

Financial Results Fiscal Year 2017

September YTD (12 Months) (Billions)	FY 2017	FY 2016
Revenue (Excluding Temporary Exigent Surcharge)	\$ 69.7	\$ 69.4
Temporary Exigent Surcharge ¹	-	1.1
Total Revenue	69.7	70.5
Controllable Expenses ^{2, 3}	<u>70.5</u>	<u>69.9</u>
Controllable Income (Loss) ^{1, 2, 3}	(0.8)	0.6
RHB Normal Cost Actuarial Revaluation & Amortization ⁴	(1.5)	-
Retiree Health Benefits Prefunding	-	(5.8)
Workers' Comp. Fair Value Adj. and Other Non-Cash Adj.	2.2	(1.2)
FERS Unfunded Liabilities Amortization	(0.9)	(0.3)
CSRS Unfunded Liabilities Amortization	(1.7)	-
Change in Accounting Estimate ⁵	<u>-</u>	<u>1.1</u>
Net Income (Loss) ³	\$ (2.7)	\$ (5.6)

1 - Temporary exigent surcharge expired April 10, 2016.

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

3 - September YTD has one less delivery day and two less retail days compared to SPLY.

4 - Includes effect of 18% increase in RHB normal cost due to OPM changes to actuarial assumptions and lower discount rate (\$0.5B) and amortization of RHB unfunded liability (\$1.0B).

5 - FY2016 data on prepaid postage resulted in a \$1.1B decrease in the liability for deferred revenue - prepaid postage and a corresponding increase in revenue.

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FERS Unfunded Liabilities Amortization	(0.9)	(0.3)
CSRS Unfunded Liabilities Amortization	(1.7)	-
Change in Accounting Estimate ⁵	-	1.1
Net Income (Loss) ³	\$ (4.9)	\$ (4.4)
	Excluding WC Fair Value Adj.	

1 - Temporary exigent surcharge expired April 10, 2016.

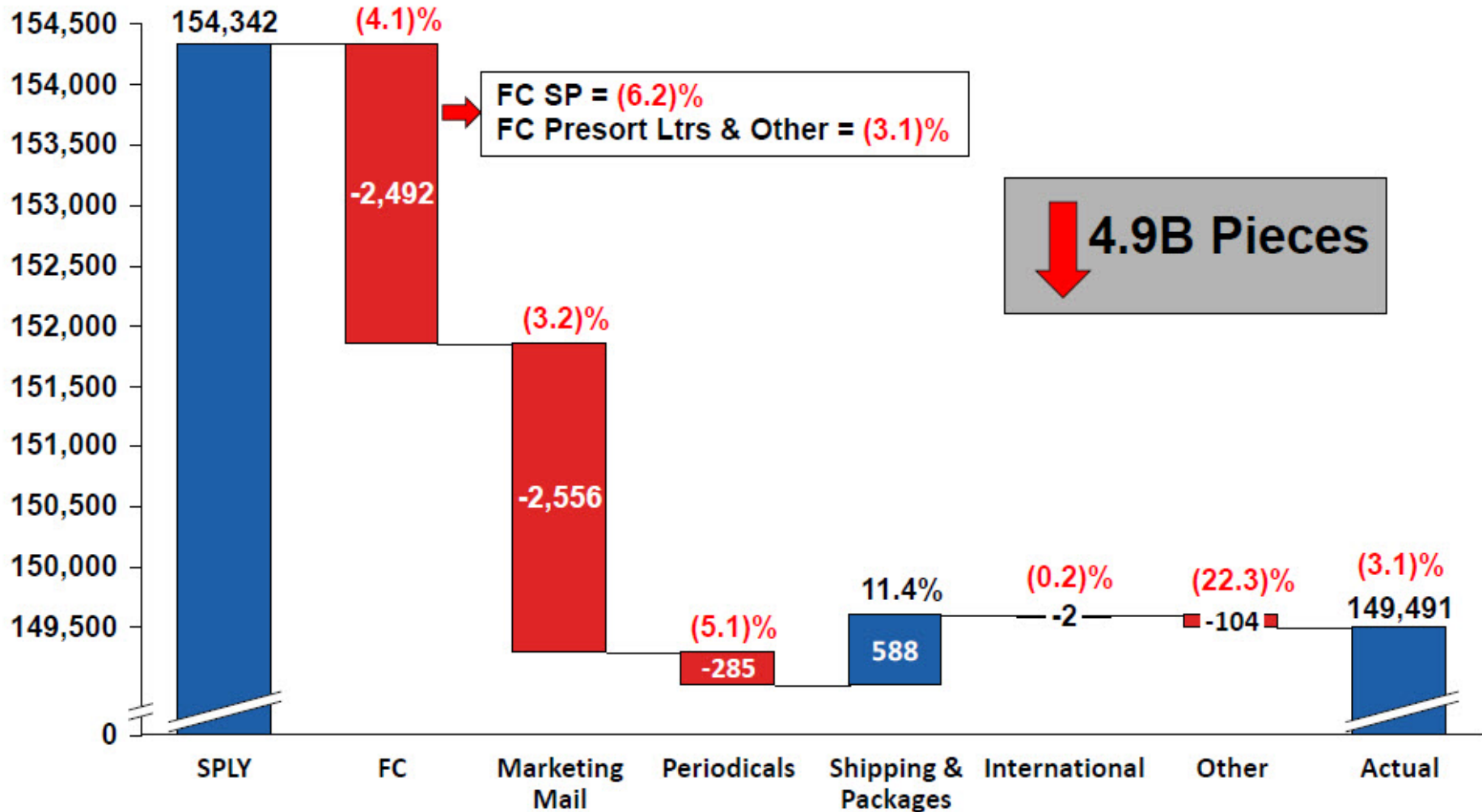
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(Pieces – Millions)

