



**UNITED STATES
POSTAL SERVICE**

FINANCIAL & OPERATING STATEMENTS

**April, FY 2004
April 1 – April 30, 2004**



Prepared by: Financial Reporting and Analysis

Highlights
April - FY 2004
(Millions)

| Current Period | | | | | |
|----------------|----------------|----------------|-----------|----------------|--------|
| Actual | Budget | Var. to Budget | % Budget | SPLY* | % SPLY |
| \$ 5,851.9 | \$ 5,841.5 | \$ 10.4 | 0.2 | \$ 5,887.0 | - 0.6 |
| <u>5,485.2</u> | <u>5,567.7</u> | <u>- 82.5</u> | - 1.5 | <u>5,383.3</u> | 1.9 |
| \$ 366.7 | \$ 273.8 | \$ 92.9 | - | \$ 503.7 | - |
| \$ 84.0 | \$ 96.3 | [\$ - 12.3] | [- 12.8] | \$ 57.3 | 46.6 |
| 121.7 | 122.8 | - 1.1 | - 0.9 | 127.5 | - 4.6 |

| Year-to-Date (October 1, 2003 - April 30, 2004) | | | | | |
|---|-----------------|----------------|----------|-----------------|--------|
| Actual | Budget | Var. to Budget | % Budget | SPLY * | % SPLY |
| \$ 41,371.6 | \$ 40,865.5 | \$ 506.1 | 1.2 | \$ 41,379.3 | - 0.0 |
| <u>38,438.4</u> | <u>39,085.7</u> | <u>- 647.3</u> | - 1.7 | <u>37,265.7</u> | 3.1 |
| \$ 2,933.2 | \$ 1,779.8 | \$ 1,153.4 | - | \$ 4,113.6 | - |
| \$ 909.4 | \$ 984.6 | [\$ - 75.2] | [- 7.6] | \$ 721.5 | 26.0 |
| 858.5 | 859.7 | - 1.1 | - 0.1 | 876.4 | - 2.0 |

[] = Unfavorable variance to budget

Note: Totals may not sum due to rounding.

| Actual Number Of: | Current Period | Last Period | SPLY * |
|---|----------------|-------------|---------|
| Post Offices | 27,591 | 27,606 | 27,650 |
| Postal Owned Vehicles In Use | | | |
| Administrative | 5,974 | 5,779 | 5,640 |
| Operations | 206,555 | 206,543 | 201,308 |
| Total Deliveries (000) | 142,238 | 142,178 | 140,550 |
| City Delivery Routes | 164,480 | 164,574 | 165,797 |
| Rural Routes | 69,997 | 69,991 | 69,485 |
| Career Employees (Excludes Inspector General) | 710,692 | 711,937 | 736,082 |
| Casual Employees | 19,060 | 19,747 | 19,727 |
| Transitional Employees | 9,938 | 10,051 | 12,845 |

* SPLY data may differ from previous reports due to subsequent adjustments

Statement of Income & Expense
April - FY 2004
(\$ Millions)

| Current Period | | | | | | Year-to-Date | | | | | |
|-----------------|-----------------|----------------|----------|-----------------|----------|-------------------|-------------------|-------------------|----------|-------------------|----------|
| Actual | Budget | Var. to Budget | % Budget | SPLY* | % SPLY | Actual | Budget | Var. to Budget | % Budget | SPLY * | % SPLY |
| \$ 5,849.6 | \$ 5,839.3 | \$ 10.3 | 0.2 | \$ 5,881.9 | - 0.5 | \$ 41,353.7 | \$ 40,849.9 | \$ 503.8 | 1.2 | \$ 41,348.0 | - |
| <u>5,485.6</u> | <u>5,566.4</u> | <u>- 80.8</u> | - 1.5 | <u>5,356.4</u> | 2.4 | <u>38,428.2</u> | <u>39,030.3</u> | <u>- 602.1</u> | - 1.5 | <u>37,035.3</u> | 3.8 |
| \$ 364.0 | \$ 272.9 | \$ 91.1 | - | \$ 525.5 | - | \$ 2,925.5 | \$ 1,819.6 | \$ 1,105.9 | - | \$ 4,312.7 | - |
| 2.3 | 2.2 | 0.1 | 4.5 | 5.1 | - 54.9 | 17.9 | 15.6 | 2.3 | 14.7 | 31.3 | - 42.8 |
| - 0.4 | 1.3 | - 1.7 | - | 26.9 | - | 10.2 | 9.2 | [1.0] | [10.9] | 230.4 | - 95.6 |
| <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | - | <u>0.0</u> | - | <u>0.0</u> | <u>46.2</u> | <u>- 46.2</u> | - 100.0 | <u>0.0</u> | - |
| \$ 366.7 | \$ 273.8 | \$ 92.9 | - | \$ 503.7 | - | \$ 2,933.2 | \$ 1,779.8 | \$ 1,153.4 | - | \$ 4,113.6 | - |

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

*SPLY data may differ from previous reports due to subsequent adjustments.

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.

