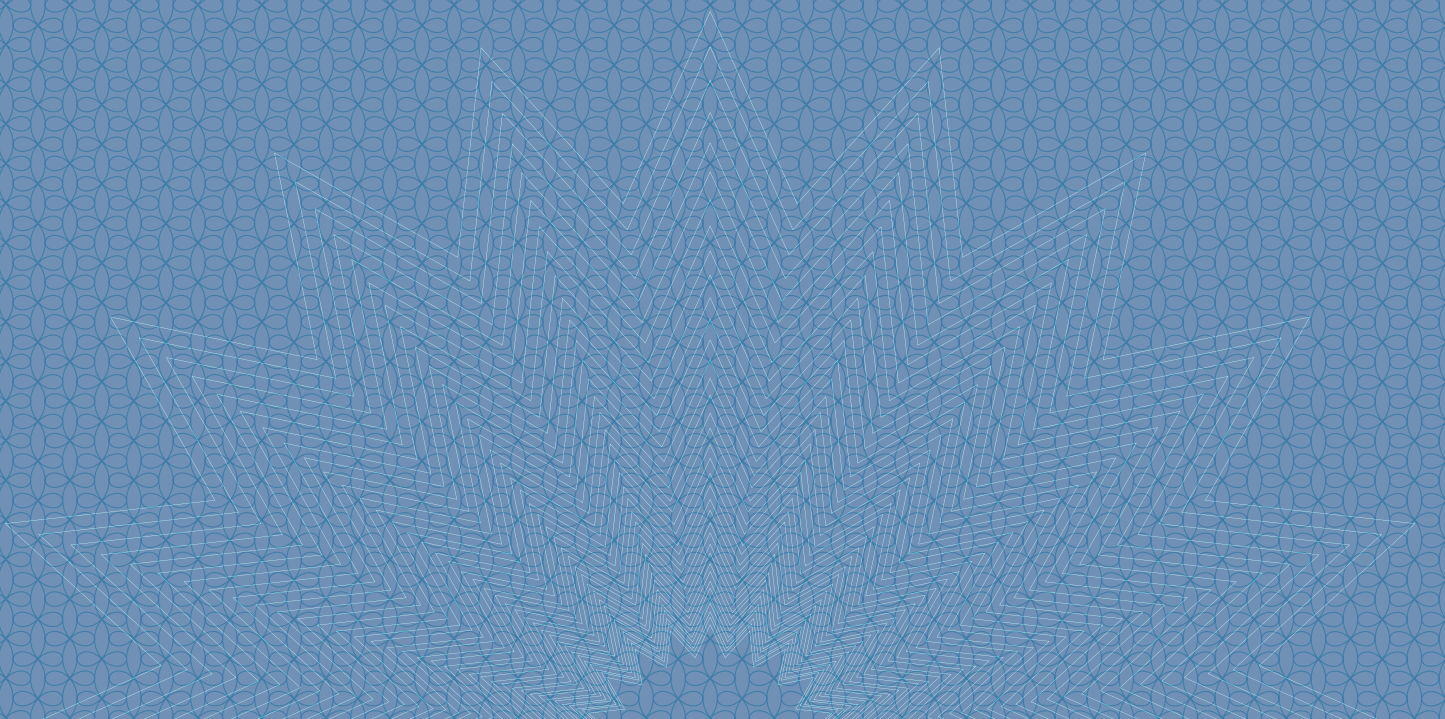




# PERFORMANCE SECTION



# INTRODUCTION TO PERFORMANCE

The Performance Section presents, by goals and objectives, detailed information on the performance results of the Federal Trade Commission's (FTC) programs. This section also includes: a discussion of strategies and factors affecting performance, a summary of methods used to verify and validate performance data, trend data, performance targets, and resources utilized data for Goal 1 and Goal 2. Since Goal 3 applies to overall performance across the agency, the resources utilized for Goal 3 are distributed to Goal 1 and Goal 2. Generally, this section would also contain the results of program evaluations; however, the agency did not undergo any significant program evaluations in FY 2010. For a summary of the agency's mission summary and a description of the organizational structure, see the Management's Discussion and Analysis Section.

The goals, objectives, and performance measures reported in this PAR are based on the agency's strategic plan, which was updated last year. Revisions and re-sequencing became effective at the start of FY 2010. A primary aim of the update was to identify additional outcome-oriented performance measures that describe the intended result of carrying out programs and activities. For example, Key Measure 1.2.1 was added to track the percentage of all cases filed by the FTC that were successfully resolved through litigation, a settlement, or issuance of a default judgment. Other changes resulting from the update include adding two new objectives with supporting performance measures to capture the agency's international work and establishing a new third goal to capture the agency's mission support functions. In total, 26 new performance measures were added. Since FY 2010 is the first year actuals are collected and reported for these new measures, prior year data is not available. This is indicated as N/A in the performance tables that follow. The new measures support the new framework and provide a better gauge of the agency's effectiveness. The performance measures that were replaced are listed in Appendix B.

## Relationship of Outputs to Outcomes

The FTC continuously reviews its performance framework and focuses on tracking and reporting the most appropriate and meaningful outcome measures to show effectiveness, efficiency, and results. For example, outcome-based Performance Measures 2.1.2 and 2.1.5 estimate the millions of dollars in consumer savings that result from merger and nonmerger actions taken to maintain competition.

The FTC, however, has not developed outcome measures in all cases, and uses input and output measures that either support outcomes, lead to outcomes, or otherwise provide valuable indicators of how the FTC is progressing toward achieving its strategic goals and objectives. Under the consumer protection goal, for example, Performance Measure 1.1.1 counts consumer complaints and inquiries added to the FTC's database, and Performance Measure 1.1.2 indicates the percentage of the agency's consumer protection law enforcement actions that targeted the subject of consumer complaints. While these measures are not outcome-oriented, they bring the FTC closer to determining its role in the ultimate desired outcome of a marketplace free of unfair practices that cause consumer injury and free of fraud and deception. In the future, the agency will begin efforts to identify or test new practices where performance data collected shows an improvement in our performance outcomes.

## Verification and Validation of Performance Data

The financial data and performance results described in this report enable the FTC to administer its programs, gauge their success, and make adjustments necessary to improve program quality for the public. The Message from the Chairman on p. IV provides that the FTC's financial and performance data presented in this report are complete, reliable, and accurate. The following steps outline how the agency ensured the performance information it reports is complete, accurate, and consistent:

- Completed an independent review of the internal controls over the data collection and reporting of performance measures to ensure reporting entities had documented adequate procedures and checks and balances in the reporting process.
- Developed policy and documented the procedures used to ensure timely reporting of complete, accurate, and reliable actual results relative to the key performance measures.
- Held program managers accountable to set meaningful and realistic targets that also challenge the agency to leverage its resources. This includes ensuring ongoing monitoring of performance targets so they are updated to reflect changes in key factors that impact the agency’s ability to achieve such results. Further, when appropriate, program managers are required to explain how they will improve performance when targets are not met.
- Subjected performance measurement results to periodic senior management and Commission review throughout the fiscal year. This process includes substantiating that actual results reported are indeed correct whenever those results reveal significant discrepancies or variances from the target.

Agency program managers also monitor and maintain automated systems and databases that collect, track, and store performance data, with support provided by the FTC’s Information and Technology Management Office. In addition to the general controls in place over the network that ensure only authorized staff can access key systems, each application (system)—such as the Consumer Sentinel Network—incorporates internal validation edits to ensure the accuracy of data contained therein. These application edits include checks for reasonableness, consistency, and accuracy. Crosschecks between other internal automated systems also provide assurances of data reasonableness and consistency. In addition to internal monitoring of each system, experts outside of the business units (e.g., the Bureaus of Consumer Protection and Competition) routinely monitor the data collection. For example, senior economists from the Bureau of Economics review statistical data used by the Bureau of Competition to calculate performance results. Finally, in addition to the items described above, with the update of its Strategic Plan, which became effective FY 2010, the FTC reassessed, and will monitor, the validation procedures to ensure that changes to or addition of performance measures are properly recorded and accurately reported.

The Financial Management Office is responsible for providing direction and support on data collection methodology and analysis, ensuring that data quality checks are in place, and accurately reporting performance management data. Within the Performance Section, the FTC has identified the data sources for each performance measure.


**LEGEND FOR UPCOMING PERFORMANCE SECTION TABLES**

✓	Signifies that the target is met or exceeded
✗	Signifies that the target is not met


## Performance Measure Summary Tables

The tables that follow capture FY 2010 targeted performance compared to actual results and units of measure.

### STRATEGIC GOAL 1: PROTECT CONSUMERS

Objective 1.1 Identify fraud, deception, and unfair practices that cause the greatest consumer injury		
<b>Performance Measure 1.1.1</b> Complaints and inquiries collected and entered into the Consumer Sentinel Network database.	<b>Target</b>	2.5 million complaints and inquiries
	<b>Actual</b>	3.1 million complaints and inquiries ✓
 <b>Key Measure 1.1.2</b> The percentage of the FTC's consumer protection law enforcement actions that target the subject of consumer complaints to the FTC.	<b>Target</b>	65.0% of actions
	<b>Actual</b>	95.9% of actions ✓
<b>Performance Measure 1.1.3</b> The rate of customer satisfaction with the FTC's Consumer Response Center.	<b>Target</b>	See (A) and (B) below
	<b>Actual</b>	(A) Exceeded ✓ (B) Met ✓
<p><i>Target: (A) For the website, exceed average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index</i></p> <p><i>(B) For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee</i></p>		


**Objective 1.2: Stop fraud, deception, unfairness, and other unlawful practices through law enforcement**

 <b>Key Measure 1.2.1</b> The percentage of all cases filed by the FTC that were successfully resolved through litigation, a settlement, or issuance of a default judgment.	<b>Target</b>	75.0–85.0% of cases
	<b>Actual</b>	99.2% of cases ✓
<b>Performance Measure 1.2.2</b> The FTC's effectiveness in stopping prohibited business practices in three high priority areas over the next five years.	<b>Target</b>	Statistically significant decrease in the prevalence of the practice.
	<b>Actual</b>	N/A
<b>Performance Measure 1.2.3</b> The percentage of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within six months.	<b>Target</b>	90.0% of cases
	<b>Actual</b>	96.0% of cases ✓
<b>Performance Measure 1.2.4</b> Investigations or cases in which the FTC obtains foreign-based evidence or engages in mutual assistance that contributes to FTC law enforcement actions, or in which we cooperate with foreign agencies and/or multilateral organizations.	<b>Target</b>	30 investigations or cases
	<b>Actual</b>	39 investigations or cases ✓


**Objective 1.3: Prevent consumer injury through education**

<b>Performance Measure 1.3.1</b> Consumer protection messages accessed online or in print.	<b>Target</b>	50 million messages
	<b>Actual</b>	43.9 million messages ✗
 <b>Key Measure 1.3.2</b> Customer satisfaction rate with an FTC consumer education website or microsite.	<b>Target</b>	Exceed average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index
	<b>Actual</b>	Exceeded ✓
<b>Performance Measure 1.3.3</b> Organizations requesting consumer education publications.	<b>Target</b>	11,000 organizations
	<b>Actual</b>	15,372 organizations ✓

**Objective 1.4: Enhance consumer protection through research, reports, rulemaking, and advocacy**

<p><b>Performance Measure 1.4.1</b> Workshops and conferences convened or cosponsored that address consumer protection problems.</p>	<b>Target</b>	6 workshops and conferences
	<b>Actual</b>	11 workshops and conferences ✓
<p><b>Performance Measure 1.4.2</b> Advocacy comments and <i>amicus</i> briefs on consumer protection issues filed with entities including federal and state legislatures, agencies, or courts.</p>	<b>Target</b>	6 comments and briefs
	<b>Actual</b>	6 comments and briefs ✓
<p><b>Performance Measure 1.4.3</b> The percentage of respondents finding the FTC’s advocacy comments and <i>amicus</i> briefs “useful.”</p>	<b>Target</b>	50.0% of respondents
	<b>Actual</b>	100.0% of respondents ✓
<p> <b>Key Measure 1.4.4</b> The percentage of proposed Administrative Procedure Act (APA) rulemakings, conducted solely by the FTC, completed within nine months of receipt of final comments in the Final Notice of Proposed Rulemaking.</p>	<b>Target</b>	75.0% of rulemakings
	<b>Actual</b>	100.0% of rulemakings ✓

**Objective 1.5: Protect American consumers in the global marketplace by providing sound policy and technical input to foreign governments and international organizations to promote sound consumer policy**

<p> <b>Key Measure 1.5.1</b> Policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.</p>	<b>Target</b>	40 policy inputs
	<b>Actual</b>	64 policy inputs ✓
<p><b>Performance Measure 1.5.2</b> Technical assistance to foreign consumer protection and privacy authorities.</p>	<b>Target</b>	8 technical assistance missions or international Fellows hosted
	<b>Actual</b>	23 technical assistance missions or international Fellows hosted ✓




## STRATEGIC GOAL 2: MAINTAIN COMPETITION




Objective 2.1: Take action against anticompetitive mergers and practices that may cause significant consumer injury		
<b>Key Measure 2.1.1</b> Actions to maintain competition, including litigated victories, consent orders, abandoned transaction remedies, restructured transaction remedies, or fix-it-first transaction remedies in a significant percentage of substantial merger and nonmerger investigations.	<b>Target</b>	40.0–60.0% of substantial investigations
	<b>Actual</b>	39.0% of substantial investigations ✘
<b>Performance Measure 2.1.2</b> Consumer savings of at least \$500 million through merger actions to maintain competition.	<b>Target</b>	\$500.0 million
	<b>Actual</b>	\$586.0 million ✔
<b>Performance Measure 2.1.3</b> Actions against mergers likely to harm competition in markets with a total of at least \$25 billion in sales.	<b>Target</b>	\$25.0 billion
	<b>Actual</b>	\$22.5 billion ✘
<b>Performance Measure 2.1.4</b> Consumer savings of at least six times the amount of FTC resources allocated to merger program. (Efficiency Measure)	<b>Target</b>	600.0%
	<b>Actual</b>	1,670.0% ✔
<b>Performance Measure 2.1.5</b> Consumer savings of at least \$80 million through nonmerger actions taken to maintain competition.	<b>Target</b>	\$80.0 million
	<b>Actual</b>	\$508.0 million ✔
<b>Performance Measure 2.1.6</b> Actions against anticompetitive conduct in markets with a total of at least \$8 billion in annual sales.	<b>Target</b>	\$8.0 billion
	<b>Actual</b>	\$11.7 billion ✔
<b>Performance Measure 2.1.7</b> Consumer savings of at least four times the amount of FTC resources allocated to nonmerger program over a five-year period. (Efficiency Measure)	<b>Target</b>	400.0%
	<b>Actual</b>	2,418.0% ✔
<b>Performance Measure 2.1.8</b> The percentage of cases in which the FTC had at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.	<b>Target</b>	90.0% of cases
	<b>Actual</b>	100.0% ✔



