



***UNITED STATES
POSTAL SERVICE***

FINANCIAL & OPERATING STATEMENTS

November, FY 2005

November 1 – November 30, 2004

Prepared by: Financial Reporting and Analysis

HIGHLIGHTS
November 2004 - FY 2005
(Millions)

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

Year-to-Date (October 1, 2004 - November 30, 2004)					
Actual	Budget	Var. to Budget	% Budget	SPLY *	% SPLY

\$ 6,022.6	\$ 5,700.1	\$ 322.5	5.7	\$ 5,361.7	12.3	Total Revenue	\$ 12,147.4	\$ 11,544.7	\$ 602.7	5.2	\$ 11,636.8	4.4
<u>5,425.9</u>	<u>5,519.7</u>	<u>- 93.8</u>	- 1.7	<u>5,128.3</u>	5.8	Total Expense	<u>11,033.1</u>	<u>11,054.4</u>	<u>- 21.3</u>	- 0.2	<u>10,560.0</u>	4.5
\$ 596.7	\$ 180.4	\$ 416.3	-	\$ 233.4	-	Net Income/(Loss)	\$ 1,114.3	\$ 490.3	\$ 624.0	-	\$ 1,076.8	-
\$ 32.5	\$ 48.8	[\$ - 16.3]	[- 33.3]	\$ 37.4	- 13.1	Capital Commitments	\$ 61.5	\$ 116.8	[\$ - 55.3]	[- 47.3]	\$ 60.3	2.0
119.9	116.8	[3.1]	[2.7]	113.2	6.0	Total Workhours	243.2	237.4	[5.8]	[2.4]	240.8	1.0

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

Actual Number Of:	Current Period	Last Period	SPLY
Post Offices	27,506	27,506	
Postal Owned Vehicles In Use			
Administrative	5,752	5,778	5,512
Operations	206,644	206,469	206,563
Total Deliveries (000) *	142,639	142,485	140,856
City Delivery Routes	164,473	164,435	164,778
Rural Routes	71,045	70,900	69,890
Career Employees (Excludes Inspector General)	705,432	705,853	721,319
Casual Employees	19,520	21,102	21,077
Transitional Employees	10,580	10,138	11,818

* 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
November 2004 - FY 2005
(\$ Millions)

Current Period							Year-to-Date					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY		Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY
\$ 6,019.2	\$ 5,699.5	\$ 319.7	5.6	\$ 5,358.8	12.3	Operating Revenue	\$ 12,141.4	\$ 11,544.0	\$ 597.4	5.2	\$ 11,631.2	4.4
<u>5,407.8</u>	<u>5,501.3</u>	<u>- 93.5</u>	- 1.7	<u>5,125.0</u>	5.5	Operating Expense	<u>10,995.4</u>	<u>11,016.2</u>	<u>- 20.8</u>	- 0.2	<u>10,553.3</u>	4.2
\$ 611.4	\$ 198.2	\$ 413.2	-	\$ 233.8	-	Income/(Loss) From Operations	\$ 1,146.0	\$ 527.8	\$ 618.2	-	\$ 1,077.9	-
3.4	0.6	2.8	-	2.9	17.2	Investment Income	6.0	0.7	5.3	-	5.6	7.1
0.0	0.3	- 0.3	- 100.0	3.3	- 100.0	Interest Expense	1.5	2.0	- 0.5	- 25.0	6.7	- 77.6
<u>18.1</u>	<u>18.1</u>	<u>-</u>	-	<u>-</u>	-	Interest on Deferred Retirement Costs	<u>36.2</u>	<u>36.2</u>	<u>-</u>	-	<u>-</u>	-
\$ 596.7	\$ 180.4	\$ 416.3	-	\$ 233.4	-	Net Income/(Loss)	\$ 1,114.3	\$ 490.3	\$ 624.0	-	\$ 1,076.8	-

[]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

MAIL VOLUME - MAIL REVENUE
(Data in Thousands)