| MAIL VOLUME - MAIL REVENUE (Data in Thousands) | | | | | | |
|---|----------------|---------------|--------|---------------|---------------|--------|
| CATEGORY | CURRENT PERIOD | | | YEAR-TO-DATE | | |
| | April 2004 | April 2003 | % SPLY | April 2004 | April 2003 | % SPLY |
| FIRST-CLASS | | | | | | |
| VOLUME | 8,220,786 | 8,439,896 | - 2.6 | 58,961,523 | 59,587,778 | - 1.1 |
| REVENUE | \$ 3,061,883 | \$ 3,161,982 | - 3.2 | \$ 21,978,028 | \$ 22,297,933 | - 1.4 |
| REV/PC. | 0.3725 | 0.3746 | - 0.6 | 0.3728 | 0.3742 | - 0.4 |
| PRIORITY-MAIL | | | | | | |
| VOLUME | 74,215 | 78,796 | - 5.8 | 521,341 | 532,541 | - 2.1 |
| REVENUE | \$ 379,681 | \$ 407,133 | - 6.7 | \$ 2,748,847 | \$ 2,816,075 | - 2.4 |
| REV/PC. | 5.1160 | 5.1669 | - 1.0 | 5.2726 | 5.2880 | - 0.3 |
| EXPRESS MAIL | | | | | | |
| VOLUME | 4,776 | 4,815 | - 0.8 | 31,787 | 32,949 | - 3.5 |
| REVENUE | \$ 74,655 | \$ 76,253 | - 2.1 | \$ 504,154 | \$ 527,992 | - 4.5 |
| REV/PC. | 15.6313 | 15.8366 | - 1.3 | 15.8604 | 16.0245 | - 1.0 |
| PERIODICALS | | | | | | |
| VOLUME | 816,738 | 835,177 | - 2.2 | 5,443,077 | 5,615,115 | - 3.1 |
| REVENUE | \$ 196,515 | \$ 197,105 | - 0.3 | \$ 1,303,463 | \$ 1,346,360 | - 3.2 |
| REV/PC. | 0.2406 | 0.2360 | 2.0 | 0.2395 | 0.2398 | - 0.1 |
| STANDARD MAIL | | | | | | |
| VOLUME | 8,212,010 | 7,751,770 | 5.9 | 56,431,593 | 54,305,913 | 3.9 |
| REVENUE | \$ 1,576,213 | \$ 1,487,201 | 6.0 | \$ 10,704,274 | \$ 10,354,720 | 3.4 |
| REV/PC. | 0.1919 | 0.1919 | 0.0 | 0.1897 | 0.1907 | - 0.5 |
| PACKAGE SERVICES | | | | | | |
| VOLUME | 82,629 | 84,966 | - 2.8 | 679,037 | 674,045 | 0.7 |
| REVENUE | \$ 164,998 | \$ 175,512 | - 6.0 | \$ 1,367,492 | \$ 1,379,230 | - 0.9 |
| REV/PC. | 1.9969 | 2.0657 | - 3.3 | 2.0139 | 2.0462 | - 1.6 |
| INTERNATIONAL | | | | | | |
| VOLUME | 67,647 | 66,187 | 2.2 | 516,411 | 483,814 | 6.7 |
| REVENUE | \$ 139,669 | \$ 122,896 | 13.6 | \$ 1,037,601 | \$ 963,655 | 7.7 |
| REV/PC. | 2.0647 | 1.8568 | 11.2 | 2.0093 | 1.9918 | 0.9 |
| ALL OTHER | | | | | | |
| VOLUME | 56,770 | 42,787 | 32.7 | 347,234 | 279,986 | 24.0 |
| REVENUE | \$ 86 | \$ 149 | - 42.4 | \$ 418 | \$ 901 | - 53.6 |
| ALL MAIL | | | | | | |
| VOLUME | 17,535,570 | 17,304,394 | 1.3 | 122,932,003 | 121,512,140 | 1.2 |
| REVENUE | \$ 5,593,700 | \$ 5,628,229 | - 0.6 | \$ 39,644,276 | \$ 39,686,866 | - 0.1 |
| REV/PC. | 0.3190 | 0.3252 | - 1.9 | 0.3225 | 0.3266 | - 1.3 |

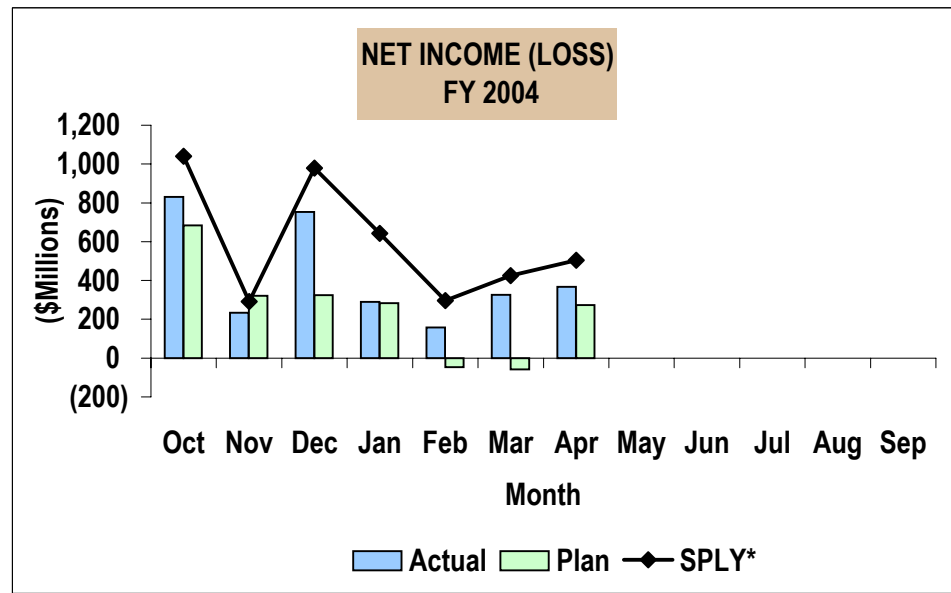
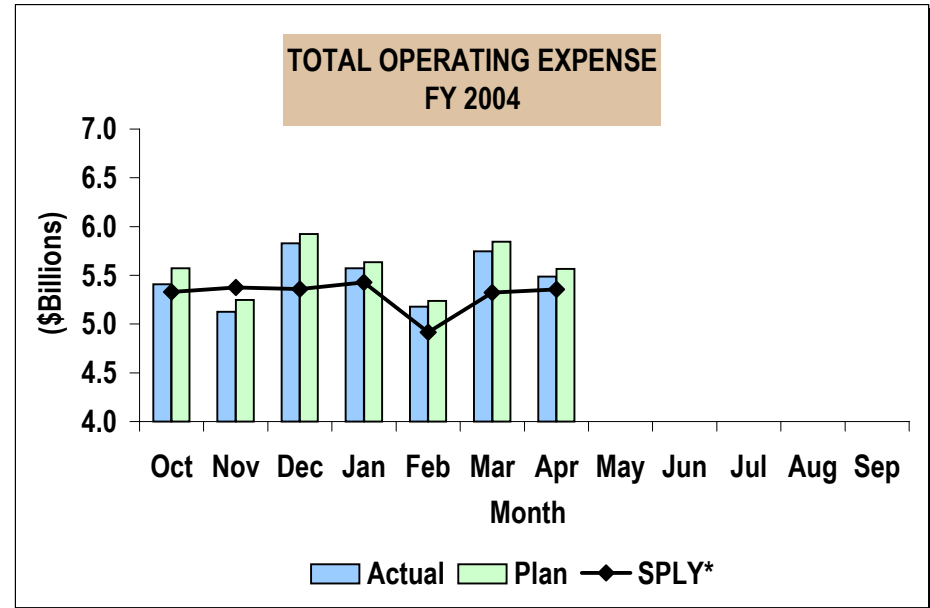
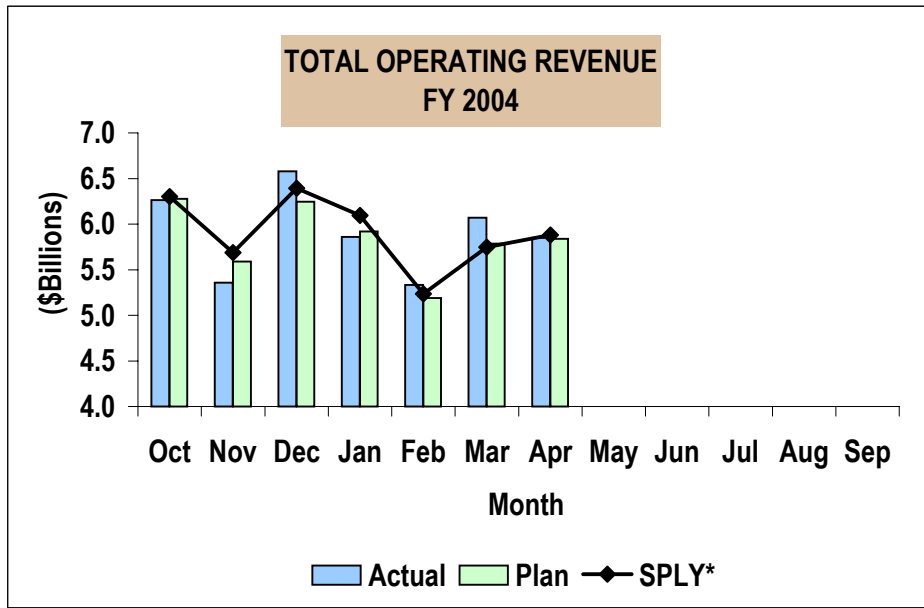
NOTE: Totals may not sum due to rounding.

