



February 5, 2007

Honorable Steven W. Williams  
Secretary, Postal Regulatory Commission  
901 New York Avenue NW, Suite 200  
Washington, DC 20268-0001

Dear Mr. Williams:

Pursuant to the Postal Accountability and Enhancement Act, the Postal Service today is electronically filing with the Commission the following:

Current Report 8-K "containing the information prescribed in Form 8-K of the Securities and Exchange Commission." 39 U.S.C. § 3654(a)(1)(C).

For the convenience of the Commission, one hardcopy original also is being delivered to the Commission via messenger.

Sincerely,

A handwritten signature in blue ink that reads "Richard T. Cooper".

Richard T. Cooper  
Chief Counsel, Business and Finance Law

Enclosures

cc: Ms. Taylor

**POSTAL REGULATORY COMMISSION**  
**901 New York Avenue, NW**  
**Suite 200**  
**Washington, D.C. 20268-0001**

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**FORM 8-K**

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**CURRENT REPORT**  
**Pursuant To Section 13 or 15(d) of**  
**The Securities Exchange Act of 1934**  
**and Section 3654 of**  
**The Postal Accountability and Enhancement Act of 2006**

Date of Report (Date of earliest event reported): January 30, 2008

**United States Postal Service**

(Exact name of registrant as specified in its charter)

**n/a**  
(State or other jurisdiction of incorporation  
or organization)

**n/a**  
(Commission File Number)

**41-076000**  
(I.R.S. Employer Identification No.)

**474 L'Enfant Plaza, SW**  
**Washington, D.C.**  
(Address of principal executive offices)

**20260**  
(Zip Code)

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

**n/a**  
(Former name or former address, if changed since last report)

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))

Item 2.02 Results of Operations and Financial Condition

On January 30, 2008, the United States Postal Service announced financial results for the first quarter of fiscal year 2008. Attached hereto are a press release and certain supplemental information setting forth these financial results.

(c) Exhibits

Exhibit 99.1 Press release.

Exhibit 99.2 Supplemental Information

Signatures

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  
(Registrant)

By: Lynn Malcolm  
(Signature)  
Lynn Malcolm  
Vice President, Controller

Date: Feb. 5, 2008



## POSTAL NEWS

FOR IMMEDIATE RELEASE  
Feb. 5, 2008

Contact: David Partenheimer  
(O)202-268-8567  
(C)202-262-3275  
[david.a.partenheimer@usps.gov](mailto:david.a.partenheimer@usps.gov)  
[usps.com/news](http://usps.com/news)  
Release No. 08-009

### **Postal Service Achieves Positive Net Income Despite Volume Drop** *Adjusts to Changing Economy, Focuses on Revenue Growth*

WASHINGTON, DC — The U.S. Postal Service ended the first quarter of fiscal 2008 with net income of \$672 million on revenue of \$20.4 billion, according to preliminary financial results released Jan. 30.

Total revenue for the quarter ending Dec. 31 was up 3.5 percent over the same period last year primarily due to the May price change. The price increase masked weak volume for the quarter. Total mail volume declined 3 percent; First-Class Mail was particularly affected, declining by 3.9 percent.

"The economic downturn was the main factor for the volume decline, as the hard-hit financial and housing sectors are heavy users of the mail," said Postmaster General John Potter. "I'm proud our managers and employees adjusted quickly to these changing market conditions, making a positive quarterly net income possible. Not only did they help us tighten our belt, but they provided record levels of service."

Total expenses were \$19.7 billion, versus 22.7 billion for the same period last year. The \$3.0 billion difference was due to the one-time expense of funding retiree health benefits required in quarter one 2007 by the Postal Accountability and Enhancement Act of 2006. Excluding the one-time cost, expenses remained constant, despite rising fuel and labor costs. This was accomplished while serving an additional 1.7 million new addresses versus the same period last year.

