

**UNITED STATES
POSTAL SERVICE**

FINANCIAL & OPERATING STATEMENTS



November, FY 2006

November 1 – November 30, 2005

Prepared by: Financial Reporting and Analysis

HIGHLIGHTS
November 2005 - FY 2006
(Millions)

Current Period					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY
\$ 6,023.4	\$ 6,057.1	[\$ -33.7]	[-0.6]	\$ 6,022.6	0.0
<u>5,698.6</u>	<u>5,731.4</u>	<u>-32.8</u>	-0.6	<u>5,425.9</u>	5.0
\$ 324.8	\$ 325.7	[\$ -0.9]	NM	\$ 596.7	NM
<u>\$ 250.0</u>					
<u>\$ 74.8</u>					

Year-to-Date (October 1, 2005 - November 30, 2005)					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY
\$ 12,004.2	\$ 12,248.2	[\$ -244.0]	[-2.0]	\$ 12,147.4	-1.2
<u>11,398.1</u>	<u>11,501.5</u>	<u>-103.4</u>	-0.9	<u>11,033.1</u>	3.3
\$ 606.1	\$ 746.7	[\$ -140.6]	NM	\$ 1,114.3	NM
<u>\$ 500.0</u>					
<u>\$ 106.1</u>					

\$ 38.0	\$ 77.3	[\$ -39.3]	[-50.8]	\$ 32.5	16.9	Capital Commitments	\$ 86.7	\$ 105.6	[\$ -18.9]	[-17.9]	\$ 61.5	41.0
120.2	118.3	[1.9]	[1.6]	119.9	0.2	Total Workhours	243.1	238.8	[4.3]	[1.8]	243.2	-0.0

[] = Unfavorable variance to budget

Actual Number Of:	Current Period	Last Period	SPLY
Post Offices	27,355	27,370	27,506
Postal Owned Vehicles In Use			
Administrative	6,338	6,352	5,752
Operations	208,917	207,956	206,644
Total Deliveries (000)	144,689	144,503	142,639
City Delivery Routes	164,345	164,385	164,473
Rural Routes	73,116	72,827	71,045
Career Employees (Excludes Inspector General)	702,729	703,282	705,432
Casual Employees	23,226	19,532	25,824 **
Transitional Employees	8,896	8,529	10,580

* Public Law (PL) 108-18, The Postal Civil Service Retirement System Funding Reform Act of 2003 requires that the U. S. Postal Service, beginning in FY 2006 hold in escrow an amount equal to the difference between the CSRS retirement costs before and after the implementation of this law. The Office of Personnel Management (OPM) calculates this amount and based on their latest estimate we are allocating \$250 million per month for purposes of assessing our financial position.

** In this report last year, casual employees were incorrectly reported as 19,520 for November.

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

STATEMENT OF INCOME & EXPENSE
November 2005 - FY 2006
(\$ Millions)

Current Period							Year-to-Date						
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY		Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY	
\$ 6,014.5	\$ 6,044.4	[\$ -29.9]	[-0.5]	\$ 6,019.2	-0.1	Operating Revenue	\$ 11,987.7	\$ 12,223.2	[\$ -235.5]	[-1.9]	\$ 12,141.4	-1.3	
<u>5,676.8</u>	<u>5,709.5</u>	<u>-32.7</u>	-0.6	<u>5,407.8</u>	5.0	Operating Expense	<u>11,353.1</u>	<u>11,456.3</u>	<u>-103.2</u>	-0.9	<u>10,995.4</u>	3.3	
\$ 337.7	\$ 334.9	\$ 2.8	-	\$ 611.4	NM	Income/(Loss) From Operations	\$ 634.6	\$ 766.9	[\$ -132.3]	-	\$ 1,146.0	NM	
8.9	12.7	[-3.8]	[-29.9]	3.4	161.8	Investment Income	16.5	25.0	[-8.5]	[-34.0]	6.0	175.0	
0.0	0.1	-0.1	-100.0	-	NM	Interest Expense	1.4	1.6	-0.2	-12.5	1.5	-6.7	
<u>21.8</u>	<u>21.8</u>	<u>-</u>	-	<u>18.1</u>	20.4	Interest on Deferred Retirement Obligations	<u>43.6</u>	<u>43.6</u>	<u>-</u>	-	<u>36.2</u>	20.4	
\$ 324.8	\$ 325.7	[\$ -0.9]	NM	\$ 596.7	NM	Net Income Before Escrow Allocation*	\$ 606.1	\$ 746.7	[\$ -140.6]	NM	\$ 1,114.3	NM	
<u>250.0</u>						Escrow Allocation *	<u>500.0</u>						
\$ 74.8						Net Income After Escrow Allocation *	\$ 106.1						

[]=Unfavorable variance to budget

* See footnote on page 1.

