



***UNITED STATES
POSTAL SERVICE***

FINANCIAL & OPERATING STATEMENTS

August, FY 2005

August 1 – August 31, 2005

Prepared by: Financial Reporting and Analysis

HIGHLIGHTS
August 2005 - FY 2005
(Millions)

Current Period					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY

Year-to-Date (October 1, 2004 - August 31, 2005)					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY

\$ 5,867.4	\$ 5,593.7	\$ 273.7	4.9	\$ 5,544.7	5.8	Total Revenue	\$ 64,145.3	\$ 62,748.4	\$ 1,396.9	2.2	\$ 63,109.3	1.6
<u>5,885.1</u>	<u>5,841.0</u>	[44.1]	[0.8]	<u>5,512.5</u>	6.8	Total Expense	<u>62,678.0</u>	<u>62,719.2</u>	- 41.2	- 0.1	<u>60,296.1</u>	4.0
\$ (17.7)	\$ (247.3)	\$ 229.6	NM	\$ 32.2	NM	Net Income/(Loss)	\$ 1,467.3	\$ 29.2	\$ 1,438.1	NM	\$ 2,813.2	NM
\$ 142.6	\$ 1,134.4	[\$ -991.8]	[-87.4]	\$ 162.1	- 12.0	Capital Commitments	\$ 1,652.7	\$ 2,629.7	[\$ -977.0]	[-37.2]	\$ 1,407.0	17.5
125.7	124.6	[1.1]	[0.9]	120.8	4.1	Total Workhours	1,343.0	1,327.3	[15.7]	[1.2]	1,332.2	0.8

[] = Unfavorable variance to budget

Actual Number Of:	Current Period	Last Period	SPLY
Post Offices	27,388	27,401	27,513
Postal Owned Vehicles In Use			
Administrative	6,319	6,307	5,805
Operations	206,420	206,676	206,486
Total Deliveries (000) *	144,173	143,908	142,126
City Delivery Routes	164,435	164,412	164,452
Rural Routes	72,489	72,119	70,711
Career Employees (Excludes Inspector General)	702,946	702,978	706,767
Casual Employees	19,861	20,121	20,128
Transitional Employees	8,504	8,708	9,638

* At the end of 2004, we adjusted our reporting of rural and highway contract deliveries to customers who have their mail forwarded to a Post Office Box as an alternative to a physical address. Prior to 2004, we included both addresses in our count of "possible" delivery points. We also no longer count a vacant delivery point on rural and highway routes as "possible" delivery points. The real growth of deliveries did not change, however, these adjustments reduced our total delivery points. Monthly SPLY deliveries are estimated based on this new methodology. For further information, please see the 2004 Annual Report on USPS.com.

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

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

Current Period							Year-to-Date						
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY		Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY	
\$ 5,857.0	\$ 5,588.5	\$ 268.5	4.8	\$ 5,541.1	5.7	Operating Revenue	\$ 64,068.1	\$ 62,701.0	\$ 1,367.1	2.2	\$ 63,079.5	1.6	
<u>5,864.2</u>	<u>5,822.6</u>	[<u>41.6</u>]	[0.7]	<u>5,494.2</u>	6.7	Operating Expense	<u>62,434.2</u>	<u>62,515.2</u>	<u>- 81.0</u>	- 0.1	<u>60,200.5</u>	3.7	
\$ (7.2)	\$ (234.1)	\$ 226.9	NM	\$ 46.9	NM	Income/(Loss) From Operations	\$ 1,633.9	\$ 185.8	\$ 1,448.1	NM	\$ 2,879.0	NM	
10.4	5.2	5.2	100.0	3.6	188.9	Investment Income	77.2	47.4	29.8	62.9	29.8	159.1	
0.1	0.3	- 0.2	- 66.7	\$ 1.1	- 90.9	Interest Expense	1.6	4.9	- 3.3	- 67.3	9.5	- 83.2	
<u>20.8</u>	<u>18.1</u>	[<u>2.7</u>]	[14.9]	<u>17.2</u>	20.9	Interest on Deferred Retirement Obligations	<u>242.2</u>	<u>199.1</u>	[<u>43.1</u>]	[21.6]	<u>86.1</u>	181.3	
\$ (17.7)	\$ (247.3)	\$ 229.6	NM	\$ 32.2	NM	Net Income/(Loss)	\$ 1,467.3	\$ 29.2	\$ 1,438.1	NM	\$ 2,813.2	NM	

