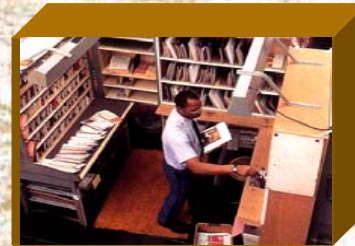




**UNITED STATES
POSTAL SERVICE**

FINANCIAL & OPERATING STATEMENTS

**November, FY 2004
November 1 – November 30, 2003**



Prepared by: Financial Reporting and Analysis

Highlights
November, 2003 - FY 2004
(Millions)

November					
Actual	Budget	Var. to Budget	% Budget	SPLY*	% SPLY
\$ 5,361.7	\$ 5,592.2	[\$ - 230.5]	[- 4.1]	\$ 5,700.3	- 5.9
<u>5,128.3</u>	<u>5,271.4</u>	<u>- 143.1</u>	- 2.7	<u>5,408.9</u>	- 5.2
\$ 233.4	\$ 320.8	[\$ - 87.4]	-	\$ 291.4	-
\$ 36.2	\$ 220.7	\$ - 184.5	- 83.6	\$ 295.9	- 87.8
113.3	115.2	- 1.9	- 1.6	117.7	- 3.8

Year-to-Date (October 1 - November 30, 2003)					
Actual	Budget	Var. to Budget	% Budget	SPLY *	% SPLY
\$ 11,636.8	\$ 11,871.5	[\$ - 234.7]	[- 2.0]	\$ 12,098.7	- 3.8
<u>10,560.0</u>	<u>10,868.3</u>	<u>- 308.3</u>	- 2.8	<u>10,688.8</u>	- 1.2
\$ 1,076.8	\$ 1,003.2	\$ 73.6	-	\$ 1,409.9	-
\$ 95.0	\$ 284.5	\$ - 189.5	- 66.6	\$ 328.2	- 71.1
240.8	243.4	- 2.6	- 1.1	248.5	- 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.

Actual Number Of:	Current Period	Last Period	SPLY *
Postal Owned Vehicles In Use			
Administrative	5,512	5,531	5,411
Operations	206,563	206,260	201,347
Total Deliveries (000)	141,627	141,467	139,775
City Delivery Routes	164,778	164,869	165,080
Rural Routes	69,890	69,742	69,406
Career Employees (Excludes Inspector General)	721,329	726,360	745,986
Casual Employees	21,077	17,450	26,466
Transitional Employees	11,818	11,400	15,331

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

Statement of Income & Expense
November, 2003 - FY 2004
(\$ Millions)

Current Period							Year-to-Date						
Actual	Budget	Var. to Budget	% Budget	SPLY*	% SPLY		Actual	Budget	Var. to Budget	% Budget	SPLY*	% SPLY	
\$ 5,358.8	\$ 5,590.0	[\$ -231.2]	[-4.1]	\$ 5,697.5	-5.9	Operating Revenue	\$ 11,631.2	\$ 11,867.0	[\$ -235.8]	[-2.0]	\$ 12,089.9	-3.8	
5,125.0	5,248.7	-123.7	-2.4	5,376.9	-4.7	Operating Expense	10,553.3	10,822.3	-269.0	-2.5	10,628.4	-0.7	
\$ 233.8	\$ 341.3	[\$ -107.5]	-	\$ 320.6	-	Income (Loss) From Operations	\$ 1,077.9	\$ 1,044.7	\$ 33.2	-	\$ 1,461.5	-	
2.9	2.2	0.7	31.8	2.8	3.6	Investment Income	5.6	4.5	1.1	24.4	8.8	-36.4	
-3.3	0.4	[-3.7]	NM	-32.0	-89.7	Interest Expense	-6.7	0.2	[-6.9]	NM	-60.4	-88.9	
0.0	-23.1	23.1	100.0	0.0	NM	Interest on Deferred Retirement Costs	0.0	-46.2	46.2	100.0	0.0	-	
\$ 233.4	\$ 320.8	[\$ -87.4]	-	\$ 291.4	-	Net Income/(Loss)	\$ 1,076.8	\$ 1,003.2	\$ 73.6	-	\$ 1,409.9	-	

