



**UNITED STATES
POSTAL SERVICE**

FINANCIAL PERFORMANCE

Quarter 1, FY 2005

Board of Governors Meeting
February 17, 2005

Richard J. Strasser, Jr.
Chief Financial Officer &
Executive Vice President



FINANCIAL PERFORMANCE – PQ 1

Summary: PQ 1, October 1- December 31, 2004

- **Unusually high revenue/volume growth in November**
 - **Slight revenue/volume growth in October and December**
 - **Increased expenses due to cost inflation and additional volumes and deliveries**
 - **High productivity increase held down expenses**
 - **Net income below last year, but over plan**
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FINANCIAL PERFORMANCE – PQ 1

Net Income

Income Statement

	<u>FY 2005</u>	<u>FY 2004</u>	<u>Chg</u>	<u>Chg</u>
Revenue	\$18,797	\$18,217	+\$580	+3.2%
Expense	<u>17,115</u>	<u>16,400</u>	+\$715	+4.4%
Net Income	\$ 1,682	\$ 1,817		

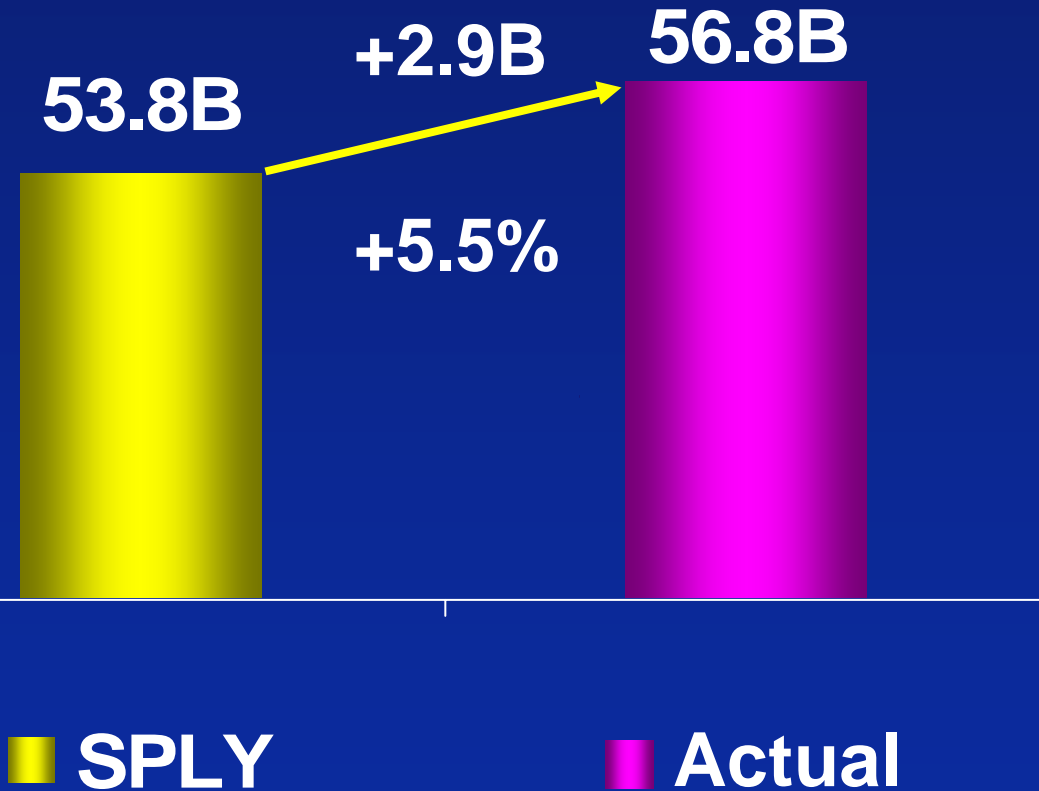
Numbers may not add due to rounding

(\$ Millions)



