

**UNITED STATES  
POSTAL REGULATORY COMMISSION  
Washington, D.C. 20268-0001**

---

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO 39 U.S.C. § 3654 AND SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): November 13, 2020



**UNITED STATES POSTAL SERVICE**

(Exact name of registrant as specified in its charter).

---

Washington, D.C.	41-0760000
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

475 L'Enfant Plaza, S.W.	
Washington, D.C.	20260
(Address of principal executive offices)	(ZIP Code)

(202) 268-2000  
(Registrant's telephone number, including area code)

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Not applicable	Not applicable	Not applicable

The number of shares of common stock outstanding as of November 13, 2020: N/A

**Item 2.02 Results of Operations and Financial Condition.**

On November 13, 2020, the United States Postal Service (“Postal Service”) announced audited financial results for the fiscal year ended September 30, 2020. Attached as exhibits to this report are a press release and certain supplemental information setting forth those financial results.

**Item 9.01 Financial Statements and Exhibits.****(d) Exhibits.**

**Exhibit 99.1** Press release issued on November 13, 2020, regarding audited financial results for the fiscal year ended September 30, 2020.

**Exhibit 99.2** Supplemental Information.

Signature

Pursuant to the requirements of the Postal Accountability and Enhancement Act of 2006, the Postal Service has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

United States Postal Service

By: /s/ Thomas J. Marshall  
**Thomas J. Marshall,**  
**General Counsel and**  
**Executive Vice President**

Date: November 13, 2020



# POSTAL NEWS

FOR IMMEDIATE RELEASE

Nov. 13, 2020

Contact: David Partenheimer

202.268.2599

[david.a.partenheimer@usps.gov](mailto:david.a.partenheimer@usps.gov)

[usps.com/news](https://usps.com/news)

## U.S. Postal Service Reports Fiscal Year 2020 Results

- *Postal Service employees have continued to serve the nation during the COVID-19 pandemic and the historic election season*
- *Urgent need for aggressive management action, innovation, and legislative and regulatory reforms*
- *Mail volume decline of 13.8 billion pieces accelerated by the pandemic*
- *Operating revenue increase of nearly \$2.0 billion due to higher package demand driven by a surge in e-commerce*

**WASHINGTON** - The U.S. Postal Service today reported its financial results for fiscal year 2020 (Oct. 1, 2019 – Sept. 30, 2020), as the COVID-19 pandemic continues to have an unpredictable impact on the economy and the Postal Service.

Operating revenue was \$73.1 billion for 2020, an increase of nearly \$2.0 billion compared to the prior year, driven by an increase in Shipping and Packages revenue of \$5.8 billion, or 25.3 percent. While the Postal Service's results for the first half of 2020 continued prior-year trends, the COVID-19 pandemic resulted in significant shifts in demand affecting all service categories in the second half of the year.

As a result of the pandemic, and to a lesser extent, secular mail declines, the Postal Service's volume from mail services, its largest sales category, declined significantly for the full year, as First-Class Mail declined 2.3 billion pieces, or 4.2 percent, and Marketing Mail declined 11.5 billion pieces, or 15.2 percent. Mail volume began to show slight improvement in the last few weeks of the year, although this was driven in part by the temporary surge in political and election mail associated with the recent general election cycle.

Package volume grew by nearly 1.2 billion pieces, or 18.8 percent, compared to last year due to the surge in e-commerce. Although package volume growth has recently slowed since its early fourth-quarter peak, the Postal Service believes that consumer behavior has evolved during the pandemic as the nation has increasingly relied on the safety and convenience of e-commerce.

"2020 has been an extraordinary year for the Postal Service and the nation," said Postmaster General and Chief Executive Officer Louis DeJoy. "Amid the tumult of the COVID-19 pandemic - and with the challenges of the election, disruptions in our workforce, rapid changes in our marketplace, and long-term financial distress - the 644,000 women and men of the Postal Service delivered for the American public."

"We remain committed to our mission of service in every American community - delivering the medicine, supplies, benefit checks and important correspondence the public depends upon," said DeJoy. "We are likewise committed to addressing our significant financial imbalances - which were exacerbated by COVID this year and will cause lasting impacts - through a combination of management actions, and legislative and regulatory reforms."

