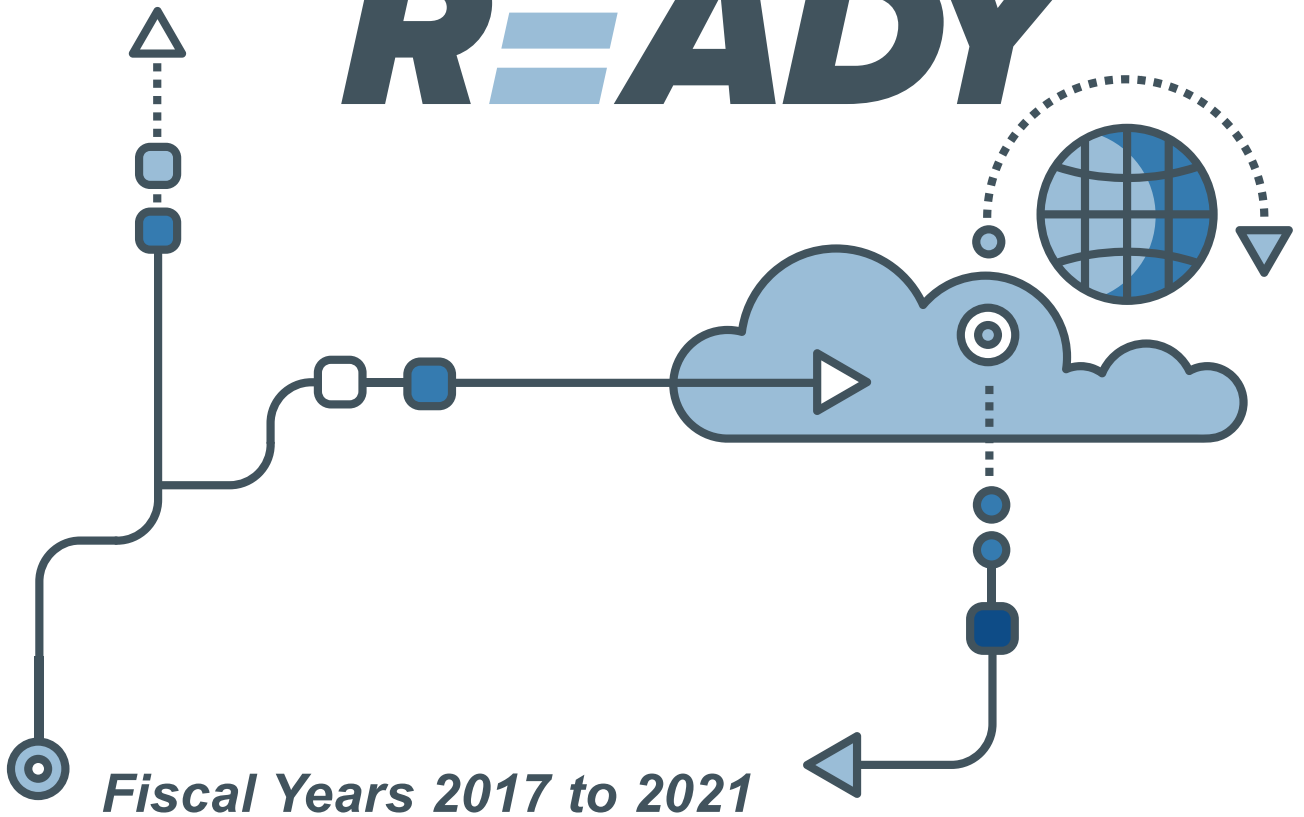
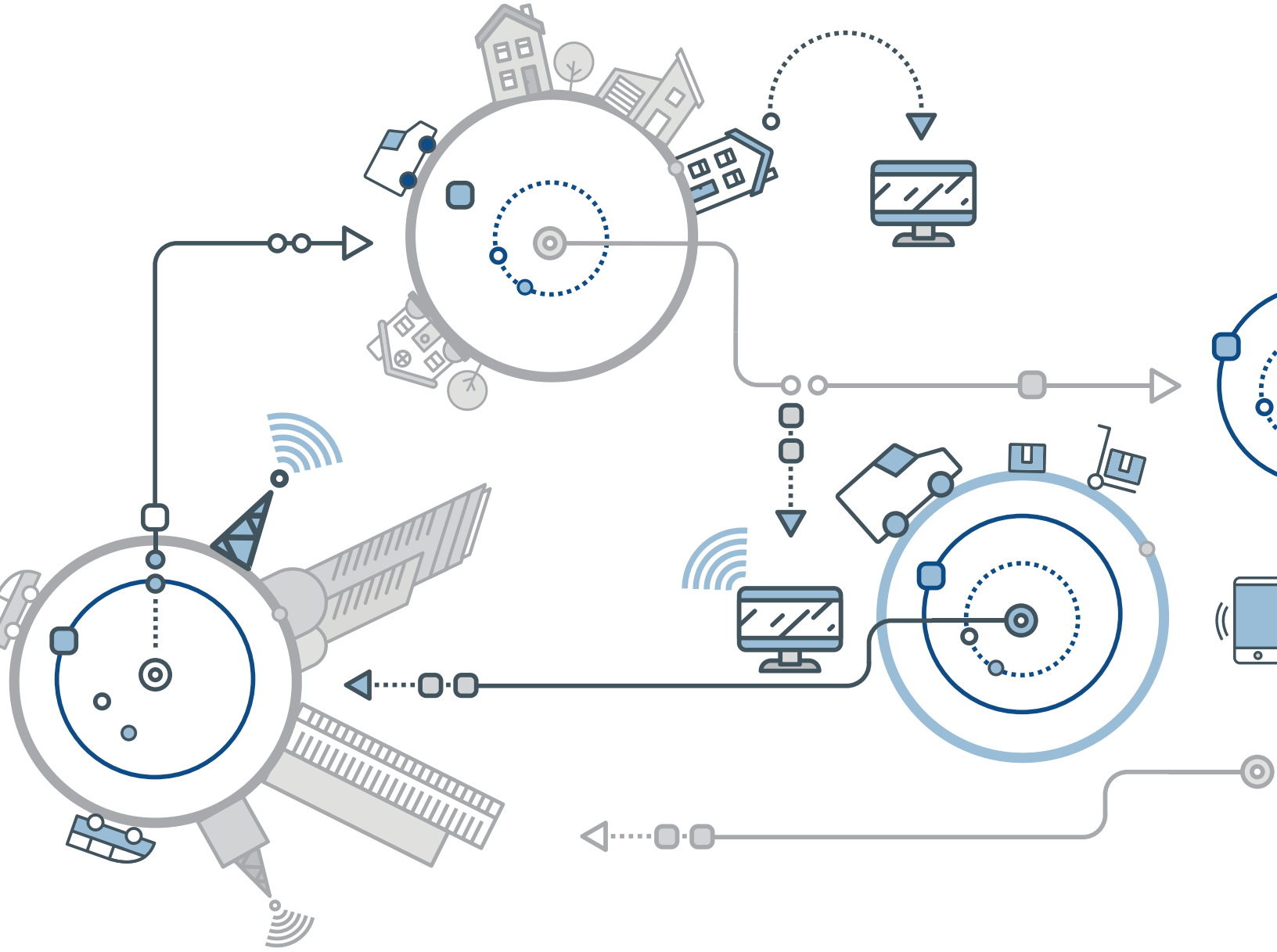


FUTURE READY



U.S. POSTAL SERVICE®
FIVE-YEAR STRATEGIC PLAN

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U.S. Postal Service Future Ready
EXECUTIVE SUMMARY

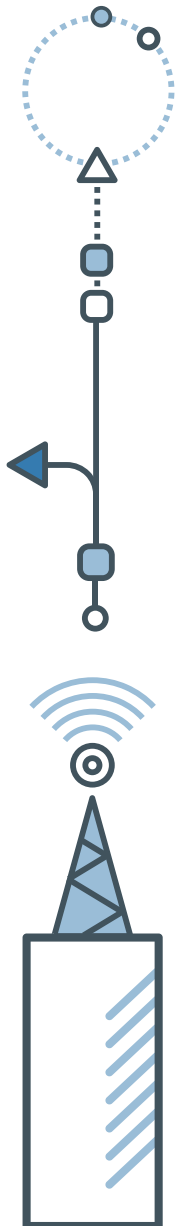


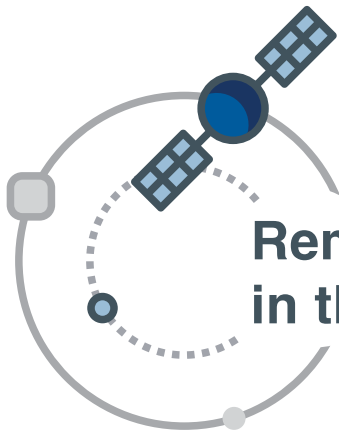
Purpose of This Document

The Postal Service's Five-Year Strategic Plan, covering the fiscal years (FYs) 2017 to 2021, is intended to provide our stakeholders, including Congress, our employees, our business partners, our customers and the American people, with:

- A comprehensive mission statement covering the major functions and operations of the Postal Service.
- An identification of those key factors external to the Postal Service and beyond our control—both in the external business environment and forecasted trends—that could significantly affect the achievement of the overall goals and objectives.
- A description of the Postal Service's overall goals and objectives, aligned with national performance assessment goals and objectives.
- A description of the program evaluations used in establishing or revising overall goals and national performance assessment system objectives.

This document satisfies the reporting requirements articulated in Title 39 USC Section 2802.





Remaining Future Ready in the Digital Age

Our mission is to bind the nation together by providing universal delivery service, which has been the foundation of the Postal Service for more than 240 years. The Postal Service has delivered on that mission, continuously transforming in response to rapidly changing technologies to better serve our customers across this great nation.

While we continue to face financial challenges that require legislative and regulatory changes, our recent results reflect our progress. The Postal Service continues to work with Congress and other key stakeholders to develop legislation that results in meaningful, beneficial reforms to improve our business model and help to ensure long-term financial stability. In addition, we will urge the Postal Regulatory Commission (PRC) to enact regulatory changes as a result of the ten year regulatory review, beginning after December 20, 2016, that will enable the Postal Service to achieve and maintain financial stability by replacing the current price cap with an alternative regulatory structure that provides the increased pricing flexibility and speed to market necessary for us to operate in an ever changing market. At the same time, we are continuously taking steps to succeed in a growing and highly competitive marketplace.