CATEGORY	CURRENT PERIOD			YEAR-TO-DATE		
	November FY 2005	November FY 2004	% SPLY	November FY 2005	November FY 2004	% SPLY
FIRST-CLASS						
VOLUME	8,410,202	7,446,598	12.9	16,741,136	16,102,183	4.0
REVENUE	\$ 3,113,982	\$ 2,798,701	11.3	\$ 6,171,257	\$ 6,032,212	2.3
REV/PC.	\$ 0.3703	\$ 0.3758	- 1.5	\$ 0.3686	\$ 0.3746	- 1.6
PRIORITY-MAIL						
VOLUME	71,966	64,984	10.7	139,968	137,372	1.9
REVENUE	\$ 377,612	\$ 338,679	11.5	\$ 730,074	\$ 712,236	2.5
REV/PC.	\$ 5.2471	\$ 5.2117	0.7	\$ 5.2160	\$ 5.1847	0.6
EXPRESS MAIL						
VOLUME	4,141	3,759	10.2	8,431	8,319	1.3
REVENUE	\$ 65,192	\$ 59,332	9.9	\$ 132,734	\$ 131,283	1.1
REV/PC.	\$ 15.7435	\$ 15.7850	- 0.3	\$ 15.7444	\$ 15.7804	- 0.2
PERIODICALS						
VOLUME	755,375	680,022	11.1	1,532,528	1,543,706	- 0.7
REVENUE	\$ 187,651	\$ 170,401	10.1	\$ 376,529	\$ 380,189	- 1.0
REV/PC.	\$ 0.2484	\$ 0.2506	- 0.9	\$ 0.2457	\$ 0.2463	- 0.2
STANDARD MAIL						
VOLUME	9,117,451	7,805,306	16.8	19,229,402	17,258,660	11.4
REVENUE	\$ 1,724,780	\$ 1,480,335	16.5	\$ 3,598,714	\$ 3,290,351	9.4
REV/PC.	\$ 0.1892	\$ 0.1897	- 0.3	\$ 0.1871	\$ 0.1906	- 1.8
PACKAGE SERVICES						
VOLUME	93,685	90,429	3.6	188,146	196,022	- 4.0
REVENUE	\$ 195,223	\$ 184,024	6.1	\$ 375,553	\$ 383,087	- 2.0
REV/PC.	\$ 2.0838	\$ 2.0350	2.4	\$ 1.9961	\$ 1.9543	2.1
INTERNATIONAL						
VOLUME	68,842	62,148	10.8	142,127	129,466	9.8
REVENUE	\$ 142,234	\$ 125,038	13.8	\$ 296,009	\$ 260,953	13.4
REV/PC.	\$ 2.0661	\$ 2.0119	2.7	\$ 2.0827	\$ 2.0156	3.3
ALL OTHER						
VOLUME	98,982	43,675	126.6	150,025	95,361	57.3
REVENUE	\$ 41	\$ 57	- 27.9	\$ 86	\$ 110	- 21.6
ALL MAIL						
VOLUME	18,620,643	16,196,921	15.0	38,131,764	35,471,091	7.5
REVENUE	\$ 5,806,716	\$ 5,156,567	12.6	\$ 11,680,955	\$ 11,190,420	4.4
REV/PC.	\$ 0.3118	\$ 0.3184	- 2.0	\$ 0.3063	\$ 0.3155	- 2.9

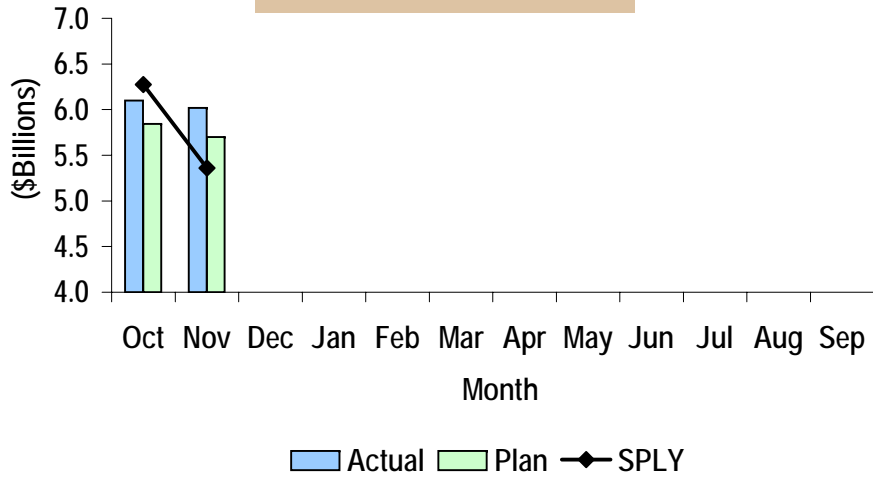
NOTE: Totals may not sum due to rounding.

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.

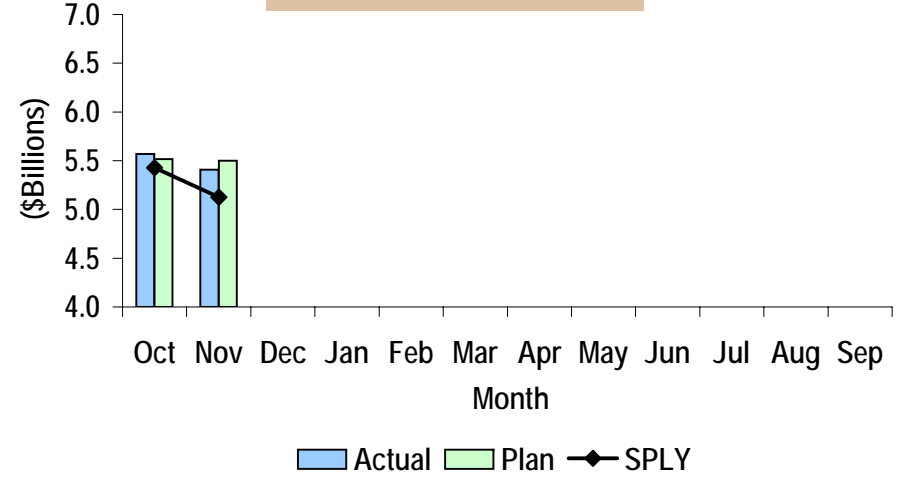
Quarterly RPW reports are now defined as the sum of three calendar months (e.g., quarter one corresponds to the time period of October 1-December 31). In order to provide a basis for comparison, FY 2004 data have been recast to reflect these reporting changes. The recast of FY 2004 data uses representative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

