

Financial Results

Quarter 3, 2016

Media Call

| Quarter 3 (3 Months) (Billions) | FY 2016 | FY 2015 |
|---|--------------------|--------------------|
| Revenue (Excluding Temporary Exigent Surcharge) ¹ | \$ 16.7 | \$ 16.1 |
| Temporary Exigent Surcharge ² | - | 0.5 |
| Total Revenue | 16.7 | 16.6 |
| Controllable Expenses ^{3, 4} | 17.2 | 16.8 |
| Controllable Income (Loss) ^{1, 2, 3, 4} | (0.5) | (0.2) |
| Retiree Health Benefits Pre-Funding | (1.4) | (1.4) |
| Workers' Comp. Fair Value Adj. | (0.7) | 0.9 |
| Workers' Comp. Other Non-Cash Adj. | - | 0.1 |
| FERS Unfunded Liability Amortization | (0.1) | - |
| Change in Accounting Estimate ⁵ | 1.1 | - |
| Net Income (Loss) | \$ (1.6) | \$ (0.6) |
| Volume (Pieces) ⁴ | 37 | 37 |

1 - Change in Accounting Estimate is excluded from Total Revenue.

2 - Temporary exigent surcharge expired April 10, 2016. Estimated exigent revenue earned in April 2016 was immaterial.

3 - Before RHB pre-funding, non-cash adjustments to workers' compensation liabilities and FERS unfunded liability amortization, which are excluded from controllable expenses.

4 - Quarter 3, FY2016, has the same number of retail and delivery days as compared to FY2015.

5 - Newly available data on prepaid postage resulted in a \$1.1B decrease in the liability for deferred revenue - prepaid postage and a corresponding increase in revenue.

| June YTD (9 Months) (Billions) | FY 2016 | FY 2015 |
|---|------------------------|------------------------|
| Revenue (Excluding Temporary Exigent Surcharge) ¹ | \$ 52.7 | \$ 50.7 |
| Temporary Exigent Surcharge ² | <u>1.1</u> | <u>1.6</u> |
| Total Revenue | 53.8 | 52.3 |
| Controllable Expenses ^{3, 4} | <u>52.5</u> | <u>51.1</u> |
| Controllable Income (Loss) ^{1, 2, 3, 4} | 1.3 | 1.2 |
| Retiree Health Benefits Pre-Funding | (4.3) | (4.3) |
| Workers' Comp. Fair Value Adj. | (1.2) | (0.2) |
| Workers' Comp. Other Non-Cash Adj. | - | 0.5 |
| FERS Unfunded Liability Amortization | (0.2) | - |
| Change in Accounting Estimate ⁵ | <u>1.1</u> | <u>-</u> |
| Net Income (Loss) | <u>\$ (3.3)</u> | <u>\$ (2.8)</u> |
| Volume (Pieces) ⁴ | 117 | 117 |

1 - Change in Accounting Estimate is excluded from Total Revenue.