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

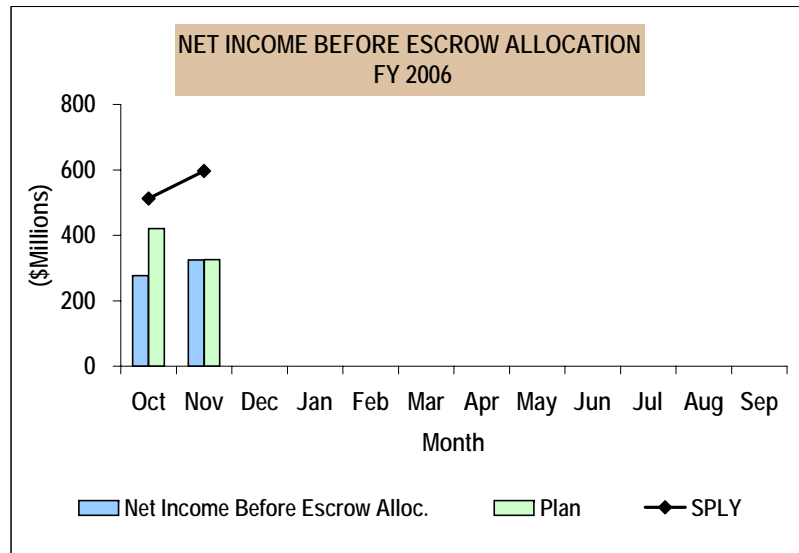
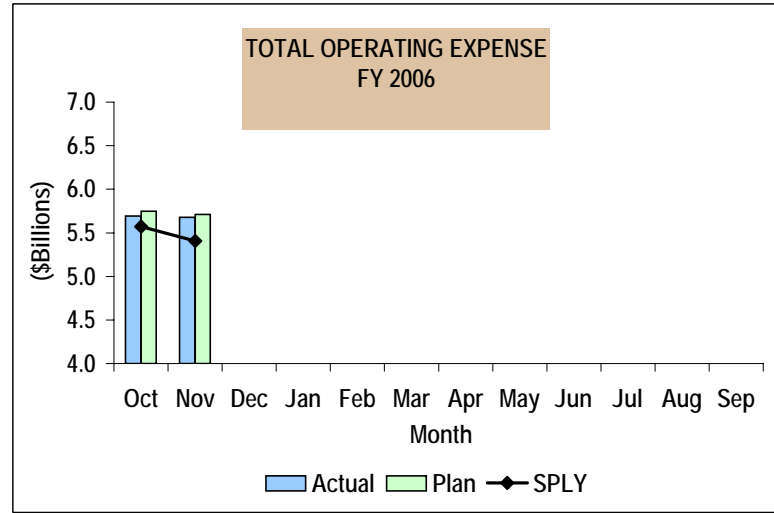
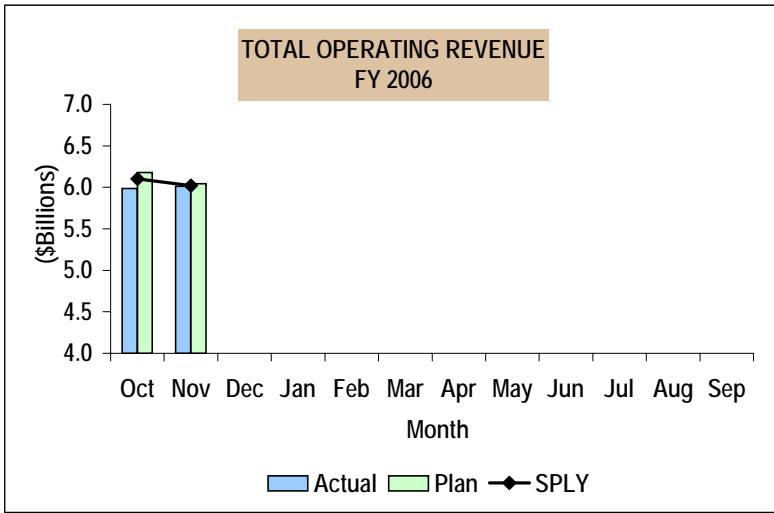
MAIL VOLUME - MAIL REVENUE
(Data in Thousands)

