

Financial Results

Quarter 1 of Fiscal Year 2015

Media Call
February 6, 2015



Financial Results

December YTD (3 Months) (Billions)	FY 2015	FY 2014
Revenue ¹	\$18.8	\$18.0
Expenses ^{1,2}	<u>17.7</u>	<u>17.3</u>
Controllable Income (Loss) ^{1,2}	1.1	0.7
Retiree Health Benefits Pre-Funding	(1.4)	(1.4)
Workers' Comp. Fair Value Adj.	(0.8)	0.5
Workers' Comp. Other Non-Cash Adj.	<u>0.3</u>	<u>(0.2)</u>
Net Income (Loss) ¹	<u>(\$0.8)</u>	<u>(\$0.4)</u>
Liquidity Days (of oper. cash) ³	26	14
Volume (Pieces)	42.6	42.0

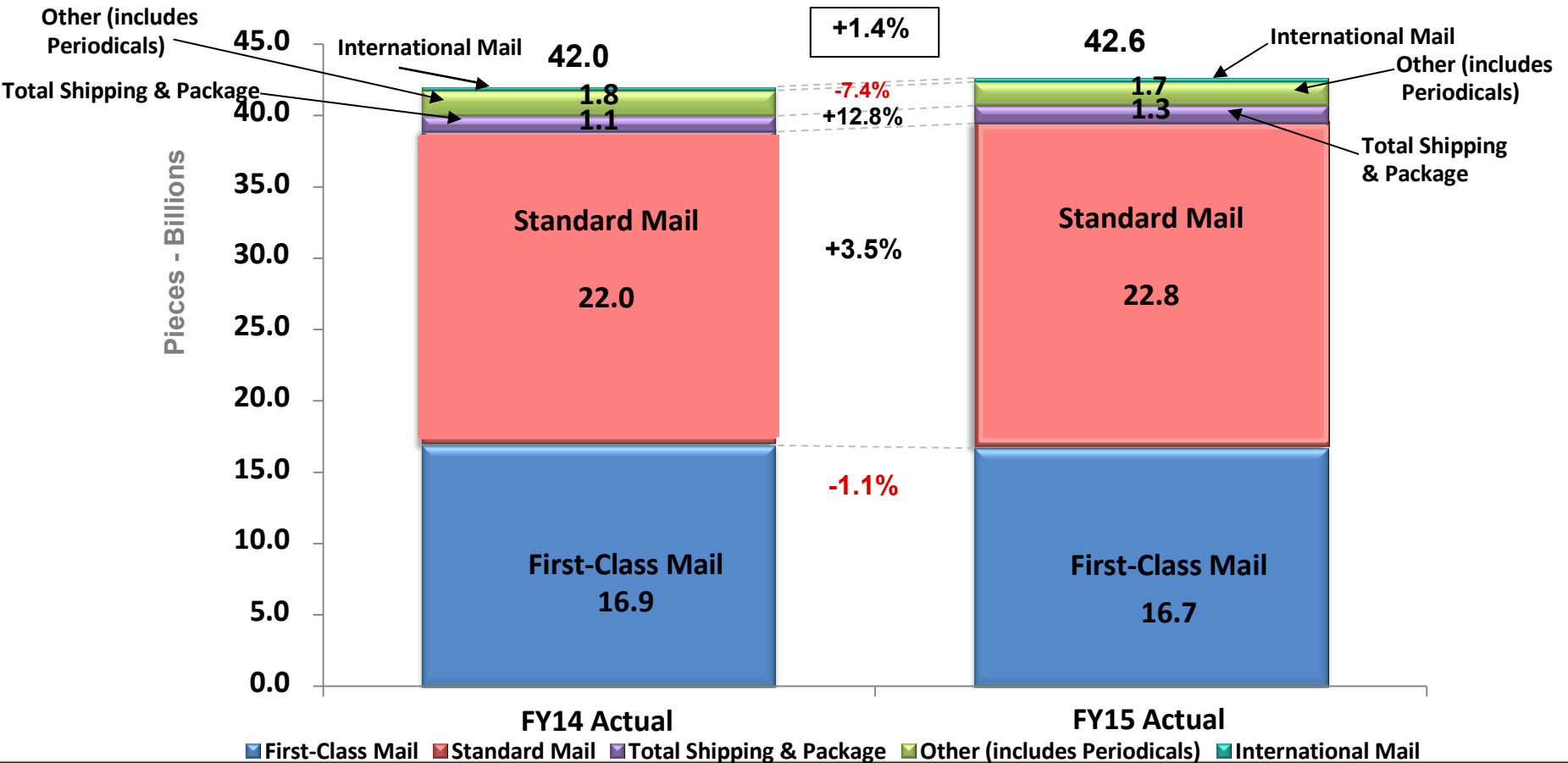
1 - Retail and delivery days were even compared to SPLY.

