

Hello,

Here is your copy of the International Post Corporation's 2006 Annual Review.

As the postal world is changing, so is IPC. We've been building on our competencies to deliver new services as we head towards being an industry organisation.

Kind regards,

International  Post
Corporation

Annual Review

2006

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Address from Chairman

The Natural Partner for the Postal Industry

I welcome very much the appointment of Herbert-Michael Zapf as our new President and Chief Executive at the International Post Corporation (IPC) and have been pleased with the work he has led this year on defining a new strategy and direction.

IPC members are among the most important Postal operators accounting for 80 per cent of the world's mail. It is therefore clear to me that IPC has a significant role to play for our industry. As Chairman, I would like to see IPC recognised within the postal industry as a proactive, high-profile and visible organisation. Indeed, I want IPC to continue to perform on its core competencies of quality of service measurement and operations upgrading and, in response to its members' future needs, to develop into a true industry organisation.

IPC has a new mission statement which has been approved by me and my fellow CEOs on the IPC Board. It states that "members recognise IPC as the natural partner and industry organisation for improving service quality, promoting cooperation and interoperability and for providing informed analysis on the postal and adjacent markets."

From a personal point of view I am very committed to this new direction for IPC and will make sure that all members do everything they can to support Herbert and his team in delivering this. Given the changes that are taking place within the postal industry, we need IPC to evolve along with our own organisations.



Jean-Paul Bailly
Chairman of the IPC Board
Chairman and Chief Executive Officer, Groupe La Poste

“From a personal point of view
I am committed to this
new direction for IPC.”

CEO'S Report

“We are in a very strong position to build on what we have achieved over the years, and through the implementation of our new strategy...”

Towards an Industry Organisation

This is my first year as President and Chief Executive of the International Post Corporation (IPC) having taken over the role on May 1, 2006. Prior to joining IPC I worked extensively in the telecommunications and postal industries, most recently working for ten years with Deutsche Post World Net as Executive Vice President and Member of the Divisional Boards Mail and Mail International.

Looking back on IPC's achievements during 2006, I am very pleased to report that we are indeed back on track with our UNEX quality measurement. Managing the transfer between suppliers was difficult, owing to the short transition time during the summer months, however, the system is now stable and we have returned to business as usual. We reached an inter-company pricing agreement with the majority of our members for the coming year and we held two senior executive seminars on Human Resource Management and Quality. Our market measurement activity expanded with the Market Audit programme to bring increased cooperation between our members through the sharing of commercial data to determine market size and share. As competition and cooperation are two sides of the same coin, it is very encouraging to see such cooperation and I am keen to extend this within our new strategy.

We will build in 2007 on our core competencies of quality measurement, operations upgrading and inter-company pricing. Our efforts extend along the mail delivery pipeline as we continue to find ways to expedite customs clearance for mail exchanged between our members, to enhance security and to improve air transport service quality for mail.

The main value created by IPC flows from the continuous, high level attention and participation of our members' top management teams. We will build on this further and facilitate in-depth discussion that translates into the creation of business intelligence. We have to address the burning issues faced by our members such as promotion of the effectiveness of direct mail to stimulate future volume growth; corporate social responsibility and the challenges arising from liberalisation and regulation. As such we need to identify, and invite selectively to work with us, key decision and policy makers from our members along with leading researchers and academic and industry advisors. In that way, we can create maximum value from our intelligence programmes.

In conclusion, there is a tremendous amount of work for IPC to do. We are in a very strong position to build on what we have achieved over the years, and through the implementation of our new strategy, to be the natural partner for the postal industry.



Dr Herbert-Michael Zapf
President and Chief Executive Officer
International Post Corporation

...to be the natural
partner for the postal
industry."

IPC - Who We Are

The International Postal Corporation was founded in 1989. We are a non-lobbying cooperative association of 23 member Postal operators in Europe, North America and Asia-Pacific. Together our members deliver more than 330 billion letters a year; that is to say almost 4/5ths of the world's total mail volume. We are governed by a Board composed of the chief executives from ten IPC members, plus our own president and chief executive officer.

