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USPS Suppliers,

You are receiving this newsletter from the Postal Service as you have registered your interest to do business with the Postal Service or your e-mail is on file as a point of contact for a current or past contract. Please share this newsletter with your colleagues within your company as it contains important supplier related information about the Postal Service.

As part of our communications plan to keep our suppliers fully informed of all major initiatives affecting them and encourage their feedback, please see the recently released information from the U.S. Postal Service.

Postal Service Statement on Retiree Health Benefits Payment

Business as Usual

The U.S. Postal Service will not make mandated prefunding retiree health benefit payments to the Treasury of \$5.5 billion due Aug. 1, 2012 or the \$5.6 billion payment due Sept. 30, absent legislation enacted by Congress. This action will have no material effect on the operations of the Postal Service. We will fully fund our operations, including our obligation to provide universal postal services to the American people. We will continue to deliver the mail, pay our employees and suppliers and meet our other financial obligations. Postal Service retirees and employees will also continue to receive their health benefits. Our customers can be confident in the continued regular operations of the Postal Service.

The Postal Service continues to implement its strategic plan. However, comprehensive postal legislation is needed to return the Postal Service to long-term financial stability. We remain hopeful that such legislation can be enacted during the current Congress.

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USPS Financial System Upgrade *Improving for the Future*

The Postal Service will be performing a major upgrade to its National Accounting Financial System during August 2012. Though the Financial System operates effectively today, we need to upgrade the software and underlying database to ensure continued high levels of performance and technical support in the coming years.

So – how does this “internal” Postal Service system change affect you as a postal supplier?

While the goal is to minimize impacts of the upgrade on both internal USPS stakeholders and our suppliers, suppliers may see a change in the pattern of some payments prior to, during, and shortly after the projected upgrade period because no supplier payments will be processed while the Financial System is being upgraded.

The upgrade will impact the ability for Supply Management to process contract actions (awards, modifications, delivery orders, etc.) during the upgrade, due to the integration between the Financial System and Contract Authoring and Management System (CAMS), our primary contracting system. While the upgrade will impact all payment processing, the work will not have an impact on contract actions being performed in Electronic Facilities Management System (eFMS) for Facilities Construction contracts or Transportation Contracting Support System (TCSS) for Surface Transportation contracts.

The good news is that the Financial System upgrade will be completed during a relatively short window of time! The technical upgrade of the software and database is anticipated to commence starting the evening of Aug. 9 through Aug. 20, 2012. Upon successful completion of the upgrade an additional 4-5 business days will be needed to fully process the backlog of transactions that will develop during the upgrade. All processing is expected to be back to normal by Aug. 28, 2012. The Postal Service appreciates your patience and support during this upgrade process.

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Supplier-Focused Q & As About Financial System Upgrade *Understanding the Impacts*

The following Q & As will help you better understand the impacts that the National Accounting Financial System upgrade may have on the Postal Service supplier community. The Q & As are organized into four categories: (1) General Questions, (2) Supplier Payment Questions, (3) Contract Action Questions and (4) Actions for Suppliers.

GENERAL QUESTIONS

1. Why is the USPS Financial System being upgraded?

The Financial System operates effectively today; however, the system is operating on outdated versions of software and database. We need to upgrade the software and underlying database to ensure continued high levels of performance and technical support in the coming years.

2. When will the upgrade occur?

The technical upgrade of the software and database is anticipated to commence starting the evening of Aug. 9 through Aug. 20, 2012.

3. How does the upgrade impact the operational systems?

All operational systems that send invoice files to the Financial System will continue to process files and send them to the Financial System during the upgrade. The Financial System will queue the files during the upgrade. Once the technical upgrade is complete all queued files will be processed.

4. How long will it take the Financial System to process all files that have queued up and return to normal operations?

Upon successful completion of the upgrade an additional 4-5 business days will be needed to fully process the backlog of transactions that will develop during the upgrade. All processing is expected to be back to normal by Aug. 28, 2012.

5. What are the risks and contingency plans related to the upgrade?

USPS has been conducting extensive testing and trial upgrade implementations to minimize the risk related to the upgrade. If any unforeseen issue is encountered during the technical upgrade, the existing system will be available as the contingency.

6. How will suppliers be informed about the status of the upgrade?

To help keep suppliers informed, the following *USPS re:supply* communications will be issued pertaining to the upgrade:

- Upgrade Start – confirming the technical upgrade started.
- Technical Upgrade Complete – confirming success of the technical upgrade and start of file processing.
- Normal Operations – confirming all queued files have been processed and normal operations have resumed.

7. Does the timing of this Financial System Upgrade have any ties to the financial challenges of USPS?

No. The Financial System upgrade is not related to the Postal Service's financial challenges. This is a necessary technical upgrade of our Financial System to ensure continued high levels of performance and technical support in the coming years.