"Because mail volume for the rest of the year is uncertain, we'll continue to streamline operations to manage expenses and improve on-time delivery to provide even greater value to the American people," said Potter. "We also intend to take full advantage of the pricing flexibility afforded by the new law, work with customers to better meet their needs, and find new ways to grow revenue."

**Note:** 2007 quarterly results are being revised to make them comparable with 2008 results and bring them fully in accordance with SEC financial reporting requirements, as mandated by the Postal Act of 2006. These revisions changed the timing of some revenues and expenses within the year, without affecting the annual result. The revisions increased the 2007 first-quarter loss to \$3.0 billion, up from the \$2.7 billion loss reported last year. There also will be revisions to second- and third-quarter 2007 results. The annual net loss of \$5.1 billion for 2007 is not affected.

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

Exhibit 99.2

See attached.



UNITED STATES  
POSTAL SERVICE®

# **Financial Update**

## **Board of Governors' Open Session**

**January 30, 2008**

**H. Glen Walker**

**Chief Financial Officer & Executive Vice President**



# Preliminary Income Statement

## Qtr I, FY 2008

	<u>Actual</u>	<u>SPLY</u>	<u>VAR</u>	<u>%SPLY</u>
Volume	55,394	57,103	-1,710	-3.0%
Revenue	\$20,377	\$19,689	\$688	3.5%
Expense	<u>19,705</u>	<u>19,702</u>	<u>3</u>	0.0%
Operating Income/Loss	\$672	-\$13	\$685	
Prior-Year Escrow	\$0	\$2,958	-\$2,958	
Net Income/Loss	\$672	-\$2,971	\$3,643	

(Data in Millions)

Financial Update

Numbers may not add due to rounding



## **Revenue Variance to SPLY\***

	<b><u>Qtr I YTD</u></b>
<b>Commercial</b>	<b>\$495</b>
<b>Retail</b>	<b>210</b>
<b>Other</b>	<b><u>-17</u></b>
<b>Total Revenue Variance</b>	<b>\$688</b>

(Data in Millions)