CATEGORY	Current Period			Year-to-Date		
	November 30, 2005	November 30, 2004	% SPLY	November 30, 2005	November 30, 2004	% SPLY
FIRST-CLASS						
VOLUME	8,078,961	8,402,221	- 3.8	16,111,981	16,725,140	- 3.7
REVENUE	\$ 2,980,234	\$ 3,113,858	- 4.3	\$ 5,918,915	\$ 6,170,747	- 4.1
REV/PC.	\$ 0.3689	\$ 0.3706	- 0.5	\$ 0.3674	\$ 0.3690	- 0.4
PRIORITY-MAIL						
VOLUME	76,394	72,322	5.6	148,483	140,662	5.6
REVENUE	\$ 401,003	\$ 379,412	5.7	\$ 774,448	\$ 733,560	5.6
REV/PC.	\$ 5.2491	\$ 5.2461	0.1	\$ 5.2157	\$ 5.2151	0.0
EXPRESS MAIL						
VOLUME	4,365	4,141	5.4	8,862	8,431	5.1
REVENUE	\$ 68,865	\$ 65,192	5.6	\$ 139,740	\$ 132,734	5.3
REV/PC.	\$ 15.7766	\$ 15.7431	0.2	\$ 15.7684	\$ 15.7436	0.2
PERIODICALS						
VOLUME	750,192	756,156	- 0.8	1,548,159	1,534,017	0.9
REVENUE	\$ 185,089	\$ 187,708	- 1.4	\$ 378,399	\$ 376,632	0.5
REV/PC.	\$ 0.2467	\$ 0.2482	- 0.6	\$ 0.2444	\$ 0.2455	- 0.4
STANDARD MAIL						
VOLUME	9,570,889	9,115,572	5.0	19,225,149	19,227,634	- 0.0
REVENUE	\$ 1,784,132	\$ 1,725,197	3.4	\$ 3,615,063	\$ 3,599,660	0.4
REV/PC.	\$ 0.1864	\$ 0.1893	- 1.5	\$ 0.1880	\$ 0.1872	0.4
PACKAGE SERVICES						
VOLUME	103,095	93,472	10.3	196,889	187,726	4.9
REVENUE	\$ 197,601	\$ 194,944	1.4	\$ 368,765	\$ 374,983	- 1.7
REV/PC.	\$ 1.9167	\$ 2.0856	- 8.1	\$ 1.8730	\$ 1.9975	- 6.2
INTERNATIONAL						
VOLUME	67,333	65,599	2.6	141,287	135,009	4.7
REVENUE	\$ 136,505	\$ 140,628	- 2.9	\$ 286,157	\$ 292,774	- 2.3
REV/PC.	\$ 2.0273	\$ 2.1438	- 5.4	\$ 2.0254	\$ 2.1686	- 6.6
ALL OTHER						
VOLUME	73,702	104,460	- 29.4	165,132	158,122	4.4
REVENUE	-	-	-	-	-	-
ALL MAIL						
VOLUME	18,724,930	\$ 18,613,944	0.6	37,545,944	38,116,740	- 1.5
REVENUE	\$ 5,753,429	\$ 5,806,940	- 0.9	\$ 11,481,488	\$ 11,681,090	- 1.7
REV/PC.	\$ 0.3073	\$ 0.3120	- 1.5	\$ 0.3058	\$ 0.3065	- 0.2

NOTE: Totals may not sum due to rounding.

When interpreting RPW SPLY changes under monthly reporting, users must factor in the number and composition of business days in the relevant time periods.

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.

REVENUE BY SOURCE
November 2005 - FY 2006
(\$ Millions)

Current Period				Year-to-Date		
Actual	SPLY	% SPLY		Actual	SPLY	% SPLY
\$ 1,964.0	\$ 1,985.4	- 1.1	Operating Revenue:	\$ 3,941.3	\$ 4,060.0	- 2.9
			Metered Postage			
924.6	1,018.5	- 9.2	Stamps and Stamped Paper	1,773.6	1,929.2	- 8.1
1,679.9	1,618.6	3.8	Permit Imprint	3,406.6	3,381.2	0.8
183.4	186.0	- 1.4	Periodicals & Standard	375.0	373.3	0.5
65.5	57.5	13.9	Official Mail	137.3	131.4	4.5
949.0	909.3	4.4	Presort First-Class & Package Svc./Permit Imprint	1,867.5	1,790.1	4.3
55.2	55.1	0.2	Box Rents	114.1	113.2	0.8
16.7	17.4	- 4.0	Money Order Fees	34.2	35.3	- 3.1
<u>167.9</u>	<u>166.3</u>	1.0	Other	<u>316.8</u>	<u>317.4</u>	- 0.2
\$ 6,006.2	\$ 6,014.1	- 0.1	Subtotal	\$ 11,966.4	\$ 12,131.1	- 1.4
<u>8.3</u>	<u>5.1</u>	62.7	Government Appropriations	<u>21.3</u>	<u>10.3</u>	106.8
\$ 6,014.5	\$ 6,019.2	- 0.1	Total Operating Revenue	\$ 11,987.7	\$ 12,141.4	- 1.3
<u>8.9</u>	<u>3.4</u>	161.8	Investment Income	<u>16.5</u>	<u>6.0</u>	175.0
\$ 6,023.4	\$ 6,022.6	0.0	Total Revenue	\$ 12,004.2	\$ 12,147.4	- 1.2

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

EXPENSE ANALYSIS
November 2005 - FY 2006
(\$ Millions)