NOTE: RPW data are reported on a new Fiscal Year basis (October 1-September 30). In addition, RPW data are reported on a calendar month basis.

Quarterly RPW reports are now defined as the sum of three calendar months (e.g., quarter one corresponds to the time period of October 1-December 31).

In order to provide a basis for comparison, FY 2003 data have been recast to reflect these reporting changes. The recast of FY 2003 data uses representative data from Accounting, PERMIT, the RPW sample and other input systems and can only provide an approximate basis for calculating changes to same period last year (SPLY) data. Therefore, the changes indicated in this report should be viewed as preliminary and subject to uncertainty.

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.



*SPLY data may differ from previous reports due to subsequent adjustments.

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.

REVENUE BY SOURCE
April - FY 2004
(\$ Millions)

| Current Period | | | | Year-to-Date | | |
|--------------------------|--------------------------|--------------|---|---------------------------|---------------------------|------------|
| Actual | SPLY* | % SPLY | | Actual | SPLY* | % SPLY |
| \$ 2,152.4 | \$ 2,222.9 | - 3.2 | Operating Revenue: | \$ 15,062.8 | \$ 15,227.8 | - 1.1 |
| | | | Metered Postage | | | |
| 925.4 | 967.0 | - 4.3 | Stamps and Stamped Paper | 7,028.9 | 7,184.6 | - 2.2 |
| 1,475.5 | 1,394.0 | 5.8 | Permit Imprint | 10,009.5 | 9,745.3 | 2.7 |
| 195.0 | 195.6 | - 0.3 | Periodicals & Standard | 1,291.8 | 1,334.4 | - 3.2 |
| 67.8 | 75.6 | - 10.3 | Official Mail | 525.8 | 547.2 | - 3.9 |
| 792.0 | 788.0 | 0.5 | Presort First-Class & Package Svc./Permit Imprint | 5,700.5 | 5,637.6 | 1.1 |
| 61.7 | 62.7 | - 1.6 | Box Rents | 450.6 | 452.8 | - 0.5 |
| 15.2 | 15.4 | - 1.3 | Money Order Fees | 105.5 | 109.1 | - 3.3 |
| <u>161.6</u> | <u>158.1</u> | 2.2 | Other | <u>1,148.6</u> | <u>1,091.1</u> | 5.3 |
| \$ 5,846.6 | \$ 5,879.3 | - 0.6 | Subtotal | \$ 41,324.0 | \$ 41,329.9 | 0.0 |
| <u>3.0</u> | <u>2.6</u> | 15.4 | Government Appropriation | <u>29.7</u> | <u>18.1</u> | 64.1 |
| \$ 5,849.6 | \$ 5,881.9 | - 0.5 | Total Operating Revenue | \$ 41,353.7 | \$ 41,348.0 | 0.0 |
| <u>2.3</u> | <u>5.1</u> | - 54.9 | Investment Income | <u>17.9</u> | <u>31.3</u> | - 42.8 |
| <u>\$ 5,851.9</u> | <u>\$ 5,887.0</u> | - 0.6 | Total Revenue | <u>\$ 41,371.6</u> | <u>\$ 41,379.3</u> | 0.0 |

Note: Totals may not sum due to rounding.

*SPLY data may differ from previous reports due to subsequent adjustments.

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.

REVENUE BY CATEGORY
April - FY 2004
(\$ Millions)

| Current Period | | | | Year-to-Date | | |
|-------------------|-------------------|------------------|--|--------------------|--------------------|------------|
| Actual | Budget | % Budget | | Actual | Budget | % Budget |
| | | | Commercial Revenue | | | |
| \$ 2,519.9 | \$ 2,400.8 | 5.0 | Permit Revenue | \$ 17,429.2 | \$ 16,725.4 | 4.2 |
| <u>1,868.7</u> | <u>1,939.9</u> | [- 3.7] | Other Commercial Accounts Revenue | <u>13,004.9</u> | <u>13,452.5</u> | [- 3.3] |
| \$ 4,388.6 | \$ 4,340.7 | 1.1 | Total Commercial Revenue | \$ 30,434.1 | \$ 30,177.9 | 0.8 |
| | | | Retail Revenue | | | |
| 1,158.2 | 1,191.1 | [- 2.8] | Retail Postage Revenue | 8,702.0 | 8,554.8 | 1.7 |
| 91.1 | 88.6 | 2.8 | Retail Services Revenue | 633.9 | 632.1 | 0.3 |
| 12.9 | 13.4 | [- 3.7] | Retail Products Revenue | 99.4 | 103.6 | [- 4.1] |
| <u>156.5</u> | <u>160.7</u> | [- 2.6] | Other Retail Channels Revenue | <u>1,172.6</u> | <u>1,160.2</u> | 1.1 |
| \$ 1,418.7 | \$ 1,453.8 | [- 2.4] | Total Retail Revenue | \$ 10,607.9 | \$ 10,450.7 | 1.5 |
| \$ 5,807.3 | \$ 5,794.5 | 0.2 | Total Commercial & Retail Revenue | \$ 41,042.0 | \$ 40,628.6 | 1.0 |
| 39.3 | 41.8 | [- 6.0] | Other Income | 282.0 | 200.0 | 41.0 |
| <u>3.0</u> | <u>3.0</u> | 0.0 | Government Appropriation | <u>29.7</u> | <u>21.3</u> | 39.4 |
| \$ 5,849.6 | \$ 5,839.3 | 0.2 | Total Operating Revenue | \$ 41,353.7 | \$ 40,849.9 | 1.2 |
| <u>2.3</u> | <u>2.2</u> | 4.5 | Investment Income | <u>17.9</u> | <u>15.6</u> | 14.7 |
| \$ 5,851.9 | \$ 5,841.5 | 0.2 | Total Revenue | \$ 41,371.6 | \$ 40,865.5 | 1.2 |

