

# **2012 Financial Results and 2013 Integrated Financial Plan**

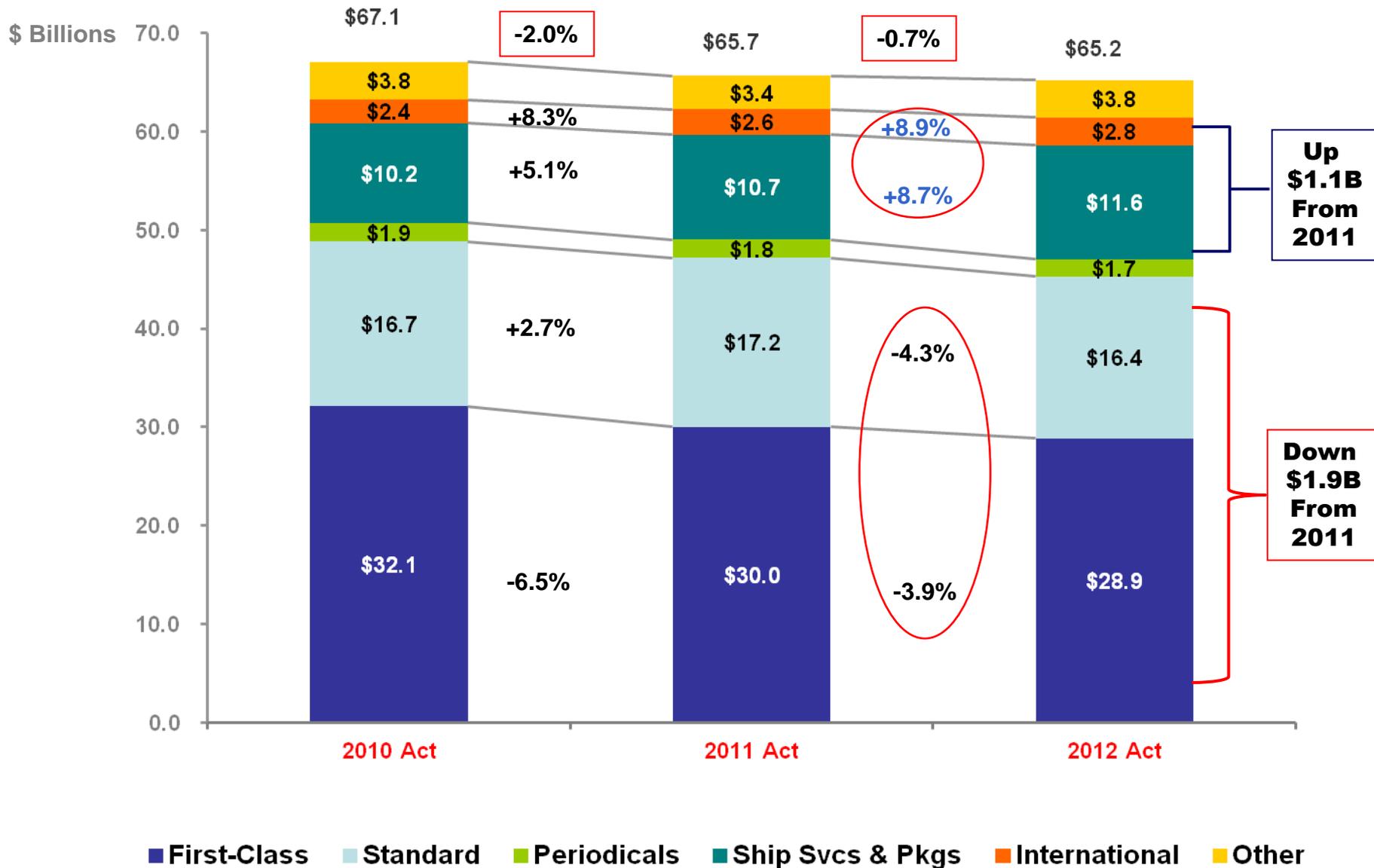
**November 2012**

<b>Full Year ended Sept. 30</b>	<b>FY</b>	<b>FY</b>
<b>(Billions)</b>	<b>2012</b>	<b>2011</b>
<b>Revenue</b>	<b>\$65.2</b>	<b>65.7</b>
<b>Expenses *</b>	<b>67.5</b>	<b>68.4</b>
Separation Costs	<u>0.1</u>	<u>-</u>
<b>Operating Income (Loss)*</b>	<b>(2.4)</b>	<b>(2.7)</b>
Retiree Health Benefits Pre-Funding **	(11.1)	-
Workers' Comp. Fair Value Adj.	(0.4)	(1.0)
Workers' Comp. Other Non Cash Adj.	<u>(2.0)</u>	<u>(1.4)</u>
<b>Net Income (Loss)</b>	<b><u>(\$15.9)</u></b>	<b><u>(\$5.1)</u></b>
<b>Volume (Pieces)</b>	<b>159.9</b>	<b>168.3</b>

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

\*\* 2011 RHB pre-funding was deferred to 2012.

	2010 Actual	2011 Actual	2012 Actual
Billion pieces			
<b>First-Class Mail</b>	<b>77.6</b>	<b>72.5</b>	<b>68.7</b>
<b>Standard Mail</b>	<b>81.8</b>	<b>84.0</b>	<b>79.5</b>
<b>Shipping and Packages</b>	<b>3.1</b>	<b>3.3</b>	<b>3.5</b>
<b>Periodicals &amp; Other</b>	<b>7.8</b>	<b>7.6</b>	<b>7.2</b>
<b>International</b>	<b>0.6</b>	<b>1.0</b>	<b>1.0</b>
<b>Total Volume</b>	<b>170.9</b>	<b>168.3</b>	<b>159.9</b>



<b>Full Year ended Sept. 30</b>	<b>FY</b>	<b>FY</b>
<b>(Billions)</b>	<b>2012</b>	<b>2011</b>
<b>Revenue</b>	<b>\$65.2</b>	<b>65.7</b>
<b>Expenses *</b>	<b>67.5</b>	<b>68.4</b>
