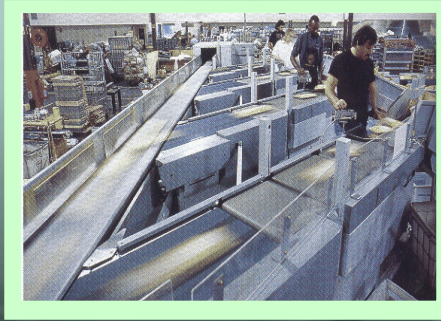


**UNITED STATES
POSTAL SERVICE**

FINANCIAL & OPERATING STATEMENTS



**April, FY 2006
April 1 – April 30, 2006**

Prepared by: Financial Reporting and Analysis

HIGHLIGHTS
April 2006 - FY 2006
(Millions)

Current Period						Year-to-Date (October 1, 2005 - April 30, 2006)					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY	Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY
\$ 5,879.5	\$ 5,821.6	\$ 57.9	1.0	\$ 5,764.3	2.0	\$ 43,056.5	\$ 42,710.3	\$ 346.2	0.8	\$ 41,886.3	2.8
<u>5,776.4</u>	<u>5,774.2</u>	[2.2]	[0.0]	<u>5,704.1</u>	1.3	<u>41,395.5</u>	<u>41,235.7</u>	[159.8]	[0.4]	<u>39,861.0</u>	3.8
\$ 103.1	\$ 47.4	\$ 55.7	NM	\$ 60.2	NM	\$ 1,661.0	\$ 1,474.6	\$ 186.4	NM	\$ 2,025.3	NM
<u>250.0</u>						<u>1,750.0</u>					
<u>\$ (146.9)</u>						<u>\$ (89.0)</u>					
\$ 45.2	\$ 86.1	[\$ - 40.9]	[- 47.5]	\$ 158.8	- 71.5	\$ 511.5	\$ 585.7	[\$ - 74.2]	[- 12.7]	\$ 916.1	- 44.2
118.4	118.3	[0.1]	[0.1]	123.7	- 4.3	854.7	843.2	[11.5]	[1.4]	861.0	- 0.7

Actual Number Of:	Current Period	Last Period	SPLY
Post Offices	27,327	27,329	27,452
Postal Owned Vehicles In Use			
Administrative	6,256	6,261	5,837
Operations	209,712	209,540	206,776
Total Deliveries (000)	145,236	145,126	143,315
City Delivery Routes	164,026	164,072	164,656
Rural Routes	73,293	73,289	71,381
Career Employees (excludes Inspector General)	694,565	695,355	701,819
Casual Employees	21,185	21,020	20,970
Transitional Employees	6,437	6,304	9,446

*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.

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

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

Current Period							Year-to-Date					
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY		Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY
\$ 5,864.0	\$ 5,804.6	\$ 59.4	1.0	\$ 5,756.1	1.9	Operating Revenue	\$ 42,977.0	\$ 42,620.9	\$ 356.1	0.8	\$ 41,847.8	2.7
<u>5,754.6</u>	<u>5,752.3</u>	[<u>2.3</u>]	-	<u>5,686.0</u>	1.2	Operating Expense	<u>41,241.5</u>	<u>41,081.1</u>	[<u>160.4</u>]	[0.4]	<u>39,732.8</u>	3.8
\$ 109.4	\$ 52.3	\$ 57.1	NM	\$ 70.1	NM	Income/(Loss) From Operations	\$ 1,735.5	\$ 1,539.8	\$ 195.7	NM	\$ 2,115.0	NM
15.5	17.0	[-1.5]	[-8.8]	8.2	89.0	Investment Income	79.5	89.4	[-9.9]	[-11.1]	38.5	106.5
-	0.1	-0.1	-100.0	-	NM	Interest Expense	1.4	2.0	-0.6	-30.0	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>152.6</u>	<u>152.6</u>	<u>-</u>	-	<u>126.7</u>	20.4
\$ 103.1	\$ 47.4	\$ 55.7	NM	\$ 60.2	NM	Net Income Before Escrow Allocation *	\$ 1,661.0	\$ 1,474.6	\$ 186.4	NM	\$ 2,025.3	NM
<u>250.0</u>						Escrow Allocation *	<u>1,750.0</u>					
\$ (146.9)						Net Gain/(Deficiency) After Escrow Allocation *	\$ (89.0)					

[]=Unfavorable variance to budget

* See footnote on page 1.