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

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

MAIL VOLUME - MAIL REVENUE

(Data in Thousands)

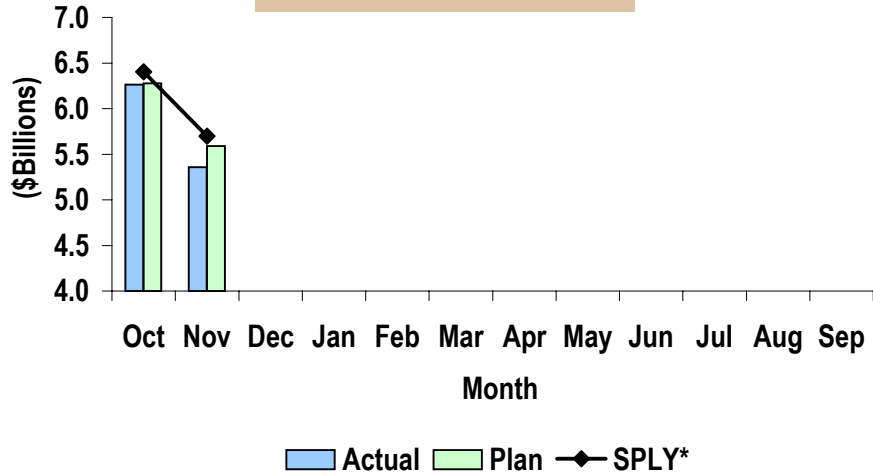
YEAR-TO-DATE

CATEGORY

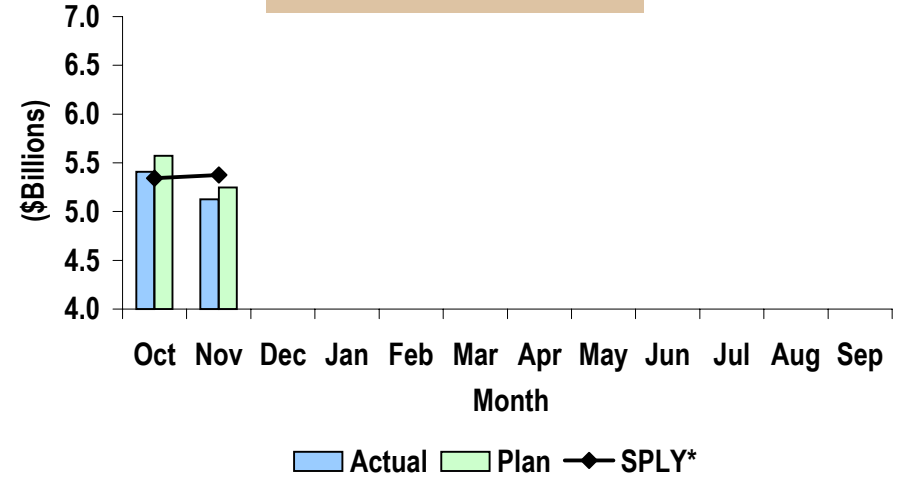
This data will be published for the Revenue, Pieces and Weight (RPW) report for Quarter I (October 1 - December 31) to be released at the Board of Governors' February meeting. Thereafter, monthly estimates will resume.

