about a package being left on a doorstep, or having to visit a Post Office if they missed the letter carrier visit.

gopost has excellent potential to improve package delivery and enhance the way people interact with the Postal Service. It's a simple, personal, convenient process that leverages data and technology and enables customers to have another delivery choice using a platform created by the Postal Service.

Testing for gopost, a new package locker service, was conducted by Postal employees in 2012 to evaluate operational and engineering performance. gopost will advance to an additional phase of market testing in 2013.

The Postal Service is focused on creating greater value for both the senders and receivers of mail. In an increasingly digital world, innovation begins by asking the big **"What if"** questions.

What if QR codes could enable one-click purchases?

What if people could manage their mail on their smart phone?

What if people could track the mail and packages they'll be receiving today, tomorrow and the next day?

What if mail could interact with smart TVs and other "smart" devices in the home?

What if people could know the instant the mail they've sent or received has been delivered?

The Postal Service is developing technology solutions to bring these "what ifs" to life. It begins by leveraging data and technology to create compelling tools that make the experience of mail more interesting and valuable. Senders want to realize a high return on their mailing investment. Receivers want useful, relevant and compelling information. Innovations that achieve these goals for senders and receivers will ensure that mail remains a powerful communications and marketing channel.

The Postal Service has made large strides in collecting and using mailing data throughout its network. Enhanced tracking, real-time scanning and geo-fencing will enable exciting digital solutions. Marketers will be able to use mail to reach customers in more compelling ways and consumers will gain greater control over their mail and benefit from more creative offerings.

Innovation In Retail

Customer expectations of retail experiences are evolving rapidly, and the Postal Service is working to anticipate tomorrow's retail environment. We operate 31,857 Post Offices, and retail partners provide customers more than 70,000 additional locations to purchase stamps and conduct other Postal transactions.

To better meet customer needs, the Postal Service is expanding retail partnerships and investing in self-service locations in high-traffic shopping areas.

The Postal Service also recruited 61 small businesses in rural America to operate Village Post Offices, an innovative retail approach that ensures a high level of access to Postal products and services in rural America. A Village Post Office can be operated by a local corner store, a gas station or even a library and provides basic mailing and shipping services.

The Village Post Office often supplements the offerings of the local Post Office, which may have limited window hours, and provides additional revenue to the business and better overall service to the customer.

The Postal Service aims to recruit as many as 500 small businesses to operate Village Post Offices in the coming years. It's an important innovation among many new retail developments, and it helps strengthen America's connections to the national delivery platform we provide.

Village Post Offices, located in community retail centers such as this hardware store in Keene Valley, NY, ensure a high level of access to Postal products and services in rural America.

Platforms for Growth

As the Postal Service anticipates and adapts to changes in technology and the needs of its customers, it also strives to strengthen its role as a driver of economic activity and as a platform for growth.

The Postal Service launched new products and services and provided compelling offers to business and residential customers throughout the year. Integrated advertising campaigns—such as "If It Fits, It Ships®"—promoted package products, First-Class Mail® and Marketing Mail. The Postal Service leverages its brand and marketing footprint to drive mail and package revenue growth and strengthen business opportunities throughout the mailing industry.

Postal Customer Councils

More than 80,000 individuals are members of 174 Postal Customer Councils (PCCs) throughout the United States. The Postal Service works closely with PCCs to create learning and networking opportunities for businesses that rely on the mail.

PCCs provide an active venue for feedback on local service and operational developments. Members — who represent businesses with mailing operations, mailing list companies, printers and marketers — play an important role as advocates for mail. USPS strives to empower members with information, tools and resources to engage America's businesses in conversations about the power of mail as a communications channel.

PCC meeting in central Florida.

Products and Services

The Postal Service is focused on developing products and services that add value for both the sender and receiver of mail and packages. One of the most popular offerings of 2012 was 2nd Ounce Free, which enable the senders of First-Class Mail to add an additional ounce of content at no additional charge.

It's a great way to enable senders of statements and other business correspondence to add additional messages and content to promote products and strengthen brands.

The Postal Service invested in innovative product development throughout 2012, exploring potential partnerships and uses of technologies to enhance existing products and services. The Postal Service also established the Digital Solutions Group to create a long-term pipeline of digital offerings.

The Postal Service moved closer to its goal of becoming the shipper of choice for the nation, especially in business-to-consumer shipping. By offering the right products at the right prices, and seizing opportunities in lightweight packages and returns, USPS increased its shipping and package revenue by 8.7 percent.

USPS strengthened its competitive package lineup, expanded popular options like Priority Mail Regional Rate® and Express Mail® Flat Rate Shipping, and offered pricing and contract flexibility, including cubic-based options.

We introduced enhancements that provide customers with more control over their shipments. USPS Package Intercept enables customers to redirect a shipment before final delivery. Day Certain Delivery allows customers to have their packages delivered on a specific day. Scan Based Payment makes returns easier for merchants and customers, and ePostage is a convenient electronic payment option.

And, the fact that our carriers are at every house, every day, makes USPS a good fit for e-commerce shippers and their customers.

Mailing Industry

The Postal Service is at the heart of a large and vibrant mailing industry that employs over 8 million people and generates $800 billion in annual revenue. The Postal Service strives continually to enhance its operations and mail processing network to create a stronger delivery platform. Better use of data and technology is an important part of driving growth in the mailing industry.

The smarter the Postal Service makes its network, the smarter businesses can be in how they use the mail.

And the Intelligent Mail™ barcode is the key to a smarter network. The Intelligent Mail barcode system collects the data that enables senders to track the effectiveness of their mailings. The Postal Service also launched an IMb™ tool for small businesses in 2012.

The Postal Service is providing better and more robust data to drive innovations and enable greater integration with other communications channels — especially digital technologies.

The Intelligent Mail barcode provides the data that makes mailings more effective.

Small Businesses

Every Door Direct Mail®

Find the customers who matter most.

Every Door Direct Mail from the U.S. Postal Service®, is designed to help you reach every home, every address, every time. Now it's even easier using our redesigned tool!

You can map out a target area, select a delivery route and mailing drop off date, and pay online—all from your computer. And, you can create your mailings up to 30 days before you plan to mail them.

Simply enter an address, ZIP Code™, or city and state for your target area to get started.

Use the Tool Now

The Postal Service focuses on providing resources and tools to enable small businesses and home-based businesses to compete and thrive. These businesses provide jobs, account for a significant portion of U.S. economic activity, and rely heavily on the Postal Service for mail and package delivery.

Throughout 2012, the Postal Service promoted tools and services designed for small businesses. Every Door Direct Mail — which enables small businesses to use an online tool to create mailings through an intuitive mapping system — is among the most popular. A local restaurant, for example, could target a mailing of menus to neighborhoods and even particular streets. It's a simple, easy-to-use tool that gives small businesses a way to promote their products. Revenue from Every Door Direct Mail continues to grow as customers discover its value.

Delivering Excellent Service

More than ever, the Postal Service is focused on competing for customers — and that requires providing excellent service by making every customer experience a great one.

"Improving the customer experience is one of our core business strategies. Our customers expect a great experience every time they mail or ship with the Postal Service — and delivering on that promise of a great experience is foundational to our future."

Patrick Donahoe
Postmaster General and Chief Executive Officer

Over the past year, the Postal Service performed at a very high level, showing significant improvement and often exceeding service standard targets in nearly every product class and point of interaction. These advances reflect a strong commitment throughout the organization to meet ever higher customer expectations.

Retaining and growing our customer base depends on more than just delivering mail and packages effectively. We also have to deliver excellent service — which is just what we did in FY 2012.

A Workforce Dedicated to Customers and Community

The 629,000 employees of the Postal Service are part of America's communities in ways that go far beyond delivering mail and packages. We get to know our customers and we help communities connect.

We assist with efforts to find missing children and we support bone marrow donor matching programs. Our letter carriers take a leading role in the annual Stamp Out Hunger food drive. We take pride in these large national programs, but we take just as much pride in the individual heroic acts and small services we provide our neighbors on a daily basis.

Service Standards

The Postal Service abides by the old admonition to "measure what you treasure." We measure every aspect of our operations and we set annual targets against established Service Standards. Performance against nearly every standard improved throughout 2012, meaning that customers benefited from record-high on-time delivery percentages.

Single Piece First-Class Mail Delivery Performance by Service Standard

Overnight	96.48%
Two-Day	94.84%
Three-Day	92.29%

Customer Experience Metrics

Making every experience a great one starts with measurement and strong strategies for improving scores. The Postal Service focused heavily on employee engagement throughout the year to help all aspects of the organization create better experiences for our customers. We developed improved diagnostic tools, invested in training and heightened internal communication — and it paid off in every major measurement category.

Customer Experience Categories

National Residential	88.36%
National Small/ Medium Business	84.07%

In spite of numerous natural challenges, ranging from forest fires and flooding, to hurricanes and tornadoes, to heat waves and widespread power outages, our letter carriers and Postmasters and all of our employees who process and transport mail helped ensure a quick return to normalcy.

It's a testament to the hard work and dedication of 629,000 Postal employees that even in times of distress and challenge, the mail continued to reach its destination. Postal Service employees delivered excellent performance and service and continued to play a vital role in America's communities.

The Board of Governors

As the governing body of the Postal Service, the 11-member Board of Governors has responsibilities comparable to the board of directors of a publicly held corporation. The Board is made up of nine Governors appointed by the President of the United States with the advice and consent of the Senate. No more than five Governors can be members of the same political party. The Board currently has three seats vacant.

The other two members of the Board are the Postmaster General and the Deputy Postmaster General. The Governors appoint the Postmaster General, who serves at their pleasure without a specific term of office. The Governors, together with the Postmaster General, appoint the Deputy Postmaster General.
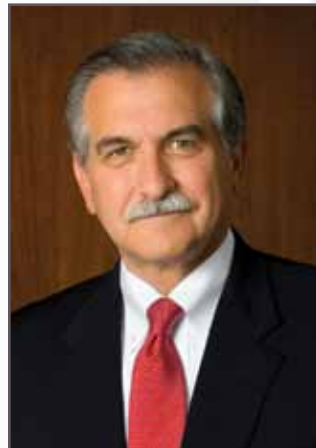
Thurgood Marshall, Jr.
Chairman

Mickey D. Barnett
Vice Chairman

James H. Bilbray

Louis J. Giuliano

Dennis J. Toner

Ellen C. Williams

Thurgood Marshall, Jr.
Chairman of the Board of Governors since December 2011. Partner at the law firm of Bingham McCutchen and principal with Bingham Consulting Group since 2006. Formerly served President Clinton as Assistant to the President and Cabinet Secretary. Former Director of Legislative Affairs and Deputy Counsel for Vice President Gore. Director, Corrections Corporation of America and Genesco Inc.

Mickey D. Barnett
Vice Chairman of the Board of Governors since December 2011. Member of Compensation and Management Resources Committee and member, Audit and Finance Committee. Attorney in Albuquerque, New Mexico. Former member, New Mexico State Senate. Former member, Appellate Nominating Commission for the New Mexico Supreme Court of Appeals. Former Legislative Assistant to Senator Pete Domenici of New Mexico.

James H. Bilbray
Chairman of Governance, Regulatory and Strategic Planning Committee. Attorney at the law firm of Kaempfer Crowell Renshaw Gronauer & Fiorentino in Las Vegas, Nevada. Former member, U.S. House of Representatives from Nevada. Former member, Nevada State Senate. Former Deputy District Attorney in Clark County, Nevada. Member of 2005 Base Realignment and Closing Commission.

Louis J. Giuliano
Past Chairman of the Board of Governors, 2010 and 2011. Vice Chairman of the Board of Governors, 2009. Chairman, Audit and Finance Committee and Operations Subcommittee, and member, Compensation and Management Resources Committee. Former Chairman of Board of Directors, President and Chief Executive Officer of ITT Corp. Senior Advisor at the Carlyle Group, and active member of the CEO Forum and the Advisory Board for the Princeton University Faith and Work Initiative.

Dennis J. Toner
Member of the Audit and Finance Committee, the Operations Subcommittee, and the Governance, Regulatory and Strategic Planning Committee. Founder and principal since 2006 of Horizon Advisors, a private consulting business which provides guidance and strategic planning to private clients and non-profit organizations and maintains a professional resource network intended to advise and promote dialogue among the public, private and non-profit sectors. Deputy Chief of Staff to then-Senator and now-Vice President Joseph Biden, Jr., 1995 to 2005.

Ellen C. Williams
Chairman of the Compensation and Management Resources Committee and a member of the Governance, Regulatory and Strategic Planning Committee. Owner and CEO of Capital Network, a government affairs and lobbying firm, since its establishment in 2006. Former Vice Chairman of the Kentucky Public Service Commission from 2004 to 2005. Former Commissioner of the Governor's Office for Local Development in Kentucky from 2005 to 2006. Former Chairman of the Republican Party of Kentucky from 1999 to 2004. Former executive assistant to Senator Bob Kasten.

Patrick R. Donahoe
73rd Postmaster General and Chief Executive Officer since December 2010 and a member of the Board of Governors since April 2005. Deputy Postmaster General and Chief Operating Officer from April 2005 until December 2010. Chief Operating Officer and Executive Vice President during the years 2001 to 2005. Senior Vice President, Operations from February 2001 to September 2001.

Ronald A. Stroman
20th Deputy Postmaster General and member of the Board of Governors of the United States Postal Service since Apr. 2, 2011. Served as Staff Director, Committee on Oversight and Government Relations at the U.S. House of Representatives, from 2009 to April, 2011. Prior to this, served as Managing Director, Office of Opportunity and Inclusiveness, U.S. General Accounting Office, from 2001 to 2009.

The Executive Leadership Team

The Executive Leadership Team of the U.S. Postal Service is a decision-making body whose members serve as senior advisors to the Postmaster General. It meets frequently to consider topics of importance to the Postal Service.

Patrick R. Donahoe
Postmaster General and Chief Executive Officer

Ronald A. Stroman
Deputy Postmaster General

Megan J. Brennan
Chief Operating Officer and Executive Vice President

Ellis A. Burgoyne
Chief Information Officer and Executive Vice President

Joseph Corbett
Chief Financial Officer and Executive Vice President

Mary Anne Gibbons
General Counsel and Executive Vice President

Nagisa Manabe
Chief Marketing and Sales Officer, Executive Vice President

Anthony J. Vegliante
Chief Human Resources Officer and Executive Vice President

Paul Vogel
President, Digital Solutions

Other Officers

Drew T. Aliperto
Vice President, Area Operations (Western)

Michael J. Amato
Vice President, Engineering Systems

Susan M. Brownell
Vice President, Supply Management

William A. Campbell
Judicial Officer

James P. Cochrane
Vice President, Product Information

Joshua D. Colin
Acting Vice President, Area Operations (Eastern)

Guy J. Cottrell
Chief Postal Inspector

Marie Therese Dominguez
Vice President, Government Relations and Public Policy

John T. Edgar
Vice President, Information Technology

Jo Ann Feindt
Vice President, Area Operations (Southern)

David C. Fields
Vice President, Area Operations (Capital Metro)

Deborah Giannoni-Jackson
Vice President, Employee Resource Management

Dean J. Granholm
Acting Vice President, Area Operations (Pacific)

Greg Graves
Acting Vice President, Delivery and Post Office Operations

Stephen J. Masse
Vice President, Finance and Planning

Pritha N. Mehra
Vice President, Mail Entry and Payment Technology

Julie S. Moore
Secretary of the Board of Governors

Timothy F. O'Reilly
Vice President, Controller

Samuel M. Pulcrano
Vice President, Corporate Communications

Gary C. Reblin
Vice President, Domestic Products

Maura Robinson
Vice President, Consumer and Industry Affairs

Jakki Krage Strako
Vice President, Area Operations (Great Lakes)

Cliff Rucker
Vice President, Sales

Tom A. Samra
Vice President, Facilities

Kelly M. Sigmon
Vice President, Channel Access

Douglas A. Tulino
Vice President, Labor Relations

Richard Uluski
Vice President, Area Operations (Northeast)

Giselle E. Valera
Vice President, Global Business

David E. Williams
Vice President, Network Operations

Jeffrey C. Williamson
Vice President, Pricing

FY 2012 Financial Summary

Financial Summary and Operating Statistics

Financial history summary

(dollars in millions)

	2012	2011	2010	2009	2008
Operating Results					
Operating Revenue	$ 65,223	$ 65,711	$ 67,052	$ 68,090	$ 74,932
Operating Expenses					
Compensation and benefits	47,689	48,310	48,909	50,883	52,358
Retiree health benefits*	13,729	2,441	7,747	3,390	7,407
All other operating expenses	19,546	19,883	18,770	17,557	17,973
Total Operating Expenses*	$ 80,964	$ 70,634	$ 75,426	$ 71,830	$ 77,738
Operating Loss	$ (15,741)	$ (4,923)	$ (8,374)	$ (3,740)	$ (2,806)
Net Loss	$ (15,906)	$ (5,067)	$ (8,505)	$ (3,794)	$ (2,806)
P.L. 109-435 PSRHBF Expenses*	$ 11,100	$ —	$ 5,500	$ 1,400	$ 5,600
Workers' Compensation Expenses	$ 3,729	$ 3,672	$ 3,566	$ 2,223	$ 1,227
Financial Position					
Cash and cash equivalents	$ 2,319	$ 1,488	$ 1,161	$ 4,089	$ 1,432
Property and equipment, net	18,863	20,337	21,595	22,680	23,193
All other assets	1,429	1,588	1,570	1,349	1,361
Total Assets	$ 22,611	$ 23,413	$ 24,326	$ 28,118	$ 25,986
Accrued Contributions to PSRHBF	$ 11,100	$ —	$ —	$ —	$ —
Workers' compensation liability	17,567	15,142	12,589	10,133	7,968
Debt	15,000	13,000	12,000	10,200	7,200
All other liabilities	13,790	14,211	13,610	13,198	12,490
Total Liabilities	$ 57,457	$ 42,353	$ 38,199	$ 33,531	$ 27,658
Net Capital					
Capital contributions of the U.S. government	$ 3,132	$ 3,132	$ 3,132	$ 3,087	$ 3,034
Deficit since 1971 reorganization	(37,978)	(22,072)	(17,005)	(8,500)	(4,706)
Total Net (Deficiency) Capital	$ (34,846)	$ (18,940)	$ (13,873)	$ (5,413)	$ (1,672)

* Due to the passage of P.L. 112-33 which changed the due date of the scheduled PSRHBF prefunding payment of $5.5 billion originally due by September 30, 2011 into 2012, PSRHBF expenses were zero in 2011. As a result, total PSRHBF expenses in 2012, including the previously scheduled prefunding payment of $5.6 billion due by September 30, 2012, were $11.1 billion. In 2009, P.L. 111-68 changed the PSRHBF payment from $5.4 billion to $1.4 billion.