FINANCIAL PERFORMANCE – PQ 1

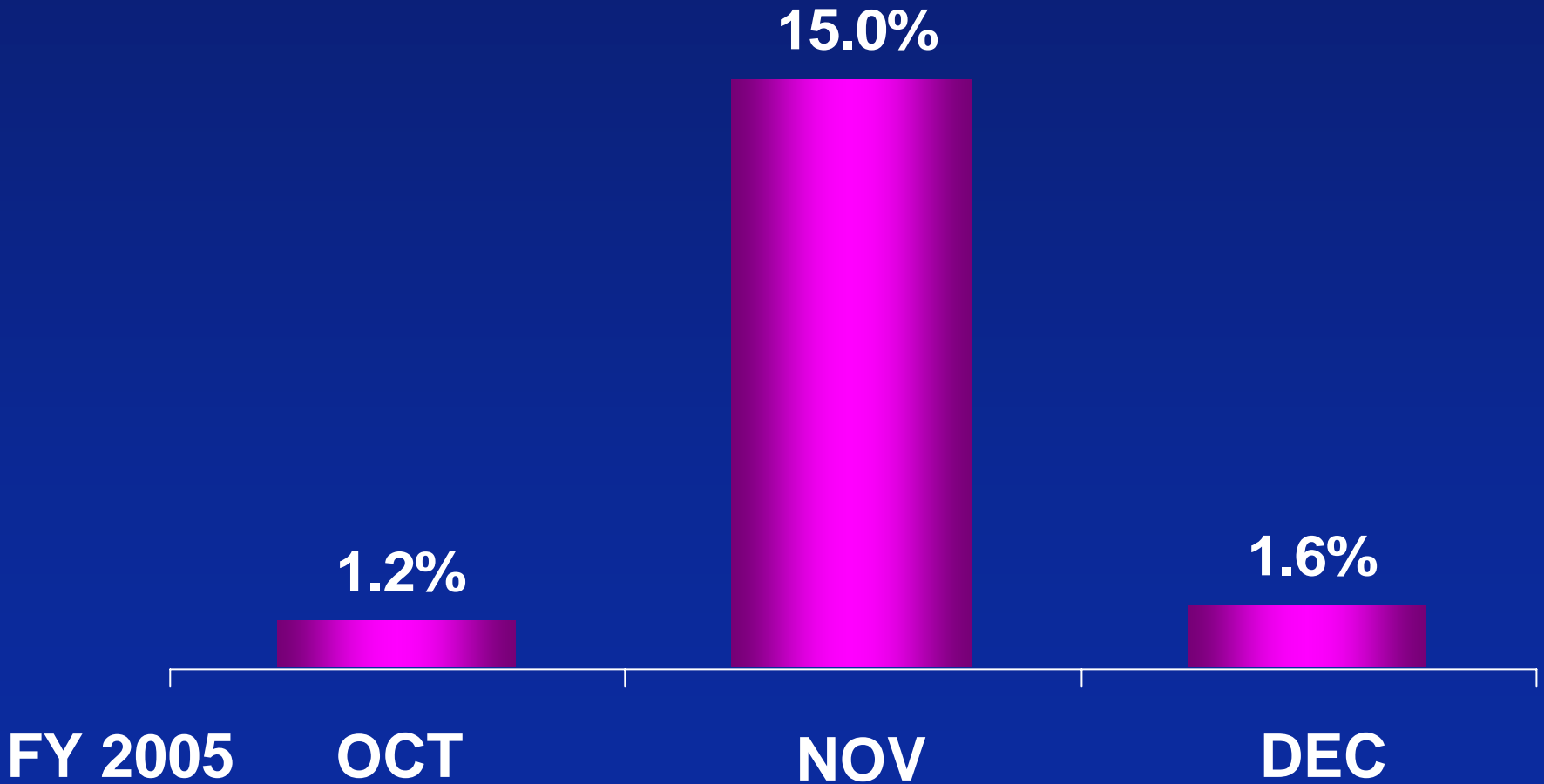
Volume Compared to SPLY





FINANCIAL PERFORMANCE – PQ 1

Volume - Percent Change to SPLY





FINANCIAL PERFORMANCE – PQ 1

Volume and Revenue – Change to SPLY

	<u>FY 2005</u>	<u>Volume Change</u>	<u>Revenue Change</u>
First-Class	26.4B	+2.1%	+\$86M
Standard	27.0B	+9.3%	+\$368M
Periodicals	2.3B	+1.0%	+\$1M
Express	13.5M	+0.6%	+\$1M
Priority	239.6M	+2.4%	+\$21M
Package Serv.	314.7M	-1.4%	-\$13M
Other	0.5B	+18.4%	+\$116M
Total	56.8B	+5.5%	+\$580M