**Objective 2.2: Prevent consumer injury through education**


 <b>Key Measure 2.2.1</b> Competition resources accessed via the FTC’s website.	<b>Target</b>	10.0 million hits
	<b>Actual</b>	21.5 million hits ✓

**Objective 2.3: Enhance consumer benefit through research, reports, and advocacy**

 <b>Key Measure 2.3.1</b> Workshops, seminars, conferences, and hearings convened or cosponsored that involve significant competition-related issues.	<b>Target</b>	4 workshops, seminars, conferences, and hearings
	<b>Actual</b>	6 workshops, seminars, conferences, and hearings ✓
 <b>Key Measure 2.3.2</b> Reports and studies issued on key competition-related topics.	<b>Target</b>	8 reports and studies
	<b>Actual</b>	9 reports and studies ✓
 <b>Key Measure 2.3.3</b> Advocacy comments and <i>amicus</i> briefs on competition issues filed with entities including federal and state legislatures, agencies or courts.	<b>Target</b>	6 comments and briefs
	<b>Actual</b>	17 comments and briefs ✓
<b>Performance Measure 2.3.4</b> The percentage of respondents finding the FTC’s advocacy comments and <i>amicus</i> briefs “useful.”	<b>Target</b>	50.0% of respondents
	<b>Actual</b>	100.0% of respondents ✓
<b>Performance Measure 2.3.5</b> The volume of traffic on <a href="http://www.ftc.gov">www.ftc.gov</a> relating to competition research, reports, and advocacy.	<b>Target</b>	1.7 million hits
	<b>Actual</b>	2.2 million hits ✓




**Objective 2.4: Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy**



 <b>Key Measure 2.4.1</b> Policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.	<b>Target</b>	40 policy inputs
	<b>Actual</b>	76 policy inputs ✓
<b>Performance Measure 2.4.2</b> Technical assistance provided to foreign competition authorities.	<b>Target</b>	10 technical assistance missions or international Fellows hosted
	<b>Actual</b>	60 technical assistance missions or international Fellows hosted ✓

**STRATEGIC GOAL 3: ADVANCE PERFORMANCE**


**Objective 3.1: Provide effective human resources management**

<b>Performance Measure 3.1.1</b> The extent employees believe their organizational culture promotes improvement in processes, products and services, and organizational outcomes.	<b>Target</b>	Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index
	<b>Actual</b>	Exceeded ✓
 <b>Key Measure 3.1.2</b> The extent employees think the organization has the talent necessary to achieve organizational goals.	<b>Target</b>	Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index
	<b>Actual</b>	Exceeded ✓


**Objective 3.2: Provide effective infrastructure and security management**

 <b>Key Measure 3.2.1</b> A favorable Continuity of Operations (COOP) rating.	<b>Target</b>	75.0% rating
	<b>Actual</b>	85.0% rating ✓
 <b>Key Measure 3.2.2</b> Availability of information technology systems.	<b>Target</b>	98.00% system availability
	<b>Actual</b>	99.86% system availability ✓

**Objective 3.3: Provide effective information resources management**

 <b>Key Measure 3.3.1</b> The percentage of Commission-approved documents in ongoing and newly initiated FTC proceedings available via the Internet within 15 days of becoming part of the public record.	<b>Target</b>	75.0% of documents
	<b>Actual</b>	93.8% of documents ✓

**Objective 3.4: Provide effective financial and acquisition management**

<b>Performance Measure 3.4.1</b> Independent auditor's financial statement audit results.	<b>Target</b>	Unqualified opinion on the financial statements
	<b>Actual</b>	Unqualified opinion ✓
 <b>Key Measure 3.4.2</b> The percentage of Bureaus/Offices that establish and maintain an effective, risk-based internal control environment.	<b>Target</b>	100.0% of Bureaus/Offices
	<b>Actual</b>	100.0% of Bureaus/Offices ✓
<b>Performance Measure 3.4.3</b> Performance against the Small Business Administration's government-wide small business procurement goals.	<b>Target</b>	23.0% of total small business eligible dollars
	<b>Actual</b>	58.9% of total small business eligible dollars ✓

# STRATEGIC GOAL 1: PROTECT CONSUMERS

Prevent fraud, deception, and unfair business practices in the marketplace.

## I. Strategic View

As the nation's premier consumer protection agency, the FTC strives to protect consumers by preventing fraud, deception, and unfair business practices in the marketplace. The agency applies five related objectives to achieve this over a wide range of consumer protection issues.

### **OBJECTIVE 1.1: IDENTIFY FRAUD, DECEPTION, AND UNFAIR PRACTICES THAT CAUSE THE GREATEST CONSUMER INJURY.**

The FTC identifies practices that cause consumer injury by analyzing the consumer complaint data collected in its Consumer Sentinel Network database, holding public discussions, and monitoring the marketplace.

Objective 1.2: Stop fraud, deception, unfairness, and other unlawful practices through law enforcement.

The FTC uses information gathered under Objective 1.1 to target its law enforcement efforts. Its law enforcement program aims to stop and deter fraud and deception, protect consumers' privacy, increase compliance with its consumer protection statutes and rules, and return funds to harmed consumers.

### **OBJECTIVE 1.2: STOP FRAUD, DECEPTION, UNFAIRNESS, AND OTHER UNLAWFUL PRACTICES THROUGH LAW ENFORCEMENT.**

The FTC uses information gathered under Objective 1.1 to target its law enforcement efforts. Its law enforcement program aims to stop and deter fraud and deception, protect consumers' privacy, increase compliance with its consumer protection statutes and rules, and return funds to harmed consumers.

### **OBJECTIVE 1.3: PREVENT CONSUMER INJURY THROUGH EDUCATION.**

The FTC targets its education efforts to give consumers the information they need to protect themselves from injury and to explain to businesses how to comply with applicable laws.

### **OBJECTIVE 1.4: ENHANCE CONSUMER PROTECTION THROUGH RESEARCH, REPORTS, RULEMAKING, AND ADVOCACY.**

The FTC complements its law enforcement and education efforts by gathering, analyzing, and making public certain information concerning the nature of business practices in the marketplace.

### **OBJECTIVE 1.5: PROTECT AMERICAN CONSUMERS IN THE GLOBAL MARKETPLACE BY PROVIDING SOUND POLICY AND TECHNICAL INPUT TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS TO PROMOTE SOUND CONSUMER POLICY.**

The FTC works around the globe to address new and emerging consumer protection and privacy challenges and concerns with a broad-based international program that strives to develop a consumer-friendly global marketplace.

## II. Strategic Analysis

### **OBJECTIVE 1.1: IDENTIFY FRAUD, DECEPTION, AND UNFAIR PRACTICES THAT CAUSE THE GREATEST CONSUMER INJURY.**

Identifying the practices that cause the greatest consumer injury is the first step in preventing fraud, deception, and unfair business practices in the marketplace.

### **Our Strategy**

To fulfill its consumer protection goal, the FTC must identify consumer protection problems and trends in the fast-changing, increasingly global marketplace. The agency strives to understand the issues affecting consumers, including any newly emerging methods of fraud or deceit, so that it can target its enforcement, education, and advocacy to those areas where consumers suffer the most harm. The FTC reports this information to other law enforcement authorities and encourages those authorities to assist in its efforts, either independently or jointly. In this way, the FTC can leverage its resources by ensuring multiple "cops on the beat."

To fulfill this objective, the FTC is using new technologies creatively and building on its broad base of private and public sector partners. The agency



## TOP CONSUMER COMPLAINTS IN CALENDAR YEAR 2009

For the 10th year in a row, identity theft is the number one consumer complaint category, accounting for 21 percent of the total number of complaints received between January and December 2009.

RANK	CATEGORY	PERCENT OF TOTAL COMPLAINTS
1	Identity Theft	21%
2	Third Party and Creditor Debt Collection	9%
3	Internet Services	6%
4	Shop-at-Home and Catalog Sales	6%
5	Foreign Money Offers and Counterfeit Check Scams	5%
6	Internet Auction	4%
7	Credit Cards	3%
8	Prizes, Sweepstakes and Lotteries	3%
9	Advance-Fee Loans and Credit Protection/Repair	3%
10	Banks and Lenders	2%
11	Credit Bureaus, Information Furnishers and Report Users	2%
12	Television and Electronic Media	2%
13	Health Care	2%
14	Business Opportunities, Employment Agencies and Work-at-Home Plans	2%
15	Computer Equipment and Software	2%

continues to collect consumer complaint information directly through four principal sources: (1) a toll-free helpline (1-877-FTC-HELP); (2) an identity theft hotline (1-877-ID-THEFT); (3) the National Do Not Call Registry (1-888-382-1222); and (4) the online consumer complaint forms that support each of these efforts, as well as online forms dedicated to complaints from members of the U.S. Armed Forces and to cross-border fraud complaints. In addition, the FTC continues to gather consumer complaint information from other sources, including other law enforcement agencies, Better Business Bureaus, and private entities. The agency makes this and other information accessible through the secure website of the Consumer Sentinel Network (CSN). The more than 13.6 million consumer fraud, identity theft, financial, and Do Not Call (DNC) complaints the agency has collected since September 2005 are accessible to more than 1,900 law enforcement partner agencies worldwide. In FY 2010, the FTC significantly enhanced the CSN by adding its spam database. FTC staff and law enforcement partners now have the ability to search 300 million spam records

collected by the FTC via spam@uce.gov. The agency augments identification of targets from its databases with other strategies for generating enforcement leads, such as ad monitoring, Internet surfs (monitoring the Internet for potentially false or deceptive advertising for a targeted product or service), and direct referrals from government and private sector partners.

## Performance Results

The first performance measure ensures that the agency assimilates a large number of consumer complaints, including complaints about DNC violations. The agency receives these complaints from a variety of sources, including direct consumer complaints to the FTC and complaints received by the FTC's partners. In this manner, the FTC collects robust information to inform its law enforcement efforts. The second measure ensures that FTC law enforcement actions target the subject of concerns identified by consumers. The third measure ensures that the agency's Consumer Response Center is providing satisfactory service responding to consumers.

### PERFORMANCE MEASURE 1.1.1

#### COMPLAINTS AND INQUIRIES COLLECTED AND ENTERED INTO THE CONSUMER SENTINEL NETWORK DATABASE. (NUMBERS SHOWN IN MILLIONS.)

2012	Target	2.7	<p><b>TARGET EXCEEDED.</b></p> <p>In FY 2010, the FTC added 3.1 million entries into its database, 123% of the target of 2.5 million.</p> <p>Since FY 2008, the total has included consumer complaints alleging DNC violations. Due to the extent by which the FTC exceeded this target in FYs 2008 and 2009, the agency reevaluated the target in the 2009 update of the FTC Strategic Plan, significantly increasing the target for FY 2010 and further increasing it for each of the next four years.</p> <p>Data Source: The FTC's Consumer Sentinel Network database.</p>
2011	Target	2.6	
2010	Target	2.5	
	Actual	3.1	
2009	Target	1.8	
	Actual	3.3	
2008	Target	1.8	
	Actual	3.1	
2007	Target	1.0	
	Actual	1.1	
2006	Target	1.0	
	Actual	1.0	

 KEY MEASURE 1.1.2

THE PERCENTAGE OF THE FTC'S CONSUMER PROTECTION LAW ENFORCEMENT ACTIONS THAT TARGET THE SUBJECT OF CONSUMER COMPLAINTS TO THE FTC.

2012	Target	65%	<p><b>TARGET EXCEEDED.</b></p> <p>In FY 2010, 95.9%, or 47 of 49, of the agency's actions targeted the subject of consumer complaints to the FTC. Because the agency augments identification of targets from its databases with other strategies for generating enforcement leads—such as ad monitoring, Internet surfs, and direct referrals from government and private sector partners—the agency has not increased the target for this measure.</p> <p>Data Source: The FTC's Consumer Sentinel Network database.</p>
2011	Target	65%	
2010	Target	65.0%	
	Actual	95.9%	
2009	Target	65.0%	
	Actual	79.0%	
2008	Target	65.0%	
	Actual	71.0%	
2007	Target	50.0%	
	Actual	76.0%	
2006	Target	N/A	
	Actual	N/A	

## PERFORMANCE MEASURE 1.1.3

### THE RATE OF CUSTOMER SATISFACTION WITH THE FTC'S CONSUMER RESPONSE CENTER.

2012	Target	See (A) and (B)	<p><b>TARGET MET.</b></p> <p>In FY 2010, the average citizen satisfaction score for participating federal government websites was 74, and the score for the FTC's website was 75. The standard for call centers was 76, and the FTC's score was 76.</p> <p>Data Source: Reports from the U.S. Department of the Interior's Federal Consulting Group, the executive agent for the American Customer Satisfaction Index, which is produced by the University of Michigan in partnership with the American Society for Quality, ForeSee Results and the CFI Group.</p>
2011	Target	See (A) and (B)	
2010	Target	See (A) and (B)	
	Actual	(A) Exceeded (B) Met	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	
<p>Target: (A) For the website, exceed average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index</p> <p>(B) For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee</p>			

**OBJECTIVE 1.2: STOP FRAUD, DECEPTION, UNFAIRNESS, AND OTHER UNLAWFUL PRACTICES THROUGH LAW ENFORCEMENT.**

Once fraud, deception, and unfair business practices are identified in the marketplace, the FTC focuses its law enforcement efforts on areas where it can have the greatest impact for consumers.

**Our Strategy**

The FTC protects consumers by enforcing Section 5 of the FTC Act, which prohibits unfair or deceptive acts or practices in or affecting commerce, as well as by enforcing an increasing number of statutes and rules proscribing specific unlawful practices. The agency initiates civil cases, primarily by filing actions in federal court, which allege that defendants have violated these laws and rules and seek injunctions and other relief. The Commission also conducts administrative proceedings.

