

Financial Results

Quarter II of Fiscal Year 2012

May 10, 2012

Joe Corbett

Chief Financial Officer & Executive Vice President



- **Shipping Services & Packages** (~20% of total revenue):
 - Exceptional Revenue Growth (double-digit)
- **First-Class and Standard Mail** (~70% of total revenue):
 - Declining Revenue
- **Efficiency Improvements** continue to generate savings
- **Unsustainable cost of Pre-Funding Retiree Health Benefits**
 - Over \$6 Billion of expense in first six-months of 2012 for two payments due this year
- **Net Loss for Second Quarter** was \$3.2B (\$2.2B in 2011 for Qtr.)
- **Net Loss for First Six-Months** was \$6.5B (\$2.6B in 2011 for 6 mos.)
- **Legislative Changes are urgently needed**
 - Senate Bill (April 25) – provides short-term relief, but does not provide for long-term financial viability



Financial Results: Quarter II (Jan – Mar)

Quarter II (3 months) (Billions)	FY 2012	FY 2011
Revenue	\$16.2	\$16.2
Expenses	<u>16.7</u>	<u>16.7</u>
Operating Income (Loss)*	(0.5)	(0.5)
Retiree Health Bfts. Pre-Funding	(3.0)	(1.4)
Workers' Comp: Fair Value Adjmt	0.6	0.2
Workers' Comp Claims & Adjmts	<u>(0.3)</u>	<u>(0.5)</u>
Net Income (Loss)	<u>(\$3.2)</u>	<u>(\$2.2)</u>
Volume (pieces)	39.5	41.2