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

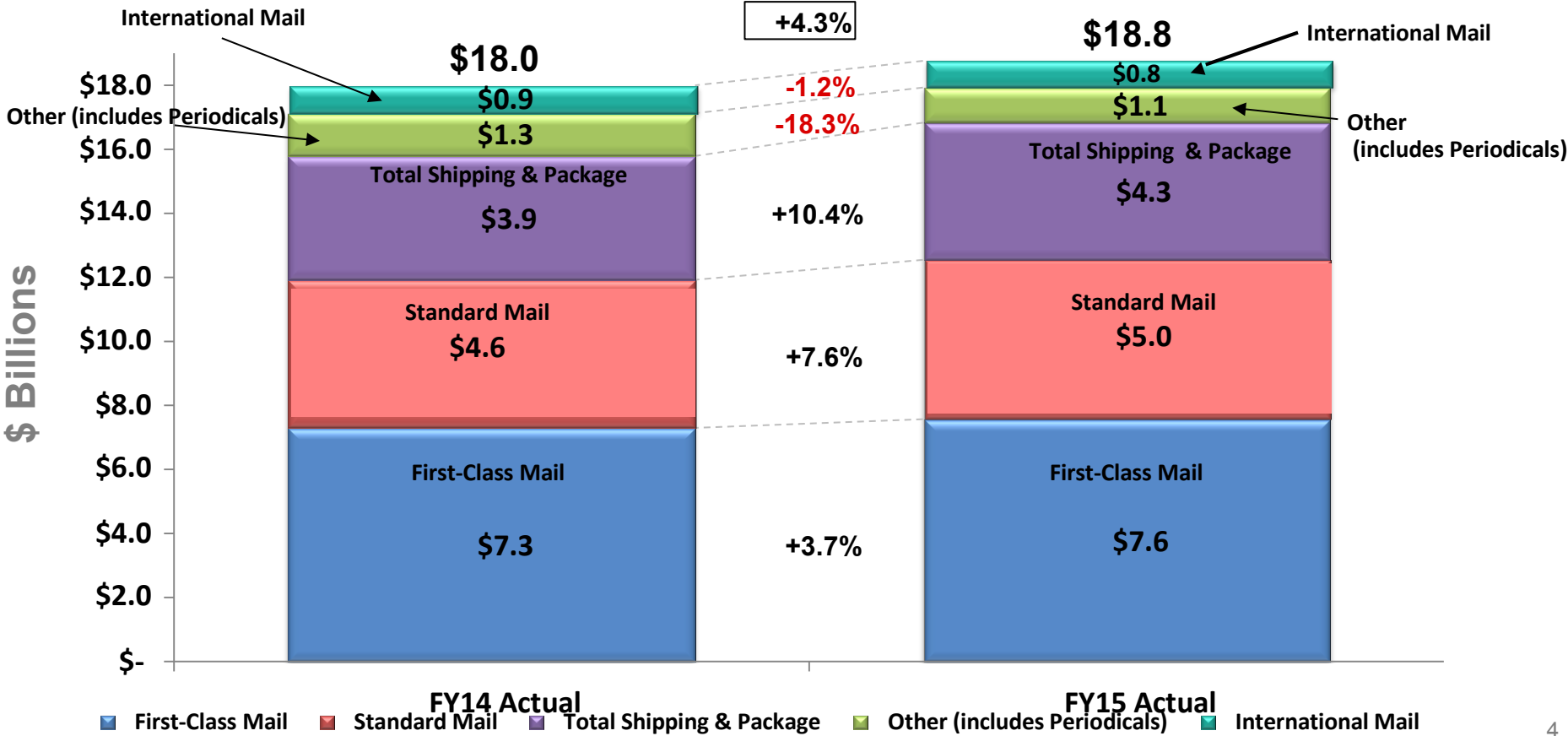
3 - FY2015 liquidity days' increase is primarily due to shift in timing of \$1.8B in Payroll and \$.4B EFT to Jan. 2, 2015.