**KEY MEASURE 1.2.1**

**THE PERCENTAGE OF ALL CASES FILED BY THE FTC THAT WERE SUCCESSFULLY RESOLVED THROUGH LITIGATION, A SETTLEMENT, OR ISSUANCE OF A DEFAULT JUDGMENT.**

Year	Target	Actual
2012	Target	75.0-85.0%
2011	Target	75.0-85.0%
2010	<b>Target</b>	<b>75.0-85.0%</b>
	<b>Actual</b>	<b>99.2%</b>
2009	<b>Target</b>	<b>N/A</b>
	<b>Actual</b>	<b>N/A</b>
2008	<b>Target</b>	<b>N/A</b>
	<b>Actual</b>	<b>N/A</b>
2007	<b>Target</b>	<b>N/A</b>
	<b>Actual</b>	<b>N/A</b>
2006	<b>Target</b>	<b>N/A</b>
	<b>Actual</b>	<b>N/A</b>

**TARGET EXCEEDED.**

Of the 130 cases resolved in FY 2010, 129 were successfully resolved and one case was dismissed. At the end of FY 2010, an additional 78 cases had not been resolved, and remained in litigation. While the agency significantly exceeded the target, the target will not be increased. Setting the target too high could have the effect of discouraging the filing of large, difficult, or precedent-setting cases when appropriate, including cases that raise challenging legal and factual issues.

Data Source: LexisNexis CourtLink, the Public Access to Court Electronic Records service, the FTC website, and agency, bureau, division, and regional office reports.

**Performance Results**

The first measure ensures that the FTC successfully resolves cases, though it aims to file large, precedent setting cases when appropriate, including cases that raise challenging legal and factual issues. The second measure ensures the agency’s success in changing business practices within priority areas and demonstrates the change through research methods. The third measure ensures that the FTC returns redress dollars to consumers as quickly as possible. Dollars are considered “designated for distribution” when the FTC is in receipt of all funds, legal issues are resolved, and a usable claimant list is ready. The last measure helps gauge law enforcement efforts from an international perspective, including continuing to use and further develop new powers authorized under the “Undertaking Spam, Spyware, And Fraud Enforcement With Enforcers beyond Borders Act of 2006” (U.S. SAFE WEB Act) to achieve the objective.





## PERFORMANCE MEASURE 1.2.2

THE FTC'S EFFECTIVENESS IN STOPPING PROHIBITED BUSINESS PRACTICES IN THREE HIGH PRIORITY AREAS OVER THE NEXT FIVE YEARS.

2012	Target	Statistically significant decrease in the prevalence of the practice.	<p><b>NOT AVAILABLE.</b></p> <p>Stopping deceptive “green” marketing claims is one of the FTC’s highest priorities, and the first study, addressing bamboo textiles claims, is currently underway. In order to establish a baseline, the FTC identified more than 500 websites marketing bamboo textiles, and from that group developed a representative sample of 70 websites. After charging four sellers of clothing and other textile products with making false claims, the agency re-captured the sample and analyzed the marketing claims. The FTC then sent 78 publically announced letters to companies nationwide, warning that they may be breaking the law. The sample was then captured a third time, and it is currently being analyzed. The final results of the study will be collected and reported in FY 2011.</p> <p>Data Source: Evaluations of the prevalence of prohibited business practices in the targeted areas.</p>
2011	Target	Statistically significant decrease in the prevalence of the practice.	
2010	Target	Statistically significant decrease in the prevalence of the practice.	
	Actual	N/A	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	



### TELEPHONE NUMBERS ON THE NATIONAL DO NOT CALL REGISTRY EXCEED 200 MILLION

The FTC manages the Registry, which continues to protect consumers from receiving unwanted commercial telemarketing calls. It’s fast and free to register a number, and registrations never expire. The Do Not Call Registry empowers consumers to take charge of the commercial telemarketing calls they receive. Consumers can register online at [www.donotcall.gov](http://www.donotcall.gov), or call toll-free 888-382-1222 (TTY 866-290-4236) from the number they wish to register.

## PERFORMANCE MEASURE 1.2.3

THE PERCENTAGE OF REDRESS CASES IN WHICH THE FTC DISTRIBUTES REDRESS DOLLARS DESIGNATED FOR DISTRIBUTION TO CONSUMERS WITHIN SIX MONTHS.

2012	Target	90.0%	<b>TARGET EXCEEDED.</b> In FY 2010, in 24 of 25 cases, or 96%, the FTC distributed redress dollars designated for distribution to consumers within six months.  Data Source: Bureau open redress case status reports.
2011	Target	90.0%	
2010	Target	90.0%	
	Actual	96.0%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	



### “OPERATION BOTTOM DOLLAR”

The FTC Cracks Down on Con Artists Who Target Jobless Americans

In February 2010, the FTC announced “Operation Bottom Dollar,” a multi-agency crackdown on con artists preying on unemployed Americans with job-placement and work-at-home scams, promoting empty promises that they can help people get jobs in the federal government, as movie extras, or as mystery shoppers; or make money working from their homes stuffing envelopes or assembling ornaments.

With the U.S. unemployment rate just under 10 percent, the FTC redoubled its efforts to put a stop to these schemes, which make life even more difficult for hundreds of thousands of Americans already wrestling with the economic downturn. As part of the law enforcement sweep, the FTC filed seven cases against the operators of deceptive and illegal job and money-making scams and announced developments in four previously filed job scam cases.

In addition, the sweep resulted in 43 criminal actions by the Department of Justice, many involving the substantial assistance of the U.S. Postal Inspection Service, as well as one additional civil action by the Postal Inspection Service and 18 actions by state attorneys general. For more information, visit [www.ftc.gov/opa/2010/02/bottomdollar.shtm](http://www.ftc.gov/opa/2010/02/bottomdollar.shtm).

## PERFORMANCE MEASURE 1.2.4

INVESTIGATIONS OR CASES IN WHICH THE FTC OBTAINS FOREIGN-BASED EVIDENCE OR ENGAGES IN MUTUAL ASSISTANCE THAT CONTRIBUTES TO FTC LAW ENFORCEMENT ACTIONS OR IN WHICH WE COOPERATE WITH FOREIGN AGENCIES AND/OR MULTILATERAL ORGANIZATIONS.

2012	Target	30	<p><b>TARGET EXCEEDED.</b></p> <p>The agency will continue to monitor the target of this new measure and will reassess it after additional performance cycles.</p> <p>Data Source: Information on the international activities of the FTC is produced by the agency's Office of International Affairs.</p>
2011	Target	30	
2010	Target	30	
	Actual	39	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	



### “OPERATION HEALTHCARE HUSTLE”

The FTC and Partners Crack Down on Bogus “Medical Discount Plans” Peddled to the Uninsured, Uninsurable, and Unemployed

Operators charged with scamming people who did not have health insurance—the uninsured, unemployed, and uninsurable—were targeted by a federal-state coalition of law enforcement agencies for fraudulently marketing “medical discount plans” as health insurance. The FTC and law enforcers in 24 states filed a total of 54 lawsuits and regulatory actions to stop the deceptive practices.

“With so many Americans struggling to deal with the costs of health care, these medical discount benefit plans sound appealing because they masquerade as health insurance,” said David Vladeck, Director of the FTC’s Bureau of Consumer Protection. “But they are not insurance. They don’t offer the benefits of health insurance, and victims don’t know they’ve been ripped off until after they’ve tried to use the service and paid their bill.”

The FTC filed three cases charging companies with deceptively marketing medical discount plans. For more information, visit [www.ftc.gov/opa/2010/08/hustle1.shtm](http://www.ftc.gov/opa/2010/08/hustle1.shtm).

### OBJECTIVE 1.3: PREVENT CONSUMER INJURY THROUGH EDUCATION.

An educated consumer and business community is a first line of defense against fraud and deception.

#### Our Strategy

Consumer and business education serves as the first line of defense against fraud, deception, and unfair practices. Most of the FTC's law enforcement initiatives include a consumer and/or business education component aimed at preventing consumer injury and unlawful business practices, and mitigating financial losses. From time to time, the agency conducts pre-emptive consumer and business education campaigns

to raise awareness of new or emerging marketplace issues that have the potential to cause harm. The agency creatively uses new technologies and private and public partnerships to reach new and under-served audiences, particularly those who may not seek information directly from the FTC. The FTC will continue to publicize its consumer complaint and identity theft website addresses and toll-free numbers in an ongoing effort to increase public awareness of its activities and inform the public of the ways to contact the FTC to obtain information or file a complaint.

## DEBT COLLECTION CONSUMER RIGHTS

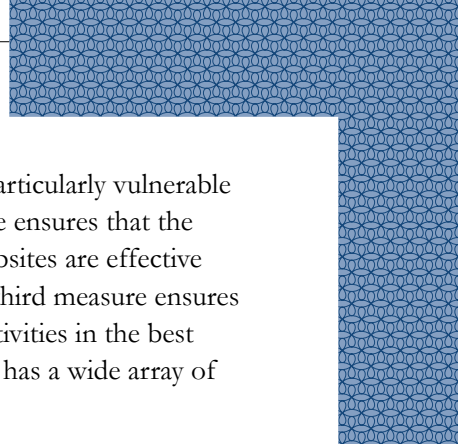


If you are behind in paying your bills, you can expect to hear from a debt collector. A debt collector is someone, other than the creditor, who regularly collects debts owed to someone else. Lawyers who collect debts on a regular basis are considered debt collectors, too.

What you need to know: You have rights. Federal law requires that collectors treat you fairly. In short, that means: A debt collector may contact you in person, by mail, telephone, telegram, or fax, but may not contact you at inconvenient times or places—for example,

before 8 a.m. or after 9 p.m.—unless you agree. A debt collector may not contact you at work if the collector is aware that your employer prohibits it. If an attorney is representing you about the debt, the debt collector must contact the attorney, rather than you. If you don't have an attorney, a collector may contact other people only to find out your address, your phone number, and where you work. A debt collector may not harass, oppress, or abuse you or any third parties they contact about you. A debt collector may not lie or mislead anyone when collecting a debt.

The FTC receives more complaints about the debt collection industry than any other specific industry. (The FTC does not count any identity theft or Do Not Call Registry complaints that may involve debt collection in determining the total number of debt collection complaints.) In its lawsuits challenging illegal debt collection practices, the Commission has obtained tough relief against collectors, including banning some of them from the business and requiring them to pay millions of dollars in penalties. For more information, visit [www.ftc.gov/bcp/edu/microsites/moneymatters/dealing-with-debt-collection.shtml](http://www.ftc.gov/bcp/edu/microsites/moneymatters/dealing-with-debt-collection.shtml).



## Performance Results

Consumer and business education are crucial tools in preventing and reducing consumer harm efficiently and effectively. The first performance measure ensures that the agency is engaging in a sufficient amount of educational activity and that the educational materials

are aimed at new trends and at particularly vulnerable populations. The second measure ensures that the agency’s consumer education websites are effective and helpful for consumers. The third measure ensures that the FTC is publicizing its activities in the best way possible and that the agency has a wide array of partners to leverage resources.

### PERFORMANCE MEASURE 1.3.1

#### CONSUMER PROTECTION MESSAGES ACCESSED ONLINE OR IN PRINT. (NUMBERS SHOWN IN MILLIONS.)

2012	Target	50.0	<p><b>TARGET NOT MET.</b></p> <p>In FY 2010, the FTC accomplished roughly 88% of its target of 50 million messages. Of the more than 43.9 million consumer protection messages accessed, more than 26.4 million were accessed online and nearly 17.5 million were print publications distributed by the FTC.</p> <p>While the number of print publications distributed remained relatively static over the last decade, as more consumers and businesses went online, the number of publications accessed through the Internet soared before leveling off within the past few years. Also, the results underestimate the FTC’s impact. The agency’s partners are increasingly opting to post the FTC’s information on their own websites, and the agency has also increasingly taken advantage of the outreach potential of the “blogosphere.” The FTC is unable to measure the number of its consumer protection messages accessed on partner websites or blogs.</p> <p>Data Source: The agency’s web statistics software (for messages accessed online) and the FTC publication inventory (for messages accessed in print).</p>
2011	Target	50.0	
2010	Target	50.0	
	Actual	43.9	
2009	Target	55.0	
	Actual	43.1	
2008	Target	50.0	
	Actual	49.2	
2007	Target	45.0	
	Actual	47.0	
2006	Target	25.0	
	Actual	53.0	



## HISPANIC OUTREACH

The FTC targeted outreach to Spanish speakers began in 2002, and has led to partnerships with national and community groups, as well as countless media interviews. A quarterly bilingual newsletter is distributed to more than 1,500 local and national Hispanic organizations. [www.ftc.gov/espanol](http://www.ftc.gov/espanol) mirrors [www.ftc.gov](http://www.ftc.gov), and signature websites like OnGuardOnline; Deter, Detect, Defend: Avoid Identity Theft; and Money Matters are also available in Spanish.

 KEY MEASURE 1.3.2

CUSTOMER SATISFACTION RATE WITH AN FTC CONSUMER EDUCATION WEBSITE OR MICROSITE.

2012	Target	<i>Exceed average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index</i>	<p><b>TARGET MET.</b></p> <p>In FY 2010, the FTC evaluated OnGuardOnline.gov, a joint effort of the federal government and the technology industry, created, maintained, and marketed by the FTC to help computer users guard against Internet fraud, secure their computers, and protect their personal information. The average citizen satisfaction score for participating federal government websites was 74, and the score for OnGuardOnline.gov was 77.</p> <p>Data Source: Reports from the U.S. Department of the Interior's Federal Consulting Group, the executive agent for the American Customer Satisfaction Index, which is produced by the University of Michigan in partnership with the American Society for Quality, ForeSee Results and the CFI Group.</p>
2011	Target	<i>Exceed average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index</i>	
2010	Target	<b>Exceed average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index</b>	
	Actual	Exceeded	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	



## PERFORMANCE MEASURE 1.3.3

### ORGANIZATIONS REQUESTING CONSUMER EDUCATION PUBLICATIONS.

2012	Target	11,600	<p><b>TARGET EXCEEDED.</b></p> <p>In FY 2010, the FTC accomplished almost 140% of its target of 11,000 organizations. While the target increases over the next four years, the agency will continue to monitor performance and reassess targets as needed.</p> <p>Data Source: The agency's online order system database.</p>
2011	Target	11,300	
2010	Target	11,000	
	Actual	15,372	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	



## CHILDREN'S INTERNET SAFETY

In October 2009, the FTC released Net Cetera, a new guide to help parents talk to their children about Internet safety. The guide, part of the federal government's OnGuardOnline program, is designed to help parents address three areas related to their children's online activities: inappropriate conduct, inappropriate contact,

and inappropriate content. Since its publication, the guide has been accessed nearly 5.24 million times online and in print. It has been distributed to consumers, school districts and other organizations, and a variety of organizations are featuring Net Cetera on their websites or helping promote it, including Sprint, Facebook, MySpace, Ning, the national Better Business Bureaus, Boys and Girls Clubs of America, and the National Association of Independent Schools. For more information, visit [www.ftc.gov/bcp/edu/pubs/consumer/tech/tec04.pdf](http://www.ftc.gov/bcp/edu/pubs/consumer/tech/tec04.pdf).

