

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
INBOUND INTERNATIONAL EXPEDITED SERVICES 2
(MC2009-10)

Docket No.
CP2010-90

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO ORDER NO. 523,
NOTICE OF FILING REQUESTED MATERIALS, AND APPLICATION FOR NON-
PUBLIC TREATMENT OF MATERIALS FILED UNDER SEAL**
(January 12, 2011)

The Postal Service hereby provides information and documents in response to the Commission's Order No. 523. In that Order, the Commission requested that the Postal Service provide a copy of the 2011 EMS Cooperative Pay-for-Performance Plan (the 2011 Plan) within 30 days of its adoption by the EMS Cooperative.¹ The Postal Service hereby gives notice that it has filed the 2011 Plan under seal, with an application for non-public treatment and a redacted version of the 2011 Plan included as Attachments 1 and 2 to this filing, respectively.

¹ PRC Order No. 523, Order Concerning Filing of Changes in Rates for Inbound International Expedited Services 2, Docket No. CP2010-90, August 23, 2010, at 5.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
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January 12, 2011

ATTACHMENT 1

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (Postal Service) hereby applies for non-public treatment of the 2011 EMS Cooperative Pay-for-performance Plan (the 2011 Plan), which is filed with the Postal Regulatory Commission (Commission) in this docket. This filing responds to the Commission's request for additional information in Order No. 523.¹ A redacted version of the requested 2011 Plan is filed as Attachment 2. The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3007.21(c) below.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

Information of a commercial nature, which under good business practice would not be publicly disclosed, as well as third party business information, is not required to be disclosed to the public. 39 U.S.C. § 410(c)(2); 5 U.S.C. § 552(b)(4). The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A).² Because the portions of materials filed non-publicly in this docket fall

¹ PRC Order No. 523, Order Concerning Filing of Changes in Rates for Inbound International Expedited Services 2, Docket No. CP2010-90, August 23, 2010, at 5.

² The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

In the case of the 2011 Plan, the Postal Service believes that the International Bureau (IB) of the Universal Postal Union and the 155 other postal operators that are members of the EMS Cooperative are third parties with a proprietary interest in the materials. Due to the practical difficulties of providing adequate notice to so many third parties, the Postal Service proposes that it be deemed sufficient for the IB's EMS Unit to be treated as the point of contact for all such third party interests. Not only is the IB's EMS Unit cognizant of the EMS membership's interests, it is also best-positioned to communicate efficiently with other EMS operators if need be. The Postal Service identifies as an appropriate contact person Brian Hutchins, Head of EMS Unit, International Bureau, Universal Postal Union. Mr. Hutchins' phone number is +41 / 31-350-3163, and his email address is brian.hutchins@upu.int. The Postal Service has already informed Mr. Hutchins, in compliance with 39 C.F.R. § 3007.20(b), about the nature and scope of this filing and about the IB's ability to address any confidentiality concerns directly with the Commission.

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

In connection with its Response filed in this docket, the Postal Service has filed the 2011 Plan. This document was filed under seal, with a redacted copy filed publicly,

after notice to and concurrence from the IB. The Postal Service maintains that the redacted portions of this document should remain confidential.

The redactions made in Article 1 of the 2011 Plan protect commercially sensitive information about the timing and content of electronic data exchanged between postal operators participating in the Pay-for-performance Plan. The text redacted from Articles 4 and 5 and Attachment 1 details certain delivery performance thresholds, the method for setting and updating standards, and the connection of delivery performance and certain anomalies with payment between operators, all of which is commercially sensitive. Redactions to Articles 13 and 14 protect the identification of proprietary information technology networks used and relied upon in evaluating EMS performance.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the information that the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use the information to assess the offers and representations made to customers by the Postal Service and other EMS providers that partner with the Postal Service for any possible comparative vulnerabilities and to focus sales and marketing efforts on those areas, to the detriment of the Postal Service and other EMS providers. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Harm: Competitors could use performance information to assess vulnerabilities and focus sales and marketing efforts to the Postal Service's and other postal operator's detriment.

Hypothetical: The delivery standards information in the EMS Cooperative Pay-for-performance Plan is released to the public. Another expedited delivery service's employee monitors the filing of this information and passes the information along to its sales and marketing functions. The competitor then uses the postal operator's delivery standards as a concrete comparison point, advertising itself to potential customers as offering performance better than the postal operator engaged in the exchange of EMS.