For more information about United States Postal Service financial statements and copies of financial reports, please visit *http://about.usps.com/who-we-are/financials/welcome.htm.*

Operating statistics

Shipping and Packages Services statistics

(in millions of units indicated, unaudited)	2012	2011	2010	2009	2008
Express Mail					
Revenue	$ 802	$ 800	$ 829	$ 884	$ 901
Number of Pieces	40	40	43	47	48
Weight, Pounds	41	39	40	45	47
First Class Packages					
Revenue	$ 1,524	$ 1,284	$ 1,170	$ 1,117	$ 1,121
Number of Pieces	705	638	599	583	606
Weight, Pounds	230	209	195	190	195
Priority Mail					
Revenue	$ 5,940	$ 5,636	$ 5,455	$ 5,368	$ 5,484
Number of Pieces	824	790	779	791	852
Weight, Pounds	1,694	1,693	1,670	1,636	1,747
Parcel Select Mail					
Revenue	$ 1,626	$ 1,277	$ 1,106	$ 1,104	$ 1,158
Number of Pieces	1,241	1,077	951	908	982
Weight, Pounds	1,869	1,619	1,287	1,178	1,343
Parcel Return Service Mail					
Revenue	$ 115	$ 92	$ 65	$ 49	$ 32
Number of Pieces	47	38	28	18	12
Weight, Pounds	140	118	72	39	15
Package Services					
Revenue	$ 1,589	$ 1,581	$ 1,531	$ 1,671	$ 1,833
Number of Pieces	645	675	657	730	846
Weight, Pounds	1,757	1,784	1,742	1,873	2,155
Total Shipping & Package Services					
Revenue	$ 11,596	$ 10,670	$ 10,156	$ 10,193	$ 10,529
Number of Pieces	3,502	3,258	3,057	3,077	3,346
Weight, Pounds	5,731	5,462	5,006	4,961	5,502
Ancillary & Special Services					
Certified Mail					
Revenue	$ 663	$ 708	$ 791	$ 731	$ 718
Number of Articles	227	251	283	267	269
Return Receipts					
Revenue	$ 399	$ 478	$ 557	$ 544	$ 550
Number of Articles	170	195	223	221	230
Delivery Confirmation					
Revenue	$ 228	$ 244	$ 224	$ 166	$ 147
Number of Articles	1,819	1,482	1,371	1,063	961
P.O. Box Rent Revenue	$ 837	$ 808	$ 816	$ 817	$ 897
Money Orders					
Revenue	$ 165	$ 172	$ 182	$ 190	$ 205
Number of Articles	109	116	123	135	149
Insurance					
Revenue	$ 109	$ 117	$ 128	$ 129	$ 145
Number of Articles	30	35	40	44	52
Shipping and Mailing Supplies					
Revenue	$ 118	$ 112	$ 107	$ N/A	$ N/A
Number of Articles	70	62	62	N/A	N/A
Other Services Revenue	$ 1,266	$ 791	$ 985	$ 417	$ 971
Total Other Services Revenue	$ 3,785	$ 3,430	$ 3,790	$ 2,994	$ 3,633

Operating statistics

Revenue, pieces and weight statistics

(In millions of units indicated, unaudited)		2012		2011		2010		2009		2008
First-Class Mail										
Revenue	$	28,867	$	30,030	$	32,111	$	33,848	$	36,156
Number of Pieces		68,696		72,522		77,592		82,727		90,671
Weight, Pounds		3,296		3,459		3,451		3,437		3,910
Standard Mail										
Revenue	$	16,428	$	17,175	$	16,728	$	16,707	$	19,939
Number of Pieces		79,496		83,957		81,841		81,763		98,350
Weight, Pounds		8,300		8,770		9,043		8,970		10,685
Shipping & Packages Services										
Revenue	$	11,596	$	10,670	$	10,156	$	10,193	$	10,529
Number of Pieces		3,502		3,258		3,057		3,077		3,346
Weight, Pounds		5,731		5,462		5,006		4,961		5,502
International Mail										
Revenue	$	2,816	$	2,585	$	2,388	$	2,310	$	2,380
Number of Pieces		926		987		594		759		835
Weight, Pounds		463		445		243		241		282
Periodicals										
Revenue	$	1,731	$	1,821	$	1,879	$	2,038	$	2,295
Number of Pieces		6,741		7,077		7,269		7,901		8,605
Weight, Pounds		2,535		2,725		2,778		3,018		3,677
U.S. Postal Service										
Number of Pieces		440		434		438		455		824
Weight, Pounds		145		150		134		128		148
Free Matter for the Blind										
Number of Pieces		58		62		68		62		72
Weight, Pounds		25		30		32		30		33
Other Services										
Revenue*	$	3,785	$	3,430	$	3,790	$	2,994	$	3,633
Postal Service Totals										
Revenue	$	65,223	$	65,711	$	67,052	$	68,090	$	74,932
Number of Pieces		159,859		168,297		170,859		176,744		202,703
Weight, Pounds		20,495		21,041		20,687		20,785		24,237

Note: The charts have been reformatted to reflect the new presentation which is more representative of how the Postal Service manages the business. The following summarizes the major reclassification changes:

-The new First-Class Package Services now includes the First-Class Parcels category formerly included in First-Class Mail.

-Parcel Select, Parcel Return & Standard Parcels now include Standard Mail Parcels category formerly included in Standard Mail.

-The International category now includes all international revenues, pieces and weight formerly included in First-Class Mail, Standard Mail, Package Services and Other.

* Includes a $59 million decrease and increases of $298 million, a $103 million, $655 million, $230 million to the deferred revenue-prepaid postage liability in 2012, 2011, 2010, 2009 and 2008, respectively. As this is a change in estimate, the decrease in revenue is accounted for in Other Mailing Services revenue.

Operating statistics

Post Office and delivery points

(in actual units indicated, unaudited)	2012	2011	2010	2009	2008
Post Offices, Stations, and Branches					
Postal-Managed					
Post Offices	26,755	26,927	27,077	27,161	27,232
Classified stations, branches, and carrier annexes	5,102	5,219	5,451	5,501	5,509
Total Postal-Managed	**31,857**	**32,146**	**32,528**	**32,662**	**32,741**
Contract Postal Units	2,839	2,904	2,931	3,037	3,148
Community Post Offices	673	706	763	797	834
Total Offices, Stations, and Branches	**35,369**	**35,756**	**36,222**	**36,496**	**36,723**
Residential Delivery Points					
City delivery	81,040,591	80,792,112	80,531,231	80,187,505	79,848,415
Rural	39,449,400	39,067,740	38,638,280	38,264,946	37,684,158
PO Box	15,994,508	15,891,349	15,739,698	15,601,883	15,639,031
Highway contract	2,678,508	2,639,061	2,607,138	2,576,166	2,516,783
Total Residential Delivery	**139,163,007**	**138,390,262**	**137,516,347**	**136,630,500**	**135,688,387**
Business Delivery Points					
City delivery	7,525,979	7,487,332	7,457,500	7,483,461	7,436,965
Rural	1,493,644	1,468,861	1,453,292	1,439,266	1,407,942
PO Box	3,889,964	4,072,664	4,355,674	4,489,688	4,587,454
Highway contract	73,957	72,872	72,648	72,966	71,538
Total Business Delivery	**12,983,544**	**13,101,729**	**13,339,114**	**13,485,381**	**13,503,899**
Total Delivery Points	**152,146,551**	**151,491,991**	**150,855,461**	**150,115,881**	**149,192,286**
Change in delivery points	654,560	636,530	739,580	923,595	1,199,764

Operating statistics

Employees

(actual numbers, unaudited)	2012	2011	2010	2009	2008
Career Employees					
Headquarters and HQ Related Employees					
Headquarters	2,922	2,745	2,937	2,811	2,892
Headquarters – Field Support Units	4,189	4,213	4,876	4,455	4,429
Inspection Service – Field	2,403	2,398	2,435	2,617	2,890
Inspector General	1,124	1,123	1,108	1,155	1,159
Total HQ and HQ Related Employees	**10,638**	**10,479**	**11,356**	**11,038**	**11,370**
Field Employees					
Area Offices	805	809	1,079	1,047	1,316
Postmasters/Installation Heads	17,376	22,212	23,111	23,672	25,250
Supervisors/Managers	23,566	25,083	27,792	28,812	31,787
Professional Administration and Technical Personnel	4,501	4,571	5,926	6,460	8,010
Clerks/Nurses	139,666	149,562	157,168	177,842	194,907
Mail Handlers	42,033	46,596	48,650	52,954	55,812
City Delivery Carriers	176,808	183,774	192,180	200,658	211,661
Motor Vehicle Operators	6,885	7,064	7,413	8,113	8,558
Rural Delivery Carriers – Full-time	66,549	66,186	66,845	67,749	68,900
Building and Equipment Maintenance Personnel	34,705	36,032	37,403	39,531	40,248
Vehicle Maintenance Employees	4,926	4,883	4,985	5,252	5,419
Total Field Employees	**517,820**	**546,772**	**572,552**	**612,090**	**651,868**
Total Career Employees	**528,458**	**557,251**	**583,908**	**623,128**	**663,238**
Noncareer Employees					
Casuals	5,651	2,606	6,503	4,271	12,000
Postal Support Employees	20,281	10,471	0	0	0
Nonbargaining Temporary	3,537	2,259	1,910	1,659	1,119
Rural Part-Time: Subs/RCA/RCR/AUX	48,170	50,349	51,801	54,529	58,072
Postmaster Relief and Leave Replacements	8,727	9,138	11,350	11,477	12,327
Transitional Employees	14,204	13,876	16,215	17,018	18,332
Total Noncareer Employees	**100,570**	**88,699**	**87,779**	**88,954**	**101,850**
Total Employees	**629,028**	**645,950**	**671,687**	**712,082**	**765,088**

Note: The Postal Support Employees category was newly created in 2011.

FY 2012 Comprehensive Statement on Postal Operations

Postal Facts

Fundamental Universal Service

Connecting businesses and households everywhere

Critical for the Economy

Core of an $800 billion dollar industry with eight million employees

Adaptable

Successfully changing to meet the needs of the country for 237 years

A Competitive Business

Virtually all revenue now comes from customers who have alternatives

Secure and Trusted

One of the most respected organizations for privacy and security (Ponemon Institute)

Technologically Sophisticated

Manages an adaptable infrastructure of high-speed mail sorting equipment, logistics networks and delivery routes, linked by sophisticated information technology

Convenient

More retail locations than McDonald's and Starbucks combined.

Reliable

Record performance across most service categories

Effective

Builds relationships, helps customers do jobs important to them, and supplements other channels

Sustainable

Working with colleagues in the postal industry and federal sector to deliver mail at the lowest cost with minimal impact to the environment

Efficient

The world's most productive postal service — reduced costs by $1.1 billion in FY 2012

A Bargain

One of the lowest rates for postage in the developed world

Customer-Focused

"Most improved" for customer satisfaction (American Customer Satisfaction Index)

Relevant

New technologies connect mail and the Internet and let people send mail from mobile devices

Executive Summary

Provide Transparency, Accountability and Trust

This report provides information to assist stakeholders in evaluating the performance of the Postal Service in 2012.

It combines information required by the *Postal Reorganization Act (PRA)* of 1970, the *Government Performance and Results Act* of 1993, and the *Postal Accountability and Enhancement Act (PAEA)* of 2006 into a single document for convenience and consistency.

Stakeholders should see that:

- The Postal Service is an adaptable and highly capable organization;
- The Postal Service mission, goals and strategies, and vision define its role and value;
- Despite an extremely difficult current financial situation, there are positive longer-term opportunities increasing the value of the Postal Service to customers;
- The Postal Service has a well-developed plan to restore financial stability, and a disciplined process to implement that plan effectively;
- The Postal Service made significant progress on its non-financial goals in FY 2012.

Provide Direction for the Future

Although the report is focused on providing performance information for the past year as a supplement to the *Annual Report to Congress,* the document should also provide stakeholders with information on how Postal initiatives and programs are setting the stage for future improvements.

Stakeholders should see:

- The Postal Service has a portfolio of high priority strategic initiatives that are focused on significant change; and,
- Continuous improvements in daily operations provide the foundation for future successes.

In addition, stakeholders should understand that emerging trends in technology, business and customer behavior can provide scenarios for future opportunities for mail, the mailing industry and the Postal Service to remain relevant in the future.

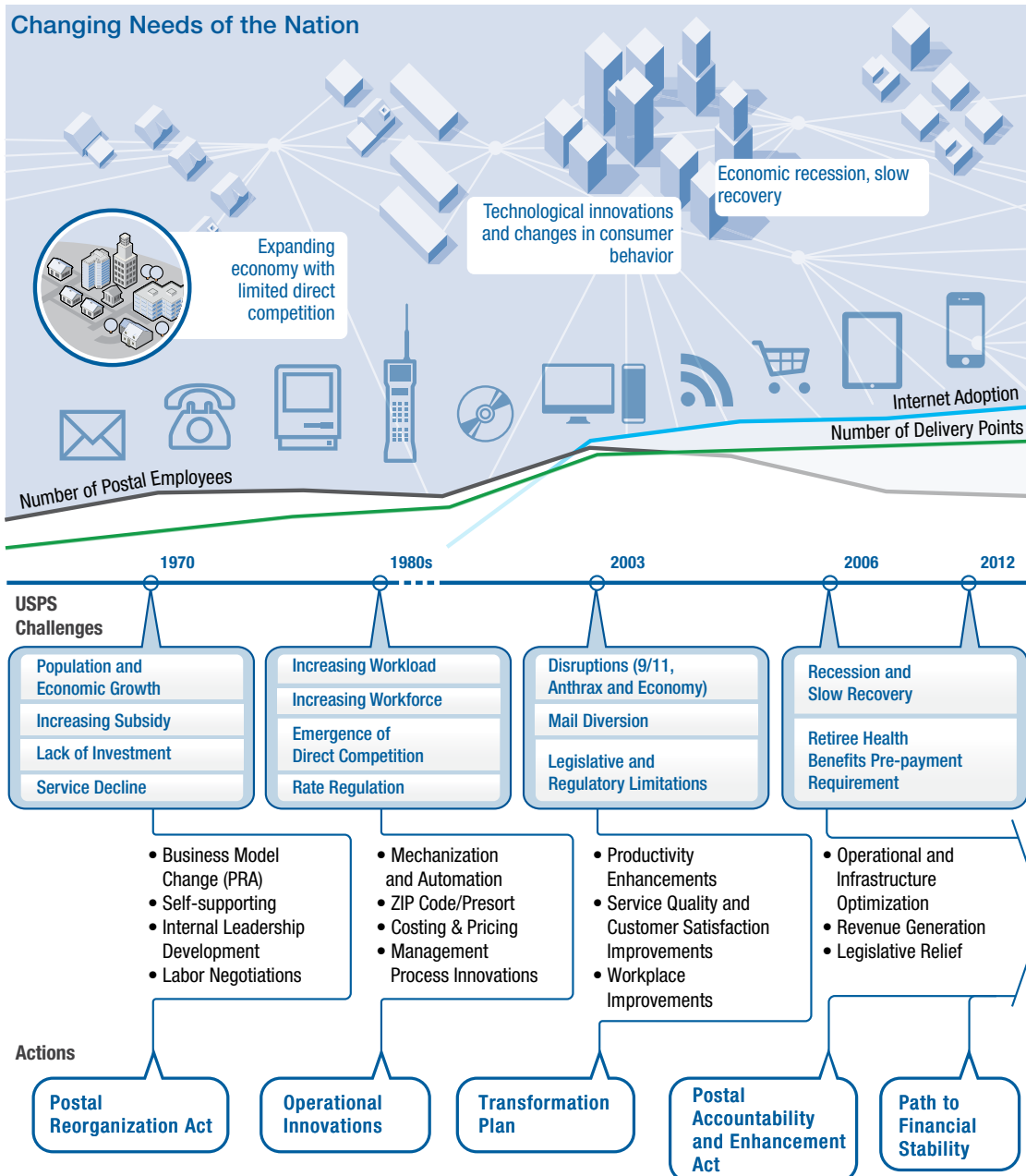The document also provides references for more detailed information.

Introduction

The Postal Service is an Adaptable Organization

The Postal Service has a long history of successfully adapting to the changing needs of the nation, even as technology has changed the way people communicated and did business.