Current Period						Year-to-Date					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY	Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY
\$ 4,513.9	\$ 4,525.7	\$ - 11.8	- 0.3	\$ 4,331.4	4.2	\$ 9,106.9	\$ 9,100.0	[\$ 6.9]	[0.1]	\$ 8,849.4	2.9
						Personnel Compensation					
						Non-Personnel Expense:					
500.6	451.0	[49.6]	[11.0]	436.0	14.8	922.9	907.1	[15.8]	[1.7]	862.0	7.1
						Transportation					
162.8	211.8	- 49.0	- 23.1	162.8	0.0	291.0	373.8	- 82.8	- 22.2	288.8	0.8
						Supplies & Services					
499.5	521.0	- 21.5	- 4.1	477.6	4.6	1,032.3	1,075.4	- 43.1	- 4.0	995.2	3.7
						Other					
\$ 1,162.9	\$ 1,183.8	\$ - 20.9	- 1.8	\$ 1,076.4	8.0	\$ 2,246.2	\$ 2,356.3	\$ - 110.1	- 4.7	\$ 2,146.0	4.7
						Subtotal					
\$ 5,676.8	\$ 5,709.5	\$ - 32.7	- 0.6	\$ 5,407.8	5.0	\$ 11,353.1	\$ 11,456.3	\$ - 103.2	- 0.9	\$ 10,995.4	3.3
						Total Operating Expense					
0.0	0.1	- 0.1	- 100.0	0.0	NM	1.4	1.6	- 0.2	- 12.5	1.5	- 6.7
						Interest Expense					
21.8	21.8	0.0	0.0	18.1	20.4	43.6	43.6	0.0	0.0	36.2	20.4
						Interest on Deferred Retirement Obligations					
\$ 5,698.6	\$ 5,731.4	\$ - 32.8	- 0.6	\$ 5,425.9	5.0	\$ 11,398.1	\$ 11,501.5	\$ - 103.4	- 0.9	\$ 11,033.1	3.3
						Total Expense					

[]=Unfavorable variance to budget

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

ANALYSIS OF OPERATING EXPENSES
Personnel Compensation
November 2005 - FY 2006
(\$ 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:							
\$ 35.3	\$ 34.3	[\$ 1.1]	[3.2]	\$ 31.5	12.1	-Support	\$ 71.4	\$ 68.2	[\$ 3.3]	[4.8]	\$ 64.3	11.0	
969.0	955.1	[13.9]	[1.5]	932.0	4.0	-Mail Processing	1,964.0	1,924.5	[39.5]	[2.1]	1,923.2	2.1	
425.9	431.3	- 5.4	- 1.3	398.5	6.9	-Rural Delivery	869.8	871.1	- 1.3	- 0.1	808.8	7.5	
1,411.0	1,405.6	[5.4]	[0.4]	1,348.4	4.6	-City Delivery	2,832.8	2,827.8	[5.0]	[0.2]	2,769.2	2.3	
99.5	99.7	- 0.2	- 0.2	94.3	5.5	-Vehicles Services	199.8	201.0	- 1.1	- 0.6	192.5	3.8	
249.9	258.0	- 8.1	- 3.1	236.6	5.6	-Plant & Equip Maint	506.6	523.8	- 17.3	- 3.3	487.7	3.9	
673.3	666.8	[6.6]	[1.0]	650.5	3.5	-Customer Services	1,355.3	1,339.2	[16.1]	[1.2]	1,318.3	2.8	
17.3	18.7	- 1.4	- 7.7	16.1	7.2	Finance	34.8	37.3	- 2.5	- 6.7	33.2	4.8	
29.3	29.8	- 0.6	- 1.9	29.9	- 2.0	Human Resources	58.7	59.5	- 0.8	- 1.4	59.6	- 1.6	
42.5	44.0	- 1.5	- 3.4	40.7	4.4	Customer Service & Sales	85.2	88.1	- 2.9	- 3.2	83.2	2.4	
203.7	216.1	- 12.4	- 5.7	202.3	0.7	Administration - Field	410.6	428.6	- 18.0	- 4.2	401.2	2.3	
105.8	112.8	- 7.1	- 6.3	106.3	- 0.5	Other Salaries & Benefits	214.4	225.4	- 11.0	- 4.9	219.6	- 2.4	
\$ 4,262.4	\$ 4,272.2	\$ - 9.8	- 0.2	\$ 4,087.0	4.3	Total Salaries & Benefits	\$ 8,603.5	\$ 8,594.5	[\$ 9.0]	[0.1]	\$ 8,360.9	2.9	
99.6	99.7	- 0.1	- 0.1	104.2	- 4.4	Workers' Compensation	199.3	199.4	- 0.1	- 0.1	208.3	- 4.3	
4.7	4.6	[0.0]	[0.3]	6.6	- 29.4	Unemployment Compensation	9.3	9.3	[0.0]	[0.1]	13.2	- 29.6	
2.4	2.4	0.0	0.0	1.9	26.3	Deferred Retirement Cost	4.8	4.8	0.0	0.0	3.8	26.3	
132.7	134.1	- 1.4	- 1.0	117.9	12.6	Annuitant Health Benefits	265.1	267.4	- 2.3	- 0.9	235.5	12.6	
12.1	12.6	- 0.6	- 4.5	13.7	- 12.1	Other Compensation	24.9	24.6	[0.4]	[1.5]	27.6	- 9.7	
\$ 4,513.9	\$ 4,525.7	\$ - 11.8	- 0.3	\$ 4,331.4	4.2	Total Personnel Compensation	\$ 9,106.9	\$ 9,100.0	[\$ 6.9]	[0.1]	\$ 8,849.4	2.9	