The continued growth of shipping and package services is a direct result of our efforts to offer consumers more choices, excellent value, and reliable service. The digital economy offers an unprecedented opportunity to address the needs of both our mail and package customers, and we are making improvements to our network and infrastructure in order to meet those needs.

However, the combination of increased package revenue and operational efficiencies still does not sufficiently offset mail volume declines, inflationary pressures on expenses, and statutory requirements for accelerated retiree health care prefunding. This underscores the need for a combination of continued revenue growth, a continued focus on finding cost savings where possible and legislative and regulatory reforms to ensure we can restore our financial viability, while continuing to meet our universal service obligation.

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, businesses grow, and communities thrive in the digital economy. Because customer expectations and needs in the digital economy are changing rapidly, we have prioritized the customer experience in our Future Ready strategy.

To realize this vision, we have established four Future Ready goals:

1. Deliver a world-class customer experience.
2. Equip, empower, and engage employees.
3. Innovate faster to deliver value.
4. Invest in our future platforms.

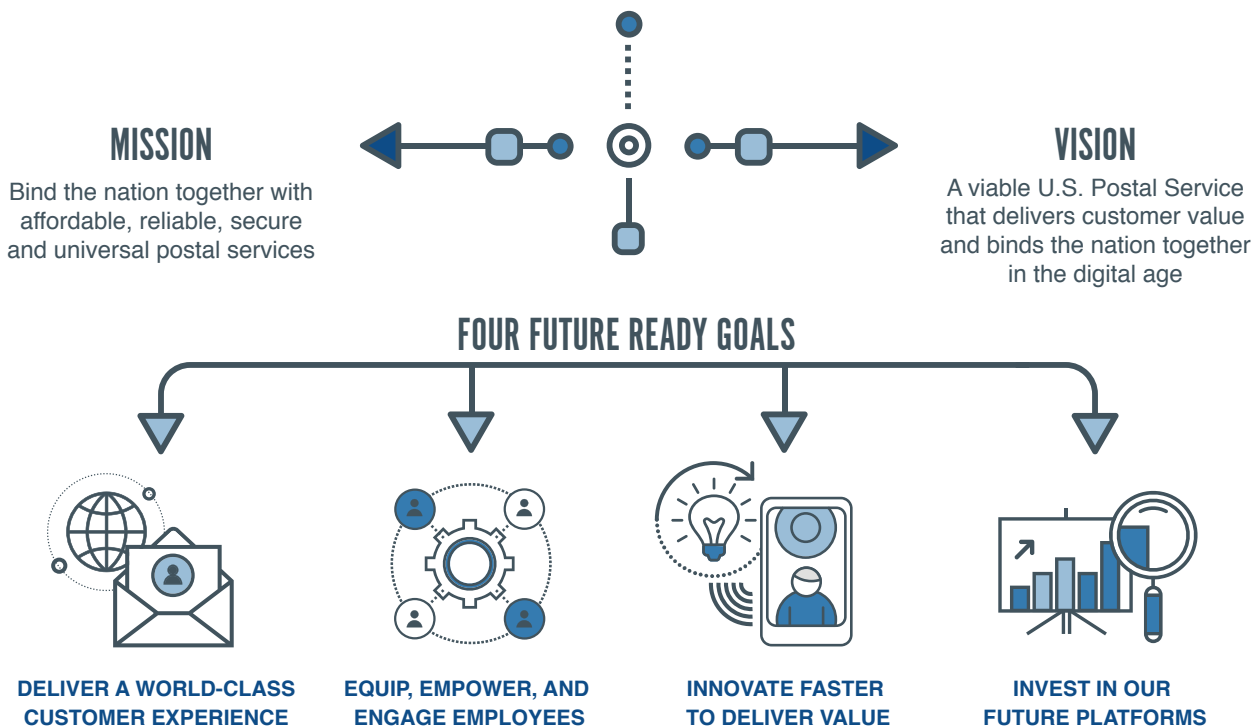
These four Future Ready goals drive everything we do and are aligned to the U.S. Postal Service National Performance Assessment (NPA) performance measurement system. A focus on the customer

experience—delivered by an equipped, empowered, and engaged workforce—enables us to innovate faster and invest strategically in our future to provide customers and communities the value they desire and deserve. The table below contains a summary of the “U.S. Postal Service Future Ready Strategic Plan for FY2017 through FY2021.” Within this strategic

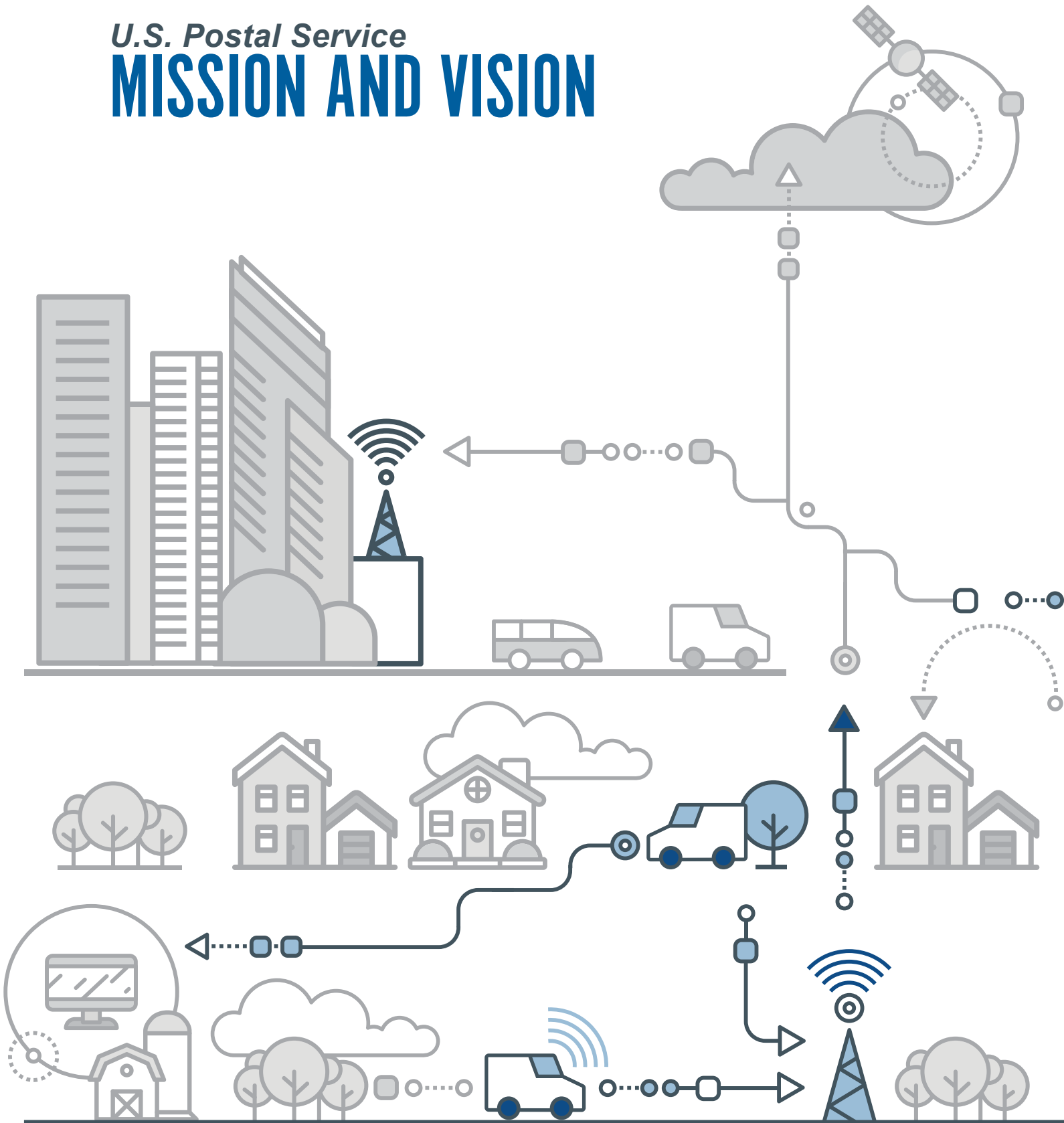
framework, comprising our mission, vision, and Future Ready goals, we will publish our current strategic objectives and related NPA performance metrics. We will publish our NPA performance metrics and fiscal year performance targets in our “Annual Performance Plan” within the U.S. Postal Service “Annual Report to Congress”.

USPS FUTURE READY PLAN FRAMEWORK

This plan describes our current and forecasted challenges, defines how the Postal Service will respond to these challenges, and identifies where we will need support from Congress and the PRC.

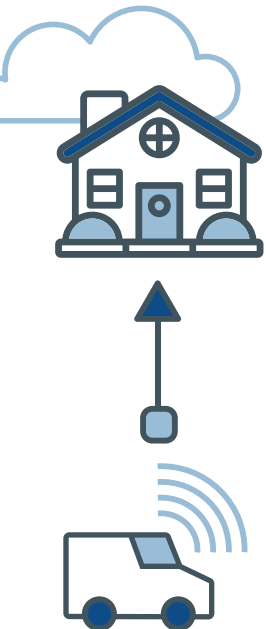


U.S. Postal Service
MISSION AND VISION



Mission—Bind the Nation Together

Title 39 Section 101(a) of the United States Code (USC) states that the United States Postal Service® shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, and created by an Act of Congress. The Postal Service™ shall have as its basic function the obligation to provide postal services to bind the nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities. The costs of establishing and maintaining the Postal Service shall not be apportioned to impair the overall value of such service to the people. The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining.

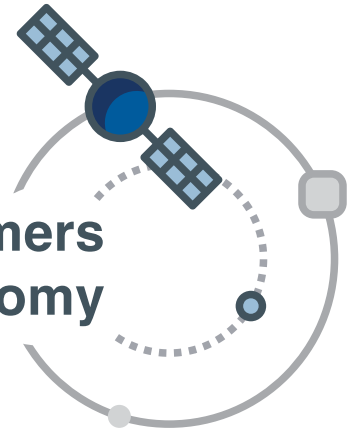


The central tenet of this mission is a universal service obligation (USO) to provide prompt, reliable, and efficient postal services to all Americans, regardless of where they live. The Postal Service is also required to fulfill its universal service mission, and meet its other statutory obligations, in a self-sufficient manner, by covering its costs through revenues generated from the sale of its products and services. To help ensure the funding needed to meet the USO, Congress and the President established the Private Express Statutes (PES) and the mailbox access rule, which together comprise the postal monopoly. Since any obligation must be matched by the capability to meet that obligation, the USO, the PES, and the mailbox rule are inextricably linked.