[]=Unfavorable variance to budget

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		
	August FY 2005	August FY 2004	% SPLY	August FY 2005	August FY 2004	% SPLY
FIRST-CLASS						
VOLUME	7,983,391	7,727,736	3.3	90,265,262	90,120,261	0.2
REVENUE	\$ 2,946,764	\$ 2,873,595	2.5	\$ 33,182,260	\$ 33,500,141	- 0.9
REV/PC.	\$ 0.3691	\$ 0.3719	- 0.7	\$ 0.3676	\$ 0.3717	- 1.1
PRIORITY-MAIL						
VOLUME	74,601	67,614	10.3	815,300	781,876	4.3
REVENUE	\$ 387,229	\$ 349,758	10.7	\$ 4,261,932	\$ 4,079,257	4.5
REV/PC.	\$ 5.1907	\$ 5.1729	0.3	\$ 5.2274	\$ 5.2173	0.2
EXPRESS MAIL						
VOLUME	4,847	4,474	8.3	50,951	49,787	2.3
REVENUE	\$ 75,464	\$ 69,829	8.1	\$ 801,319	\$ 784,843	2.1
REV/PC.	\$ 15.5692	\$ 15.6077	- 0.2	\$ 15.7272	\$ 15.7640	- 0.2
PERIODICALS						
VOLUME	811,371	724,033	12.1	8,447,955	8,338,601	1.3
REVENUE	\$ 196,136	\$ 174,913	12.1	\$ 2,003,568	\$ 1,992,774	0.5
REV/PC.	\$ 0.2417	\$ 0.2416	0.1	\$ 0.2372	\$ 0.2390	- 0.8
STANDARD MAIL						
VOLUME	8,690,655	8,063,173	7.8	91,792,969	86,693,551	5.9
REVENUE	\$ 1,632,873	\$ 1,532,311	6.6	\$ 17,230,106	\$ 16,445,686	4.8
REV/PC.	\$ 0.1879	\$ 0.1900	- 1.1	\$ 0.1877	\$ 0.1897	- 1.1
PACKAGE SERVICES						
VOLUME	114,461	95,049	20.4	1,073,775	1,033,077	3.9
REVENUE	\$ 191,436	\$ 179,791	6.5	\$ 2,029,622	\$ 2,031,919	- 0.1
REV/PC.	\$ 1.6725	\$ 1.8916	- 11.6	\$ 1.8902	\$ 1.9669	- 3.9
INTERNATIONAL						
VOLUME	63,727	62,718	1.6	781,058	777,174	0.5
REVENUE	\$ 144,665	\$ 145,292	- 0.4	\$ 1,646,152	\$ 1,577,514	4.4
REV/PC.	\$ 2.2701	\$ 2.3166	- 2.0	\$ 2.1076	\$ 2.0298	3.8
ALL OTHER						
VOLUME	55,073	54,805	0.5	639,020	544,272	17.4
REVENUE	\$ 39	\$ 53	- 25.4	\$ 746	\$ 643	16.0
ALL MAIL						
VOLUME	17,798,126	\$ 16,799,601	5.9	193,866,291	188,338,599	2.9
REVENUE	\$ 5,574,607	\$ 5,325,543	4.7	\$ 61,155,704	\$ 60,412,778	1.2
REV/PC.	\$ 0.3132	\$ 0.3170	- 1.2	\$ 0.3155	\$ 0.3208	- 1.7

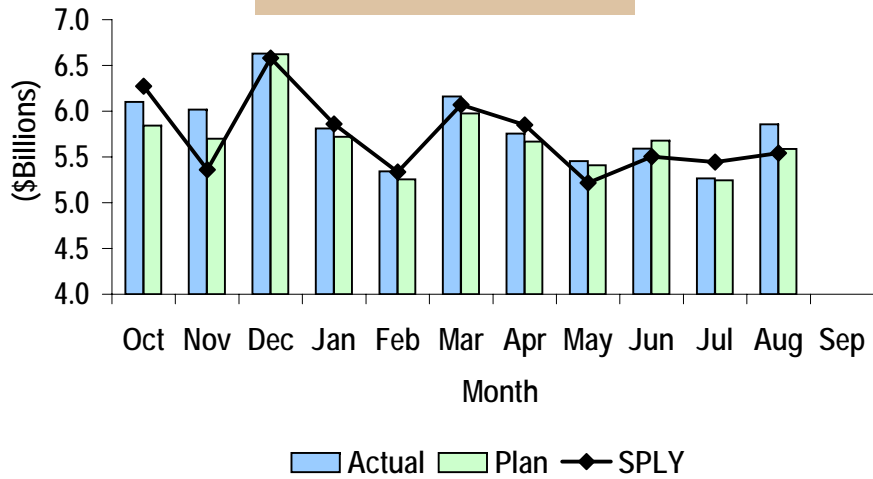
NOTE: Totals may not sum due to rounding.

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.

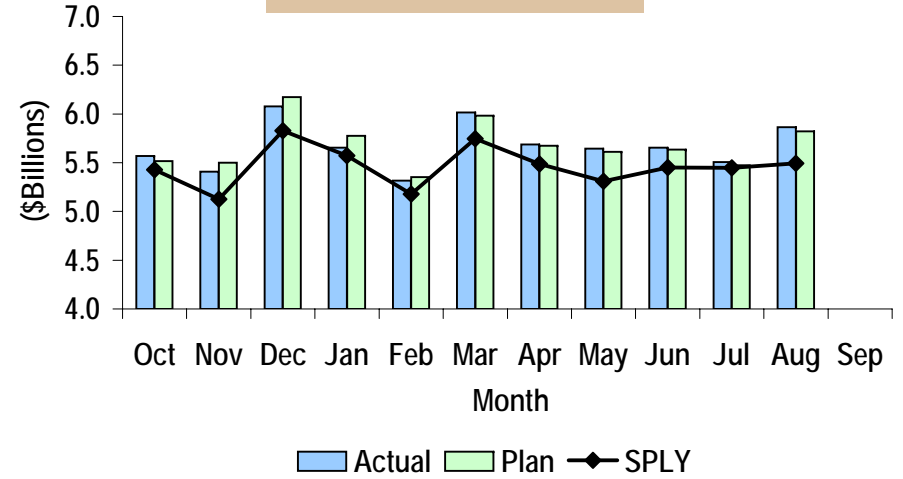
Quarterly RPW reports are now defined as the sum of three calendar months (e.g., quarter one corresponds to the time period of October 1-December 31). In order to provide a basis for comparison, FY 2004 data have been recast to reflect these reporting changes. The recast of FY 2004 data uses representative 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. Analysts should use the FY 2005 quarterly reports for SPLY analysis when they are available. 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.