The above scenario can apply with equal force to other elements of the information submitted here. For example, a competitor could make comparisons to the postal operator's ability to offer item tracking and visibility, based on the scanning and messaging requirements deemed relevant for participation in the EMS Cooperative Pay-for-performance Plan. The identification of information technology networks could also translate into competitive comparisons, if a competitor purports that its systems offer superior service capabilities. For these reasons, the postal operator would suffer actual harm if the redacted information were disclosed.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for international expedited and parcels products (including private sector integrators), as well as their consultants and attorneys. Additionally, the Postal Service believes that, except for foreign postal operators that already have access to

this information, actual or potential customers of the Postal Service for products related to Inbound International Expedited Services 2, Outbound Express Mail International, or similar products should not be provided access to the non-public materials.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.



Pay-for-performance Plan 2011

EMS Unit – EMS Cooperative

Version 1 January 2011



EMS Pay-for-performance Plan – Version of 1 January 2011

Article 1

Definitions

- a "Participating Operator" means an EMS Operator that is a member of the EMS Cooperative that is eligible to apply the EMS Pay-for-performance Plan, as provided in article 2, and that adheres to the provisions of the Plan.
- b "EMD Event" means the date and time that an EMS item is received at the destination office of exchange.
- c "EME Event" means the date and time that an EMS item is handed over to customs.
- d "EMF Event" means the date and time that an EMS item is dispatched from the destination Office of Exchange, if appropriate, after passing through customs.
- e "EMH Event" means the date and time of an attempted, but unsuccessful delivery of an EMS item.
- f "EMI Event" means the date and time of a successful delivery of an EMS item.
- g "On-time Transmission" means transmission of data related to events EMH and EMI no later than [REDACTED]
- h "Delivery Standards" means a definition of the delivery service provided in sufficient detail to allow EMS Operators to understand the service offered and to schedule export dispatches. Delivery Standards must be validated by the EMS Cooperative.
- i "Validated Delivery Standards" means delivery standards defined in a way that allows delivery performance measurement by the model used by the monitoring organization for the EMS Cooperative. The definition will be confirmed by the EMS Unit and the monitoring organization and agreed to by the Participating Operator.
- j "On-time Delivery" means an attempted or successful delivery in accordance with the Validated Delivery Standards of a Participating Operator.
- k "Transmission of sufficient data in its EMS event messages" means transmission of [REDACTED]

Article 2

Eligibility

- a An EMS Operator that fulfils the requirements below shall be considered eligible to be a Participating Operator:
 - i membership in the EMS Cooperative;
 - ii use of the UPU-standard EMS identifier and bar code on 100% of its outward EMS items;
 - iii transmission of sufficient data in its EMS event messages so that its delivery performance may be measured against its Validated Delivery Standards;
 - iv obtainment of Validated Delivery Standards by the EMS Unit.
- b Eligibility of an EMS Operator to become a Participating Operator in this Plan shall be confirmed by the EMS Unit of the EMS Cooperative according to the procedure below:
 - i when an EMS Operator fulfils all the requirements specified on item 2a, Pay-for-performance reports are produced;
 - ii the EMS Unit will analyze the first Pay-for-performance report produced and it will inform the EMS Operator on the analysis results;



- iii after the EMS Unit provides the EMS Operator with the first Pay-for-performance report analysis, it will announce that the EMS Operator is eligible to become a Participating Operator to all EMS Cooperative members.

Article 3
Delivery charges

- a The EMS delivery charges that Participating Operators apply during a given year to EMS items delivered under the EMS Pay-for-performance Plan shall be those that are in effect on 1 January of that year.
- b A Participating Operator may only increase its EMS delivery charges by notifying the UPU International Bureau of the increase by 31 August of the year prior to which the increase will take effect. Participating Operators may however reach bilateral agreements concerning delivery charges.