Operating expenses for the year were \$82.2 billion, an increase of \$2.3 billion, or 2.9 percent, compared to the prior year. Compensation and benefits increased by \$1.2 billion due to workforce additions necessary to address the surge in package volume as a result of the pandemic, along with increased overtime hours and paid sick leave stemming from the national health crisis. Contractual wage adjustments also contributed to the increase in compensation and benefits. Retirement benefits increased by \$767 million due to higher charges for the amortization of unfunded benefits and increased retirement contribution rates, which are outside of management's control.

Transportation expenses grew by \$630 million, primarily due to increased package volumes and the limited availability of commercial air transportation due to the pandemic, which necessitated shifts to higher-cost modes of transportation. Furthermore, the pandemic significantly increased the Postal Service's expenses for supplies and services, such as personal protective equipment (PPE), to ensure the safety of its employees and customers.

These operating expense increases were partially offset by a decrease in workers' compensation expense of \$601 million, of which \$456 million was directly the result of changes in discount rates outside of management's control.

"There continues to be great uncertainty over the future impacts of the pandemic on the Postal Service," said Chief Financial Officer Joseph Corbett. "Given the lasting declines in mail that accompanied the 2007-2009 Great Recession, the Postal Service expects that the COVID-19 crisis may have similar effects on mail volume going forward and that it may never recover to its pre-pandemic levels. Further, while we do believe that our package volumes will remain higher given what looks to be a potential permanent shift in consumer behavior, we do not expect our package revenue growth over the medium-to-long term to make up for our losses in mail service revenue caused by COVID-19."

Net loss for the year was \$9.2 billion, an increase of \$363 million compared to 2019. Controllable loss was \$3.8 billion, an increase of \$334 million compared to the prior year.

#### **FY 2020 Operating Revenue and Volume by Service Category Compared to Prior Year**

As described above, the Postal Service's results for the first half of 2020 continued prior-year trends, however the COVID-19 pandemic resulted in significant shifts in demand affecting all service categories in the second half of the year. The following presents revenue and volume by service category for the year ended September 30, 2020, and 2019:

	Revenue		Volume	
	2020	2019	2020	2019
<i>(revenue in \$ millions; volume in millions of pieces)</i>				
<b>Service Category</b>				
First-Class Mail	\$ 23,778	\$ 24,431	52,624	54,936
Marketing Mail	13,909	16,359	64,143	75,653
Shipping and Packages	28,537	22,783	7,323	6,165
International	2,400	2,474	729	855
Periodicals	1,024	1,194	4,006	4,635
Other	3,475	3,895	346	318
<b>Total operating revenue and volume</b>	<b>\$ 73,123</b>	<b>\$ 71,136</b>	<b>129,171</b>	<b>142,562</b>

## Selected FY 2020 and 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 the Postal Service Retiree Health System ("PSRHBF"), the Civil Service Retirement System ("CSRS") and the Federal Employees Retirement System ("FERS") unfunded liabilities. These plans are administered by the Office of Personnel Management ("OPM"). 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, 2020, and 2019:

(results in \$ millions)		2020	2019
<b>Operating revenue</b>		<b>\$ 73,123</b>	<b>\$ 71,136</b>
Other revenue		10	18
<b>Total revenue</b>		<b>\$ 73,133</b>	<b>\$ 71,154</b>
<b>Total operating expenses</b>		<b>\$ 82,187</b>	<b>\$ 79,879</b>
Interest and investment income (expense), net		(122)	(88)
<b>Total expenses</b>		<b>\$ 82,309</b>	<b>\$ 79,967</b>
<b>Net loss</b>		<b>\$ (9,176)</b>	<b>\$ (8,813)</b>
PSRHBF unfunded liability amortization expense <sup>1</sup>		810	789
Change in workers' compensation liability resulting from fluctuations in discount rates		1,909	2,365
Other change in workers' compensation liability <sup>2</sup>		(304)	(210)
CSRS unfunded liability amortization expense <sup>3</sup>		1,817	1,617
FERS unfunded liability amortization expense <sup>4</sup>		1,343	1,060
Change in normal cost of retiree health benefits due to revised actuarial assumptions <sup>5</sup>		(151)	(226)
<b>Controllable loss</b>		<b>\$ (3,752)</b>	<b>\$ (3,418)</b>

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

<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 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.