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

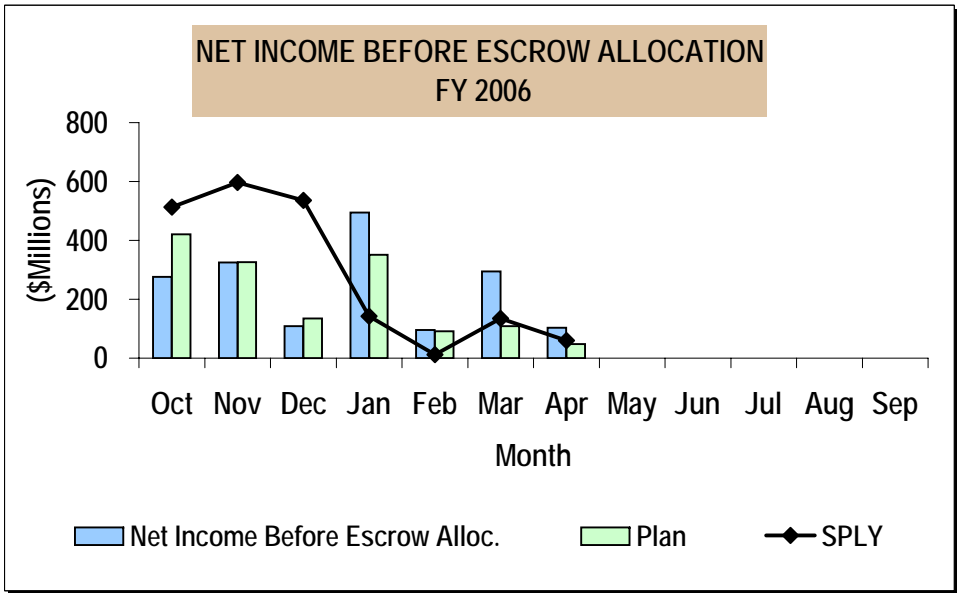
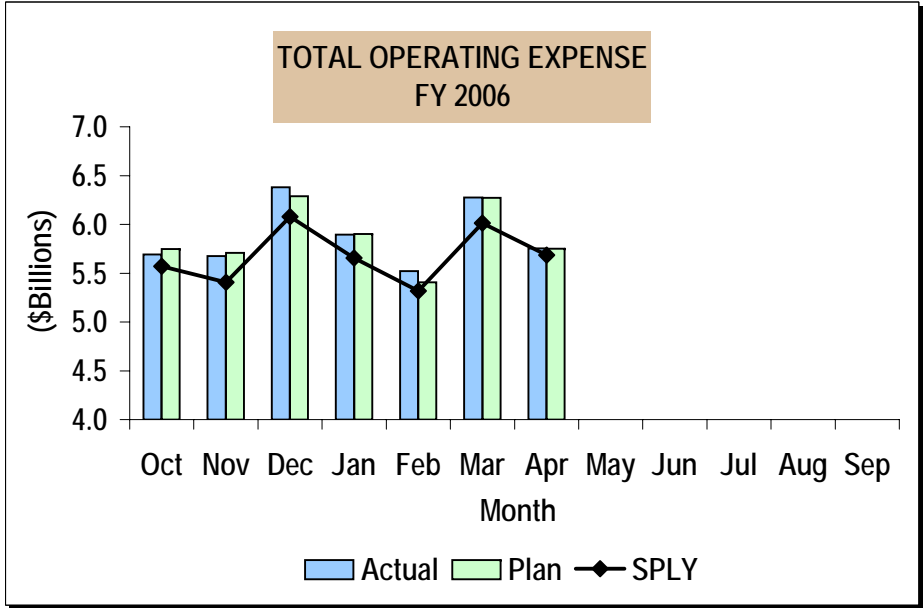
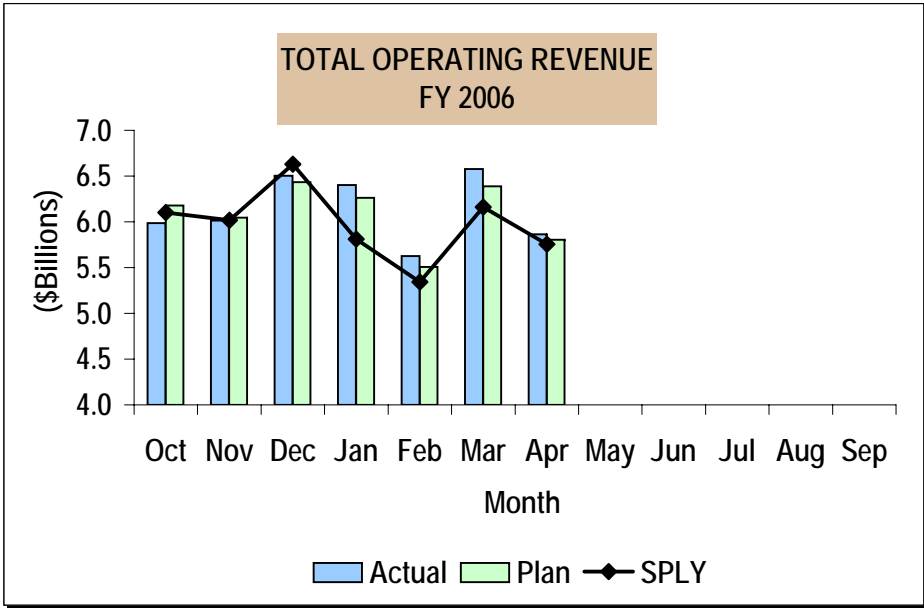
MAIL VOLUME - MAIL REVENUE
(Data in Thousands)