(See *The United States Postal Service: An American History, 1775-2006, http://about.usps.com/publications/pub100/welcome.htm.*)

Changing Needs of the Nation

Expanding economy with limited direct competition

Technological innovations and changes in consumer behavior

Economic recession, slow recovery

Internet Adoption

Number of Delivery Points

Number of Postal Employees

1970	1980s	2003	2006	2012

USPS Challenges

Population and Economic Growth	Increasing Workload	Disruptions (9/11, Anthrax and Economy)	Recession and Slow Recovery
Increasing Subsidy	Increasing Workforce	Mail Diversion	Retiree Health Benefits Pre-payment Requirement
Lack of Investment	Emergence of Direct Competition	Legislative and Regulatory Limitations	
Service Decline	Rate Regulation		

- Business Model Change (PRA)
- Self-supporting
- Internal Leadership Development
- Labor Negotiations

- Mechanization and Automation
- ZIP Code/Presort
- Costing & Pricing
- Management Process Innovations

- Productivity Enhancements
- Service Quality and Customer Satisfaction Improvements
- Workplace Improvements

- Operational and Infrastructure Optimization
- Revenue Generation
- Legislative Relief

Actions

Postal Reorganization Act	Operational Innovations	Transformation Plan	Postal Accountability and Enhancement Act	Path to Financial Stability

Since the enactment of the *Postal Reorganization Act of 1970,* the Postal Service has changed its business and operating model, introduced innovative services and focused on productivity and delivery quality.

Postal employees can be proud of the performance of the organization and the progress that has been made. Customers, Postal suppliers and business partners have benefitted from improvements.

The current situation is challenging, but not one that cannot be solved. Innovation and continuous improvements in service and productivity plus collaboration with industry and legislative changes can provide a path to stability as outlined in the *Five-Year Business Plan,* released in February 2012.

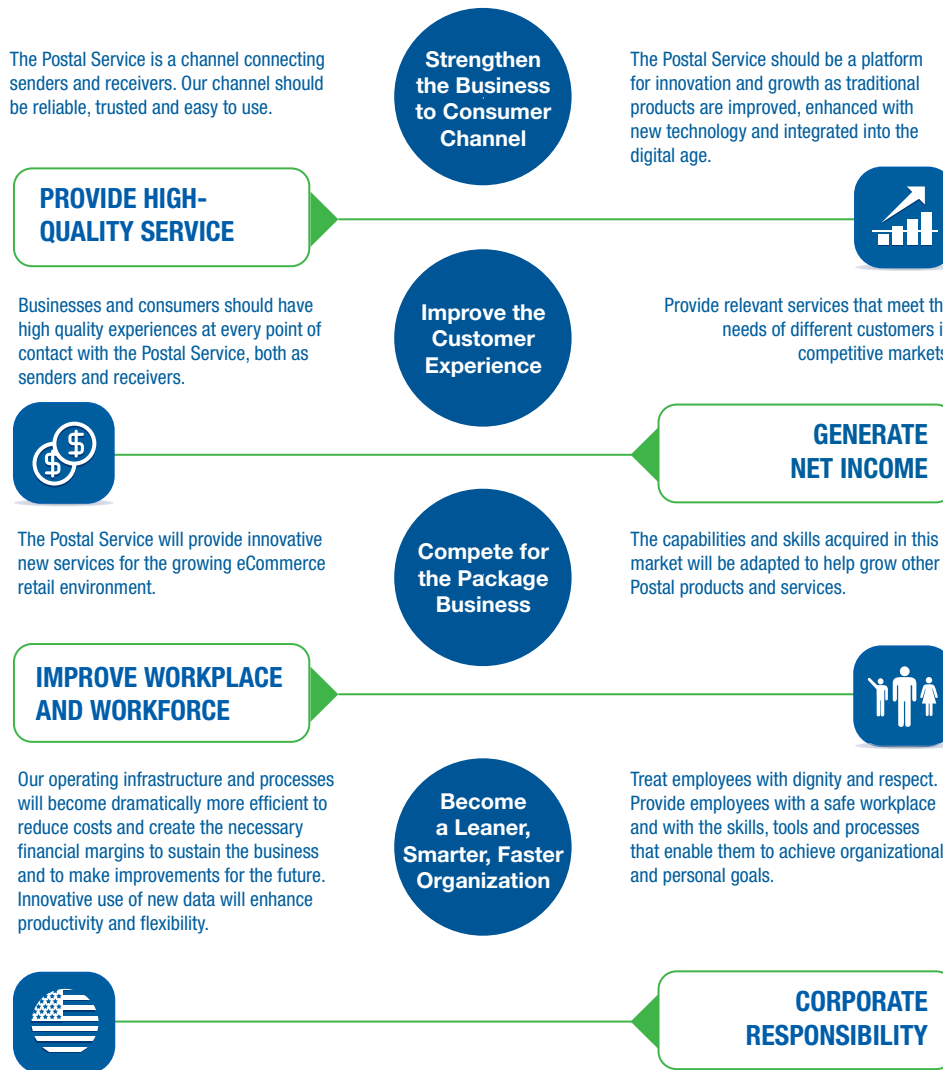# Our Mission, Vision and Goals Remain Relevant

Our mission of providing universal delivery service connecting the nation was established in the Constitution. It has been the foundation of Postal policy for 237 years. The vision has always been one of adapting to the changing needs of the nation.

The goals of providing high-quality service, generating net income and improving the workplace have provided consistency in focusing our continuous improvement efforts. The strategic performance metrics are based on these basic goals.

Strategic Goals and Strategies

MISSION	The Postal Service provides a reliable, efficient, highly trusted and unique universal service that connects people and helps businesses grow.
VISION	The Postal Service will continue to improve its services and its capability to adapt to the changing needs of customers in the digital age.

STRATEGIC GOALS AND STRATEGIES

The Postal Service is a channel connecting senders and receivers. Our channel should be reliable, trusted and easy to use.

Strengthen the Business to Consumer Channel

The Postal Service should be a platform for innovation and growth as traditional products are improved, enhanced with new technology and integrated into the digital age.

PROVIDE HIGH-QUALITY SERVICE

Businesses and consumers should have high quality experiences at every point of contact with the Postal Service, both as senders and receivers.

Improve the Customer Experience

Provide relevant services that meet the needs of different customers in competitive markets.

GENERATE NET INCOME

The Postal Service will provide innovative new services for the growing eCommerce retail environment.

Compete for the Package Business

The capabilities and skills acquired in this market will be adapted to help grow other Postal products and services.

IMPROVE WORKPLACE AND WORKFORCE

Our operating infrastructure and processes will become dramatically more efficient to reduce costs and create the necessary financial margins to sustain the business and to make improvements for the future. Innovative use of new data will enhance productivity and flexibility.

Become a Leaner, Smarter, Faster Organization

Treat employees with dignity and respect. Provide employees with a safe workplace and with the skills, tools and processes that enable them to achieve organizational and personal goals.

CORPORATE RESPONSIBILITY

The core strategies are linked to the mission, vision and goals. They define the focus for change initiatives necessary to respond to the current and future business environment.

The strategies will create a more efficient and effective organization that is more relevant to customers, responsive to the competitive marketplace and more innovative in all it does.
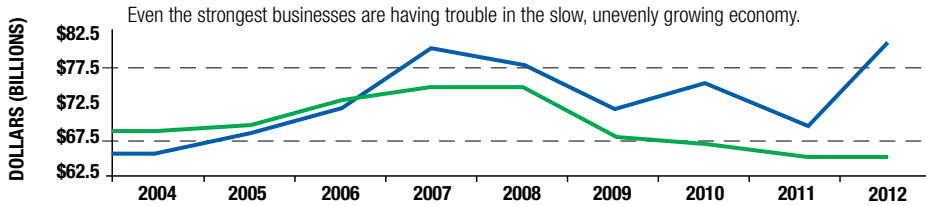
The Short-Term Business Environment is Challenging

Even strong organizations are having trouble as a result of the recession and the slow, uneven economic recovery. Most are making significant changes driven by new technology, and rising fuel and healthcare costs.

The short-term financial crisis has captured stakeholder attention and most are aware of the current situation and its causes, and many are aware of some of the cost reduction initiatives our organization has been pursuing.

Business Environment Has Short-Term Challenges and Longer-Term Opportunities

Even the strongest businesses are having trouble in the slow, unevenly growing economy.

DOLLARS (BILLIONS): $82.5, $77.5, $72.5, $67.5, $62.5

Years: 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012

Cost Trends / Revenue Trends

COST TRENDS

Universal Service Requirements and Legacy Infrastructure

Constantly increasing delivery points, often in less-densely populated areas

High fixed costs of excess operating capacity, aging facilities and equipment, and service standards that do not meet market requirements

Resource Requirements

Vulnerable to increasing healthcare and fuel costs

Despite significant investments in automation, improvements in productivity and staffing reductions, labor costs remain high

REVENUE TRENDS

Pricing

Unlike many other posts, the USPS is limited in its ability to increase prices

Statutory requirements for preferred rates for some categories of mailers reduces profitability

Continuing Volume Declines in Key Mail Categories

No short-term expectation of improved economic growth

Continuing diversion, especially in profitable First-Class Mail and greater indirect competition from other forms of advertising

Restrictions on generating new revenue from product and service diversification

Most successful businesses in this environment have made difficult decisions to remain viable. Postal strategies have emphasized maintaining high levels of delivery service quality and improving customer experiences, even as productivity efforts focused on reducing costs.
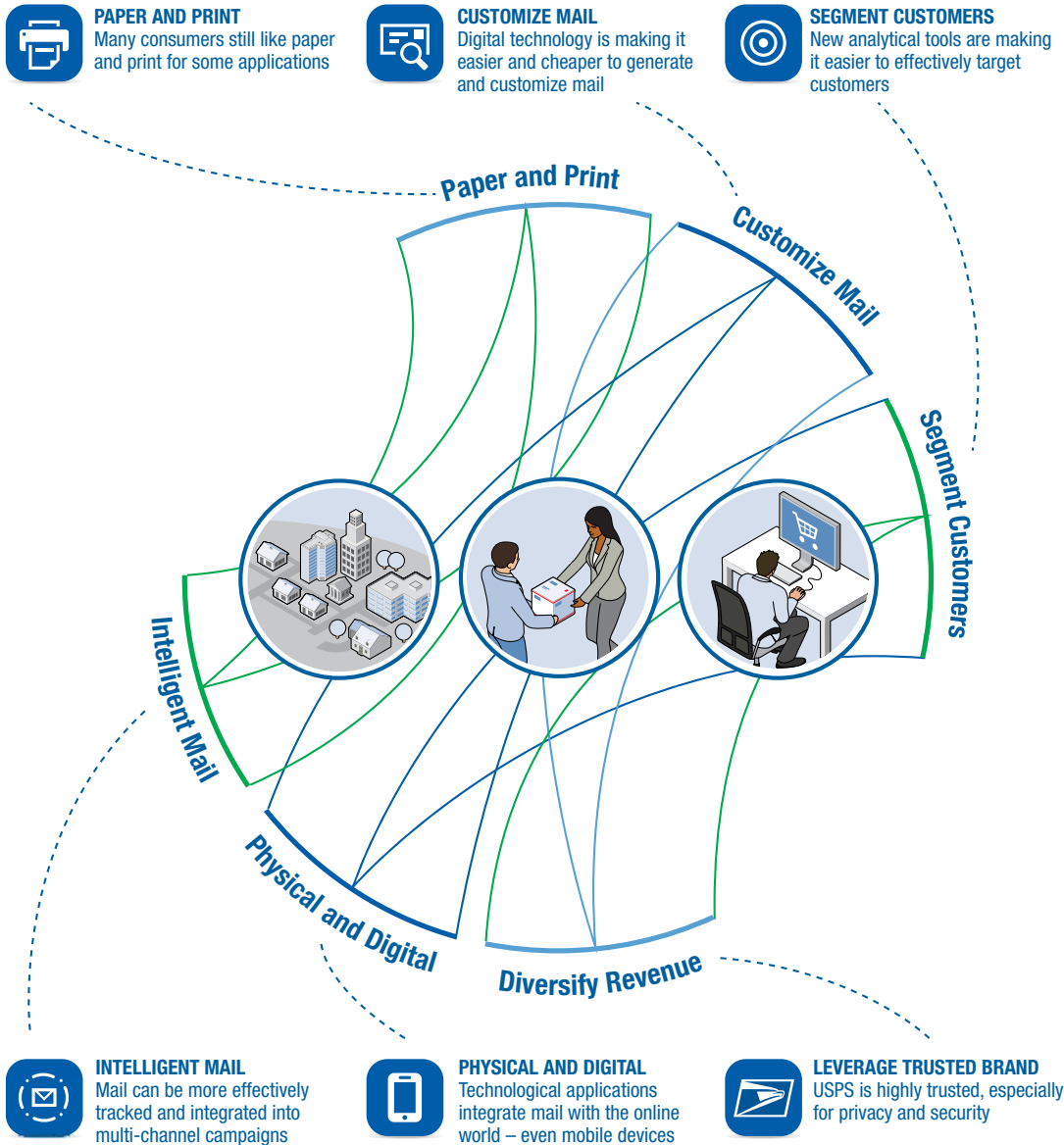
The Postal Service has introduced new products and services in the marketplace to grow revenue and improve customer access. The Postal Service has taken extraordinary action to manage its cash to enable it to meet its obligations to customers, employees, partners and suppliers.

The Longer-Term Trends Provide Opportunities for Future Success

The long-term trend of declining letter mail volume caused by new communication technology is not restricted to the United States. The issue has attracted studies focusing on the global Postal community and the consensus is that there is no simple solution.

Research indicates that while some mail categories may continue to decline, mail has opportunities to continue to remain relevant. Postal services will still provide a valuable role in the future.

Longer-Term Trends

PAPER AND PRINT
Many consumers still like paper and print for some applications

CUSTOMIZE MAIL
Digital technology is making it easier and cheaper to generate and customize mail

SEGMENT CUSTOMERS
New analytical tools are making it easier to effectively target customers

Paper and Print

Customize Mail

Segment Customers

Intelligent Mail

Physical and Digital

Diversify Revenue

INTELLIGENT MAIL
Mail can be more effectively tracked and integrated into multi-channel campaigns

PHYSICAL AND DIGITAL
Technological applications integrate mail with the online world – even mobile devices

LEVERAGE TRUSTED BRAND
USPS is highly trusted, especially for privacy and security

The unique legislative and regulatory situation of the Postal Service requires approaches that may differ from many foreign posts. However, much of the innovation necessary to adapt the mail to the digital age is already underway, and Postal package services are playing an increasing role in supporting e-commerce.

Entrepreneurs, customers, suppliers and Postal partners in the mailing value chain are creating mail and package services that are more effective at meeting customer needs. Mail is adapting to the digital age, and the Postal Service is evolving to meet the needs of a dynamic market.

FY 2012 Annual Performance Report and FY 2013 Performance Plan

The Business Environment Requires Disciplined Performance Management

The financial challenge leaves little margin for error. The Postal Service depends on an integrated performance system that drives success through rigorous performance measurement and review. This has been focused on functional department and operating unit performance.

The Postal Service has a long established process for non-bargaining employees that ties individual contributions to unit or program performance goals. Although no salary increases or bonuses were paid in FY 2012, the review process remains essential to performance.

Disciplined performance management drives success

ENDURING, LONG-TERM GOALS based on statute and legislative requirements

PROVIDE HIGH-QUALITY SERVICE

GENERATE NET INCOME

IMPROVE WORKPLACE AND WORKFORCE

CORPORATE RESPONSIBILITY

METRICS

- Customer Satisfaction
- Service Performance

- Operating Income
- Deliveries per Work Hour

- OSHA Illness and Injury Rate
- Voice of the Employee Survey

- Universal and Public Services and Other Obligations

STRATEGIES TO ACHIEVE GOALS evolving with customer needs and market requirements

Strengthen the Business to Consumer Channel

Improve the Customer Experience

Compete for the Package Business

Become a Leaner, Smarter, Faster Organization

STRATEGIC CHANGE INITIATIVES

FUNCTIONAL DEPARTMENT AND PROGRAM GOALS

INDIVIDUAL GOALS

In FY 2012, the Postal Service implemented a disciplined approach to the selection and review of strategic change initiatives. These are designed to go beyond the continuous improvement programs that are the day-to-day responsibility of individual departments.

These are complex, multi-year, cross-functional programs that require more frequent and intense review by senior management.

The Postal Service Achieved Most Non-financial Goals in 2012

The Postal Service has maintained the same organization-wide strategic goals since the implementation of the *Government Performance and Results Act* of 1993. These goals balance the interests of customers, policy-makers and employees. The stability of these goals has helped the Postal Service and stakeholders develop a clear understanding of performance over time, and have helped to drive results through consistent focus.

Performance indicators have evolved and measurement systems have been continuously improved. Indicators, measurement systems and results have been subjected to review by the Postal Regulatory Commission, the Office of the Inspector General and the Government Accountability Office. The measurement systems are reliable and verifiable.

The Postal Service has developed detailed performance management systems with information made widely available for planning, decision-making and review. The focus has been to make information timely, relevant and actionable. Performance is rigorously reviewed at all levels of the organization.