IPC's Corporate Mission

Members recognise IPC as the natural partner and industry organisation for improving service quality, promoting cooperation and interoperability and for providing informed analysis on postal and adjacent markets.

What We Do

IPC Key Activities:

- Upgrading international quality
- Managing incentive based inter-company payment systems
- Creating business intelligence
- Providing platforms for chief executives and their top teams to exchange views and learn from each other

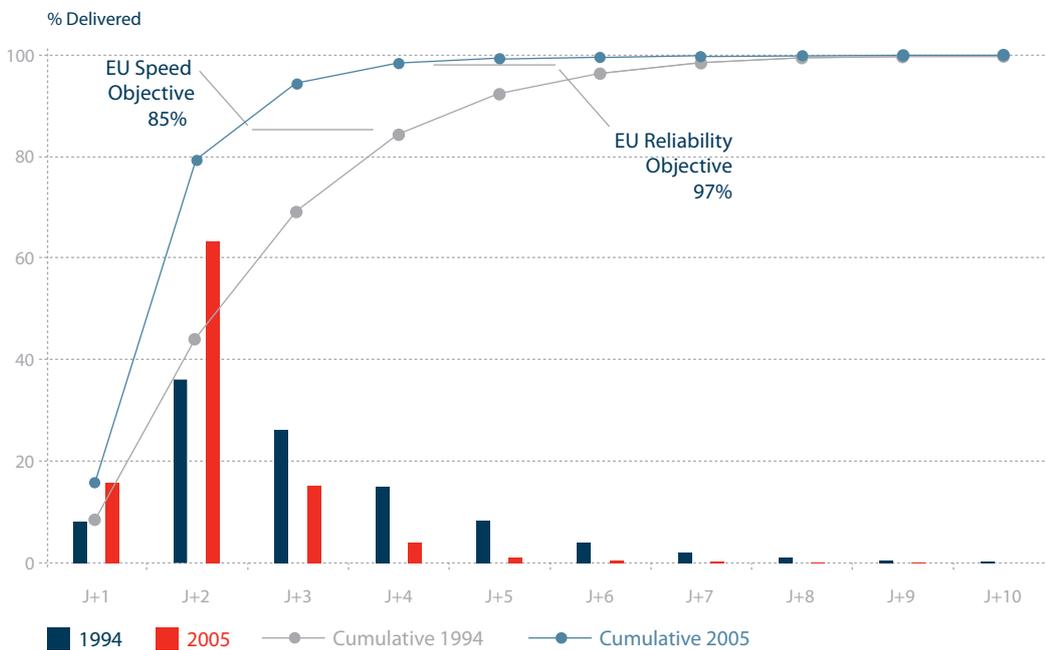
Experts in Quality of Service Measurement

Since 1994, IPC has managed the UNEX Quality of Service Monitoring System on the basis of a common methodology and defined service standards. Starting with 18 members in North America and Europe, we have extended the coverage of the UNEX system to Asia-Pacific, South America, the Middle East and the Postal operators of the new and candidate European Union member states.

Improvements in Quality of Service Over the Last 11 Years as Measured by IPC

An additional benefit for customers from quality of service improvement in cross-border letters is even faster and more reliable delivery: 79 per cent of European cross-border letters were delivered within two days of posting in 2005 and only one per cent took more than five days.

Priority/First Class Letters



Source: International Post Corporation

The UNEX system now measures performance for 36 Postal operators across the world. It is the base for the UPU industrial country to industrial country terminal dues system which links payment to performance. In addition it is used for regional and bilateral terminal dues arrangements.

In September 2006, we reached an agreement with the Secretary General of PostEurop to further extend our measurement systems to include all PostEurop members. Bulgaria, Croatia and Macedonia are planned to have a pilot implementation in 2007 with full operation in 2008 financed by the UPU quality of service fund. PostEurop will provide the overall project management and IPC will be responsible for the technical implementation.

In addition to measuring letters quality of service, IPC also monitors EMS delivery data and supplies operators with performance reports as part of a customer service system. We provide the data needed by the EMS pay-for-performance plan which compensates operators for delivering EMS items according to the quality of service they achieve.

