

Financial Results

Quarter 3 of FY2017

Financial Call

Quarter 3 (3 Months) (Billions)	FY 2017	FY 2016
Total Revenue	\$ 16.7	\$ 16.6
Controllable Expenses ^{1, 2}	<u>17.3</u>	<u>17.2</u>
Controllable Income (Loss) ^{1, 2}	(0.6)	(0.6)
Retiree Health Benefits Amortization	(0.3)	-
RHB Normal Cost Actuarial Revaluation ³	(0.4)	-
Retiree Health Benefits Prefunding	-	(1.5)
Workers' Comp. Fair Value Adj. and Other Non-Cash Adj	0.4	(0.5)
FERS Unfunded Liabilities Amortization ⁴	(0.5)	(0.1)
CSRS Unfunded Liabilities Amortization	(0.7)	-
Change in Accounting Estimate ⁵	<u>-</u>	<u>1.1</u>
Net Income (Loss) ²	<u>\$ (2.1)</u>	<u>\$ (1.6)</u>

1 - 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.

2 - Quarter 3 has the same number of delivery and retail days compared to SPLY.

3 - Effect of 18% increase in RHB normal cost due to OPM changes to demographic assumptions and lower discount rate.

4 - FERS is an estimate and subject to change once we receive the bill.

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.

June YTD (9 Months) (Billions)	FY 2017	FY 2016
Revenue (Excluding Temporary Exigent Surcharge)	\$ 53.1	\$ 52.7
Temporary Exigent Surcharge ¹	-	1.1
Total Revenue	53.1	53.8
Controllable Expenses ^{2, 3}	53.2	52.5
Controllable Income (Loss) ^{1, 2, 3}	(0.1)	1.3
Retiree Health Benefits Amortization	(0.7)	-
RHB Normal Cost Actuarial Revaluation ⁴	(0.4)	-
Retiree Health Benefits Prefunding	-	(4.4)
Workers' Comp. Fair Value Adj. and Other Non-Cash Adj	1.9	(1.1)
FERS Unfunded Liabilities Amortization ⁵	(0.7)	(0.2)
CSRS Unfunded Liabilities Amortization	(1.3)	-
Change in Accounting Estimate ⁶	-	1.1
Net Income (Loss) ³	\$ (1.3)	\$ (3.3)

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 - June YTD has one less delivery and retail day compared to SPLY.

