

# **Financial Results**

## **Quarter 1 of Fiscal Year 2015**

**Media Call**  
**February 6, 2015**



# Financial Results

<b>December YTD (3 Months)</b> (Billions)	<b>FY 2015</b>	<b>FY 2014</b>
<b>Revenue</b> <sup>1</sup>	<b>\$18.8</b>	<b>\$18.0</b>
<b>Expenses</b> <sup>1,2</sup>	<b><u>17.7</u></b>	<b><u>17.3</u></b>
<b>Controllable Income (Loss)</b> <sup>1,2</sup>	<b>1.1</b>	<b>0.7</b>
<b>Retiree Health Benefits Pre-Funding</b>	<b>(1.4)</b>	<b>(1.4)</b>
<b>Workers' Comp. Fair Value Adj.</b>	<b>(0.8)</b>	<b>0.5</b>
<b>Workers' Comp. Other Non-Cash Adj.</b>	<b><u>0.3</u></b>	<b><u>(0.2)</u></b>
<b>Net Income (Loss)</b> <sup>1</sup>	<b><u>(\$0.8)</u></b>	<b><u>(\$0.4)</u></b>
<b>Liquidity Days (of oper. cash)</b> <sup>3</sup>	<b>26</b>	<b>14</b>
<b>Volume (Pieces)</b>	<b>42.6</b>	<b>42.0</b>

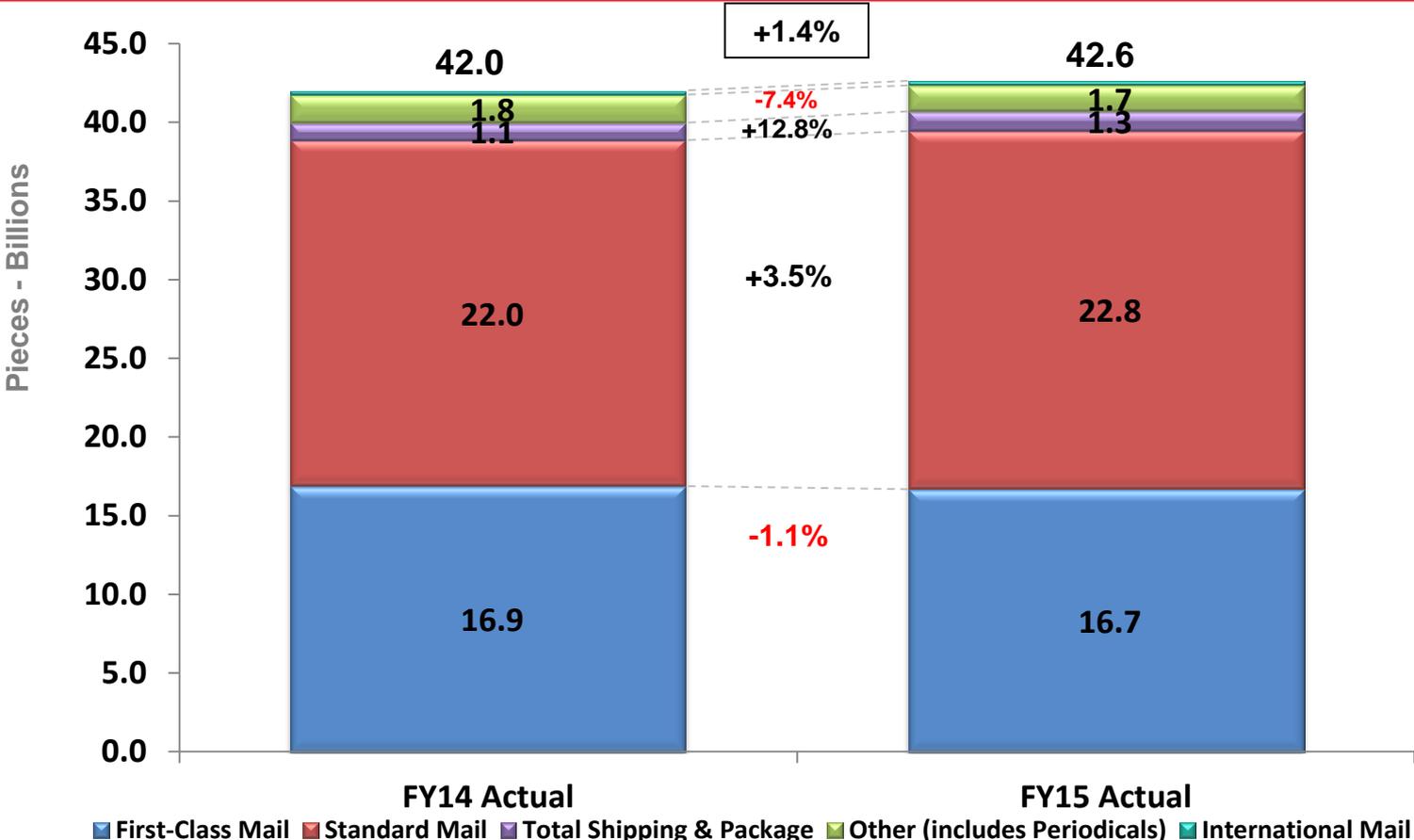
1 - Retail and delivery days were even compared to SPLY.

