



Financial Results

Quarter 2 of Fiscal Year 2013

Open Board Session

May 10, 2013

Quarter 2 (3 Months)	FY	FY
(Billions)	2013	2012
Revenue	\$16.4	\$16.2
Expenses *	16.4	16.6
Separation Incentive Costs	0.3	-
Operating Income (Loss)*	(0.3)	(0.4)
Retiree Health Benefits Pre-Funding	(1.4)	(3.1)
Workers' Comp. Fair Value Adj.	0.2	0.6
Workers' Comp. Other Non-Cash Adj.	(0.4)	(0.3)
Net Income (Loss)	(\$1.9)	(\$3.2)
Volume (pieces)	38.8	39.4

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

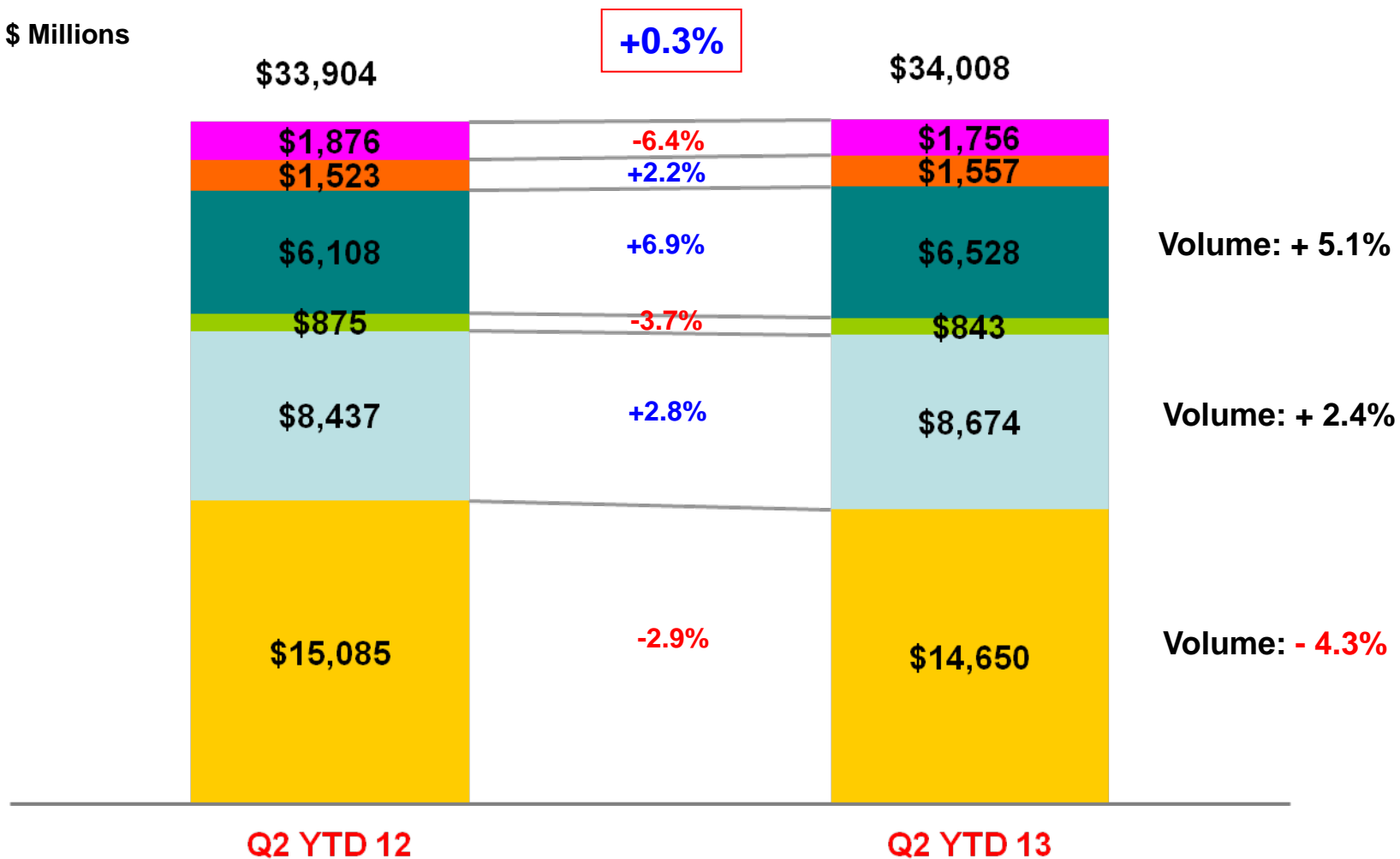
Quarter 2 YTD (6 Months)	FY	FY
(Billions)	2013	2012
Revenue	\$34.0	\$33.9
Expenses *	33.9	34.1
Separation Incentive Costs	<u>0.3</u>	<u>-</u>
Operating Income (Loss)*	(0.2)	(0.2)
Retiree Health Benefits Pre-Funding	(2.8)	(6.1)
Workers' Comp. Fair Value Adj.	0.5	0.5
Workers' Comp. Other Non-Cash Adj.	<u>(0.6)</u>	<u>(0.7)</u>
Net Income (Loss)	<u>(\$3.1)</u>	<u>(\$6.5)</u>
Liquidity Days (of Oper. Cash)	9	10
Volume (pieces)	82.3	82.9

