



# Financial Results

## Quarter III of Fiscal Year 2012

August 9, 2012



# Quarter III Overview

- ✓ **Shipping Services & Packages Growth** greatly offset declines in First-Class Mail and Standard (Advertising) Mail:
  - Shipping/Package revenue grew \$950M (+9.9%) for the nine-months thru June
  - First-Class and Advertising Mail revenue declined \$1,290M (-3.5%) for nine months
- ✓ **Efficiency Improvements** continue to generate savings:
  - Operating Expenses (controllable): \$600M improvement for nine-months thru June
  - Eliminated additional 20 million workhours in nine months thru June
- ✓ **Unsustainable cost of Pre-Funding Retiree Health Benefits:**
  - Net loss for Third Quarter of \$5.2B includes \$3.1B in RHB pre-funding expense
  - Net loss for nine months of \$11.6B includes \$9.15B in RHB pre-funding expense
- ✓ **Defaulted** on retiree health benefits prefunding payment due August 1, 2012:
  - No impacts on retiree health coverage or mail service
  - Will default on second payment due September 30, 2012, absent legislation
- ✓ **Liquidity** challenges will remain in FY2013



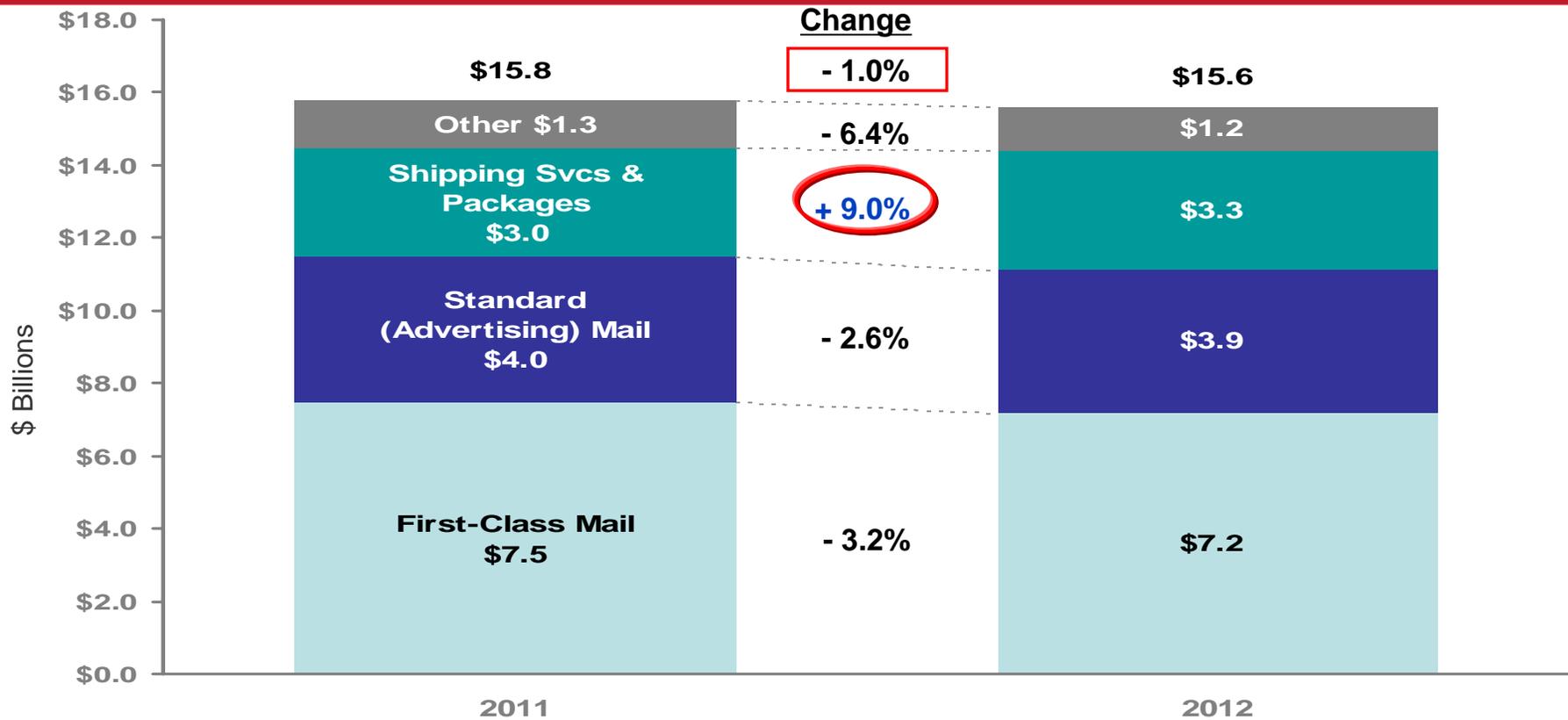
# Quarter III Financial Results

<b>Quarter III - 3 months</b>	<b>FY</b>	<b>FY</b>
<b>Billions</b>	<b>2012</b>	<b>2011</b>
<b>Revenue</b>	<b>\$15.6</b>	<b>15.8</b>
<b>Expenses *</b>	<b><u>16.6</u></b>	<b><u>17.1</u></b>
<b>Operating Income (Loss)*</b>	<b>(1.0)</b>	<b>(1.3)</b>
Retiree Hlth. Benefits Pre-Funding	<b>(3.1)</b>	<b>(1.4)</b>
Workers' Comp: Fair Value Adj.	<b>(0.9)</b>	<b>(0.3)</b>
Workers' Comp Claims, Adj. & Contingency	<b><u>(0.2)</u></b>	<b><u>(0.1)</u></b>
<b>Net Income (Loss)</b>	<b><u>(\$5.2)</u></b>	<b><u>(3.1)</u></b>
<b>Volume (Pieces)</b>	<b>38.5</b>	<b>39.9</b>

\* Before RHB Pre-Funding and Non-Cash Adjustments to Workers' Compensation Liabilities



# Quarter III Revenue



Shipping Services & Packages includes First-Class Parcels, Standard Parcels, Package Services and all Competitive products



