FEDERAL TRADE COMMISSION

PERFORMANCE & ACCOUNTABILITY REPORT

FISCAL YEAR 2012

FEDERAL TRADE COMMISSION UNITED STATES OF AMERICA

MCMXV

ABOUT THIS REPORT

The Federal Trade Commission's (FTC) Fiscal Year (FY) 2012 Performance and Accountability report (PAR) provides the results of the agency's program and financial performance and demonstrates to the Congress, the President, and the public, the FTC's commitment to its mission and accountability over the resources entrusted to it.

This report, available at the FTC's website (www.ftc.gov/par), includes information that satisfies the reporting requirements contained in the following legislation:

- Federal Managers' Financial Integrity Act of 1982
- Government Performance and Results Act of 1993
- Government Management Reform Act of 1994
- Reports Consolidation Act of 2000
- Accountability of Tax Dollars Act of 2002
- Improper Payments Information Act of 2002
- GPRA Modernization Act of 2010

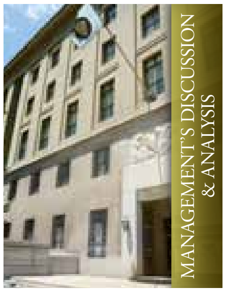
The performance and financial information contained in this report is summarized in a "Summary of Financial and Performance Information" report available at www.ftc.gov/par by February 2013.

CERTIFICATES OF EXCELLENCE

The FTC received the Association of Government Accountants' Certificate of Excellence in Accountability Reporting for its FY 2011 PAR and a Best-In-Class award for Most Informative Performance Section.

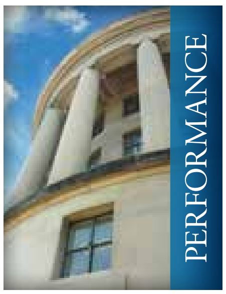
HOW THIS REPORT IS ORGANIZED

This report includes four major sections, plus supplemental information.



1. Management's Discussion and Analysis Section

The Management's Discussion and Analysis (MD&A) Section provides an overview of the FTC's mission and organization, an overview of key performance measures and efficiency measures, mission challenges, financial highlights, and management assurances on internal controls, financial systems, and compliance with laws and regulations.



2. Performance Section

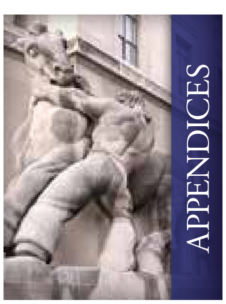
The Performance Section explains the FTC's performance relative to its strategic goals and objectives, and includes an overview of how the performance data are verified and validated.

3. Financial Section

The Financial Section provides financial details, including the independent auditor's report and audited financial statements with accompanying notes.

4. Other Accompanying Information Section

The Other Accompanying Information Section provides management and performance challenges identified by the Inspector General along with the Chairman's response and a summary of financial statement audit and management assurances.



5. Appendices

Appendix A provides the data quality information for FTC's performance measures; Appendix B lists the acronyms used throughout this report; Appendix C lists useful links for references; Appendix D provides contact information and acknowledgements.

THE FTC AT-A-GLANCE

History

The federal government created the Bureau of Corporations in 1903. In 1914, President Woodrow Wilson signed the Federal Trade Commission Act into law, and the Bureau of Corporations became the FTC.

Laws Enforced

The FTC is a law enforcement agency with both consumer protection and competition jurisdiction in broad sectors of the economy. The agency administers a wide variety of laws and regulations. Examples include the Federal Trade Commission Act, Telemarketing Sales Rule, Identity Theft Act, Fair Credit Reporting Act, and Clayton Act. In total, the Commission has enforcement or administrative responsibilities under more than 70 laws (see http://www.ftc.gov/ogc/stats.shtm for a listing).

Profile

- The agency is headquartered in Washington, DC, and operates with seven regions across the United States.
- The agency had over 1,100 full-time equivalent employees at the end of FY 2012.
- Total new budget authority for FY 2012 was $313 million.

DID YOU KNOW?

Consumers are affected every day by the FTC's activities. For example, consumers receive fewer telemarketing calls, obtain free credit reports, receive less spam, receive identity theft victim assistance, access truthful information about health and weight-loss products, pay lower prescription drug prices thanks to the availability of generic drugs, and enjoy competitive prices for goods as a result of merger reviews and actions taken by the FTC. In addition:

- The agency manages the National Do Not Call (DNC) Registry, which gives consumers the opportunity to limit telemarketing calls. At the end of the fiscal year, there were more than 217 million active registrations on the DNC Registry.
- In FY 2012, the FTC took action against mergers likely to harm competition in markets with a total of $20.2 billion in sales. The agency's efforts to maintain aggressive competition among sellers benefit consumers through lower prices, higher quality products and services, additional choice, and greater innovation.
- The FTC shares the more than 20 million consumer fraud, identity theft, financial, and DNC Registry complaints it has collected during the past five years with more than 2,000 law enforcement partner agencies worldwide via the secure Consumer Sentinel Network website.

MESSAGE FROM THE CHAIRMAN

Jon Leibowitz
Chairman

The Federal Trade Commission has a unique dual mission to protect consumers and to maintain competition in broad sectors of our economy. We safeguard consumers' privacy, whether shopping online, using a social network, or applying for a job. We stop deceptive advertising, shady marketing practices, and financial scams. We promote competition for medical and dental care providers, health services, and prescription drugs. And, we work to stay informed about new technologies, which can bring tremendous benefits to consumers, but also pose challenges on both the competition and consumer protection fronts.

In 2012, our staff has continued to exemplify good government, effective law enforcement, and outstanding outreach to consumers, businesses, and our law enforcement partners around the world. This Performance and Accountability Report illustrates how we managed our resources, highlights our major accomplishments, and outlines our plans to address the challenges ahead.

FY 2012 PERFORMANCE HIGHLIGHTS

CONSUMER PRIVACY

The FTC protects consumer privacy through policy work, law enforcement, and consumer and business education. In March 2012, the Commission issued a final report outlining best practices for businesses to protect the privacy of American consumers and give them greater control over the collection and use of their personal data. The FTC also brought actions charging that Facebook and Google did not keep promises they made about privacy. Settlement orders in both cases protect more than one billion users worldwide. Google subsequently agreed to pay a record $22.5 million civil penalty to resolve charges that it violated its FTC order by misrepresenting privacy assurances to Safari browser users; this settlement is pending court approval.

FIGHTING "LAST DOLLAR" FRAUD

The FTC looks out for the nation's most financially fragile consumers, stopping scammers engaged in deceptive mortgage and debt relief offers, abusive debt collection tactics, bogus credit repair services, and fraudulent job and business opportunity schemes. The agency pursues these frauds even as they evolve into new forms. For example, we recently have taken action against fraudsters allegedly engaged in collection of "phantom" payday loan debts that don't exist.

PROMOTING COMPETITION IN HEALTH CARE

Anticompetitive mergers and conduct in health care markets can hurt consumers. Many recent FTC merger enforcement actions have involved companies that provide health care services, such as dialysis clinics or testing labs. In particular, the FTC is working to prevent hospital mergers that may leave insufficient local options for in-patient services, challenging three such mergers in federal court in the past year. The agency also combats anticompetitive mergers and conduct that may raise drug prices. In the last year, the FTC challenged five mergers involving the pharmaceutical industry, and also continued to challenge anticompetitive "pay-for-delay" patent settlements that delay the availability of lower-cost generic drugs.

CHALLENGING DECEPTIVE ADVERTISING AND MARKETING

The FTC monitors advertising across all media and has successfully challenged deceptive claims for vacuum cleaners and air purifiers that allegedly prevented the flu, sneakers claimed to tone lower body muscles, and a skin cream purported to reduce users' body size. Each of these cases resulted in settlements that require the

companies to provide consumer refunds.
The FTC also polices the internet for deceptive ads, and recently brought a slew of cases against marketers that allegedly created fake news web sites touting acai berry supplements as effective weight-loss products.

OUTREACH AND PARTNERSHIPS

Consumers, industry, and our law enforcement partners keep us informed about real-world trends and challenges in the marketplace. Consumers can contact us online or via toll-free phone numbers. Our public outreach also includes online resources, such as www.ftc.gov (much of which is available in Spanish), as well as printed publications. We also provide updates on Facebook and Twitter, and host fun and educational videos on the FTC's YouTube channel. The FTC's online Business Center offers extensive guidance to businesses.

FINANCIAL MANAGEMENT

Of course, being diligent and responsible stewards of the public resources that the American taxpayers and the Congress provide to us is one of our most important jobs. For the FY 2012 independent financial audit, we received our 16th consecutive unqualified opinion, the highest audit opinion available. The independent auditors did not identify any material weaknesses, significant deficiencies, or instances of non-compliance with laws and regulations. I am pleased to report that management's assessment of risks and review of controls disclosed no material weaknesses (see Statement of Assurance, p. 26) and that the financial and performance data presented here is reliable and complete.

FUTURE CHALLENGES

In pursuing our strategic goals and objectives, the FTC continues to tackle challenges in important areas such as protecting consumer privacy and improving data security, stopping harmful uses of technology, protecting vulnerable Americans from fraud, and promoting competition in the health care, pharmaceutical, technology, and energy industries. For a more detailed description of these and other mission challenges that have been identified by senior management, see p. 20.

Additionally, the Reports Consolidation Act of 2000 requires the Inspector General (IG) to determine key management and performance challenges facing the agency, and to assess our progress in addressing them. The IG noted that the agency continues to face challenges in protection of data collected from businesses and individuals; securing the agency's information systems and networks from destruction, data loss, or compromise; and enhancing case selection and management to maximize mission outcomes. Agency management agrees that these are critical challenges, and with the IG's assessment of our progress in addressing the challenges, as discussed in the Other Accompanying Information Section of this report (see p. 135).

All of us at the FTC look forward to continuing our work to protect American consumers and promote competition along with our partners and colleagues in Congress, industry, and domestic and international law enforcement.

Jon Leibowitz
November 15, 2012

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MANAGEMENT'S DISCUSSION & ANALYSIS

MISSION AND ORGANIZATION

The work of the Federal Trade Commission (FTC) is critical to protecting and strengthening free and open markets and promoting informed consumer choice, both in the United States (U.S.) and around the world. The FTC performs its mission through the use of a variety of tools, including law enforcement, rulemaking, research, studies on marketplace trends and legal developments, and consumer and business education.

The FTC's Vision

A U.S. economy characterized by vigorous competition among producers and consumer access to accurate information, yielding high-quality products at low prices and encouraging efficiency, innovation, and consumer choice.

The FTC's Mission

To prevent business practices that are anticompetitive or deceptive or unfair to consumers; to enhance informed consumer choice and public understanding of the competitive process; and to accomplish this without unduly burdening legitimate business activity.

MAKE NO LITTLE PLANS: FEDERAL TRIANGLE HERITAGE TRAIL

The FTC is pleased that its historic headquarters building is included in the newest addition to the Cultural Tourism DC's Neighborhood Heritage Trails, the official walking trails of Washington, DC. The Federal Triangle Heritage Trail is a project of the U.S. General Services Administration in collaboration with Cultural Tourism DC, consisting of 16 illustrated signs that take you on a walking tour of the Federal Triangle neighborhood. The trail is the 14th official walking trail, and follows Pennsylvania Avenue west to Freedom Plaza, turns south, and continues east along Constitution Avenue to the Federal Trade Commission. The theme of the trail, "Make no little plans," comes from the words of architect Daniel Burnham: "Make no little plans; they have no magic to stir men's blood. Make big plans."

In addition to the FTC building at the apex of the Federal Triangle, the trail includes the National Archives, the Department of Justice, the Ronald Reagan Building and International Trade Center. A free .pdf version of the walking tour can be downloaded at: www.culturaltourismdc.org/sites/default/files/Fed-Tri-Booklet-lores.pdf.

The FTC: Our Purpose and History

Consumers and businesses are likely to be more familiar with the work of the FTC than they think. In the consumer protection area, the product warranties, care labels in clothes, and labels showing the energy costs of home appliances provide information that is required by the FTC. Likewise, businesses must be familiar with the laws requiring truthful advertising and protecting consumers' personally identifiable and sensitive health information. These laws are enforced by the FTC.

Competition among independent businesses is good for consumers, the businesses themselves, and the economy. Competitive markets yield lower prices and better quality goods and services, and a vigorous marketplace provides the incentive and opportunity for the development of new ideas and innovative products and services. Many of the laws governing competition also are enforced by the FTC.

The FTC has a long tradition of maintaining a competitive marketplace for both consumers and businesses. When the FTC was created in 1914, its purpose was to prevent unfair methods of competition in commerce as part of the battle to "bust the trusts." Over the years, the Congress passed additional laws giving the agency greater authority over anticompetitive practices. In 1938, the Congress passed a broad prohibition against "unfair or deceptive acts or practices in or affecting commerce." Since then, the FTC also has been directed to enforce a wide variety of other consumer protection laws and regulations, including the Telemarketing Sales Rule, the Identity Theft Act, and the Equal Credit Opportunity Act.

THE FTC'S INCEPTION AND AUTHORITY

The Bureau of Corporations, created in 1903, served as the FTC's predecessor agency. It was the Supreme Court's 1911 decision in the Standard Oil case (Standard Oil Co. v. U.S., 221 U.S. 1 (1911)) that prompted the transformation from the Bureau of Corporations to the FTC. The decision resulted in the FTC Act of 1914, where Congress created an administrative agency charged with preventing "unfair methods of competition," giving definition to that general prohibition, utilizing a number of quasi-judicial powers to enforce that prohibition, and enforcing the Clayton Act. The FTC Act was later amended to prohibit unfair or deceptive acts or practices and the FTC currently maintains enforcement and administrative responsibilities under 70 laws. For a description of and further information regarding each law, visit: www.ftc.gov/ogc/stats.shtm.

The FTC Commission, as of September 30, 2012: (back row, left to right) Maureen Ohlhausen, Commissioner; Julie Brill, Commissioner (front row, left to right) J. Thomas Rosch, Commissioner; Jon Leibowitz, Chairman; Edith Ramirez, Commissioner.

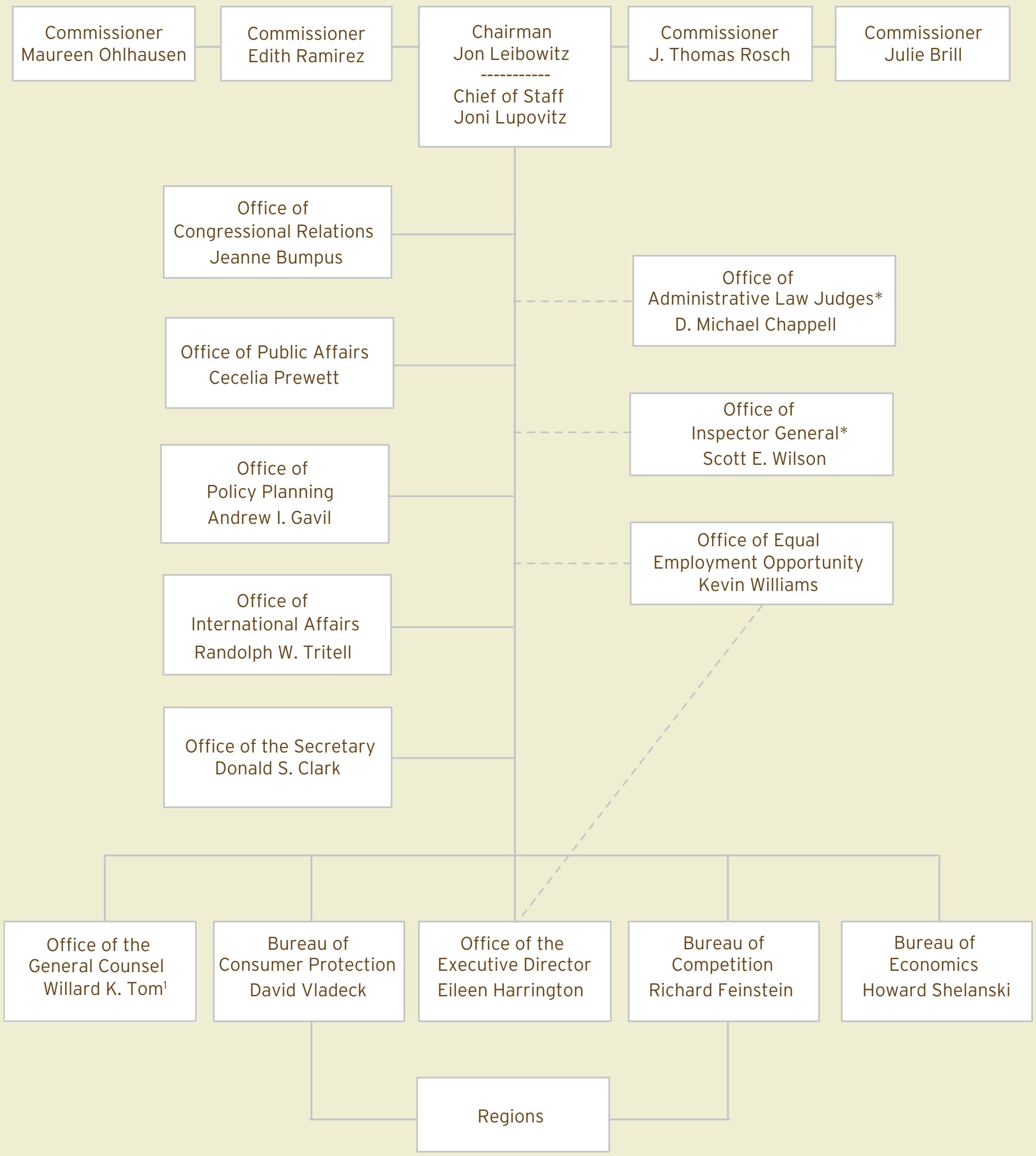
Our Organization

The FTC is an independent agency that reports to the Congress on its actions. These actions include pursuing vigorous and effective law enforcement; advancing consumers' interests by sharing its expertise with federal and state legislatures and U.S. and international government agencies; developing policy and research tools through hearings, workshops, and conferences; and creating practical and plain-language educational programs for consumers and businesses in a global marketplace with constantly changing technologies.

The FTC is headed by a Commission composed of five commissioners, nominated by the President and confirmed by the Senate, each serving a seven-year term. The President chooses one commissioner to act as Chairman. No more than three commissioners may be from the same political party. Chairman Jon Leibowitz was confirmed for a second term by the U.S. Senate on March 29, 2012. Previously, he was designated to serve as Chairman of the FTC on March 2, 2009, by President Barack H. Obama. Chairman Leibowitz was previously sworn in as a commissioner on September 3, 2004, following his nomination by the President and confirmation by the U.S. Senate. At the end of the fiscal year, the commissioners were J. Thomas Rosch, Edith Ramirez, Julie Brill, and Maureen Ohlhausen.

The FTC's mission is carried out by three bureaus: the Bureau of Consumer Protection, the Bureau of Competition, and the Bureau of Economics. Work is aided by offices, including the Office of General Counsel, the Office of Inspector General, the Office of International Affairs, the Office of the Executive Director, and seven regions.

Federal Trade Commission Organization Chart



** An independent organization within the FTC*

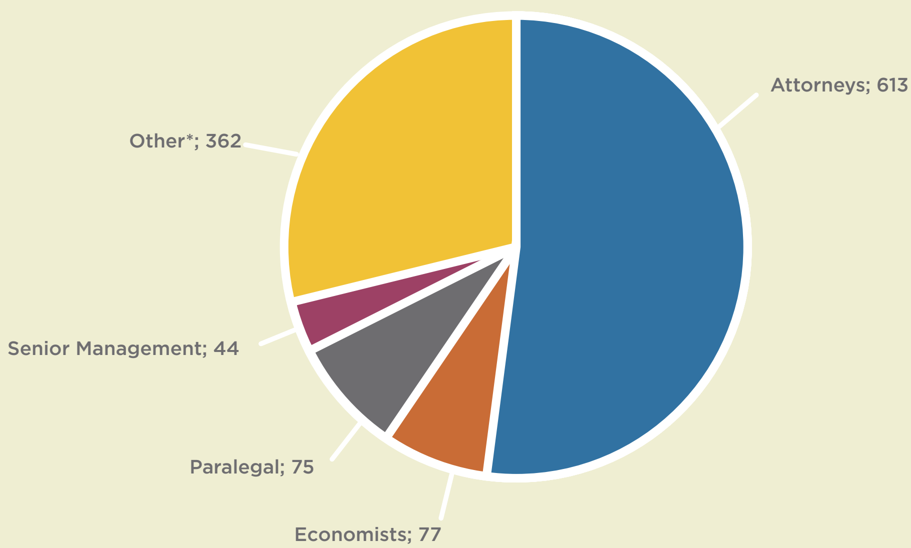
[1] Willard Tom left the agency on October 27, 2012

The agency is headquartered in Washington, DC, and operates with seven regions across the U.S. The graphic below illustrates the locations of the FTC regions.

Our People

The FTC's workforce is its greatest asset. The agency's workforce consists of over 1,100 civil service employees dedicated to addressing the major concerns of American consumers. The chart below shows workforce composition by category.

FTC'S WORKFORCE COMPOSITION



*"Other" includes support staff, program management, investigators, and information technology-related occupations.

PERFORMANCE OVERVIEW

This section explains the FTC's strategic and performance planning framework and summarizes the key performance measures and efficiency measures reported in the Performance Section. The Performance Section contains details of program performance results, trend data by fiscal year, resources, strategies, factors affecting performance, and the procedures used to verify and validate the performance data. The financial data and performance results described in this report enable the FTC to administer its programs, gauge their success, and make adjustments necessary to improve program quality for the public. The steps the FTC has taken to ensure the performance information it reports is complete, accurate, and consistent are described in the Performance Section under Verification and Validation of Performance Data, and in Appendix A: Data Quality Information.

Strategic and Performance Planning Framework

The FY 2012 performance planning framework originates from the FTC's Strategic Plan for Fiscal Years 2009 to 2014, available at www.FTC.gov/opp/gpra/spfy09fy14.pdf and is supported by the FTC's Performance Plan, available at www.FTC.gov/opp/gpra/2013_performance_plan.pdf.

In FY 2012, the FTC released an addendum to the strategic plan that included several target increases and a minor measure change. The changes have been noted in this report next to each measure's performance discussion, as applicable. The addendum is available at www.FTC.gov/opp/gpra/spfy09fy14add.pdf.

The FTC began operating under this updated strategic plan in FY 2010. The FTC's work is structured around three strategic goals and 13 objectives. Performance measures are used to gauge the FTC's success for each objective. The table below describes each element in the performance framework.

Strategic Goals	Statements of long-term aims outlined in the Strategic Plan, which define how the agency carries out its mission.
Objectives	Statements of how the FTC plans to achieve the strategic goals.
Performance Measures	Indicators used to gauge success in reaching strategic objectives.
Key Measures	Measures that best indicate whether agency activities are achieving the desired outcome associated with the related objective.
Targets	Expressions of desired performance levels or specific desired results targeted for a given fiscal year. Targets are expressed in quantifiable terms.

STRATEGIC GOALS (Numbers shown in millons.)	OBJECTIVES
PROTECT CONSUMERS Prevent fraud, deception, and unfair business practices in the marketplace. **Gross Costs:** $165 **Less Earned Revenue:** ($14) **Net Costs:** $151	Identify fraud, deception, and unfair practices that cause the greatest consumer injury.
	Stop fraud, deception, unfairness, and other unlawful practices through law enforcement.
	Prevent consumer injury through education.
	Enhance consumer protection through research, reports, rulemaking, and advocacy.
	Protect American consumers in the global marketplace by providing sound policy and technical input to foreign governments and international organizations to promote sound consumer policy.
MAINTAIN COMPETITION Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace. **Gross Costs:** $121 **Less Earned Revenue:** ($88) **Net Costs:** $33	Take action against anticompetitive mergers and practices that may cause significant consumer injury.
	Prevent consumer injury through education.
	Enhance consumer benefit through research, reports, and advocacy.
	Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy.
ADVANCE PERFORMANCE Advance the FTC's performance through organizational, individual, and management excellence. *Goal 3's costs are distributed to Goal 1 and Goal 2 predominately by Goal 1's and Goal 2's FTE usage, except for those non-pay costs that are clearly attributable to a specific goal.*	Provide effective human resources management.
	Provide effective infrastructure and security management.
	Provide effective information resources management.
	Provide effective financial and acquisition management.

Performance Measurement Process

Bureau and Office representatives serve as the Performance Measure Reporting Officials (PMROs), who act as data stewards for each of the agency's publicly-reported performance measures. The PMROs report to the Deputy Performance Improvement Officer (PIO) on a monthly, quarterly, or annual basis via an internal data reporting tool. The Financial Management Office (FMO) also leads quarterly performance measure reviews that coincide with the budget execution reviews. The CFO/PIO, the Executive Director/Chief Operating Officer, and the Chief of Staff/Chairman are briefed on the results and any significant variances in planned versus actual results. The PIO and Deputy PIO then coordinate with the PMROs on any adjustments to strategies and tactics based on the performance results.

Key Performance Measures and Efficiency Measures Overview

The FTC has established performance measures for assessing program performance against strategic goals and objectives. Of the 40 measures, 16 are considered "key" measures because they best indicate whether agency activities are achieving the desired outcome associated with the related objective. Additionally, four performance measures are considered efficiency measures because they are either ratios of outcomes to inputs or they capture administrative timeliness. For each measure, the FTC has established a performance target.

The following table summarizes actual performance during FY 2012 against established targets for all of the FTC's key performance and efficiency measures and provides a synopsis of related highlights. The table also includes actual results from the past three fiscal years. The FTC met or exceeded 13 of the 16 key measures and two of the four efficiency measures.

LEGEND FOR UPCOMING TABLES	
✔	Signifies that the target is met or exceeded
✖	Signifies that the target is not met

STRATEGIC GOAL 1: PROTECT CONSUMERS

Objective 1.1 Identify fraud, deception, and unfair practices that cause the greatest consumer injury

Key Measure 1.1.2 The percentage of the FTC's consumer protection law enforcement actions that target the subject of consumer complaints to the FTC. (Output Measure)

2012	*Target	70.0% of actions	**PERFORMANCE HIGHLIGHTS** The FTC and the State of Connecticut temporarily halted Leanspa, LLC in November 2011 from allegedly using fake news sites to promote their products, making deceptive weight-loss claims, and falsely telling consumers they could receive "free" trials of acai berry and colon cleanse products. The defendants have allegedly taken in more than $25 million from consumers in the United States. ** Annual targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*
	Actual	90.6% ✔	
2011	Actual	80.4% ✔	
2010	Actual	95.9% ✔	

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

Key Measure 1.2.1 The percentage of all cases filed by the FTC that were successfully resolved through litigation, a settlement, or issuance of a default judgment. (Outcome Measure)

2012	*Target	80.0-90.0% of cases
	Actual	100.0% ✔
2011	Actual	100.0% ✔
2010	Actual	99.2% ✔

PERFORMANCE HIGHLIGHTS

In August 2012, at the request of the Federal Trade Commission, a U.S. district court ordered the marketers of three get-rich-quick systems, including "John Beck's Free & Clear Real Estate System," to pay $478 million for deceiving close to one million consumers with phony claims that they could make easy money using their programs. The Order also imposes a lifetime ban that puts three of the defendants permanently out of the infomercial and telemarketing businesses.

The case is part of the FTC's ongoing efforts to stop scams that prey upon financially distressed consumers. The Order represents the largest litigated judgment ever obtained by the agency.

** Annual targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

Performance Measure 1.2.3: The percentage of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within six months. (Efficiency Measure)

2012	Target	90.0% of cases
	Actual	95.0% ✔
2011	Actual	100.0% ✔
2010	Actual	96.0% ✔

PERFORMANCE HIGHLIGHTS

The agency returns funds to victims of deceptive practices following the successful prosecution of defendants that result in judgments or settlements. For example, the FTC mailed 12,951 refund checks worth a total of $5 million to consumers who were allegedly overcharged by CVS Caremark. In May 2012, the FTC accepted a final order against CVS Caremark settling charges that it misrepresented the prices of certain Medicare Part D prescription drugs, including drugs used to treat breast cancer symptoms and epilepsy. The settlement bars deceptive claims related to Medicare Part D drug prices and requires CVS Caremark to pay $5 million to reimburse affected Medicare Part D consumers for the price discrepancy.

Objective 1.3: Prevent consumer injury through education

Key Measure 1.3.2 Customer satisfaction rate with an FTC consumer education website or microsite. (Outcome Measure)

2012	Target	Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index.
	Actual	81 ✔
2011	Actual	✔ FTC score of 81, benchmark score 74
2010	Actual	✔ FTC score of 77, benchmark score 74

PERFORMANCE HIGHLIGHTS

The FTC used the American Customer Satisfaction Index (ACSI) to measure how satisfied visitors to OnGuardOnline.gov are. Over 100 federal agencies use this survey to measure customer satisfaction. In FY 2012, OnGuardOnline.gov maintained an overall customer satisfaction score of 81, well above the benchmark score for government websites (74). The survey also allows the FTC to measure key website elements such as navigation, site information, look and feel, site performance and functionality. The OnGuardOnline.gov score for each of these elements was above the national benchmark for satisfaction. In addition, 73% of respondents said the site helped them do what they wanted and 54% said they learned something on the site that would change their online behavior in the future, a strong indication that the site is an effective and helpful tool for consumers.

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

Key Measure 1.4.4 The percentage of proposed Administrative Procedure Act (APA) rulemakings, conducted solely by the FTC, completed within nine months of receipt of final comments in the Final Notice of Proposed Rulemaking. (Efficiency Measure)

2012	Target	75.0% of rulemakings
	Actual	N/A
2011	Actual	83.3% ✔
2010	Actual	100.0% ✔

PERFORMANCE HIGHLIGHTS

There is no data to consider under this measure, as the FTC had no APA rulemakings to consider in FY 2012.

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

Key Measure 1.5.1 Policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations, through substantive consultations, written submissions, or comments. (Output Measure)

2012	*Target	60 policy inputs
	Actual	65 ✔
2011	Actual	52 ✔
2010	Actual	64 ✔

PERFORMANCE HIGHLIGHTS

An increased focus on Internet policy and consumer privacy, both by foreign agencies and by a growing range of international organizations, has sustained a strong demand for the FTC's policy advice and technical input on consumer policy and related issues. In FY 2012, the FTC provided policy advice in over 60 instances, through consultations, presentations, and written comments.

**Annual targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

STRATEGIC GOAL 2: MAINTAIN COMPETITION

Objective 2.1: Take action against anticompetitive mergers and practices that may cause significant consumer injury

Key Measure 2.1.1 Actions to maintain competition, including litigated victories, consent orders, abandoned transaction remedies, restructured transaction remedies, or fix-it-first transaction remedies in a significant percentage of substantial merger and nonmerger investigations. (Outcome Measure)

2012	**Target**	40.0–60.0% of substantial investigations
	Actual	43.1% ✔
2011	**Actual**	34.1%* ✖
2010	**Actual**	40.0% ✔

PERFORMANCE HIGHLIGHTS

The FTC obtained a positive result in 25 of the 58 significant merger and nonmerger (anticompetitive practices) investigations it concluded during FY 2012. Actions pertaining to mergers included successful second request or compulsory process investigations in a variety of matters across various industries: pharmaceuticals hospitals, long-term care pharmacies, and physician groups, high technology, manufacturing, and energy.

In regard to anticompetitive practices, the FTC took action to stop and prevent anticompetitive tactics that harm consumers by thwarting competition. For example, during FY 2012, the FTC issued a settlement order prohibiting PoolCorp (the U.S.'s largest swimming pool products distributor) from restricting the purchase or sale of pool products to any other distributor. Additionally, the FTC successfully concluded its litigation against Realcomp II Ltd. (a Michigan-based realtor group) and Realcomp's policy of blocking nontraditional, low-cost listings from being published through its realtor data service.

**This is a correction to results reported in the FY 2011 PAR. The results should have been based on 15 out of 44 cases, or 34%. The FY 2011 PAR reports actuals on 14 of 44 cases, or 32%.*

Performance Measure 2.1.4 Consumer savings of at least six times the amount of FTC resources allocated to the merger program. (Efficiency Measure)			
2012	*Target	1300.0%	**PERFORMANCE HIGHLIGHTS** During FY 2012, the agency saved consumers approximately 13 times the amount of resources devoted to the merger program, as calculated using the five-year average consumer savings obtained under Performance Measure 2.1.2 ($504.9 million) divided into the amount of resources used in the merger program. ** Annual targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.* *** This is a correction to results reported in the FY 2011 PAR. The results should have been based on a savings of $532.2 (million), or 1419%. The FY 2011 PAR reports savings of $531.5 (million), or 1417%.*
	Actual	1,492.4% ✔	
2011	Actual	1,419.2%** ✔	
2010	Actual	1,670.0% ✔	

Performance Measure 2.1.7 Consumer savings of at least four times the amount of FTC resources allocated to the nonmerger program. (Efficiency Measure)			
2012	*Target	2000.0%	**PERFORMANCE HIGHLIGHTS** During FY 2012, as in 2011 and FY 2010 where the agency greatly exceeded its target, the agency saved consumers over 18 times the amount of resources devoted to the nonmerger enforcement program. This is largely attributable to the consumer savings from one particular case from FY 2010 involving Intel Corporation. The targets for FY 2012 through FY 2014 were modified in response to the agency greatly exceeding the target due to this case. Therefore, subsequent years' results may not meet the target under this measure. The FTC will consider whether the new targets were appropriately set. ** Annual targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*
	Actual	1,831.7% ✖	
2011	Actual	1917.7% ✔	
2010	Actual	2,418.0% ✔	

Objective 2.2: Prevent consumer injury through education

Key Measure 2.2.1 Competition resources accessed via the FTC's website. (Output Measure)

2012	***Target**	24.0 million hits
	Actual	23.2 million hits ✖
2011	**Actual**	22.6 million hits ✔
2010	**Actual**	21.5 million hits ✔

PERFORMANCE HIGHLIGHTS

The FTC is committed to developing readily-available online competition content. Through its online presence, the FTC strives to provide content to serve its stakeholders, whether they are individual consumers, affected businesses, researchers, or practitioners and policy makers. During FY 2012, the FTC's online competition resources registered over 23 million hits. These resources include pages that relate to individual investigations (such as complaints, orders, comments, and press releases), policy and research oriented content (such as reports, policy guides, and fact sheets, workshop or conference webpages, the online competition enforcement database, advocacy filings, and amicus briefs), and business and consumer education material.