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.

EXPENSE ANALYSIS
April - FY 2004
(\$ Millions)

| Current Period | | | | | | Year-to-Date | | | | | |
|----------------|------------|----------------|----------|------------|--------|--------------|-------------|----------------|----------|-------------|--------|
| Actual | Budget | Var. to Budget | % Budget | SPLY* | % SPLY | Actual | Budget | Var. to Budget | % Budget | SPLY * | % SPLY |
| \$ 4,390.0 | \$ 4,383.1 | [\$ 6.9] | [0.2] | \$ 4,248.5 | 3.3 | \$ 30,603.9 | \$ 30,795.6 | \$ - 191.7 | - 0.6 | \$ 29,289.2 | 4.5 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 420.4 | 407.2 | [13.2] | [3.2] | 398.9 | 5.4 | 2,858.2 | 3,030.0 | - 171.8 | - 5.7 | 2,897.8 | - 1.4 |
| 165.0 | 221.2 | - 56.2 | - 25.4 | 194.9 | - 15.3 | 1,290.4 | 1,450.7 | - 160.3 | - 11.0 | 1,309.8 | - 1.5 |
| 510.2 | 554.9 | - 44.7 | - 8.1 | 514.1 | - 0.8 | 3,675.7 | 3,754.0 | - 78.3 | - 2.1 | 3,538.5 | 3.9 |
| \$ 1,095.6 | \$ 1,183.3 | \$ - 87.7 | - 7.4 | \$ 1,107.9 | - 1.1 | \$ 7,824.3 | \$ 8,234.7 | \$ - 410.4 | - 5.0 | \$ 7,746.1 | 1.0 |
| \$ 5,485.6 | \$ 5,566.4 | \$ - 80.8 | - 1.5 | \$ 5,356.4 | 2.4 | \$ 38,428.2 | \$ 39,030.3 | \$ - 602.1 | - 1.5 | \$ 37,035.3 | 3.8 |
| - 0.4 | 1.3 | - 1.7 | NM | 26.9 | NM | 10.2 | 9.2 | [1.0] | [10.9] | 230.4 | - 95.6 |
| 0.0 | 0.0 | - | - | 0.0 | - | 0.0 | 46.2 | - 46.2 | - 100.0 | 0.0 | - |
| \$ 5,485.2 | \$ 5,567.7 | \$ - 82.5 | - 1.5 | \$ 5,383.3 | 1.9 | \$ 38,438.4 | \$ 39,085.7 | \$ - 647.3 | - 1.7 | \$ 37,265.7 | 3.1 |

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

*SPLY data may differ from previous reports due to subsequent adjustments.

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.

ANALYSIS OF OPERATING EXPENSES
April - FY 2004
Personnel Compensation
(\$ Millions)

| Current Period | | | | | | | Year-to-Date | | | | | |
|-------------------|-------------------|------------------|---------------|-------------------|------------|--------------------------------------|--------------------|--------------------|------------------|-------------|--------------------|------------|
| Actual | Budget | Var. to Budget | % Budget | SPLY * | % SPLY | | Actual | Budget | Var. to Budget | % Budget | SPLY * | % SPLY |
| | | | | | | Total Compensation | | | | | | |
| | | | | | | Operations: | | | | | | |
| \$ 33.5 | \$ 34.1 | \$ -0.5 | -1.6 | \$ 31.2 | 7.3 | -Support | \$ 222.4 | \$ 224.8 | \$ -2.4 | -1.1 | \$ 205.3 | 8.3 |
| 936.5 | 931.5 | [4.9] | [0.5] | 913.1 | 2.6 | -Mail Processing | 6,692.4 | 6,768.9 | -76.4 | -1.1 | 6,524.4 | 2.6 |
| 400.8 | 405.6 | -4.8 | -1.2 | 376.0 | 6.6 | -Rural Delivery | 2,727.9 | 2,743.6 | -15.7 | -0.6 | 2,547.9 | 7.1 |
| 1,357.1 | 1,316.4 | [40.7] | [3.1] | 1,287.9 | 5.4 | -City Delivery | 9,355.4 | 9,247.1 | [108.3] | [1.2] | 8,840.7 | 5.8 |
| 98.3 | 96.1 | [2.3] | [2.4] | 93.0 | 5.7 | -Vehicles Services | 676.9 | 673.5 | [3.4] | [0.5] | 638.0 | 6.1 |
| 245.9 | 247.4 | -1.5 | -0.6 | 232.4 | 5.8 | -Plant & Equip Maint | 1,697.7 | 1,735.0 | -37.2 | -2.1 | 1,592.6 | 6.6 |
| 656.3 | 646.7 | [9.6] | [1.5] | 631.1 | 4.0 | -Customer Services | 4,584.8 | 4,564.8 | [20.1] | [0.4] | 4,323.8 | 6.0 |
| 17.0 | 19.9 | -2.9 | -14.6 | 20.0 | -14.9 | Finance | 116.3 | 135.9 | -19.6 | -14.4 | 137.4 | -15.3 |
| 30.4 | 33.1 | -2.8 | -8.3 | 28.6 | 6.3 | Human Resources | 207.9 | 214.7 | -6.8 | -3.1 | 188.7 | 10.2 |
| 48.2 | 51.3 | -3.1 | -6.1 | 45.0 | 7.1 | Customer Service & Sales | 325.6 | 341.2 | -15.6 | -4.6 | 298.1 | 9.2 |
| 203.6 | 216.9 | -13.3 | -6.1 | 211.0 | -3.5 | Administration - Field | 1,423.7 | 1,410.1 | [13.6] | [1.0] | 1,327.7 | 7.2 |
| 112.7 | 128.6 | -15.9 | -12.4 | 145.7 | -22.6 | Other Salaries & Benefits | 803.8 | 921.6 | -117.8 | -12.8 | 1,001.4 | -19.7 |
| \$ 4,140.4 | \$ 4,127.6 | [\$ 12.8] | [0.3] | \$ 4,015.1 | 3.1 | Total Salaries & Benefits | \$ 28,834.9 | \$ 28,981.1 | \$ -146.2 | -0.5 | \$ 27,626.0 | 4.4 |
| 124.1 | 124.6 | -0.5 | -0.4 | 121.1 | 2.5 | Workers' Compensation | 867.9 | 872.4 | -4.5 | -0.5 | 872.6 | -0.5 |
| 6.3 | 7.7 | -1.3 | -17.4 | 4.6 | 38.6 | Unemployment Compensation | 48.1 | 53.7 | -5.5 | -10.3 | 38.5 | 25.0 |
| 0.0 | 0.0 | 0.0 | - | 0.0 | - | Deferred Retirement Cost | 0.0 | 3.6 | -3.6 | -100.0 | 0.0 | - |
| 110.2 | 110.2 | 0.0 | 0.0 | 97.7 | 12.8 | Annuitant Health Benefits | 771.2 | 771.2 | 0.0 | 0.0 | 663.7 | 16.2 |
| 8.9 | 13.1 | -4.1 | -31.5 | 10.1 | -11.6 | Other Compensation | 81.8 | 113.6 | -31.8 | -28.0 | 88.4 | -7.5 |
| \$ 4,390.0 | \$ 4,383.2 | [\$ 6.8] | [0.2] | \$ 4,248.5 | 3.3 | Total Personnel Compensation | \$ 30,603.9 | \$ 30,795.6 | \$ -191.7 | -0.6 | \$ 29,289.2 | 4.5 |