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

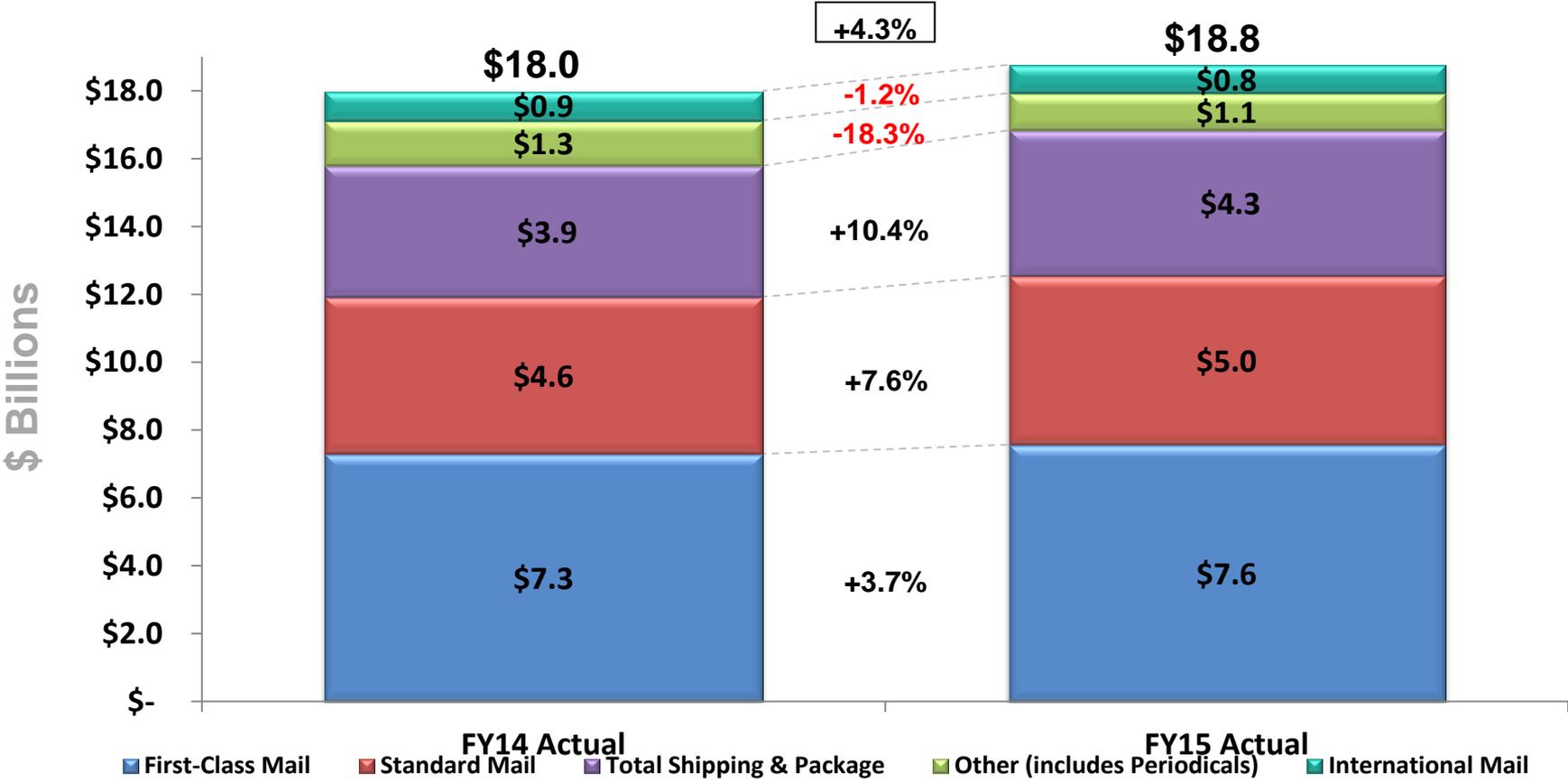
3 - FY2015 liquidity days' increase is primarily due to shift in timing of \$1.8B in Payroll and \$.4B EFT to Jan. 2, 2015.