In FY 2011, the agency exceeded the target on this measure. Accordingly, new targets were set for FY 2012 through FY 2014 based on past performance. The FTC will consider whether the new targets were appropriately set.

** Annual targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

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

Key Measure 2.3.1 Workshops, seminars, conferences, and hearings convened or cosponsored that involve significant competition-related issues. (Output Measure)

2012	**Target**	4 workshops, seminars, conferences, and hearings
	Actual	3 ✖
2011	**Actual**	4 ✔
2010	**Actual**	6 ✔

PERFORMANCE HIGHLIGHTS

The FTC devotes resources to the creation of workshops, conferences, and hearings to foster an environment of discussion and analysis of competition-related issues. In FY 2012, the FTC held three major conferences, one of which was held jointly with the Department of Justice.

Of note was the Federal Trade Commission's Microeconomics Conference, a conference held annually in November, which brought together researchers from universities throughout the world, other government agencies, and other organizations to discuss antitrust, consumer protection, and policy issues that the economists in the FTC's Bureau of Economics encounter.

Another highlight was a joint conference with the Department of Justice's Antitrust Division held in September 2012 on most-favored-nation clauses (MFNs), which explored the use of MFN clauses and the implications for antitrust enforcement and policy.

Key Measure 2.3.2 Reports and studies issued on key competition-related topics. (Output Measure)			
2012	Target	8 reports and studies	**PERFORMANCE HIGHLIGHTS** A key component to the FTC's competition related strategy objective is studying and issuing working papers on competition-related topics. During FY 2012, the FTC published working papers on the economics of competition, market structures, and organizational form. The FTC also published reports covering health care and energy topics. Additionally, the agency filed two annual reports, one recognizing the agency's continued efforts to protect consumers and competition, and the Hart-Scott-Rodino Annual Report on the premerger notification program and merger enforcement.
	Actual	9 ✔	
2011	Actual	11 ✔	
2010	Actual	9 ✔	

Key Measure 2.3.3 Advocacy comments and amicus briefs on competition issues filed with entities including federal and state legislatures, agencies or courts. (Output Measure)			
2012	*Target	10 comments and briefs	**PERFORMANCE HIGHLIGHTS** In FY 2012, the FTC filed advocacy comments and amicus briefs on a wide variety of competition issues such as pay-for-delay pharmaceutical settlements, the regulation of medical, dental, and veterinary professionals, the intersection of competition and intellectual property law, electricity, and the agency's Funeral Rule. **Annual targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*
	Actual	18 ✔	
2011	Actual	16 ✔	
2010	Actual	17 ✔	

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

Key Measure 2.4.1 Policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments. (Output Measure)

2012	*Target	60 policy inputs
	Actual	146 ✔
2011	Actual	112 ✔
2010	Actual	76 ✔

PERFORMANCE HIGHLIGHTS

The FTC's policy advice remains highly regarded and sought after by new and more experienced competition agencies, including in international fora. In FY 2012, the FTC provided policy advice to foreign competition agencies in over 100 instances through consultations, written submissions, or comments.

* *Annual targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

STRATEGIC GOAL 3: ADVANCE PERFORMANCE

Objective 3.1: Provide effective human resources management

Key Measure 3.1.2 The extent employees think the organization has the talent necessary to achieve organizational goals. (Outcome Measure)

2012	Target	Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index
	Actual	✔
2011	Actual	✔
2010	Actual	✔

PERFORMANCE HIGHLIGHTS

The Federal Human Capital Survey includes 98 questions that measure how effectively agencies manage their workforces. The FTC was at least five points higher than the government-wide average on 65 of the 98 questions, and only one item fell more than five points below the government-wide average on any question. In Talent Management, the government-wide results were 59% and the FTC received 70%, which is third place compared to 37 other departments and agencies with more than 1,000 full-time employees.

Objective 3.2: Provide effective infrastructure and security management

Key Measure 3.2.1 A favorable Continuity of Operations (COOP) rating. (Output Measure)

2012	Target	75.0% rating
	Actual	90.0% ✔
2011	Actual	75.0% ✔
2010	Actual	85.0% ✔

PERFORMANCE HIGHLIGHTS

The FTC participated in the government-wide Eagle Horizon Exercise to test and verify the effectiveness of the FTC COOP. The FTC's overall score of 90% for the Eagle Horizon 2012 Exercise reflects the strong overall commitment and continued support of the FTC COOP. This score was the highest achieved by the FTC for any previous COOP testing exercise conducted by the Federal Emergency Management Agency (FEMA). Continued efforts to better define the FTC's essential functions and ensure that effective procedures are in place are reflected in the outstanding overall exercise score.

Key Measure 3.2.2 Availability of information technology systems. (Outcome Measure)

2012	Target	99.00% system availability
	Actual	99.86% ✔
2011	Actual	99.82% ✔
2010	Actual	99.77% ✔

PERFORMANCE HIGHLIGHTS

In FY 2012, the information technology services pool averaged 99.86% availability, exceeding the target.

Objective 3.3: Provide effective information resources management

Key Measure 3.3.1 The percentage of Commission-approved documents in the FTC's ongoing and newly initiated proceedings available via the Internet within 15 days of becoming part of the public record. (Output Measure)

2012	**Target**	80.0% rating
	Actual	80.2% ✔
2011	**Actual**	82.0% ✔
2010	**Actual**	93.8% ✔

PERFORMANCE HIGHLIGHTS

Making public documents easily available on the public FTC website in a timely manner increases public awareness of the FTC's activities. Examples of public documents approved by the FTC and placed on the website include (1) complaints and the FTC's opinions and orders filed in adjudicative proceedings; (2) the Federal Register notices in rulemaking, guide issuance, regulatory review, consent agreement, and other proceedings in which the FTC solicits public comments; (3) reports by the FTC and its staff; (4) advocacy filings; (5) final consent orders and accompanying complaints; and (6) the FTC's complaints, briefs, and proposed orders filed in federal court litigation.

In FY 2012, the agency posted 80.2% of documents tracked under this measure on the FTC's public website within 15 days of becoming part of the public record.

Objective 3.4: Provide effective financial and acquisition management

Key Measure 3.4.2 The percentage of Bureaus/Offices that establish and maintain an effective, risk-based internal control environment. (Outcome Measure)

2012	**Target**	100.0%
	Actual	100.0% ✔
2011	**Actual**	100.0% ✔
2010	**Actual**	100.0% ✔

PERFORMANCE HIGHLIGHTS

The Statements of Assurance submitted by the agency's major components provide the basis for measuring the effectiveness of the agency's risk-based internal control environment. Based on these Statements of Assurance, 100% of the major components establish and maintain an effective, risk-based internal control environment.

Performance Measures Summary

The Performance Measure Summary Table in the Performance Section of this report shows actual results for all performance measures and shows unit of measure. Of the 40 total performance measures, 21 were exceeded, 8 were met, 9 were not met, and data was not available for 2 measures. Based on these results, the FTC has made significant progress toward reaching its objectives, as fully described in the Performance Section.

AGENCY MISSION CHALLENGES

The FTC stands prepared to face the challenges of today's marketplace as a champion for consumers and competition. As a small law enforcement agency with a broad mandate, many of the FTC's challenges are defined by the conditions of the marketplace, and thus are ever changing. For example, as consumers and businesses encounter difficulties with financial scams, deceptive or fraudulent advertising, online privacy and data security, and anticompetitive business practices in the technology, health care and other industries, the FTC steps forward to protect consumers and maintain competition. Agency management has identified significant mission challenges in Strategic Goal 1 (Protect Consumers) and Strategic Goal 2 (Maintain Competition). Management's identification was performed separately from the Inspector General's (IG) assessment of management and performance challenges (see the Other Accompanying Information Section). However, because management concurs with the IG assessment, certain aspects of the challenges described below are also addressed by the IG. Agency mission challenges are presented below as they relate to the agency's strategic goals. A reference to the most applicable strategic objectives is also provided so that readers may refer to descriptions of related performance targets and actual results listed by objective within the Performance Section.

Strategic Goal 1: Protect Consumers: Prevent Fraud, Deception, and Unfair Business Practices in the Marketplace

Under the Protect Consumers goal, the FTC will continue to give priority to addressing the following challenges: protecting consumer privacy and improving data security, stopping harmful uses of technology, promoting compliance in new media, protecting vulnerable Americans from fraud, protecting consumers in the financial services marketplace, combating identity theft, targeting deceptive advertising affecting consumers' health, protecting children in the marketplace, and evaluating environmental marketing claims.

PROTECTING CONSUMER PRIVACY AND IMPROVING DATA SECURITY:

The FTC will continue to take a leading role in efforts to protect consumers from unfair, deceptive, or other illegal practices related to their privacy, while preserving the many benefits that technological advances offer. The agency will stop unfair and deceptive consumer privacy and data security practices through law enforcement. It will promote stronger privacy protections through policy initiatives on a range of topics such as data brokers, mobile devices, and comprehensive online data collection. The FTC will also participate in interagency groups, promote self-regulatory efforts, provide technical assistance to the Congress on draft legislation, and participate in international privacy initiatives. (Objectives 1.1, 1.2, 1.3, and 1.4)

STOPPING HARMFUL USES OF TECHNOLOGY:

Technology provides countless benefits to consumers, including choice, convenience, and increased access to goods, services, and information. It also enables, however, new vehicles for fraudulent, deceptive, and unfair practices in the marketplace. If consumers are not adequately protected, not only can they suffer economic injury, but they can lose confidence in these new technologies. To respond to these challenges, the FTC will examine malware and spyware threats to mobile devices, promote technologies to protect consumers online, and target online and mobile threats for enforcement, including mobile spam, mobile cramming, deceptive and unfair apps, and malware distributed through social networks.

Technological advances have made it difficult for consumers and law enforcement to identify the location of fraudsters pitching scams over the telephone. Some companies remain virtually anonymous by falsifying the phone number on a caller ID display. At the same time, technology has made it cheap and efficient to make large numbers of illegal pre-recorded calls, often from overseas. The FTC will continue to take aggressive law enforcement action to stop illegal "robocalls" that deliver prerecorded messages and to halt other telemarketing calls that violate the National Do Not Call Registry. Further, the FTC will work with consumer groups, legitimate industry, technologists, policymakers, and other stakeholders to develop solutions to the rise in illegal robocalls. (Objectives 1.1, 1.2, 1.3, and 1.4)

PROMOTING COMPLIANCE IN NEW MEDIA:

As new media open new avenues for companies to communicate with consumers, the FTC will promote compliance. The agency will conduct outreach to businesses that engage in viral, mobile, and affiliate marketing, stressing that existing advertising principles apply to new media and methods of marketing. The FTC will also monitor the marketplace and initiate investigations where appropriate. (Objectives 1.1, 1.2, 1.3, and 1.4)

PROTECTING VULNERABLE AMERICANS FROM FRAUD:

Frauds such as those offering health insurance or income opportunities through jobs, investment, government grants, or other scams affect everyone but pose an even greater risk to those from poor and underserved communities. The FTC will continue to combat such frauds. The FTC also will work to protect vulnerable consumers from deceptive work-at-home, get-rich-quick, and related schemes, including promises of non-existent jobs and phony government grants. It also will combat fraud targeting seniors and examine ways to better assist older victims. (Objectives 1.1, 1.2, 1.3, and 1.4)

PROTECTING CONSUMERS IN THE FINANCIAL SERVICES MARKETPLACE:

Fraud operators have seized upon new schemes to take advantage of consumers in the financial services marketplace. The FTC will continue to use the tools and authorities available to it to protect consumers of financial services. Agency law enforcement actions will target firms that make deceptive offers to assist consumers in reducing or renegotiating secured debt, such as mortgage or car loans, and unsecured debt, such as credit card bills. The FTC will work to stop payday lending operations that employ deceptive conduct to take advantage of financially distressed consumers seeking these loans. The FTC will combat deceptive and other illegal practices involving mortgage advertising, servicing, lending, and other financial services. These practices can have severe consequences for consumers, including unanticipated high-cost mortgages, ruined credit histories, and loss of their homes. The agency also will fight deceptive and abusive debt collection practices. The FTC will continue to gather information on the consumer protection issues related to buying or leasing motor vehicles, and when appropriate, take action against deceptive practices in this area. The FTC will also continue to work to protect consumers from financial frauds that emanate from outside the United States, including phantom payday loan scams and fake mortgage relief scams. Further, the FTC will continue to closely coordinate with the Consumer Financial Protection Bureau to ensure that consumers are protected in the financial marketplace and to avoid any duplicative efforts between the agencies. (Objectives 1.1, 1.2, 1.3, and 1.4)

COMBATING IDENTITY THEFT:

Identity theft exacts a heavy financial and emotional toll from its victims, and the FTC will continue to assist the millions of Americans who are victimized each year. The FTC will continue to be the repository for identity theft complaints and make them available to federal criminal law enforcement agencies. Our trained counselors will continue to advise identity theft victims who call our toll free number about rights and remedies available to them under federal law. The agency also will publicize its victim assistance guide for pro-bono attorneys, train local law enforcement to spot and prosecute identity theft, and update educational materials to address new and emerging issues, such as medical and children's identity theft. (Objectives 1.1, 1.2, 1.3, and 1.4)

TARGETING DECEPTIVE ADVERTISING AFFECTING CONSUMERS' HEALTH:

Consumers can fall prey to fraudulent health advertising when they are desperate for medical help. The FTC, therefore, will continue to challenge deceptive advertising of health products. The agency will focus on disease prevention and treatment claims; claims aimed at baby boomers, seniors, and the uninsured; and claims exploiting emerging health threats. (Objectives 1.1, 1.2, 1.3, and 1.4)

FTC OBTAINS RECORD JUDGMENT AGAINST MARKETERS OF MASSIVE GET-RICH-QUICK INFOMERCIAL SCAMS

In August 2012, the FTC obtained a record $478 million litigated judgment against the marketers of three get-rich-quick systems, who deceived nearly one million consumers with over-hyped claims that they could earn money easily using their programs. The court found that the infomercials for "John Beck's Free & Clear Real Estate System," "John Alexander's Real Estate Riches in 14 Days," and "Jeff Paul's Shortcuts to Internet Millions," misled consumers in violation of the FTC Act. Nearly all the consumers who bought these systems, which cost $39.95 each, lost money. So did nearly all consumers who purchased personal coaching services, which defendants claimed would substantially enhance consumers' chances of making money and which cost up to $14,995. The case is part of the FTC's ongoing efforts to stop scams that prey upon financially distressed consumers. The Order represents the largest litigated judgment ever obtained by the agency.

For information, visit: www.ftc.gov/opa/2012/08/johnbeck.shtm.

PROTECTING CHILDREN IN THE MARKETPLACE:

Children and teens are particularly vulnerable to deceptive, unfair, and age-inappropriate advertising. The agency is conducting a review of the Children's Online Privacy Protection Act (COPPA) Rule that requires websites to get verifiable parental consent before collecting information from children under 13 years old. Agency staff is assessing new technologies, including mobile applications, to determine whether they are encompassed by, and conducted in accordance with, COPPA's parameters. In the alcohol advertising arena, the FTC plans to propose improvements to self-regulatory standards, bring enforcement actions targeting unfair or deceptive practices, and issue another report to the Congress on self-regulation. Further, the agency will monitor the marketing of violent entertainment to children and the ability of teens under age 17 to purchase age-restricted products containing violent content. (Objectives 1.1, 1.2, 1.3, and 1.4)

EVALUATING ENVIRONMENTAL MARKETING CLAIMS:

Green claims, such as carbon offset, renewable material, and renewable energy claims, have increased in popularity. These claims can be extremely useful for consumers; however, the complexity of the issues involved creates the potential for confusing, misleading, and fraudulent claims. In October 2012, the FTC revised and updated the "FTC Guides for the Use of Environmental Marketing Claims," commonly known as the Green Guides. The agency will bring cases and law enforcement sweeps to address deceptive environmental marketing claims, working where possible with state and local partners. (Objectives 1.1, 1.2, 1.3, and 1.4)

Strategic Goal 2: Maintain Competition: Prevent Anticompetitive Mergers and Other Anticompetitive Business Practices in the Marketplace

Under the Maintain Competition goal, the FTC will continue to give priority to the challenges of promoting competition and preventing anticompetitive activity in the health care and pharmaceutical industries, high technology sectors, and energy industries. The agency will also work on promoting sound competition policy at the international level and advocating for competition before the U.S. courts, legislatures, and government agencies.

PROMOTING COMPETITION IN HEALTH CARE AND PHARMACEUTICALS:

The rapidly rising cost of health care, which continues to account for an increasingly significant share of the gross domestic product, is a matter of concern for consumers, employers, insurers, and the nation as a whole. To ensure that consumers receive the benefits of competition in health care, the FTC has made antitrust enforcement in this area a priority. Pay-for-delay patent settlement agreements between brand and generic drug manufacturers to delay generic competition are causing consumers significant harm because they deprive consumers of access to lower cost generic drugs. According to FTC economists, these anticompetitive deals, unless stopped, will cost consumers $35 billion over ten years. When appropriate, the FTC investigates and challenges patent settlements between brand and generic companies and supports legislation to eliminate this problem. The agency also addresses rising prescription drug prices by monitoring pharmaceutical and medical device company mergers. In addition, the FTC stops anticompetitive agreements between physicians and hospital service organizations and monitors hospital and other mergers that may raise the cost of health care. The agency issues guidance about antitrust law to prevent groups of health care providers from creating and exercising market power, which undermines efforts to improve quality and control costs. The FTC focuses these efforts so that misunderstandings about the law do not deter potentially beneficial collaborations among health care competitors. The Affordable Care Act of 2010 encourages healthcare providers to create integrated health care delivery systems, called Accountable Care Organizations, to improve the quality of care and lower health care costs. The FTC worked with the other relevant U.S. agencies (the Antitrust Division of the Department of Justice and the Centers for Medicare and Medicaid Services) to develop a Joint Statement of Antitrust Enforcement Policy for Accountable Care Organizations, which makes clear that the antitrust laws are not a barrier to bona fide collaboration to improve healthcare and reduce costs. Upon request, FTC staff reviews certain proposed ACOs. The FTC retains the ability to challenge collaborations that are anticompetitive. (Objectives 2.1, 2.2, and 2.3)

CONTINUING EMPHASIS ON HIGH TECHNOLOGY:

The continuing importance of technology is a crucial marketplace challenge that is placing greater demands on antitrust enforcement. The FTC antitrust investigations increasingly involve high-technology sectors of the economy. In enforcing the antitrust laws, the FTC analyzes mergers and acquisitions filed under the Hart-Scott-Rodino (HSR) Act, and also monitors the industry for non-reportable transactions that might raise antitrust concerns. The FTC takes action against those mergers that are likely to reduce or eliminate competition in the high technology sector. In addition, the FTC is vigilant where a firm may be illegally using a dominant market position to stifle competition and strengthen an existing monopoly in order to raise prices, reduce the quality or choice of goods and services, or reduce innovation. Furthermore, issues in antitrust matters increasingly intersect with intellectual property concerns, raising difficult questions about how to harmonize these two bodies of law. (Objective 2.1 and 2.3)

PREVENTING ANTICOMPETITIVE ACTIVITY IN ENERGY INDUSTRIES:

The price of gasoline and other energy sources continues to be a great concern for consumers, businesses, and governments. The agency meets this challenge by closely monitoring gasoline markets and moving quickly to address any anticompetitive merger or nonmerger activity. Through its review of HSR merger filings and investigation of non-reportable transactions, the FTC protects consumers in these markets. The FTC also continuously examines price movements and other activity through its Gasoline and Diesel Price Monitoring Project to identify any conduct that may not reflect purely competitive decisions based on the forces of supply and demand. The FTC also monitors energy markets for anticompetitive nonmerger activity such as illegal agreements among competitors, agreements between manufacturers and product dealers, monopolization, and other anticompetitive activities. The FTC continues to investigate whether certain oil producers, refiners, transporters, marketers, physical or financial traders, or others (1) have engaged in practices, including manipulation, that have lessened or may lessen competition in the production, refining, transportation, distribution, or wholesale supply of crude oil or petroleum products; or (2) have provided false or misleading information related to the wholesale price of crude oil or petroleum products to a federal department or agency. Such actions could violate Section 5 of the FTC Act, the Commission's Prohibition of Energy Market Manipulation Rule, or Section 811 or Section 812 of the Energy Independence and Security Act of 2007. To prepare and support agency staff in meeting these challenges, the FTC devotes considerable resources to monitoring and studying energy markets—often in response to congressionally mandated requirements—thus developing the professional expertise and body of knowledge needed to address emerging concerns. The FTC has issued reports on the factors that influence the prices that American consumers pay for gas. These reports, the most recent of which was released in 2011, show that the price of oil is still the most important factor in gas prices. (Objectives 2.1 and 2.3)

ACCOUNTABLE CARE ORGANIZATIONS AND ANTITRUST

Under the Affordable Care Act, health care providers can form joint ventures, known as Accountable Care Organizations (ACOs), to improve care and, if statutory criteria are met, to share in cost savings with the Medicare Program. To facilitate the creation of innovative, procompetitive ACOs, in October 2011, the FTC and DOJ released a joint Statement of Antitrust Enforcement Policy Regarding ACOs Participating in the Medicare Shared Savings Program. The Statement provides antitrust guidance written specifically to assist health care providers interested in forming ACOs. It reflects extensive input from stakeholders through workshops and public comments, as well as close coordination among the FTC, DOJ, Department of Health and Human Services, and the Internal Revenue Service, to reduce regulatory burdens and avoid potentially overlapping or inconsistent requirements for ACOs.

MANAGEMENT ASSURANCES

(On Internal Controls, Financial Systems, and Compliance with Laws and Regulations)

IMPLEMENTATION OF THE FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA) AT THE FTC

The FTC considers internal controls to be an integral part of all systems and processes that the agency utilizes in managing its operations and carrying out activities toward achieving strategic goals and objectives. The FTC holds agency managers accountable for efficiently and effectively performing their duties in compliance with applicable laws and regulations and for maintaining the integrity of their activities through the use of controls.

The FTC's Senior Assessment Team (SAT) provides strategic direction and oversight over the agency's internal control program, to promote and facilitate compliance with applicable guidance (e.g., Office of Management and Budget [OMB] Circular A-123, "Management's Responsibility for Internal Control"), and communicates the results of reviews to senior management and the head of the agency.

Some of the functions of the SAT are developing and documenting an internal control review plan, identifying key processes and related control activities, performing a preliminary risk assessment of such processes, reviewing and assessing the overall control environment, ensuring timely implementation of any corrective actions needed to address identified weaknesses, and establishing guidance for program managers in monitoring and assessing management controls within their areas of responsibility.

During FY 2012, the SAT updated guidance for program managers to use in completing self-assessments of the processes and controls within their areas of responsibility. Senior managers throughout the agency completed self-assessments that disclosed no significant control weaknesses. The SAT evaluated the results of the managers' assessments and concurred that no material weaknesses or nonconformances were identified. The results of these evaluations and other information—such as independent audits or reviews performed by the Office of Inspector General (OIG) and the Government Accountability Office (GAO) (e.g., Federal Information Security Management Act review), independent audits of service providers' operations and financial systems (e.g., reviews conducted in accordance with Statement on Standards for Attestation Engagements (SSAE) No. 16), internal analyses, and other relevant evaluations and control assessments—were considered by the SAT and the agency head in determining whether there are any management control deficiencies or nonconformances that must be disclosed in the annual assurance statement.

In FY 2012, the FTC continued to follow its Internal Control Review Plan established in FY 2010 to conduct internal control reviews of agency bureaus and offices at least once every three years. The objective of the reviews is to assist management in identifying high-risk areas and implement appropriate risk management strategies where necessary. Three additional reviews were initiated or underway this year. The Chairman's assurance statement that follows is supported by the processes and reviews described above, which were carried out in FY 2012. Management assurances tables appear in the Other Accompanying Information Section.

CHAIRMAN'S FMFIA STATEMENT OF ASSURANCE

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

THE CHAIRMAN

CHAIRMAN'S FMFIA STATEMENT OF ASSURANCE

The Federal Trade Commission's (FTC) management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

In accordance with the requirements of the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, the FTC conducted its annual assessment of the effectiveness of the organization's internal controls to support effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations; and whether the financial management system conforms to applicable financial systems requirements.

Based on the results of this assessment, the FTC provides reasonable assurance that its internal controls over the effectiveness and efficiency of operations, reliable financial reporting and compliance with applicable laws and regulations as of September 30, 2012, were operating effectively and that no material weaknesses were found in the design or operation of our internal controls. Some reporting officials identified areas for improvement in their individual assessments, which are being addressed internally and are not of a material nature.

Further, based on our assessment, we determined that the FTC financial management system conforms to applicable financial systems requirements.

Signed ______________________
Jon Leibowitz
November 15, 2012

SUMMARY OF MATERIAL WEAKNESSES AND NONCONFORMANCES

As noted in the Chairman's FMFIA Statement of Assurance, the FTC has no material weaknesses or nonconformances to report for FY 2012. No new material weaknesses or significant nonconformances were identified for the past eight years, nor were there any existing unresolved weaknesses requiring corrective action.

FEDERAL INFORMATION SECURITY MANAGEMENT ACT (FISMA)

As mandated by FISMA, the agency continues to maintain an information security program to manage information technology in accordance with National Institute of Standards and Technology (NIST) requirements. Continuous monitoring is one of many approaches that the FTC employs to protect agency information systems and the data that is collected, stored, and transmitted during the course of business. The Office of the Chief Information Officer (OCIO) continues to protect agency information and information assets by:

- Participating in the Department of Homeland Security (DHS) Cyber Assurance Program (CAP). The FTC participates in the DHS Cyber Hygiene program that assesses and validates the FTC's external network for known vulnerabilities and configuration errors. DHS provides the FTC with a full report of weaknesses and suggested mitigations.
- Deploying redundant networking capabilities at FTC Regional Offices. During FY 2012, bandwidth upgrades and redundant communication links have been completed. This change facilitates the movement of data to and from the regional offices while reducing the possibility of network disruptions.
- Moving the FTC's public-facing websites to off-site hosting facilities. The FTC has contracted with a GSA Certified Cloud Provider (CSP) to host all FTC public websites, and will benefit from the increased availability and scalability the solution provides. Additionally, the FTC is compliant with the "cloud first" mandate as required by the "25 Point Implementation Plan to Reform Federal Information Technology Management."

Additionally, the FTC has performed four Assessing and Authorizing (A&A) efforts and currently has twenty one systems authorized to operate.

DEBT COLLECTION IMPROVEMENT ACT

The Debt Collection Improvement Act of 1996 prescribes standards for the administrative collection, compromise, suspension, and termination of federal agency collection actions and referrals to the proper agency for litigation. The FTC monitors, administers and collects on debts less than 180 days delinquent. All eligible debts more than 180 days old have been transferred to the U.S. Department of the Treasury for cross-servicing. In addition, recurring payments were processed by Electronic Funds Transfer (EFT) in accordance with the EFT provisions of the Debt Collection Improvement Act.

PROMPT PAYMENT ACT

The Prompt Payment Act requires federal agencies to make timely payments to vendors, including any interest penalties for late invoice payments. In FY 2012, the FTC processed 13,850 invoices totaling nearly $89 million that were subject to prompt payment. Of these invoices, 99.5 percent were paid on time. During FY 2012, the FTC paid a total of $1,949 in interest penalties, or .002 percent of the total dollar amount invoiced.

AGENCY FINANCIAL MANAGEMENT SYSTEMS STRATEGY

The FTC's overall strategy for its financial management systems framework is driven by the objectives of operational effectiveness and efficiency, reliability and timeliness of data, and support of requirements of the agency's strategic goals. The agency continues to work with its shared service provider in enhancing its Core Financial System (CFS) and the related feeder systems and business processes. In FY 2012, the FTC upgraded its Oracle-based CFS to Release 12, which has provided operational efficiencies through a new centralized rules-based accounting engine.

The FTC also plans to fully integrate its procurement system with its CFS. Such integration will strengthen internal controls, improve efficiency of the procurement process, and provide agency staff with timely information regarding budget execution and the availability of funds.

FINANCIAL HIGHLIGHTS

Introduction

The financial highlights presented below are an analysis of the information that appears in the FTC's FY 2012 financial statements. The agency's financial statements, which appear in the Financial Section of this report, are audited by an independent accounting firm. The FTC management is responsible for the fair presentation of information contained in the principal financial statements. The financial statements and financial data presented below have been prepared from the agency's accounting records in accordance with Generally Accepted Accounting Principles (GAAP). GAAP for federal agencies are the standards prescribed by the Federal Accounting Standards Advisory Board (FASA B). For the 16th straight year, the FTC is proud to have received an unqualified (clean) opinion on our audited financial statements. The chart below presents a snapshot of the changes in key financial statement line items that occurred during FY 2012 and is followed by an explanation of the more significant fluctuations in each of FTC's financial statements.

Differences between amounts presented in this section and the financial statements are due to rounding.

CONDENSED BALANCE SHEET (Dollars shown in thousands)	FY 2012	FY 2011	Percentage Change
Assets:			
Fund balance with Treasury	$192,786	$112,225	72%
Cash and other monetary assets	28,360	44,944	-37%
Investments	-	35,443	-100%
Accounts receivable,net	31,986	11,400	181%
General property & equipment, net	18,385	19,371	-5%
Total Assets	$271,517	$223,383	22%
Liabilities:			
Accrued redress receivables due to claimants	$27,219	$11,229	142%
Redress collected not yet disbursed	84,935	84,190	1%
Accounts payable and other	30,609	34,768	-12%
Total Liabilities	$142,763	$130,187	10%
Net Position:			
Cumulative results of operations-other funds	128,754	93,196	38%
Total Net Position	$128,754	$93,196	38%
Total Liabilities and Net Position	$ 271,517	$223,383	22%

COST SUMMARY (Dollars shown in thousands)	FY 2012	FY 2011	Percentage Change
Gross costs	$286,054	$298,649	-4%
Less: Earned revenue	(101,619)	(106,217)	-4%
Net Cost of Operations	$184,435	$192,432	-4%

Financial Analysis

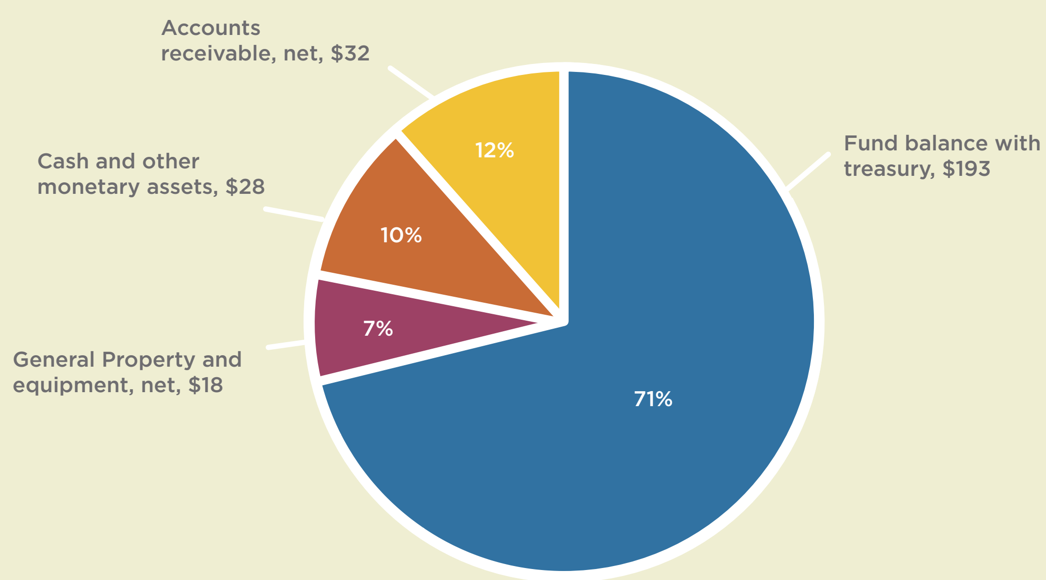
ASSETS.

The FTC's Balance Sheet shows total assets of $271 million at the end of FY 2012, an increase of $48 million or 22 percent compared to total assets of $223 million in FY 2011. The increase is explained through the analysis of the individual asset categories.

Fund balance with Treasury increased by $80 million, due primarily to $45 million in funds being reserved for the planned relocation of the FTC offices currently at 1800 M Street and 601 New Jersey Avenue and $21 million that was returned to the FTC's deposit account from its discontinued redress investment account. Cash and other monetary assets decreased by $17 million, due primarily to the remaining funds of a prior large judgment distributed in FY 2012. Accounts receivable, net increased by $21 million, which was primarily due to the estimated collectability of two large redress judgments and one large civil penalty that were incurred in FY 2012.

Investments decreased by $35 million due to the discontinuation of the redress investment account. General property & equipment, net decreased as depreciation and disposals exceeded capital asset additions during the year. These additions included data storage expansion and network infrastructure enhancements.

ASSETS BY TYPE (Dollars shown in millions)



LIABILITIES.

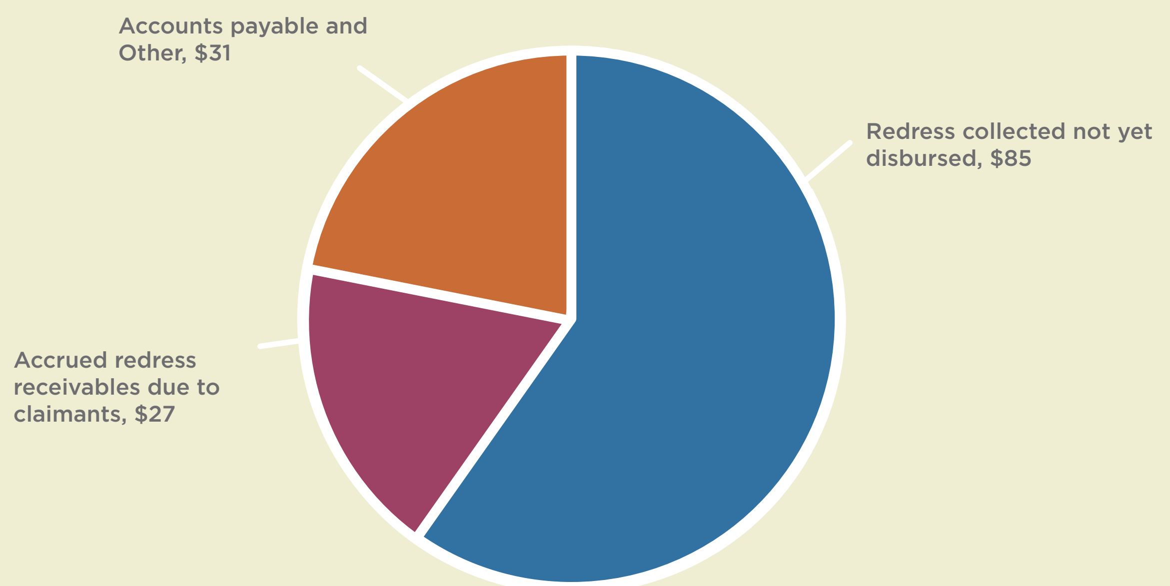
The FTC's total liabilities at the end of FY 2012 were $143 million, an increase of $13 million or 10 percent, from FY 2011 total liabilities of $130 million. The increase is explained through the analysis of the individual liability categories.