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

*SPLY data may differ from previous reports due to subsequent adjustments.

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.

ANALYSIS OF NON-PERSONNEL EXPENSES
April - FY 2004
(\$ Millions)

| Current Period | | | | | | | Year-to-Date | | | | | |
|-------------------|-------------------|-----------------|-------------|-------------------|-------------|-------------------------------------|-------------------|-------------------|------------------|-------------|-------------------|------------|
| Actual | Budget | Var. to Budget | | SPLY * | % SPLY | Description | Actual | Budget | Var. to Budget | | SPLY * | % SPLY |
| \$ 420.4 | \$ 407.2 | [\$ 13.2] | [3.2] | \$ 398.9 | 5.4 | Transportation | \$ 2,858.2 | \$ 3,030.0 | \$ -171.8 | -5.7 | \$ 2,897.9 | -1.4 |
| 165.1 | 221.2 | -56.1 | -25.4 | 194.9 | -15.3 | Supplies & Services | 1,290.4 | 1,450.7 | -160.3 | -11.1 | 1,309.8 | -1.5 |
| 185.9 | 188.4 | -2.5 | -1.3 | 190.8 | -2.6 | Depreciation | 1,312.0 | 1,320.1 | -8.1 | -0.6 | 1,350.3 | -2.8 |
| 80.3 | 83.2 | -2.9 | -3.5 | 77.2 | 4.0 | Rent | 580.1 | 569.5 | [10.6] | [1.9] | 551.5 | 5.2 |
| 38.4 | 42.5 | -4.2 | -9.8 | 43.8 | -12.4 | Fuel & Utilities | 317.9 | 304.4 | [13.5] | [4.4] | 303.2 | 4.8 |
| 45.6 | 45.9 | -0.2 | -0.5 | 32.4 | 40.7 | Rural Carrier Equip Maint Allowance | 237.6 | 249.0 | -11.5 | -4.6 | 230.4 | 3.1 |
| 36.7 | 38.3 | -1.6 | -4.1 | 37.3 | -1.5 | Vehicle Maintenance | 285.9 | 256.9 | [29.0] | [11.3] | 268.1 | 6.6 |
| 29.4 | 51.7 | -22.3 | -43.2 | 51.7 | -43.2 | Information Technology | 247.7 | 330.0 | -82.3 | -25.0 | 261.5 | -5.3 |
| 23.8 | 19.4 | [4.4] | [22.6] | 11.6 | 104.5 | Building Projects Expensed | 142.8 | 112.2 | [30.6] | [27.3] | 69.5 | 105.4 |
| 6.4 | 6.6 | -0.3 | -4.2 | 6.2 | 3.5 | Contract Job Cleaners | 49.4 | 46.0 | [3.4] | [7.5] | 45.0 | 9.9 |
| 18.1 | 17.1 | [1.0] | [5.7] | 16.9 | 7.0 | Travel & Relocation | 116.9 | 100.3 | [16.5] | [16.5] | 94.1 | 24.2 |
| 14.6 | 19.3 | -4.7 | -24.2 | 16.9 | -13.3 | Communications | 120.0 | 133.7 | -13.8 | -10.3 | 119.9 | 0.1 |
| 6.0 | 6.5 | -0.5 | -8.0 | 5.7 | 3.6 | Contract Stations | 41.6 | 43.9 | -2.3 | -5.2 | 36.7 | 13.2 |
| 1.2 | 2.5 | -1.3 | -51.3 | 1.8 | -32.4 | Printing | 9.9 | 17.8 | -7.9 | -44.2 | 13.2 | -24.6 |
| 4.0 | 5.8 | -1.8 | -30.9 | 4.2 | -4.2 | Training | 24.7 | 39.0 | -14.3 | -36.7 | 27.3 | -9.4 |
| 1.9 | 3.9 | -1.9 | -49.5 | 1.3 | 52.2 | Carfare & Tolls | 18.6 | 28.3 | -9.8 | -34.5 | 28.4 | -34.6 |
| 1.3 | 2.1 | -0.8 | -37.6 | 2.6 | -49.4 | Vehicle Hire | 11.6 | 14.6 | -3.0 | -20.8 | 13.6 | -15.0 |
| 4.3 | 4.3 | [0.0] | [0.2] | 0.2 | NM | Accident Cost | 30.0 | 27.3 | [2.7] | [9.8] | 28.6 | 4.7 |
| 12.4 | 17.5 | -5.1 | -29.2 | 13.4 | -7.8 | Miscellaneous | 129.1 | 160.8 | -31.7 | -19.7 | 97.1 | 33.0 |
| \$ 1,095.6 | \$ 1,183.3 | \$ -87.7 | -7.4 | \$ 1,107.9 | -1.1 | Total Non-Personnel Expenses | \$ 7,824.3 | \$ 8,234.7 | \$ -410.4 | -5.0 | \$ 7,746.1 | 1.0 |

[]=Unfavorable variance to budget

Totals may not sum due to rounding.