IPC has also been at the forefront of Radio Frequency Identification (RFID) technology since 1997, through diagnostic monitoring of mail through the international delivery pipeline. In 2006 we introduced the sixth generation of IPC-patented RFID transponder tags, and we have now assisted Postal operators in 48 countries around the world to set up RFID installations for quality of service monitoring – making this the most extensive system of its kind in the world.

IPC Key Facts & Figures

- 80% of the world's total mail volume is delivered by IPC's 23 shareholding members
- €180 billion revenue was generated by IPC shareholding members in 2005
- 2.35 million people were employed by IPC shareholding members in 2005
- 337 billion letters were processed by IPC shareholding members in 2005
- 35 Postal operators participate in IPC's UNEX quality of service performance system
- 600 country-to-country mail streams are measured by IPC's UNEX quality of service measurement
- 93.9% of mail was delivered in Europe in 2005 within J+3, up from 70% in 1994 – measured by IPC's UNEX quality of service measurement
- 133 Postal operators have bar-coded products tracked through IPC's technical infrastructure services including EPG, EMS, registered and express letters, Kahala Posts Group and other parcel project groups
- 100+ Postal operators receive IPC services through the technical infrastructure services provided by IPC to the EMS Cooperative
- 32 million trays and bags containing letters, express items and parcels were electronically tracked by IPC's CAPE system in 2006
- 40,000 EDI interchange messages a day are processed by IPC's technical infrastructure services
- 80,000 requests and replies are handled by the IPC customer service system every month on behalf of over 100 Postal operators operating through over 200 call centres
- 10 years is the length of time that IPC has been using Radio Frequency (RFID) technology to monitor mail through the international processing and distribution system
- 6 generations of IPC-patented RFID transponder tags have been used for monitoring mail over the last 10 years and during this time, the price of the transponders have halved

- 240 locations in 48 countries across all continents are equipped with IPC Radio Frequency (RFID) technology making it the most extensive system of its kind in the world
- 500,000 parcels are tracked on average by IPC every month between the 20 E-Parcel Group (EPG) member countries
- 92.5% was the on-time delivery performance for the EPG members in 2006, up from 73% in 1999
- 25 Postal operators participate in the PRIME project for registered, insured and express letters
- 430,000 IPC trays circulate between 20 IPC shareholding members in North America and Europe carrying mail on 900 different international routes
- 15 markets are measured in Europe and North America by the IPC Market Audit for international outbound letters to determine market size and share by revenue, weight and items
- 10 countries in central and eastern Europe were researched by IPC in 2006 to determine the postal market size and potential for international and domestic letters, parcels and express
- 8.7 out of 10 was the value of IPC as a forum for the exchange of ideas as rated by the chief executives of IPC shareholding members – up 7% compared to 2003
- 8 out of 10 was the importance of IPC projects for 2006 as rated by the chief executives of IPC shareholding members – up 10% compared to 2003
- 9 out of 10 was the score for the importance of IPC as an industry resource to facilitate strategic seminars as rated by senior postal executives attending in 2006
- 58 employees were working for IPC from 18 different nationalities at the end of 2006

80% of the world's total mail volume is delivered by IPC's 23 shareholding members

Operations Services

Upgrading the International Letter Service

The work we do to help our members meet their objectives for upgrading the international letter service is based on a structured approach to establishing performance targets. Each member produces an annual plan setting out how they will meet their targets for both outbound and inbound quality of service.

Our Performance Centre uses our quality of service measurement tools to monitor daily performance against targets and report monthly to our Operations Upgrading Committee, which is composed of senior postal operations managers.

Certificate of Excellence

Our members' commitment to quality is evidenced by their support for our Certificate of Excellence in the Management and Processing of International Letter Mail. This certification scheme for international offices of exchange and air mail units is based on a rigorous self-assessment, followed by an external certification assessment conducted by our audit team.

