

2011 Financial Results

2012

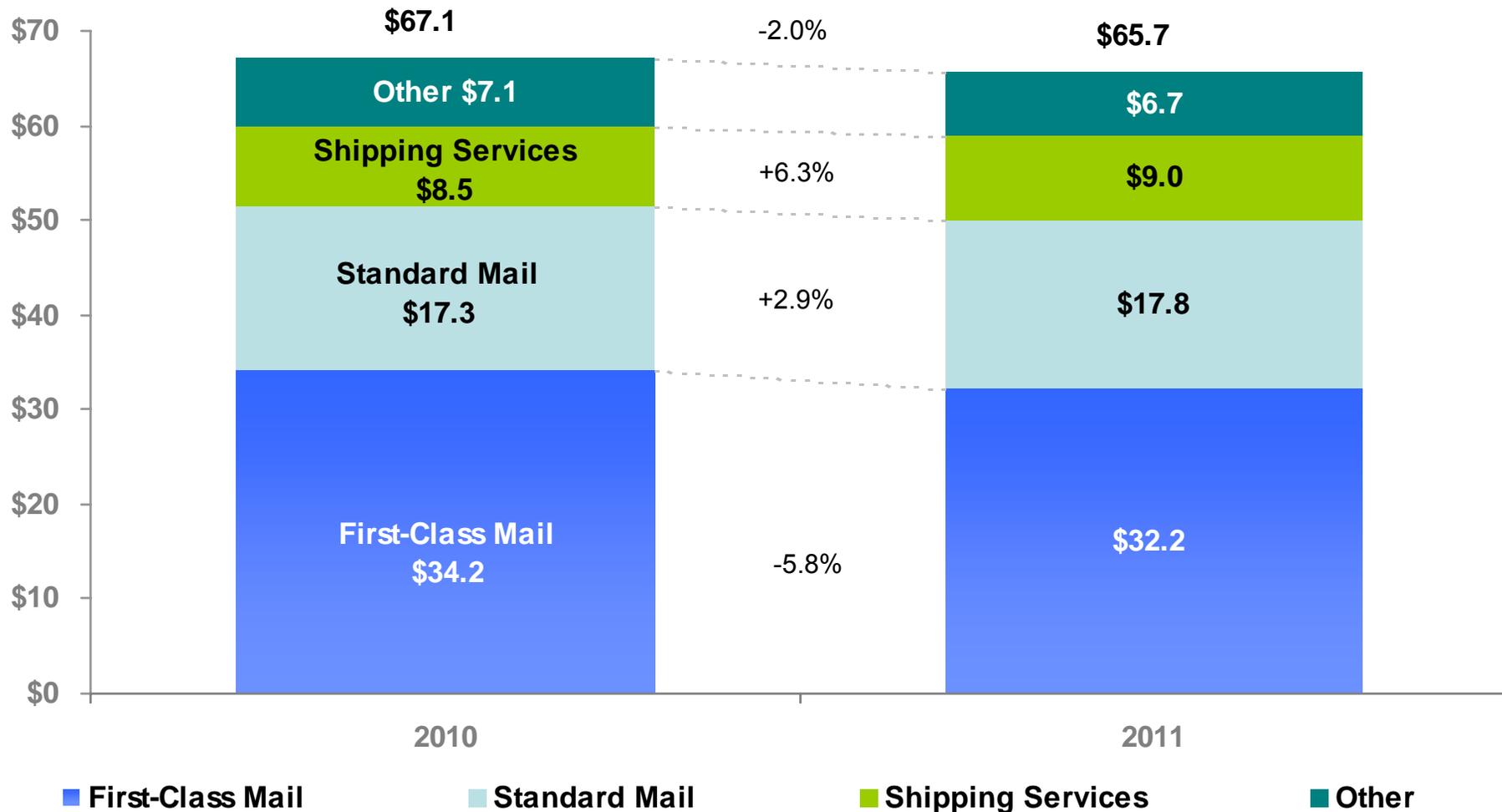
Integrated Financial Plan

November 2011

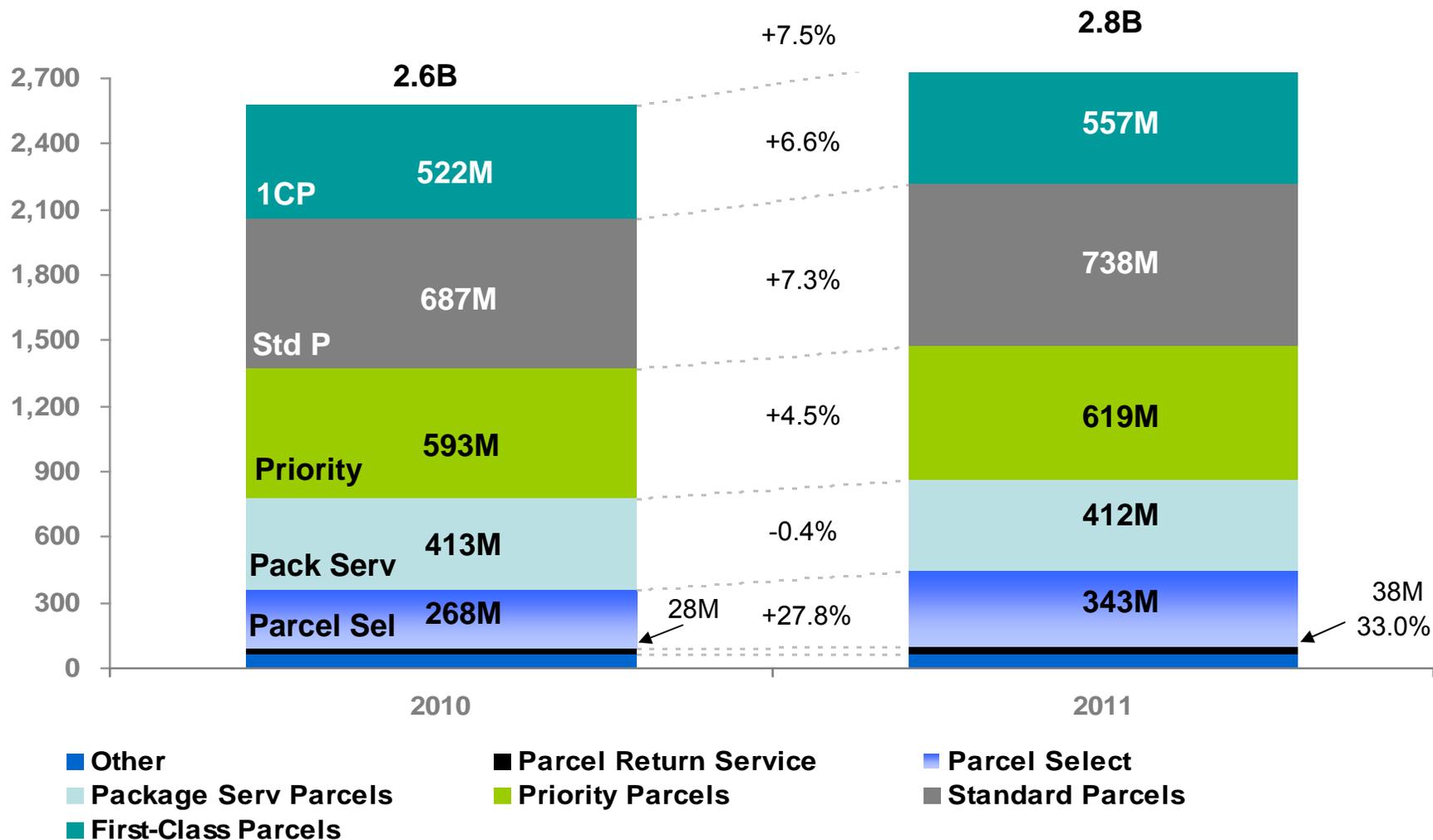
September YTD (Billions)	FY 2011	FY 2010
Revenue	\$65.7	\$67.1
Expenses	67.9	67.7
Operating Income (Loss)*	(2.2)	(0.6)
Retiree Hlth. Benefits Pre-Funding	-	(5.5)
Workers Comp: Fair Value Adj.	(1.0)	(2.0)
Workers Comp Claims, Adj. & Contingency	<u>(1.9)</u>	<u>(0.4)</u>
Net Income (Loss)	<u>(\$5.1)</u>	<u>(\$8.5)</u>
Volume (Pieces)	167.9	170.9

* Before RHB Pre-Funding, Non-Cash Adjustments to Workers' Compensation Liabilities & Contingency.

