

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): August 6, 2008

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.)

474 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 August 6, 2008, the United States Postal Service announced financial results for the third quarter of fiscal year 2008. 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 August 6, 2008 regarding financial results for the fiscal quarter ended June 30, 2008.

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: Lynn Malcolm
(Signature)
Lynn Malcolm
Vice President, Controller

Date: Aug. 11, 2008

Postal Service Reports Third Quarter Loss as Economic Slowdown Continues to Affect Mailing Industry
On-Time Mail Delivery at Record High

WASHINGTON, DC — The U.S. Postal Service ended its third fiscal year quarter (April 1 – June 30) with a greater-than-expected net loss of \$1.1 billion. The national economic slowdown reduced mail volume at an accelerated pace and continued inflation in fuel prices produced rapidly-escalating transportation costs. Despite these financial challenges, Postal Service employees delivered record-breaking service performance in the third quarter.

For the third quarter ending June 30:

- Operating revenue was \$17.9 billion, a decrease of \$437 million, or 2.4 percent, compared to the same period last year.
- Operating expenses totaled \$19.0 billion, an increase of only \$178 million, or 1.0 percent, from the third quarter last year, despite substantial increases in fuel prices.
- Expenses include \$1.4 billion of the \$5.6 billion payment to the Postal Service Retiree Health Benefits Fund that the Postal Service is required to make by Sept. 30, 2008, under the Postal Accountability and Enhancement Act of 2006.
- Mail volume was 48.5 billion pieces, a 5.5 percent drop from the same period last year. First-Class Mail and Standard Mail volume were each down 5.5 percent in the third quarter, reflecting the challenging economic environment.

The fiscal 2008 year-to-date net loss totals \$1.13 billion. The Postal Service had essentially broken even in the first half of the fiscal year. With no economic recovery in sight, the Postal Service expects an end-of-year, economy-driven net loss.

“When the economy does rebound, mail volume may not return to previous levels,” said Postmaster General John Potter. “This requires that we significantly accelerate process improvements and the realignment of resources in order to achieve long-term financial success. Failure to do so will threaten our ability to meet our mission of providing universal service at affordable prices.”

Record-Breaking Service Performance

In the third fiscal quarter, on-time delivery performance reached record highs for all three categories of First-Class Mail the Postal Service tracks. Overnight service was 97 percent on-time, up from 96 percent the same period last year. Two-day service was 95 percent on-time, up from 93 percent the same period last year. Three-day service was 94 percent on-time, up from 91 percent the same period last year.

“These outstanding results show the tremendous dedication of our employees to provide excellent customer service, especially as we continue to work with our unions to further reduce costs and increase efficiency,” said Potter.

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Exhibit 99.2

See attached



CFO UPDATE

**Mailers' Technical Advisory
Committee Meeting**

August 6, 2008



**H. Glen Walker
Chief Financial Officer &
Executive Vice President**

Agenda



- ❑ **Financial Results**
- ❑ **Volume Trends**
- ❑ **Summary**

Financial Results



Preliminary Income Statement

Qtr III, FY 2008



	<u>Actual</u>	<u>SPLY</u>	<u>Var</u>	<u>%SPLY</u>
Volume	48,537	51,387	2,850	-5.5%
Revenue	\$17,920	\$18,385	-\$465	-2.5%
Expense	<u>19,018</u>	<u>18,838</u>	180	1.0%
Net Loss	-\$1,098	-\$453	-\$645	

(Data in Millions)

Numbers may not add due to rounding.