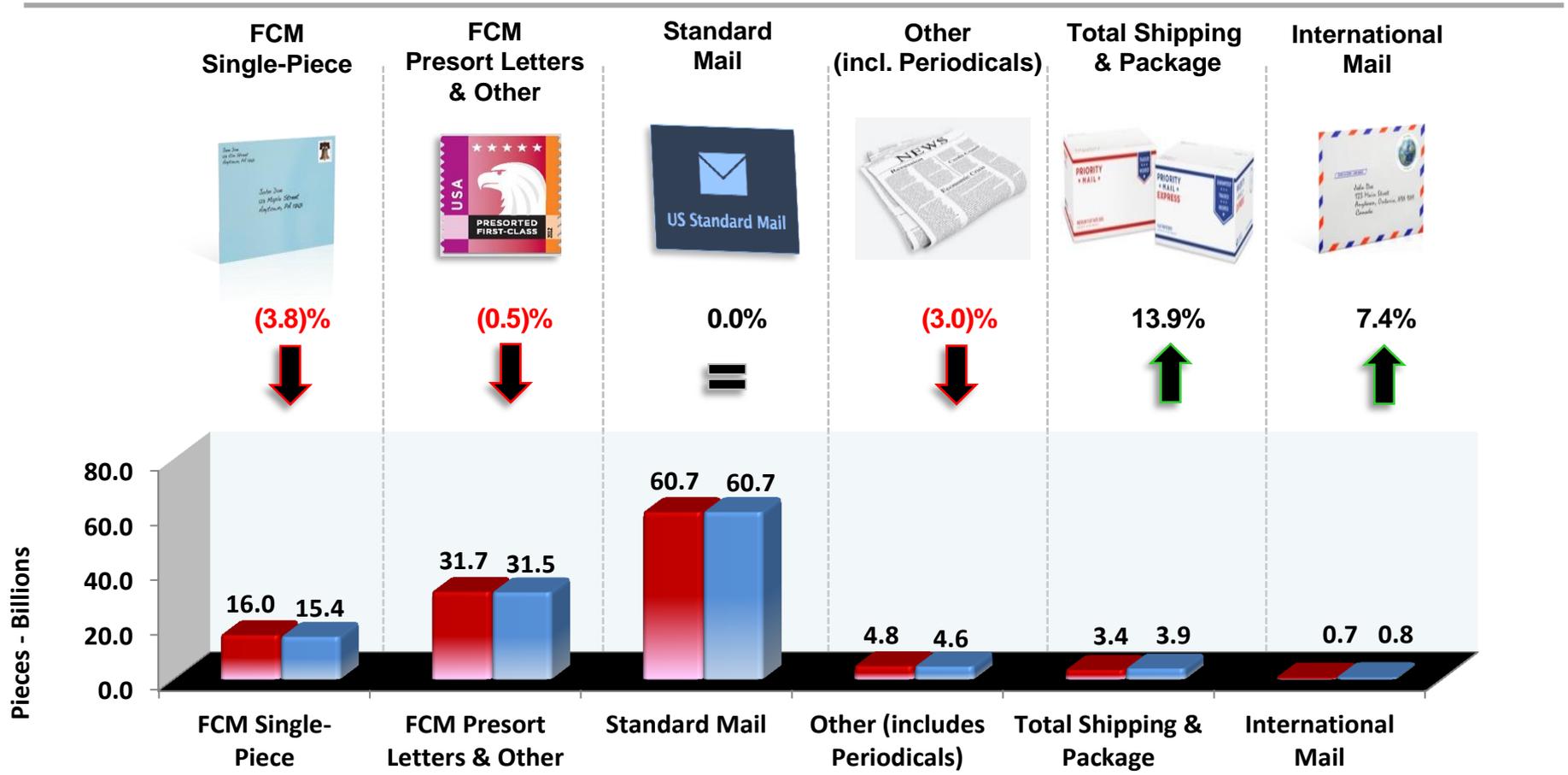
2 - Temporary exigent surcharge expired April 10, 2016. Estimated exigent revenue earned in April 2016 was immaterial.

3 - Before RHB pre-funding, non-cash adjustments to workers' compensation liabilities and FERS unfunded liability amortization, which are excluded from controllable expenses.

4 - June YTD has one more weekday as compared to FY2015.