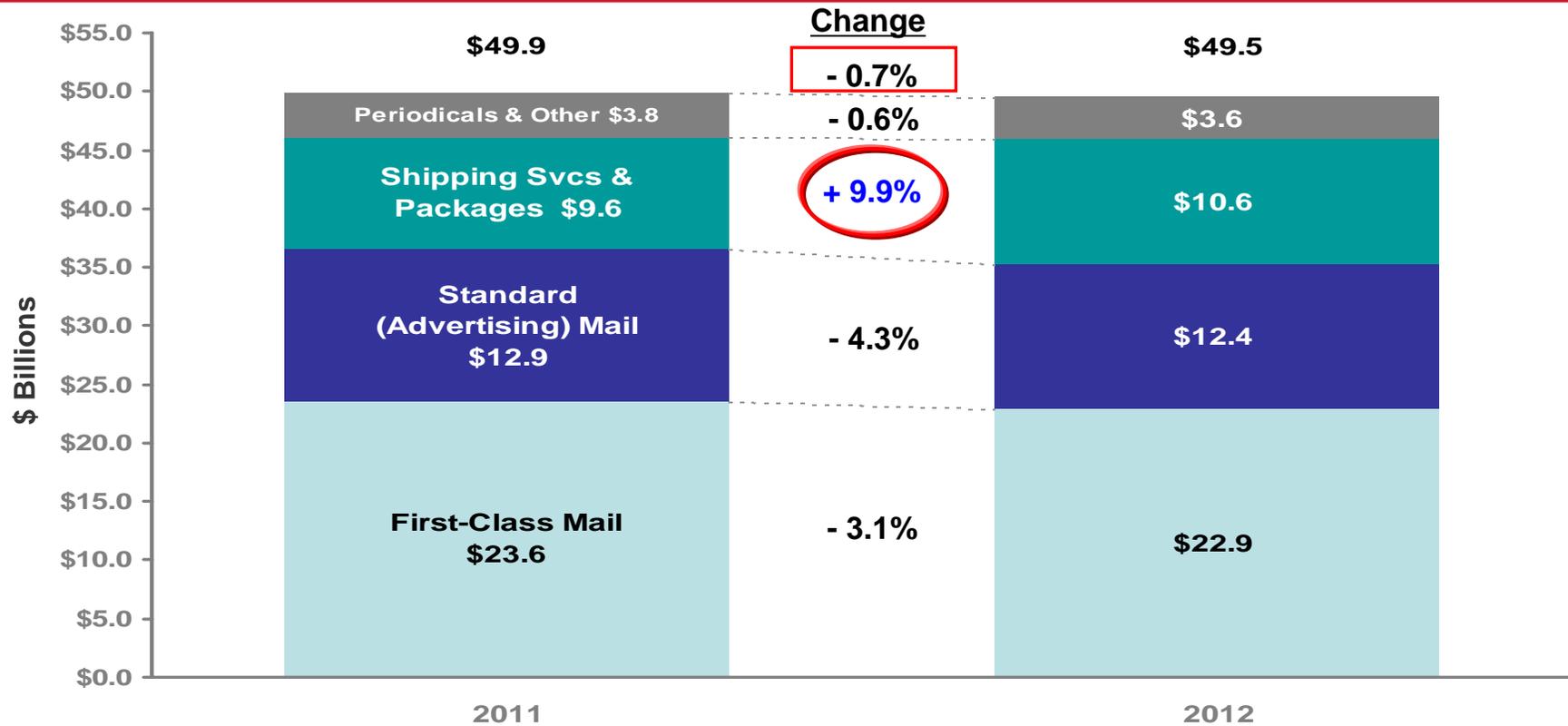
# Quarter III YTD Financial Results

<b>Quarter III YTD - 9 months</b> (Billions)	<b>FY</b> <b>2012</b>	<b>FY</b> <b>2011</b>
<b>Revenue</b>	<b>\$49.5</b>	<b>49.9</b>
<b>Expenses *</b>	<b><u>50.7</u></b>	<b><u>51.3</u></b>
<b>Operating Income (Loss)*</b>	<b>(1.2)</b>	<b>(1.4)</b>
<b>Retiree Hlth. Benefits Pre-Funding</b>	<b>(9.2)</b>	<b>(4.1)</b>
<b>Workers' Comp: Fair Value Adj.</b>	<b>(0.3)</b>	<b>0.7</b>
<b>Workers' Comp Claims, Adj. &amp; Contingency</b>	<b><u>(0.9)</u></b>	<b><u>(0.9)</u></b>
<b>Net Income (Loss)</b>	<b><u>(\$11.6)</u></b>	<b><u>(5.7)</u></b>
<b>Volume (Pieces)</b>	<b>121.7</b>	<b>127.6</b>

\* Before RHB Pre-Funding and Non-Cash Adjustments to Workers' Compensation Liabilities



