

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): February 9, 2011

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 **20260**
Washington, D.C. (Zip Code)
(Address of principal executive offices)

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 February 9, 2011, the United States Postal Service announced financial results for the quarter ended on December 31, 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 February 9, 2011 regarding financial results for the quarter ended on December 31, 2010.

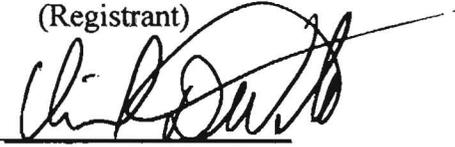
Exhibit 99.2 Supplemental Information.

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: February 9, 2011

Exhibit 99.1

(See attached)

FOR IMMEDIATE RELEASE
Feb. 9, 2011

Contact: Greg Frey
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greg.a.frey@usps.gov
usps.com/news
Release No. 11-014

Postal Service Begins 2011 with Loss in First Quarter *Recession eases, but First-Class Mail volume continues to decline*

WASHINGTON — The U.S. Postal Service (USPS) ended the first quarter of this fiscal year (Oct. 1 - Dec. 31, 2010) with a net loss of \$329 million, compared to a net loss of \$297 million for the same period in fiscal year 2010. Excluding the cost of prefunding future retiree healthcare benefits and noncash adjustments to the workers' compensation liability, the Postal Service would have had a net income of \$226 million for the first quarter.

Despite significant cost reductions and efforts to grow revenue, current financial projections indicate that the Postal Service will have a cash shortfall and will have reached its statutory borrowing limit by the end of the fiscal year. Absent changes in applicable laws, the Postal Service will be forced to default on some of its financial obligations to the federal government on Sept. 30, 2011.

"The Postal Service continues to seek changes in the law to enable a more flexible and sustainable business model," said Postmaster General and CEO Patrick R. Donahoe. "We are eager to work with Congress and the Administration to resolve these issues prior to the end of the fiscal year."

Economic indicators suggest that the worst of the precipitous volume decline during the recession is over. The lack of strong economic growth, however, continues to have an impact on the Postal Service's financial situation. Total mail volume increased a modest 707 million pieces or 1.5 percent for the first quarter of 2011, compared to the first quarter of 2010. Total mail volume remains well below the 2006 peak.

Mailing Services revenue of \$15.3 billion decreased \$520 million, or 3.3 percent, in the first quarter of 2011, compared to the same period a year ago. Mailing Services volume of 45.9 billion represents a 1.5 percent increase from the same period a year earlier. Revenues from Mailing Services declined despite an increase in overall volume. The increase in revenue from Standard Mail was not sufficient to offset the loss of revenue from the reduced volume of First Class Mail.

Mailing Services results include:

- First-Class Mail revenue of \$8.8 billion, on volume of 20 billion pieces;
- Standard Mail revenue of \$5 billion, on volume of 23.8 billion pieces;
- Periodicals revenue of \$480 million, on volume of 1.8 billion pieces; and
- Package Services revenue of \$431 million, on volume of 186 million pieces.

Shipping Services revenue of \$2.6 billion increased 1.7 percent or \$42 million compared to the same period a year ago. Shipping Services volume of 422 million pieces represented a 2.4 percent increase compared to the same period a year earlier.

Details of the first quarter results include:

- Operating revenue of \$17.9 billion, compared to \$18.4 billion in the same period a year earlier, a decrease of 2.6 percent;
- Operating expenses of \$18.2 billion, compared to \$18.6 billion in the same period a year earlier, a decrease of 2.4 percent;
- Total mail volume of 46.4 billion pieces, compared to 45.7 billion pieces in the same period a year earlier, an increase of 1.5 percent.

The Postal Service reduced work hours in the first quarter by 6.4 million hours or 2.1 percent representing a reduction of approximately 3,600 full time equivalent employees. The number of career employees on Dec. 31, 2010 was 578,292, a reduction of 5,616 employees since the beginning of the first quarter. Since Dec. 31, 2007, the number of career employees has been reduced by 102,721 or 15.1 percent

Service performance remained excellent during the first quarter, with the national score for overnight Single-Piece First-Class Mail arriving on-time 96 percent of the time, a slight improvement over the same period a year earlier.

"I am very proud of our workforce. Postal employees continue to deliver exceptional service in these difficult times and in very challenging weather," said Postmaster General Patrick R. Donahoe, addressing the Postal Service's Board of Governors in open session today in Washington.

Several new marketing initiatives have been introduced that may help to improve revenue growth in 2011, including expansion of simplified addressing for business mailers, Priority Mail Regional Rate Boxes, Reply Rides Free, customized cards and the sale of gift cards. In addition, in January 2011, new Shipping Services prices increased an average of 3.6 percent. New Mailing Services prices that are limited to the Consumer Price Index cap of 1.7 percent, will take effect in April. While new marketing initiatives and price increases may help improve revenue growth, electronic diversion implies long term structural changes in demand.

The Postal Service is aggressively pursuing a plan to reduce total expenses, which include organizational redesign initiatives. The Postal Service projects \$2 billion in cost savings in fiscal year 2011, including a reduction of some 40 million work hours across the organization. Benefits of these initiatives, however, may be offset by rising fuel prices. Also, new contracts with the American Postal workers Union (APWU) and the National Rural Letter Carriers Association (NRLCA) are currently in negotiation.

Copies of the first quarter financial results will be available later today on the Postal Service website: http://www.usps.com/financials/doc/Quarter_1_FY11_10Q_Final.doc

The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations.

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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 tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations. With 32,000 retail locations and the most frequently visited website in the federal government, *usps.com*, the Postal Service has annual revenue of more than \$67 billion and delivers nearly 40 percent of the world's mail. If it were a private sector company, the U.S. Postal Service would rank 29th in the 2010 Fortune 500. *Black Enterprise* and *Hispanic Business* magazines ranked the Postal Service as a leader in workforce diversity. The Postal Service has been named the Most Trusted Government Agency six consecutive years and the sixth Most Trusted Business in the nation by the Ponemon Institute.

Exhibit 99.2

(See attached)

Financial Matters: First Quarter – FY 2011

***Board of Governors'
Open Session***
February 9, 2011

Joe Corbett
Chief Financial Officer & Executive Vice President

Quarter 1 (Billions)	FY 2011	FY 2010
Revenue	\$17.9	18.4
Expenses	<u>17.5</u>	<u>17.4</u>
Operating Income	0.4	1.0
RHB Pre-Funding	(1.4)	(1.4)
Workers' Comp Adj. *	<u>0.7</u>	<u>0.1</u>
Net Loss	<u>(\$0.3)</u>	<u>(0.3)</u>
Volume (Pieces)	46.4	45.7

* Non-Cash adjustments to workers' compensation liability

Quarter 1 (Billions)	FY 2011	FY 2010
First-Class Mail	20.0	21.2
Standard Mail	23.8	21.9
Periodicals Mail	1.9	1.9
Package Services	0.2	0.2
Other Mailing Services	<u>0.1</u>	<u>0.1</u>
Total Mailing Services	46.0	45.3
Total Shipping Services	0.4	0.4
Total Volume	<u>46.4</u>	<u>45.7</u>

Quarter 1 (Billions)	FY 2011	FY 2010
Compensation & Benefits	\$13.6	13.6
Transportation	1.7	1.5
Depreciation	0.6	0.6
Supplies & Services	0.6	0.6
Rent, Utilities & Other	1.0	1.1
Operating Expense	\$17.5	17.4