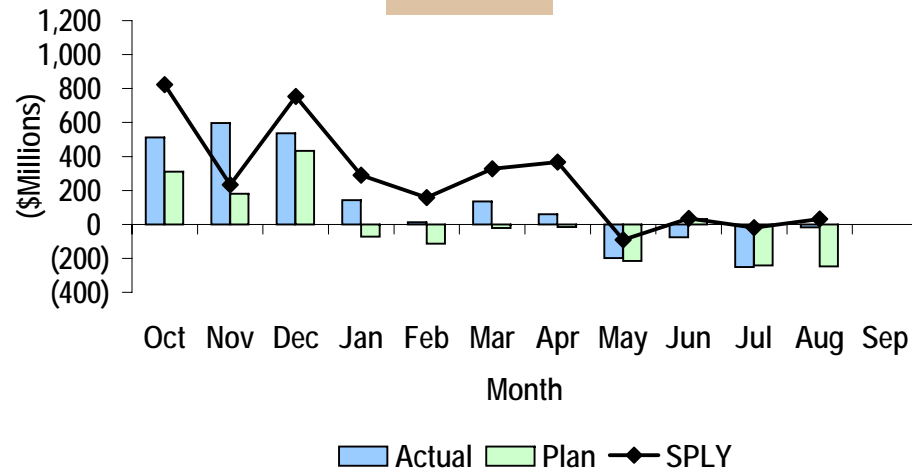
**TOTAL OPERATING REVENUE
FY 2005**



**TOTAL OPERATING EXPENSE
FY 2005**



**NET INCOME
FY 2005**



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

REVENUE BY SOURCE
August 2005 - FY 2005
(\$ Millions)

Current Period				Year-to-Date		
Actual	SPLY	% SPLY		Actual	SPLY	% SPLY
			Operating Revenue:			
\$ 2,021.1	\$ 1,982.1	2.0	Metered Postage	\$ 22,526.4	\$ 22,994.7	- 2.0
891.9	873.4	2.1	Stamps and Stamped Paper	10,194.8	10,483.0	- 2.7
1,562.3	1,449.4	7.8	Permit Imprint	16,220.4	15,388.9	5.4
194.9	173.2	12.5	Periodicals & Standard	1,988.8	1,974.7	0.7
61.3	66.4	- 7.7	Official Mail	743.1	785.6	- 5.4
854.2	766.5	11.4	Presort First-Class & Package Svc./Permit Imprint	9,523.8	8,730.2	9.1
64.7	61.7	4.9	Box Rents	722.3	732.6	- 1.4
17.6	14.1	24.8	Money Order Fees	191.0	162.2	17.8
<u>178.5</u>	<u>150.5</u>	18.6	Other	<u>1,866.1</u>	<u>1,703.9</u>	9.5
\$ 5,846.5	\$ 5,537.3	5.6	Subtotal	\$ 63,976.7	\$ 62,955.8	1.6
<u>10.5</u>	<u>3.8</u>	176.3	Government Appropriations	<u>91.4</u>	<u>123.7</u>	- 26.1
\$ 5,857.0	\$ 5,541.1	5.7	Total Operating Revenue	\$ 64,068.1	\$ 63,079.5	1.6
<u>10.4</u>	<u>3.6</u>	188.9	Investment Income	<u>77.2</u>	<u>29.8</u>	159.1
<u>\$ 5,867.4</u>	<u>\$ 5,544.7</u>	5.8	Total Revenue	<u>\$ 64,145.3</u>	<u>\$ 63,109.3</u>	1.6

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

REVENUE BY CATEGORY
August 2005 - FY 2005
(\$ Millions)

Current Period				Year-to-Date		
Actual	Budget	% Budget		Actual	Budget	% Budget
			Commercial Revenue			
\$ 2,660.8	\$ 2,470.5	7.7	Permit Revenue	\$ 28,355.7	\$ 26,783.2	5.9
<u>1,714.7</u>	<u>1,769.5</u>	[- 3.1]	Other Commercial Accounts Revenue	<u>19,112.0</u>	<u>19,978.8</u>	[- 4.3]
\$ 4,375.5	\$ 4,240.0	3.2	Total Commercial Revenue	\$ 47,467.7	\$ 46,762.0	1.5
			Retail Revenue			
1,092.4	1,018.9	7.2	Retail Postage Revenue	12,476.2	12,358.6	1.0
99.1	89.3	11.0	Retail Services Revenue	1,078.8	1,049.6	2.8
15.5	13.9	11.5	Retail Products Revenue	190.1	155.5	22.3
<u>200.9</u>	<u>159.3</u>	26.1	Other Retail Channels Revenue	<u>2,254.4</u>	<u>1,902.4</u>	18.5
\$ 1,407.9	\$ 1,281.4	9.9	Total Retail Revenue	\$ 15,999.5	\$ 15,466.1	3.4
\$ 5,783.4	\$ 5,521.4	4.7	Total Commercial & Retail Revenue	\$ 63,467.2	\$ 62,228.1	2.0
63.1	62.0	1.8	Other Income	509.5	416.3	22.4
<u>10.5</u>	<u>5.1</u>	105.9	Government Appropriations	<u>91.4</u>	<u>56.6</u>	61.5
\$ 5,857.0	\$ 5,588.5	4.8	Total Operating Revenue	\$ 64,068.1	\$ 62,701.0	2.2
<u>10.4</u>	<u>5.2</u>	100.0	Investment Income	<u>77.2</u>	<u>47.4</u>	62.9
\$ 5,867.4	\$ 5,593.7	4.9	Total Revenue	\$ 64,145.3	\$ 62,748.4	2.2