CATEGORY	CURRENT PERIOD			YEAR-TO-DATE		
	April 30, FY 2006	April 30, FY 2005*	% SPLY	April 30, FY 2006	April 30, FY 2005 *	% SPLY
FIRST-CLASS						
VOLUME	7,787,441	7,975,390	- 2.4	58,220,268	59,061,418	- 1.4
REVENUE	\$ 2,997,883	\$ 2,949,254	1.6	\$ 21,927,907	\$ 21,758,008	0.8
REV/PC.	\$ 0.3850	\$ 0.3698	4.1	\$ 0.3766	\$ 0.3684	2.2
PRIORITY-MAIL						
VOLUME	75,249	75,725	- 0.6	565,671	534,108	5.9
REVENUE	\$ 410,770	\$ 388,001	5.9	\$ 3,106,080	\$ 2,811,838	10.5
REV/PC.	\$ 5.4588	\$ 5.1238	6.5	\$ 5.4910	\$ 5.2645	4.3
EXPRESS MAIL						
VOLUME	4,603	4,774	- 3.6	32,945	32,050	2.8
REVENUE	\$ 76,059	\$ 74,202	2.5	\$ 538,127	\$ 506,940	6.2
REV/PC.	\$ 16.5238	\$ 15.5429	6.3	\$ 16.3341	\$ 15.8172	3.3
PERIODICALS						
VOLUME	722,922	726,874	- 0.5	5,314,183	5,355,474	- 0.8
REVENUE	\$ 177,237	\$ 172,119	3.0	\$ 1,290,788	\$ 1,276,444	1.1
REV/PC.	\$ 0.2452	\$ 0.2368	3.5	\$ 0.2429	\$ 0.2383	1.9
STANDARD MAIL						
VOLUME	8,174,215	8,380,269	- 2.5	60,235,486	59,657,289	1.0
REVENUE	\$ 1,619,565	\$ 1,590,515	1.8	\$ 11,622,743	\$ 11,243,720	3.4
REV/PC.	\$ 0.1981	\$ 0.1898	4.4	\$ 0.1930	\$ 0.1885	2.4
PACKAGE SERVICES						
VOLUME	78,844	85,913	- 8.2	703,605	688,907	2.1
REVENUE	\$ 169,547	\$ 164,139	3.3	\$ 1,371,223	\$ 1,361,489	0.7
REV/PC.	\$ 2.1504	\$ 1.9105	12.6	\$ 1.9489	\$ 1.9763	- 1.4
INTERNATIONAL						
VOLUME	57,244	66,494	- 13.9	497,701	519,982	- 4.3
REVENUE	\$ 141,719	\$ 148,155	- 4.3	\$ 1,150,581	\$ 1,071,049	7.4
REV/PC.	\$ 2.4757	\$ 2.2281	11.1	\$ 2.3118	\$ 2.0598	12.2
ALL OTHER						
VOLUME	125,208	48,147	160.1	610,091	412,739	47.8
ALL MAIL						
VOLUME	17,025,724	17,363,587	- 1.9	126,179,951	126,261,967	- 0.1
REVENUE	\$ 5,592,781	\$ 5,486,385	1.9	\$ 41,007,449	\$ 40,029,488	2.4
REV/PC.	\$ 0.3285	\$ 0.3160	4.0	\$ 0.3250	\$ 0.3170	2.5

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
April 2006 - FY 2006
(\$ Millions)

Current Period				Year-to-Date		
Actual	SPLY	% SPLY		Actual	SPLY	% SPLY
\$ 2,031.0	\$ 2,040.5	- 0.5	Operating Revenue:	\$ 14,759.2	\$ 14,707.0	0.4
			Metered Postage			
852.6	878.9	- 3.0	Stamps and Stamped Paper	6,753.8	6,834.7	- 1.2
1,533.0	1,496.8	2.4	Permit Imprint	10,981.2	10,556.0	4.0
175.7	170.8	2.9	Periodicals & Standard	1,280.0	1,265.5	1.1
64.4	62.9	2.4	Official Mail	500.0	486.0	2.9
955.9	839.2	13.9	Presort First-Class & Package Svc./Permit Imprint	6,758.1	6,187.0	9.2
60.9	61.4	- 0.8	Box Rents	458.4	453.9	1.0
17.4	18.5	- 5.9	Money Order Fees	123.9	125.5	- 1.3
<u>158.6</u>	<u>179.5</u>	- 11.6	Other	<u>1,268.7</u>	<u>1,178.7</u>	7.6
\$ 5,849.5	\$ 5,748.5	1.8	Subtotal	\$ 42,883.3	\$ 41,794.3	2.6
<u>14.5</u>	<u>7.6</u>	90.8	Government Appropriations	<u>93.7</u>	<u>53.5</u>	75.1
\$ 5,864.0	\$ 5,756.1	1.9	Total Operating Revenue	\$ 42,977.0	\$ 41,847.8	2.7
<u>15.5</u>	<u>8.2</u>	89.0	Investment Income	<u>79.5</u>	<u>38.5</u>	106.5
<u>\$ 5,879.5</u>	<u>\$ 5,764.3</u>	2.0	Total Revenue	<u>\$ 43,056.5</u>	<u>\$ 41,886.3</u>	2.8

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

REVENUE BY CATEGORY
April 2006 - FY 2006
(\$ Millions)

Current Period				Year-to-Date		
Actual	Budget	% Budget		Actual	Budget	% Budget
			Commercial Revenue			
\$ 2,719.9	\$ 2,661.7	2.2	Permit Revenue	\$ 19,450.5	\$ 19,072.1	2.0
1,688.8	1,715.7	[- 1.6]	Other Commercial Accounts Revenue	12,200.7	12,769.1	[- 4.5]
\$ 4,408.7	\$ 4,377.4	0.7	Total Commercial Revenue	\$ 31,651.2	\$ 31,841.2	[- 0.6]
			Retail Revenue			
1,024.7	1,025.3	[- 0.1]	Retail Postage Revenue	8,036.9	7,959.7	1.0
100.7	100.1	0.6	Retail Services Revenue	722.7	726.7	[- 0.6]
13.8	14.3	[- 3.5]	Retail Products Revenue	122.3	115.0	6.3
268.4	229.6	16.9	Other Retail Channels Revenue	1,994.8	1,576.9	26.5
\$ 1,407.6	\$ 1,369.3	2.8	Total Retail Revenue	\$ 10,876.7	\$ 10,378.3	4.8
\$ 5,816.3	\$ 5,746.7	1.2	Total Commercial & Retail Revenue	\$ 42,527.9	\$ 42,219.5	0.7
33.2	46.0	[- 27.8]	Other Income	355.4	309.5	14.8
14.5	11.9	21.8	Government Appropriations	93.7	91.9	2.0
\$ 5,864.0	\$ 5,804.6	1.0	Total Operating Revenue	\$ 42,977.0	\$ 42,620.9	0.8
15.5	17.0	[- 8.8]	Investment Income	79.5	89.4	[- 11.1]
\$ 5,879.5	\$ 5,821.6	1.0	Total Revenue	\$ 43,056.5	\$ 42,710.3	0.8

