

Financial Update

Mailer's Technical Advisory
Committee Meeting
November 18, 2009

Joe Corbett
Chief Financial Officer & Executive Vice President

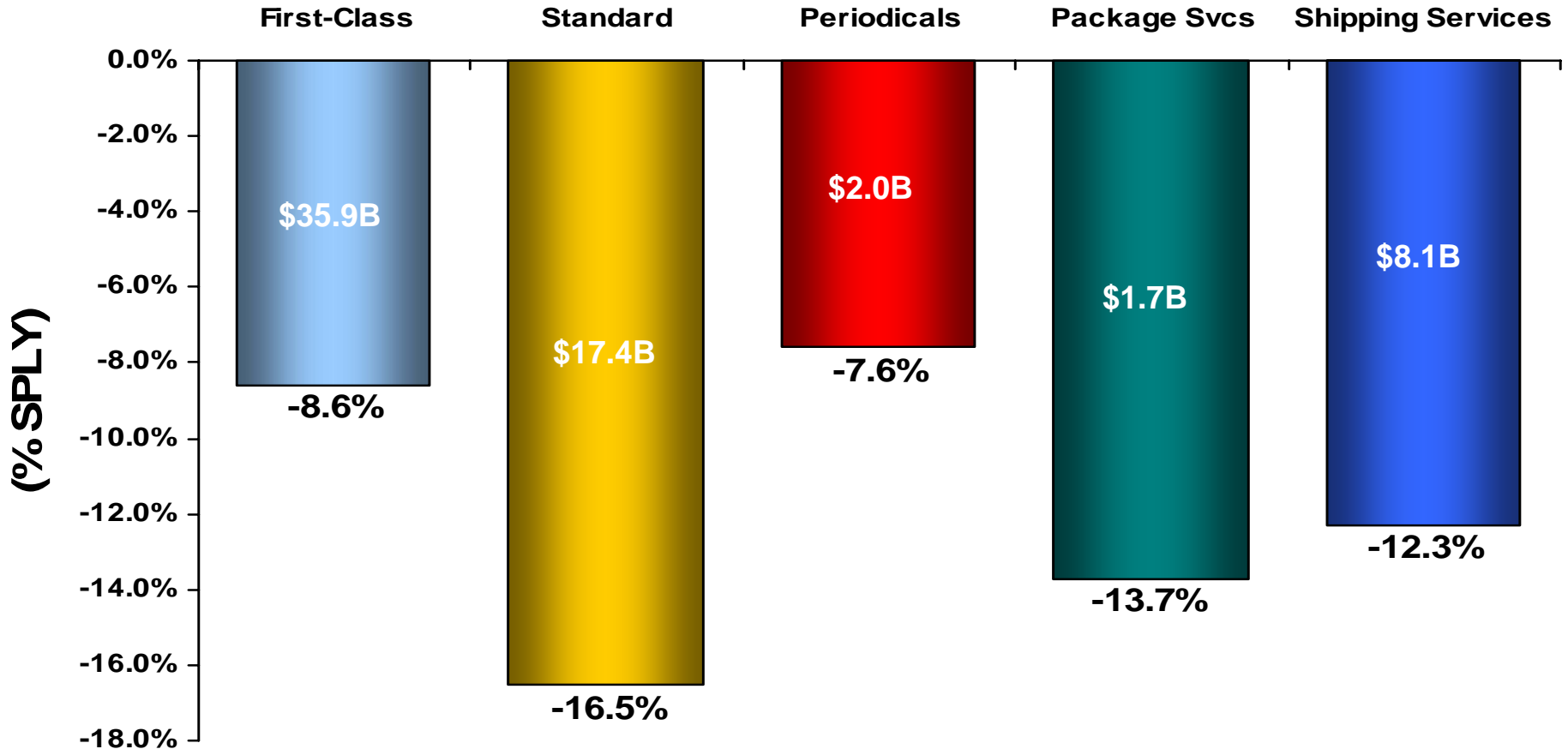


Agenda

- 2009 Financial Results**
- 2010 Plan Highlights**
- SOX Update**



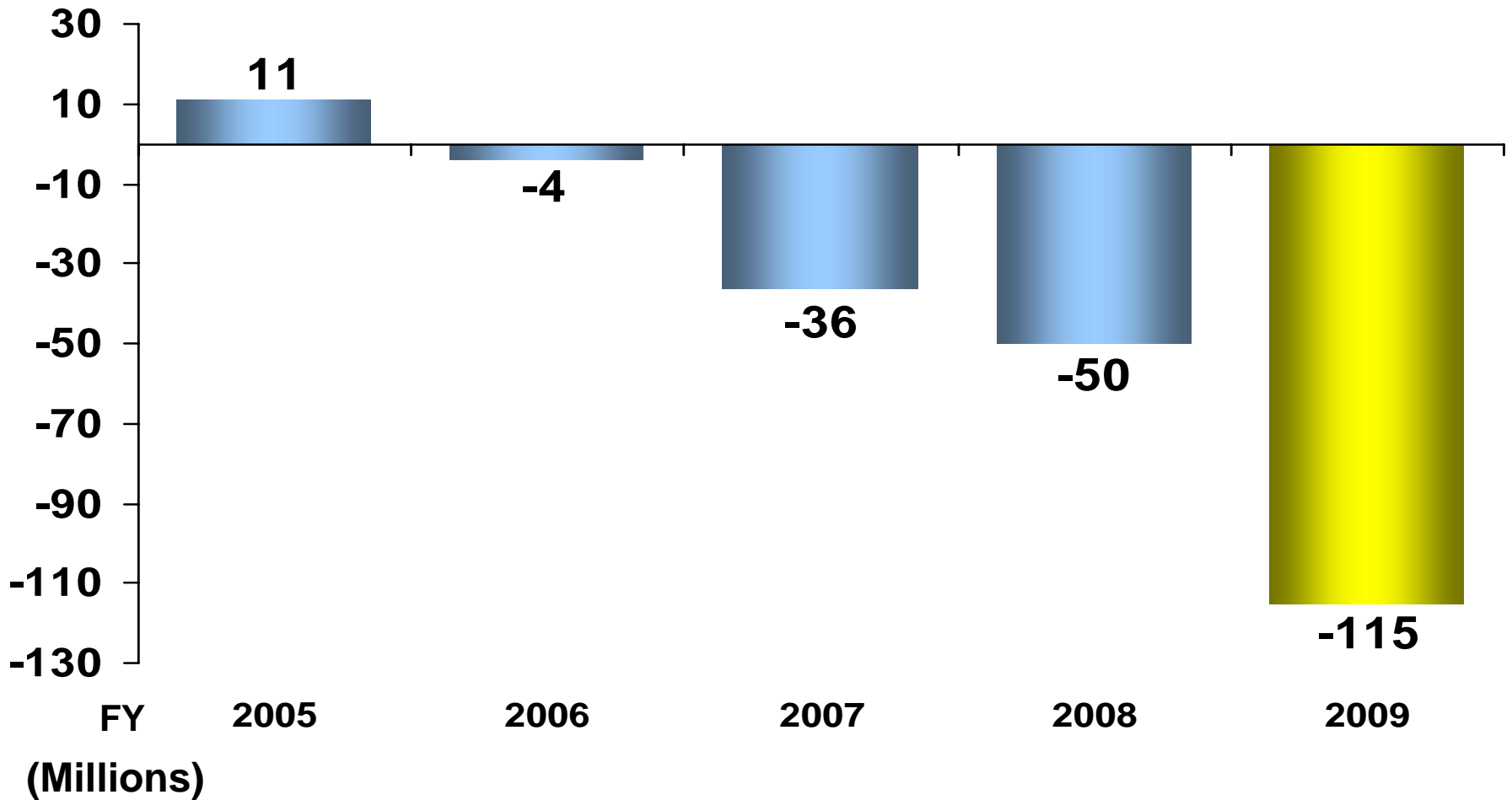
FY 2009 Volume Performance



Total Volume vs. SPLY = -12.7%



Total Workhour Savings





FY 2009 Financial Results

(Billions)	FY 2008	FY 2009
Volume	203	177
Revenue	\$75.0	68.1
Expenses	70.4	68.5
Retiree Health Benefits	<u>7.4</u>	<u>3.4</u>
Net Loss	<u>(\$2.8)</u>	<u>(3.8)</u>



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Principles of the Plan

- Liquidity**
- Protect The Brand**
- Maintain Service: Quality and Timeliness**
- Return To Profitability**
- Fulfill Universal Service Obligation**
- Grow New Revenue Streams**
- Meet Other Fiduciary Responsibilities**



Major Assumptions

- No Rate Increase**
- No Cost of Living Increase**
- \$3.8B in Cost Savings**
- Fuel Prices Remain Stable**
- Reduction of 93M Workhours/53K FTEs**
- Full RHB Payment (\$7.7B)**



