

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 8, 2013

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 February 8, 2013, the United States Postal Service announced financial results for the period ended on December 31, 2012. Attached hereto are a press release and certain supplemental information setting forth those financial results.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

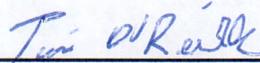
Exhibit 99.1 Press release issued on February 8, 2013 regarding financial results for the period ended on December 31, 2012.

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)
Timothy O'Reilly
Vice President, Controller

Date: February 8, 2013

Exhibit 99.1

(See attached)



POSTAL NEWS

FOR IMMEDIATE RELEASE
Feb. 8, 2013

Contact: David Partenheimer
david.a.partenheimer@usps.gov
202.268.2599
usps.com/news
Release No. 13-021



Package Growth and Record Efficiency Mitigate First Quarter Loss

- *Postal Service Ends First Quarter with \$1.3 Billion Loss*
- *Board Directed Accelerated Operational and Other Cost-Cutting Actions Moving Forward*
- *Postal Reform Legislation Urgently Needed to Complete USPS's Return to Profitability*

WASHINGTON — The U.S. Postal Service ended the first three months of its 2013 fiscal year (Oct. 1 – Dec. 31, 2012) with a net loss of \$1.3 billion. Continued growth in Shipping and Package revenue (+4.7%) and increased efficiency helped mitigate but could not fully offset the financial effects of continued First-Class Mail volume declines and costs that are beyond Postal Service management control. As a result, the Postal Service recently announced it would move forward with accelerated cost-cutting actions necessary to help maintain liquidity because Congress has not passed comprehensive postal reform legislation.

The first quarter is traditionally the Postal Service's strongest financial quarter, mainly due to the holiday mailing and shipping season. The Quarter One results were also aided by growth in Standard (advertising) Mail during the months leading up to the election. The holiday season resulted in a strong increase in competitive package volume as customers took advantage of Postal Service Priority Mail flat rate pricing and increasingly turned to the Postal Service for last-mile delivery.

"The encouraging results from our holiday mailing season cannot sustain us as we move deeper into the current fiscal year and face continuing financial challenges," said Postmaster General and CEO Patrick Donahoe. "By moving forward with the accelerated cost-cutting actions directed by our Board of Governors, we will continue to become more efficient and come closer to achieving long-term financial stability. We urgently need Congress to do its part and pass legislation that allows us to better manage our costs and gives us the commercial flexibility needed to operate more like a business does. This will help ensure the future success of the Postal Service and the mailing industry it supports."

One of the accelerated actions, announced earlier this week, is the transition to a [new delivery schedule](#) during the week of Aug. 5, 2013. Packages will be delivered Monday through Saturday and mail will be delivered Monday through Friday, resulting in an annual cost savings of approximately \$2 billion once the new delivery plan is fully implemented.

The Postal Service continues to suffer from a severe lack of liquidity. Current projections indicate that the Postal Service will once again have a low level of liquidity in the second half of this year and that there will be insufficient funds to make the required \$5.6 billion payment due Sept. 30 to prefund retiree health benefits. Further, as was the case last year, this cash position will worsen in October when the Postal Service is required to make its' annual payment of approximately \$1.4 billion to the Department of Labor for workers' compensation. Current projections show the Postal Service will have less than five days of operating cash reserves by the end of the 2013 fiscal year, an unsustainable position given the lack of commercial flexibility to react to possible

economic downturns or other issues that may impact liquidity.

"We have mitigated our losses through growing the package business and continuing to improve our efficiency which reached a new record in the most recent quarter. However, our liquidity concerns can only be fully resolved if Congress takes action to address our unsustainable business model, including resolving the overly-aggressive payment schedule to prefund retiree health benefits," said Chief Financial Officer Joe Corbett. "The Postal Service will continue to prioritize payments to our employees and suppliers ahead of those to the Federal Government to ensure that we maintain high-quality customer service."

First Quarter Results of Operations Compared to Same Period Last Year

- Total mail volume of 43.5 billion pieces compared to 43.6 billion pieces
 - First-Class Mail volume declined 4.5 percent
 - Standard Mail volume increased 3.6 percent, with assistance from the elections
 - Shipping and Package volume increased 4.0 percent
- Operating revenue of \$17.7 billion, a decrease of only \$17 million or less than one percent
- Operating expenses of \$18.9 billion compared to \$20.9 billion, a decrease of 9.8 percent.

The large decrease in total operating expenses is attributable to continued cost management actions and the Postal Service accruing of only one legally required payment this year to prefund retiree health benefits. In 2012, the Postal Service was accruing amounts related to two such payments – one rescheduled from the previous year. The Postal Service was forced to default on both payments last year (\$11.1 billion) and may be forced to default on this year's \$5.6 billion payment absent passage of legislation.