#### OBJECTIVE 1.4: ENHANCE CONSUMER PROTECTION THROUGH RESEARCH, REPORTS, RULEMAKING, AND ADVOCACY.

Research, reports, advocacy, rulemaking and advocacy complement law enforcement and education to enhance the welfare of consumers.

#### Our Strategy

The FTC uses a variety of strategies in addition to law enforcement and education to enhance consumer protection. The agency convenes and co-sponsors conferences and workshops through which experts and other experienced and knowledgeable parties identify novel or challenging consumer protection issues and discuss ways to address those issues. The FTC also issues reports that analyze consumer protection problems and provide recommendations to address them. Further, the FTC files comments with federal and state government bodies advocating policies that promote the interests of consumers and highlight the role of consumer and empirical research in their decision making. The agency testifies before Congress on consumer protection issues. The FTC also files *amicus* briefs to aid courts' considerations of consumer protection issues.

#### Performance Results

Public policy that enhances consumer protection is based on a thorough understanding of complex issues, which arises from dialogue, study, and empirical research. Such policy also appreciates that stakeholders other than government, such as industry associations or private standard-setting organizations, are at times better placed to address certain consumer protection issues. The four performance measures that the agency uses to gauge success of this objective help ensure that the agency augments its enforcement and education efforts by encouraging discussions among all interested parties, through careful study of and empirical research on novel or challenging consumer protection problems, by urging adoption of policies and legal principles that promote consumers' interest, and by conducting rulemaking as appropriate. These activities help guide the FTC's consumer protection policy decisions, as well as those of other state, federal, and international policymakers.



#### ADVERTISING LITERACY

With American youth exposed to more advertising than ever before, the FTC kicked off a new advertising literacy campaign in April 2010 to help older children understand the ads they see and become smarter consumers. The campaign is targeted to “tweens,” aged eight to twelve, and includes a game-based website at [www.admongo.gov](http://www.admongo.gov), a curriculum tied to national standards of learning in language arts and social studies that teachers can use to “ad-ucate”

students, a library of fictional ads that be used as teaching tools, and activities for parents and kids to do together. All these materials are free and in the public domain.



## PERFORMANCE MEASURE 1.4.1

WORKSHOPS AND CONFERENCES CONVENED OR COSPONSORED THAT ADDRESS CONSUMER PROTECTION PROBLEMS.

2012	Target	6	<p><b>TARGET EXCEEDED.</b></p> <p>In FY 2010, the FTC exceeded its target and convened or cosponsored 11 workshops and conferences that address consumer protection problems. Due to the extent by which the FTC exceeded this target in FY 2010 and prior years, the agency reevaluated the target and plans to update the performance plan, significantly increasing the target for FY 2011 and the following three years.</p> <p>Data Source: The FTC website and agency, bureau, division, and regional office reports.</p>
2011	Target	6	
2010	Target	6	
	Actual	11	
2009	Target	6	
	Actual	9	
2008	Target	6	
	Actual	16	
2007	Target	6	
	Actual	10	
2006	Target	N/A	
	Actual	N/A	

## PERFORMANCE MEASURE 1.4.2

ADVOCACY COMMENTS AND AMICUS BRIEFS ON CONSUMER PROTECTION ISSUES FILED WITH ENTITIES INCLUDING FEDERAL AND STATE LEGISLATURES, AGENCIES, OR COURTS.

2012	Target	6	<p><b>TARGET MET</b></p> <p>In FY 2010, the FTC filed advocacy comments on consumer protection issues such as cyber security, privacy and innovation in the Internet economy, the empowerment of parents and protection of children on the Internet, reverse mortgage products, disclosure for communication services, and the Medicare Advantage and Medicare prescription drug benefit programs. The agency will continue to monitor the target of this new measure and will reassess it after additional performance cycles.</p> <p>Data Source: Internal matter records of advocacy comments and amicus briefs filed.</p>
2011	Target	6	
2010	Target	6	
	Actual	6	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	

## PERFORMANCE MEASURE 1.4.3

THE PERCENTAGE OF RESPONDENTS FINDING THE FTC'S ADVOCACY COMMENTS AND *AMICUS* BRIEFS "USEFUL."

2012	Target	50.0%	<p><b>TARGET EXCEEDED.</b></p> <p>The FTC mails advocacy recipients a survey designed to gauge the usefulness of agency advocacy comments and <i>amicus</i> briefs. "Usefulness" is assessed by the recipient. The target percentage recognizes that comments critiquing a recipient's proposed action may not be assessed positively. In FY 2010, 2 of 2 survey responses classified the FTC's submissions as useful. The agency will continue to monitor the target of this new measure and will reassess it after additional performance cycles.</p> <p>Data Source: A formal written survey distributed to advocacy recipients.</p>
2011	Target	50.0%	
2010	Target	50.0%	
	Actual	100.0%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	



## KEY MEASURE 1.4.4

THE PERCENTAGE OF PROPOSED ADMINISTRATIVE PROCEDURE ACT (APA) RULEMAKINGS, CONDUCTED SOLELY BY THE FTC, COMPLETED WITHIN NINE MONTHS OF RECEIPT OF FINAL COMMENTS IN THE FINAL NOTICE OF PROPOSED RULEMAKING.

2012	Target	75.0%	<p><b>TARGET EXCEEDED.</b></p> <p>Of the three rulemakings completed in FY 2010, all were completed within nine months of receipt of final comments in the Final Notice of Proposed Rulemaking. Rulemakings are considered completed on the dates the Commission votes on the rules. The agency will continue to monitor the target of this new measure and will reassess it after additional performance cycles.</p> <p>Data Source: The Federal Register and the FTC website.</p>
2011	Target	75.0%	
2010	Target	75.0%	
	Actual	100.0%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	

**OBJECTIVE 1.5: PROTECT AMERICAN CONSUMERS IN THE GLOBAL MARKETPLACE BY PROVIDING SOUND POLICY AND TECHNICAL INPUT TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS TO PROMOTE SOUND CONSUMER POLICY.**

A myriad of issues—spam, phishing, spyware, telemarketing fraud, identity theft, data security, and privacy—cross national borders. The resulting challenges require the FTC to cooperate with counterparts in foreign agencies and international organizations.

**Our Strategy**

To achieve this objective, the FTC pursues the development of an international consumer protection model that focuses on protecting consumers while

maximizing economic benefit and consumer choice. The agency also focuses on understanding cutting-edge issues in technology and globalization that present challenges to American consumer interests. The agency influences policy development and implementation by advising multilateral organizations, regional entities, and foreign government agencies through substantive consultations and written comments. And finally, the FTC provides technical assistance to newer consumer protection agencies to enhance their ability to apply sound consumer protection policies.

**Performance Results**

The FTC uses two measures to assess the performance of this objective. Key Measure 1.5.1 and Performance Measure 1.5.2 address the scope of agency contact with international counterparts and help determine if agency efforts are sufficiently broad-based.



**KEY MEASURE 1.5.1**

**POLICY ADVICE PROVIDED TO FOREIGN CONSUMER PROTECTION AND PRIVACY AGENCIES, DIRECTLY AND THROUGH INTERNATIONAL ORGANIZATIONS, THROUGH SUBSTANTIVE CONSULTATIONS, WRITTEN SUBMISSIONS, OR COMMENTS.**

2012	Target	40	<p><b>TARGET EXCEEDED.</b></p> <p>In FY 2010, the FTC provided policy advice in 64 instances, through consultations, written submissions, or comments. Enhanced engagement with new and developing foreign consumer protection and privacy agencies, as well as participation in additional international organizations that are now working on consumer protection and privacy issues, has resulted in an increased demand for the FTC’s policy advice. The agency will continue to monitor the target of this new measure and will reassess it after additional performance cycles.</p> <p>Data Source: Information on the international activities of the FTC is produced by the agency’s Office of International Affairs.</p>
2011	Target	40	
2010	Target	40	
	Actual	64	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	

## PERFORMANCE MEASURE 1.5.2

TECHNICAL ASSISTANCE TO FOREIGN CONSUMER PROTECTION AND PRIVACY AUTHORITIES.

2012	Target	8	<p><b>TARGET EXCEEDED.</b></p> <p>In FY 2010, the FTC conducted 21 technical assistance missions and hosted 2 international fellows. The FTC received funding from the U.S. Agency for International Development to conduct consumer protection technical assistance missions in Central America, the Dominican Republic, Peru, and Colombia. Fifteen of the technical assistance missions and one international fellow were funded by the U.S. Agency for International Development. The agency will continue to monitor the target of this new measure and will reassess it after additional performance cycles.</p> <p>Data Source: Office of International Affairs technical assistance calendar.</p>
2011	Target	8	
2010	Target	8	
	Actual	23	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	

## RESOURCES UTILIZED—STRATEGIC GOAL 1

(DOLLARS SHOWN IN MILLIONS.)

	2006	2007	2008	2009	2010
Full-Time Equivalents	548	570	591	597	621
Obligations	\$116	\$126	\$140	\$152	\$168
Net Cost	\$98	\$105	\$124	\$131	\$144

Note: Differences between these obligations and net costs and the financial statements are due to rounding.

# STRATEGIC GOAL 2: MAINTAIN COMPETITION

Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace.

## I. Strategic View

A key function of the FTC is to protect and strengthen the free and open markets that are the cornerstone of a vibrant economy. Aggressive competition among sellers in an open marketplace gives consumers the benefit of lower prices, higher quality products and services, maximum choice, and innovation leading to beneficial new products and services. The FTC seeks to promote vigorous competition by using the antitrust laws to prevent anticompetitive mergers and to stop business practices that diminish competition, such as agreements among competitors about prices or other aspects of competition (referred to as nonmerger enforcement). The agency applies four related objectives to achieve this broad-reaching goal.

### OBJECTIVE 2.1: TAKE ACTION AGAINST ANTICOMPETITIVE MERGERS AND PRACTICES THAT MAY CAUSE SIGNIFICANT CONSUMER INJURY.

The FTC takes action against mergers and business practices that have resulted in or are likely to result in anticompetitive effects. Agency staff conducts thorough factual investigations and apply legal and economic analysis to distinguish between actions that threaten the operation of free markets and those actions that are benign or procompetitive.

### OBJECTIVE 2.2: PREVENT CONSUMER INJURY THROUGH EDUCATION.

The FTC seeks to prevent anticompetitive activity by educating businesses and consumers about the antitrust laws and the FTC's efforts to ensure competitive markets.

### OBJECTIVE 2.3: ENHANCE CONSUMER BENEFIT THROUGH RESEARCH, REPORTS, AND ADVOCACY.

The FTC seeks to advance its mission to maintain competition and enhance consumer welfare by gathering, analyzing, and making public certain information concerning the nature of competition as it affects U.S. commerce.



## WHAT IS ANTITRUST?

The word “antitrust” dates from the late 1800s, when powerful companies dominated industries, working together as “trusts” to stifle competition. Thus, laws aimed at protecting competition have long been labeled “antitrust laws.” Fast forward to the 21st century: You hear “antitrust” in news stories about competitors merging or companies conspiring to reduce competition. The FTC enforces antitrust laws by challenging business practices that could hurt consumers by resulting in higher prices, lower quality, or fewer goods or services.

**OBJECTIVE 2.4: PROTECT AMERICAN CONSUMERS IN THE GLOBAL MARKETPLACE BY PROVIDING SOUND POLICY RECOMMENDATIONS AND TECHNICAL ADVICE TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS TO PROMOTE SOUND COMPETITION POLICY.**

The FTC continues to build cooperative relationships with foreign antitrust agencies to ensure close collaboration on cross-border cases and convergence toward sound competition policies.

## II. Strategic Analysis

**OBJECTIVE 2.1: TAKE ACTION AGAINST ANTICOMPETITIVE MERGERS AND PRACTICES THAT MAY CAUSE SIGNIFICANT CONSUMER INJURY.**

Taking action against anticompetitive mergers and anticompetitive business conduct is the first step in effective antitrust enforcement.

## Our Strategy

The FTC seeks to identify and take action against anticompetitive mergers and practices with as much accuracy as possible. While certain business conduct (such as price fixing among competitors) is clearly anticompetitive, mergers and many other forms of business conduct can benefit, harm, or have no effect on consumers. Consequently, both under- and over-enforcement can harm consumers' interests. The agency seeks to take enforcement action against transactions or conduct that harm, or are likely to harm, consumers. At the same time, the agency seeks to avoid taking actions that prevent businesses from completing transactions or engaging in practices that fundamentally benefit consumers or have no competitive effect. The FTC also tries to identify enforcement targets as efficiently as possible so that it can devote the bulk of its resources to further investigation of, and possible challenge to, the most problematic mergers and practices. A related, but important, consideration is to conduct each inquiry in a way that minimizes the cost or inconvenience to



## THE FTC CHALLENGES TEETH-WHITENING CONSPIRACY

(Part 3 Complaint in 0810137 / D09343 North Carolina Dental Board)

The FTC issued an administrative complaint in July of 2010 alleging that the state dental board in North Carolina is harming competition by blocking non-dentists from providing teeth-whitening services in the state. The FTC charged that by ordering non-dentists to stop providing teeth-whitening services, the North Carolina Board of Dental Examiners, has made it harder to obtain these services and more expensive for North Carolina consumers. According to the FTC, teeth-whitening services are much less expensive when performed by non-dentists than when performed by dentists. A non-

dentist typically charges between \$100 and \$150 per whitening session, while a dentist typically charges between \$300 and \$700, with some dental procedures costing as much as \$1,000. An administrative hearing on the complaint will begin in February 2011 at the FTC. To learn more, visit [www.ftc.gov/os/adjpro/d9343/index.shtm](http://www.ftc.gov/os/adjpro/d9343/index.shtm).

businesses, while still enabling the agency to gather sufficient information to support each enforcement decision. Given the agency's limited resources, the FTC directs much of its attention and resources to certain segments of the economy that are particularly important to consumers and in which it has particular expertise. These include health care, pharmaceuticals, energy, real estate, and technology.

### MERGER ACTIVITIES.

The premerger notification requirements of the Hart-Scott-Rodino (HSR) Act provide the FTC with an effective starting point for identifying potentially anticompetitive mergers, acquisitions, and joint ventures (collectively referred to as mergers) before they are consummated. The HSR Act requires companies to report certain proposed mergers to the FTC and DOJ, which jointly enforce the HSR Act, and wait for a specified period (usually 30 days) to allow for antitrust review. FTC staff examines each transaction

to determine whether it poses a threat to competition. In most cases, a reasonable judgment can be made about whether the merger has the potential to be anticompetitive based on the materials filed with the HSR Act notification. In other cases, a formal request for additional information may be issued by the FTC. This is referred to as a "second request." Because the parties may consummate a transaction after substantially complying with the second request and waiting for a short time period (usually 30 days), a second request investigation typically requires a significant investment of resources by the FTC. The agency must act quickly to gather and review information to make a decision on whether to pursue enforcement action to block a merger within the timeframe set out by the HSR Act and rules.

