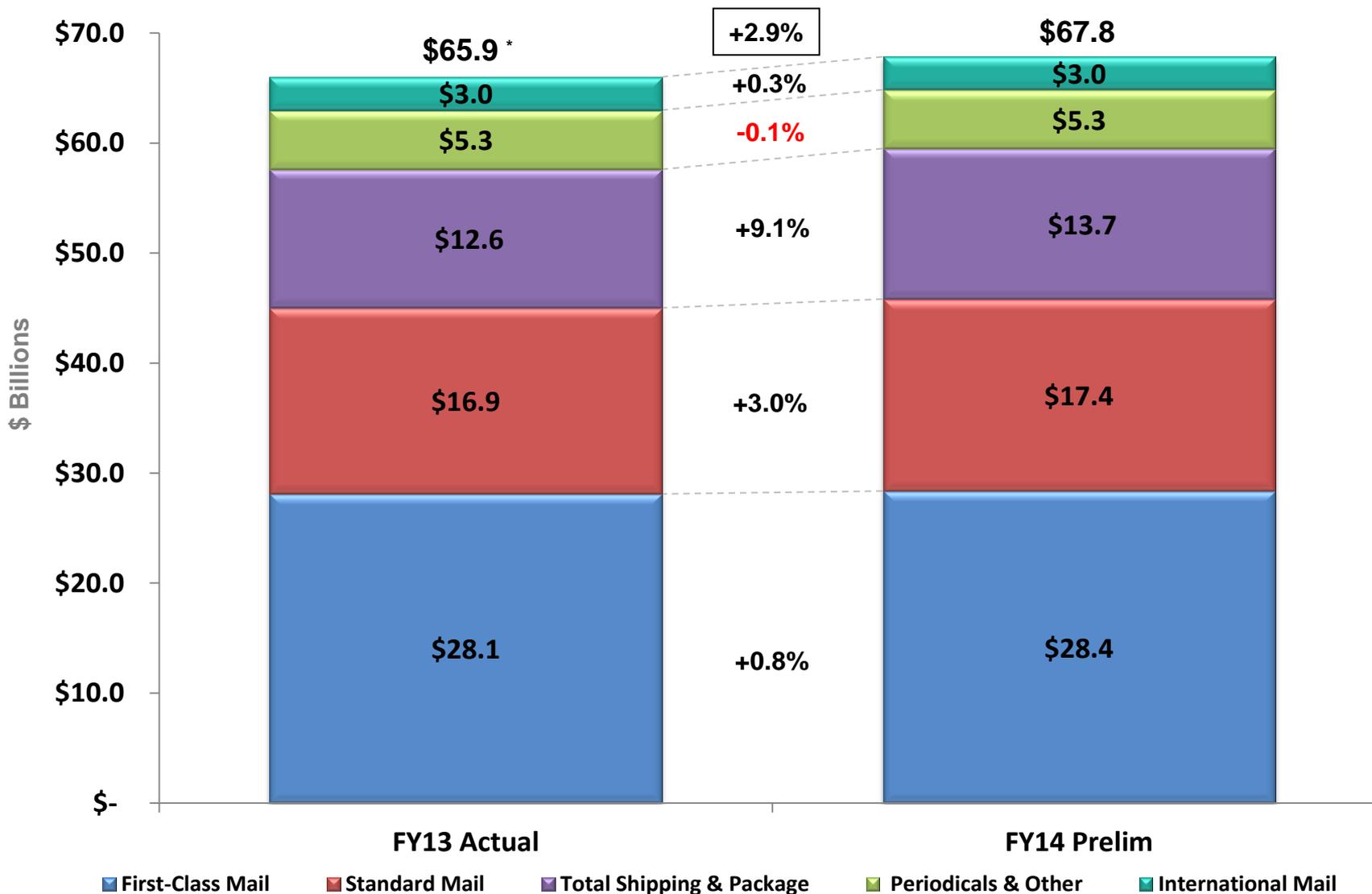


# **Unaudited 2014 Financial Results and 2015 Integrated Financial Plan**

**November 2014**

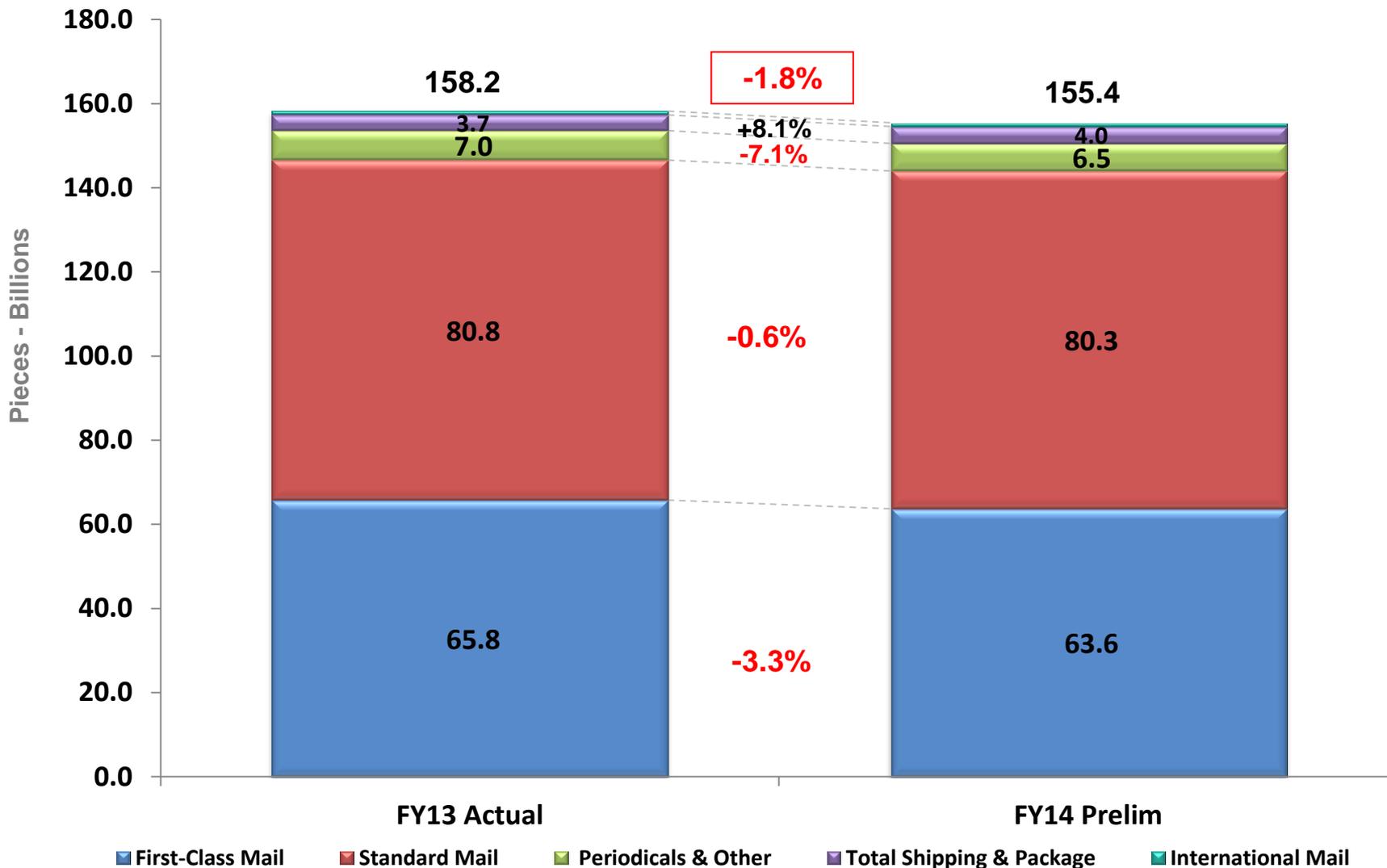
<b>September YTD (12 Months)</b> <b>(Billions)</b>	<b>FY</b> <b>2014</b>	<b>FY</b> <b>2013</b>
<b>Revenue</b> <sup>1</sup>	<b>\$67.8</b>	<b>\$65.9</b>
<b>Expenses</b> <sup>1, 2</sup>	<b>66.3</b>	<b>66.8</b>
<b>Other Income (Expense), Net</b>	<b>(0.1)</b>	<b>(0.1)</b>
<b>Controllable Income (Loss)</b>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

- 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.