[]=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 NON-PERSONNEL EXPENSES
November 2005 - FY 2006
(\$ Millions)

Current Period							Year-to-Date						
Actual	Budget	Var. to Budget		SPLY	% SPLY	Description	Actual	Budget	Var. to Budget		SPLY	% SPLY	
\$ 500.6	\$ 451.0	[\$ 49.6]	[11.0]	\$ 436.0	14.8	Transportation	\$ 922.9	\$ 907.1	[\$ 15.8]	[1.7]	\$ 862.0	7.1	
162.8	211.8	- 49.0	- 23.1	162.8	0.0	Supplies & Services	291.0	373.8	- 82.8	- 22.2	288.8	0.8	
168.3	175.4	- 7.1	- 4.0	167.3	0.6	Depreciation	342.8	353.7	- 10.9	- 3.1	335.5	2.2	
86.2	88.3	- 2.1	- 2.4	84.5	2.0	Rent	168.3	170.6	- 2.4	- 1.4	168.0	0.2	
43.0	44.0	- 1.0	- 2.2	41.8	2.8	Utilities & Heating Fuel	89.5	85.5	[3.9]	[4.6]	78.4	14.2	
35.2	36.1	- 0.9	- 2.5	16.6	111.7	Rural Carrier Equip Maint Allowance	72.1	74.3	- 2.2	- 3.0	63.3	13.9	
51.3	50.6	[0.7]	[1.4]	49.3	4.1	Vehicle Maintenance Services	113.7	91.9	[21.9]	[23.8]	85.8	32.6	
24.9	23.8	[1.1]	[4.7]	17.3	44.3	Information Technology	61.3	94.3	- 33.0	- 35.0	50.6	21.2	
23.1	25.3	- 2.2	- 8.9	22.8	1.0	Building Projects Expensed	38.9	39.9	- 1.0	- 2.5	41.9	- 7.1	
7.6	7.3	[0.3]	[4.2]	6.6	14.3	Contract Job Cleaners	14.5	14.2	[0.3]	[1.9]	13.6	6.4	
21.1	16.3	[4.8]	[29.7]	22.4	- 5.9	Travel & Relocation	40.6	29.0	[11.6]	[39.9]	34.1	19.1	
14.5	17.6	- 3.1	- 17.5	18.0	- 19.5	Communications	28.9	30.2	- 1.4	- 4.5	32.4	- 10.9	
5.7	6.3	- 0.5	- 8.7	5.6	2.5	Contract Stations	11.5	12.7	- 1.2	- 9.5	11.6	- 0.8	
1.8	1.7	[0.1]	[5.9]	2.6	- 30.2	Printing	2.8	3.3	- 0.6	- 17.0	5.8	- 52.0	
3.3	5.3	- 2.0	- 37.4	3.3	1.0	Training	7.0	15.8	- 8.8	- 55.6	8.0	- 12.2	
2.2	2.2	- 0.0	- 0.9	1.5	53.3	Carfare & Tolls	4.8	5.2	- 0.3	- 6.4	4.2	14.1	
1.0	1.2	- 0.2	- 16.2	0.6	67.3	Vehicle Hire	2.4	2.5	- 0.1	- 2.2	2.1	18.6	
7.3	3.4	[3.9]	[115.7]	3.9	87.3	Accident Costs	10.1	6.6	[3.5]	[53.4]	8.7	15.0	
3.1	16.4	- 13.3	- 81.4	13.5	- 77.4	Miscellaneous	23.1	45.6	- 22.5	- 49.3	51.2	- 54.9	
\$ 1,162.9	\$ 1,183.8	\$ - 20.9	- 1.8	\$ 1,076.4	8.0	Total Non-Personnel Expenses	\$ 2,246.2	\$ 2,356.3	\$ - 110.1	- 4.7	\$ 2,146.0	4.7	

[]=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.

STATEMENT OF FINANCIAL POSITION

November 2005 - FY 2006

(\$ Millions)

Assets	November 30, 2005	November 30, 2004	September 30, 2005*
Current Assets:			
Cash and cash equivalents _1/	\$ 2,218	\$ 767	\$ 930
Receivables:			
Foreign countries	591	620	590
U.S. Government	231	225	280
Other	<u>184</u>	<u>221</u>	<u>188</u>
Receivables before allowances	1,006	1,066	1,058
Less allowances	<u>52</u>	<u>114</u>	<u>50</u>
Total receivables, net	954	952	1,008
Supplies, advances and prepayments	<u>172</u>	<u>202</u>	<u>200</u>
Total Current Assets	3,344	1,921	2,138
Other Assets, principally revenue forgone appropriations receivable	376	361	376
Property and Equipment, at Cost:			
Buildings	20,532	20,203	20,480
Equipment	18,676	17,546	18,664
Land	2,878	2,811	2,878
Leasehold improvements	<u>1,180</u>	<u>1,106</u>	<u>1,172</u>
	43,266	41,666	43,194
Less allowances for depreciation and amortization	<u>22,661</u>	<u>20,962</u>	<u>22,400</u>
	20,605	20,704	20,794
Construction in progress	<u>2,115</u>	<u>1,851</u>	<u>1,895</u>
Total property and equipment, net	22,720	22,555	22,689
Total Assets	\$ 26,440	\$ 24,837	\$ 25,203

_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.