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

Operating Revenue

Q2 YTD 12 vs. Q2 YTD 13

\$ Millions



■ First-Class
 ■ Standard
 ■ Periodicals
 ■ Ship Svcs & Pkgs
 ■ International
 ■ Other

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Quarter 2 YTD - 6 months (Billions)	FY 2013	FY 2012
Compensation	\$18.2	18.4
Benefits	7.7	7.7
Transportation	3.5	3.4
Depreciation	1.0	1.1
Supplies & Services	1.1	1.1
Rent, Utilities & Other	<u>2.4</u>	<u>2.4</u>
Operating Expenses *	<u>\$33.9</u>	<u>34.1</u>
Workhours (Millions)	561	569

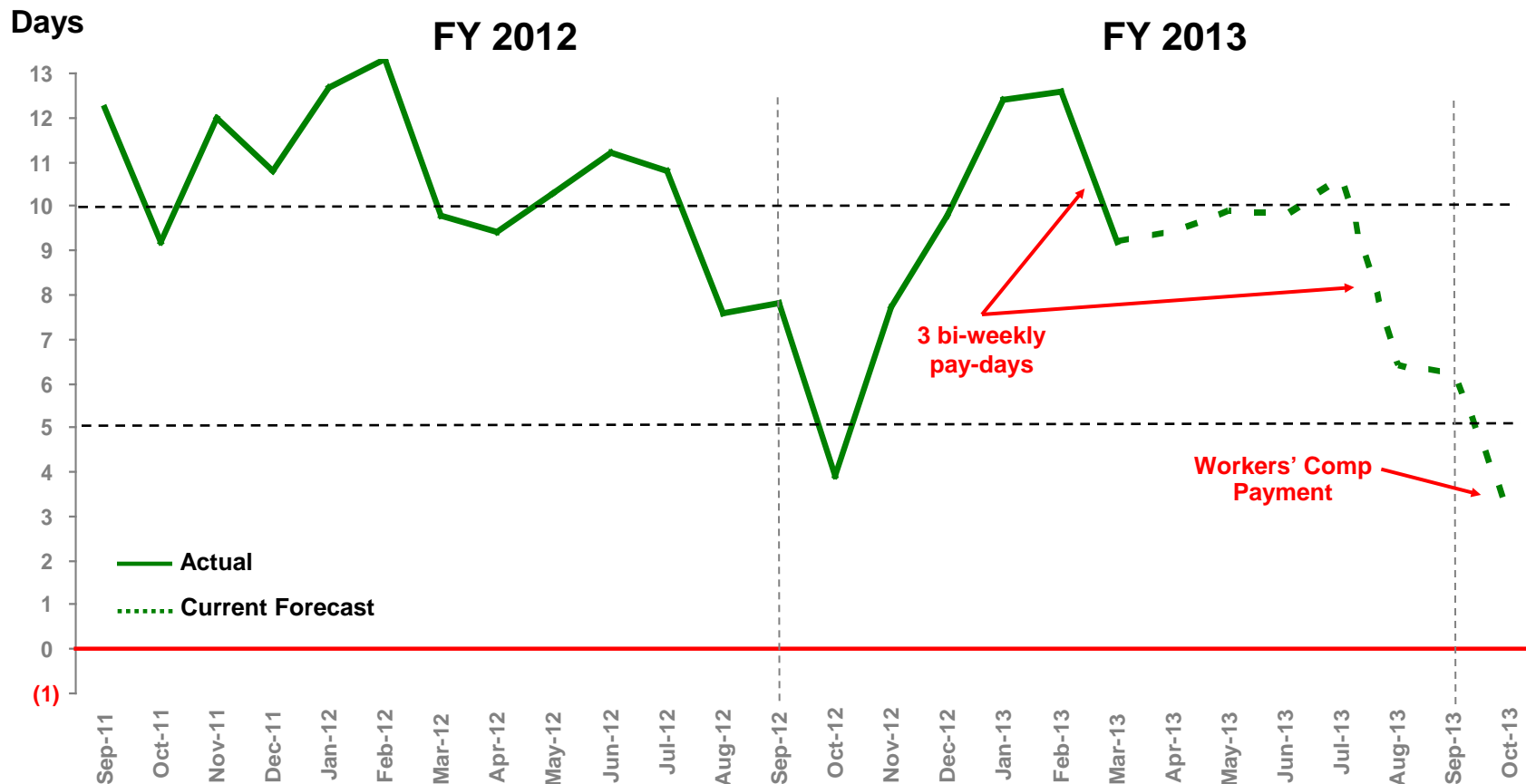
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2012 & 2013 Liquidity Days of Operating Cash on Hand