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

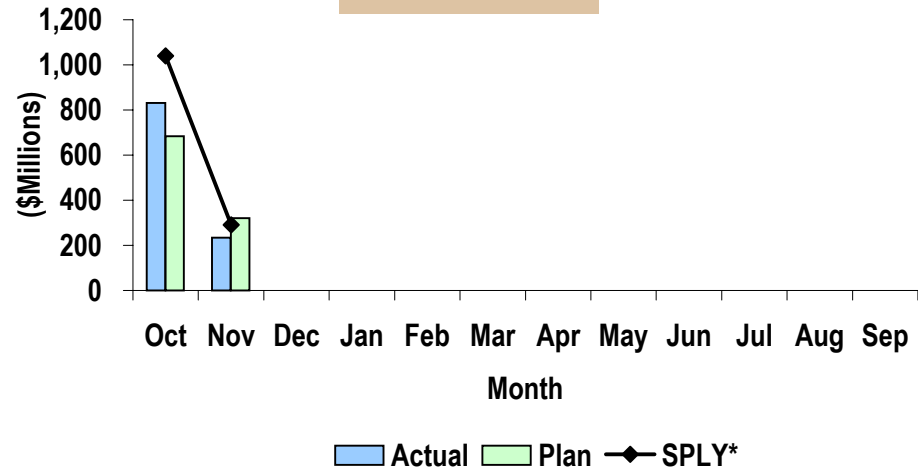
**TOTAL OPERATING REVENUE
FY 2004**



**TOTAL OPERATING EXPENSE
FY 2004**



**NET INCOME (LOSS)
FY 2004**



*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
November, 2003 - FY 2004
(\$ Millions)

Current Period				Year-to-Date		
Actual	SPLY*	% SPLY		Actual	SPLY*	% SPLY
			Operating Revenue:			
\$ 1,846.0	\$ 1,963.8	- 6.0	Metered Postage	\$ 4,078.7	\$ 4,123.9	- 1.1
929.2	1,037.9	- 10.5	Stamps and Stamped Paper	1,889.6	2,044.6	- 7.6
1,378.7	1,394.2	- 1.1	Permit Imprint	3,075.9	3,232.6	- 4.8
168.7	184.1	- 8.4	Periodicals & Standard	376.6	418.2	- 9.9
62.9	116.5	- 46.0	Official Mail	134.0	195.1	- 31.3
766.7	797.8	- 3.9	Presort First-Class & Package Svc./Permit Imprint	1,624.3	1,612.9	0.7
50.5	51.1	- 1.2	Box Rents	112.2	118.3	- 5.2
13.8	14.5	- 4.8	Money Order Fees	29.4	31.8	- 7.5
<u>139.3</u>	<u>135.0</u>	3.2	Other	<u>304.4</u>	<u>307.3</u>	- 0.9
\$ 5,355.8	\$ 5,694.9	- 6.0	Subtotal	\$ 11,625.1	\$ 12,084.7	- 3.8
			Government Appropriation:			
<u>3.0</u>	<u>2.6</u>	15.4	Revenue Forgone	<u>6.1</u>	<u>5.2</u>	17.3
\$ 5,358.8	\$ 5,697.5	- 5.9	Total Operating Revenue	\$ 11,631.2	\$ 12,089.9	- 3.8
<u>2.9</u>	<u>2.8</u>	3.6	Investment Income	<u>5.6</u>	<u>8.8</u>	- 36.4
\$ 5,361.7	\$ 5,700.3	- 5.9	Total Revenue	\$ 11,636.8	\$ 12,098.7	- 3.8

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
November, 2003 - FY 2004
(\$ Millions)

Current Period				Year-to-Date		
Actual	Budget	% Budget		Actual	Budget	% Budget
			Commercial Revenue			
\$ 2,374.1	\$ 2,334.1	1.7	Permit Revenue	\$ 5,200.9	\$ 5,062.7	2.7
<u>1,613.8</u>	<u>1,808.9</u>	[- 10.8]	Other Commercial Accounts Revenue	<u>3,602.0</u>	<u>3,911.2</u>	[- 7.9]
\$ 3,987.9	\$ 4,143.0	[- 3.7]	Total Commercial Revenue	\$ 8,802.9	\$ 8,973.9	[- 1.9]
			Retail Revenue			
1,139.1	1,153.1	[- 1.2]	Retail Postage Revenue	2,328.9	2,291.6	1.6
71.8	80.7	[- 11.0]	Retail Services Revenue	157.3	165.0	[- 4.7]
12.3	9.8	25.5	Retail Products Revenue	25.1	19.3	30.1
<u>116.8</u>	<u>155.9</u>	[- 25.1]	Other Retail Channels Revenue	<u>243.1</u>	<u>309.7</u>	[- 21.5]
\$ 1,340.0	\$ 1,399.5	[- 4.3]	Total Retail Revenue	\$ 2,754.4	\$ 2,785.6	[- 1.1]
\$ 5,327.9	\$ 5,542.5	[- 3.9]	Total Commercial & Retail Revenue	\$ 11,557.3	\$ 11,759.5	[- 1.7]
27.9	44.5	[- 37.3]	Other Income	67.8	101.4	[- 33.1]
<u>3.0</u>	<u>3.0</u>	0.0	Revenue Forgone	<u>6.1</u>	<u>6.1</u>	0.0
\$ 5,358.8	\$ 5,590.0	[- 4.1]	Total Operating Revenue	\$ 11,631.2	\$ 11,867.0	[- 2.0]
<u>2.9</u>	<u>2.2</u>	31.8	Investment Income	<u>5.6</u>	<u>4.5</u>	24.4
\$ 5,361.7	\$ 5,592.2	[- 4.1]	Total Revenue	\$ 11,636.8	\$ 11,871.5	[- 2.0]