Separation Costs	<u>0.1</u>	<u>-</u>
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<b>Full Year ended Sept. 30</b>	<b>FY</b>	<b>FY</b>
<b>(Billions)</b>	<b>2012</b>	<b>2011</b>
<b>Revenue</b>	<b>\$65.2</b>	<b>65.7</b>
<b>Expenses *</b>	<b>67.5</b>	<b>68.4</b>
<b>Separation Costs</b>	<b>0.1</b>	<b>-</b>
<b>Operating Income (Loss)*</b>	<b>(2.4)</b>	<b>(2.7)</b>
<b>Retiree Health Benefits Pre-Funding **</b>	<b>(11.1)</b>	<b>-</b>
<b>Workers' Comp. Fair Value Adj.</b>	<b>(0.4)</b>	<b>(1.0)</b>
<b>Workers' Comp. Other Non Cash Adj.</b>	<b>(2.0)</b>	<b>(1.4)</b>
<b>Net Income (Loss)</b>	<b>(\$15.9)</b>	<b>(\$5.1)</b>
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# **FY 2013 Integrated Financial Plan**

**November 2012**

\$ in Billions	FY 2012 Actual	FY 2013 IFP
<b>Revenue</b>	<b>\$ 65.2</b>	<b>\$ 64.9</b>
<b>Expenses *</b>	<b>67.5</b>	<b>66.7</b>
<b>Separation Costs</b>	<u><b>0.1</b></u>	<u><b>0.2</b></u>
<b>Operating Income (Loss) *</b>	<b>\$ (2.4)</b>	<b>\$ (2.0)</b>
RHB Pre-funding (Current Law)	(11.1)	(5.6)
Non-cash adjustments to workers' comp	(2.4)	TBD
<b>Net Income (Loss)</b>	<b>\$ (15.9)</b>	<b>\$ (7.6)</b>
<b>Volume (B pieces)</b>	<b>160</b>	<b>153</b>
<b>Attrition ('000 career employees)</b>	<b>29</b>	<b>32</b>
<b>Workhour Reduction (M)</b>	<b>27</b>	<b>41</b>

\* Excludes non-cash adjustments to workers' compensation liabilities.