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



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

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



Quarter 2, Fiscal Year 2013 Service Performance and Customer Experience

Board of Governors

Open Session

May 10, 2013

Megan J. Brennan
Chief Operating Officer

Quarter 2 Performance

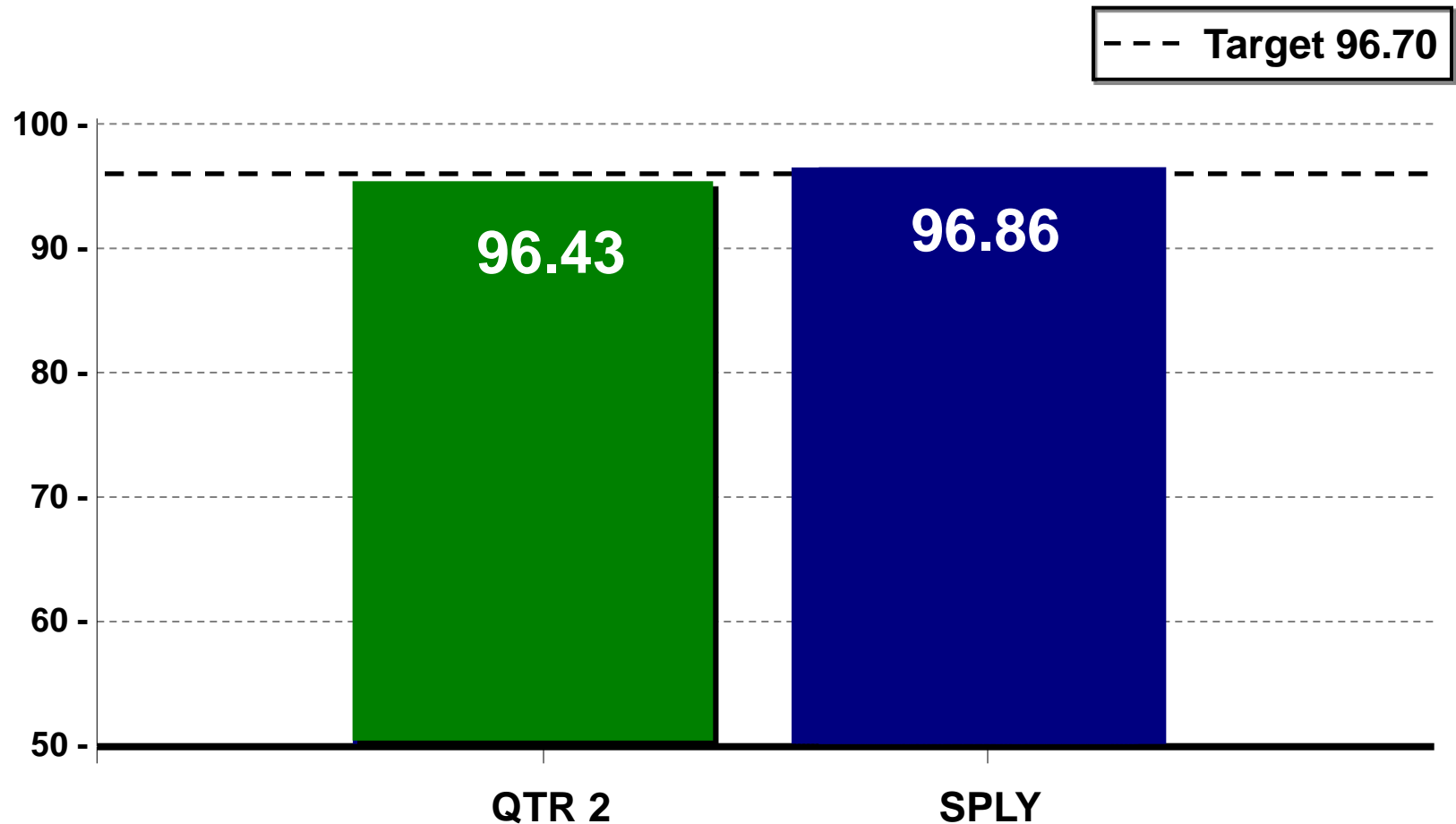
- ❑ Accelerated Infrastructure Changes
- ❑ Employee Commitment
- ❑ Predictable Service

