

**REMARKS OF
JOHN E. POTTER
POSTMASTER GENERAL/CEO
MEETING OF THE BOARD OF GOVERNORS
WASHINGTON DC**

MAY 7, 2008

Good morning, Mr. Chairman, and members of the Board.

Let me add my congratulations to Julie Moore on being named the new Secretary of the Board. She brings a wealth of experience to her position. I've worked with her in many capacities and I know she'll be an asset to the Governors, and to the Board, as we adapt to meet the requirements of the new Postal Law.

As Julie begins her new assignment, I've asked Mitzi Betman to serve as Acting Vice President of Public Affairs and Communications. Mitzi's strong background in operations, marketing, and consumer affairs will serve us well as she directs our internal and external communication efforts.

Now, let me turn to the reason we exist – Service. Our employees have continued to raise the bar by taking already record-setting performance to new levels – including our fourth consecutive quarter of 96 percent on-time delivery for overnight First-Class Mail. Overnight, two- and three-day First Class Mail service is the highest ever achieved in quarter two. Our employees have done an outstanding job. I am particularly proud of the strong and steady service improvements we've seen in Chicago over the last year, with impressive gains in all three delivery categories. Vice President and Consumer Advocate Delores Killete will have a full service report later in the meeting.

As I've mentioned over the last several months, the economic slowdown has been having a pronounced effect on the Postal Service. Weaknesses in the credit and housing markets, combined with declining levels of consumer confidence and spending, have resulted in significant declines in mail volume this fiscal year. Total volume was off by 3.3 percent during quarter two, contributing to a loss of more than 700 million dollars, despite aggressive cost-cutting efforts. But, as the results indicate, we have been extremely careful to protect service in the face of a difficult financial situation. You'll be hearing more about our finances from Chief Financial Officer and Executive Vice President Glen Walker.

We've been very clear about the fact that cost-cutting, by itself, won't be enough for financial success. We have to grow revenue, too. That's just as important. And the pricing flexibilities of the new postal law provide some tremendous opportunities for our shipping services. They represent a whole new approach to pricing and they couldn't have come at a better time.

Market based pricing will make our package offerings more attractive than ever – great timing, given that customers are more focused on price than ever. And our service is up there with the best. But there is one major reason to use the Postal Service for packages – convenience. That's because nobody offers more access or better access than the Postal Service.

When prices change on Monday, shippers can take advantage of special volume pricing and rebates. We're also offering attractive online and corporate payment options. And we expanded our Express Mail overnight network and switched it to zone-based pricing. That means better value for nearby locations and, for some weights, a price advantage whatever the distance.

One price that isn't changing is Package Pickup along the carrier's regular delivery route – that's still free. And if anyone's expecting surcharges, they must be confusing the Postal Service with some of those other carriers.

Our household customers also know a great buy when they see one. They've stocked up with more than six billion Forever stamps. The price of a stamp may go up a penny next week, but if you buy your Forever stamps before then, they'll be good whatever the First-Class price – and they'll be good forever.

We'll be telling customers more about our new pricing at the National Postal Forum. It's being held in Anaheim, California from May 18 through the 21st.

There's another important day on our calendar this weekend. This Saturday is the nation's largest one-day food drive. Letter carriers across the country will collect 70 million pounds of food in 10,000 communities from coast to coast. This year's drive is especially critical. Rising food prices have created a real economic squeeze for 30 million Americans, including 12 million children, who are at risk of hunger. So we're asking our customers to give generously by leaving nonperishable food items near their mailboxes.

Our employees have also done a great job of making safety a part of our culture at the Postal Service. Workplace accidents are down by about 50 percent over the last five years. And we've continuing that trend. So far this year, we've seen a 12 percent reduction compared to 2007 – that's twenty-five hundred fewer accidents.

We're working to take our safety message one step further. As we get closer to the end of the school year, this is a great time to remind every driver and every child to be extra careful on their neighborhood streets. To help do that, we're distributing special public service announcements that we developed with the National Association of Letter Carriers and the National Rural Letter Carriers' Association.

My thanks to Nick Sucich and his USPS-TV team who put them together.

Mr. Chairman, that concludes my remarks.

#