The U.S. Postal Service was established under the provisions of the Postal Reorganization Act

(the Reorganization Act) of 1970, Public Law 91-375, 84 Stat. 719, as amended by the Postal Accountability and Enhancement Act of 2006 (PAEA), Public Law 109-435, 120 Stat. 3198, as an independent establishment of the executive branch of the Government of the United States, under the direction of a Board of Governors, with the Postmaster General as its Chief Executive Officer. The Board of Governors of the Postal Service (the Board) directs the exercise of its powers through management that is expected to be honest, efficient, economical, and mindful of the competitive business environment in which the Postal Service operates. The Board consists of 11 members: nine Board Governors appointed by the President (by and with the advice and consent of the Senate, to represent the public interest generally), the Postmaster General, and the Deputy Postmaster General.

Vision—Postal Services that Customers Value in a Digital Economy



The vision of the U.S. Postal Service is to continue our mission to bind the nation together in a digital and networked economy. We envision a Postal Service that enables all citizens to connect, businesses to grow,

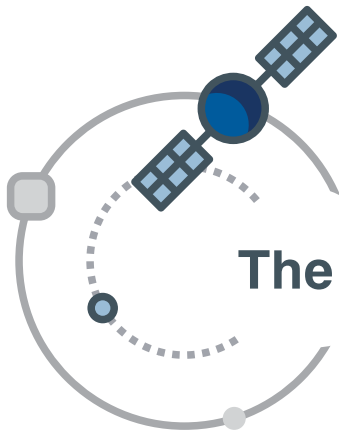
and communities to thrive in a digital world. Our vision includes serving those individuals who are currently digitally disconnected or underserved.

THIS VISION REQUIRES US TO START WITH OUR PRIMARY FOCUS, THE CUSTOMER TO PURSUE THE FOLLOWING FOUR GOALS:

- 1 Deliver on the values and experiences our customers expect from the Postal Service in a digital economy; by focusing on customer expectations first, we ensure we make smart decisions about relevant innovations and strategic investments.
- 2 Equip, engage, and empower our employees to best meet the needs of our customers; this is key to delivering world-class customer experiences and implementing new initiatives efficiently and effectively.
- 3 Innovate faster to deliver value to the American people; the faster we innovate, the better we keep up with the marketplace and provide customers with appropriate products and services.
- 4 Invest in postal platforms—domestic and international, retail and digital—that will best deliver excellent, universal, secure, and sustainable services to our customers and the communities in which we operate.

For more than 240 years, the Postal Service has delivered on our mission, and the next five years will be no different. We will continue to boldly transform our network, delivery, and retail operations while building new capabilities that will position the Postal Service to meet the rapidly changing needs of our household and business customers for e-commerce and digital solutions.

We realize that future opportunities depend on our ability to maintain the trust of our employees, customers, and communities we serve. We are committed to an active dialogue with all of our stakeholders about the future of the U.S. Postal Service.



The Current Business Environment

From 2006 to 2015, the Postal Service experienced a decline of approximately 59 billion total mail pieces due to electronic diversion, the economic recession, and changing customer needs, while delivering to approximately 9 million more delivery points. Also, in

2006, Congress passed the PAEA, which instituted price caps for market dominant mail products, restrictions on the provision of non-postal products, and a requirement to prefund our retiree healthcare costs on an accelerated basis.

SUMMARY OF FACTORS AFFECTING THE CURRENT BUSINESS ENVIRONMENT

Changing customer demands: The demand for printed business transactions and marketing materials has decreased as the adoption of broadband and smart devices has increased, firmly digitizing the business world. Broadband and mobile device adoption and changing consumer buying habits have resulted in increased e-commerce, leading to a significant growth in package volume, especially in our “last mile” package delivery service, which has been our fastest growing product over the last few years.

Price cap: The Postal Accountability and Enhancement Act of 2006 (PAEA) caps price increases on market dominant products to the rate of inflation as measured by the Consumer Price Index- All Urban Consumers (CPI-U). After December 20, 2016, the PRC will be able to review the price cap and potentially replace it with an alternative regulatory structure as necessary to achieve statutory objectives.

Product and service restrictions: PAEA also restricts the Postal Service from offering non-postal services to raise additional revenue.

Growing institutional costs to serve the universal service obligation: Costs to fulfill the postal USO are growing due to population growth, resulting in increased delivery points despite a decline in total mail volume.

Pension and healthcare costs: Labor costs are growing faster than the rate of inflation, primarily due to costs of healthcare and retirement benefits rising faster than inflation. The Postal Service is required to make very large payments to fund our participation in the federal pension, healthcare, and workers’ compensation systems.

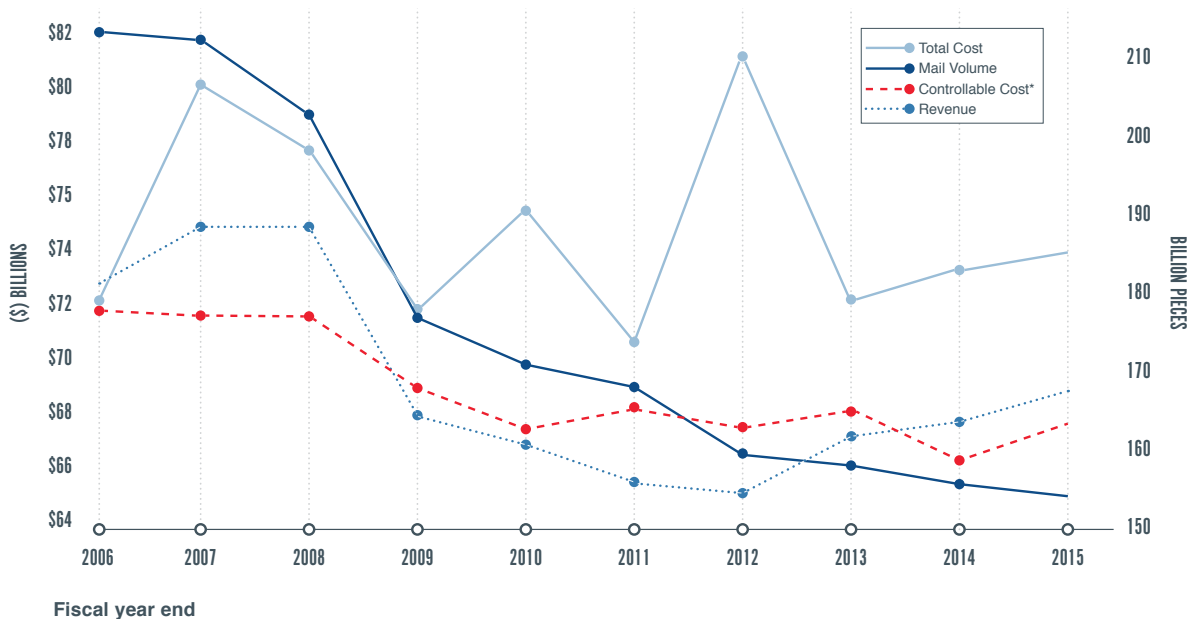
U.S. Postal Service management's response to this situation was to:

- Rationalize the postal network.
- Rightsize the workforce through voluntary retirement.
- Collective bargaining.
- Modify Post Office™ hours.
- Increase alternative access for postal retail services.
- Deploy new technologies.

- Launch expanded package delivery windows.
- Implement an exigent price increase.

As a result of these efforts, especially the temporary exigent surcharge, The U.S. Postal Service has experienced revenue growth and positive controllable income over the last few years.

Figure 1. The U.S. Postal Service Total Revenue, Expenses, and Volume Trends (2006 to 2015)¹



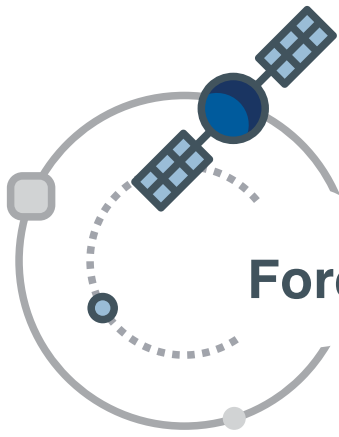
*Before RHB pre-funding, FERS unfunded liability amortization and non-cash adjustments to workers' compensation liability

At the end of FY15, the Postal Service achieved positive controllable income and total revenue growth, even as First-Class Mail® volume continues to decline, Standard Mail® volume remains stable, and Package volume grows. In addition, The U.S. Postal Service was rated as providing the most efficient mail services among major

industrialized countries' posts.² Despite these efforts, legislative restrictions on our business model have left The U.S. Postal Service unable to cover the total costs to meet all of our statutory obligations. We have exhausted our statutory debt limit and have been forced to default on a number of payments to prefund retiree health benefits.

¹ Source: USPS Annual Reports to Congress from 2006 to 2015 (www.usps.com)

² Delivering the Future 2016: How the G20's Postal Services Are Meeting the Challenges of the 21st Century, Oxford Strategic Consulting, 2016



Forecasted Trends

The rapidly changing business conditions under which the U.S. Postal Service competes, coupled with the evolving needs of our customers, require us to adapt in order to maintain our relevance to the American consumer and strengthen our business. Moving forward, the following trends are expected to become more pronounced and will

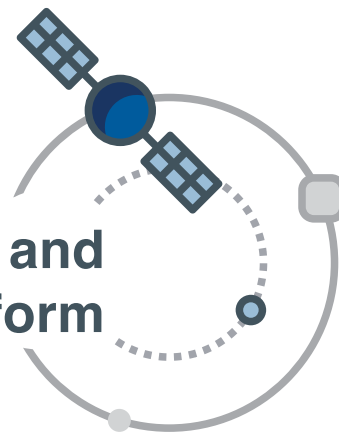
significantly impact our current business model, which will require increased vigilance and proactive solutions.

Remaining future ready requires a continuous assessment of these trends and anticipating their potential business impacts through an ongoing and disciplined approach.