Preliminary Income Statement

Qtr III YTD, FY 2008



	<u>Actual</u>	<u>SPLY</u>	<u>Var</u>	<u>%SPLY</u>
Volume	155,232	161,518	-6,286	-3.9%
Revenue	\$57,220	\$56,413	\$807	1.4%
Operating Expense	<u>58,353</u>	<u>58,118</u>	<u>235</u>	0.4%
Operating Loss	-\$1,133	-\$1,705	\$572	
Prior-Year Escrow	\$0	-\$2,958	\$2,958	
Net Loss	-\$1,133	-\$4,663	\$3,530	

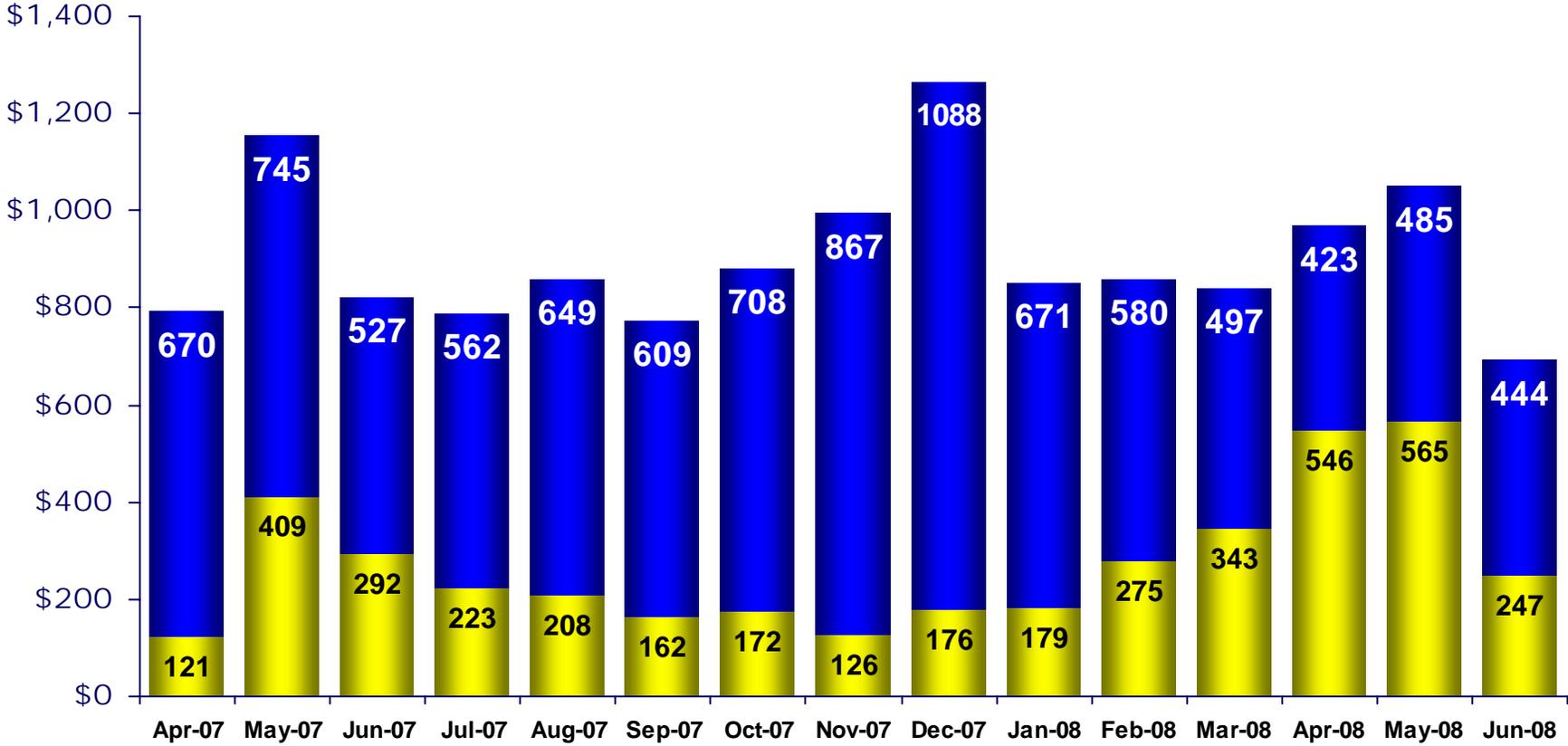
(Data in Millions)

Numbers may not add due to rounding.

