

# FY 2007 Year End Review

## Board of Governors' Open Session November 15, 2007

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



# FY 2007 Key Accomplishments

- Record Service Levels**
- Reduced Workhours by 36 Million**
- TFP is 1.7% above SPLY Leading to Eighth Consecutive Year of Positive Productivity**
- Negotiated Labor Agreements with 3 Unions**



# FY 2007 Financial Results

	<u>Actual</u>	<u>SPLY</u>	<u>Var</u>	<u>%SPLY</u>
<b>Volume</b>	<b>212.2</b>	<b>213.0</b>	<b>[ -0.8]</b>	<b>[ -0.4%]</b>
<b>Revenue</b>	<b>\$74,973</b>	<b>\$72,817</b>	<b>2,155</b>	<b>3.0%</b>
<b>Expense</b>	<b><u>73,339</u></b>	<b><u>71,917</u></b>	<b>[1,422]</b>	<b>[ 2.0%]</b>
<b>Income from Operations</b>	<b>\$1,634</b>	<b>\$ 901</b>	<b>\$733</b>	
<b>Prior-Year Escrow</b>	<b>2,958</b>	<b>--</b>	<b>2,958</b>	
<b>HB Fund Expense</b>	<b>5,400</b>	<b>--</b>	<b>5,400</b>	
<b>CSRS Refund</b>	<b>-1,325</b>	<b>--</b>	<b>-1,325</b>	
<b>Supp. Payment</b>	<b><u>-257</u></b>	<b><u>--</u></b>	<b><u>-257</u></b>	
<b>Net Legislation Effect</b>	<b><u>\$6,776</u></b>	<b><u>\$ --</u></b>	<b><u>\$6,776</u></b>	
<b>Net Loss</b>	<b>-\$5,142</b>	<b>\$ 901</b>	<b>-\$6,043</b>	

(Data in Millions)

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[ ] = Unfavorable variance to plan  
 Numbers may not add due to rounding. 3



## Revenue Drivers of Variance To SPLY – YTD

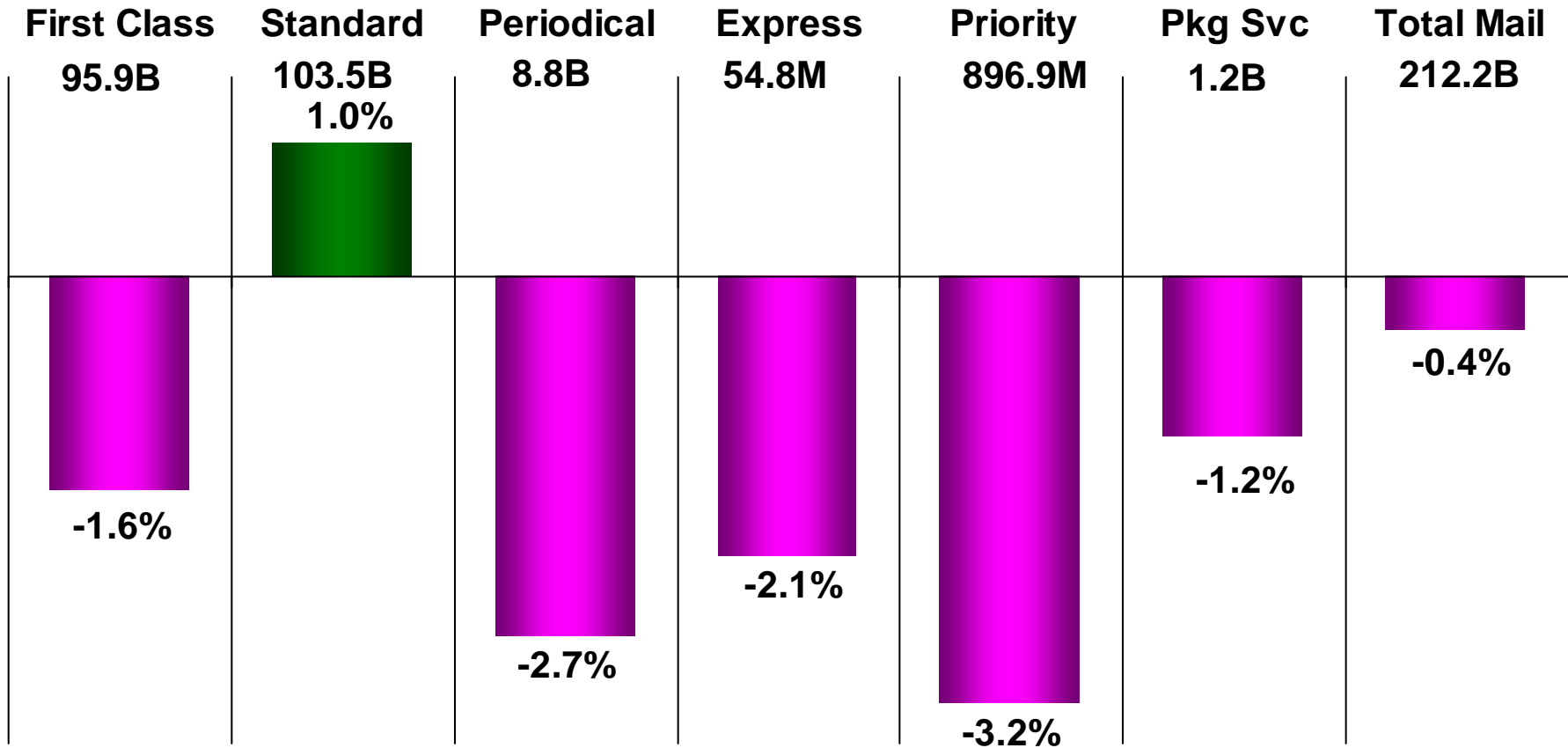
<b>First-Class</b>	<b>\$609</b>
<b>Priority Mail</b>	<b>160</b>
<b>Standard Mail</b>	<b>903</b>
<b>International Mail</b>	<b>232</b>
<b>All Other</b>	<b><u>251</u></b>
<b>Total Revenue Variance</b>	<b>\$2,155</b>