SUPPLIER PAYMENT QUESTIONS

8. Will the upgrade impact supplier payments?

Yes, the technical upgrade will have an impact on our ability to make supplier payments as well as payments to our own employees for miscellaneous expenses such as travel reimbursements. Some invoices may be paid ahead of schedule and some invoices may be paid a few days after their payment due date. Some invoices will not be impacted by the technical upgrade at all depending on individual payment terms and dates of invoice submission. We regret that this upgrade will have some impacts to supplier payments and anticipate that the impacts will be only for a short period of time.

9. Is it possible that early payments will be made and under what scenario would an invoice be paid in advance of its scheduled payment date?

Yes, the Postal Service is planning to make some early payments to mitigate impacts to suppliers. Invoices that are processed into the Financial System by Aug. 7 may be paid prior to the start of the upgrade on the evening of Aug. 9. This will minimize the impact to suppliers and help clean out transactions from the system prior to the upgrade.

10. Under what scenario would an invoice be paid after its scheduled payment date?

Some USPS operational systems send invoice files to the Financial System with payment requests of next day as the payment terms are managed within the operational system. Those systems will continue to send invoice files to the Financial System and they will be queued and processed when the technical upgrade is complete. It is anticipated that the delay in payment will be no more than 10 business days from normal processing.

11. Will USPS honor prompt payment requirements during this upgrade?

If there are invoices that are delayed for payment, the Postal Service Financial System will calculate and pay the appropriate prompt payment interest charges.

CONTRACT ACTION QUESTIONS

12. Will the upgrade impact the Postal Service's ability to execute contract actions?

The Postal Service's ability to execute contract actions (awards, modifications, delivery orders, etc.) may be affected, depending upon the contracting system. Yes, the Financial System upgrade will have an impact on contract actions being processed

within the Postal Service primary contracting system (CAMS). CAMS is tightly integrated with the Financial System and thus contract actions cannot be processed while the Financial System is down for the upgrade. CAMS will be undergoing a technical upgrade of the application and database at the same time as the Financial System. Contracting Officers will not be able to complete contract actions in the system during the upgrade period.

The Financial System upgrade will *not* have an impact on contract actions being performed in eFMS for Facilities Construction contracts or TCSS for Surface Transportation contracts.

13. What if there is an emergency and a contract action must be performed during this upgrade?

USPS has the ability to initiate the necessary emergency contract actions during this upgrade.

ACTIONS FOR SUPPLIERS

14. What do I need to do as a supplier relative to this upgrade?

Understand how the Financial System upgrade impacts the supplier community and work with us to ensure this is just a short-term impact for both parties. This can be accomplished by:

- Reading the *USPS re:supply* Financial System upgrade communications.
- Communicating with your Contracting Officer on contract actions that were planned during the upgrade and making necessary adjustments.
- Monitoring invoices to ensure all payments are received prior to and after the upgrade.
- Being patient and don't inundate your Contracting Officer or Contracting Officer Representative with invoice inquiries.
- Continuing to provide the excellent products and service that you are currently providing to the Postal Service and the American public.

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Postal Service Releases Sustainability and Energy Scorecard
Reduces Energy, Potable Water Use



The U.S. Postal Service recently presented its Sustainability and Energy Scorecard to the Office of Management and Budget (OMB). The OMB Sustainability and Energy Scorecard <http://about.usps.com/what-we-are-doing/green/making-the-grade.htm> is a reporting tool that federal government agencies use to publicly report progress against their sustainability goals.

“The Postal Service is committed to being a sustainability leader and our scorecard results demonstrate great progress toward sustainability goals including reducing energy and potable water intensity, and greenhouse gas emissions,” said Chief Sustainability Officer, Thomas G. Day.

Progress noted in USPS’ OMB Sustainability and Energy Scorecard <http://about.usps.com/what-we-are-doing/green/making-the-grade.htm> includes the following reductions:

- Facility energy intensity—22.4 percent toward a 30 percent reduction goal by fiscal year (FY) 2015, from a 2003 baseline.
- Potable water intensity—18.5 percent toward a 26 percent goal by FY 2020, from a 2007 baseline.
- Greenhouse gas emissions—16.1 percent in 2011 toward a 20 percent reduction goal by FY 2020, from a 2008 baseline.

In order to reduce energy and water intensity—measured as usage per square foot—the Postal Service uses sustainable features in its buildings, including high efficiency lighting, recycled building materials, solar energy systems and low water use fixtures. The agency has one green roof in New York City and is adding another in Syracuse, NY. These green roofs will help the Postal Service save energy and reduce pollutants in storm water runoff.

Although the Postal Service continues to make its delivery routes more efficient—eliminating more than 6800 delivery routes in 2011—petroleum use has increased 6.4 percent since 2005. This, due in large part to the nation’s growth. Nearly 1 million addresses are added to the delivery network every year. An aging fleet of delivery vehicles—more than 20-years old, each—drive an average of 18.5 miles in vigorous conditions of approximately

500 stops and starts each day. Financial limitations prevent near term investment in a new fleet of vehicles. In the interim, USPS continues to test alternate technologies to assure informed decisions when funding becomes available.