The IPC Board's objective is for all 35 of the international mail processing centres operated by our members to be certified by 2009. By the end of 2006, a total of 15 centres held Certificates of Excellence:

To help members attain the standard required for a successful self-assessment, we carry out operational surveys of offices of exchange. Our IPC audit manager leads a team of experts from our members in a comprehensive on-site examination of both international mail handling and the interface with domestic operations. The survey identifies opportunities for improvement and makes recommendations which are converted into an action plan.

Amsterdam	Lisbon
Athens	Los Angeles
Brussels	Milan
Chicago	New York
Copenhagen	San Francisco
Copenhagen (Posten AB)	Vienna
Frankfurt	Zurich
Innsbruck	

UNEX Quality of Service Measurement

Our UNEX quality of service performance measurement system is our key driver for upgrading. It provides continuous measurement of Postal operators' international letter delivery performance using statistically accurate samples of test letters travelling anonymously along international mailstreams. An independent contractor works with panellists, who post and receive test letters across some 600 country-to-country mailstreams to provide part of the data from which IPC calculates the Postal operators' quality of service performance.

2006 was a year of transition for UNEX while we changed our independent contractor from IBM to Research International. We organised and completed our planned transfer on time, so that Research International began quality of service measurement in July. The two contractors ran in parallel for four months until we were confident that Research International's data was useable. On November 1, we switched to using Research International data for mail service performance calculation.

UNEX is fully diagnostic. Test letters carry Radio Frequency Identification (RFID) transponders which record their movement through the various stages of international mail processing. Panellists complete the end-to-end record of each test letter's journey by recording the posting and delivery date and time.

UNEX results have two key functions: to aid operational efficiency and to provide performance data for calculating terminal dues payments linked to quality of service. Transponder data allows us to identify bottlenecks and delays and helps our members to improve their operations. Our Performance Centre uses UNEX data to monitor international quality of service route by route. Its report to the Operations Upgrading Committee highlights any underperforming routes so that members can take corrective action and restore quality of service as soon as can be.

UNEX also provides data for quality of service performance reports on which terminal dues are based. Terminal dues are paid by one Postal operator to another for delivering their international mail. Under quality-based schemes, Postal operators only receive their full terminal dues payments if they meet performance targets for on-time delivery. This financial incentive to achieve high quality of service helps to raise delivery performance for postal customers.

A total of 35 Postal operators now participate in UNEX and all have signed up to quality-based terminal dues. Three groups are served by the system: Postal operators in countries designated as "industrial" by the Universal Postal Union (UPU) that pay terminal dues under the UPU system; Postal operators in the European Union (EU) that compensate each other for cross-border deliveries under the REIMS agreement; Postal operators that have bilateral terminal dues agreements. UNEX expanded in 2005 to support the UPU industrial country terminal dues process. As a result the scope of payments based on performance has extended from cross-border mail in the EU to mail travelling between Europe, North America, Australia, New Zealand, Japan and Israel.

Operational Cooperation

We play a key role in coordinating two cooperative initiatives for international mail operations developed by members to create greater efficiency and cost-effectiveness.

Tray Pool Management

The IPC International Mail Tray keeps letters in good condition for machine sorting. The tray was designed and built according to members' specification for durability, ergonomic handling, stackability in pallet-loads, and space-efficient storage.

The trays circulate between IPC members in a common pool so that sufficient quantities are available for peaks without the need to stockpile. Our Performance Centre controls stock levels and tray repatriation movements using our CAPE EDI system and the tray management functions of CAPE*Vision, our reporting tool software.

The Sprinter Transport Network

Our Sprinter overnight transport network carries priority letters between nine European Postal operators, running to schedules that enhance the reliability of linehaul transport. The network comprises hubs in Luxembourg and Zurich served by a fleet of vans running on night schedules. Each van is equipped with RFID transponders so that arrival and departure times are recorded automatically. The network covers 43 links between the nine participating Postal operators' offices of exchange. The operation is outsourced to a transport contractor selected by a tender process. At IPC, we monitor network operation using our CAPE system. We feed van and receptacle movement events into CAPE*Vision where we assess performance and report back to participating Postal operators.