<sup>4</sup> 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.

<sup>5</sup> Represents the annual portion of the normal cost payment due September 30, 2020, and 2019, attributable to revised actuarial assumptions and discount rate changes. The total normal cost payment amount, calculated by OPM, is \$3.9 billion and \$3.8 billion, respectively.

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.

# **Financial Results**

## **September YTD FY2020**

**Joseph Corbett, Chief Financial  
Officer & EVP**

**November 13, 2020**

# Financial Results

September YTD (12 Months) (Billions)	FY 2020	FY 2019
Total Revenue <sup>1</sup>	\$ 73.2	\$ 71.3
Controllable Expenses <sup>1, 2</sup>	<u>77.0</u>	<u>74.7</u>
Controllable Income (Loss) <sup>1, 2</sup>	<b>(3.8)</b>	<b>(3.4)</b>
RHB Normal Cost Actuarial Revaluation <sup>3</sup>	0.1	0.2
RHB Unfunded Liability Amortization <sup>3</sup>	(0.8)	(0.8)
Workers' Comp. Fair Value Adj. and Other Non-Cash Adj.	(1.6)	(2.2)
FERS Unfunded Liability Amortization <sup>3</sup>	(1.3)	(1.0)
CSRS Unfunded Liability Amortization <sup>3</sup>	<u>(1.8)</u>	<u>(1.6)</u>
<b>Net Income (Loss) <sup>1</sup></b>	<b>\$ (9.2)</b>	<b>\$ (8.8)</b>

1 -September YTD FY2020 has two more delivery days and 2.75 more retail days as compared to September YTD FY2019.

2 - Before Retiree Health Benefits (RHB), Federal Employee Retirement System (FERS), and Civil Service Retirement System (CSRS) unfunded liability amortizations, and non-cash adjustments to workers' compensation liabilities.

3 - This represents the OPM amortization expense related to the FERS, CSRS, and Postal Service RHB Fund liabilities. These were based on OPM's latest updates.



# Financial Results

September YTD (12 Months)	FY	FY
(Billions)	2020	2019
Total Revenue <sup>1</sup>	\$ 73.2	\$ 71.3
Controllable Expenses <sup>1, 2</sup>	<u>77.0</u>	<u>74.7</u>
Controllable Income (Loss) <sup>1, 2</sup>	<b>(3.8)</b>	<b>(3.4)</b>
RHB Normal Cost Actuarial Revaluation <sup>3</sup>	0.1	0.2
RHB Unfunded Liability Amortization <sup>3</sup>	(0.8)	(0.8)
Workers' Comp. Fair Value Adj. and Other Non-Cash Adj.	-	-
FERS Unfunded Liability Amortization <sup>3</sup>	(1.3)	(1.0)
CSRS Unfunded Liability Amortization <sup>3</sup>	<u>(1.8)</u>	<u>(1.6)</u>
Net Income (Loss) <sup>1</sup> <span>Excluding WC Fair Value Adj.</span>	<u>\$ (7.6)</u>	<u>\$ (6.6)</u>

1 -September YTD FY2020 has two more delivery days and 2.75 more retail days as compared to September YTD FY2019.