Organization-Wide Goals, Measures, Results and Targets

Goal	Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Plan	FY 2012 Actual	FY 2013 Target
Service	Single-Piece First-Class Mail							
	Overnight	96.5%	96.2%	96.36%	96.23%	96.65%	96.48%	96.70%
	Two Day	94.1%	93.7%	93.71%	93.34%	94.15%	94.84%	95.10%
	Three Day	92.7%	92.2%	92.44%	91.87%	92.85%	92.29%	95.00%
Customer Experience Measurement[1]	Residential	N/A	N/A	86.44%	87.17%	[2]	88.36%	[2]
	Small/Medium Business	N/A	N/A	81.83%	82.95%	[2]	84.07%	[2]
Financial	Operating Loss ($ bill.)[3]	N/A	N/A	N/A	(2.7)	(3.0)	(2.4)	(2.0)
	Deliveries per Work Hour	N/A	N/A	N/A	39.9	42.2	41.0	42.9
Workplace	OSHA Illness and Injury Rate[4]	5.74	5.62	5.49	5.67	5.72	5.44	1% below SPLY
	Voice of the Employee Survey	63.7	64.0[5]	62.3[6]	64.7	64.9	64.7	TBD

[1] Comparable overall customer experience scores are not available for FY 2008 and FY 2009 due to redesign of measurement survey for FY 2010.

[2] Plan/targets are not set as actual survey response percentages; internally as part of the National Performance Assessment they are computed as an index of survey questions (see page 39).

[3] Excludes expense impact of Workers' Compensation discount rate changes and actuarial revaluations and Postal Service Retiree Health Benefit Fund.

[4] Injury and illness rate is calculated using an industry-wide formula recommended by OSHA: "Total number of OSHA injuries and illnesses (multiplied) by 200,000 hours (divided) by the number of exposure hours worked by all employees. The 200,000 hours represents 100 employees working 2,000 hours per year. It provides the standard base for calculating incidence rates."

[5] 64.0 is the actual score for the 2009 survey. 63.6 is the baseline index score established for the new VOE survey index used in 2010.

[6] 62.3 is the actual score for the 2010 survey. 64.5 is the baseline index score established for the new VOE survey index used in 2011.

Despite significant financial pressure and operational changes, national service performance improved to record levels across most service categories.

Service Performance Metrics and Measurement Systems

Single-Piece First-Class Mail is one of the most widely used mail categories and is familiar to consumers, small organizations and larger commercial firms. It uses virtually all elements of the Postal Service operating chain, from collection boxes and retail counters to final delivery.

It has been traditionally used to represent service, especially since customers use it and expect bills, statements, payments, business communication and personal correspondence to arrive on time.

Single-Piece First-Class Mail

Since 1990, the Postal Service has contracted with an outside entity to measure First-Class Mail service performance independently and objectively via the External First-Class Mail® measurement system (EXFC).

EXFC is a rigorous external sampling system measuring the time it takes from deposit of mail in a collection box or lobby chute until its delivery to a home or business. EXFC measures the transit time for single-piece rate First-Class Mail cards, letters and flat envelopes, and compares this actual service against service standards.

EXFC continuously tests service in 892 three-digit ZIP Code areas between which virtually all Single-Piece First-Class Mail originates and destinates.

Service performance for Single-Piece First-Class Mail parcels has now been combined with EXFC performance to formulate these combined Single-Piece First-Class Mail results. Single-Piece First-Class Mail parcel service is measured using an internal USPS system.

This system measures transit time from the time of mailing at a Post Office until the time of delivery for parcels for which a customer requested Delivery Confirmation service. Actual transit time is then compared against First-Class Mail service standards.

Service performance has steadily improved and reached record levels in FY 2012.

Performance is seasonal and weather may affect year to year comparisons.

The Postal Service Measures Service Performance for All Market Dominant Products

Detailed descriptions of measurement systems and quarterly performance reports are available on the USPS website at *http://about.usps.com/what-we-are-doing/service-performance/welcome.htm* for:

- Single-Piece First-Class Mail
- Presort First-Class Mail
- Single-Piece First-Class Mail International
- Standard Mail
- Periodicals
- Package Services
- Special Services

Service performance detail is discussed with major mail industry stakeholders at the Mailers Technical Advisory Committee (MTAC) and service issues are addressed by focus groups consisting of relevant mailers and their associations.

New tools based on the continuing adoption by mailers of Full-Service Intelligent Mail barcodes (IMb), such as Service Performance Diagnostics, are becoming available to help the Postal Service and participating customers plan more effectively and promptly respond to service issues.

In addition, the Postal Service maintains an extensive outreach program to customers with a number of channels for customers to raise issues and resolve service problems.

Annual performance detail is provided to the Postal Regulatory Commission (PRC) in the *Annual Compliance Report* (see *http://www.prc.gov/prc-pages/dockets-search/default.aspx* and select ACR by year). The FY 2012 ACR will be provided to the PRC by Dec. 28, 2012.

Service Performance Diagnostics

The Service Performance Diagnostic tool was launched in February 2011 and continues to be enhanced to increase efficiencies in mail movement. The tool is part of an overall strategy to reduce work-in-progress at mail processing facilities, reducing service failures and improving on-time performance of all mail classes.

In FY 2012, the Postal Service enhanced its measurement system to view work-in-process. The tool now provides a unique view of commercial mail flows with the ability to monitor work-in-progress from induction through final processing. Data is provisioned to allow the assessment of service impacts down to the specific mailer and mail processing facility.

Pareto impact analysis is used to provide focus on systemic issues impacting service performance. These enhancements, combined with the operational focus on continuous improvement, contributed to significant improvements in service performance.

Customer Experience Measurement

Objective, quantitative measures provide one perspective on Postal performance. Customer opinions are equally valid. Together, the two approaches provide a more complete assessment of performance.

The Postal Service operates, through a third-party, the nation's largest customer experience measurement survey. Approximately 304,102 residential and 325,530 small/medium business customers responded to the surveys in FY 2012 for response rates of 15.2 percent and 8.5 percent respectively. These surveys provide an ongoing assessment of attributes defined by customers as critical to their experiences.

Survey results are publicly reported quarterly at *http://about.usps.com/what-we-are-doing/service-performance/welcome.htm.* They are designed to provide reliable, actionable data at the district level and below.

For FY 2012, the customer experience scores continued to improve compared to the same period last year. We have made progress in identifying opportunities to improve how we interact with customers.

We identified "contact" experience as a key opportunity for improvement and in FY 2012 launched a Customer Experience Essentials Program intended to engage and provide resources and guidance to all employees who interact with customers.

The program focused on four basic principles — telephone courtesy, friendly and courteous behavior, delivery accuracy and letting customers know that we appreciate their business.

To support the Customer Experience Essentials program, a cross-functional team consisting of headquarters, field, management and labor organizations worked collaboratively on *The Delivering a Positive Customer Experience* messaging campaign to engage all employees and foster a culture of responsiveness to ensure customers everywhere receive a positive, efficient and friendly experience every day, every time, everywhere.

Financial Performance Metrics and Measurement Systems

Financial information is developed according to generally accepted accounting principles and industry best practices. Internal controls over financial reporting are subject to the requirements of the *Sarbanes-Oxley Act (*SOX). Financial results are posted quarterly in 10-Q reports and annual audited 10-K reports are also posted. 8-K reports outline significant changes during the year. *http://about.usps.com/who-we-are/financials/welcome.htm.*

Detailed cost and revenue data is filed with the Postal Regulatory Commission (PRC), and is subject to public inquiry during regulatory proceedings. Financial systems are also subject to review by the USPS Office of Inspector General (OIG) and the Government Accountability Office (GAO).

Operating Income (Loss)

FY 2012 had Total Revenue of $65.2 billion and Total Expenses of $81.0 billion resulting in a Net Loss of $15.9 billion.

However, because the legislative mandates for prefunding of retiree health benefits as well as the legally-mandated participation in the federal workers' compensation program are not subject to management's control, we believe that analyzing operating results without the impact of certain of these charges provides a more meaningful insight into current operations.

Thus, when the impact of the required prefunding payments and expense related to the long-term portion of workers' compensation are excluded, the net operating loss was $2.4 billion.

Deliveries per Workhour

Deliveries per workhour summarizes the effectiveness of productivity improvement efforts. The indicator is relevant, especially as the organization manages a declining volume workload with a constantly increasing universal delivery network.

In FY 2012, the total number of pieces declined from 168.3 billion to 159.9 billion, while delivery points grew from 151.5 million to 152.1 million. The Postal Service reduced total workhours by 27 million.
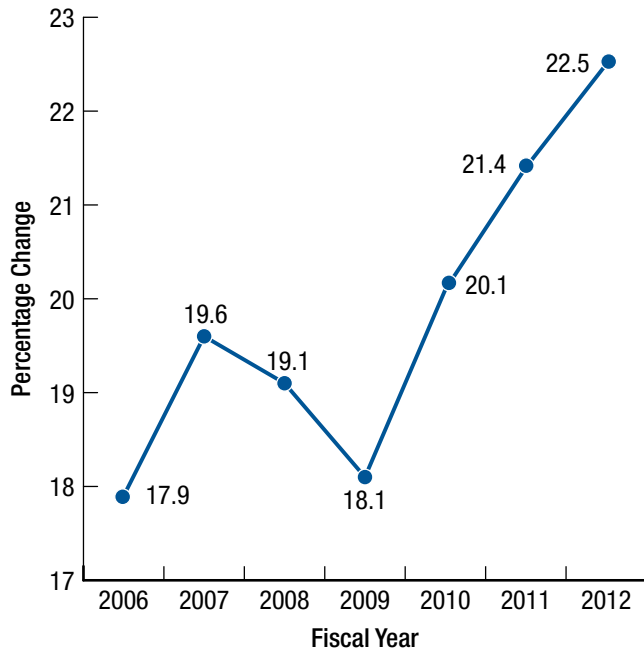
Total Factor Productivity

Although Total Factor Productivity (TFP) is not currently used as a measure of year-over-year performance, it remains a measure of longer-term productivity trends.

Total Factor Productivity declined in 2008 and 2009 as mail volume declined more rapidly than the Postal Service could adjust.

Overall productivity has been increasing since 2010 as network optimization and other programs take effect.

TFP recognizes both mail volume and delivery points and weights the volume of various Postal products to account for variations in work content due to factors such as size, weight, mailer preparation levels and mode of transportation. This allows consistent comparisons among Postal products.

Total Factor Productivity (Cumulative)

Percentage Change (y-axis), **Fiscal Year** (x-axis)

- 2006: 17.9
- 2007: 19.6
- 2008: 19.1
- 2009: 18.1
- 2010: 20.1
- 2011: 21.4
- 2012: 22.5

Source: Christensen Associates

Workplace and Workforce Metrics and Measurement Systems

Safety data is collected and reported according to standard requirements of the U.S. Occupational Safety and Health Administration (OSHA). Data and systems are subject to review by OSHA, which also may conduct on-site inspections. Safety practices are also subject to review by the Office of the Inspector General (OIG) and the Government Accountability Office (GAO).

Voice of the Employee Survey

The Postal Service measures the engagement of its workforce with the Voice of the Employee (VOE) survey. The VOE survey is a way for employees to confidentially express their opinions about the work environment.

A third-party vendor tabulates the results and reports them back to the Postal Service in summary form. Participation is voluntary and employees can complete the survey on-the-clock. In 2012, more than 299,000 employees voiced their opinions using the VOE survey, making it one of the largest surveys of its kind in the nation.

These key questions are used to create an index to track progress on employee-centered initiatives and assess national trends.

Strategic Direction	I am aware of current business conditions facing the Postal Service.
Trust	I am confident in the ability of senior management to make the decisions necessary to ensure the future success of the Postal Service.
Contribution to Growth	Rate the quality of service provided by your office/facility to customers.
Communication	Rate your immediate supervisor on communicating regularly to keep you informed.
Diversity/ Respect	The Postal Service values diversity of backgrounds, talents and perspectives.
Commitment	I feel personally responsible for helping the Postal Service succeed as a business.
Personal Safety	I receive information to perform my job safely.
Work Effort and Quality	I understand how the work I do impacts the service the Postal Service provides.

Results from the survey show that employees are highly aware of current business conditions and understand the role they play has an impact on service.

Employees are mixed in their feelings about the ability of their work units to adapt to change and many express concerns for the future of the Postal Service.

Nevertheless, employees say they are proud to work for the Postal Service and they feel a personal responsibility to help the organization succeed as a business.

In 2012, the Postal Service attained an index score of 64.7, which is the same as the prior year.

Oversight, Transparency, Accountability and Trust

The Postal Service is totally dependent upon revenues from customers, most of whom now have alternatives to Postal products and services.

High quality service and excellent customer experiences are critical measures of success across all product and service categories, for both senders and receivers.

Providing products and services that meet customer needs in changing, competitive markets is important for future financial stability.

Postal performance and operations are subject to review not only in the marketplace, but also by a variety of other organizations and stakeholders, including Congress, the Government Accountability Office, the Postal Regulatory Commission, and the USPS Office of the Inspector General.

Relevant reports on the Postal Service are available on the websites of those organizations. This oversight adds to the transparency of Postal operations, increases the accountability and helps build confidence and trust in Postal performance.

Strategic Change Initiatives

The Postal Service has developed a balanced portfolio of strategic change initiatives to close the gap between revenue and cost over the next five years.

The portfolio is dynamic and will change as priorities and resources require, and as programs are completed or adjusted based on external events.

Infrastructure and Operations Optimization	Revenue Generation Programs	Workplace and Workforce Initiatives
Mail processing and transportation	Shipping growth	Talent management and development
Delivery	Transaction mail preservation	Employee engagement
Retail access	Marketing mail growth	Dispute resolution
Facilities management and disposal	Global growth	Total labor cost
Financial and information systems	Digital and hybrid mail growth	Workforce optimization
Product visibility	Pricing optimization	
Sustainability	Increasing sales force effectiveness	
Supply chain integration		
Commercial mail acceptance transformation	Customer experience	
Ongoing legislative and regulatory agenda		

Measuring Performance — Strategic Change Initiatives

Measuring the performance of this broad, inter-related portfolio of complex and dynamic strategic change initiatives remains a work in progress.

Most programs will require several years to complete and are likely to be adapted as time goes on to respond to the economic and competitive environment and Congressional or regulatory requirements.

Aligning programs to a specific strategic goal is difficult, since many programs contribute to multiple goals.

Management is developing performance metrics for the entire portfolio. Some of the key external performance indicators are outlined below.

Cross-Portfolio Performance Metrics

Metric	Description	Planned	Actual	FY 2012 Variance
1	Total revenue ($)	$935,718,028	$813,556,920	-$122,162,108
2	Total cost savings ($)	$581,000,000	$346,338,000	-$234,662,000
3	Total work hours reduced (hours)	6,000,000	1,940,200	-4,059,800
4	Total headcount reduced (FTEs)	67,080	29,390	-37,690
5	Total facility square feet reduced (sq. ft.)	2,200,000	3,308,811	1,108,811
6	Commercial mail in Full Service (%)	48%	45%	-3%
7	IMb adoption rate (%)	80%	81%	1%
8	Package scanning rate (%)	94%	94%	0%
9	Overall customer experience score (%) (National Performance Assessment index)	82%	79%	-3%
10	Legislative impact ($b)	0	0	0

The achievement of revenue goals is partially dependent on the economy and market conditions, including competitive activity and new regulations.

Progress of the initiatives is tracked through a detailed reporting system and intensively reviewed on a frequent basis by the Postal Executive Leadership Team and other key executives.

Daily Operations Contribute to Success

Most strategic initiatives are built on existing processes, and much of the organization is involved in the day-to-day work of delivering service to our customers. The Postal value chain is a series of closely linked processes, supported by a common infrastructure.

The overall quality and cost of the system depends not only on the actions of the Postal Service, but also on the actions of mailers and mail service providers.
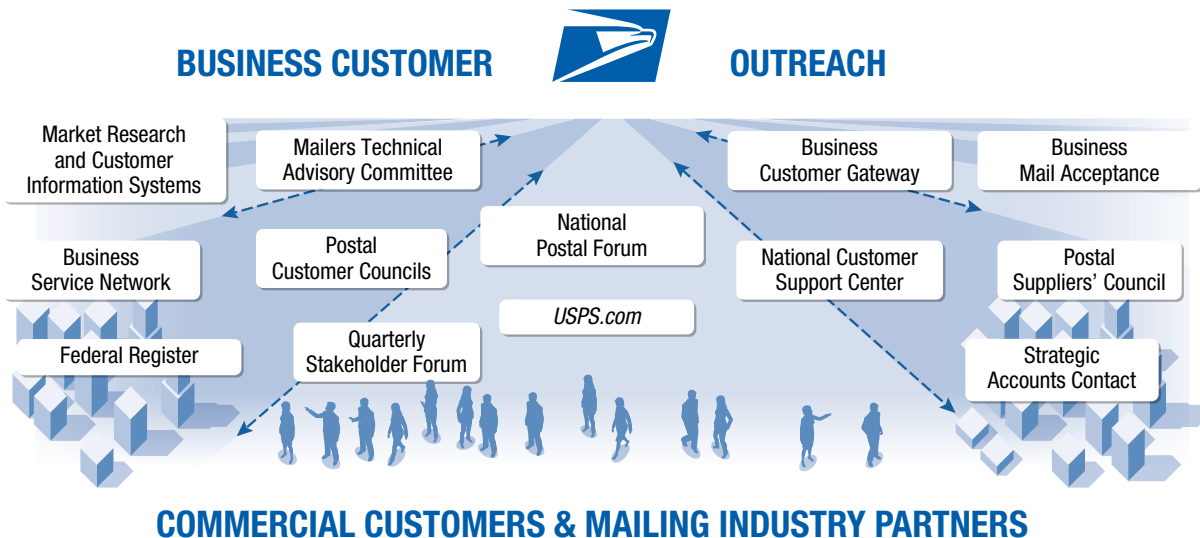
Value Chain

SENDERS — ENTRY — PROCESS — TRANSPORT — PROCESS — DELIVER — **RECEIVERS**

CUSTOMER OUTREACH — SUPPORT SERVICES
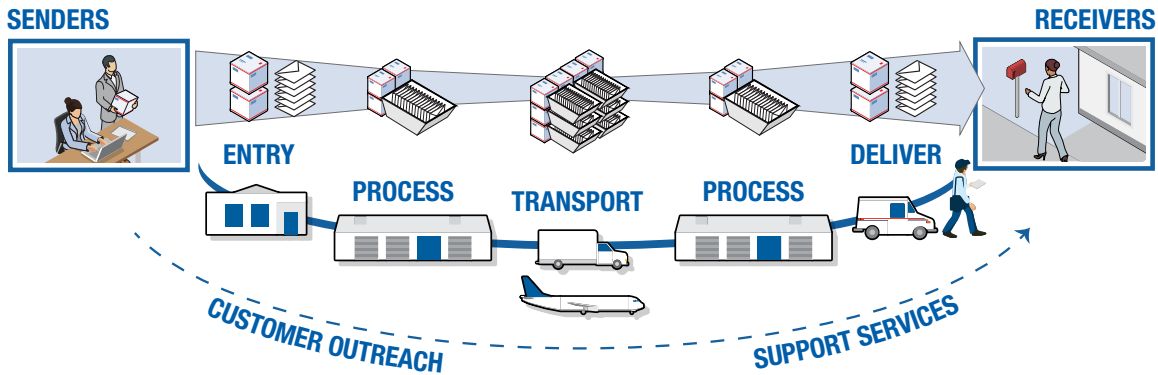
Customer Outreach

Our value chain begins with understanding and responding to customer needs. Most mail is generated by large commercial mailers, often with the help of mail service providers.