Article 4
Calculation of EMS inter-operator payments in the Pay-for-performance Plan

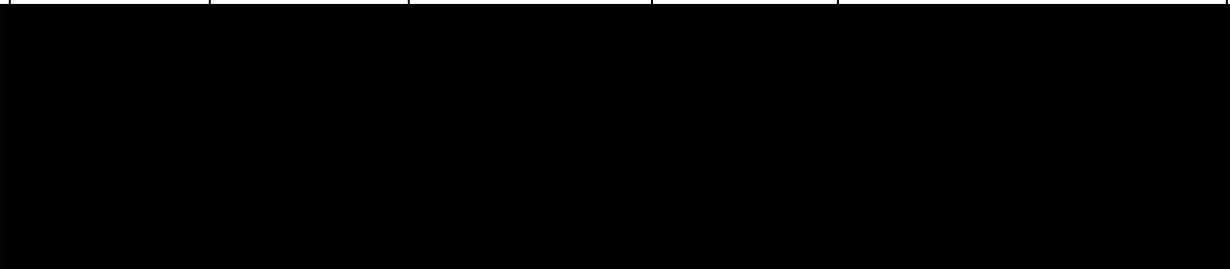
- a EMS inter-operator delivery payments shall be based on net flows of EMS traffic between participants in the EMS Pay-for-performance Plan.
- b The net flow of items containing documents and merchandise shall be calculated separately.
- c The percentage of the delivery charge to be applied between Participating Operators in the EMS Pay-for-performance Plan shall be based on [REDACTED]
- d If an item is handed over to customs, an EME event, followed by an EMF event when the item is released from customs, should be transmitted.
- e [REDACTED]
- f [REDACTED]
- g The percentage of delivery charge paid for penalized items and the incentive threshold will be as follows:

Year	% delivery charge paid for penalized items below threshold	Threshold
2011	[REDACTED]	[REDACTED]



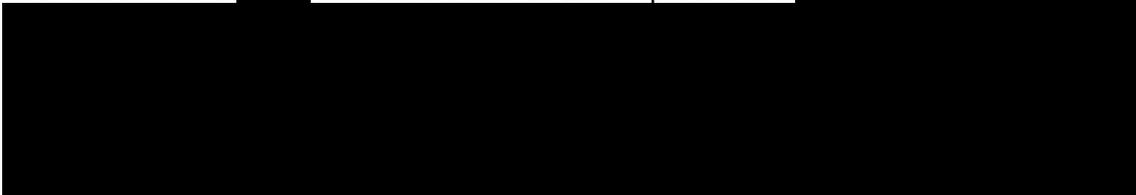
h When an EMS Operator applies the EMS Pay-for-performance Plan 2011, the percentage of the delivery charge, to be applied reciprocally, shall be as shown in the table below:

<i>EMD event</i>	<i>EMH/EMI event</i>	<i>On-time Transmission of EMH/EMI event</i>	<i>On-time Delivery</i>	<i>Percentage of delivery charge for items below the incentive threshold</i>
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* According to table (Art. 4, item g.)

i For EMS Operators that apply the EMS Pay-for-performance Plan 2011, the incentive threshold shall be set at [redacted]. This means that an EMS Operator that [redacted]



j In 2011, the minimum amount that a destination EMS Operator will receive is [redacted] of that EMS Operator's EMS delivery charge. This relates to items [redacted]



k Each Participating Operator applying the EMS Pay-for-performance Plan shall receive a quarterly payment document. This will show the number of items for which the EMD event was transmitted, the number of items delivered in accordance with each Participating Operator's Validated Delivery Standards, and the number of items for which EMH and EMI events were transmitted on time.

l If a Participating Operator pays a separate delivery charge for documents and for merchandise, it shall transmit the necessary data, PREDES message version 2, with enough information to distinguish between documents and merchandise so that a separate quarterly payment document for document and merchandise items may be produced. If the Participating Operator does not transmit the necessary data to produce a separate quarterly payment document for document and merchandise items, all items shall be considered as merchandise.

m Any two Participating Operators which have agreed bilaterally on a per item per kilo rate for either one or both operators shall settle the per item component of the rate quarterly following normal Pay-for-performance procedures. The per kilo component of the rate should be settled annually, using methods agreed bilaterally by both Participating Operators.

n Two EMS Operators with only unilateral traffic may also choose to enter this Pay-for-performance Agreement. In this case, the Pay-for-performance Plan 2011 will be applied in its current form to settle accounts between these EMS Operators.

**Article 5
 Delivery standards**

a Participating Operators may revise their Validated Delivery Standards [redacted]



b Participating Operators wishing to revise their Validated Delivery Standards should present the new standards to the EMS Unit for re-validation, using the revalidation package published in the EMS Cooperative Website (www.ems.coop).