Revenue
\$ Billions



Volume
Million Pieces

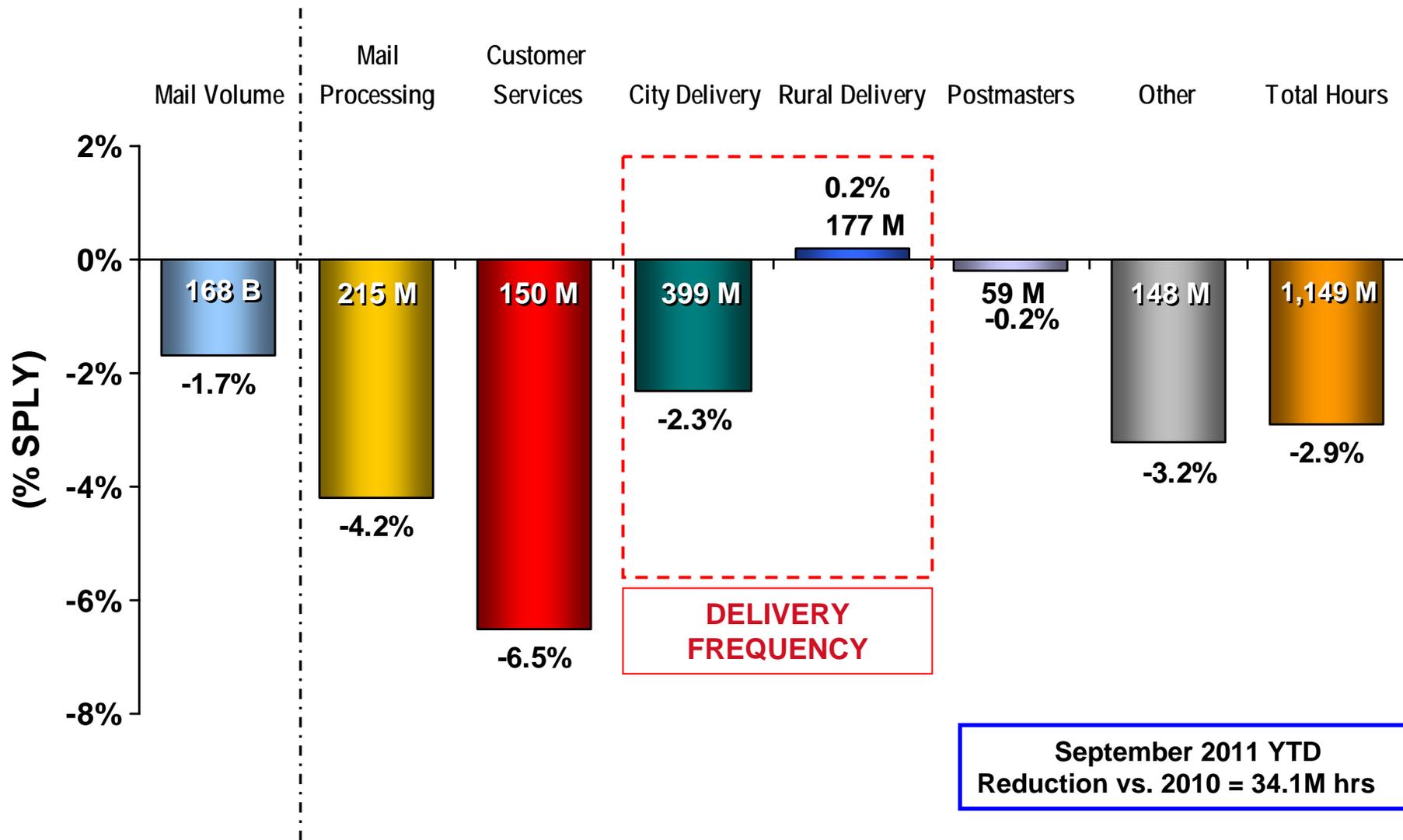


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September YTD (Billions)	FY 2011	FY 2010
Compensation	\$36.8	\$37.5
Benefits	15.2	14.7
Transportation	6.4	5.9
Depreciation	2.3	2.5
Supplies & Services	2.3	2.2
Rent, Utilities & Other	4.9	4.9
Operating Expenses *	\$67.9	\$67.7