**\$ in Millions**

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# FY 2007 Volume Performance to SPLY





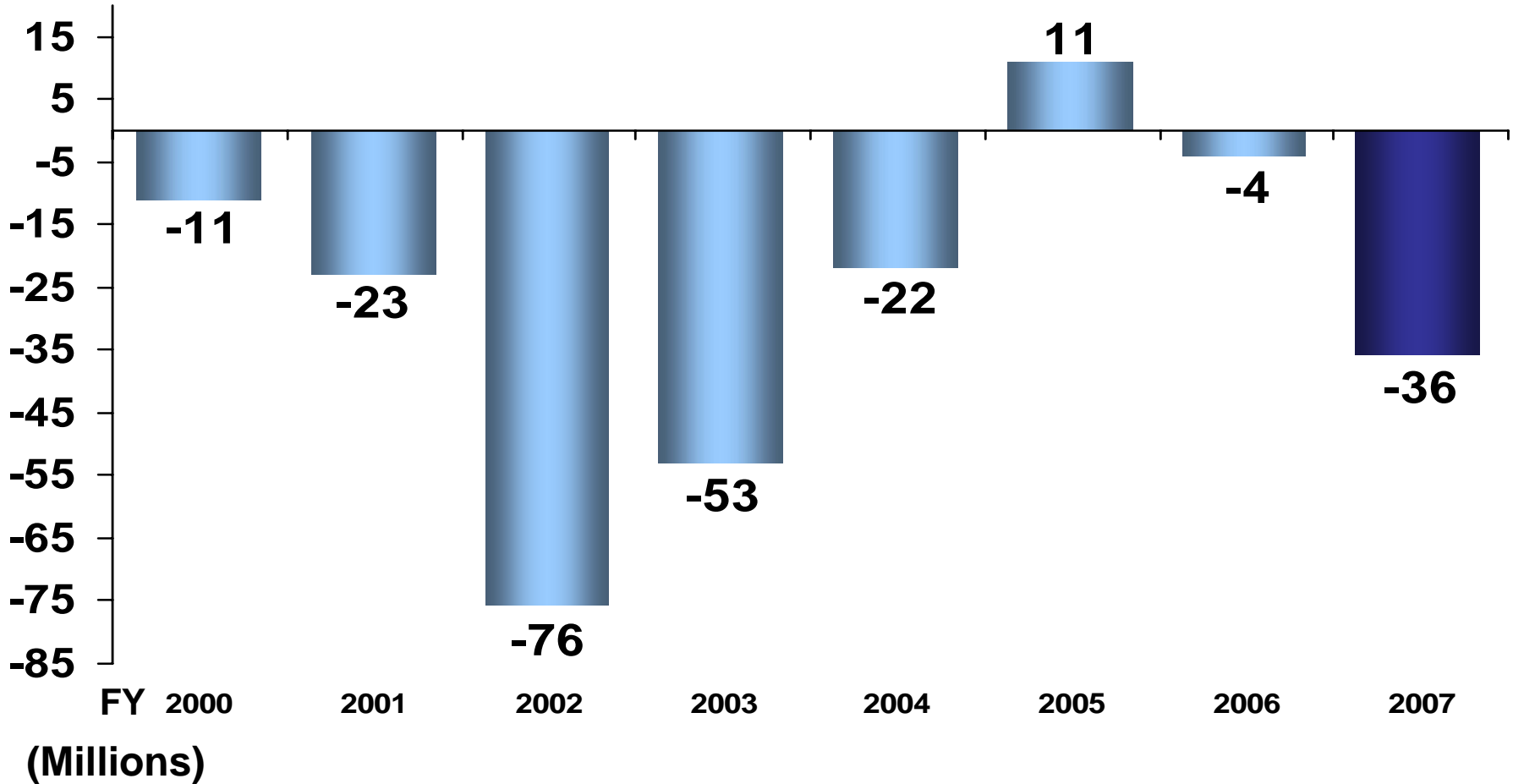
# Expense Drivers of Variance To SPLY – YTD

