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U.S. Postal Service Delivers on “Our Season” Records 4.3 Percent Increase in Revenue, \$754 Million Net Loss in Quarter 1

- Shipping and Package Volume Up 12.8 Percent
- Standard Mail Volume Increases 3.5 Percent
- Investing in the business remains a priority

WASHINGTON — The U.S. Postal Service ended the first quarter of fiscal 2015 (Oct. 1, 2014 – Dec. 31, 2014) with a 4.3 percent increase in operating revenue over the same period last year and a net loss of \$754 million. The increase in operating revenue was driven, in part, by the record number of holiday season packages delivered with high reliability during our busiest time of the year. The net loss included a \$1.4 billion expense accrued for the mandated prepayment to the Postal Service Retiree Health Benefits Fund.

Although revenue and volume are closely linked to the strength of the U.S. economy and changes in how customers use the mail, the Postal Service has been proactive in growing volume in Standard Mail and Shipping and Packages and slowing the decline of the most profitable product, First-Class Mail. Standard Mail volume was up 3.5 percent compared to the same period last year, driven by a 0.9 billion increase in political mail volume, a testament to its effectiveness in political campaigns. First-Class Mail volume decline slowed to a 1.1 percent decrease from the same period last year. Standard Mail revenue and First-Class Mail revenue were up 7.6 percent and 3.7 percent, respectively, compared to the same period last year, driven, in part, by the January 2014 price increase.

“Our employees delivered double-digit growth in packages this holiday season, which shows our growing ability to compete for and win new package delivery customers,” said Postmaster General and Chief Executive Officer Megan Brennan. “To keep the momentum going—and to ensure we are the shipper of choice for our residential and business customers—we will continue to expand customized delivery solutions and package capacity while delivering high levels of service.”

Commenting on the quarterly results, Brennan said, “The Postal Service performed well with regard to revenue generation and cost control during the holiday season.”

“Though liquidity remains a concern, the Postal Service must begin to make necessary investments to grow our business and address some of the critical vehicle, facility, and package handling equipment requirements that have been deferred in recent years,” said Chief Financial Officer and Executive Vice President Joseph Corbett.

First Quarter Results of Operations Compared to Same Period Last Year

- Total volume of 42.6 billion pieces compared to 42.0 billion pieces
 - Shipping and Package volume increased 12.8 percent
 - Standard Mail volume increased 3.5 percent
 - First-Class Mail volume declined 1.1 percent

- Operating revenue of \$18.7 billion increased almost \$800 million or 4.3 percent
- Operating expenses of \$19.5 billion increased \$1.2 billion or 6.4 percent. The biggest change was an \$800 million increase in workers' compensation expense, which included a \$1.4 billion increase in the fair value portion driven by declining interest rates and offset by a \$600 million decrease in valuation of new and existing cases.

Complete financial results are available in the Form 10-Q, available at <http://about.usps.com/who-we-are/financials/welcome.htm>

Financial Briefing

Following the Temporary Executive Committee's open meeting on Feb. 6, Postmaster General & CEO Megan J. Brennan and Chief Financial Officer Joseph Corbett will host a telephone/Web conference call to discuss the financial results in more detail. The call will begin at 11 a.m. ET and is open to the news media and all other interested parties.

How to Participate:

Important Notice: To ensure your computer is set up to join the event, click on the link www.webex.com/jp/jointest/

US/Canada Attendee Dial-in: (855) 293-5496
Conference ID: 67696374

Attendee Direct URL:

<https://usps.webex.com/usps/onstage/g.php?MTID=e72a87d6566dec2f0dbff33adf552d21e>

If you cannot join using the direct link above, please use the alternate logins below:

Alternate URL: <https://usps.webex.com>

Event Number: 992 175 830

The briefing will also be available on live audio webcast (listen only) at:

<http://about.usps.com/news/electronic-press-kits/cfo/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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