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

**Preliminary & Unaudited**



<b>September YTD (12 Months)</b> <b>(Billions)</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>Revenue</b> <sup>1</sup>	<b>\$67.8</b>	<b>\$65.9</b>
<b>Expenses</b> <sup>1, 2</sup>	<b>66.3</b>	<b>66.8</b>
<b>Other Income (Expense), Net</b>	<b><u>(0.1)</u></b>	<b><u>(0.1)</u></b>
<b>Controllable Income (Loss)</b> <sup>2</sup>	<b>1.4</b>	<b>(1.0)</b>
<b>Changes in Accounting Estimate</b> <sup>3</sup>	<b>-</b>	<b>1.3</b>
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- 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.

<b>September YTD (12 Months)</b> <b>(Billions)</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>Compensation &amp; Benefits</b>	<b>\$50.4</b>	<b>\$50.9</b>
<b>Transportation</b>	<b>6.6</b>	<b>6.7</b>
<b>Depreciation</b>	<b>1.8</b>	<b>1.9</b>
<b>Supplies &amp; Services</b>	<b>2.6</b>	<b>2.4</b>
<b>Rent, Utilities &amp; Other</b>	<b>4.9</b>	<b>4.9</b>
<b>Controllable Expenses<sup>1</sup></b>	<b>\$66.3</b>	<b>\$66.8</b>

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

- Delivery days were equal compared to FY2013.

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

<b>September YTD (12 Months) (Billions)</b>	<b>FY 2014</b>	<b>FY 2013</b>
<b>Revenue <sup>1</sup></b>	<b>\$67.8</b>	<b>\$65.9</b>
<b>Expenses <sup>1, 2</sup></b>	<b>66.3</b>	<b>66.8</b>
<b>Other Income (Expense), Net</b>	<b><u>(0.1)</u></b>	<b><u>(0.1)</u></b>
<b>Controllable Income (Loss) <sup>2</sup></b>	<b>1.4</b>	<b>(1.0)</b>
<b>Changes in Accounting Estimate <sup>3</sup></b>	<b>-</b>	<b>1.3</b>
<b>Retiree Health Benefits Pre-Funding</b>	<b>(5.7)</b>	<b>(5.6)</b>
<b>Workers' Comp. Fair Value Adj.</b>	<b>(0.5)</b>	<b>1.7</b>
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• Retail and delivery days were equal compared to FY2013.



# 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
<b>Total Assets</b>	<b>\$23.0B</b>	<b>Total Liabilities</b>	<b>\$68.3B</b>

- 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.