FIRST-CLASS MAIL SERVICE PERFORMANCE



Quarter 2 Performance

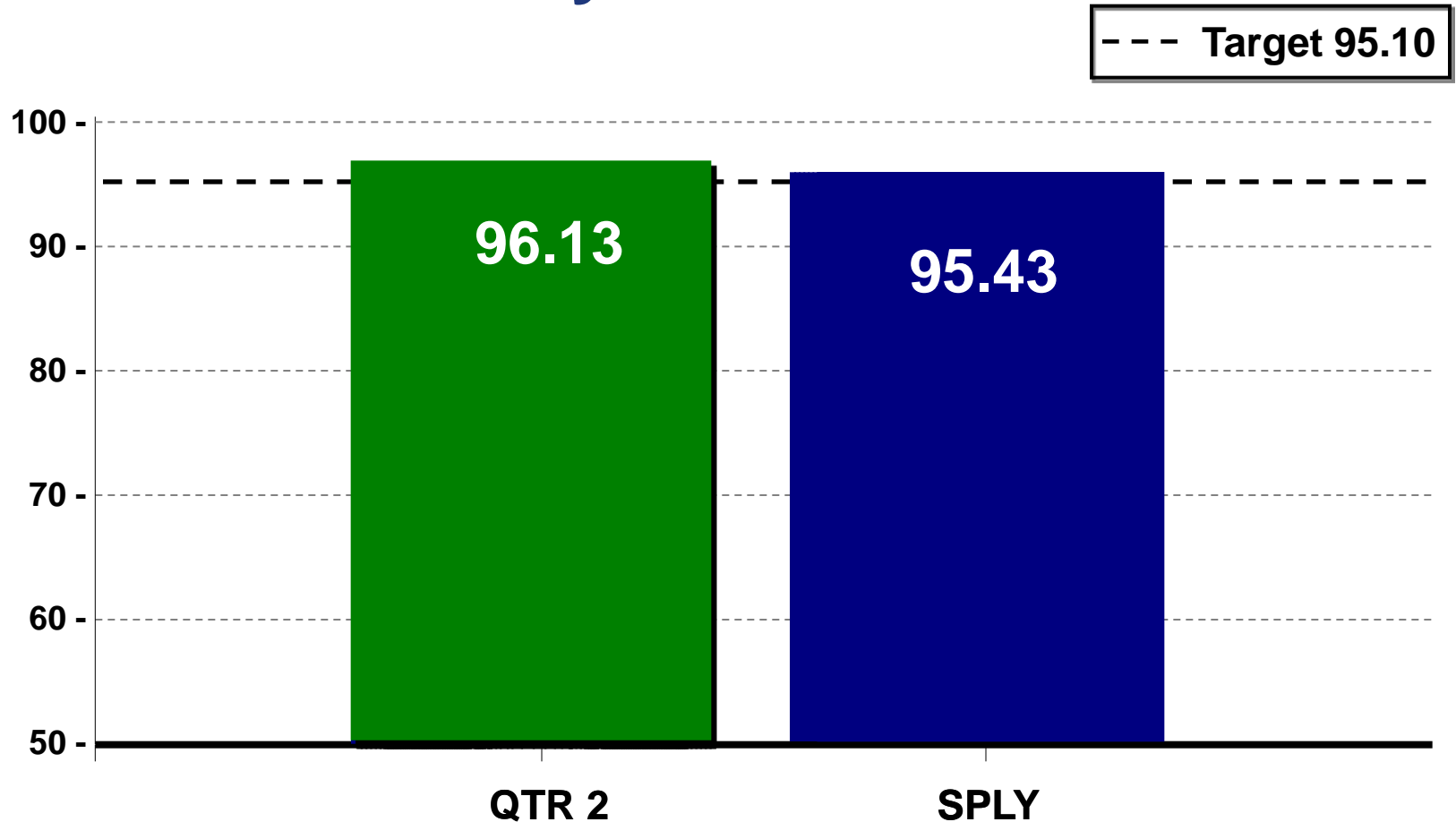
First-Class Overnight





Quarter 2 Performance