[]=Unfavorable variance to budget

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

EXPENSE ANALYSIS
April 2006 - FY 2006
(\$ Millions)

Current Period						Year-to-Date						
Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY	Actual	Budget	Var. to Budget	% Budget	SPLY	% SPLY	
\$ 4,549.5	\$ 4,533.0	[\$ 16.5]	[0.4]	\$ 4,544.4	0.1	Personnel Compensation	\$ 32,473.9	\$ 32,157.9	[\$ 316.0]	[1.0]	\$ 31,649.7	2.6
Non-Personnel Expense:												
457.8	459.6	-1.8	-0.4	437.5	4.6	Transportation	3,495.0	3,472.8	[22.2]	[0.6]	3,141.2	11.3
209.2	209.6	-0.4	-0.2	182.3	14.8	Supplies & Services	1,393.9	1,477.5	-83.6	-5.7	1,303.6	6.9
<u>538.1</u>	<u>550.1</u>	<u>-12.0</u>	<u>-2.2</u>	<u>521.8</u>	<u>3.1</u>	Other	<u>3,878.7</u>	<u>3,972.9</u>	<u>-94.2</u>	<u>-2.4</u>	<u>3,638.3</u>	<u>6.6</u>
\$ 1,205.1	\$ 1,219.3	\$ -14.2	-1.2	\$ 1,141.6	5.6	Subtotal	\$ 8,767.6	\$ 8,923.2	\$ -155.6	-1.7	\$ 8,083.1	8.5
\$ 5,754.6	\$ 5,752.3	[\$ 2.3]	[0.0]	\$ 5,686.0	1.2	Total Operating Expense	\$ 41,241.5	\$ 41,081.1	[\$ 160.4]	[0.4]	\$ 39,732.8	3.8
0.0	0.1	-0.1	-100.0	-	NM	Interest Expense	1.4	2.0	-0.6	-30.0	1.5	-6.7
<u>21.8</u>	<u>21.8</u>	<u>-</u>	<u>-</u>	<u>18.1</u>	<u>20.4</u>	Interest on Deferred Retirement Obligations	<u>152.6</u>	<u>152.6</u>	<u>-</u>	<u>-</u>	<u>126.7</u>	<u>20.4</u>
\$ 5,776.4	\$ 5,774.2	[\$ 2.2]	[0.0]	\$ 5,704.1	1.3	Total Expense	\$ 41,395.5	\$ 41,235.7	[\$ 159.8]	[0.4]	\$ 39,861.0	3.8

[]=Unfavorable variance to budget

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

ANALYSIS OF OPERATING EXPENSES

Personnel Compensation

April 2006 - 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:							
\$ 36.5	\$ 35.5	[\$ 1.0]	[2.8]	\$ 37.2	-2.0	-Support	\$ 261.3	\$ 247.1	[\$ 14.2]	[5.8]	\$ 241.9	8.0	
966.7	950.8	[15.9]	[1.7]	972.7	-0.6	-Mail Processing	6,955.8	6,776.7	[179.1]	[2.6]	6,840.7	1.7	
451.9	453.5	-1.6	-0.3	445.3	1.5	-Rural Delivery	3,149.9	3,146.9	[3.0]	[0.1]	2,947.4	6.9	
1,401.8	1,392.3	[9.4]	[0.7]	1,432.9	-2.2	-City Delivery	10,030.8	9,912.8	[118.0]	[1.2]	9,817.2	2.2	
101.3	101.0	[0.3]	[0.3]	101.5	-0.2	-Vehicles Services	722.5	715.3	[7.1]	[1.0]	700.6	3.1	
259.3	266.7	-7.3	-2.8	256.9	0.9	-Plant & Equip Maint	1,818.9	1,858.2	-39.3	-2.1	1,759.0	3.4	
674.5	660.3	[14.2]	[2.1]	680.7	-0.9	-Customer Services	4,877.7	4,757.1	[120.6]	[2.5]	4,740.8	2.9	
18.1	19.3	-1.2	-6.3	18.3	-1.3	Finance	126.0	139.6	-13.6	-9.7	121.4	3.8	
28.7	30.7	-2.0	-6.5	32.8	-12.4	Human Resources	208.4	212.6	-4.2	-2.0	219.3	-4.9	
43.1	45.1	-2.0	-4.4	43.8	-1.5	Customer Service & Sales	308.2	312.9	-4.6	-1.5	299.7	2.8	
207.5	208.4	-0.9	-0.4	212.7	-2.4	Administration - Field	1,492.1	1,495.3	-3.1	-0.2	1,463.6	1.9	
101.6	107.5	-6.0	-5.5	64.5	57.5	Other Salaries & Benefits	731.6	745.7	-14.1	-1.9	777.5	-5.9	
\$ 4,291.1	\$ 4,271.2	[\$ 19.9]	[0.5]	\$ 4,299.3	-0.2	Total Salaries & Benefits	\$ 30,683.3	\$ 30,320.2	[\$ 363.1]	[1.2]	\$ 29,929.0	2.5	
99.6	99.7	-0.1	-0.1	95.9	3.9	Workers' Compensation	697.7	698.1	-0.4	-0.1	695.6	0.3	
4.8	4.1	[0.7]	[18.3]	5.4	-11.3	Unemployment Compensation	41.8	37.4	[4.4]	[11.8]	26.2	59.6	
2.4	2.4	-	-	1.9	26.3	Deferred Retirement Cost	16.8	16.8	-	-	13.3	26.3	
141.1	144.1	-3.0	-2.1	130.0	8.5	Annuitant Health Benefits	954.8	973.9	-19.1	-2.0	864.5	10.4	
10.5	11.6	-1.1	-9.5	11.9	-11.7	Other Compensation	79.4	111.5	-32.1	-28.8	121.1	-34.5	
\$ 4,549.5	\$ 4,533.0	[\$ 16.5]	[0.4]	\$ 4,544.4	0.1	Total Personnel Compensation	\$ 32,473.9	\$ 32,157.9	[\$ 316.0]	[1.0]	\$ 31,649.7	2.6	