Technical Infrastructure Services

IPC is the centre of excellence for the design of technological infrastructures that track and monitor international postal operations. We carry out performance measurement across the whole range of postal products for both our members and non-member Postal operators with significant mail flows into IPC members' operations.

Our infrastructures are mature and stable, having been developed and enhanced over the past 15 years. We work closely with the Universal Postal Union (UPU) on the creation of EDI standards that we integrate into our systems once they are approved. Our emphasis now is on continuous improvement through the reassessment of members' needs and further enhancement of our technical infrastructure services.

CAPE Despatch Tracking Services

Our CAPE system provides the technical infrastructure and information systems needed for electronic data on international mail to flow between Postal operators. CAPE pre-advice and confirmation of receipt messages, transmitted electronically in standard EDI formats, facilitate our members' operational planning and performance analysis. CAPE message exchanges increase operational efficiency and ultimately improve quality of service to postal customers.

CAPE tracks receptacles (trays and bags) containing letters, express items and parcels; it has a key role in providing technology support to the IPC International Mail Tray pool and the Sprinter transport network. In 2006, the system traced more than 32 million receptacles and was fed by more than 40,000 EDI interchange messages a day.

Item Monitoring Services

Our item monitoring services are capable of tracking any international mail item carrying unique barcode identification. Postal operators currently use item monitoring for EMS express items, parcels delivered by the E-Parcel Group, priority and economy parcels and *Exprès* and Registered letters.

Item monitoring involves scanning barcodes at various stages in the international processing and distribution chain. These scans, called events, provide data which is formatted into EDI tracking messages exchanged between operators at either end of the distribution chain. We validate data and produce daily, weekly and monthly statistics on quality of service; timely return of tracking information; data quality and network performance.

Links between our item monitoring and CAPE systems allow us to extract complementary information that gives a complete picture of each item's journey from end to end.

Item monitoring data provides the raw material for calculating inter-operator payments based on delivery performance for bar-coded products.

During 2006, we assisted EMS operators to migrate to the latest version of the EMSEVT EDI tracking message. This version is compatible with the latest UPU codes for international mail processing centres and therefore meets the most up-to-date UPU standard. Once this migration is complete, we will develop compliance checks of the data transmitted against UPU standards.

The Customer Service System

Our customer service system links different Postal operators' call centres to provide staff with a tool for obtaining answers to customer queries about delivery of their international items. In this way, we are able to provide a customer interface with the tracking information captured by item monitoring.

The customer service system integrates more than 150 call centres worldwide via the internet so that customer service staff in despatching countries can ask their counterparts in destination countries for information about item delivery status.

The system design is based on a fixed set of formalised workflow procedures, each with an agreed target for inquiry response time. Call centre managers are able to check whether their customer service targets are being met using performance reports generated from a database of inquiry responses.

In addition, managers can combine total volume obtained from item monitoring with customer service system data to measure the number of inquiries received against total traffic.

The first products to benefit from integrated customer service were the postal express service, EMS, which operates our system under the brand name Rugby; Registered and Exprès letters, and parcels delivered by the E-Parcel Group. In 2006, the service extended to cover UPU parcels operating under the brand name Cricket.

Radio Frequency Identification (RFID) Technology

We have been using Radio Frequency Identification (RFID) technology since 1997 to monitor mail as it passes through the international processing and distribution system. In 2006, our IPC-patented RFID transponder tag for postal operations reached its sixth generation.

We own the property rights to the RFID technology used for postal operations and arrange for manufacture under licence. During the past 10 years the price of transponders has halved while we have continually redeveloped the technology to introduce modern components and to comply with toxicity regulations. We encourage Postal operators to test possible new uses for IPC-licensed RFID technology in domestic and international operations.

RFID came into postal operations originally to measure how long it took receiving Postal operators to deliver international mail arriving in their territory. This was an essential component of performance-based terminal dues introduced in Europe under the REIMS agreement. However, RFID technology has a much wider application in providing diagnostic monitoring at various stages along the postal distribution chain.

