

**USPS Preliminary Financial Information  
(Unaudited)**

**October 2012**

**(\$ Millions)**

|  | Year-to-Date   |                |                |              |             |
|--|----------------|----------------|----------------|--------------|-------------|
|  | Actual         | Plan           | SPLY           | % Plan       | % SPLY      |
| <b>Operating Revenue:</b>                    |                |                |                |              |             |
| Mail and Services Revenue                    | \$6,032        | \$6,044        | \$5,711        | -0.2%        | 5.6%        |
| Government Appropriations                    | 11             | \$10           | 14             | 0.0%         | -22.9%      |
| <b>Total Operating Revenue</b>               | <b>\$6,043</b> | <b>\$6,054</b> | <b>\$5,725</b> | <b>-0.2%</b> | <b>5.6%</b> |
| <b>Operating Expenses:</b>                   |                |                |                |              |             |
| Personnel Compensation and Benefits          | \$4,374        | \$4,414        | \$4,253        | -0.9%        | 2.9%        |
| Workers Compensation Caseload Expense        | 105            | 112            | 110            | -6.2%        | -4.0%       |
| Transportation                               | 584            | 580            | 538            | 0.7%         | 8.5%        |
| Supplies and Services                        | 154            | 165            | 163            | -7.0%        | -5.6%       |
| Other Expenses                               | 540            | 546            | 549            | -1.0%        | -1.6%       |
| <b>Total Controllable Operating Expenses</b> | <b>\$5,757</b> | <b>\$5,817</b> | <b>\$5,613</b> | <b>-1.0%</b> | <b>2.6%</b> |
| <b>Controllable Operating Income (Loss)</b>  | <b>\$286</b>   | <b>\$237</b>   | <b>\$112</b>   |              |             |
| PSRHBFB Expenses                             | \$467          | \$467          | \$467          | 0.0%         | 0.0%        |
| Workers Compensation (a)                     | (257)          | -              | (231)          | NM           | NM          |
| <b>Net Operating Income (Loss)</b>           | <b>\$77</b>    | <b>(\$230)</b> | <b>(\$124)</b> |              |             |
| Interest Income                              | \$2            | \$2            | \$2            | 4.9%         | -2.9%       |
| Interest Expense                             | \$18           | \$16           | \$17           | 8.0%         | 3.7%        |
| <b>Net Income (Loss)</b>                     | <b>\$61</b>    | <b>(\$244)</b> | <b>(\$139)</b> |              |             |

| <b>Other Operating Statistics:</b> |         |        |        |      |       |
|------------------------------------|---------|--------|--------|------|-------|
| <b>Mail Volume: (Millions)</b>     |         |        |        |      |       |
| Total Market Dominant Volume       | 15,825  | 15,480 | 14,580 | 2.2% | 8.5%  |
| Total Competitive Volume           | 243     | 236    | 166    | 3.0% | 45.5% |
| Total Mail Volume (b)              | 16,068  | 15,716 | 14,746 | 2.2% | 9.0%  |
| Total Workhours                    | 97,301  | 96,551 | 94,495 | 0.8% | 3.0%  |
| Total Career Employees             | 526,217 |        |        |      |       |
| Total Non-Career Employees         | 101,774 |        |        |      |       |

a) This represents non-cash adjustments; the impact of discount and inflation rate changes and the actuarial revaluation of existing cases.

b) October 2012 had two more weekdays, and one less Saturday than October 2011. For a direct comparison, subtract 8 percentage points from the change of last year.

The Postal Accountability and Enhancement Act (PL 109-435) requires the Postal Service to provide quarterly and annual financial reports in accordance with the rules and regulations promulgated by the SEC for such reports. The data on this page represents preliminary financial information for the month of October 2012 required by the Postal Regulatory Commission to be reported on a monthly basis. This data has not been subjected to all closing procedures and reviews required to present interim quarterly financial statements in accordance with generally accepted accounting principles (GAAP), nor does it constitute a full set of financial statements or contain all the necessary disclosures for a presentation in accordance with GAAP. If a full set of financial statements and related disclosures were included with this data, it might influence the user's conclusions about the Postal Service's financial position, results of operations, and cash flows. Accordingly, this financial data is not designed for those who are not informed about such matters. This data has not been audited, reviewed, or compiled by our independent auditor.

