

FOR IMMEDIATE RELEASE
Nov. 15, 2011

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Release No. 11-124

Postal Service Ends Fiscal Year 2011 with \$5.1 Billion Loss *Growth in Shipping Services; Continued Decline in First-Class Mail Volume*

WASHINGTON — The U.S. Postal Service ended its 2011 fiscal year (Oct. 1, 2010 – Sept. 30, 2011) with a net loss of \$5.1 billion. The year-end loss would have been approximately \$10.6 billion had it not been for passage of legislation that postponed a congressionally mandated payment of \$5.5 billion to pre-fund retiree health benefits.

Total 2011 mail volume declined by 3 billion pieces, or 1.7 percent, from 2010. The Postal Service's largest and most profitable product, First-Class Mail, continued its year-over-year decline, from \$34.2 billion in 2010 to \$32.2 billion in 2011 (5.8 percent), which dwarfed continued growth in its more competitive products, packages and Standard Mail.

USPS Shipping Services revenue, which includes Priority Mail and Express Mail, increased \$530 million in 2011 (6.3 percent). The increase in Shipping Services revenue was driven by strong growth in the Parcel Select and Parcel Return Services, due to increased mailings of packages, as customers continued to use the Internet more often to purchase products. Revenue from Standard Mail increased by \$495 million (2.9 percent) on a volume increase of 2 billion pieces (2.6 percent).

"The Postal Service can become profitable again if Congress passes comprehensive legislation to provide us with a more flexible business model so we can respond better to a changing marketplace," said Postmaster General and CEO Patrick Donahoe. "To return to profitability we must reduce our annual costs by \$20 billion by the end of 2015. We continue to take aggressive cost-cutting actions in areas under our control and urgently need Congress to do its part to get us the rest of the way there."

Other 2011 financial results include:

- Operating revenue of \$65.7 billion compared to \$67.1 billion the year before
- Operating expenses of \$70.6 billion compared to \$75.4 in 2010
- The retiree health benefit pre-funding payment postponed by Congress and the President is now due by Nov. 18. Unless additional legislation is enacted, the Postal Service will be forced to default on this payment.

The Postal Service continued to increase operating efficiency in 2011, including a reduction in work hours by 34 million despite an increase of 636,500 delivery points. Its productivity gains were the result of effective workforce management, efficient use of materials and transportation, and continued advancements in the use of technology. Since 2001, the Postal Service has reduced work hours by 28 percent, while delivering to almost 14 million additional addresses.

"The continuing and inevitable electronic migration of First-Class Mail, which provides approximately 49 percent of our revenue, underscores the need to streamline our infrastructure and make changes to our business model," said Chief Financial Officer Joe Corbett. "Since peaking at 213 billion pieces in 2006, our volume has continued to decline each year."

Complete financial results are available in the Form 10-K, available after 3:30 p.m. ET today, at:
<http://about.usps.com/who-we-are/financials/welcome.htm>

The Postal Service receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.

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For reporters interested in speaking with a regional Postal Service public relations professional on this issue, please go to <http://about.usps.com/news/media-contacts/usps-local-media-contacts.pdf>.

A self-supporting government enterprise, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 150 million residences, businesses and Post Office Boxes. The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations. With 32,000 retail locations and the most frequently visited website in the federal government, *usps.com*, the Postal Service has annual revenue of more than \$67 billion and delivers nearly 40 percent of the world's mail. If it were a private sector company, the U.S. Postal Service would rank 29th in the 2010 Fortune 500. *Black Enterprise* and *Hispanic Business* magazines ranked the Postal Service as a leader in workforce diversity. The Postal Service has been named the Most Trusted Government Agency six consecutive years and the sixth Most Trusted Business in the nation by the Ponemon Institute.