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## U.S. Postal Service Reports Second Quarter Fiscal Year 2026 Results

- *Controllable loss decreased \$206 million compared to same quarter last year*
- *Net loss decreased \$1.3 billion compared to same quarter last year*
- *Operating revenue was \$20.2 billion, a 2.3 percent increase compared to same quarter last year*

**WASHINGTON** - The U.S. Postal Service today announced its financial results for the second quarter of fiscal year 2026 (Jan. 1, 2026 - Mar. 31, 2026). Controllable loss, which excludes certain expenses that are not controllable by management, was \$642 million for the quarter, compared to controllable loss of \$848 million for the same quarter last year.

Net loss for the quarter under generally accepted accounting principles (GAAP) totaled \$2.0 billion, compared to \$3.3 billion for the same quarter last year. This \$1.3 billion decrease is attributed to an operating revenue increase of \$463 million and a decrease in workers' compensation expense of \$1.3 billion, partially offset by an increase in retiree health benefits expense of \$175 million and higher other operating expenses of \$72 million.

"During the quarter we were able to get revenue, cost and service results moving in the right direction," said Postmaster General David Steiner. "However, the scale of our financial improvements compared to the prior year was modest and we have a long road to go to achieve anything close to long-term financial sustainability. It is a simple fact that we are in a cash crisis, and we are now taking serious and appropriate steps to conserve funds to operate. To avoid disruption and to sustain our role supporting American commerce and the public, we require urgent Congressional action to expand our borrowing authority and to address outdated constraints on the organization."

On April 9, 2026, the Postal Regulatory Commission (PRC) granted a Temporary Conditional Waiver that lifts regulatory restrictions that required the Postal Service to use cash generated through the retirement-based rate authority only to make a minimum remittance payment towards our pension amortization obligations. The Postal Service will determine whether to exercise the authority provided by the Temporary Conditional Waiver later this year. PRC rules, therefore, allow this cash to be used on expenditures for operating expenses and capital investments, if we meet the conditions of the waiver.

While the waiver is appreciated, the Postal Service continues to urge the PRC to prioritize its long-term financial sustainability, as required by law, and act on its previous petition for certain regulatory changes, including: modification of the Market Dominant ratemaking system through the elimination of the price cap and adoption of a regulatory monitoring ratemaking system in order to help achieve a sustainable path. Alternatively, if the price cap is maintained, the PRC should allow a re-baselining of rates to ensure they are compensable while also maintaining adjustment factors that ensure the system is flexible enough to deal with external circumstances that may arise.

In addition to the temporary regulatory relief, the Postal Service suspended its portion of payments to the Office of Personnel Management for the bi-weekly normal cost contributions for employees covered under FERS effective April 10, 2026, enabling it to address its immediate liquidity issue by conserving approximately \$200 million in cash each pay period and approximately \$2.5 billion for the remainder of fiscal year 2026.

Total operating revenue was \$20.2 billion for the quarter, an increase of \$463 million, or 2.3 percent, compared to the same quarter last year. The increase was largely due to price increases in the Shipping and Packages, Marketing Mail, and First-Class Mail categories, partially offset by declining volumes for these same categories.

Shipping and Packages revenue increased \$348 million, or 4.5 percent, on a volume decline of 22 million pieces, or 1.4 percent, compared to the same quarter last year. Marketing Mail revenue increased \$210 million, or 5.7 percent, on a volume decline of 113 million pieces, or 0.9 percent, compared to the same quarter last year. First-Class Mail revenue decreased \$31 million, or 0.5 percent, on a volume decline of 691 million pieces, or 6.3 percent, compared to the same quarter last year.

Total operating expenses decreased \$949 million, or 4.1 percent, to \$22.1 billion for the quarter, compared to the same quarter last year. The overall decrease in operating expenses was primarily due to the impact of discount rates on workers' compensation costs and the actuarial revaluation of existing workers' compensation cases, partially offset by increases in retiree health benefits costs and other operating costs. Compensation and benefits, the largest expense component, was relatively flat compared to the same quarter last year as was transportation expense.

