



POSTAL NEWS

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Challenging Economic Conditions Continue to Reduce Mail Volume

Board of Governors Told Customer Service Remains Top Priority

WASHINGTON, DC — As the current economic climate continues to contribute to a decrease in mail volume, and with no reversal in the trend in sight, the Postal Service reported today it expects to end the current fiscal year with a volume decline of nine billion pieces. The end-of-year financial results will be released in November.

At today's Board of Governors meeting, Postmaster General John Potter said the magnitude of the loss in mail requires the Postal Service to take steps now to shore up its business, which it is doing by reducing work hours. "While we deal with the economic challenges, customers and service to our customers will always be number one on our agenda, it is why we exist, it is our franchise," said Potter.

In other financial news, the Board approved a preliminary Fiscal Year 2010 appropriation request totaling \$144.6 million. This annual request to Congress includes \$115.6 million in reimbursement for free services the Postal Service is required to provide, including free mail for blind persons and for overseas voting. The request also includes reconciliation adjustments for previous years based upon final audited mail volumes. In addition, the request includes \$29 million for the latest annual installment from the Revenue Forgone Reform Act of 1993. This act requires the Postal Service to be reimbursed for services it performed in 1991 through 1993 and for shortfalls in the reimbursement of costs the Postal Service incurred processing and delivering certain nonprofit mail from 1994 through 1998.

Savings and Service Improvements from New Program

The Board today approved funding for the next phase of a letter recognition improvement program that further automates mail operations, resulting in reduced error rates and manual sorting costs. Phase two of the Distribution Quality Improvement program goes beyond relying solely on the information that is contained on a piece of mail, which is sometimes inaccurate or incomplete. The new program combines information from commercially available name and address databases to match and resolve address conflicts. The system will generate the correct 11-digit barcode, enabling the mail piece to be sorted to the appropriate order of delivery automatically, avoiding several downstream manual handlings that are required using today's letter recognition systems. Eight letter recognition improvement programs have been implemented since 1996, resulting in improved customer service as more mail is barcoded and processed electronically.

U.S. Postal Inspection Service Helps Reduce Identity Crimes

The Board also learned more about the role the U.S. Postal Inspection Service plays in a new system that is helping the law enforcement community crack down on identity crimes. The National Identity Crimes Law Enforcement network uses programming and other computer services provided by Postal Inspection Service to help law enforcement identify theft patterns, search for long-term trends in identity theft and provide for a central repository of identity crimes-related information. Authorities are now able to learn immediately whether a particular piece of identification has been reported stolen or used in the course of a crime.

The database was designed by local, state and federal criminal investigators participating in a work group, organized and led by the U.S. Attorney's Office for the Eastern District of Pennsylvania. The Postal Inspection Service utilizes the network to reduce identity crimes committed by mail. A recent Federal Trade Commission study found that only two percent of identity theft victims who knew how their information was compromised said it was obtained through the mail.

In other action, the Board:

- Approved *Vision 2013*, the Postal Service's new 5-year strategic plan. The plan focuses primarily on customers — meeting their needs by creating new value through the mail and generating profitable revenue for the Postal Service in an increasingly challenging environment. *Vision 2013* will be available on *usps.com* on October 1.
- Authorized the purchase and renovation of an existing 28,500-square-foot building in San Francisco to serve as the new Townsend Carrier Annex to support present and future delivery requirements.

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An independent federal agency, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 146 million homes and businesses, six days a week. It has 37,000 retail locations and relies on the sale of postage, products and services, not tax dollars, to pay for operating expenses. The Postal Service has annual revenue of \$75 billion and delivers nearly half the world's mail.