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



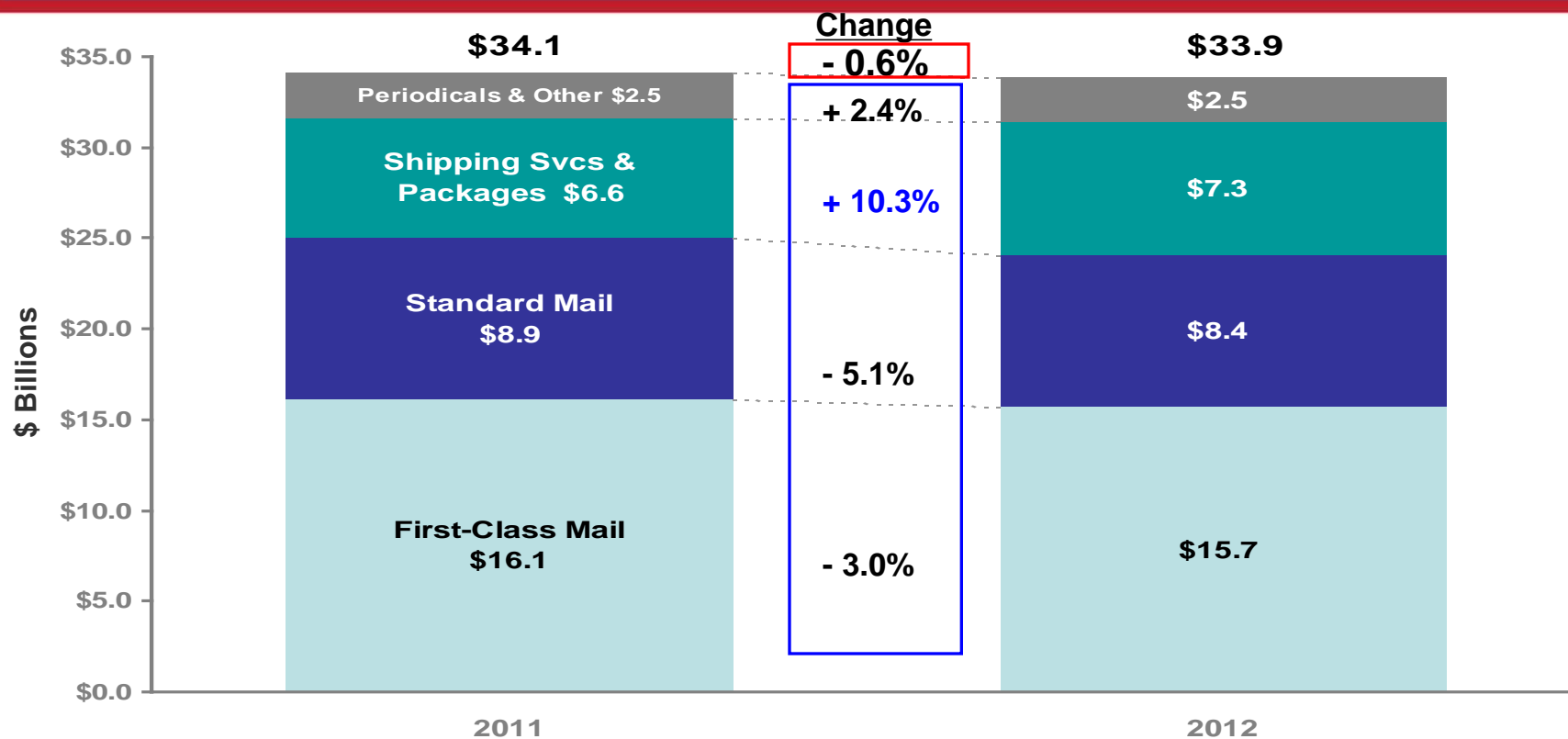
Financial Results: March Year to Date

Quarter II YTD (6 months) (Billions)	FY 2012	FY 2011
Revenue	\$33.9	\$34.1
Expenses	34.1	34.2
Operating Income (Loss)*	(0.2)	(0.1)
Retiree Health Benefits Pre-Funding	(6.1)	(2.8)
Workers' Comp. Fair Value Adj.	0.5	1.0
Workers' Comp. Other Non Cash Adj.	<u>(0.7)</u>	<u>(0.7)</u>
Net Income (Loss)	<u>(\$6.5)</u>	<u>(\$2.6)</u>
Volume (Pieces)	83.2	87.7

