



POSTAL NEWS

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**REMARKS BY POSTMASTER GENERAL JOHN E. POTTER
OPEN SESSION BOARD MEETING
NOVEMBER 1, 2005**

Thank you, Mr. Chairman -- Let me echo your comments. I called Chairman Omas today to thank him for the speedy outcome, almost 4 months ahead the process. We are currently reviewing the decision.

Senior management has been conducting a series of Executive Conferences throughout the country. We are meeting with postal executives to provide them with in-depth information on our strategies for FY 2006 and beyond, as outlined in the Strategic Transformation Plan.

My overarching messages for 2006 are the same for all executives:

- Keep service performance at the top of our priorities
- Reduce costs at all levels of the organization
- Engage our employees: people are the key to our success
- Build the business and,
- Increase customer satisfaction.

I am proud of our accomplishments in FY 2005. We have continued to build a strong foundation for improving performance in service, costs, and human resources.

We begin each of the sessions with a look back at FY 2005 which ended in September. It's our goal to build on the 2005 successes in 2006. Let's look at some of our successes in FY 2005.

Weather continued to impact postal operations since our last meeting in September. Incredibly, Hurricane Katrina was followed by Rita into the Gulf coast. Then Hurricane Wilma 10 days ago impacted both Gulf and Atlantic Ocean sides of South Florida.

Most significantly, the airport mail center in Miami was destroyed by Wilma's winds. 87 other offices suffered damage -- 25 of them had significant damage.

Needless to say, delivery service was temporarily suspended in parts of the South Florida, Suncoast and Central Florida districts, largely due to widespread power outages.

Although power and delivery has been restored to most parts of South Florida, we still have 20 offices without power.

In those places where a post office was severely damaged, we erected temporary facilities so customers can pick up their mail and transact business.

It's been a heck-of-a 15 months for Southeast Area Vice President Bill Brown, Dennis Nott, his Manager for Operations Support in the Southeast Area, District Managers Mike Jordan, Pete Captain, Jordan Small, and our employees for working through very difficult times.

We continue to build delivery in the Gulf. And in the northeast, floods there recently played havoc with service.

Speaking of service performance, First-Class Mail Overnight Service Performance hit 95% for Quarter IV. That makes almost 3 straight years that we've maintained 95% or better.

Floods and hurricanes negatively impacted 2/3 service for the quarter.

Our Residential Customer Satisfaction score for the Quarter matched our all-time high score of 94%. Acting Vice President and Consumer Advocate Mike Spates will give us more detail later.

While I'm on the topic of our customers, I want to mention two business initiatives that are attracting growing interest by our customers.

The first is Customer Connect, launched two years ago. Working with leaders of the National Association of Letter Carriers, Customer Connect enlists our letter carriers to contact small and mid-sized businesses on their routes about our package services.

Leads are passed on to our sales staff and Small Business Specialists in every District for follow-up within 48 hours.

Today, there are 17,000 letter carriers participating in Customer Connect who have generated some 54,000 leads.

The second business initiative aimed at growing our package services is Parcel Return Service. We started this new service in October 2003 to drive revenue from a virtually untapped market – the approximately \$100 billion in merchandise consumers return to retailers every year.

We signed agreements with two package logistics companies to distribute SmartLabels to major retail companies like Neiman Marcus, JCrew, and Abercrombie & Fitch.

The labels are pre-paid and pre-addressed so customers can simply attach them to the merchandise, and leave the package for their letter carrier, drop it in a collection box, or take it to a post office for return to the retailer.

The program has become a valuable retention tool for retailers and an attractive convenience for consumers.

My thanks and congratulations to marketing staff, our letter carriers, and all our employees for making these new services a success.

Speaking of innovations and customers, I want to congratulate the Mailers Technical Advisory Committee on the occasion of its 40th anniversary.

MTAC was set up in 1965 as a partnership between the Postal Service and leading companies in the mailing industry to share information and ideas for improving mail services and products.

Over the years, MTAC member companies have helped us use new technologies that led to implementation of the 5-digit ZIP Code, ZIP+4, presorting, barcoding, automation and a growing list of new efficiencies to improve service and reduce costs.

With us today are two people who represent the accomplishments and contributions of MTAC over the past 4 decades:

Bill Hoyt, executive director of Continuity Shippers Association, who was one of the founding members of MTAC in 1965.

And the current industry chair, Bob O'Brien, who is vice president of Postal and Distribution Policy at Time Consumer Service, Inc.

Would you both please stand so we can all thank you and the many members of MTAC.

Finally, I am delighted to announce and introduce Delores Kilette as our new Vice President, Consumer Advocate. Since 1999, Delores has been the Postmaster of Washington, DC. She has done a great job with our customers locally, and in her new role will be an excellent spokesperson for all our consumers nationwide.

Delores started as a clerk in Baltimore in 1968 and has spent her career in the field. Her field experience and deep operations background will strengthen and bring a new dimension to the Consumer Advocate's Office.

Delores -- would you please stand.

Chairman, that concludes my remarks.