# **FY2015 Integrated Financial Plan**

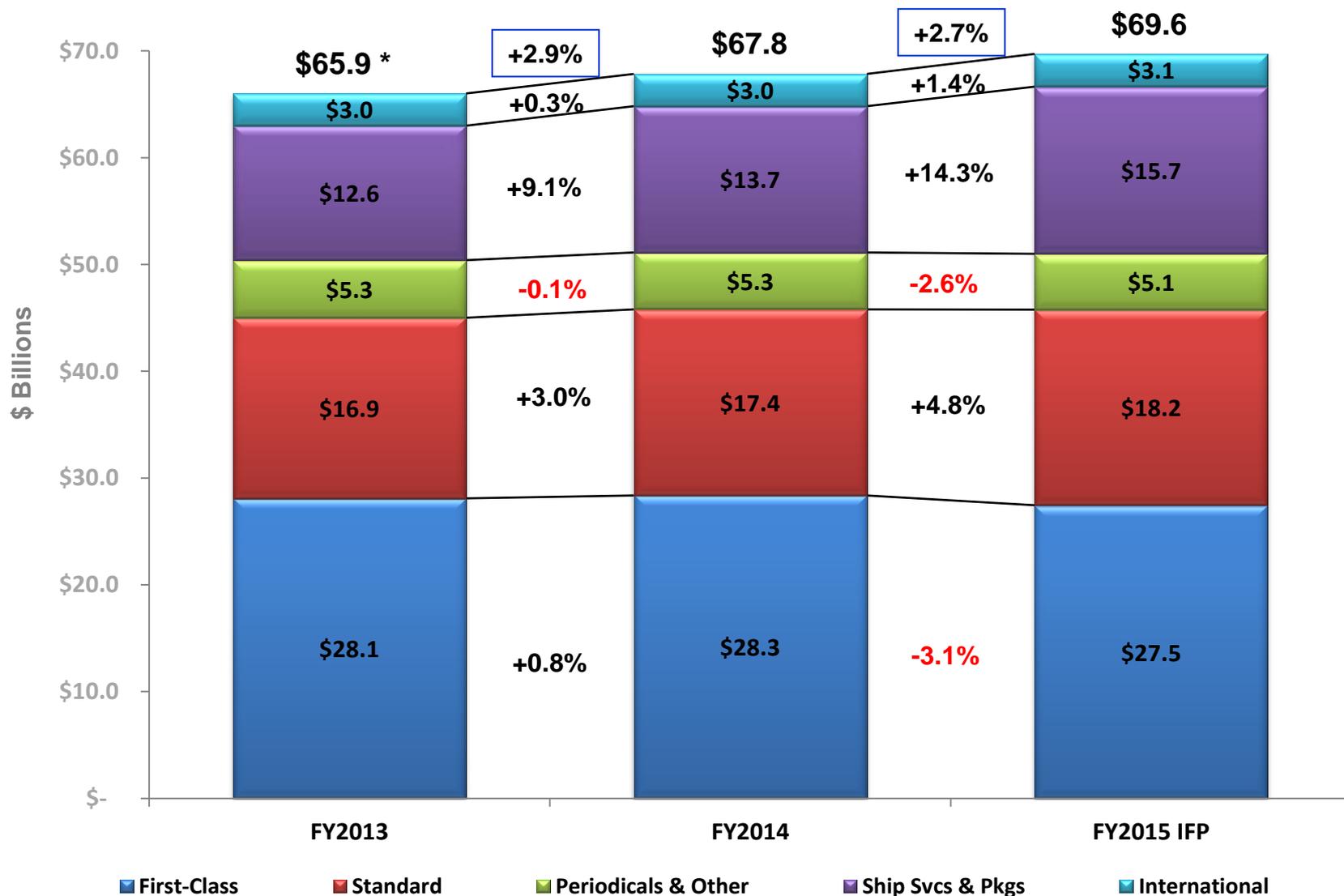
**November 2014**

<b>FY 2013</b>	<b>(Billions)</b>	<b>FY 2014</b>	<b>IFP 2015</b>
<b>\$65.9</b>	<b>Revenue</b>	<b>\$67.8</b>	<b>\$69.6</b>
66.8	<b>Expenses *</b>	66.3	69.0
<u>(0.1)</u>	<b>Other Income (Expense), Net</b>	<u>(0.1)</u>	<u>(0.1)</u>
<b>(1.0)</b>	<b>Controllable Income (Loss) *</b>	<b>1.4</b>	<b>0.5</b>
1.3	<b>Changes in Accounting Estimate **</b>	-	-
(5.6)	<b>Retiree Health Benefits Pre-Funding</b>	(5.7)	(5.7)
1.7	<b>Workers' Comp. Fair Value Adj.</b>	(0.5)	-
<u>(1.4)</u>	<b>Workers' Comp. Other Non-Cash Adj.</b>	<u>(0.7)</u>	<u>(0.9)</u>
<b><u>(\$5.0)</u></b>	<b>Net Income (Loss)</b>	<b><u>(\$5.5)</u></b>	<b><u>(\$6.1)</u></b>