Today, IPC's RFID network extends to more than 230 fixed installations at offices of exchange and 50 mobile sites. New functionality means that we can now identify the exact door at an office of exchange where the transponder in a letter was first read. This helps us check that letters are tracked accurately when mail both arrives and leaves an office of exchange.

We use RFID to monitor performance of the Sprinter road transport network for priority letters. Vans are fitted with beacon transponders which transmit throughout the time they remain at a sorting centre loading bay allowing us to check how long it takes to load and unload.

Our Central Monitoring System (CMS) collects transponder readings captured at office of exchange installations and distributes them to IPC systems and members' local systems.

Electronic Customs Pre-Clearance for Postal Parcels

Data transmissions on a production level began between Postal operators in 2006 in a pilot test of Customs pre-clearance for international postal parcels.

The test falls within our MEDICI project which involves a small group of members. Customs authorities are requiring more import and export data electronically as they seek to simplify their procedures in order to speed goods clearance. New rules proposed for European Union countries aim to move from physical checks of import mail items by Customs officials to checks of electronic data about items at time of both import and export. This change is due in part to increased security requirements.

The next stage in the MEDICI project will be to exchange data electronically on a wider range and proportion of items. We foresee full operation involving more participating Postal operators and wider item coverage by 2009.

Markets & Communication

Express Market Audit to Track Market Share for Outbound Services

IPC has taken an important step towards establishing industry-wide tracking of market size and operator share in the international express delivery sector. In 2006, for the first time, we brought together global integrators from both inside and outside our membership to discuss undertaking an Express Market Audit of outbound services as a pilot test for future rollout across Europe.

The operators that participated in the discussions were DHL, FedEx, GeoPost, TNT and UPS. They agreed in principle to conduct a pilot test covering two established national markets: the Netherlands and the United Kingdom; plus the Czech Republic as a new member state of the European Union. For the pilot, participants will provide quarterly outbound data on time-definite, day-definite and day-probable (deferred delivery) international services in four weight categories over the period 2004 to 2006. Talks prior to final agreement continued in December. We hope to conduct the pilot test early in 2007.

Our Express Market Audit pilot test will follow a process that we established last year for determining market size and share for letters. Participants cooperate by pooling their revenue and volume data. Under conditions of strict confidentiality, our independent research company collects and analyses the data to supply each participant with an accurate calculation of total market size by volume, weight and revenue, along with their own share.

The IPC Market Audit programme is based on established data-sharing principles common in other highly competitive industries. The process is dynamic because participants supply data quarterly. This allows operators to track their market share against overall market activity. The Letters Market Audit for each country combines data for priority and non-priority letters despatched by Postal operators doing business there (both the universal service provider and its competitors). Reports supplied to participants include trend information on the variation between priority and non priority mail streams over time. We make it possible for participants to determine the average unit price in each market by reporting on value, volume and weight.

The IPC Market Audit optimises the benefits of cooperation between Postal operators. Our Letters Market Audit has now been running for two years with 15 IPC members, and the Postal operator Spring, participating at the end of 2006. We have the active support of the IPC Board, which has stressed the value of Market Audit in the increasingly competitive markets for international mail business.

Senior Postal Executive Seminars Take a Strategic View on Key Business Areas

Our programme of senior postal executive seminars provides an intelligence platform from which high-level experts within our members' management teams can share best practice, benchmark and discuss the future challenges for their area of business. IPC has always provided an environment where members' chief executive officers can meet, network and exchange views; now, through our senior postal executive seminars, we have extended the benefits of focused, face-to-face discussion to the next executive level.

Participants' views and experiences from both our 2006 seminars fed into the content of our annual publication: Strategic Perspectives on the Postal Market which took as its theme: "Service Delivery and Innovation in a Changing World".

In April we brought together human resources (HR) directors and vice presidents, and executive board members responsible for HR. Participants from 14 Postal operators shared their experiences and strategic plans on issues of major importance to the postal industry: change management; organisational effectiveness; skills retention, development and recruitment; performance appraisal and career planning; leadership development and employee engagement.

