

Financial Results

Quarter II of Fiscal Year 2013

May 10, 2013



Financial Results

Quarter 2 (3 Months)	FY	FY
(Billions)	2013	2012
Revenue	\$16.4	\$16.2
Expenses *	16.4	16.6
Separation Incentive Costs	0.3	-
Operating Income (Loss)*	(0.3)	(0.4)
Retiree Health Benefits Pre-Funding	(1.4)	(3.1)
Workers' Comp. Fair Value Adj.	0.2	0.6
Workers' Comp. Other Non-Cash Adj.	(0.4)	(0.3)
Net Income (Loss)	(\$1.9)	(\$3.2)
Volume (pieces)	38.8	39.4

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



Financial Results

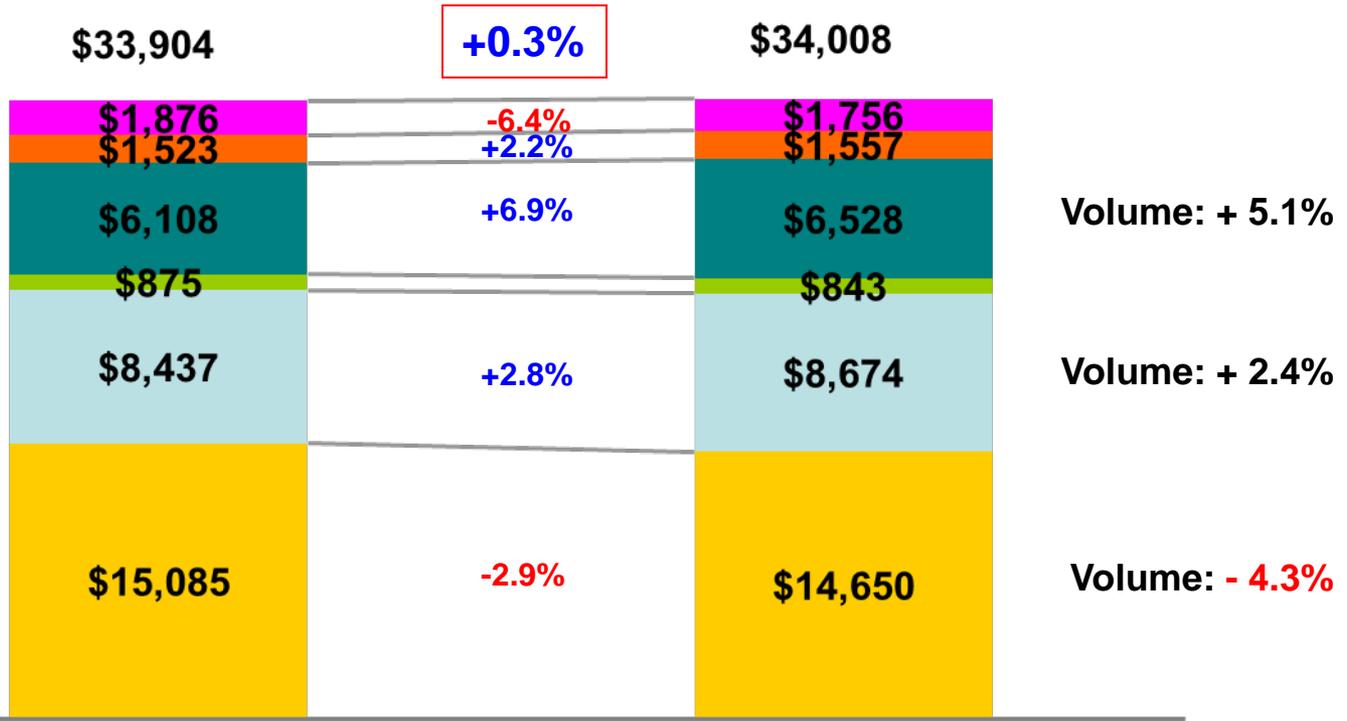
Quarter 2 YTD (6 Months)	FY	FY
(Billions)	2013	2012
Revenue	\$34.0	\$33.9
Expenses *	33.9	34.1
Separation Incentive Costs	<u>0.3</u>	<u>-</u>
Operating Income (Loss)*	(0.2)	(0.2)
Retiree Health Benefits Pre-Funding	(2.8)	(6.1)
Workers' Comp. Fair Value Adj.	0.5	0.5
Workers' Comp. Other Non-Cash Adj.	<u>(0.6)</u>	<u>(0.7)</u>
Net Income (Loss)	<u>(\$3.1)</u>	<u>(\$6.5)</u>
Liquidity Days (of Oper. Cash)	9	10
Volume (pieces)	82.3	82.9