2013 IFP excludes impact of potential legislative changes (RHB, FERS funding resolution, Five-Day Delivery, and Postal Health Plan)

Billions pieces	2012 Actual	2013 Plan
<b>First-Class Mail</b>	<b>68.7</b>	<b>64.5</b>
<b>Standard Mail</b>	<b>79.5</b>	<b>77.0</b>
<b>Shipping and Packages</b>	<b>3.5</b>	<b>3.7</b>
<b>International</b>	<b>0.9</b>	<b>0.9</b>
<b>Periodicals</b>	<b>6.7</b>	<b>6.5</b>
<b>Other</b>	<b>0.5</b>	<b>0.5</b>
<b>Total Volume</b>	<b>159.9</b>	<b>153.1</b>

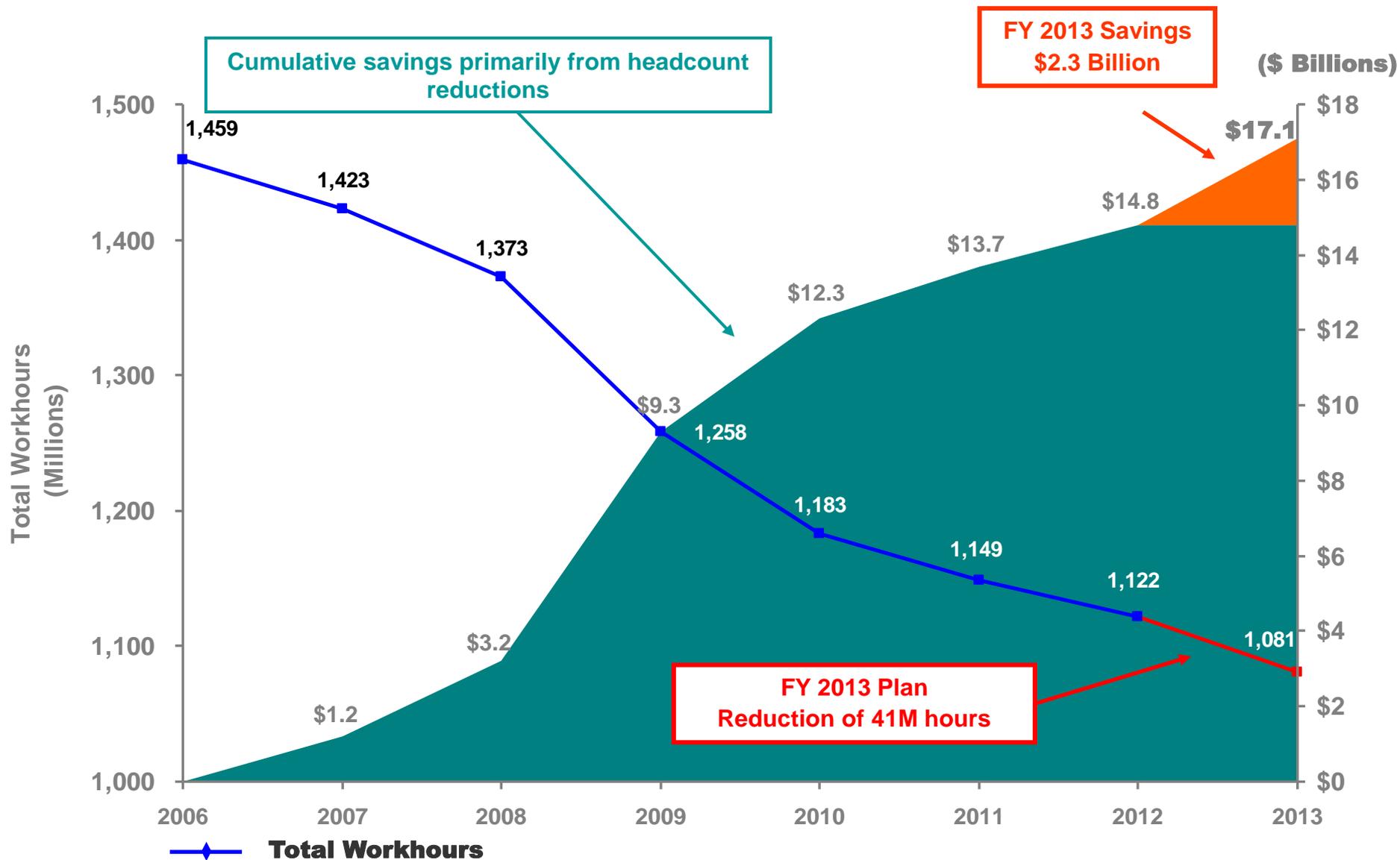


\$ in Billions	FY 2012 Actual	FY 2013 IFP
<b>Revenue</b>	\$ 65.2	\$ 64.9
<b>Expenses *</b>	<b>67.5</b>	<b>66.7</b>
<b>Separation Costs</b>	<u>0.1</u>	<u>0.2</u>
<b>Operating Income (Loss) *</b>	\$ (2.4)	\$ (2.0)
RHB Pre-funding (Current Law)	(11.1)	(5.6)
Non-cash adjustments to workers' comp	(2.4)	TBD
<b>Net Income (Loss)</b>	\$ (15.9)	\$ (7.6)
<b>Volume (B pieces)</b>	<b>160</b>	<b>153</b>
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<b>Workhour Reduction (M)</b>	<b>27</b>	<b>41</b>

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2013 IFP excludes impact of potential legislative changes (RHB, FERS funding resolution, Five-Day Delivery, and Postal Health Plan)