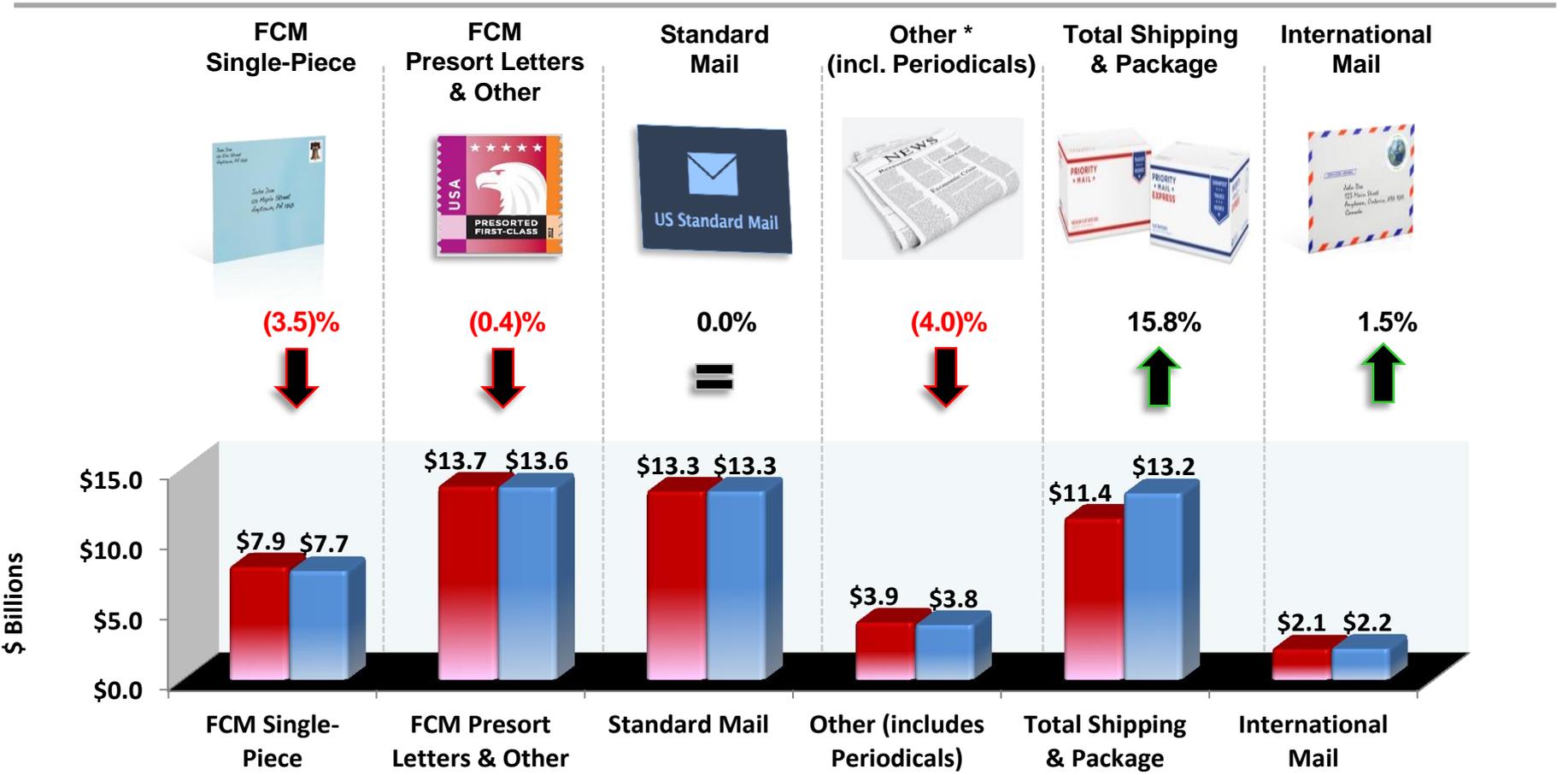
5 - Newly available data on prepaid postage resulted in a \$1.1B decrease in the liability for deferred revenue - prepaid postage and a corresponding increase in revenue.

FY2015
117.3B
↓
0.4B
FY2016
116.9B



FY2016 June YTD has one more weekday as compared to FY2015.

(including Exigent Surcharge in 2015 & 2016, but excluding one-time change in accounting estimate in 2016)



FY2016 June YTD has one more weekday as compared to FY2015.

* FY2015 excludes a one-time, non-recurring accounting adjustment

| June YTD (9 Months) (Billions) | FY 2016 | FY 2015 |
|---|--------------------|--------------------|
| Compensation & Benefits¹ | \$40.1 | \$39.0 |
| Transportation | 5.3 | 5.0 |
| Depreciation | 1.3 | 1.3 |
| Supplies & Services | 2.0 | 2.0 |
| Rent, Utilities & Other | <u>3.8</u> | <u>3.8</u> |
| Controllable Expenses^{1, 2} | \$52.5 | \$51.1 |

1 - Delivery days were one more compared to SPLY.

2 - Before RHB pre-funding, non-cash adjustments to workers' compensation liabilities and FERS unfunded liability amortization, which are excluded from controllable expenses.

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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