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



Operating Revenue Q2 YTD 12 vs. Q2 YTD 13

\$ Millions



Q2 YTD 12

Q2 YTD 13



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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)



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

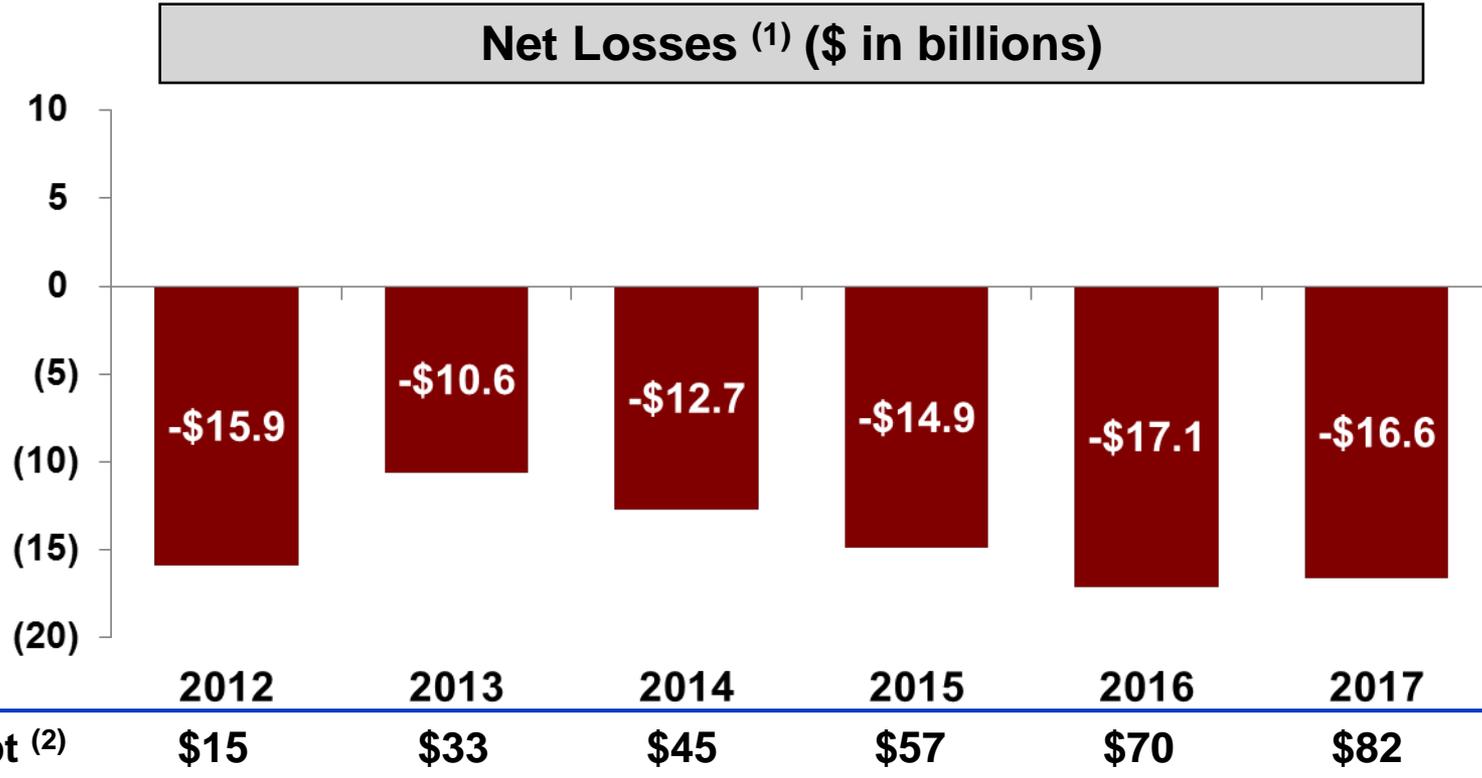
Mid-October Balances shown - Low points after annual Workers' Compensation payments to DOL



5-Year Business Plan



USPS is Incurring Unsustainable Losses that will Worsen without Urgent Actions



(1) Excludes impacts of non-cash adjustments (if any) to workers' compensation liability in 2013 – 2017

(2) Includes debt required to prefund retiree health benefits (\$34B from 2012 – 2016)