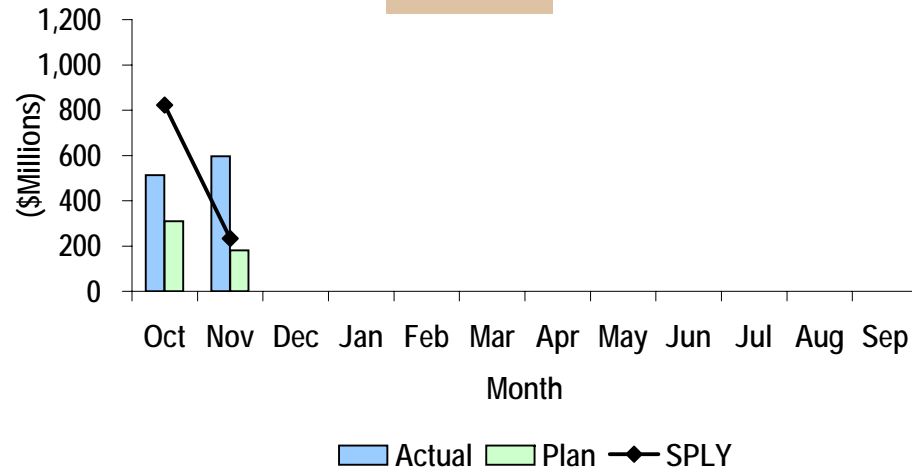
**TOTAL OPERATING REVENUE
FY 2005**



**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
November 2004 - FY 2005
(\$ Millions)

Current Period				Year-to-Date		
Actual	SPLY	% SPLY		Actual	SPLY	% SPLY
			Operating Revenue:			
\$ 1,985.4	\$ 1,846.0	7.6	Metered Postage	\$ 4,060.0	\$ 4,078.7	- 0.5
1,018.5	929.2	9.6	Stamps and Stamped Paper	1,929.2	1,889.6	2.1
1,618.6	1,378.7	17.4	Permit Imprint	3,381.2	3,075.9	9.9
186.0	168.7	10.3	Periodicals & Standard	373.3	376.6	- 0.9
57.5	62.9	- 8.6	Official Mail	131.4	134.0	- 1.9
909.3	766.7	18.6	Presort First-Class & Package Svc./Permit Imprint	1,790.1	1,624.3	10.2
55.1	50.5	9.1	Box Rents	113.2	112.2	0.9
17.4	13.8	26.1	Money Order Fees	35.3	29.4	20.1
<u>166.3</u>	<u>139.3</u>	19.4	Other	<u>317.4</u>	<u>304.4</u>	4.3
\$ 6,014.1	\$ 5,355.8	12.3	Subtotal	\$ 12,131.1	\$ 11,625.1	4.4
<u>5.1</u>	<u>3.0</u>	70.0	Government Appropriation	<u>10.3</u>	<u>6.1</u>	68.9
\$ 6,019.2	\$ 5,358.8	12.3	Total Operating Revenue	\$ 12,141.4	\$ 11,631.2	4.4
<u>3.4</u>	<u>2.9</u>	17.2	Investment Income	<u>6.0</u>	<u>5.6</u>	7.1
<u>\$ 6,022.6</u>	<u>\$ 5,361.7</u>	12.3	Total Revenue	<u>\$ 12,147.4</u>	<u>\$ 11,636.8</u>	4.4

Note: Totals may not sum due to rounding.

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

REVENUE BY CATEGORY
November 2004 - FY 2005
(\$ Millions)

Current Period				Year-to-Date		
Actual	Budget	% Budget		Actual	Budget	% Budget
			Commercial Revenue			
\$ 2,783.0	\$ 2,496.1	11.5	Permit Revenue	\$ 5,680.4	\$ 5,111.3	11.1
<u>1,701.4</u>	<u>1,763.5</u>	[- 3.5]	Other Commercial Accounts Revenue	<u>3,523.7</u>	<u>3,626.7</u>	[- 2.8]
\$ 4,484.4	\$ 4,259.6	5.3	Total Commercial Revenue	\$ 9,204.1	\$ 8,738.0	5.3
			Retail Revenue			
1,187.7	1,125.9	5.5	Retail Postage Revenue	2,260.6	2,181.2	3.6
82.5	84.5	[- 2.4]	Retail Services Revenue	168.3	170.5	[- 1.3]
16.6	11.4	45.6	Retail Products Revenue	30.8	22.2	38.7
<u>208.5</u>	<u>167.5</u>	24.5	Other Retail Channels Revenue	<u>399.0</u>	<u>327.6</u>	21.8
\$ 1,495.3	\$ 1,389.3	7.6	Total Retail Revenue	\$ 2,858.7	\$ 2,701.5	5.8
\$ 5,979.7	\$ 5,648.9	5.9	Total Commercial & Retail Revenue	\$ 12,062.8	\$ 11,439.5	5.4
34.4	45.5	[- 24.4]	Other Income	68.3	94.2	[- 27.5]
<u>5.1</u>	<u>5.1</u>	0.0	Government Appropriation	<u>10.3</u>	<u>10.3</u>	0.0
\$ 6,019.2	\$ 5,699.5	5.6	Total Operating Revenue	\$ 12,141.4	\$ 11,544.0	5.2
<u>3.4</u>	<u>0.6</u>	NM	Investment Income	<u>6.0</u>	<u>0.7</u>	NM
\$ 6,022.6	\$ 5,700.1	5.7	Total Revenue	\$ 12,147.4	\$ 11,544.7	5.2