[]=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
April 2006 - FY 2006
(\$ Millions)

Current Period							Year-to-Date					
Actual	Budget	Var. to Budget		SPLY	% SPLY	Description	Actual	Budget	Var. to Budget		SPLY	% SPLY
\$ 457.8	\$ 459.6	\$ -1.8	-0.4	\$ 437.5	4.6	Transportation	\$ 3,495.0	\$ 3,472.8	[\$ 22.2]	[0.6]	\$ 3,141.2	11.3
209.2	209.6	-0.4	-0.2	182.3	14.8	Supplies & Services	1,393.9	1,477.5	-83.6	-5.7	1,303.6	6.9
174.0	183.1	-9.1	-5.0	177.4	-1.9	Depreciation	1,256.9	1,273.1	-16.2	-1.3	1,194.9	5.2
86.2	84.5	[1.7]	[2.0]	83.3	3.6	Rent	603.3	607.5	-4.2	-0.7	604.3	-0.2
53.7	46.5	[7.2]	[15.5]	42.1	27.6	Utilities & Heating Fuel	390.2	389.8	[0.4]	[0.1]	330.3	18.1
37.2	37.9	-0.7	-1.7	53.4	-30.3	Rural Carrier Equip Maint Allowance	274.3	277.3	-3.0	-1.1	253.4	8.2
55.6	44.5	[11.1]	[24.9]	41.5	34.1	Vehicle Maintenance Services	394.2	367.6	[26.6]	[7.2]	324.6	21.4
30.0	36.3	-6.3	-17.4	28.4	5.3	Information Technology	199.3	275.0	-75.7	-27.5	175.6	13.6
19.3	19.1	[0.2]	[1.3]	17.3	11.9	Building Projects Expensed	132.6	131.0	[1.6]	[1.2]	142.7	-7.1
7.5	7.3	[0.3]	[3.7]	6.7	12.2	Contract Job Cleaners	55.5	52.9	[2.6]	[4.9]	50.8	9.2
20.8	21.1	-0.3	-1.6	18.4	13.3	Travel & Relocation	136.6	123.5	[13.2]	[10.7]	127.4	7.2
21.0	18.8	[2.3]	[12.0]	17.9	17.1	Communications	136.2	121.1	[15.1]	[12.5]	127.3	7.1
6.2	6.8	-0.6	-9.1	6.2	-0.6	Contract Stations	43.6	47.4	-3.8	-8.0	43.7	-0.3
2.2	2.6	-0.4	-14.4	2.4	-8.7	Printing	14.0	15.7	-1.7	-10.9	17.8	-21.7
4.0	8.8	-4.9	-55.1	5.3	-25.0	Training	27.4	40.7	-13.4	-32.8	30.9	-11.4
2.1	2.6	-0.5	-19.2	2.7	-24.2	Carfare & Tolls	16.7	18.2	-1.5	-8.5	17.6	-5.3
1.2	1.2	[0.0]	[2.6]	0.9	35.4	Vehicle Hire	9.5	9.6	-0.2	-1.8	8.5	11.6
3.2	4.3	-1.1	-24.6	3.4	-4.7	Accident Costs	31.3	28.1	[3.1]	[11.1]	28.4	10.2
13.8	24.8	-11.0	-44.3	14.5	-4.3	Miscellaneous	157.2	194.3	-37.1	-19.1	160.0	-1.8
\$ 1,205.1	\$ 1,219.3	\$ -14.2	-1.2	\$ 1,141.6	5.6	Total Non-Personnel Expenses	\$ 8,767.6	\$ 8,923.2	-\$ 155.6	-1.7	\$ 8,083.1	8.5