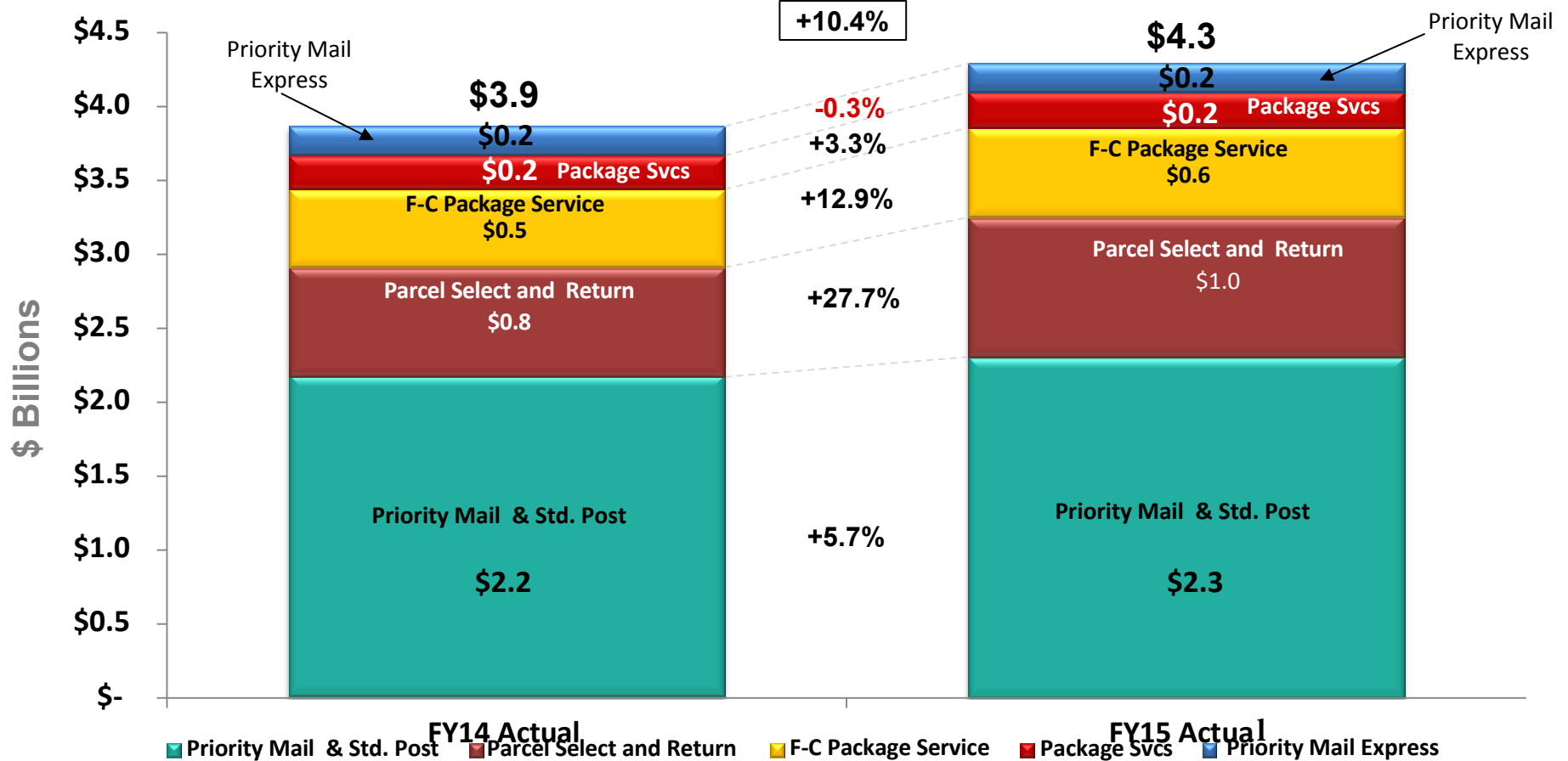
Volume: FY2015 Q1 vs. SPLY



Revenue: FY2015 Q1 vs. SPLY



Shipping & Package Services Revenue: FY2015 Q1 vs. SPLY



Controllable Expenses

December YTD (3 Months) (Billions)	FY 2015	FY 2014
Compensation & Benefits	\$13.6	\$13.2
Transportation	1.8	1.8
Depreciation	0.4	0.5
Supplies & Services	0.7	0.6
Rent, Utilities & Other	1.2	1.2
Controllable Expenses ^{1, 2}	\$17.7	\$17.3
Workhours (millions)	293	287

1 - Delivery days were even compared to SPLY.