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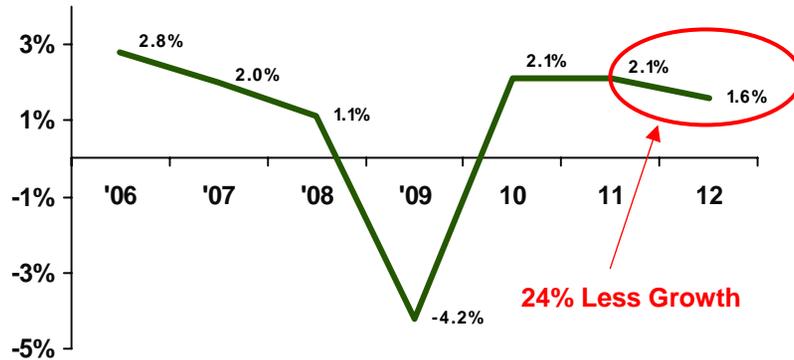
2012 Integrated Financial Plan

November 2011



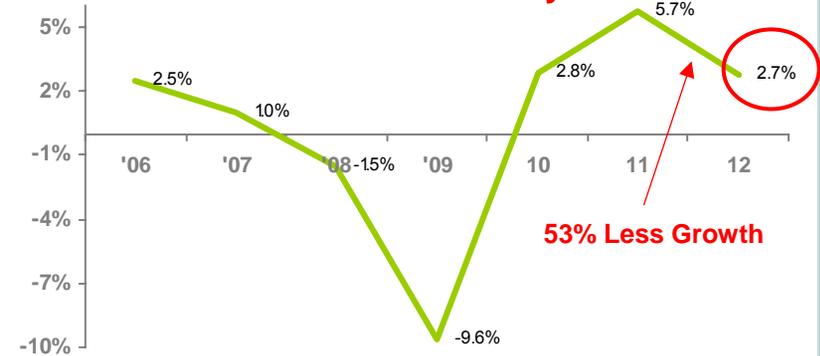
Primary Volume Drivers for Each Class of Mail

