

# Financial Update

## Board of Governors' Open Session September 24, 2008

**H. Glen Walker**  
**Chief Financial Officer & Executive Vice President**



## USPS Perspective – External Environment

- ❑ **Accelerated deterioration in the housing and financial industries**
- ❑ **Government stimulus package had some positive impacts early in the quarter, but evaporated by June 2008**
- ❑ **Economic forecasts continued to decline as the slowdown spread to many other sectors of the economy**
- ❑ **Inflation, driven by fuel prices, increased dramatically**



# USPS Perspective – How We Are Responding

- Reducing costs beyond the \$1 billion annual target**
- Anticipating cost reductions of around \$2.0 billion for fiscal year 2008**
- Growing the shipping business and international services**
- Improving Service**



## Income Statement Qtr III, FY 2008

	<u>Actual</u>	<u>SPLY</u>	<u>Var</u>	<u>%SPLY</u>
<b>Volume</b>	<b>48,537</b>	<b>51,387</b>	<b>-2,850</b>	<b>-5.5%</b>
<b>Revenue</b>	<b>\$17,920</b>	<b>\$18,385</b>	<b>-\$465</b>	<b>-2.5%</b>
<b>Expense</b>	<b><u>19,018</u></b>	<b><u>18,838</u></b>	<b>180</b>	<b>1.0%</b>
<b>Net Loss</b>	<b>-\$1,098</b>	<b>-\$453</b>	<b>-\$645</b>	

(Data in Millions)

Numbers may not add due to rounding.



## Income Statement Qtr III YTD, FY 2008

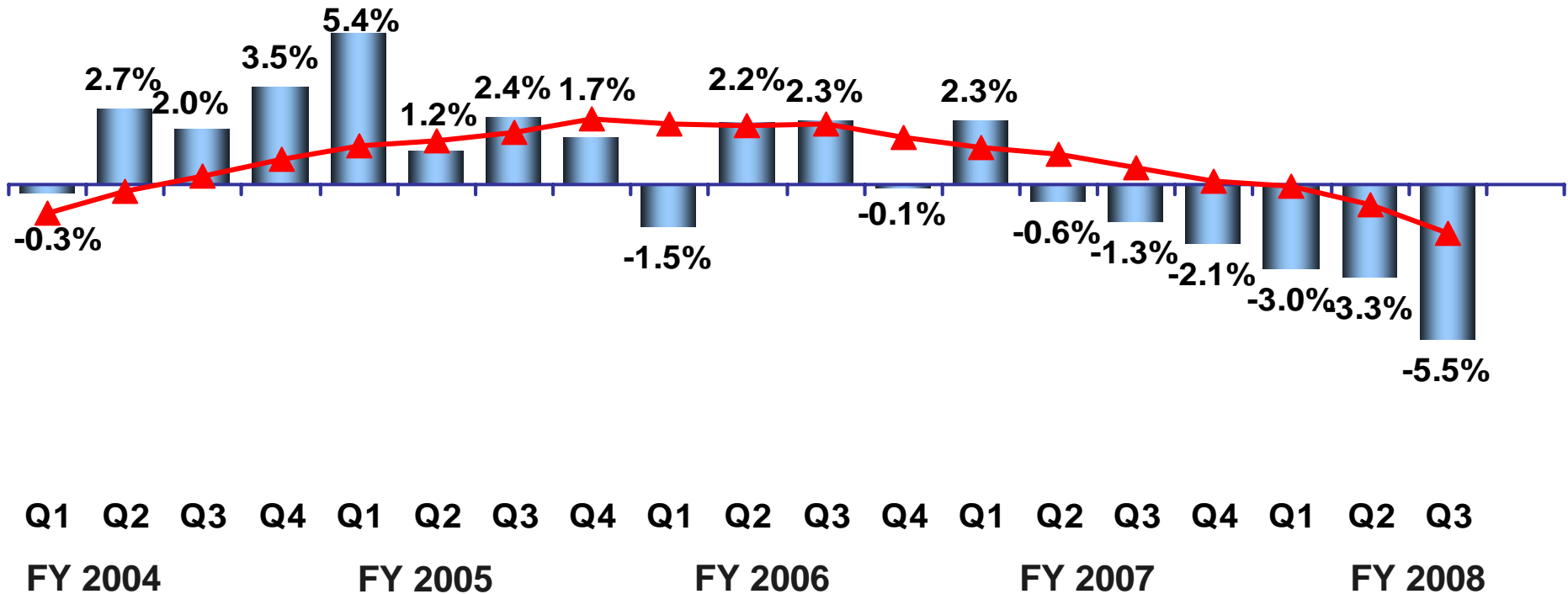
	<u>Actual</u>	<u>SPLY</u>	<u>Var</u>	<u>%SPLY</u>
<b>Volume</b>	<b>155,232</b>	<b>161,518</b>	<b>-6,286</b>	<b>-3.9%</b>
<b>Revenue</b>	<b>\$57,220</b>	<b>\$56,413</b>	<b>\$807</b>	<b>1.4%</b>
<b>Operating Expense</b>	<u><b>58,353</b></u>	<u><b>58,118</b></u>	<u><b>235</b></u>	<b>0.4%</b>
<b>Operating Loss</b>	<b>-\$1,133</b>	<b>-\$1,705</b>	<b>\$572</b>	
<b>Prior-Year Escrow</b>	<b>\$0</b>	<b>-\$2,958</b>	<b>\$2,958</b>	
<b>Net Loss</b>	<b>-\$1,133</b>	<b>-\$4,663</b>	<b>\$3,530</b>	