To stop potentially anticompetitive mergers and practices through law enforcement, the FTC seeks legal remedies under the antitrust laws through federal court action, administrative proceedings, or negotiated settlements. For mergers, the most effective and cost



## COMPANY SHUFFLES BOARD OF DIRECTORS DUE TO THE FTC'S CHALLENGE

The FTC monitors business relationships between competing firms. As a part of its focus on protecting competition in technology markets, the agency became aware of two instances in which the same person served as a director or officer of two technology companies' boards. Section 8 of the Clayton Act prohibits, with certain exceptions, such overlaps for competing companies. After an FTC investigation raised concerns about two individuals serving on the boards of both Apple and Google, these individuals stepped down from the boards of one of the companies in order to resolve the FTC's concerns without the need for litigation. On October 12, 2009, Google

announced that Arthur D. Levinson, the former Chief Executive Officer of Genentech and a member of the corporate boards of both Google and Apple, was stepping down from Google's board. Earlier in the year, Apple announced that Eric E. Schmidt, CEO of Google, who had also been a director of both firms, was stepping down from the Apple board. To learn more, visit [www.ftc.gov/opa/2009/10/google.shtm](http://www.ftc.gov/opa/2009/10/google.shtm).

efficient strategy has been to prevent anticompetitive mergers before they occur. The agency has implemented this strategy primarily through its authority to seek federal court injunctions preventing these transactions. In many cases, the merging parties elect not to defend a court challenge and instead agree to resolve competitive concerns through a consent agreement. This approach is suitable when the competitive problem relates to only a portion of the transaction, such that a divestiture of assets will be sufficient to preserve or restore competition while allowing other competitively neutral or beneficial aspects of the merger to go forward. In other instances, the parties may abandon a transaction after assessing the likely outcome of an FTC court challenge. When a merger already has been consummated, the FTC generally relies on administrative litigation to restore competition lost as a result of the merger.

While the major HSR Act amendments in 2001 reduced the number of mergers subject to the advance reporting requirement, they did not change the standard

of legality for mergers. Whereas the vast majority of potentially problematic mergers continue to be subject to the revised HSR filing requirements, smaller merger transactions may still be anticompetitive. Consequently, the FTC continues to devote attention to the identification of unreported, usually consummated, mergers that could harm consumers. In FY 2010 the agency successfully challenged four such transactions. This effort involves monitoring trade press, industry sources, and the internet to stay informed of industry developments; following up on case leads from congressional offices, other Executive Branch agencies, and state and local governments; and encouraging consumers, businesses, and attorneys to notify the FTC of possible anticompetitive mergers.

**NONMERGER ACTIVITIES.**

In the nonmerger area, agency staff reviews complaints received from consumers, businesses, congressional offices, and elsewhere to identify potentially anticompetitive nonmerger business practices. In addition, the FTC has pursued a “positive agenda”



**THE FTC PREVENTS  
MLS OPERATORS  
FROM RESTRAINING  
COMPETITION**

In November of 2009, the Commission ruled that certain policies of a Multiple Listing Service unfairly kept non-traditional and discount brokers off publicly available websites

listing homes for sale. The FTC found that Realcomp II, a Detroit-area Multiple Listing Service whose members are predominately traditional, full-service realtors, restricted consumers’ access to information about homes listed by non-traditional discount brokers—ones who offered lower commission rates or less than a full range of professional real estate services. The FTC found that Realcomp’s policies impeded competition from discount brokers and restricted consumer choice. The Commission’s ruling has been appealed to the Court of Appeals for the Sixth Circuit. To learn more, visit [www.ftc.gov/os/adjpro/d9320/index.shtm](http://www.ftc.gov/os/adjpro/d9320/index.shtm).



of planned initiatives; that is, the agency has taken a systematic and proactive approach to identify specific conduct likely to pose the greatest threat to consumer welfare. The focus continues to be on the types of practices, such as agreements among competitors, which are most likely to harm consumers.

In deploying its scarce enforcement resources, the agency focuses on sectors of the economy, such as health care, energy, real estate, or high technology, that have a significant impact on consumers' daily lives. Also, the agency considers the deterrent effects of antitrust enforcement on businesses and whether the FTC has enforcement experience in an area that will enable the agency to make an impact quickly and efficiently. Finally, consideration is given to whether the matter presents an opportunity to contribute positively to the development of antitrust law.

In nonmerger matters, the FTC seeks to take action against ongoing activity that harms competition. The Commission may initiate administrative proceedings before an Administrative Law Judge to adjudicate the issues and establish a basis for an order that the parties "cease and desist" from anticompetitive conduct. The FTC also has the authority to seek relief in federal courts, although it historically has used this option sparingly in nonmerger matters. Again, the agency is often able to negotiate a consent agreement with the parties that remedies the problem without need for litigation.

In both merger and nonmerger matters, thorough investigation and sophisticated legal and economic analysis are of critical importance to ensure accurate assessment of the potential for competitive harm resulting from the transaction or conduct in question and, if necessary, demonstrate the likelihood of harm before an adjudicative body. When the FTC concludes that the likelihood of such harm indicates a law violation, and no settlement is possible, the Commission authorizes its staff to litigate the matter. The frequency with which the agency prevails in litigation or secures a consent order to restore competition is an important indicator of its success in producing tangible benefits for consumers.

This is not to say that the FTC, or any law enforcement agency, should win every case. The Commission issues complaints when, based on the findings of staff investigations, it has "reason to believe" a merger or conduct is anticompetitive. Some cases involve very close issues, on which reasonable minds can and do differ. Other cases may be very difficult from a litigation standpoint, but are still worth pursuing. The FTC's antitrust challenges are defended by highly competent and well-financed counsel. In addition, the FTC's responsibilities include taking action to help shape the development of the antitrust laws. To fulfill this duty, the agency inevitably must bring cases that pose litigation risks, especially where there is no clear precedent and the FTC is seeking to establish a new legal principle. The FTC also helps consumers and businesses by bringing cases to clarify, or improve upon, existing precedent.

## Performance Results

The key performance measure under this objective relates to actions taken in a significant percentage of substantial merger and nonmerger investigations. This translates into obtaining a positive result (i.e., litigated victories, consent orders, or abandoned transactions) in 40 to 60 percent of investigations that involved a second request or compulsory process, in the case of merger investigations, or which involved at least 150 hours of investigative effort, in the case of nonmerger investigations.

Success on this key outcome measure indicates that the FTC is effectively screening HSR reported mergers and nonmerger investigations to identify those that raise significant antitrust issues and warrant further investigation and possible enforcement action, while at the same time permitting deals or conduct that are neutral or beneficial to consumers to proceed unimpeded. This measure evaluates appropriate investigation, case selection, and resolution, as well as the crafting of sufficient and effective remedies.

The target range of 40 to 60 percent set for key Performance Measure 2.1.1 reflects the reality that the FTC conducts substantial merger and nonmerger investigations when it believes that a merger or conduct may be anticompetitive, but that not all such investigations should lead to an enforcement action or a positive result. Indeed, the existence of a minimum and maximum value recognizes the possibility that the FTC may find itself under- or over-enforcing the competition laws, while the magnitude of the spread between these two values serves to identify a band within which the agency's performance can be reasonably expected to vary. From this perspective, setting the range at too high a level could be detrimental if the effect were to deter the agency from bringing important, but risky, cases, while setting the range at too low a level could be detrimental as well, if the effect were to incentivize the agency to bring marginal cases.

Of the remaining measures under this objective, six relate directly to Performance Measure 2.1.1 in that they measure the impact of the agency's actions, in terms of the magnitude of the affected markets and the associated consumer benefits, as well as the efficiency with which these same actions were undertaken. Whereas the consumer savings measures are designed to assess the ultimate outcome, or impact, of the FTC's actions in protecting consumers and promoting vigorous competition, by quantifying the impact of the FTC's enforcement actions on consumer welfare, the volume of commerce measures are intended to give an indication of the economic significance of the relevant product markets.

For both merger and nonmerger actions, the FTC measures the volume of commerce and estimates consumer savings in markets in which it obtains a positive result as an indicator of the scope of the FTC's antitrust enforcement activities. External factors, such as level of merger activity, and internal ones, such as the duration of nonmerger investigations, may cause these results to fluctuate significantly from year to year. Consequently, the two volume-of-commerce targets (Performance Measures 2.1.3 and 2.1.6) and the two consumer savings targets (Performance Measures 2.1.2 and 2.1.5) are assessed each year by calculating the average of current year plus the previous four years. In addition to measuring consumer savings in absolute terms, the agency uses efficiency measures that state the FTC will try to save consumers more than the amount of agency resources allocated to the merger and nonmerger programs (Performance Measures 2.1.4 and 2.1.7).

The final measure under this objective addresses the international dimension of the agency's law enforcement efforts by tracking the percentage of cases in which the FTC had at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.

## KEY MEASURE 2.1.1

**ACTIONS TO MAINTAIN COMPETITION, INCLUDING LITIGATED VICTORIES, CONSENT ORDERS, ABANDONED TRANSACTION REMEDIES, RESTRUCTURED TRANSACTION REMEDIES, OR FIX-IT-FIRST TRANSACTION REMEDIES IN A SIGNIFICANT PERCENTAGE OF SUBSTANTIAL MERGER AND NONMERGER INVESTIGATIONS.**

2012	Target	40.0-60.0%	<p><b>TARGET NOT MET.</b></p> <p>The agency took action to maintain competition in 22 of the 57 substantial merger and nonmerger investigations that were closed in FY 2010. These 22 actions consist of 17 consents, three merger transactions that were withdrawn as a consequence of the antitrust concerns raised during the investigation, and two additional consents that were successfully negotiated after the Commission issued an administrative complaint. This corresponds to 16 merger matters and six nonmerger matters. Of the 35 substantial investigations that were closed without an action, 22 involved a nonmerger matter and 13 a merger matter.</p> <p>Though the agency did not meet the target in FY 2010, it should be noted that the result obtained was within one percentage point of the target and that, in addition to the actions listed above, the Commission also obtained a consent in five merger investigations that are excluded from this measure since they did not involve the use of compulsory process.</p> <p>Furthermore, during FY 2010, the Commission issued an administrative complaint to challenge allegedly harmful conduct by a state dental board. However, since this matter is still pending before the Administrative Law Judge and has not reached a resolution it is excluded from this measure, even though it represents a significant investment of agency resources.</p> <p>Data Source: Information to identify “actions to maintain competition” is obtained from press releases, various agency and Bureau databases, and internal communications. Press releases are the source of information for public actions, such as consent orders and the results of judicial review, while internal databases are used to identify those matters that were closed without an action being taken and to determine if an investigation meets the substantiality criteria (i.e., if a second request was issued or whether compulsory process was authorized for merger investigations, and the number of hours that staff logged to a particular investigation for nonmerger investigations).</p>
2011	Target	40.0-60.0%	
2010	Target	40.0-60.0%	
	Actual	39.0%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	

## PERFORMANCE MEASURE 2.1.2

CONSUMER SAVINGS OF AT LEAST \$500 MILLION THROUGH MERGER ACTIONS TO MAINTAIN COMPETITION. (NUMBERS SHOWN IN MILLIONS.)

2012	Target	\$500.0	<p><b>TARGET EXCEEDED.</b></p> <p>In FY 2010, the FTC exceeded the target, saving consumers an estimated \$586 million, as calculated using the average consumer savings for the current fiscal year and the previous three years. This result is in large part determined by the presence of several enforcement actions over the last three years in the pharmaceutical industry, which involved significantly sized relevant product markets. The FTC will continue to monitor and reassess the target moving forward.</p> <p>Data Source: Estimates of consumer savings associated with merger actions are prepared by the lead attorney responsible for an individual investigation, and subsequently subject to review by staff economists. In the absence of case specific information (such as price and sales data), the estimate is generated using the volume of commerce in the affected markets as a basis for the calculation.</p>
2011	Target	\$500.0	
2010	Target	\$500.0	
	Actual	\$586.0	
2009	Target	\$500.0	
	Actual	\$791.0	
2008	Target	\$500.0	
	Actual	\$360.0	
2007	Target	\$500.0	
	Actual	\$805.0	
2006	Target	N/A	
	Actual	N/A	



## PERFORMANCE MEASURE 2.1.3

**ACTIONS AGAINST MERGERS LIKELY TO HARM COMPETITION IN MARKETS WITH A TOTAL OF AT LEAST \$25 BILLION IN SALES. (NUMBERS SHOWN IN BILLIONS.)**

2012	Target	\$25.0	<p><b>TARGET NOT MET.</b></p> <p>The FTC's positive merger results affected markets in which the total estimated volume of commerce was approximately \$22.5 billion, or 90% of the annual target, as calculated using the average of the current fiscal volume of commerce year and the previous four years. During FY 2010, the FTC obtained positive results in 16 merger matters, resulting in 13 consent agreements, one of which was negotiated after the Commission issued an administrative complaint, and three transactions that were abandoned based on the antitrust concerns raised by staff during the course of the investigation. In the case of consent agreements, the actions taken by the FTC consist primarily of structural remedies, accompanied in some cases by conditions restricting the future conduct of the merged entity. In all 13 consent agreements stipulated in FY 2010, the parties agreed to divest certain crucial assets to resolve the competitive concerns raised by the Commission.</p> <p>Although the agency did not meet the target in FY 2010, as in the case of Performance Measure 2.1.1, it should be noted that there were five additional merger investigations, which were resolved with a consent, but are excluded from this measure because they did not involve the use of compulsory process.</p> <p>Data Source: Estimates of the volume of commerce associated with merger actions are prepared by the lead attorney responsible for an individual investigation, and subsequently subject to review by staff economists. The estimate is generated using the volume of commerce for the affected markets using public sources and confidential data submitted by the parties during the course of the investigations.</p>
2011	Target	\$25.0	
2010	Target	\$25.0	
	Actual	\$22.5	
2009	Target	\$25.0	
	Actual	\$22.3	
2008	Target	\$25.0	
	Actual	\$14.9	
2007	Target	\$25.0	
	Actual	\$42.6	
2006	Target	\$40.0	
	Actual	\$13.4	



## PERFORMANCE MEASURE 2.1.4

CONSUMER SAVINGS OF AT LEAST SIX TIMES THE AMOUNT OF FTC RESOURCES ALLOCATED TO MERGER PROGRAM. (EFFICIENCY MEASURE)

2012	Target	600.0%
2011	Target	600.0%
2010	Target	600.0%
	Actual	1,670.0%
2009	Target	600.0%
	Actual	2,132.0%
2008	Target	600.0%
	Actual	1,121.0%
2007	Target	600.0%
	Actual	2,500.0%
2006	Target	N/A
	Actual	

### TARGET EXCEEDED.

During FY 2010, the agency saved consumers approximately 16 times the amount of resources devoted to the merger program, as calculated using the average consumer savings obtained under Performance Measure 2.1.2 (\$586 million) divided into the amount of resources used in the current fiscal year. This result is in large part determined by the presence of several enforcement actions over the last three years in the pharmaceutical industry, which involved significantly sized relevant product markets. The FTC will continue to monitor and reassess the target moving forward.