Total Stamp Sales



\$ Millions



■ Forever Stamps ■ Denominated Stamps

USPS Perspective



External Environment

- ❑ Accelerated deterioration in the housing and financial industries
- ❑ Government stimulus package had some positive impacts early in the quarter, but evaporated by June 2008
- ❑ Economic forecasts continued to decline as the slowdown spread to many other sectors of the economy
- ❑ Inflation, driven by fuel prices, increased dramatically

USPS Perspective



How are we responding?

- Reducing costs beyond the \$1 billion annual target
- Anticipating cost reductions of \$2.0 - \$2.5 billion for fiscal year 2008
- Growing the shipping business and international services
- Improving Service

USPS Perspective



Improving Service

- ❑ Record setting service performance in the 3rd quarter
 - Overnight: From 96% SPLY to 97% on time
 - Two Day: From 93% SPLY to 95% on time
 - Three Day: From 91% SPLY to 94% on time

USPS Perspective



4th Quarter Expectations

- No recovery expected
- Accelerate focus on cost reductions – 80% of cost is labor related
- Significant loss for the year is anticipated

Volume Trends



Preliminary Qtr III 2008 Volume



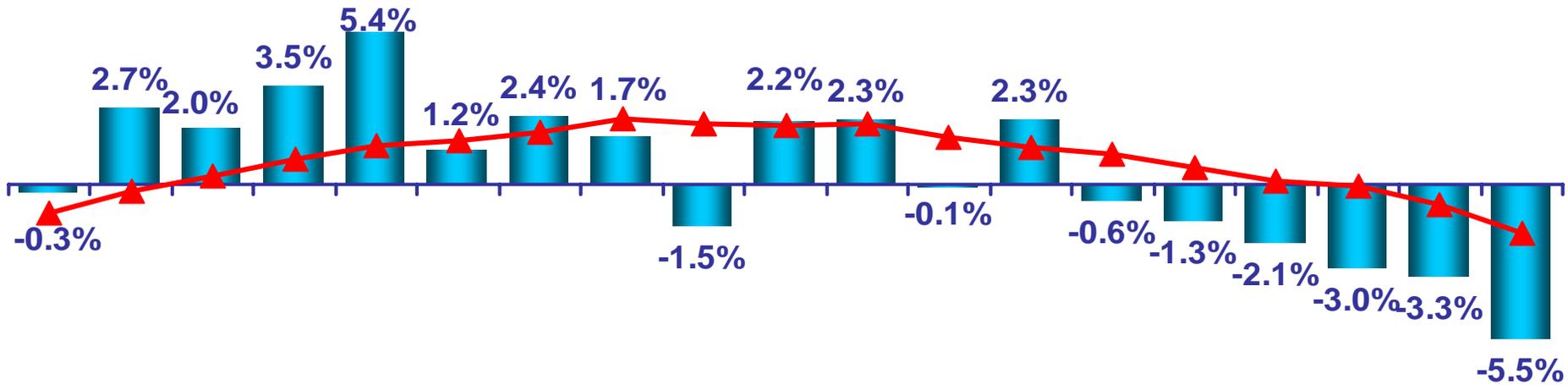
	<u>Volume</u>	<u>% SPLY</u>
First-Class	22.3B	-5.5%
Standard	23.2B	-5.5%
Periodicals	2.2B	-3.3%
Express	12M	-14.3%
Priority	202M	-5.9%
Package Svc	<u>252M</u>	-2.7%
Total All Mail	48.5B	-5.5%

Preliminary Qtr III YTD FY 2008 Volume



	<u>Volume</u>	<u>% SPLY</u>
First-Class	70.3B	-4.2%
Standard	75.4B	-3.7%
Periodicals	6.6B	-2.2%
Express	37M	-13.2%
Priority	661M	-5.0%
Package Svc	<u>850M</u>	-3.4%
Total All Mail	155.2B	-3.9%