[]=Unfavorable variance to budget

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

EXPENSE ANALYSIS
August 2005 - FY 2005
(\$ Millions)

Current Period						Year-to-Date					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY	Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY
\$ 4,617.0	\$ 4,709.2	\$ - 92.2	- 2.0	\$ 4,293.8	7.5	\$ 49,513.5	\$ 49,459.7	[\$ 53.8]	[0.1]	\$ 47,827.5	3.5
Non-Personnel Expense:											
479.6	444.2	[35.4]	[8.0]	422.0	13.6	4,943.1	4,810.6	[132.5]	[2.8]	4,522.6	9.3
226.7	242.6	- 15.9	- 6.6	206.0	10.0	2,165.7	2,322.5	- 156.8	- 6.8	2,058.9	5.2
<u>540.9</u>	<u>426.6</u>	[<u>114.3</u>]	[26.8]	<u>572.4</u>	- 5.5	<u>5,811.9</u>	<u>5,922.4</u>	<u>- 110.5</u>	- 1.9	<u>5,791.5</u>	0.4
\$ 1,247.2	\$ 1,113.4	[\$ 133.8]	[12.0]	\$ 1,200.4	3.9	\$ 12,920.7	\$ 13,055.5	\$ - 134.8	- 1.0	\$ 12,373.0	4.4
\$ 5,864.2	\$ 5,822.6	[\$ 41.6]	[0.7]	\$ 5,494.2	6.7	\$ 62,434.2	\$ 62,515.2	\$ - 81.0	- 0.1	\$ 60,200.5	3.7
0.1	0.3	- 0.2	- 66.7	1.1	- 90.9	1.6	4.9	- 3.3	- 67.3	9.5	- 83.2
<u>20.8</u>	<u>18.1</u>	[<u>2.7</u>]	[14.9]	<u>17.2</u>	20.9	<u>242.2</u>	<u>199.1</u>	[<u>43.1</u>]	[21.6]	<u>86.1</u>	181.3
\$ 5,885.1	\$ 5,841.0	[\$ 44.1]	[0.8]	\$ 5,512.5	6.8	\$ 62,678.0	\$ 62,719.2	\$ - 41.2	- 0.1	\$ 60,296.1	4.0

[]=Unfavorable variance to budget

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

ANALYSIS OF OPERATING EXPENSES

Personnel Compensation

August 2005 - FY 2005

(\$ 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:						
\$ 38.0	\$ 38.5	\$ -0.4	-1.1	\$ 32.7	16.5	-Support	\$ 388.1	\$ 373.3	[\$ 14.8]	[4.0]	\$ 351.4	10.5
947.4	956.0	-8.6	-0.9	898.0	5.5	-Mail Processing	10,557.7	10,493.3	[64.4]	[0.6]	10,318.1	2.3
455.9	464.3	-8.4	-1.8	404.6	12.7	-Rural Delivery	4,699.4	4,705.9	-6.5	-0.1	4,337.5	8.3
1,442.6	1,465.2	-22.6	-1.5	1,324.3	8.9	-City Delivery	15,384.3	15,169.9	[214.4]	[1.4]	14,688.6	4.7
102.8	103.5	-0.6	-0.6	95.9	7.3	-Vehicles Services	1,098.4	1,092.9	[5.5]	[0.5]	1,060.7	3.6
257.7	267.5	-9.8	-3.7	242.6	6.2	-Plant & Equip Maint	2,765.8	2,816.5	-50.7	-1.8	2,664.8	3.8
688.0	706.4	-18.4	-2.6	643.8	6.9	-Customer Services	7,403.3	7,350.2	[53.1]	[0.7]	7,150.5	3.5
18.9	20.9	-2.1	-9.9	16.9	11.6	Finance	193.4	215.0	-21.7	-10.1	183.6	5.3
34.2	35.5	-1.3	-3.7	30.6	11.7	Human Resources	350.6	344.3	[6.3]	[1.8]	328.7	6.7
45.3	48.5	-3.1	-6.4	47.5	-4.6	Customer Service & Sales	472.6	485.4	-12.8	-2.6	512.1	-7.7
226.0	234.0	-8.0	-3.4	211.5	6.9	Administration - Field	2,319.8	2,329.2	-9.4	-0.4	2,248.1	3.2
119.0	114.5	[4.5]	[3.9]	106.8	11.5	Other Salaries & Benefits	1,216.6	1,292.7	-76.1	-5.9	1,227.5	-0.9
\$ 4,375.9	\$ 4,454.6	\$ -78.7	-1.8	\$ 4,055.0	7.9	Total Salaries & Benefits	\$ 46,849.8	\$ 46,668.5	[\$ 181.3]	[0.4]	\$ 45,071.4	3.9
95.8	104.9	-9.1	-8.7	124.0	-22.7	Workers' Compensation	1,049.5	1,162.8	-113.3	-9.7	1,364.1	-23.1
-1.4	6.0	-7.4	-123.0	-7.3	81.1	Unemployment Compensation	37.2	56.1	-18.9	-33.7	50.9	-26.9
3.3	1.9	[1.4]	[73.7]	2.0	65.0	Deferred Retirement Cost	23.7	20.9	[2.8]	[13.4]	10.2	132.4
130.3	129.7	[0.6]	[0.5]	110.2	18.2	Annuitant Health Benefits	1,383.3	1,384.3	-1.0	-0.1	1,211.8	14.2
13.1	12.1	[1.0]	[8.2]	9.8	33.7	Other Compensation	170.0	167.1	[2.9]	[1.7]	118.9	42.9
\$ 4,617.0	\$ 4,709.2	\$ -92.2	-2.0	\$ 4,293.8	7.5	Total Personnel Compensation	\$ 49,513.5	\$ 49,459.7	[\$ 53.8]	[0.1]	\$ 47,827.3	3.5