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



Total Revenue: March YTD 2012 and 2011

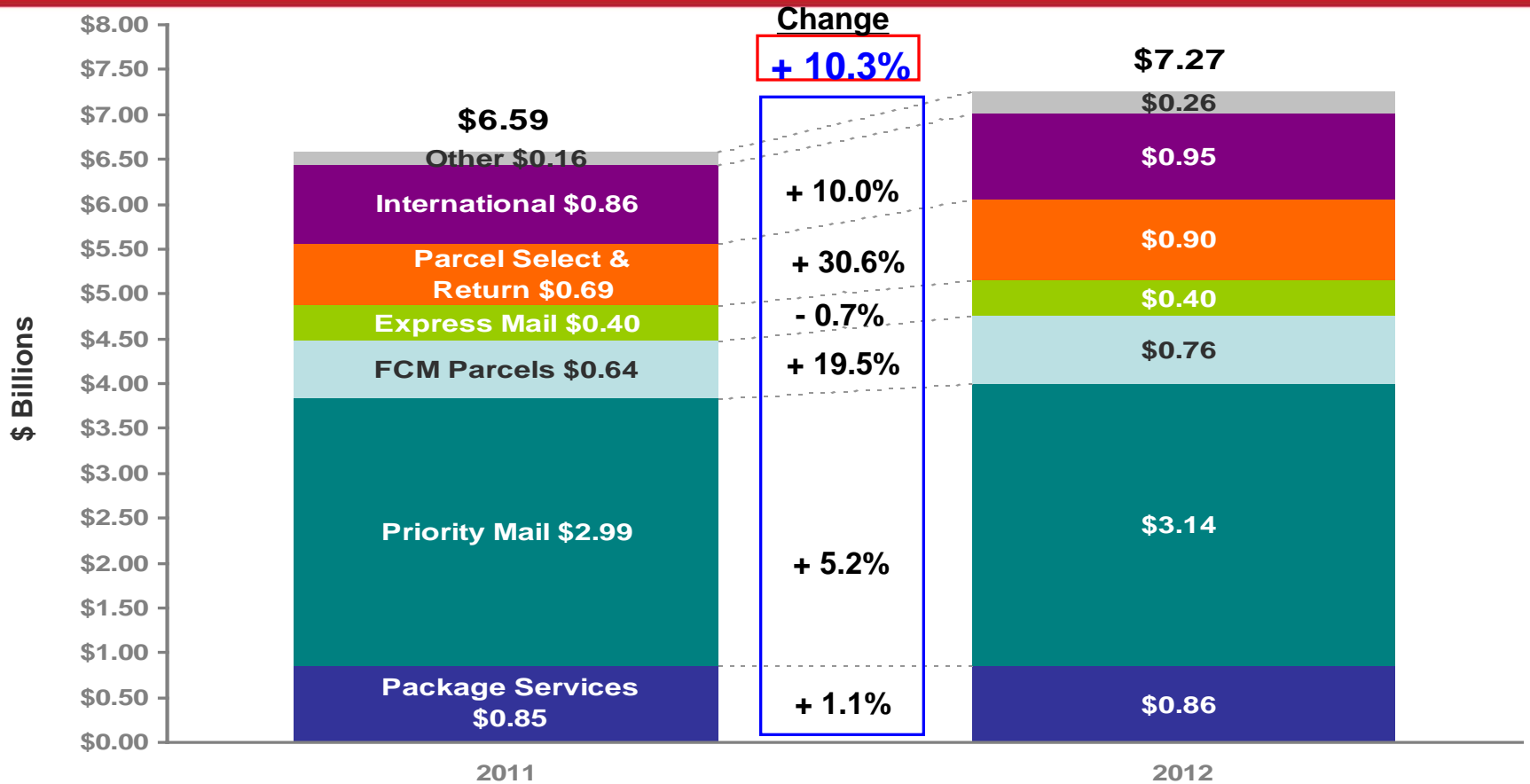


Shipping Services & Packages includes First-Class Parcels, Standard Parcels, Package Services and all Competitive products



Revenue: March YTD 2012 and 2011

Shipping Services and Packages



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Expenses: March Year to Date

Quarter II YTD (6 months)	FY	FY
(Billions)	2012	2011
Compensation	\$ 18.4	\$ 18.8
Benefits	7.7	7.5
Transportation	3.4	3.2
Depreciation	1.1	1.2
Supplies & Services	1.1	1.1
Rent, Utilities & Other	<u>2.4</u>	<u>2.4</u>
Operating Expenses *	\$ 34.1	\$ 34.2

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Financial Results: March Year to Date

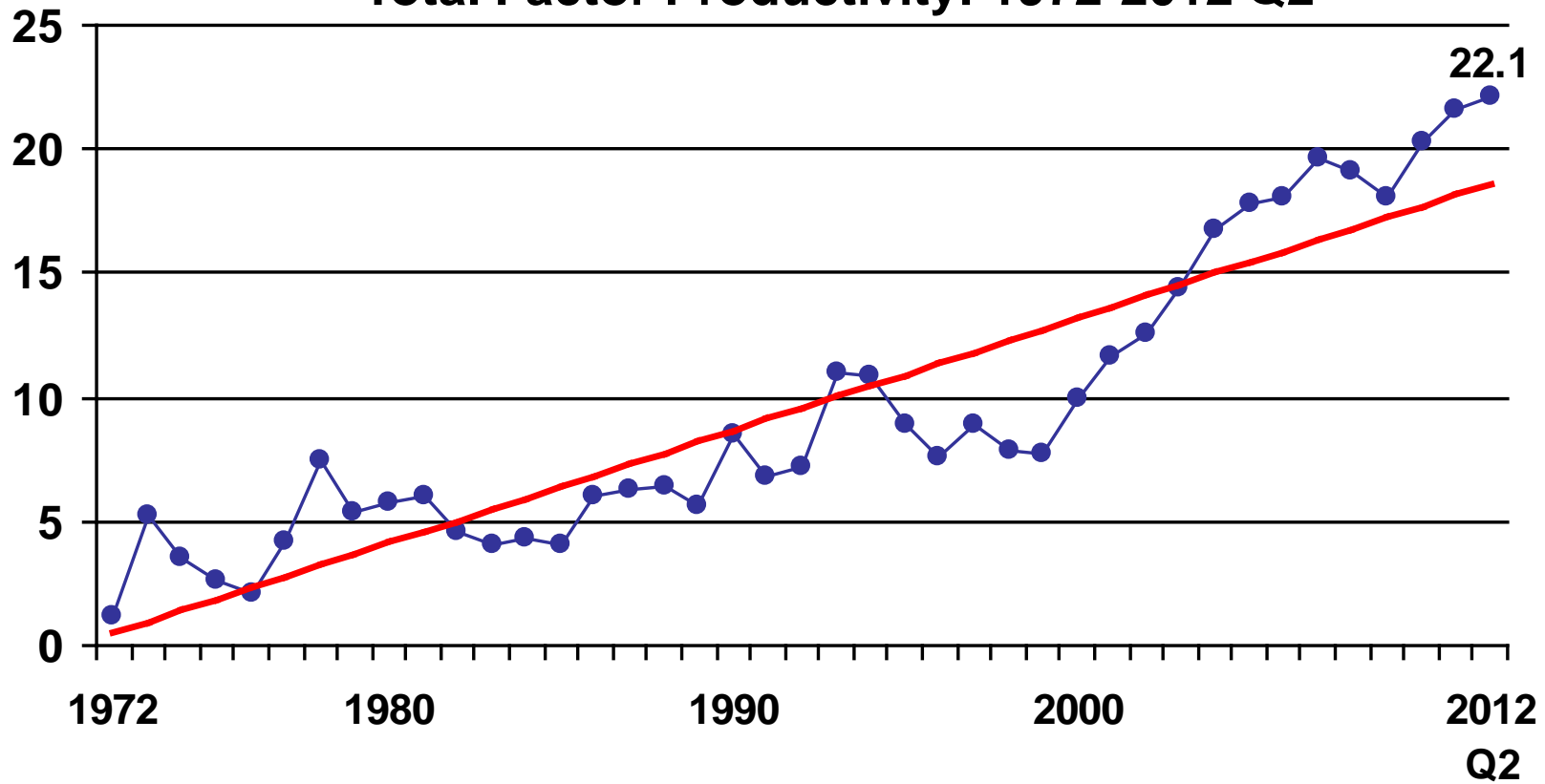
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Productivity Continues to Improve

