Open Session

Board of Governors

Friday, February 8, 2013

Financial Results

Quarter I of Fiscal Year 2013

Open Board Session

February 8, 2013

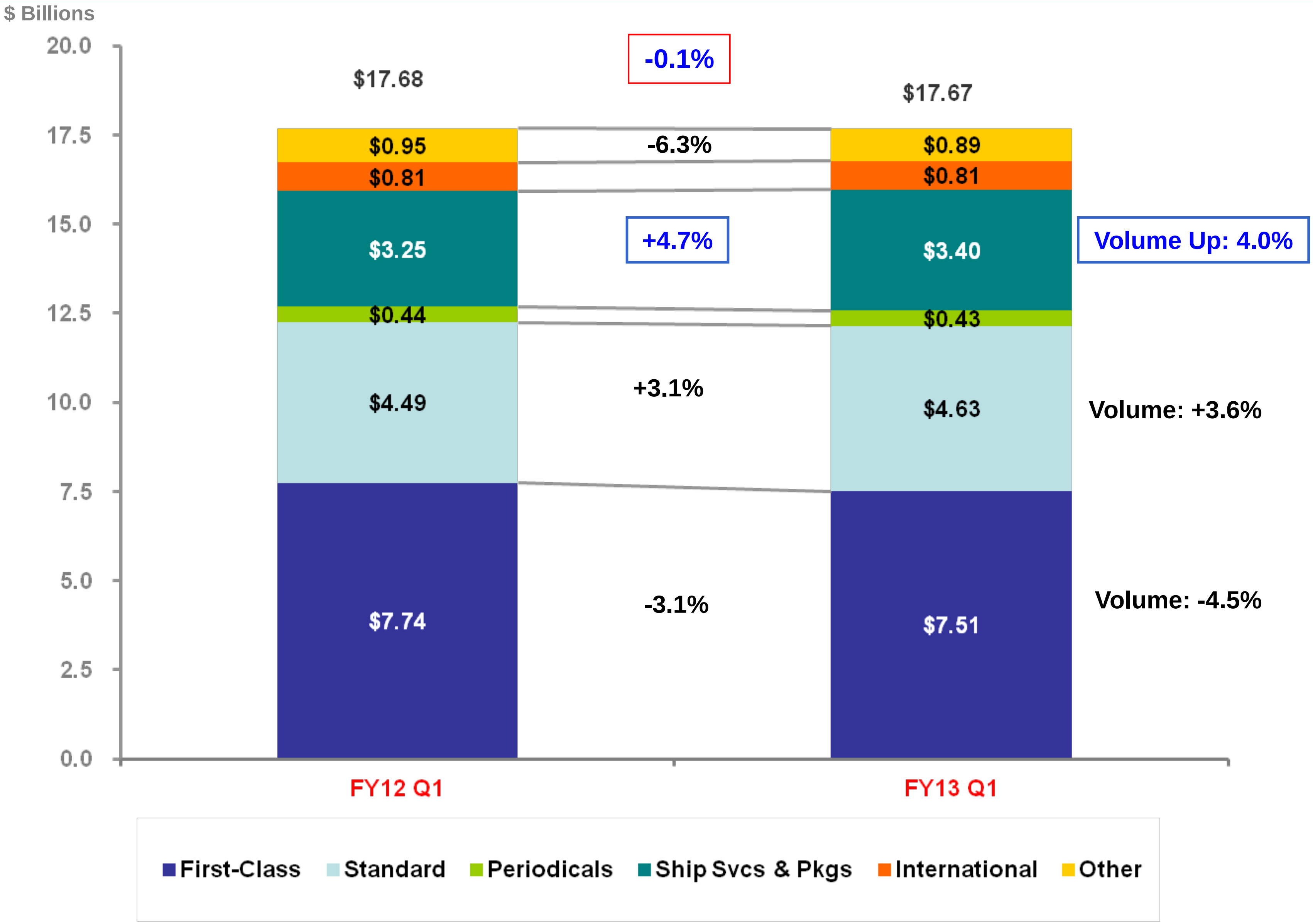
UNITED STATES POSTAL SERVICE ®

Financial Results

Quarter 1 YTD - 3 Months (Billions)	FY 2013	FY 2012
Revenue	$17.7	$17.7
Expenses *	17.5	17.5
Separation Incentive Costs	0.1	-
Operating Income (Loss)*	0.1	0.2
Retiree Health Benefits Pre-Funding	(1.4)	(3.1)
Workers' Comp. Fair Value Adj.	0.2	(0.1)
Workers' Comp. Other Non-Cash Adj.	(0.2)	(0.3)
Net Income (Loss)	($1.3)	($3.3)
Liquidity (Days Cash)	10	11
Volume (pieces)	43.5	43.6