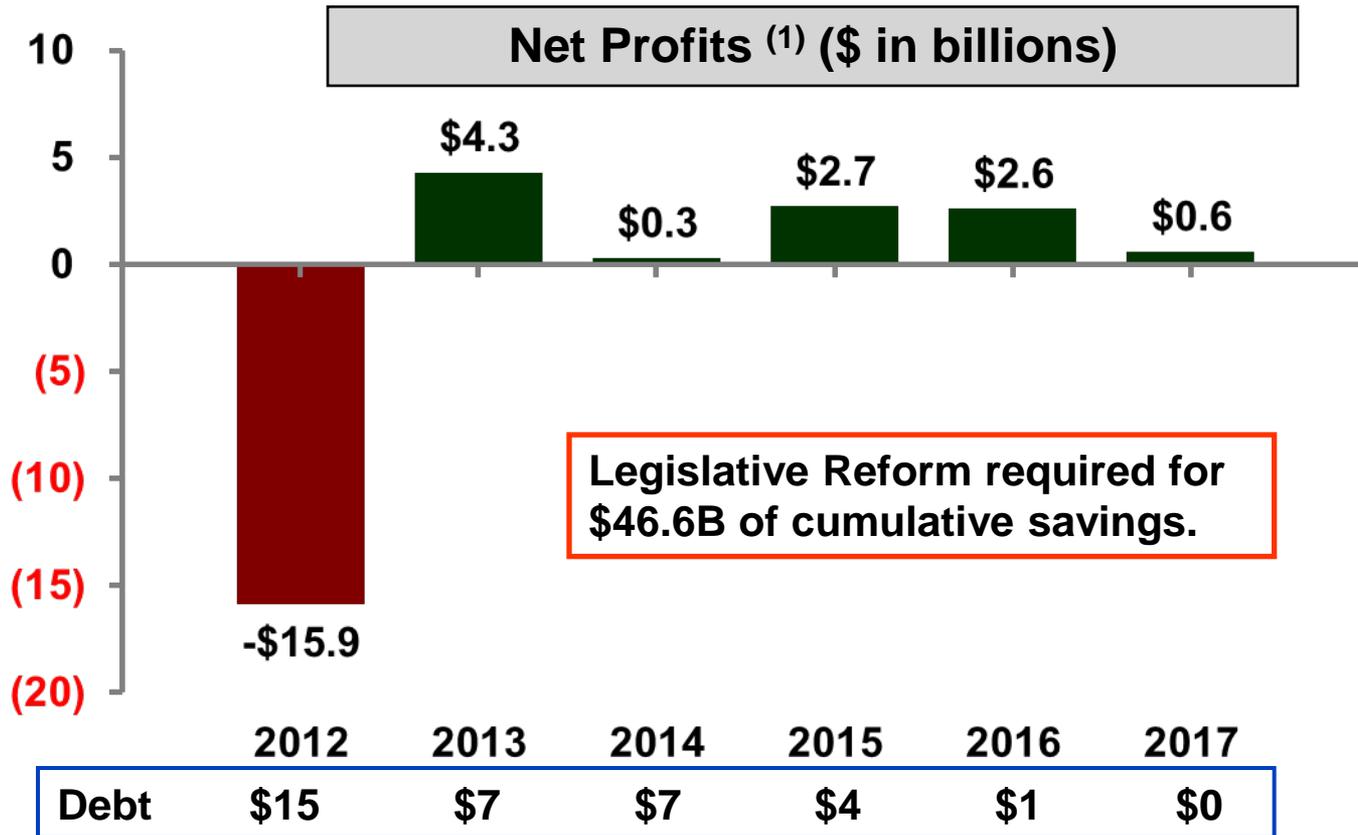


Strategic Initiatives

	2016 Savings
Operational Initiatives	
Networks	\$ 3.1
Retail	1.5
Delivery	<u>1.4</u>
Total Operational Initiatives	6.0
Workforce & Non-Personnel	2.6
Legislative Initiatives	
5-Day Mail Del. + Saturday Pkgs	1.9
Postal Health Plan	8.6
FERS & Other	<u>0.6</u>
Total Legislative Initiatives	11.1
Total 2016 Savings	\$ 19.7



USPS Business Plan Closes the Gap



(1) Excludes impacts of non-cash adjustments (if any) to workers' compensation liabilities in 2013 – 2017



Complete Financial results are in the Form 10-K:

<http://about.usps.com/who-we-are/financials/welcome.htm>.

Q & A

Additional questions can be emailed to:

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