Since the Postal Service serves every business and household in the nation, the size and diversity of the customer base makes the outreach program one of the most extensive in the nation.

Customer Outreach

BUSINESS CUSTOMER OUTREACH

Market Research and Customer Information Systems

Mailers Technical Advisory Committee

Business Customer Gateway

Business Mail Acceptance

Business Service Network

Postal Customer Councils

National Postal Forum

National Customer Support Center

Postal Suppliers' Council

Federal Register

Quarterly Stakeholder Forum

USPS.com

Strategic Accounts Contact

COMMERCIAL CUSTOMERS & MAILING INDUSTRY PARTNERS

The Postal Service helps connect people and helps businesses grow by providing a trusted, reliable and cost-effective channel for communicating messages and shipping merchandise to their customers. Some programs reach consumers and small businesses as well as larger mailers and other stakeholders.

Formal outreach channels involving mailing industry stakeholders include the National Postal Forum, MTAC and the USPS Leadership Forum for stakeholder events.

Through these channels, Postal Service management receives valuable feedback on Postal products, services and programs.

The annual *National Postal Forum* attracts thousands of customers, suppliers and mailing industry partners who gather to share information and ideas, learn about new developments across the industry and meet with Postal officials.

Over 50 national mailing industry associations representing various segments of the industry are members of MTAC, which serves as a venue for the Postal Service to share and discuss technical information and issues concerning mail-related products and services.

The feedback and recommendations provided during the quarterly MTAC meetings help enhance customer value and expand the use of Postal products and services, benefitting mailers and the Postal Service.

USPS Leadership Forum for Stakeholders events are scheduled close to quarterly MTAC meetings, but are open to a broader group of stakeholders. *Leadership Forum* events allow attendees to hear directly from the Postal Service's senior leaders on current issues and developments.

Commercial and Consumer Outreach

CONSUMER AND SMALL BUSINESSES OUTREACH

- Customer Experience Surveys
- Advertising and Promotion
- Community Meetings
- Media and Public Relations
- Customer Issue Resolution Processes
- Postmaster and Employee Customer Contact Programs

CONSUMER AND SMALL BUSINESS CUSTOMERS
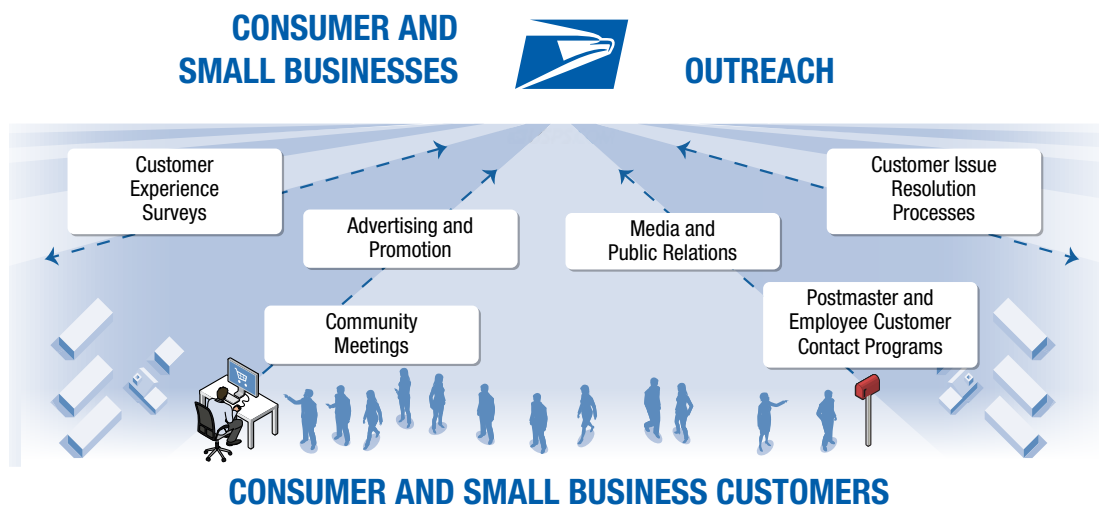
What's in the Mail?

Part of the outreach program is making fundamental research on what is in the mail available to the mailing industry.

The Household Diary Study is an extensive panel study which tracks the content of mail received and sent by households, by application (bills and statements, payments, documents and correspondence, advertising, publications and packages) and by sender (industry).

This study, which has been ongoing since 1987, assists in the evaluation of trends and competitive positioning for mailers. (See *http://about.usps.com/current-initiatives/studying-americans-mail-use.htm*)

The CEO of the Mail and the Mail Moment

The Postal Service also conducts research that evaluates what happens to the mail when it is brought into the home.

About 37 percent of households have a strong "CEO of the Mail" who also is typically responsible for managing bill payment and for routine shopping. Mail is an integral part of his or her "job" — and this is true across generations.

Households can be helped to learn how to use mail more effectively — increasing the value of mail received. Mail-intensive households blend the use of multiple channels and are among the most desirable customers for many businesses.

Product Management and Development

Much of the effort of our outreach programs is focused on understanding customer needs, making them aware of Postal products and services and helping them use mail effectively.

To demonstrate that we have listened to customers, we must respond effectively with relevant enhancements or improvements, and innovative new products and services.

In FY 2012, we have embraced technology to better integrate mail with businesses and marketers' needs to communicate with their customers. From enabling more direct communications, to providing more online tools for transacting business with us, we have improved our products and services to help our customers reach consumers more efficiently and effectively. Take a look at some of this year's highlights:

Markets	New or Enhanced Products and Services
Financial Services	USPS offers *2nd Ounce Free* as a rate category for First-Class Mail Presort and Automation letters. Mailers have new marketing opportunities by combining more promotional messages with bills, invoices and statements without worry about additional postage costs.
Communications	Launched this year, *Picture Permit Imprint Indicia* allows commercial mailers the opportunity to creatively add value to their mailpieces. Mailers can customize their permit indicia with a logo, brand images or trademarks, along with required information, and improve the overall effectiveness of their mailings. *Automated Business Reply Mail® (ABRM)* has over 40 enhancements to its system. A major improvement was made to the *ABRM* website to provide customers an online self-service tool to create approved USPS camera-ready artwork for domestic Reply Mail pieces in just a few steps. With 24/7 availability and no need to wait to receive artwork, this tool reduces customers' time and the cost associated with the generation of artwork. *Business Reply Mail®* (BRM) enables a sender to provide a recipient with a convenient, prepaid reply envelope or postcard for replying to a mailing. *ABRM* system enhancements also included enabling placing Intelligent Mail barcodes on BRM and other reply mailpieces to increase mail visibility. *Alternate Postage Payment for Greeting Cards* appeals to the consumer's desire for convenience by including a pre-paid postage envelope with the card purchase. Consumers just sign, address and drop the greeting card in the mail. This product is currently in a market test. *Election Mail.* The Postal Service engaged in a wide variety of communications with officials representing various election and political mail leadership and consultancy groups leading up to the 2012 elections, and provided over 8,000 Election Mail Program Kits to local and state election officials to support planning and preparations for mailings.
Advertising	The 2011 Saturation & High Density Incentive Program was developed to encourage additional volume and reward existing mailers with an earned rebate for exceeding a threshold. Of the 919 certified participants, 35 percent exceeded their threshold and earned rebates. Over 298 million pieces of incremental volume were generated resulting in over $41.2 million in incremental revenue and over $14.5 million net to us after attributable cost and rebates. *Every Door Direct Mail* (EDDM) enables both large and small mailers to use the Simplified Addressing label format where no names or addresses are required on mailpieces. It eliminates the need for small volume mailers to purchase and maintain a mailing list. *Every Door Direct Mail* added a new set of online tools to the *usps.com* website that provides a simple, more intuitive interface. Mailers are able to use and pay for *Every Door Direct Mail* online and enjoy new options including credit card payment, account history, customer registration and a Post Office Locator. The new interface for *Every Door Direct Mail* also provides increased data and reporting capabilities for *Every Door Direct Mail-Retail* and *Every Door Direct Mail-Commercial* activity through the integration with Point of Sale and *PostalOne!. Every Door Direct Mail-Commercial* generated $237 million in revenue from large mailers. *Every Door Direct Mail-Retail* generated $61.5 million in revenue from small businesses such as restaurants, dry cleaners, doctors and local merchants.

Markets	New or Enhanced Products and Services

Advertising
(continued)

Direct mail faces competition from alternate media. As mobile technology continues to evolve, mail has the potential to offer greater value and continue to be a relevant part of the marketing mix. The 2012 Mobile Commerce and Personalization Promotion was developed to promote the use of direct mail with mobile commerce, as well as develop personalized experiences for consumers through their mail and mobile technology. This promotion yielded over 3.4 billion in new mail volume and over $730 million in revenue from more than 1,200 participants. The 2013 promotion will seek to generate interest in the various uses of mobile barcodes in direct mail and grow awareness of the ways in which technology can improve direct mail.

The Postal Regulatory Commission approved a Standard Mail market dominant agreement between Valassis Direct Mail, Inc. and USPS. In the Negotiated Service Agreement, Valassis receives competitive pricing while the Postal Service gains assurances of new mail volume. The agreement is intended to protect existing mailers and the Postal Service in terms of mail diversion and movement by advertisers to other means of distribution.

Information and Entertainment

Working closely with its business partners, USPS continued to provide outreach, programs and support to the periodicals industry to meet the challenges of digital conversion. By promoting the ways in which digital elements and content can be incorporated into publications, and engaging in constructive dialogue focused on increasing the value of hard copy publications and mail volume, USPS is helping the industry move to a multi-channel marketing approach that aligns with current consumer trends.

Shipping

Priority Mail Regional Rate Box C, the largest USPS-produced box, helped to fuel a 4.3 percent growth in *Priority Mail* volume and a 5.4 percent growth in *Priority Mail* revenue compared to 2011. These boxes, along with Boxes A and B, are designed to meet the needs of commercial, online businesses and e-retailers who ship to local and regionally-based customers.

For high-volume customers, USPS introduced *Priority Mail Open and Distribute* tray boxes. This service enables customers to ship a variety of classes of mail by *Priority Mail* to Postal facilities for processing and delivery to customers. Tray boxes improve processing efficiency to better meet customer needs.

USPS strengthened its niche offerings, introducing *USPS Package Intercept.* The fee-based competitive service allows customers to request an item be intercepted prior to delivery. This meets the needs of businesses that want to intercept an item due to billing problems, buyer's remorse or addressing errors. Items are redirected as Return to Sender, Hold For Pickup or to another location.

USPS Returns Services took steps to help position us as the preferred destination for returned packages. We provided customers with easy start-up and low IT expenses by instituting a new cloud-hosted technology for label printing. Returns integration was initiated with a major online marketplace. As a result, *Parcel Returns Services* experienced 23 percent growth in volume and 24 percent growth in revenue in FY 2012.

Parcel Select is an economical ground delivery service that continues to prove itself as an attractive shipping option for large private-industry shippers that rely on the reach of USPS because we deliver to every home and business in the nation. With a volume increase of 30.4 percent in fiscal year 2012 (excluding *Parcel Select Lightweight), Parcel Select* offers last-mile shipping with high reliability, affordability and visibility. This product also offers options for lightweight shipping to meet the needs of the growing e-commerce marketplace.

International Mail

USPS released *Global Commercial Plus Pricing* (CPP) which allows customers to receive reduced prices if they commit to a minimum revenue threshold and annual shipments with certain Postal products. As of Sept. 30, 2012, 119 CPP agreements have closed, representing an annual revenue commitment to us.

The Postal Service submitted several proposals for resolutions and amendments of the "Acts of the Union" during the 2012 Universal Postal Union (UPU) Congress. Particular focus was placed on the quality improvement program, customs, visibility, electronic data interchange and automated settlement.

To assist federal agencies in the detection and prevention of violations to federal import and export laws and ensure organizational compliance, a Global Trade Compliance (GTC) office has been established under International Operations. New electronic "data" screening processes have been implemented to identify mailpieces that need to be isolated from the mailstream and presented to the USPS Inspection Service and other federal agencies for additional screening.

The USPS center was named 2011 EMS Call Center of the Year by foreign posts. USPS attained silver level recognition by the EMS Cooperative based on responsiveness to foreign inquires, as measured independently by Price Waterhouse.

Creative Use of the Mail

Cards and Letters

Send the perfect card for your business or personal special occasion without ever writing an address or applying a stamp – in some cases, direct from your mobile device.

Walmart used Co-op Sampling to reach Hispanic consumers. Walmart-branded boxes containing "great samples from great brands" were sent to consumers in selected neighborhoods near their stores. "Product sampling is a great way for businesses to get consumers to try their products and generate future sales," said Gary Reblin, USPS Vice President, Domestic Products.

Stamps and the Postal Store

The Postal Service offers stamps, philatelic items, mailing supplies and other items.

Community Involvement

The local Post Office is usually an important part of the community. In addition, the Postal Service supports many national and local programs, including:

- National Center for Missing and Exploited Children
- Carrier Alert
- Postal Inspection Service Consumer Fraud Protection programs
- Election Mail
- Services for Other Government Agencies (Selective Service Registration, Passports, burial flags for Veterans)

Such programs reinforce the unique relationship the Postal Service has with the American people.

Stamp Program

The primary purpose of the stamp program is to provide a convenient payment method for consumers. The "Forever" stamp concept — which guarantees the value of a stamp purchased for future use — is one innovative approach to consumer concerns about rising postage prices.

In 2012, stamps were issued recognizing American history, culture, people and achievements. There were 53 stamp issues with 135 designs, including stamps commemorating the *War of 1812, USS Constitution, Major League Baseball All-Stars, Innovative Choreographers,* and stamps honoring the bicentennial anniversary of Louisiana statehood and the 100th anniversary of statehood for Arizona and New Mexico. Stamp dedication and First-Day-of-Issue ceremonies help highlight these stamps.

Additionally, Congress authorizes the Postal Service to issue semiPostal stamps, which are used to help raise funds for designated causes. SemiPostal stamps are First-Class Mail postage stamps whose price pays for postage and reasonable costs to the Postal Service, plus an additional charge. The additional charge or "differential" is used to fund causes that are in the national public interest, with funds going to a specific agency designated by Congress. Four semiPostal stamps have been issued since the program began in 1998. Overall, $91.1 million has been donated. Two semiPostal stamps are still on sale: the *Breast Cancer Research* and *Save Vanishing Species* stamps.

The *Breast Cancer Research* stamp (1998–current) has generated net proceeds of $2.1 million in FY 2012 and nearly $75.8 million since it was first issued in 1998. These funds have gone to the National Institutes of Health and the Department of Defense.

The *Save Vanishing Species* series (September 2011–current) has generated net proceeds of $1.7 million since its release in September 2011. Funds from this semiPostal are being transferred to the U.S. Fish and Wildlife Service.

Two other semiPostal stamps, the *Heroes of 2001* and the *Stop Family Violence* stamps, are no longer on sale but generated $10.5 million for the Federal Emergency Management Agency and $3.1 million for the U.S. Department of Health and Human Services.

Further information about the stamp program can be obtained at: *https://store.usps.com/store/.*

Mail Preparation, Addressing and Commercial Mail Acceptance

Our adoption of Intelligent Mail and Full-Service technologies has enabled a significant paradigm shift in the way we accept and verify commercial business mailings. We have reduced reliance on manual processes and moved into a digitized process flow.

These capabilities will empower customers with a suite of tools that will enable payment flexibility, preparation simplicity, ease of entry, multiple access points for account management, and deeper visibility into their mailing status.

Additional value will occur through expanded Full-Service penetration by small business mailers. The increased use of Intelligent Mail barcodes with Full-Service allows the USPS to position these mailers for Seamless Acceptance.