Gross Domestic Product



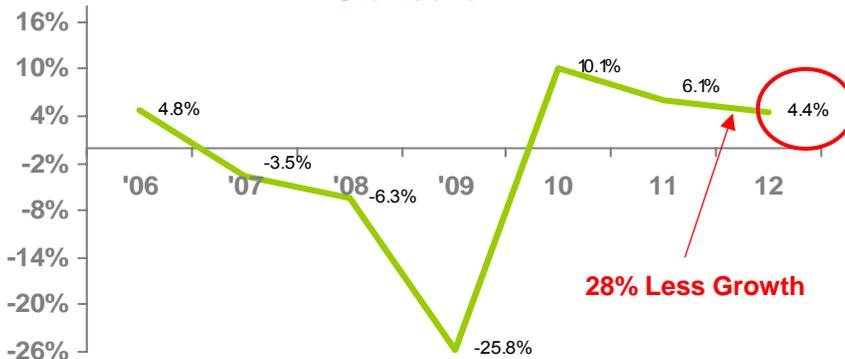
Retail Sales

Standard & Priority



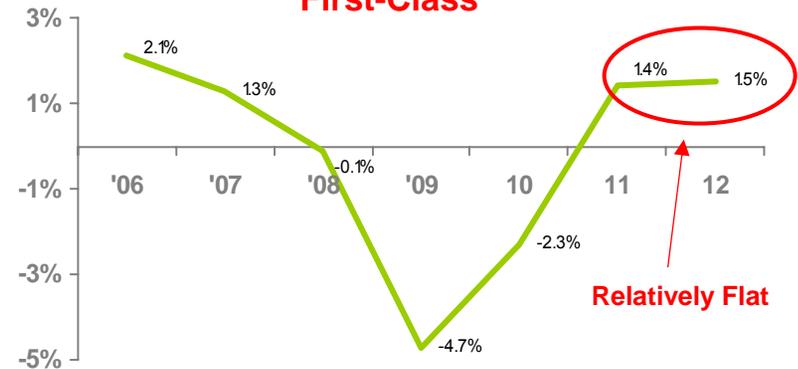
Investment

Standard



Employment Growth

First-Class





Statements of Operations

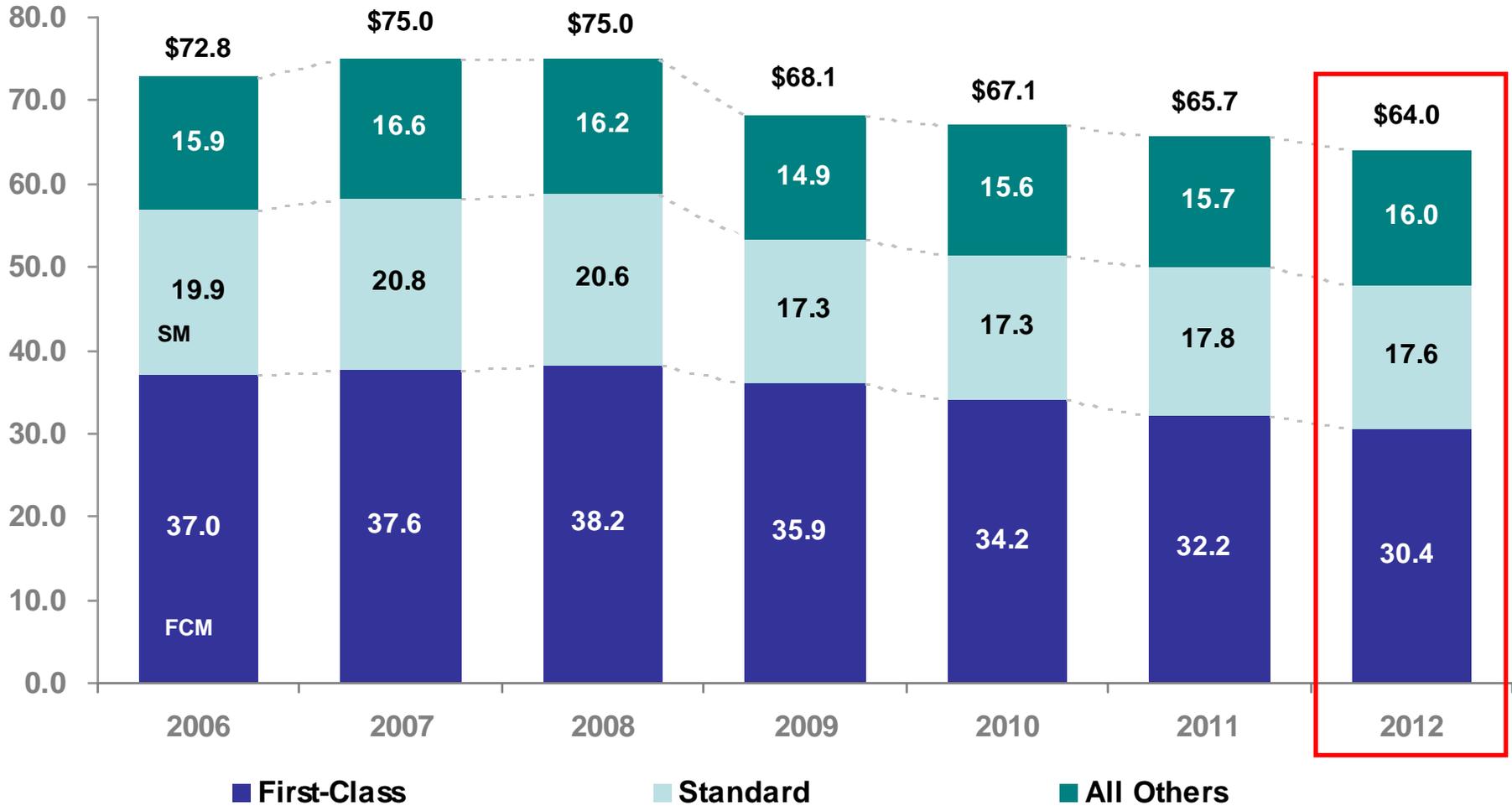
In Billions	FY 2011	FY 2012 IFP
Revenue	\$ 65.7	\$ 64.0
Expenses	67.9	67.0
Operating Income (Loss)	\$ (2.2)	\$ (3.0)
RHB Pre-funding (Current Law)	0	(11.1)
Restructuring Charge*	—	(TBD)
Non-cash Workers' Comp Adj.	(2.9)	(TBD)
Net Income (Loss)	\$ (5.1)	\$ (14.1)
Volume	167.9	158.0