[]=Unfavorable variance to budget
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
August 2005 - FY 2005
(\$ Millions)

Current Period							Year-to-Date					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY	Description	Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY
\$ 479.6	\$ 444.2	[\$ 35.4]	[8.0]	\$ 422.0	13.6	Transportation	\$ 4,943.1	\$ 4,810.6	[\$ 132.5]	[2.8]	\$ 4,522.6	9.3
226.7	242.6	- 15.9	- 6.6	206.0	10.0	Supplies & Services	2,165.7	2,322.5	- 156.8	- 6.8	2,058.9	5.2
182.5	179.5	[3.0]	[1.7]	192.7	- 5.3	Depreciation	1,911.2	1,966.5	- 55.3	- 2.8	2,038.1	- 6.2
84.7	84.9	- 0.2	- 0.2	79.4	6.6	Rent	938.0	955.1	- 17.0	- 1.8	903.4	3.8
56.2	50.2	[6.0]	[11.9]	52.6	6.9	Utilities & Heating Fuel	522.5	512.3	[10.1]	[2.0]	500.5	4.4
37.2	37.9	- 0.7	- 1.9	31.9	16.6	Rural Carrier Equip Maint Allowance	395.1	427.4	- 32.2	- 7.5	358.6	10.2
59.6	40.3	[19.3]	[48.0]	48.6	22.7	Vehicle Maintenance Services	531.8	483.7	[48.0]	[9.9]	462.2	15.1
53.2	62.4	- 9.2	- 14.8	66.4	- 19.8	Information Technology	329.7	450.6	- 120.9	- 26.8	402.8	- 18.1
31.3	22.4	[8.9]	[39.6]	20.1	55.6	Building Projects Expensed	221.3	201.1	[20.3]	[10.1]	232.7	- 4.9
9.9	7.3	[2.6]	[35.5]	6.5	52.0	Contract Job Cleaners	82.5	79.5	[3.0]	[3.7]	78.3	5.4
22.7	21.3	[1.4]	[6.6]	19.5	16.6	Travel & Relocation	212.0	197.2	[14.8]	[7.5]	189.8	11.7
22.6	19.5	[3.1]	[16.0]	22.8	- 0.6	Communications	208.2	204.3	[3.9]	[1.9]	199.7	4.2
5.7	6.7	- 1.0	- 15.0	5.9	- 3.2	Contract Stations	67.9	72.0	- 4.1	- 5.7	65.4	3.9
1.8	2.4	- 0.6	- 24.2	1.5	24.3	Printing	21.0	27.2	- 6.2	- 22.8	17.2	22.4
3.3	7.1	- 3.8	- 53.2	4.6	- 27.4	Training	50.6	66.7	- 16.1	- 24.1	41.3	22.5
2.4	3.0	- 0.6	- 20.5	2.5	- 6.1	Carfare & Tolls	27.4	31.5	- 4.1	- 13.0	31.0	- 11.8
0.9	1.6	- 0.8	- 47.1	0.9	- 8.4	Vehicle Hire	13.5	16.8	- 3.3	- 19.8	16.9	- 20.4
5.0	3.4	[1.6]	[47.8]	3.4	47.5	Accident Costs	45.5	43.1	[2.5]	[5.7]	45.3	0.6
- 38.1	- 123.2	[85.1]	NM	13.3	- 386.4	Miscellaneous	233.7	187.4	[46.3]	[24.7]	208.5	12.1
\$ 1,247.2	\$ 1,113.4	[\$ 133.8]	[12.0]	\$ 1,200.5	3.9	Total Non-Personnel Expenses	\$ 12,920.7	\$ 13,055.5	\$ - 134.8	- 1.0	\$ 12,373.0	4.4

[]=Unfavorable variance to budget
Totals may not sum due to rounding.

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

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

Assets	August 31, 2005	August 31, 2004	September 30, 2004*
Current Assets:			
Cash and cash equivalents _1/	\$ 1,972	\$ 166	\$ 877
Receivables:			
Foreign countries	621	620	621
U.S. Government	244	293	327
Other	<u>173</u>	<u>188</u>	<u>187</u>
Receivables before allowances	1,038	1,101	1,135
Less allowances	<u>58</u>	<u>97</u>	<u>111</u>
Total receivables, net	980	1,004	1,024
Supplies, advances and prepayments	<u>172</u>	<u>369</u>	<u>220</u>
Total Current Assets	3,124	1,539	2,121
Other Assets, principally revenue forgone appropriations receivable	361	364	361
Property and Equipment, at Cost:			
Buildings	20,391	20,169	20,171
Equipment	18,648	17,252	17,277
Land	2,808	2,822	2,810
Leasehold improvements	<u>1,148</u>	<u>1,131</u>	<u>1,103</u>
	42,995	41,374	41,361
Less allowances for depreciation and amortization	<u>22,280</u>	<u>20,529</u>	<u>20,656</u>
	20,715	20,845	20,705
Construction in progress	<u>1,848</u>	<u>1,560</u>	<u>1,792</u>
Total property and equipment, net	22,563	22,405	22,497
Total Assets	<u>\$ 26,048</u>	<u>\$ 24,308</u>	<u>\$ 24,979</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.

