

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

FORM 8-K

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): August 5, 2010

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.)

475 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 August 5, 2010, the United States Postal Service announced financial results for the third quarter of fiscal year 2010. Attached hereto 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 August 5, 2010 regarding financial results for the quarter ended June 30, 2010.

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: 
(Signature)

Vincent H. DeVito
Vice President, Controller

Date: 8/9, 2010

Exhibit 99.1

(See attached)



FOR IMMEDIATE RELEASE
August 5, 2010

POSTAL NEWS

Contact: Greg Frey
(O) 202-268-2168
greg.a.frey@usps.gov
usps.com/news
Release No. 10-077

Postal Service Ends Third Quarter with \$3.5 Billion Loss *Cash Shortfall Likely in 2011; Customer Service Scores Remain High*

WASHINGTON — The U.S. Postal Service ended the third quarter of fiscal year 2010 (April 1 – June 30) with a net loss of \$3.5 billion, compared with a net loss of \$2.4 billion for the same quarter last year. Third-quarter mail volume totaled 40.9 billion pieces – down approximately 700 million pieces, or 1.7 percent, compared to a year ago.

Complete USPS third-quarter results include operating revenue of \$16 billion, some \$294 million less than the same period last year, and operating expenses of \$19.5 billion, an increase of \$789 million, or 4.2 percent, over the third quarter last year.

The increase in operating expenses was attributable largely to higher workers' compensation expenses due to a non-cash fair value adjustment and higher retiree health benefits expenses. Lower interest rates adversely affected the workers' compensation liability, resulting in a \$2 billion expense for the quarter – \$870 million higher than the same quarter last year.

A significant portion of USPS losses in the past few years has been due to an unprecedented decline in mail volume – down by more than 20 percent since 2007. The replacement of letter mail and business-transactions mail by electronic alternatives continues to cause downward pressure on mail volume.

The organization's financial situation is compounded by its obligation to pay \$5.4 billion to \$5.8 billion annually to prefund retiree health benefits. This requirement, established in the Postal Accountability and Enhancement Act of 2006 (PAEA), is an obligation unique to the Postal Service.

Liquidity remains a major concern as the end of the fiscal year approaches. Although cash flow appears to be sufficient for 2010 operations, it is uncertain whether cash flow, together with maximum available borrowing of \$3 billion, will be enough to fund the Congressionally-mandated \$5.5 billion payment to the Retiree Health Benefit Fund on September 30 and retain sufficient liquidity into 2011, according to Joseph R. Corbett, the Postal Service's Chief Financial Officer.

"Given current trends, we will not be able to pay all 2011 obligations," said Corbett. "Despite ongoing aggressive cost reductions totaling over \$10 billion in the last three years, it is clear that a liquidity problem is looming and must be addressed through fundamental changes requiring legislation and changes to contracts"

The Postal Service has incurred net losses in 14 of the last 16 fiscal quarters. The fiscal 2010 year-to-date net loss is \$5.4 billion, compared to a loss in the same period last year of \$4.7 billion.

Postmaster General John Potter noted that despite the cost-cutting, the Postal Service has continued to maintain a high level of customer service. The third-quarter service score for overnight single-piece First-Class Mail was 96.7 percent on-time, an improvement of 0.4 percent from the same period last year.

"Our dedication to customer service remains a top priority," Potter said. "We continue to provide dependable customer service even as we focus on reducing costs. With the dedicated efforts of our entire organization, we are well on track to achieve approximately \$3 billion in total cost reductions in 2010," said Potter.

Cost reductions center on initiatives to improve efficiency and match work hours to reduced mail volume. Other savings are coming from consolidating excess capacity in mail processing and transportation networks, realigning carrier routes, delaying construction of new postal facilities and a variety of other initiatives.

Work hours were reduced by 63 million in the first three quarters of fiscal 2010, or 6.6 percent compared to the first three quarters of 2009. That is the equivalent of about 36,000 full-time employees.

"Securing the fiscal stability of the Postal Service will require continued efforts in all of these areas, as well as further review of retiree health benefit prefunding," said Potter. "It also will require that the Postal Service gain flexibility within the law to move toward five-day delivery, to adjust our network as needed, to develop new products the market demands, and to work with our unions to meet the challenges ahead."

Details are contained in the Postal Service Form 10-Q report that will be available Aug. 9, 2010, at <http://www.usps.com/financials/> (click Form 10-Q under Quarter Reports).