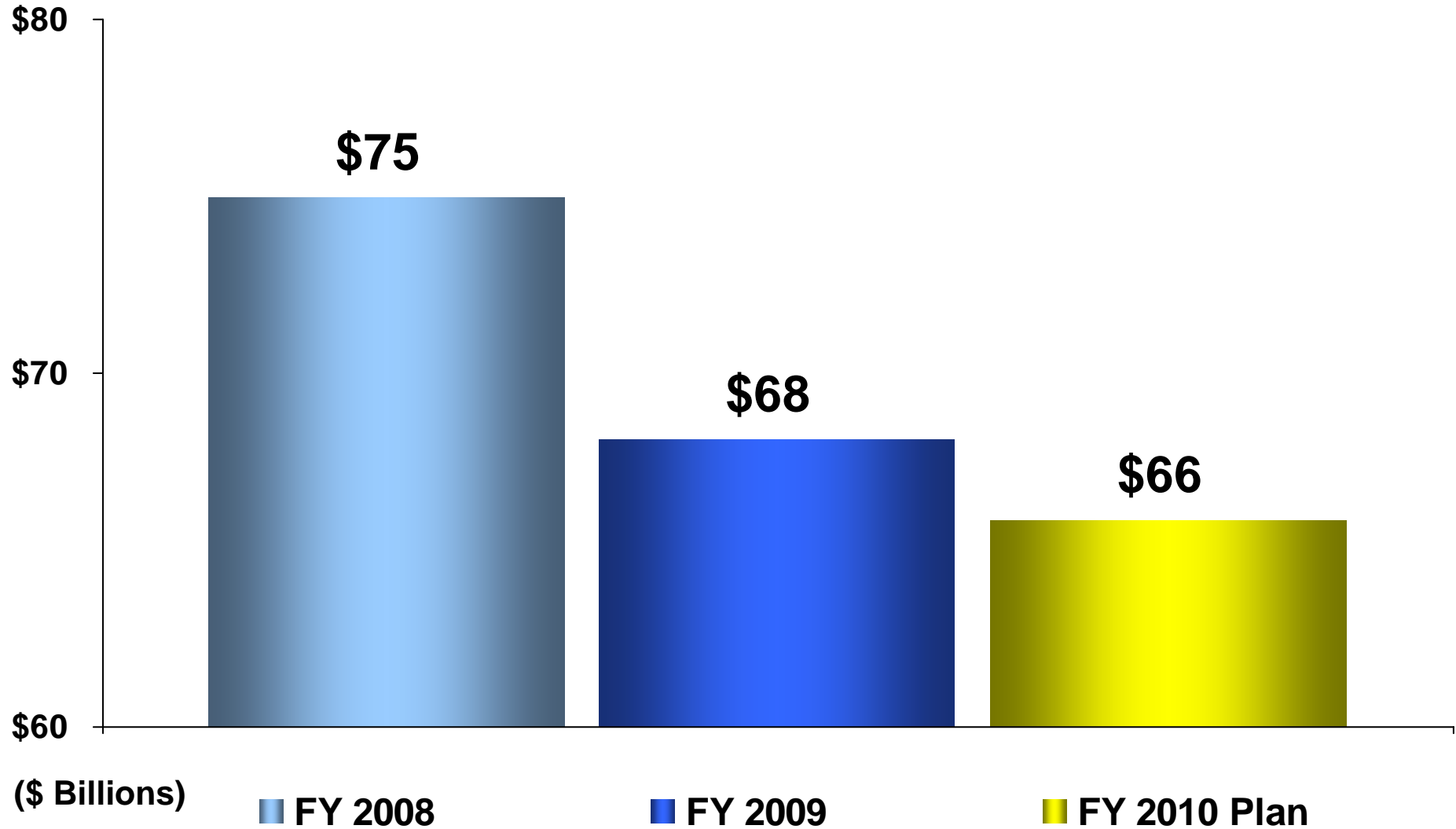
Economic Forecast

	FY 2009	FY 2010
Gross Domestic Product	-2.8%	1.6%
Retail Sales	-8.6%	1.1%
Non-farm Employment	-3.9%	-2.3%
Investment	-22.5%	4.7%
Inflation (CPI-U)	-0.3%	1.6%

**Source: IHS Global Insight, Inc. – Nov. 2009 Baseline Forecast*



Revenue Comparison



*Scale Starts at \$60B



Integrated Financial Plan

(Billions)	FY 2009	Plan FY 2010
Volume	177	166
Revenue	\$68.1	65.9
Expenses	68.5	66.0
Retiree Health Benefits	<u>3.4</u>	<u>7.7</u>
Net Loss	<u>(\$3.8)</u>	<u>(7.8)</u>



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SOX Accomplishments

FY 2007 Prepare

- ✓ Determine Materiality and Scope
- ✓ Establish Steering Committee
- ✓ Develop Communications and Training plan

FY 2008 Document

- ✓ Prepare Documentation
- ✓ Identify Controls and Gaps
- ✓ Initiate Gap Remediation

FY 2009 Test

- ✓ Continue Gap Remediation
- ✓ Update Documentation as Needed
- ✓ Perform Readiness Testing

FY 2010 Full Assessment

- Update Documentation
- Test Controls
- CEO and CFO Certification



Business Mail Entry Units

- ❑ **Significant Deficiency in FY 2009**
- ❑ **Focus on compliance**
 - **BMA Scorecard**
 - **Timely Postage Statement entry**
 - **Verifications Completed**
 - **SOX Certification**
 - **All units accepting business mail**
 - **SOX Controls**



Business Mail Entry Units

- ❑ **Mailers support needed for compliance**
 - **Move to electronic postage statements / verify completion of postage statements**
 - **Bring complete postage statements with mailings**
 - **Ensure mailings are checked in at BMEU**

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