Accrued redress receivables due to claimants is the liability offset to net redress accounts receivable. The increase of $16 million in this liability reflects a similar increase in the accounts receivable, net balance portion related to redress.

Redress collected not yet disbursed is the liability offset to collections made on redress cases and is basically unchanged from the prior year. $57 million in collections is held in the FTC's deposit account and $28 million in collections is held at financial institutions.

Accounts payable and other decreased by $4 million in FY 2012, due to two obligations totaling $4 million that were accrued in FY 2011, but did not incur accruals for FY 2012.

LIABILITIES BY TYPE (Dollars shown in millions)



NET POSITION.

Net position represents the FTC's cumulative results of operations. At the end of FY 2012, the FTC's net position is $129 million, increasing by $36 million or 38 percent over the FY 2011 ending net position of $93 million.

Financing sources from appropriations used during the year were $210 million and imputed financing sources totaled $10 million for a total of $220 million. The imputed financing sources consisted of $4 million in future retirement benefits and $6 million in future health and life insurance benefits accrued in FY 2012, which will be paid by entities other than the FTC.

The financing sources of $220 million exceed the net cost of operations totaling $184 million (gross costs of $286 million less revenues from fees of $102 million), resulting in the $36 million increase in net position.

RESULTS OF OPERATIONS.

Total gross costs were $286 and $299 million for FYs 2012 and 2011, respectively, representing a decrease of $13 million, or four percent. The primary factors contributing to this decrease in expenses were decreased personnel and related costs of $7 million from payroll and benefits due to a reduction in full-time equivalents (FTEs) and from imputed financing (retirement) costs. Additionally, costs of $2 million spent in FY 2011 for desktop hardware replacement did not recur in FY 2012. Gross costs are inclusive of all costs involved in FTC's ongoing operations.

Fees collected under the Do Not Call (DNC) Registry (related to the FTC's Protect Consumers strategic goal) and under the Hart-Scott-Rodino (HSR) Act (related to the FTC's Maintain Competition strategic goal) of $102 and $106 million in FYs 2012 and 2011, respectively, offset the gross costs in determining net costs. FY 2012 net costs of $184 million decreased by $8 million from the FY 2011 level of $192 million. Though gross costs decreased by $13 million, the $8 million decrease in net costs was less due to the related decrease in fees collected. The reduction in fees was primarily due to the decrease in merger activity and the related $4 million decrease in HSR (premerger) fees collected.

FY 2012 NET COSTS BY STRATEGIC GOAL

(Dollars shown in thousands)

	Strategic Goal 1 Protect Consumers	Strategic Goal 2 Maintain Competition	Total
Gross Costs	$164,767	$ 121,287	$ 286,054
Less: Earned Revenue	(13,794)	(87,825)	(101,619)
Net Cost of Operations	$150,973	$ 33,462	$ 184,435

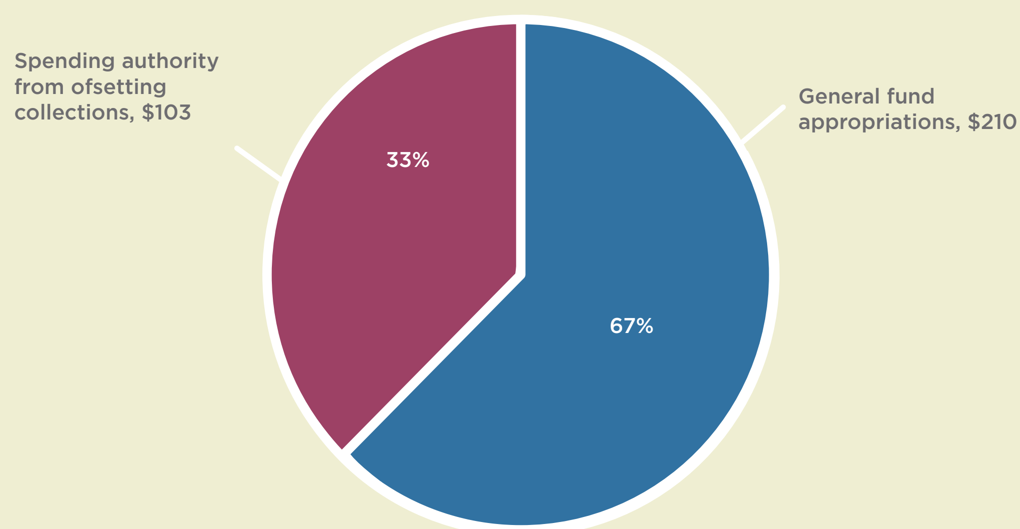
BUDGETARY RESOURCES.

The Statement of Budgetary Resources (SBR) provides information on budgetary resources made available to the agency and the status of these resources at the end of the fiscal year. New budgetary authority (total budgetary resources excluding unobligated balances brought forward and prior year recoveries) was $313 million in FY 2012, an increase of $21 million or seven percent from the $292 million received in FY 2011. The increase in the new budget authority was primarily for funding the planned relocation of FTC offices.

In FY 2012, spending authority derived from offsetting collections totaled $103 million ($88 million for HSR fees, $14 million for DNC Registry fees and $1 million from a federal agency receivable) and general fund appropriations totaled $210 million, comprising 33 and 67 percent of new budget authority, respectively. This compares to offsetting collections of $106 million and general fund appropriations of $186 million, comprising 36 and 64 percent of new budget authority, respectively, in FY 2011.

The SBR includes distributed offsetting receipts, which are the non-entity and non-budgetary funds recorded in the FTC's miscellaneous receipt account. These receipts are composed of disgorgements to the Treasury from undistributed funds from the redress program and court-appointed receivers. Distributed offsetting receipts were $15 million in FY 2012, compared to $13 million in FY 2011.

NEW BUDGET AUTHORITY FOR FY 2011 (Dollars shown in millions)



Limitations of Financial Statements

FTC management has prepared its FY 2012 financial statements from the books and records of the agency in accordance with the requirements of OMB Circular A-136, financial reporting requirements, as amended. The financial statements represent the financial position and results of operations of the agency pursuant to the requirements of chapter 31 of the U.S. Code Section 3515(b). While these statements have been prepared from the agency's books in accordance with the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. These statements should be read with the understanding that they are for a component of the U.S. government, a sovereign entity. One implication is that unfunded liabilities cannot be liquidated without legislation that provides resources to do so.

Financial Management Indicators

The following table shows standard indicators developed by the Chief Financial Officers Council and used by the OMB to monitor agencies' financial management practices.

FINANCIAL MANAGEMENT INDICATORS FOR FY 2012	
DEBT MANAGEMENT	
Debt Transferred to Treasury	100%
FUNDS MANAGEMENT	
Fund Balance with Treasury (identifies the difference between the fund balance reported in Treasury reports and the agency fund balance with Treasury recorded in its general ledger on a net basis)	100% reconciled
PAYMENT MANAGEMENT	
Percentage Invoices Paid on Time (per Prompt Payment Act)	99.5%
Percentage Interest Penalties Paid to Total Dollars Invoiced	0.002%
Percentage of total dollars outstanding in current status* (good standing) for Individually Billed Travel Account holders	100%
Percentage of total dollars outstanding in current status* (good standing) for Centrally Billed Travel accounts	100%
Percentage of total dollars outstanding in current status* (good standing) for Purchase Cards	100%

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PERFORMANCE SECTION

INTRODUCTION TO PERFORMANCE

The Performance Section presents, by goals and objectives, detailed information on the performance results of the Federal Trade Commission's (FTC) programs. This section also includes: a discussion of strategies and factors affecting performance, a summary of methods used to verify and validate performance data, trend data, performance targets, and resources utilized data for Goal 1 and Goal 2. Since Goal 3 applies to overall performance across the agency, the resources utilized for Goal 3 are distributed to Goal 1 and Goal 2[1]. This section also contains the results of a program evaluation in the Office of International Affairs. For a summary of the agency's mission and a description of the organizational structure, see the Management's Discussion and Analysis Section.

The goals, objectives, and performance measures reported in this PAR are based on the agency's strategic plan, which became effective in FY 2010. In FY 2012 the agency updated the strategic plan with an addendum, reflecting interim adjustments to several performance measures and targets. The performance tables that follow present seven fiscal years of performance results and targets, except for those performance measures first added in the latest strategic plan update. These newest performance measures are presented starting in FY 2010. Measures or performance targets that changed as a result of the addendum are noted throughout the section where applicable. The addendum to the strategic plan is available at www.ftc.gov/opp/gpra/spfy09fy14add.pdf.

Relationship of Outputs to Outcomes

The FTC continuously reviews its performance framework and focuses on tracking and reporting the most appropriate and meaningful outcome measures to show effectiveness, efficiency, and results. For example, outcome-based Performance Measures 2.1.2 and 2.1.5 estimate the millions of dollars in consumer savings that result from merger and nonmerger actions taken to maintain competition. The FTC, however, has not developed outcome measures in all cases, and uses input and output measures that either support outcomes, lead to outcomes, or otherwise provide valuable indicators of how the FTC is progressing toward achieving its strategic goals and objectives. Under the consumer protection goal, for example, Performance Measure 1.1.1 counts consumer complaints added to the FTC's database, and Performance Measure 1.1.2 indicates the percentage of the agency's consumer protection law enforcement actions that targeted the subject of consumer complaints. While these measures are not outcome-oriented, they bring the FTC closer to determining its role in the ultimate desired outcome of a marketplace free of unfair practices that cause consumer injury and free of fraud and deception.

Verification and Validation of Performance Data

The financial data and performance results described in this report enable the FTC to administer its programs, gauge their success, and make adjustments necessary to improve program quality for the public. The Message from the Chairman on p. IV provides that the FTC's financial and performance data presented in this report are complete and reliable. New for FY 2012, Appendix A provides details on the data quality of each performance measure. Additionally, the following steps outline how the agency ensures the performance information it reports is complete and reliable:

- The FTC has adopted a central internal repository for performance data entry, reporting and review. The electronic data tool reduces human error, increases transparency, and increases review by senior management.
- The Office of the Inspector General holds annual meetings with BC and BCP to review their performance measure methodology and analysis.

[1]Goal 3's costs are distributed to Goal 1 and Goal 2 predominately by Goal 1's and Goal 2's FTE usage, except for those non-pay costs that are clearly attributable to a specific goal.

- The agency has developed policy and documented the procedures used to ensure timely reporting of complete, accurate, and reliable actual results relative to the key performance measures.
- The agency holds program managers accountable to set meaningful and realistic targets that also challenge the agency to leverage its resources. This includes ensuring ongoing monitoring of performance targets so they are updated to reflect changes in key factors that impact the agency's ability to achieve such results. Further, when appropriate, program managers are required to explain how they will improve performance when targets are not met.
- The agency conducts quarterly performance measurement reviews with management as well as periodic senior management and commission review throughout the fiscal year. This process includes substantiating that actual results reported are indeed correct whenever those results reveal significant discrepancies or variances from the target.

Agency program managers also monitor and maintain automated systems and databases that collect, track, and store performance data, with support provided by the FTC's Office of the Chief Information Officer. In addition to the general controls in place over the network that ensure only authorized staff can access key systems, each application (system)—such as the Consumer Sentinel Network—incorporates internal validation edits to ensure the accuracy of data contained therein. These application edits include checks for reasonableness, consistency, and accuracy. Crosschecks between other internal automated systems also provide assurances of data reasonableness and consistency. In addition to internal monitoring of each system, experts outside of the business units (e.g., the Bureaus of Consumer Protection and Competition) routinely monitor the data collection. For example, senior economists from the Bureau of Economics review statistical data used by the Bureau of Competition to calculate performance results.

The Financial Management Office is responsible for providing direction and support on data collection methodology and analysis, ensuring that data quality checks are in place, and accurately reporting performance management data.

Strategic Human Capital Management

The FTC's strategic human capital management ensures that the agency has the diverse, skilled workforce needed to advance its mission, achieve its strategic goals and objectives, and meet performance measure targets. The agency conducts human capital planning in concert with long-term strategic planning and annual performance planning to keep human capital goals, policies, programs, and initiatives aligned with the strategic and performance plans.

Human capital planning encompasses leadership and knowledge management, a results-oriented performance culture, talent management, and job satisfaction, which are evaluated annually by the U.S. Office of Personnel Management's Employee Viewpoint Survey. More detailed information on human capital performance goals and results are provided on page 94.

Program Evaluation: ASEAN Competition and Consumer Protection Program

The Association of Southeast Asian Nations (ASEAN) Competition and Consumer Protection Program, funded by the U.S. Agency for International Development (USAID) and implemented by the FTC and the Department of Justice, provided technical assistance to ASEAN and certain of its member states to develop sound competition and consumer protection policy and law enforcement capacity. USAID found that the Program was very effective, especially in Vietnam, and was well utilized by institutions such as the Vietnam Competition Authority (VCA) and the ASEAN Secretariat. Particular strengths of the project that were identified included the utilization of internal U.S. government technical expertise; the use of a regional approach, in this case by working through ASEAN to institutionalize competition policy and law as a key ASEAN objective; using that to garner interest and create multilateral pressure for the adoption of international best practices in the field; and the cost-effective combination of different technical assistance mechanisms such as resident advisors, training, and workshops, and an internship/fellowship opportunity at the FTC.

Providing technical assistance to develop effective competition and consumer protection law and policy in less developed countries is important because competition and consumer protection law and policy can enhance consumer welfare by facilitating lower prices, market entry, consumer choice, and innovation. Sound competition enforcement also helps realize the goals of trade agreements by helping define the "rules of the game" for foreign investors and providing some assurance that competition law will not be used to punish successful businesses or protect domestic interests.

In addition to the high marks given to the Program by its recipient institutions, evidence of beneficial impact at the outcome level is provided by the World Economic Forum's Global Competitiveness Index, in which Vietnam improved its rank for "Effectiveness of Anti-Monopoly Policy" from 100th out of 131 countries in 2007-2008 when the ACCP first began its focus there, to 58th out of 139 countries in the 2010-2011 rankings. However, other variables that effective competition policy is expected to affect, including scores for "intensity of local competition," remained largely unchanged in Vietnam over that period.

LEGEND FOR UPCOMING PERFORMANCE SECTION TABLES	
✔	Signifies that the target is met or exceeded
✖	Signifies that the target is not met

Performance Measure Summary Tables

The tables that follow capture FY 2012 targeted performance compared to actual results and units of measure.

STRATEGIC GOAL 1: PROTECT CONSUMERS

Objective 1.1 Identify fraud, deception, and unfair practices that cause the greatest consumer injury		
Performance Measure 1.1.1 Complaints collected and entered into the Consumer Sentinel Network database.	**Target**	3.0 million complaints
	Actual	5.8 million complaints ✔
Key Measure 1.1.2 The percentage of the FTC's consumer protection law enforcement actions that target the subject of consumer complaints to the FTC.	**Target**	70.0% of actions
	Actual	90.6% of actions ✔
Performance Measure 1.1.3 The rate of customer satisfaction with the FTC's Consumer Response Center.	**Target**	See **(A)** and **(B)** below
	Actual	**(A)** Exceeded ✔ **(B)** Exceeded ✔

Target: **(A)** *For the website, exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index*

(B) *For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee*

Objective 1.2: Stop fraud, deception, unfairness, and other unlawful practices through law enforcement		
Key Measure 1.2.1 The percentage of all cases filed by the FTC that were successfully resolved through litigation, a settlement, or issuance of a default judgment.	**Target**	80.0–90.0% of cases
	Actual	100.0% of cases ✔
Performance Measure 1.2.2 The FTC's effectiveness in stopping prohibited business practices in three high priority areas over the next five years.	**Target**	Statistically significant decrease in the prevalence of the practice.
	Actual	On track
Performance Measure 1.2.3 The percentage of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within six months.	**Target**	90.0% of cases
	Actual	95.0% of cases ✔
Performance Measure 1.2.4 Investigations or cases in which the FTC obtains foreign-based evidence or engages in mutual assistance that contributes to FTC law enforcement actions, or in which we cooperate with foreign agencies and/or multilateral organizations.	**Target**	30 investigations or cases
	Actual	56 investigations or cases ✔

Objective 1.3: Prevent consumer injury through education		
Performance Measure 1.3.1 Consumer protection messages accessed online or in print.	**Target**	50 million messages
	Actual	39.4 million messages ✖
Key Measure 1.3.2 Customer satisfaction rate with an FTC consumer education website or microsite.	**Target**	Exceed average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index
	Actual	Exceeded ✔
Performance Measure 1.3.3 Organizations requesting consumer education publications.	**Target**	12,000 organizations
	Actual	11,298 organizations ✖

Objective 1.4: Enhance consumer protection through research, reports, rulemaking, and advocacy		
Performance Measure 1.4.1 Workshops and conferences convened or cosponsored that address consumer protection problems.	**Target**	8 workshops and conferences
	Actual	14 workshops and conferences ✔
Performance Measure 1.4.2 Advocacy comments and amicus briefs on consumer protection issues filed with entities including federal and state legislatures, agencies, or courts.	**Target**	6 comments and briefs
	Actual	8 comments and briefs ✔
Performance Measure 1.4.3 The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful."	**Target**	75.0% of respondents
	Actual	N/A
Key Measure 1.4.4 The percentage of proposed Administrative Procedure Act (APA) rulemakings, conducted solely by the FTC, completed within nine months of receipt of final comments in the Final Notice of Proposed Rulemaking.	**Target**	75.0% of rulemakings
	Actual	N/A

Objective 1.5: Protect American consumers in the global marketplace by providing sound policy and technical input to foreign governments and international organizations to promote sound consumer policy		
Key Measure 1.5.1 Policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.	**Target**	60 policy inputs
	Actual	65 policy inputs ✔
Performance Measure 1.5.2 Technical assistance to foreign consumer protection and privacy authorities.	**Target**	8 technical assistance missions or international Fellows hosted
	Actual	18 technical assistance missions or international Fellows hosted ✔

NATIONAL DO NOT CALL REGISTRY

The FTC manages the National Do Not Call Registry, which protects consumers from receiving unwanted commercial telemarketing calls from legitimate marketers, who honor the system and recognize the importance of respecting consumer choice. The Registry empowers consumers to take charge of the commercial telemarketing calls they receive, and currently has over 217 million active telephone number registrations. It's fast and free to register a number and registrations never expire. Consumers can register online at: www.donotcall.gov, or call toll-free: 888-382-1222 (TTY 866-290-4236), from the number they wish to register.

STRATEGIC GOAL 2: MAINTAIN COMPETITION

Objective 2.1: Take action against anticompetitive mergers and practices that may cause significant consumer injury		
Key Measure 2.1.1 Actions to maintain competition, including litigated victories, consent orders, abandoned transaction remedies, restructured transaction remedies, or fix-it-first transaction remedies in a significant percentage of substantial merger and nonmerger investigations.	**Target**	40.0–60.0% of substantial investigations
	Actual	43.1% of substantial investigations ✔
Performance Measure 2.1.2 Consumer savings of at least $500 million through merger actions to maintain competition.	**Target**	$500.0 million
	Actual	$504.9 million ✔
Performance Measure 2.1.3 Actions against mergers likely to harm competition in markets with a total of at least $25 billion in sales.	**Target**	$25.0 billion
	Actual	$20.2 billion ✖
Performance Measure 2.1.4 Consumer savings of at least six times the amount of FTC resources allocated to the merger program. (Efficiency Measure)	**Target**	1300.0%
	Actual	1492.4% ✔
Performance Measure 2.1.5 Consumer savings of at least $80 million through nonmerger actions taken to maintain competition.	**Target**	$450 million
	Actual	$439.8 million ✖
Performance Measure 2.1.6 Actions against anticompetitive conduct in markets with a total of at least $8 billion in annual sales.	**Target**	$12 billion
	Actual	$11.7 billion ✖
Performance Measure 2.1.7 Consumer savings of at least four times the amount of FTC resources allocated to the nonmerger program. (Efficiency Measure)	**Target**	2000.0%
	Actual	1,831.7% ✖
Performance Measure 2.1.8 The percentage of cases in which the FTC had at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.	**Target**	90.0% of cases
	Actual	100.0% ✔

Objective 2.2: Prevent consumer injury through education		
Key Measure 2.2.1 Competition resources accessed via the FTC's website.	**Target**	24.0 million hits
	Actual	23.2 million hits ✖

Objective 2.3: Enhance consumer benefit through research, reports, and advocacy		
Key Measure 2.3.1 Workshops, seminars, conferences, and hearings convened or cosponsored that involve significant competition-related issues.	**Target**	4 workshops, seminars, conferences, and hearings
	Actual	3 workshops, seminars, conferences, and hearings ✖
Key Measure 2.3.2 Reports and studies issued on key competition-related topics.	**Target**	8 reports and studies
	Actual	9 reports and studies ✔
Key Measure 2.3.3 Advocacy comments and amicus briefs on competition issues filed with entities including federal and state legislatures, agencies or courts.	**Target**	10 comments and briefs
	Actual	18 comments and briefs ✔
Performance Measure 2.3.4 The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful."	**Target**	75.0% of respondents
	Actual	83.3% of respondents ✔
Performance Measure 2.3.5 The volume of traffic on www.ftc.gov relating to competition research, reports, and advocacy.	**Target**	1.7 million hits
	Actual	3.4 million hits ✔

Objective 2.4: Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy		
Key Measure 2.4.1 Policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.	**Target**	60 policy inputs
	Actual	146 policy inputs ✔
Performance Measure 2.4.2 Technical assistance provided to foreign competition authorities.	**Target**	10 technical assistance missions or international Fellows hosted
	Actual	27 technical assistance missions or international Fellows hosted ✔

STRATEGIC GOAL 3: ADVANCE PERFORMANCE

Objective 3.1: Provide effective human resources management		
Performance Measure 3.1.1 The extent employees believe their organizational culture promotes improvement in processes, products and services, and organizational outcomes.	**Target**	Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index
	Actual	Exceeded ✔
Key Measure 3.1.2 The extent employees think the organization has the talent necessary to achieve organizational goals.	**Target**	Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index
	Actual	Exceeded ✔

Objective 3.2: Provide effective infrastructure and security management

Key Measure 3.2.1 A favorable Continuity of Operations (COOP) rating.	**Target**	75.0% rating
	Actual	90.0% rating ✔
Key Measure 3.2.2 Availability of information technology systems.	**Target**	99.00% system availability
	Actual	99.86% system availability ✔

Objective 3.3: Provide effective information resources management

Key Measure 3.3.1 The percentage of Commission-approved documents in the FTC's ongoing and newly initiated proceedings available via the Internet within 15 days of becoming part of the public record.	**Target**	80.0% of documents
	Actual	80.2% of documents ✔

Objective 3.4: Provide effective financial and acquisition management

Performance Measure 3.4.1 Independent auditor's financial statement audit results.	**Target**	Unqualified opinion on the financial statements
	Actual	Unqualified opinion ✔
Key Measure 3.4.2 The percentage of Bureaus/ Offices that establish and maintain an effective, risk-based internal control environment.	**Target**	100.0% of Bureaus/Offices
	Actual	100.0% of Bureaus/Offices ✔
Performance Measure 3.4.3 Performance against the Small Business Administration's government-wide small business procurement goals.	**Target**	23.0% of total small business eligible dollars
	Actual	57.7% of total small business eligible dollars ✔

STRATEGIC GOAL 1: PROTECT CONSUMERS

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

I. Strategic View

As the nation's premier consumer protection agency, the FTC strives to protect consumers by preventing fraud, deception, and unfair business practices in the marketplace. The agency implements five objectives to achieve this goal.

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

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

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

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

OBJECTIVE 1.3: PREVENT CONSUMER INJURY THROUGH EDUCATION.

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

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

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

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

The FTC works around the globe to address new and emerging consumer protection and privacy challenges and concerns with a broad-based international program that strives to develop a safe and thriving global marketplace that encourages growth and innovation and fosters consumer trust.

II. Strategic Analysis

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

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

Our Strategy

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

To fulfill this objective, the FTC is using new technologies creatively and building on its broad base of private and public sector partners. The agency continues to collect consumer complaint information directly through four principal sources: (1) a toll-free helpline (1-877-FTC-HELP); (2) an identity theft hotline (1-877-ID-THEFT); (3) the National Do Not Call Registry (1-888-382-1222); and (4) the online consumer complaint forms that support each of these efforts, as well as online forms dedicated to complaints from members of the U.S. armed forces and to cross-border fraud complaints. In addition, the FTC continues to gather consumer complaint information from other sources, including other law enforcement agencies, the Better Business Bureaus, and private entities. The agency makes this and other information accessible through the secure website of the Consumer Sentinel Network (CSN), a unique investigative database of consumer complaints that is accessible to over 2,000 law enforcement partner agencies worldwide. The CSN encompasses more than 20 million consumer fraud, identity theft, financial, and Do Not Call (DNC) complaints that the agency has collected since July 2006. The FTC staff and law enforcement partners also have the ability to search more than 312 million spam records collected by the FTC via spam@uce.gov. Consumer complaint and spam records older than five years are purged biannually. The agency augments identification of targets from its databases with other strategies for generating enforcement leads, such as ad monitoring, internet surfs (monitoring the internet for potentially false or deceptive advertising for a targeted product or service), and direct referrals from government and private sector partners.

Performance Results

Performance Measure 1.1.1 ensures that the agency assimilates a large number of consumer complaints, including complaints about DNC violations. The agency receives these complaints from a variety of sources, including direct consumer complaints to the FTC and complaints received by the FTC's partners. In this manner, the FTC collects robust information to inform its law enforcement efforts. Key Measure 1.1.2 ensures that FTC law enforcement actions target the subject of concerns identified by consumers. Performance Measure 1.1.3 ensures that the agency's consumer response center is providing satisfactory service responding to consumers.

TOP CONSUMER COMPLAINTS IN CALENDAR YEAR 2011

The list of top consumer complaints received by the FTC in 2011 showed that for the 12th year in a row, identity theft was the number one consumer complaint category. Of 1,813,080 complaints received in 2011, 279,156 – or 15 percent – were related to identity theft. Debt collection complaints were in second place, with 180,928 complaints. The report is available on the FTC's website at www.ftc.gov/sentinel/reports/sentinel-annual-reports/sentinel-cy2011.pdf.

RANK	CATEGORY	NUMBER OF COMPLAINTS	PERCENT OF TOTAL COMPLAINTS	COMPARED TO 2010
1	**Identity Theft**	279,156	15%	↓ From 19%
2	**Debt Collection**	180,928	10%	↓ From 11%
3	**Prizes, Sweepstakes and Lotteries**	100,208	6%	↑ From 5%
4	**Shop-at-Home and Catalog Sales**	98,306	5%	↑ From 4%
5	**Banks and Lenders**	89,341	5%	↑ From 2%
6	**Internet Services**	81,805	5%	←→
7	**Auto Related Complaints**	77,435	4%	↑ From 1%
8	**Impostor Scams**	73,281	4%	←→
9	**Telephone and Mobile Services**	70,024	4%	↑ From 3%
10	**Advance-Fee Loans and Credit Protection/Repair**	47,414	3%	↑ From 2%

PERFORMANCE MEASURE 1.1.1

COMPLAINTS COLLECTED AND ENTERED INTO THE CONSUMER SENTINEL NETWORK DATABASE. (INPUT MEASURE – NUMBERS SHOWN IN MILLIONS)**

2014	**Target*	*3.0*
2013	**Target*	*3.0*
2012	***Target**	**3.0**
	Actual	**5.8**
2011	**Target**	**2.6**
	Actual	**4.0**
2010	**Target**	**2.5**
	Actual	**3.1**
2009	**Target**	**1.8**
	Actual	**3.3**
2008	**Target**	**1.8**
	Actual	**3.1**
2007	**Target**	**1.0**
	Actual	**1.1**
2006	**Target**	**1.0**
	Actual	**1.0**

TARGET EXCEEDED.

In FY 2012, the FTC added 5.8 million entries into its database, exceeding the target of 3.0 million.

The increased number of complaints in FY 2012 was driven by a continuing increase in the number of external data contributors and consumers continuing to contact the FTC in ever increasing numbers.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

***Effective FY 2011, "and inquiries" was dropped from this performance measure.*

KEY MEASURE 1.1.2

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

Year		
2014	**Target*	*70.0%*
2013	**Target*	*70.0%*
2012	***Target**	**70.0%**
	Actual	**90.6%**
2011	**Target**	**65.0%**
	Actual	**80.4%**
2010	**Target**	**65.0%**
	Actual	**95.9%**
2009	**Target**	**65.0%**
	Actual	**79.0%**
2008	**Target**	**65.0%**
	Actual	**71.0%**
2007	**Target**	**50.0%**
	Actual	**76.0%**
2006	**Actual**	**N/A**
	Target	**N/A**

TARGET EXCEEDED.

In FY 2012, 90.6%, or 58 of 64, of BCP's actions targeted the subject of consumer complaints to the FTC. Because BCP augments identification of targets from its databases with other strategies for generating enforcement leads—such as ad monitoring, Internet surfs, and direct referrals from government and private sector partners—the results vary from year to year.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

PERFORMANCE MEASURE 1.1.3

THE RATE OF CUSTOMER SATISFACTION WITH THE FTC'S CONSUMER RESPONSE CENTER. (OUTCOME MEASURE)

2014	*Target*	*See (A) and (B)*	**TARGET MET.** In FY 2012, the average citizen satisfaction score for participating federal government websites was 74, and the score for the FTC's website was 75. The standard for call centers was 74, and the FTC's score was 79.
2013	*Target*	*See (A) and (B)*	
2012	**Target**	**See (A) and (B)**	
	Actual	**(A) Exceeded (FTC score of 75, benchmark score of 74)** **(B) Exceeded (FTC score of 79, benchmark score of 74)**	
2011	**Target**	**See (A) and (B)**	
	Actual	**(A) Exceeded (FTC score of 75, benchmark score of 74)** **(B) Exceeded (FTC score of 77, benchmark score of 74)**	
2010	**Target**	**See (A) and (B)**	
	Actual	**(A) Exceeded (FTC score of 75, benchmark score of 74)** **(B) Exceeded (FTC score of 76, benchmark score of 74)**	

Target: **(A)** *For the website, exceed average citizen satisfaction rate as published in the ACSI's E-Government Satisfaction Index.*

(B) *For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee.*

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

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

Our Strategy

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

Performance Results

Key Measure 1.2.1 ensures that the FTC successfully resolves cases, though it aims to file large, precedent setting cases when appropriate, including cases that raise challenging legal and factual issues. Performance Measure 1.2.2 ensures the agency's success in changing business practices within priority areas and demonstrates the change through research methods. Performance Measure 1.2.3 ensures that the FTC returns redress dollars to consumers as quickly as possible. Dollars are considered "designated for distribution" when the FTC is in receipt of all funds, legal issues are resolved, and a usable claimant list is ready. Performance Measure 1.2.4 helps gauge law enforcement efforts from an international perspective, including continuing to use and further develop powers authorized under the Undertaking Spam, Spyware, and Fraud Enforcement With Enforcers beyond Borders Act of 2006 (U.S. SAFE WEB Act) to achieve the objective.

KEY MEASURE 1.2.1

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

2014	**Target*	*80.0-90.0%*
2013	**Target*	*80.0-90.0%*
2012	***Target**	**80.0-90.0%**
	Actual	**100.0%**
2011	**Target**	**75.0-85.0%**
	Actual	**100.0%**
2010	**Target**	**75.0-85.0%**
	Actual	**99.2%**

TARGET EXCEEDED.

Of the 128 cases resolved in FY 2012, all were successfully resolved through litigation, a settlement, or issuance of a default judgment. At the end of FY 2012, an additional 92 cases had not been resolved, and remained in litigation.

While the agency significantly exceeded the target, setting the target too high could discourage the filing of large, difficult, or precedent-setting cases, including cases that raise challenging legal and factual issues.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

PERFORMANCE MEASURE 1.2.2

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

2014	*Target*	*Statistically significant decrease in the prevalence of the practice.*
2013	*Target*	*Statistically significant decrease in the prevalence of the practice*
2012	**Target**	**Statistically significant decrease in the prevalence of the practice.**
	Actual	**On track.**
2011	**Target**	**Statistically significant decrease in the prevalence of the practice.**
	Actual	**N/A**
2010	**Target**	**Statistically significant decrease in the prevalence of the practice.**
	Actual	**N/A**

TARGET ON TRACK, NOT YET MET.

The FTC is making progress to meet this 5-year target going forward as described below.

The three high priority areas fall under the realm of deceptive "green" marketing claims. They are stopping false and misleading claims for: bamboo textiles, energy-efficient windows, and "zero-VOC" paint.

The FTC is currently conducting two studies to examine the agency's effectiveness in stopping such misleading advertising claims. The first study involves websites marketing textiles purportedly made from bamboo. The FTC reviewed websites to establish a baseline of those marketing "bamboo textiles," charged four sellers with making false claims about their products, and then sent 78 warning letters to companies that continued making these claims. The FTC decided to undertake additional work in this area before capturing the sample again. Because this additional work is continuing, the FTC does not have final results to report.

The FTC's second study involves energy efficiency and cost savings claims for replacement windows. The FTC staff created a baseline by identifying 29 websites that made deceptive energy and cost savings claims for replacement windows. The FTC issued complaints and entered consent orders against five of the largest firms that allegedly made these claims. The FTC staff then reviewed the websites, finding 15 sellers were still making deceptive claims. The FTC issued warning letters to those marketers and FTC staff followed those letters with telephone calls. The FTC staff surveyed the websites again and found that not only has there been a statistically significant decrease in the prohibited practices, but the project has put an end to inflated energy and cost savings claims for replacement windows on the Internet.