Total Factor Productivity: 1972-2012 Q2



\$25 Million Loss Per Day

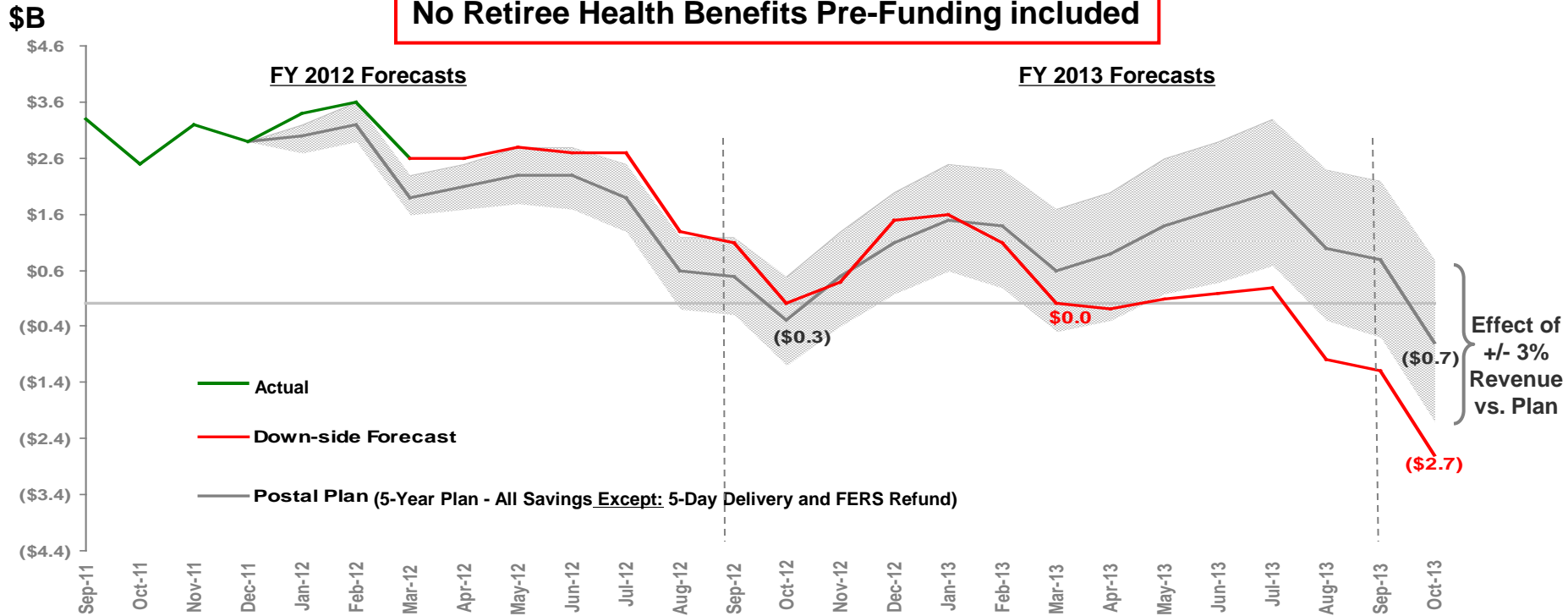
2012 Operating Loss (Before USPS initiatives)	\$ (5.4) Billion
Net improvements: Workhours & Revenue	<u>1.9</u>
Subtotal	\$ (3.5)
2012 RHB Pre-Funding *	<u>(5.6)</u>
2012 Net Loss, Without Legislation	\$ (9.1) Billion
Total Number of Days	÷ 365
Net Loss per Day	\$ (25) Million

* Reflects 2012 pre-funding payment only. Payment due August 1 was originally scheduled for 2011



2012 & 2013 Liquidity

No Retiree Health Benefits Pre-Funding included



Note: Liquidity includes unrestricted cash plus available borrowing, up to \$15B limit

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



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:

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