* Equipment and Facilities Impairments, Workers' Comp, Unemployment, and VERA's



Revenue FY06 – FY12

Revenue
\$ Billions





Statements of Operations

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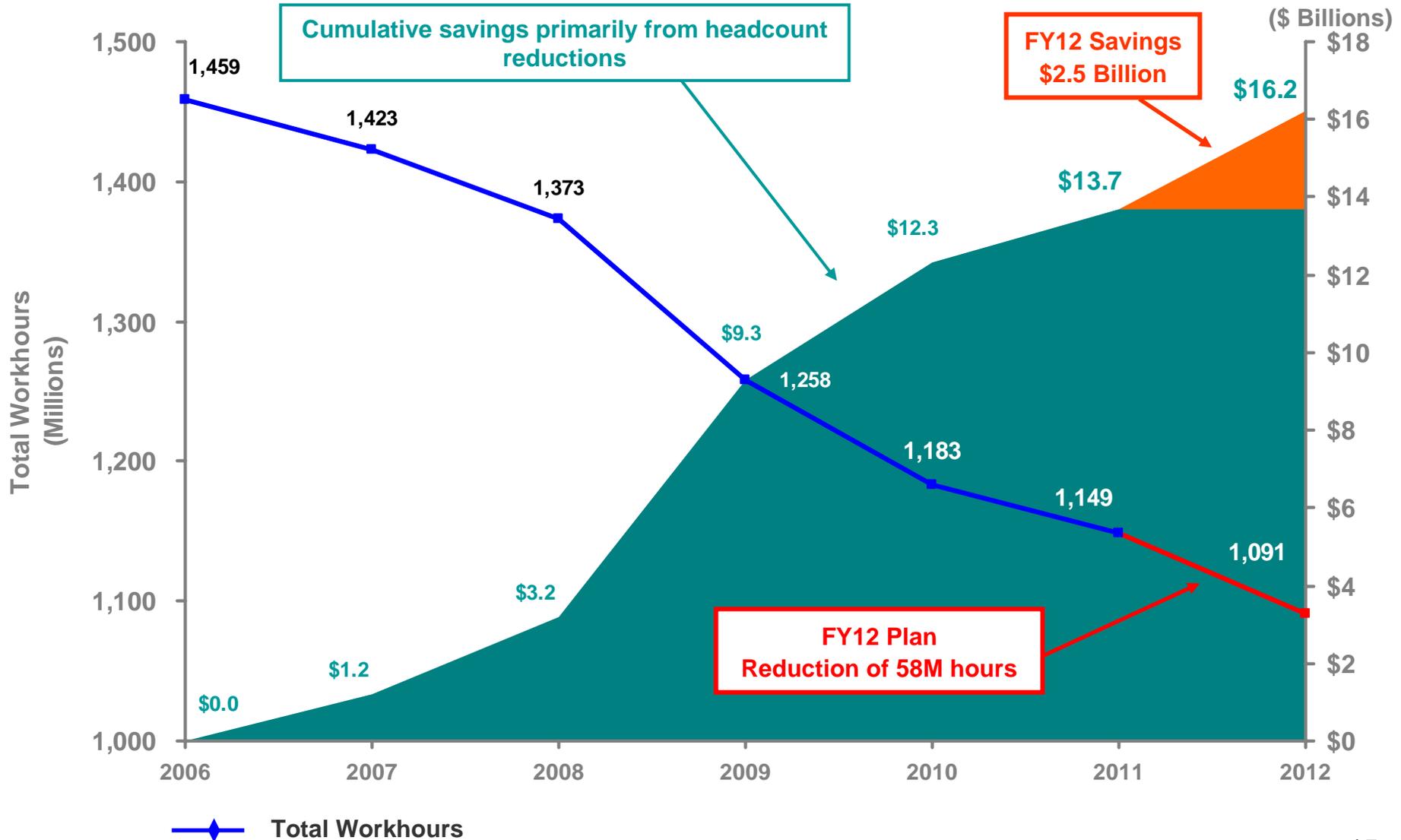
Operating Expenses

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Cumulative Savings vs. Workhours