[]=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
November 2004 - FY 2005
(\$ Millions)

Current Period						Year-to-Date					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY	Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY
\$ 4,331.4	\$ 4,342.5	\$ - 11.1	- 0.3	\$ 4,059.6	6.7	\$ 8,849.4	\$ 8,746.1	[\$ 103.3]	[1.2]	\$ 8,536.7	3.7
Non-Personnel Expense:											
436.0	389.4	[46.6]	[12.0]	375.0	16.3	862.0	791.5	[70.5]	[8.9]	683.9	26.0
162.8	202.0	- 39.2	- 19.4	180.6	- 9.9	288.8	375.3	- 86.5	- 23.0	315.3	- 8.4
<u>477.6</u>	<u>567.4</u>	<u>- 89.8</u>	- 15.8	<u>509.8</u>	- 6.3	<u>995.2</u>	<u>1,103.3</u>	<u>- 108.1</u>	- 9.8	<u>1,017.4</u>	- 2.2
\$ 1,076.4	\$ 1,158.8	\$ - 82.4	- 7.1	\$ 1,065.4	1.0	\$ 2,146.0	\$ 2,270.1	\$ - 124.1	- 5.5	\$ 2,016.6	6.4
\$ 5,407.8	\$ 5,501.3	\$ - 93.5	- 1.7	\$ 5,125.0	5.5	\$ 10,995.4	\$ 11,016.2	\$ - 20.8	- 0.2	\$ 10,553.3	4.2
0.0	0.3	- 0.3	- 100.0	3.3	- 100.0	1.5	2.0	- 0.5	- 25.0	6.7	- 77.6
<u>18.1</u>	<u>18.1</u>	<u>0.0</u>	0.0	<u>-</u>	NM	<u>36.2</u>	<u>36.2</u>	<u>0.0</u>	0.0	<u>-</u>	NM
\$ 5,425.9	\$ 5,519.7	\$ - 93.8	- 1.7	\$ 5,128.3	5.8	\$ 11,033.1	\$ 11,054.4	\$ - 21.3	- 0.2	\$ 10,560.0	4.5

[]=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

Personnel Compensation

November 2004 - FY 2005

(\$ Millions)

Current Period						Year-to-Date					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY	Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY
Operations:											
31.5	31.7	\$ -0.2	-0.7	\$ 27.1	16.1	64.3	63.4	[\$ 0.9]	[1.5]	\$ 60.0	7.3
932.0	930.2	[1.8]	[0.2]	910.4	2.4	1,923.2	1,883.7	[39.5]	[2.1]	1,881.4	2.2
398.5	396.1	[2.4]	[0.6]	355.2	12.2	808.8	802.9	[5.9]	[0.7]	748.8	8.0
1,348.4	1,337.0	[11.4]	[0.9]	1,239.7	8.8	2,769.2	2,694.9	[74.3]	[2.8]	2,598.2	6.6
94.3	96.2	-1.9	-2.0	87.0	8.4	192.5	194.1	-1.6	-0.8	184.0	4.6
236.6	245.8	-9.2	-3.8	222.9	6.1	487.7	498.8	-11.1	-2.2	469.2	3.9
650.5	640.7	[9.8]	[1.5]	591.3	10.0	1,318.3	1,291.8	[26.4]	[2.0]	1,254.8	5.1
16.1	18.1	-2.0	-11.0	15.0	7.8	33.2	36.3	-3.1	-8.4	32.6	1.8
29.9	30.0	-0.2	-0.6	25.8	15.6	59.6	60.2	-0.5	-0.9	56.6	5.4
40.7	47.0	-6.4	-13.5	40.7	0.1	83.2	94.2	-11.0	-11.7	89.1	-6.6
202.3	197.7	[4.6]	[2.3]	174.5	15.9	401.2	398.5	[2.8]	[0.7]	380.6	5.4
106.3	133.4	-27.2	-20.3	118.4	-10.2	219.6	250.8	-31.1	-12.4	278.4	21.1
\$ 4,087.0	\$ 4,104.1	\$ -17.1	-0.4	\$ 3,808.0	7.3	\$ 8,360.9	\$ 8,269.7	[\$ 91.3]	[1.1]	\$ 8,033.5	4.1
104.2	103.7	[0.5]	[0.4]	124.1	-16.1	208.3	206.9	[1.4]	[0.7]	247.9	-16.0
6.6	6.6	[0.0]	[0.3]	7.1	-6.9	13.2	13.1	[0.1]	[0.4]	14.2	-6.8
1.9	1.9	[0.0]	[1.1]	0.0	NM	3.8	3.8	[0.0]	[1.1]	0.0	NM
117.9	115.6	[2.3]	[2.0]	110.2	7.0	235.5	231.3	[4.3]	[1.8]	220.3	6.9
13.7	10.6	[3.1]	[29.4]	10.2	34.5	27.6	21.3	[6.3]	[29.7]	20.8	32.8
\$ 4,331.4	\$ 4,342.5	\$ -11.2	-0.3	\$ 4,059.6	6.7	\$ 8,849.4	\$ 8,746.1	[\$ 103.3]	[1.2]	\$ 8,536.7	3.7

[]=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.