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

Revenue FY12 Q1 vs. FY13 Q1



UNITED STATES POSTAL SERVICE ®

Financial Results

Quarter 1 YTD - 3 Months (Billions)	FY 2013	FY 2012
Revenue	$17.7	$17.7
Expenses *	17.5	17.5
Separation Incentive Costs	0.1	-
Operating Income (Loss)*	0.1	0.2
Retiree Health Benefits Pre-Funding	(1.4)	(3.1)
Workers' Comp. Fair Value Adj.	0.2	(0.1)
Workers' Comp. Other Non-Cash Adj.	(0.2)	(0.3)
Net Income (Loss)	($1.3)	($3.3)
Liquidity (Days Cash)	10	11
Volume (pieces)	43.5	43.6

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

Operating Expenses

Quarter I YTD - 3 months (Billions)	FY 2013	FY 2012
Compensation	$9.6	9.6
Benefits	3.8	3.8
Transportation	1.8	1.8
Depreciation	0.5	0.6
Supplies & Services	0.6	0.5
Rent, Utilities & Other	1.2	1.2
Operating Expenses *	**$17.5**	**17.5**
Workhour Reductions (Millions)	**(1)**	**(3)**

* Before RHB pre-funding, non-cash adjustments to workers' compensation liabilities.

UNITED STATES POSTAL SERVICE ®

Financial Results

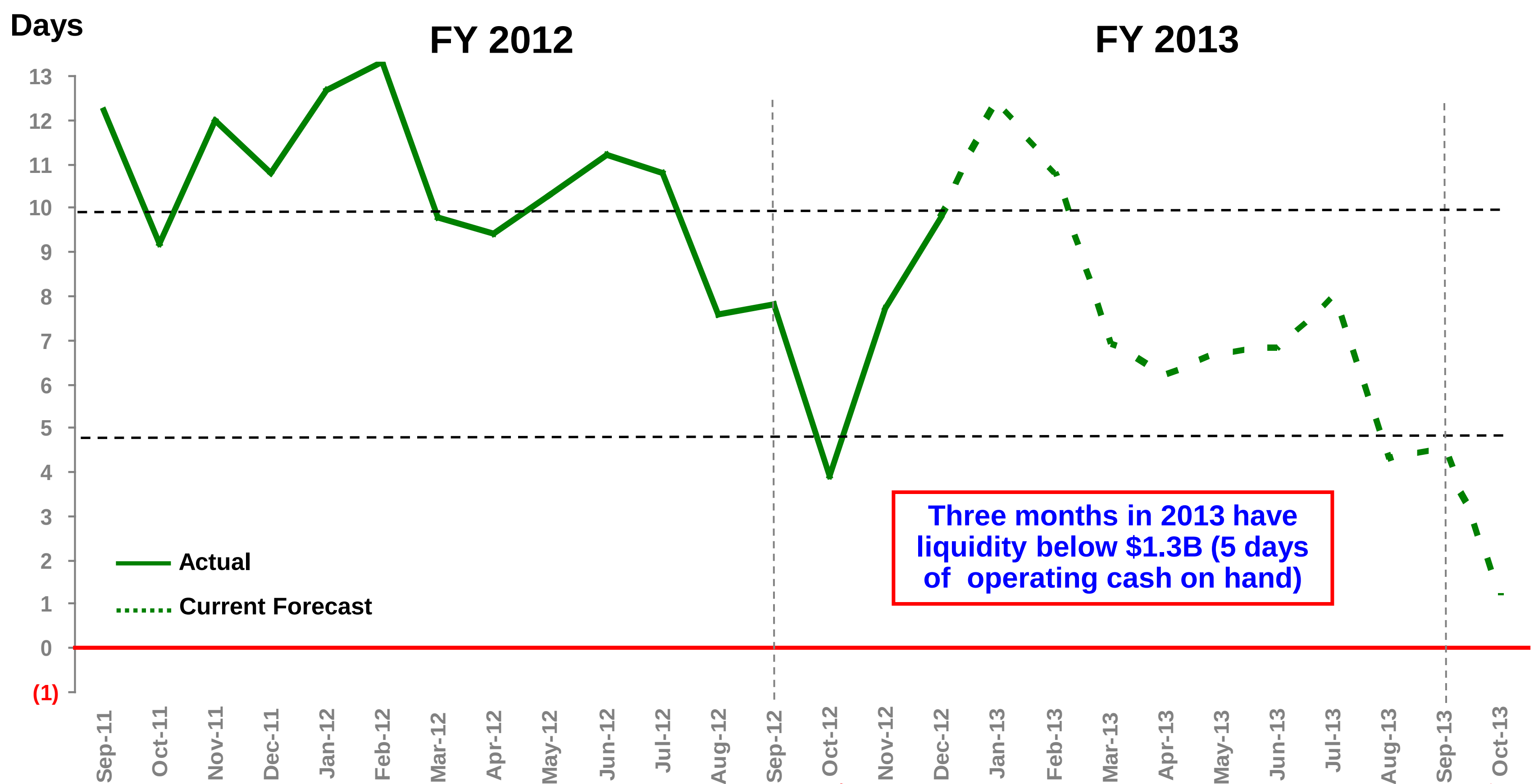
Quarter 1 YTD - 3 Months (Billions)	FY 2013	FY 2012
Revenue	$17.7	$17.7
Expenses *	17.5	17.5
Separation Incentive Costs	0.1	-
Operating Income (Loss)*	**0.1**	**0.2**
Retiree Health Benefits Pre-Funding	(1.4)	(3.1)
Workers' Comp. Fair Value Adj.	0.2	(0.1)
Workers' Comp. Other Non-Cash Adj.	(0.2)	(0.3)
Net Income (Loss)	**($1.3)**	**($3.3)**
Liquidity (Days Cash)	**10**	**11**
Volume (pieces)	43.5	43.6