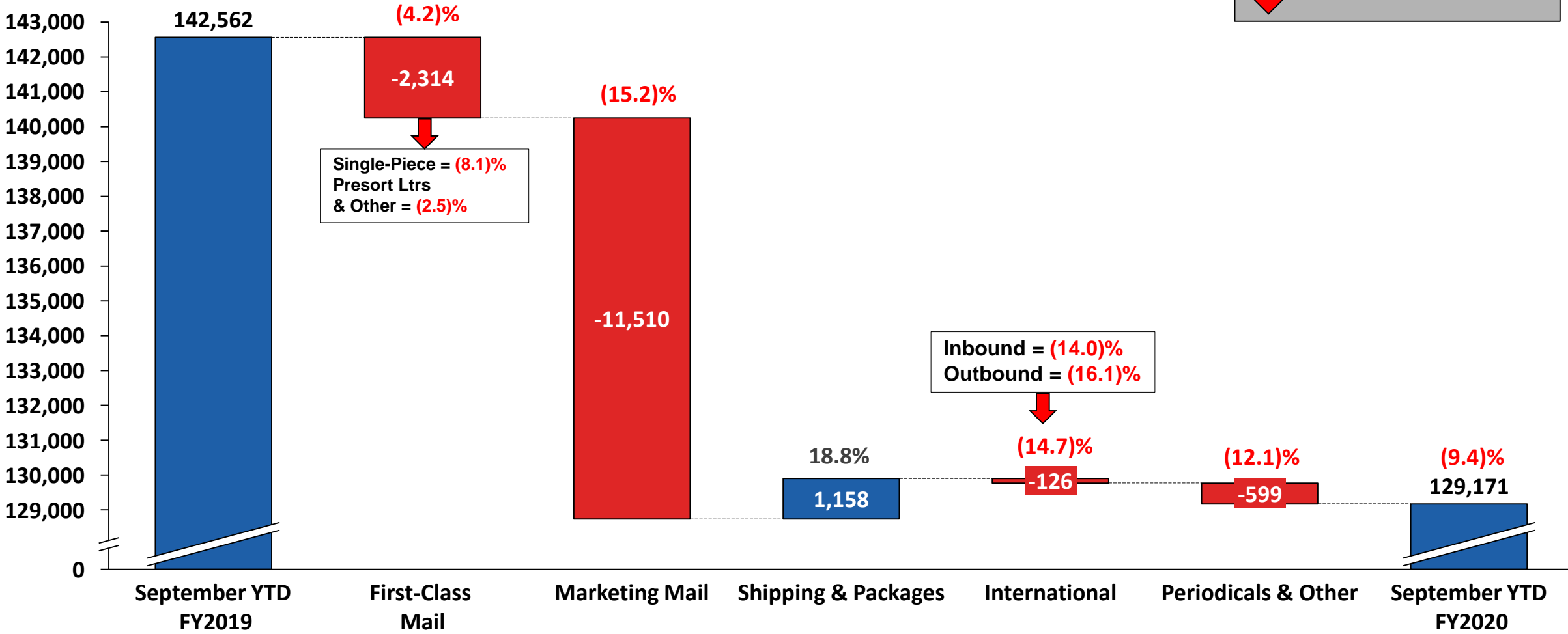
2 - Before Retiree Health Benefits (RHB), Federal Employee Retirement System (FERS), and Civil Service Retirement System (CSRS) unfunded liability amortizations, and non-cash adjustments to workers' compensation liabilities.

3 - This represents the OPM amortization expense related to the FERS, CSRS, and Postal Service RHB Fund liabilities. These were based on OPM's latest updates.

# FY2020 vs. FY2019 September YTD Volume

(Pieces – Millions)