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

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

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

Assets	April 30, 2006	April 30, 2005	September 30, 2005*
Current Assets:			
Cash and cash equivalents _1/	\$ 3,322	\$ 2,301	\$ 930
Receivables:			
Foreign countries	581	678	590
U.S. Government	297	372	280
Other	<u>200</u>	<u>190</u>	<u>188</u>
Receivables before allowances	1,078	1,240	1,058
Less allowances	<u>48</u>	<u>112</u>	<u>50</u>
Total receivables, net	1,030	1,128	1,008
Supplies, advances and prepayments	<u>156</u>	<u>162</u>	<u>200</u>
Total Current Assets	4,508	3,591	2,138
Other Assets, principally revenue forgone appropriations receivable	391	361	376
Property and Equipment, at Cost:			
Buildings	20,916	20,306	20,480
Equipment	19,262	17,984	18,664
Land	2,888	2,805	2,878
Leasehold improvements	<u>1,214</u>	<u>1,131</u>	<u>1,172</u>
	44,280	42,226	43,194
Less allowances for depreciation and amortization	<u>23,421</u>	<u>21,712</u>	<u>22,400</u>
	20,859	20,514	20,794
Construction in progress	<u>1,857</u>	<u>1,980</u>	<u>1,895</u>
Total property and equipment, net	22,716	22,494	22,689
Total Assets	<u>\$ 27,615</u>	<u>\$ 26,446</u>	<u>\$ 25,203</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

April 2006 - FY 2006

(\$ Millions)

Liabilities and Net Capital	April 30, 2006	April 30, 2005	September 30, 2005*
Current Liabilities:			
Compensation and benefits	\$ 3,353	\$ 3,127	\$ 2,852
Estimated prepaid postage	1,221	1,261	1,200
Payables and accrued expenses:			
Commercial vendors & accrued expenses	1,186	1,102	1,568
Foreign countries	600	795	688
U.S. government	73	68	76
Total payables and accrued expenses	<u>1,859</u>	<u>1,965</u>	<u>2,332</u>
Customer deposit accounts	1,644	1,623	1,720
Outstanding postal money orders	857	889	830
Prepaid box rent & other deferred revenue	444	430	477
Debt	-	-	-
Total Current Liabilities	<u>9,378</u>	<u>9,295</u>	<u>9,411</u>
Non-Current Liabilities:			
Workers' compensation costs	7,367	7,347	6,695
Employees' accumulated leave	2,131	2,094	2,016
Deferred revenue	692	772	692
Long-term portion capital lease obligations	661	655	644
Other	349	327	369
Total Non-Current Liabilities	<u>11,200</u>	<u>11,195</u>	<u>10,416</u>
Total Liabilities	20,578	20,490	19,827
Net Capital:			
Capital contributions of the U.S. government	3,034	3,034	3,034
Retained earnings since reorganization	4,003	2,922	2,342
Total Net Capital	<u>7,037</u>	<u>5,956</u>	<u>5,376</u>
Total Liabilities and Net Capital	<u>\$ 27,615</u>	<u>\$ 26,446</u>	<u>\$ 25,203</u>

* 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 CASH FLOWS
Fiscal Year 2006 through April 30, 2006
(\$ Millions)

	April 30, 2006	April 30, 2005	September 30, 2005*
Cash flows from operating activities:			
Net Income	\$ 1,661	\$ 2,025	\$ 1,445
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,248	1,180	2,089
Loss on disposals of property and equipment, net	4	7	5
Increase in revenue forgone appropriations receivable	(15)	-	(15)
Increase (decrease) in workers' compensation liability	672	696	(58)
Increase in employees' accumulated leave	115	88	10
Increase (decrease) in long-term portion capital lease liability	17	3	(8)
(Decrease) increase in other non-current liabilities	(20)	430	(111)
Changes in current assets and liabilities:			
(Increase) decrease in receivables, net	(22)	(104)	16
Decrease in supplies, advances and prepayments	44	58	20
Increase in compensation and benefits	501	487	314
Increase (decrease) in estimated prepaid postage	21	5	(56)
Decrease in payables and accrued expenses	(472)	(611)	(199)
(Decrease) increase in customers' deposit accounts	(76)	17	114
Increase in outstanding postal money orders	27	122	63
(Decrease) increase in prepaid box rent & other deferred revenue	(33)	5	52
Net cash provided by operating activities	3,672	4,408	3,681
Cash flows from investing activities:			
Purchase of property and equipment	(1,292)	(1,206)	(2,317)
Proceeds from sale of property and equipment	12	22	31
Net cash used in investing activities	(1,280)	(1,184)	(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	2,392	1,424	53
Cash and cash equivalents at beginning of year	930	877	877
Cash and cash equivalents at end of period	\$ 3,322	\$ 2,301	\$ 930

* Audited year-end data.

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

CAPITAL INVESTMENTS
April 2006 - FY 2006
(\$ Millions)

MAJOR CATEGORIES	COMMITMENTS			CASH OUTLAYS		
	Year-to-Date			Year-to-Date		
	ACTUAL	PLAN	SPLY	ACTUAL	PLAN	SPLY
CONSTRUCTION AND BUILDING PURCHASE	\$ 121.4	\$ 124.6	\$ 106.7	\$ 101.7	\$ 117.4	\$ 125.3
BUILDING IMPROVEMENTS	196.2	227.9	116.3	287.4	251.2	224.1
MAIL PROCESSING EQUIPMENT	136.2	142.5	195.8	526.8	484.1	418.0
VEHICLES	14.3	15.4	27.7	143.4	64.5	115.5
RETAIL EQUIPMENT	0.0	0.2	3.2	0.5	16.5	52.5
POSTAL SUPPORT EQUIPMENT	43.4	75.0	466.5	232.0	303.3	270.3
TOTAL COMMITMENTS/CASH OUTLAYS	\$ 511.5	\$ 585.7	\$ 916.1	\$ 1,291.8	\$ 1,237.1	\$ 1,205.6

Note: Totals may not sum due to rounding.