* Before RHB pre-funding and non-cash adjustments to workers’ compensation liabilities.

UNITED STATES POSTAL SERVICE ®

2012 & 2013 Liquidity
Days of Operating Cash on Hand

No Retiree Health Benefits Pre-Funding included ($11.1B in 2012 and $5.6 B in 2013)



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

- **Liquidity includes unrestricted cash plus available borrowing, up to $15B limit**
- **Days of Operating Cash – based on average operating costs disbursed per day ~$265M**

Quarter 1, Fiscal Year 2013 Service Performance and Customer Experience

Board of Governors

Open Session

February 8, 2013

Megan J. Brennan

Chief Operating Officer

Our Employees Delivered

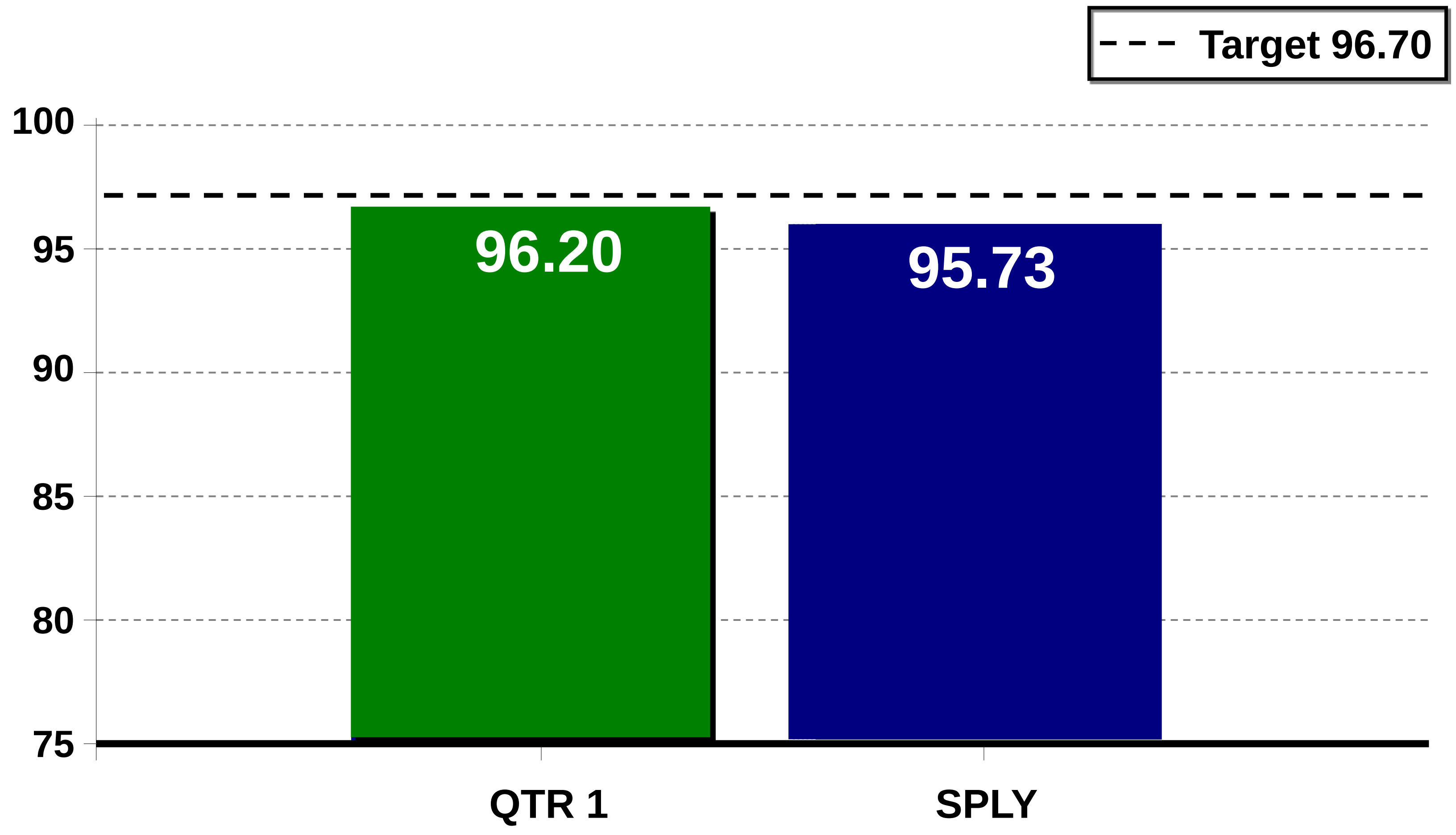
First-Class Mail

- Improved Performance
  - Overnight
  - 2 Day
  - 3-5 Day

FIRST-CLASS MAIL
SERVICE PERFORMANCE

Quarter 1 Performance

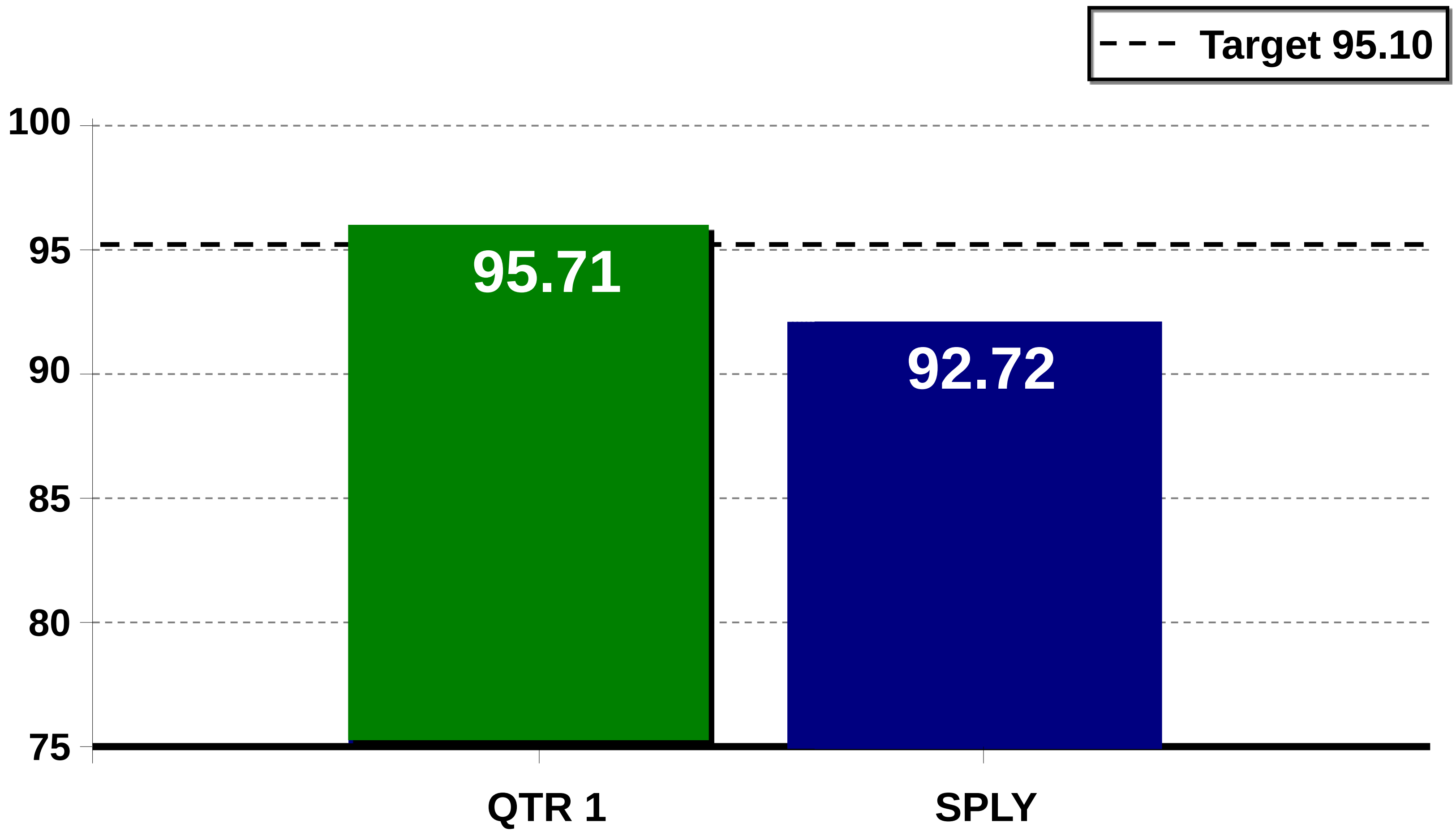
First-Class Overnight



Source: Product Information

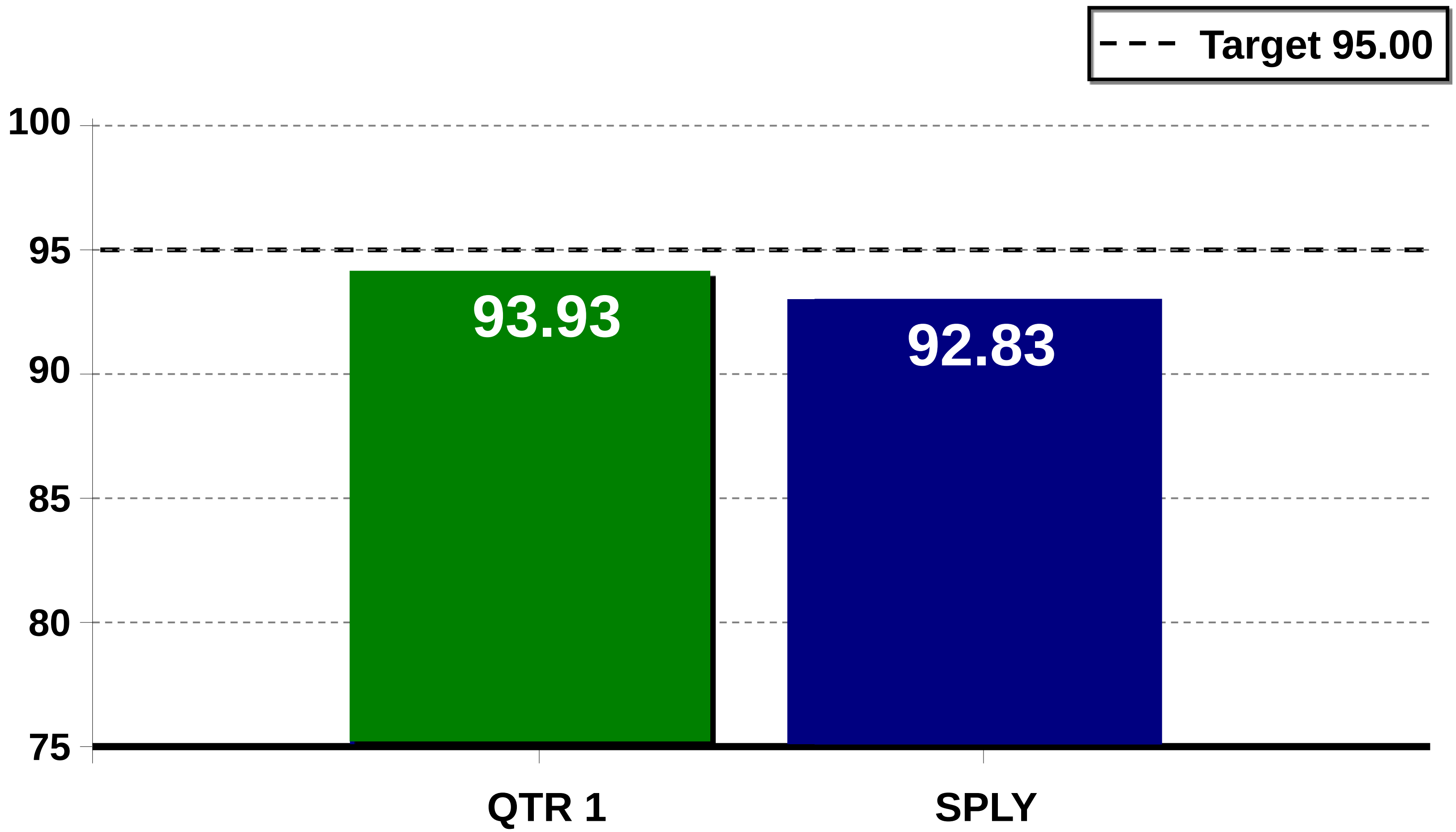