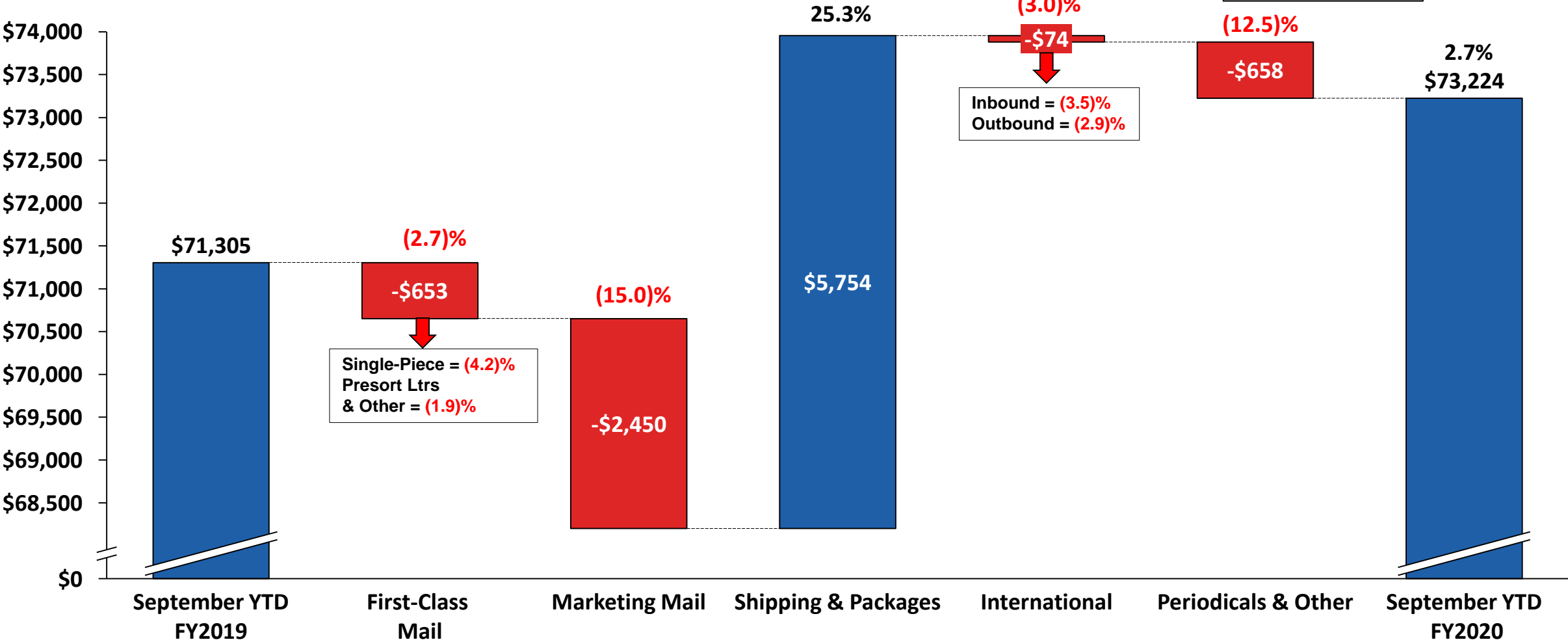
↓ 13.4B Pieces



September YTD FY2020 has two more delivery days and 2.75 more retail days as compared to September YTD FY2019.