Intelligent Mail for Small Business (IMsb) Tool

The Intelligent Mail for Small Business (IMsb) tool offers a simple and cost-effective online solution for small mailers to prepare Full-Service, seamless-ready mailings. In addition to providing Full-Service access to small businesses, the tool provides simplified mail preparation and entry options, including electronic creation and submission of postage statements, generation of unique IMbs, and the ability to import address lists.

Full-Service Simplification and Promotion

Aspects of the Full-Service program were reviewed and actions were taken to simplify mailers entry into Full-Service and to encourage growth across mailers of all sizes.

Changes included simplification of Full-Service mail preparation requirements, a software vendor certification program, and improved Full-Service onboarding processes.

The Postal Service also announced its intent to offer a Technology Credit intended to help offset the investment required to participate in Full-Service. The postage credit will be awarded to qualifying mailers who meet a specific volume threshold, and can be redeemed with Full-Service mailings.

Commercial mail acceptance has supported the development of seasonal promotions, such as the Mobile Commerce and Personalization promotion in summer 2012, and the Holiday Mobile Barcode promotion planned for the 2012 holiday shopping season. These offer postage discounts to mailers who meet the qualifying criteria, such as the use of quick response barcodes on their mailpieces and submitting electronic documentation.

eInduction

A primary objective of commercial mail entry is to eliminate the reliance on hard-copy forms and processes. The electronic induction process, eInduction, leverages existing electronic documentation, Intelligent Mail barcodes, and handheld scanner technologies to verify payment for the mail at a container level. This ensures the containers are inducted into the correct destination facility.

Increased use of electronic data through eInduction will reduce dependence on paper-driven processes, directly reducing the amount of manual validations conducted on shipments at destination plants.

eInduction is being tested at five Postal processing plants.

Business Mail Entry Self-Service Terminal

The introduction and expansion of self-service solutions for seamless-ready mailings will improve customer satisfaction and reduce the cost-to-serve impact for small or simple mailings.

For mailers presenting this type of mailing — created and submitted electronically through the IMsb tool the Postal Service is piloting self-service terminals.

These terminals allow mailers to streamline check-in and entry. This process will be extended to all Full-Service mailings presented at a Business Mail Entry unit. Express terminals allow for scanning of electronic confirmation sheet barcodes to further expedite the entry process.

Mailers who prepare seamless-ready, Full-Service mailings will be able to take advantage of further simplified and enhanced acceptance and verification.

Seamless Acceptance (Letters and Flats)

Seamless Acceptance will allow commercial mail or letter and flat-size mailpieces to enter the mailstream with fewer manual acceptance and verification activities.

The expanded use of technology through Seamless Acceptance will increase opportunities to use automated processes to reduce errors, improve efficiencies and improve revenue assurance capabilities.

A combination of active and passive scans from the Postal Service's visibility systems and mail processing equipment will be used to support an automated process to reconcile the containers, handling units and mailpieces scanned by the Postal Service against a mailer's electronic documentation.

In addition to the processing equipment scans, mailing data will be collected through a sampling process. Enhancements to the FS-IMD will allow the data to be collected and matched to data collected through eDoc.

When used in conjunction with mail processing equipmment scans, also matched to eDoc data, a 'big picture' view of the mailing emerges.

Reporting capabilities are being improved to provide analytical reports for both internal and external customers. Scanning results and sampling will be compared to mailer electronic documentation, allowing us to monitor mailer quality using information about errors and quality trends over time.

Electronic Verification System (eVS)

The eVS program allows package shippers to seamlessly enter their mailings into the Postal system. The system incorporates manually sampled packages and scans of packages from mail processing equipment that are used to validate postage payment against the mailer's manifest information.

The eVS program continues to focus on enhancements to the system. These enhancements will position the eVS system for new revenue growth, and will support the business needs of government agencies and package consolidators who have been thus far unwilling to transfer their shipping services to eVS. The system is also being enhanced to add international mail options.

Payment

The Payment and Account Management initiatives improved our ability to manage customer incentives, contract pricing and loyalty tracking, while helping us gain deeper insights into how our customers use our products and their revenue contribution.

Payment and account management improvements reduce the current burden experienced by mailers in opening permits and managing accounts.

Currently, customers must hold a permit account and pay fees at each Post Office where they present mail. If customers hold accounts at numerous Postal facilities, they must go to each facility to make payments for those accounts.

"Mail Anywhere/Pay Anywhere" addresses these challenges by letting mailers process a postage statement against any permit account at any location.

Retail Access

Our retail channel focuses on enhancing the customer experience and ensuring that the Postal Service remains a trusted American institution, while promoting our financial stability and cost efficiency.

The Postal network, consisting of a total of nearly 32,000 Postal-managed Post Offices, stations and branches, is the most extensive in the nation, with more locations than McDonald's and Starbucks combined. We also partner with retailers to provide another 70,000 locations for customers to access stamps and Postal services at times and locations convenient to them. Information is available online at *usps. com* and through applications on most mobile devices.

The Postal Service is working to preserve Post Offices in rural America by modifying window service hours to match local customer demand. The Post Plan, as this effort is called, adjusts weekday operating hours to between 2 and 6 hours a day for about 13,000 Post Offices. In addition, Village Post Offices are being established with local businesses in rural America to provide Postal services where customers shop. As of October 2012, 61 Village Post Offices were in operation with many more being established.

Digital Access

Our Mobile Applications have introduced capabilities for consumers and small businesses to order free shipping supplies, Request a Free Package Pickup, initiate a Hold Mail request and scan barcodes for tracking.

These additional functions, combined with the ability to find Postal locations and lookup ZIP Codes as well as prices continue to enhance the information available to customers at any time.

The Postal Service redesigned its Click-N-Ship application, creating more streamlined shipping experience that allows customers to ship online in four easy steps.

Additional enhancements include the Ship Again feature, an improved Shipping History and a very robust address book that can be used with other *usps.com* applications.

USPS also added PayPal as a payment method, while expanding the printing options after shippers pay for their labels — making the checkout activity much more efficient for our business and consumer shippers. Improved Military shipping is planned for this fall.

Premium Forwarding Service (PFS) was expanded to an online application through *usps.com.* PFS allows customers to temporarily forward their mail for up to one year. Customers can create an account, pay for services and modify requested services through an online application.

Alternate Access

Many customers prefer the convenience of alternate access choices that include self-service kiosks, online acess or mobile devices. We have improved the *usps.com* website and our mobile applications.

Consumers and small businesses can obtain information, and purchase postage online, by phone, mail or fax. They can order supplies and purchase philatelic items, arrange package pickups and print labels.

Customers also can use one of the 2,500 self-service kiosks located in Post Offices, many after the Post Office has closed. An additional 264 kiosks in high-traffic Post Offices will be in place by early 2013.

In Postal surveys 83.26 percent of residential customers and 83.17 percent of small/medium business customers, indicated that a "self-service mailing and shipping center is easy to use." Customer comments included requests for more kiosks and 24/7 access.

Retail Partnerships

In 2012, consumers continued to purchase stamps in retail partner locations through the Stamps to Go (StG) program. Stamp sales through the StG program grew by 6 percent, or 15 percent of all stamp sales.

Various marketing efforts were used to remind customers that U.S. Postage is available through more than 700 companies representing more than 70,000 locations. These efforts have been successful in growing sales and expanding our retail footprint.

The Contract Postal Unit and the Approved Shipper programs also continue to provide strong revenues and add new participants and outlets. This year, the Approved Shipper program had sales increased by 12.6 percent. The Stamps by Mail program offers customers stamps delivered through the U.S. Mail without delivery or handling charges. This program remains popular with the elderly and disabled.

Retail Services

Currently in pilot testing since February 2012, gopost is the Postal Service's new, convenient way to receive and ship packages. The gopost units are automated, secured, self-service parcel lockers that are placed in convenient locations, where customers can pick up or ship packages at their convenience 24/7 at most locations.

New PO Box services and features are currently available at all of the 6,800 competitive Post Offices:

- Baker's Dozen is 13 months of service for a 12-month payment on a new PO Box.
- No key deposit required for the first two keys to a new PO Box.
- Signature on File service for receipt of Express Mail, Insured Mail over $200, Return Receipt (electronic) and Signature Confirmation.

Additional PO Box services and features are currently available at many of these 6,800 Post Offices:

- Street Addressing service – mail is addressed to a customer using either the PO Box or at the street address of the Postal location, along with the PO Box number.
- Real Mail Notification™ service – customers receive daily emails or text messages to inform them that they have mail in their PO Boxes.
- Expanded lobby access.
- Earlier times when mail will be available for pickup.

Retail Operations

Customer satisfaction with Postal retail service is high and continues to improve. Retail performance is measured by the Retail Customer Experience (RCE) program, as well as by surveys of residential, and small and medium business customers. These surveys are done nationally on an ongoing basis.

To provide additional insight into customer experiences at our retail outlets, the Postal Service, through the RCE program, hires private "mystery shoppers," who test customer experiences at approximately 8,400 of our larger retail outlets.

One key measure derived from mystery shops is a wait time in line score combined with a service standard of "Five Minutes or Less." The goal for FY 2012 for wait time in line (WTIL) was 88 percent of customers waiting five minutes or less.

Final results for FY 2012 produced a national wait time in line score of 88 percent, on target and an improvement over last year by 1.1 percent. The goal for FY 2013 for wait time in line is 91 percent of customers waiting five minutes or less.

The FY 2012 goal for the mystery shopper overall retail experience score was exceeded. The score also improved 2.1 points over FY 2011.

	FY 2011 Actual	FY 2012 Goal	FY 2012 Actual	FY 2013 Goal
Overall Retail Experience*	90.7	92.7	92.8	93.9
Wait Time In Line (% waiting 5 minutes or less)	86.9	88.0	88.0	91.0

Source: Retail Datamart. Retail Customer Experience Program

* Overall Retail Experience Score is calculated from mystery shopper results: 40 percent (wait time in line score) + 15 percent (HAZMAT score) + 20 percent (image score) + 25 percent (promotion and merchandising score).

To improve the wait time in line customer experience in 2012, a quarterly newsletter, *The WTIL Chronicle,* is distributed to all Retail Managers and Sales and Service Associates. This newsletter contains tips on how to better manage wait times.

In addition, training is provided on how to use the sales and services retail diagnostic tool to help field offices identify and analyze WTIL failures and implement changes to reduce wait time.

Ratings from the Postal Service's national customer experience surveys also support Mystery Shopper trends. Ratings of Sales and Service Associates by residential and small/medium business customers as friendly and courteous, attentive to customer needs, efficient and knowledgeable improved in FY 2012 compared to FY 2011, as did scores for having enough lines open.

Mail Processing

Adjusting the Postal infrastructure to changing technology, workload and demographics is not a new activity. Processing centers moved out of city centers as highway and air transport replaced dependence on rail.

Operational needs changed again as mail volume grew. Processing became highly automated as new equipment was introduced. Today, the operating network continues to adapt as mail workload changes.

Consolidation

In 2006, the Postal Service operated 673 facilities. By 2012, operations were consolidated into 461 facilities, before the Postal Service agreed to a temporary delay in closings and consolidations to remain responsive to concerns by some members of Congress, and to help facilitate enactment of pending comprehensive Postal reform legislation.

In 2012, no additional consolidations tools place during the peak political mailing and fall holiday season. By working closely with mailers, service disruptions have been minimized.

Forty-six full or partial consolidations were completed during the summer of 2012. A second phase of consolidations will resume in February of 2013. In some cases, consolidation occurs in stages, with either outgoing or incoming processing shifting to another facility while other operations remain, at least temporarily. An existing review process, which incorporates customer and community involvement, has been refined.

Engineering, Research and Development

Our Postal engineering group is focused on mail processing equipment improvements, upgrades and replacements. In 2012, replacement of the Automated Facer Canceller System (AFCS) was completed.

A new, smaller version of the Flats Sequencing System (FSS) is under evaluation, and tests of next-generation scanning devices are underway. These upgrades will reduce cost, improve quality and improve service.

Service Standard Changes

Consolidation includes adjustments in service standards. This will allow for more efficient use of machine capacity and reductions in staffing.

Transportation

Postal-Owned Transportation

The Postal Service manages one of the nation's largest vehicle and alternative fuel capable fleets. We are testing a new fuel-injection gas engine, and a diesel engine to help extend the operating life of our aging fleet. We also are testing additional electric vehicles in New York and Virginia. These tests will continue into FY 2013.

Postal Vehicle Inventory

Vehicle Type	FY 2011	FY 2012	Difference (+/-)
Delivery and collection (1/2 - 2 1/2 ton)	192,088	190,897	-1,191
Mail transport (tractors and trailers)	6,083	5,985	-98
Mail transport (3-9 tons)	2,154	2,145	-9
Administrative and other	6,478	6,451	-27
Service (maintenance)	4,625	4,604	-21
Inspection Service and law enforcement	2,453	2,448	-5
Total	213,881	212,530	-1,351

Innovative Drop-Ship Discounts, Partnerships and Contracts with the Private Sector

The Postal Service has been innovative in developing discount programs to lower our customers' cost of mailing and shipping. Mailers have the option of bypassing Postal operations, including transportation, if they can perform these functions at a lower cost themselves.

Mailers and shippers, including package service competitors, then take advantage of the Postal Service's "last mile" delivery.

The Postal Service also has become one of the biggest customers of our competitors, contracting with them for long-haul transportation services, particularly for expedited services.

By bypassing commercial airline service, the Postal Service has improved service performance and consistency. To reduce the costs of air transportation, we have been converting to ground transportation whenever possible.

The Postal Service spent a total of $6.6 billion in fiscal year 2012 in transportation expenses. That's about $241 million or 3.8 percent higher than the previous year. The increase was driven largely by higher fuel prices. A one percent increase in fuel costs (diesel fuel, unleaded gas, and aircraft fuel) would result in a $28 million increase in our fuel expense.

Achievements

Total Surface Transportation mileage in September 2012 was about 2.6 percent lower than the mileage achieved in October 2011. This decrease in mileage is largely due to a reduction in the number of our contracts and efficiency gains through consolidations.

Delivery

Delivery is the largest cost category for the Postal Service because it is fuel and labor intensive. Although mail volume continues to decline, the number of addresses we deliver to continues to expand.

The Postal Service is combining delivery unit locations and depending less on co-locating delivery and retail units. Centralizing delivery units helps us operate more efficiently. We are also assessing the potential savings in converting to more centralized modes of delivery. These efforts are projected to reduce inter-office and inter-plant transportation costs, increasing our efficiency and lowering operational workhours.

Delivery Points, by Type of Delivery

Delivery Type	End 2011	End 2012
City	88,279,444	88,566,570
Rural	40,536,601	40,943,044
Post Office Box	19,964,013	19,884,472
Highway Contract Route	2,711,933	2,752,465
Total	151,491,991	152,146,551

Number of Routes, by Type of Delivery

Route	End 2011	End 2012
City	143,632	143,436
Rural	74,379	73,578
Highway Contract Route	10,149	9,985
Total	228,160	226,999

Delivery units and routes are being redesigned as local workload changes. During 2012, the number of total routes was reduced by 1,161 from 228,160 to 226,999 in addition to absorbing 654,560 new delivery points, which would have required adding 466 city routes and 746 rural routes. These route reductions and cost avoidance were made possible through city route inspections and adjustments, and a national rural mail count.

Additional key actions taken in FY 2012 to improve delivery efficiency include:

- Exceeding FY 2012 objectives for delivery unit optimization by relocating delivery operations from 233 smaller offices to centralized facilities.
- Completing 7,000 conversions of business deliveries to centralized delivery.
- Improving customer service by:
  - Changing delivery rules to allow delivery to begin when at least 10 percent of lots are improved rather than the previous requirement of 50 percent.
  - Developing a modified centralized box unit with parcel lockers to increase customer acceptance of centralization.

Support Services

Operations Analysis, Optimization and Program Management

The Postal Service has developed a strong continuous improvement program. Managers and employees trained in operations analysis, Lean Six Sigma and Program Management apply proven tools and techniques to identify problems and their causes, develop and implement systemic improvements, and share successes.

Information Technology, Data Management and Security

The Postal Service operates one of the largest information technology infrastructures in the world. The system is closely monitored for capacity, and the Postal Service is a recognized leader in data security and privacy.

Privacy

For more than two centuries, the Postal Service has maintained a brand that customers, suppliers and employees trust to protect the privacy and security of their information, whether it is their mail or electronically stored data maintained in a computer database.

The Privacy Act of 1974 and industry best practices form the foundation for how the Postal Service collects and uses information.

The Privacy Act is a federal law designed to give individuals greater rights of access to agency records about themselves. It also gives individuals the right to amend those records, and restrict disclosure to others of personally identifiable information maintained by government agencies.

In the latest trust study conducted in 2010 by the widely recognized experts on privacy and trust at the Ponemon Institute, the Postal Service was ranked the most trusted of 75 federal agencies studied.

Since the first Ponemon study of federal agencies in 2004, the Postal Service has consistently improved its score, from 78 percent, to its 2010 highest rating of 87 percent.

Also in 2011, the Postal Service was ranked among the Top Ten Firms Most Trusted for Privacy, as it has every year since 2004, when the Ponemon Institute began conducting this equivalent survey of U.S. Businesses (*http://ponemon. org/research-studies-white-papers)*.

To continue to achieve this high level of trust as the privacy landscape evolves, our Privacy Office keeps up with developing legal and policy decisions, new technologies and best-in-class business models and practices. It has developed a customer privacy policy and procedures based on the best business models and practices of the public and private sectors. And the office reviews USPS projects and programs to ensure Privacy Act compliance.

Freedom of Information

The Postal Service complies with the Freedom of Information Act's (FOIA) disclosure requirements. The FOIA is a federal law that provides the public with access to government information.