FINANCIAL PERFORMANCE – PQ 1

Deliveries

Deliveries 142.8M

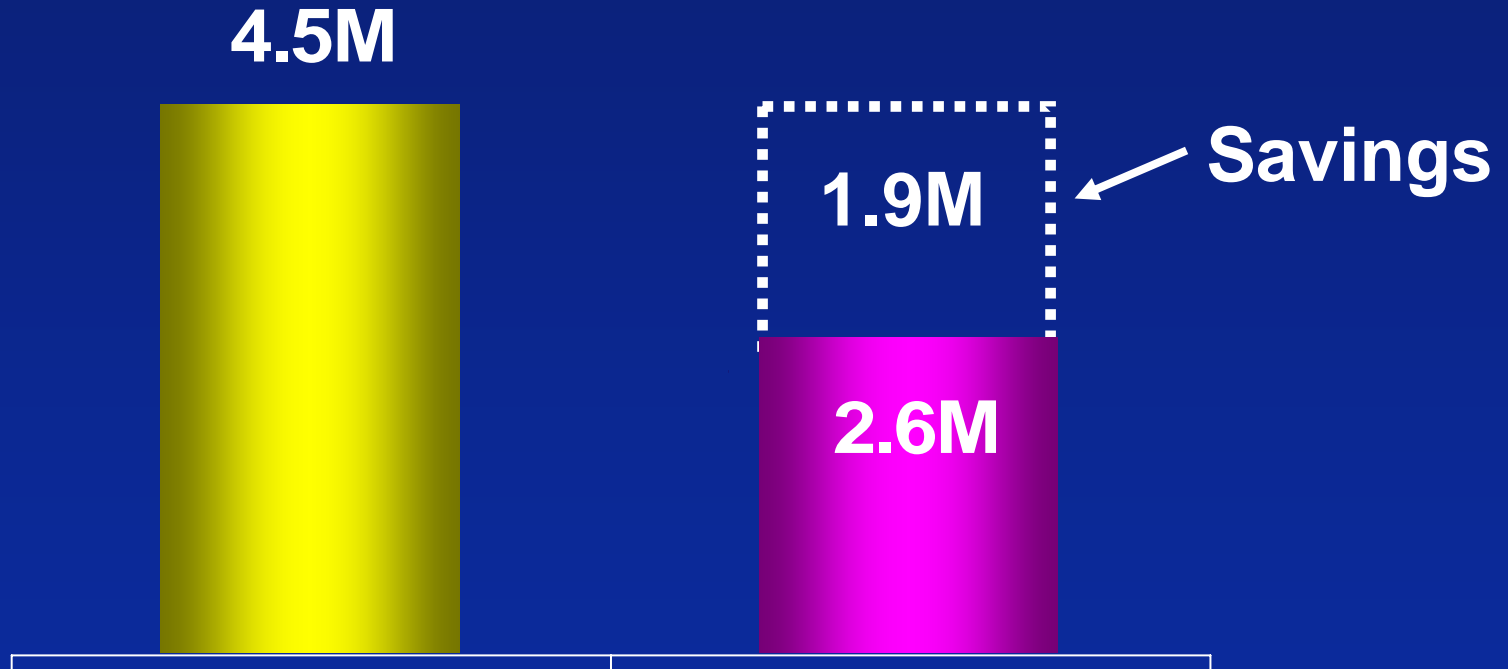
Change From Previous QTR 0.5M

Change From SPLY 1.8M



FINANCIAL PERFORMANCE – PQ 1

Workhours – Change to SPLY



■ Increased Volume/Deliveries ■ Actual



FINANCIAL PERFORMANCE – PQ 1

Productivity

7.2%

**Workload
Growth
3.4%**

**Cost
Inflation
3.8%**

7.2%

**TFP
2.8%**

**Actual
Expense
4.4%**



FINANCIAL PERFORMANCE – PQ 1

FY 2005 Quarter 2 – Summary Outlook

<u>Quarter 2</u>	<u>FY 2004</u>	<u>Forecast</u>	<u>Outlook</u>
Volume	51.5B	51.1B	Above Forecast
Revenue	\$17.3B	\$17.0B	Above Forecast
Expenses	\$16.6B	\$17.2B	Below Forecast
Net Income/Loss	+\$0.7B	-\$0.2B	Above Forecast



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