Total Mail Volume



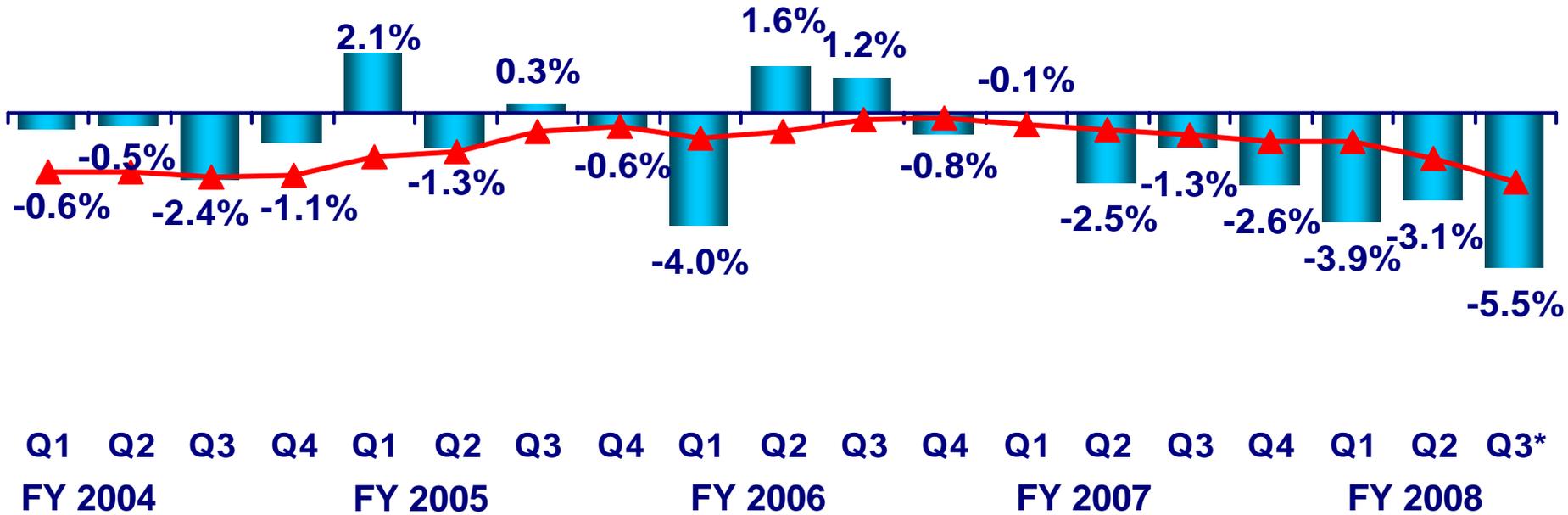
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3*
 FY 2004 FY 2005 FY 2006 FY 2007 FY 2008