*SPLY data may differ from previous reports due to subsequent adjustments.

STATEMENT OF FINANCIAL POSITION

April - FY 2004

(\$ Millions)

| Assets | April 30, 2004 | September 30, 2003* |
|---|-------------------------|-------------------------|
| Current Assets: | | |
| Cash and cash equivalents _1/ | \$ 550 | \$ 2,266 |
| Receivables: | | |
| Foreign countries | 638 | 744 |
| U.S. Government | 463 | 359 |
| Consignment | 54 | 50 |
| Other | 148 | 144 |
| Receivables before allowances | <u>1,303</u> | <u>1,297</u> |
| Less allowances | <u>109</u> | <u>106</u> |
| Total receivables, net | 1,194 | 1,191 |
| | | |
| Supplies, advances and prepayments | <u>342</u> | <u>366</u> |
| Total Current Assets | 2,086 | 3,823 |
| Other assets, principally revenue forgone appropriations receivable | 364 | 365 |
| Property and Equipment, at Cost: | | |
| Buildings | 19,851 | 19,759 |
| Equipment | 17,340 | 17,166 |
| Land | 2,818 | 2,809 |
| Leasehold improvements | 1,110 | 1,060 |
| | <u>41,119</u> | <u>40,794</u> |
| Less allowances for depreciation and amortization | <u>19,908</u> | <u>18,717</u> |
| | 21,211 | 22,077 |
| | | |
| Construction in progress | <u>1,362</u> | <u>977</u> |
| Total property, plant and equipment, net | <u>22,573</u> | <u>23,054</u> |
| Total Assets | \$ <u>25,023</u> | \$ <u>27,242</u> |

_1/ Includes securities with maturities of 90 days or less in accordance with Statement of Financial Accounting Standards (SFAS) No. 95.

* Audited year-end data.

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.

STATEMENT OF FINANCIAL POSITION

April - FY 2004

(\$ Millions)

| Liabilities and Net Capital | April 30, 2004 | September 30, 2003* |
|--|---------------------------|--------------------------------|
| Current Liabilities: | | |
| Compensation and benefits | \$ 3,066 | \$ 2,518 |
| Estimated prepaid postage | 1,349 | 1,349 |
| Payables and accrued expenses: | | |
| Foreign countries | 945 | 879 |
| U.S. Government | 113 | 112 |
| Unexpended appropriations | 390 | 406 |
| Other | <u>1,751</u> | <u>1,863</u> |
| Total payables and accrued expenses | 3,199 | 3,260 |
| Permit, metered mail and prepaid box rentals | 1,899 | 1,925 |
| Outstanding postal money orders | 834 | 768 |
| Debt | <u>620</u> | <u>7,273</u> |
| Total Current Liabilities | 10,967 | 17,093 |
| Other Liabilities: | | |
| Workers' compensation | 7,193 | 6,324 |
| Employees' accumulated leave | 2,076 | 1,932 |
| Other | <u>988</u> | <u>1,027</u> |
| Total Other Liabilities | 10,257 | 9,283 |
| Total Liabilities | 21,224 | 26,376 |
| Net Capital: | | |
| Capital contributions of the U.S. government | 3,034 | 3,034 |
| Retained earnings (deficit) since reorganization | <u>765</u> | <u>(2,168)</u> |
| Total Net Capital | 3,799 | 866 |
| Total Liabilities and Net Capital | <u>\$ 25,023</u> | <u>\$ 27,242</u> |

* Audited year-end data.

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.

STATEMENT OF CASH FLOWS
Fiscal Year 2004 through April 30, 2004
(\$ Millions)

| | |
|---|----------------|
| Cash flows from operating activities: | |
| Net income | \$ 2,933 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation and amortization | 1,288 |
| Loss on disposals of property and equipment, net | 16 |
| Decrease in other assets, principally revenue forgone appropriations receivable | 1 |
| Increase in USPS workers' compensation | 869 |
| Increase in employees' accumulated leave | 144 |
| Decrease in other liabilities | (39) |
| Changes in current assets and liabilities: | |
| Increase in receivables, net | (3) |
| Decrease in supplies, advances and prepayments | 24 |
| Decrease in compensation and benefits | 548 |
| Estimated prepaid postage | 0 |
| Decrease in payables and accrued expenses | (53) |
| Decrease in permit, metered mail and prepaid box rentals | (26) |
| Increase in outstanding postal money orders | 66 |
| | <hr/> |
| Net cash provided by operating activities | 5,768 |
| Cash flows from investing activities: | |
| Purchase of property and equipment, net | (840) |
| Proceeds from sale of property and equipment | 17 |
| | <hr/> |
| Net cash used in investing activities | (823) |
| Cash flows from financing activities: | |
| U.S. government appropriations expended | (8) |
| Issuance of debt | - |
| Payments on debt | (6,653) |
| | <hr/> |
| Net cash used in financing activities | (6,661) |
| Net decrease in cash and cash equivalents | (1,716) |
| Cash and cash equivalents at beginning of year | 2,266 |
| | <hr/> |
| Cash and cash equivalents at end of period | \$ 550 |

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.

CAPITAL INVESTMENTS
April - FY 2004
(\$ Millions)

| MAJOR CATEGORIES | COMMITMENTS | | | CASH OUTLAYS | | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|
| | Year-to-Date | | | Year-to-Date | | |
| | ACTUAL | PLAN | SPLY | ACTUAL | PLAN | SPLY |
| CONSTRUCTION AND BUILDING PURCHASE | \$ 45.8 | \$ 56.4 | \$ 25.8 | \$ 83.2 | \$ 166.1 | \$ 77.5 |
| BUILDING IMPROVEMENTS | 104.3 | 99.8 | 62.1 | 134.8 | 161.0 | 95.0 |
| MAIL PROCESSING EQUIPMENT | 495.1 | 499.3 | 487.7 | 342.6 | 416.7 | 391.0 |
| VEHICLES | 173.2 | \$ 163.6 | 20.6 | 78.4 | 129.3 | 42.1 |
| RETAIL EQUIPMENT | 30.4 | 41.9 | 2.6 | 46.3 | 67.1 | 4.8 |
| POSTAL SUPPORT EQUIPMENT | 60.5 | 123.5 | 122.7 | 155.5 | 196.5 | 137.6 |
| TOTAL COMMITMENTS/CASH OUTLAYS | \$ 909.4 | \$ 984.6 | \$ 721.5 | \$ 840.9 | \$ 1,136.7 | \$ 748.0 |

