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POSTAL SERVICE RAISES THE BAR **IN OVERNIGHT DELIVERY**

WASHINGTON, D.C. – The U.S. Postal Service once again reached its all-time high-score of 96 percent on-time performance for overnight delivery of First-Class Mail. The assessment, measured independently by IBM Consulting Services, was announced today during the agency's Board of Governors meeting in California.

This achievement marks ten consecutive measurement periods that the organization reached a 95 percent or better score for on-time overnight delivery of First-Class Mail.

This third quarter measurement for fiscal year 2005 also cites increases in two- and three-day service performance scores from the previous reporting. Two-day is 92 percent, up from 90 percent; and three-day – which is carried by air – is at 90 percent, up from 83 percent.

This report provides an independent assessment of the time it takes a piece of First-Class Mail, once it's deposited into a collection box, to be delivered to one of more than 143.7 million American homes, businesses and Post Office boxes.

During the same period, customer satisfaction was also measured. At 93 percent, this rating marks the fifteenth continuous quarter the Postal Service has earned a 93 percent or better customer satisfaction measurement score.

On the fiscal front, Chief Financial Officer Richard J. Strasser, Jr. reported a net loss in Quarter 3 of fiscal year 2005 compared to the same period last year, as a result of higher fuel and retiree health benefits costs, and workload related increases in volume and deliveries.

Quarter 3 revenue was up \$276 million, a 1.7 percent increase, but expenses rose \$775 million, up 4.7 percent. Revenue from First-Class Mail declined \$68 million, while Standard Mail revenue increased \$161 million as a result of an increase of over one billion pieces. Priority Mail volume increased 15.1 million pieces generating a revenue increase of \$86 million.

“However, we are on target to have a sixth year of positive productivity,” Strasser said, noting that the Postal Service has achieved positive productivity

growth for 23 of the last 24 quarters. Strasser did caution that as the population continues to grow, the increase in related deliveries will continue to add costs.

Deliveries points thus far this year have increased two million compared to the same period last year, bringing total deliveries to 143.7 million.

Since October 1 and through June 30, the Postal Service realized a net income of \$1.7 billion compared to \$2.8 billion during the same period in FY 2004.

Strasser said for the remainder of the year he expects revenue and volume to remain positive, and although offset by continued productivity gains, expenses will be affected by increased fuel costs, producing a net loss in the final quarter of the year. Further, he said actual financial performance through nine months is nearly \$250 million behind the net income assumption in the 2005 rate case.

Board Chairman Jim Miller issued a statement relative to postal reform legislation. The statement has been issued separately.

Also, the Board of Governors approved funding to improve address recognition capabilities of Remote Computer Reader (RCR) equipment. The Postal Service's Distribution Quality Improvement (DQI) Program will increase the amount of letter mail sorted in automated operations, which will ultimately help improve delivery service to customers, while controlling costs.

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EXFC Overnight Service Results**APRIL 1- JUNE 30, 2005 (PQ III, FY 2005)**

EXFC externally measures collection box to mailbox delivery performance. EXFC continuously tests a panel of 463 ZIP Code areas selected on the basis of geographic and volume density from which 90% of First-Class volume originates and 80% destinate. EXFC is not a system-wide Measurement of all First-Class Mail performance.

ALABAMA	95	350, 351, 352, 358, 361, 366
ALASKA*	97	995, 996
ALBANY	96	120, 121, 122, 123, 128, 130, 131, 132, 135, 139
ALBUQUERQUE	95	870, 871
APPALACHIAN	96	240, 250, 251, 252, 253, 263, 264, 265
ARIZONA	95	850, 852, 853, 855, 856, 857
ARKANSAS	96	720, 721, 722, 723, 727
ATLANTA	95	300, 301, 302, 303
BALTIMORE	97	210, 211, 212, 214, 217, 219
BAY VALLEY	96	939, 945, 946, 947, 948, 950, 951
BIG SKY	97	590, 591, 598
BOSTON	95	021, 024
CAPITAL	96	200, 206, 207, 208, 209
CARIBBEAN	94	009
CENTRAL FLORIDA	95	327, 328, 329, 334
CENTRAL ILLINOIS	96	604, 605, 616, 617, 618, 627
CENTRAL NEW JERSEY	95	077, 085, 086, 088, 089
CENTRAL PENNSYLVANIA	96	170, 171, 172, 176, 178, 185, 187, 196
CENTRAL PLAINS	97	515, 516, 666, 670, 671, 672, 680, 681, 685
CHICAGO	94	606, 607
CINCINNATI	93	410, 436, 450, 451, 452, 454, 458, 470
COLORADO/WYOMING	97	800, 801, 802, 803, 809, 820
COLUMBUS	95	430, 431, 432, 433
CONNECTICUT	97	060, 061, 062, 064, 069
DAKOTAS	97	570, 571, 573, 581
DALLAS	95	750, 751, 752, 754, 757
DETROIT	95	481, 482, 492
ERIE	96	159, 161, 164, 165, 166
FORT WORTH	95	760, 761, 762, 764, 791, 794
GATEWAY	95	620, 622, 630, 631, 633, 652
GREATER INDIANA	95	460, 461, 462, 463, 464, 466, 468, 469, 473, 478, 479
GREATER MICHIGAN	96	486, 488, 489, 490, 493, 494, 495
GREATER SOUTH CAROLINA	95	290, 291, 292, 293, 294, 295, 296