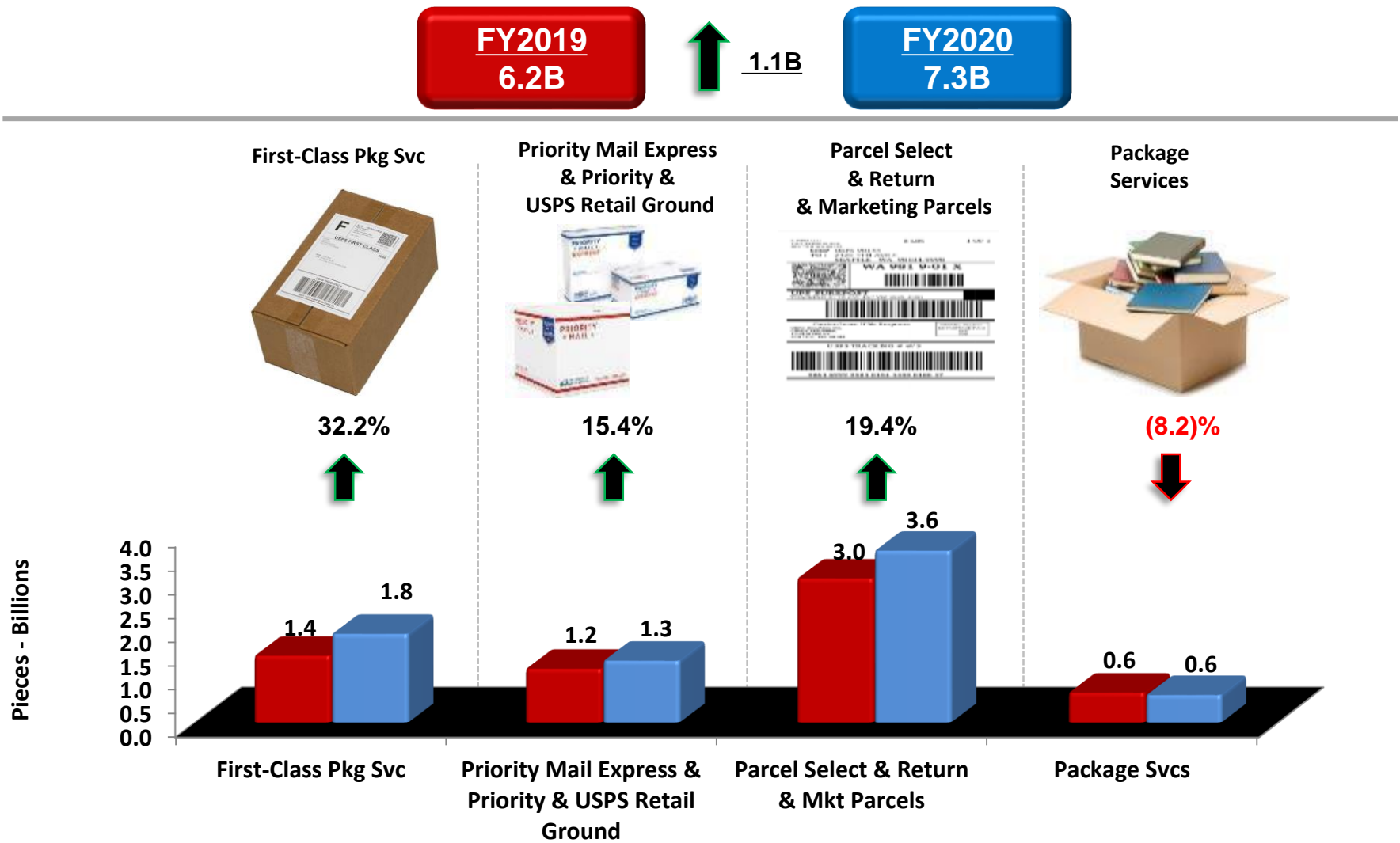
# FY2020 vs. FY2019 September YTD Revenue

(\$ – Millions)



September YTD FY2020 has two more delivery days and 2.75 more retail days as compared to September YTD FY2019.

# Shipping & Packages Volume: FY2020 September YTD vs. FY2019



September YTD FY2020 has two more delivery days and 2.75 more retail days as compared to September YTD FY2019.

