

**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): May 9, 2014

**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 May 9, 2014, the United States Postal Service announced financial results for the period ended on March 31, 2014. Attached hereto are a press release and certain supplemental information setting forth those financial results.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

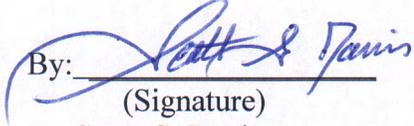
Exhibit 99.1 Press release issued on May 9, 2014 regarding financial results for the period ended on March 31, 2014.

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)  
Scott G. Davis  
Acting Vice President, Controller

Date: May 9, 2014

Exhibit 99.1

(See attached)



## POSTAL NEWS

FOR IMMEDIATE RELEASE  
May 9, 2014

Contact: Patricia Licata  
[patricia.licata@usps.gov](mailto:patricia.licata@usps.gov)  
202.268.2783  
[usps.com/news](http://usps.com/news)



### **U.S. Postal Service Records Second Quarter Loss of \$1.9 Billion** *Urges Congress to Pass Comprehensive Postal Legislation*

- *First-Class Mail Volume Declines by 4.1 percent*
- *Approximately \$64 Billion in Liabilities Exceed Assets by \$42 Billion*
- *Eight Percent Growth in Shipping and Package Services Drives Revenue Increase of \$379 Million*

WASHINGTON — The U.S. Postal Service ended the second quarter of its 2014 fiscal year (Jan. 1, 2014 – March 31, 2014) with a net loss of \$1.9 billion. This marks the 20th of the last 22 quarters it has sustained a loss.

“The Postal Service is working diligently to improve its finances by streamlining our network to improve efficiency, reduce operating costs and increase revenue, which was up \$379 million over the same period last year — the third straight quarter of revenue increase,” said Postmaster General and Chief Executive Officer Patrick Donahoe.

“Despite aggressive cost-cutting actions, however, we will still incur annual inflationary cost increases of approximately \$1.2 billion each year, and First-Class Mail volume continues to decline,” added Donahoe.

The Postal Service also is working to increase its package delivery business by offering greater customer benefits such as improved tracking and Sunday and day-specific delivery. Shipping and Package revenue increased \$252 million or 8 percent over 2013 second quarter results, fueled by the growth of ecommerce. The Postal Service continues to capitalize on its competitive advantage in providing “last mile” service, resulting in a 26.4 percent increase in revenue from Parcel Return and Parcel Select Service over the same period last year.

“Some comments in recent news reports suggest that all we need from Congress is help with restructuring our retiree health benefit plan,” said Chief Financial Officer and Executive Vice President Joseph Corbett. “Nothing can be further from the truth. Our liabilities exceed our assets by \$42 billion and we have a need for more than \$10 billion to invest in new delivery vehicles, package sortation equipment, and other deferred investments.

“We haven’t been making the retiree health benefit prefunding payments because we can’t,” added Corbett. “If legislation reduced the required retiree health benefit prefunding payment, it doesn’t provide us with any more cash to pay down our debt or put much needed capital into our business. Only comprehensive postal legislation that includes a smarter delivery schedule, greater control over our personnel and benefit costs, and more flexibility in pricing and products will provide the necessary cash flows.”

As recorded in the Postal Service’s second quarter results, the volume of high-margin First-Class Mail continued to decline, a major contributor to the Postal Service’s precarious financial position. If a downturn in the economy or other circumstance should further stress the Postal Service’s cash flow, the agency would implement contingency plans to ensure that all mail and package deliveries are completed and that employees and suppliers are paid ahead of the federal government.

Regardless of the state of the country's economy, without comprehensive legislative reform, the Postal Service will be unable to make the required \$5.7 billion retiree health benefit prefunding payment to the U.S. Treasury, due by Sept. 30, 2014.

### Second Quarter Results of Operations Compared to Same Period Last Year

- Total mail volume of 38.1 billion pieces compared to 38.8 billion pieces
  - First-Class Mail volume declined 4.1 percent.
  - Standard Mail volume increased 0.5 percent.
  - Shipping and Package volume increased 7.3 percent.
- Operating revenue of \$16.7 billion, an increase of \$379 million or 2.3 percent, including the impact of the price change effective Jan. 26, 2014.
- Operating expenses before non-cash Workers' Compensation expenses of \$17.9 billion declined from \$18.1 billion, a 1.1 percent improvement.

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

### Financial Briefing Today

Postmaster General & CEO Patrick R. Donahoe and Chief Financial Officer and Executive Vice President Joseph Corbett will host a telephone/web conference call at 11:30 a.m. ET today (May 9) to discuss the financial results. The call is open to the news media and all other interested parties.

#### How to Participate:

**Important Notice:** To ensure your computer is set up to join the event, click on the link [www.webex.com/lp/jointest/](http://www.webex.com/lp/jointest/)

Attendee Direct URL: <https://usps.webex.com/usps/onstage/g.php?t=a&d=999237892> \_

If you cannot join using the direct link above, please use the alternate login below:

Alternate URL: <https://usps.webex.com>

Event Number: 999 237 892

To join by phone only, dial (855) 293-5496 and enter conference passcode: 35123183

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.