Certain reclassifications have been made to previously reported Balance Sheet amounts.

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

STATEMENT OF FINANCIAL POSITION
November 2005 - FY 2006
(\$ Millions)

Liabilities and Net Capital	November 30, 2005	November 30, 2004	September 30, 2005*
Current Liabilities:			
Compensation and benefits	\$ 3,693	\$ 3,510	\$ 2,852
Estimated prepaid postage	1,221	1,247	1,200
Payables and accrued expenses:			
Commercial vendors & accrued expenses	1,305	1,318	1,568
Foreign countries	669	757	688
U.S. government	56	78	76
Total payables and accrued expenses	<u>2,030</u>	<u>2,153</u>	<u>2,332</u>
Customer deposit accounts	1,695	1,591	1,720
Outstanding postal money orders	799	788	830
Prepaid box rent & other deferred revenue	466	425	477
Total Current Liabilities	9,904	9,714	9,411
Non-Current Liabilities:			
Workers' compensation costs	6,887	6,859	6,695
Employees' accumulated leave	1,984	1,929	2,016
Deferred revenue	692	288	692
Long-term portion capital lease obligations	644	656	644
Other	347	346	369
Total Non-Current Liabilities	<u>10,554</u>	<u>10,078</u>	<u>10,416</u>
Total Liabilities	20,458	19,792	19,827
Net Capital:			
Capital contributions of the U.S. government	3,034	3,034	3,034
Retained earnings since reorganization	2,948	2,011	2,342
Total Net Capital	<u>5,982</u>	<u>5,045</u>	<u>5,376</u>
Total Liabilities and Net Capital	\$ 26,440	\$ 24,837	\$ 25,203

Certain reclassifications have been made to previously reported Balance Sheet amounts.

* Audited year-end data.

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

STATEMENT OF CASH FLOWS
Fiscal Year 2006 through November 30, 2005
(\$ Millions)

	November 30, 2005	November 30, 2004	September 30, 2005*
Cash flows from operating activities:			
Net Income	\$ 606	\$ 1,114	\$ 1,445
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	341	333	2,089
(Gain) loss on disposals of property and equipment, net	(3)	1	5
Increase in revenue forgore appropriations receivable	-	-	(15)
Increase (decrease) in workers' compensation liability	192	208	(58)
(Decrease) increase in employees' accumulated leave	(32)	(77)	10
(Decrease) in other non-current liabilities	(22)	1	(119)
Changes in current assets and liabilities:			
Decrease in receivables, net	54	72	16
Decrease in supplies, advances and prepayments	28	18	20
Increase in compensation and benefits	841	870	314
Increase (decrease) in estimated prepaid postage	21	(9)	(56)
Decrease in payables and accrued expenses	(301)	(455)	(199)
(Decrease) increase in customers deposit accounts	(25)	(15)	114
(Decrease) increase in outstanding postal money orders	(31)	21	63
(Decrease) increase in prepaid box rent & other deferred revenue	(11)	-	52
Net cash provided by operating activities	1,658	2,082	3,681
Cash flows from investing activities:			
Purchase of property and equipment	(378)	(395)	(2,317)
Proceeds from sale of property and equipment	8	3	31
Net cash used in investing activities	(370)	(392)	(2,286)
Cash flows from financing activities:			
U.S. government appropriation - received	-	-	503
U.S. government appropriation - expended	-	-	(45)
Issuance of debt	-	-	-
Payments on debt	-	(1,800)	(1,800)
Net cash used in financing activities	-	(1,800)	(1,342)
Net increase (decrease) in cash and cash equivalents	1,288	(110)	53
Cash and cash equivalents at beginning of year	930	877	877
Cash and cash equivalents at end of period	\$ 2,218	\$ 767	\$ 930

* Audited year-end data.

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

CAPITAL INVESTMENTS
November 2005 - FY 2006
(\$ Millions)

MAJOR CATEGORIES	COMMITMENTS			CASH OUTLAYS		
	Year-to-Date			Year-to-Date		
	ACTUAL	PLAN	SPLY	ACTUAL	PLAN	SPLY
CONSTRUCTION AND BUILDING PURCHASE	\$ 6.7	\$ 5.0	\$ 12.3	\$ 31.9	\$ 34.2	\$ 33.2
BUILDING IMPROVEMENTS	59.3	53.3	12.0	64.0	64.0	61.5
MAIL PROCESSING EQUIPMENT	21.8	29.1	3.4	144.9	137.4	142.2
VEHICLES	3.4	4.0	0.4	43.3	26.6	38.6
RETAIL EQUIPMENT	0.0	0.0	2.4	0.1	2.6	18.1
POSTAL SUPPORT EQUIPMENT	- 4.4	14.2	31.0	93.6	91.8	102.4
TOTAL COMMITMENTS/CASH OUTLAYS	\$ 86.7	\$ 105.6	\$ 61.5	\$ 377.8	\$ 356.6	\$ 396.0

Note: Totals may not sum due to rounding.