- c The EMS Unit will work with the Participating Operator to complete the revalidation, which occurs when the Participating Operator signs and returns the acceptance form for the new Validated Delivery Standards.
 - d The implementation of the new Validated Delivery Standards will occur at the start of the next month following the acceptance of the new Validated Delivery Standards.
 - e New Validated Delivery Standards only can be implemented on the first of each month.
 - f The Validated Delivery Standards for each designated office of exchange in the EMS Operational Guide must cover the entire area of the country (or territory of an EMS Operator) to which EMS items are delivered.
 - g The Participating Operator agrees to only send EMS items to Offices of Exchange designated for the receipt of EMS dispatches in the EMS Operational Guide consistent with the UPU IMPC list and for which Validated Delivery Standards have been validated. EMS items that arrive at non-designated Offices of Exchange shall be sent to designated Offices of Exchange for the scanning of the EMD Event.
 - h The data required to be transmitted for the validation of the delivery standards are described below:
 - Tracking event code*
 - Item identifier
 - Destination EMS Operator
 - Office of Exchange code
 - Date
 - Time
 - Delivery Office code (e.g. postcode, delivery office depot, province code or other appropriate code that identifies the delivery zone)
- * Tracking event code is defined in the Standard 2 of the EMS Standards and in UPU Standards M 17 – EMSEVT v1.0
- i The "delivery zone" refers to geographic areas where EMS items are delivered on a given day. For example, areas where items are delivered the same day as arrival at the destination office of exchange constitute one delivery zone, while areas where items are delivered the following day constitute a separate delivery zone.

Article 6

Accounting procedures

- a EMS Operators participating in the EMS Pay-for-performance Plan shall apply the following procedures to their quarterly settlement and payment of accounts:
- b Delivery charges to be applied are described in article 3 of the EMS Pay-for-performance Plan.
- c Quarterly payment documents, produced by the monitoring organization chosen by the EMS Cooperative to provide data and reports for the EMS Pay-for-performance Plan, shall be the basis for EMS inter-operator payments in the EMS Pay-for-performance Plan.
- d The supporting documentation will be in the following tables produced by the monitoring organization chosen by the EMS Cooperative to provide data and reports to the EMS Pay-for-performance Plan as part of the EMS Cooperative's Pay-for-performance Plan:



<i>Table</i>	<i>Name</i>
1a	Payment document – Total inbound EMS items
1b	Payment document – Total outbound EMS items
<i>Table</i>	<i>Name</i>
1c	Payment document – Inbound EMS document items
1d	Payment document – Outbound EMS document items
1e	Payment document – Inbound EMS merchandise items
1f	Payment document – Outbound EMS merchandise items
2a	Diagnostic report – Inbound EMS items
2b	Diagnostic report – Outbound EMS items
2c	Explanatory Report
2d	Explanatory Report
3a	Monthly Accounting Preview document/Quarterly Accounting Document

- e All of these tables shall be produced monthly.
- f The monitoring organization chosen by the EMS Cooperative to provide data and reports for the EMS Pay-for-performance Plan shall provide all the Pay-for-performance documents electronically to the EMS Unit in Berne, which will be responsible for distributing the reports to the EMS Operators. Monthly documents shall be received, in the EMS Unit, up to the 20th day of the month following the month for which the reports are produced. Quarterly documents shall be received, in the EMS Unit, up to the 30th day of the month following the quarter for which the reports are produced.
- g The reports shall include event data received by the monitoring organization chosen by the EMS Cooperative to provide data and reports for the EMS Pay-for-performance Plan by the 10th day of the month following the month that reports are produced.
- h The EMS Unit shall in turn e-mail the Pay-for-performance documents to Participating Operators two working days after receiving the Pay-for-performance reports. At the same time, the monitoring organization chosen by the EMS Cooperative to provide data and reports for the EMS Pay-for-performance Plan will make the flat files available with supporting data and inform the EMS Unit. The EMS Unit will then inform each Participating Operator of the availability of the flat files.
- i Each Participating Operator will have 30 days, from the receipt date of the monthly reports and quarterly payment documents from the EMS Unit to raise questions on the data.
- j Upon receiving the quarterly payment document, each EMS Operator shall:
 - verify the amounts in the quarterly payment document; and
 - determine with which EMS Operator it is a net creditor.
- k In cases where the EMS Operator is a net creditor, it shall create an invoice in the same format as the quarterly payment document, and send the signed invoice within 14 days of receiving the quarterly payment document from the EMS Unit. (This may be accomplished, by inserting page breaks in the Excel file containing the payment document, and printing the individual pages).
- l The net debtor EMS Operator to which the invoices are sent shall verify the information in the invoices and either send the signed invoice to the net creditor EMS Operator, or communicate its proposed amendments within 14 days of receiving the invoice.
- m The net debtor EMS Operator shall pay invoices within 60 days after they are accepted. The method of payment shall be agreed between Participating Operators.