Quarter 1 Performance

First-Class 2-Day



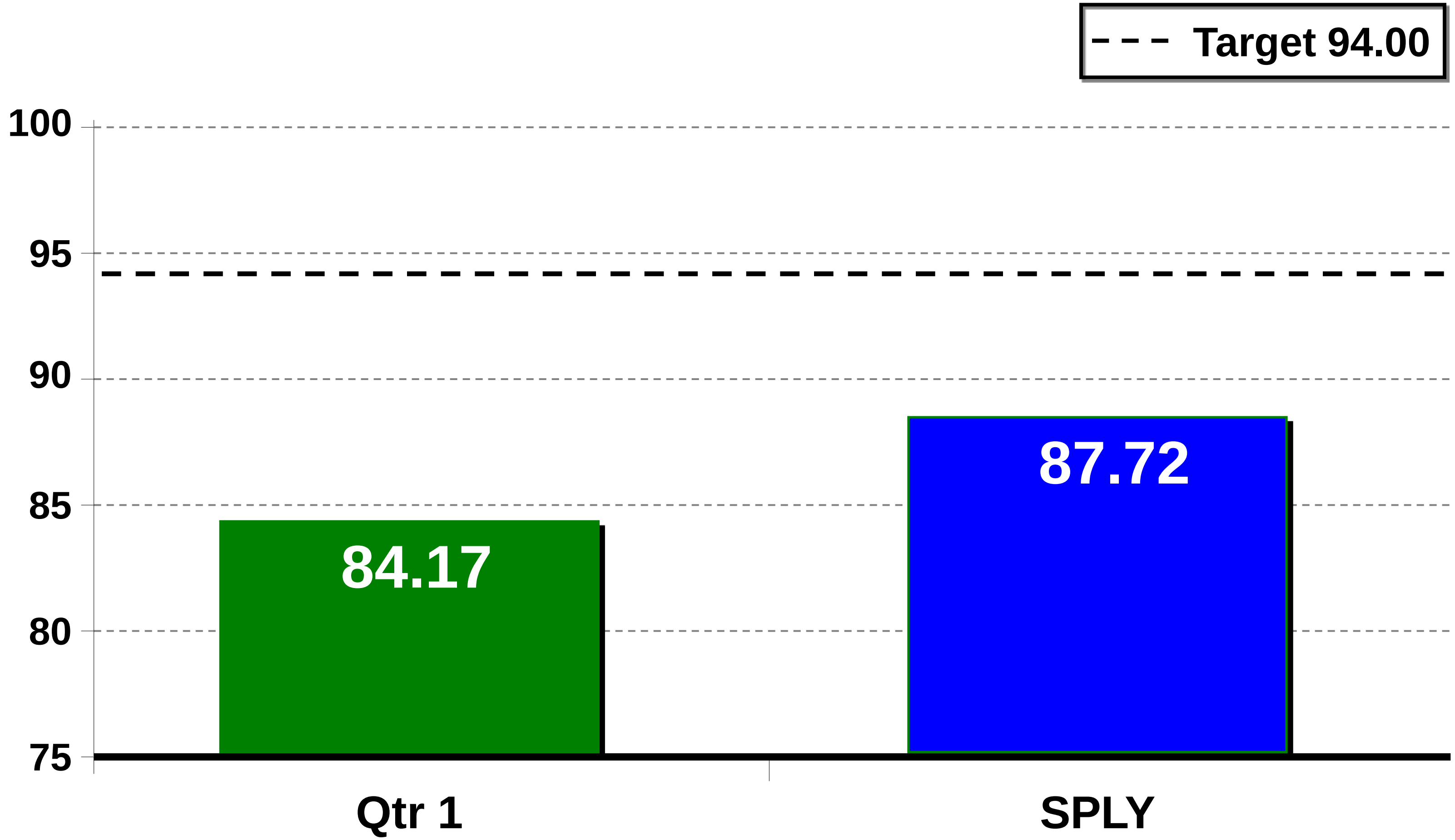
Source: Product Information

First-Class 3-5 Day



Source: Product Information

International – Single Piece First-Class

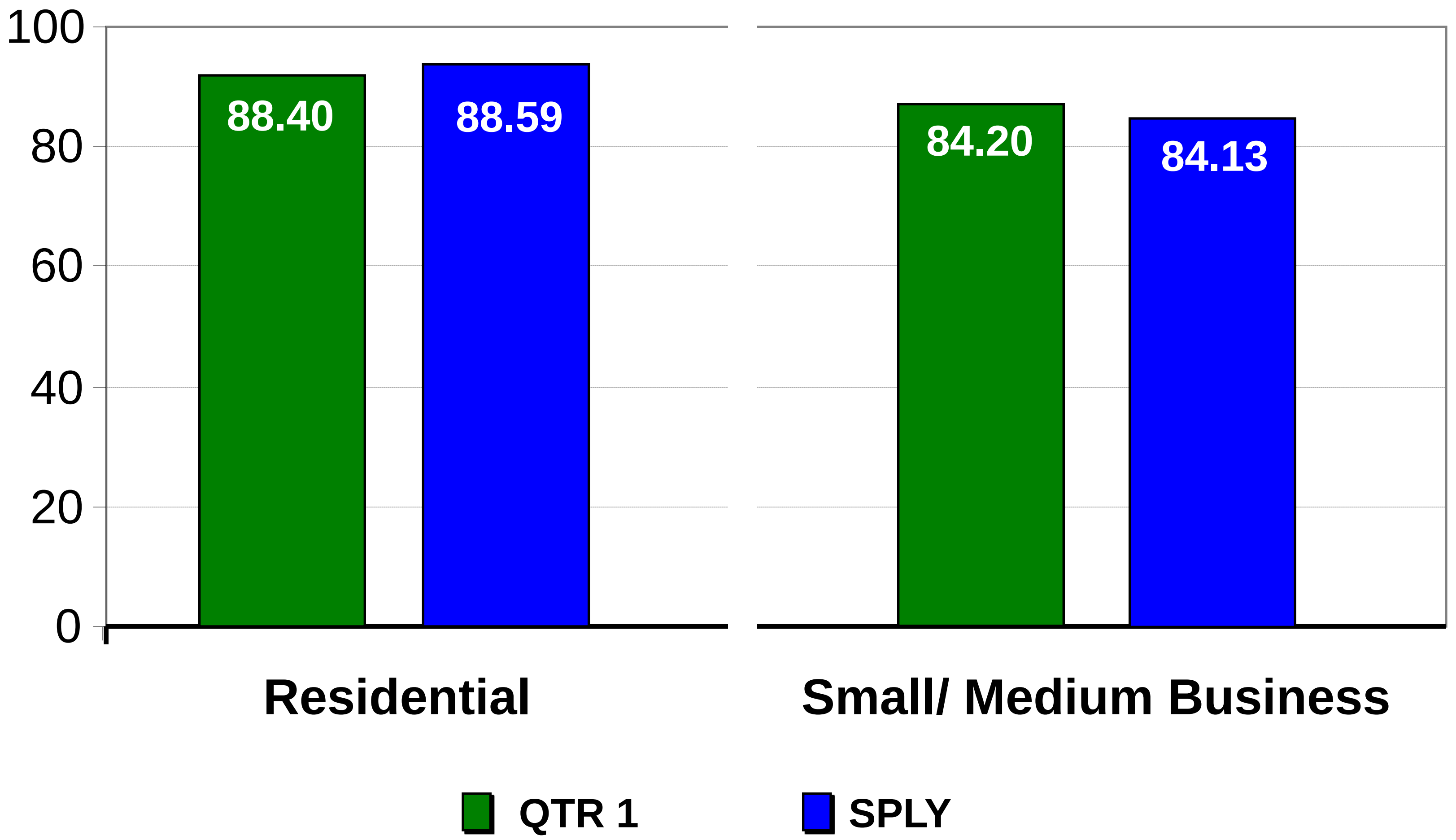


Source: Product Information

CUSTOMER EXPERIENCE MEASUREMENT (CEM)