Data Source: The ratio of consumer savings in merger actions to the amount of resources allocated to the merger program is calculated using data on consumer savings obtained under Performance Measure 2.1.2, divided into the amount of monetary resources expended on the merger program as reported by the FTC's Financial Management Office.

## PERFORMANCE MEASURE 2.1.5

CONSUMER SAVINGS OF AT LEAST \$80 MILLION THROUGH NONMERGER ACTIONS TAKEN TO MAINTAIN COMPETITION. (NUMBERS SHOWN IN MILLIONS.)

2012	Target	\$80.0
2011	Target	\$80.0
2010	Target	\$80.0
	Actual	\$508.0
2009	Target	\$80.0
	Actual	\$188.0
2008	Target	\$80.0
	Actual	\$28.0
2007	Target	\$80.0
	Actual	\$75.0
2006	Target	N/A
	Actual	N/A

### TARGET EXCEEDED.

In FY 2010, the FTC obtained estimated savings to consumers of approximately \$508 million, as calculated using the average consumer savings of the current fiscal year and the previous three years.

The reason that the agency has exceeded the target by such a margin is in large part attributable to one particular case, which involved Intel Corporation\*, the world's leading computer chip maker, who was charged with illegally using its dominant market position for a decade to stifle competition and strengthen its monopoly.

Data Source: Estimates of consumer savings associated with nonmerger actions are prepared by the lead attorney responsible for an individual investigation, and subsequently subject to review by staff economists. In the absence of case specific information (such as price and sales data), the estimate is generated using the volume of commerce in the affected markets as a basis for the calculation.

\*Commissioner Kovacic was recused on the Intel case.



## PERFORMANCE MEASURE 2.1.6

**ACTIONS AGAINST ANTICOMPETITIVE CONDUCT IN MARKETS WITH A TOTAL OF AT LEAST \$8 BILLION IN ANNUAL SALES. (NUMBERS SHOWN IN BILLIONS.)**

2012	Target	\$8.0	<p><b>TARGET EXCEEDED.</b></p> <p>The FTC's positive nonmerger results affected markets in which the total estimated volume of commerce was approximately \$11.7 billion, almost 1.5 times the targeted amount, as calculated using the volume of commerce of the current fiscal year and the previous four years. During FY 2010, the FTC obtained positive results in six nonmerger matters, resulting in the same number of consents, one of which was negotiated after the Commission issued an administrative complaint.</p> <p>As mentioned under Performance Measure 2.1.5, the reason that the agency has exceeded the target by such a margin is in large part attributable to one particular case, which involved Intel Corporation, the world's leading computer chip maker, who was charged with illegally using its dominant market position for a decade to stifle competition and strengthen its monopoly.</p> <p>Data Source: Estimates of the volume of commerce associated with nonmerger actions are prepared by the lead attorney responsible for an individual investigation, and subsequently subject to review by staff economists. The estimate is generated using the volume of commerce for the affected markets using public sources and confidential data submitted by the parties during the course of the investigations.</p>
2011	Target	\$8.0	
2010	Target	\$8.0	
	Actual	\$11.7	
2009	Target	\$8.0	
	Actual	\$14.6	
2008	Target	\$8.0	
	Actual	\$0.4	
2007	Target	\$8.0	
	Actual	\$2.6	
2006	Target	\$20.0	
	Actual	\$1.4	



## PERFORMANCE MEASURE 2.1.7

CONSUMER SAVINGS OF AT LEAST FOUR TIMES THE AMOUNT OF FTC RESOURCES ALLOCATED TO NONMERGER PROGRAM OVER A FIVE-YEAR PERIOD. (EFFICIENCY MEASURE)

2012	Target	400.0%
2011	Target	400.0%
2010	Target	400.0%
	Actual	2,418.0%
2009	Target	400.0%
	Actual	1,035.0%
2008	Target	400.0%
	Actual	164.0%
2007	Target	400.0%
	Actual	424.0%
2006	Target	N/A
	Actual	N/A

**TARGET EXCEEDED.**  
 During FY 2010 the agency saved consumers approximately 24 times the amount of resources it devoted to the nonmerger enforcement program. This is largely attributable to consumer savings that exceeded target due to one particular case involving Intel Corporation. The FTC will continue to monitor and reassess the target moving forward.

Data Source: The ratio of consumer savings in nonmerger enforcement actions to the amount of resources allocated to the merger program is calculated using data on consumer savings obtained under Performance Measure 2.1.5, divided into the amount of monetary resources expended on the nonmerger program as reported by the FTC's Financial Management Office.

## PERFORMANCE MEASURE 2.1.8

THE PERCENTAGE OF CASES IN WHICH THE FTC HAD AT LEAST ONE SUBSTANTIVE CONTACT WITH A FOREIGN ANTITRUST AUTHORITY IN WHICH THE AGENCIES FOLLOWED CONSISTENT ANALYTICAL APPROACHES AND REACHED COMPATIBLE OUTCOMES.

2012	Target	90.0%
2011	Target	90.0%
2010	Target	90.0%
	Actual	100.0%
2009	Target	N/A
	Actual	N/A
2008	Target	N/A
	Actual	N/A
2007	Target	N/A
	Actual	N/A
2006	Target	N/A
	Actual	N/A

**TARGET EXCEEDED.**  
 In FY 2010, the agency cooperated on over 25 cases with jurisdictions such as the European Union, Canada, Mexico, Japan, Australia, and the United Kingdom and obtained compatible outcomes in each case. While the agency will continue to strive for 100% success, the target reflects the possibility of inconsistent outcomes, particularly as new antitrust agencies come on line. However, at this time the FTC believes that the target remains appropriate.

Data Source: Information on the international activities of the FTC is produced by the agency's Office of International Affairs.



## OBJECTIVE 2.2: PREVENT CONSUMER INJURY THROUGH EDUCATION.

In addition to its law enforcement activity, the FTC provides substantial information to the business community and consumers about the role of the antitrust laws and businesses' obligations under those laws.

### Our Strategy

The FTC uses education and outreach to increase business compliance, which helps prevent consumer injury, and augment its law enforcement efforts. The agency pursues this strategy through guidance to the business community; outreach efforts to federal, state, and local agencies, business groups, and consumers; development and publication of antitrust guidelines, policy statements, and reports; and speeches and testimony. By using these mechanisms to signal its enforcement policies and priorities, the FTC seeks to deter would-be violators of the antitrust laws. In its complaints, "analyses to aid public comment," and press releases, the agency explains the relevant facts and issues of cases in which it files complaints or obtains consent orders, so the nature of the competitive problems is clear. Each successful enforcement action not only promotes competition in one or more relevant markets, but also serves to communicate to the business and legal communities that the FTC can and will take action to challenge similar transactions or conduct in the future. This information greatly facilitates antitrust lawyers' counseling of their clients and prevents many anticompetitive mergers from being proposed or anticompetitive practices from being implemented. In addition, the FTC educates the public through guidelines, congressional or other types of testimony, conferences, speeches, hearings, and workshops (such as the series of workshops on the horizontal merger guidelines and intellectual property rights); advisory opinions (addressing, for example, the licensing requirements for limited service health care clinics); and reports (such as the reports on the ethanol market and on the savings lost to consumers through pay-for-delay agreements). As a complement to the FTC enforcement activity, the agency also advises, when asked, other federal and state government officials about the possible effects that various regulatory and legislative proposals may have in creating, maintaining, or forestalling

competitive markets. The FTC has a long and distinguished history in this area. The FTC advocates market-based solutions through the publication of studies and reports, and participation in state and federal legislative and regulatory fora.

The agency also participates as an *amicus curiae* (friend of the court) in judicial proceedings when substantial questions of antitrust law or competition policy are involved, especially when the FTC may add a different perspective to the deliberations because of its specialized knowledge or experience.

Finally, in an effort to continue educating consumers and businesses on the important role of competition in providing the most valuable and efficient mix of price, choice, and innovation, the FTC continues to publish reference and case-related documents. Another way the FTC achieves this goal is to improve how topical information, case materials, and reference documents are organized—in an effort to aid visitors in searching and finding relevant information—and to continuously update the growing body of reference material.

### Performance Results

The FTC uses one measure to assess its performance in preventing consumer injury through education. The key measure (Performance Measure 2.2.1) tracks the volume of traffic on the FTC website on antitrust-related pages that are relevant to policymakers, the business and legal communities, and the public at large. This performance measure is an indicator of the flow of information provided to the public. Successful outreach and education efforts, as reflected by this measure, will help consumers, because increased knowledge and understanding of the antitrust laws will help businesses stay in compliance. This measure also will help ensure that the agency engages in consumer, business, and international education that advances the culture of competition, which enhances consumer welfare. The results of this measure would seem to indicate a significant continued public interest in the FTC and its Maintain Competition strategic goal. In addition, the broad and increasing distribution of educational and policy materials through electronic channels represents important leveraging of the agency's resources.

 **KEY MEASURE 2.2.1**

**COMPETITION RESOURCES ACCESSED VIA THE FTC'S WEBSITE.**

(Numbers shown in millions)

2012	Target	10.0	<p><b>TARGET EXCEEDED.</b></p> <p>During FY 2010, the agency estimates that the hits on the FTC web site's competition resources number 21.5 million, which exceeds the established target by over 100%. The target of 10 million was set by the agency in its last Strategic Plan, taking into account the new tracking software that the FTC uses to monitor web traffic on its web site and by extrapolating from information on traffic flows in recent years.</p> <p>Notwithstanding that the agency set the target at what it considered to be a reasonable level, the amount of traffic registered in FY 2010 has climbed to an extent that was not expected. This result may be attributable to recent developments in the technology of information dissemination and retrieval by web search agents and/or by unanticipated growth in the volume of overall web traffic. The agency will continue to monitor web traffic patterns to determine if the current web metric tools allow for a more discerning analysis and filtering of the raw traffic data and eventually to determine if the target should be adjusted.</p> <p>Data Source: The agency's web statistics software.</p>
2011	Target	10.0	
2010	Target	10.0	
	Actual	21.5	
2009	Target	15.0	
	Actual	11.9	
2008	Target	15.0	
	Actual	12.5	
2007	Target	15.0	
	Actual	15.7	
2006	Target	10.0	
	Actual	10.6	

### OBJECTIVE 2.3: ENHANCE CONSUMER BENEFIT THROUGH RESEARCH, REPORTS, AND ADVOCACY.

As a complement to its activities aimed at preventing consumer injury through education, the FTC provides substantial information to the business community, policymakers, and consumers about the role of the antitrust laws and businesses' obligations under those laws.

### Our Strategy

The FTC has unique jurisdiction to gather, analyze, and make public certain information concerning the nature of competition as it affects U.S. commerce. The FTC uses that authority to hold public hearings, convene conferences and workshops, conduct economic studies on competition issues of significant public importance, and issue reports of its findings. This authority advances the competition goal in numerous ways and is a fundamental component in the FTC's

strategy to enhance consumer welfare. The agency uses the information it develops internally to refine the theoretical framework for analyzing competition issues and the empirical understanding of industry practices, which contributes substantially to an effective response to changing marketplace conditions. The information gained through this authority, combined with the agency's professional expertise on competition issues, also contributes to a better understanding of business practices and their competitive and economic implications by various entities, including the business sector, the legal community, other enforcement authorities, the judiciary, foreign competition agencies, and governmental decision makers and policymakers at the federal, state, and local levels. And finally, the FTC files comments with federal and state government bodies advocating policies that promote the interests of consumers and highlight the role of consumer and empirical research in their decision making. The FTC also files *amicus* briefs to aid courts' considerations of consumer protection issues.



## WILL JOURNALISM SURVIVE THE INTERNET AGE?

### (Journalism in the Internet Age Workshop)

The FTC held a series of workshops from December 2009 to June 2010 to explore how the Internet has affected journalism. The workshop assembled representatives from print, online, broadcast and cable news organizations, academics, consumer

advocates, bloggers, and other new media representatives. Panelists discussed how journalism is evolving in light of the significant transition in which traditional business models are rendered obsolete, innovative new forms of journalism are emerging, and consumer news habits are changing rapidly. The workshops considered a wide range of issues, including: the economics of journalism and how those economics are playing out on the Internet and in print; the wide variety of new business and non-profit models for journalism online; factors relevant to the new economic realities for news organizations, such as behavioral and other targeted online advertising, online news aggregators, and bloggers; and the variety of governmental policies—including antitrust, copyright, and tax policy—that have been raised as possible means of finding new ways for journalism to thrive. To learn more, visit [www.ftc.gov/opp/workshops/news/index.shtml](http://www.ftc.gov/opp/workshops/news/index.shtml).

## Performance Results

The key measures used to gauge the FTC's success under this objective are the ones relating to conducting public hearings, conferences, and workshops (Performance Measure 2.3.1), issuing reports and studies on competition related issues (Performance Measure 2.3.2), and making advocacy filings (Performance Measure 2.3.3).

These measures, in conjunction with Performance Measures 2.3.4, and 2.3.5, help to ensure that the agency is engaging in appropriate types and sufficient levels of research, reports, and advocacy and that they are relevant to consumers, policymakers, businesses, and the legal community. The target for these measures sets a minimum level of activity that the agency is expected to achieve.



### THE FTC FILES *AMICUS* BRIEF IN AMERICAN NEEDLE V. NFL

The FTC and the DOJ filed an *amicus* brief in the U.S. Supreme Court in the matter of American Needle, Inc. v. National Football League, a case involving allegations that the NFL's exclusive licensing agreement restrained trade and unlawfully monopolized trade. American Needle, Inc., a headwear manufacturer, sued the NFL, claiming the league violated antitrust law because all 32 teams worked together to freeze American Needle out of the NFL-licensed hat-making business and gave Reebok an exclusive 10-year license. The *amicus* brief urged the Supreme Court to vacate the judgment of the lower courts and hold instead that the NFL and its separately owned teams do not function as a "single

entity" when licensing and marketing their logos and trademarks under an exclusive licensing agreement with Reebok. The U.S. Supreme Court heard the case in June of 2009, and in May of 2010, issued an opinion in which it held that although NFL teams have common interests such as promoting the NFL brand, they are still separate, profit-maximizing entities, and their interests in licensing team trademarks are not necessarily aligned, thus creating the potential for American Needle and others to compete with Reebok in manufacturing NFL caps and other headwear. To learn more, visit [www.ftc.gov/opa/2009/05/nflwf.shtm](http://www.ftc.gov/opa/2009/05/nflwf.shtm).



