



## POSTAL NEWS

FOR IMMEDIATE RELEASE  
Aug. 6, 2008

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Release No. 08-080

### **Postal Service Reports Third Quarter Loss as Economic Slowdown Continues to Affect Mailing Industry** *On-Time Mail Delivery at Record High*

WASHINGTON, DC — The U.S. Postal Service ended its third fiscal year quarter (April 1 – June 30) with a greater-than-expected net loss of \$1.1 billion. The national economic slowdown reduced mail volume at an accelerated pace and continued inflation in fuel prices produced rapidly escalating transportation costs. Despite these financial challenges, Postal Service employees delivered record-breaking service performance in the third quarter.

For the third quarter ending June 30:

- Operating revenue was \$17.9 billion, a decrease of \$437 million, or 2.4 percent, compared to the same period last year.
- Operating expenses totaled \$19.0 billion, an increase of only \$178 million, or 1.0 percent, from the third quarter last year, despite substantial increases in fuel prices.
- Expenses include \$1.4 billion of the \$5.6 billion payment to the Postal Service Retiree Health Benefits Fund that the Postal Service is required to make by Sept. 30, 2008, under the Postal Accountability and Enhancement Act of 2006.
- Mail volume was 48.5 billion pieces, a 5.5 percent drop from the same period last year. First-Class Mail and Standard Mail volume were each down 5.5 percent in the third quarter, reflecting the challenging economic environment.

The fiscal 2008 year-to-date net loss totals \$1.13 billion. The Postal Service had essentially broken even in the first half of the fiscal year. With no economic recovery in sight, the Postal Service expects an end-of-year, economy-driven net loss.

“When the economy does rebound, mail volume may not return to previous levels,” said Postmaster General John Potter. “This requires that we significantly accelerate process improvements and the realignment of resources in order to achieve long-term financial success. Failure to do so will threaten our ability to meet our mission of providing universal service at affordable prices.”

#### **Record-Breaking Service Performance**

In the third fiscal quarter, on-time delivery performance reached record highs for all three categories of First-Class Mail the Postal Service tracks. Overnight service was 97 percent on-time, up from 96 percent the same period last year. Two-day service was 95 percent on-time, up from 93 percent the same period last year. Three-day service was 94 percent on-time, up from 91 percent the same period last year.

“These outstanding results show the tremendous dedication of our employees to provide excellent customer service, especially as we continue to work with our unions to further reduce

costs and increase efficiency," said Potter.

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An independent federal agency, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 146 million homes and businesses, six days a week. It has 37,000 retail locations and relies on the sale of postage, products and services, not tax dollars, to pay for operating expenses. The Postal Service has annual revenue of \$75 billion and delivers nearly half the world's mail.