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Please Note: For broadcast quality video and audio, photo stills and other media resources, visit the USPS Newsroom at www.usps.com/news.

A self-supporting government enterprise, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 150 million residences, businesses and Post Office Boxes. The Postal Service receives no direct support from taxpayers. With 36,000 retail locations and the most frequently visited website in the federal government, the Postal Service relies on the sale of postage, products and services to pay for operating expenses. Named the Most Trusted Government Agency five consecutive years and the sixth Most Trusted Business in the nation by the Ponemon Institute, the Postal Service has annual revenue of more than \$68 billion and delivers nearly half the world's mail. If it were a private sector company, the U.S. Postal Service would rank 28th in the 2009 Fortune 500.

Exhibit 99.2

(See attached)



UNITED STATES
POSTAL SERVICE®

Financial Update

Board of Governors' Open Session

August 5, 2010

Joe Corbett

Chief Financial Officer & Executive Vice President



Financial Results

Three Months Ended June 30, 2010

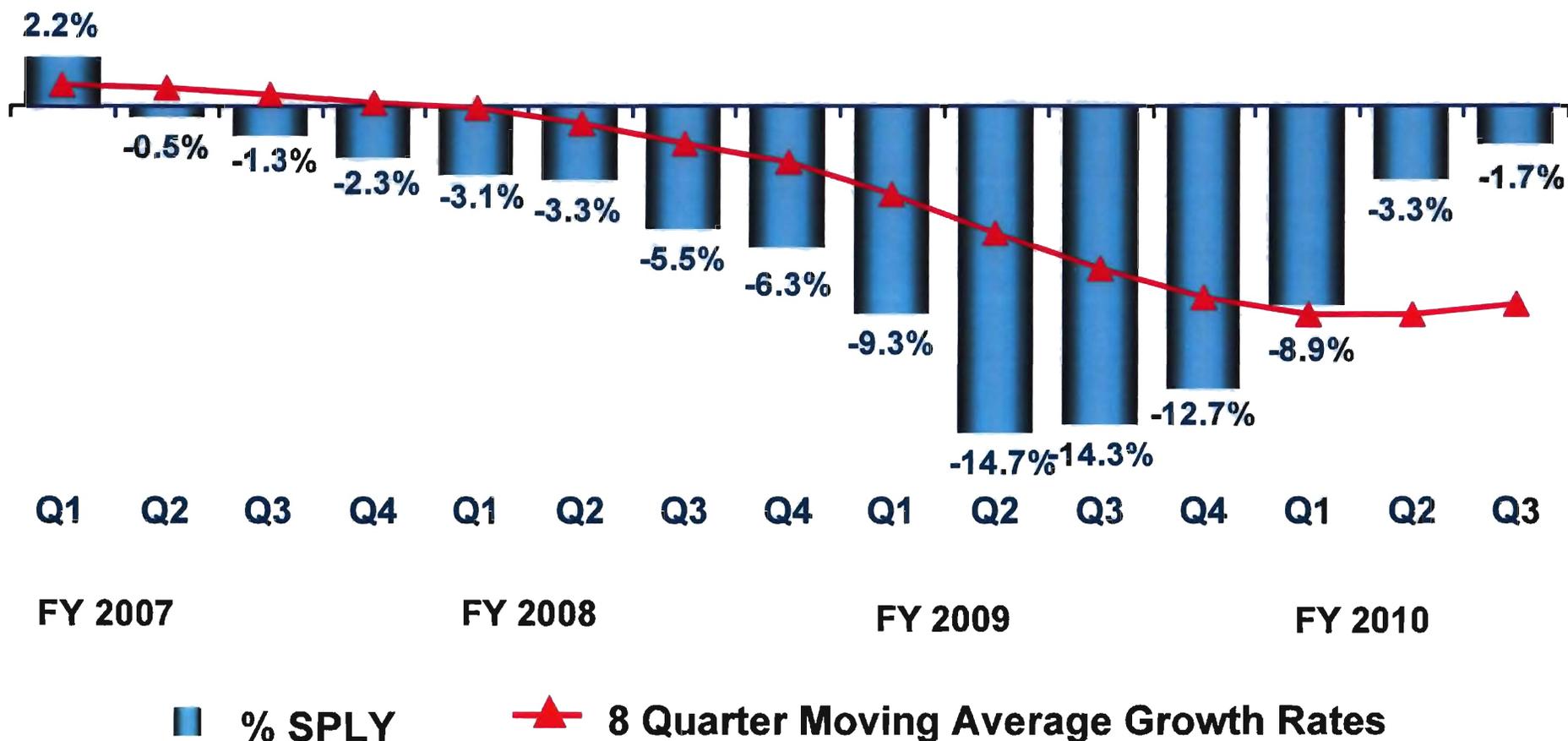
(in Billions)	<u>2010</u>	<u>2009</u>	<u>(\$ Chg)</u>	<u>(% Chg)</u>
Revenue	\$16.1	16.4	(0.3)	(1.8)
Expenses ⁽¹⁾	<u>17.9</u>	<u>18.0</u>	<u>(0.1)</u>	(0.3)
Loss ⁽¹⁾	(\$1.8)	(1.6)	(0.2)	
Workers' Comp. Adj.	<u>1.7</u>	<u>0.8</u>	<u>0.9</u>	
Net Loss	<u>(\$3.5)</u>	<u>(2.4)</u>	(1.1)	
Volume (Pieces)	40.9	41.6	-0.7	-1.7%