<b>Salaries and Benefits</b>	<b>\$1,118</b>
<b>Transportation</b>	<b>457</b>
<b>Retiree Health Benefits</b>	<b>89</b>
<b>Workers Compensation</b>	<b>-399</b>
<b>All Other</b>	<b><u>157</u></b>
<b>Total Expense Variance</b>	<b>\$1,422</b>

**\$ in Millions**



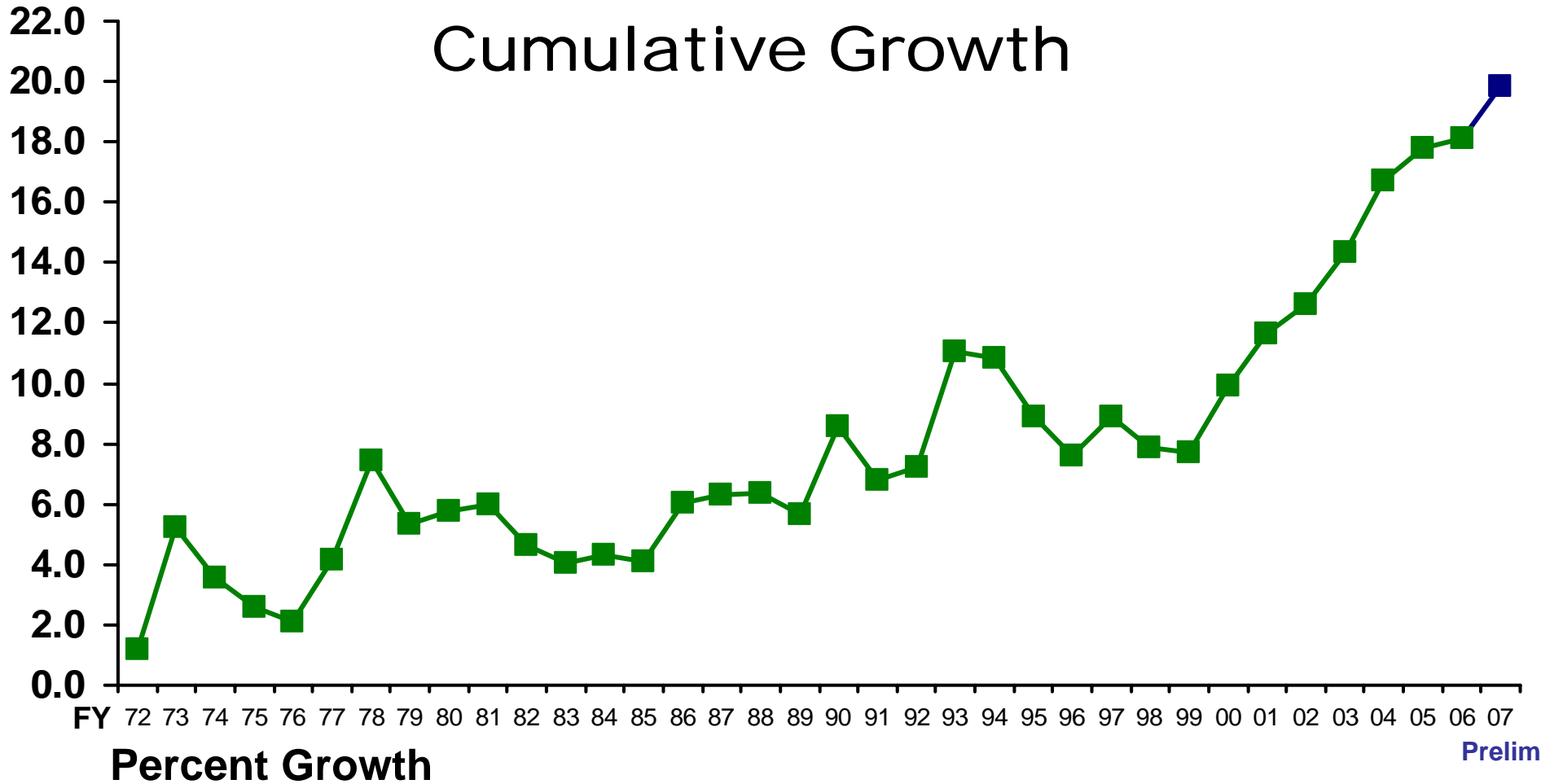
# Total Workhour Savings





# Total Factor Productivity 1972 -2007

## Cumulative Growth







Management's Recommendation:

**Board approval of the FY 2007 Year End  
Audited Financial Statements**

**(Board Vote)**

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