Article 7
Exchange of event data

Each Participating Operator agrees to receive all tracking event data that are transmitted by all other Participating Operators with which it applies this Plan.

Article 8
Application of provisions of bilateral EMS agreements

The multilateral or bilateral EMS agreements in force between Participating Operators that apply the Plan with one another shall be applicable, by analogy, in all cases not expressly governed by this Plan.

Article 9
Entry into force and duration

- a The provisions of this Plan shall enter into force on 1 January 2011.
- b Either Participating Operator may terminate this Agreement by giving 3 months notice of termination. The termination is effective 31 December of the year in which timely notice of termination is given.
- c Operators participating in the Pay-for-performance Plan 2010 will automatically be participating in the Pay-for-performance Plan 2011, without making further agreements with current partners. Only those participating operators not agreeing to continue the Plan under the Pay-for-performance Plan 2011 will contact their partners in this regard.

Article 10
Implementation of the Pay-for-performance Plan bilaterally between partners

- a Once an EMS Operator has completed the steps towards becoming eligible to be a Participating Operator, that EMS Operator should contact any other EMS Operator with which it wishes to enter the Pay-for-performance Plan. The two Participating Operators must agree from which quarter the agreement will be implemented.
- b Both Participating Operators shall choose their preferred method for establishing a legally binding agreement related to their adhesion to the Pay-for-performance Plan. Both Participating Operators must complete the Pay-for-performance Partners' Agreement form (Attachment 2) and return it to the EMS Unit in order to inform the EMS Unit of the agreement. Once the EMS Unit has received this form from both operators, it is confirmed for reporting purposes that these two operators are partners in the Pay-for-performance Plan.

Article 11
Implementation of the Pay-for-performance Plan multilaterally between partners

- a An EMS Operator which intends to sign the Pay-for-performance Plan multilaterally shall, once it has completed the necessary steps towards becoming eligible to be a Participating Operator, complete the Pay-for-performance Multilateral Agreement form (Attachment 3) and return it to the EMS Unit. On this form, the Operator shall indicate the quarter from which it intends to implement the agreement.
- b Upon receipt of the completed and signed form, the EMS Unit will confirm the addition of the EMS Operator as a signatory of the Multilateral Pay-for-performance Agreement and inform all current signatories of the new signatory.



Article 12 Disputes

In the event of disputes among Participating Operators as a result of different interpretations of the Plan, participants may present the circumstances of the dispute to the EMS Unit. The EMS Unit and Pay-for-performance Team will facilitate in the interpretation and clarification of aspects of the Plan which are in dispute. If the dispute cannot be resolved with the facilitation of the EMS Unit and the Pay-for-performance Team, the participants may present the circumstances of the dispute to the EMS Board to facilitate the interpretation and clarification of the aspects of the EMS Pay-for-performance Plan in dispute. If the dispute still cannot be resolved, the participants may use the existing UPU arbitration process outlined in the Acts of the Union (Constitution and General Regulations) to resolve the dispute, provided that the arbitrators are Participating Operators in the EMS Pay-for-performance Plan.

