



# **INTEGRATED FINANCIAL PLAN FISCAL YEAR 2004**

**October 1, 2003 – September 30, 2004**

**FY 2003 data used for comparison purposes is unaudited and is subject to change.**

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# **INTEGRATED FINANCIAL PLAN FY 2004**

## **Outline**

**FY 2004 Operating Plan**

**FY 2004 Capital Investment Plan**

**FY 2004 Financing Plan**



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# **FISCAL YEAR 2004 OPERATING PLAN**

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# **INTEGRATED FINANCIAL PLAN FY 2004**

## **FY 2004 Assumptions/Actions**

- **Economy**
  - **Economic Recovery Strengthens In Quarters 3 & 4**
  - **Inflation Remains Low**
- **No Extraordinary Events**
- **Continued Electronic Diversion**
- **Workers' Compensation Costs Remain Stable**
- **USPS Pays \$423M Toward CSRS Liability**



# **INTEGRATED FINANCIAL PLAN FY 2004**

## **Income Statement**

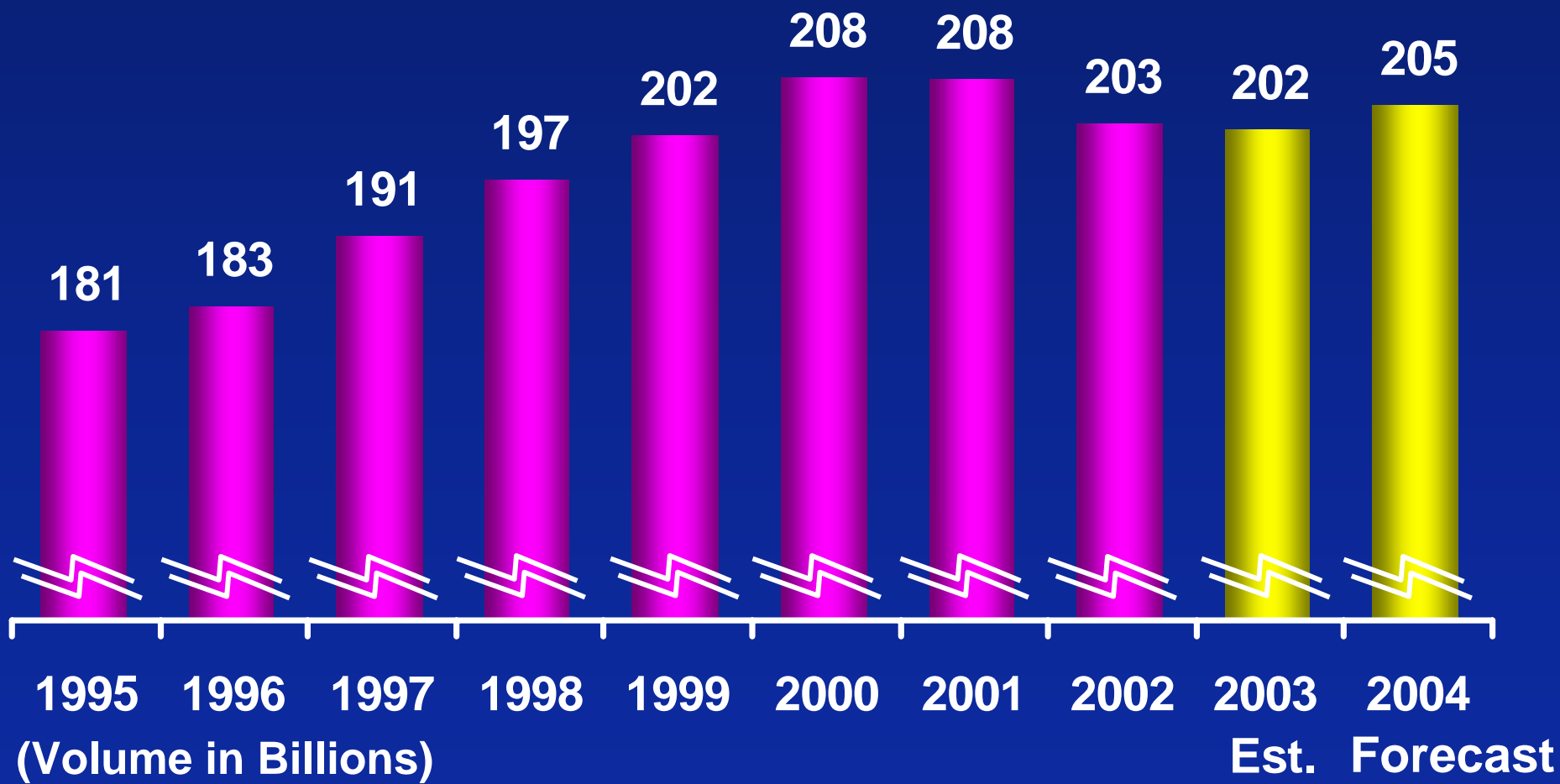
	<b><u>2004</u></b>	<b><u>% Chg</u></b>
<b>Revenue</b>	<b>\$68.9B</b>	<b>0.0%</b>
<b>Expense</b>	<b><u>66.8B</u></b>	<b>3.2%</b>
<b>Net Income</b>	<b>\$ 2.1B</b>	