Revenue from First-Class Mail, the Postal Service's most profitable service category, decreased \$237 million, or 3.1 percent from the same period last year, with a volume decrease of 834 million pieces, or 4.5 percent. The continued migration toward electronic communication and transactional alternatives is the most significant factor contributing to this ongoing decline.

Standard Mail revenue increased \$141 million, or 3.1 percent in the first quarter compared to the same period last year on a volume increase of 783 million pieces, or 3.6 percent. This increase is largely attributable to both official election and political campaign mail related to the Presidential and Congressional elections mailed during the quarter.

The Postal Service's shipping business continues to show solid growth. Shipping and Package revenue increased \$154 million or 4.7 percent over 2012 first quarter results, fueled by the growth of online shopping and the ongoing success of Postal Service marketing campaigns to promote the value of USPS shipping services. Revenue from Parcel Return and Parcel Select Services grew 19.2 percent over the same period last year as the Postal Service continues to capitalize on its competitive advantage in providing the "last mile" service. First-Class Packages also continued to show strong growth in the first quarter with an increase in revenue of \$52 million or 13.2 percent over the first quarter of 2012.

Complete financial results are available in the Form 10-Q, available after 10 a.m. ET today at <http://about.usps.com/who-we-are/financials/welcome.htm>

Financial Briefing Today

Postmaster General & CEO Patrick R. Donahoe and Chief Financial Officer Joe Corbett will host a telephone/web conference call at 11:30 a.m. ET today (Feb. 8) to discuss the financial results.

The call is open to the news media and all other interested parties.

To attend by phone with audio only, dial 866-966-6305 (meeting ID: 4002211).

To attend the web conference and join with audio:

- 1) Browse to <http://meetingplace4.usps.gov/join.asp?4002211>
- 2) After the MeetingPlace window is open, click the Phone icon (Under the Participant List or in the upper right-hand corner).
- 3) Click Connect Me, validate or update your phone number and click Connect Me again.
- 4) When the system calls you, press 1 to join.

The briefing will also be available on live audio webcast (listen only) at:
<http://about.usps.com/news/electronic-press-kits/cfo/welcome.htm>

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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For reporters interested in speaking with a regional Postal Service public relations professional, please go to <http://about.usps.com/news/media-contacts/usps-local-media-contacts.pdf>.

A self-supporting government enterprise, the U.S. Postal Service is the only delivery service that reaches every address in the nation — 151 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 \$65 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 35th in the 2011 Fortune 500. In 2011, Oxford Strategic Consulting ranked the U.S. Postal Service number one in overall service performance of the posts in the top 20 wealthiest nations in the world. *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 for six years and the sixth Most Trusted Business in the nation by the Ponemon Institute.

Follow the Postal Service on www.twitter.com/USPS and at www.facebook.com/USPS.

Exhibit 99.2

(See attached)

