

Preliminary Financial Results

Fiscal Year 2014

Media Call

November 14, 2014

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1



Unaudited Financial Results

September YTD (12 Months) (Billions)	FY 2014	FY 2013
Revenue ¹	\$67.8	\$65.9
Expenses ^{1, 2}	66.3	66.8
Other Income (Expense), Net	<u>(0.1)</u>	<u>(0.1)</u>
Controllable Income (Loss) ²	1.4	(1.0)
Changes in Accounting Estimate ³	-	1.3
Retiree Health Benefits Pre-Funding	(5.7)	(5.6)
Workers' Comp. Fair Value Adj.	(0.5)	1.7
Workers' Comp. Other Non-Cash Adj.	<u>(0.7)</u>	<u>(1.4)</u>
Net Income (Loss)	<u>(\$5.5)</u>	<u>(\$5.0)</u>
Liquidity Days (of oper. cash)	19	9

1 - Revenue excludes investment income and gain on sale of assets. Expenses exclude interest expense and loss on sale of assets.

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

3 - Newly available data in 2013 on forever stamp usage resulted in a \$1.3B reduction in Deferred Revenue – Prepaid Postage in 2013.

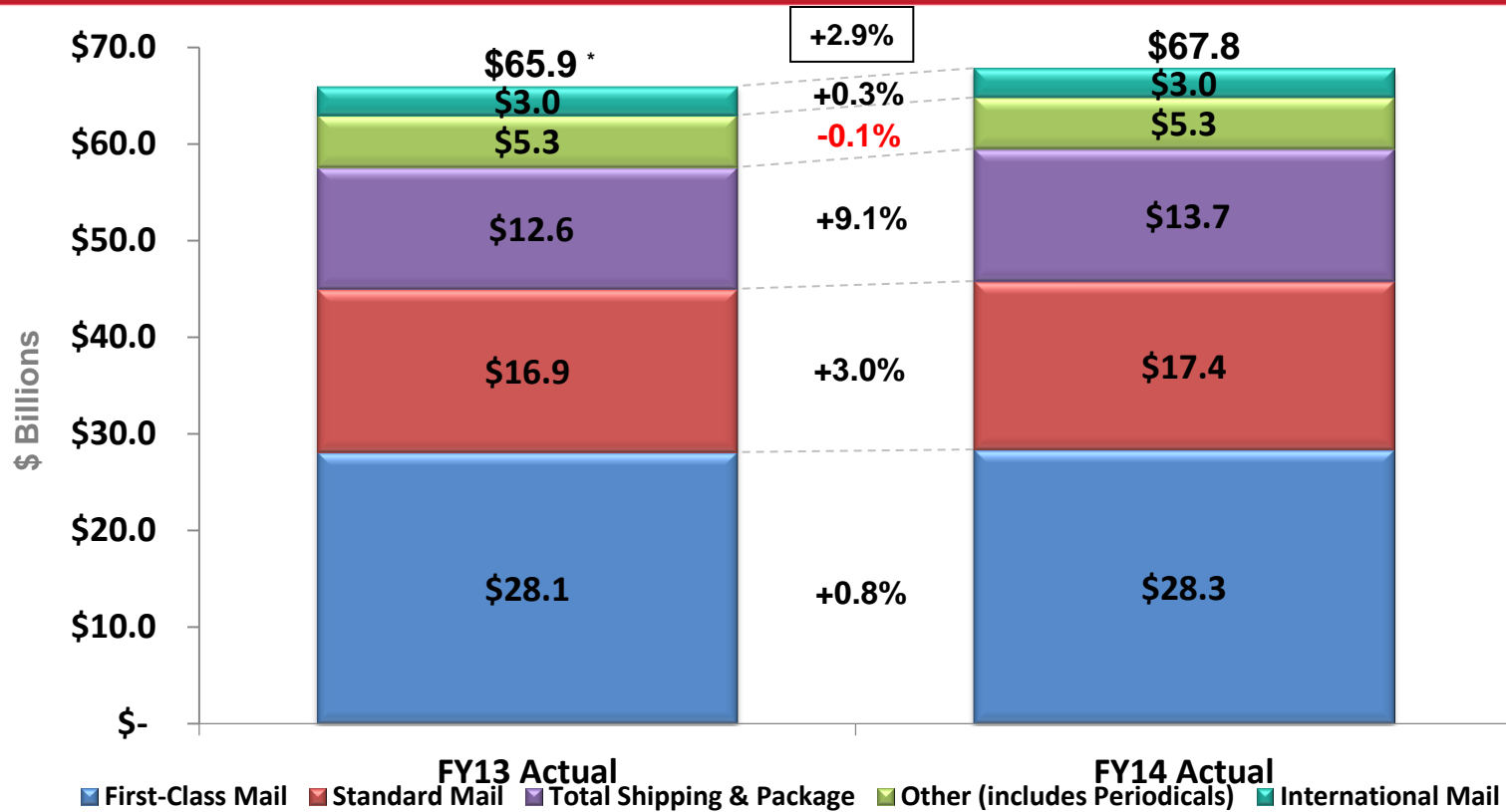
• Retail and delivery days were equal compared to FY2013.