The FTC's third study will examine the agency's effectiveness in stopping misleading "zero-VOC" claims for paint.

PERFORMANCE MEASURE 1.2.3

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

2014	*Target*	*90.0%*
2013	*Target*	*90.0%*
2012	**Target**	**90.0%**
	Actual	**95.0%**
2011	**Target**	**90.0%**
	Actual	**100%**
2010	**Target**	**90.0%**
	Actual	**96.0%**

TARGET EXCEEDED.

In FY 2012, in 19 of 20 cases or 95.0%, the FTC distributed redress dollars designated for distribution to consumers within six months.

After multiple years of measuring the distribution of redress dollars, the target appears to be appropriate.

FTC TARGETS OVERHYPED ADVERTISING CLAIMS

In May 2012, the FTC announced that Skechers USA, Inc. agreed to pay $40 million to settle charges that the company deceived consumers by making unfounded claims that Shape-ups athletic shoes would help people lose weight and strengthen and tone their buttocks, legs, and abdominal muscles. The FTC also alleged Skechers made deceptive claims about its Resistance Runner, Toners, and Tone-ups shoes. Consumers who bought these “toning” shoes will be eligible for refunds. The Skechers settlement is part of FTC’s ongoing effort to stop overhyped advertising claims, and follows a similar settlement with Reebok International Ltd. in September 2011, in which Reebok paid $25 million for refunds as part of its settlement agreement with the agency. In August 2012, the FTC announced that a settlement administrator is mailing approximately 315,000 checks to consumers who bought these allegedly deceptively advertised toning shoes and apparel from the company. For more information, please visit: www.ftc.gov/opa/2012/05/consumerrefund.shtm (Skechers) and www.ftc.gov/opa/2012/08/reebok.shtm.

PERFORMANCE MEASURE 1.2.4

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

2014	*Target*	*30*
2013	*Target*	*30*
2012	**Target**	**30**
	Actual	**56**
2011	**Target**	**30**
	Actual	**53**
2010	**Target**	**30**
	Actual	**39**

TARGET EXCEEDED.

In FY 2012, the FTC cooperated with its foreign counterparts on consumer protection and privacy matters to obtain evidence and other assistance for the FTC's investigations and litigation with numerous jurisdictions including Australia, Canada, Costa Rica, the Dominican Republic, Germany, Ireland, Israel, and the United Kingdom. Foreign agencies assisted the FTC in activities such as locating investigative targets and defendants, obtaining corporate records, obtaining witness statements, and providing investigative information. The FTC also provided assistance to numerous foreign entities, including pursuant to the information sharing and investigative assistance provisions of the U.S. SAFE WEB Act of 2006. In several instances, the information the FTC provided to the foreign entity resulted in a parallel proceeding or reciprocal assistance to the FTC.

FTC TARGETS COMPANIES THAT MISREPRESENT PRIVACY ASSURANCES

Google Inc. agreed to pay a record $22.5 million civil penalty in August 2012 to settle FTC charges that it misrepresented to users of Apple Inc.'s Safari Internet browser that it would not place tracking "cookies" or serve targeted ads to those users, violating an earlier privacy settlement between the company and the FTC. The settlement is part of the FTC's ongoing efforts to make sure companies live up to the privacy promises they make to consumers, and is the largest penalty the agency has ever obtained for a violation of a Commission order. In addition to the civil penalty, the order also requires Google to disable all the tracking cookies it had previously said it would not place on consumers' computers. For more information, visit: www.ftc.gov/opa/2012/08/google.shtm.

OBJECTIVE 1.3: PREVENT CONSUMER INJURY THROUGH EDUCATION.

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

Our Strategy

The first line of defense against fraud, deception, and unfair practices is education. Most of the FTC's law enforcement initiatives include a consumer and/or business education component aimed at preventing consumer injury and unlawful business practices, and mitigating financial losses. Throughout the year, the FTC launches various consumer and business education campaigns to raise awareness of new or emerging marketplace issues that have the potential to cause harm. The agency creatively uses new technologies and private and public partnerships to reach new and under-served audiences, particularly those who may not seek information directly from the FTC. The FTC will continue to publicize its consumer complaint and identity theft website addresses and toll-free numbers in an ongoing effort to increase public awareness of its activities and inform the public of the ways to contact the FTC to obtain information or file a complaint.

Performance Results

Consumer and business education is crucial to prevent and reduce consumer harm. Performance Measure 1.3.1 ensures that the FTC continue to promote educational activity and that the educational materials are aimed at new trends and at particularly vulnerable populations. Key Measure 1.3.2 ensures that the agency's consumer education websites are effective and helpful for consumers. Performance Measure 1.3.3 ensures that the FTC is publicizing its activities in the best way possible and that the agency has a wide array of partners to leverage resources.

IDENTITY THEFT EDUCATIONAL MATERIALS

If your identity is stolen, what will you do? Do you know your rights? An identity thief can hijack your tax refund, alter your medical records, or prevent you from getting credit or a job. Kids can also be victims of identity theft, and thieves can even borrow money in your child's name. In June 2012, the FTC offered updated information explaining how to protect your child's information and your own, and the immediate steps to take to limit the damage identity theft can cause. "Taking Charge: What To Do If Your Identity Is Stolen" is a step-by-step guide that includes sample letters, forms, and essential contact information. A brochure, "Identity Theft: What To Know, What To Do" explains the basic steps of protecting information and responding to identity theft. "Safeguarding Your Child's Future" tells parents how to protect their children's information, find out if a credit report has been created for them, and respond to problems. Information is also available in three new one-minute videos. For more information, visit: www.ftc.gov/bcp/edu/microsites/idtheft2012.

PERFORMANCE MEASURE 1.3.1

CONSUMER PROTECTION MESSAGES ACCESSED ONLINE OR IN PRINT. (OUTPUT MEASURE – NUMBERS SHOWN IN MILLIONS)

2014	*Target*	*50.0*
2013	*Target*	*50.0*
2012	**Target**	50.0
	Actual	39.4
2011	**Target**	50.0
	Actual	41.4
2010	**Target**	50.0
	Actual	43.9
2009	**Target**	55.0
	Actual	43.1
2008	**Target**	50.0
	Actual	49.2
2007	**Target**	45.0
	Actual	47.0
2006	**Target**	25.0
	Actual	53.0

TARGET NOT MET.

In FY 2012, the FTC accomplished approximately 80% of its target of 50 million messages. Of the nearly 39.4 million consumer protection messages accessed, more than 27.5 million were accessed online, more than 1.1 million were accessed via video, and more than 10.7 million were print publications distributed by the FTC. Of the messages accessed, identity theft information perennially is the most popular, followed by credit-based information. The mid-summer release of new identity theft materials has boosted print distribution numbers, as these materials are being marketed to libraries and community organizations.

While the number of print publications distributed remained relatively static over many years, as more consumers and businesses went online, the number of publications accessed through the Internet soared before leveling off in recent years. Also, the results underestimate the FTC's impact. The agency's partners are increasingly opting to post the FTC's information on their own websites, and the agency has also increasingly taken advantage of the outreach potential of the "blogosphere." The FTC is unable to measure the number of its consumer protection messages accessed on partner websites or blogs.

PHANTOM DEBT COLLECTION CASES

The FTC has taken action against two operations that allegedly collected payday loan "phantom debts" that consumers did not owe. In February 2012, the FTC brought a case against American Credit Crunchers, LLC, and in April 2012, the FTC brought a case against Broadway Global Master Inc., to halt their alleged fraudulent debt collection practices. In the American Credit Crunchers case, the FTC alleges consumers received millions of collections calls from India, and that since January 2010, the operation took in more than $5 million from victims. In the Broadway Global Master case, the FTC alleges that the defendant made more than 2.7 million calls to at least 600,000 different phone numbers nationwide, fraudulently collecting more than $5.2 million from consumers. Court orders have temporarily stopped the illegal conduct and frozen both operations' assets while the FTC moves ahead with the cases and seeks refunds for consumers. For more information, visit: www.ftc.gov/opa/2012/02/acc.shtm and www.ftc.gov/opa/2012/04/broadway.shtm.

KEY MEASURE 1.3.2

CUSTOMER SATISFACTION RATE WITH AN FTC CONSUMER EDUCATION WEBSITE OR MICROSITE. (OUTCOME MEASURE)

2014	*Target*	*Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index*
2013	*Target*	*Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index*
2012	**Target**	**Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index (a score of 74)**
	Actual	**Exceeded (FTC score of 81)**
2011	**Target**	**Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index (a score of 74)**
	Actual	**Exceeded (FTC score of 81)**
2010	**Target**	**Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index (a score of 74)**
	Actual	**Exceeded (FTC score of 77)**

TARGET MET.

In FY 2012, the FTC continued to evaluate www.OnGuardOnline.gov, a joint effort of the federal government and the technology industry, created, maintained, and marketed by the FTC to help computer users guard against Internet fraud, secure their computers, and protect their personal information. The average citizen satisfaction score for participating federal government websites was 74, and the score for www.OnGuardOnline.gov was 81. The continued measurement of the website over time has allowed the FTC to assess the effect of website improvements on customer satisfaction.

PERFORMANCE MEASURE 1.3.3

ORGANIZATIONS REQUESTING CONSUMER EDUCATION PUBLICATIONS. (OUTPUT MEASURE)

2014	*Target	12,600
2013	*Target	12,300
2012	*Target	12,000
	Actual	11,298
2011	Target	11,300
	Actual	14,818
2010	Target	11,000
	Actual	15,372

TARGET NOT MET.

In FY 2012, 11,298 organizations requested publications from the FTC, down from expected levels. It should be noted, however that the order site was inoperable for six weeks to protect against a security threat. Based on estimates of orders lost during that time period, the goal would likely have been met had this action not been necessary. Nonetheless, in FY 2012 the agency did see increased interest in new identity theft materials developed, including, "Taking Charge: What to Do If Your Identity Is Stolen."

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

PROTECTING CONSUMER PRIVACY

In March 2012, the FTC issued the final Commission report "Protecting Consumer Privacy in an Era of Rapid Change: Recommendations for Businesses and Policymakers." The report set forth best practices for businesses to protect the privacy of American consumers and give them greater control over the collection and use of their personal data. The report reemphasized support for implementation of a "Do Not Track" mechanism that would allow consumers to control the tracking of their online activities across websites. The report also recommended that Congress consider enacting general privacy legislation, data security and breach notification legislation, and data broker legislation.

For more information, visit: www.ftc.gov/os/2012/03/120326privacyreport.pdf or www.ftc.gov/opa/2012/03/privacyframework.shtm.

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

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

Our Strategy

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

Performance Results

Public policy that enhances consumer protection is based on a thorough understanding of complex issues, which arises from dialogue, study, and empirical research. Such policy also appreciates that stakeholders other than government, such as industry associations or private standard-setting organizations, are at times better positioned to address certain consumer protection issues. Performance Measures 1.4.1 through 1.4.3, and Key Measure 1.4.4, allow the agency to gauge the success of this objective and help ensure that the agency augments its enforcement and education efforts by encouraging discussions among all interested parties, through careful study of and empirical research on novel or challenging consumer protection problems, by urging adoption of policies and legal principles that promote consumers' interest, and by conducting rulemaking as appropriate. These activities help guide the FTC's consumer protection policy decisions, as well as those of other state, federal, and international policymakers.

PERFORMANCE MEASURE 1.4.1

WORKSHOPS AND CONFERENCES CONVENED OR COSPONSORED THAT ADDRESS CONSUMER PROTECTION PROBLEMS. (OUTPUT MEASURE)

2014	**Target*	*8*
2013	**Target*	*8*
2012	***Target**	8
	Actual	14
2011	****Target**	8
	Actual	14
2010	**Target**	6
	Actual	11
2009	**Target**	6
	Actual	9
2008	**Target**	6
	Actual	16
2007	**Target**	6
	Actual	10
2006	**Target**	N/A
	Actual	N/A

TARGET EXCEEDED.

In FY 2012, the FTC exceeded its target and convened or cosponsored 14 workshops and conferences that addressed consumer protection problems. These events brought together approximately 1,500 participants.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

*** This target change took effect for FY 2011 reporting.*

PERFORMANCE MEASURE 1.4.2

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

2014	*Target*	*6*
2013	*Target*	*6*
2012	**Target**	**6**
	Actual	**8**
2011	**Target**	**6**
	Actual	**3**
2010	**Target**	**6**
	Actual	**6**

TARGET EXCEEDED.

In FY 2012, the FTC filed advocacy comments and amicus briefs on consumer protection issues such as mortgage disclosures, the placement of unauthorized charges on telephone bills, the regulation of reloadable prepayment cards, debt collection practices under the Fair Debt Collection Act, and the constitutionality of the Fair Credit Reporting Act.

The agency exceeded the target for filing consumer protection-related briefs and comments. By contrast, in FY 2011 the agency filed only three consumer protection-related briefs and comments, and did not meet the target. These performance results highlight the inherent unpredictability of the types and number of issues that might arise before state and federal government bodies and therefore the types of comments and briefs that the agency might file in response.

The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

PERFORMANCE MEASURE 1.4.3

THE PERCENTAGE OF RESPONDENTS FINDING THE FTC'S ADVOCACY COMMENTS AND AMICUS BRIEFS "USEFUL." (OUTCOME MEASURE)

2014	**Target*	*75.0%*
2013	**Target*	*75.0%*
2012	***Target**	**75.0%**
	Actual	**N/A**
2011	**Target**	**50.0%**
	Actual	**100.0%**
2010	**Target**	**50.0%**
	Actual	**100.0%**

DATA NOT AVAILABLE.

The FTC mails advocacy recipients a survey designed to gauge the usefulness of agency advocacy comments and amicus briefs. "Usefulness" is assessed by the recipient. The target percentage recognizes that comments critiquing a recipient's proposed action may not be assessed positively. In FY 2012, no survey responses were received regarding the four advocacy comments. Consideration of these four comments by advocacy recipients had not concluded by the end of FY 2012, highlighting the unpredictability of whether a survey response will be received. The FTC also provided four amicus briefs to courts regarding consumer protection matters; as noted in the Data Quality Information Appendix, surveys are not sent to courts. The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

KEY MEASURE 1.4.4

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

2014	*Target*	*75.0%*
2013	*Target*	*75.0%*
2012	**Target**	**75.0%**
	Actual	**N/A**
2011	**Target**	**75.0%**
	Actual	**83.3%**
2010	**Target**	**75.0%**
	Actual	**100.0%**

There is no data to consider under this measure, as the FTC had no APA rulemakings to consider in FY 2012.

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

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

Our Strategy

To achieve this objective, the FTC pursues the development of an international consumer protection model that focuses on protecting consumers while maximizing economic benefit and consumer choice.

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

Performance Results

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

KEY MEASURE 1.5.1

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

2014	**Target*	*60*
2013	**Target*	*60*
2012	***Target**	**60**
	Actual	**65**
2011	**Target**	**40**
	Actual	**52**
2010	**Target**	**40**
	Actual	**64**

TARGET EXCEEDED.

In FY 2012, the FTC provided policy advice in over 60 instances, through consultations, presentations, and written comments. An increased focus on Internet policy and consumer privacy, both by foreign agencies and by a growing range of international organizations, has sustained a strong demand for the FTC's policy advice and technical input on consumer policy and related issues.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

PERFORMANCE MEASURE 1.5.2

TECHNICAL ASSISTANCE TO FOREIGN CONSUMER PROTECTION AND PRIVACY AUTHORITIES. (OUTPUT MEASURE)

2014	*Target*	*8*
2013	*Target*	*8*
2012	**Target**	**8**
	Actual	**18**
2011	**Target**	**8**
	Actual	**15**
2010	**Target**	**8**
	Actual	**23**

TARGET EXCEEDED.

In FY 2012, the FTC conducted 13 technical assistance missions and hosted five international fellows supporting the consumer protection mission. The FTC received funding from the U.S. Agency for International Development to conduct consumer protection technical assistance missions in Central America, the Dominican Republic, Vietnam, and the ASEAN region as well as to place a resident advisor in South Africa. Four of the technical assistance missions, the resident advisor, and one international fellow were funded by the U.S. Agency for International Development.

Resources Utilized—Strategic Goal 1

(DOLLARS SHOWN IN MILLIONS.)

	2007	2008	2009	2010	2011	2012
Full-Time Equivalents	570	591	597	621	633	625
Obligations	$126	$140	$152	$168	$166	$161
Net Cost	$105	$124	$131	$144	$155	$151

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

STRATEGIC GOAL 2: MAINTAIN COMPETITION

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

I. Strategic View

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

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

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

OBJECTIVE 2.2: PREVENT CONSUMER INJURY THROUGH EDUCATION.

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

THE FTC PROTECTS AGAINST ANTICOMPETITIVE TACTICS THAT KEEP OUT COMPETITION

The FTC is particularly vigilant where a firm may be illegally using a dominant market position to stifle competition and raise prices, reduce product quality or choice, or reduce innovation. For example, in November 2011, the FTC settled charges that PoolCorp, the largest distributor of swimming pool products in the United States, used its monopoly power to thwart new distributors from entering the market by blocking them from buying pool products directly from manufacturers. According to the FTC, PoolCorp threatened manufacturers of pool products that PoolCorp would not sell their products at any of its distribution centers if the manufacturers sold their products to new distributor-rivals. The FTC charged that these anticompetitive tactics raised the costs incurred by its distributor-rivals, resulting in higher prices and reduced choices for consumers. The FTC's settlement order prohibits PoolCorp from conditioning the purchase or sale of pool products, coercing manufacturers to stop selling or to limit their sales to any other distributor, and discriminating or retaliating against a manufacturer for selling, or intending to sell pool products to any other distributor. The FTC also required that PoolCorp put in place an antitrust compliance program to ensure it does not violate the terms of the order.

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

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

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

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

II. Strategic Analysis

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

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

Our Strategy

The FTC seeks to identify and take action against anticompetitive mergers and practices with as much accuracy as possible. While certain business conduct (such as price fixing among competitors) is clearly anticompetitive, mergers and many other forms of business conduct can benefit, harm, or have no effect on consumers. Consequently, both under- and over enforcement can harm consumers' interests. The agency seeks to take enforcement action against transactions or practices that harm, or are likely to harm, consumers. At the same time, the agency seeks to avoid taking actions that prevent businesses from completing transactions or engaging in practices that fundamentally benefit consumers or have no competitive effect. The FTC also tries to identify enforcement targets as efficiently as possible so that

PROMOTING COMPETITION IN HIGH TECHNOLOGY SECTORS

The FTC aims to promote competition and prevent anticompetitive business practices and mergers in high technology sectors. This year, for example, the FTC took action to preserve competition for desktop hard disk drives used in personal computers. The FTC accepted a consent order under which Western Digital Corporation agreed to sell assets used to manufacture and sell desktop hard disk drives to Toshiba. The divestiture resolves the agency's charges that Western Digital's $4.5 billion acquisition of rival Hitachi Global Storage Technologies would likely have harmed competition by leaving only two companies in control of the entire worldwide market for desktop hard disk drives. According to the FTC, Toshiba, the acquirer of the divested assets, has the ability to replace the competition otherwise lost due to the acquisition.

it can devote the bulk of its resources to further investigation of, and possible challenge to, the most problematic mergers and practices. A related, but important, consideration is to conduct each inquiry in a way that minimizes the cost or inconvenience to businesses, while still enabling the agency to gather sufficient information to support each enforcement decision. Given the agency's limited resources, the FTC directs much of its attention and resources to certain segments of the economy that are particularly important to consumers and in which it has particular expertise. These include health care, pharmaceuticals, technology, energy, and real estate.

MERGER ACTIVITIES

The premerger notification requirements of the Hart-Scott-Rodino (HSR) Act provide the FTC with an effective starting point for identifying potentially anticompetitive mergers, acquisitions, and joint ventures (collectively referred to as mergers) before they are consummated. The HSR Act requires companies to report certain proposed mergers to the FTC and the DOJ, which jointly enforce the HSR Act, and wait for a specified period (usually 30 days) to allow for antitrust review. FTC staff examines each transaction to determine whether it poses a threat to competition. In most cases, a reasonable judgment can be made about whether the merger has the potential to be anticompetitive based on the materials filed with the HSR Act notification. In other cases, a formal request for additional information may be issued by the FTC. This is referred to as a "second request." Because the parties may consummate a transaction after substantially complying with the second request and waiting for a short time period (usually 30 days), a second request investigation typically requires a significant investment of resources by the FTC. The agency must act quickly to gather and review information to make a decision on whether to pursue enforcement action to block a merger within the timeframe set out by the HSR Act and rules.

To stop potentially anticompetitive mergers and practices through law enforcement, the FTC seeks legal remedies under the antitrust laws through federal court action, administrative proceedings, or negotiated settlements. For mergers, the most effective and cost efficient strategy has been to prevent anticompetitive mergers before they occur. The agency has implemented this strategy primarily through its authority to seek federal court injunctions preventing these transactions. In many cases, the merging parties elect not to defend a court challenge and instead agree to resolve competitive concerns through a consent agreement. This approach is suitable when the competitive problem relates to only a portion of the transaction, such that a divestiture of assets will be sufficient to preserve or restore competition while allowing other competitively neutral or beneficial aspects of the merger to go forward. In other instances, the parties may abandon a transaction after assessing the likely outcome of an FTC court challenge.

SCRUTINIZING ENERGY MERGERS

The Federal Trade Commission is committed to promoting competition in the energy sector. In May 2012, the FTC accepted a consent order which required Kinder Morgan, Inc., one of the largest U.S. transporters of natural gas and other energy products, to sell three natural gas pipelines, two gas processing plants and associated storage capacity in the Rocky Mountain region. This divestiture settled FTC charges that Kinder Morgan's $38 billion acquisition of El Paso Corporation would be anticompetitive, harming competition in the markets for the pipeline transportation and processing of natural gas.

When a merger already has been consummated, the FTC generally relies on administrative litigation to restore competition lost as a result of the merger. While the major HSR Act amendments in 2001 reduced the number of mergers subject to the advance reporting requirement, they did not change the standard of legality for mergers. Whereas the vast majority of potentially problematic mergers continue to be subject to the revised HSR filing requirements, smaller merger transactions may still be anticompetitive. Consequently, the FTC continues to devote attention to the identification of unreported, usually consummated, mergers that could harm consumers. In FY 2012, the agency successfully resolved a challenge to one such transaction. This effort involves monitoring trade press, industry sources, and the internet to stay informed of industry developments; following up on case leads from Congressional offices, other Executive Branch agencies, and state and local governments; and encouraging consumers, businesses, and attorneys to notify the FTC of possible anticompetitive mergers.

NONMERGER ACTIVITIES

In the nonmerger area, agency staff reviews complaints received from consumers, businesses, Congressional offices, and elsewhere to identify potentially anticompetitive nonmerger business practices. In addition, the FTC has pursued a "positive agenda" of planned initiatives; that is, the agency has taken a systematic and proactive approach to identify specific conduct likely to pose the greatest threat to consumer welfare. The focus continues to be on the types of practices, such as agreements among competitors, which are most likely to harm consumers.

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

PROTECTING COMPETITION IN PHARMACEUTICAL MERGERS

The FTC protects competition in the pharmaceuticals market by carefully reviewing pharmaceutical mergers and taking law enforcement action as needed. For example, this year the FTC accepted a consent order under which Valeant Pharmaceuticals International, Inc. agreed to divest three skin ailment treatment drugs prior to completing its purchases of Ortho Dermatologics, Inc. from Johnson & Johnson, and Dermik Laboratories, Inc. from Sanofi. In a second case, the FTC accepted a consent order under which Teva Pharmaceutical Industries, Ltd. agreed to sell rights and assets related to a generic cancer pain management drug, and a generic muscle relaxant, before proceeding with its $6.8 billion acquisition of rival drug firm Cephalon, Inc. The FTC also accepted a consent order under which Teva agreed to enter into a supply agreement that will allow a competing firm to sell a generic version of Cephalon's wakefulness drug, Provigil. All of these settlements are designed to preserve competition and prevent higher prices that were otherwise likely to result from the acquisitions.

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

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

This is not to say that the FTC, or any law enforcement agency, should win every case. The FTC issues complaints when, based on the findings of staff investigations, it has "reason to believe" a merger or conduct is anticompetitive. Some cases involve very close issues, on which reasonable minds can and do differ. Other cases may be very difficult from a litigation standpoint, but are still worth pursuing.

KEY RULING IN A "PAY-FOR-DELAY" PHARMACEUTICAL PATENT SETTLEMENTS CASE

One of the FTC's top priorities is restricting anticompetitive "pay-for-delay" patent settlements, as these agreements between branded manufacturers and generic competitors delay the availability of low-cost generic drugs. As a part of this effort in 2011, the FTC filed an amicus brief before the U.S. Court of Appeals for the Third Circuit in support of private class action plaintiffs that challenged the legality of these patent settlements between branded and generic manufacturers of the high blood pressure medication K-Dur 20. The FTC's brief argued that the district court's analysis conflicted with basic antitrust principles because it would allow branded companies to pay generic companies to stay out of the market until patent expiration. In July 2012, the Third Circuit reversed the district court ruling, as the FTC had urged, and held that a reverse payment from a branded drug manufacturer to a generic competitor is "prima facie evidence of an unreasonable restraint of trade."

FTC Chairman Jon Leibowitz issued the following statement about the ruling: "The Third Circuit Court of Appeals seems to have gotten it just right: These sweetheart deals are presumptively anticompetitive. As our Bureau of Economics has estimated, they cost American consumers $3.5 billion a year in higher health care costs. Restricting these arrangements, as many in Congress have proposed, would reduce federal government debt by $5 billion over 10 years, according to the Congressional Budget Office. It's time for the pharmaceutical companies to return to the side of consumers."

The FTC's antitrust challenges are defended by highly competent and well-financed counsel. In addition, the FTC's responsibilities include taking action to help shape the development of the antitrust laws. To fulfill this duty, the agency inevitably must bring cases that pose litigation risks, especially where there is no clear precedent and the FTC is seeking to establish a new legal principle. The FTC also helps consumers and businesses by bringing cases to clarify, or improve upon, existing precedent.

Performance Results

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

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

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

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

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

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

KEY MEASURE 2.1.1

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

2014	*Target*	*40.0–60.0%*
2013	*Target*	*40.0–60.0%*
2012	**Target**	**40.0–60.0%**
	Actual	**43.1%**
2011	**Target**	**40.0–60.0%**
	Actual	**34.1%***
2010	**Target**	**40.0-60.0%**
	Actual	**40.0%**

TARGET MET.

The agency took action to maintain competition in 25 of the 58 substantial merger and nonmerger investigations that were closed in FY 2012. These 25 actions consist of 19 consents, five merger transactions that were withdrawn or abandoned as a consequence of the antitrust concerns raised during the investigation, and one matter won on appeal. This corresponds to 20 merger matters and five nonmerger matters.

On the merger side this includes successful second request or compulsory process investigations in matters involving, for example, pharmaceuticals (Valeant/OrthoDermatologists/Dermik Laboratories, and Teva/Cephalon), hospitals, long-term care pharmacies, and physician groups (Rockford Memorial/St. Anthony Medical Center, Omnicare/PharMerica and Renown Health/Reno Heart Physicians), high technology (Western Digital/Hitachi), manufacturing (Graco/Illinois Tool Works) and energy mergers (Kinder Morgan/El Pasoand Amerigas/ETP).

On the nonmerger side, the FTC took action against anticompetitive tactics that harmed consumers by thwarting competition. In November 2011, the FTC issued a settlement order prohibiting PoolCorp (the U.S.'s largest swimming pool products distributor) from restricting the purchase or sale of pool products to any other distributor. In August 2012, the FTC settled price-fixing charges with a group of pharmacy owners in Puerto Rico. Also, in FY 2012 the FTC successfully concluded its litigation against Realcomp II Ltd. (a Michigan-based realtor group) when the U.S. Supreme Court denied Realcomp's request to reconsider an FTC finding that the realtor group violated competition law by restricting the publication of certain low-cost real estate listings. The denial leaves in place a Sixth Circuit ruling from April 2011 backing the FTC's decision that Realcomp's policy of blocking nontraditional, low-cost listings from being published through their realtor data service narrowed consumer choice and hindered the competitive process by improperly limiting consumers' access to information about those properties.

Of the 33 substantial investigations that were closed without an action, which includes litigation losses, 21 involved a nonmerger matter and 12 a merger matter.

**This is a correction to results reported in the FY 2011 PAR. The results should have been based on 15 out of 44 cases, or 34%. The FY 2011 PAR reports actuals on 14 of 44 cases, or 32%.*

PERFORMANCE MEASURE 2.1.2

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

2014	*Target*	*$500.0*
2013	*Target*	*$500.0*
2012	**Target**	**$500.0**
	Actual	**$504.9**
2011	**Target**	**$500.0**
	Actual	**$532.2***
2010	**Target**	**$500.0**
	Actual	**$586.0**
2009	**Target**	**$500.0**
	Actual	**$791.0**
2008	**Target**	**$500.0**
	Actual	**$360.0**
2007	**Target**	**$500.0**
	Actual	**$805.0**
2006	**Target**	**N/A**
	Actual	**N/A**

TARGET EXCEEDED.

In FY 2012, the FTC has saved consumers an estimated $504.9 million, as calculated using the average consumer savings for the current fiscal year and the previous four years.

** This is a correction to results reported in the FY 2011 PAR. The results should have been based on a savings of $532.2 (million). The FY 2011 PAR reports savings of $531.5 (million).*

PERFORMANCE MEASURE 2.1.3

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

2014	*Target*	*$25.0*
2013	*Target*	*$25.0*
2012	**Target**	**$25.0**
	Actual	**$20.2**
2011	**Target**	**$25.0**
	Actual	**$22.7**
2010	**Target**	**$25.0**
	Actual	**$22.5**
2009	**Target**	**$25.0**
	Actual	**$22.3**
2008	**Target**	**$25.0**
	Actual	**$14.9**
2007	**Target**	**$25.0**
	Actual	**$42.6**
2006	**Target**	**$40.0**
	Actual	**$13.4**

TARGET NOT MET.

The FTC's positive merger results affected markets in which the total estimated volume of commerce was approximately $20.2 billion, or 80.8% of the annual target, as calculated using the average of the current fiscal volume of commerce year and the previous four years. During FY 2012, the FTC obtained positive results in 20 merger matters, resulting in 15 consent agreements, and five transactions that were either abandoned or restructured based on the antitrust concerns raised by staff during the course of the investigation. In the case of consent agreements, the actions taken by the FTC consist primarily of structural remedies, accompanied in some cases by conditions restricting the future conduct of the merged entity.

It should be noted that there were four additional merger investigations, which were resolved with a consent, fix-it-first, restructured, or abandoned transactions, but were excluded from this measure because they did not involve the use of compulsory process.

PERFORMANCE MEASURE 2.1.4

CONSUMER SAVINGS OF AT LEAST 13 TIMES THE AMOUNT OF FTC RESOURCES ALLOCATED TO THE MERGER PROGRAM. (EFFICIENCY MEASURE)

2014	**Target*	*1300.0%*
2013	**Target*	*1300.0%*
2012	***Target**	**1300.0%**
	Actual	**1,492.4%**
2011	**Target**	**600.0%**
	Actual	**1,419.0**%**
2010	**Target**	**600.0%**
	Actual	**1,670.0%**
2009	**Target**	**600.0%**
	Actual	**2,132.0%**
2008	**Target**	**600.0%**
	Actual	**1,121.0%**
2007	**Target**	**600.0%**
	Actual	**2,500.0%**
2006	**Target**	**N/A**
	Actual	**N/A**

TARGET EXCEEDED.

During FY 2012, the agency saved consumers over 14 times the amount of resources devoted to the merger program, as calculated using the five-year average consumer savings obtained under Performance Measure 2.1.2 ($504.9 million) divided into the amount of resources used in the current fiscal year. This result is in large part determined by the presence of several enforcement actions over the last four years in the pharmaceutical industry, which involved significantly sized relevant product markets.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

*** This is a correction to results reported in the FY 2011 PAR. The results should have been based on a savings of $532.2 (million), or 1419%. The FY 2011 PAR reports savings of $531.5 (million), or 1417%.*

PERFORMANCE MEASURE 2.1.5

CONSUMER SAVINGS OF AT LEAST $450 MILLION THROUGH NONMERGER ACTIONS TAKEN TO MAINTAIN COMPETITION. (OUTCOME MEASURE – NUMBERS SHOWN IN MILLIONS)

2014	**Target*	*$450.0*
2013	**Target*	*$450.0*
2012	***Target**	**$450.0**
	Actual	**$439.8**
2011	**Target**	**$80.0**
	Actual	**$444.9**
2010	**Target**	**$80.0**
	Actual	**$508.0**
2009	**Target**	**$80.0**
	Actual	**$188.0**
2008	**Target**	**$80.0**
	Actual	**$28.0**
2007	**Target**	**$80.0**
	Actual	**$75.0**
2006	**Target**	N/A
	Actual	N/A

TARGET NOT MET.

In FY 2012, the FTC obtained estimated savings to consumers of approximately $439.8 million, as calculated using the average consumer savings of the current fiscal year and the previous four years.

In FY 2011 and FY 2010, the agency exceeded the target on this measure by more than 455%, and 533% respectively. The reason that the agency exceeded the target by such a large margin is attributable to one particular case, which involved Intel Corporation, the world's leading computer chip maker, who was charged with illegally using its dominant market position for a decade to stifle competition and strengthen its monopoly. The targets for FY 2012 through FY 2014 were modified in response to the agency greatly exceeding the target due to this case. Therefore, subsequent years' results may not meet the target.

Additionally, nonmerger/conduct cases historically take a longer time than merger cases to investigate and bring to a final enforcement action. For example, we are currently in the midst of litigation in four nonmerger cases which did not conclude in FY 2012. In the coming years, the FTC will consider whether the new targets were appropriately set.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

PERFORMANCE MEASURE 2.1.6

ACTIONS AGAINST ANTICOMPETITIVE CONDUCT IN MARKETS WITH A TOTAL OF AT LEAST $12 BILLION IN ANNUAL SALES. (OUTCOME MEASURE – NUMBERS SHOWN IN BILLIONS)

2014	**Target*	*$12.0*
2013	**Target*	*$12.0*
2012	***Target**	**$12.0**
	Actual	**$11.7**
2011	**Target**	**$8.0**
	Actual	**$11.6**
2010	**Target**	**$8.0**
	Actual	**$11.7**
2009	**Target**	**$8.0**
	Actual	**$14.6**
2008	**Target**	**$8.0**
	Actual	**$0.4**
2007	**Target**	**$8.0**
	Actual	**$2.6**
2006	**Target**	**$20.0**
	Actual	**$1.4**

TARGET NOT MET.

