



POSTAL NEWS

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Postal Service First-Quarter Results Reflect Drop in Mail Volume *National On-Time Performance Hits Record Highs*

WASHINGTON, DC — The U.S. Postal Service announced that mail volume was down 3.0 percent, or 1.7 billion pieces, for the first quarter of fiscal 2008, according to preliminary financial results presented today to the Postal Service Board of Governors.

First-Class Mail volume decreased 3.9 percent and Standard Mail decreased 2.6 percent in the quarter ending Dec. 31, 2007.

Chief Financial Officer and Executive Vice President H. Glen Walker attributed the declining mail volume to “disturbing trends” in the overall U.S. economy.

“Unfortunately, two key sectors of the economy — finance and housing — suffered a downturn in the first quarter, and they’re both heavy users of the mail,” said Postmaster General John Potter.

Net income for the first quarter is estimated at \$672 million on revenue of \$20.4 billion.

“Although revenue is higher than in the same quarter last year, due to the price increase last May, it is \$500 million less than expected,” Potter said. “We’re working to offset the disappointing revenue with cost reductions and new strategies for growth.”

Final first-quarter financial results will be released in February.

First Quarter Service Scores

National on-time performance scores for the delivery of First-Class Mail hit all-time first-quarter highs in two of the three categories the Postal Service tracks. National overnight service was 96 percent on-time – a first for three quarters in a row. Two-day service was 93 percent on-time. Three-day performance was 88 percent, a two-point improvement over the same period last year.

“These are excellent service scores for the first quarter,” said Potter, “especially given winter weather conditions and our busiest mailing season.”

First-Class Mail performance is measured independently by IBM Global Business Services. The process measures First-Class Mail from the time it is deposited into a collection box until it is delivered to a home or business.

Other Board Action

The Board today approved three facility projects: expansion of the processing and distribution centers in West Sacramento, CA, and Providence, RI, and the purchase and renovation of an existing building and site to serve as the Perris, CA, Delivery Distribution Center.

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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