### KEY MEASURE 2.3.1

WORKSHOPS, SEMINARS, CONFERENCES, AND HEARINGS CONVENED OR COSPONSORED THAT INVOLVE SIGNIFICANT COMPETITION-RELATED ISSUES.

2012	Target	4	<p><b>TARGET EXCEEDED.</b></p> <p>During FY 2010, the FTC held six conferences on competition-related topics, including energy, merger guidelines, the intersection of patent policy and competition policy, and journalism in the Internet age.</p> <p>Data Source: Information on conferences involving significant competition related issues is taken from the FTC website (<a href="http://www.ftc.gov/ftc/workshops.shtm">www.ftc.gov/ftc/workshops.shtm</a>).</p>
2011	Target	4	
2010	Target	4	
	Actual	6	
2009	Target	4	
	Actual	8	
2008	Target	4	
	Actual	5	
2007	Target	4	
	Actual	7	
2006	Target	N/A	
	Actual	N/A	



### KEY MEASURE 2.3.2

REPORTS AND STUDIES ISSUED ON KEY COMPETITION-RELATED TOPICS.

2012	Target	8	<p><b>TARGET EXCEEDED.</b></p> <p>In FY 2010, the FTC issued a total of nine reports on competition-related matters, thus exceeding the annual target. The reports addressed topics such as pay-for-delay agreements, ethanol market concentration, and oil and gas activities.</p> <p>Data Source: Information on studies and reports on significant competition-related issues is taken from the FTC website (<a href="http://www.ftc.gov/be/research.shtm">www.ftc.gov/be/research.shtm</a> and <a href="http://www.ftc.gov/reports/index.shtm">www.ftc.gov/reports/index.shtm</a>).</p>
2011	Target	8	
2010	Target	8	
	Actual	9	
2009	Target	8	
	Actual	20	
2008	Target	8	
	Actual	7	
2007	Target	8	
	Actual	18	
2006	Target	N/A	
	Actual	N/A	



### KEY MEASURE 2.3.3

ADVOCACY COMMENTS AND *AMICUS* BRIEFS ON COMPETITION ISSUES FILED WITH ENTITIES INCLUDING FEDERAL AND STATE LEGISLATURES, AGENCIES OR COURTS.

2012	Target	6	<p><b>TARGET EXCEEDED.</b></p> <p>In FY 2010, the FTC filed advocacy comments on a range of competition issues, including gas pricing, electricity competition issues, and competition in medical, dentistry, and veterinary services. The FTC also filed <i>amicus</i> briefs on pay-for-delay settlements and patent issues, among others.</p> <p>Data Source: Internal matter records of advocacy comments and <i>amicus</i> briefs filed.</p>
2011	Target	6	
2010	Target	6	
	Actual	17	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	



## THE FTC ISSUES REPORT ON PAY-FOR-DELAY PHARMACEUTICALS SETTLEMENTS

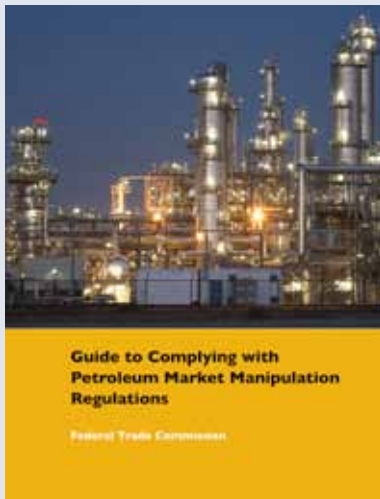
The Commission issued a new study, entitled “Pay-for-Delay: How Drug Company Pay-Offs Cost Consumers Billions,” that summarizes the savings lost to U.S. consumers during the past six years

through pay-for-delay deals in the drug industry, and found that the number of agreements with payment and delay has increased from zero in 2004 to a record 19 agreements in FY 2009. “Pay-for-delay” deals, in which brand-name drug makers pay their generic competitors to keep cheaper alternatives off the market, cost consumers an estimated \$3.5 billion per year—or \$35 billion over 10 years. The study also found that settlement deals featuring payments by branded drug firms to a generic competitor kept generics off the market for an average of 17 months longer than agreements that did not include a payment. To learn more, visit [www.ftc.gov/os/2010/01/100112payfordelayrpt.pdf](http://www.ftc.gov/os/2010/01/100112payfordelayrpt.pdf).

## PERFORMANCE MEASURE 2.3.4

THE PERCENTAGE OF RESPONDENTS FINDING THE FTC'S ADVOCACY COMMENTS AND *AMICUS* BRIEFS "USEFUL."

2012	Target	50.0%	<p><b>TARGET EXCEEDED.</b></p> <p>The FTC mails advocacy recipients a survey designed to gauge the usefulness of agency advocacy comments and <i>amicus</i> briefs. "Usefulness" is assessed by the recipient. The target percentage recognizes that comments critiquing a recipient's proposed action may not be assessed positively. In FY 2010, 8 of 8 survey responses classified the FTC's submissions as useful.</p> <p>Data Source: A formal survey distributed to advocacy recipients.</p>
2011	Target	50.0%	
2010	Target	50.0%	
	Actual	100.0%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	



## MARKET MANIPULATION RULE: THE FTC ISSUES BUSINESS COMPLIANCE GUIDE

The Commission added another tool to combat higher prices for wholesale petroleum products. Pursuant to its authority under the Energy Independence and Security Act of 2007, the Commission issued its Petroleum Market Manipulation Rule, which became effective in November of 2009. In a rulemaking proceeding that generated over 150 comments from consumers and businesses, the Commission crafted a Rule that prohibits fraud or deceit in wholesale petroleum markets, including omission of material information, that is

likely to distort petroleum markets. The Commission staff prepared a compliance guide for businesses, which sets out examples of Rule violations, such as false public announcements of planned pricing or output decisions, false statistical or data reporting, and wash sales intended to disguise the actual liquidity of a market or the price of a particular product. See [www.ftc.gov/ftc/oilgas/rules.htm](http://www.ftc.gov/ftc/oilgas/rules.htm) for more information.

## PERFORMANCE MEASURE 2.3.5

THE VOLUME OF TRAFFIC ON WWW.FTC.GOV RELATING TO COMPETITION RESEARCH, REPORTS, AND ADVOCACY. (NUMBERS SHOWN IN MILLIONS.)

2012	Target	1.7	<p><b>TARGET EXCEEDED.</b></p> <p>This performance measure relates to the volume of traffic on the FTC's web pages that relate to competition research, reports, and advocacy. In FY 2010, there were approximately 2.2 million visits, which met the criteria set by this measure.</p> <p>Data Source: The agency's web statistics software.</p>
2011	Target	1.7	
2010	Target	1.7	
	Actual	2.2	
2009	Target	1.1	
	Actual	1.6	
2008	Target	1.1	
	Actual	1.2	
2007	Target	1.1	
	Actual	1.1	
2006	Target	N/A	
	Actual	N/A	



**OBJECTIVE 2.4: PROTECT AMERICAN CONSUMERS IN THE GLOBAL MARKETPLACE BY PROVIDING SOUND POLICY RECOMMENDATIONS AND TECHNICAL ADVICE TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS TO PROMOTE SOUND COMPETITION POLICY.**

The FTC seeks more effective, coordinated reviews of multijurisdictional mergers, and is working towards achieving consistent outcomes in cases of potential unilateral anticompetitive conduct.

**Our Strategy**

To achieve this objective, the agency participates in multilateral competition organizations, which provides valuable opportunities to promote international cooperation and convergence and for competition

officials to share insights on law enforcement and policy initiatives. The FTC also pursues the development of an international market-based competition model that focuses on the maximization of consumer benefit. The agency influences policy development and implementation by advising multilateral organizations, regional entities, and foreign government agencies through substantive consultations and written comments. And finally, the FTC provides technical assistance to newer competition agencies to enhance their ability to apply sound competition policies.

**Performance Results**

The FTC uses two performance measures to assess performance for this objective. Key Measure 2.4.1 and Performance Measure 2.4.2 address the scope of our contact with international counterparts and help determine if our efforts are sufficiently broad-based.



**KEY MEASURE 2.4.1**

**POLICY ADVICE PROVIDED TO FOREIGN COMPETITION AGENCIES, DIRECTLY AND THROUGH INTERNATIONAL ORGANIZATIONS, THROUGH SUBSTANTIVE CONSULTATIONS, WRITTEN SUBMISSIONS, OR COMMENTS.**

2012	Target	40
2011	Target	40
2010	Target	40
	Actual	76
2009	Target	N/A
	Actual	N/A
2008	Target	N/A
	Actual	N/A
2007	Target	N/A
	Actual	N/A
2006	Target	N/A
	Actual	N/A

**TARGET EXCEEDED.**  
 In FY 2010, the FTC provided policy advice in 76 instances, through consultations, written submissions, or comments. The FTC’s policy advice continues to grow as a result of the increasing number of jurisdictions enforcing competition laws, the FTC’s participation in international organizations, and the FTC’s growing engagement with key jurisdictions such as China. The agency will continue to monitor the target of this new measure and will reassess it after additional performance cycles.

Data Source: Information on the international activities of the FTC is produced by the agency’s Office of International Affairs.

PERFORMANCE MEASURE 2.4.2

TECHNICAL ASSISTANCE PROVIDED TO FOREIGN COMPETITION AUTHORITIES.

2012	Target	10	<p><b>TARGET EXCEEDED.</b></p> <p>In FY 2010, the FTC conducted 54 technical assistance missions and hosted six international Fellows. Thirteen of the technical assistance missions and one international Fellow were funded through outside sources such as from U.S. Agency for International Development and the U.S. Trade and Development Agency. The agency will continue to monitor the target of this new measure and will reassess it after additional performance cycles.</p> <p>Data Source: Office of International Affairs technical assistance calendar.</p>
2011	Target	10	
2010	Target	10	
	Actual	60	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	

RESOURCES UTILIZED—STRATEGIC GOAL 2

(DOLLARS SHOWN IN MILLIONS.)

	2006	2007	2008	2009	2010
Full-Time Equivalents	457	489	502	509	512
Obligations	\$86	\$94	\$103	\$113	\$123
Net Cost	(\$23)	(\$47)	\$ 2	\$ 68	\$43

Note: Differences between these obligations and net costs and the financial statements are due to rounding.

# STRATEGIC GOAL 3: ADVANCE PERFORMANCE

Advance the FTC's performance through organizational, individual, and management excellence.

## I. Strategic View

The FTC recognizes that a strong foundation of organizational, individual, and management excellence is a driver of mission success. The agency applies four objectives to achieve this goal. The objectives align with four key functional areas: human resources, infrastructure and security, information resources, and finance and acquisition.

### OBJECTIVE 3.1: PROVIDE EFFECTIVE HUMAN RESOURCES MANAGEMENT.

The FTC uses an integrated approach that ensures human capital programs and policies are linked to our mission, goals, and strategies, while providing for continuous improvement in efficiency and effectiveness.

### OBJECTIVE 3.2: PROVIDE EFFECTIVE INFRASTRUCTURE AND SECURITY MANAGEMENT.

Building, modernizing, and maintaining physical and information technology infrastructure ensures a safe and secure workplace to achieve mission goals, and to respond to and anticipate both routine and emergency agency requirements.



## FEDERAL TRADE COMMISSION BUILDING

Adapted from the Federal Trade Commission 90th Anniversary Symposium "Note on the Federal Trade Commission Building," by Judith Bailey and James Hamill.

Located at the apex of the Federal Triangle (and originally called the Apex Building), staff first occupied the Federal Trade Commission Building in 1938. The building is designed in the Classical Revival style of architecture, and features large courtrooms facing the U. S. Capitol. These spaces host hearings, trials, appellate proceedings, and official meetings of the Commission.

Two of the building's most notable features are the Art Deco statues, designed by Michael Lantz and together called "Man Controlling Trade." The statues portray a rearing stallion held by a man, symbolizing the relationship between trade and the government, and have become the agency's informal logo. The building also features large decorative gates over the exterior doorways representing various means of trade including Columbus's ships, an 18th Century merchant ship, a 19th Century clipper ship in full sail, and an early paddlewheel steamship, as well a "modern" ocean liner and seaplane that showed the latest technology in the late 1930s. Rectangular panels above the doorways represent foreign trade, agriculture, shipping, and industry.

More information on this National Register of Historic Places building can be found at [www.gsa.gov/portal/ext/html/site/hb/category/25431/actionParameter/exploreByBuilding/buildingId/610](http://www.gsa.gov/portal/ext/html/site/hb/category/25431/actionParameter/exploreByBuilding/buildingId/610).

**OBJECTIVE 3.3: PROVIDE EFFECTIVE INFORMATION RESOURCES MANAGEMENT.**

The FTC recognizes that sound management of information resources is essential to meeting its strategic goals.

**OBJECTIVE 3.4: PROVIDE EFFECTIVE FINANCIAL AND ACQUISITION MANAGEMENT.**

Effective financial and acquisition management allows the FTC to protect American consumers and maintain competition in an accountable, transparent, and fiscally responsible manner.

**II. Strategic Analysis****OBJECTIVE 3.1: PROVIDE EFFECTIVE HUMAN RESOURCES MANAGEMENT.**

This objective aligns with the agency's Human Capital Plan that encompasses leadership and knowledge management, a results-oriented performance culture, talent management, and job satisfaction.

**Our Strategy**

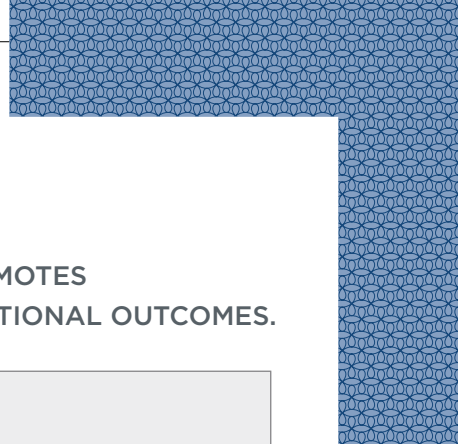
The FTC recognizes that its employees are its greatest asset and places great emphasis on the importance of human resources management to the successful accomplishment of its mission. One of the key strategies used to achieve this objective entails implementing programs and processes that will enable the agency to quickly recruit, develop, and retain a qualified, diverse workforce through an integrated workforce plan. The FTC also uses the integrated workforce plan to identify and fulfill current and future

human resources needs to carry out its mission and creates an agency-wide performance culture focused on individual and organizational accountability toward the achievement of the FTC's programmatic goals and priorities. Finally, the agency achieves this objective by providing human resources management training and outreach to staff.

