UNITED STATES POSTAL SERVICE ®

POSTAL NEWS

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FOR IMMEDIATE RELEASE

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U.S. Postal Service Reports Fiscal Year 2022 Results

- *Operating revenue of $78.5 billion, up $1.5 billion over the previous fiscal year*
- *Adjusted loss increased by $2.0 billion as high inflation continues to impact operating expenses*
- *One-time, non-cash benefit of $57.0 billion due to Postal Service reform legislation*
- *Continued progress on implementation of Delivering for America plan*

WASHINGTON - The U.S. Postal Service today announced its financial results for the 2022 fiscal year ended September 30. The enactment of the Postal Service Reform Act (PSRA) in April 2022 significantly impacted the financial condition of the Postal Service, as it repealed the requirement that the Postal Service annually prepay future retiree health benefits and canceled all past due prefunding obligations. These impacts are reflected as a one-time, non-cash benefit of $57.0 billion to net income for the year.

The Postal Service had an adjusted loss of $473 million for the year, compared to adjusted income of $1.5 billion for the same period last year. Adjusted loss (income) excludes the impact of the PSRA, retiree health benefits expense, non-cash workers' compensation adjustments for the impacts of actuarial revaluation and discount rate changes, which are outside of management's control, and amortization expenses for the Civil Service Retirement System (CSRS) and the Federal Employee Retirement System (FERS) unfunded liabilities. On a U.S. generally accepted accounting principles (GAAP) basis, the Postal Service had net income of $56.0 billion for the year, compared to a net loss of $4.9 billion for the same period last year, due almost exclusively to the one-time, non-cash impact of the PSRA.

“Our latest results show that we are making solid and steady progress – despite administrative, operational, and inflationary headwinds – toward our goals of financial break-even on an annual basis and sustainability on a long-term basis,” said Postmaster General and CEO Louis DeJoy. “While we are not where we want to be and still have far to go, the execution of our *Delivering for America* plan is producing greater operational efficiencies, improving service performance, generating more revenue, and enabling long-deferred investments to modernize our technology and operations infrastructure. Together, our leadership team and all our employees know we need to remain laser focused and drive hard to implement operational changes, capture the available efficiency gains, and grow our revenue, consistent with the initiatives in our plan.”

The Postal Service's operating revenue was $78.5 billion for the year, an increase of $1.5 billion, or 1.9 percent, despite a volume decline of 1.6 billion pieces, or 1.2 percent, compared to the same period last year.

Marketing Mail revenue increased $1.4 billion, or 9.7 percent, on volume growth of 894 million pieces, or 1.4 percent. Marketing Mail experienced steep volume declines at the onset of the pandemic but has been rebounding as the economy continues to recover. Marketing Mail has generally proven to be a resilient marketing channel, and its value to U.S. businesses remains strong due to customer returns on investment and better data and technology integration.

First-Class Mail revenue increased $772 million, or 3.3 percent, despite a volume decline of 1.7 billion pieces, or 3.4 percent, compared to the same period last year. First-Class Mail revenue growth was due to price increases, while volume continued to decline due to on-going migration from mail to electronic communication and transaction alternatives and remains lower than pre-pandemic levels.

Shipping and Packages revenue decreased $700 million, or 2.2 percent, on a volume decline of 399 million pieces, or 5.3 percent, compared to the same period last year. Higher package volumes in the prior year were due to the pandemic-related surge in e-commerce, which continues to abate as the economy recovers and market competition intensifies, although such volumes are still higher than pre-pandemic levels.

Adjusted loss increased by $2.0 billion, compared to the same period last year, despite the $1.5 billion increase in revenue, due to inflationary impacts on several operating expense categories. Compensation and benefits expense increased $1.4 billion, or 2.9 percent, primarily due to wage increases in our labor agreements tied to inflation, and in particular the impacts of cost of living adjustments. Highway transportation expense increased $696 million, or 12.8 percent, partially due to higher average diesel fuel costs for long-haul transportation as a result of inflation. Other operating expenses increased $1.3 billion, or 13.0 percent, as inflationary pressures have led to higher average fuel prices for delivery vehicles and an increase in rent and utilities costs.

"As we previously mentioned in the third quarter release, the enactment of the PSRA was a key component of improving the Postal Service's financial condition," said Chief Financial Officer Joseph Corbett. "However, the one-time, non-cash impact to net income is not reflective of our true financial condition for the year. High inflation is presenting significant challenges to the Postal Service. We are rising to meet these challenges through strategic management of our business that will allow us to continue providing high-quality service to the American public while supporting our employees and achieving long-term financial sustainability."

