



# **FINANCIAL PERFORMANCE**

## **Quarter 2, FY 2005**

**Board of Governors Meeting**  
**May 11, 2005**

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

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# **FINANCIAL PERFORMANCE – PQ 2**

## **Quarter 2 – Summary Outlook**

### **Plan/Budget**

### **Outlook**

### **Results**

<b>Volume</b>	<b>51.1B</b>	<b>Favorable</b>	<b>52.1B</b>
<b>Revenue</b>	<b>\$17.0B</b>	<b>Favorable</b>	<b>\$17.3B</b>
<b>Expenses</b>	<b>\$17.2B</b>	<b>Favorable</b>	<b>\$17.0B</b>
<b>Net Income</b>	<b>-\$ .2B</b>	<b>Favorable</b>	<b>\$ .3B</b>



## **FINANCIAL PERFORMANCE – PQ 2**

**Summary: PQ 2, January 1 – March 31, 2005**

- **Decreased revenue/volume in January**
  - **Slight revenue/volume growth in February and March**
  - **Increased expenses due to cost inflation and additional volumes and deliveries**
  - **Productivity increase held down expenses**
  - **Net income below last year, but over plan**
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# FINANCIAL PERFORMANCE – PQ 2

## Net Income

### Income Statement

	<u>FY 2005</u>	<u>FY 2004</u>	<u>Chg</u>	<u>% Chg</u>
Revenue	\$17,316	\$17,299	+\$17	+0.1%
Expense	<u>17,040</u>	<u>16,558</u>	+\$482	+2.9%
<b>Net Income</b>	<b>\$ 275</b>	<b>\$ 741</b>		

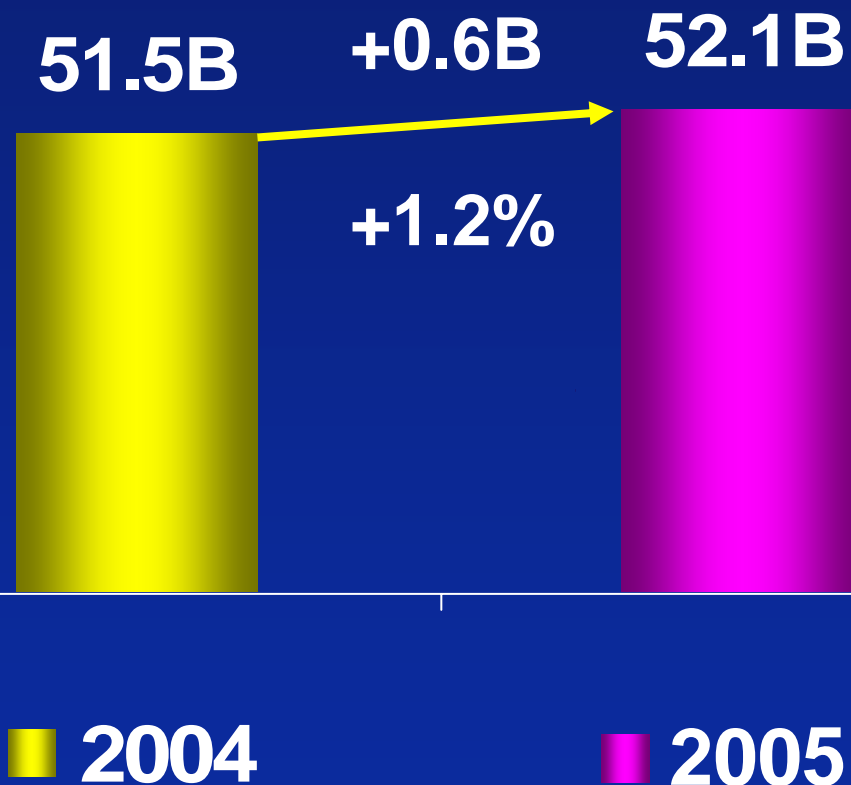
Numbers may not add due to rounding

(\$ Millions)