THE POSTAL SERVICE WILL NEED TO ADAPT TO THE FOLLOWING TRENDS:

- 1** Businesses will continue to conduct more transactions electronically with consumers, putting downward pressure on First-Class Mail volume, which currently provides the greatest contribution toward covering our institutional costs.
- 2** The rapid increase in digital media channels and the success of omni-channel marketing efforts will cause businesses, especially small- and medium-size enterprises, to continue to rely on physical marketing materials, which will provide opportunities for stable Standard Mail volume.
- 3** Strong mobile eCommerce will continue to disrupt brick and mortar retail operations to drive growth in Package volume, especially for “last mile” delivery services to consumers from retail locations and fulfillment centers.
- 4** Continued growth in eCommerce will increase competition in first and “last mile” delivery services, especially from competitive carriers using part-time on-demand workers.

The Need for Legislative and Regulatory Reform



Anticipating costs related to external factors and with an eye toward efficiency without degradation in quality of postal products and services, the Postal Service is urging Congress to pass targeted postal reform legislation. Among the provisions we seek are those needed to help ensure the Postal Service is self-sustaining, financially strong, and a reliable, low-cost partner to the American people and communities it serves. These provisions include the following:

Require full Medicare integration for postal healthcare plans. The most financially impactful proposal to reduce our unfunded liabilities is the measure to require full integration of Postal health plans within the Federal Employees Health Benefits Plan (FEHBP) with Medicare Parts A, B, and D.

Provide market-dominant rate flexibility. The current price regulation scheme does not provide the Postal Service the flexibility we need to ensure our financial viability. Therefore, we seek to make the temporary exigent surcharge of 4.3% (which expired in April 2016) into a permanent increase while setting a firm deadline for the PRC to complete its regulatory review of the system for regulating market-dominant products.

Reassess postal pension liabilities. The Office of Personnel Management (OPM) should calculate Federal Employees' Retirement System (FERS) and Civil Service Retirement System (CSRS) liabilities using salary growth and demographic assumptions

that are specific to the postal population, rather than government-wide assumptions, and refund any existing surplus.

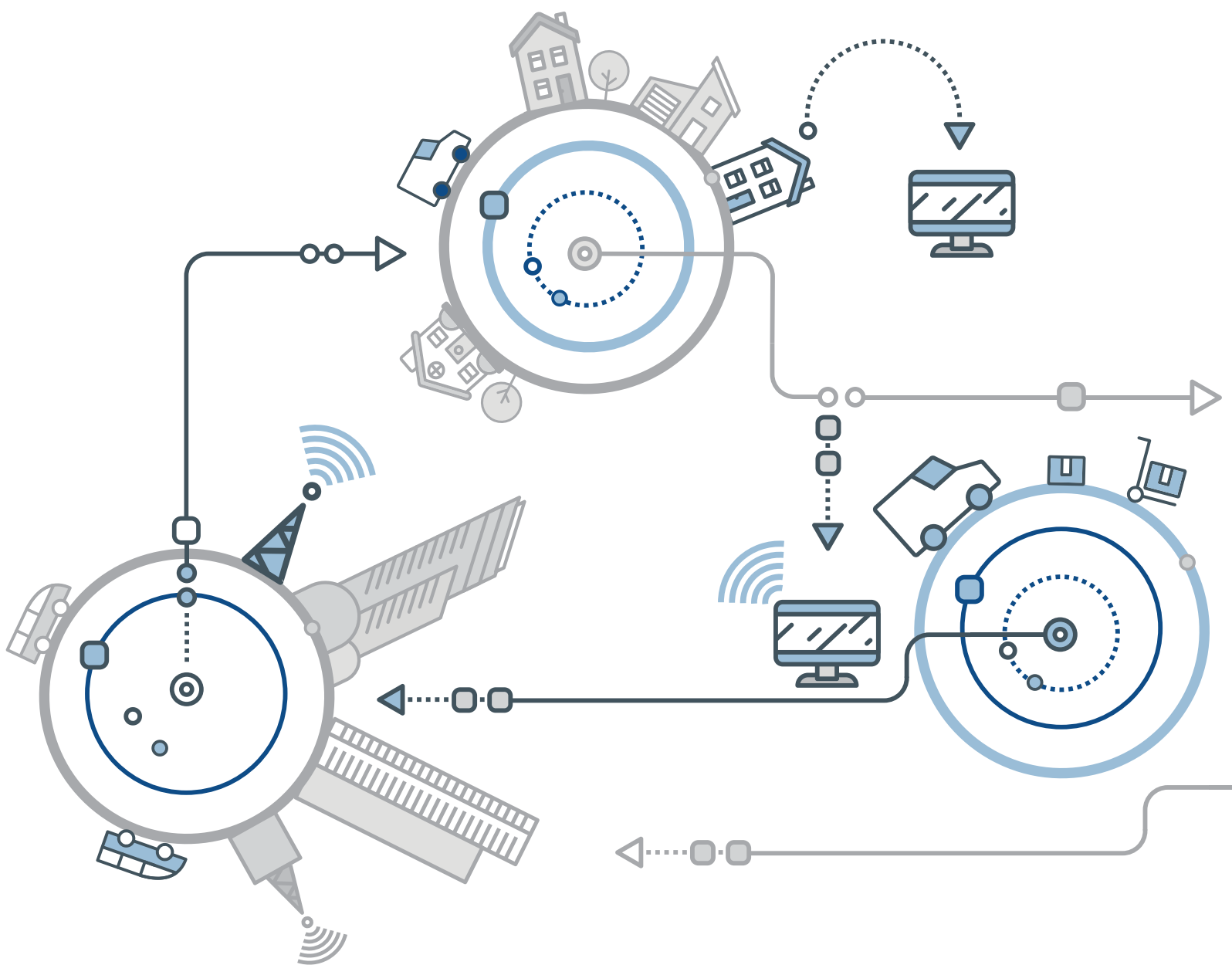
Provide flexibility to offer additional non-postal products. In addition to lowering expenses, the Postal Service can offer additional services to help fund our universal postal network. As such, we ask Congress to authorize The U.S. Postal Service to provide non-postal services, as well as the ability to deliver beer, wine, and distilled spirits under specified conditions. In addition to helping fund our USO, this will help us to better meet the needs of the American people.

The Postal Service continues to work within the bounds of existing law to place the organization in a favorable financial position. This includes the implementation of strategic initiatives that have reduced costs while significantly expanding our package business. Despite these efforts, however, we cannot secure our near- or long-term financial outlook without the passage of targeted postal reform legislation, as well as replacement by the PRC of the current price cap with a more suitable regulatory structure.

The bottom line is that the Postal Service is ready to make the necessary changes to keep delivering for America. We just require the freedom to make these changes happen.

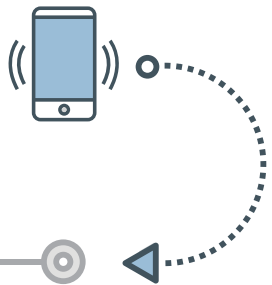
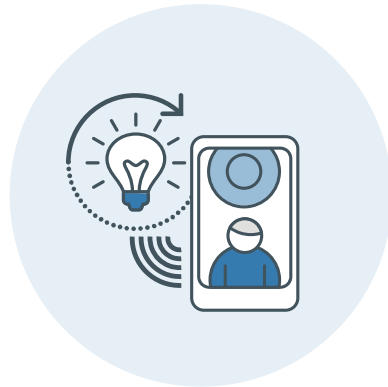
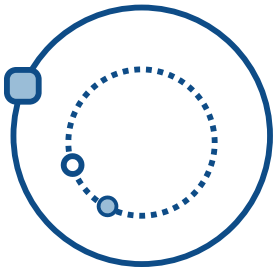
FY2017 – FY2021

OVERVIEW OF FUTURE READY GOALS AND KEY STRATEGIES



Overview

The Postal Service is positioned with Future Ready goals that will enable us to anticipate customer needs, external factors, and effects of legislation, while remaining proactive, flexible, and responsive. By placing the customer experience at the center of our strategy, and ensuring our employees have the tools and support they need to deliver, our innovations are relevant, and our investments are purposeful, we will be Future Ready.





GOAL 1

Deliver a World-Class Customer Experience

GENERAL DESCRIPTION

Every interaction shapes customers' attitudes about our services, and we will provide a positive experience, no matter when, where, or how customers do business with us. Customers expect timely, reliable, and accurate delivery service at reasonable prices. However, this is just part of the total customer experience; they also want personal, simple, customizable, mobile, and secure services. Being "good enough" is not sufficient to attract new customers

and increase customer loyalty. We must deliver excellent and consistent customer experiences at every customer touch point.

Our goal is to create engaged, loyal customers by meeting their needs better than our competitors. We will seek new insights about emerging customer needs and design product and service solutions based on what customers tell us is important to them.

KEY STRATEGIES AND INITIATIVES

Understand Changing Customer Needs and Market Trends

Obtaining and retaining customers requires in-depth insight about specific markets, segments, and customers. This requires more open lines of communication and market research to better understand the priorities of the customers and communities we serve. We will invest in people, technology, and partnerships to integrate data from multiple systems to create a more comprehensive understanding of our customers and their interactions with us.

Provide More Visibility and Control of Mail and Package Delivery Services

The Postal Service is committed to providing customers with real-time visibility and control of their mail and package delivery services from the moment we receive the piece to the time we deliver it to their homes or businesses.

The Postal Service is developing a service called Informed Delivery™. It sends mobile users an email—complete with a scanned image of the front of each of

their mail pieces—as advance notice of the mail they will receive at home later that day. In total, over 78,000 households were actively using Informed Delivery as of August 2016. The insights and data gathered from these customers demonstrate a strong value for this digital service. As the test expands into the New York City metro area, we will implement new features, including the ability to access interactive content associated with mail images.

Transform the Commercial Mailer and Shipper Experience

We are making mailing and shipping easier and more convenient for consumers and small businesses. The Postal Service will modernize the payment experience by enabling a single, secure, self-service online account management and payment system. To encourage widespread adoption, we will promote initiatives designed to streamline the acceptance, induction, and verification of commercial mailings. We will enhance programs designed to streamline

the acceptance and verification of commercial parcels to improve functionality and availability. The Postal Service will leverage electronic documentation, package barcodes, and digital visibility to simplify the process of accepting, verifying, and returning parcels to merchants. We will optimize the network of Business Solutions Centers to provide world class, one-stop, solution-oriented customer service by identifying the best mailing solutions for customers' commercial mailing needs through consultation, diagnostics, research, recommendations, and hands-on assistance.

Improve Retail Experiences and Expand Digital and Alternative Access

Programs that create a sustainable retail network that effectively integrates the physical, digital, and alternative access retail channels will make doing business with us simple and convenient for all our customers. We are investing to improve retail channel experiences for all our customers with a special focus on small businesses customers, rural customers, online customers, and package customers.