**Mail Volume and Mail Revenue** (Source: Postal Service Revenue Pieces and Weights Reports)

**October 2012**

(Thousands)

|                                   | Year-to-Date |             |        |
|-----------------------------------|--------------|-------------|--------|
|                                   | Actual       | SPLY        | % SPLY |
| <b>Mailing Services:</b>          |              |             |        |
| <i>First Class:</i>               |              |             |        |
| Volume*                           | 5,865,661    | 5,900,857   | -0.6%  |
| Revenue                           | \$2,572,550  | \$2,550,107 | 0.9%   |
| <i>Standard Mail:</i>             |              |             |        |
| Volume*                           | 9,274,329    | 7,987,708   | 16.1%  |
| Revenue                           | \$1,869,634  | \$1,695,850 | 10.2%  |
| <i>Periodicals:</i>               |              |             |        |
| Volume*                           | 593,299      | 592,788     | 0.1%   |
| Revenue                           | \$156,986    | \$154,240   | 1.8%   |
| <i>Package Services:</i>          |              |             |        |
| Volume*                           | 54,314       | 57,406      | -5.4%  |
| Revenue                           | \$133,127    | \$128,985   | 3.2%   |
| <b>Total Market Dominant: (c)</b> |              |             |        |
| Volume*                           | 15,825,294   | 14,579,556  | 8.5%   |
| Revenue **                        | \$5,012,916  | \$4,849,842 | 3.4%   |
| <b>Total Competitive: (c)</b>     |              |             |        |
| Volume*                           | 242,377      | 166,541     | 45.5%  |
| Revenue                           | \$1,032,171  | \$877,309   | 17.7%  |
| <b>Postal Service Totals</b>      |              |             |        |
| Volume*                           | 16,067,671   | 14,746,097  | 9.0%   |
| Revenue                           | \$6,045,087  | \$5,727,151 | 5.6%   |

\* Note: The sampling portion of the RPW system is designed to be statistically valid on a quarterly and annual basis.

\*\* Total Market Dominant Revenue on this report includes investment and interest income.

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**USPS Preliminary Expenses (Unaudited)**