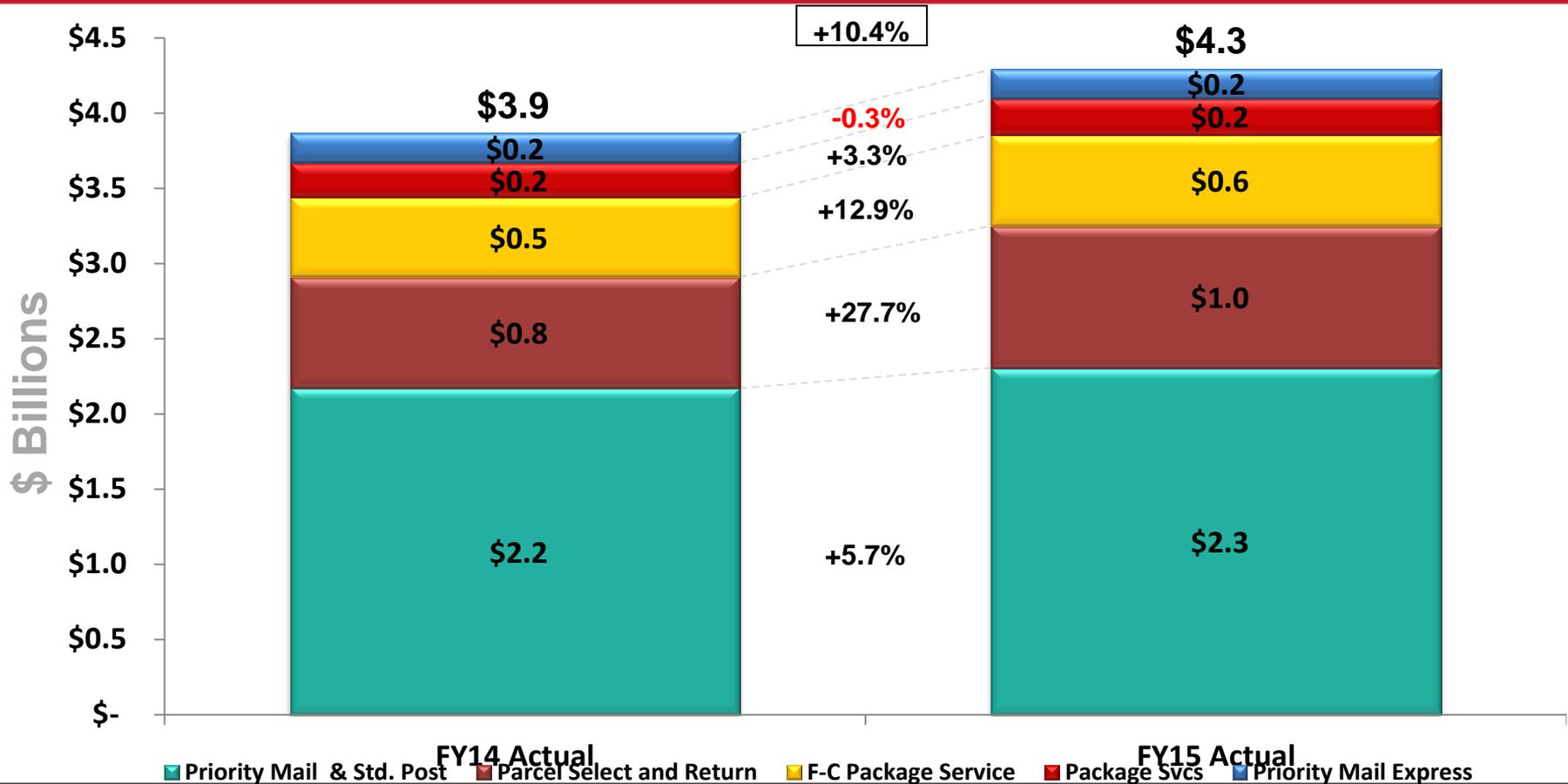
# Volume: FY2015 Q1 vs. SPLY



# Revenue: FY2015 Q1 vs. SPLY



# Shipping & Package Services Revenue: FY2015 Q1 vs. SPLY



# Controllable Expenses

<b>December YTD (3 Months)</b> (Billions)	<b>FY 2015</b>	<b>FY 2014</b>
<b>Compensation &amp; Benefits</b>	<b>\$13.6</b>	<b>\$13.2</b>
<b>Transportation</b>	<b>1.8</b>	<b>1.8</b>
<b>Depreciation</b>	<b>0.4</b>	<b>0.5</b>
<b>Supplies &amp; Services</b>	<b>0.7</b>	<b>0.6</b>
<b>Rent, Utilities &amp; Other</b>	<b><u>1.2</u></b>	<b><u>1.2</u></b>
<b>Controllable Expenses</b> <sup>1,2</sup>	<b>\$17.7</b>	<b>\$17.3</b>
<b>Workhours (millions)</b>	<b>293</b>	<b>287</b>

1 - Delivery days were even compared to SPLY.

