



**UNITED STATES
POSTAL SERVICE**

FINANCIAL PERFORMANCE QUARTER 2, FY 2006

**Board of Governors Meeting
May 3, 2006**

**Robert J. Pedersen
Chief Financial Officer &
Executive Vice President (A)**



FINANCIAL PERFORMANCE

Income Statement – Quarter 2

	<u>Actual</u>	<u>Plan</u>	<u>Var</u>	<u>Plan</u>	<u>SPLY</u>
Revenue	\$18,652	\$18,196	+456	+2.5%	+7.7%
Expense	<u>17,806</u>	<u>17,650</u>	[+156]	+0.9%	+4.5%
Net Income	\$847	\$546	+301		\$275
Escrow Allocation	<u>-\$750</u>				
Net Gain After Escrow Allocation	+\$97				

(\$ Millions)

[] = Unfavorable variance to plan.

Numbers may not add due to rounding.



FINANCIAL PERFORMANCE

Income Statement – Quarter 2 Year-to-Date

	<u>Actual</u>	<u>Plan</u>	<u>Var</u>	<u>Plan</u>	<u>SPLY</u>
Revenue	\$37,177	\$36,889	+288	+0.8%	+2.9%
Expense	<u>35,603</u>	<u>35,462</u>	[+141]	+0.4%	+4.2%
Net Income	\$1,574	\$1,427	+147		\$1,957
Escrow Allocation	<u>-\$1,500</u>				
Net Gain After Escrow Allocation	+\$74				

(\$ Millions)

[] = Unfavorable variance to plan.

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FINANCIAL PERFORMANCE

Volume and Revenue – Change to SPLY– Qtr 2 YTD

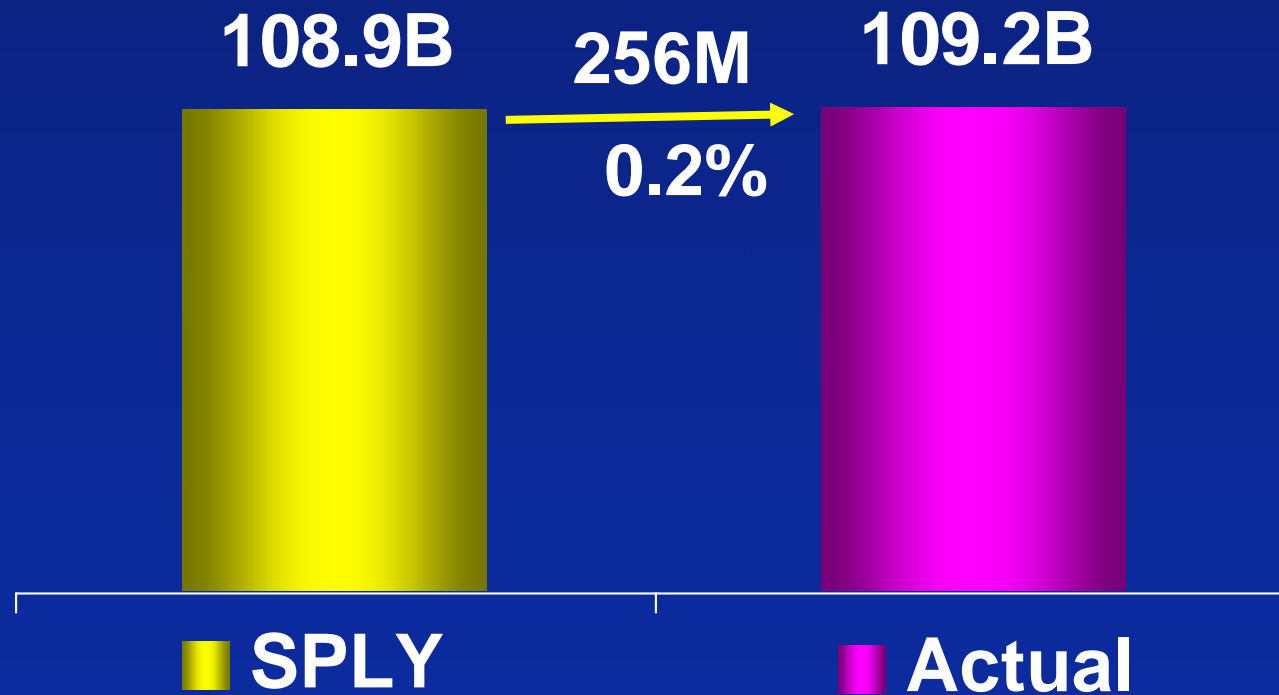
	<u>Volume FY 2006</u>	<u>Volume Change</u>	<u>Revenue Change</u>
First-Class	50.4B	-1.3%	+\$121M
Standard	52.1B	+1.5%	+\$350M
Periodicals	4.6B	-0.8%	+\$9M
Express	28M	+3.9%	+\$29M
Priority	490M	+7.0%	+\$271M
Package Svc.	625M	+3.6%	+\$4M



FINANCIAL PERFORMANCE

Volume – Quarter 2 YTD

Total Revenue up 2.9%





FINANCIAL PERFORMANCE

Deliveries – Quarter 2 YTD

Deliveries

145.1M

Change From Previous QTR

0.3M

Change From SPLY

1.9M



FINANCIAL PERFORMANCE

Expense Increase over FY 2005 – Qtr 2 YTD

	<u>Increase</u>	<u>% Change</u>
Compensation and Benefits	\$827	3.1%
Transportation	319	11.7%
Other Fuel Related	144	18.7%
All Other	<u>136</u>	4.0%
Total Expense Increase	\$1,426	4.2%

(\$Millions)



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