Statements of Operations

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❑ **Economy:**

- Volume and Revenue

❑ **Fuel Prices**

❑ **Labor Arbitration and Negotiations**

❑ **Legislation:**

- Interferes / Slows
Cost Reductions
- RHB Pre-Funding (\$11B)
- FERS Refund

❑ **Increasing Difficulty of Workhour Reductions**

- Assumed Retirement Rates
- Excess Employees

❑ **Accelerated Migration Rates**

❑ **Health of Advertising Market**

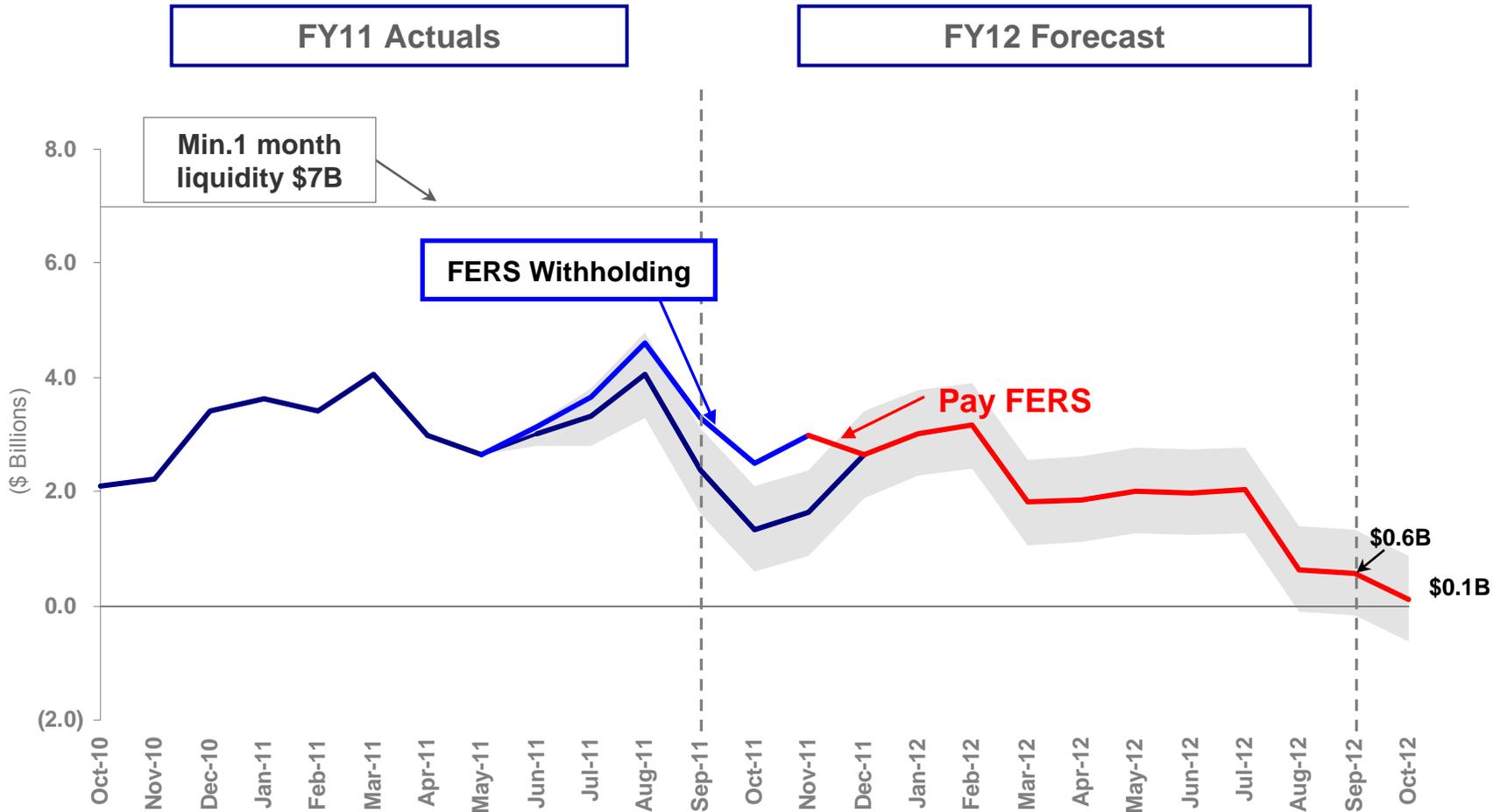


Capital Commitments of \$900M For 2012

(\$ Billions)	5 yr Avg. thru 9/30/09	FY2010 Actual	FY2011 Actual	FY2012 IFP
Facilities	\$0.8	\$0.5	\$0.5	\$0.4
Equipment	0.8	0.3	0.2	0.1
Infrastructure & Support	0.5	0.1	0.1	0.4
Total	\$2.1	\$0.9	\$0.8	\$0.9



Available Liquidity at Month-End FERS Impacts



Assumes: No RHB pre-funding in 2011 or 2012

Pay FERS amounts withheld and resume contributions in December



Other Discussion Items

- Longer-term View**
- Financial Impact of Draft Legislation**
- Evercore Partners Engagement**

Questions?