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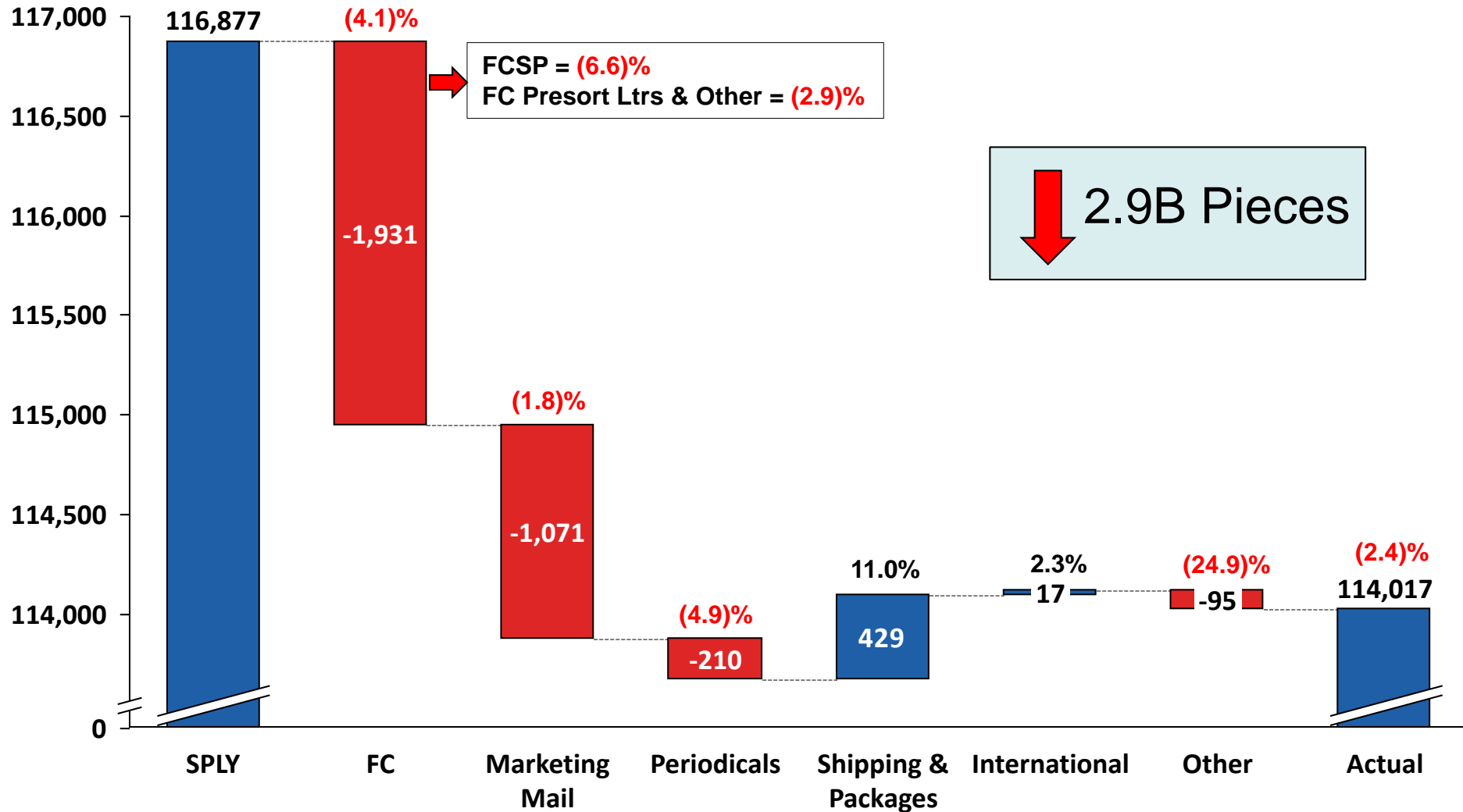
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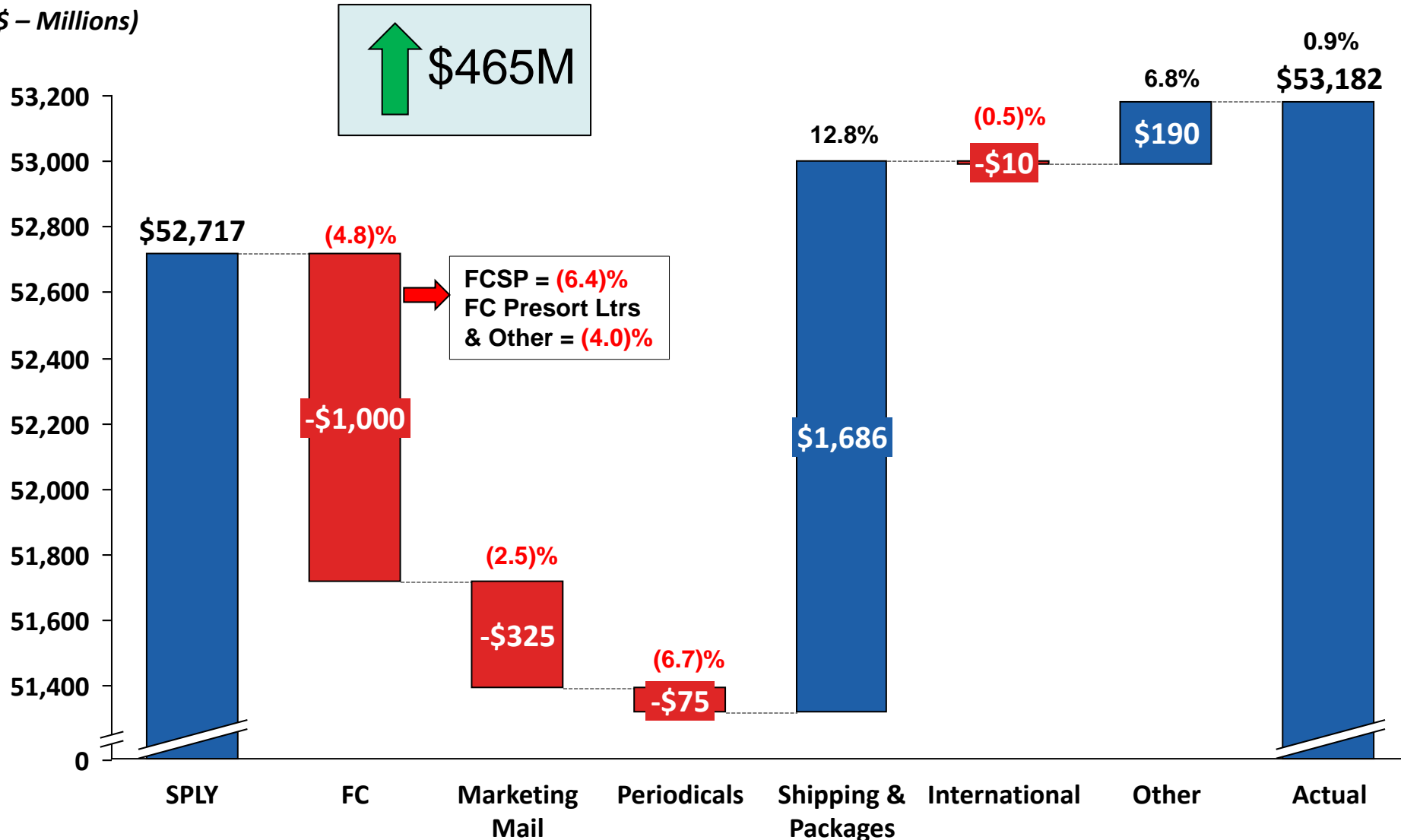
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(Pieces – Millions)



June YTD has one less delivery and retail day compared to SPLY.

(\$ - 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.

June YTD (9 Months) (Billions)	FY 2017	FY 2016
Compensation & Benefits ^{1, 2}	\$40.2	\$40.1
Transportation	5.5	5.3
Depreciation	1.3	1.3
Supplies & Services	2.2	2.0
Rent, Utilities & Other	4.0	3.8
Controllable Expenses	\$53.2	\$52.5

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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:
David.A.Partenheimer@usps.gov