RESOURCES ON ORDER
(\$ Millions)

| MAJOR CATEGORIES | April 30, 2004 | September 30, 2003 |
|------------------------------------|-------------------|--------------------|
| CONSTRUCTION AND BUILDING PURCHASE | \$ 188.8 | \$ 238.2 |
| BUILDING IMPROVEMENTS | 147.0 | 186.7 |
| MAIL PROCESSING EQUIPMENT | 1,559.8 | 1,409.5 |
| VEHICLES | 166.4 | 71.6 |
| RETAIL EQUIPMENT | 162.4 | 178.4 |
| POSTAL SUPPORT EQUIPMENT | 213.0 | 310.5 |
| TOTAL RESOURCES ON ORDER | \$ 2,437.4 | \$ 2,394.9 |

Note: Totals may not sum due to rounding.

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.

WORKHOURS & OVERTIME/SICK LEAVE RATIOS

April - FY 2004
(Data in Thousands)

| Current Period | | | | | | Year-to-Date | | | | |
|----------------|----------------|--------------|----------------|--------------|-------------------------------------|----------------|----------------|--------------|----------------|--------------|
| Actual | Var. to Budget | % Budget | SPLY * | % SPLY | | Actual | Var. to Budget | % Budget | SPLY * | % SPLY |
| | | | | | <u>Total Workhours</u> | | | | | |
| | | | | | Operations: | | | | | |
| 794 | - 20 | - 2.4 | 811 | - 2.2 | -Support | 5,300 | - 41 | - 0.8 | 5,340 | - 0.8 |
| 27,717 | - 381 | - 1.4 | 29,384 | - 5.7 | -Mail Processing | 203,083 | - 2,597 | - 1.3 | 211,497 | - 4.0 |
| 14,616 | - 97 | - 0.7 | 14,333 | 2.0 | -Rural Delivery | 99,249 | - 313 | - 0.3 | 96,684 | 2.7 |
| 39,247 | [146] | [0.4] | 40,138 | - 2.2 | -City Delivery | 272,963 | [1,552] | [0.6] | 273,599 | - 0.2 |
| 2,710 | [3] | [0.1] | 2,772 | - 2.2 | -Vehicles Services | 18,893 | - 29 | - 0.2 | 19,018 | - 0.7 |
| 6,862 | - 237 | - 3.3 | 7,045 | - 2.6 | -Plant & Equip Maint | 47,965 | - 1,389 | - 2.8 | 48,200 | - 0.5 |
| 19,538 | [73] | [0.4] | 20,231 | - 3.4 | -Customer Services | 138,159 | [859] | [0.6] | 138,999 | - 0.6 |
| 415 | - 103 | - 19.9 | 563 | - 26.3 | Finance | 2,871 | - 578 | - 16.8 | 3,885 | - 26.1 |
| 753 | - 25 | - 3.3 | 826 | - 8.8 | Human Resources | 5,125 | - 41 | - 0.8 | 5,109 | 0.3 |
| 1,279 | - 77 | - 5.7 | 1,315 | - 2.7 | Customer Service & Sales | 8,721 | - 426 | - 4.7 | 8,702 | 0.2 |
| 5,522 | - 474 | - 7.9 | 6,498 | - 15.0 | Administration | 39,656 | [554] | [1.4] | 40,050 | - 1.0 |
| 2,220 | [61] | [2.8] | 3,612 | - 38.5 | Other | 16,526 | [1,299] | [8.5] | 25,326 | - 34.7 |
| 121,673 | - 1,132 | - 0.9 | 127,529 | - 4.6 | Total Workhours | 858,510 | - 1,149 | - 0.1 | 876,409 | - 2.0 |

| Overtime | | | | | | |
|----------|--------|------|--|--------|--------|------|
| Actual | Budget | SPLY | | Actual | Budget | SPLY |

| | | | | | | | |
|--|-------|------|------|---|------|------|------|
| | 12.0% | 7.6% | 6.9% | Overtime Ratio Per 100 Workhours | 9.6% | 8.3% | 8.3% |
|--|-------|------|------|---|------|------|------|