FY 2004 Included an Extra Delivery Day due to Leap Year



# INTEGRATED FINANCIAL PLAN FY 2004

## Volume

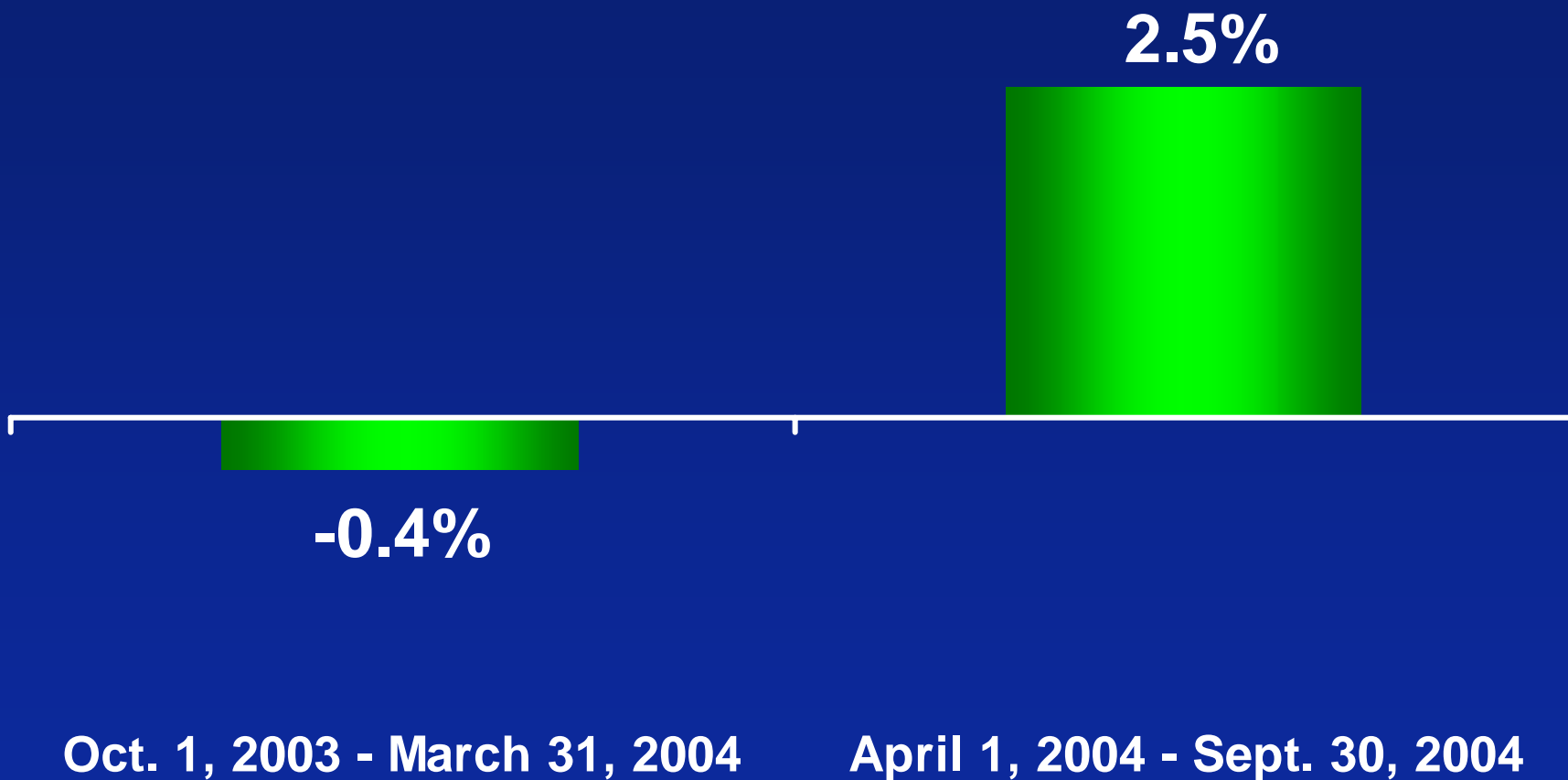


FY 2004 First-Class -1.3% and Standard Volumes are +4.6% to Last Year



# INTEGRATED FINANCIAL PLAN FY 2004

## Volume Forecast