Article 13 Force majeure

- a A Participating Operator is not liable for any penalties under the Plan if it fails to perform any of its obligations under the Plan insofar as it proves in accordance with article 14:
 - i the failure was due to an impediment beyond its reasonable control;
 - ii the Participating Operator could not reasonably be expected to have taken the impediment, and its effect upon its ability to perform, into account at the time of entering the Pay-for-performance agreement; and
 - iii it could not have reasonably avoided or overcome such an impediment, or at least its effects.
- b An impediment, within the meaning above, could result from events including the following, although this enumeration is not exhaustive:
 - i war, whether declared or not, civil war, riots and revolutions, acts of piracy, acts of sabotage, acts of terrorism;
 - ii natural disasters, such as violent storms, cyclones, volcanic activity, earthquakes, tidal waves, floods, destruction by lightning;
 - iii explosions, fires, destruction of machines, of factories, and of any kind of installations;
 - iv acts of authority, whether lawful or unlawful, apart from acts for which the party seeking relief has assumed risk by virtue of other provisions of the Agreement; and apart from the matters mentioned in *paragraph c* below;
- c For the purposes of *paragraph a* above, and unless otherwise provided for in the Plan or bilateral agreement, impediment does not include lack of authorizations, of licences, of entry or residence permits, or of approvals necessary for the performance of the Plan; nor does it include strikes or other industrial action (which are covered by section d below).
- d The definition of a strike, for the purposes of this document, is the serious interruption of normal operations due to industrial action.
 - i *External strike*
 - An external strike is a strike which does not involve the Participating Operator itself but nevertheless affects that Participating Operator's ability to handle EMS items or provide On-time Transmission about EMS items. If an external strike takes place, the Participating Operator can claim an exemption from any penalties that may otherwise apply under the Plan for a period extending from the beginning of the external strike until two days after being notified of its conclusion.
 - After an external strike, any other Participating Operator facing an increase in the volume of EMS items received from the Participating Operator affected by



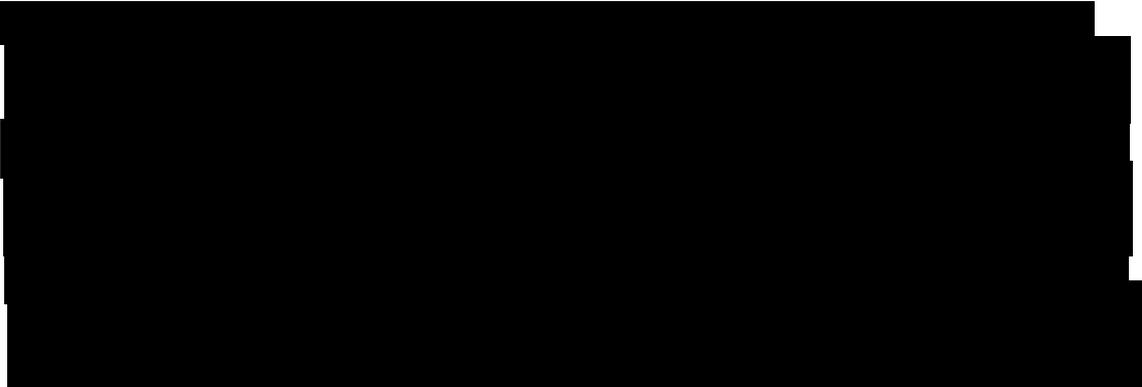
the external strike, can apply for an exemption from any penalties that may otherwise apply under the Plan, for the first two days after the external strike.

e



Article 14
Application of Force Majeure

- a Application of Force Majeure for article 13 sections b and d:
 - i The EMS Unit will confirm in each case whether the Force Majeure will be applied, according to the rules.
 - ii Any failure to inform the EMS Unit within the timeframe defined below will be reason for non-application of the Force Majeure, in which case reports will not be re-run.
 - iii EMS Operator must notify the EMS Unit within 24 hours of the incident.
 - iv The EMS Unit will broadcast this information to all EMS Operators.
 - v When the service is resumed, the EMS Operator must inform the EMS Unit within 24 hours from the moment that the service went back to normal.
 - vi The EMS Unit will broadcast the information to all EMS Operators.
 - vii For reporting purposes the days and or the area where the EMS service was disrupted will be excluded from the performance calculation.
 - viii In the case that the disruption occurs close to the end of the month and continues longer than the cut-off date for the reports, thereby affecting two or more months, the EMS Operator must contact the EMS Unit by the last day of the month and by the 10th of the following month reconfirming that the problem is still in place and that actions are being taken to resolve the problem. The relevant reports will discount these days in the current month and in the following one.
 - ix The above process is also applied if the disruption only affected one part of the national coverage, however, in this case, the EMS Operator shall make clear to the EMS Unit what areas are affected and their respective delivery office codes, which will be excluded from the measurement during the period of disruption.