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
August 2005 - FY 2005
(\$ Millions)

Liabilities and Net Capital	August 31, 2005	August 31, 2004	September 30, 2004*
Current Liabilities:			
Compensation and benefits	\$ 2,802	\$ 2,641	\$ 2,640
Estimated prepaid postage	1,231	1,349	1,256
Payables and accrued expenses:			
Commercial vendors & accrued expenses	1,308	1,736	1,739
Foreign countries	708	738	778
U.S. government	63	79	87
Total payables and accrued expenses	<u>2,079</u>	<u>2,553</u>	<u>2,604</u>
Customer deposit accounts	1,721	1,621	1,606
Outstanding postal money orders	768	834	767
Prepaid box rent & other deferred revenue	405	385	397
Debt	-	452	1,800
Total Current Liabilities	<u>9,006</u>	<u>9,835</u>	<u>11,070</u>
Non-Current Liabilities:			
Workers' compensation	7,694	7,690	6,651
Employees' accumulated leave	2,116	2,032	2,006
Other	1,834	1,072	1,321
Total Other Non-Current Liabilities	<u>11,644</u>	<u>10,794</u>	<u>9,978</u>
Total Liabilities	<u>20,650</u>	<u>20,629</u>	<u>21,048</u>
Net Capital:			
Capital contributions of the U.S. government	3,034	3,034	3,034
Retained earnings since reorganization	2,364	645	897
Total Net Capital	<u>5,398</u>	<u>3,679</u>	<u>3,931</u>
Total Liabilities and Net Capital	<u>\$ 26,048</u>	<u>\$ 24,308</u>	<u>\$ 24,979</u>

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 2005 through August 31, 2005
(\$ Millions)

	August 31, 2005	August 31, 2004	September 30, 2004*
Cash flows from operating activities:			
Net Income	\$ 1,467	\$ 2,813	\$ 3,065
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,896	1,976	2,145
Loss on disposals of property and equipment, net	6	59	71
Decrease in revenue forgone appropriations	-	1	4
Increase in USPS workers' compensation liability	1,043	1,342	343
Increase in employees' accumulated leave	110	100	74
Increase in other liabilities	513	45	170
Changes in current assets and liabilities:			
Decrease in receivables, net	44	187	167
Decrease (increase) in supplies, advances and prepayments	48	(3)	146
Increase in compensation and benefits	162	147	106
(Decrease) in estimated prepaid postage	(25)	-	(93)
(Decrease) in payables and accrued expenses	(525)	(679)	(412)
Increase in customers deposit accounts	116	55	40
Increase (decrease) in outstanding postal money orders	1	66	(1)
Increase (decrease) in prepaid box rent & other deferred revenue	8	(2)	10
Net cash provided by operating activities	4,864	6,107	5,835
Cash flows from investing activities:			
Purchase of property and equipment	(1,996)	(1,400)	(1,685)
Proceeds from sale of property and equipment	27	14	26
Net cash (used in) investing activities	(1,969)	(1,386)	(1,659)
Cash flows from financing activities:			
U.S. government appropriation - expended	-	-	(92)
Issuance of debt	-	-	-
Payments on debt	(1,800)	(6,821)	(5,473)
Net cash (used in) financing activities	(1,800)	(6,821)	(5,565)
Net Increase (decrease) in cash and cash equivalents	1,095	(2,100)	(1,389)
Cash and cash equivalents at beginning of year	877	2,266	2,266
Cash and cash equivalents at end of period	\$ 1,972	\$ 166	\$ 877

* Audited year-end data.

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

CAPITAL INVESTMENTS
August 2005 - FY 2005
(\$ Millions)

MAJOR CATEGORIES	COMMITMENTS			CASH OUTLAYS		
	Year-to-Date			Year-to-Date		
	ACTUAL	PLAN	SPLY	ACTUAL	PLAN	SPLY
CONSTRUCTION AND BUILDING PURCHASE	\$ 180.2	\$ 331.9	\$ 82.5	\$ 206.1	\$ 205.3	\$ 141.3
BUILDING IMPROVEMENTS	303.1	358.4	293.8	406.0	200.9	264.1
MAIL PROCESSING EQUIPMENT	319.7	948.1	623.4	645.3	851.7	598.2
VEHICLES	239.8	326.5	171.2	133.3	115.0	117.9
RETAIL EQUIPMENT	1.2	24.5	28.9	56.6	49.6	87.1
POSTAL SUPPORT EQUIPMENT	608.7	640.2	207.2	548.4	306.7	198.2
TOTAL COMMITMENTS/CASH OUTLAYS	\$ 1,652.7	\$ 2,629.7	\$ 1,407.0	\$ 1,995.8	\$ 1,729.3	\$ 1,406.7

Note: Totals may not sum due to rounding.

RESOURCES ON ORDER
(\$ Millions)

MAJOR CATEGORIES	August 31, 2005	September 30, 2004
CONSTRUCTION AND BUILDING PURCHASE	\$ 160.6	\$ 192.0
BUILDING IMPROVEMENTS	253.9	380.5
MAIL PROCESSING EQUIPMENT	1,249.1	1,601.1
VEHICLES	226.4	126.0
RETAIL EQUIPMENT	39.6	94.9
POSTAL SUPPORT EQUIPMENT	475.5	413.9
TOTAL RESOURCES ON ORDER	\$ 2,405.1	\$ 2,808.4

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

WORKHOURS & OVERTIME/SICK LEAVE RATIOS

August 2005 - FY 2005

(Data in Thousands)