# **INTEGRATED FINANCIAL PLAN FY 2004**

## **Delivery Points**

### **Increase of 1.8M Deliveries**





# INTEGRATED FINANCIAL PLAN FY 2004

## Expense Growth

Normal Inflation  
Without Productivity

Cost Reductions

\$1.3B

Personnel  
Compensation

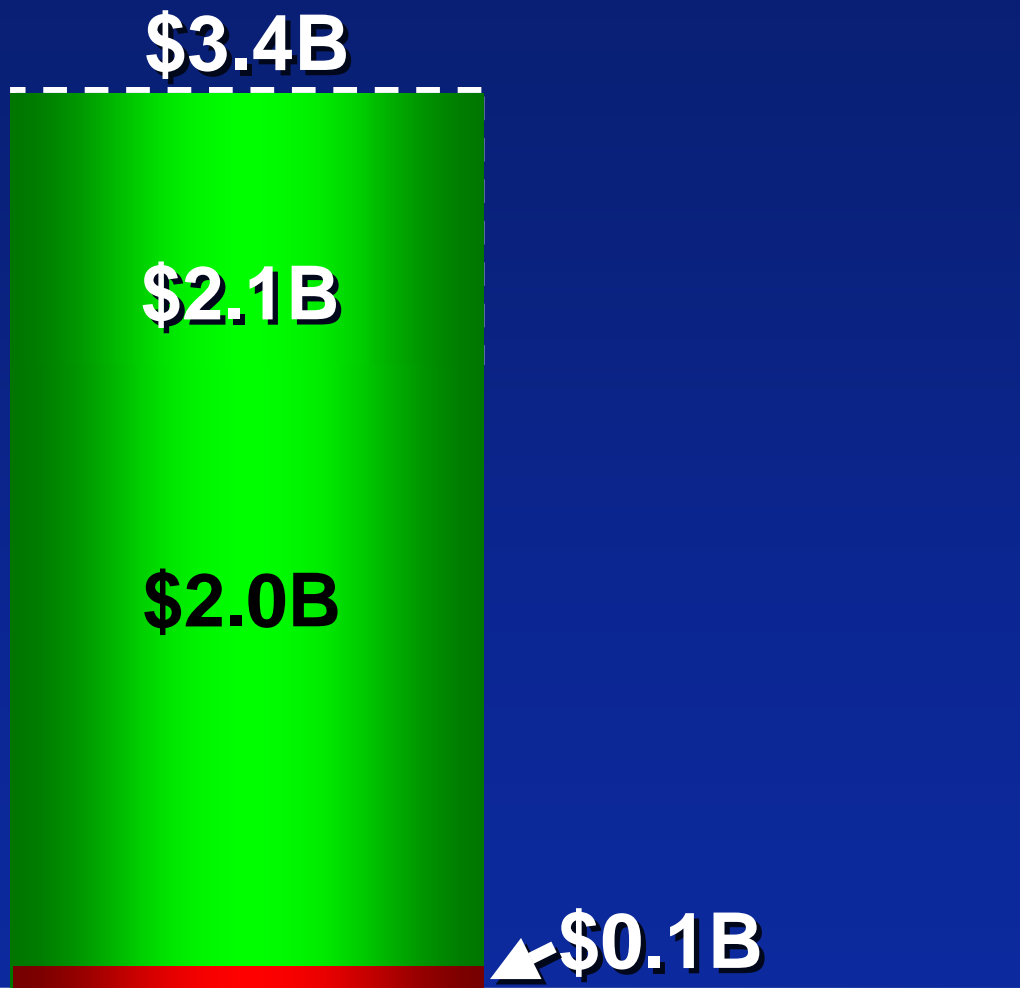