Enable a Seamless Cross-Border Experience for Customers

Commerce is global in nature, so we must respond to the needs of customers who operate internationally, and who, based on their digital experience, expect simplicity as part of international logistics. International eCommerce activity continues to grow at an ever-increasing pace. We strive to provide the same level of visibility, control, and simplicity to international customers as we do to domestic customers. To remain a valued business partner with international

eCommerce companies, the Postal Service has continued to enhance our bilateral agreements with foreign world posts to ensure these agreements reflect our customers' needs. Additionally, we will identify key eCommerce growth markets and focus additional sales, marketing, and operational resources to enhance our service and product offerings within those markets.

Build a World-Class Customer Care Process

The Postal Service is committed to delivering on our promises the first time, every time. We will continue to invest in our people, processes, and technologies to provide a world-class customer care experience, ensuring all customer concerns are addressed and resolved promptly and to customer satisfaction.

Increase Customer Engagement Through Social Media

The Postal Service was the first social network—connecting citizens across the nation through mail before other technologies existed. We strive to continue to connect people by integrating physical and digital social media platforms to deliver value to all our customers. As such, we will develop a world-class, integrated social media infrastructure that spans the organization, strengthens our brand, engages and empowers employees, and enhances our ability to deliver excellent customer experiences and interactions at every touch point. Social media allows us to hear and respond to the voices of our customers, employees, and partners, and establish The U.S. Postal Service as a leader in the digital space.



GOAL 2

Equip, Empower, and Engage Employees

GENERAL DESCRIPTION

Our employees are our greatest asset and have a vested interest in a strong Postal Service and are our most passionate and articulate advocates for our customers. In our rapidly changing marketplace, our success depends on how well we enable our

employees to better serve customers. Our efforts will focus on equipping, empowering, and engaging our employees, so they better understand how their efforts and our products directly impact customer loyalty and business results.

KEY STRATEGIES AND INITIATIVES

Create a Culture of Engagement

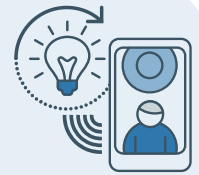
The Postal Service strives to become an “employer of choice” that hires the most effective employees and implements programs that encourage them to stay. We are committed to improving internal communications and launching innovative human resources programs that appeal to high-quality candidates and meet current employees’ needs. The steps we are taking now will ensure we attract and retain employees who deliver excellent customer service.

Invest in Leadership and Employee Growth

We will continue to implement a comprehensive process for employee development and establish career paths for employees. To better understand the changing training needs and demographics of our workforce, we will develop predictive models and data-driven approaches for assessing our talent pipeline. Altogether, these efforts will improve leadership and employee readiness to drive the culture changes necessary for long-term success.

Improve Employee Safety and Well-being

As we transform the Postal Service, we will build upon our already excellent safety programs to create the safest and healthiest environment possible for our employees. The Postal Service will enhance safety programs with a goal of reducing all accidents (motor vehicle and industrial) that impact employee wellness, performance, and efficiency. Every accident has a cost to our employees and to the Postal Service. By completing proactive risk analyses and providing the tools and resources employees need, we will empower our employees to play a more active role in creating a safer work environment. Our efforts will improve employee availability, enhance customer service, create an overall more engaged employee base, and reduce our total operating expense.



Innovate Faster to Deliver Value

GENERAL DESCRIPTION

For our business to grow, we must create new solutions that meet the needs of tomorrow's customers. Customer needs, business conditions, and technologies are changing faster than ever. The Postal Service has been a leader in embracing new technologies. The rate of change is rapid and we must keep pace. In fact, we must accelerate our testing of new approaches to better serve our customers' changing needs and integrate our mail into their digital lives. As mailing and shipping needs evolve, we will make sure the Postal Service is the deliverer of choice.

We must increase the loyalty of current customers while developing deeper relationships with digitally connected customers who may not fully appreciate the value of mail. We must anticipate the impact of digital technologies on how businesses interact with their customers domestically and abroad, with the growing expectation that any service, such as mailing and shipping, must seamlessly support and integrate digital technologies.

Building on our long and bold history of innovation, we will continue to explore advances in technology and adapt to the changing marketplace.

KEY STRATEGIES AND INITIATIVES

Accelerate Innovation to Maximize Value and Increase Speed to Market

While the Postal Service always has been a leader in embracing new technologies, the pace of change is accelerating—and we must keep pace—so we're accelerating our testing of new approaches to better serve our customers' changing needs for package services and to bring mail into their digital lives. Initiatives such as an improved mobile experience, a re-vamped USPS.com® experience, and Informed Delivery are examples of current enhancements and pilots.

Lead the Adoption of Digital Features across the Mail Industry to Enhance the Value of Mail

The Postal Service continues to drive innovations that give consumers more control over the mail they receive, make direct mail simple to send, enable multimedia touch points, and reinforce the resiliency

of mail as a trusted, effective communications channel. Mail continues to be the primary revenue source for the Postal Service, so sustaining mail revenue by offering mail products and features our customers' value is essential to our success. We will ensure mail remains relevant and viable by merging physical mail with digital features. We will continue to expand various initiatives, such as adoption of the Informed Delivery application, political mail services, and digital promotions programs to sustain mail revenue and promote customer ease of use.

Leverage Technology and Data to Drive Customer and Business Value

We will leverage technology, develop integrated technical systems, and provide actionable data to drive business value. Technology, information, and insight will better equip our employees, streamline processes,

and drive efficient operations and business practices. While we continue to leverage and deploy new technology, we will ensure integrity and security of our systems and information.

Informed Visibility™ – Informed Visibility is the Postal Service’s analytics platform. It provides rich data and analytics to commercial customers, enabling greater visibility associated with the “last mile” of delivery. By leveraging real-time information and mail and package tracking and delivery analytics, senders and receivers will have an unprecedented level of visibility and control over their commerce and communications. Mail owners will be able to synchronize mailings with their other omni-channel marketing efforts.

Increased visibility creates a holistic and consistent customer mailing experience, driving a return on investment for mailers. The Postal Service will use this information to help strengthen market competitiveness, create new opportunities for revenue growth, drive cost savings, retain customers, and optimize operational and financial performance. We will continue to invest in and enhance our Informed Visibility platform and expand the effective mobility power of this platform by placing it directly into the hands of our employees.

Informed Delivery™ – Our goal is to put visibility and control of every customer’s physical mail and package services on their mobile devices. Our Informed Delivery service will give mail recipients a preview into what they will receive that day. We will also leverage Informed Delivery to provide marketers the opportunity

to attach a digital add-on message to select mail pieces and packages to better serve their customers. We will strive to make the most of mail by helping the physical and digital experiences converge.

Innovate “Last Mile” Package Delivery Services

Local delivery, or “last mile” service, continues to be our core service offering. As shipping and package volumes and revenues continue their impressive growth, the Postal Service will continue to simplify our products to offer people more control over where, when, and how they receive packages. We will innovate “last mile” delivery services to expand features without sacrificing affordability to benefit both senders and receivers of packages. Package growth initiatives such as ship-from-store expansion, improved Parcel Select® partnerships, predictive delivery, and strategic price changes are examples of how the U.S. Postal Service continues to evolve with changing market conditions.

Enhance Retail and Post Office Box™ Services

The Postal Service will continue to look for innovative ways to leverage our retail stores, digital channels, and alternative retail network to best offer services to meet the growing and changing needs of all our customers, including small business, eCommerce, and rural customers. We will continue to pilot efforts to lower costs for serving existing customers, attract new digital and mobile customers, and increase revenue from retail store and Post Office Box services. Every employee will have ownership over building the business by focusing on what customers value.



Invest In Our Future Platforms

GENERAL DESCRIPTION

We will strategically invest in the operations and infrastructure of the Postal Service to continuously improve and digitally integrate our business capabilities and adapt to emerging market opportunities. We will make critical investments necessary to optimize cost efficiencies and service reliability in the short term and strategic investments in platform capabilities that will enable us to meet changing customer needs over time and remain relevant in the digital economy. We will continue our relentless pursuit of process improvements that maximize operating efficiencies, optimize customer

experiences and service reliability, increase security, increase employee safety and improve sustainability. We will also continue to engage our suppliers and industry partners to find ways to keep costs affordable and add increasing value over time.

We believe that excellent service and customer experiences are foundational for revenue growth. It is our investments that will enable us to equip, empower, and engage the workforce, innovate faster, and achieve world-class experiences for our customers over the next five years.

KEY STRATEGIES AND INITIATIVES

Create Digitally Integrated Postal Platforms

We will continue to make critical investments in our infrastructure and our network, while continuing to improve the retail environment, embed digital capabilities into mail and package delivery, and expand partnerships. Through these platforms, we will enhance the quality, reliability, timeliness, and visibility of the U.S. Postal Service products and services now and in the future.

Optimize Network Platform

The Optimize Network Platform initiative is responsible for evaluating, right sizing, and equipping the mail-processing infrastructure and transportation networks to increase operating efficiency, reduce costs, and improve reliability against standards. The initiative has targeted activities to:

- Lean out and standardize network and transportation operations.
- Deploy updated equipment (such as Small Package Sorting System (SPSS), upgraded sorter cameras, and GPS-enabled trailers).
- Establish information systems that will fully enable informed visibility of key network assets and every product moving across the network.
- Equip network personnel and train them on the latest processes and technologies to maximize service reliability, optimize customer visibility, minimize costs, and increase network flexibilities.

Optimize Delivery Platform

The number of delivery points we serve grows by almost a million every year while we see mail volume continue to decline and package volume continue to grow—especially for our “last mile” delivery product,

Parcel Select. We need to continuously optimize the delivery infrastructure by reviewing and adjusting routes, increasing centralized delivery, and leveraging technology to optimize delivery services and post office package operations. The Postal Service will continue to leverage new technologies and deploy next-generation delivery vehicles to enable more efficient and effective delivery services.

We are developing applications to monitor the status and performance of mail throughout the supply chain. The Mobile Delivery Device (MDD) provides an unprecedented level of visibility once mail is out on the street. We will continue to develop tools for mailers and customers to manage delivery preferences. When we embed digital capabilities into package delivery, we

can offer additional service options such as package re-direct, same-day, next-day, and on-demand delivery. This creates value for the sender and receiver, and it stimulates demand for the U.S. Postal Service products and services. A digitally integrated future of delivery enhances the value for businesses and our customers.