GREENSBORO	96	270, 271, 272, 273, 274, 275, 276, 277, 278, 286
HAWKEYE	97	500, 501, 502, 503, 507, 511, 520, 524, 612
HONOLULU	96	967, 968
HOUSTON	95	770, 772, 773, 774
KENTUCKIANA	95	400, 401, 402, 405, 406, 471, 477
LAKELAND	96	530, 531, 532, 535, 537, 543, 544, 549
LONG ISLAND	95	115, 117, 118, 119
LOS ANGELES	94	900, 902, 903, 904, 905
LOUISIANA	95	700, 701, 705, 708, 711
MAINE	96	040, 041, 043, 044, 045, 048
MASSACHUSETTS	95	010, 011, 012, 013, 015, 016, 017, 018, 019
MID-AMERICA	95	640, 641, 658, 661, 662
MID-CAROLINAS	95	280, 281, 282, 283, 288, 297
MISSISSIPPI	97	386, 390, 391, 392, 395
NEVADA-SIERRA	97	890, 891, 895
NEW HAMPSHIRE/ VERMONT	95	030, 031, 032, 033, 034, 038, 050, 054
NEW YORK	95	100, 104
NORTH FLORIDA	96	320, 321, 322, 323, 325, 326
NORTHERN ILLINOIS	96	600, 601, 602, 603, 611
NORTHERN NEW JERSEY	96	070, 071, 072, 073, 074, 075, 076, 078, 079
NORTHERN OHIO	95	440, 441, 442, 443, 445, 447, 449
NORTHERN VIRGINIA	96	201, 220, 221, 222, 223
NORTHLAND	96	540, 546, 550, 551, 553, 554, 559, 563
OKLAHOMA	96	730, 731, 740, 741, 743
PHILADELPHIA METRO	95	180, 189, 190, 191, 193, 194
PITTSBURGH	96	150, 151, 152, 153, 154, 156
PORTLAND	96	970, 971, 972, 973, 974, 986
RICHMOND	97	224, 225, 230, 231, 232, 233, 234, 235, 238
RIO GRANDE	96	765, 767, 780, 781, 782, 784, 786, 787, 788, 789, 797, 799
SACRAMENTO	95	937, 952, 956, 957, 958
SALT LAKE CITY	96	840, 841, 844
SAN DIEGO	96	919, 920, 921, 924
SAN FRANCISCO	95	940, 941, 943, 944, 949
SANTA ANA	95	906, 907, 908, 917, 918, 926, 927, 928
SEATTLE	97	980, 981, 982, 984, 985
SOUTH FLORIDA	95	330, 331, 332, 333
SOUTH GEORGIA	95	309, 310, 312, 314, 319
SOUTH JERSEY	96	080, 081, 082, 083, 084, 197, 198
SOUTHEAST MICHIGAN	96	480, 483, 484, 485

SOUTHEAST NEW ENGLAND	95	020, 023, 027, 028, 029
SPOKANE	97	835, 837, 838, 990, 991, 992, 994
SUNCOAST	95	335, 336, 337, 338, 339, 341, 342, 346
TENNESSEE	95	370, 371, 372, 374, 379, 380, 381
TRIBORO	95	110, 112, 113, 114, 116
VAN NUYS	95	911, 913, 914, 915, 916, 930, 931, 933
WESTCHESTER	96	105, 106, 107, 108, 109, 125
WESTERN NEW YORK	97	140, 141, 142, 143, 144, 145, 146

*No Overnight standard. Score shown is for two-day performance.