Non-Personnel

\$3.4B

\$2.1B

\$2.0B

\$0.1B

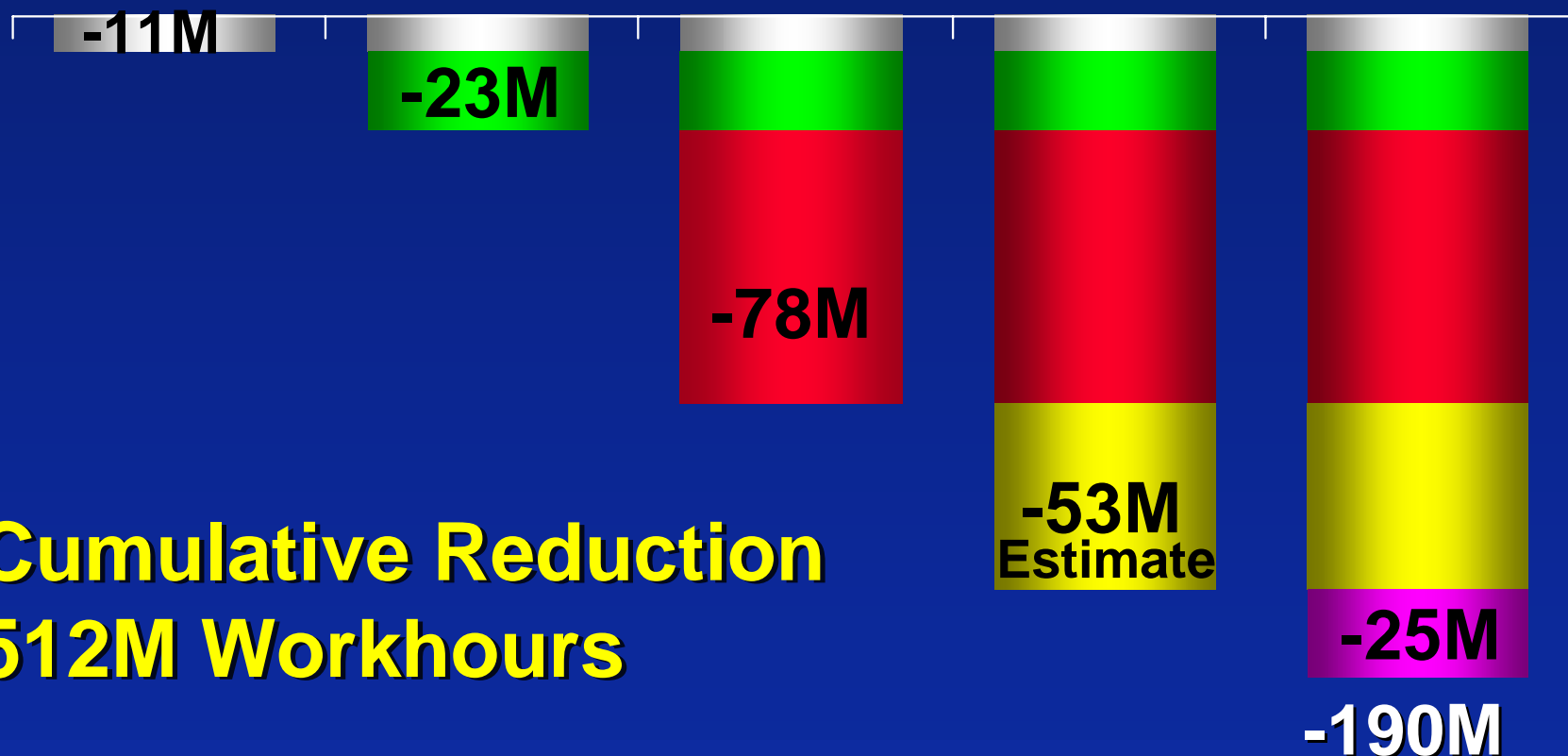




# INTEGRATED FINANCIAL PLAN FY 2004

## Cumulative Workhour Reductions

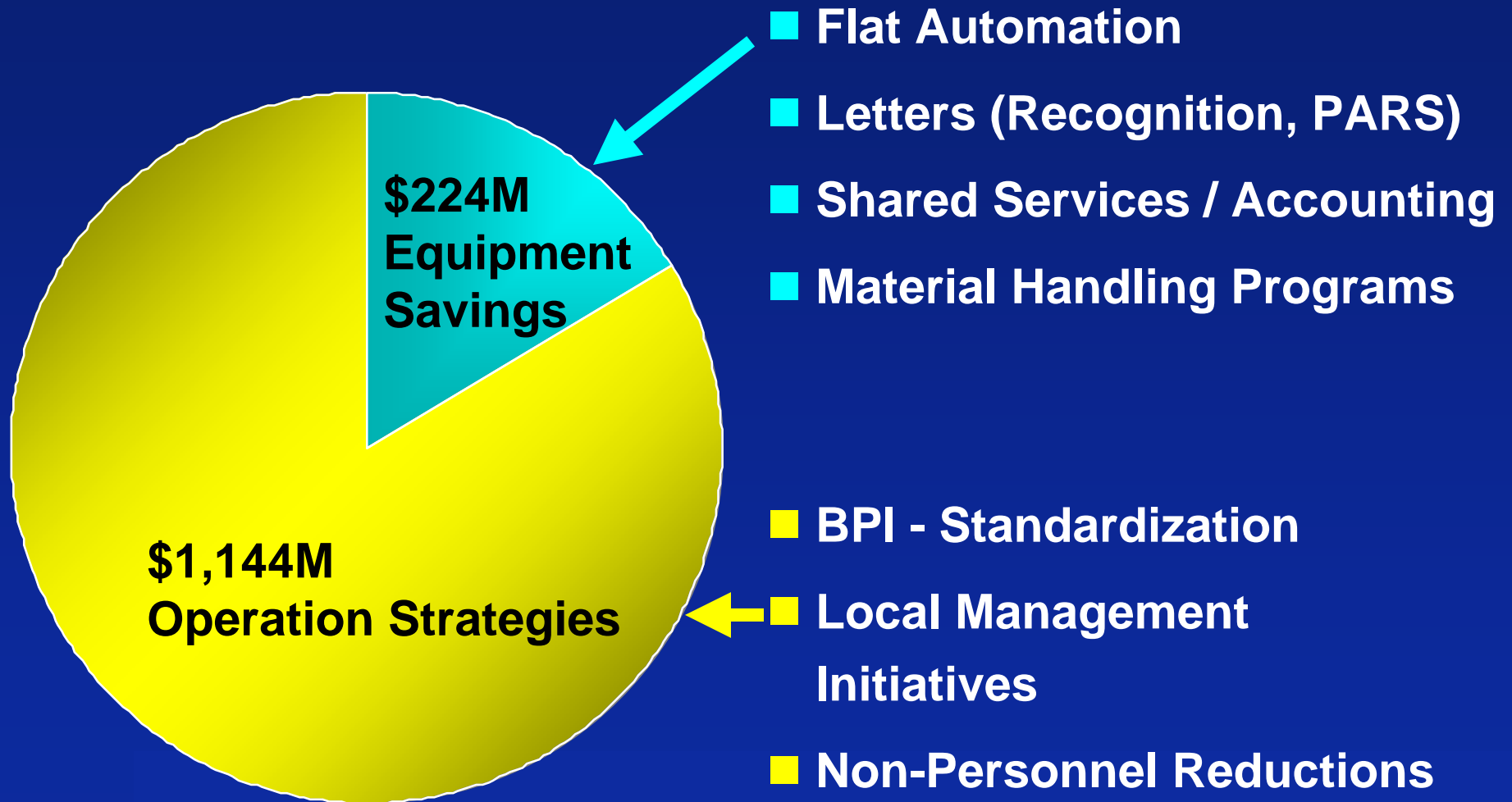
FY 2000    FY 2001    FY 2002    FY 2003    FY 2004