[]=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.

ANALYSIS OF OPERATING EXPENSES
November, 2003 - 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
\$ 27.1	\$ 27.9	\$ -0.8	-2.8	\$ 27.3	-0.6	\$ 60.0	\$ 60.6	\$ -0.6	-1.0	\$ 57.9	3.6
910.4	920.2	-9.7	-1.1	952.4	-4.4	1,881.4	1,902.5	-21.1	-1.1	1,909.6	-1.5
355.2	349.9	[5.3]	[1.5]	361.5	-1.7	748.8	736.5	[12.3]	[1.7]	731.3	2.4
1,239.7	1,227.9	[11.8]	[1.0]	1,307.6	-5.2	2,598.2	2,575.6	[22.6]	[0.9]	2,602.9	-0.2
87.0	88.1	-1.1	-1.2	88.6	-1.8	184.0	185.3	-1.3	-0.7	180.1	2.2
222.9	231.5	-8.6	-3.7	222.3	0.3	469.2	485.4	-16.2	-3.3	452.9	3.6
591.3	594.0	-2.7	-0.5	627.8	-5.8	1,254.8	1,249.8	[4.9]	[0.4]	1,250.8	0.3
15.0	16.8	-1.9	-11.1	19.1	-21.8	32.6	36.3	-3.6	-10.0	39.8	-18.0
25.8	27.1	-1.2	-4.5	24.9	4.0	56.6	58.8	-2.2	-3.8	52.9	7.0
40.7	43.9	-3.3	-7.5	40.8	-0.4	89.1	94.9	-5.8	-6.1	84.6	5.3
174.5	179.5	-5.0	-2.8	192.4	-9.3	380.6	386.4	-5.8	-1.5	367.8	3.5
118.4	140.5	-22.1	-15.7	159.3	-25.7	278.4	286.7	-8.3	-2.9	303.8	-8.4
\$ 3,808.0	\$ 3,847.4	\$ -39.4	-1.0	\$ 4,024.0	-5.4	\$ 8,033.5	\$ 8,058.7	\$ -25.2	-0.3	\$ 8,034.4	-0.0
124.1	124.6	-0.5	-0.4	133.3	-6.9	248.2	249.3	-1.0	-0.4	266.4	-6.8
7.1	7.6	-0.6	-7.3	8.3	-15.0	14.2	15.3	-1.2	-7.6	16.7	-15.0
0.0	1.8	-1.8	-100.0	0.0	NM	0.0	3.6	-3.6	-100.0	0.0	NM
110.2	110.2	0.0	0.0	97.7	12.8	220.3	220.3	0.0	0.0	195.4	12.8
10.2	11.2	-1.0	-8.9	12.7	-19.4	20.5	22.1	-1.6	-7.3	22.9	-10.7
\$ 4,059.6	\$ 4,102.8	\$ -43.2	-1.1	\$ 4,276.0	-5.1	\$ 8,536.7	\$ 8,569.3	\$ -32.6	-0.4	\$ 8,535.7	-