(Data in Millions)  
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Numbers may not add due to rounding.



# Total Mail Volume

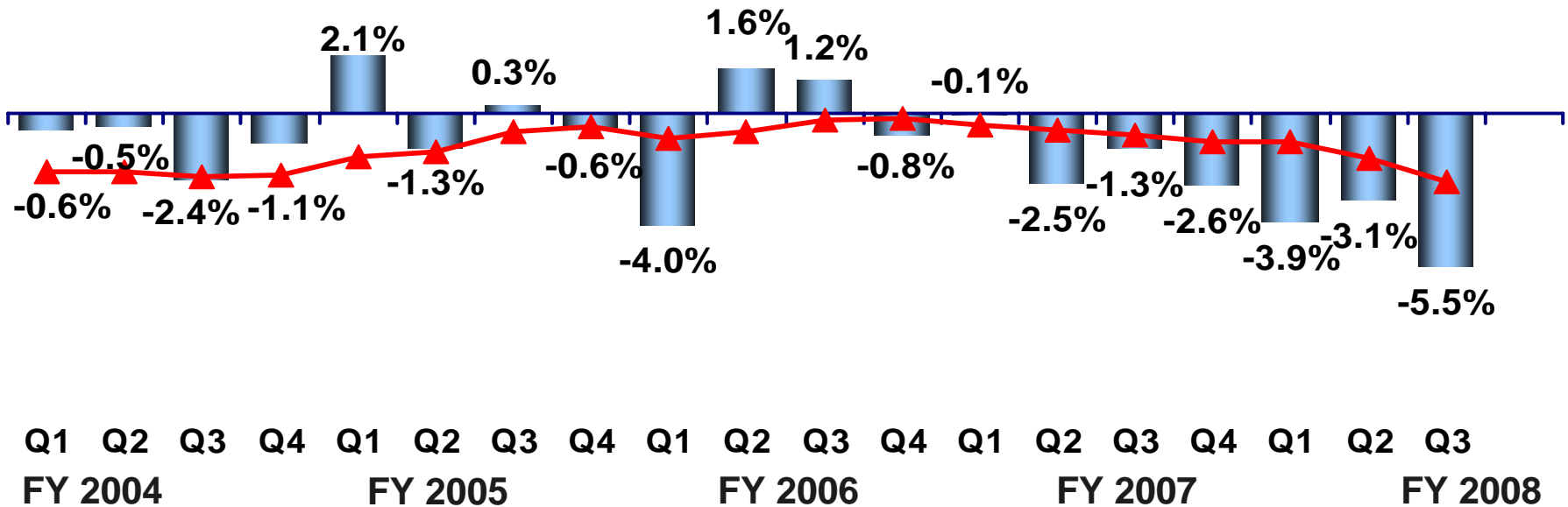


■ % SPLY

▲ 8 Quarter Moving Average Growth Rates



# First-Class Mail Volume

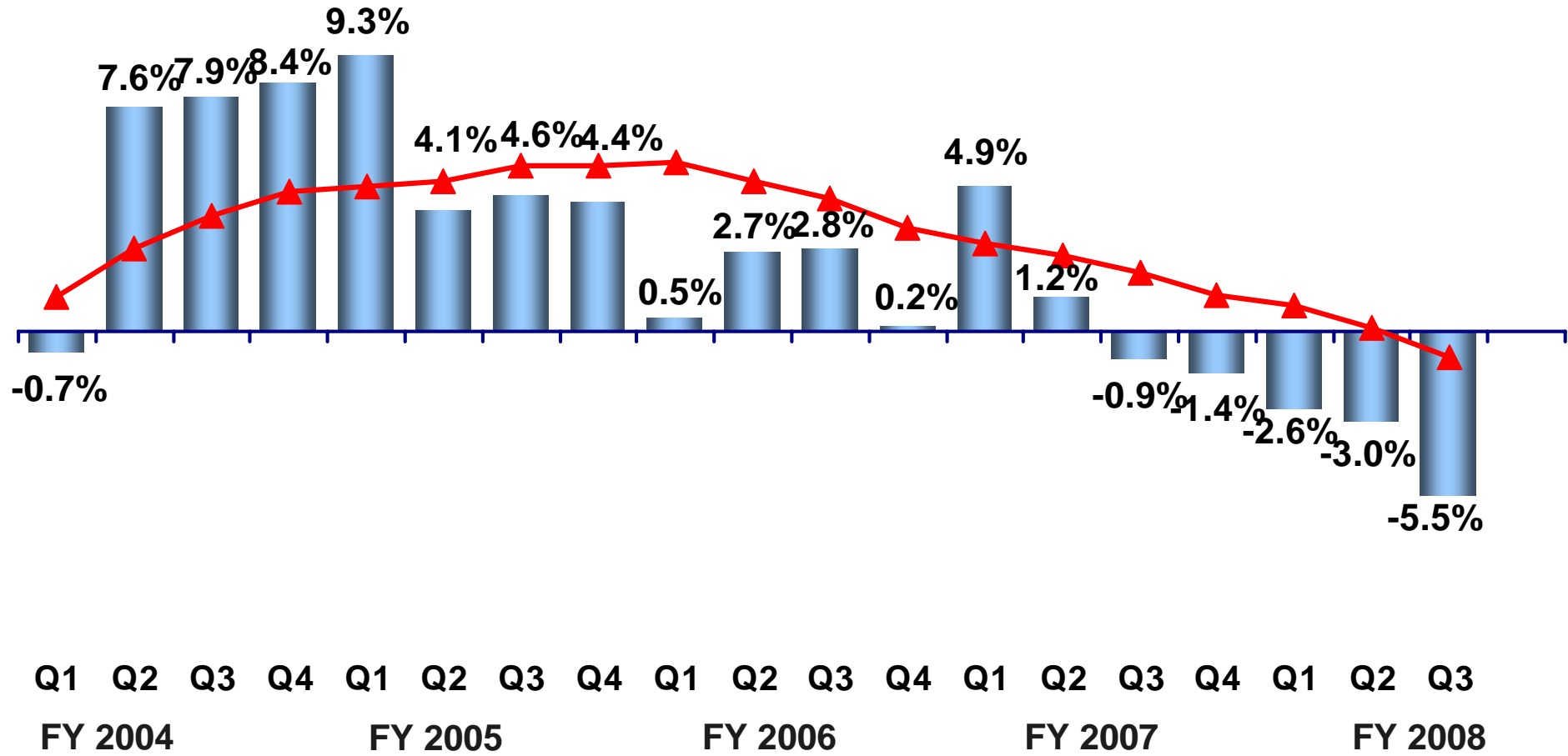


■ % SPLY

▲ 8 Quarter Moving Average Growth Rates



# Standard Mail Volume



■ % SPLY  
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▲ 8 Quarter Moving Average Growth Rates



# Fiscal Year Outlook

## 4<sup>th</sup> Quarter Expectations

- Maintain record high service levels**
- No economic recovery**
- Continued volume declines**

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