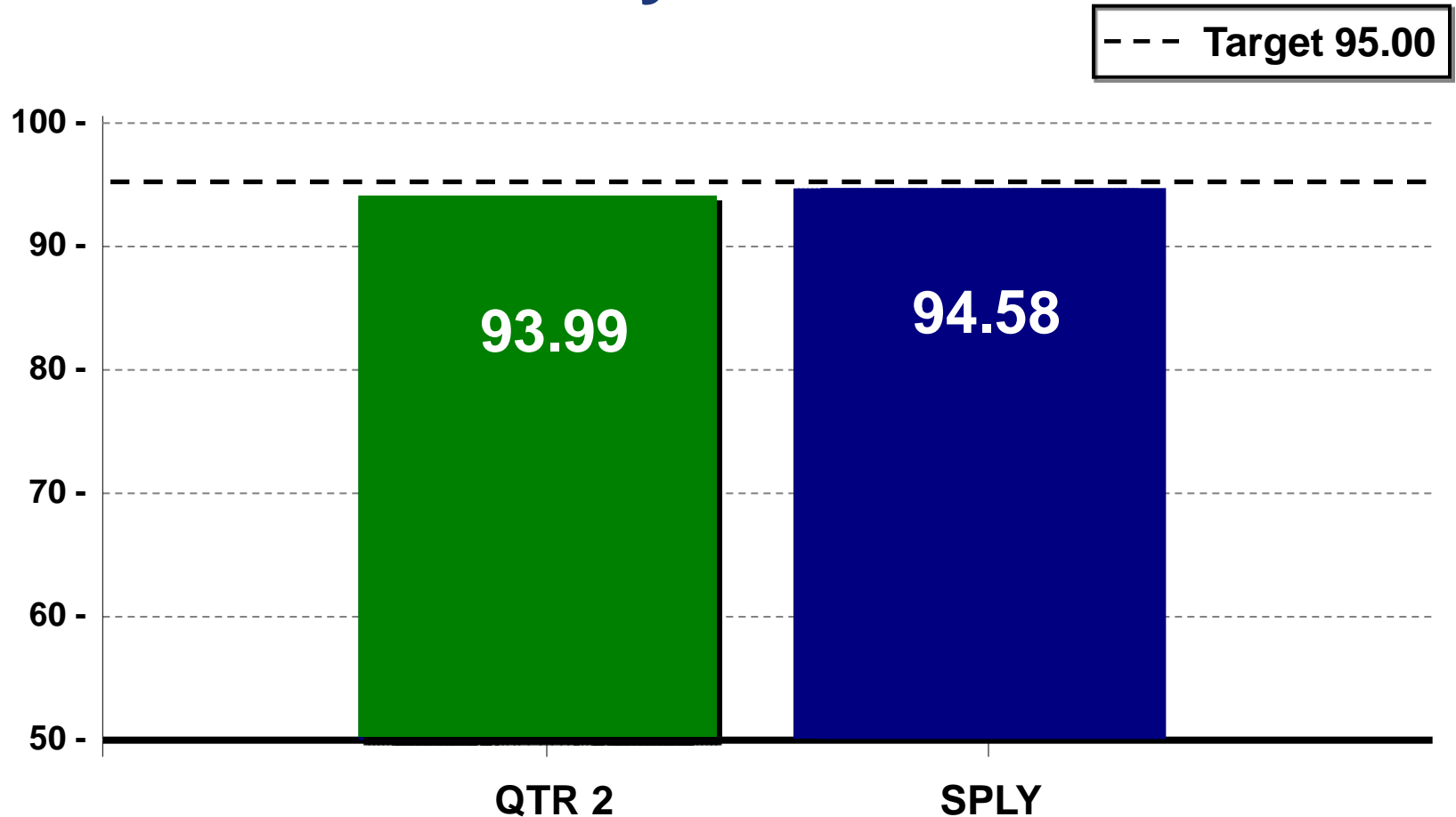
First-Class 2-Day





Quarter 2 Performance

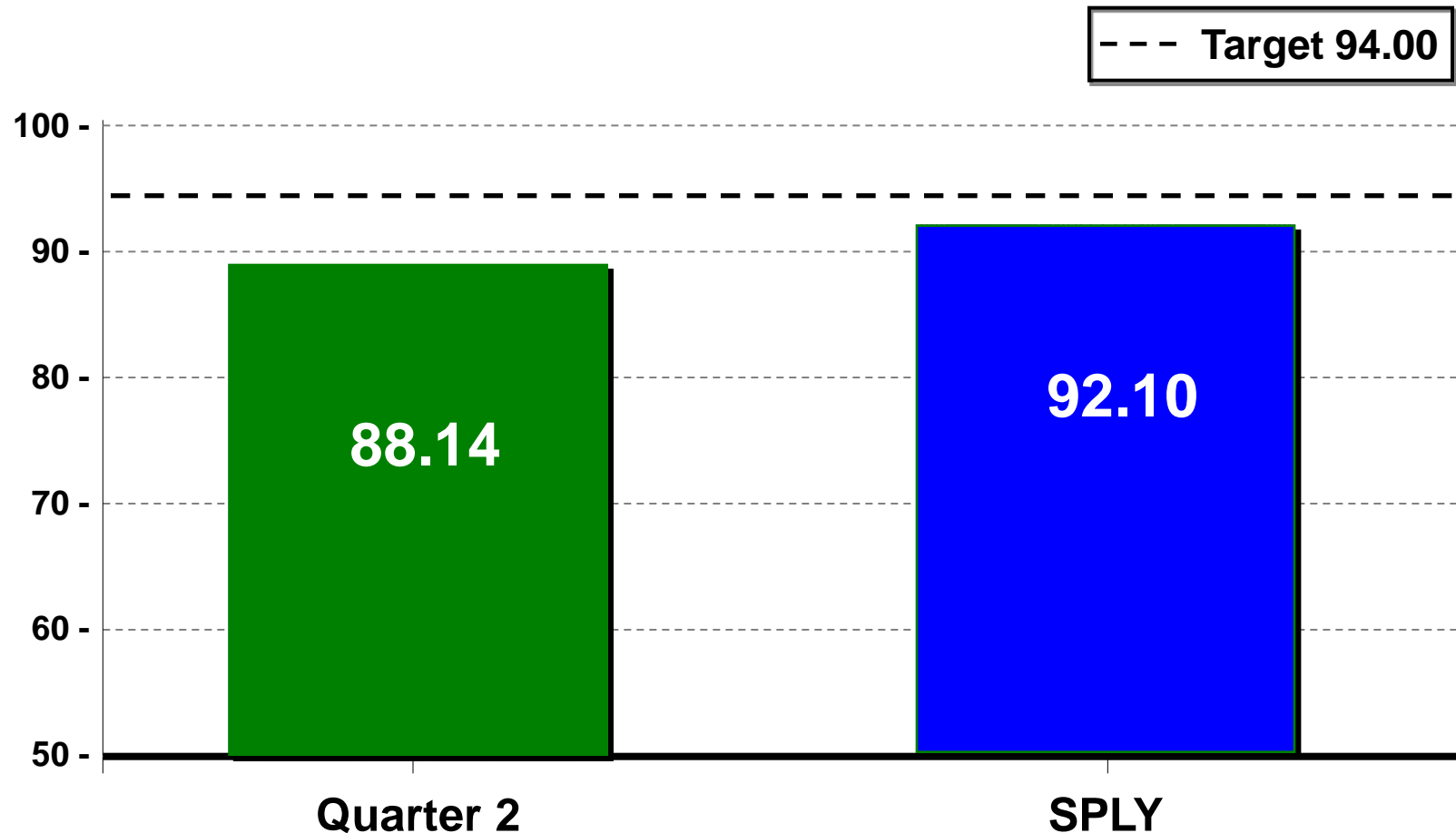
First-Class 3-5 Day