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

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

# Operating Revenue FY2013-FY2015





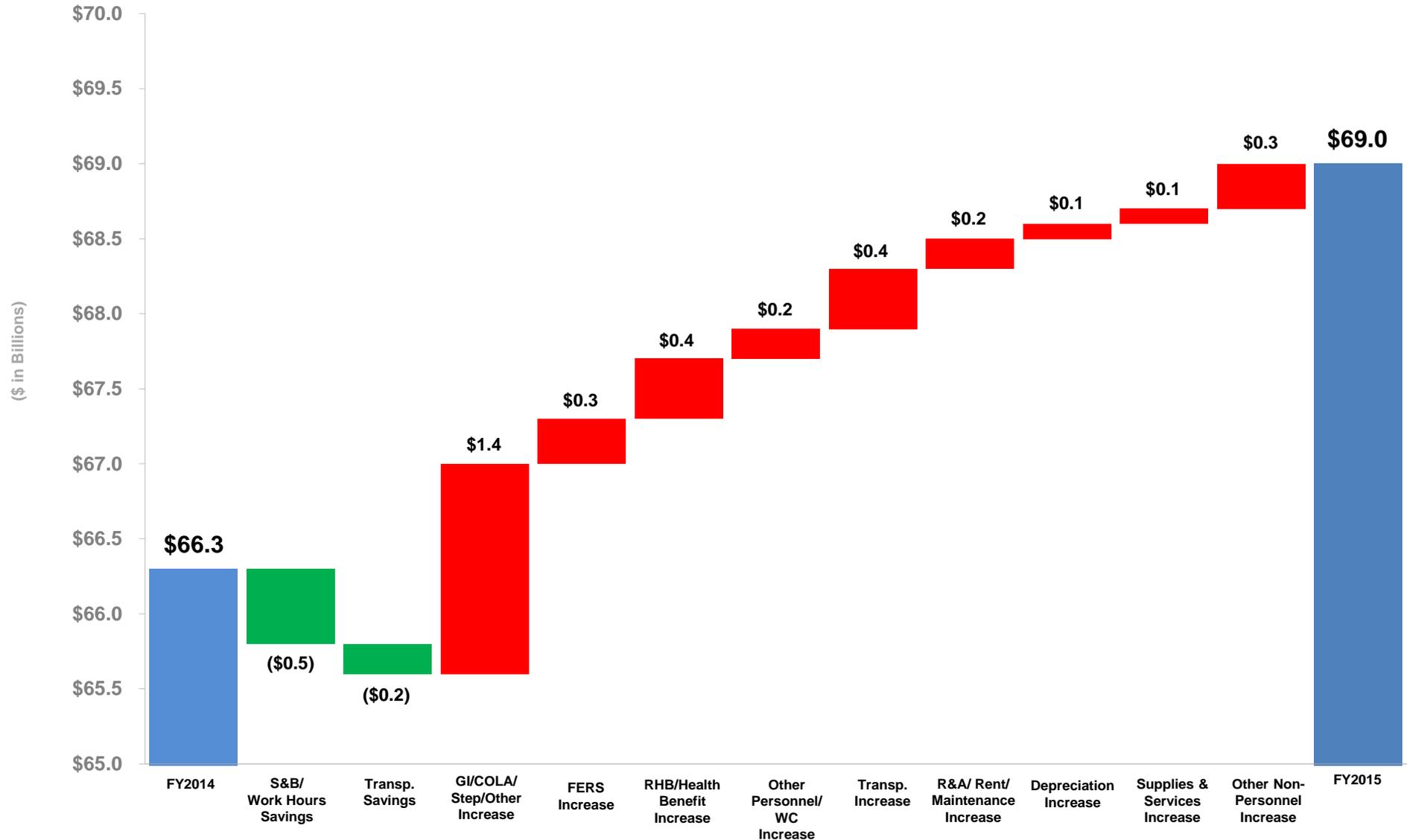
<b>FY 2013</b>	<b>(Billions)</b>	<b>FY 2014</b>	<b>IFP 2015</b>
\$65.9	<b>Revenue</b>	\$67.8	\$69.6
<b>66.8</b>	<b>Expenses *</b>	<b>66.3</b>	<b>69.0</b>
<u>(0.1)</u>	<b>Other Income (Expense), Net</b>	<u>(0.1)</u>	<u>(0.1)</u>
<b>(1.0)</b>	<b>Controllable Income (Loss) *</b>	<b>1.4</b>	<b>0.5</b>
1.3	<b>Changes in Accounting Estimate **</b>	-	-
(5.6)	<b>Retiree Health Benefits Pre-Funding</b>	(5.7)	(5.7)
1.7	<b>Workers' Comp. Fair Value Adj.</b>	(0.5)	-
<u>(1.4)</u>	<b>Workers' Comp. Other Non-Cash Adj.</b>	<u>(0.7)</u>	<u>(0.9)</u>
<b><u>(\$5.0)</u></b>	<b>Net Income (Loss)</b>	<b><u>(\$5.5)</u></b>	<b><u>(\$6.1)</u></b>

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

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



# Expense Reconciliation FY2014 vs. FY2015 IFP



<b>FY 2013</b>	<b>(Billions)</b>	<b>FY 2014</b>	<b>IFP 2015</b>
\$65.9	<b>Revenue</b>	\$67.8	\$69.6
66.8	<b>Expenses *</b>	66.3	69.0
<u>(0.1)</u>	<b>Other Income (Expense), Net</b>	<u>(0.1)</u>	<u>(0.1)</u>
<b>(1.0)</b>	<b>Controllable Income (Loss) *</b>	<b>1.4</b>	<b>0.5</b>
1.3	<b>Changes in Accounting Estimate **</b>	-	-
(5.6)	<b>Retiree Health Benefits Pre-Funding</b>	(5.7)	(5.7)
1.7	<b>Workers' Comp. Fair Value Adj.</b>	(0.5)	-
<u>(1.4)</u>	<b>Workers' Comp. Other Non-Cash Adj.</b>	<u>(0.7)</u>	<u>(0.9)</u>
<b><u>(\$5.0)</u></b>	<b>Net Income (Loss)</b>	<b><u>(\$5.5)</u></b>	<b><u>(\$6.1)</u></b>