(1) Excluding the effects of Non-Cash, Fair Value Adjustments to Workers' Compensation Liabilities



Quarterly Volume Changes

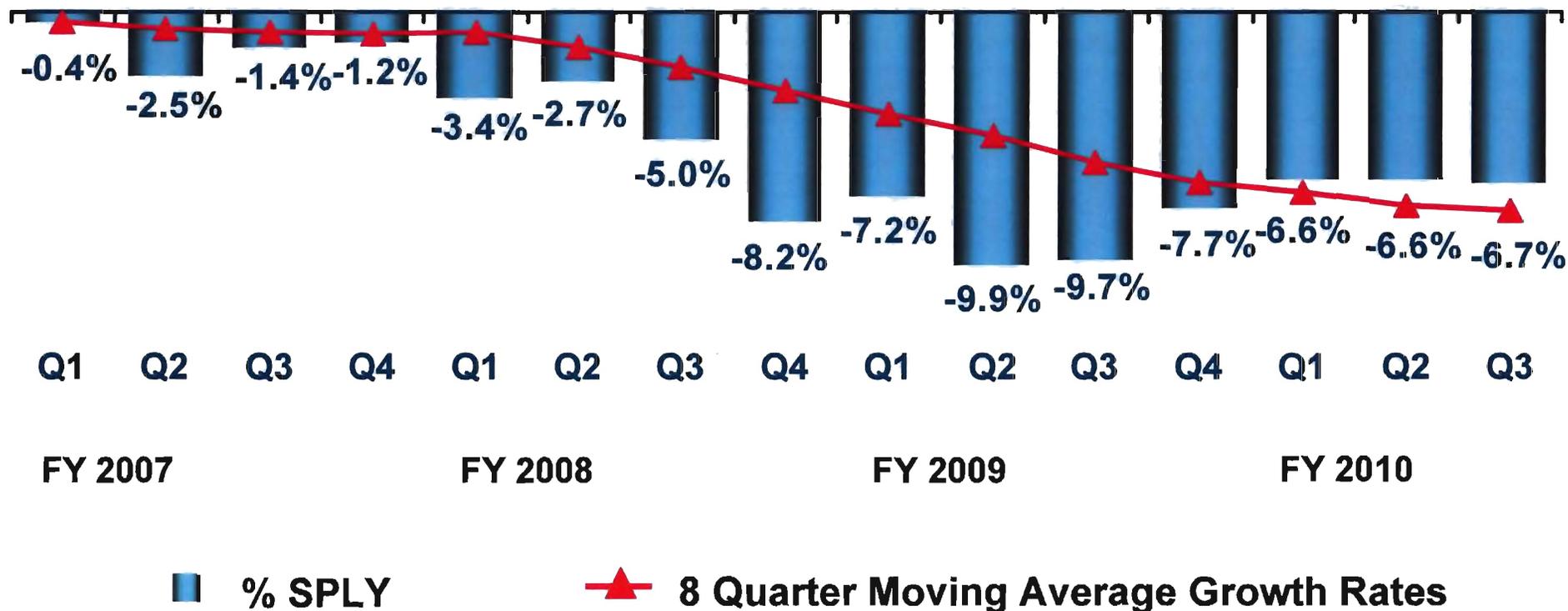
Total Mail Volume





Quarterly Volume Changes

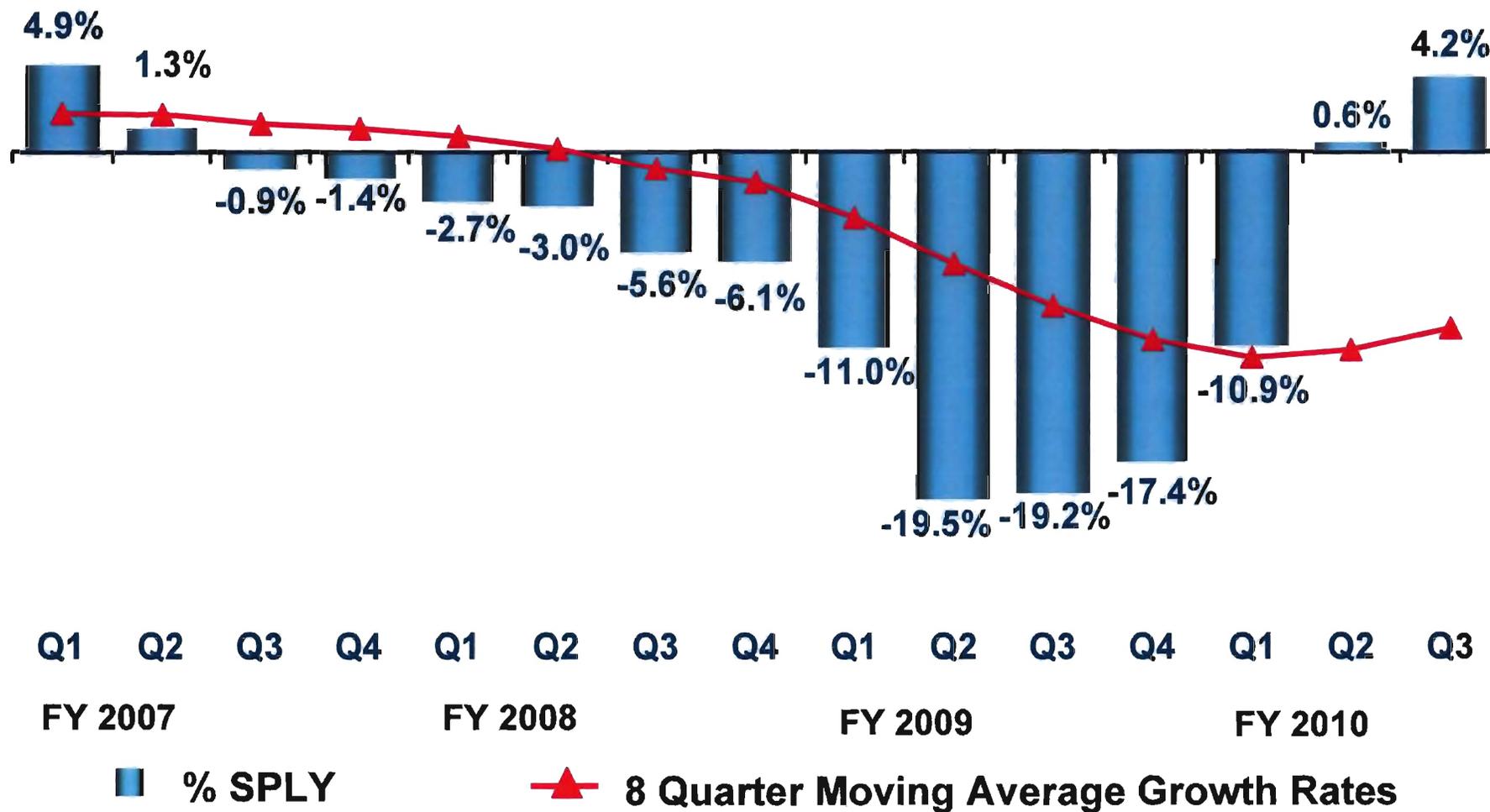
First-Class Mail Volume





Quarterly Volume Changes

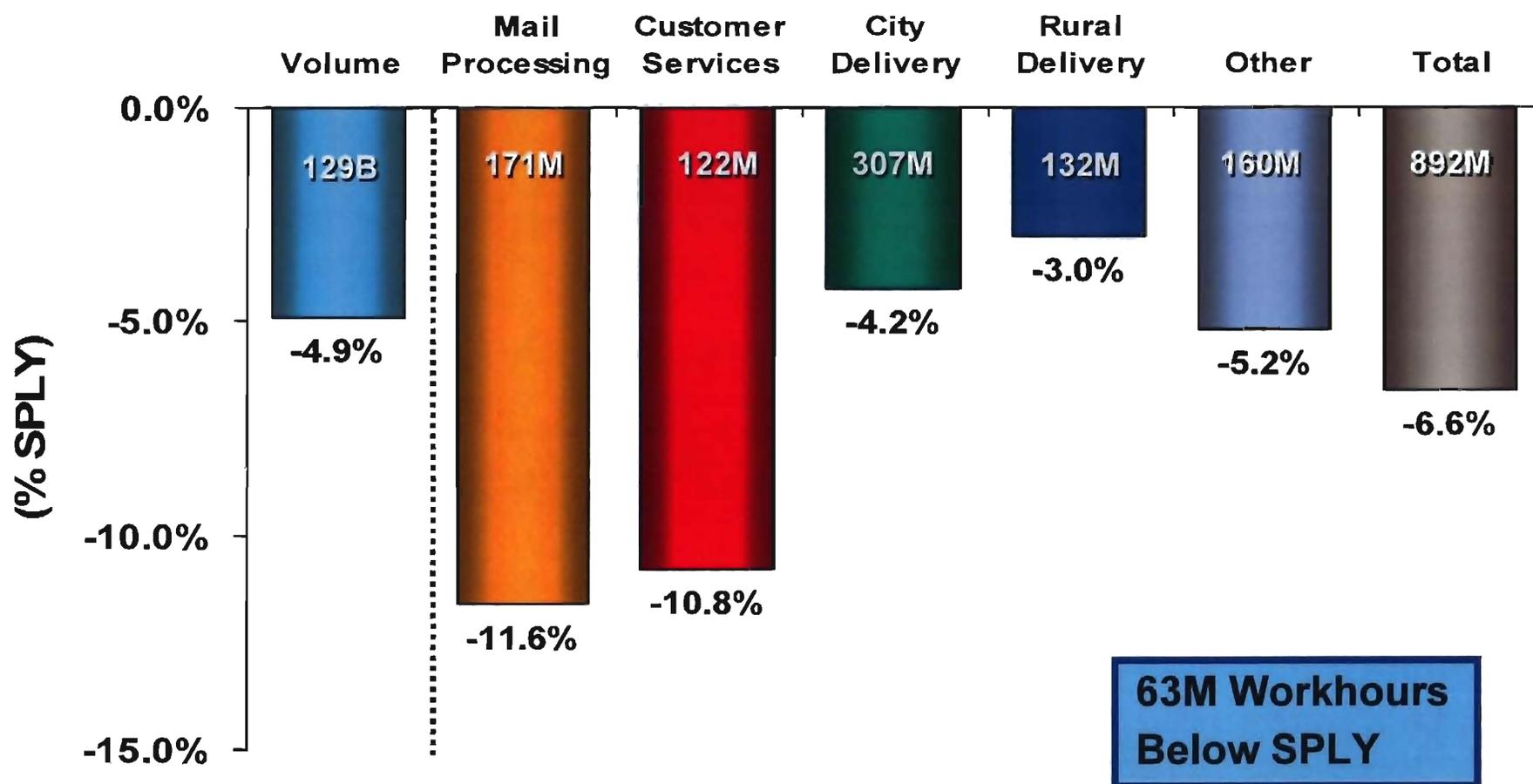
Standard Mail Volume





Workhours

Nine Months Ended June 30, 2010





Financial Results

Nine Months Ended June 30, 2010

(in Billions)	<u>2010</u>	<u>2009</u>	<u>(\$ Chg)</u>	<u>(% Chg)</u>
Revenue	\$51.1	52.4	(1.3)	(2.4)
Expenses ⁽¹⁾	<u>55.0</u>	<u>56.3</u>	<u>(1.3)</u>	(2.2)
Loss ⁽¹⁾	(\$3.9)	(3.9)	--	
Workers' Comp. Adj.	<u>1.5</u>	<u>0.8</u>	<u>0.7</u>	
Net Loss	<u>(\$5.4)</u>	<u>(4.7)</u>	(0.7)	
Volume (Pieces)	129.0	135.6	-6.6	-4.9%

(1) Excluding the effects of Non-Cash, Fair Value Adjustments to Workers' Compensation Liabilities



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Financial Update

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