

# Financial Results

## Quarter 3 of Fiscal Year 2014

### **Media Call**

**August 11, 2014**



# A Deep Financial Hole

## June 30, 2014

- Liabilities exceed assets by approximately \$44 billion
- The USPS has only 35 cents of assets to cover each dollar of its liabilities

ASSETS		LIABILITIES	
Unrestricted Cash	\$ 5.0B	Retiree Health Benefits	\$21.0B
Buildings & Equipment, net of depreciation	\$16.5B	Workers' Compensation	\$17.8B
Other Assets	\$ 1.7B	Debt	\$15.0B
		Accrued Compensation, benefits, and leave	\$ 4.3B
		Deferred Revenue	\$ 3.8B
		Other	\$ 5.3B
<b>Total Assets</b>	<b>\$23.2B</b>	<b>Total Liabilities</b>	<b>\$67.2B</b>

- Under multi-employer accounting rules, there are approximately \$47B in obligations not shown on the balance sheet
- Significant profits over years and legislation are needed to recover



# Financial Results

<b>Quarter 3 (3 Months)</b> <b>(Billions)</b>	<b>FY</b> <b>2014</b>	<b>FY</b> <b>2013</b>
<b>Revenue</b>	<b>\$16.5</b>	<b>\$16.2</b>
<b>Expenses <sup>1</sup></b>	<b>16.5</b>	<b>16.3</b>
<b>Separation Costs</b>	<b>-</b>	<b>-</b>
<b>Controllable Income (Loss) <sup>1</sup></b>	<b>-</b>	<b>(0.1)</b>
<b>Retiree Health Benefits Pre-Funding</b>	<b>(1.4)</b>	<b>(1.4)</b>
<b>Workers' Comp. Fair Value Adj.</b>	<b>(0.4)</b>	<b>0.9</b>
<b>Workers' Comp. Other Non-Cash Adj.</b>	<b><u>(0.2)</u></b>	<b><u>(0.1)</u></b>
<b>Net Income (Loss)</b>	<b><u>(\$2.0)</u></b>	<b><u>(\$0.7)</u></b>
<b>Volume (pieces)</b>	<b>37.7</b>	<b>37.8</b>

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

- Retail and delivery days were equal to FY2013.



# Financial Results

<b>Quarter 3 YTD (9 Months)</b> <b>(Billions)</b>	<b>FY</b> <b>2014</b>	<b>FY</b> <b>2013</b>
<b>Revenue</b>	<b>\$51.2</b>	<b>\$50.2</b>
<b>Expenses</b> <sup>1</sup>	<b>50.2</b>	<b>50.3</b>
Separation Costs	<b>-</b>	<b>0.3</b>
<b>Controllable Income (Loss)</b> <sup>1</sup>	<b>1.0</b>	<b>(0.4)</b>
Retiree Health Benefits Pre-Funding	<b>(4.3)</b>	<b>(4.2)</b>
Workers' Comp. Fair Value Adj.	<b>(0.4)</b>	<b>1.4</b>
Workers' Comp. Other Non-Cash Adj.	<b>(0.5)</b>	<b>(0.7)</b>
<b>Net Income (Loss)</b>	<b>(\$4.2)</b>	<b>(\$3.9)</b>
<b>Liquidity Days (of oper. cash)</b>	<b>19</b>	<b>11</b>
<b>Volume (Pieces)</b>	<b>117.9</b>	<b>120.1</b>

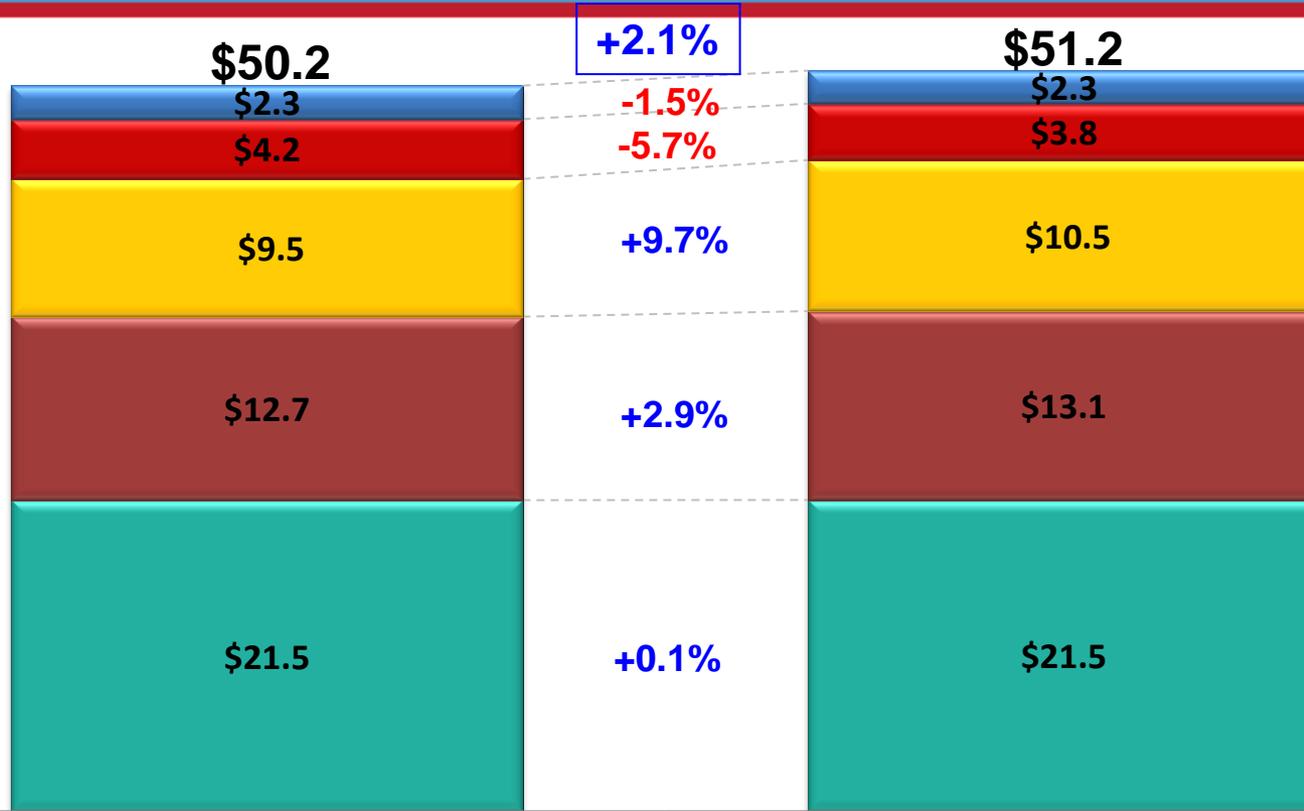
1 - Before RHB pre-funding and non-cash adjustments to workers' compensation liabilities.

