

POSTAL REGULATORY COMMISSION
901 New York Avenue, NW
Suite 200
Washington, D.C. 20268-0001

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 or 15(d) of
The Securities Exchange Act of 1934
and Section 3654 of
The Postal Accountability and Enhancement Act of 2006

Date of Report (Date of earliest event reported): November 10, 2010

United States Postal Service

(Exact name of registrant as specified in its charter)

n/a (State or other jurisdiction of incorporation or organization) **n/a** (Commission File Number) **41-076000** (I.R.S. Employer Identification No.)

475 L'Enfant Plaza, SW **20260**
Washington, D.C. (Zip Code)
(Address of principal executive offices)

202-268-2000
(Registrant's telephone number, including area code)

n/a
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On November 10, 2010, the Postal Service entered into an Agreement for Retention Incentive (the "Agreement") with Anthony J. Vegliante, Executive Vice President and Chief Human Resources Officer, providing for the payment of certain annual retention incentives to induce Mr. Vegliante to remain in his position as Executive Vice President and Chief Human Resources Officer. The Agreement is effective as of November 1, 2010 and provides for payments to Mr. Vegliante of twenty-five percent (25%) of Mr. Vegliante's basic salary in effect as of November 1, 2010 and as of November 1, 2011. Mr. Vegliante will be entitled to receive such payment(s) within thirty (30) calendar days after November 1 of each twelve month period as long as he remains employed by the Postal Service as of that date, to the extent allowable by law. The Agreement provides that the parties may mutually agree in writing to extend the Agreement on an annual basis for each twelve month period commencing on November 1 of each year after November 1, 2011, so that the amount of the retention incentive for any such future period shall be twenty-five percent (25%) of Mr. Vegliante's basic salary in effect as of November 1 of the relevant year.

The Agreement provides that any portion of the payment(s) owed to Mr. Vegliante pursuant to the Agreement that are required to be deferred by the limitation found at section 3686 of Title 39 of the United States Code will be paid as deferred compensation. The Agreement provides that Mr. Vegliante may receive a distribution of his deferred compensation in the event of an "unforeseeable emergency" as such term is defined in Section 409A of the Internal Revenue Code.

The Agreement states that if Mr. Vegliante separates from the Postal Service for any reason prior to the conclusion of a pertinent twelve month period, he is obligated to refund to the Postal Service a prorated portion of the retention incentive payment he received, less any applicable deductions. If amounts to be refunded to the Postal Service have been deferred pursuant to the Agreement, Mr. Vegliante relinquishes any right to such deferred amounts.

This description of the terms of the Agreement is qualified in its entirety by reference to the attached Agreement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 10.1 Retention Incentive Agreement between the Postal Service and Anthony J. Vegliante.

Signatures

Pursuant to the requirements of the Postal Accountability and Enhancement Act of 2006, the Postal Service has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

United States Postal Service
(Registrant)

By: 

(Signature)

Vincent H. DeVito
Vice President, Controller

Date: November 15, 2010

Exhibit 10.1
(See attached)

AGREEMENT FOR RETENTION INCENTIVE

The following shall constitute an agreement between the United States Postal Service ("Postal Service") and Anthony J. Vegliante ("Mr. Vegliante") for the payment of incentives for retention purposes.

1. This agreement is effective as of November 1, 2010.
2. As a retention incentive, and in order to induce Mr. Vegliante to remain in the position of Executive Vice President and Chief Human Resources Officer, or in any successor position, the Postal Service shall provide Mr. Vegliante with individual incentive payments, less required withholding and deductions, as follows:
 - a. For the twelve-month period beginning November 1, 2010, the amount of the retention incentive shall be 25% of Mr. Vegliante's basic salary in effect as of November 1, 2010.
 - b. For the twelve-month period beginning November 1, 2011, the amount of the retention incentive shall be 25% of Mr. Vegliante's basic salary in effect as of November 1, 2011.
 - c. Both parties may mutually agree to extend this agreement on an annual basis for each twelve-month period commencing on November 1 of each year after November 1, 2011, so that the amount of the retention incentive shall be 25% of Mr. Vegliante's basic salary in effect as of November 1 of the relevant year. Any such extension shall be in writing, and signed by both parties.
3. To the extent allowable by law, Mr. Vegliante shall be entitled to receive such payment(s) as listed in section 2 above within thirty calendar days after November 1 of each twelve-month period specified in section 2, as long as he remains employed by the Postal Service as of that date. Any portion of such payment(s) as listed in section 2 above required to be deferred by the limitation found at section 3686 of Title 39 of the United States Code will be paid as deferred compensation pursuant to section 5 of this agreement.
4. In the event Mr. Vegliante separates from the Postal Service for any reason prior to the conclusion of the pertinent twelve-month period specified in section 2, he shall, within thirty calendar days after he ceases to be employed by the Postal Service, refund to the Postal Service a prorated portion of the payment that he received for the purpose of inducing him to remain in his position for the relevant twelve-month period, less any applicable deductions. In the event Mr. Vegliante is required to refund any monies to the Postal Service pursuant to this section of this agreement, the amount he will be required to refund shall be calculated as follows: The amount he received pursuant to sections 2 and 3 as a retention incentive for the twelve-month period commencing on the most recent November 1 shall be

multiplied by the fraction created by dividing by twelve the number of full calendar months during which Mr. Vegliante did not fulfill the relevant twelve-month period specified in section 2 of this agreement. In the event any amounts to be refunded to the Postal Service pursuant to this section of this agreement have been deferred pursuant to section 5 of this agreement, Mr. Vegliante hereby relinquishes any right to such deferred amounts. In so doing, Mr. Vegliante understands that in agreeing to refund monies to the Postal Service pursuant to this section 4 of the agreement, he is waiving the provisions of the Debt Collection Act and Subchapter 450 of the Employee and Labor Relations Manual. AVV (Initials)