Current Period					Total Workhours	Year-to-Date				
Actual	Var. to Budget	% Budget	SPLY *	% SPLY		Actual	Var. to Budget	% Budget	SPLY *	% SPLY
861	- 2	- 0.2	776	10.9	Operations:	8,786	[245]	[2.9]	8,300	5.9
27,562	[561]	[2.1]	26,872	2.6	-Support	308,892	[6,841]	[2.3]	309,339	- 0.1
15,969	[129]	[0.8]	14,849	7.5	-Mail Processing	164,474	[1,567]	[1.0]	157,345	4.5
40,768	[405]	[1.0]	38,912	4.8	-Rural Delivery	432,451	[6,879]	[1.6]	426,098	1.5
2,748	[49]	[1.8]	2,660	3.3	-City Delivery	29,263	[90]	[0.3]	29,340	- 0.3
6,944	- 219	- 3.1	6,834	1.6	-Vehicles Services	74,229	- 1,843	- 2.4	74,627	- 0.5
19,960	[119]	[0.6]	19,369	3.1	-Plant & Equip Maint	214,796	[3,193]	[1.5]	213,860	0.4
449	- 59	- 11.7	418	7.4	-Customer Services	4,562	- 585	- 11.4	4,497	1.5
801	- 2	- 0.3	748	7.1	Finance	8,228	[137]	[1.7]	8,022	2.6
1,200	- 43	- 3.4	1,268	- 5.4	Human Resources	12,418	- 391	- 3.1	13,600	- 8.7
6,069	- 14	- 0.2	5,900	2.9	Customer Service & Sales	62,260	[422]	[0.7]	62,211	0.1
2,327	165	[7.7]	2,153	8.1	Administration	22,621	- 876	- 3.7	24,974	- 9.4
125,658	[1,088]	[0.9]	120,758	4.1	Other					
					Total Workhours	1,342,980	[15,678]	[1.2]	1,332,212	0.8

Overtime						
Actual	Budget	SPLY		Actual	Budget	SPLY

9.8%	8.0%	9.3%	Overtime Ratio Per 100 Workhours	10.4%	8.2%	9.5%
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Sick Leave				
Actual	SPLY		Actual	SPLY

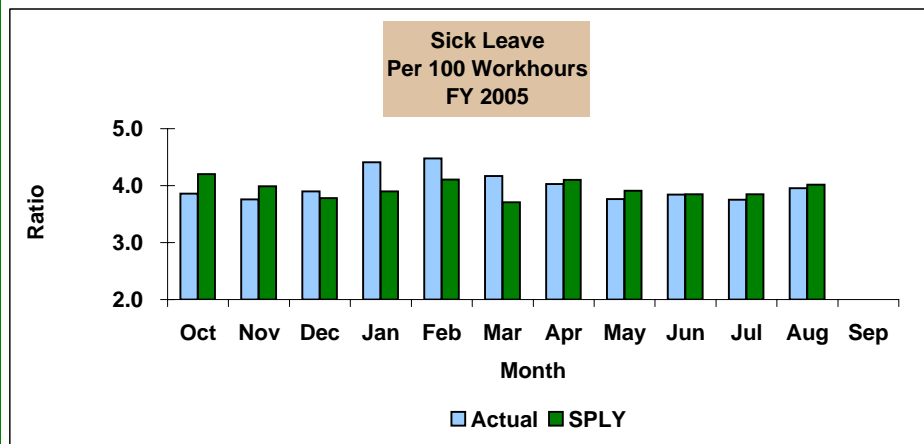
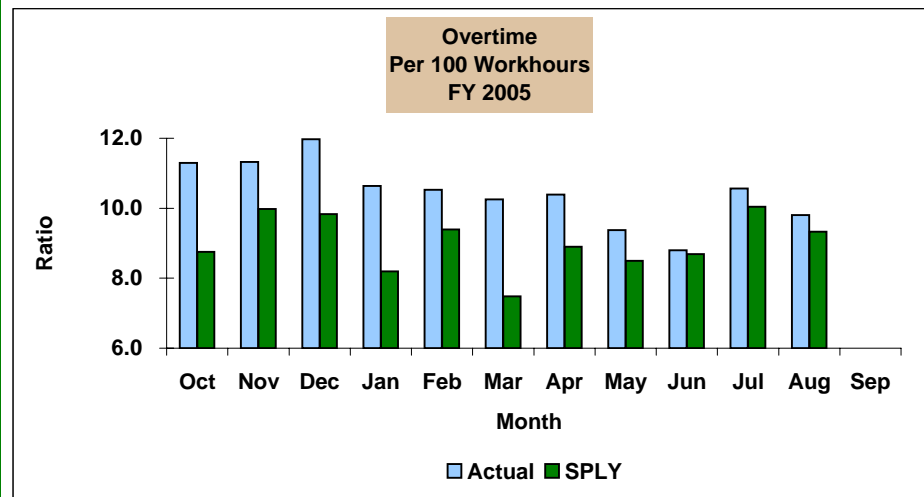
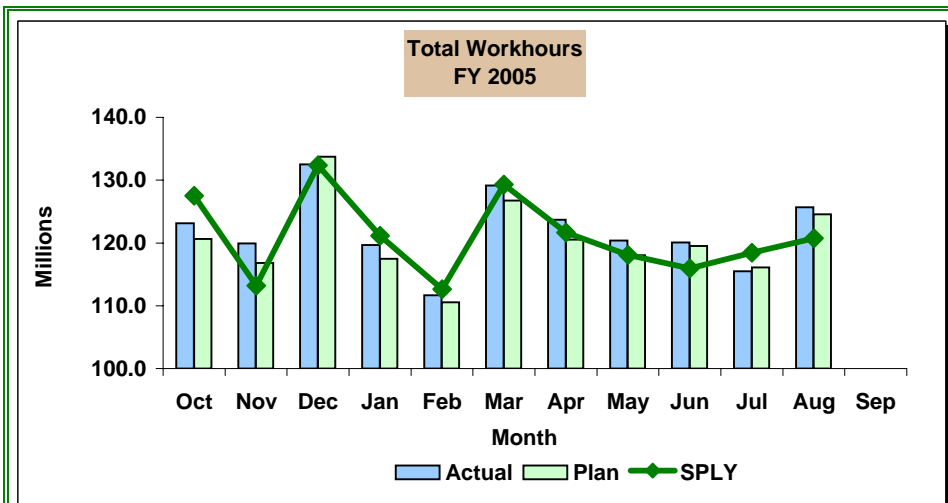
4.0%	4.0%	Sick Leave Ratio Per 100 Workhours	4.0%	4.2%
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[]=Unfavorable variance to budget