# # #

**Please Note:** For broadcast quality video and audio, photo stills and other media resources, visit the USPS Newsroom at [about.usps.com/news/welcome.htm](http://about.usps.com/news/welcome.htm)

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

Follow us on [twitter.com/USPS](https://twitter.com/USPS) and like us at [facebook.com/USPS](https://facebook.com/USPS). For more information about the Postal Service, go to [usps.com](http://usps.com) and [usps.com/postalfacts](http://usps.com/postalfacts).

Exhibit 99.2

(See attached)

# **Financial Results**

## **Quarter 2 of Fiscal Year 2014**

**Open Board Session**  
**May 9, 2014**

- **Liabilities exceed assets by approximately \$42 billion**
- **The USPS has only 35 cents of assets to cover each dollar of its liabilities**

ASSETS		LIABILITIES	
Unrestricted Cash	\$ 3.7B	Retiree Health Benefits	\$19.6B
Buildings & Equipment, net of depreciation	\$16.9B	Workers' Compensation	\$16.9B
Other Assets	\$ 1.7B	Debt	\$15.0B
		Accrued Compensation, benefits, and leave	\$ 3.5B
		Deferred Revenue	\$ 4.0B
		Other	\$ 5.4B
<b>Total Assets</b>	<b>\$22.3B</b>	<b>Total Liabilities</b>	<b>\$64.4B</b>

- Under multi-employer accounting rules, there are approximately \$49B in obligations not shown on the balance sheet.
  - Significant profits over years and legislation are needed to recover.

<b>Quarter 2 (3 Months)</b> <b>(Billions)</b>	<b>FY</b> <b>2014</b>	<b>FY</b> <b>2013</b>
<b>Revenue</b>	<b>\$16.7</b>	<b>\$16.4</b>
<b>Expenses*</b>	<b>16.5</b>	<b>16.4</b>
<b>Separation Costs</b>	<b>-</b>	<b>0.3</b>
<b>Operating Income (Loss)*</b>	<b>0.2</b>	<b>(0.3)</b>
<b>Retiree Health Benefits Pre-Funding</b>	<b>(1.4)</b>	<b>(1.4)</b>
<b>Workers' Comp. Fair Value Adj.</b>	<b>(0.5)</b>	<b>0.2</b>
<b>Workers' Comp. Other Non-Cash Adj.</b>	<b>(0.2)</b>	<b>(0.4)</b>
<b>Net Income (Loss)</b>	<b><u>(\$1.9)</u></b>	<b><u>(\$1.9)</u></b>
<b>Volume (pieces)</b>	<b>38.1</b>	<b>38.8</b>

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

• Retail and Delivery days were equal to FY2013.