RESOURCES ON ORDER
(\$ Millions)

MAJOR CATEGORIES	November 30, 2005	September 30, 2005
CONSTRUCTION AND BUILDING PURCHASE	\$ 121.0	\$ 149.0
BUILDING IMPROVEMENTS	412.2	419.5
MAIL PROCESSING EQUIPMENT	1,896.8	2,017.9
VEHICLES	162.7	202.7
RETAIL EQUIPMENT	38.4	38.5
POSTAL SUPPORT EQUIPMENT	482.3	579.8
TOTAL RESOURCES ON ORDER	\$ 3,113.4	\$ 3,407.4

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

WORKHOURS & OVERTIME/SICK LEAVE RATIOS

November 2005 - FY 2006

(Data in Thousands)

Current Period					Total Workhours	Year-to-Date				
Actual	Var. to Budget	% Budget	SPLY *	% SPLY		Actual	Var. to Budget	% Budget	SPLY *	% SPLY
781	[36]	[4.8]	727	7.5	Operations:	1,594	[96]	[6.4]	1,486	7.3
28,285	[1,020]	[3.7]	28,178	0.4	-Support	57,124	[2,328]	[4.2]	57,358	-0.4
14,663	[142]	[1.0]	14,216	3.1	-Mail Processing	29,903	[451]	[1.5]	28,911	3.4
38,774	[788]	[2.1]	38,683	0.2	-Rural Delivery	78,177	[1,181]	[1.5]	78,615	-0.6
2,596	[12]	[0.5]	2,572	0.9	-City Delivery	5,230	- 7	-0.1	5,200	0.6
6,549	- 214	- 3.2	6,502	0.7	-Vehicles Services	13,329	- 481	- 3.5	13,298	0.2
19,100	[447]	[2.4]	19,280	-0.9	-Plant & Equip Maint	38,572	[989]	[2.6]	38,756	-0.5
394	- 53	- 11.8	389	1.4	-Customer Services	804	- 96	- 10.7	800	0.4
677	[13]	[1.9]	719	- 5.8	Finance	1,373	[35]	[2.6]	1,448	- 5.2
1,087	- 27	- 2.4	1,086	0.1	Human Resources	2,200	- 51	- 2.3	2,213	- 0.6
5,350	- 138	- 2.5	5,542	- 3.5	Customer Service & Sales	10,862	- 50	- 0.5	10,933	- 0.7
1,910	- 122	- 6.0	2,055	- 7.1	Administration	3,925	- 143	- 3.5	4,180	- 6.1
1,910	- 122	- 6.0	2,055	- 7.1	Other	3,925	- 143	- 3.5	4,180	- 6.1
120,166	[1,905]	[1.6]	119,949	0.2	Total Workhours	243,094	[4,252]	[1.8]	243,198	- 0.0

Overtime						
Actual	Budget	SPLY		Actual	Budget	SPLY
11.7%	8.8%	11.3%	Overtime Ratio Per 100 Workhours	11.4%	8.8%	11.3%

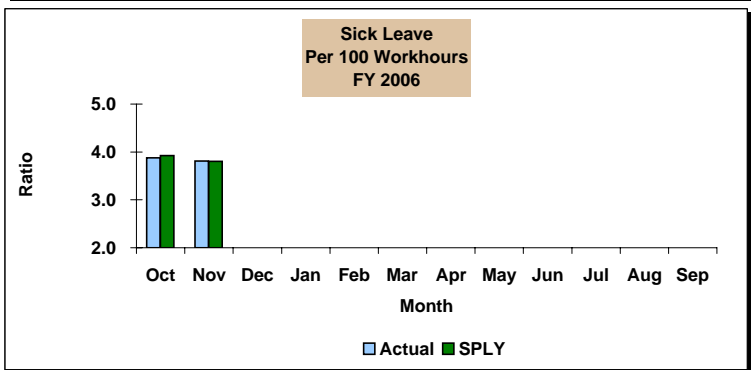
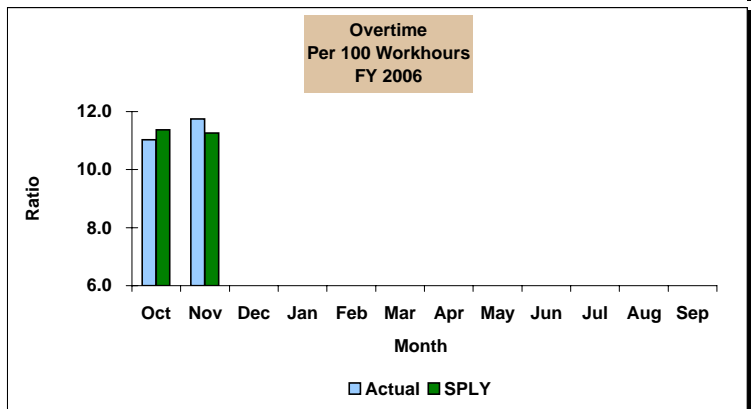
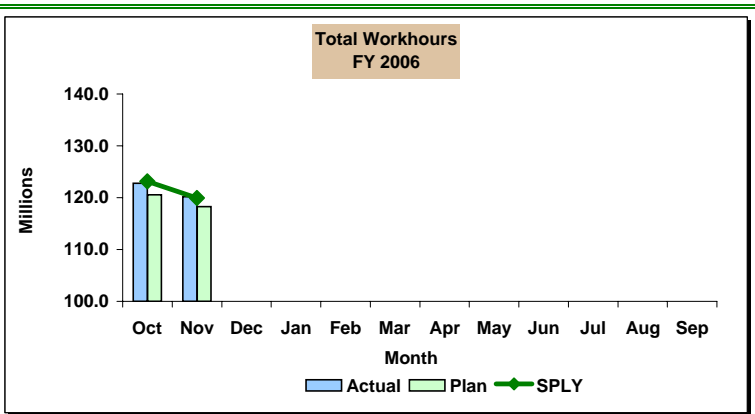
Sick Leave			
Actual		SPLY	
3.8%		3.8%	Sick Leave Ratio Per 100 Workhours
			3.8%
			3.9%