A clear message from the seminar was the importance placed by participants on HR performance measurement. In response, we began gathering additional HR performance comparisons as part of our preparation of an annual report on Postal Performance Benchmarking Comparisons, published in September 2006.

In October, 20 participants attending our second senior executive seminar in 2006 discussed quality from the point of view of both meeting customer needs and optimising operational capability. Participants shared information on their corporate responses to the requirement for Postal operators both to provide universal service and fulfil specific customer demands from a single processing and delivery network. Presentations and discussion at the seminar covered innovative approaches to cost control, investment, the introduction of new technology, improvement projects and management, and the creation of quality cultures.

Senior postal executive seminars have attracted a high level of approval from IPC members. Testimonials from participants recognise the value of expert, topic-specific forums and IPC's unique ability to create them.

Participants Approve of Seminars

Comments from participants at senior postal executive seminars:

"The exchange of ideas and information gives us a benchmark and opens our eyes to different practices. IPC has a real opportunity to facilitate the sharing of experiences in the postal world."

"It is natural that IPC should facilitate strategic seminars. There is no other such forum available to deal with important operational issues."

"A very good resource, thank you very much. It is important to meet colleagues and create networks."

Regulatory Services

For our members' senior regulatory experts we have an established intelligence platform that provides news and information as well as a forum for networking and discussion on the regulatory environments experienced by individual members.

We maintain a database of postal regulation in our members' home countries and publish our Regulatory Flash publication quarterly. We organise and host regulatory experts' meetings twice a year.

Our regulatory experts meeting in September discussed studies on the opening of postal markets in the European Union (EU) in the run-up to publication of the European Commission's proposals in October for a third postal directive.

The keynote presentation was given by Professor Paul Kleindorfer, distinguished research professor at INSEAD, who examined the PWC study for the Commission on the impact of full postal market opening on the universal service, and the WIK study on the state of the market and regulatory institutions. Professor Kleindorfer suggested that a reduction in pricing uniformity would be required in a free market, implying the application of prices geared to cost for downstream access to postal delivery networks.

The meeting included presentations by the European Commission, the national regulators for Norway and Portugal and two east European Postal operators: Magyar Posta and Poczta Polska.

REIMS Terminal Dues

The REIMS terminal dues system in Europe was developed by our members to link quality of service incentives for on-time delivery of international mail to cost-based terminal dues payments.

Currently, 16 IPC members are party to the REIMS II agreement, which has been in force since April 1999. Our role is to provide management and administrative support for the REIMS Steering Committee, which includes all parties and which coordinates all REIMS activities.

REIMS III

The REIMS II parties and REIMS East parties started negotiations intended to produce a new, REIMS III agreement in October 2006. The aim was to finalise discussions by January 1, 2007, but provision was made to continue applying REIMS II in 2007 if more time were needed to carry on negotiations on REIMS III.

A REIMS III agreement would offer access under domestic conditions (Level 3) and two further levels based on operational criteria. The working groups deliberating on the appropriate terms for REIMS III were asked to consider customer demands, the competitive, liberalised environment in postal markets; mail substitution and volume decline; the universal service obligation and regulation at EU and domestic level.

All REIMS agreements are cost based and incorporate incentives to provide quality of service. Postal operators must meet delivery quality of service targets in order to receive the full REIMS payment. REIMS III would be designed to continue the cost and quality basis but to provide a system that reflects changes in the postal market since REIMS was first negotiated 10 years ago.

REIMS East

REIMS East provides a terminal dues system based on cost and service quality for Postal operators in countries that acceded to the European Union in 2004.

Eight Postal operators signed REIMS East which gave them seven years to meet REIMS II quality of service targets. During 2006, we began talks with the Postal operators in Romania and Bulgaria about joining the system.

Product Related Services

IPC's tools and systems for despatch tracking, item monitoring and integrated customer service can be applied to any barcoded international postal product. Groups of Postal operators marketing products with specific added value characteristics have seen the benefits of leveraging our systems, support and expertise to measure their service quality, identify bottlenecks in processing and transport, and calculate inter-operator payments based on delivery performance. We support three main groups, providing systems and additional services ranging from project management to operations network support.