# INTEGRATED FINANCIAL PLAN FY 2004

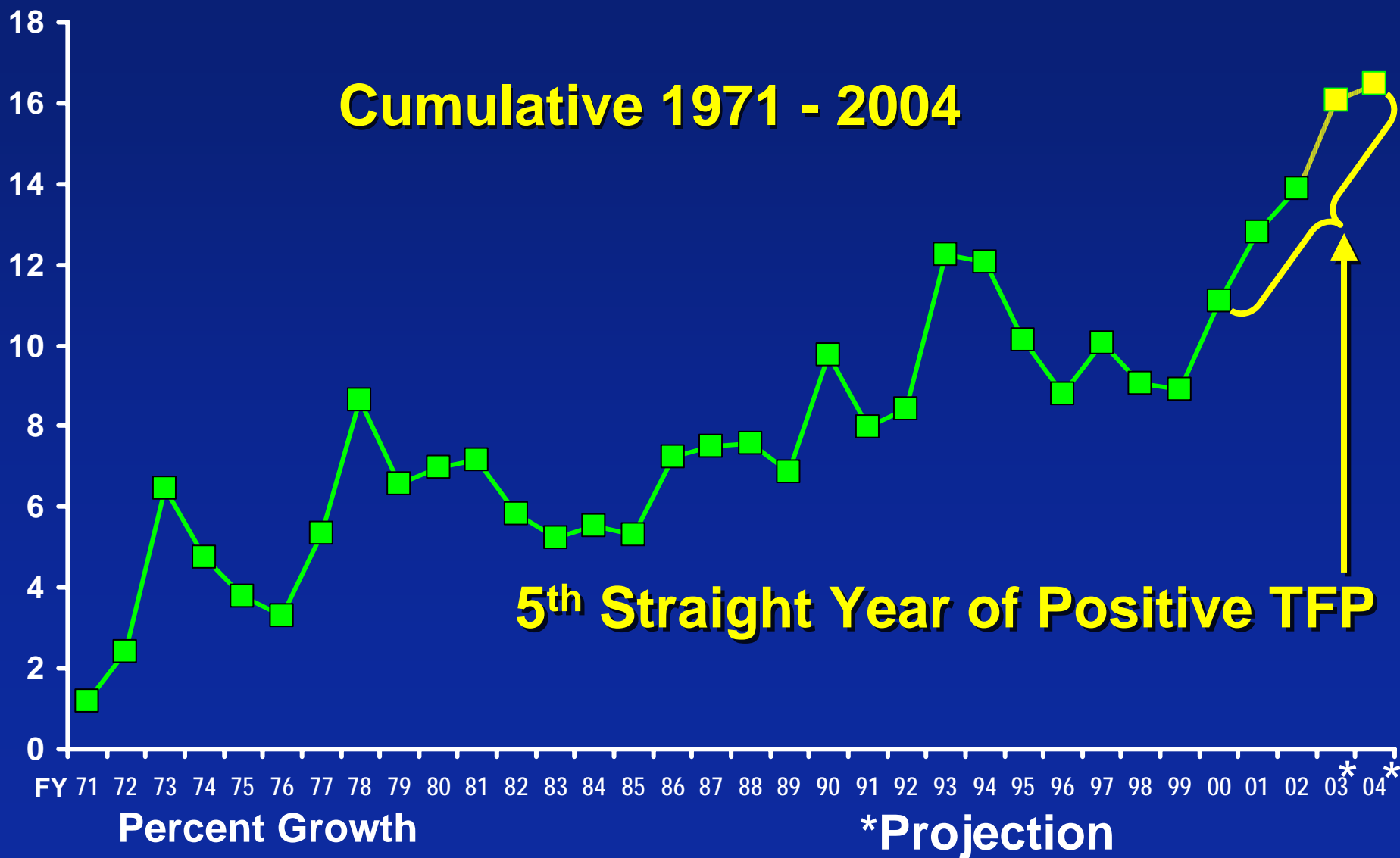
## Gross Reductions - \$1.4B





# INTEGRATED FINANCIAL PLAN FY 2004

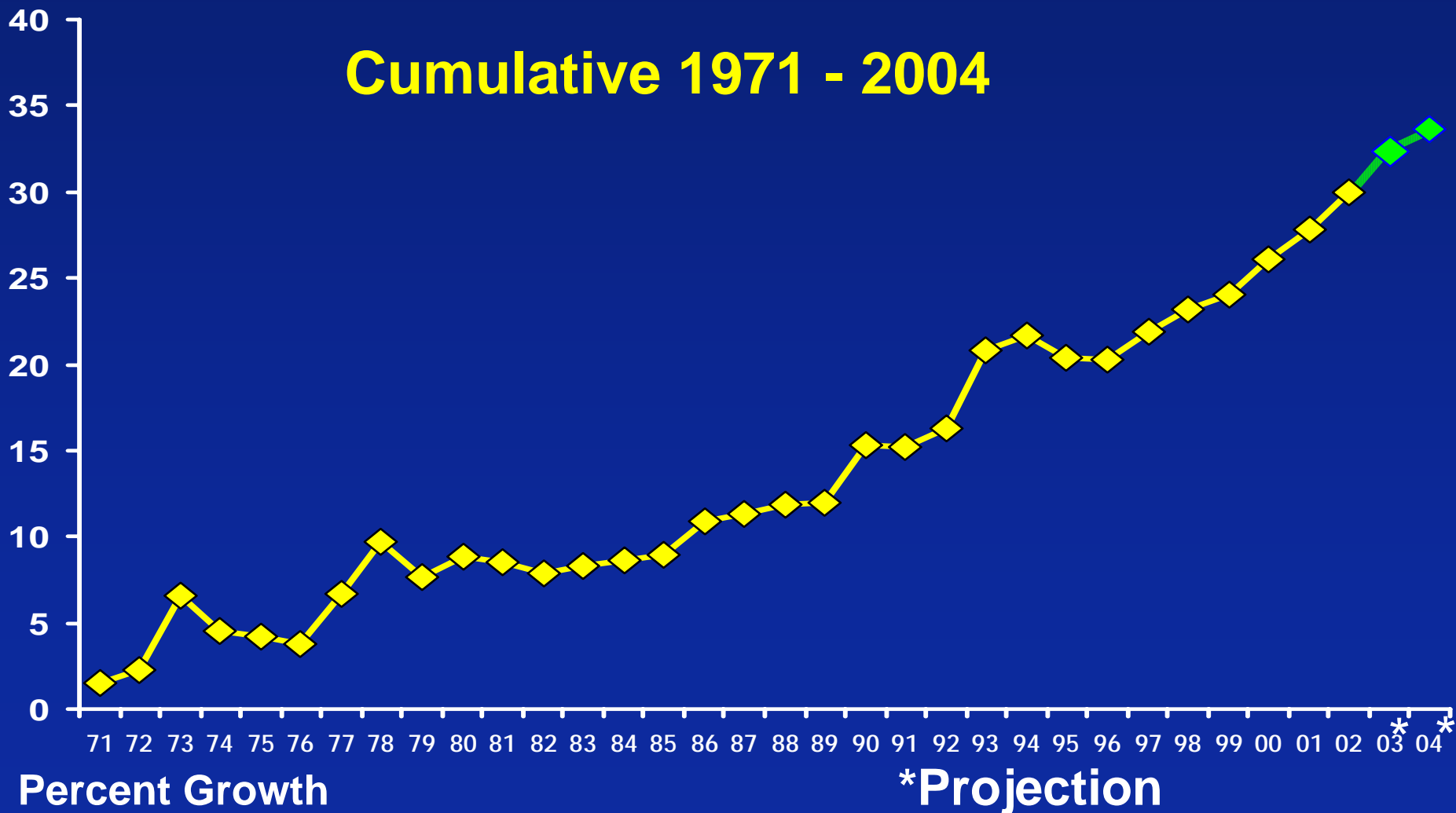
## Total Factor Productivity





# INTEGRATED FINANCIAL PLAN FY 2004

## Output Per Work Hour





# **INTEGRATED FINANCIAL PLAN FY 2004**

## **Operating Plan Summary**

<b>Volume</b>	<b>↑</b>	<b>1.3 %</b>
<b>Deliveries</b>	<b>↑</b>	<b>1.8 M</b>
<b>Work Hours</b>	<b>↓</b>	<b>25 M</b>
<b>TFP (Estimated)</b>	<b>↑</b>	<b>0.4 %</b>
<b>Net Income</b>		<b>\$ 2.1 B</b>