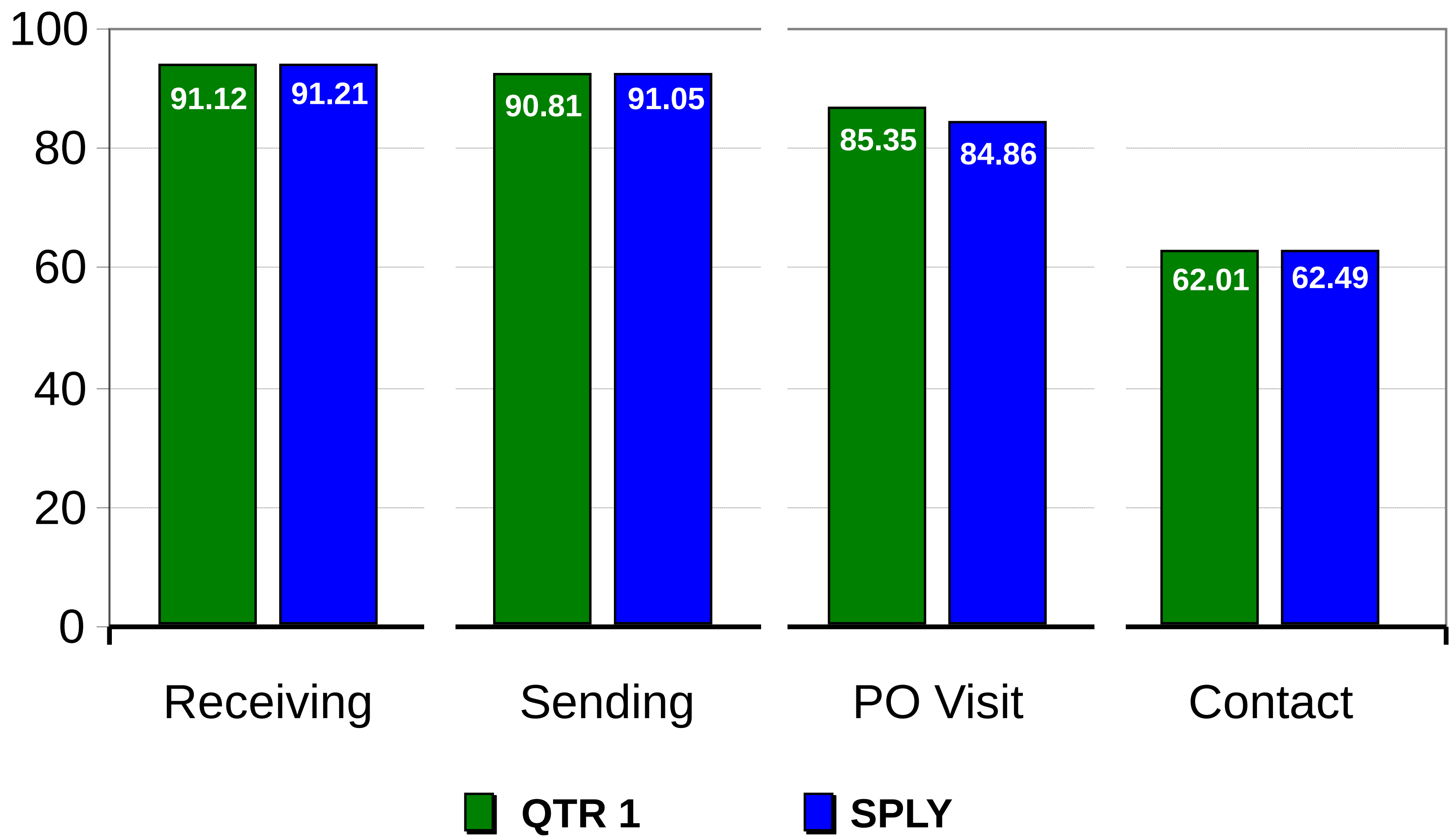
Customer Experience Measurement

Overall Experience



Source: CEM

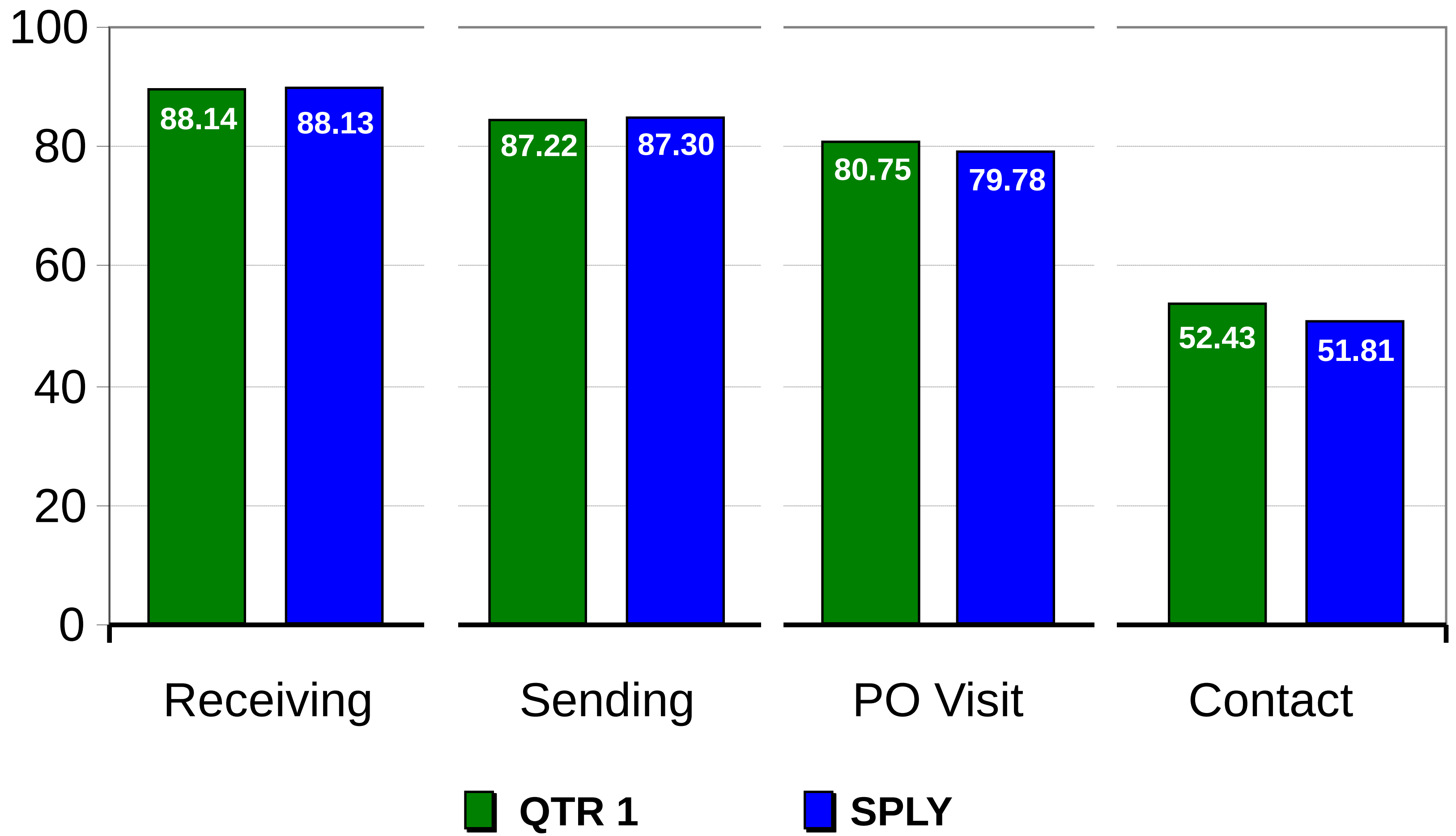
National - Residential



Source: CEM

Customer Experience Measurement

National – Small Business



Source: CEM

Areas of Focus

- **Employee Engagement**
- **Customer Experience Essentials**
- **Effective Use of Data and Diagnostic Tools to Drive Continuous Improvement**