The FTC's positive nonmerger results affected markets in which the total estimated volume of commerce was approximately $11.7 billion. During FY 2012, the FTC obtained positive results in four nonmerger matters.

In FY 2011 and FY 2010, the agency exceeded the target on this measure by more than 45% each year. As mentioned under Performance Measure 2.1.5, the reason the agency had exceeded the target by such a margin is in large part attributable to one particular case, which involved Intel Corporation. The targets for FY 2012 through FY 2014 were modified in response to the agency greatly exceeding the target due to this case. Therefore, subsequent years' results may not meet the target under this measure.

Additionally, as mentioned in Measure 2.1.5, nonmerger/conduct cases historically take a longer period of time than merger cases to investigate and bring to a final enforcement action. For example, we are currently in the midst of litigation in four nonmerger cases which did not conclude in FY 2012.

In the coming years, the FTC will consider whether the new targets were appropriately set.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

PERFORMANCE MEASURE 2.1.7

CONSUMER SAVINGS OF AT LEAST 20 TIMES THE AMOUNT OF FTC RESOURCES ALLOCATED TO THE NONMERGER PROGRAM. (EFFICIENCY MEASURE)

2014	**Target*	*2000.0%*
2013	**Target*	*2000.0%*
2012	***Target**	**2000.0%**
	Actual	**1831.7%**
2011	**Target**	**400.0%**
	Actual	**1917.7%**
2010	**Target**	**400.0%**
	Actual	**2418.0.0%**
2009	**Target**	**400.0%**
	Actual	**1,035.0%**
2008	**Target**	**400.0%**
	Actual	**164.0%**
2007	**Target**	**400.0%**
	Actual	**424.0%**
2006	**Target**	**N/A**
	Actual	**N/A**

TARGET NOT MET.

During FY 2012, as in FY 2011 and FY 2010 where the agency greatly exceeded its target, the agency saved consumers over 18 times the amount of resources it devoted to the nonmerger enforcement program. As mentioned under Performance Measure 2.1.5, the reason the agency had previously exceeded the target by such a margin is in large part attributable to one particular case, which involved Intel Corporation. The targets for FY 2012 through FY 2014 were modified in response to the agency greatly exceeding the target due to this case. Therefore, subsequent years' results may not meet the target under this measure.

Additionally, as mentioned in Measure 2.1.5, nonmerger/conduct cases historically take a longer period of time then merger cases to investigate and bring to a final enforcement action. For example, we are currently in the midst of litigation in four nonmerger cases which did not conclude in FY 2012.

In the coming years, the FTC will consider whether the new targets were appropriately set.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

PERFORMANCE MEASURE 2.1.8

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

2014	*Target*	*90.0%*
2013	*Target*	*90.0%*
2012	**Target**	**90.0%**
	Actual	**100.0%**
2011	**Target**	**90.0%**
	Actual	**100.0%**
2010	**Target**	**90.0%**
	Actual	**100.0%**

TARGET EXCEEDED.

In FY 2012, the FTC had 51 substantive contacts in 26 enforcement matters with counterpart agencies around the world including in Australia, Canada, China, France, Germany, Japan, Korea, Mexico, Singapore, Turkey, and the United Kingdom. The reviewing agencies reached compatible outcomes in the 15 cases that were completed within the fiscal year. While the agency will continue to strive for 100% success, the target reflects the possibility of inconsistent outcomes, particularly as new antitrust agencies begin to assert their jurisdiction.

The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

OBJECTIVE 2.2: PREVENT CONSUMER INJURY THROUGH EDUCATION.

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

Our Strategy

The FTC uses education and outreach to increase business compliance, which helps prevent consumer injury, and augment its law enforcement efforts. The agency pursues this strategy through guidance to the business community; outreach efforts to federal, state, and local agencies, business groups, and consumers; development and publication of antitrust guidelines, policy statements, and reports; and speeches and testimony. By using these mechanisms to signal its enforcement policies and priorities, the FTC seeks to deter would-be violators of the antitrust laws. In its complaints, "analyses to aid public comment," and press releases, the agency explains the relevant facts and issues of cases in which it files complaints or obtains consent orders, so the nature of the competitive problems is clear.

Each successful enforcement action not only promotes competition in one or more relevant markets, but also serves to communicate to the business and legal communities that the FTC can and will take action to challenge similar transactions or conduct in the future. This information greatly facilitates antitrust lawyers' counseling of their clients and prevents many anticompetitive mergers from being proposed or anticompetitive practices from being implemented. In addition, the FTC educates the public through guidelines, Congressional or other types of testimony, conferences, speeches, hearings, and workshops (such as the workshop on most-favored-nation clauses); advisory opinions; and reports (such as the reports on the ethanol market).

As a complement to the FTC enforcement activity, the agency also advises, when asked, other federal and state government officials about the possible effects that various regulatory and legislative proposals may have in creating, maintaining, or forestalling competitive markets. The FTC has a long and distinguished history in this area. The FTC advocates market-based solutions through the publication of studies and reports, and participation in state and federal legislative and regulatory fora.

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

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

Performance Results

The FTC uses one measure to assess its performance in preventing consumer injury through education. The key measure (Performance Measure 2.2.1) tracks the volume of traffic on the FTC website on antitrust-related pages that are relevant to policymakers, the business and legal communities, and the public at large. This performance measure is an indicator of the flow of information provided to the public. Successful outreach and education efforts, as reflected by this measure, will help consumers, because increased knowledge and understanding of the antitrust laws will help businesses stay in compliance. This measure also will help ensure that the agency engages in consumer, business, and international education that advances the culture of competition, which enhances consumer welfare.

The results of this measure would seem to indicate a significant continued public interest in the FTC and its Maintain Competition strategic goal. In addition, the broad and increasing distribution of educational and policy materials through electronic channels represents important leveraging of the agency's resources.

KEY MEASURE 2.2.1

COMPETITION RESOURCES ACCESSED VIA THE FTC'S WEBSITE. (OUTPUT MEASURE - NUMBERS SHOWN IN MILLIONS)

2014	**Target*	*24.0*
2013	**Target*	*24.0*
2012	***Target**	**24.0**
	Actual	**23.2**
2011	**Target**	**10.0**
	Actual	**22.6**
2010	**Target**	**10.0**
	Actual	**21.5**
2009	**Target**	**15.0**
	Actual	**11.9**
2008	**Target**	**15.0**
	Actual	**12.5**
2007	**Target**	**15.0**
	Actual	**15.7**
2006	**Target**	**10.0**
	Actual	**10.6**

TARGET NOT MET.

During FY 2012, the FTC's online competition resources registered nearly 23.2 million hits. These resources include pages that relate to individual investigations (such as complaints, orders, comments, and press releases), policy and research oriented content (such as reports, policy guides, and fact sheets, workshop or conference webpages, the online competition enforcement database, advocacy filings, and amicus briefs), and business and consumer education material.

In FY 2011, the agency exceeded the target on this measure by more than 100 percent. Accordingly, higher targets were set for FY 2012 through FY 2014 based on past performance. The FTC will consider whether the new targets were appropriately set.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

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

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

Our Strategy

The FTC has unique jurisdiction to gather, analyze, and make public certain information concerning the nature of competition as it affects U.S. commerce. The FTC uses that authority to hold public hearings, convene conferences and workshops, conduct economic studies on competition issues of significant public importance, and issue reports of its findings. This authority advances the competition goal in numerous ways and is a fundamental component in the FTC's strategy to enhance consumer welfare. The agency uses the information it develops internally to refine the theoretical framework for analyzing competition issues and the empirical understanding of industry practices, which contributes substantially to an effective response to changing marketplace conditions. The information gained through this authority, combined with the agency's professional expertise on competition issues, also contributes to a better understanding of business practices and their competitive and economic implications by various entities, including the business sector, the legal community, other enforcement authorities, the judiciary, foreign competition agencies, and governmental decision makers and policymakers at the federal, state, and local levels. And finally, the FTC files comments with federal and state government bodies advocating policies that promote the interests of consumers and highlight the role of consumer and empirical research in their decision making. The FTC also files amicus briefs to aid courts' considerations of consumer protection issues.

THE FTC ENHANCES CONSUMER BENEFIT THROUGH RESEARCH, REPORTS AND ADVOCACY

Held annually in November, the Federal Trade Commission's Microeconomics Conference brings together researchers from universities throughout the world, other government agencies, and other organizations to discuss antitrust, consumer protection, and policy issues. The conference also provides an opportunity for scholars outside of the FTC to gain a better understanding of the work and the analysis conducted by economists. Past topics have included: advertising, information disclosure, privacy, mergers, vertical practices, competition in health care markets, bundling, loyalty discounts, business practices and consumer choice, intellectual property, e-commerce and optimal penalties. The most recent conference focused on the Economics of Consumer Financial Protection, Empirical Analysis of Mortgage Markets, Economics of Antitrust, and Consumer Decision-Making and Seller Incentives.

Performance Results

The key measures used to gauge the FTC's success under this objective are the ones relating to conducting public hearings, conferences, and workshops (Performance Measure 2.3.1), issuing reports and studies on competition related issues (Performance Measure 2.3.2), and making advocacy filings (Performance Measure 2.3.3). These measures, in conjunction with Performance Measures 2.3.4, and 2.3.5, help to ensure that the agency is engaging in appropriate types and sufficient levels of research, reports, and advocacy and that they are relevant to consumers, policymakers, businesses, and the legal community. The target for these measures sets a minimum level of activity that the agency is expected to achieve.

KEY MEASURE 2.3.1

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

2014	*Target*	*4*
2013	*Target*	*4*
2012	**Target**	**4**
	Actual	**3**
2011	**Target**	**4**
	Actual	**4**
2010	**Target**	**4**
	Actual	**6**
2009	**Target**	**4**
	Actual	**8**
2008	**Target**	**4**
	Actual	**5**
2007	**Target**	**4**
	Actual	**7**
2006	**Target**	**N/A**
	Actual	**N/A**

TARGET NOT MET.

During FY 2012, the FTC held three competition and economics-related conferences. Held annually in November, the FTC's Microeconomics Conference brings together scholars and leaders from universities throughout the world, other government agencies, and other organizations to discuss antitrust, consumer protection, and policy issues which FTC economists encounter in their work. During FY 2012 the FTC organized a conference on the economics of drip pricing.

Additionally, in September 2012, the FTC hosted a joint conference with the Department of Justice's Antitrust Division on most-favored-nation clauses (MFNs), which explored the use of MFN clauses and the implications for antitrust enforcement and policy. The most commonly used MFN provisions guarantee a customer that it will receive prices that are at least as favorable as those provided to other buyers of the same seller, for the same products or services.

Although the agency did not meet the target in FY 2012, it should be noted that a fourth conference, the planning and organization for which was done in FY 2012, was held on October 2, 2012 to discuss competition and consumer protection issues in the pet medications industry.

KEY MEASURE 2.3.2

REPORTS AND STUDIES ISSUED ON KEY COMPETITION-RELATED TOPICS. (OUTPUT MEASURE)

2014	*Target*	*8*	**TARGET EXCEEDED.** During FY 2012, the FTC published working papers on the economics of competition, market structures, and organizational form. The FTC also published reports covering health care and energy. Additionally, the agency filed two annual reports, one recognizing the agency's continued efforts to protect consumers and competition, and the Hart-Scott-Rodino Annual Report on the premerger notification program and merger enforcement.
2013	*Target*	*8*	
2012	**Target**	8	
	Actual	9	
2011	**Target**	8	
	Actual	11	
2010	**Target**	8	
	Actual	9	
2009	**Target**	8	
	Actual	20	
2008	**Target**	8	
	Actual	7	
2007	**Target**	8	
	Actual	18	
2006	**Target**	N/A	
	Actual	N/A	

KEY MEASURE 2.3.3

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

2014	**Target*	*10*
2013	**Target*	*10*
2012	***Target**	**10**
	Actual	**18**
2011	**Target**	**6**
	Actual	**16**
2010	**Target**	**6**
	Actual	**17**

TARGET EXCEEDED.

In FY 2012, the FTC filed advocacy comments and amicus briefs on competition issues such as pay-for-delay pharmaceutical settlements, the regulation of medical, dental, and veterinary professionals, the intersection of competition and intellectual property law, electricity, and the agency's Funeral Rule.

The target for filing competition-related briefs and comments was increased to ten because the agency had greatly exceeded the target in both FY 2010 and 2011. The agency exceeded the FY 2012 target as well. These performance results highlight the inherent unpredictability of the types of and number of competition issues that might arise before federal and state government bodies and therefore the types of comments and briefs that the agency might file in response.

The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

PERFORMANCE MEASURE 2.3.4

THE PERCENTAGE OF RESPONDENTS FINDING THE FTC'S ADVOCACY COMMENTS AND AMICUS BRIEFS "USEFUL." (OUTCOME MEASURE)

2014	**Target*	*75.0%*	**TARGET EXCEEDED.** The FTC mails advocacy recipients a survey designed to gauge the usefulness of agency advocacy comments and amicus briefs. "Usefulness" is assessed by the recipient. The target percentage recognizes that comments critiquing a recipient's proposed action may not be assessed positively. In FY 2012, 5 of 6 survey responses classified the FTC's submissions as useful. The agency will continue to monitor the target of this relatively new measure and will reassess it after additional performance cycles. ** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*
2013	**Target*	*75.0%*	
2012	***Target**	**75.0%**	
	Actual	**83.3%**	
2011	**Target**	**50.0%**	
	Actual	**100.0%**	
2010	**Target**	**50.0%**	
	Actual	**100.0%**	

PROTECTING AMERICAN CITIZENS THROUGH THE U.S. SAFE WEB ACT

The U.S. SAFE WEB Act of 2006 (the Undertaking Spam, Spyware, And Fraud Enforcement With Enforcers beyond Borders Act of 2006) enhances the FTC's enforcement against cross-border fraud threatening American consumers in the global marketplace. As of the end of FY2012, the FTC completed 73 information sharing requests from 20 agencies in twelve countries under its SAFE WEB authority. In addition, the FTC has issued 55 civil investigative demands (equivalent to administrative subpoenas) in nearly 23 investigations on behalf of ten agencies in five countries, agencies that often are investigating frauds targeting Americans.

The FTC's case against Jesse Willms, a Canadian citizen, who victimized more than four million consumers - most of them from the United States – through Internet-based "negative options" scams, highlights the Act's effectiveness. In May 2011, the FTC alleged that Willms and several related defendants lured consumers with "free" trial offers for weight-loss pills, teeth whiteners, health supplements, a work-at-home scheme, access to government grants, free credit reports and penny auctions, and then charged them substantial and recurring "bonus" fees. In February 2012, a U.S. court entered a $359 million judgment against Willms and the other defendants, and prohibited them from engaging in false and deceptive marketing practices. The order requires Willms to turn over substantially all of his assets to satisfy the judgment by the end of June 2012. The FTC used its SAFE WEB Act authority to share information about the Willms case with Canadian law enforcers including the Canada Competition Bureau, Service Alberta, and the Royal Canadian

PERFORMANCE MEASURE 2.3.5

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

2014	*Target*	*1.7*	**TARGET EXCEEDED.** This performance measure relates to the volume of traffic on the FTC's web pages that relate to competition research, reports, and advocacy. In FY 2012, approximately 3.4 million visits met the criteria set by this measure.
2013	*Target*	*1.7*	
2012	**Target**	**1.7**	
	Actual	**3.4**	
2011	**Target**	**1.7**	
	Actual	**1.8**	
2010	**Target**	**1.7**	
	Actual	**2.2**	
2009	**Target**	**1.1**	
	Actual	**1.6**	
2008	**Target**	**1.1**	
	Actual	**1.2**	
2007	**Target**	**1.1**	
	Actual	**1.1**	
2006	**Target**	**N/A**	
	Actual	**N/A**	

THE FTC BLOCKS ANTICOMPETITIVE HOSPITAL MERGERS

Preserving competition in the health care industry is important to the FTC. In 2012, the Commission ruled that ProMedica Health System, Inc.'s consummated acquisition of rival St. Luke's hospital in Lucas County, Ohio, was anticompetitive and would likely result in higher health care costs for patients, employers, and employees. The Commission's order requires ProMedica to divest St. Luke's Hospital to an FTC-approved buyer.

In a second case, the FTC secured a preliminary injunction in Federal District Court blocking OSF Healthcare System's acquisition of rival health care provider Rockford Health System. The FTC alleged that the merger would raise prices for hospital services in Rockford, Illinois. OSF abandoned its acquisition plans after the district court ruling.

Finally, the Supreme Court recently agreed that this fall it will hear arguments in the FTC's challenge to Phoebe Putney Health System, Inc.'s proposed acquisition of its sole rival in Albany Georgia, Palmyra Park Hospital, Inc. The FTC and the Attorney General of the State of Georgia allege that the deal will create a monopoly and allow the combined Phoebe/Palmyra to raise prices for general acute-care hospital services charged to commercial health plans, harming patients and local employers and employees.

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

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

Our Strategy

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

Performance Results

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

Asia-Pacific Economic Cooperation

FTC JOINES APEC CROSS-BORDER PRIVACY RULES SYSTEM

In July 2012, the Asia Pacific Economic Cooperation (APEC) approved the United States as the first participant in the Cross-Border Privacy Rules System, and named the FTC as its first privacy enforcement authority. The APEC privacy system is a cross-border initiative designed to enhance the protection of consumer data that moves between the United States and other APEC members, through a voluntary but enforceable code of conduct implemented by participating businesses. President Obama and representatives from the other APEC economies endorsed the system in November 2011 “to reduce barriers to information flows, enhance consumer privacy, and promote interoperability across regional data privacy regimes.” The FTC, the Department of Commerce, U.S. corporations, and privacy advocacy organizations worked together with their counterparts in other APEC economies to formulate the APEC privacy rules. These rules will be enforced pursuant to the APEC Cross-Border Privacy Enforcement Arrangement, which is a multilateral mechanism that facilitates information sharing and assistance for cross-border data privacy enforcement. In addition to the United States, the 21 APEC members include Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Taiwan, Thailand, and Vietnam.

KEY MEASURE 2.4.1

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

2014	**Target*	*60*
2013	**Target*	*60*
2012	***Target**	**60**
	Actual	**146**
2011	**Target**	**40**
	Actual	**112**
2010	**Target**	**40**
	Actual	**76**

TARGET EXCEEDED.

In FY 2012, the FTC provided policy advice to foreign competition agencies in over 100 instances through consultations, written submissions, or comments. The FTC's policy advice remains highly regarded and sought after by new and more experienced competition agencies, including in international fora.

** Targets for FY12 - FY14 were increased based on projected future performance as reported in the FTC's FY 2012 Strategic Plan Addendum.*

PERFORMANCE MEASURE 2.4.2

TECHNICAL ASSISTANCE PROVIDED TO FOREIGN COMPETITION AUTHORITIES. (OUTPUT MEASURE)

2014	*Target*	*10*
2013	*Target*	*10*
2012	**Target**	**10**
	Actual	**27**
2011	**Target**	**10**
	Actual	**27**
2010	**Target**	**10**
	Actual	**60**

TARGET EXCEEDED.

In FY 2012, the FTC conducted 21 technical assistance missions and hosted six international Fellows. Thirteen of the technical assistance missions and two international Fellows were funded through outside sources such as the U.S. Agency for International Development and the U.S. Trade and Development Agency.

RESOURCES UTILIZED—STRATEGIC GOAL 2

(DOLLARS SHOWN IN MILLIONS.)

	2007	2008	2009	2010	2011	2012
Full-Time Equivalents	489	502	509	512	522	506
Obligations	$94	$103	$113	$123	$123	$119
Net Cost	($47)	$2	$68	$43	$43	$33

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

GOAL 3: ADVANCE PERFORMANCE

Advance the FTC's Performance Through Organizational, Individual, And Management Excellence.

I. Strategic View

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

OBJECTIVE 3.1: PROVIDE EFFECTIVE HUMAN RESOURCES MANAGEMENT.

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

OBJECTIVE 3.2: PROVIDE EFFECTIVE INFRASTRUCTURE AND SECURITY MANAGEMENT.

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

OBJECTIVE 3.3: PROVIDE EFFECTIVE INFORMATION RESOURCES MANAGEMENT.

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

OBJECTIVE 3.4: PROVIDE EFFECTIVE FINANCIAL AND ACQUISITION MANAGEMENT.

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

II. Strategic Analysis

OBJECTIVE 3.1: PROVIDE EFFECTIVE HUMAN RESOURCES MANAGEMENT.

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

Our Strategy

The FTC recognizes that its employees are its greatest asset and places great emphasis on the importance of human resources management to the successful accomplishment of its mission. One of the key strategies used to achieve this objective entails implementing programs and processes that will enable the agency to recruit quickly, develop, and retain a qualified, diverse workforce through an integrated workforce plan. The FTC also uses the integrated workforce plan to identify and fulfill current and future human resources needs to carry out its mission and creates an agency-wide performance culture focused on individual and organizational accountability toward the achievement of the FTC's programmatic goals and priorities. Finally, the agency achieves this objective by providing human resources management training and outreach to staff.

The agency continues to enhance its performance culture focused on accountability toward achieving the FTC's programmatic goals and priorities. In FY 2012, we revised the employee performance management system and implemented new performance standards agency-wide to help employees better understand how their work contributes to the organization's ability to achieve its goals and fulfill its mission. The revised system encourages rating officials to select and focus on those Strategic Plan goals and objectives that are most relevant to an employee's performance and formalize the connection in the performance plan. The employee performance plan and appraisal form was also updated to show how each employee's plan links to the agency's Strategic Plan, Chairman's goals and initiatives, Bureau or Office objectives and initiatives, or other management or accountability initiatives in support of the FTC mission. Rating officials are responsible for describing the relationship between the employee's principle duties andresponsibilities and the agency's goals and objectives or the Bureau or Office organizational goals and objectives. In this way, the FTC focuses on duties that contribute toward accomplishing organizational goals and objectives, ensures that each employee's performance plan aligns with the agency's goals and objectives and furthers the objectives of the organization, and involves employees in management's ongoing effort to improve overall effectiveness in accomplishing the agency's mission and goals.

Performance Results

Two performance measures, Performance Measure 3.1.1 and Performance Measure 3.1.2, are used to gauge achievement of this objective. These measures are based on results from the Federal Employee Viewpoint Survey administered by the U.S. Office of Personnel Management. The survey focuses on federal employees' perceptions of critical areas of their work life and workforce management, and measures factors that influence whether employees want to join, stay, and help their agency meet its mission. In FY 2012, the FTC had a survey response rate of 54.9 percent (541 of 986 employees responded) and, compared to 37 other federal agencies with over 1,000 employees, received first place marks on Results-Oriented Performance Culture, third place marks on both Leadership and Knowledge Management and on Talent Management, and sixth place marks on Job Satisfaction. Of the 98 items on the survey, the FTC had 59 items with high positive ratings that are considered strengths; and zero items with a negative rating that would be considered a challenge. Additionally, 65 items were five percentage points or more above the government-wide average, and only one item was five percentage points or more below the government-wide average.

PERFORMANCE MEASURE 3.1.1

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

<table>
<tr><td>2014</td><td>Target</td><td>Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index</td><td rowspan="8">TARGET MET.
The government-wide results were 52% and the FTC received 66%.
Compared to 37 other departments and agencies with more than 1,000 full-time employees, the FTC took third place in Leadership and Knowledge Management and first place in Results-Oriented Performance Culture.</td></tr>
<tr><td>2013</td><td>Target</td><td>Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index</td></tr>
<tr><td rowspan="2">2012</td><td>Target</td><td>Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index</td></tr>
<tr><td>Actual</td><td>Exceeded</td></tr>
<tr><td rowspan="2">2011</td><td>Target</td><td>Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index</td></tr>
<tr><td>Actual</td><td>Exceeded</td></tr>
<tr><td rowspan="2">2010</td><td>Target</td><td>Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index</td></tr>
<tr><td>Actual</td><td>Exceeded</td></tr>
</table>

KEY MEASURE 3.1.2

THE EXTENT EMPLOYEES THINK THE ORGANIZATION HAS THE TALENT NECESSARY TO ACHIEVE ORGANIZATIONAL GOALS. (OUTCOME MEASURE)

2014	*Target*	*Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index*	**TARGET MET.** The government-wide results were 59% and the FTC received 70%. Compared to 37 other departments and agencies with more than 1,000 full-time employees, the FTC took third place in Talent Management.
2013	*Target*	*Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index*	
2012	**Target**	**Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index**	
	Actual	**Exceeded**	
2011	**Target**	**Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index**	
	Actual	**Exceeded**	
2010	**Target**	**Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index**	
	Actual	**Exceeded**	

OBJECTIVE 3.2: PROVIDE EFFECTIVE INFRASTRUCTURE AND SECURITY MANAGEMENT.

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

Our Strategy

The FTC ensures a safe and secure workplace by promoting staff awareness, regularly participating in Continuity of Operations Plan (COOP) testing, and incorporating best practices from Federal Emergency Management Agency (FEMA) staff. The COOP exercises have established a viable, tested infrastructure that can provide continuation of the FTC's mission along with a safe and secure environment for all staff in the event of an emergency.

Ensuring that the FTC has optimal information technology (IT) infrastructure operations and performance is key to meeting the agency's business goals. The ability of the agency's Office of the Chief Information Officer (OCIO) to deliver value to the agency is dependent upon its ability to identify and provide a host of critical services of improved quality, at lower business risk, and with increased agility. To this end, OCIO is working to deploy a sophisticated suite of infrastructure operations performance monitoring tools, technology, and processes that will help achieve the agency goals.

Measuring and improving service delivery to bring positive business experiences and outcomes for the FTC is imperative. With ever-changing technology, including the potential for use of cloud computing, this must be accomplished in a growing, complex, and dynamic IT infrastructure and application environment.

Performance Results

Two performance measures are used to gauge achievement of this objective. First, the FTC utilizes a comprehensive program comprised of tests, training, and exercises to validate our COOP capabilities. The annual government-wide Eagle Horizon exercise serves to assess and validate all the components of continuity plans, policies, procedures, systems, and facilities used to respond to and recover from an emergency situation and identify issues for subsequent improvement. An analysis of the plan and exercise is conducted with a combination of Federal Emergency Management Agency (FEMA), self and peer review. An overall score is derived for the exercise using the average numeric rating for each element of the review. The FTC's target is based on prior performance and the target of 75 percent represents management's commitment to reaching a realistic yet ambitious milestone.

A second Performance Measure, Key Measure 3.2.2, assesses performance of this objective by collecting and tracking the availability of key information technology applications, systems, and components. By tracking unplanned outage periods, the agency monitors the reliability and availability of 31critical information technology services.

KEY MEASURE 3.2.1

A FAVORABLE CONTINUITY OF OPERATIONS (COOP) RATING. (OUTPUT MEASURE)

2014	*Target*	*75.0%*
2013	*Target*	*75.0%*
2012	**Target**	**75.0%**
	Actual	**90.0%**
2011	**Target**	**75.0%**
	Actual	**75.0%**
2010	**Target**	**75.0%**
	Actual	**85.0%**

TARGET EXCEEDED.

The FTC's overall score of 90% for the Eagle Horizon 2012 Exercise reflects the strong overall commitment and continued support of the FTC COOP. Continued efforts to better define FTC's essential functions and ensure that effective procedures are in place are reflected in the outstanding overall exercise score.

KEY MEASURE 3.2.2

AVAILABILITY OF INFORMATION TECHNOLOGY SYSTEMS. (OUTCOME MEASURE)

2014	*Target*	*99.50%*
2013	*Target*	*99.50%*
2012	**Target**	**99.00%**
	Actual	**99.86%**
2011	**Target**	**98.50%**
	Actual	**99.82%**
2010	**Target**	**98.0%**
	Actual	**99.77%**

TARGET EXCEEDED.

The FTC's information technology services pool averaged 99.86% availability, exceeding the target of 99.00%. During FY 2012, the FTC upgraded our network storage system and continued making enhancements to our infrastructure-monitoring tool. Completing these initiatives helped to facilitate expanding storage for the FTC's critical applications and also provided early warning notifications regarding changes to application performance. Infrastructure Support, reflected by this performance metric, is one of the OCIO's strategic focus areas. To maintain this level of support, the OCIO will continue to replace outdated hardware and software with new components that provide greater availability and quicker recovery.

Note: Results for this performance measure are presented to two decimals because rounding the number materially changes the result.

OBJECTIVE 3.3: PROVIDE EFFECTIVE INFORMATION RESOURCES MANAGEMENT.

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

Our Strategy

The FTC is undergoing a multiyear transition to managing information resources in electronic format as one of the best means of meeting this objective. As part of this transition, the FTC conducted an agency-wide inventory of records, including major electronic systems. Based on the inventory, the agency then developed, finalized and submitted to the National Archives and Records Administration (NARA) a comprehensive retention schedule that NARA approved in FY 2012. The schedule authorizes the FTC to create, maintain and dispose of agency records electronically. It will enable the FTC to concentrate on managing information rather than records schedules. As another step in the transition, the FTC has developed an electronic recordkeeping certification review (ERCR) process that is being used to review the ability of the FTC's information systems to house agency records with authenticity, reliability, and integrity for the mandated retention period. During FY 2012, the agency completed its review of and certified the Matter Management System (a system that records, tracks, and reports administrative and statistical information on FTC law enforcement and regulatory matters).
In FY 2012, the FTC continued its review of Sentinel Network Services (formerly the Consumer Response Systems and Services), a collection of online consumer protection services.

In addition, as part of effective information resources management, the FTC is identifying and implementing business process improvements through effective use of technology. For example, the FTC has developed and is using a web based e-filing system for public filings in all administrative litigation proceedings under Part 3 of the FTC Rules of Practice. Designed in the footprint of systems used by the federal courts, the FTC's e-filing system enables parties to the agency's administrative proceedings to file public documents electronically rather than in paper format.

Performance Results

One performance measure, Performance Measure 3.3.1, is used to gauge success of this objective. This key performance measure is the percentage of Commission-approved documents in the FTC's ongoing and newly initiated proceedings available on www.ftc.gov within 15 days of becoming part of the public record. The FTC selected this measure because timely availability of public documents facilitates public awareness of and participation in Commission activities. Examples of documents approved by the Commission are Federal Register notices in rulemakings and other proceedings that seek public comments, consent agreements, complaints and orders in administrative litigation, and complaints and proposed orders in litigation in the federal courts.

KEY MEASURE 3.3.1

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

2014	*Target*	*80.0%*	**TARGET MET.** In FY 2012, the target for this performance measure increased to 80.0%. In FY 2012, 80.2% of documents tracked under this measure were posted to the Internet within 15 days of becoming part of the public record. The performance actual is based on comprehensive counts as it was in FY 2011. The FTC does not plan to adjust the target for FY 2013.
2013	*Target*	*80.0%*	
2012	**Target**	**80.0%**	
	Actual	**80.2%**	
2011	**Target**	**75.0%**	
	Actual	**82.0%**	
2010	**Target**	**75.0%**	
	Actual	**93.8%**	

OBJECTIVE 3.4: PROVIDE EFFECTIVE FINANCIAL AND ACQUISITION MANAGEMENT.

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

Our Strategy

By promoting consistency and integrity throughout the organization, this objective contributes not only to efficient program delivery, but also to effective and efficient agency administration overall. Our work in this area covers a wide range of administrative and operational efforts, such as formulating and executing the agency budget, managing acquisition activities, overseeing the internal control program, managing accounting operations, spearheading audit resolution, and ensuring compliance with various financial management laws and regulations. These efforts are critical to maintaining the management infrastructure needed to carry out the mission. In addition, the FTC is aligning resources to strategic priorities and outcomes to focus the agency on the most important tasks and programs and implementing "best practice" business solutions to accomplish our goals through world-class acquisition and business processes.

One of the primary strategies the agency uses under this objective is to enhance the internal control environment. During FY 2012 the FTC initiated three separate internal control reviews. Two of the reviews were conducted as part of our Internal Control Review Plan established in FY 2010. These planned reviews of agency Bureaus and Offices occur at least once every three years. The objective of the reviews is to assist management in identifying high risk areas and implement appropriate risk management strategies where necessary. The third review was initiated on an ad hoc basis.

Performance Results

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

PERFORMANCE MEASURE 3.4.1

INDEPENDENT AUDITOR'S FINANCIAL STATEMENT AUDIT RESULTS. (OUTCOME MEASURE)

2014	*Target*	*Unqualified opinion on the financial statements*	**TARGET MET.** The agency received a "clean" opinion on its financial statements. The opinion is determined by the independent auditor's review and tests of internal controls over operations and financial reporting and the auditor's determination that the financial statements and notes are fairly presented.
2013	*Target*	*Unqualified opinion on the financial statements*	
2012	**Target**	**Unqualified opinion on the financial statements**	
	Actual	**Unqualified opinion**	
2011	**Target**	**Unqualified opinion on the financial statements**	
	Actual	**Unqualified opinion**	
2010	**Target**	**Unqualified opinion on the financial statements**	
	Actual	**Unqualified opinion**	

KEY MEASURE 3.4.2

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

2013	*Target*	*100.0%*
2012	*Target*	*100.0%*
2011	**Target**	**100.0%**
	Actual	**100.0%**
2010	**Target**	**100.0%**
	Actual	**100.0%**
2010	**Target**	**100.0%**
	Actual	**100.0%**

TARGET MET.

The agency's components perform assessments of the internal controls that have been placed into operation within their areas of responsibility. These assessments address the "Standards of Internal Control" issued by the Government Accountability Office and are documented. The Financial Management Office (FMO) reviews the assessments and the Chairman considers these when preparing his annual Statement of Assurance. These assessments submitted by the agency's major components coupled with FMO's review provide the basis for the measurement of the effectiveness of the FTC's risk-based internal control environment.

PERFORMANCE MEASURE 3.4.3

PERFORMANCE AGAINST THE SMALL BUSINESS ADMINISTRATION'S GOVERNMENT-WIDE SMALL BUSINESS PROCUREMENT GOALS. (OUTCOME MEASURE)

2014	*Target*	*23.0%*
2013	*Target*	*23.0%*
2012	**Target**	**23.0%**
	Actual	**57.7%**
2011	**Target**	**23.0%**
	Actual	**46.3%**
2010	**Target**	**23.0%**
	Actual	**58.9%**

TARGET EXCEEDED.