# **INTEGRATED FINANCIAL PLAN FY 2004**

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## **FY 2004 Risks**

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- **Economy**
- **Inflation**
- **Health Benefits Inflation**
- **Continued Work Hour Reductions**



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# **FISCAL YEAR 2004 CAPITAL PLAN**

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# **INTEGRATED FINANCIAL PLAN FY 2004**

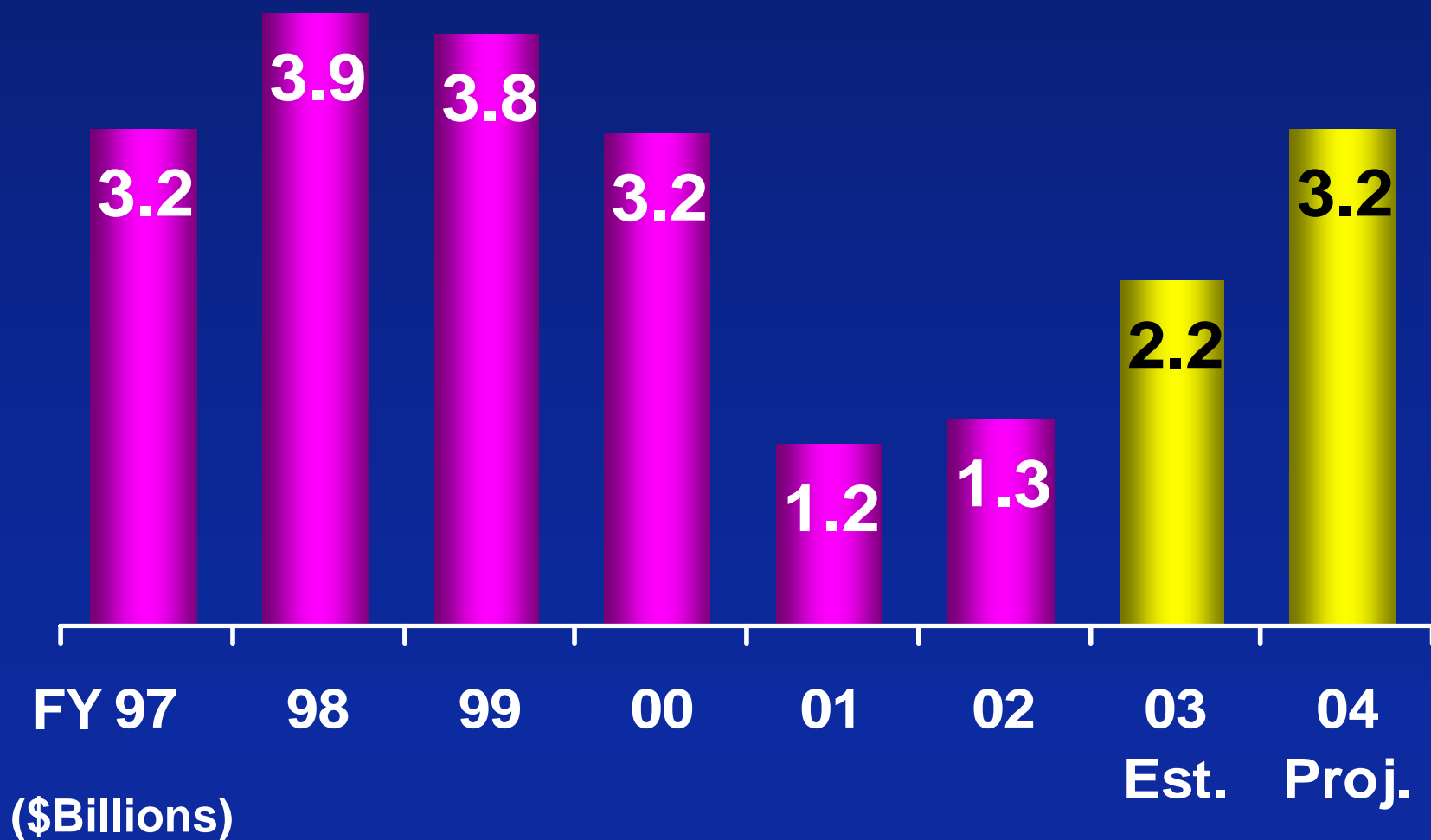
## **Capital Investment Plan Summary**

- **Continue Current Capital Process to Manage Cash and Debt**
- **ROI Proposals Protected**
- **Crucial Infrastructure Improvements**