ANALYSIS OF NON-PERSONNEL EXPENSES
November 2004 - 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
436.0	389.4	[\$ 46.6]	[12.0]	\$ 375.0	16.3	Transportation	862.0	791.5	[\$ 70.5]	[8.9]	\$ 683.9	26.0
162.8	202.0	- 39.2	- 19.4	180.6	- 9.9	Supplies & Services	288.8	375.2	- 86.4	- 23.0	315.3	- 8.4
167.3	194.4	- 27.1	- 13.9	185.8	- 10.0	Depreciation	335.5	387.4	- 51.9	- 13.4	386.9	- 13.3
84.5	87.0	- 2.5	- 2.8	82.5	2.4	Rent	168.0	170.2	- 2.2	- 1.3	158.0	6.3
41.8	41.9	- 0.0	- 0.1	40.3	3.9	Fuel & Utilities	78.4	80.7	- 2.3	- 2.9	76.6	2.3
16.6	32.7	- 16.1	- 49.2	28.5	- 41.7	Rural Carrier Equip Maint Allowance	63.3	82.0	- 18.7	- 22.8	74.6	- 15.2
49.3	37.7	[11.6]	[30.8]	36.7	34.2	Vehicle Maintenance	85.8	71.9	[13.9]	[19.4]	70.1	22.4
17.3	68.8	- 51.5	- 74.9	38.6	- 55.2	Information Technology	50.6	110.3	- 59.7	- 54.1	63.8	- 20.7
22.8	17.7	[5.2]	[29.3]	18.8	21.2	Building Projects Expensed	41.9	33.0	[8.9]	[26.9]	38.0	10.3
6.6	7.1	- 0.5	- 7.5	6.6	0.2	Contract Job Cleaners	13.6	14.2	- 0.6	- 4.0	13.4	1.7
22.4	15.1	[7.3]	[48.3]	15.3	46.2	Travel & Relocation	34.1	28.8	[5.3]	[18.4]	31.5	8.5
18.0	19.3	- 1.3	- 6.7	16.6	8.9	Communications	32.4	35.9	- 3.5	- 9.8	29.4	10.1
5.6	5.8	- 0.2	- 3.8	4.8	15.7	Contract Stations	11.6	12.0	- 0.5	- 3.8	10.5	10.3
2.6	2.3	[0.4]	[15.6]	1.2	114.4	Printing	5.8	3.8	[2.0]	[52.7]	1.9	197.9
3.3	5.1	- 1.8	- 35.2	2.2	47.5	Training	8.0	9.9	- 1.9	- 19.4	5.5	44.2
1.5	3.0	- 1.5	- 50.9	2.4	- 39.6	Carfare & Tolls	4.2	5.8	- 1.5	- 26.7	3.9	10.0
0.6	1.6	- 1.1	- 64.4	1.2	- 53.3	Vehicle Hire	2.1	3.2	- 1.1	- 35.4	2.9	- 30.2
3.9	4.0	- 0.2	- 3.8	4.9	- 20.2	Accident Cost	8.7	7.7	[1.0]	[13.2]	9.1	- 3.6
13.5	24.0	- 10.5	- 43.7	23.3	- 42.1	Miscellaneous	51.1	46.5	[4.6]	[9.9]	41.3	23.7
1,076.4	1,158.8	- 82.4	- 7.1	\$ 1,065.4	1.0	Total Non-Personnel Expenses	2,146.0	2,270.1	\$ - 124.1	- 5.5	\$ 2,016.6	6.4

[]=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
November 2004 - FY 2005
(\$ Millions)

Assets	November 30, 2004	November 30, 2003	September 30, 2004*
Current Assets:			
Cash and cash equivalents _1/	\$ 767	\$ 282	\$ 877
Receivables:			
Foreign countries	620	748	621
U.S. Government	225	361	327
Other	<u>221</u>	<u>197</u>	<u>187</u>
Receivables before allowances	1,066	1,306	1,135
Less allowances	<u>114</u>	<u>105</u>	<u>111</u>
Total receivables, net	952	1,201	1,024
Supplies, advances and prepayments	<u>202</u>	<u>347</u>	<u>220</u>
Total Current Assets	1,921	1,830	2,121
Revenue forgone appropriations receivable	361	364	361
Property and Equipment, at Cost:			
Buildings	20,203	19,790	20,171
Equipment	17,546	17,256	17,277
Land	2,811	2,813	2,810
Leasehold improvements	<u>1,106</u>	<u>561</u>	<u>1,103</u>
	41,666	40,420	41,361
Less allowances for depreciation and amortization	<u>20,962</u>	<u>18,553</u>	<u>20,656</u>
	20,704	21,867	20,705
Construction in progress	<u>1,851</u>	<u>1,065</u>	<u>1,792</u>
Total property, plant and equipment, net	22,555	22,932	22,497
Total Assets	<u>\$ 24,837</u>	<u>\$ 25,126</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
November 2004 - FY 2005
(\$ Millions)