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

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A Deep Financial Hole as of December 31, 2014

- Liabilities exceed assets by approx. \$46 billion
- The USPS has only 35 cents of assets to cover each dollar of its liabilities

ASSETS		LIABILITIES	
Unrestricted Cash	\$ 7.1B	Retiree Health Benefits	\$23.8B
Buildings & Equipment, net of depreciation	\$16.2B	Workers' Compensation	\$17.9B
Other Assets	\$ 1.7B	Debt	\$15.0B
		Accrued Compensation, benefits, and leave	\$ 5.0B
		Deferred Revenue	\$ 3.3B
		Other	\$ 6.1B
Total Assets	\$25.0B	Total Liabilities ¹	\$71.1B

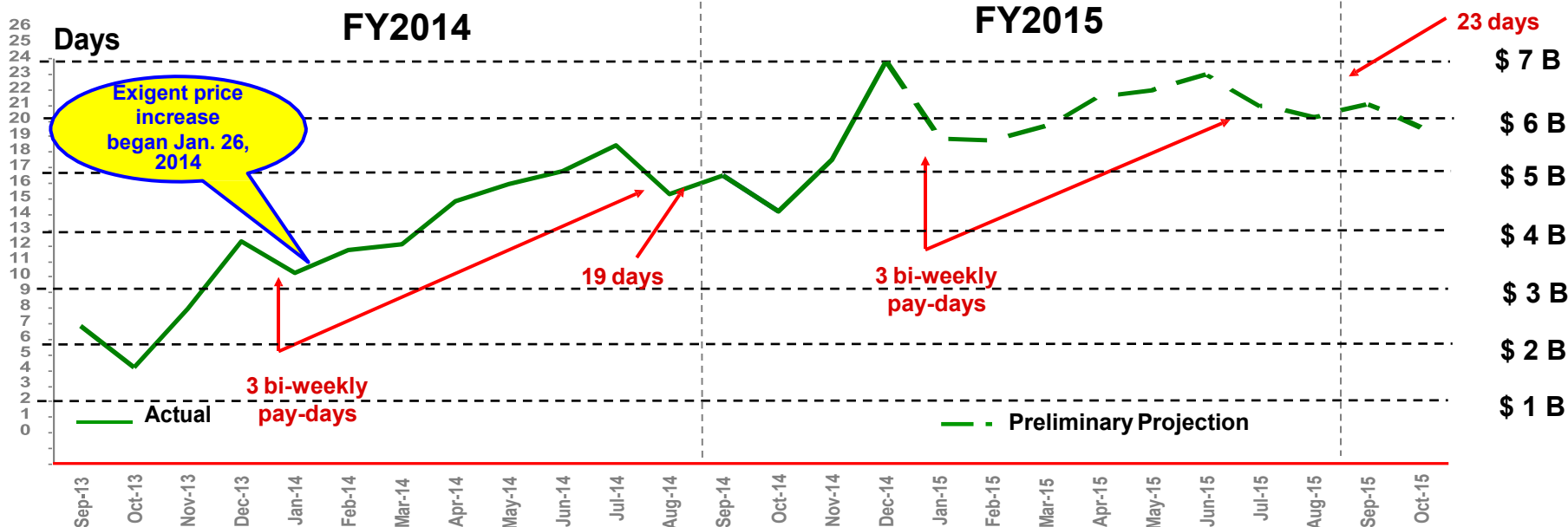
¹ Under multi-employer accounting rules, there are approximately \$45B in obligations not shown on the balance sheet.

➤ Significant profits over years and legislation are needed to recover.



FY2014- October FY2016 Liquidity Days of Operating Cash Available

No payments for Retiree Health Benefits (RHB) Pre-Funding are included (\$5.7B in 2014 and \$5.7B in 2015)



- Liquidity includes unrestricted cash plus available borrowing, up to \$15B limit.
- FY2015 Days of Operating Cash – based on average operating costs disbursed per day ~\$275M (FY2014~\$265M).

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



Questions ?

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



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

Additional questions can be emailed to:
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