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

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

ANALYSIS OF NON-PERSONNEL EXPENSES
November, 2003 - FY 2004
(\$ Millions)

Current Period							Year-to-Date						
Actual	Budget	Var. to Budget		SPLY *	% SPLY	Description	Actual	Budget	Var. to Budget		SPLY *	% SPLY	
			% Budget							% Budget			
\$ 375.0	\$ 404.1	\$ -29.1	-7.2	\$ 387.0	-3.1	Transportation	\$ 683.9	\$ 830.4	\$ -146.5	-17.6	\$ 765.6	-10.7	
180.6	236.4	-55.8	-23.6	202.1	-10.6	Supplies & Services	315.3	415.5	-100.2	-24.1	343.9	-8.3	
185.8	185.4	[0.5]	[0.2]	180.2	3.1	Depreciation	386.9	376.0	[11.0]	[2.9]	373.9	3.5	
82.5	78.7	[3.8]	[4.8]	75.0	10.0	Rent	158.0	160.9	-2.9	-1.8	152.0	3.9	
40.3	37.9	[2.4]	[6.3]	36.6	9.9	Fuel & Utilities	76.6	77.9	-1.4	-1.8	76.2	0.4	
28.5	31.0	-2.6	-8.2	44.8	-36.4	Rural Carrier Equip Maint Allowance	74.6	65.5	[9.1]	[13.8]	74.9	-0.5	
36.7	33.5	[3.2]	[9.5]	40.4	-9.1	Vehicle Maintenance	70.1	68.1	[1.9]	[2.8]	74.7	-6.2	
38.6	46.7	-8.2	-17.5	27.8	39.0	Information Technology	63.8	74.8	-11.0	-14.7	61.2	4.3	
18.8	14.2	[4.6]	[32.4]	14.6	29.0	Building Projects Expensed	38.0	26.7	[11.3]	[42.3]	14.0	170.5	
6.6	6.0	[0.6]	[10.2]	7.4	-10.7	Contract Job Cleaners	13.4	12.4	[1.1]	[8.6]	13.3	0.9	
16.5	12.5	[4.1]	[32.7]	9.9	67.4	Travel & Relocation	32.7	25.1	[7.5]	[30.0]	21.2	54.2	
16.6	12.5	[4.1]	[32.6]	18.7	-11.4	Communications	29.4	24.6	[4.9]	[19.9]	32.6	-9.6	
4.8	4.7	[0.1]	[2.1]	5.9	-18.4	Contract Stations	10.5	11.2	-0.7	-6.0	6.9	51.0	
1.2	2.2	-0.9	-43.5	2.0	-38.3	Printing	1.9	4.1	-2.1	-52.4	2.3	-14.0	
2.2	5.4	-3.2	-59.0	4.6	-51.1	Training	5.5	11.2	-5.7	-50.6	8.9	-38.0	
2.4	4.4	-2.0	-45.3	5.4	-55.9	Carfare & Tolls	3.9	9.0	-5.1	-57.0	10.3	-62.5	
1.2	2.0	-0.8	-37.7	2.2	-42.3	Vehicle Hire	2.9	4.2	-1.2	-29.8	4.1	-28.8	
4.9	3.9	[1.0]	[25.3]	4.2	16.8	Accident Cost	9.1	7.3	[1.8]	[25.2]	8.1	12.6	
22.0	24.3	-2.3	-9.6	32.1	-31.5	Miscellaneous	40.0	48.1	-8.1	-16.9	48.6	-17.7	
\$ 1,065.4	\$ 1,145.9	\$ -80.5	-7.0	\$ 1,100.9	-3.2	Total Non-Personnel Expenses	\$ 2,016.6	\$ 2,253.0	\$ -236.4	-10.5	\$ 2,092.7	-3.6	

[]=Unfavorable variance to budget

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.

STATEMENT OF FINANCIAL POSITION

November, 2003 - FY 2004

(\$ Millions)

Assets

Due to a conversion to a new general ledger system, this data, on a monthly basis, is under development. This data will be available for the Quarter I report and, thereafter, on a monthly basis.