RESOURCES ON ORDER
(\$ Millions)

MAJOR CATEGORIES	April 30, 2006	September 30, 2005
CONSTRUCTION AND BUILDING PURCHASE	\$ 164.3	\$ 149.0
BUILDING IMPROVEMENTS	319.6	419.5
MAIL PROCESSING EQUIPMENT	1,628.9	2,017.9
VEHICLES	73.5	202.7
RETAIL EQUIPMENT	38.0	38.5
POSTAL SUPPORT EQUIPMENT	385.8	579.8
TOTAL RESOURCES ON ORDER	\$ 2,610.1	\$ 3,407.4

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

WORKHOURS & OVERTIME/SICK LEAVE RATIOS

April 2006 - 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
793	[2]	[0.2]	839	- 5.5	Operations:	5,723	[303]	[5.6]	5,505	3.9
27,070	[451]	[1.7]	27,965	- 3.2	-Support	199,370	[6,984]	[3.6]	201,540	- 1.1
15,272	[79]	[0.5]	15,599	- 2.1	-Mail Processing	106,567	[982]	[0.9]	103,428	3.0
38,103	- 15	- 0.0	39,962	- 4.7	-Rural Delivery	272,806	[2,407]	[0.9]	276,065	- 1.2
2,593	- 32	- 1.2	2,684	- 3.4	-City Delivery	18,731	[40]	[0.2]	18,735	- 0.0
6,663	- 278	- 4.0	6,832	- 2.5	-Vehicles Services	47,358	- 1,447	- 3.0	47,371	- 0.0
18,705	[201]	[1.1]	19,597	- 4.6	-Plant & Equip Maint	137,571	[3,152]	[2.3]	138,104	- 0.4
411	- 52	- 11.3	427	- 3.8	-Customer Services	2,860	- 367	- 11.4	2,874	- 0.5
645	- 47	- 6.8	781	- 17.3	Finance	4,736	- 88	- 1.8	5,174	- 8.5
1,089	- 61	- 5.3	1,145	- 4.9	Human Resources	7,867	- 186	- 2.3	7,902	- 0.4
5,332	- 99	- 1.8	5,684	- 6.2	Customer Service & Sales	38,687	- 23	- 0.1	39,407	- 1.8
1,726	- 82	- 4.5	2,157	- 20.0	Administration	12,386	- 303	- 2.4	14,845	- 16.6
118,403	[67]	[0.1]	123,672	- 4.3	Other	854,662	[11,454]	[1.4]	860,951	- 0.7
					Total Workhours					

Overtime						
Actual	Budget	SPLY		Actual	Budget	SPLY

10.9%	8.1%	10.4%	Overtime Ratio Per 100 Workhours	11.3%	8.5%	10.9%
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Sick Leave				
Actual	SPLY		Actual	SPLY

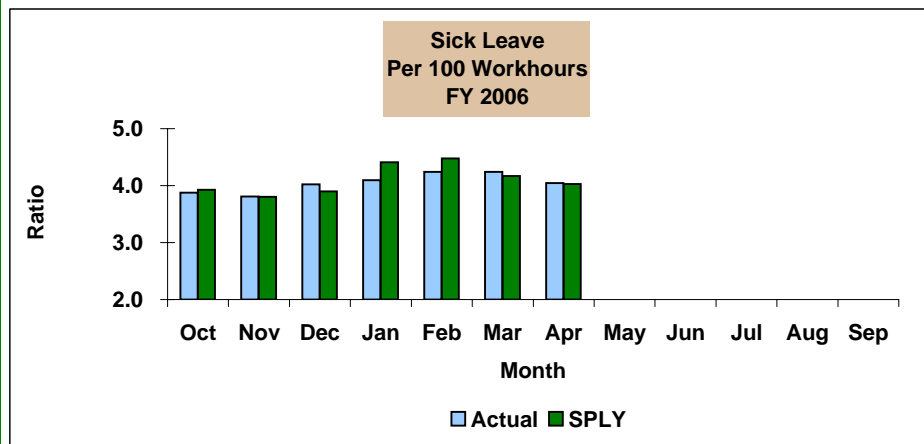
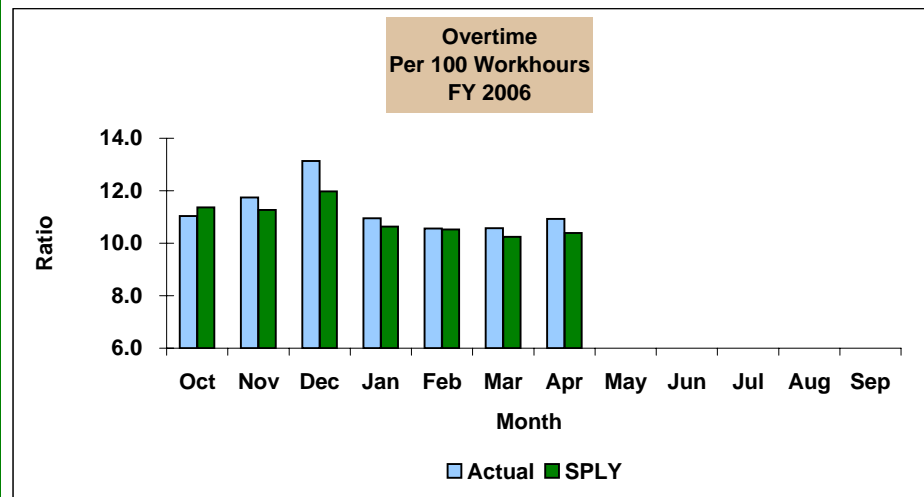
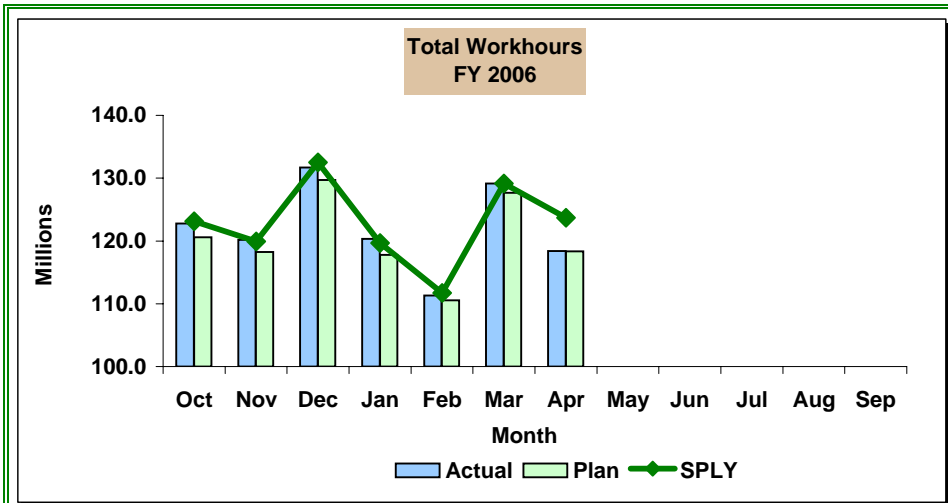
4.0%	4.0%	Sick Leave Ratio Per 100 Workhours	4.0%	4.1%
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[]=Unfavorable variance to budget