| Sick Leave | | | |
|------------|--|------|--|
| Actual | | SPLY | |

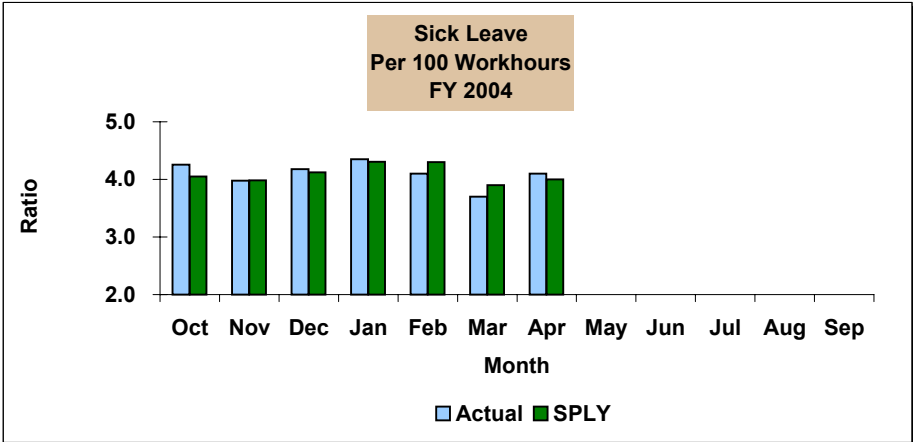
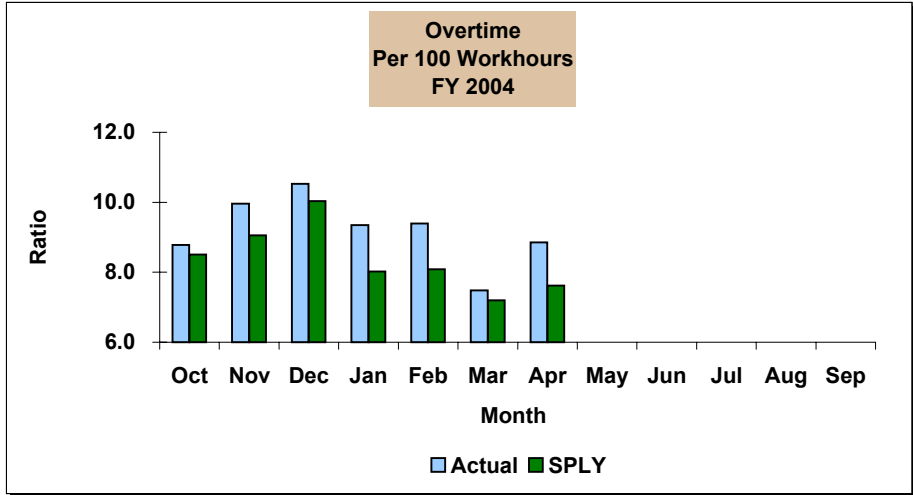
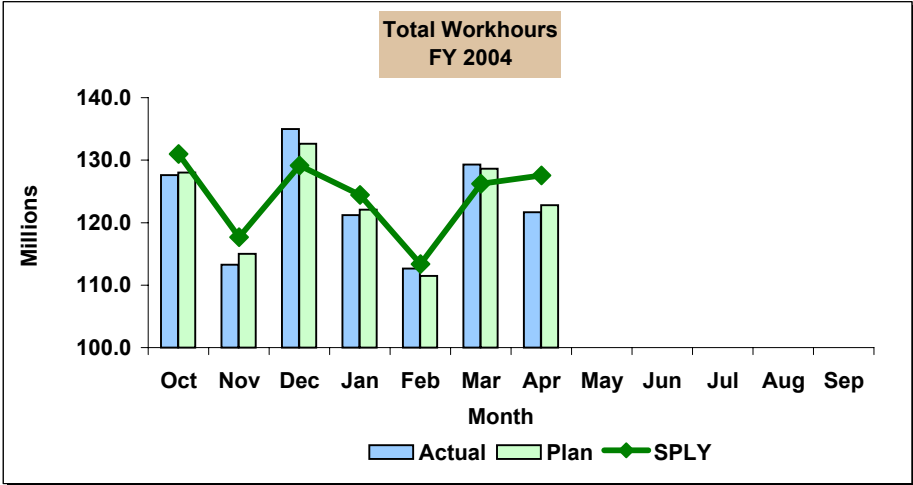
| | | | | | | | |
|--|------|--|------|---|------|--|------|
| | 5.7% | | 3.7% | Sick Leave Ratio Per 100 Workhours | 4.4% | | 4.1% |
|--|------|--|------|---|------|--|------|

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

*SPLY data may differ from previous reports due to subsequent adjustments.

See accompanying Analysis to the Financial and Operating Statements beginning on page 16.



See accompanying Analysis to the Financial and Operating Statements beginning on page 16.

April - FY 2004

Information: Fiscal Year 2004 year-to-date contains one additional business reporting day than Fiscal Year 2003 year-to-date.

Analysis of the Financial and Operating Statements

Revenue - Pages 1, 2, 3, 4, 5 and 6

Current period, Total Revenue was 0.2% or \$10 million over plan. While Permit Revenue experienced an \$119 million plan overrun, Other Commercial Accounts Revenue and Total Retail Revenue experienced a combined plan underrun of \$106 million. Total Revenue was 0.6% or \$35 million under same period last year (SPLY). Combined, Other Commercial Accounts Revenue and Total Retail Revenue were \$125 million less than SPLY.

Year-to-date (YTD), Total Revenue is \$506 million or 1.2% over plan. Permit Revenue and Retail Postage Revenue are contributing to the majority of the Total Revenue overrun to plan, \$861 million.

Expenses - Pages 1, 2, 4, 7, 8 and 9

Current period, Total Expenses were \$83 million or 1.5% below plan. While personnel costs were \$7 million or 0.2% above plan, non-personnel costs were below plan by \$88 million or 7.4%. The primary contributors of the \$88 million plan underrun in non-personnel costs were Information Technology and Supplies and Services. Together, they were \$78 million below plan. Although under plan, total expenses grew 1.9% or \$101.9 million over SPLY during April.

YTD, Total Expenses are \$647 million or 1.7% under plan. YTD, personnel costs were \$192 million under plan, while non-personnel expenses were \$410 million under plan. The largest contributors to the non-personnel plan underrun were Transportation and Supplies and Services, which were \$172 million and \$160 million, under plan respectively. Transformation Plan initiatives, Supply Chain Management, more effective utilization of our transportation network, and other cost containment initiatives are continuing to drive most of our savings. Some positive impact to non-personnel savings are derived from the timing of payment for invoices versus planned payment.

Mail Volume and Revenue - Page 3

Total Mail Volume for April, 2004, Fiscal Year (FY) 2004 was 0.2 billion pieces above SPLY or 1.3%. First-Class Mail, Priority Mail, Express Mail, Periodical Mail, and Packages were below SPLY, while Standard Mail and International Mail were above their April, 2003 levels.

FY 2004 YTD Total Mail Volume is 1.2% above SPLY. The most significant mail volume increase above SPLY for FY 2004 YTD is in the Standard Mail category at 2.1 billion pieces or 3.9% above. YTD, First-Class Mail volume is 1.1% less than SPLY, generating \$320 million or 1.4% less revenue than SPLY.

April - FY 2004

Analysis of the Financial and Operating Statements (Continued)

Capital Investments - Pages 1 and 13

The Fiscal Year 2004 Capital Commitments YTD through April 30, 2004 are \$909 million compared to a plan of \$985 million. This represents an underrun of about \$75 million or 7.6%.

The Cash Outlays YTD are \$841 million versus a plan of \$1,137 million, representing a \$296 million underrun to plan.

Workhours - Pages 1, 14 and 15

Total workhours for April 2004 were 1.1 million hours or 0.9% below plan and 5.9 million hours or 4.6% below April 2003. Every functional operation produced workhour reductions to SPLY, except Rural Delivery. Mail Processing and Other Workhours posted the most workhour savings to SPLY, 1.7 million hours and 1.4 million hours under SPLY, respectively.

Total workhours for April YTD are 17.9 million hours or 2.0% below SPLY. This reduction in workhours reflects the continuation of cost containment activities through the installation of more efficient mail processing equipment and other productivity enhancements. To date, Mail Processing workhours have been reduced 8.4 million hours or 4.0% below SPLY. Other Workhours, relating to Limited Duty, Rehabilitation and Headquarters General Management hours also played a major role by using 8.8 million hours less than SPLY. The reduction in Limited Duty and Rehabilitation hours is directly impacted by the initiative to include these operations in our calculation of productivity improvement opportunity.