■ % SPLY

▲ 8 Quarter Moving Average Growth Rates

*Preliminary

First-Class Mail Volume

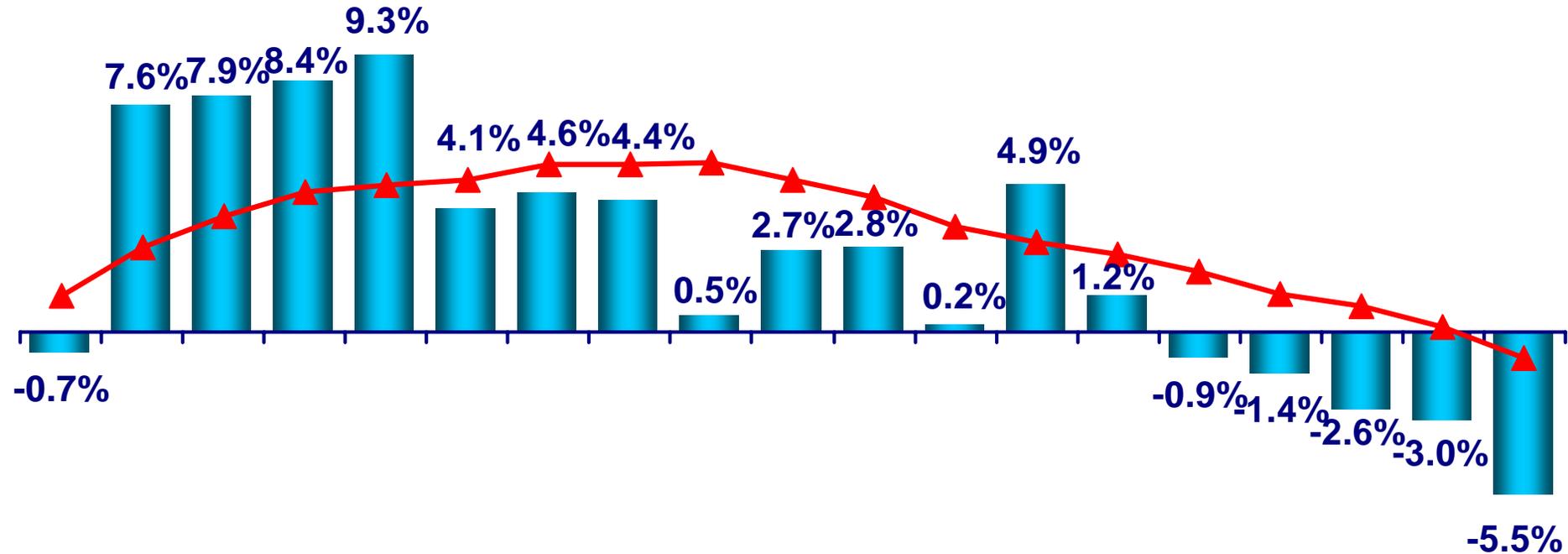


■ % SPLY

▲ 8 Quarter Moving Average Growth Rates

*Preliminary

Standard Mail Volume



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3*

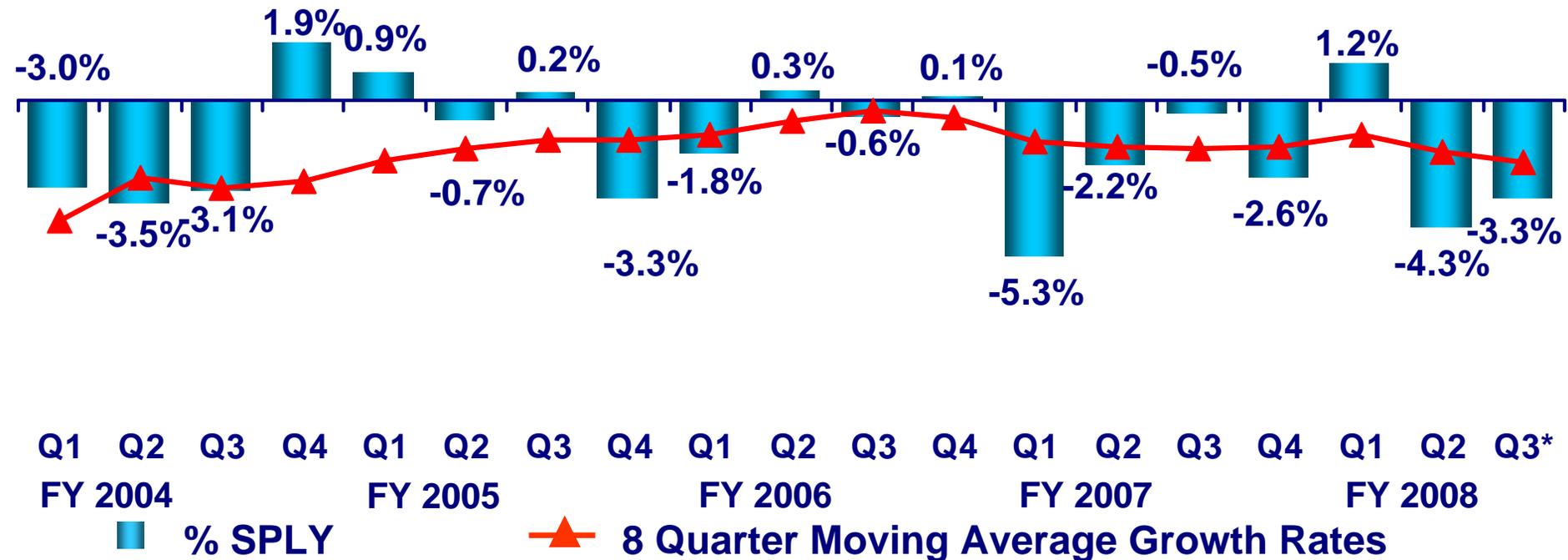
