Financial Results

Quarter 1 of Fiscal Year 2014

February 7, 2014

A Deep Financial Hole
December 2013

- **Liabilities exceed assets by approx. $40 billion**
- **The USPS has only 36 cents of assets to cover each dollar of its liabilities**

ASSETS		LIABILITIES	
Unrestricted Cash	$ 3.8B	Retiree Health Benefits	$18.1B
Buildings & Equipment, net of depreciation	$17.2B	Workers' Compensation	$15.9B
		Debt	$15.0B
Other Assets	$ 1.8B		
		Accrued Compensation, benefits, and leave	$ 4.9B
		Deferred Revenue	$ 3.8B
		Other	$ 5.3B
Total Assets	**$22.8B**	**Total Liabilities**	**$63.0B**

- Under multi-employer accounting rules, there are approximately $50B in obligations not shown on the balance sheet.
  - Significant profits over years and legislation are needed to recover.

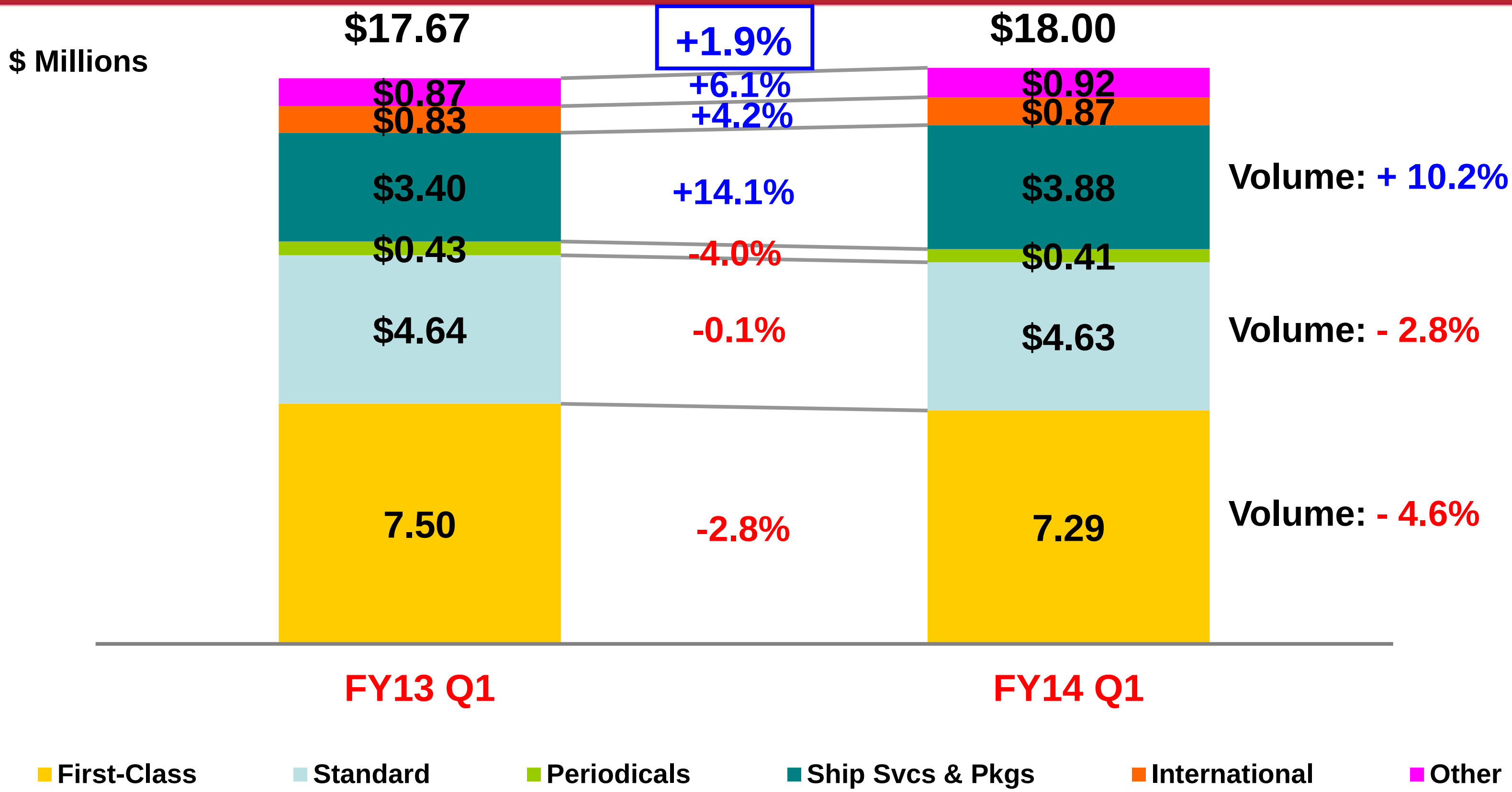
Financial Results

Quarter 1 YTD - 3 months (Billions)	FY 2014	FY 2013
Revenue	$18.0	$17.6
Expenses*	17.3	17.4
Separation Costs	-	0.1
Operating Income (Loss)*	0.7	0.1
Retiree Health Benefits Pre-Funding	(1.4)	(1.4)
Workers' Comp. Fair Value Adj.	0.5	0.2
Workers' Comp. Other Non-Cash Adj.	(0.2)	(0.2)
Net Income (Loss)	($0.4)	($1.3)
Liquidity Days (of oper. cash)	14	10
Volume (Pieces)	42.0	43.5

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

- Retail and Delivery days were equal to FY2013.

Total Revenue
FY2013 Q1 vs. FY2014 Q1



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Operating Expenses

Quarter 1 YTD - 3 months (Billions)	FY 2014	FY 2013
Compensation	$ 9.3	$ 9.5
Benefits	3.8	3.9
Transportation	1.8	1.8
Depreciation	0.5	0.5
Supplies & Services	0.6	0.5
Rent, Utilities & Other	1.3	1.2
Operating Expenses *	$ 17.3	$ 17.4
Workhours (millions)	287	288

* Excludes RHB pre-funding, non-cash adjustments to workers' compensation liabilities, and separation incentive costs.

- Delivery days were equal to FY2013.

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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:
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