



POSTAL NEWS

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U.S. Postal Service Reports Third Quarter Fiscal Year 2023 Results

- *Significant progress under [Delivering for America](#) plan producing improved service reliability*
- *USPS Ground Advantage advances Postal Service position in the package delivery business*
- *Some inflationary pressures ease but continue to negatively impact financial results*

WASHINGTON - The U.S. Postal Service today announced its financial results for the third quarter of fiscal year 2023 (April 1, 2023 - June 30, 2023). On a generally accepted accounting principles (GAAP) basis, net loss for the quarter totaled \$1.7 billion, compared to net income of \$59.7 billion for the same quarter last year, due almost exclusively to the non-cash impact of the *Postal Service Reform Act* (PSRA) in April 2022. On a non-GAAP basis adjusted loss was \$860 million, compared to adjusted loss of \$459 million for the same quarter last year.

Results under GAAP include retiree benefits expense for the amortization of underfunded Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS) plans, and workers' compensation expenses caused by actuarial revaluation and discount rate changes, as well as the impact of the PSRA for the same quarter last year. The Postal Service reports its adjusted results excluding these costs.

"In alignment with our *Delivering for America* transformation plan, we are making positive strides in improving the service we provide the American public – including the introduction of new products like *USPS Ground Advantage*, which provide excellent value to our customers," said Postmaster General Louis DeJoy. "Concurrently, our team is working hard to reduce our cost of performance which is helping to off-set still sizeable inflationary and economic pressures. We are setting the stage for long-term financial sustainability as we continue to modernize our processing, transportation, retail and delivery networks."

Total operating revenue was \$18.6 billion for the quarter, a decrease of \$168 million, or 0.9 percent, compared to the same quarter last year.

First-Class Mail revenue increased \$221 million, or 4.0 percent, on a volume decline of 678 million pieces, or 5.9 percent, compared to the same quarter last year. Shipping and Packages revenue remained relatively flat while volume declined 41 million pieces, or 2.4 percent, compared to the same quarter last year. Marketing Mail revenue decreased \$333 million, or 8.8 percent, on a volume decline of 2.6 billion pieces, or 16.0 percent, compared to the same quarter last year. The Marketing Mail decreases were driven by the continued decline in advertising spending due to economic pressures experienced throughout most of the fiscal year, a higher inflationary environment affecting print media production costs, and lower political and election mail revenue and volume, compared to the same quarter last year, due to the timing of elections.

Total operating expenses were \$20.5 billion for the quarter, an increase of \$1.8 billion, or 9.6 percent, compared to the same quarter last year. On a non-GAAP basis, adjusted operating expenses increased by \$382 million, or 2.0 percent, compared to the same quarter last year.

"Continued rising costs in several areas of our business pose a challenge," said Chief Financial Officer Joseph Corbett. "We continue to manage the costs within our control, such as by reducing work hours by 6 million hours compared to the same quarter last year and by focusing on transportation and other operating costs."

Third Quarter Fiscal Year 2023 Operating Revenue and Volume by Service Category Compared to Prior Year

The following table presents revenue and volume by category for the three months ended June 30, 2023 and 2022:

	Revenue		Volume	
	2023	2022	2023	2022
<i>(revenue in \$ millions; volume in millions of pieces)</i>				
Service Category				
First-Class Mail	\$ 5,801	\$ 5,580	10,855	11,533
Marketing Mail	3,440	3,773	13,542	16,126
Shipping and Packages	7,517	7,520	1,700	1,741
International	357	389	69	80
Periodicals	231	245	767	909
Other	1,227	1,234	72	81
Total operating revenue and volume	\$ 18,573	\$ 18,741	27,005	30,470

Selected Third Quarter Fiscal Year 2023 Results of Operations and Non-GAAP measures

This news release includes *controllable (loss) income* which is not calculated and presented in accordance with GAAP. This non-GAAP measure is calculated as net loss adjusted for costs outside of management's control, including workers' compensation expenses caused by actuarial revaluation and discount rate changes and the amortization of the CSRS, and FERS unfunded liabilities. These costs are outside of management's control as they can fluctuate significantly based on actuarial assumptions and interest rates.