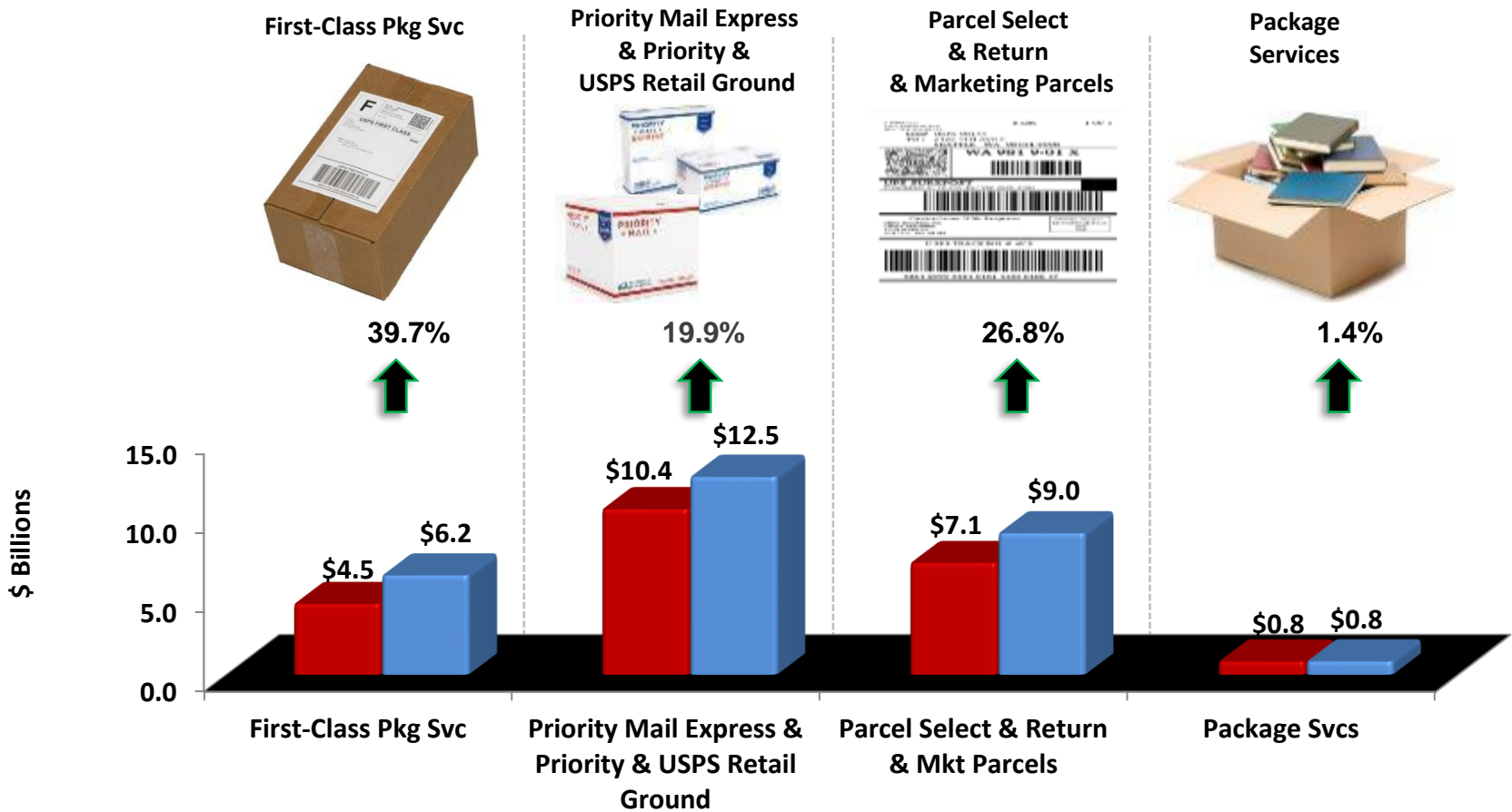
# Shipping & Packages Revenue: FY2020 September YTD vs. FY2019

**FY2019**  
**\$22.8B**



**\$5.7B**

**FY2020**  
**\$28.5B**



September YTD FY2020 has two more delivery days and 2.75 more retail days as compared to September YTD FY2019.

# Controllable Expenses

<b>September YTD (12 Months)</b> <b>(Billions)</b>	<b>FY 2020</b>	<b>FY 2019</b>
<b>Compensation &amp; Benefits <sup>1, 2</sup></b>	<b>\$50.0</b>	<b>\$48.9</b>
<b>FERS Normal Cost</b>	<b>3.8</b>	<b>3.5</b>
<b>RHB Normal Cost</b>	<b>4.0</b>	<b>4.0</b>
<b>Transportation</b>	<b>8.8</b>	<b>8.2</b>
<b>Depreciation</b>	<b>1.7</b>	<b>1.7</b>
<b>Supplies &amp; Services</b>	<b>3.1</b>	<b>2.8</b>
<b>Rent, Utilities &amp; Other</b>	<b><u>5.6</u></b>	<b><u>5.6</u></b>
<b>Controllable Expenses</b>	<b>\$77.0</b>	<b>\$74.7</b>

1 - September YTD FY2020 has two more delivery days and 2.75 more retail days as compared to September YTD FY2019.

2 - Before Retiree Health Benefits (RHB), Federal Employee Retirement System (FERS), and Civil Service Retirement System (CSRS) unfunded liability amortizations, and non-cash adjustments to workers' compensation liabilities.