- Retail and delivery days were equal to FY2013.



# Total Revenue: FY2014 Q3 YTD vs. SPLY

\$Billions



■ First-Class Mail   
 ■ Standard Mail   
 ■ Total Shipping & Package   
 ■ Other (includes Periodicals)   
 ■ International Mail

# Financial Results

<b>Quarter 3 YTD (9 Months)</b> <b>(Billions)</b>	<b>FY</b> <b>2014</b>	<b>FY</b> <b>2013</b>
<b>Revenue</b>	<b>\$51.2</b>	<b>\$50.2</b>
<b>Expenses <sup>1</sup></b>	<b>50.2</b>	<b>50.3</b>
Separation Costs	<u>-</u>	<u>0.3</u>
<b>Controllable Income (Loss) <sup>1</sup></b>	<b>1.0</b>	<b>(0.4)</b>
Retiree Health Benefits Pre-Funding	(4.3)	(4.2)
Workers' Comp. Fair Value Adj.	(0.4)	1.4
Workers' Comp. Other Non-Cash Adj.	<u>(0.5)</u>	<u>(0.7)</u>
<b>Net Income (Loss)</b>	<b><u>(\$4.2)</u></b>	<b><u>(\$3.9)</u></b>
<b>Liquidity Days (of oper. cash)</b>	<b>19</b>	<b>11</b>
<b>Volume (Pieces)</b>	<b>117.9</b>	<b>120.1</b>

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

- Retail and delivery days were equal to FY2013.



# Operating Expenses

<b>Quarter 3 YTD (9 Months)</b> <b>(Billions)</b>	<b>FY</b> <b>2014</b>	<b>FY</b> <b>2013</b>
<b>Compensation &amp; Benefits</b>	<b>\$37.9</b>	<b>\$38.1</b>
<b>Transportation</b>	<b>5.0</b>	<b>5.1</b>
<b>Depreciation</b>	<b>1.4</b>	<b>1.5</b>
<b>Supplies &amp; Services</b>	<b>1.9</b>	<b>1.7</b>
<b>Rent, Utilities &amp; Other</b>	<b>4.0</b>	<b>3.9</b>
<b>Controllable Expenses</b>	<b>\$50.2</b>	<b>\$50.3</b>
<b>Workhours (millions)</b>	<b>834</b>	<b>836</b>

1 - Before RHB pre-funding, non-cash adjustments to workers' compensation liabilities and separation costs.

- Delivery days were equal to FY2013.



# Financial Results

<b>Quarter 3 YTD (9 Months)</b> <b>(Billions)</b>	<b>FY</b> <b>2014</b>	<b>FY</b> <b>2013</b>
<b>Revenue</b>	<b>\$51.2</b>	<b>\$50.2</b>
<b>Expenses <sup>1</sup></b>	<b>50.2</b>	<b>50.3</b>
<b>Separation Costs</b>	<b>-</b>	<b>0.3</b>
<b>Controllable Income (Loss) <sup>1</sup></b>	<b>1.0</b>	<b>(0.4)</b>
<b>Retiree Health Benefits Pre-Funding</b>	<b>(4.3)</b>	<b>(4.2)</b>
<b>Workers' Comp. Fair Value Adj.</b>	<b>(0.4)</b>	<b>1.4</b>
<b>Workers' Comp. Other Non-Cash Adj.</b>	<b>(0.5)</b>	<b>(0.7)</b>
<b>Net Income (Loss)</b>	<b>(\$4.2)</b>	<b>(\$3.9)</b>
<b>Liquidity Days (of oper. cash)</b>	<b>19</b>	<b>11</b>
<b>Volume (Pieces)</b>	<b>117.9</b>	<b>120.1</b>

- 1 - Before RHB pre-funding and non-cash adjustments to workers' compensation liabilities.
- Retail and delivery days were equal to FY2013.



# Questions ?

**Please Press \*1 On Your  
Telephone Keypad**



Complete Financial results are in the Form 10-Q:  
<http://about.usps.com/who-we-are/financials/welcome.htm>

Additional questions can be emailed to:  
[Patricia.Licata@usps.gov](mailto:Patricia.Licata@usps.gov)