\*Updated January 31, 2008



## Volume Performance

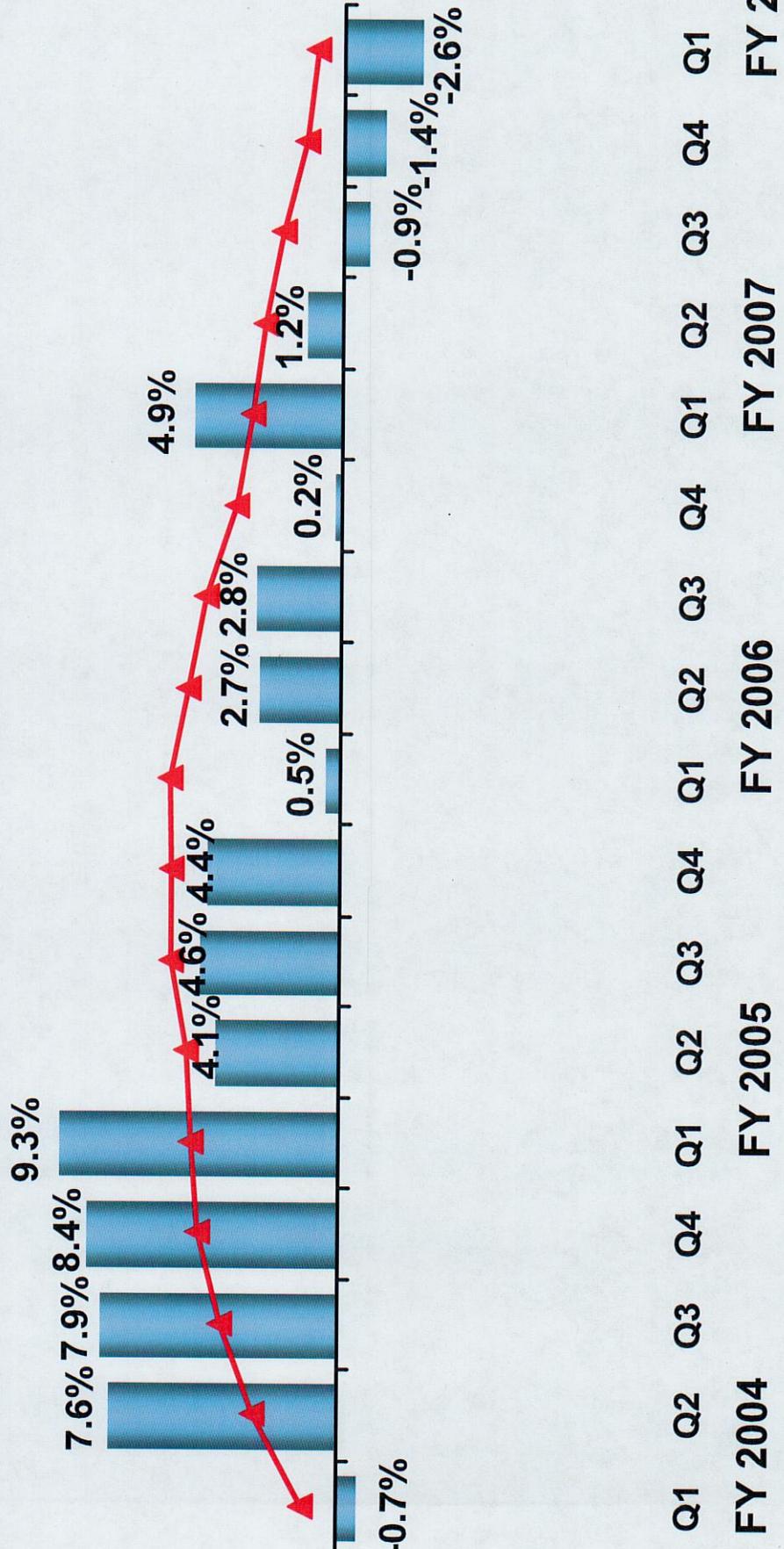
	Qtr I	SPLY
	<u>YTD</u>	<u>Change</u>
First-Class	24.4B	-3.9%
Standard	27.7B	-2.6%
Periodicals	2.2B	+1.2%
Express	12M	-10.9%
Priority	240M	-4.9%
Package Svc.	318M	-3.4%
<b>Total All Mail</b>	<b>55.4B</b>	<b>-3.0%</b>







# Standard Mail Volume



■ % SPLY      ▲ 8 Quarter Moving Average Growth Rates

Financial Update



## **Expense Variance to SPLY\***

	<u>Qtr 1 YTD</u>
Retiree Health Benefits	+\$66
Transportation	-2
Compensation & Benefits	-97
Supplies & Services	+37
Workers Compensation	-170
Depreciation	+83
Other	<u>+86</u>
<b>Total Expense Variance</b>	<b>+\$3</b>

(Data in Millions)

\*Updated January 31, 2008



## **FY 2008 Debt through Quarter I YTD**

<b>Beginning Debt</b>	<b>\$4.2</b>
<b>Payment of Debt</b>	<b><u>-\$1.0</u></b>
<b>Ending Debt</b>	<b>\$3.2</b>

(Data in Billions)



## **Summary**

- **The economic environment worsened in the 1<sup>st</sup> Quarter putting pressure on volumes and revenues**
  - **Housing**
  - **Financial Industry**
  - **Rising Fuel Prices**
  - **Business and consumer confidence declined**
- **Much more volatility clouds the outlook going forward**
  - **Focus intensively on the customer to generate revenue**
  - **Accelerate Reduction of cost**



**Financial Update**

**Board of Governors'**  
**Open Session**

**January 30, 2008**

**H. Glen Walker**  
**Chief Financial Officer & Executive Vice President**