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2



Unaudited Revenue 2013-2014



- FY2013 revenue excludes \$1.3B reduction in Deferred Revenue – Prepaid Postage.
- Note - Revenue excludes investment income and gain on sale of assets.

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4



Unaudited Controllable Expenses

September YTD (12 Months)	FY	FY
(Billions)	2014	2013
Compensation & Benefits	\$50.4	\$50.9
Transportation	6.6	6.7
Depreciation	1.8	1.9
Supplies & Services	2.6	2.4
Rent, Utilities & Other	4.9	4.9
Controllable Expenses¹	\$66.3	\$66.8

1 - Before RHB pre-funding, non-cash adjustments to workers' compensation liabilities.

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Note - Expenses exclude interest expense and loss on sale of assets.



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Unaudited--A Deep Financial Hole

As of September 30, 2014

- Liabilities exceed assets by approximately \$45 billion.
- The USPS has only 34 cents of assets to cover each dollar of its liabilities.

Unrestricted Cash	\$ 4.9B	Retiree Health Benefits	\$22.4B
Buildings & Equipment, net of depreciation	\$16.3B	Workers' Compensation	\$18.4B
Other Assets	\$ 1.8B	Debt	\$15.0B
		Accrued Compensation, benefits, and leave	\$ 3.5B
		Prepaid Postage	\$ 3.1B
		Other	\$ 5.9B
Total Assets	\$23.0B	Total Liabilities	\$68.3B

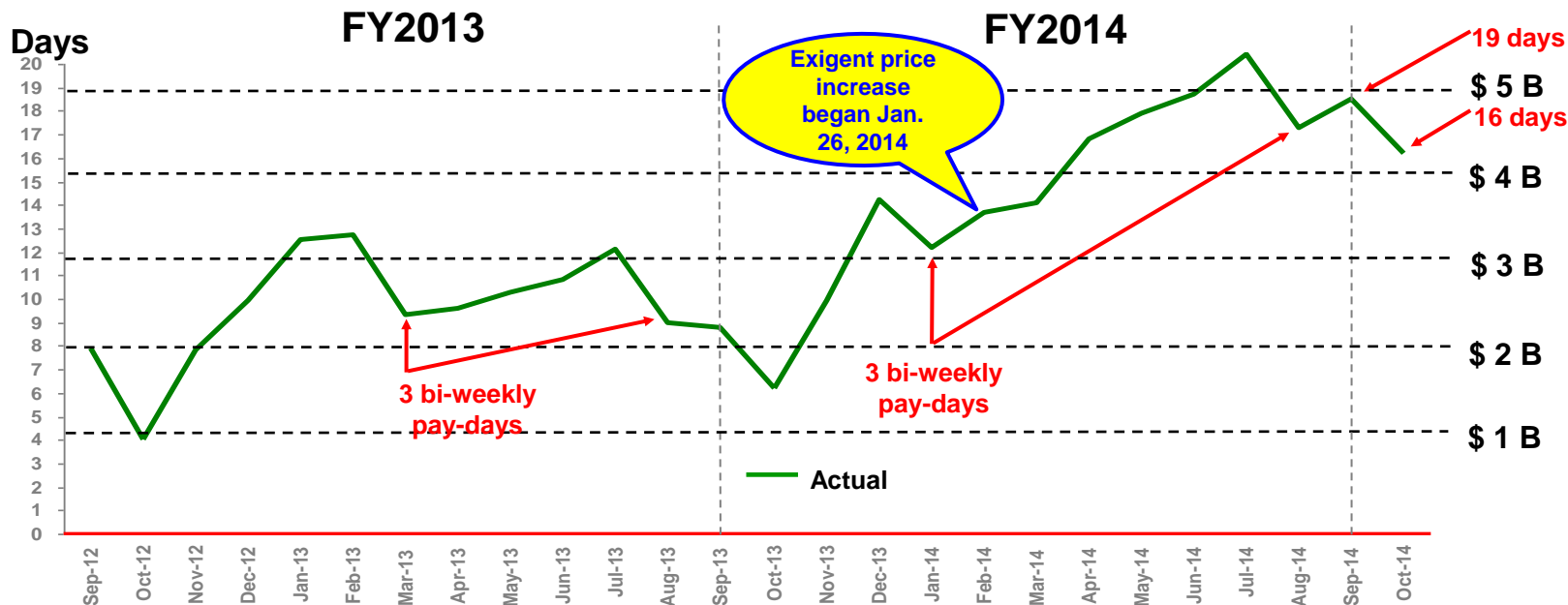
- Under multi-employer accounting rules, there are approximately \$46B in obligations not shown on the balance sheet.
- Significant profits over years and legislation are needed to recover.

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Unaudited FY2013-FY2014 Liquidity Days of Operating Cash Available

No payments for Retiree Health Benefits (RHB) Pre-Funding are included (\$5.6B in 2013 and \$5.7B in 2014)



- 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

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Questions ?

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



Additional questions can be emailed to:
Patricia.Licata@usps.gov