The only records that can't be obtained under the FOIA are those that fall under nine specific exemptions, which protect certain records from public disclosure.

It is Postal Service policy to promote transparency and accountability by adopting a presumption in favor of disclosure in all decisions involving the FOIA and to make its records available to the public to the maximum extent consistent with the public interest.

Product Visibility

One of the Postal Service's most complex strategic changes has been the product visibility program, featuring our Intelligent Mail barcode (IMb). It is integrated across our organization, from commercial mail entry to processing and delivery, and is the culmination of years of efforts to improve tracking mail pieces and mailings. The IMb is the platform for significant new opportunities for Postal managers to improve service performance and productivity while providing customers with exciting new mailing capabilities.

Intelligent Mail barcode for letters and flats

On Jan. 28, 2013, POSTNET barcodes will be retired. To continue to be eligible for automation discount prices, mailings of letter-size and flat-size mailpieces as well as postcards will need to have an IMb on each piece. Permit Reply Mail and Qualified Business Reply Mail also will be required to have an IMb.

Effective January 2014, use of full-service IMb will be required to obtain automation prices. Full-Service IMb volume has increased from 40.38 percent at the end of FY 2011 to 44.50 percent at the end of September 2012.

To support mailer adoption of full-service IMb, the Postal Service has created the Intelligent Mail small business tool. This easy-to-use tool provides an acceptance platform for small- and medium-sized mailers to prepare mailings with Intelligent Mail barcodes.
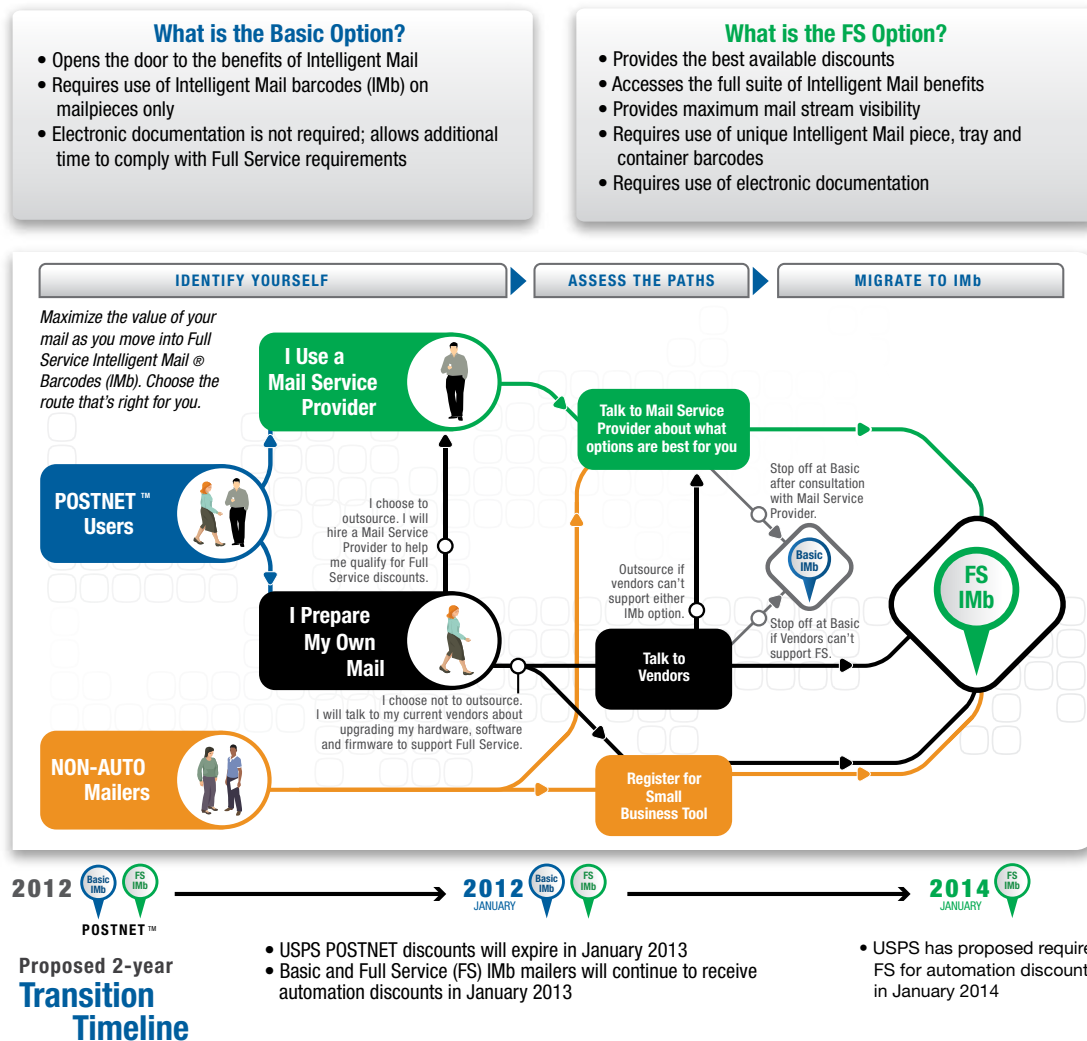
Communications about these changes have been posted in the *Federal Register,* and on the RIBBS website on *usps.com.* Also, individual communications have been sent to permit holders.

Intelligent Mail barcode for packages

Replacing the Confirmation Services barcode with the Intelligent Mail package barcode (IM®pb) for tracking parcels and for extra services is underway. The IMpb is similar to the Intelligent Mail barcode used for letter and flat size mail, but is designed specifically for parcels.

On Jan. 22, 2012, the IMpb became a requirement for PC Postage customers with a transition period extended to Jul. 31, 2012. Also, customers claiming presort or destination entry prices (except Standard Mail) must use an IMpb, legacy tracking barcode, or Extra Services barcode.

Starting Jan. 7, 2013, the IMpb will be required for all tracking and Extra Services barcodes, and all First-Class Package Services, Parcel Select, Parcel Select Lightweight, Bound Printed Matter, Media Mail and Library Mail parcels in order to claim presort and destination pricing.

What is the Basic Option?
- Opens the door to the benefits of Intelligent Mail
- Requires use of Intelligent Mail barcodes (IMb) on mailpieces only
- Electronic documentation is not required; allows additional time to comply with Full Service requirements

What is the FS Option?
- Provides the best available discounts
- Accesses the full suite of Intelligent Mail benefits
- Provides maximum mail stream visibility
- Requires use of unique Intelligent Mail piece, tray and container barcodes
- Requires use of electronic documentation

IDENTIFY YOURSELF → ASSESS THE PATHS → MIGRATE TO IMb

Maximize the value of your mail as you move into Full Service Intelligent Mail ® Barcodes (IMb). Choose the route that's right for you.

I Use a Mail Service Provider

POSTNET™ Users

I choose to outsource. I will hire a Mail Service Provider to help me qualify for Full Service discounts.

I Prepare My Own Mail

NON-AUTO Mailers

I choose not to outsource. I will talk to my current vendors about upgrading my hardware, software and firmware to support Full Service.

Talk to Mail Service Provider about what options are best for you

Outsource if vendors can't support either IMb option.

Talk to Vendors

Register for Small Business Tool

Stop off at Basic after consultation with Mail Service Provider.

Basic IMb

Stop off at Basic if Vendors can't support FS.

FS IMb

2012 Basic IMb / FS IMb

POSTNET™

Proposed 2-year
Transition Timeline

2012 JANUARY Basic IMb / FS IMb
- USPS POSTNET discounts will expire in January 2013
- Basic and Full Service (FS) IMb mailers will continue to receive automation discounts in January 2013

2014 JANUARY FS IMb
- USPS has proposed required FS for automation discounts in January 2014

Performance for Package Barcodes

Our goal is to scan every barcode that enters the system to achieve 100-percent visibility. In FY 2012, eight billion additional events have been captured over the same period last year. Between Oct. 1 and Sep. 30, FY 2012, the national scan score increased from 88.23 percent to 93.69 percent.

We have continued to invest in technology to support enhanced visibility for our customers. In FY 2011, we deployed 4,500 ring scanners to enable enroute scanning in manual sorting operations. In FY 2012, we deployed more than 1000 additional ring scanners.

We completed upgrading our small parcel and bundle sorters to Automated Parcel and Bundle Sorters (APBS), which included improved camera technology and increased barcode read rates.

We deployed additional software enhancements to both the APBS and Automated Package Processing System (APPS) to further improve readability and ensure that package scans are delivered to our customers. These investments, combined with our operational focus on ensuring that every barcode is scanned, contributed to improvements in national scanning scores.

In the last year, we have moved from providing customers with an average of five package tracking events to up to 11 package tracking events in the Product Tracking System. All packages with USPS tracking barcodes are scanned.

Events that are most commonly available to the customer are: acceptance, dispatched to sort facility, processed through USPS sort facility (originating and destination enroute), departed USPS sort facility, arrival at Post Office, sorting complete, out for delivery and delivered.

Business Intelligence

Capturing information from Full-Service Intelligent Mail and Intelligent Mail package barcodes has created large amounts of information that can lead to the development of new opportunities in mail.

These opportunities are based in the use of business intelligence, which aims to support better decision-making. In today's fast-paced market, our product information team is developing tools to keep up with the high demand for information and supporting the critical need to make smarter, faster decisions.

Many of our small- to medium-size business partners lack access to a business intelligence environment that is easy to use and presents results that are easily consumable.

Our strategy is to build systems that can get data to customers when and how they want it. This strategy will provide a competitive market advantage for the Postal Service and long-term stability within the mailing industry.

Sustainability and Energy Management

Sustainability for USPS means supporting responsible business practices by engaging our employees, customers, suppliers and mail service providers. Our sustainability activities span the entire organization, from vehicle engineering, fleet management, facility management and supply management, to product development.

The data required to measure progress toward our sustainability goals are not available until spring of the following calendar year as part of the *Annual Sustainability Report.* The performance listed below is from Fiscal Year 2011:

- Reduced Scope 1, 2 and 3 greenhouse gas emissions by 7.4 percent from a 2008 baseline, toward a 20 percent reduction goal in 2020.
- Reduced total facility energy use 26 percent and goal-subject facility energy intensity (energy use per square foot) 22 percent from a 2003 baseline, towards a 30 percent goal in 2015.
- Reduced water use 25 percent from a 2007 baseline, against a 10 percent goal by 2015.
- Reduced spending on consumables 38 percent from a 2008 baseline, against a 30 percent reduction goal by 2020.
- Diverted 46 percent of solid waste from landfill to recycling.
- Increased Postal vehicle alternative fuel use by 128 percent from a 2005 baseline — to reach 159 percent by FY2015. The goal is to increase non-petroleum fuel consumption by 10 percent annually.
- Increased total Postal vehicle petroleum fuel use 8.3 percent from a 2005 baseline, against a goal to decrease petroleum fuel use 20 percent by 2015.

Although the Postal Service continues to make its delivery routes more efficient — eliminating more than 6,800 delivery routes in 2011 — petroleum use has increased. This is partially due to increases in the number of delivery points, even as mail volume goes down.

On average, 800,000 addresses were added to the delivery network annually in the last five years. In addition, most of our delivery vehicles are over 20 years old. Due to financial constraints, the Postal Service currently lacks the funds to replace this aging fleet.

Our employees are the critical component of our sustainability efforts. Employee-led Lean Green teams help reduce our carbon footprint and save money by reducing facility energy, improving water efficiency, buying fewer supplies, reducing solid waste generation and increasing recycling.

Team members come from a wide range of specialties, including operations, maintenance, supply management and human resources. Together, they implement low and no-cost projects and cultivate a conservation culture. At the end of FY 2012, there were over 850 Green teams across the nation.

The Postal Service also continuously looks to "green the mail." We have partnered with suppliers to ensure that the design and manufacturing of stamps, postcards, and Priority Mail and Express Mail boxes and envelopes use recyclable material, where possible.

Many USPS signature product lines have been evaluated by third-party eco-labeling programs. Beyond products, USPS offers services to customers to reduce their environmental footprint.

In FY 2012, USPS had several mail back programs for electronics that let customers mail their small devices back to a centralized recycler for certified disposal. USPS also launched a product carbon accounting service, USPS BlueEarth™. It is a proprietary innovation that provides business customers a carbon accounting statement for their mailing and shipping activity that can be used to complete their own greenhouse gas inventory.

The Postal Service was the first federal agency to publish a greenhouse gas inventory verified by an independent third party. USPS has won numerous environmental honors, including the U.S. Environmental Protection Agency's (EPA) WasteWise Partner of the Year award in 2010 and 2011, the EPA's National Partnership for Environmental Priorities award in 2011 and Gold status with The Climate Registry in 2011.

More detail on sustainability progress and programs in 2011 are available in the *Annual Sustainability Report (http://about.usps.com/what-we-are-doing/green/report/2011/welcome.htm).* Progress in 2012 will be reported in the 2012 *Annual Sustainability Report.* Learn more at *usps.com/green.*

Facilities Management

Facilities is an enabling organization that provides real estate and facilities products and services to meet the present and future needs of Postal operations. Its goal is to get optimum value from USPS facilities assets and transactions.

Real Estate Inventory	2011	2012
Owned properties	8,644	8,606
Owned interior square feet	198M	197M
Leased properties	24,309	23,998
Leased interior square feet	83M	81M
Lease actions (Alternate quarters, new leases, and renewals)	639	1,168
GSA/other government properties	307	300
GSA/other government Interior square feet	2.1M	2.0M
Property disposals	43	49

Facilities Repair and Alteration	2011	2012
New construction	23	22
Repair and alteration projects (expense)	59,056	42,489
Repair and alteration expense totals	$185M	$176M
Repair and alteration projects (capital)	5,848	3,268
Repair and alteration capital totals	$335M	$207M

Facilities Optimization

With approximately 33,000 facilities covering in excess of 280 million interior square feet, it is critical that we make efficient use of our building portfolio. This involves analyzing the delivery and retail use within each facility to determine what is needed versus what is being used.

This NODE study analysis allows the Postal Service to systematically consolidate our delivery operations and right-size our portfolio to yield substantial operational and lease savings, as well as generating revenue through the disposal of excess properties.

To date, we have reviewed over 4,000 facilities, resulting in the identification of over 600 buildings earmarked for disposal.

Facilities Real Estate and Assets

The Real Estate and Assets group manages our entire real estate portfolio — consisting of owned and leased properties. The group develops strategies to align with USPS goals and objectives related to the disposition, acquisition and leasing of property.

Cash generating programs have produced $228 million in cash receipts from rental and sales of facilities for FY 2012. Lease expense reduction initiatives have resulted in lease termination options being negotiated to address the need for operational flexibility.

Facilities Repair and Alteration

Consistent repair of buildings is critical to assuring a healthy, safe and secure work environment. The USPS facility condition assessment program is used to identify and prioritize repair and alteration work.

The system balances self assessments and the use of field inspectors. Deficiencies are entered into a national database where they can be assigned cost estimates and a criticality rating.

Supply Management

Supply Management programs continue to achieve significant cost savings through category sourcing strategy plans, promoting competition and the use of automated tools.

We have streamlined purchasing and reduced cycle time by implementing a simplified process for getting low-cost, commercially available products and services. We also upgraded our contracting systems and developed electronic document repositories. And we have expanded our Enterprise Asset Management Solution program for automated inventory distribution and fulfillment of retail products, stamps and vehicle maintenance parts.

Financial Systems

The Postal Service completed a major software upgrade of our national financial system in FY 2012. The two-year initiative incorporated new tools, a hardware upgrade, a new operating system and the latest database platform.

The upgrade was completed while maintaining compliance with *Sarbanes Oxley Act* controls and other audit requirements. Benefits include simplified maintenance and facilitation of future upgrades.

The highly complex upgrade migrated eight years of data to the new software in less than 10 days. Because of the seamless implementation, Corporate Accounting encountered no issues in the first monthly close following the upgrade.

Workplace and Employee Programs

During the best of times, managing one of the nation's largest civilian workforces is a challenging task. Maintaining employee engagement through a period of uncertainty and stress is even more difficult.

The Postal Service is fortunate to have employees whose Voice of the Employee (VOE) survey responses validate their awareness of the business conditions facing the organization (85 percent), their commitment to helping the Postal Service succeed (76 percent), and their understanding of how what they do affects service (84 percent).

Taking Steps to Control Labor Costs

Employee compensation accounts for about 80 percent of our operating expenses. So managing labor costs is a critical issue.

To reduce the size of the Postal workforce in response to reductions in mail volume and workload in FY 2012, the Postal Service offered three voluntary early retirement options to targeted groups of employees. 2,925 mailhandlers accepted the buyout offer by the August 2012 deadline.

A total of 4,275 career postmasters accepted buyout offers, and more than 3,300 managers have until Nov. 19, 2012, to decide whether to accept an early retirement offer with no buyout provision.

The Postal Service has eight collective bargaining agreements with six different unions representing more than 500,000 employees. In addition, it consults with management associations representing postmasters and supervisors. Two important accomplishments were:

- Following binding arbitration, an agreement is now in place through May 2015 with the National Rural Letter Carriers' Association, which includes a two-year wage freeze and lower wage scales for new career and non-career employees.
- A pay package for postmasters and supervisors has been finalized. It includes a two-year wage freeze and a reduction in the USPS share of FEHB premiums from 81 percent to 72 percent.

Redesigning Talent Management and Development Processes

Currently, 38 percent of Postal executives are eligible to retire, and by the beginning of calendar year 2015, that number will be 53 percent.

