



POSTAL NEWS

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POSTAL SERVICE POSTS 1ST QUARTER INCOME GAIN DESPITE MAIL DECLINE

FORT LAUDERDALE, FL – The U.S. Postal Service posted a net income of \$1.8 billion in the first quarter of Fiscal Year 2004, nearly a half billion less compared to a similar period last year. During the same period, expenses increased only 1.7 percent, despite the rising costs of health benefits, fuel and the expanding delivery network.

In a report to the Postal Service Board of Governors today, Chief Financial Officer Richard J. Strasser Jr. said revenue for Quarter I was \$18.2 billion, down \$181 million, and expenses were \$16.4 billion, an increase of \$272 million over the same period last year.

“We constrained expenses through our continuing efforts to control costs, increase productivity and reduce work hours,” said Strasser. Historically, the Postal Service generates most of its annual revenue during the first quarter, which includes the heaviest mailing period (Oct. 1 through Dec. 31).

Strasser reported that overall mail volumes dropped three-tenths of a percent to 54.0 billion, while deliveries rose 1.7 million to 141.8 million. Standard Mail increased a modest 51 million pieces or two-tenths of a percent.

“The revenue and volume trends are consistent with the projections relative to the first quarter that were included in our Financial Plan. Also in quarter I, we continue to perform better than forecasted with regard to expenses,” said Strasser. He added that he expects these trends to continue through Quarter 2, after which mail volume in quarters 3 and 4 is expected to increase above last year's levels.

He reported that work hours declined by 10 million, 3 million more than forecasted and productivity increased another 1.7 percent. The number of employees continues to decline through attrition as employees choose regular or voluntary early retirement. In Quarter 1 an additional 8,462 left the work force bringing career employee complement to 719,850.

In other activity today, the Board approved funding to support the sale of the underutilized Kansas City, MO Main Post Office (MPO). The MPO operations and Mid-America District office will be relocated to the Kansas City Union Station and adjacent Railway Express Agency building. The Mid-America district includes central, southern and western Missouri, and the eastern-most portion of Kansas.

The Board also approved funding to construct a new carrier annex in Santa Monica, CA to resolve long-standing space deficiencies.