STATEMENT OF FINANCIAL POSITION

November, 2003 - FY 2004

(\$ Millions)

Liabilities and Equities

Due to a conversion to a new general ledger system, this data, on a monthly basis, is under development. This data will be available for the Quarter I report and, thereafter, on a monthly basis.

STATEMENT OF CASH FLOWS

Fiscal Year 2004

(\$ Millions)

For the Fiscal Year through November 30, 2004

Due to a conversion to a new general ledger system, this data, on a monthly basis, is under development. This data will be available for the Quarter I report and, thereafter, on a monthly basis.

CAPITAL INVESTMENTS
FY 2004
(\$ Millions)

MAJOR CATEGORIES	COMMITMENTS			CASH OUTLAYS		
	November Year-to-Date			November Year-to-Date		
	ACTUAL	PLAN	SPLY	ACTUAL	PLAN	SPLY
CONSTRUCTION AND BUILDING PURCHASE	\$ 3.7	\$ 20.0	\$ 2.3	\$ 22.3	\$ 33.9	\$ 19.5
BUILDING IMPROVEMENTS	16.7	18.2	4.3	35.4	41.2	32.3
MAIL PROCESSING EQUIPMENT	24.6	35.8	296.5	120.5	128.4	118.6
VEHICLES	0.3	148.0	0.0	47.7	24.5	2.7
RETAIL EQUIPMENT	14.6	13.3	0.5	13.9	9.9	0.7
POSTAL SUPPORT EQUIPMENT	35.1	49.2	24.6	59.4	41.4	22.8
TOTAL COMMITMENTS/CASH OUTLAYS	\$ 95.0	\$ 284.5	\$ 328.2	\$ 299.2	\$ 279.3	\$ 196.6

RESOURCES ON ORDER
(\$ Millions)

MAJOR CATEGORIES	November 30, 2003	September 30, 2003
CONSTRUCTION AND BUILDING PURCHASE	\$ 219.6	\$ 238.2
BUILDING IMPROVEMENTS	168.0	186.7
MAIL PROCESSING EQUIPMENT	1,313.6	1,409.5
VEHICLES	24.1	71.6
RETAIL EQUIPMENT	179.1	178.4
POSTAL SUPPORT EQUIPMENT	286.3	310.5
TOTAL RESOURCES ON ORDER	\$ 2,190.7	\$ 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

November, 2003 - 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:					
647	- 22	- 3.3	687	- 5.7	-Support	1,456	- 18	- 1.2	1,504	- 3.2
27,686	- 730	- 2.6	29,255	- 5.4	-Mail Processing	57,590	- 1,373	- 2.3	61,187	- 5.9
12,926	[124]	[1.0]	12,670	2.0	-Rural Delivery	27,477	[274]	[1.0]	26,930	2.0
36,114	[187]	[0.5]	36,770	- 1.8	-City Delivery	76,610	[462]	[0.6]	77,952	- 1.7
2,417	- 65	- 2.6	2,510	- 3.7	-Vehicles Services	5,186	- 89	- 1.7	5,318	- 2.5
6,299	- 336	- 5.1	6,410	- 1.7	-Plant & Equip Maint	13,453	- 626	- 4.4	13,629	- 1.3
17,725	- 172	- 1.0	18,455	- 4.0	-Customer Services	37,964	- 92	- 0.2	39,199	- 3.2
367	- 75	- 16.9	515	- 28.7	Finance	814	- 152	- 15.8	1,114	- 26.9
638	- 12	- 1.9	652	- 2.1	Human Resources	1,440	[5]	[0.4]	1,417	1.6
1,086	- 80	- 6.8	1,132	- 4.0	Customer Service & Sales	2,423	- 132	- 5.2	2,457	- 1.4
4,885	- 82	- 1.7	5,109	- 4.4	Administration	10,686	- 98	- 0.9	10,936	- 2.3
2,495	- 622	- 20.0	3,580	- 30.3	Other	5,666	- 772	- 12.0	6,869	- 17.5
113,286	- 1,885	- 1.6	117,746	- 3.8	Total Workhours	240,766	- 2,611	- 1.1	248,511	- 3.1