Liabilities and Net Capital	November 30, 2004	November 30, 2003	September 30, 2004*
Current Liabilities:			
Compensation and benefits	\$ 3,510	\$ 3,106	\$ 2,640
Estimated prepaid postage	1,247	1,349	1,256
Payables and accrued expenses:			
Commercial vendors & accrued expenses	1,314	1,882	1,739
Foreign countries	757	973	778
U.S. government	<u>78</u>	<u>126</u>	<u>87</u>
Total payables and accrued expenses	2,149	2,981	2,604
Customer deposit advances	1,591	1,553	1,606
Outstanding postal money orders	788	811	767
Prepaid box rent & other deferred revenue	397	388	397
Debt	<u>0</u>	<u>3,388</u>	<u>1,800</u>
Total Current Liabilities	9,682	13,576	11,070
Non-Current Liabilities:			
Workers' compensation	6,859	6,572	6,651
Employees' accumulated leave	1,929	1,934	2,006
Other	<u>1,322</u>	<u>1,108</u>	<u>1,321</u>
Total Other Non-Current Liabilities	10,110	9,614	9,978
Commitments and contingencies - -			
Total Liabilities	19,792	23,190	21,048
Net Capital Deficiency:			
Capital contributions of the U.S. government	3,034	3,034	3,034
Retained earnings (deficit) since reorganization	<u>2,011</u>	<u>(1,098)</u>	<u>897</u>
Total Net Capital	5,045	1,936	3,931
Total Liabilities and Net Capital Deficiency	<u>\$ 24,837</u>	<u>\$ 25,126</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 November 30, 2004
(\$ Millions)

	November 30, 2004	September 30, 2004*
Cash flows from operating activities:		
Net Income	\$ 1,114	\$ 3,065
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	333	2,145
Loss on disposals of property and equipment, net	1	71
Decrease in revenue forgone appropriations receivable	-	4
Increase in workers' compensation liability	208	343
(Decrease) increase in employees' accumulated leave	(77)	74
Increase in other liabilities	1	170
Changes in current assets and liabilities:		
Decrease in receivables, net	72	167
Decrease in supplies, advances and prepayments	18	146
Increase in compensation and benefits	870	106
(Decrease) in estimated prepaid postage	(9)	(93)
(Decrease) in payables and accrued expenses	(455)	(412)
(Decrease) increase in customer advances	(15)	40
Increase (decrease) in outstanding postal money orders	21	(1)
Increase in prepaid box rent & other deferred revenue	-	10
Net cash provided by operating activities	2,082	5,835
Cash flows from investing activities:		
Purchase of property and equipment	(395)	(1,685)
Proceeds from sale of property and equipment	3	26
Net cash used in investing activities	(392)	(1,659)
Cash flows from financing activities:		
U.S. government appropriations received	-	-
U.S. government appropriations expended	-	(92)
Issuance of debt	-	-
Payments on debt	(1,800)	(5,473)
Net cash used in financing activities	(1,800)	(5,565)
Net (decrease) in cash and cash equivalents	(110)	(1,389)
Cash and cash equivalents at beginning of year	877	2,266
Cash and cash equivalents at end of period	\$ 767	\$ 877

* Audited year-end data.

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

CAPITAL INVESTMENTS
November 2004 - FY 2005
(\$ Millions)

MAJOR CATEGORIES	COMMITMENTS			CASH OUTLAYS		
	Year-to-Date			Year-to-Date		
	ACTUAL	PLAN	SPLY	ACTUAL	PLAN	SPLY
CONSTRUCTION AND BUILDING PURCHASE	\$ 12.3	\$ 18.9	\$ 7.5	\$ 33.2	\$ 33.2	\$ 23.6
BUILDING IMPROVEMENTS	12.0	35.3	17.2	61.5	61.5	39.3
MAIL PROCESSING EQUIPMENT	3.4	8.2	15.3	142.2	183.2	113.3
VEHICLES	0.4	0.2	1.5	38.6	38.6	25.4
RETAIL EQUIPMENT	2.4	3.9	[- 1.4]	18.1	18.1	12.2
POSTAL SUPPORT EQUIPMENT	31.0	50.3	20.2	102.4	102.4	53.3
TOTAL COMMITMENTS/CASH OUTLAYS	\$ 61.5	\$ 116.8	\$ 60.3	\$ 396.2	\$ 437.0	\$ 267.1

RESOURCES ON ORDER
(\$ Millions)

MAJOR CATEGORIES	November 30, 2004	September 30, 2004
CONSTRUCTION AND BUILDING PURCHASE	\$ 170.4	\$ 192.0
BUILDING IMPROVEMENTS	330.4	380.5
MAIL PROCESSING EQUIPMENT	1,461.1	1,601.1
VEHICLES	87.7	126.0
RETAIL EQUIPMENT	79.3	94.9
POSTAL SUPPORT EQUIPMENT	341.7	413.9
TOTAL RESOURCES ON ORDER	\$ 2,470.6	\$ 2,808.4