Optimize Retail Platform

The Optimize Retail Platform initiative aims to ensure the Postal Service maintains a financially viable retail network of physical stores, digital channels, and alternative access points that consistently provide simple, convenient, and friendly services in both urban and rural areas.

INITIATIVES OVER THE NEXT FIVE YEARS INCLUDE:

- 1** Expand the deployment of self-service kiosks and lobby assistants equipped with mobile point-of-sale (mPOS) technologies to reduce wait time and improve the customer experience.
- 2** Expand post office box and parcel locker operations to better support the growing demand for packages and to improve our customers' experiences when dropping off and picking up packages.
- 3** Improve retail office environments and enhance employee training.
- 4** Fully deploy next generation Retail Systems Software that will improve point-of-sale experiences, facilitate employee training on new products and services, and enable customers to use the latest payment methods.

Our retail initiatives will aim to improve customer experience scores, increase revenue from retail transactions, and optimize the cost to serve our customers.

Build a World-Class Domestic Package Platform

Expanding the package business is critical to the long-term success of the Postal Service. The Build a World-Class Domestic Package Platform initiative will continue to invest in process improvements, equipment, and partnerships to enhance our operations infrastructure and transportation network. This will ensure package operations are capable of efficiently, effectively, and visibly processing, transporting, and delivering the mail in response to forecasted short-term growth for Priority Mail, First-Class, and Parcel Select package volumes. This includes modifying plant and delivery processes and testing and deploying new equipment, including the Small Package Sorting Systems, Automated Package Processing Systems, and High Throughput Package Sorters (HTPS).

Build a World-Class International Platform

The Postal Service will enable our customers and businesses to reach the growing markets of the world economy. We will continue to invest in developing an international platform to enhance solution capabilities, streamline processes, and improve visibility to meet the rapidly changing needs of the growing cross-border market, and the evolving challenges related to export compliance and security. By focusing on expanding the features of the product design, improving process integrity, and managing the flow of information necessary to deliver inbound and outbound packages, we will increase our service value in this growing market segment.

Be a Sustainability Leader

We are committed to being a sustainability leader by creating a culture of conservation throughout the Postal Service and by leading the adoption of sustainable business practices among our customers, our suppliers, the mailing industry, and government agencies. As the foundation for this vision, we strive to ensure compliance with environmental and energy regulatory requirements in all aspects of our operations.

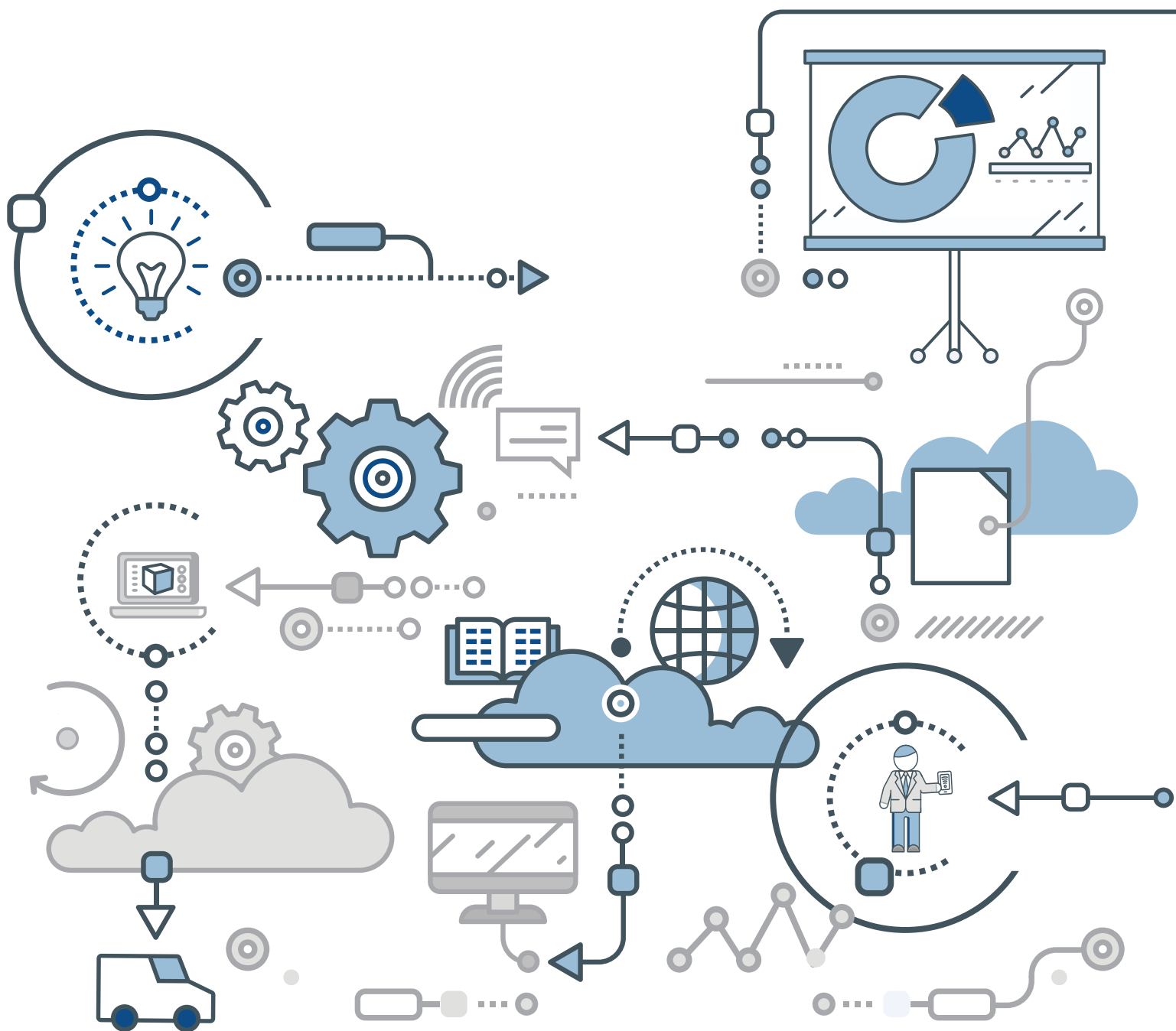
Initiatives to make these goals a reality include:

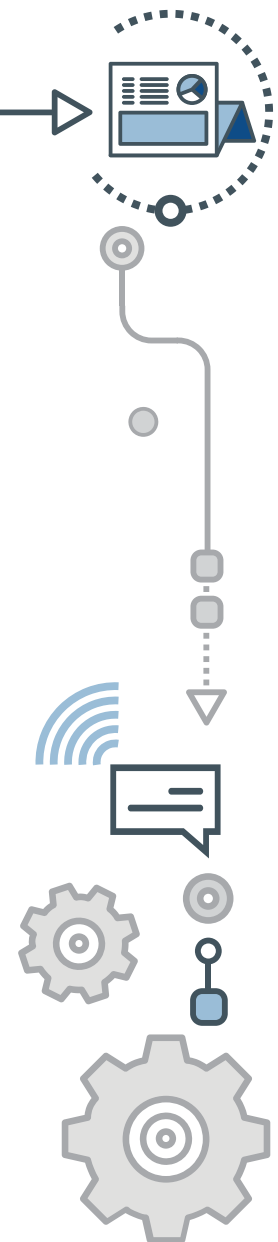
- Lean Green Team Employee Engagement.
- Nationwide Recycling.
- BlueEarth®
 - Carbon Accounting
 - Federal Recycling
 - Secure Destruction
- Annual GHG inventory reporting.
- Climate Change Adaptation & Mitigation Planning efforts.

Other efforts to invest in future processes, facilities, equipment, and vehicles have a direct effect on improving our environmental, energy, and carbon efficiencies.

We have established sustainability goals for a variety of environmental aspects, but believe our overall greenhouse gas emissions serve as one of the best proxies for improvements across all our platforms and supply chains. Continual improvement in sustainability performance is important to the long-term health and competitiveness of the Postal Service. As an organization, we are always looking forward, innovating, and investing to meet evolving customer needs, as we work to ensure a sustainable future for everyone.