Overtime						
Actual	Budget	SPLY		Actual	Budget	SPLY
9.9%	8.8%	9.0%	<u>Overtime Ratio</u>	9.3%	8.6%	8.7%
			Per 100 Workhours			

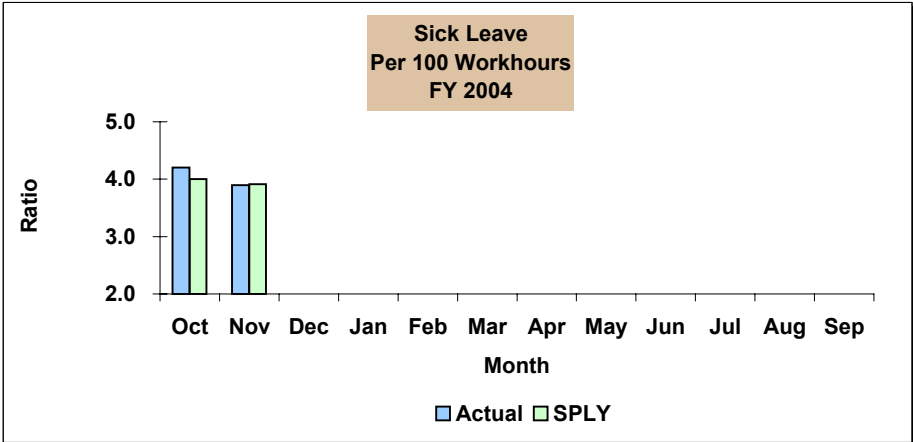
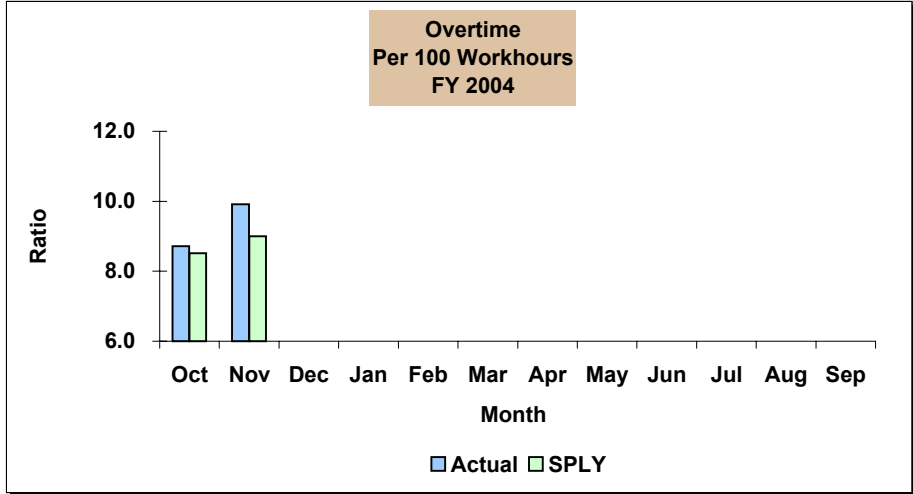
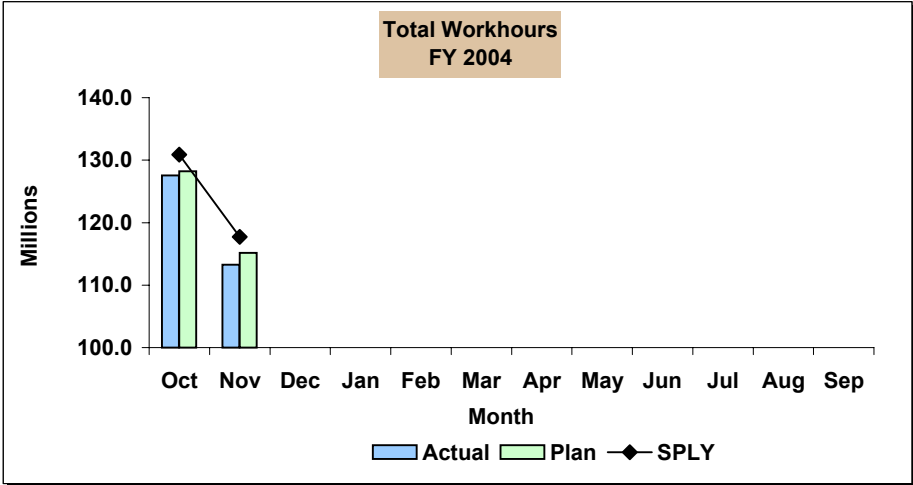
Sick Leave						
Actual	Budget	SPLY		Actual	Budget	SPLY
3.9%	-	3.9%	<u>Sick Leave Ratio</u>	4.1%	-	4.0%
			Per 100 Workhours			