Financial Results

Quarter I of Fiscal Year 2013

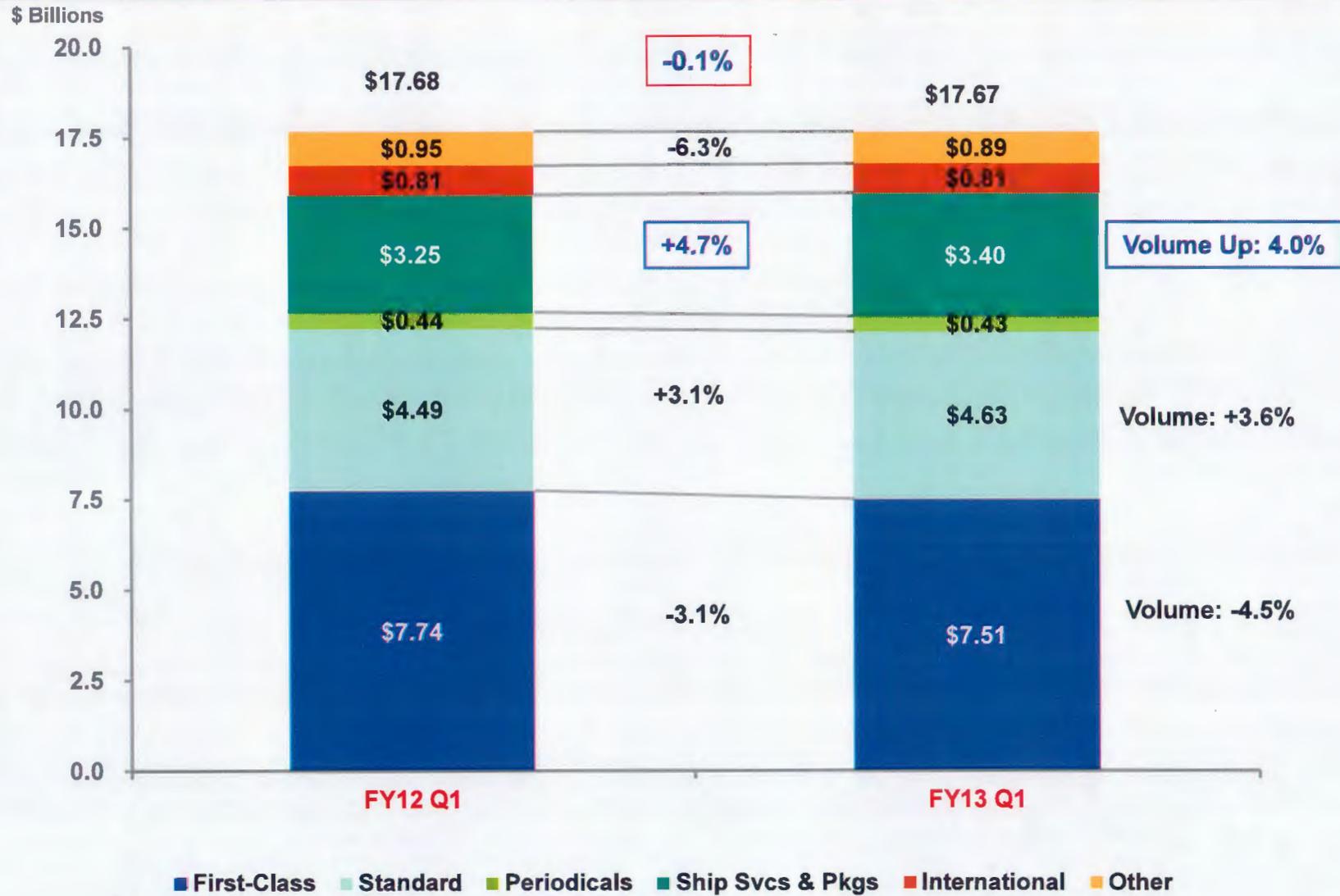
Open Board Session

February 8, 2013

Quarter 1 YTD - 3 Months	FY	FY
(Billions)	2013	2012
Revenue	\$17.7	\$17.7
Expenses *	17.5	17.5
Separation Incentive Costs	0.1	-
Operating Income (Loss)*	0.1	0.2
Retiree Health Benefits Pre-Funding	(1.4)	(3.1)
Workers' Comp. Fair Value Adj.	0.2	(0.1)
Workers' Comp. Other Non-Cash Adj.	(0.2)	(0.3)
Net Income (Loss)	(\$1.3)	(\$3.3)
Liquidity (Days Cash)	10	11
Volume (pieces)	43.5	43.6

* Before RHB pre-funding and non-cash adjustments to workers' compensation liabilities.

Revenue FY12 Q1 vs. FY13 Q1



Quarter 1 YTD - 3 Months	FY	FY
(Billions)	2013	2012
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Expenses *	17.5	17.5
Separation Incentive Costs	<u>0.1</u>	<u>-</u>
Operating Income (Loss)*	0.1	0.2
Retiree Health Benefits Pre-Funding	(1.4)	(3.1)
Workers' Comp. Fair Value Adj.	0.2	(0.1)
Workers' Comp. Other Non-Cash Adj.	<u>(0.2)</u>	<u>(0.3)</u>
Net Income (Loss)	<u>(\$1.3)</u>	<u>(\$3.3)</u>
Liquidity (Days Cash)	10	11
Volume (pieces)	43.5	43.6

* Before RHB pre-funding and non-cash adjustments to workers' compensation liabilities.

Quarter I YTD - 3 months (Billions)	FY 2013	FY 2012
Compensation	\$9.6	9.6
Benefits	3.8	3.8
Transportation	1.8	1.8
Depreciation	0.5	0.6
Supplies & Services	0.6	0.5
Rent, Utilities & Other	1.2	1.2
Operating Expenses *	<u>\$17.5</u>	<u>17.5</u>
Workhour Reductions (Millions)	(1)	(3)

* Before RHB pre-funding, non-cash adjustments to workers' compensation liabilities.

Quarter 1 YTD - 3 Months	FY	FY
(Billions)	2013	2012
Revenue	\$17.7	\$17.7
Expenses *	17.5	17.5
Separation Incentive Costs	0.1	-
Operating Income (Loss)*	0.1	0.2
Retiree Health Benefits Pre-Funding	(1.4)	(3.1)
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2012 & 2013 Liquidity Days of Operating Cash on Hand

No Retiree Health Benefits Pre-Funding included (\$11.1B in 2012 and \$5.6 B in 2013)



Three months in 2013 have liquidity below \$1.3B (5 days of operating cash on hand)

- Liquidity includes unrestricted cash plus available borrowing, up to \$15B limit
- Days of Operating Cash – based on average operating costs disbursed per day ~\$265M

Mid-October Balances shown - Low points after annual Workers' Compensation payments to DOL