



# POSTAL NEWS

FOR IMMEDIATE RELEASE

August 9, 2019

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## U.S. Postal Service Reports Third Quarter Fiscal 2019 Results

- *Revenue of \$17.1 billion, essentially unchanged compared to same quarter last year*
- *Net loss of nearly \$2.3 billion*
- *USPS remains focused on aggressive management actions and legislative and regulatory reforms to provide Americans with a financially sustainable Postal Service*

**WASHINGTON** - The U.S. Postal Service reported total revenue of \$17.1 billion for the third quarter of fiscal 2019 (April 1, 2019 - June 30, 2019), an increase of \$16 million, which is essentially flat compared to the same quarter last year.

First-Class Mail revenue declined by \$98 million, or 1.6 percent, on a volume decline of 361 million pieces, or 2.7 percent, compared to the same quarter last year. Marketing Mail revenue declined by \$121 million, or 3.0 percent, on a volume decline of 878 million pieces, or 4.7 percent, compared to the same quarter last year. Periodicals revenue declined by \$38 million, or 11.2 percent, on a volume decline of 173 million pieces, compared to the same quarter last year. Meanwhile, Shipping and Packages revenue increased by \$250 million, or 4.8 percent, despite a volume decline of 47 million pieces, or 3.2 percent, compared to the same quarter last year.

Total operating expenses were \$19.3 billion for the quarter, an increase of \$797 million, or 4.3 percent, compared to the same quarter last year. Excluding costs resulting from actuarial revaluation, discount rate changes, and amortization of unfunded liabilities, which are outside of management's control, expenses increased by \$218 million, or 1.2 percent, compared to the same quarter last year.

"We continue to face imbalances in our business model that must be fixed through legislative and regulatory change. As we work to effectuate that change, we continue our ongoing aggressive management actions, and remain focused on delivering for the American public, and meeting their evolving business and residential needs," said Postmaster General and Chief Executive Officer Megan J. Brennan. "We are actively adapting to changes throughout the mailing and shipping landscape, providing customers with new solutions that add value for their investment, improve the service we provide, and drive internal efficiencies."

Brennan added that the Postal Service's largely fixed and mandated costs continue to rise at a faster rate than the revenues that can be generated within a constrained business model, which is ill-suited to ensure the long-term sustainability of the Postal Service.

The net loss for the quarter totaled nearly \$2.3 billion, an increase of \$767 million, compared to a net loss of nearly \$1.5 billion for the same quarter last year. Controllable loss for the quarter was nearly \$1.1 billion, compared to a controllable loss of \$889 million for the same quarter last year.

"We continue to focus on maximizing productivity," said Chief Financial Officer and Executive Vice President Joseph Corbett. "While many of our network costs are fixed to meet our universal service obligations, we reduced work hours by approximately 1.7 million relative to the same quarter last year."

**Third Quarter Fiscal 2019 Operating Revenue and Volume by Service Category Compared to Prior Year**  
The following table presents revenue and volume by category for the three months ended June 30, 2019, and 2018:

	Revenue		Volume	
	2019	2018	2019	2018
<i>(revenue in \$ millions; volume in millions of pieces)</i>				
<b>Service Category</b>				
First-Class Mail	\$ 5,859	\$ 5,957	13,098	13,459
Marketing Mail	3,861	3,982	17,668	18,546
Shipping and Packages	5,416	5,166	1,423	1,470
International	615	617	204	222
Periodicals	302	340	1,182	1,355
Other	1,033	1,012	85	96
<b>Total operating revenue and volume</b>	<b>\$ 17,086</b>	<b>\$ 17,074</b>	<b>33,660</b>	<b>35,148</b>

**Selected Third Quarter Fiscal 2019 Results of Operations and Controllable Loss**

This news release references *controllable loss*, which is not calculated and presented in accordance with accounting principles generally accepted in the United States (GAAP). Controllable loss is defined as net loss adjusted for items outside of management's control and non-recurring items. These adjustments include workers' compensation expenses caused by actuarial revaluation and discount rate changes, and the amortization of Postal Service Retiree Health Benefits Fund (PSRHBF), Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS) unfunded liabilities.

The following table presents selected results of operations and reconciles GAAP net loss to controllable loss and illustrates the loss from ongoing business activities without the impact of non-controllable items for the three months ended June 30, 2019, and 2018:

	2019	2018
<i>(results in \$ millions)</i>		
<b>Operating revenue</b>	<b>\$ 17,086</b>	<b>\$ 17,074</b>
Other revenue	7	3
<b>Total revenue</b>	<b>\$ 17,093</b>	<b>\$ 17,077</b>
<b>Total operating expenses</b>	<b>\$ 19,333</b>	<b>\$ 18,536</b>
Interest and investment income (expense), net	(16)	(30)
<b>Net loss</b>	<b>\$ (2,256)</b>	<b>\$ (1,489)</b>
PSRHBF unfunded liability amortization expense <sup>1</sup>	42	16
Change in workers' compensation liability resulting from fluctuations in discount rates	697	(137)
Other change in workers' compensation liability <sup>2</sup>	9	(59)
CSRS unfunded liability amortization expense <sup>3</sup>	360	456
FERS unfunded liability amortization expense <sup>4</sup>	239	322
Change in normal cost of retiree health benefits due to revised actuarial assumptions <sup>5</sup>	(168)	2
<b>Controllable loss</b>	<b>\$ (1,077)</b>	<b>\$ (889)</b>

<sup>1</sup> Expense for the accrual for the annual payment due to PSRHBF by September 30 of the respective year, for the amortization of the unfunded liability. The 2019 amounts are based on OPM's invoice received July 2, 2019, with updated discount rate assumptions. The 2018 amounts are based on OPM's invoice received July 19, 2018, with updated discount rate assumptions.

<sup>2</sup> Net amounts include changes in assumptions, valuation of new claims and revaluation of existing claims, less current year claim payments.

<sup>3</sup> Expense for the accrual for the annual payment due to OPM by September 30 of the respective year, based on information provided by OPM, to amortize the unfunded CSRS retirement obligation. Payments are to be made through 2043 based on OPM invoices.

<sup>4</sup> Expense for the accrual for the annual payment due to OPM by September 30 of the respective year, based on information provided by OPM, to amortize the unfunded FERS retirement obligation. Payments are to be made over a 30-year rolling period based on OPM invoices.

<sup>5</sup> Represents the accrual for the portion of the increase in the annual normal cost payments due September 30, 2019, and 2018, attributable to revised actuarial assumptions and discount rate changes, based on OPM's invoices for the respective year. This amount represents the noncontrollable portion of the expense recorded for normal cost of retiree health benefits.

Financial results in the Form 10-Q are available at <http://about.usps.com/what/financials/>

### **Financial Briefing**

Postmaster General and CEO Megan J. Brennan and CFO and Executive Vice President Joseph Corbett will host a telephone/Web conference call to discuss the financial results in more detail. The call will begin at 11:00 a.m. ET on August 9, 2019, and is open to news media and all other interested parties.

### **How to Participate:**

US/Canada Attendee Dial-in: 844-340-4622      Conference ID: 6372434

Attendee Direct URL: <https://usps.webex.com/usps/onstage/g.php?MTID=e762ad4ff02f4758f6e9e44fe4adccf5d>

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

Event Number: 820 168 475

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

<http://about.usps.com/what/financials/briefings/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.