



FOR IMMEDIATE RELEASE

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U.S. Postal Service Reports Fiscal Year 2019 Results

- *Operating revenue increase of \$514 million*
- *Overall volume decline of 3.8 billion pieces*
- *Urgent need to advance legislative and regulatory reforms, along with continued aggressive management and innovation*

WASHINGTON - The U.S. Postal Service reported operating revenue of \$71.1 billion for fiscal year 2019 (October 1, 2018 - September 30, 2019), an increase of \$514 million compared to the prior year. The higher revenues were driven largely by price increases and continued growth in the Shipping and Packages business, where revenue increased \$1.3 billion, or 6.1 percent, which more than offset revenue declines in First-Class and Marketing Mail as a result of declining volumes in that segment of its business.

The total volume of mail and packages delivered during the year declined by 3.8 billion pieces or 2.6 percent, driven largely by First-Class Mail declines of 1.8 billion pieces, or 3.1 percent, and Marketing Mail declines of 1.6 billion pieces, or 2.1 percent. Package volume grew slightly at 16 million pieces, or 0.3 percent, continuing a multi-year trend of declining mail volumes and increasing package volumes, although package volume growth slowed considerably during the year.

"We continue to adjust to declining mail volume and remain focused on leveraging our unique and unrivaled network to gain new customers and grow profitable revenue in the increasingly competitive package business," said Postmaster General and CEO Megan J. Brennan.

"However, revenue growth in our package business will never be enough to offset imbalances in the Postal Service's business model, which must be addressed through legislative and regulatory reforms in order to secure a sustainable future," Brennan emphasized.

Operating expenses for the year were \$79.9 billion, an increase of \$5.4 billion, or 7.3 percent, compared to the prior year. This was driven by an increase in workers compensation expense of \$3.5 billion, of which \$3.4 billion was directly the result of changes in discount rates outside of management's control.

Compensation and benefits expenses increased by \$994 million due to contractual wage increases, and retirement benefits expenses increased by \$320 million due largely to the higher amortization costs of unfunded benefits. Transportation expenses increased by \$323 million as the Postal Service continued to experience increases in fuel prices and highway contract rates.

As planned, the Postal Service reduced its debt level during 2019 by \$2.2 billion, finishing the year with \$11.0 billion in debt outstanding. This reduction allows the Postal Service to continue to reduce interest costs.

Controllable loss for the year was \$3.4 billion, an increase of \$1.5 billion compared to the prior year. The net loss for the year was \$8.8 billion, an increase in net loss of \$4.9 billion compared to 2018. Approximately \$3.4 billion of this increase in net loss was the non-cash impact of discount rate changes on actuarial calculations affecting workers' compensation expense.

"We continued to make progress in the fiscal year in containing expenses that are under management's control," said Chief Financial Officer and Executive Vice President Joseph Corbett. "However, actions within the control of the Postal Service are not enough to return the Postal Service to financial health."

FY 2019 Operating Revenue and Volume by Service Category Compared to Prior Year

The following presents revenue and volume by service category for the year ended September 30, 2019, and 2018:

	Revenue		Volume	
	2019	2018	2019	2018
<i>(revenue in \$ millions; volume in millions of pieces)</i>				
Service Category				
First-Class Mail	\$ 24,434	\$ 24,948	54,943	56,712
Marketing Mail	16,359	16,512	75,653	77,270
Shipping and Packages	22,787	21,467	6,165	6,149
International	2,466	2,630	855	941
Periodicals	1,194	1,277	4,635	4,994
Other	3,896	3,788	319	336
Total operating revenue and volume	\$ 71,136	\$ 70,622	142,570	146,402

Selected FY 2019 and 2018 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 PSRHBFB, CSRS and 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 twelve months ended September 30, 2019, and 2018:

	2019	2018
<i>(results in \$ millions)</i>		
Operating revenue	\$ 71,136	\$ 70,622
Other revenue	18	38
Total revenue	\$ 71,154	\$ 70,660
Total operating expenses	\$ 79,879	\$ 74,445
Interest and investment income (expense), net	(88)	(128)
Total expenses	\$ 79,967	\$ 74,573
Net loss	\$ (8,813)	\$ (3,913)
PSRHBFB unfunded liability amortization expense ¹	789	815
Change in workers' compensation liability resulting from fluctuations in discount rates	2,365	(1,066)
Other change in workers' compensation liability ²	(210)	(323)
CSRS unfunded liability amortization expense ³	1,617	1,440
FERS unfunded liability amortization expense ⁴	1,060	958
Change in normal cost of retiree health benefits due to revised actuarial assumptions ⁵	(226)	138
Controllable loss	\$ (3,418)	\$ (1,951)

¹ Expense for the annual payment due by September 30 of the respective year, on the unfunded liability as calculated by OPM.

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

³ Expense for the annual payments due September 30 of the respective year, calculated by OPM to amortize the unfunded CSRS retirement obligation. Payments are to be made in equal installments through 2043.

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

⁵ Represents the annual portion of the normal cost payment due September 30, 2019, and 2018, attributable to revised actuarial assumptions and discount rate changes. The total normal cost payment amount, calculated by OPM, is \$3.8 billion and \$3.7 billion, respectively.

Financial Briefing

Postmaster General and Chief Executive Officer Megan J. Brennan and Chief Financial Officer 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 11:30 am ET on November 14, 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: 4784052

Attendee Direct URL: <https://usps.webex.com/usps/onstage/g.php?MTID=e69d71470912231e158a0fa994cc2da23>

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

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

Event Number: 824 136 345

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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