**October 2012**

**(\$ Millions)**

|  | Year-to-Date   |                |                |              |             |
|--|----------------|----------------|----------------|--------------|-------------|
|  | Actual         | Plan           | SPLY           | % Plan       | % SPLY      |
| <b>Personnel Compensation and Benefits:</b>  |                |                |                |              |             |
| <b>Salaries &amp; Benefits</b>   |                |                |                |              |             |
| City Delivery  | \$1,508        | \$1,478        | \$1,425        | 2.0%         | 5.8%        |
| Mail Processing  | 747            | 755            | 762            | -1.1%        | -2.1%       |
| Customer Services and Retail   | 497            | 515            | 506            | -3.5%        | -1.8%       |
| Rural Delivery   | 522            | 540            | 521            | -3.3%        | 0.3%        |
| Other, including Plant and Vehicle Maintenance, Operational Support, Postmasters, and Administration | 864            | 876            | 817            | -1.4%        | 5.8%        |
| <b>Total Salaries &amp; Benefits</b>   | <b>\$4,138</b> | <b>\$4,164</b> | <b>\$4,031</b> | <b>-0.6%</b> | <b>2.6%</b> |
| <b>Other Personnel Related Expenses</b>  |                |                |                |              |             |
| Retiree Health Benefits Current Premiums   | \$225          | \$233          | \$209          | -3.4%        | 8.0%        |
| Worker's Compensation Caseload Expenses  | 105            | 112            | 110            | -6.2%        | -4.0%       |
| All Other Personnel Related Expenses   | 11             | 16             | 13             | -33.2%       | -14.8%      |
| <b>Total Other Personnel Related Expenses</b>  | <b>\$341</b>   | <b>\$361</b>   | <b>\$331</b>   | <b>-5.3%</b> | <b>3.1%</b> |
| <b>Controllable Personnel Compensation and Benefits</b>  | <b>\$4,479</b> | <b>\$4,525</b> | <b>\$4,362</b> | <b>-1.0%</b> | <b>2.7%</b> |
| <b>PSRHBF Expenses</b>   | <b>\$467</b>   | <b>\$467</b>   | <b>\$467</b>   | <b>0.0%</b>  | <b>0.0%</b> |
| Workers' Compensation (a)  | (257)          | -              | (231)          | NM           | NM          |
| <b>Total Personnel Compensation and Benefits</b>   | <b>\$4,689</b> | <b>\$4,992</b> | <b>\$4,598</b> | <b>-6.1%</b> | <b>2.0%</b> |
| <b>Non-Personnel Expenses:</b>   |                |                |                |              |             |
| Transportation   | \$584          | \$580          | \$538          | 0.7%         | 8.5%        |
| Supplies and Services  | 154            | 165            | 163            | -7.0%        | -5.6%       |
| Depreciation and Amortization  | 161            | 174            | 183            | -7.2%        | -11.8%      |
| Rent   | 86             | 84             | 81             | 3.0%         | 5.9%        |
| Utilities and Heating Fuel   | 53             | 49             | 51             | 6.9%         | 3.5%        |
| Vehicle Maintenance Service  | 88             | 76             | 77             | 16.6%        | 13.9%       |
| Information Technology   | 38             | 43             | 24             | -12.7%       | 55.1%       |
| Rural Carrier Equipment Maintenance Allowance  | 47             | 43             | 50             | 8.1%         | -6.7%       |
| Other  | 67             | 78             | 84             | -13.5%       | -20.0%      |
| <b>Total Non-Personnel Expenses</b>  | <b>\$1,278</b> | <b>\$1,292</b> | <b>\$1,251</b> | <b>-1.1%</b> | <b>2.1%</b> |
| <b>Total Operating Expenses</b>  | <b>\$5,966</b> | <b>\$6,284</b> | <b>\$5,849</b> | <b>-5.1%</b> | <b>2.0%</b> |
| Interest Expense   | 18             | 16             | 17             | 8.0%         | 3.7%        |
| <b>Total Expenses</b>  | <b>\$5,984</b> | <b>\$6,300</b> | <b>\$5,866</b> | <b>-5.0%</b> | <b>2.0%</b> |

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USPS Preliminary Workhours (Unaudited)

October 2012

(Thousands)

|   | Year-to-Date |        |        |        |        |
|---|--------------|--------|--------|--------|--------|
|   | Actual       | Plan   | SPLY   | % Plan | % SPLY |
| Workhours   |              |        |        |        |        |
| City Delivery   | 34,218       | 33,542 | 32,585 | 2.0%   | 5.0%   |
| Mail Processing   | 17,947       | 17,937 | 18,102 | 0.1%   | -0.9%  |
| Customer Services   | 12,168       | 12,271 | 12,157 | -0.8%  | 0.1%   |
| Rural Delivery  | 15,277       | 15,314 | 15,233 | -0.2%  | 0.3%   |
| Other, including Plant and Vehicle Maintenance,<br>Operational Support, Postmasters, and Administration | 17,691       | 17,487 | 16,418 | 1.2%   | 7.8%   |
| Total Workhours   | 97,301       | 96,551 | 94,495 | 0.8%   | 3.0%   |

(c) These revenue and volume figures reflect reclassification changes that were not effective in the same period last year. Therefore, the percentage changes in the tables do not offer meaningful comparisons. The major change is in "Shipping Services" which acquired significant new volume via reclassification.

Standard Mail Parcels as well as Package Services currently categorized as Market Dominant products by the PRC for regulatory purposes are shown in the Postal Service report Form-10-K in combination with Shipping Services. This total grouping is referred to as "Shipping Services plus Market Dominant packages". The remainder of the Market Dominant category will be referred to as "Mailing Services". This not only provides a better comparison, it is also more reflective of the way we manage our business. Reclassification data on a monthly basis is not available.

To get a better comparison of year over year mailing and shipping revenue and volume results, please refer to the charts shown in our 10-K for the period ended September 30, 2012 which was released on November 15, 2012. The 10-K is available by following this link, <http://about.usps.com/who-we-are/financials/financial-conditions-results-reports/fy2012.pdf>.

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Numbers may not add due to rounding. Percentages calculated using unrounded numbers.

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