E-Parcel Group

The E-Parcel Group (EPG) comprises 20 partner Postal operators. Its origins are with IPC members in Europe where 19 of the current partners are based. From January 1, 2007, EPG expands to the United States with the inclusion of the United States Postal Service as a full partner. The US Postal Service is now delivering European EPG parcels, having worked initially with EPG during 2006 as its delivery agent for its EMS express items and air parcels in Europe.

EPG provides a tracked and monitored international network. Partners pledge to deliver all EPG parcels and express items within stringent target delivery times, usually the day after they receive them into their own operation. This provides a framework from which each partner can develop day-certain products, tailored to their customer needs, knowing that delivery time is under their control as well as domestic handling and international transport.

IPC played a key role in the formation of EPG and from the start we have provided extensive services to support its operation. The network uses our customer service system and item monitoring from which we provide monthly performance reports against agreed targets. We monitor the transport network set up by EPG from our Performance Centre using CAPE tracking; we provide technical back-up to negotiations between EPG members; we ensure that performance levels are maintained, and we project-manage the multilateral contract that governs EPG.

The EPG partners are:

An Post (Ireland)	Post Danmark (Denmark)
Correos (Spain)	Posta Slovenije (Slovenia)
CTT Correios / CTT Expresso (Portugal)	Poste Italiane (Italy)
De Post/La Poste (Belgium)	Posten AB (Sweden)
Deutsche Post AG (Germany)	Postes et Télécommunications (Luxembourg)
Finland Post Corporation (Finland)	Royal Mail Group plc (United Kingdom)
Hellenic Post – ELTA (Greece)	Slovenská Posta (Slovak Republic)
Iceland Post (Iceland)	Swiss Post (Switzerland)
La Poste (France)	TNT Post (Netherlands)
Norway Post (Norway)	United States Postal Service (United States)

EMS Express Services

The Universal Postal Union's (UPU) EMS Cooperative enhances and develops the postal express service worldwide. Its members use our item monitoring and customer service systems for performance reporting.

PRIME

Postal operators in the PRIME project work to develop added-value international letter products such as Registered, Insured and Exprès. With the help of IPC systems, PRIME letters are tracked and customers' inquiries about delivery status are answered. Item monitoring performance reports are used by the project's members to identify where improvements are needed and to calculate inter-operator payments.

Postal operators in a total of 25 countries worldwide are involved in PRIME.

IPC Members



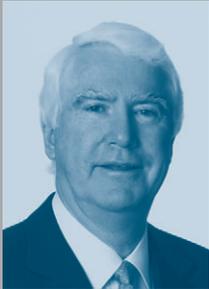
An Post
Ireland

Mr. Donal Conell
Chief Executive



De Post / La Poste
Belgium

Mr. Johnny Thijs
Chief Executive Officer
Member of the IPC Board



Australia Post
Australia

Mr. Graeme T. John
Managing Director



Deutsche Post AG
Germany

Dr. Klaus Zumwinkel
Chairman of the Board of Management
Member of the IPC Board



Canada Post
Canada

Ms. Moya Greene
President and Chief Executive Officer
Member of the IPC Board



Finland Post Corporation
Finland

Mr. Jukka Alho
President and Chief Executive Officer
Member of the IPC Board



Correos y Telégrafos
Spain

Mr. José Damián Santiago Martín
President and Chief Executive Officer
Member of the IPC Board



Groupe La Poste
France

Mr. Jean-Paul Bailly
Chairman and Chief Executive Officer
Chairman of the IPC Board



CTT Correios de Portugal S.A.
Portugal

Mr. Luís Filipe Nazaré
Chairman and Chief Executive Officer



Hellenic Post ELTA
Greece

Mr. Andreas Taprantzis
Chief Executive Officer
Member of the IPC Board



Cyprus Post
Cyprus

Mr. Vassos Vassilou
Director



Iceland Post
Iceland

Mr. Ingimundur Sigurpalsson
General Manager and
Chief Executive Officer



Magyar Posta
Hungary

Dr. Pál Szabó
Chief Executive Officer



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