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.

April 2006 - FY 2006

Information: For the month, there was one less delivery day and one less business weekday as compared to same period last year (SPLY). Easter occurred on April 16th of this year versus March 27th of last year. Year-to-date (YTD), there was one less delivery day and two less business days compared to last year.

Analysis of the Financial and Operating Statements

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

For April, Total Revenue was \$58 million or 1.0% over plan, and \$115 million or 2.0% over same period last year (SPLY). Commercial Revenue was over plan by \$31 million or 0.7% and Retail Revenue was over plan \$38 million or 2.8%. In April, combined Total Commercial Revenue and Retail Revenue were \$120 million more than SPLY. Most of the increase in revenue to SPLY for March was reflected in Presort First and Package Services/Permit Imprint and Permit Imprint. Combined these revenue sources were \$153 million more than SPLY.

Year-to-date, Total Revenue is \$346 million or 0.8% over plan with the largest contributor being Retail Revenue at \$498 million or 4.8% more than plan. YTD, Total Revenue is \$1.2 billion over SPLY. Primary contributors to the increase over SPLY were Permit Revenue at \$1.0 billion more and Other Retail Channels Revenue at \$528 million more than last year.

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

For April, Total Expenses were \$2 million above plan. Personnel costs were \$17 million or 0.4% above plan and non-personnel costs were below plan by \$14 million or 1.2%. Compared to SPLY, this month's Total Expenses were increased by \$72 million or 1.3%. Factors contributing to this increase over SPLY, included transportation costs, an increase in deliveries, increased fuel prices, health benefits and COLA costs.

Year-to-date, Total Expenses were \$160 million or 0.4% above plan. Personnel costs are \$316 million or 1.0% above plan, while non-personnel expenses are \$156 million or 1.7% below plan. The largest contributors to the non-personnel plan underrun are Supplies and Services at \$83 million or 5.7% below plan and Information Technology at \$76 million or 27.5% below plan. YTD Total Expenses are \$1.5 billion or 3.8% above SPLY.

April 2006 - FY 2006

Analysis of the Financial and Operating Statements (Continued)

Mail Volume and Revenue - Page 3

Total Mail Volume for April, FY 2006 was 338 million pieces or 1.9% below SPLY. All of the major mail categories posted below SPLY volumes for the month. Standard Mail and First-Class Mail volumes combined were 394 million under their April 2005 levels.

Year-to-date, Total Mail Volume is 0.1% or 82 million pieces under SPLY. The most significant mail volume increase over SPLY for YTD is in the lower revenue-per-piece Standard Mail category, which increased 578 million pieces or 1.0%. YTD, First-Class Mail volume is 1.4% less than SPLY generating \$170 million more revenue than SPLY.

Capital Investments - Pages 1 and 13

The Fiscal Year 2006 Capital Commitments YTD through April 2006 are \$512 million compared to a plan of \$586 million. This represents a plan underrun of about \$74 million or 12.7%.

The Cash Outlays YTD are \$1,292 million versus a plan of \$1,237 million, representing a \$55 million overrun to plan.

Workhours - Pages 1, 14 and 15

Total Workhours for April 2006 were 0.1 million hours or 0.1% above plan, and 5.3 million hours or 4.3% below April 2005. Together, City Delivery and Rural Delivery decreased 2.2 million hours over SPLY.

Total Workhours for April 2006 YTD are 11.5 million hours or 1.4% above plan and 6.3 million hours or 0.7% below SPLY. The most significant plan overruns lie in Mail Processing by 7.0 million hours, Delivery Services by 3.4 million hours, and Customer Services by 3.2 million hours. YTD, major contributors to the workhours decrease to SPLY are City Delivery and Mail Processing workhours. Combined these operations workhours are 5.4 million hours below SPLY.