The Postal Service's green fleet consists of more than 8,000 letter carriers delivering mail by walking—the "fleet of feet"—nearly 70 bicycle routes and nearly 41,000 vehicles capable of running on ethanol, biodiesel, compressed natural gas, propane and electricity.

USPS has achieved interim sustainability milestones and is on track to achieve all goals except total postal vehicle petroleum fuel use reductions of 20 percent by FY 2015.

In its 2011 Annual Sustainability Report <http://about.usps.com/what-we-are-doing/green/report/2011/welcome.htm> the Postal Service announced a decrease in greenhouse gas emissions equal to removing nearly 200,000 passenger vehicles from the road for a year.

USPS also helps customers calculate and reduce their own carbon footprints. Visit www.usps.com/green and the USPS Green Newsroom at <http://about.usps.com/news/electronic-press-kits/greennews/welcome.htm> to learn more about the Postal Service's sustainability initiatives and the *Go Green Forever* stamps at www.usps.com/store.

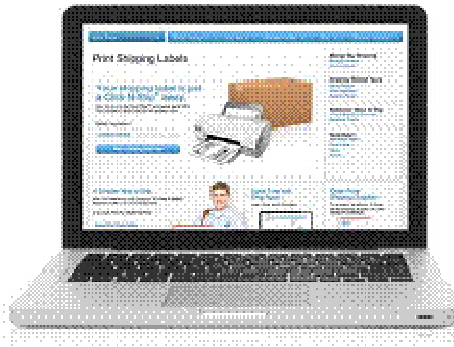
The Postal Service has won numerous environmental honors, including the U.S. Environmental Protection Agency's (EPA) WasteWise Partner of the Year award in 2010 and 2011, the EPA's National Partnership for Environmental Priorities award in 2011 and the Climate Registry Gold award in 2011.

USPS participates in the International Post Corporation's <http://www.ipc.be/> Environmental Measurement and Monitoring System <http://www.ipc.be/en/Services/Sustainability.aspx>, the global postal industry's program to reduce its carbon footprint 20 percent by 2020 based on an FY 2008 baseline.

Inquiries regarding this Sustainability and Energy Scorecard release may be sent to Darlene Casey, USPS Media Contact, at Darlene.Casey@usps.gov.

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Postal Service Introduces PayPal as Online Shipping Payment Option



The U.S. Postal Service has added PayPal as a payment option for its popular Click-N-Ship online shipping application.

Customers using Click-N-Ship now can choose to pay for their shipping labels using a credit card, Bill Me Later, or PayPal.

PayPal is just one of several enhancements added to the U. S. Postal Service's Click-N-Ship tool and part of a broader redesign of www.usps.com to make the online shipping and shopping experience more flexible.

“Our customers have told us they would like more payment options when shipping online and that’s why we are excited to announce we are now accepting PayPal,” said Kelly Sigmon, vice president, Channel Access for the U.S. Postal Service.

How does it work? PayPal is a global e-commerce payment option that allows customers to pay for their purchases over the internet. Once Click-N-Ship <https://cns.usps.com/go> customers have completed their shipping labels and are ready to check out, they simply select the PayPal option.

PayPal allows customers to pay securely, without sharing financial information. The service provides flexibility to pay with multiple options, including PayPal account balances, bank accounts, credit cards or promotional financing. PayPal www.paypal.com is a fast and secure way to pay that fits perfectly into the U.S. Postal Service’s expanding online strategy to make it easier and more convenient for customers to do their postal business — anytime, anywhere.

Get to know the new Click-N-Ship at <https://www.usps.com/ship/get-to-know-click-n-ship.htm> — online 24/7.

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A self-supporting government enterprise, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 151 million residences, businesses and Post Office Boxes. The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations. With 32,000 retail locations and the most frequently visited website in the federal government, www.usps.com, the Postal Service has annual revenue of more than \$65 billion and delivers nearly 40 percent of the world’s mail. If it were a private sector company, the U.S. Postal Service would rank

35th in the 2011 Fortune 500. In 2011, Oxford Strategic Consulting ranked the U.S. Postal Service number one in overall service performance of the posts in the top 20 wealthiest nations in the world. *Black Enterprise* and *Hispanic Business* magazines ranked the Postal Service as a leader in workforce diversity. The Postal Service has been named the Most Trusted Government Agency for six years and the sixth Most Trusted Business in the nation by the Ponemon Institute.



ARE YOU REGISTERED TO DO BUSINESS WITH THE U.S. POSTAL SERVICE?

More than 8,400 suppliers have registered since our launch of the Supplier Registration site in July 2009.

All suppliers interested in doing business with the U.S. Postal Service should register their company in the Postal Service Supplier Registration system.

For more information, please go to <http://about.usps.com/suppliers/becoming/registration.htm>.

CONTACT US!

We value your questions and feedback to this newsletter. Please feel free to reply to this message with your feedback or mail to:

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