# Cumulative Savings vs. Workhours



# Statements of Operations

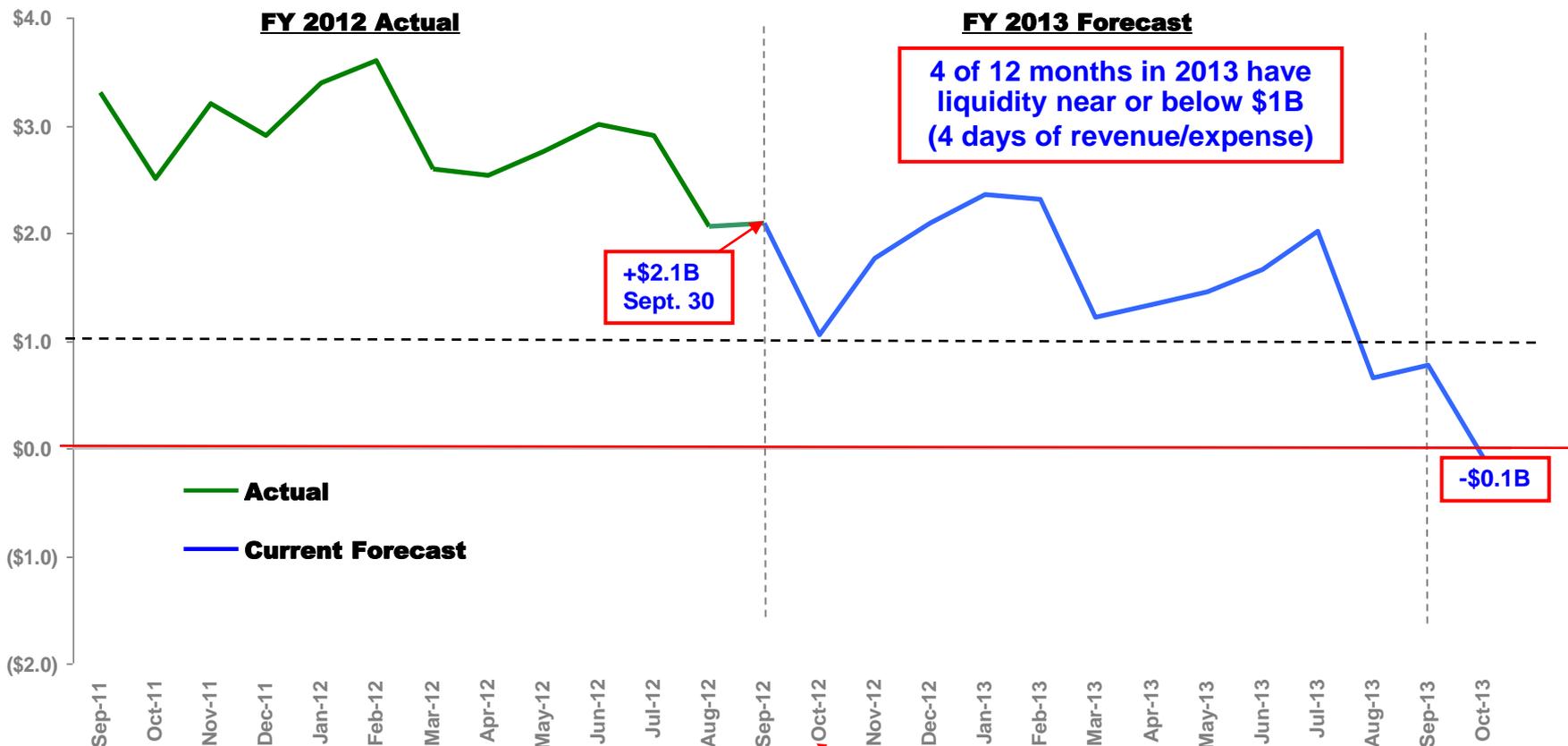
\$ in Billions	FY 2012 Actual	FY 2013 IFP
<b>Revenue</b>	\$ 65.2	\$ 64.9
<b>Expenses *</b>	67.5	66.7
<b>Separation Costs</b>	<u>0.1</u>	<u>0.2</u>
<b>Operating Income (Loss) *</b>	\$ (2.4)	\$ (2.0)
RHB Pre-funding (Current Law)	(11.1)	(5.6)
Non-cash adjustments to workers' comp	(2.4)	TBD
<b>Net Income (Loss)</b>	\$ (15.9)	\$ (7.6)
<b>Volume (B pieces)</b>	160	153
<b>Attrition ('000 career employees)</b>	29	32
<b>Workhour Reduction (M)</b>	27	41

\* Excludes non-cash adjustments to workers' compensation liabilities.

2013 IFP excludes impact of potential legislative changes (RHB, FERS funding resolution, Five-Day Delivery, and Postal Health Plan)

No Retiree Health Benefits Pre-Funding included (\$11.1B in 2012 and \$5.6B in 2013)  
 No Legislative "Benefits" (5-Day Delivery, FERS Refund, RHB Restructuring)

**\$B**



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

Mid-October balances shown - low points after annual workers' compensation payments to DOL

# **2012 Financial Results and 2013 Integrated Financial Plan**

**November 2012**

<b>Month of October</b> (Billions)	<b>FY 2013</b>	<b>FY 2012</b>
<b>Revenue</b>	<b>\$6.1</b>	<b>\$5.7</b>
<b>Expenses *</b>	<b>5.8</b>	<b>5.6</b>
<b>Separation Costs</b>	<b>-</b>	<b>-</b>
<b>Operating Income (Loss)*</b>	<b>0.3</b>	<b>0.1</b>
<b>Retiree Health Benefits Pre-Funding**</b>	<b>(0.5)</b>	<b>(1.0)</b>
<b>Workers' Comp. Fair Value Adj.</b>	<b>0.2</b>	<b>0.3</b>
<b>Workers' Comp. Other Non-Cash Adj.</b>	<b>0.1</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b><u>\$0.1</u></b>	<b><u>(\$0.6)</u></b>
<b>Volume</b>	<b>16.1</b>	<b>14.7</b>

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

\*\* FY2012 had \$11.1B in annual pre-funding expenses (\$5.5B from FY2011 and \$5.6B from FY2012) vs. \$5.6B in FY2013.