U.S. POSTAL SERVICE
**NATIONAL PERFORMANCE
ASSESSMENT SYSTEM**





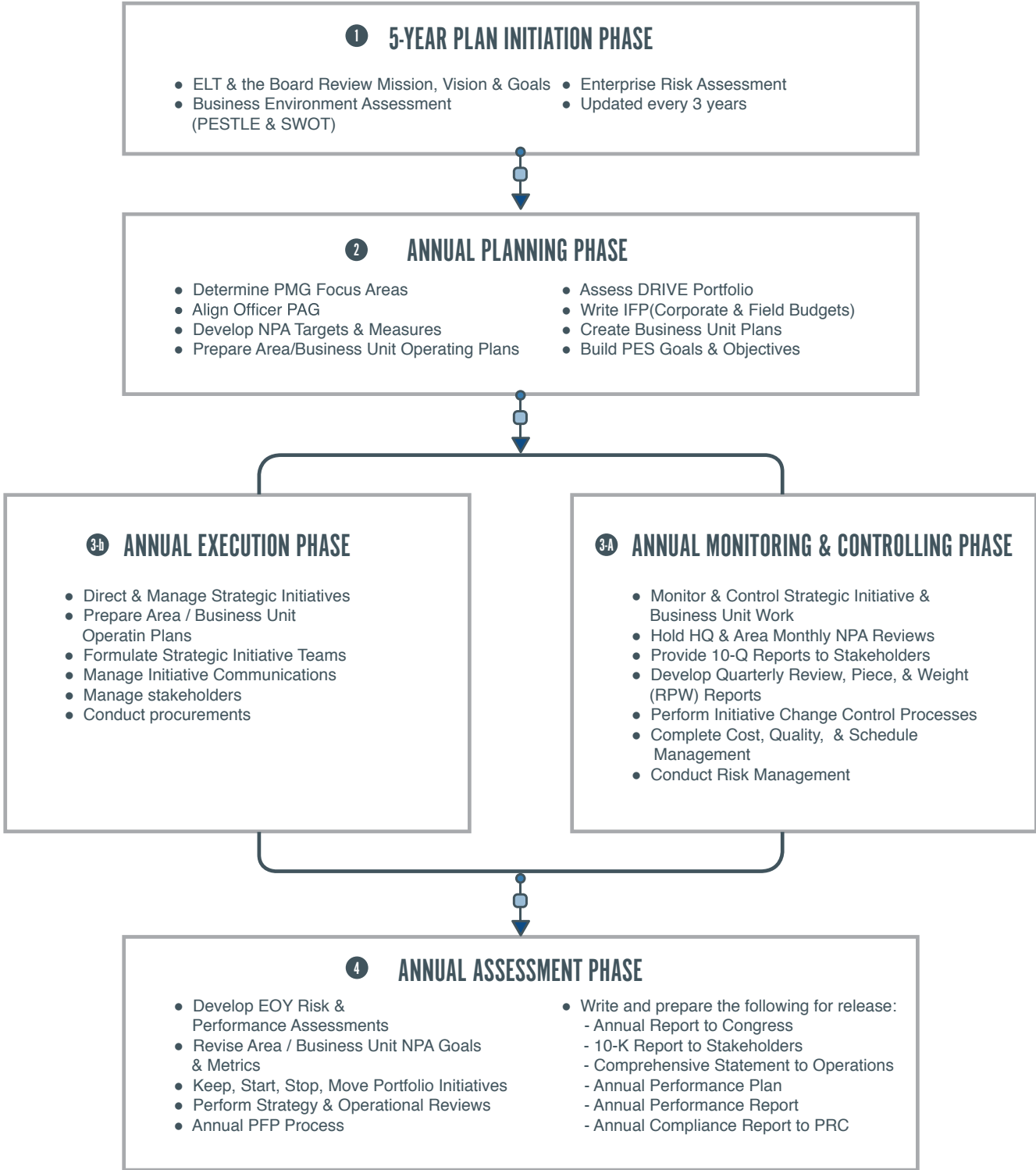
Overview

The National Performance Assessment (NPA) is a program performance methodology that aligns the U.S. Postal Service corporate goals and objectives with performance measures and outcomes as reflected in our Pay-for-Performance (PFP) system. Activities and efforts that support NPA and PFP include the collection of performance-related metrics and data (such as retail revenue and on-time express mail delivery rates) from source systems across the organization. These data are then translated into web-based scorecards that can be used to monitor the performance of both the entire enterprise and individual units across the nation. NPA is a standalone program that supports both PFP and the Performance Evaluation System.

Alongside the NPA/PFP methods and systems for annual enterprise-wide performance management, we have a multi-year the U.S. Postal Service enterprise strategic planning process. This process—which is based upon various world-class methodologies such as Project Management Body of Knowledge (PMBOK)[®]—integrates the Postmaster General’s strategic areas of focus with annual and multi-year strategic initiatives across the organization.

Enterprise Strategic Planning Process

Figure 2. USPS Enterprise Strategic Planning Process



The enterprise strategic planning process begins with a review of the U.S. Postal Service mission, vision, and goals by both the Executive Leadership Team (ELT) and the Board of Governors (the Board). This phase includes assessments of the Postal Service’s business environment and major enterprise risks. Every three years the U.S. Postal Service also conducts a review

and update of our Five-Year Strategic Plan.

On an annual basis, the U.S. Postal Service conducts a complex set of enterprise-wide activities regarding the planning, executing, monitoring, and controlling phases of the U.S. Postal Service strategic efforts, as well as an end-of-year assessment of our performance.

THESE ANNUAL ACTIVITIES INCLUDE:

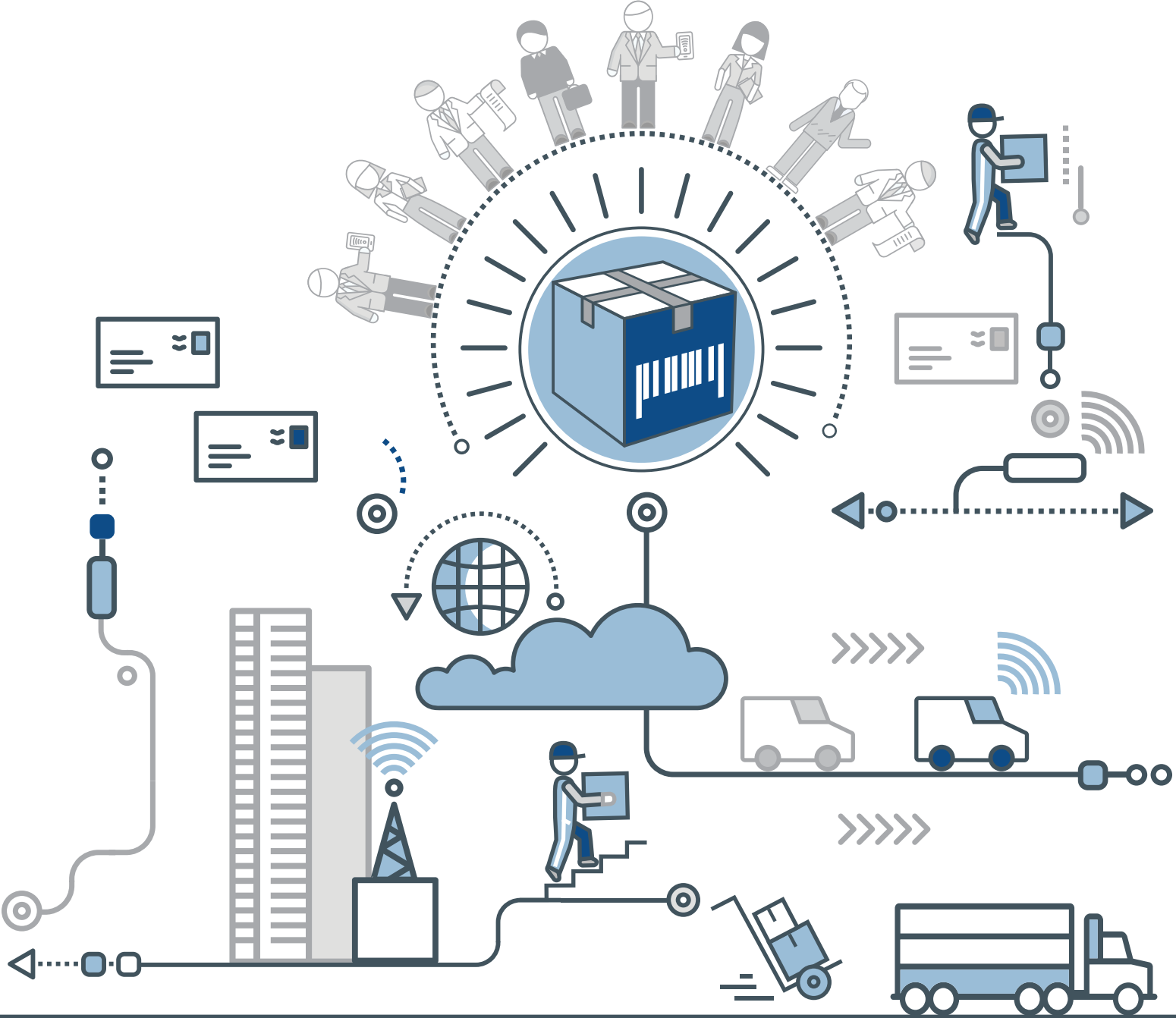
- 1 Developing and aligning the Officer Performance and Accountability Goal annual targets.
- 2 Developing and aligning of NPA measures and targets.
- 3 Preparing area and business unit operating plans.
- 4 Assessing and modifying the current portfolio of strategic initiatives.
- 5 Formulating the Integrated Financial Plan (IFP).
- 6 Developing goals and objectives by individual employees prior to their input and tracking in the Performance Evaluation System.

Further activities involving the executing, monitoring, and controlling phases include program and project activities for both area and business unit operating plans and strategic initiatives. The Postal Service publicly releases quarterly performance reports via our Form 10-Q and RPW reports to provide public insight into our progress throughout the year. Internally the organization conducts portfolio, program, and project-level reviews on a daily, weekly, and monthly basis.

At the end of each fiscal year, the Postal Service conducts annual assessments of our performance,

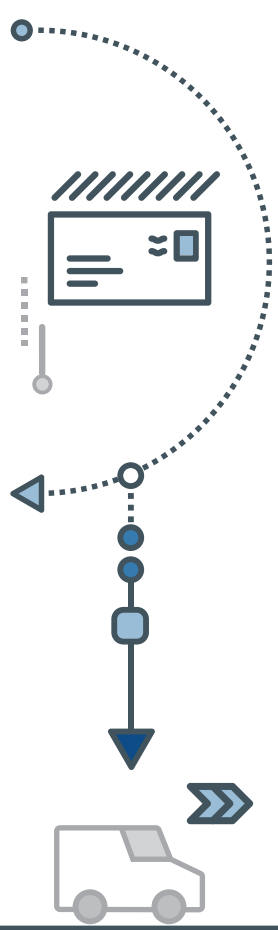
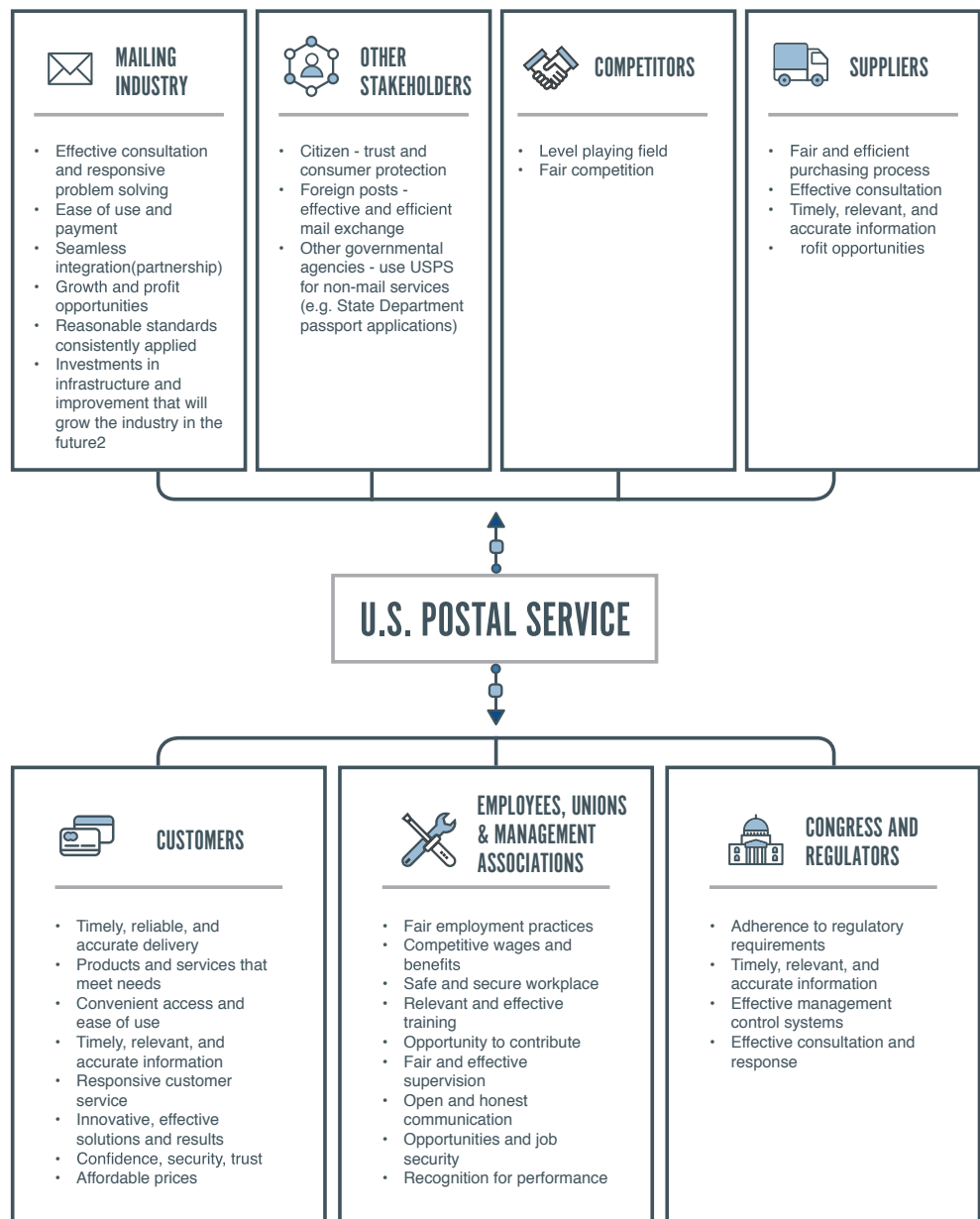
reports this publicly through the “Annual Performance Report” required by USC 39 Section 2803 (describing the last fiscal year NPA performance), and issues refined NPA metrics and numeric targets for each NPA metric in our “Annual Performance Plan” (for the next fiscal year). These two reports are included in our “Annual Report to Congress”. In addition, we produce a detailed report of our annual financial performance via our annual Form 10-K report and submit to the PRC a comprehensive “Annual Compliance Report.”