Quarter 2 Performance

International – Single-Piece First-Class

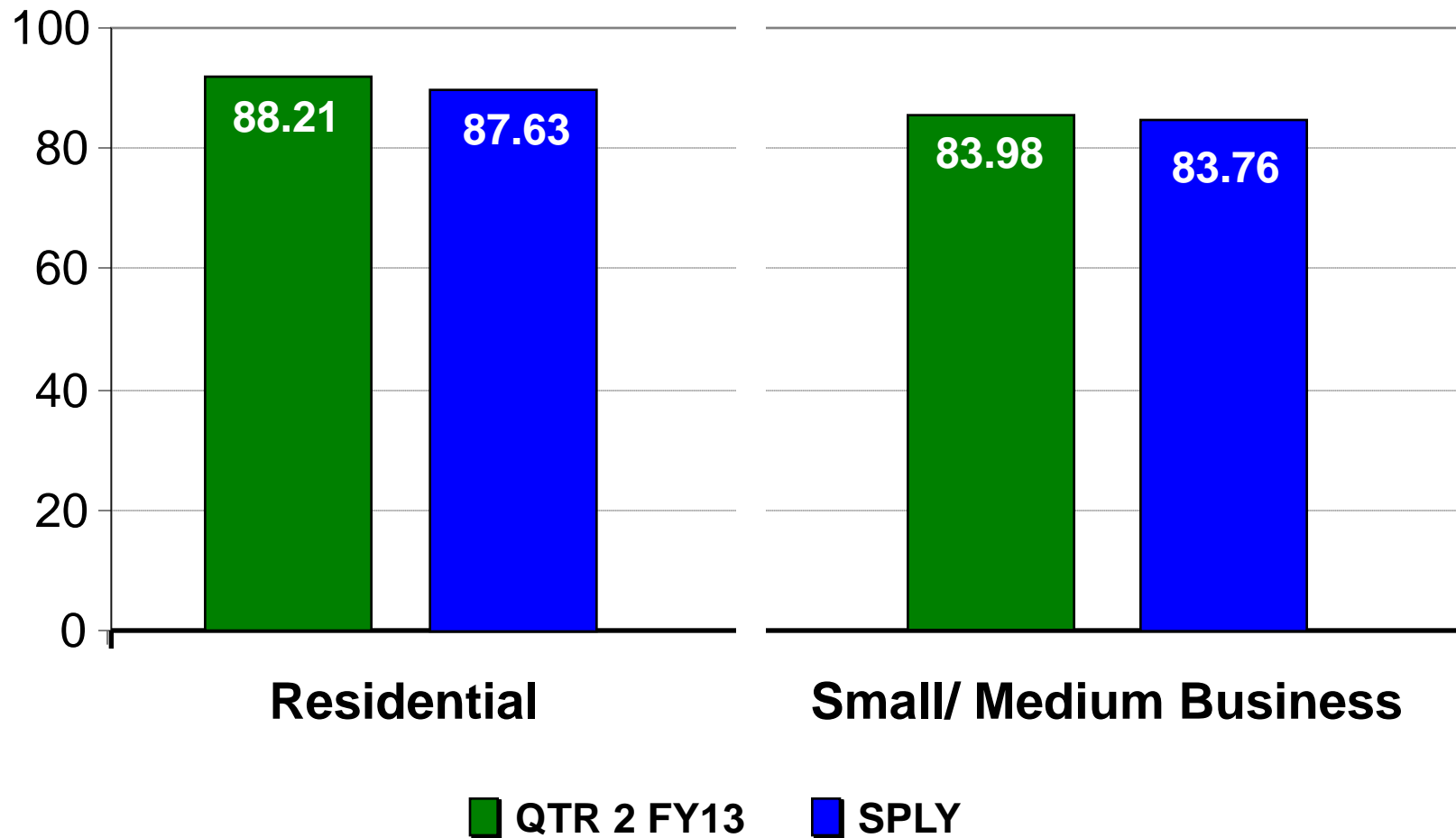


CUSTOMER EXPERIENCE MEASUREMENT (CEM)