This news release also includes *controllable (loss) income excluding all retiree health benefits expense* which is not calculated and presented in accordance with GAAP. This non-GAAP measure is calculated as *controllable (loss) income* adjusted for the impact of the retiree health benefits expense associated with normal costs which were eliminated by the PSRA in April 2022.

These non-GAAP measures provide meaningful information to assist users of the Postal Service's financial statements to more fully understand the financial results and assess the Postal Service's ongoing performance because they exclude items that may not be indicative of, or are unrelated to, underlying operations.

Non-GAAP financial measures should be considered in addition to, and not as an alternative for, the Postal Service's reported results prepared in accordance with GAAP. This adjusted financial information does not represent a comprehensive basis of accounting.

The following table reconciles GAAP net loss to our non-GAAP financial measures for the three months ended June 30, 2023 and 2022:

	2023	2022
<i>(results in \$ millions)</i>		
Net (loss) income	\$ (1,736)	\$ 59,708
Impact of Postal Service reform legislation on past due PSRHBF obligations and PSRHBF amortization ¹	—	(57,475)
Workers' compensation non-cash benefit ²	(374)	(1,356)
CSRS unfunded liability amortization expense ³	775	464
FERS unfunded liability amortization expense ⁴	475	350
Controllable (loss) income	\$ (860)	\$ 1,691
Impact of Postal Service reform legislation on normal costs of retiree health benefits ⁵	—	(2,150)
Controllable loss excluding all retiree health benefits expense	\$ (860)	\$ (459)

¹ Represents the reversal of \$57.0 billion for past due obligations as of September 30, 2021 and the reversal of \$500 million for PSRHBF amortization that would have been due September 30, 2022, but was canceled by the PSRA in April 2022. These amounts represent the noncontrollable portion of the impact of the Postal Service reform legislation.

² Represents workers' compensation non-cash benefit resulting from fluctuations in discount rates, changes in assumptions, valuation of new claims, revaluation of existing claims, and the administrative fee paid to the U.S. Department of Labor, less current year claim payments.

³ Expense for the annual payments due September 30 of the respective year, calculated by OPM to amortize the unfunded CSRS retirement obligation. Payments are to be made in equal installments through 2043.

⁴ Expense for the annual payment due September 30 of the respective year, calculated by OPM to amortize the unfunded FERS retirement obligation. Payments are to be made over a 30-year rolling period based on OPM invoices.

⁵ Expense for the accrual for the annual payment that was expected to be due to the PSRHBF by September 30, 2022 for actuarially determined normal cost of retiree health benefits for current employees. This payment was eliminated in April 2022 by the PSRA. This amount represents the controllable portion of the impact of Postal Service reform legislation.

Financial results in the Form 10-Q are available at <http://about.usps.com/what/financials/>.

Forward-Looking Statements

Forward-looking statements contained in this release represent the Postal Service's best estimates of known and anticipated trends believed relevant to future operations. However, actual results may differ significantly from current estimates. Certain forward-looking statements included in this release use such words as "may," "will," "could," "expect," "believe," "plan," "estimate," "project," or other similar terminology. These forward-looking statements, which involve a number of risks and uncertainties, reflect current expectations regarding future events and operating performance as of the date of this report. These risks include, but are not limited to, the effects of COVID-19 on the Postal Service's business, financial condition, and results of operations. The Postal Service has no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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The United States Postal Service is an independent federal establishment, mandated to be self-financing and to serve every American community through the affordable, reliable and secure delivery of mail and packages to nearly 165 million addresses six and often seven days a week. Overseen by a bipartisan Board of Governors, the Postal Service is implementing a 10-year transformation plan, [Delivering for America](#), to modernize the postal network, restore long-term financial sustainability, dramatically improve service across all mail and shipping categories, and maintain the organization as one of America's most valued and trusted brands.

The Postal Service generally 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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