5. In executing this Agreement, both parties acknowledge that Mr. Vegliante's total compensation is subject to the statutory limits on total compensation contained in Title 39 of the United States Code. As a result of those limits, it may be necessary to defer compensation that would otherwise be payable to Mr. Vegliante while he is employed by the Postal Service, including but not limited to, basic salary, performance awards, individual awards and bonuses. Such deferred compensation shall be subject to the following:
 - a. All deferred compensation under sections 3 and 5 of this agreement shall be held by the Postal Service as part of its general operating funds, and held for future payment to Mr. Vegliante.
 - b. Compensation deferred pursuant to sections 3 and 5 of this agreement may accrue interest in accordance with the standard policy in effect at the time of accrual until paid to Mr. Vegliante. Any interest accrual shall be calculated per the standard policy in effect for deferred compensation at the time of accrual, except as specified in section 6.
 - c. Section 409A Compliance. The provisions of sections 5(d), 5(e) and 5(f) and section 6 of this agreement shall apply to compensation deferred pursuant to sections 3 and 5 of this agreement. This agreement, including this section 5, and section 6, is intended to fully comply with all the requirements of Section 409A of the Internal Revenue Code, as amended, and Treasury regulations thereunder ("Section 409A") so as to not result in any income inclusion to Mr. Vegliante under Section 409A(a)(1)(A).
 - d. In the event Mr. Vegliante dies before all payments due Mr. Vegliante under this Agreement have been made, any amounts owed Mr. Vegliante pursuant to this Agreement shall be paid to Mr. Vegliante's designated beneficiary in a lump sum within 90 days after the date of his death, provided however, that survivor benefits payable pursuant to sections 681 and 682 of the Handbook EL-380 shall be paid in the manner prescribed in that Handbook; Mr. Vegliante's designated beneficiary is an intended third-party beneficiary with respect to the payments set forth in this agreement in the event of Mr. Vegliante's death; and this agreement may be enforced by Mr. Vegliante's designated beneficiary in accordance with the terms of this Agreement.

- e. **Unforeseen Emergency:** Notwithstanding subsection (c) above, Mr. Vegliante may receive a distribution of his deferred compensation in the event of an "unforeseeable emergency" with respect to Mr. Vegliante, as such term is defined pursuant to Section 409A. Any such distribution of deferred compensation in the event of an unforeseeable emergency must comply with Section 409A and the limitation on compensation found at section 3686 of Title 39 of the United States Code. The Postmaster General shall make all determinations required under Section 409A with respect to an unforeseeable emergency. For informational purposes, an unforeseeable emergency generally means a severe financial hardship arising from illness, loss or destruction of property, or certain other events, but the definition of unforeseeable emergency for purposes of the Agreement shall be as provided in Section 409A.
 - f. **Section 409A Compliance:** All references in this agreement to Mr. Vegliante's "separation from" the Postal Service, or words of similar meaning, as a condition for the payment of any form of deferred compensation, shall be deemed to be references to Mr. Vegliante's "separation from service" with the Postal Service within the meaning of Section 409A of the Internal Revenue Code and applying the default rules thereof.
6. Unless otherwise restricted by Title 39 of the United States Code, the total amounts of compensation deferred pursuant to this agreement (including all interest accrued on compensation deferred) shall be paid to Mr. Vegliante no sooner than one year after the date of his separation from the Postal Service. No interest is to accrue from the time of his separation from the Postal Service and the payment date.
 7. "Basic salary," as used in this agreement, shall be defined as the annual rate of pay as reflected in Mr. Vegliante's earning statement, PS Form 1223-B.
 8. Separation from the Postal Service as referenced in sections 4, 5 and 6 above shall be defined as the effective date of separation on the Postal Service Form 50, Notification of Personnel Action.
 9. The parties further recognize that pursuant to section 204 of Title 39 of the United States Code, Mr. Vegliante serves in his position as an officer of the Postal Service at the pleasure of the Postmaster General. Nothing in this agreement is intended to limit the authority of the Postmaster General to exercise the authority conferred upon him by section 204 of the United States Code.
 10. This agreement may be amended or modified only upon the written agreement of the parties. No amendment or modification of this agreement shall be valid or effective unless in writing and executed by the parties to this agreement.

11. Mr. Vegliante represents that he has carefully read and fully understands all of the provisions of this agreement, that he is competent to execute this agreement, that his decision to execute this agreement has not been obtained by any duress, and that he freely and voluntarily enters into it.


Postal Service

Date: 11/10/10


Anthony J. Vegliante

Date: 11/10/10