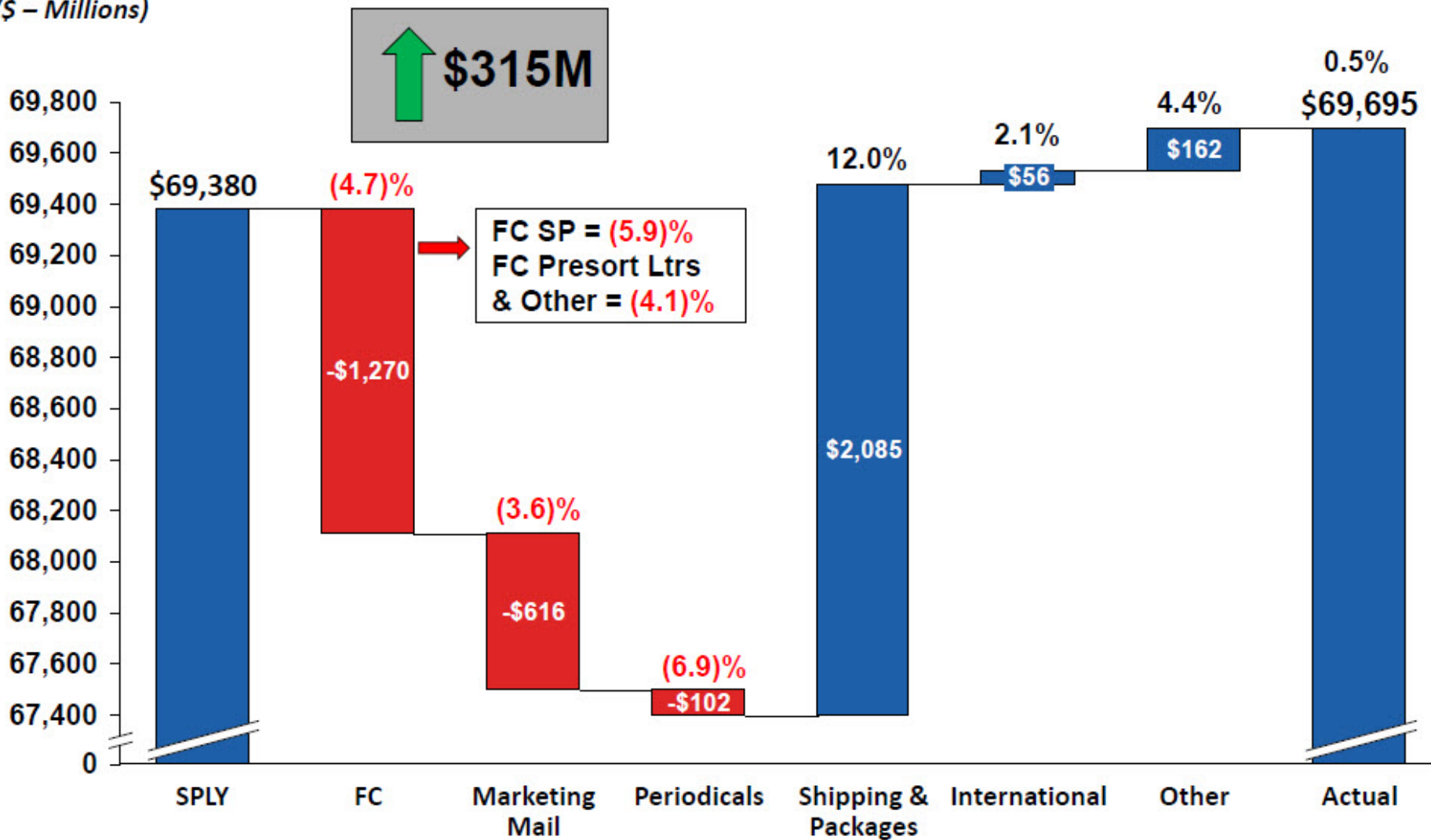


September YTD has one less delivery and two less retail days compared to SPLY.

Actual versus SPLY FY2017 Revenue

(Excludes Exigent Surcharge & 2016 Change in Accounting Estimate)

(\$ - Millions)



Revenue before change in accounting estimate in FY2016 which resulted in a \$1.1B decrease in the liability for deferred revenue - prepaid postage and a corresponding increase in revenue.

September YTD (12 Months) (Billions)	FY 2017	FY 2016
Compensation & Benefits^{1, 2, 3}	\$53.3	\$53.2
Transportation	7.2	7.0
Depreciation	1.7	1.7
Supplies & Services	3.0	2.8
Rent, Utilities & Other	<u>5.3</u>	<u>5.2</u>
Controllable Expenses	\$70.5	\$69.9
Workhours (Millions)¹	1,164	1,158

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3 - Does not include impact of OPM changes to actuarial assumptions, which are excluded from controllable expenses.

Questions ?

**Please Press *1 On Your
Telephone Keypad**

Complete Financial results are in the Form 10-K:
<http://about.usps.com/who-we-are/financials/welcome.htm>

Additional questions can be emailed to:
David.A.Partenheimer@usps.gov