With this changing demographic of our workforce, there is a more urgent need to identify and develop top talent for the future. In response to this challenge, the Postal Service has implemented a streamlined approach to corporate succession planning (CSP) based on industry best practices.

The new CSP program focuses on the earlier identification of top performers and robust development plans to accelerate the availability of leadership talent. Expanded coaching and mentoring and more cross-functional developmental opportunities have been implemented.

Talent Acquisition efforts also have been stepped-up to ensure a steady supply of higher-level technical and specialized professionals. In FY 2012, we strengthened our professional technical skills training to support our rapidly changing operations. In addition, the Learning Management System — one of the largest in the nation — has been improved to blend classroom, online and on-the-job training.

Focusing on Employee Engagement

Pride in working for the Postal Service remained strong in FY 2012 at a 75 percent favorable VOE score. We continue to exceed external survey benchmarks against premier private sector companies on feeling valued as a Postal employee.

Communicating effectively with our large, diverse workforce scattered in thousands of locations across the country is challenging. The Postal Service makes information, tools and resources available to employees on its internal website to help them stay informed.

We also use video presentations and Area newsletters. And field managers are supplied with materials for employee briefings and postings.

Maintaining and Improving Dispute Resolution Processes

Overtime grievances

In FY 2012, the Postal Service has focused its attention on reducing overtime grievances. Overtime disputes have been a consistent source of disagreement over an extended period of time. Individual districts have been challenged to identify the root problems that generate these grievances and develop and execute plans to resolve them.

Equal employment opportunity

The Postal Service is committed to providing a safe and productive work environment. It will not tolerate harassment of any type and holds managers responsible for preventing it.

This year, Poster 72, *Equal Employment Opportunity is the Law,* was updated to include genetic information. The Genetic Information Non-discrimination Act of 2008, (GINA), makes it illegal to discriminate against employees or applicants because of genetic information.

GINA took effect Nov. 21, 2009, and the EEOC issued regulations in July 2010.

The Postal Service provides high quality and timely complaint processing in accordance with EEOC regulations. This year 14,683 EEO informal complaints were filed, with 98.62 percent of them processed within regulatory timeframes. Letters of Acceptance or Dismissal met regulatory timeframes 99 percent of the time, investigations of accepted formal complaints 99 percent of the time, Final Agency Decisions 97 percent of the time, and Notice of Final Action 99 percent of the time.

Contract investigators and final agency decision writers are used to help maintain the neutrality of the investigation and decision process. The Postal Service also has 21 interagency agreements to process EEO cases on a fee-for-service basis.

Working Hard to Maintain a Safe, Secure Workplace Environment

The Postal Service is committed to the safety and health of all Postal and contract employees, the requirements of the Occupational Safety and Health Administration (OSHA) are designed to protect employees from safety and health hazards.

The Postal Service's safety record continues to improve annually. In FY 2012, the OSHA injury and illness (I&I) frequency rate of 5.44 per 100 employees is a nine percent improvement over last year. These results are due to continued emphasis on safety by employees and management, including having safety a part of management pay for performance stressing development of Accident Reduction Plans, and completion of safety inspections, as well as timely abatement of identified deficiencies.

In FY 2012, there was a decrease in new injury and illness claims. The Postal Service filed 43,268 new claims in FY 2012 compared to 44,659 in 2011, for a 3.1 percent decrease.

Re-enforcing the Value of Diversity in the Workforce

The Postal Service is committed to a diverse workforce, which means building an inclusive environment that respects the uniqueness of every individual and encourages the contributions of people from different backgrounds, experiences and perspectives.

In FY 2012, minorities comprised 31.2 percent of the workforce and women comprised 44.1 percent. 21.2 percent of employees are Black/African-American; 8.1 percent are Asian; 1.6 percent are American Indian or Alaska Native; and 0.3 percent are Native Hawaiian or Pacific Islanders. Additionally, 8.8 percent of the workforce is of Hispanic/Latino ethnicity.

Providing Easily Accessible Employee Support Services

The Postal Service provides a broad range of support services, including a robust Employee Assistance Program that offers professional assistance to employees facing difficult personal problems.

There is an easy-to-use Internet service that employees can access from home or at the office to obtain information on benefits, career opportunities, employment rights, health and safety, organizational changes, retirement, etc.

Workforce problems also are identified using the Voice of the Employee (VOE) survey and other programs, and resources are provided to address emerging workplace problems before they become serious.

Monitoring Employee Compensation

Pay and bonuses for non-bargaining employees, including officers and executives, remained frozen in FY 2012. This was the fourth consecutive year that compensation for executive officers has been impacted by either a freeze in salary and/or a non-payment of performance lump sums.

Pay for performance remains a fundamental part of our management system. Goals are still set, and individual performance is formally reviewed semi-annually. Comparability of Postal pay and benefits with the private sector continues to be a complex issue with different interpretations of standards.

Executive Compensation

Executive	Total Compensation in Excess of Federal Executive Level 1 Compensation ($199,700 in Calendar Year 2011)
Drew T. Aliperto	$300
Megan J. Brennan	$58,915
Ellis A. Burgoyne	$53,992
Joseph Corbett	$39,300
Patrick R. Donahoe	$76,972
David C. Fields	$19, 346
Mary A. Gibbons	$30,300
Timothy C. Haney	$6,300
William C. Rucker III	$11,521
Karen E. Schenck	$5,691
Jordan M. Small	$4,300
Anthony J. Vegliante	$40,300
Linda Welch	$9,838

Note: Provided in Compliance with Title 39, Section 3686 (d)

Evaluating Alternate Health Care Proposals for Postal Employees

Currently, the Postal Service and its employees participate in the Office of Personnel Management Federal Employees Heath Benefits plan.

In addition to paying annual retiree health care premiums of $2.6 billion, the Postal Service is required to pre-fund the Retiree Health Benefits Fund by about $5.6 billion annually through 2016, although the Postal Service was forced to default on the 2011 and 2012 payments, totaling $11.1 billion, due to insufficient cash.

These requirements, coupled with the decline in revenue and mail volume facing the Postal Service, have prompted Postal management to propose offering its own health care benefits plan which would require employee participation in Medicare parts A and B and offer a four-tiered health care coverage structure. Its estimated that the Postal health plan would virtually eliminate the unfunded retiree health care liability.

The Future of the Postal Service

While our short-term financial challenges remain significant, we remain committed to building a future where a vibrant Postal Service continues to deliver valued products and services that help people connect and businesses grow in the digital world.

For more than 237 years, the Postal Service has delivered on that promise, transforming ourselves in response to rapidly changing technologies to better serve our customers across this great nation.

The next few years will be no different. We will complete a bold transformation of our network, delivery and retail operations that will position the Postal Service to meet the rapidly changing needs of our household and business customers for e-commerce and digital solutions.

Next year, we will work closely with our partners in the mailing industry to complete the next phase of our efforts to obtain 100 percent visibility of the products flowing through our networks and to use that information to increase the value of our mailing and shipping services for senders and receivers.

We have embarked on an ambitious effort to expand customer access to our services across digital and alternative channels and to ensure that each customer experience is a great one — whether the customer is a residential online shopper, a small business mailer, a national e-commerce retailer or large financial mailer.

Finally, we realize that all future opportunities depend on our ability to continue to have the trust of our employees, customers and the communities we serve.

We are committed to an active dialogue with all our stakeholders about the future of the U.S. Postal Service.

Online Resources
for Mailers

Online Resources for Mailers

Prices, Zone Charts, Postage Statements

Domestic Prices and Fees Domestic prices are available in PDF (read-only) and HTML format.		Postal Explorer at *http://postcalc.usps.com/* Default is HTML version "Go To PDF Version" for PDF files Downloadable Pricing Files Select desired Domestic, International or Business Price Calculators
International Prices and Fees General mailing information and international prices for most international services are available in PDF (read-only) and HTML.		Postal Explorer at *http://ircalc.usps.com/* Price Calculators [left column] International Mail
Business Price Calculators Interactive Domestic and International price calculators are available for modeling or estimating postage costs. The business price calculator computes rates for all Periodicals mail and includes a printable price log.		Postal Explorer at *http://dbcalc.usps.com/* Price Calculators [left column] "Domestic" "International" "Business"
Postal Zone Chart Interactive zone charts are available for computing postage on zone-rated mail such as Priority Mail and Parcel Post.		Postal Explorer at *http://postcalc.usps.gov/Zonecharts/* "Zone Charts" [left column]
Postage Statement Wizard The Postal Wizard Web pages provide a secure way to submit a postage statement online. Postal Wizard automatically populates the permit holder section of the postage statement based on the account number provided, guides the user through the items needed to complete the statement and verifies that the information meets Postal regulations.		Postal Explorer at *http://about.usps.com/forms/postage-wizard.htm* "Postage Statements" and select "Postage Statement Wizard Forms"

Mailing Standards

Mail Classification and Preparation: § Domestic Mail Manual § International Mail Manual The *Postal Explorer* website provides up-to-the minute domestic and international mailing information. You can search or access Domestic Mail Manual 100-A *Customer's Guide to Mailing; Domestic Mail Manual* (updated monthly); the *International Mail Manual* (updated biweekly); *Quick Service Guides;* zone charts; and many other publications, such as mailpiece design, Address Quality, and nonprofit eligibility.		Postal Explorer at *http://pe.usps.com*

Mailing Standards *(continued)*

Pricing and Classification Service Center The Pricing and Classification Service Center is a national center that provides one source for mail classification decisions, with one-stop shopping for customers and field employees who need direction on price application or mail eligibility.		*http://pe.usps.gov/PCSC/PCSCHome.asp* Go to the left blue navigation bar and click "PCSC."
Customer Support Rulings Customer support rulings clarify the meaning of certain standards in the Domestic Mail Manual.		Postal Explorer at *http://pe.usps.gov/text/CSR/csrtoc.asp* Domestic Mail "Customer Support Rulings"

Addressing Products, Certified Vendors, PostalOne!

Address Quality Address Management provides value-added product and service offerings that enable United States Postal Service business customers to better manage the quality of their mailing lists while increasing our ability to efficiently deliver mail as addressed.		USPS.com at *https://www.usps.com/business/address-quality-services.htm* [left column] "Address Quality"
Computerized Delivery Sequence (CDS) This site provides updated delivery sequence information on customer-provided address lists.		RIBBS at *https://ribbs.usps.gov/index.cfm?page=cds* [left column] "Address Quality Products" "CDS"
Labeling Lists This site provides information and order forms to subscribe to updated electronic versions of the Domestic Mail Manual labeling lists used for sorting mail.		Postal Explorer a*t http://pe.usps.gov/text/LabelingLists/Labeling_Lists.htm* "Labeling Lists"
Mailpiece Design The most basic component of any mailing is the mailpiece itself. A single mailing may consist of hundreds of mailpieces, or millions. A properly-designed mailpiece qualifies for the best postage rate possible.		Postal Explorer at *http://pe.usps.gov/mpdesign/mpdfr_intro_all.asp* [left column] "Mailpiece Design"
Manifest Analysis and Certification (MAC) This site provides publications on MAC, a list of certified MAC vendors and a list of certified MAC Gold mailers.		RIBBS at *https://ribbs.usps.gov/index.cfm?page=mac* Certifications [left column] "MAC"
OneCode Services Mailers and the Postal Service will gain end-to-end visibility into the mailstream through the use of the suite of Intelligent Mail barcodes and by submitting electronic documentation, which will create actionable information about mail for marketing, financial and operational environments.		RIBBS at *http://ribbs.usps.gov/index.cfm?page=intelligentmail*
PostalOne! The PostalOne! system offers a Web-based alternative to existing manual mailing processes with an electronic suite of services designed exclusively for business mailers.		*http://www.usps.com/Postalone/welcome.htm* "PostalOne!®"

Addressing Products, Certified Vendors, PostalOne! *(continued)*

Presort Accuracy Validation and Evaluation (PAVE)

The PAVE (Presort Accuracy, Validation and Evaluation) program has been designed in cooperation with the mailing industry to evaluate presort software and determine its accuracy in sorting address files according to *Domestic Mail Manual* standards.

RIBBS at *https://ribbs.usps.gov/index.cfm?page=pave*

"Certifications" [left column]
"PAVE"

Vendor Information

This site provides extensive lists of vendors offering certified products and services for mail preparation including CASS products, Intelligent Mail tray labels, Confirmation services, DPV™, DSF2, FastForward®, LACSLink®, NCOALink® and Extra Service labels.

RIBBS at *http://ribbs.usps.gov/index.cfm?page=vendor*
"Vendor Information"

Publications and Information Resources

Federal Register

Proposed and final rules published by the Postal Service are posted on Postal Explorer.

These documents provide notice of proposed and final changes to mail preparation standards, public meetings and other official announcements.

Postal Explorer at *http://pe.usps.gov/FederalRegisterNotices.asp*
 [left column]
"Federal Register Notices"

Postal Bulletin

The *Postal Bulletin* is the official source of updates to Postal Service policies and procedures. This biweekly publication is available online and in hardcopy. It includes advance notices of updates, time-sensitive instructions and other business information.

The *Postal Bulletin* also includes the text of revisions to the standards in the *Domestic Mail Manual* and the *International Mail Manual.* The online version is fully searchable.

http://www.usps.com/cpim/ftp/bulletin/pb.htm.

PCC Insider

PCC Insider is your email inbox updater for news about the U.S. Postal Service, Postal Customer Councils and issues that affect the mailing industry.

https://www.usps.com/business/read-pcc-insider.htm

Deliver Magazine

delivermagazine.com is packed with Web-exclusive multimedia content and interactive tools as well as archived stories and articles from all 23 print issues.

http://www.delivermagazine.com (desktop) or *http://www.m.delivermagazine.com (mobile)*

MailPro

MailPro provides information about pricing, products and services, corporate news, success stories and other features. It is published every two months, and the annual "pricing" issue that is dedicated to details of price changes that is especially popular with the mailing community.

http://about.usps.com/mailpro/welcome.htm

Publications and Information Resources *(continued)*

DMM Advisory The advisory keeps you informed about mailing issues that are important to your business. You will find updates to our mailing standards and prices, information about our Web tools and helpful reminders about mailing issues.		*http://pe.usps.com/dmmadvisory. asp?dest=dmmadvisory_2009.htm* To receive the DMM®Advisory, send an e-mail to *dmmadvisory@usps.com,* and indicate "subscribe" in the subject line.
Industry Alert Industry alert messages are sent to a large number of Postal Service business customers, industry associations, and other mailers to provide updates and/or new information on issues, events, products, services and other Postal matters.		*IndustryAlert@usps.gov*

Postal Facilities, Networks, National Mail Service Updates

Business Mail Acceptance Offices These offices can answer questions on rates, mail preparation, mailpiece design and mail classification. A locator lookup tool provides the address, telephone number and fax number of each district business mail acceptance office by ZIP Code.		*https://ribbs.usps.gov/index.cfm?page=bma*
Post Offices Post Offices and stations and branches provide service and customer support. A locator lookup tool provides the address and telephone number of Post Offices and Postal facilities near a specific address.		*https://tools.usps.com/go/ POLocatorAction!input.action*
Facility Access and Shipment Tracking (FAST) FAST is an electronic appointment scheduling system. It includes information on Network Distribution Centers.		*http://fast.usps.com/fast*
Information for Mailers web page The Information for Mailers web page is designed to help mailers easily access current information on a variety of important Postal topics of specific interest to business mailers.		*http://about.usps.com/news/facility-studies/ welcome.htm*
MTAC web page The Mailers' Technical Advisory Committee (MTAC) page on the Postal Services' RIBBS website contains up-to-date information and resources for MTAC members and other interested stakeholders. It includes calendars showing MTAC meetings and USPS Leadership Forum for Stakeholders events; notes and presentations from quarterly MTAC meetings; an MTAC membership roster; administrative and organizational documents; webinar presentations and area focus group and contact information.		*https://ribbs.usps.gov/index.cfm?page=mtac*

Postal Facilities, Networks, National Mail Service Updates *(continued)*

National Mail Services Updates

Mail service updates keep mailing industry and business customers up to date when service is suspended at Post Office facilities for any reason, including natural disasters, such as hurricanes, floods or fires.

Updates are made in real time, and these pages are updated frequently.

The site also lists information on International mail impact sent by Foreign Posts. The USPS Business Customer Support and Services office maintains this information and posts it.

http://about.usps.com/news/service-alerts/ welcome.htm

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Year references

All references to a specific year or "the year" refer to the Postal Service fiscal year ending Sept. 30. However, specific month and year references pertain to the calendar date.

Military Mail

Mail keeps America connected. And that link is even more important for the men and women who serve our country in the military every day, away from family, friends and loved ones.

The Postal Service uses its international distribution and transportation services and partners with the Department of Defense for overseas military mail delivery — even in war zones.

In fact, between the Thanksgiving and Christmas holidays this year, nearly 30 million pounds of mail will be delivered to troops in Afghanistan and Iraq.

Every day, nearly half a million pounds of mail is shipped from the U.S. to service men and women stationed around the world. That's half a million pounds of news from home, love, support and wishes for a safe return — all through the U.S. Mail.

Specialist Brock Jacobs sorts mail at the Camp America Post Office at Guantanamo Bay, Cuba.

U.S. Navy photo by Mass Communication Specialist 1st Class David P. Coleman.

UNITED STATES POSTAL SERVICE ®

Progress and Performance

FY 2012 ANNUAL REPORT

TO CONGRESS

●

FY 2012 COMPREHENSIVE STATEMENT

ON POSTAL OPERATIONS

●

FY 2012 ANNUAL PERFORMANCE REPORT

AND FY 2013 PERFORMANCE PLAN

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