POSTAL STRATEGIC PLANNING
**STAKEHOLDER OUTREACH
EFFORTS**



We develop our strategic plan, and the associated goals, objectives, performance indicators, and targets, in a process that relies heavily on participation by postal stakeholders. The U.S. Postal Service attempts to balance competing demands by effectively addressing the key requirements of stakeholders. In order to effectively reach the stakeholder community the Postal Service has attempted to map out an all-inclusive list of key stakeholders:

Figure 3. USPS Stakeholder Outreach Efforts



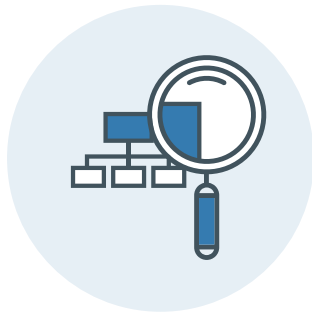
The Postal Service devotes a significant amount of resources to determine the requirements of each stakeholder group, work out reasonable compromises

among the various groups, and assess the effectiveness of postal programs.

THE METHODS EMPLOYED INCLUDE:



Surveys



Focus groups



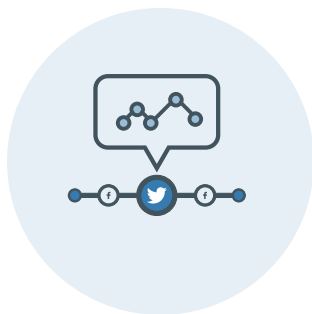
Market research studies



Complaint analysis



Consultant studies



Media tracking and analysis



Working groups and industry task forces



Oversight hearings and testimony

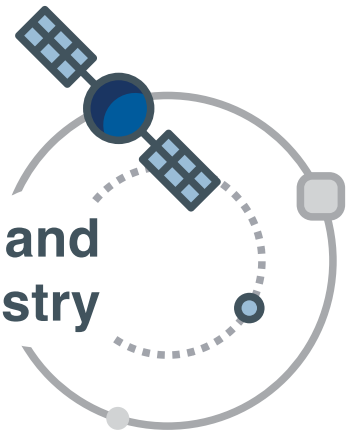


Participation in public policy and industry conferences



Meetings with customers, employees, union and management associations, suppliers, and the public

Collaborating and Communicating with Industry



The input and feedback of our industry partners are essential as we introduce new products and services. The Postal Service will continue working closely with our mailing industry partners because their success is also the Postal Service's success.

National Postal Forum — Since 1968, the National Postal Forum (NPF) has been the leading mailing industry conference, bringing together the Postal Service and our major customers. The goal of the NPF, a not-for-profit educational corporation, is to bring industry professionals together to interact with Postal Service management and learn about existing and future the U.S. Postal Service products and services.


The four-day NPF annually showcases the latest in technology and innovation, providing a unique opportunity for mailers to network with each other as well as talk to potential vendors and suppliers. It also features educational workshops on topics ranging from marketing to operations through general sessions with senior postal leadership, certification courses, focus group sessions, and other activities. The Postal Service briefs attendees on how it is collaborating with industry to develop and deliver solutions to service issues and share the latest information on logistics and operations. The Postal Service will continue to leverage NPF to help strengthen the relationship between the mailing and shipping industries.

Mailers' Technical Advisory Committee — The Postmaster General's Mailers' Technical Advisory Committee (MTAC) is another venue for the Postal Service to share technical information with mailers

and to receive advice and recommendations from them on matters concerning postal products and services. MTAC is comprised of nearly 175 executives and sponsors who represent over 50 associations. For over 50 years, MTAC has successfully collaborated with the Postal Service and industry on issues ranging from barcoding improvements to implementing drop shipping changes to modifying business mail entry processes.

To better serve the mailing community, MTAC is organized into four key focus areas: mailing preparation and entry; visibility/service performance; product development and payment; and acceptance. The Postal Service will continue to work with MTAC on these areas to focus on customers' specific needs, which further supports the mission of providing exceptional customer service.

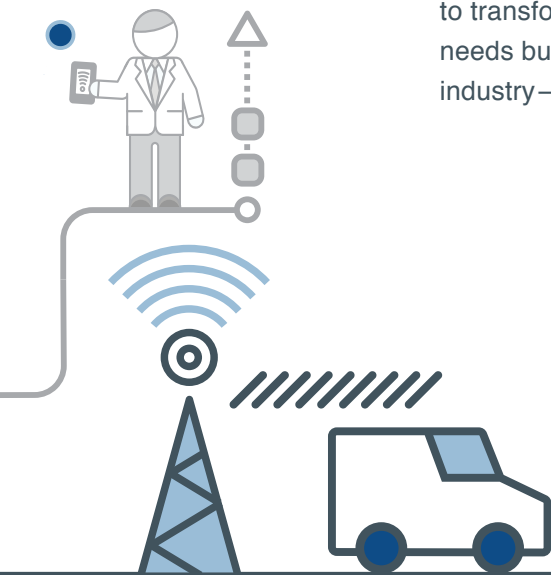
Postal Customer Councils — Postal Customer Councils (PCCs) consist of Postal Service leaders and business mailers who work together at the local level to promote the value of mail, address mailing concerns, and exchange ideas. The goal is to maximize the benefits of the U.S. Postal Service products, programs, services, and procedures. Through regular meetings, educational programs, and seminars, PCC members learn about the latest Postal Service products and services that will help them grow their businesses. There are more than 155 PCCs nationwide. Each year the importance of PCCs and their contributions to the success of the Postal Service are celebrated during National PCC Week.



The Postal Service remains committed to our fundamental mission to provide timely, reliable, secure, and affordable mail delivery to all households.

This mission is critical to our economic progress in the 21st century. With an eye to external factors beyond our control in current and future business environments, we are wholly focused on the expectations and experiences of our current and future customers. We will equip our employees with the knowledge, tools, and resources they need to feel empowered in their day-to-day activities and customer interactions, enabling them to feel ownership over what they do through engagement. We will continue to improve service through the application of innovative technologies, effective management of performance, and improvements in operational processes—we will innovate faster to deliver value to our customers and the communities we serve. Finally, we will be strategic in our investments, investing in the right people, processes, and technologies at the right time for maximized effectiveness.

Deeper partnerships with customers, suppliers, and the mailing industry will improve the quality of mail and service delivery. In addition, the Postal Service will continue to develop pricing incentives and invest in platforms that reinforce efficiency and service improvement. Our mission is an important one—exemplified by more than 240 years of service to the American people. We strive to continue to transform the Postal Service to not merely adapt to ever-changing customer needs but to anticipate, prepare for, and implement solutions as a leader in the industry—Future Ready.



SELECTED LINKS TO

Learn More or Provide Feedback

United States Code Title 39, Chapter 28, <https://www.gpo.gov/fdsys/pkg/USCODE-2014-title39/pdf/USCODE-2014-title39-partIII-chap28-sec2802.pdf> and <https://www.gpo.gov/fdsys/pkg/USCODE-2014-title39/pdf/USCODE-2014-title39-partIII-chap28-sec2805.pdf>, [sections regarding Strategic Planning & Performance Management]

United States Postal Service 2015 Annual Report to Congress, <http://about.usps.com/who-we-are/financials/annual-reports/fy2015/welcome.htm>

United States Postal Service Fiscal Year 2016 Integrated Financial Plan, <http://about.usps.com/who-we-are/financials/integrated-financial-plans/fy2016.pdf>

United States Postal Service Final Revenue, Pieces, & Weight by Classes of Mail & Special Services Report (RPW) for Fiscal Year 2015, <http://about.usps.com/who-we-are/financials/revenue-pieces-weight-reports/fy2015.csv>

United States Postal Service Form 10-K, <http://about.usps.com/who-we-are/financials/10k-reports/fy2015.doc>

Stakeholders are invited to provide comments or direct questions about this plan to Office of Strategic Planning at StrategicPlanning@usps.gov.

THE U.S. POSTAL SERVICE

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