This measure encompasses contracts to organizations classified as small businesses in accordance with Federal Acquisition Regulation Part 19 Small Business Programs. The FY 2012 performance result reflects the agency's full commitment to utilizing small businesses wherever possible based on the nature of the acquisition.

The agency has not raised the target for this performance measure because the target is established nationwide by the Small Business Administration.

FINANCIAL SECTION

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

I am pleased to once again present the Financial section of this Performance and Accountability Report (PAR). This report serves as a snapshot of the progress we made in Fiscal Year (FY) 2012 and as a roadmap to performance in the future. During this fiscal year, the Federal Trade Commission (FTC) continued to protect consumers and promote competition while remaining fiscally responsible; FY 2012 marks the 16th consecutive year that the FTC has received an unqualified (clean) opinion on our financial statements.

Our commitment to effective financial management and to upholding high standards of accountability in FY 2012 included the following key accomplishments:

- Returning more than $36 million directly to consumers who were victims of fraud, following successful prosecution of defendants resulting in court-ordered judgments or settlements.

- Receiving, for the fifth consecutive year, the association of Government Accountants' Certificate of Excellence in Accountability Reporting, given to agencies with the most transparent, innovative, and user-friendly PARs. In 2012 the agency also received a "Best in Class" award for the most informative Performance Section.

- Substantially exceeding the Small Business Administration's Government-wide goal to ensure that small businesses get their fair share of work with the federal government by awarding over 57 percent of "eligible dollars" to small businesses.

- Continuing our record of no material weaknesses, significant control deficiencies, or nonconformances with the Federal Managers' Financial Integrity Act and other applicable laws and regulations.

- Establishing new procedures to further accelerate payments to small businesses (in accordance with guidance issued by the Office of Management and Budget) and achieving a prompt pay rate of 99.5 percent for all invoices processed.

This section also includes our financial information as of September 30, 2012 and shows, through our performance results, how we used our financial resources to protect consumers and maintain competition.

Although budgets continue to be tight, our talented and dedicated staff remains committed to the importance of good financial management and cost-saving efforts that enhance operational efficiency. We will continue to strive for financial and performance management excellence to benefit American consumers.

Steven A. Fisher

Steven A. Fisher
Chief Financial Officer
November 15, 2012

OFFICE OF
INSPECTOR GENERAL

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

November 12, 2012

The Commissioners
Federal Trade Commission

I am pleased to provide you with the attached audit report required by the Accountability of Tax Dollars Act of 2002, which presents an unqualified opinion on the Federal Trade Commission's (FTC) FY 2012 financial statements. We commend the FTC for the noteworthy accomplishment of attaining an unqualified (clean) opinion for the 16th consecutive year.

The Office of Inspector General (OIG) engaged the independent certified public accounting firm of Dembo, Jones, Healy, Pennington & Marshall, P.C. (DJHPM) to perform the audit of the FTC's financial statements for fiscal year 2012 in accordance with U.S. generally accepted government auditing standards, and Office of Management and Budget Bulletin 07-04, *Audit Requirements for Federal Financial Statements,* as amended.

DJHPM's reports include (1) an opinion on FTC's financial statements; (2) a report on internal control over financial reporting; and (3) a report on compliance and other matters. In summary, DJHPM found that:

- the financial statements were presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles;
- there were no material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations; and
- there was no reportable noncompliance with laws and regulations tested.

The OIG reviewed DJHPM's reports and related documentation and made necessary inquiries of its representatives. Our review disclosed no instances where DJHPM did not comply, in all material respects, with U.S. generally accepted government auditing standards. However, our review of their work cannot be construed as an audit in accordance with U.S. generally accepted government auditing standards. It was not intended to enable us to express, and we do not express, any opinion on the FTC's financial statements, conclusions about the effectiveness of internal control, or conclusions on compliance with laws and regulations. DJHPM is solely responsible for the attached auditor's report dated November 12, 2012 and the conclusions expressed in the report.

We appreciate the cooperation and courtesies extended to both DJHPM and my staff during the audit.

Sincerely,

Scott E. Wilson

Scott E. Wilson
Inspector General

Attachment

cc: Executive Director
Bureau Directors
Chief Financial Officer

DEMBO·JONES
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Chairman Leibowitz:

We have audited the accompanying balance sheet of the Federal Trade Commission (FTC) as of September 30, 2012 and 2011, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the years then ended. In our audits of the Federal Trade Commission for the fiscal years September 30, 2012 and 2011, we found

- the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles,
- no material weaknesses or significant deficiencies in internal control over financial reporting (including safeguarding assets),
- no reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions, (2) our conclusions on Management's Discussion and Analysis (MD&A) and other accompanying information, and (3) our audit objectives, scope, and methodology.

Opinion on Financial Statements

In our opinion, the financial statements including the accompanying notes present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the Federal Trade Commission's assets, liabilities, and net position as of September 30, 2012 and 2011; and net costs; changes in net position; budgetary resources; and custodial activity for the years then ended.

Consideration of Internal Control

In planning and performing our audit, we considered the Federal Trade Commission's internal control over financial reporting as a basis for designing our auditing procedures and to comply with the Office of Management and Budget (OMB) audit guidance for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on internal control and compliance or on management's assertion on internal control included in MD&A. Accordingly, we do not express an opinion on internal control over financial reporting and compliance or on management's assertion on the effectiveness of the entity's internal control over financial reporting or on management's assertion on internal control included in the MD&A.

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Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in the internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies, as defined above.

We noted other non-reportable matters involving internal control and its operation that we will communicate in a separate management letter to FTC management.

Compliance With Laws and Regulations

Our tests of the Federal Trade Commission's compliance with selected provisions of laws and regulations for fiscal year 2012 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards or OMB audit guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

Consistency of Other Information

The information in the Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it

The information in the Chairman's Message, Performance Section, and Other Accompanying Information are presented for purposes of additional analysis and are not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Objectives, Scope, and Methodology

The Federal Trade Commission's management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles, (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met, and (3) complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We are also responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit, (2) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements and laws for which OMB audit guidance requires testing, and (3) performing limited procedures with respect to certain other information appearing with the Annual Financial Statements.

In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;
- obtained an understanding of the FTC and its operations, including its internal control related to financial reporting (including safeguarding assets), and compliance with laws and regulations (including execution of transactions in accordance with budget authority);
- tested relevant internal controls over financial reporting, and compliance, and evaluated the design and operating effectiveness of internal control;
- considered the design of the process for evaluating and reporting on internal control and financial management systems under the Federal Managers' Financial Integrity Act;
- tested compliance with selected provisions of laws and regulations.

We did not evaluate all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to the Federal Trade Commission. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB audit guidance that we deemed applicable to the Federal Trade Commission's financial statements for the fiscal year ended September 30, 2012. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our audit in accordance auditing standards generally accepted in the United States; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB guidance.

Dembo, Jones, Healy, Pennington & Marshall, P.C.

Rockville, Maryland
November 12, 2012

Dembo, Jones, Healy, Pennington & Marshall, PC

PRINCIPAL FINANCIAL STATEMENTS

FINANCIAL STATEMENT DESCRIPTIONS

A brief description of the five principal financial statements presented on the following pages is provided:

- Balance Sheet – Presents the combined amounts the agency had to use or distribute (assets) versus the amounts the agency owed (liabilities), and the difference between the two (net position).
- Statement of Net Cost – Presents the annual cost of agency operations. The gross cost less any offsetting revenue is used to determine the net cost.
- Statement of Changes in Net Position – Reports the accounting activities that caused the change in net position during the reporting period.
- Statement of Budgetary Resources – Reports how budgetary resources were made available and the status of those resources at fiscal year-end.
- Statement of Custodial Activity – Reports collections and their disposition by the agency on behalf of the Treasury General Fund and one other federal agency. The FTC acts as custodian and does not have use of these funds.

The accompanying notes to the financial statements describe significant accounting policies as well as detailed information on select statement lines.

FEDERAL TRADE COMMISSION

BALANCE SHEET

AS OF SEPTEMBER 30, 2012 AND 2011
(Dollars shown in thousands)

	2012	2011
Assets (Note 2):		
Intragovernmental:		
Fund balance with Treasury (Note 3)	$ 192,786	$ 112,225
Investments (Note 5)	-	35,443
Accounts receivable, net (Note 6)	995	26
Total intragovernmental	193,781	147,694
Cash and other monetary assets (Note 4)	28,360	44,944
Accounts receivable, net (Note 6)	30,991	11,374
General property and equipment, net (Note 7)	18,385	19,371
Total Assets	$ 271,517	$ 223,383
Liabilities:		
Intragovernmental:		
Accounts payable	$ 1,030	$ 444
Other (Note 9)	4,706	1,430
Total intragovernmental	5,736	1,874
Accounts payable	8,353	15,416
Accrued redress receivables due to claimants	27,219	11,229
Redress collected but not yet disbursed	84,935	84,190
Other (Note 9)	16,520	17,478
Total Liabilities (Notes 8 and 9)	$ 142,763	$ 130,187
Net Position (Note 1(o)):		
Cumulative results of operations - other funds	128,754	93,196
Total Net Position	$ 128,754	$ 93,196
Total Liabilities and Net Position	$ 271,517	$ 223,383

The accompanying notes are an integral part of these statements.

STATEMENT OF NET COST

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

(Dollars shown in thousands)

	2012	2011
Costs by Strategic Goal:		
Protect Consumers (PC) strategic goal:		
Gross costs (Note 12)	$ 164,767	$ 169,334
Less: earned revenue (Note 13)	(13,794)	(14,233)
Net PC strategic goal costs	150,973	155,101
Maintain Competition (MC) strategic goal:		
Gross costs (Note 12)	121,287	129,315
Less: Earned revenue (Note 13)	(87,825)	(91,984)
Net MC strategic goal costs	33,462	37,331
Net Cost of Operations	$ 184,435	$ 192,432

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN NET POSITION

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

(Dollars shown in thousands)

	2012	2011
Cumulative Results of Operations:		
Beginning balance, adjusted	$ 93,196	$ 87,650
Budgetary financing sources:		
Appropriations used	210,267	186,219
Other financing sources (non-exchange):		
Imputed financing	9,726	11,759
Total financing sources	219,993	197,978
Less: Net cost of operations	(184,435)	(192,432)
Net change	35,558	5,546
Total Cumulative Results of Operations	$ 128,754	$ 93,196
Unexpended Appropriations:		
Beginning balance, adjusted	$ -	$ -
Budgetary financing sources:		
Appropriations received	210,267	186,219
Less: Appropriations used	(210,267)	(186,219)
Total Budgetary Financing Sources	-	-
Total Unexpended Appropriations	$ -	$ -
Net Position (Note 1(o))	$ 128,754	$ 93,196

The accompanying notes are an integral part of these statements.

STATEMENT OF BUDGETARY RESOURCES

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(Dollars shown in thousands)

	2012	2011
Budgetary Resources:		
Unobligated balance, brought forward, October 1	$ 20,575	$ 13,128
Recoveries of prior year unpaid obligations	4,341	8,231
Unobligated balance from prior year budget authority, net	24,916	21,359
Appropriations	210,267	186,219
Spending authority from offsetting collections	102,610	106,056
Total Budgetary Resources	$ 337,793	$ 313,634
Status of Budgetary Resources:		
Obligations incurred (Note 14):	$ 280,015	$ 293,059
Unobligated balance, end of period:		
Apportioned (Note1(r))	56,434	17,882
Unapportioned	1,344	2,693
Total unobligated balance, end of period	57,778	20,575
Total Status of Budgetary Resources	$ 337,793	$ 313,634
Change in Obligated Balance:		
Unpaid obligations, brought forward, October 1	$ 87,672	$ 90,622
Uncollected customer payments from Federal sources, brought forward, October 1	(115)	(320)
Obligated balance, start of year, net	87,557	90,302
Obligations incurred (Note 14):	280,015	293,059
Outlays, gross	(283,770)	(287,778)
Change in uncollected customer payments from Federal sources	(983)	205
Recoveries of prior year unpaid obligations	(4,341)	(8,231)
Obligated balance, end of period, net:		
Unpaid obligations, end of period	79,576	87,672
Uncollected customer payments from Federal sources, end of period	(1,098)	(115)
Obligated balance, end of period, net	$ 78,478	$ 87,557
Budget Authority and Outlays, Net:		
Budget authority, gross	$ 312,877	$ 292,275
Actual offsetting collections	(101,627)	(106,261)
Change in uncollected customer payments from Federal sources	(983)	205
Budget authority, net	$ 210,267	$ 186,219
Outlays, gross	$ 283,770	$ 287,778
Actual offsetting collections	(101,627)	(106,261)
Outlays, net	182,143	181,517
Distributed offsetting receipts	(15,478)	(13,417)
Agency outlays, net	$ 166,665	$ 168,100

The accompanying notes are an integral part of these statements.

FEDERAL TRADE COMMISSION

STATEMENT OF CUSTODIAL ACTIVITY

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

(Dollars shown in thousands)

	PC	MC	2012	2011
Revenue Activity (Note 17):				
Sources of collections				
Premerger filing fees (net of refunds)	$ -	$ 87,544	$ 87,544	$ 91,424
Civil penalties and fines	6,602	-	6,602	23,275
Redress (Note 18)	15,261	-	15,261	13,177
Other miscellaneous receipts	217	-	217	240
Total cash collections	22,080	87,544	109,624	128,116
Accrual adjustments	3,634	-	3,634	(9,908)
Total Custodial Revenue	$ 25,714	$ 87,544	$ 113,258	$ 118,208
Disposition of Collection (Note 17):				
Transferred to others:				
Treasury general fund	$ 22,080	$ -	$ 22,080	$ 36,692
Department of Justice	-	87,544	87,544	91,424
Increase/(decrease) in amounts yet to be transferred	3,634	-	3,634	(9,908)
Total Disposition of Collections	$ 25,714	$ 87,544	$ 113,258	$ 118,208
Net Custodial Activity	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1—Summary of Significant Accounting Policies

(a) REPORTING ENTITY

The Federal Trade Commission (FTC) is an independent United States Government agency, established by the Federal Trade Commission Act of 1914. The FTC enforces a variety of federal antitrust and consumer protection laws. The agency is headed by five Commissioners, nominated by the President and confirmed by the Senate, each serving a seven-year term. The President chooses one Commissioner to act as Chairman. No more than three Commissioners can be of the same political party.

The FTC has three major bureaus: The Bureau of Consumer Protection (BCP), which supports the strategic goal of protecting consumers, the Bureau of Competition (BC), which supports the strategic goal of maintaining competition, and the Bureau of Economics (BE), which supports both bureaus and strategic goals. Additionally, various Offices provide mission support functions and services.

The majority of the FTC's staff is located in Washington DC; however, the FTC's regions cover seven geographic areas. The regional offices work with BCP and BC to conduct investigations and litigation; provide advice to state and local officials on the competitive implications of proposed actions; recommend cases; provide local outreach services to consumers and business persons; and coordinate activities with local, state, and regional authorities. The regional offices frequently sponsor conferences for small businesses, local authorities, and consumer groups.

The financial statements and notes include the accounts of all funds under the FTC's control. As further described throughout these notes, in addition to appropriations received for salaries and necessary expenses, the FTC maintains control over funds that are primarily comprised of proceeds derived from court ordered judgments and settlements held for subsequent distribution to approved claimants. These funds are considered non-entity and are reported as such on the Balance Sheet.

(b) FUND ACCOUNTING STRUCTURE

The FTC's financial activities are accounted for using various funds (i.e., Treasury Account Symbols (TAS)). They include the following for which the FTC maintains financial records:

GENERAL FUND

TAS 29X0100 consists of a salaries and expense appropriation used to fund agency operations and capital expenditures. Offsetting collections received during the year are also recorded in the general fund. (See Note 13 Exchange Revenues.)

DEPOSIT FUND

TAS 29X6013 consists of monies held temporarily by the FTC as an agent for others (e.g., redress funds) prior to distribution through the consumer redress program.

SUSPENSE FUND

TAS 29F3875 consists of premerger filing fees collected by the FTC under the Hart-Scott-Rodino (HSR) Antitrust Improvement Act of 1976 that are distributed equally to the FTC as a funding source and to the Department of Justice (DOJ). (See Note 1(p) Revenues and Other Financing Sources).

MISCELLANEOUS RECEIPT ACCOUNTS

TAS 29 1040 and TAS 29 3220 consist of civil penalties, redress disgorgements to the Department of the Treasury (Treasury) and other miscellaneous receipts that by law are not retained by the FTC. Cash balances are automatically transferred to the general fund of the Treasury at the end of each fiscal year.

(c) BASIS OF ACCOUNTING AND PRESENTATION

The accompanying financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, and custodial activities of the FTC. They have been prepared from the accounting records of the FTC. These financial statements may differ from other financial reports submitted pursuant to the Office of Management and Budget (OMB) directives for the purpose of monitoring and controlling the use of the FTC's budgetary resources.

As noted above, the FTC maintains a single fund to account for salaries and all necessary expenses. Further, there are no intra-entity transactions with any other fund (e.g., deposit fund) that would require eliminating entries to present consolidated statements. Accordingly, the statements are not labeled consolidated nor is the Statement of Budgetary Resources (SBR) presented as combined.

Transactions are recorded on both an accrual accounting basis and a budgetary accounting basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls on the use of Federal funds.

Assets, liabilities, revenues and costs are classified in these financial statements according to the type of entity associated with the transactions. Intragovernmental assets and liabilities are those due from or to other Federal entities. Intragovernmental revenues are earned from other Federal entities. Intragovernmental costs are payments or accruals due to other Federal entities. Transactions and balances not associated with Federal entities are classified as with the public.

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) of the United States of America for federal entities and with the form and content of financial statements specified by the OMB Circular A-136, Financial Reporting Requirements (as revised August 2012). GAAP for federal entities incorporate the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

(d) USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) BUDGET AUTHORITY

The Congress passes appropriations annually that provide the FTC with authority to obligate funds for necessary expenses to carry out mandated program activities. These funds are available until expended, subject to the OMB apportionment and to Congressional restrictions on the expenditure of funds. In addition, the FTC places internal restrictions on fund expenditures to ensure the efficient and proper use of all funds. Appropriated funding is derived from various revenues and financing sources. The SBR reflects the single general fund (i.e. TAS 29X0100) for which the FTC has budget authority.

(f) ENTITY/NON-ENTITY ASSETS

Assets that an agency is authorized to use in its operations are entity assets. Assets that an agency holds on behalf of another federal agency or a third party and are not available for the agency's use are non-entity assets.

(g) FUND BALANCE WITH TREASURY

The FTC's Fund Balance with Treasury (FBWT) includes appropriated funds, deposit funds for subsequent disbursement to claimants, and premerger filing fees awaiting disbursement to the DOJ. Funds are carried forward until such time as goods or services are received and payment is made. All cash receipts are deposited with the Treasury and all disbursements for payroll and vendor invoices are disbursed by the Treasury.

(h) CASH AND OTHER MONETARY ASSETS

The FTC's consumer redress agents process claims and disburse redress proceeds to approved claimants. Upon approval of the redress office, amounts necessary to cover current disbursement schedules are held as cash in interest bearing accounts. These funds are considered non-entity assets and are reported on the Balance Sheet along with an offsetting non-entity liability.

(i) INVESTMENTS

In protecting consumers, the FTC collects proceeds from defendants in accordance with court ordered judgments and settlement agreements for consumer redress and holds these proceeds in the deposit fund (TAS 29X6013) established with the Treasury. Under an agreement with the Treasury, the portion of such judgments and settlements that were not immediately needed for cash disbursements were invested in Treasury securities. These investments were considered non-entity assets and were reported on the Balance Sheet along with an offsetting non-entity liability. After performing an analysis of the yield versus the related costs, the FTC discontinued this practice in August 2012 and all funds that were invested in Treasury securities were returned to FTC's deposit fund as FBWT.

(j) ACCOUNTS RECEIVABLE, NET

Entity accounts receivable consist of amounts due from other federal entities and from current and former employees and vendors. Non-entity accounts receivable include uncollected civil monetary penalties imposed as a result of the FTC's enforcement activities and uncollected redress judgments. These non-entity accounts receivable are reported on the Balance Sheet along with an offsetting non-entity liability. Gross receivables are reduced to net realizable value by an allowance for uncollectible accounts. (See Note 6 Accounts Receivable, Net.)

(k) ACCRUED LIABILITIES AND ACCOUNTS PAYABLE

Accrued liabilities and accounts payable represent a probable future outflow or other sacrifices of resources as a result of past transactions or events. Liabilities are recognized when they are incurred, regardless of whether they are covered by budgetary resources. Liabilities cannot be liquidated without legislation that provides the resources to do so. In addition, the government, acting in its sovereign capacity, can abrogate the FTC liabilities (other than contracts). (See Note 8 Liabilities Not Covered by Budgetary Resources and Note 9 Other Liabilities.)

(l) EMPLOYEE HEALTH BENEFITS AND LIFE INSURANCE

FTC employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLIP). The FTC contributes a percentage to each program to pay for current benefits.

(m) EMPLOYEE RETIREMENT BENEFITS

FTC employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Employees hired after December 31, 1983, are covered by FERS and Social Security, while employees hired prior to January 1, 1984, were allowed to elect joining FERS or remaining in CSRS. For employees participating in CSRS, the FTC contributes seven percent of the employee's gross earnings to the CSRS Retirement and Disability Fund. For employees participating in FERS, the FTC contributes 11.9 percent to the Federal Employees' Retirement Fund. Employees participating in FERS are covered under the Federal Insurance Contributions Act (FICA) for which the FTC contributes a matching amount to the Social Security Administration. FTC contributions are recognized as current operating expenses.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. Participating employees may contribute any dollar amount or percentage of basic salary to the TSP, not to exceed an annual dollar amount of $17,000 for 2012. CSRS participating employees do not receive a matching contribution from the FTC. FERS employees receive an agency automatic one percent contribution of gross pay to the TSP. The FTC also matches 100 percent of the first three percent contributed and 50 percent of the next two percent contributed. Such the FTC contributions are recognized as current operating expenses.

Although the FTC contributes a portion for pension benefits and makes the necessary payroll withholdings, it is not responsible for managing contribution refunds, employee's retirement benefits, or the retirement plan assets. Therefore, the FTC financial statements do not report CSRS and FERS assets, accumulated plan benefits, or unfunded liabilities, if any, which may be applicable to employees. Such reporting is the responsibility of the Office of Personnel Management (OPM). However, the FTC recognizes the full cost of providing future pension benefits to covered employees at the time the employees' services are rendered. OPM has provided the FTC with certain cost factors that estimate the true service cost of providing the pension benefits to covered employees. During FYs 2012 and 2011, the cost factors used to arrive at the service cost for CSRS covered employees were 29.8 percent and 30.1 percent of basic pay, respectively. During FYs 2012 and 2011, the cost factors for FERS covered employees were 13.7 percent and 13.8 percent of basic pay, respectively. The pension expense recognized in the financial statements equals this service cost to covered employees less amounts contributed by these employees. If the pension expense exceeds the amount contributed by the FTC as employer, the excess is recognized as an imputed financing cost. The excess total pension expense over the amount contributed by the agency must be financed by OPM and is recognized as an imputed financing source on the records of the FTC.

(n) OTHER POST-EMPLOYMENT BENEFITS

The FTC employees eligible to participate in the FEHBP and the FEGLIP may continue to participate in these programs after their retirement. The OPM has provided the FTC with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The FTC recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the FTC through the recognition of an imputed financing source. During FYs ended 2012 and 2011, the cost factors relating to FEHBP were $5,817 and $6,027, respectively, per employee enrolled. During FYs 2012 and 2011, the cost factor relating to FEGLIP was 0.02 percent of basic pay per employee enrolled.

(o) NET POSITION

Cumulative results of operations represent the net results of operations since inception, the cumulative amount of prior period adjustments, the remaining book value of capitalized assets, and future funding requirements.

The portion of the FTC's budget authority that is funded by a direct appropriation is fully expended during the year. Therefore, there is no unexpended appropriation balance in net position at the end of the year. (See Statement of Changes in Net Position.)

(p) REVENUES AND OTHER FINANCING SOURCES

The FTC's funding is derived from spending authority from offsetting collections revenue and from direct appropriation. Spending authority from offsetting collections is comprised of collections of premerger filing fees under the authority of the HSR Act, collection of fees related to the Do-Not-Call (DNC) Implementation Act, and amounts received for services performed under reimbursable agreements with other federal agencies. All of the FTC's offsetting collections are exchange revenues. (See Note 13 Exchange Revenues.)

In addition to exchange revenue, the FTC receives funding through a direct appropriation from the general fund of the Treasury to support its operations. The direct appropriation represented approximately 62 percent of total budgetary resources in FY 2012 and 59 percent in FY 2011.

(q) METHODOLOGY FOR ASSIGNING COSTS AND EXCHANGE REVENUES

Total net costs are allocated to the Protect Consumers strategic goal and the Maintain Competition strategic goal. (See Statement of Net Cost.) Costs and exchange revenues that are identified specifically with each of these two strategic goals are charged or credited directly. Other costs not directly attributable to these two goals are allocated based on the percentage of direct fulltime equivalents used by each of these two goals. These other indirect costs include costs related to the Advance Performance strategic goal.

(r) UNOBLIGATED BALANCE

The amount reported on the Statement of Budgetary Resources as Unobligated balance, end of period, Apportioned for FY 2012 includes $45.1 million that was designated to fund costs associated with replacing leases for office space located at 601 New Jersey Avenue and 1800 M Street and for relocating affected staff into a new single facility. The FTC experienced certain delays that were outside of its direct control, but recently secured a new lease working in partnership with the General Services Administration and the Office of Management and Budget. Current plans call for these funds to be obligated in FY 2013 with the anticipated occupancy of the FTC's new leased space in FY 2014.

Note 2—Non-entity Assets

Non-entity Fund Balance with Treasury is comprised of undisbursed premerger filing fees and deposits held for the consumer redress program. Investments represent funds not required for current distribution for consumer redress. Cash and other Monetary Assets consist of amounts on deposit with FTC distribution agents. Accounts receivable represent amounts due from consumer redress judgments and civil penalties.

Non-entity assets consisted of the following as of September 30, 2012 and 2011 (in thousands):

	2012	2011
Intragovernmental:		
Fund balance with Treasury	$ 56,575	$ 4,093
Investments	-	35,443
Total intragovernmental:	56,575	39,536
Cash and other monetary assets	28,360	44,944
Accounts receivable, net	30,944	11,321
Total non-entity assets	115,879	95,801
Total entity assets	155,638	127,582
Total assets	$ 271,517	$ 223,383

Note 3—Fund Balance with Treasury

Fund balance includes appropriated funds, which are either unobligated, or obligated as an account payable or undelivered order and not yet disbursed. Fund balance also includes non-entity funds arising from undisbursed HSR filing fees due to the DOJ and collections of redress judgments not yet disbursed to claimants.

Fund Balance with Treasury consisted of the following as of September 30, 2012 and 2011 (in thousands):

	2012	2011
Fund balance with Treasury:		
Appropriated funds	$ 136,256	$ 108,132
Desposit funds - redress	56,575	3,803
Suspense fund - HSR filing fees	(45)	290
Total fund balance with Treasury	$ 192,786	$ 112,225
Status of fund balance with Treasury:		
Unobligated balance		
Apportioned	$ 56,434	$ 17,882
Unavailable	1,344	2,693
Obligated balance not yet disbursed	78,478	87,557
Non-Budgetary fund balance with Treasury		
Deposit funds - redress	56,575	3,803
Suspense fund - HSR filing fees	(45)	290
Total status fund balance with Treasury	$ 192,786	$ 112,225

Note 4—Cash and Other Monetary Assets

In connection with the consumer redress program, cash amounts necessary to cover current disbursement schedules are held at financial institutions in interest bearing accounts pursuant to court orders and are reported as non-entity assets. A corresponding liability is recorded for these assets. The FTC's consumer redress agents process claims and disburse redress proceeds to claimants upon approval of the redress office. (See Note 18 Redress and Divestiture Activities.)

Cash and other monetary assets consisted of the following as of September 30, 2012 and 2011 (in thousands):

	2012	2011
Cash and other monetary assets:		
Redress contractors	$ 28,360	$ 44,944
Total cash and other monetary assets	$ 28,360	$ 44,944

Note 5—Investments

After performing an analysis of the yield versus the related costs, the FTC discontinued this practice in August 2012 and all funds that were invested in Treasury securities were returned to FTC's deposit fund as FBWT. Previously, funds not needed to cover immediate disbursements for consumer redress were invested in Government Account Series (GAS) securities under an agreement with the Bureau of Public Debt. GAS securities are non-marketable, market-based Treasury securities that are not traded on any securities exchange but mirror the prices of particular Treasury securities trading in the government securities market. Additionally, in FY 2011 the investments balance at the beginning of the year included long-time reserved funds that had been from one judgment related to the FTC's maintaining competition mission. The invested funds from this judgment were returned to the defendants during FY 2011. (See Note 18 Redress and Divestiture Activities.)

As of September 30, 2012, investments consisted of the following (in thousands):

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investment Net	Other Adjustments	Market Value Disclosure
Intragovernmental Securities:							
Non-Marketable:							
Market-Based	$ -	n/a	-	-	$ -	-	$ -
Total investments	$ -	n/a	-	-	$ -	-	$ -

As of September 30, 2011, investments consisted of the following (in thousands):

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investment Net	Other Adjustments	Market Value Disclosure
Intragovernmental Securities:							
Non-Marketable:							
Market-Based	$ 35,443	n/a	-	-	$ 35,443	-	$ 35,443
Total investments	$ 35,443	n/a	-	-	$ 35,443	-	$ 35,443

Note 6—Accounts Receivable, Net

Accounts receivable, net balances reflect the FASAB standard for the recognition of losses using the collection criterion of "more likely than not." This criterion results in receivable balances that are more conservatively stated than those valued by the private sector under GAAP. FASAB states that it is appropriate to recognize the nature of federal receivables, which, unlike trade accounts of private firms or loans made by banks, are not created through credit screening procedures. Rather, these receivables arise because of the assessment of fines from regulatory violations. In these circumstances, historical experience and economic realities indicate that these types of claims are frequently not fully collectible.

The method used to estimate the allowance for uncollectible receivables consists of individual case analysis by the attorney case manager with respect to the debtor's ability and willingness to pay, the defendant's payment record, and the probable recovery amount including the value of the sale of assets. Based on the aforementioned, cases are referred to the Treasury Offset Program for collection activities after the receivable becomes six months delinquent in payment.

Accounts receivable, net consisted of the following as of September 30, 2012 and 2011 (in thousands):

	Gross Receivables	Allowance for Uncollectible Accounts	2012 Net	2011 Net
Entity accounts receivable:				
Intragovernmental	$ 995	$ -	$ 995	$ 26
With the Public	47	-	47	53
Total entity acounts receivable, net	$ 1,042	$ -	$ 1,042	$ 79
Non-entity accounts receivable:				
Consumer redress	$ 983,278	$956,059	$ 27,219	$11,229
Civil penalties	33,719	29,994	3,725	92
Total non-entity accounts receivable, net	$1,016,997	$986,053	$30,944	$11,321
Total accounts receivable, net	$1,018,039	$986,053	$ 31,986	$11,400

Note 7—General Property and Equipment, Net

FTC capitalizes property and equipment with an initial cost of $100 thousand or greater and a useful life over two years. Such assets are depreciated using the straight-line method of depreciation with service lives ranging from five to twenty years. Leasehold improvements that cost $100 thousand or greater are capitalized and amortized over the remaining life of the lease. Additionally, internal use software development and acquisition costs of $100 thousand or greater are capitalized as software development-in-progress until the development stage has been completed and the software successfully tested. Upon completion and testing, software development-in-progress costs are reclassified as internal use software costs and amortized using the straight-line method over the estimated useful life of three to five years. Purchased commercial software that does not meet the capitalization criteria is expensed.

Amounts reported as equipment are comprised mostly of computer hardware and other building equipment. The FTC does not own buildings, but rather, in partnership with General Services Administration (GSA) leases both federally owned (by GSA) and commercial space. (See Note 10 Leases.) The leasehold improvements below consist of improvements made to the FTC headquarters building (owned by the GSA), located in Washington, DC, and to the FTC commercially leased space also located in Washington, DC.

Depreciation expense was $3,766 and $3,783 thousand for fiscal years ending September 30, 2012 and 2011, respectively, and is contained in the accumulated depreciation.

As of September 30, 2012, general property and equipment, net consisted of the following (in thousands):

Asset Class	Service Life	Acquisition Value	Accumulated Depreciation	Net Book Value
Equipment	5-20 yrs.	$ 13,447	$ 7,363	$ 6,084
Leasehold improvements	lease term	14,351	5,742	8,609
Software	3-5 yrs.	15,275	11,583	3,692
Total general property and equipment, net		$ 43,073	$ 24,688	$ 18,385

As of September 30, 2011, general property and equipment, net consisted of the following (in thousands):

Asset Class	Service Life	Acquisition Value	Accumulated Depreciation	Net Book Value
Equipment	5-20 yrs.	$ 10,357	$ 7,003	$ 3,354
Leasehold improvements	lease term	14,403	4,787	9,616
Software	3-5 yrs.	16,187	9,786	6,401
Total general property and equipment, net		$ 40,947	$ 21,576	$ 19,371

Note 8—Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources consisted of the following as of September 30, 2012 and 2011 (in thousands):

	2012	2011
Intragovernmental:		
Undisbursed premerger fees liability	$ -	$ 290
Civil penalty collections due to Treasury	3,725	92
FECA liability	390	372
Other Unfunded Employment Related Liability	7	15
Total intragovernmental liabilities not covered by budgetary resources	$ 4,122	$ 769
Accrued redress receivables due to claimants	27,219	11,229
Redress collected not yet disbursed	84,935	84,190
Unfunded leave	11,529	11,013
Actuarial FECA	2,080	2,208
Total liabilities not covered by budgetary resources	$ 129,885	$ 109,409
Total liabilities covered by budgetary resources	12,878	20,778
Total liabilities	$ 142,763	$ 130,187

Undisbursed Premerger Fees Liability represents undisbursed filing fees collected under the HSR Act, which are due to the DOJ in a subsequent period.