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



# A Deep Financial Hole as of December 31, 2014

- Liabilities exceed assets by approx. \$46 billion
- The USPS has only 35 cents of assets to cover each dollar of its liabilities

ASSETS		LIABILITIES	
Unrestricted Cash	\$ 7.1B	Retiree Health Benefits	\$23.8B
Buildings & Equipment, net of depreciation	\$16.2B	Workers' Compensation	\$17.9B
Other Assets	\$ 1.7B	Debt	\$15.0B
		Accrued Compensation, benefits, and leave	\$ 5.0B
		Deferred Revenue	\$ 3.3B
		Other	\$ 6.1B
<b>Total Assets</b>	<b>\$25.0B</b>	<b>Total Liabilities <sup>1</sup></b>	<b>\$71.1B</b>

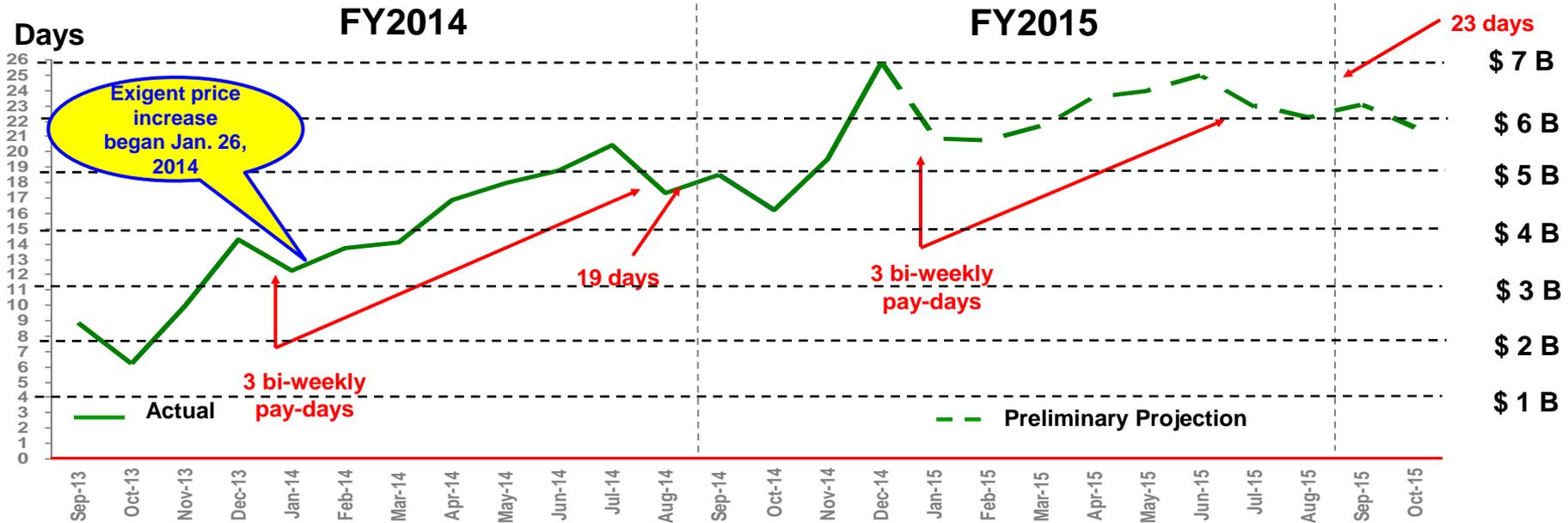
<sup>1</sup> Under multi-employer accounting rules, there are approximately \$45B in obligations not shown on the balance sheet.

➤ Significant profits over years and legislation are needed to recover.



# FY2014- October FY2016 Liquidity Days of Operating Cash Available

No payments for Retiree Health Benefits (RHB) Pre-Funding are included (\$5.7B in 2014 and \$5.7B in 2015)



- Liquidity includes unrestricted cash plus available borrowing, up to \$15B limit.
- FY2015 Days of Operating Cash – based on average operating costs disbursed per day ~\$275M (FY2014-\$265M).

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



# 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:  
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