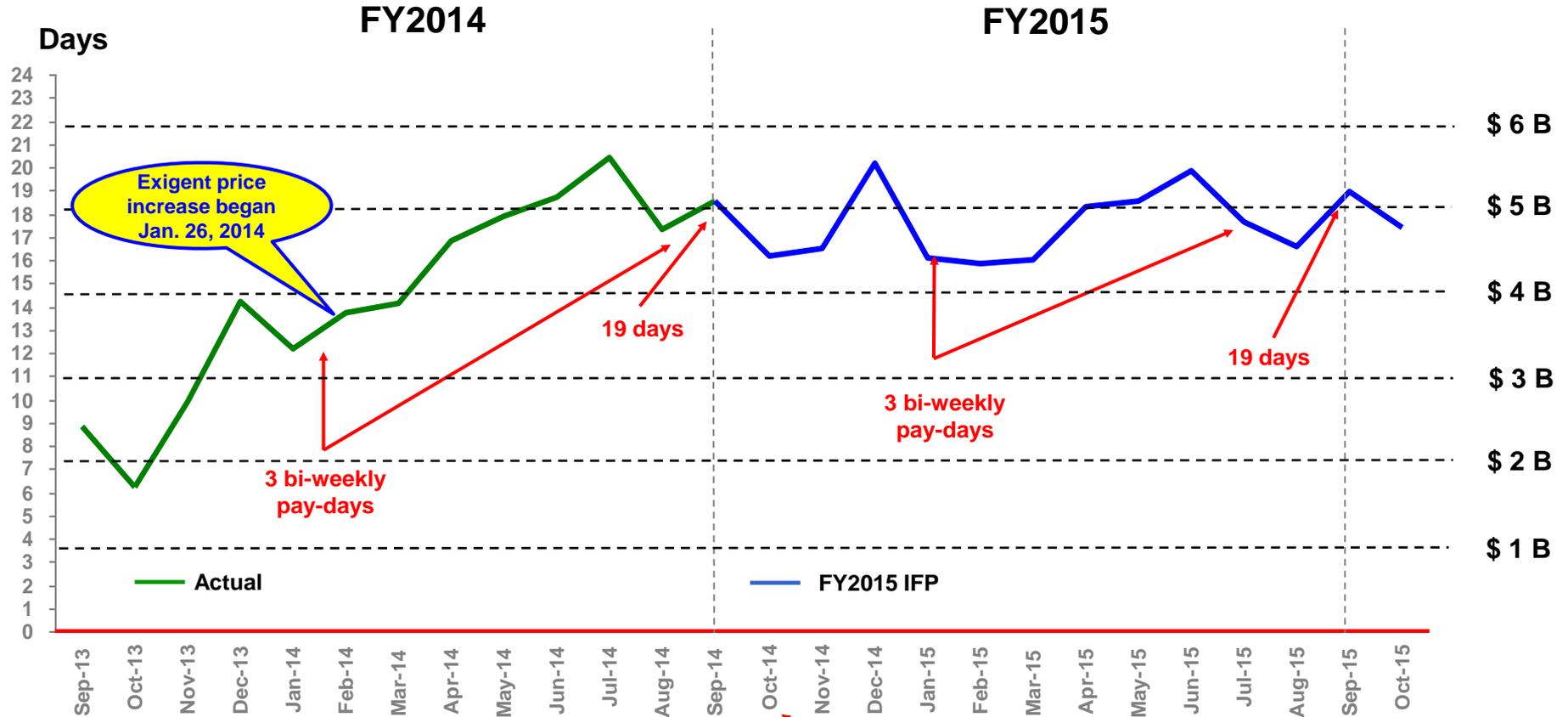
\* Before RHB pre-funding and non-cash adjustments to workers' compensation liabilities.

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



# FY2014-FY2015 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