FY 2004 FY 2005 FY 2006 FY 2007 FY 2008

■ % SPLY

▲ 8 Quarter Moving Average Growth Rates

*Preliminary

Periodicals Volume

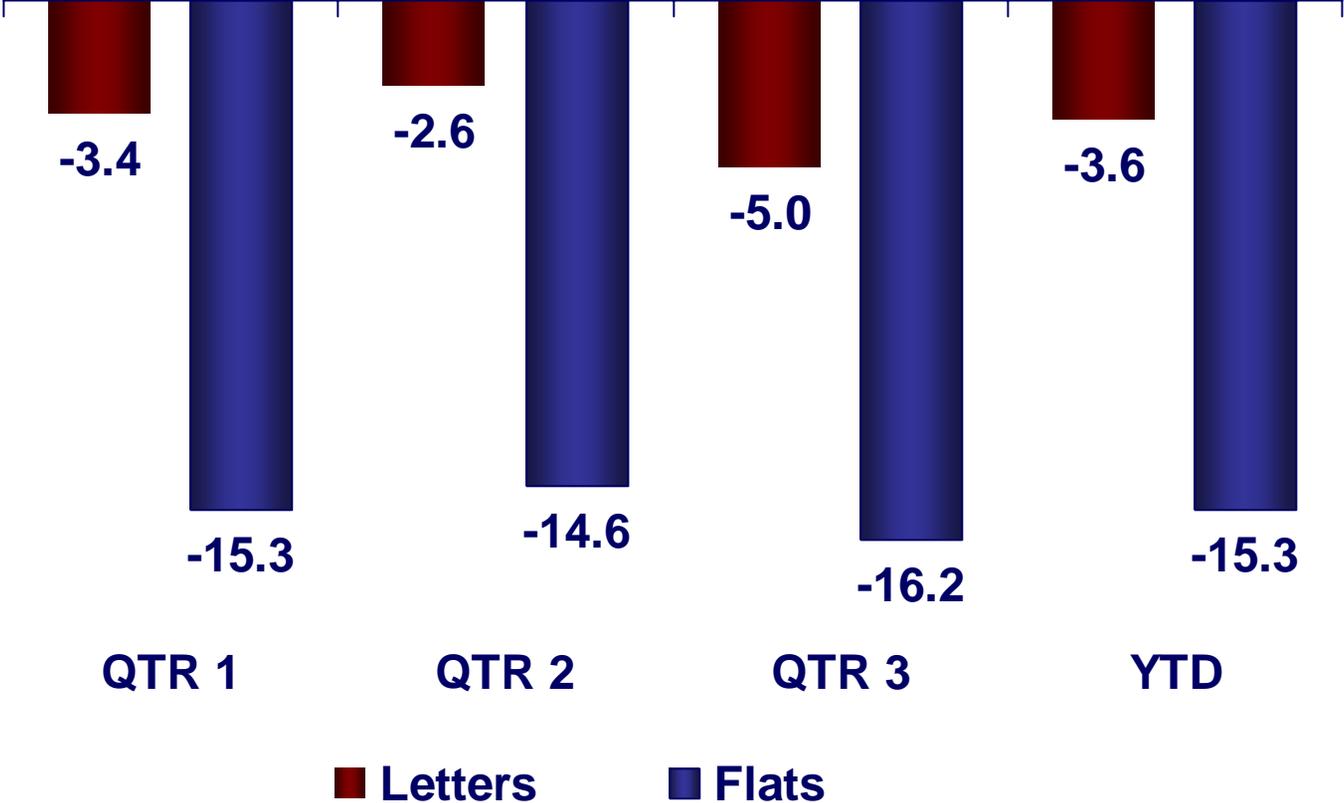


*Preliminary

First-Class Mail Volume Q3 YTD Shape



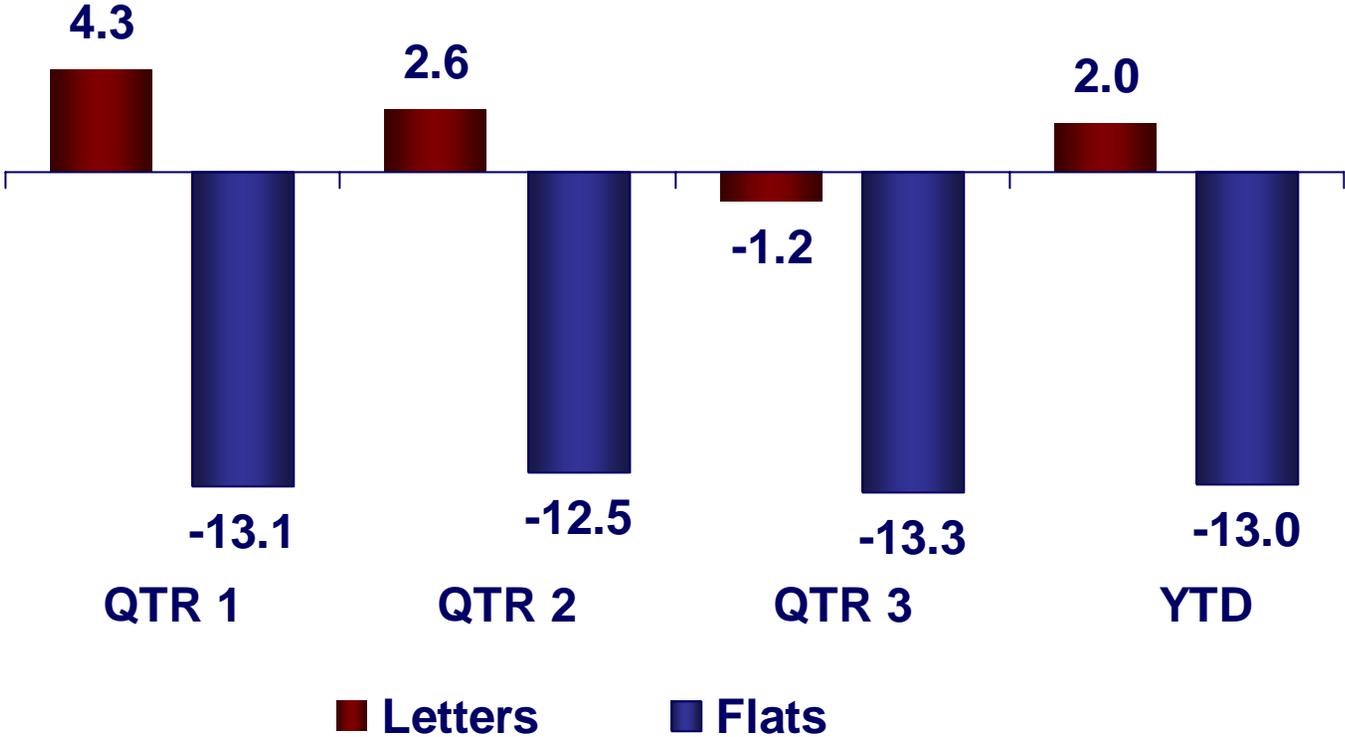
Growth from SPLY



Standard Mail Volume Q3 YTD Shape



Growth from SPLY



Summary



- Economic environment has been very poor for fiscal year 2008**
- High inflation driven by fuel increases**
- Anticipated record high COLAs in September 2008 and March 2009**



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