Anomalies

1 Anomalies for which no payments are applied

No.	Anomaly	Description	Payment applied for items below the threshold and reason
1	Missing EMH/EMI Events	If an EMD event is transmitted and there is no EMH or EMI event transmitted over the reporting period, performance measurement is not possible.	

2 Anomalies for which reduced payments are applied

No.	Anomaly	Description	Payment applied for items below the threshold and reason
1	No Office of Exchange (OE) code or invalid OE code	If the OE code in the EMD event is not transmitted, or if the OE code transmitted is not defined in the definition tables, performance measurement against the Validated Delivery Standards is not possible.	
2	No Delivery Office or invalid Delivery Office code (delivery zone indicator)	If the information required to identify the delivery zone in the EMH/EMI event is not transmitted, performance measurement against the Validated Delivery Standards is not possible.	
3	Events out of sequence	If the date or time of the EMH/EMI event is earlier than the date or time of the EMD event, performance measurement is not possible.	
4	Item Held in Customs	If events EMD and EME are transmitted and no other events are transmitted after the EME event, performance measurement is not possible. Items that fall into this category will be considered Held in Customs.	



3 *Anomalies which have no effect on payments*

<i>No.</i>	<i>Anomaly</i>	<i>Description</i>	<i>Disposition</i>
1	Both EMH and EMI events	If both an EMH and EMI event are transmitted for the same item, the date and time of delivery is taken from whichever event is earlier. The measurement of late transmission of data is made against the event used for measurement of On-time Delivery.	
2	Time zone	If a Participating Operator transmits event data during different time zones, it could be penalized unfairly for late transmission.	
3	Duplicate item identifiers	If a destination EMS Operator receives an item whose identifier duplicates that of an item dispatched within the last 14 months by the same EMS Operator, the item cannot be included in the performance reports, but will be listed in the Anomaly Files.	
4	Non-standard item identifier	If a destination EMS Operator receives an item whose identifier does not conform to the UPU 13-character standard, the performance reports will not reflect on-time delivery or on-time transmission. The item will not be included in the performance reports.	
5	Items held by Customs in the previous month	If an item had an EMD and an EME event in the previous month and no further scans, the item will be considered held by Customs in the previous month.	
6	Items enroute in the previous month	If an item had an EMD, an EME, and an EMF event in the previous month and no further scans, the item will be considered en route in the previous month.	



Attachment 2

Pay-for-performance Partners' Agreement Form

EMS Operators entering the agreement:

<i>Year/quarter</i>	<i>% delivery charge paid for penalized items below threshold</i>	<i>Threshold</i>

Partner 1

I, as a representative of (EMS Operator) _____, hereby agree that my organization will participate in the EMS Pay-for-performance Plan under the above-stated conditions.

Signature: _____

Date: _____

Partner 2

I, as a representative of (EMS Operator) _____, hereby agree that my organization will participate in the EMS Pay-for-performance Plan under the above-stated conditions.

Signature: _____

Date: _____

Please return to the EMS Unit:

UPU International Bureau
Weltpoststrasse 4
P.O. Box
3000 BERNE 15
SWITZERLAND

Fax: + 41 31 351 52 00
E-mail: EMS.Unit@upu.int



Attachment 3

Multilateral Pay-for-performance Agreement Form

EMS Operator entering the Agreement:

Quarter/Year of Implementation:

The EMS operator of _____ hereby undertakes to adopt the Multilateral Pay-for-performance Agreement. The Pay-for-performance Plan, as a multilateral agreement accepted by all EMS Cooperative members which are signatories to it, shall therefore normally form the legal basis for the settlement of accounts between the signatories without any further requirement for the exchange of bilateral Pay-for-performance agreements between parties to the Multilateral Pay-for-performance Agreement.

Signature: _____

Date: _____

EMS Operator signatories of the Multilateral Pay-for-performance Agreement

The list of the signatories of the Multilateral Pay-for-performance Agreement is published on the EMS Cooperative website.

Please return to the EMS Unit:

UPU International Bureau
Weltpoststrasse 4
P.O. Box
3000 BERNE 15
SWITZERLAND

Fax: +41 31 351 52 00

E-mail: EMS.Unit@upu.int