Civil Penalty Collections Due to Treasury represents the corresponding liability relative to accounts receivable due for civil monetary penalties, which will be transferred to the general fund of the Treasury upon receipt.

Federal Employee's Compensation Act (FECA) Liability represents the unfunded liability for workers compensation the payable to the Department of Labor (DOL). DOL is the paying agent for all FECA claims.

Accrued Redress Receivables Due to Claimants represents the contra account for accounts receivable due from judgments obtained as a result of the agency's consumer redress litigation.

Redress Collected Not Yet Disbursed represents a non-entity liability corresponding to amounts reported as non-entity assets (including Fund Balance with Treasury, Cash and Other Monetary Assets and Investments for TAS 29X6013). These funds are held until distributed to consumers or returned to Treasury through disgorgement.

Unfunded Leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

Actuarial FECA represents the present value of future workers' compensation claims. The actuarial liability is based on the liability to benefits paid ratio provided by DOL multiplied by the average of benefits paid over three years.

Note 9—Other Liabilities

Other liabilities consisted of the following as of September 30, 2012 (in thousands):

Intragovernmental:			
Accrued benefits	$ -	$ 591	$ 591
Civil penalty collection due to Treasury	-	3,725	3,725
FECA liability	390	-	390
Total Intragovernmental	390	4,316	4,706
Accrued salary	-	2,911	2,911
Accrued leave	-	11,529	11,529
Actuarial FECA	2,080	-	2,080
Total Other Liabilities	$ 2,470	$ 18,756	$ 21,226

Other liabilities consisted of the following as of September 30, 2011 (in thousands):

	2011 Non-Current	**2011 Current**	**2011 Total**
Intragovernmental:			
Accrued benefits	$ -	$ 676	$ 676
Undisbursed premerger liability	-	290	290
Civil penalty collection due to Treasury	-	92	92
FECA liability	372	-	372
Total Intragovernmental	372	1,058	1,430
Accrued salary	-	4,257	4,257
Accrued leave	-	11,013	11,013
Actuarial FECA	2,208	-	2,208
Total Other Liabilities	$ 2,580	$ 16,328	$ 18,908

Note 10—Leases

Leases of commercial property are made through and managed by GSA. The FTC has leases on four government-owned properties and nine commercial properties. The FTC's current leases expire at various dates through 2023. Certain leases provide for tenant improvement allowances and that these costs be amortized over the length of the leases. Under the terms of the leases, the FTC agrees to reimburse the landlord for the principal balance of the unamortized portion of the tenant improvement allowance in the event the agency vacates the space before lease expiration. The FTC rents approximately 636,000 square feet of space in both commercial and government-owned properties for use as offices, storage and parking. All FTC leases are operating leases. Rent expenditures for the years ended September 30, 2012 and 2011, were approximately $24,374 and $22,006 thousand, respectively.

Future minimum lease payments due under leases of government-owned property as of September 30, 2012, are as follows (in thousands):

Fiscal Year	
2013	$ 6,854
2014	6,567
2015	268
2016	270
2017	247
Thereafter	420
Total Future Minimum Lease Payments	$ 14,626

Future minimum lease payments under leases of commercial property due as of September 30, 2012, are as follows (in thousands):

Fiscal Year	
2013	$ 16,251
2014	16,486
2015	14,458
2016	14,481
2017	12,112
Thereafter	4,321
Total Future Minimum Lease Payments	$ 78,109

Note 11—Commitments and Contingencies

The FTC is a party in various administrative proceedings, legal actions, and claims brought by or against it. In the opinion of the FTC management and legal counsel, the ultimate resolution of these proceedings, actions, and claims, will not materially affect the financial position or the results of operations of the FTC.

Note 12—Intragovernmental Costs and Exchange Revenues

Intragovernmental costs represent costs incurred for goods or services provided by another federal entity. Public costs represent costs incurred for goods or services from a nonfederal entity. Intragovernmental earned revenue represents goods or services provided by the FTC to another federal entity. Public earned revenue represents goods or services provided by the FTC to a nonfederal entity. The purpose of this classification is to enable the federal government to provide consolidated financial statements.

For the FYs ended September 30, 2012 and 2011, intragovernmental and public costs and exchange revenues are as follows (in thousands):

	2012	2011
Protect Consumers (PC) Strategic Goal:		
Intragovernmental gross costs	$ 43,660	$ 43,116
Public costs	121,107	126,218
Total PC strategic goal costs	164,767	169,334
Intragovernmental earned revenue	(42)	(513)
Public earned revenue	(13,752)	(13,720)
Total PC strategic goal earned revenue	(13,794)	(14,233)
Total PC strategic goal net costs	150,973	155,101
Maintain Competition (MC) Strategic Goal:		
Intragovernmental gross costs	32,139	32,926
Public costs	89,148	96,389
Total MC strategic goal costs	121,287	129,315
Intragovernmental earned revenue	(281)	(560)
Public earned revenue	(87,544)	(91,424)
Total MC strategic goal earned revenue	(87,825)	(91,984)
Total MC strategic goal net costs	33,462	37,331
Net Cost of Operations	$ 184,435	$ 192,432

Note 13—Exchange Revenues

Exchange revenues are earned through the collection of fees under the HSR Act. This Act, in part, requires the filing of premerger notifications with the FTC and the Antitrust Division of the DOJ and establishes a waiting period before certain acquisitions may be consummated. Mergers with transaction valuation above $68.2 million require the acquiring party to pay a filing fee. The filing fees are based on the transaction amount and follow a three-tiered structure: $45, $125 and $280 thousand. The FTC collects all HSR premerger fees, retains one-half, and remits 50 percent to the DOJ Antitrust Division pursuant to public law. Revenue is recognized upon collection of the appropriate fee and verification of proper documentation.

Exchange revenues are also earned through the collection of fees for the National DNC Registry. This Registry operates under Section 5 of the FTC Act, which enforces the Telemarketing Sales Rule. Public Law (P.L.) No. 110-188, the Do- Not-Call Extension Act of 2007, amended the Do-Not-Call Implementation Act (P.L. No. 108-010) and established a permanent fee structure. Fees are reviewed annually and adjusted for inflation as appropriate in accordance with P.L. 110-188. Telemarketers are required to pay an annual subscription fee and download from the DNC Registry database a list of telephone numbers of consumers who do not wish to receive calls. Fees are based on the number of area codes downloaded. On October 1, 2011, the minimum charge was raised from $55 to $56 to download one area code. The maximum charge was raised from $15,058 to $15,503 for all area codes within the United States. Revenue is recognized when collected and the telemarketer is given access to the requested data.

Exchange revenue is also earned for services provided to other government agencies through reimbursable agreements. The FTC recovers the full cost of services, primarily salaries and related expenses. Revenue is earned at the time the expenditures are incurred against the reimbursable order. Exchange revenues are deducted from the full cost of the FTC's strategic goals to arrive at net strategic goal cost.

For the FYs ended September 30, 2012 and 2011, exchange revenues consisted of the following (in thousands):

	2012	2011
HSR premerger filing fees	$ 87,544	$ 91,424
Do Not Call registry fees	13,752	13,720
Reimbursable agreements	323	1,073
Total obligations incurred	$ 101,619	$ 106,217

Note 14—Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations

APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

For the FYs ended September 30, 2012 and 2011, obligations incurred consisted of the following (in thousands):

	2012	2011
Obligations incurred:		
Category A - Direct obligations	$ 279,646	$ 292,146
Category B - Reimbursable obligations	369	913
Total obligations incurred	$ 280,015	$ 293,059

Note 15—Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

There are no material differences between amounts reported in the FY 2011 Statement of Budgetary Resources and the FY 2011 actual amounts as reported in the FY 2013 Budget of the United States Government. The FY 2014 Budget of the United States is not available to compare FY 2012 actual amounts to the FY 2012 Statement of Budgetary Resources.

Note 16—Undelivered Orders at the End of the Period

The amount of budgetary resources obligated for undelivered orders as of September 30, 2012 and 2011, is $66,697 and $66,895 thousand respectively.

Note 17—Custodial Activities

The primary custodial activities of the FTC are:

PREMERGER FILING FEES

All HSR premerger filing fees are collected by the FTC pursuant to 15 U.S.C. 18a notes, as amended, and are divided evenly between the FTC and the DOJ. During FY 2012 and FY 2011, the FTC collected $175,088 and $182,848 thousand respectively, in HSR premerger filing fees. The amounts designated for the DOJ as reported on the Statement of Custodial Activity (SCA) were $87,544 thousand for FY 2012 and $91,424 thousand for FY 2011. Fees to be credited back from DOJ and the Department of Treasury at September 30, 2012 were $45 thousand; undistributed fees due the DOJ at September 30, 2011 were $290 thousand.

CIVIL PENALTIES AND FINES

Civil penalties collected in connection with the settlement or litigation of the FTC's administrative or federal court cases are collected by either the FTC or the DOJ as provided for by law. The FTC deposits these collections into the Treasury. Civil penalties collected also include amounts collected for undecided civil penalty cases that are held until final disposition of the case. All civil penalties collected are disgorged to the general fund of the Treasury at the end of the year.

REDRESS

Collections for redress reported on the SCA are limited to those collections that have been disgorged to the Treasury. Collections disgorged to the Treasury were $15,261 thousand for FY 2012 and $13,177 thousand for FY 2011.

Other line items on the SCA include:

ACCRUAL ADJUSTMENTS

The accrual adjustments represent the difference between the opening and closing balances for civil penalty accounts receivable, net of allowance.

(DECREASE)/INCREASE IN AMOUNTS YET TO BE TRANSFERRED

This represents the difference between the opening and closing balances for the offsetting liability is that is established for the civil penalty funds due to be collected (receivable).

Note 18—Redress and Divestiture Activities

REDRESS

The FTC obtains consumer redress in connection with the settlement or litigation of both its administrative proceedings and its federal court cases. The FTC attempts to distribute funds thus obtained to consumers whenever possible. If consumer redress is not practical, the funds are paid (disgorged) to the Treasury, or on occasion, other alternatives, such as consumer education, are permitted. Major components of the program include eligibility determination, disbursing redress to claimants, and accounting for the disposition of these funds. Collections made against court-ordered judgments totaled $53,442 and $41,596 thousand during FYs 2012 and 2011, respectively.

DIVESTITURE FUND

The divestiture fund consisted of one judgment (obtained by the FTC in support of its strategic goal to maintain competition) that required the defendants to place funds in reserve under the FTC control. The funds were available for development opportunities by a competing company that had received divested assets from the defendants. A subsequent court decision allowed the funds to be returned to the defendants in FY 2011.

Redress and divestiture fund activities consisted of the following for September 30, 2012 and 2011 (in thousands):

	2012	2011
Redress:		
Fund Balance with Treasury		
Beginning balance	$ 3,803	$ 5,471
Collections	53,442	41,596
Disbursements to claimants, net	1	(48)
Disgorgements to Treasury	(15,261)	(13,177)
Transfers, expenses, refunds	14,590	(30,039)
Total fund balance with Treasury, ending	$ 56,575	$ 3,803
Cash and Other Monetary Assets		
Beginning balance	$ 44,944	$ 21,473
Disbursements to claimants, net	(36,231)	(116,089)
Transfers, expenses, interest income	19,647	139,560
Total cash and other monetary assets, ending	$ 28,360	$ 44,944
Investments		
Beginning balance	$ 35,443	$ 153,582
Transfers, expenses, interest income	(14,269)	(118,139)
Return to deposit fund	(21,174)	-
Total investments, ending	$ -	$ 35,443
Accounts receivable, net		
Beginning balance	$ 11,229	$ 38,170
Net Activity	15,990	(26,941)
Total accounts receivable, ending	$ 27,219	$ 11,229
Divestiture Fund:		
Investments		
Beginning balance	$ -	$ 45,523
Interest, net of (expenses)	-	(4)
Return of funds	-	(45,519)
Total investments, ending	$ -	$ -

Note 19 — Reconciliation of Net Cost of Operations to Budget

For the FYs ended September 30, 2012 and 2011 (in thousands):

	2012	2011
Resources Used to Finance Activities:		
Budgetary Resources Obligated:		
Obligations incurred	$ 280,015	$ 293,059
Less: Spending authority from offsetting collections and recoveries	(106,951)	(114,287)
Obligations net of offsetting collections and recoveries	173,064	178,772
Other Resources:		
Imputed financing from costs absorbed by others	9,726	11,759
Net other resources used to finance activities	9,726	11,759
Total resources used to finance activities	182,790	190,531
Resources Used to Finance Items not Part of the Net Cost of Operations:		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	256	2,936
Resources that finance the acquisition of assets	(5,283)	(5,093)
Total resources used to finance items not part of the net cost of operations	(5,027)	(2,157)
Total resources used to finance the net cost of operations	177,763	188,374
Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods:		
Increase in annual leave liability	516	330
Other	(113)	(55)
Total components of Net Cost of Operations that will require or generate resources in future periods	403	275
Components not Requiring or Generating Resources:		
Depreciation and amortization	3,766	3,783
Losses on Disposition of Assets - Other	2,503	-
Total Components of Net Cost of Operations that will not require or generate resources	6,269	3,783
Total components of net cost of operations that will not require or generate resources in the current period	6,672	4,058
Net Cost of Operations	$ 184,435	$ 192,432

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OTHER ACCOMPANYING INFORMATION

INSPECTOR GENERAL-IDENTIFIED MANAGEMENT AND PERFORMANCE CHALLENGES

OFFICE OF INSPECTOR GENERAL

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

October 15, 2012

MEMORANDUM

TO: Jon Leibowitz
Chairman, Federal Trade Commission

FROM: Scott E. Wilson
Inspector General

Scott E. Wilson

SUBJECT: FY 2012 FTC Management Challenges

The *Reports Consolidation Act of 2000* requires that the Inspector General provide the agency head with a summary of our perspective on the most serious management and performance challenges facing the agency and a brief assessment of the agency's progress in addressing those challenges. The management challenges in this document are based on work conducted by the Office of Inspector General (OIG) and discussions with the Commissioners and other senior leaders at FTC. The FTC is required to include the Inspector General's summary in its annual Performance and Accountability Report to the Office of Management and Budget in November 2012.

For Fiscal Year 2012, we highlight the following as the most significant challenges facing the FTC from our perspective:

- Protection of data collected from businesses and individuals
- Securing the agency's information systems and networks from destruction, data loss, or compromise
- Enhancing case selection and management to maximize mission outcomes

The FTC has made significant progress in addressing these challenges. However, ongoing focus is needed to ensure that data collected by the FTC is safeguarded from unauthorized disclosure and that FTC systems are protected from emerging threats and attacks. The FTC also needs to continuously review its case selection and management processes to maximize the impact of its efforts to prevent business practices that are anticompetitive, deceptive or unfair to consumers.

The attached document provides the rationale for our assessment. We provided a draft of our assessment to management and its comments are incorporated into the section heading Agency Progress in Addressing the Challenge.

We appreciate the continued support the OIG receives from agency leadership and will continue to work with you in addressing these and other challenges that you face in achieving the FTC's mission.

Attachment

INSPECTOR GENERAL-IDENTIFIED MANAGEMENT AND PERFORMANCE CHALLENGES (CONTINUED)

Office of Inspector General
Top Management Challenges at the Federal Trade Commission

Management Challenge: Protection of Data Collected from Businesses and Individuals

Privacy is a central element of the FTC's mission to protect consumers and prevent anticompetitive business practices. Companies and individuals have entrusted the FTC with sensitive corporate and personal information, necessary in fulfilling the agency's core mission. FTC stakeholders expect the agency to adhere to the same data protection practices to which the agency holds private entities. To that end, the FTC must be exceptionally vigilant in safeguarding the large volume of sensitive information it collects from businesses and the general public from unauthorized access, alteration or disclosure, whether intentional or unintentional.

While the agency has an aggressive privacy program in place, incidents during FY 2012 and evolving privacy guidance for the federal government call for a continued focus on the FTC's privacy program. The Chief Privacy Officer (CPO), in close coordination with the Office of the Chief Information Officer (OCIO) and the FTC's three Bureaus, must work together to ensure that records and other information are adequately protected, yet readily available to agency staff to conduct their day-to-day core mission duties. Additional training on privacy protection procedures and increased accountability for unauthorized disclosures will strengthen the program.

Agency Progress in Addressing the Challenge

The privacy team, consisting of the CPO Privacy Steering Committee, and Breach Notification Response Team, continues to work closely with all FTC components to support, monitor, review, report, and revise FTC policies, procedures, compliance activities, and training to protect data collected from businesses and individuals throughout the data lifecycle. The FTC's internal privacy-related activities are driven by statutory and other guidance, including the Privacy Act of 1974, the E-Government Act of 2002, Office of Management and Budget (OMB) memoranda, and National Institute of Standards and Technology (NIST) publications, as well as the FTC's own policy and law enforcement initiatives as the lead federal agency for privacy and identity protection of consumers.

During FY2012, the privacy team continued to lead ongoing training and education initiatives throughout the agency, including mandatory annual training, role-based training for student interns and international fellows, and a comprehensive revision of the privacy-related materials used to train contracting officers' representatives. The privacy team also tailored training, and other materials to reinforce the importance of complying with privacy and data security policies. The privacy team also began a number of initiatives to ensure FTC employees and contractors benefit from the FTC's considerable consumer protection expertise in the areas of privacy, data security, and identity theft.

The privacy team also continued working to improve procedures for transmitting and handling nonpublic and other sensitive data. In FY2012, these initiatives included working closely with the OCIO on activities such as increasing use of a secure file transfer protocol and enhanced email filtering and data loss prevention; working with the litigating components to examine processes for receiving, handling, and using data in investigations and litigation; working with the Social Media Task Force to develop and implement policies, procedures, and training materials regarding official and personal use of social media; and working with the Bureau of Economics to refine data practices and procedures for the FTC's Secure Investigation Lab (SIL).

The Bureau of Consumer Protection (BCP) also continues to work closely with the CPO to identify areas of vulnerability and to help develop improved practices for safeguarding sensitive personal and business information. Additionally, the Bureau of Competition (BC), in coordination with the CPO, updated its procedures for handling sensitive Personally Identifiable Information, revised the specifications in Civil Investigative Demands, conducted training on Health Insurance Portability and Accountability Act compliance, and required all BC staff to attend mandatory privacy training. BC continues to execute these procedures, and has found their implementation to be effective. Additionally, the increasing deployment and use of privacy-enhancing technologies, including encryption and enhancements to the SIL, also help address this challenge.

In FY2012, the volume of data handled by the FTC continued to grow significantly. The FTC, like other federal agencies, faced federal mandates to shift operations to cloud-based applications, to increase public access to data when appropriate, and to expand the use of social media, personal devices and personal technologies, to the extent consistent with pre-existing privacy and data security obligations. These initiatives pose challenges to existing FTC policies, procedures, and practices and require significant attention from the privacy team and other FTC components not only in FY2012 but also in the coming years. To address these ongoing challenges in FY2013 and beyond, the FTC expects to address issues relating to procurement and contract-related compliance, including employee and contractor awareness of and compliance with privacy and security practices associated with cloud-based applications, social media, and mobile and personal devices in addition to continuing to carry out the more routine and required privacy-related compliance activities.

Management Challenge: Securing the Agency's Information Systems and Networks from Destruction, Data Loss, or Compromise

FTC staff recognize that information systems are assets requiring protection. This high level of awareness stems, in part, from the FTC's mission to protect consumers from deceptive acts or practices and unfair methods of competition, and management recognition of the value of its information assets to completion of that mission.

However, the ability to protect its assets is a complex challenge for the FTC. Technology is changing at an increasing pace, introducing different vulnerabilities as emerging technologies (e.g., cloud and mobile computing) are used for mission support. Threats are changing, and becoming more pervasive and easier to initiate. Attacks are now often sponsored by governments or organizations intending to cause harm by disrupting operations and damaging agency reputations. Policy guidance for federal agencies is becoming more flexible, allowing agencies to tailor information protection solutions specific to their needs, but also assigning them more

INSPECTOR GENERAL-IDENTIFIED MANAGEMENT AND PERFORMANCE CHALLENGES (CONTINUED)

responsibility for identifying and managing security risks. Improved security and privacy planning to address these challenges will help the FTC protect its information assets.

The FTC's information assurance programs continue to evolve. Controls are being added and enhanced to address threat, vulnerability, and requirements changes. Planning practices are being enhanced to incorporate security and privacy requirements at all levels of information system planning, from an individual system to the FTC enterprise level. Continuous monitoring practices are being instituted to provide FTC management with the current status and "health" of the FTC information assurance and privacy programs.

Successful evolution of the FTC information assurance programs will require continued senior management attention to information security issues including decentralizing information system security responsibilities to FTC managers accountable for mission performance, continuing to evolve configuration management processes to include security controls as well as system/network components, implementing security measures that allow use of mobile computing without introducing unnecessary risk, establishing baselines and metrics for evaluating system and contractor mission and information security performance, and developing and testing FTC infrastructure contingency plans.

Agency Progress in Addressing the Challenge

The OCIO and the CPO continue to work with FTC system owners and managers to ensure that system security responsibilities are designed, documented and communicated appropriately. System owners and managers are reminded that periodic test and evaluation of security controls is necessary to ensure effective implementation of those controls, and that corresponding system security documentation (such as system security plans and Privacy Impact Assessments) is compulsory for maintaining the system's authorization to operate. At the same time, the OCIO continues to mature its configuration management program by establishing and maintaining a System Development Life Cycle policy to help better plan and implement security within system and network components. Furthermore, the OCIO is in the process of rebuilding and streamlining the development, system integration, and quality assurance test labs using virtualization technology to provide system administrators and developers with more consistently configured baselines.

The OCIO and the CPO, in coordination with the Office of General Counsel (OGC) have started investigating the use of personal mobile devices within the FTC, and are currently discussing the policy and procedural changes necessary to allow such use without the introduction of unnecessary risk. The CPO has initiated discussions on this topic in Privacy Steering Committee meetings. Additionally, the OCIO has initiated a pilot project in which FTC-owned tablets are used for a particular litigation support function, which included developing a secure configuration, as well as rules of behavior for the end user and standard operating procedures for the administrator. With the policy and procedures developed by the OCIO, OGC, and the CPO, and the benefit of the lessons learned from the tablet pilot project, the OCIO plans to further expand the use of personal mobile devices without incurring unnecessary risk.

The OCIO established baselines and metrics, and plans to continue enhancing and refining monitoring activities over system, contractor, and security performance. Further, the Financial

Management Office (FMO) working jointly with OGC has updated standard contract language to better address privacy and information security compliance requirements. Additionally, the FTC Remedy system is used by OCIO Contracting Officers' Representatives (CORs) to audit, monitor, and report on contractor performance for IT-based contracts. The OCIO, along with the OGC and the CPO continue to meet with system owners to develop contract language that includes continuous monitoring requirements so that CORs can manage and assist in evaluating the security of contractor hosted systems and services. Finally, the OCIO has made significant progress in developing contingency plans for the FTC infrastructure. In the past year, the OCIO initiated a complete shutdown and restart of all Data Center systems and networking devices to partially test its contingency plan. The OCIO plans to complete the remaining contingency plans and perform a table top test in the first quarter of FY 2013.

Management Challenge: Enhancing Case Selection and Management to Maximize Mission Outcomes

The FTC receives and processes over two million consumer complaints per year. As a result, the agency is constantly challenged to direct its limited resources in a manner that will maximize its desired outcome to protect consumers. A complex marketplace, ever-evolving fraud schemes, declining budgets, and increasing workloads require continuous reassessment of management practices in achieving that objective.

To maintain and expand on its record of success in protecting consumers, the FTC should continually evaluate its processes for deploying its resources by assessing the effectiveness of:

- strategic planning and associated performance measures
- case selection criteria and methodologies
- case management, including leveraging technology
- monitoring agency wide costs of investigations
- deciding whether to pursue litigation or settlement

In Fiscal Year 2013, the OIG plans to evaluate policies and procedures for case selection and management with the intent of identifying and recommending opportunities to further improve the efficiency and effectiveness of FTC programs.

Agency Progress in Addressing the Challenge

The FTC has a very broad mission that challenges the resources of the agency every day. The agency uses a variety of methods to plan its work and to measure its performance for its two primary missions of protecting consumers and maintaining competition.

Although the BCP must be flexible and respond to changes in the marketplace, the bureau has developed and has followed a strategy and plan to identify priorities and focus resources. Senior managers periodically review the plan to ensure it remains effective and to address changed circumstances. Additionally, the FTC has made a concerted effort to establish relevant and meaningful performance measures in its 5-year strategic plan, and incorporate periodic reviews of actual results against targets for informing decision making. In this current fragile and recovering economy, the agency continues to place a high priority on stopping fraud that targets

INSPECTOR GENERAL-IDENTIFIED MANAGEMENT AND PERFORMANCE CHALLENGES (CONTINUED)

financially strapped consumers. Other agency priorities include protecting consumer privacy and improving data security, stopping harmful uses of technology such as the spike in use of illegal robocalls, promoting compliance in new media, protecting consumers in the financial services marketplace, targeting deceptive advertising affecting consumers' health, protecting children in the marketplace, and evaluating environmental marketing claims.

Given the small size of the agency and the broad mandate of stopping unfair and deceptive practices in commerce, selecting cases that provide the greatest impact is a management challenge that faces front line managers daily. The methods for selecting cases and the criteria for evaluating targets can differ significantly among different subject areas. In some areas, analyses of the complaints received by the agency help to identify significant problems and law enforcement targets. In other substantive areas, however, complaints may not be a useful tool for case selection because consumers cannot determine for themselves that deceptive or unfair practices have occurred. In the area of competition, the agency is aggressive in identifying and challenging anticompetitive mergers and other anticompetitive business practices. In FY 2012, as in FY 2011, the FTC received over 1,400 pre-merger filings pursuant to the Hart-Scott-Rodino Act and quickly reviewed each filing to determine if additional action was necessary. This past year the FTC made it a priority to review all sources of competition complaints that are brought to the attention of the agency, and has worked on improving access to all competition complaints by BC's staff. In addition to specific email boxes and "hotline" phone numbers assigned to BC to receive complaints for high priority subjects, staff now also review complaints made through the general FTC complaint intake systems.

To improve its effectiveness in managing cases, the FTC is currently in the process of replacing its document management software. Agency plans call for implementing a new web-based document management software tool that will enable case teams and regions to access data faster, provide speedier searches, and have the capability to provide graphic presentations.

In regards to monitoring the agency-wide cost of investigations, the FTC has recently implemented a Business Intelligence reporting tool (the Management Data Dashboard) that incorporates and summarizes data from various databases, including cost information such as the cost of staff labor (by case or matter number). The agency also plans to improve its capabilities to capture and report cost information by enhancing underlying production systems.

Finally, the agency has and will continue to evaluate a variety of factors when determining whether to pursue litigation or settlement, and keeps the best interest of consumers as its overarching objective.

CHAIRMAN'S RESPONSE TO IG CHALLENGES

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

THE CHAIRMAN

MANAGEMENT'S RESPONSE TO THE MANAGEMENT AND PERFORMANCE CHALLENGES IDENTIFIED BY THE INSPECTOR GENERAL

In a memorandum dated October 15, 2012, the agency's Inspector General (IG) identified three challenges facing management. The Federal Trade Commission concurs with the IG on these challenges and with the IG's assessment of agency progress addressing the challenges. Moving forward, FTC management will continue its efforts to tackle these challenges proactively.

Signed ____________________
Jon Leibowitz
November 15, 2012

Summary of Financial Statement Audit and Management Assurances

TABLE 1: SUMMARY OF FINANCIAL STATEMENT AUDIT

AUDIT OPINION	Unqualified				
RESTATEMENT	No				
MATERIAL WEAKNESSES	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
TOTAL MATERIAL WEAKNESSES	0	0	0	0	0

TABLE 2: SUMMARY OF MANAGEMENT ASSURANCES

Effectiveness of Internal Control Over Financial Reporting (Federal Managers' Financial Integrity Act (FMFIA) Para. 2)					
STATEMENT OF ASSURANCE	Unqualified				
MATERIAL WEAKNESSES	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
TOTAL MATERIAL WEAKNESSES	0	0	0	0	0
Effectiveness of Internal Control Over Operations (FMFIA Para. 2)					
STATEMENT OF ASSURANCE	Unqualified				
MATERIAL WEAKNESSES	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
TOTAL MATERIAL WEAKNESSES	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA Para. 4)					
STATEMENT OF ASSURANCE	Systems conform to financial management system requirements				
NON-CONFORMANCES	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
TOTAL NON-CONFORMANCES	0	0	0	0	0

IMPROPER PAYMENTS ELIMINATION AND RECOVERY ACT

The Improper Payments Elimination and Recovery Act (IPERA) (Public Law No. 111-204) defines requirements to reduce improper and erroneous payments made by the federal government. In addition, the Office of Management and Budget (OMB) issued guidance (Memorandum M-11-16) which defines "significant improper payments" and prescribes the reporting requirements for agencies with programs that are susceptible to significant improper payments. Memorandum M-11-16 also provide guidance to agencies for implementing payment recapture audits, for programs and activities that expend $1 million or more annually, provided it is cost-effective to do so. The FTC reviewed its programs and activities in accordance with the prescribed guidance and determined that none of the agency's programs or activities is susceptible to making significant improper payments as defined by OMB and that the implementation of payment recapture audit would not be cost-effective for the agency.

In FY 2012, OMB issued Memorandum M-12-11 to further reduce improper payments by using the Department of Treasury's Do Not Pay List. The Do Not Pay List combines multiple databases (e.g. Death Master File and Excluded Parties List System) against which agencies are able to validate vendor payments.

The FTC's shared service provider, the Department of Interior's National Business Center, is enrolled in the Do Not Pay List and continuously monitors the database to identify and prevent improper payments before they are made. NBC matches the FTC's vendor and employee records, which are maintained in the Oracle Federal Financials system, to the Do Not Pay List, on a weekly basis.

Additionally, the FTC has incorporated in its pre-award process a procedure to match potential contractors against the Do Not Pay List.

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APPENDICES

APPENDIX A: DATA QUALITY INFORMATION

STRATEGIC GOAL 1: PROTECT CONSUMERS

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

Performance Measure 1.1.1: Complaints collected and entered into the Consumer Sentinel Network Database.
Definition and background: This measure tracks complaints entered into the FTC's Consumer Sentinel Network (CSN) Database. Consumer Sentinel is an investigative tool that provides access to millions of consumer complaints to member law enforcement agencies. More information about CSN can be found at www.ftc.gov/sentinel/index.shtm.
Data sources: The FTC's CSN database.
Verification and validation: Reports are run at least quarterly to determine the number of complaints that are entered into the CSN database.
Data limitations: The data in the CSN database is dependent on the complainant providing accurate and complete information. CSN data may be underreported because some people choose not to file a formal complaint, and some people may not know they are able to file a complaint with the FTC.

Performance Measure 1.1.2: The percentage of the FTC's consumer protection law enforcement actions that target the subject of consumer complaints to the FTC.
Definition and background: This measure gauges how well the FTC's consumer protection law enforcement actions target the subject of concerns identified by consumers.
Data sources: The FTC's CSN database, LexisNexis CourtLink, the FTC website, and reports from the agency, Bureau Director's Office, divisions, and regional offices.
Verification and validation: A list of all federal court actions filed in the current fiscal year is compiled in a spreadsheet. For each case, CSN database searches by the defendants' names are completed to determine if the cases target subjects of consumer complaints to the FTC. The results of the searches are also recorded on the spreadsheet, and the percentage is calculated based on this information. This information is reviewed periodically by staff and management for completeness and accuracy.
Data limitations: The spreadsheet may not capture a case if it is missed during the internal review process.

Performance Measure 1.1.3: The rate of customer satisfaction with the FTC's Consumer Response Center.
Definition and background: This measure ensures the FTC is providing satisfactory service to consumers through the complaint website and call center.
Data sources: Reports from the U.S. Department of the Interior's Federal Consulting Group, the executive agent for the American Customer Satisfaction Index (ACSI).
Verification and validation: Measurement is generated by an outside source based on industry standard practices.
Data limitations: There are no significant data limitations.

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

Performance Measure 1.2.1: The percentage of all cases filed by the FTC that were successfully resolved through litigation, a settlement, or issuance of a default judgment.
Definition and background: This measure gauges how well the FTC successfully resolves cases, including those that raise challenging legal and factual issues.
Data sources: LexisNexis CourtLink, the FTC website, and reports from the Bureau Director's Office, divisions, and regional offices.
Verification and validation: A list of all federal court cases resolved in the current fiscal year is compiled in a spreadsheet, and the percentage of successfully resolved cases is calculated based on this information. The report is sent to the Associate Directors and regional

managers on a quarterly basis to verify the accuracy of the report and ensure all resolutions are included in the report.
Data limitations: The spreadsheet may not capture a case if it is missed during the internal review process.

Performance Measure 1.2.2: The FTC's effectiveness in stopping prohibited business practices in three high priority areas over the next five years.
Definition and background: This measure gauges the FTC's success in changing business practices related to misleading advertising claims within priority areas and demonstrates the change through research methods.
Data sources: Evaluations of the prevalence of prohibited business practices in targeted areas. The Internet is used to examine advertising claims.
Verification and validation: Attorneys assigned to the subject area work with FTC economists to validate the methodology and quality control.
Data limitations: Advertising claims in other types of media are not captured.

Performance Measure 1.2.3: The percentage of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within six months.
Definition and background: This measure ensures that the FTC returns redress dollars to consumers as quickly as possible.
Data sources: Bureaus' open redress case status reports.
Verification and validation: When a redress distribution occurs, the date of the distribution is checked and verified to determine whether or not the redress occurred within six months.
Data limitations: There are no significant data limitations.

Performance Measure 1.2.4: Investigations or cases in which the FTC obtains foreign-based evidence or engages in mutual assistance that contributes to FTC law enforcement actions or in which we cooperate with foreign agencies and/or multilateral organizations.
Definition and background: This measure tracks investigations or cases in which the FTC obtains foreign-based evidence or engages in mutual assistance that contributes to FTC law enforcement actions or in which we cooperate with foreign agencies and/or multilateral organizations.
Data sources: Office of International Affairs (OIA) weekly reports and internal tracking sheets.
Verification and validation: Consumer Protection team members report matters they worked on in which information was shared. Staff review and compile the matters reported. Managers review these matters to ensure that they qualify as part of the measure and have not been previously counted.
Data limitations: Review is necessary to avoid double counting of particular matters.

OBJECTIVE 1.3: PREVENT CONSUMER INJURY THROUGH EDUCATION.