Fiscal Year 2022 Operating Revenue and Volume by Service Category Compared to Prior Year

The following table presents revenue and volume by category for the years ended September 30, 2022 and 2021:

	Revenue		Volume	
(revenue in $ millions; volume in millions of pieces)	**2022**	**2021**	**2022**	**2021**
Service Category				
First-Class Mail	$ 24,036	$ 23,264	48,940	50,664
Marketing Mail	16,002	14,589	67,092	66,198
Shipping and Packages	31,308	32,008	7,186	7,585
International	1,713	2,202	354	417
Periodicals	959	942	3,400	3,679
Other	4,489	4,004	286	299
Total operating revenue and volume	**$ 78,507**	**$ 77,009**	**127,258**	**128,842**

Selected Fiscal Year 2022 Results of Operations and Non-GAAP measures

This news release includes c*ontrollable loss* which is not calculated and presented in accordance with GAAP. This non-GAAP measure is calculated as net income (loss) adjusted for the impact of the PSRA, workers' compensation expenses caused by actuarial revaluation and discount rate changes, expenses caused by the actuarial revaluation of the Postal Service Retiree Health Benefits Fund (PSRHBF), and the amortization of the PSRHBF, CSRS and FERS unfunded liabilities.

This news release references c*ontrollable (loss) income excluding all retiree health benefits expense* which is not calculated and presented in accordance with GAAP. This non-GAAP measure is calculated as net income (loss) adjusted for the impact of the PSRA, all retiree health benefits expense, workers' compensation (benefit) expense caused by actuarial revaluation and discount rate changes, and the amortization of CSRS and FERS unfunded liabilities.

These non-GAAP measures provide meaningful information to assist users of the Postal Service's financial statements in more fully understanding the financial results and assessing the Postal Service's ongoing performance because they exclude items that may not be indicative of, or are unrelated to, underlying operations.

Non-GAAP financial measures should be considered in addition to, and not as an alternative for, the Postal Service's reported results prepared in accordance with GAAP. This adjusted financial information does not represent a comprehensive basis of accounting.

The following table reconciles GAAP net income (loss) to the non-GAAP financial measures for the years ended September 30, 2022 and 2021:

(results in $ millions)	2022	2021
Net income (loss)	**$ 56,046**	**$ (4,930)**
Impact of Postal Service reform legislation on past-due PSRHBF obligations[1]	(56,975)	—
PSRHBF amortization and changes in normal costs of retiree health benefits due to revised actuarial assumptions[2]	—	1,210
Workers' compensation non-cash benefit[3]	(3,454)	(1,925)
CSRS unfunded liability amortization expense[4]	2,284	1,858
FERS unfunded liability amortization expense[5]	1,626	1,401
Controllable loss	**$ (473)**	**$ (2,386)**
Normal cost of retiree health benefits[6]	—	3,900
Controllable (loss) income excluding all retiree health benefits expense	**$ (473)**	**$ 1,514**

[1] Represents the reversal of $57.0 billion for past due obligations as of September 30, 2021 that were canceled by the PSRA.

[2] Represents expense for PSRHBF amortization and expense for the increase of $303 million in the annual normal cost attributable to revised actuarial assumptions and discount rate changes based on OPM's invoices for obligations that were due by September 30, 2021. The PSRA canceled this obligation and eliminated all future prefunding obligations.

[3] Represents workers' compensation non-cash benefit resulting from fluctuations in discount rates, changes in assumptions, valuation of new claims, revaluation of existing claims, and the administrative fee paid to DOL, less current year claim payments.

[4] 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.

[5] 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.

[6] Represents expense for the actuarially determined normal cost of retiree health benefits for current employees based on OPM's invoices for obligations that were due by September 30, 2021, less the increase of $303 million in the annual normal cost attributable to revised actuarial assumptions and discount rate changes. The PSRA canceled this obligation in 2022 and eliminated all future prefunding obligations.

Financial results in the Form 10-K are available at *http://about.usps.com/what/financials/*.

Forward-Looking Statements

Forward-looking statements contained in this release represent the Postal Service's best estimates of known and anticipated trends believed relevant to future operations. However, actual results may differ significantly from current estimates. Certain forward-looking statements included in this release use such words as “may,” “will,” “could,” “expect,” “believe,” “plan,” “estimate,” “project,” or other similar terminology. These forward-looking statements, which involve a number of risks and uncertainties, reflect current expectations regarding future events and operating performance as of the date of this report. These risks include, but are not limited to, the effects of COVID-19 on the Postal Service's business, financial condition, and results of operations. The Postal Service has no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.