[]=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 2005 - FY 2006

Information: For the month there was an equal number of delivery days and business days as same period last year.

Analysis of the Financial and Operating Statements

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

For November, Total Revenue was \$34 million or 0.6% under plan, and almost identical to same period last year (SPLY). Commercial Revenue was under plan by \$37 million or 0.8% and Retail Revenue was over plan \$11 million or 0.8%. In November, combined Total Commercial Revenue and Retail Revenue were \$26 million less than SPLY. Most of the decrease in revenue to SPLY for November was reflected in Stamps and Stamped Paper, \$94 million.

Year-to-date, Total Revenue is \$244 million or 2.0% under plan with the largest contributor being Other Commercial Accounts Revenue at \$398 million or 10.7% less than plan. YTD, Total Revenue is \$143 million under SPLY.

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

For November, Total Expenses were \$33 million or 0.6% below plan. Personnel costs were \$12 million or 0.3% below plan and non-personnel costs were below plan by \$21 million or 1.8%. Most of the non-personnel plan under run was in Supplies and Services at \$49 million below plan or 23.1%. Conversely, Transportation costs were \$50 million above plan or 11.0%. Compared to SPLY, this month's Total Expenses were increased by \$273 million or 5.0%. The drivers of this increase over SPLY, included an increase in deliveries, increased fuel prices, health benefits and COLA costs.

Year-to-date, Total Expenses were \$103 million or 0.9% below plan. Personnel costs are \$7 million or 0.1% above plan, while non-personnel expenses are \$110 million or 4.7% below plan. The largest contributor to the non-personnel plan under run is Supplies and Services at \$83 million or 22.2% below plan. Some of this underrun (YTD and in November) is due to deferral of some planned spending to future months. YTD Total Expenses are \$365 million or 3.3% above SPLY.

November 2005 - FY 2006

Analysis of the Financial and Operating Statements (Continued)

Mail Volume and Revenue - Page 3

Total Mail Volume for November, FY 2006 was 111 million pieces or 0.6% over SPLY. First-Class Mail volume was 323 million pieces or 3.8% under SPLY, while Standard Mail volumes at 455 million pieces or 5.0% over SPLY, continue to be positive primarily because of the increasing strength of direct marketing channels.

Year-to-date, Total Mail Volume is 1.5% or 571 million pieces under SPLY. YTD, First-Class Mail volume is 3.7% less than SPLY generating \$252 million or 4.1% less revenue than SPLY.

Capital Investments - Pages 1 and 13

The Fiscal Year 2006 Capital Commitments YTD through November 2005 are \$87 million compared to a plan of \$106 million. This represents a plan underrun of about \$19 million or 17.9%.

The Cash Outlays YTD are \$378 million versus a plan of \$357 million, representing a \$21 million overrun to plan.

Workhours - Pages 1, 14 and 15

Total Workhours for November 2005 were 1.9 million hours or 1.6% above plan, and 0.2 million hours or 0.2% above November 2004. Together, City Delivery and Rural Delivery increased 0.5 million hours above SPLY. This month's increase in workhours above SPLY was a reflection of the increase in workload.

Total Workhours for November 2005 YTD are 4.3 million hours or 1.8% above plan, and 0.1 million hours below SPLY. The most significant plan overruns lie in Mail Processing by 2.3 million hours, Delivery Services by 1.6 million hours, and Customer Services by 1.0 million hours. These overruns in workhours are a reflection of growth in mail volume above plan and continued growth in delivery points. YTD, major contributors to the workhours decrease to SPLY are City Delivery and Mail Processing workhours. Combined these operations workhours are 0.7 million hours below SPLY.