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 2004 - FY 2005
 (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>					
727	[5]	[0.7]	646	12.4	Operations:	1,486	[23]	[1.5]	1,455	2.2
28,178	[875]	[3.2]	27,679	1.8	-Support	57,358	[1,976]	[3.6]	57,569	- 0.4
14,216	[473]	[3.4]	12,939	9.9	-Mail Processing	28,911	[861]	[3.1]	27,444	5.3
38,683	[1,236]	[3.3]	36,112	7.1	-Rural Delivery	78,615	[2,519]	[3.3]	76,592	2.6
2,572	[0]	[0.0]	2,420	6.3	-City Delivery	5,200	- 33	- 0.6	5,182	0.3
6,502	- 184	- 2.8	6,300	3.2	-Vehicles Services	13,298	- 409	- 3.0	13,448	- 1.1
19,280	[779]	[4.2]	17,719	8.8	-Plant & Equip Maint	38,756	[1,197]	[3.2]	37,946	2.1
389	- 62	- 13.8	368	5.7	-Customer Services	800	- 115	- 12.5	814	- 1.7
719	[26]	[3.8]	639	12.5	Finance	1,448	[41]	[2.9]	1,440	0.6
1,086	- 122	- 10.1	1,085	0.0	Human Resources	2,213	- 241	- 9.8	2,422	- 8.6
5,542	[275]	[5.2]	4,889	13.3	Customer Service & Sales	10,933	[270]	[2.5]	10,722	2.0
2,055	- 164	- 7.4	2,397	- 14.3	Administration	4,180	- 305	- 6.8	5,762	- 27.5
119,949	[3,137]	[2.7]	113,193	6.0	Other					
					<u>Total Workhours</u>	243,198	[5,784]	[2.4]	240,797	1.0

Overtime						
Actual	Budget	SPLY		Actual	Budget	SPLY
11.3%	8.6%	10.0%	<u>Overtime Ratio Per 100 Workhours</u>	11.3%	8.4%	9.4%

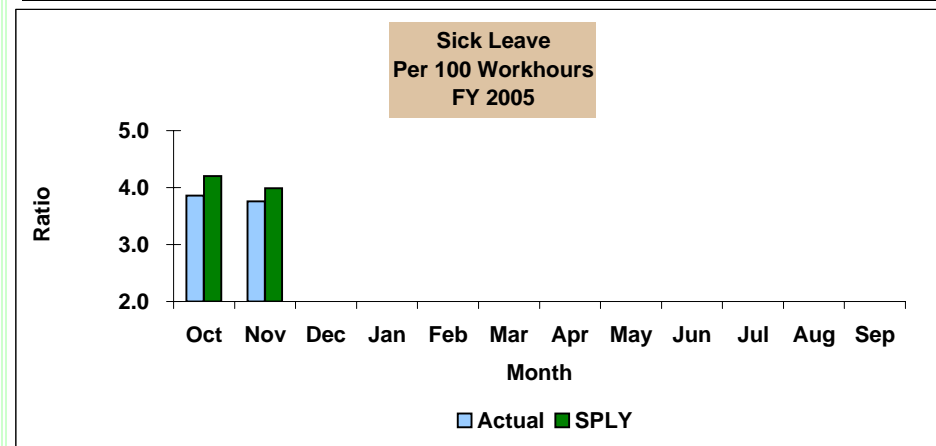
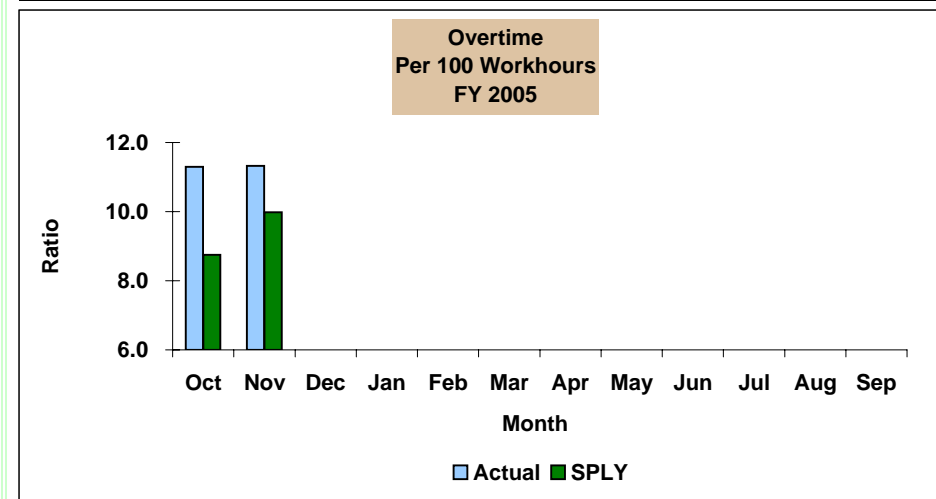
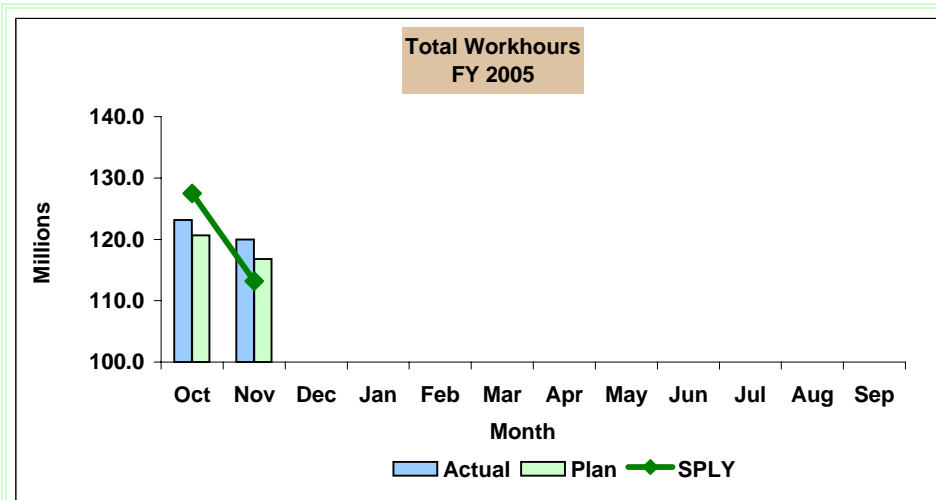
Sick Leave				
Actual	SPLY		Actual	SPLY
3.8%	4.0%	<u>Sick Leave Ratio Per 100 Workhours</u>	3.8%	4.2%