# FINANCIAL PERFORMANCE – PQ 2

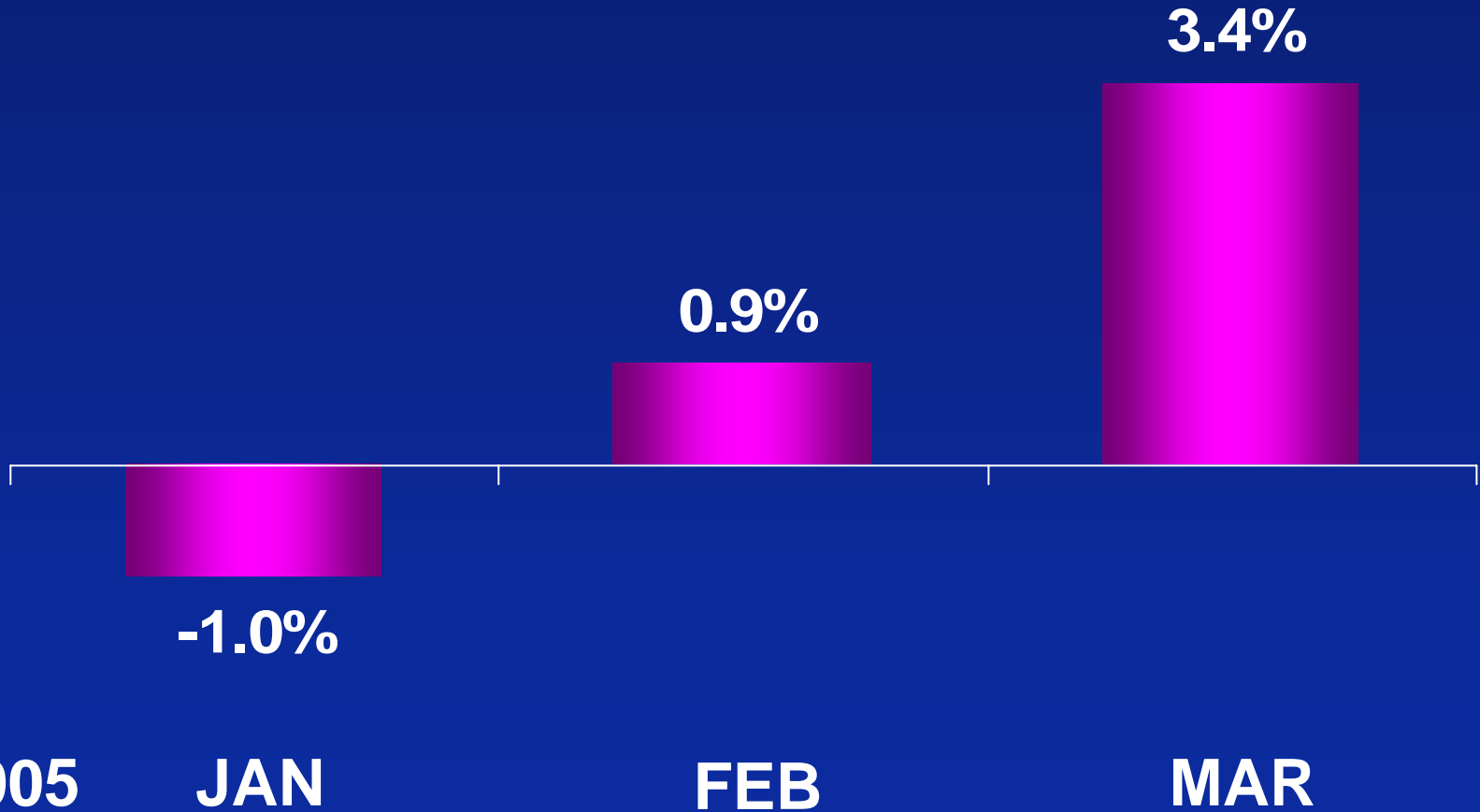
## Volume Compared to SPLY





# FINANCIAL PERFORMANCE – PQ 2

## Volume - Percent Change to SPLY





# **FINANCIAL PERFORMANCE – PQ 2**

## **Volume and Revenue – Change to SPLY**

	<b><u>FY 2005</u></b>	<b><u>Volume Change</u></b>	<b><u>Revenue Change</u></b>
<b>First-Class</b>	<b>24.7B</b>	<b>-1.3%</b>	<b>-\$223M</b>
<b>Standard</b>	<b>24.3B</b>	<b>+4.1%</b>	<b>+\$146M</b>
<b>Periodicals</b>	<b>2.3B</b>	<b>-0.8%</b>	<b>-\$4M</b>
<b>Express</b>	<b>13.8M</b>	<b>+1.3%</b>	<b>+\$3M</b>
<b>Priority</b>	<b>218.8M</b>	<b>+2.7%</b>	<b>+\$36M</b>
<b>Package Serv.</b>	<b>288.3M</b>	<b>+3.3%</b>	<b>+\$2M</b>
<b>Other</b>	<b>0.3B</b>	<b>-2.1%</b>	<b>+\$58M</b>
<b>Total</b>	<b>52.1B</b>	<b>+1.2%</b>	<b>+\$17M</b>