Customer Experience Measurement

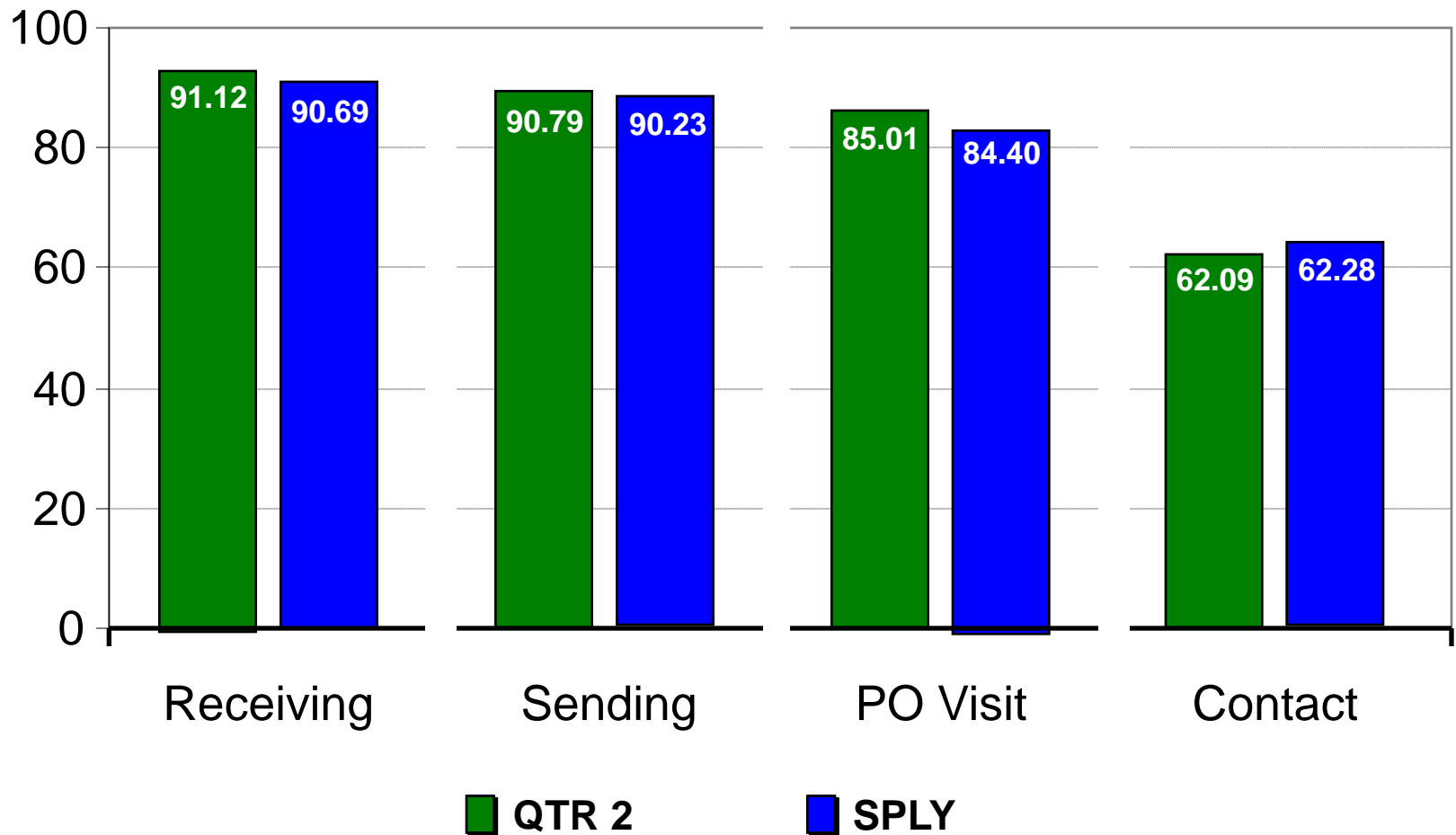
Overall Experience





Customer Experience Measurement

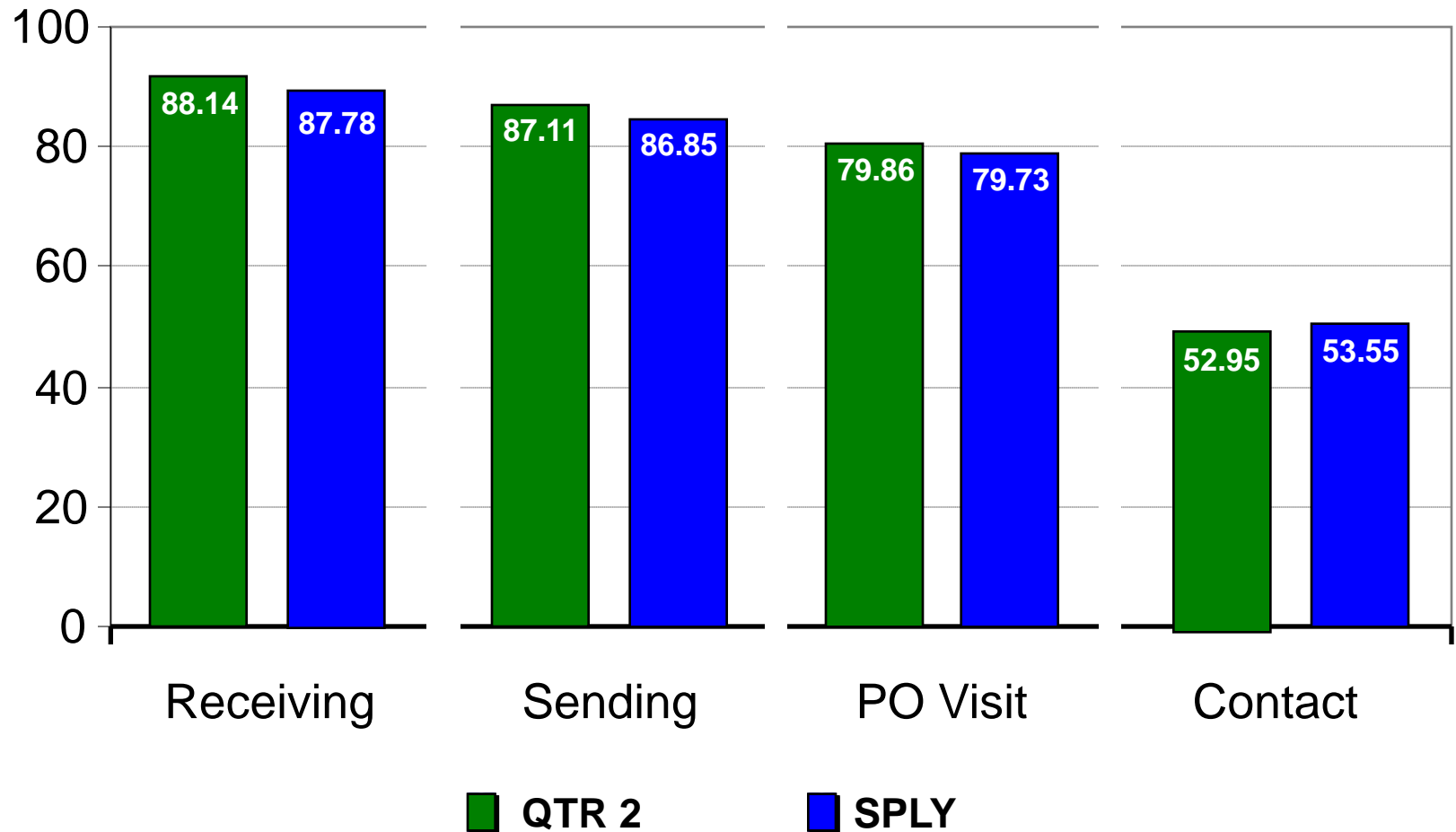
National - Residential





Customer Experience Measurement

National – Small Business





Improving Customer Experience

Areas of Focus

- **Employee Engagement**
- **Process Improvement**
- **Diagnostic Tools**