"The financial results for the quarter showed slight improvement compared to the same quarter last year, as we continued to grow revenue and aggressively manage the costs under our control, where possible, which kept two of our largest expense components, compensation and benefits and transportation, relatively flat," said Chief Financial Officer Luke Grossmann. "However, management actions alone are not enough to solve our financial predicament. We remain confident that we can create a financially sustainable Postal Service through a combination of management actions and legislative, regulatory, and administrative reform."

### Second Quarter Fiscal Year 2026 Operating Revenue and Volume by Service Category Compared to Prior Year

The following table presents revenue and volume by service category for the three months ended March 31, 2026 and 2025:

	Revenue		Volume	
	2026	2025	2026	2025
<i>(revenue in \$ millions; volume in millions of pieces)</i>				
<b>Service Category</b>				
First-Class Mail	\$ 6,615	\$ 6,646	10,253	10,944
Marketing Mail	3,875	3,665	13,107	13,220
Shipping and Packages	8,080	7,732	1,570	1,592
International	240	336	52	68
Periodicals	204	214	531	601
Other	1,153	1,111	60	59
<b>Total operating revenue and volume</b>	<b>\$ 20,167</b>	<b>\$ 19,704</b>	<b>25,573</b>	<b>26,484</b>

### Selected Second Quarter Fiscal Year 2026 Results of Operations and Non-GAAP Measures

This news release includes *controllable loss* which is not calculated and presented in accordance with GAAP. This non-GAAP measure is calculated as net loss adjusted for costs outside of management's control, including the accrued retiree health benefits top-up expense, workers' compensation (benefit) expense caused by actuarial revaluation and discount rate changes, and the amortization of the CSRS and FERS unfunded liabilities. These latter costs not only are largely outside of management's control but also can fluctuate significantly based on actuarial assumptions and interest rates.

This non-GAAP measure provides meaningful information to assist users of the Postal Service's financial statements to more fully understand the financial results and assess the Postal Service's ongoing performance because it excludes 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 loss to the presented non-GAAP financial measure for the three months ended March 31, 2026 and 2025:

<i>(results in \$ millions)</i>	<b>2026</b>	<b>2025</b>
<b>Net loss</b>	<b>\$ (1,950)</b>	<b>\$ (3,292)</b>
Retiree health benefits top-up expense <sup>1</sup>	175	—
Workers' compensation non-cash (benefit) expense <sup>2</sup>	(267)	994
CSRS unfunded liability amortization expense <sup>3</sup>	825	850
FERS unfunded liability amortization expense <sup>4</sup>	575	600
<b>Controllable loss</b>	<b>\$ (642)</b>	<b>\$ (848)</b>

<sup>1</sup> Expense for the accrual for the annual Postal Service Retiree Health Benefits Fund top-up payment due to the Office of Personnel Management (OPM) by September 30 of the respective fiscal year. OPM has estimated the top-up payment due on September 30, 2026 to be \$700 million.

<sup>2</sup> Represents workers' compensation non-cash (benefit) expense resulting from fluctuations in discount rates, changes in assumptions, valuation of new claims, revaluation of existing claims, and the administrative fee paid to the U.S. Department of Labor, less current year claim payments.

<sup>3</sup> 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 through 2043 based on OPM invoices.

<sup>4</sup> Expense for the annual payments 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.

Financial results in the Form 10-Q 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. 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.

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**Please Note:** The United States Postal Service is an independent federal establishment, mandated to be self-financing and to serve every American community through the affordable, reliable and secure delivery of mail and packages to more than 170 million addresses six and often seven days a week. Overseen by a bipartisan Board of Governors, the Postal Service is celebrating its 250<sup>th</sup> year of service to customers amidst a network modernization plan aimed at restoring long-term financial sustainability, improving service, and maintaining the organization as one of America's most valued and trusted brands.

The Postal Service generally 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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