**Performance Results**

Two performance measures, Performance Measure 3.1.1 and Performance Measure 3.1.2, are used to gauge achievement of this objective. These measures are based on results from the Federal Employee Viewpoint Survey administered by the U.S. Office of Personnel Management. The survey focuses on federal employees' perceptions of critical areas of their work life and workforce management, and measures factors that influence whether employees want to join, stay, and help their agency meet its mission.

In FY 2010, the FTC had a survey response rate of 51 percent (478 of 931 employees responded) and, compared to other federal agencies with over 1,000 employees, received second place marks on the Leadership and Knowledge Management, Results-Oriented Performance Culture, and Talent Management indexes and fourth place in Job Satisfaction. In addition, the FTC is listed as one of the agencies with the highest increases since 2008 for three of these four indexes. Of the 78 items on the survey, the FTC had 55 items with high positive ratings that are considered strengths; no items with negative ratings that would be considered weaknesses; and six items had a neutral rating. Additionally, 64 items were five percentage points or more above the government-wide average, and no items were five percentage points or more below the government-wide average.



## PERFORMANCE MEASURE 3.1.1

THE EXTENT EMPLOYEES BELIEVE THEIR ORGANIZATIONAL CULTURE PROMOTES IMPROVEMENT IN PROCESSES, PRODUCTS AND SERVICES, AND ORGANIZATIONAL OUTCOMES.

2012	Target	<i>Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index</i>	<p><b>TARGET MET.</b></p> <p>The government-wide results were 53% and the FTC received 68%.</p> <p>Compared to 37 other departments and agencies with more than 1,000 full-time employees, the FTC took second place in Leadership and Knowledge Management and Results-Oriented Performance Culture.</p> <p>Data Source: 2010 Federal Employee Viewpoint Survey.</p>
2011	Target	<i>Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index</i>	
2010	Target	<b>Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index</b>	
	Actual	Exceeded	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	



 KEY MEASURE 3.1.2

THE EXTENT EMPLOYEES THINK THE ORGANIZATION HAS THE TALENT NECESSARY TO ACHIEVE ORGANIZATIONAL GOALS.

2012	Target	<i>Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index</i>	<p><b>TARGET MET.</b></p> <p>The government-wide results were 60% and the FTC received 72%.</p> <p>Compared to 37 other departments and agencies with more than 1,000 full-time employees, the FTC took second place in Talent Management.</p> <p>Data Source: 2010 Federal Employment Viewpoint Survey.</p>
2011	Target	<i>Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index</i>	
2010	Target	<b>Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index</b>	
	Actual	Exceeded	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	

**OBJECTIVE 3.2: PROVIDE EFFECTIVE INFRASTRUCTURE AND SECURITY MANAGEMENT.**

Building, modernizing, and maintaining physical and information technology infrastructure ensures a safe and secure workplace.

**Our Strategy**

The FTC ensures a safe and secure workplace by promoting staff awareness, regularly participating in Continuity of Operations Plan (COOP) testing, and incorporating best practices from Federal Emergency Management Agency (FEMA) staff. COOP exercises

have established a viable, tested infrastructure that can provide continuation of the FTC's mission along with a safe and secure environment for all staff in the event of an emergency.

Ensuring that the FTC has optimal informational technology (IT) infrastructure operations and performance is key to meeting the agency's business goals. The ability of the agency's Information Technology Management Office (ITMO) to deliver value to the agency is dependent upon its ability to identify and provide a host of critical services of improved quality, at lower business risk, and with increased agility. To this end, ITMO is working

to deploy a sophisticated suite of infrastructure operations performance monitoring tools, technology, and processes that will help achieve the agency goals. Measuring and improving service delivery to bring positive business experiences and outcomes for the FTC is imperative. With ever-changing technology, including the potential for use of cloud computing, this must be accomplished in a growing, complex, and dynamic IT infrastructure and application environment.

## Performance Results

Two performance measures are used to gauge achievement of this objective. First, the FTC uses FEMA's annual testing of COOP programs. The testing is captured as Performance Measure 3.2.1 and includes participation in the Federal Executive Branch Continuity alert, notification, and deployment procedures as well as interagency communications. The agency also annually reviews its continuity capability, as well as its ability to identify and prioritize essential functions and conduct operations from pre-planned alternate locations.

Specifically, this measure represents performance in a series of exercises known as "Eagle Horizon." The

target is based on prior performance and the target of 75 percent represents management's commitment to reaching a realistic yet ambitious milestone. The exercises allow the Executive Branch to implement integrated, overlapping national continuity concepts in order to ensure the preservation of our government and the continuing performance of essential functions. These services provided by the government at all levels and the private sector affect the everyday lives of citizens and customers.

A second Performance Measure, Key Measure 3.2.2, assesses performance of this objective by collecting and tracking the availability of key information technology applications, systems, and components. By tracking unplanned outage periods, the agency monitors the reliability and availability of almost 30 critical information technology services including: email, FTC specific and custom applications and systems, BlackBerry servers, Internet/Intranet, telecommunications (includes phone and voicemail services), Wide Area Network, www.ftc.gov, Secure Access for Employees, and enterprise-wide customer applications.



### KEY MEASURE 3.2.1

A FAVORABLE CONTINUITY OF OPERATIONS (COOP) RATING.

2012	Target	75.0%
2011	Target	75.0%
2010	Target	75.0%
	Actual	85.0%
2009	Target	N/A
	Actual	N/A
2008	Target	N/A
	Actual	N/A
2007	Target	N/A
	Actual	N/A
2006	Target	N/A
	Actual	N/A

**TARGET EXCEEDED.**

The FTC's grade of 85% establishes the agency as a leader among all federal agencies within the Eagle Horizon program.

These efforts included review of all previous exercises and the corresponding results, benchmarking to other federal agencies, and attendance at all of the FEMA program development meetings.

The one area in which the FTC did not excel at the time of the exercise was the delegation of authority portion which made up the bulk of the 15% shortfall. The agency has since resolved this deficiency by establishing a delegation of authority policy.

[Data Source: FEMA's Continuity Evaluation Tool.](#)



## KEY MEASURE 3.2.2

### AVAILABILITY OF INFORMATION TECHNOLOGY SYSTEMS.

2012	Target	99.00%	<p><b>TARGET EXCEEDED.</b></p> <p>The FTC's information technology services pool averaged 99.86% availability, exceeding the target of 98.00%.</p> <p>Data Source: ITMO's Monthly System Availability Report.</p>
2011	Target	98.50%	
2010	Target	98.00%	
	Actual	99.86%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	

### OBJECTIVE 3.3: PROVIDE EFFECTIVE INFORMATION RESOURCES MANAGEMENT.

The agency manages information to enable staff to make thoughtful decisions and perform their work, to facilitate appropriate public access, and to protect sensitive information from inappropriate access and release.

#### Our Strategy

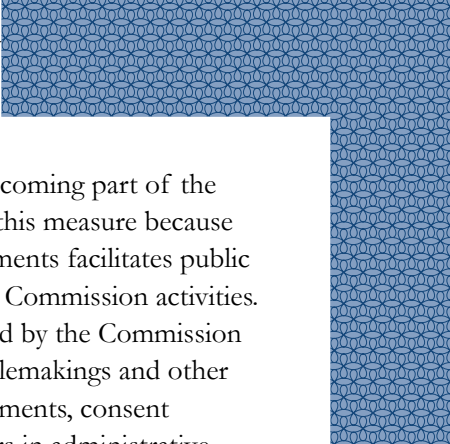
The FTC is undergoing a multiyear transition to managing information resources in electronic format as one of the best means of meeting this objective. As part of this transition, the FTC conducted an agency-wide inventory of records, including major electronic systems. Based on the inventory, the agency then developed, finalized and submitted to the National Archives and Records Administration a comprehensive retention schedule that, when NARA approves it,

will authorize the FTC to maintain and dispose of agency records electronically. It will enable the FTC to concentrate on managing information rather than records schedules.

As another step in the transition, during FY 2010, the FTC developed an Electronic Recordkeeping Certification Review process that will be used to review the ability of the FTC's information systems to house agency records with authenticity, reliability and integrity for the mandated retention period.

In addition, as part of effective information resources management, the FTC is identifying and implementing business process improvements through effective use of technology. For example, the FTC has developed a new web based e-Filing system for public filings in administrative litigation under Part 3 of the FTC Rules of Practice. Designed in the footprint of systems used





by the federal courts, the FTC’s e-Filing system enables parties to the agency’s administrative proceedings to file public documents electronically rather than in paper format.

### Performance Results

One performance measure, Performance Measure 3.3.1, is used to gauge success of this objective. This key performance measure is the percentage of Commission-approved documents in the FTC’s ongoing and newly initiated proceedings available on

www.ftc.gov within 15 days of becoming part of the public record. The FTC selected this measure because timely availability of public documents facilitates public awareness of and participation in Commission activities. Examples of documents approved by the Commission are Federal Register Notices in rulemakings and other proceedings that seek public comments, consent agreements, complaints and orders in administrative litigation, and complaints and proposed orders in litigation in the federal courts.



### KEY MEASURE 3.3.1

THE PERCENTAGE OF COMMISSION-APPROVED DOCUMENTS IN THE FTC’S ONGOING AND NEWLY INITIATED PROCEEDINGS AVAILABLE VIA THE INTERNET WITHIN 15 DAYS OF BECOMING PART OF THE PUBLIC RECORD.

2012	Target	80.0%	<p><b>TARGET EXCEEDED.</b></p> <p>In FY 2010, nearly 94% of documents tracked under this measure were posted to the Internet within 15 days of becoming part of the public record. The performance actual is an estimate based on samples from the first two quarters and actual counts for the remaining year. Comprehensive counts will be used in the future. Additionally, the target for this new performance measure will increase starting in FY 2012.</p> <p>Data Source: Internal records from the Office of the Secretary and the Records and Filings Office.</p>
2011	Target	75.0%	
2010	Target	75.0%	
	Actual	93.8%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	



### OBJECTIVE 3.4: PROVIDE EFFECTIVE FINANCIAL AND ACQUISITION MANAGEMENT.

Resource stewardship and financial oversight are fundamental to establishing the accountability and transparency through which organization, individual, and management excellence are fostered.

#### Our Strategy

By promoting consistency and integrity throughout the organization, this objective contributes not only to efficient program delivery, but also to effective and efficient agency administration overall. Our work in this area covers a wide range of administrative and operational efforts, such as formulating and executing the agency budget, managing acquisition activities, overseeing the internal control program, managing accounting operations, spearheading audit resolution, and ensuring compliance with various financial management laws and regulations. These efforts are critical to maintaining the management infrastructure needed to carry out the mission.

One of the primary strategies the agency uses under this objective is to enhance the internal control environment. To support this work, in FY 2010 the FTC established an Internal Control Review Plan to conduct internal control reviews of agency bureaus and offices at least once every three years. The objective of

the reviews is to assist management in identifying high-risk areas and implement appropriate risk management strategies where necessary. The first two reviews were conducted this year. In addition, the FTC is integrating disparate legacy systems with the agency's core financial system, aligning resources to strategic priorities and outcomes to focus the agency on the most important tasks and programs, and implementing best business solutions to accomplish our goals through world-class acquisition and business processes.

#### Performance Results

Three performance measures that assess internal administrative and programmatic operations and acquisition procedures are used to gauge the achievement of this objective. Performance Measure 3.4.1 tracks the independent auditor's financial statement audit results, and Key Measure 3.4.2 tracks the percentage of Bureaus/Offices that establish and maintain an effective, risk-based internal control environment. Strong internal controls over financial and business processes are critical to the integrity of the data reported through the financial reporting system. Performance Measure 3.4.3 monitors performance against the Small Business Administration's government-wide small business procurement goals.

## PERFORMANCE MEASURE 3.4.1

### INDEPENDENT AUDITOR'S FINANCIAL STATEMENT AUDIT RESULTS.

2012	Target	Unqualified opinion on the financial statements	<p><b>TARGET MET.</b></p> <p>The agency received a “clean” opinion on its financial statements. The opinion is determined by the independent auditor’s review and tests of internal controls over operations and financial reporting and the auditor’s determination that the financial statements and notes are fairly presented.</p> <p>Data Source: Independent auditor’s opinion.</p>
2011	Target	Unqualified opinion on the financial statements	
2010	Target	Unqualified opinion on the financial statements	
	Actual	Unqualified opinion	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	
2007	Target	N/A	
	Actual	N/A	
2006	Target	N/A	
	Actual	N/A	



### KEY MEASURE 3.4.2

THE PERCENTAGE OF BUREAUS/OFFICES THAT ESTABLISH AND MAINTAIN AN EFFECTIVE, RISK-BASED INTERNAL CONTROL ENVIRONMENT.

2012	Target	100.0%
2011	Target	100.0%
2010	Target	100.0%
	Actual	100.0%
2009	Target	N/A
	Actual	N/A
2008	Target	N/A
	Actual	N/A
2007	Target	N/A
	Actual	N/A
2006	Target	N/A
	Actual	N/A

**TARGET MET.**

The Statements of Assurance (SOA) submitted by the agency's major components provide the basis for the measurement of the effectiveness of the FTC's risk-based internal control environment.

Each component completed questionnaires specific to its functions that addressed the Government Accountability Office's, "Standards of Internal Control" and other internal documentation supporting the SOA. The information was reviewed by the agency's internal control management.

In addition, the Financial Management Office conducted the first two reviews in accordance with its Internal Control Review Plan. Based on the SOAs and these internal reviews, this performance measure is met by 100% of the Bureaus/Offices.

Data Source: The Statements of Assurance submitted by the agency's thirteen major components.

### PERFORMANCE MEASURE 3.4.3

PERFORMANCE AGAINST THE SMALL BUSINESS ADMINISTRATION'S GOVERNMENT-WIDE SMALL BUSINESS PROCUREMENT GOALS.

2012	Target	23.0%
2011	Target	23.0%
2010	Target	23.0%
	Actual	58.9%
2009	Target	N/A
	Actual	N/A
2008	Target	N/A
	Actual	N/A
2007	Target	N/A
	Actual	N/A
2006	Target	N/A
	Actual	N/A

**TARGET EXCEEDED.**

This measure encompasses contracts to organizations classified as small businesses in accordance with Federal Acquisition Regulation 19, i.e., open market procurements. The target is the Small Business Administration-assigned goal for the FTC.

Data Source: The Federal Procurement Data System—Next Generation.