[]=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 2004 - FY 2005

Information: There was one less Saturday and Sunday and two more weekdays during November FY 2005 compared to SPLY. YTD November has the same number of Saturdays, Sundays and weekdays in both FY 2005 and FY 2004.

Analysis of the Financial and Operating Statements

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

For November, Total Revenue was \$323 million or 5.7% over plan. Commercial Revenue was over plan by \$225 million or 5.3% and Retail Revenue was over plan \$106 million or 7.6%. In November, Total Revenue was \$661 million or 12.3% over same period last year (SPLY). Combined Commercial Revenue and Retail Revenue were \$652 million more than SPLY. Permit Imprint Revenue for November was 17.2% (\$409 million) greater than SPLY. Of particular interest, First-Class Permit Imprint Revenue was 20.9% above SPLY.

Year-to-date (YTD), Total Revenue is \$603 million or 5.2% over plan. Permit Revenue at \$569 million more than plan is the primary driver of the Total Revenue increase over plan. Conversely, Other Commercial Accounts at \$103 million or 2.8% less than plan is negatively impacting the Total Revenue performance to plan. YTD Total Revenue is \$511 million over SPLY.

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

For November, Total Expenses were \$94 million or 1.7% below plan. Personnel costs were \$11 million or 0.3% below plan. Non-personnel costs were also below plan by \$82 million or 7.1%, absorbing overruns in transportation costs caused by increased jet fuel prices. Expenses were below plan despite increased volume during November, which indicates that a major portion of the resulting workload was absorbed. Total Expenses were \$298 million or 5.8% above SPLY during November.

Year-to-date, personnel costs are \$103 million or 1.2% over plan and non-personnel expenses are \$124 million below plan. The largest contributors to the non-personnel plan underruns are Supplies & Services, Depreciation, Rural Carrier Equipment Maintenance Allowance, and Information Technology. Combined, these contributors were \$217 million below plan YTD. 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 \$21 million below plan YTD savings in Total Expense, despite increased volume. YTD Total Expenses are \$473 million or 4.5% above SPLY.

November 2004 - FY 2005

Analysis of the Financial and Operating Statements (Continued)

Mail Volume and Revenue - Page 3

Total Mail Volume for November, FY 2005 was 2.4 billion pieces or 15.0% above SPLY. The mail volumes in all major mail category lines were above SPLY levels. First-Class Mail and Standard Mail volumes were 1.0 billion and 1.3 billion pieces over SPLY, respectively.

Year-to-date, Total Mail Volume is 7.5% or 2.7 billion pieces above SPLY. The most significant mail volume increase above SPLY for November FY 2005 YTD is in the lower revenue-per-piece Standard Mail category, which increased 2.0 billion pieces or 11.4%. YTD, First-Class Mail volume is 4.0% more than SPLY, generating \$139 million or 2.3% more revenue than SPLY.

Capital Investments - Pages 1 and 13

The Fiscal Year 2005 Capital Commitments YTD through November 30, 2004 are \$61.5 million compared to a plan of \$116.8 million. This represents a plan underrun of about \$55 million or 47.3%.

The Cash Outlays YTD are \$396 million versus a plan of \$437 million, representing a \$41 million underrun to plan.

Workhours - Pages 1, 14 and 15

Total workhours for November 2004 were 3.1 million hours or 2.7% above plan and 6.8 million hours or 6.0% above November 2003. The City Delivery, Customer Services, and Rural Delivery operations posted the most significant workhour growth to SPLY, 2.6 million hours, 1.6 million hours and 1.3 million hours, respectively. Combined these operations were \$5.4 million above SPLY.

Total workhours for November, 2004 YTD are 2.4 million hours or 1.0% above SPLY. This increase in workhours is a reflection of the growth in mail volumes. YTD, the largest contributors to the workhours growth to SPLY were in City Delivery and Rural Delivery workhours. Combined, these operations were 3.5 million hours above SPLY.