

# **Financial Results**

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

**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**

<b>ASSETS</b>		<b>LIABILITIES</b>	
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) (Billions)</b>	<b>FY 2014</b>	<b>FY 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.

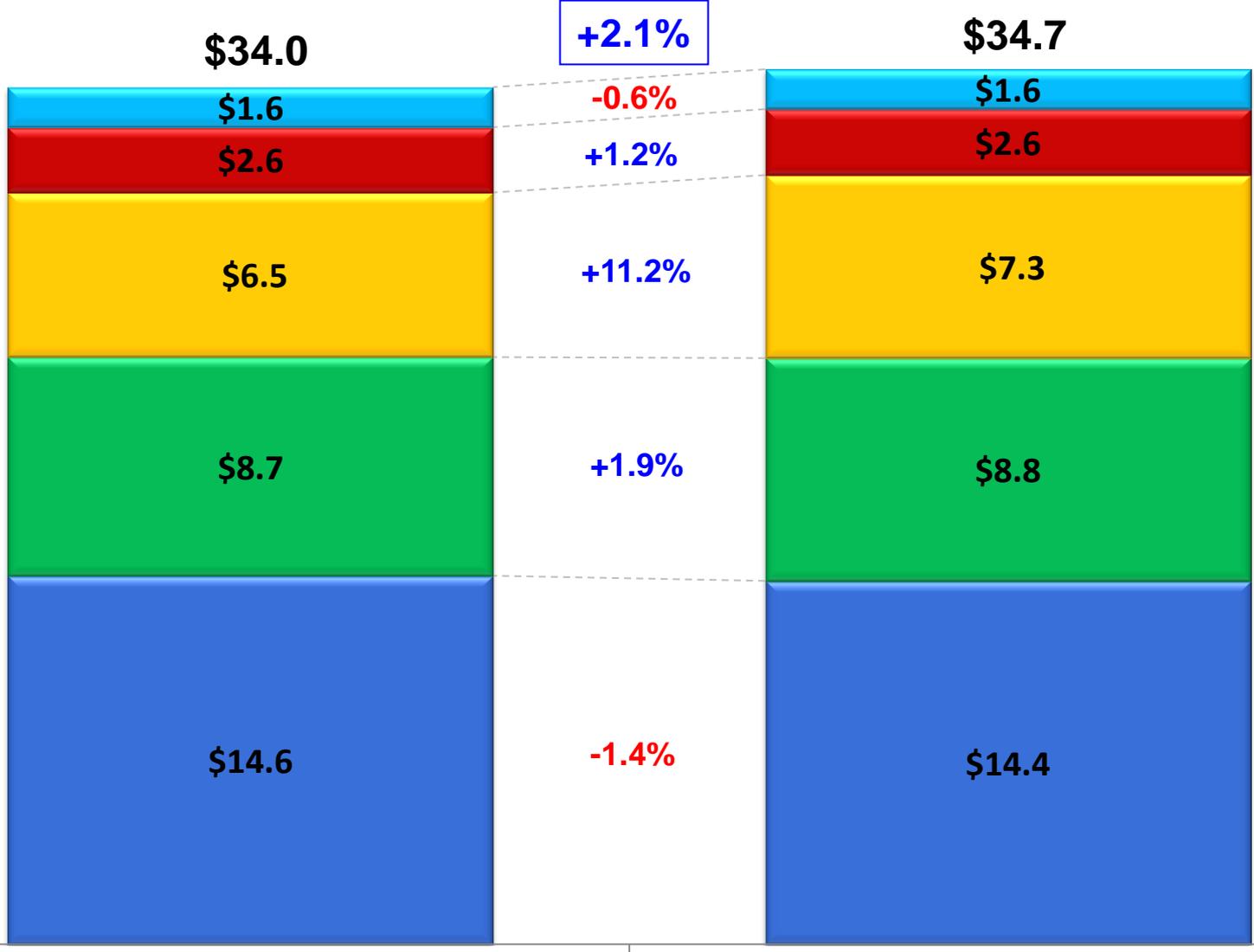
• Retail and Delivery days were equal to FY2013.

<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	<b>(2.9)</b>	<b>(2.8)</b>
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

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<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.

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