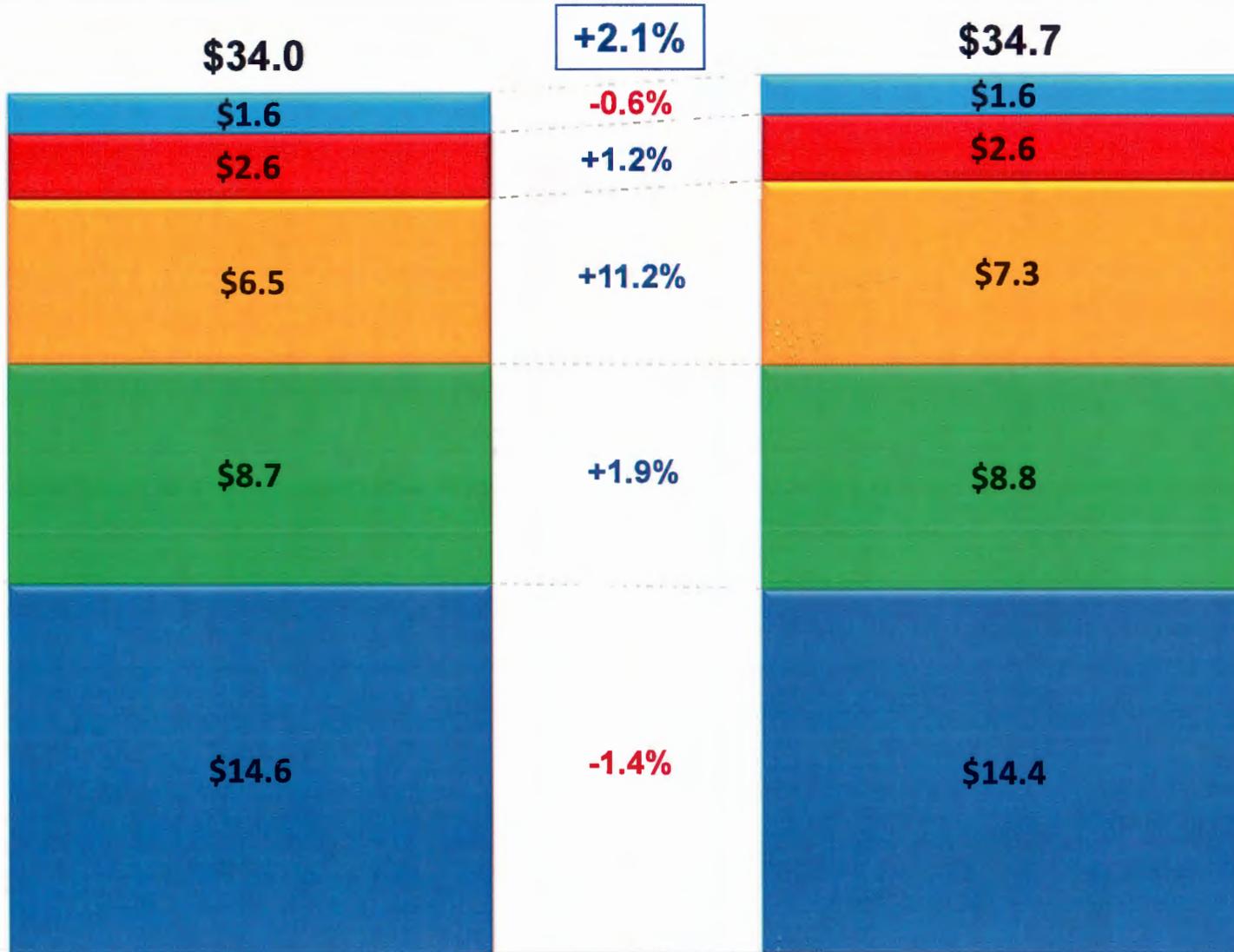
<b>Quarter 2 YTD (6 Months)</b> <b>(Billions)</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>Revenue</b>	<b>\$34.7</b>	<b>\$34.0</b>
<b>Expenses*</b>	<b>33.7</b>	<b>33.9</b>
Separation Costs	<u>-</u>	<u>0.3</u>
<b>Operating Income (Loss)*</b>	<b>1.0</b>	<b>(0.2)</b>
Retiree Health Benefits Pre-Funding	(2.9)	(2.8)
Workers' Comp. Fair Value Adj.	-	0.5
Workers' Comp. Other Non-Cash Adj.	<u>(0.3)</u>	<u>(0.6)</u>
<b>Net Income (Loss)</b>	<b><u>(\$2.2)</u></b>	<b><u>(\$3.1)</u></b>
<b>Liquidity Days (of oper. cash)</b>	<b>14</b>	<b>9</b>
<b>Volume (Pieces)</b>	<b>80.1</b>	<b>82.2</b>

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

• Retail and Delivery days were equal to FY2013.



\$Billions



FY13 Q2 YTD

FY14 Q2 YTD

■ First-Class Mail  
 ■ Standard Mail  
 ■ Total Shipping & Package  
 ■ Other (Includes Periodicals)  
 ■ International Mail

<b>Quarter 2 YTD (6 Months)</b> <b>(Billions)</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>Revenue</b>	<b>\$34.7</b>	<b>\$34.0</b>
<b>Expenses*</b>	<b>33.7</b>	<b>33.9</b>
Separation Costs	<u>-</u>	<u>0.3</u>
<b>Operating Income (Loss)*</b>	<b>1.0</b>	<b>(0.2)</b>
Retiree Health Benefits Pre-Funding	(2.9)	(2.8)
Workers' Comp. Fair Value Adj.	-	0.5
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· Retail and Delivery days were equal to FY2013.

<b>Quarter 2 YTD (6 Months) (Billions)</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>Compensation</b>	<b>\$17.9</b>	<b>\$18.2</b>
<b>Benefits</b>	<b>7.6</b>	<b>7.6</b>
<b>Transportation</b>	<b>3.4</b>	<b>3.5</b>
<b>Depreciation</b>	<b>0.9</b>	<b>1.0</b>
<b>Supplies &amp; Services</b>	<b>1.3</b>	<b>1.1</b>
<b>Rent, Utilities &amp; Other</b>	<b>2.6</b>	<b>2.5</b>
<b>Operating Expenses *</b>	<b>\$33.7</b>	<b>\$33.9</b>
<b>Workhours (millions)</b>	<b>559</b>	<b>561</b>

\* Excludes RHB pre-funding, non-cash adjustments to workers' compensation liabilities, and separation incentive costs.

• Delivery days were equal to FY2013.

<b>Quarter 2 YTD (6 Months)</b> <b>(Billions)</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>Revenue</b>	<b>\$34.7</b>	<b>\$34.0</b>
<b>Expenses*</b>	<b>33.7</b>	<b>33.9</b>
<b>Separation Costs</b>	<b>-</b>	<b>0.3</b>
<b>Operating Income (Loss)*</b>	<b>1.0</b>	<b>(0.2)</b>
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<b>Workers' Comp. Fair Value Adj.</b>	<b>-</b>	<b>0.5</b>
<b>Workers' Comp. Other Non-Cash Adj.</b>	<b>(0.3)</b>	<b>(0.6)</b>
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