[]=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.

November 2003, FY 2004

Analysis of the Financial and Operating Statements

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

Current period, Total Revenue was 4.1% or \$231 million under plan. Commercial Revenue was 3.7% or \$155 million under plan. Total Revenue was 5.9% or \$339 million under same period last year (SPLY). The bulk of the decrease to SPLY for total revenue was reflected in Metered Postage, \$118 million under and Stamps and Stamped Paper, which decreased \$109 million.

Year-to-date (YTD), Total Revenue is \$235 million or 2.0% under plan. Other Commercial Accounts contribute to the majority of the Total Revenue underrun to plan, \$309 million. As compared to SPLY, Total Revenue has decreased 3.8% or \$462 million. Permit Imprint and Stamps and Stamped Paper revenue combined are \$312 million of this total revenue change to SPLY amount.

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

Current period, Total Expenses were \$143 million or 2.7% below plan. Both personnel and non-personnel costs were below plan. Total workhours were 1.6% below plan and 3.8% below SPLY (see page 14). The primary contributors of the \$81 million plan underrun in non-personnel costs were Supplies and Services and Transportation, which were \$56 million and \$29 million below plan, respectively.

YTD, Total Expenses are \$308 million or 2.8% below plan. Most of the YTD plan underrun lies in non-personnel expenses, \$236 million. Transportation, \$147 million and Supplies and Services, \$100 million. Transformation Plan initiatives, Supply Chain Management, more effective utilization of our transportation network, and other cost containment initiatives will continue to drive many of our savings. Reduced workload due to lower than planned mail volume has also had an impact.

Mail Volume and Revenue - Page 3

Mail volume and revenue data is not available at this time. We anticipate that this data will be available at the completion of Quarter I.

November 2003, FY 2004

Analysis of the Financial and Operating Statements (Continued)

Capital Commitments - Pages 1 and 13

The Fiscal Year 2004 Capital Commitments YTD through November, 2003 are \$95 million compared to a plan of \$285 million. This represents an underrun of about \$190 million or 66.6%.

The Cash Outlays YTD are \$299 million versus a plan of \$279 million, representing a \$20 million overrun to plan.

Workhours - Pages 1, 14 and 15

Total workhours for November were 1.9 million hours or 1.6% below plan and 4.5 million hours below November, 2002. The Mail processing function, which includes automated, mechanized and manual distribution, remote barcoding operations, platform operations, and supervision was 1.6 million workhours less than the same month last year. An additional 1.4 million workhours were reduced in City Delivery Service and Customer Service combined. These reductions were a direct result of cost containment and efficiency improvement activities outlined in the Transformation Plan. Other Workhours category on page 14, relating to Limited Duty, Rehabilitation and Headquarters General Management hours, also played a major role in workhour reductions to SPLY. Current period, it should be noted that Other Workhours were 1.1 million hours below same period last year.

Total workhours for November YTD are 7.7 million hours or 3.1% 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, as well as capturing workhours as a result of decreasing workload. To date, Mail Processing workhours have been reduced 3.6 million hours below same period last year. City and Rural Delivery, combined with Customer Service clerk workhours, contributed to a reduction of 2.0 million workhours to SPLY.