# INTEGRATED FINANCIAL PLAN FY 2004

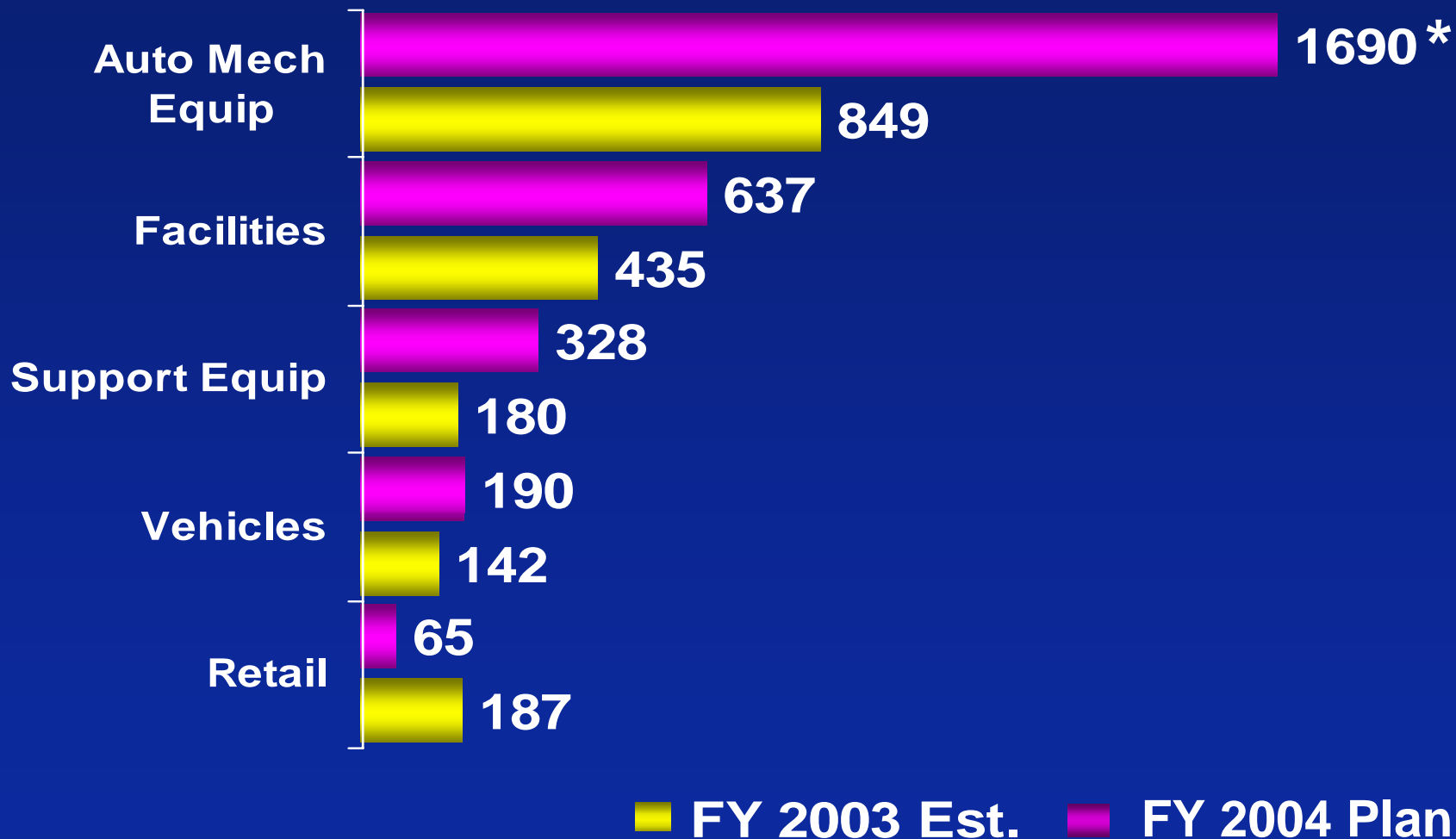
## Capital Commitments





# INTEGRATED FINANCIAL PLAN FY 2004

## Capital Commitments



(\$Millions)

\* Over 60% of Total is for 2 Mail Processing Projects



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# **FISCAL YEAR 2004 FINANCING PLAN**



# **INTEGRATED FINANCIAL PLAN**

## **Debt Refinancing Completed – FY 2003**

- **\$6B Long Term Debt (5.1%) Converted to Short Term Debt (1.1%)**
- **\$360 Million Premium Paid**
- **FY 2003 Interest Expense Savings of \$35M**
- **FY 2004 Interest Expense Reduction of \$280 Million**
- **Payback In About 16 Months**
- **Positive Net Present Value**



# INTEGRATED FINANCIAL PLAN

## FY 2004 - Financing Plan

**Net Income**

**2.1**



**+ Cash Flow from Ops**

**5.0**



**- Capital Cash Outlays**

**2.4**

**Net Cash Flow**

**2.6**



**+ Cash (Increase) Decrease**

**1.6 to 2.1**

**= Debt Repayment**

**4.2 to 4.7**



**Debt Outstanding (9/30)**

**↓  
3.1 to 2.6**

**(\$Billions)**