# **FINANCIAL PERFORMANCE – PQ 2**

## **Deliveries**

**Deliveries 143.2M**

**Change From Previous QTR 0.4M**

**Change From SPLY 1.8M**

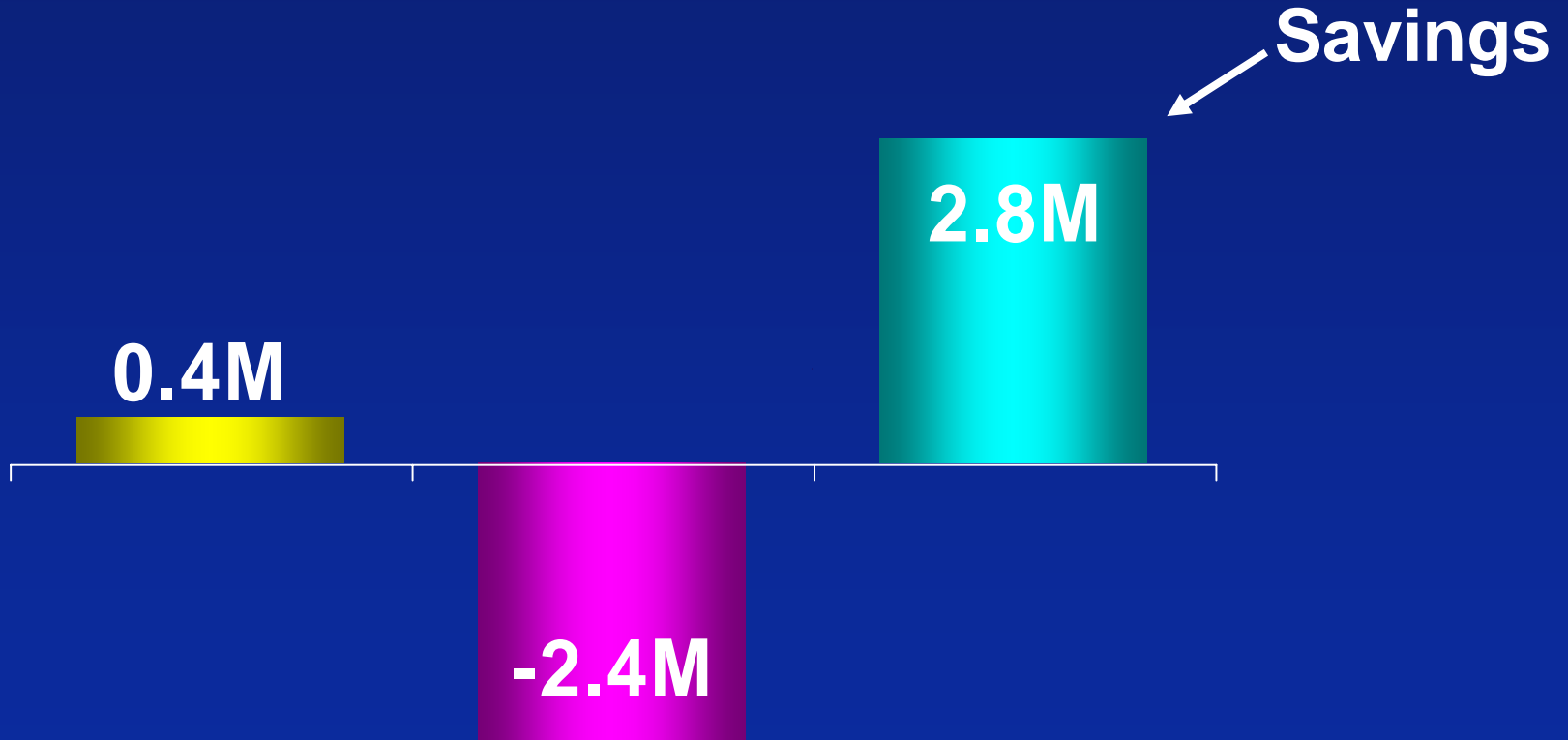
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# FINANCIAL PERFORMANCE – PQ 2

## Workhours – Change to SPLY



■ Increased Volume/Deliveries

■ Actual



# **FINANCIAL PERFORMANCE – PQ 2**

## **Income Statement – March YTD**

	<b><u>FY 2005</u></b>	<b><u>FY 2004</u></b>	<b><u>Chg</u></b>	<b><u>% Chg</u></b>
<b>Revenue</b>	<b>\$36,113</b>	<b>\$35,515</b>	<b>+597</b>	<b>+1.7%</b>
<b>Expense</b>	<b><u>34,155</u></b>	<b><u>32,958</u></b>	<b><u>+1197</u></b>	<b>+3.6%</b>
<b>Net Income</b>	<b>\$ 1,957</b>	<b>\$2,557</b>		

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Numbers may not add due to rounding  
(\$ Millions)




# FINANCIAL PERFORMANCE – PQ 2

## Total Factor Productivity – March YTD

**Change in  
Combined  
Workload**

**2.2%**



**=**

**TFP**

**2.2%**

**0.0%**

Change in  
Resources  
Used





# **FINANCIAL PERFORMANCE – PQ 2**

## **FY 2005 Quarter 3 – Summary Outlook**

<b><u>Quarter 3</u></b>	<b><u>FY 2004</u></b>	<b><u>FY 2005 Forecast</u></b>	<b><u>Outlook</u></b>
<b>Volume</b>	<b>49.6B</b>	<b>50.3B</b>	<b>Above Forecast</b>
<b>Revenue</b>	<b>\$16.6B</b>	<b>\$16.8B</b>	<b>Above Forecast</b>
<b>Expenses</b>	<b>\$16.3B</b>	<b>\$17.0B</b>	<b>Below Forecast</b>
<b>Net Income/Loss</b>	<b>+\$0.3B</b>	<b>-\$0.2B</b>	<b>Above Forecast</b>



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