Performance Measure 1.3.1: Consumer protection messages accessed online or in print.
Definition and background: This measure gauges whether the agency is producing a sufficient amount of educational activity and educational materials that are aimed at new trends and at particularly vulnerable populations.
Data sources: The measure is determined using the agency's web statistics software (for messages accessed online) and the FTC publication inventory (for messages accessed in print). Print distribution numbers are derived from three sources: distribution center; distribution from the FTC warehouse; and distribution directly from printers when publications are printed or reprinted. A full recap for FY12 is available upon request.
Verification and validation: The publication inventory is tracked to determine the number of print messages distributed. The agency's IT office compiles statistics for all FTC websites.
Data limitations: It is possible that distribution is much higher than reported, as online users may be printing and disseminating copies.

Performance Measure 1.3.2: Customer satisfaction rate with the FTC consumer education websites or microsites.
Definition and background: This measure gauges the effectiveness, helpfulness, and usability of the FTC's consumer education websites and microsites.
Data sources: Reports from the U.S. Department of the Interior's Federal Consulting Group, the executive agent for the American Customer Satisfaction Index (ACSI).
Verification and validation: Measurement is generated

by an outside source based on industry standard practices.
Data limitations: There are no significant data limitations.

Performance Measure 1.3.3: Organizations requesting consumer education publications.
Definition and background: This measure helps the FTC ensure that it is publicizing its activities in the best way possible, and that the agency has a wide array of partners to leverage resources.
Data sources: The measure is derived from the agency's database of online customer orders, maintained by the Division of Consumer and Business Education.
Verification and validation: The data includes customers who have ordered materials during the fiscal year and provided a valid organization. Orders from individuals and duplicate organizations are not included.
Data limitations: The accuracy of the calculations depends in part on customers entering their organization name into the order form with consistent spelling and formatting; otherwise data may be slightly over-reported.

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

Performance Measure 1.4.1: Workshops and conferences convened or cosponsored that address consumer protection problems.
Definition and background: This measure helps the FTC ensure that enforcement and education efforts are augmented by encouraging discussions among all interested parties, through careful study of and empirical research on novel or challenging consumer protection problems.
Data sources: The FTC website and reports from the agency, Bureau Director's Office, division, and regional offices.
Verification and validation: A list of all workshops and conferences is maintained in a spreadsheet. The spreadsheet is reviewed quarterly by headquarters and regional office management to verify the accuracy of the report and to ensure that all conferences and workshops are included in the report.
Data limitations: Review is necessary to avoid under-reporting any workshops or conferences.
Performance Measure 1.4.2: Advocacy comments and amicus briefs on consumer protection issues filed with entities including federal and state legislatures, agencies, or courts.
Definition and background: The measure tracks the number of advocacy comments and amicus briefs on consumer protection matters filed with entities including federal and state legislatures, agencies, and courts to measure the output of the FTC's advocacy activities relating to consumer protection matters.
Data sources: Internal matter records of advocacy comments and amicus briefs filed (e.g., records available in the FTC's document management system).
Verification and validation: Review of internal matter records of advocacy comments and amicus briefs filed (e.g., records available in the FTC's document management system) and confirmation of data with staff having responsibilities for advocacy matters.
Data limitations: There are no significant data limitations.

Performance Measure 1.4.3: The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful."
Definition and background: This measure tracks the percentage of respondents finding the FTC's advocacy comments and amicus briefs to be "useful," in order to assess the effect of consumer protection advocacy comments.
Data sources: Responses to a written survey, sent by agency staff to advocacy recipients (except courts), to evaluate the usefulness of an advocacy.
Verification and validation: Agency staff review written responses in order to determine percentage of respondents describing the FTC's advocacy comments as "useful."
Data limitations: There are no significant data limitations.

Performance Measure 1.4.4: The percentage of proposed Administrative Procedure Act (APA) rulemakings, conducted solely by the FTC, completed within nine months of receipt of final comments in the Final Notice of Proposed Rulemaking.
Definition and background: This measure helps the FTC ensure that the agency augments its enforcement and education efforts by conducting appropriate rulemakings.
Data sources: The Federal Register and the FTC website.
Verification and validation: A list of all rulemakings,

the comment period close date, and the completion date of APA rulemakings is maintained in a spreadsheet. The spreadsheet is reviewed quarterly by headquarters and regional office management to verify the accuracy of the report and to ensure that all rulemakings are included in the report.
Data limitations: Review is necessary to avoid under-reporting any rulemakings.

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

Performance Measure 1.5.1: Policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.
Definition and background: This measure tracks policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations. Policy advice is defined as substantive consultations, written submissions, or comments.
Data sources: Office of International Affairs (OIA) weekly reports and internal tracking sheets.
Verification and validation: OIA staff report policy advice provided in weekly reports and internal logs. Staff review and compile the matters reported. Managers review these matters to ensure that they are sufficiently substantive to qualify for the measure and have not previously been counted.
Data limitations: Review is necessary to avoid double counting of particular matters and to ensure the instances of policy advice reported are sufficiently substantive.

Performance Measure 1.5.2: Technical assistance to foreign consumer protection and privacy authorities.
Definition and background: This measure tracks technical assistance provided to foreign consumer protection and privacy authorities.
Data sources: Office of International Affairs weekly reports and Technical Assistance calendar.
Verification and validation: OIA staff report technical assistance workshops, conferences, and other missions conducted. Staff review and compile the matters reported, and managers review these reports.
Data limitations: Review is necessary to ensure that reported items qualify as technical assistance missions.

STRATEGIC GOAL 2: MAINTAIN COMPETITION

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

Performance Measure 2.1.1: Actions to maintain competition, including litigated victories, consent orders, abandoned transaction remedies, restructured transaction remedies, or fix-it-first transaction remedies in a significant percentage of substantial merger and nonmerger investigations.
Definition and background: This measure ensures that FTC actions promote vigorous competition by preventing anticompetitive mergers and stopping business practices that diminish competition. This measure reflects actions to maintain competition, including litigated victories, consent orders, abandoned transaction remedies, restructured transaction remedies, or fix-it-first transaction remedies in a significant percentage of substantial merger and nonmerger investigations. The measure is calculated by taking the number of substantial investigations closed with an action divided by the total number of substantial investigations closed.
Data sources: Press releases are the source of information for public actions, such as consent orders and the results of judicial review, while internal communications from staff attorneys are used to identify those investigations that were closed because parties abandoned a transaction or because staff did not find that the transaction is likely to harm competition. This information is then used to populate the bureau's enforcement database and is cross referenced with both the list of known second request and compulsory process merger investigations as recorded in an agency database of matters and the list of nonmerger investigations with more than 150 hours, as identified using the agency's time and attendance reporting database.
Verification and validation: The data is entered into a bureau database by staff, and reviewed monthly by

analysts, attorneys, economists, and senior management.
Data limitations: This measure does not include actions taken in investigations that did not involve the use of compulsory process, and therefore did not fall under the definition of substantial as specified by this measure. Compulsory process refers to a resolution, or vote, adopted by the Commission that authorizes staff to issue subpoenas and civil investigative demands. This measure also does not include actions that are still in litigation or on appeal.

Performance Measure 2.1.2: Consumer savings of at least $500 million through merger actions to maintain competition.
Definition and background: This measure ensures that the Commission's merger actions are in part guided by the prospective effect these actions will have on consumer savings. The measure is calculated by taking the sum of "Consumer Savings" of individual merger actions for the current fiscal year plus the previous four fiscal years and dividing the sum by five.
Data sources: The lead attorney estimates consumer savings for a particular case using the appropriate applicable estimation formula and submits it to the Bureau of Economics for concurrence. If available, staff will use case-specific data to generate the estimate of consumer savings. Otherwise, staff uses a formulaic approach taking one percent of the volume of commerce for two years.
Verification and validation: See measure 2.1.1.
Data limitations: The data is dependent on the estimates of consumer savings made by staff in accordance with the appropriate applicable estimation formulas. Additionally, a - five year average is used because an individual year may be heavily influenced by significant cases in that year.

Performance Measure 2.1.3: Actions against mergers likely to harm competition in markets with a total of at least $25 billion in sales.
Definition and background: This measure ensures that the Commission's merger actions are guided in part by the size of the relevant product markets involved. The measure is calculated by taking the sum of the estimated volume of commerce for the current fiscal year plus the previous four fiscal years divided by five.
Data sources: The lead attorney who worked on the investigation estimates the volume of commerce using the appropriate applicable estimation formula and submits the information to the Bureau of Economics for concurrence.
Verification and validation: See measure 2.1.1.
Data limitations: The data is dependent on the estimates of volume of commerce made by staff in accordance with the appropriate applicable estimation formulas. Additionally, a five year average is used because an individual year may be heavily influenced by significant cases in that year.

Performance Measure 2.1.4: Consumer savings of at least thirteen times the amount of FTC resources allocated to the merger program.
Definition and background: This measure ensures that the Commission's actions are in part guided by the requirement that estimated consumer savings exceed how much is spent on the merger program. Estimated consumer savings generated under measure 2.1.2 are divided by the amount of resources spent on the merger program for the current fiscal year.
Data sources: The lead attorney estimates consumer savings for a particular case using the appropriate applicable estimation formula and submits it to the Bureau of Economics for concurrence. The FTC's financial system provides the amount of resources expended on the merger program.
Verification and validation: See measure 2.1.1.
Data limitations: See measure 2.1.2.

Performance Measure 2.1.5: Consumer savings of at least $80 million through nonmerger actions taken to maintain competition.
Definition and background: This measure ensures that the Commission's nonmerger actions are in part guided by the prospective effect they will have on consumer savings. The measure is calculated by taking the sum of the estimated consumer savings in nonmerger actions for the current fiscal year plus the previous four fiscal years, and dividing the sum by five.
Data sources: The lead attorney estimates consumer savings for a particular case using the appropriate applicable estimation formula and submits it to the Bureau of Economics for concurrence. If available, staff will use case-specific data to generate the estimate of consumer savings. Otherwise, staff uses a formulaic approach taking one percent of the volume of commerce for one year.
Verification and validation: See measure 2.1.1.
Data limitations: See measure 2.1.2.

Performance Measure 2.1.6: Actions against

anticompetitive conduct in markets with a total of at least $8 billion in annual sales.
Definition and background: This measure ensures that the Commission's nonmerger actions are in part guided by the size of the relevant product markets involved. The measure is calculated by taking the sum of the estimated volume of commerce for the current fiscal year plus the previous four fiscal years and dividing the sum by five.
Data sources: The lead attorney who worked on the investigation estimates the volume of commerce using the appropriate applicable estimation formula and submits the information to the Bureau of Economics for concurrence.
Verification and validation: See measure 2.1.1.
Data limitations: See measure 2.1.3.

Performance Measure 2.1.7: Consumer savings of at least twenty times the amount of FTC resources allocated to the nonmerger program.
Definition and background: This measure ensures that the Commission's actions are in part guided by the requirement that estimated consumer savings exceed how much is spent on the nonmerger program. This measure is calculated by taking the estimated consumer savings generated under measure 2.1.5 divided by the amount of resources spent on the nonmerger program.
Data sources: The lead attorney estimates consumer savings for a particular case using the appropriate applicable estimation formula.) The FTC's financial system provides the amount of resources expended on the nonmerger program.
Verification and validation: See measure 2.1.1.
Data limitations: See measure 2.1.2.

Performance Measure 2.1.8: The percentage of cases in which the FTC had at least one substantive contact with a foreign antitrust authority in which the agencies followed the analytical approach and reached compatible outcomes.
Definition and background: This measure tracks the cases in which the Bureau of Competition or foreign agency staff notify OIA that a substantial contact has taken place, compared with cases where, in the judgment of OIA management, no consistent analytical approaches were observed. The phrase "reached compatible outcomes" means that the reviewing agencies do not impose inconsistent obligations on parties; professional judgment from OIA senior management is used to make a final decision on compatibility for FTC measurement purposes.
Data sources: Office of International Affairs (OIA) weekly reports and internal logs.
Verification and validation: International Antitrust team members report matters they worked on in which substantial contact took place. Staff review and compile the matters reported, overseen by an International Antitrust team member. Managers review and ensure that the matters reported qualify for the measure.
Data limitations: Review is necessary to ensure that the matters reported included sufficiently substantial contact with a foreign antitrust authority.

OBJECTIVE 2.2: PREVENT CONSUMER INJURY THROUGH EDUCATION.

Performance Measure 2.2.1: Competition resources accessed via the FTC's website.
Definition and background: This measure ensures that consumer injury is prevented by educating antitrust practitioners and consumers. This measure is calculated by taking the sum of the views recorded on antitrust related web pages on the Commission's external website.
Data sources: The primary data source is software that monitors traffic on the FTC's external website.
Verification and validation: Bureau staff identify relevant FTC web-based resources to track. Internet traffic data is received and entered into a bureau database by staff, and reviewed monthly by analysts, attorneys, and senior management.
Data limitations: The analysis is dependent on the accuracy of measurements made by the web tracking software and the presence of internal and external traffic filters. The data is also dependent on the accurate identification of relevant FTC web-based materials.

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

Performance Measure 2.3.1: Workshops, seminars, conferences, and hearings convened or cosponsored that involve significant competition-related issues.
Definition and background: This measure ensures that consumer benefits are enhanced through policy related activities such as workshops, seminars, conferences, and hearings convened or cosponsored that involve significant competition-related issues. The measure is calculated by counting the number

of competition-related workshops, hearings and conferences hosted by the FTC.
Data sources: Information on conferences involving significant competition related issues is taken from the FTC's website (www.ftc.gov/ftc/workshops.shtm) and from press releases.
Verification and validation: Data is received from staff attorneys, internal databases and press releases. The data is entered into a bureau database by staff, and reviewed monthly by analysts, attorneys, economists, and senior management.
Data limitations: Review is necessary to ensure that all competition-related workshops, hearings and conferences are identified.

Performance Measure 2.3.2: Reports and studies issued on key competition-related topics.
Definition and background: The measure tracks competition policy related activities such as research, reports, and studies that enhance consumers' knowledge of competition issues. The measure is calculated by counting the number of the reports and studies issued by the FTC.
Data sources: Information on studies and reports on significant competition-related issues is taken from the FTC's website (www.ftc.gov/be/research.shtm and www.ftc.gov/reports/index.shtm).
Verification and validation: See measure 2.3.1.
Data limitations: See measure 2.3.1.

Performance Measure 2.3.3: Advocacy comments and amicus briefs on competition issues filed with entities including federal and state legislatures, agencies or courts.
Definition and background: This measure tracks the number of advocacy comments and amicus briefs on competition matters filed with entities including federal and state legislatures, agencies, or courts to measure the output of the FTC's advocacy activities relating to competition matters.
Data sources: Internal matter records of advocacy comments and amicus briefs filed (e.g., records available in the FTC's document management system).
Verification and validation: Review internal matter records of advocacy comments and amicus briefs filed (e.g., records available in the FTC's document management system) and confirm data with staff having responsibilities for advocacy matters.
Data limitations: There are no significant data limitations.

Performance Measure 2.3.4: The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful."
Definition and background: This measure tracks the percentage of respondents finding the FTC's advocacy comments and amicus briefs to be "useful," in order to assess the effect of competition advocacy comments.
Data sources: Responses to a written survey, sent by agency staff to advocacy recipients (except courts), to evaluate the usefulness of an advocacy.
Verification and validation: Agency staff review written responses in order to determine percentage of respondents describing the FTC's advocacy comments as "useful."
Data limitations: There are no significant data limitations.

Performance Measure 2.3.5: The volume of traffic on www.ftc.gov relating to competition research, reports, and advocacy.
Definition and background: This measure ensures the agency's policy related activities enhance consumer benefit by providing practitioners and consumers with opportunities to interact with the staff and to learn about the agency's enforcement and policy priorities. The measure is calculated by summing the views registered on the website of a subset of the competition related pages that pertain to advocacy, research, and international activities.
Data sources: The agency's software that monitors traffic on the FTC's external website, the Office of International Affairs, and the Office of Policy Planning.
Verification and validation: See measure 2.3.1.
Data limitations: The analysis is dependent on the accuracy of the measurements made by the web tracking software, and the presence of internal and external traffic filters. The data is also dependent on the accurate identification of relevant FTC web-based materials.

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

Performance Measure 2.4.1: Policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.
Definition and background: This measure tracks the policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments excluding casual contacts.
Data sources: OIA weekly reports.
Verification and validation: Agency staff create a draft list of events that fall within the scope of the measure, which is then submitted to attorneys for review. Managers review and ensure that the matters reported qualify as substantive policy advice.
Data limitations: Review is necessary to ensure that instances of policy advice reported are sufficiently substantive.

Performance Measure 2.4.2: Technical assistance provided to foreign competition authorities.
Definition and background: This measure tracks the number of long term and short term technical assistance missions and international fellows and interns hosted.
Data sources: OIA weekly reports and Technical Assistance calendar.
Verification and validation: See measure 2.4.1.
Data limitations: Review is necessary to ensure that reported items qualify as technical assistance missions.

STRATEGIC GOAL 3: ADVANCE PERFORMANCE

OBJECTIVE 3.1: PROVIDE EFFECTIVE HUMAN RESOURCES MANAGEMENT.

Performance Measure 3.1.1: The extent to which employees believe their organizational culture promotes improvement in processes, products and services, and organizational outcomes.
Definition and background: This measure gauges the extent employees believe their organizational culture promotes improvement in processes, products and services, and organizational outcomes so that the FTC has a strong foundation of organizational, individual, and management excellence driving mission success.
Data sources: The Federal Employee Viewpoint Survey is administered annually by the U.S. Office of Personnel Management (OPM). The Federal Employee Viewpoint Survey is a tool that measures employees' perceptions of whether, and to what extent, conditions that characterize successful organizations are present. This survey was administered for the first time in 2002, and then repeated in 2004, 2006, 2008, 2010, 2011, and most recently in 2012. OPM transmits the agency results to the FTC's Human Capital Management Office.
Verification and validation: Data collected is weighted by statisticians to produce survey estimates that accurately represent the survey population and adjust for differences between the characteristics of the survey respondents and the population of federal employees surveyed. The weights developed take into account the variable probabilities of selection across sample domains, nonresponse, and known demographic characteristics of the survey population.
Data limitations: The survey results represent a snapshot in time of the perceptions of the workforce. The Government-wide results have a plus or minus 1 percent margin of error.

Performance Measure 3.1.2: The extent employees think the organization has the talent necessary to achieve organizational goals.
Definition and background: This measure gauges the extent employees think the organization has the talent necessary to achieve organizational goals so that the FTC has a strong foundation of organizational, individual, and management excellence driving mission success.

Data sources: See measure 3.1.1.
Verification and validation: See measure 3.1.1.
Data limitations: See measure 3.1.1.

OBJECTIVE 3.2: PROVIDE EFFECTIVE INFRASTRUCTURE AND SECURITY MANAGEMENT.

Performance Measure 3.2.1: A favorable Continuity of Operations (COOP) rating.
Definition and background: The FTC ensures a safe and secure workplace through the development and implementation of the FTC COOP. The FTC COOP defines the necessary planning and actions that are required to ensure the preservation and performance of the FTC Mission Essential Functions (MEFs). Continuity planning facilitates the performance of FTC MEFs during all-hazards emergencies or other situations that may disrupt or potentially disrupt normal operations. The FTC participated in the government-wide Eagle Horizon Exercise to test and verify the effectiveness of the FTC COOP. An analysis of the plan and exercise is conducted with a combination of Federal Emergency Management Agency (FEMA), self and peer review. An overall score is derived for the exercise using the average numeric rating for each element of the review.
Data sources: The data on performance of the COOP exercise is generated using standard evaluation protocol developed by FEMA.
Verification and validation: The review of the FTC COOP was conducted independently by a FEMA representative and the evaluation of the Eagle Horizon Exercise was conducted by an internal FTC team, when then submitted the data to FEMA. The FTC Health and Safety Officer provided an overall review to make sure that the data is complete and accurate.
Data limitations: The overall score is based on subjective analysis of the COOP and performance of the exercise designed to give an overall evaluation of the COOP and identify improvement opportunities. The subjective nature of the data limits its usefulness in trend or comparative analysis.

Performance Measure 3.2.2: Availability of information technology systems.
Definition and background: This measure tracks unplanned service outages and monitors the reliability of 31 critical information technology services including: email, FTC-specific applications and systems, BlackBerry servers, Internet/Intranet, telecommunications (includes phone and voicemail services), Wide Area Network, the agency's primary public website (www.ftc.gov), remote employee access, printing, and enterprise-wide applications.
Data sources: System and network engineers record system or component outage data as part of the OCIO's Change Management procedure.
Verification and validation: Outage timeframes are verified by correlating outages to system alerts and data recorded in the change management database.
Data limitations: The agency uses a manual tracking process to record the outage data in a spreadsheet. The reliability of the data depends on compliance with the change management procedure. The agency is currently working to implement SolarWinds, a network performance monitoring tool that will provide early warning notifications regarding changes to application performance and generate outage and downtime data.

OBJECTIVE 3.3: PROVIDE EFFECTIVE INFORMATION RESOURCES MANAGEMENT.

Performance Measure 3.3.1: The percentage of Commission-approved documents in the FTC's ongoing and newly initiated proceedings available via the Internet within 15 days of becoming part of the public record.
Definition and background: This performance measure was created in an effort to promote agency transparency and ensure that documents the Commission approves are made available to the public in a timely manner. The Commission approves public documents by majority vote. These votes are tracked by the Office of the Secretary (OS) and are counted each quarter. Once the Commission approves a public document, the Office of Public Affairs works with agency staff to determine whether to publish a news release announcing the document. OS works to make sure the document is posted to ftc.gov at the same time as the news release or, if there is no news release, as soon as feasible. The agency sometimes waits to post a specific document to ftc.gov in order to maximize consumer impact by posting it in conjunction with several related matters. To arrive at the performance measure, we count the total number of Commission votes on public documents. Next, we count the number of public documents that were posted to ftc.gov within

15 days after Commission approval. Then, we divide this number by the total number of public documents to arrive at a percentage. We do not include any documents that a court has placed under seal until the court lifts the seal, because documents under seal are not available to the public. Also, we do not count as "posted to the Internet" documents that are unavailable on ftc.gov, even if they are available elsewhere on the Internet (e.g., in electronic filing systems used by the federal courts).

Data sources: The data is compiled from Commission voting records, FTC news releases, and FTC Web Team confirmations that documents have been posted to www.ftc.gov.

Verification and validation: Agency staff and management verify that the data showing all Commission-approved public documents for a specific quarter is complete and accurate by reviewing the actual Commission votes. We verify the accuracy of the date a document is posted to ftc.gov by checking the date against the FTC Web Team confirmation that the document has been posted. At the time a document is posted to ftc.gov, we test the web link to the document to confirm it is operational. FTC's OS management reviews the source materials and counts to make sure the data is complete and accurate.

Data limitations: This measure only includes Commission-approved public documents.

OBJECTIVE 3.4: PROVIDE EFFECTIVE FINANCIAL AND ACQUISITION MANAGEMENT.

Performance Measure 3.4.1: Independent auditor's financial statement audit results.

Definition and background: Independent auditor's opinion based on auditor's review and tests of internal controls over operations and financial reporting and the determination that the financial statements and notes are fairly presented. The measure formula is 100% if an unqualified or "clean" opinion (the financial statements are fairly presented) is achieved or 0% for all other opinion types (qualified, adverse, disclaimer).

Data sources: Independent auditor's opinion of year-end financial statements.

Verification and validation: FTC's independent auditors render their opinion to the agency.

Data limitations: There are no significant data limitations.

Performance Measure 3.4.2: The percentage of Bureaus/Offices that establish and maintain an effective, risk-based internal control environment.

Definition and background: This measure tracks the percentage of Bureaus/Offices that establish and maintain an effective, risk-based internal control environment.

Data sources: FMFIA Annual Statement of Assurance

Verification and validation: As basis for the FTC's annual statement of assurance, agency staff distribute an annual survey to key agency management and staff which includes detailed questions about their internal controls. Staff verify that survey responses have been received by each of the Bureaus/Offices (assessable units), verify the percentage of the Bureaus/Offices that indicate they maintain an effective internal control environment (supported by an internal control assessment), and staff and management review the final compilation of assessments.

Data limitations: Internal control survey responses are dependent on the respondent's understanding of their programs.

Performance Measure 3.4.3: Performance against the Small Business Administration's government-wide small business procurement goals.

Definition and background: This measure identifies quarterly and annual awards of contract dollars to small business entities as a ratio against total dollars available for a set-aside for small business awards in whole or part. The accumulation, ratio analysis, and agency targets are managed by SBA. The internal operations of the Federal Procurement Data System- Next Generation (FPDS-NG) application, through which the measure is reported, are managed by GSA.

Data sources: FPDS-NG, found at www.fpds.gov

Verification and validation: FTC's acquisition staff performs a statistical analysis annually and certifies the statistical validity of the FPDS-NG data.

Data limitations: There are no significant data limitations.

APPENDIX B: ACRONYMS

ACO	Accountable Care Organization
APA	Administrative Procedure Act
APEC	Asia Pacific Economic Cooperation
ACSI	American Customer Satisfaction Index
BC	Bureau of Competition
BCP	Bureau of Consumer Protection
BE	Bureau of Economics
COOP	Continuity of Operations Plan
COPPA	Children's Online Privacy Protection Act
CRSS	Consumer Response Systems and Services
CSN	Consumer Sentinel Network
CSRS	Civil Service Retirement System
DNC	Do Not Call
DOJ	Department of Justice
DOL	Department of Labor
ERCR	Electronic Recordkeeping Certification Review
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance with Treasury
FECA	Federal Employee's Compensation Act
FEGLIP	Federal Employees Group Life Insurance Program
FEHBP	Federal Employees Health Benefit Program
FEMA	Federal Emergency Management Agency
FERS	Federal Employees Retirement System
FICA	Federal Insurance Contributions Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FTC	Federal Trade Commission
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GPRA	Government Performance and Results Act
GSA	General Services Administration
HSR	Hart-Scott-Rodino Act
IG	Inspector General
IPERA	Improper Payments Elimination and Recovery Act

MC	Maintain Competition
MD&A	Management's Discussion and Analysis
N/A	Not Applicable or Not Available
NIST	National Institute of Standards and Technology
OCIO	Office of the Chief Information Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
ORB	Other Retirement Benefits
PAR	Performance and Accountability Report
PC	Protect Consumers
SBR	Statement of Budgetary Resources
SOA	Statement of Assurance
TAS	Treasury Account Symbol
TSP	Thrift Savings Plan
TTY	Text Telephone or Telephone Typewriter
U.S.	United States
U.S. SAFE WEB Act	Undertaking Spam, Spyware, And Fraud Enforcement with Enforcers beyond Borders Act of 2006

APPENDIX C: OTHER USEFUL LINKS

INTRODUCTION:

- Accountability of Tax Dollars Act of 2002: http://www.whitehouse.gov/sites/default/files/omb/assets/about_omb/107-2891.pdf
- Association for Government Accountant's Certificate of Excellence in Accountability Reporting (CEAR): http://www.agacgfm.org/Advocacy---Accountability/Certification-of-Excellence-in-Accountability-Repo.aspx
- Clayton Act: http://www.law.cornell.edu/uscode/html/uscode15/usc_sec_15_00000012----000-.html
- Fair Credit Reporting Act: http://www.ftc.gov/os/statutes/031224fcra.pdf
- Federal Managers' Financial Integrity Act of 1982 (FMFIA): http://www.whitehouse.gov/omb/financial_fmfia1982
- Federal Trade Commission Act: http://www.ftc.gov/ogc/ftcact.shtm
- Government Management Reform Act of 1994: http://govinfo.library.unt.edu/npr/library/misc/s2170.html
- Government Performance and Results Act of 1993 (GPRA): http://www.whitehouse.gov/omb/mgmt-gpra/gplaw2m
- GPRA Modernization Act of 2010: http://www.gpo.gov/fdsys/pkg/PLAW-111publ352/pdf/PLAW-111publ352.pdf
- Identity Theft Act: http://www.ftc.gov/os/statutes/itada/itadact.htm
- Improper Payments Information Act of 2002: http://www.whitehouse.gov/omb/financial_fia_improper/
- Reports Consolidation Act of 2000: http://www.gpo.gov/fdsys/pkg/PLAW-106publ531/pdf/PLAW-106publ531.pdf
- Telemarketing Sales Rule: http://www.ftc.gov/bcp/rulemaking/tsr/index.shtml

MD&A:

- Accountable Care Organizations (ACOs) overview: https://www.cms.gov/ACO
- Affordable Care Act: http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf
- American Customer Satisfaction Index (ACSI): http://www.theacsi.org
- Children's Online Privacy Protection Act (COPPA) Rule: http://business.ftc.gov/privacy-and-security/children%E2%80%99s-online-privacy
- Circular A-123, "Management's Responsibility for Internal Control": http://www.whitehouse.gov/omb/circulars_a123_rev/
- Commission's Prohibition of Energy Market Manipulation Rule: http://www.ftc.gov/os/2009/08/P082900mmr_finalrule.pdf
- Debt Collection Improvement Act of 1996: http://www.dol.gov/ocfo/media/regs/DCIA.pdf
- Equal Credit Opportunity Act: http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre15.shtm
- Federal Human Capital Survey: http://www.fedview.opm.gov
- Federal Information Security Management Act (FISMA): http://csrc.nist.gov/drivers/documents/FISMA-final.pdf
- FTC Guides for the Use of Environmental Marketing Claims: http://www.ftc.gov/bcp/edu/microsites/energy/about_guides.shtml
- Gasoline and Diesel Price Monitoring Project: http://www.ftc.gov/ftc/oilgas/gas_price.htm
- Government Accountability Office (GAO) Auditing Resources: http://www.gao.gov/aac.html
- International Competition Network: http://www.internationalcompetitionnetwork.org
- Managed Trusted Internet Protocol Service: http://www.gsa.gov/portal/content/104213
- Mortgage Assistance Relief Services Rule: http://business.ftc.gov/documents/bus76-mortgage-assistance-relief-services-rule

- Office of Inspector General (OIG): http://www.ftc.gov/oig/
- Prompt Payment Act: http://www.fms.treas.gov/prompt/regulations.html
- Trusted Internet Connection: http://www.dhs.gov/files/programs/gc_1268754123028.shtm
- We Don't Serve Teens: http://www.dontserveteens.gov

PERFORMANCE:

- Asia Pacific Economic Cooperation: http://www.apec.org/
- Complaint Assistant: https://www.ftccomplaintassistant.gov
- Consumer Sentinel: http://www.ftc.gov/sentinel/
- Hart-Scott-Rodino (HSR) Act: http://www.ftc.gov/bc/hsr
- Home Mortgage Disclosure Act: http://www.fdic.gov/regulations/laws/rules/6500-3030.html
- Human Capital Assessment and Accountability Framework: http://www.opm.gov/hcaaf_resource_center/2-1.asp
- National Do Not Call Registry: www.donotcall.gov
- Net Cetera: Chatting with Kids about Being Online: http://onguardonline.gov/features/feature-0004-featured-net-cetera-toolkit
- Undertaking Spam, Spyware, And Fraud Enforcement With Enforcers beyond Borders Act of 2006 (U.S. SAFE WEB Act): http://www.gpo.gov/fdsys/pkg/PLAW-109publ455/pdf/PLAW-109publ455.pdf

OTHER ACCOMPANYING INFORMATION:

- Improper Payments Elimination and Recovery Act (IPERA): http://www.gpo.gov/fdsys/pkg/BILLS-111s1508enr/pdf/BILLS-111s1508enr.pdf

APPENDIX D: CONTACT INFORMATION AND ACKNOWLEDGEMENTS

FEDERAL TRADE COMMISSION

600 Pennsylvania Avenue, NW
Washington, DC 20580

General Information Number	202-326-2222
Internet Home Page	www.ftc.gov
FTC Spanish Home Page	www.ftc.gov/espanol
Strategic Plan Internet Site	www.ftc.gov/strategicplan
FTC Press Releases	www.ftc.gov/opa/pressold.shtm

PERFORMANCE AND ACCOUNTABILITY REPORT (PAR) SPECIFIC

The FTC welcomes comments or suggestions for improvement of its PAR. Please contact the agency to provide feedback or to request additional copies.

PAR Internet Site	www.ftc.gov/par
PAR Contact	Valerie Green
PAR Telephone	202-326-2901
PAR Email Address	gpra@ftc.gov
PAR Fax Number	202-326-2329
PAR Mailing Address	Federal Trade Commission attn: PAR, M/D H-774 600 Pennsylvania Avenue, NW Washington, DC 20580

REGIONS

East Central (Cleveland, OH)	216-263-3455
Midwest (Chicago, IL)	312-960-5634
Northeast (New York, NY)	212-607-2829
Northwest (Seattle, WA)	206-220-6350
Southeast (Atlanta, GA)	404-656-1390
Southwest (Dallas, TX)	214-979-9350
Western (San Francisco, CA)	415-848-5100
Western (Los Angeles, CA)	310-824-4343

CONSUMER RESPONSE CENTER

General Complaints	877-FTC-HELP (877-382-4357)
Identity Theft Complaints	877-ID-THEFT (877-438-4338)
Online General Complaints	www.ftc.gov/complaint
Identity Theft Education and Complaints	www.ftc.gov/idtheft
National Do Not Call Registry	www.donotcall.gov

ACKNOWLEDGEMENTS

The FTC gratefully acknowledges the following indiduals who made a significant contribution in producing this report: Joni Lupovitz of the Office of the Chairman; James Baker, Benjamin Besse, William Black, Chloe Collins, Steven Fisher, Ted Franklin, Antonio Gomez, Valerie Green, James Hale, Eileen Harrington, Karen Leydon, Nancy Lux, Mary Kate Markano, Kimberly Mayo, Jeff Nakrin, Mark Oemler, Mary Beth Richards, Randall Salzer, Jon Schroeder, Lori Walsh-Van Wey, and Milissa Young-Loiselle of the Office of the Executive Director; Don Clark and April Tabor of the Office of the Secretary; Jeanine Balbach, Brittany Bryant, Nathan Hawthorne and Joseph Remy of the Bureau of Competition; Gregory Fortsch and Jenny Kellogg of the Bureau of Consumer Protection; Russell Damtoft and Lauren Skerrett of the Office of International Affairs; and Christopher Grengs of the Office of Policy Planning for contributing to the development of this report. Editorial and design work supported by LMI and Fathom Creative.

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