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.

August 2005 - FY 2005

Information: For the month there was one more weekday than last year.

Analysis of the Financial and Operating Statements

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

For August, Total Revenue was \$274 million or 4.9% over plan, and \$323 million or 5.8% over same period last year (SPLY). Commercial Revenue was over plan by \$136 million or 3.2% and Retail Revenue was over plan \$127 million or 9.9%. In August, combined Total Commercial Revenue and Retail Revenue were \$262 million more than SPLY. Most of the increase in revenue to SPLY for August was reflected in Permit Imprint and Presort First and Packages Services/Permit Imprint, \$113 million and \$88 million over SPLY, respectively.

Year-to-date, Total Revenue is \$1.4 billion or 2.2% over plan with the largest contributor being Permit Revenue at \$1.6 billion or 5.9% more than plan. Conversely, Other Commercial Accounts, \$867 million or 4.3% less than plan, is negatively impacting the Total Revenue performance to plan. YTD, Total Revenue is \$1.0 billion over SPLY.

Beginning in FY 2005, money order escheatments are being reported on a monthly basis as opposed to reporting them on an annual basis at the end of year. This month's money order escheatments were \$3 million. YTD, they are \$36 million.

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

For August, Total Expenses were \$44 million or 0.8% above plan. Personnel costs were \$92 million or 2.0% below plan. However, non-personnel costs were above plan by \$134 million or 12.0%. Supplies and Services were \$16 million below plan or 6.6%, while Transportation costs were \$35 million above plan or 8.0%. Compared to SPLY, this month's Total Expenses were increased by \$373 million or 6.8%. The drivers of this increase over SPLY, in addition to the extra business day, included an increase in volume and deliveries, increased fuel prices, health benefits and COLA costs.

Year-to-date, personnel costs are \$54 million or 0.1% above plan and non-personnel expenses are \$135 million or 1.0% below plan. The largest contributor to the non-personnel plan underrun was Supplies & Services at \$157 million or 6.8% below plan. Transformation Plan initiatives, Supply Chain Management, and other cost containment initiatives are continuing to drive most of our savings. Non-personnel expense cost containment activities have assisted in offsetting cost increases in personnel compensation, which has resulted in a \$ 41 million below plan YTD savings in Total Expense. YTD Total Expenses are \$2.4 billion or 4.0% above SPLY.

August 2005 - FY 2005

Analysis of the Financial and Operating Statements (Continued)

Mail Volume and Revenue - Page 3

Total Mail Volume for August, FY 2005 was 999 million pieces or 5.9% above SPLY. First-Class Mail volume increased by 256 million pieces or 3.3%. Standard Mail volumes, at 627 million pieces or 7.8% over SPLY, continue to be positive primarily because of the increasing strength of direct marketing channels. Additionally, Periodicals were 87 million or 12.1% over SPLY.

Year-to-date, Total Mail Volume is 2.9% or 5.5 billion pieces over SPLY. Over 2.4 billion of the 5.5 billion pieces increase occurred in November 2004. The most significant mail volume increase over SPLY for YTD is in the lower revenue-per-piece Standard Mail category, which increased 5.1 billion pieces or 5.9%. YTD, First-Class Mail volume is 0.2% more than SPLY generating \$318 million or 0.9% less revenue than SPLY.

Capital Investments - Pages 1 and 13

The Fiscal Year 2005 Capital Commitments YTD through August 2005 are \$1,653 million compared to a plan of \$2,630 million. This represents a plan underrun of about \$977 million or 37.2%.

The Cash Outlays YTD are \$1,996 million versus a plan of \$1,729 million, representing a \$267 million overrun to plan. The plan overrun in Cash Outlays can be attributed to projects such as the Ventilation Filtration System and Biohazard Detection System projects, as well as repair and alterations to older postal facilities.

Workhours - Pages 1, 14 and 15

Total Workhours for August 2005 were 1.1 million hours or 0.9% above plan, and 4.9 million hours or 4.1% above August 2004. Together, City Delivery and Rural Delivery increased 3.0 million hours over SPLY. This month's increase in workhours above SPLY was a reflection of the increase in workload and the occurrence of one additional delivery day than last year.

Total Workhours for August 2005 YTD are 15.7 million hours or 1.2% above plan, and 10.8 million hours above SPLY. The most significant plan overruns lie in Delivery Services by 8.4 million hours, Mail Processing by 6.8 million hours, and Customer Services by 3.2 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 growth to SPLY are City Delivery and Rural Delivery workhours. Combined these operations workhours are 13.5 million hours above SPLY.