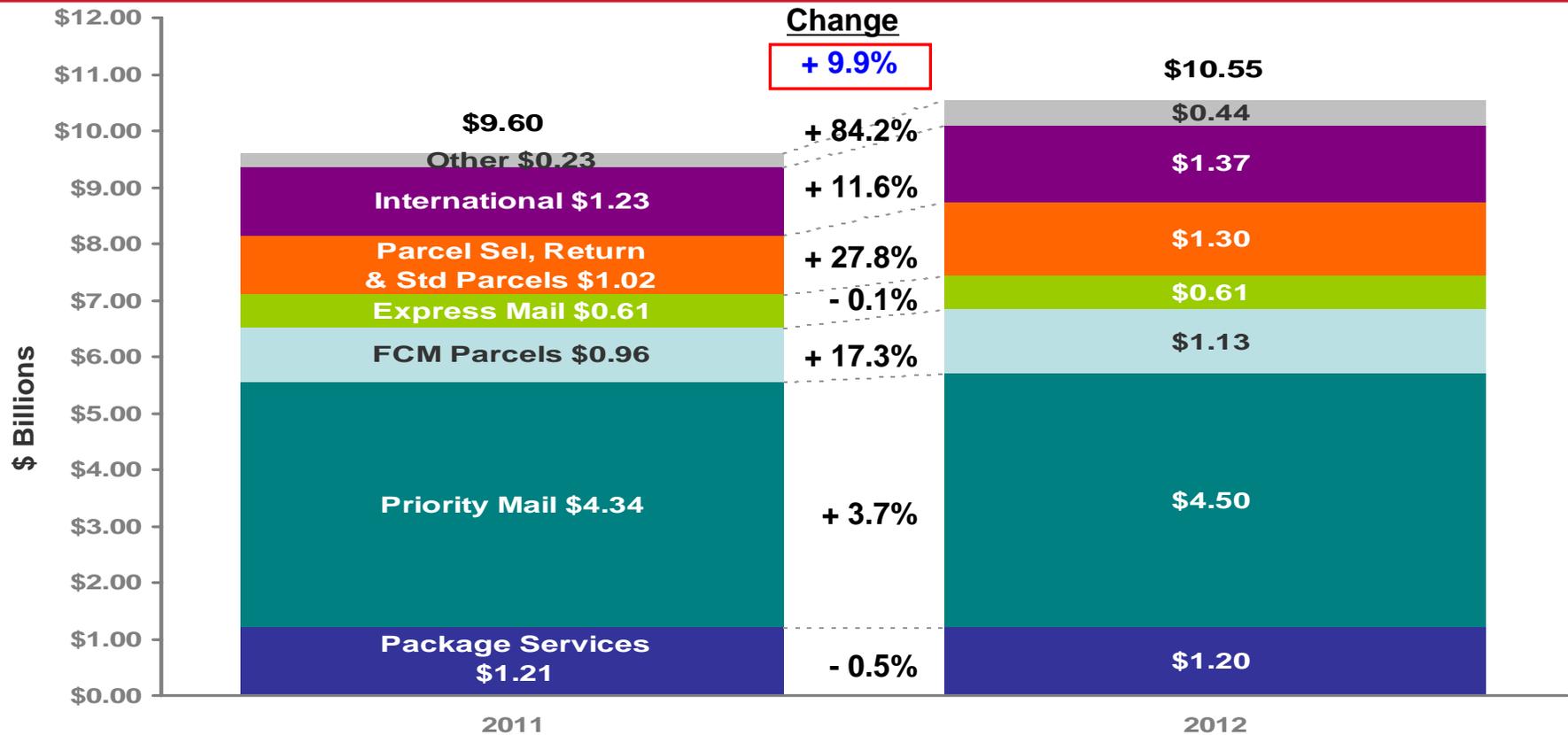
# Quarter III YTD Revenue



Shipping Services & Packages includes First-Class Parcels, Standard Parcels, Package Services and all Competitive products



# Quarter III YTD Shipping Services and Packages Revenue



Includes First-Class Parcels, Standard Parcels, Package Services and all Competitive products



# Quarter III YTD Financial Results

<b>Quarter III YTD - 9 months</b> (Billions)	<b>FY</b> <b>2012</b>	<b>FY</b> <b>2011</b>
Revenue	\$49.5	49.9
Expenses*	<u>50.7</u>	<u>51.3</u>
<b>Operating Income (Loss)*</b>	<b>(1.2)</b>	<b>(1.4)</b>
Retiree Hlth. Benefits Pre-Funding	(9.2)	(4.1)
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# Operating Expenses

<b>Quarter III YTD - 9 months</b> (Billions)	<b>FY</b> <b>2012</b>	<b>FY</b> <b>2011</b>
Compensation	\$27.3	27.7
Benefits	11.5	11.3
Transportation	5.0	4.8
Depreciation	1.6	1.7
Supplies & Services	1.6	1.7
Rent, Utilities & Other	3.7	4.1
<b>Operating Expenses *</b>	<b>\$50.7</b>	<b>51.3</b>
<b>Workhour Reductions (Millions)</b>	<b>19.7</b>	<b>25.2</b>

\* Before RHB Pre-Funding and Non-Cash Adjustments to Workers' Compensation Liabilities



# Quarter III YTD Financial Results

<b>Quarter III YTD - 9 months</b> (Billions)	<b>FY</b> <b>2012</b>	<b>FY</b> <b>2011</b>
Revenue	\$49.5	49.9
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Complete Financial results are in the Form 10-Q:

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

# Q & A

Additional questions can be emailed to:

[Susan.Mcgowan@usps.gov](mailto:Susan.Mcgowan@usps.gov)

[David.A.Partenheimer@usps.gov](mailto:David.A.Partenheimer@usps.gov)

