



**UNITED STATES
POSTAL SERVICE**

FY 2005

AUDITED FINANCIAL STATEMENTS

December 6, 2005

Robert F. Rider
Chairman,
Audit and Finance Committee

Richard J. Strasser, Jr.
Chief Financial Officer &
Executive Vice President



AUDITED FINANCIAL STATEMENTS

Audit and Finance Committee

October 31st Meeting

- **Conducted Executive Sessions**

November 16th Meeting

- **Audit Report from Ernst & Young**
 - **Board Accepted Financial Statements**
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AUDITED FINANCIAL STATEMENTS

Statement of Operations

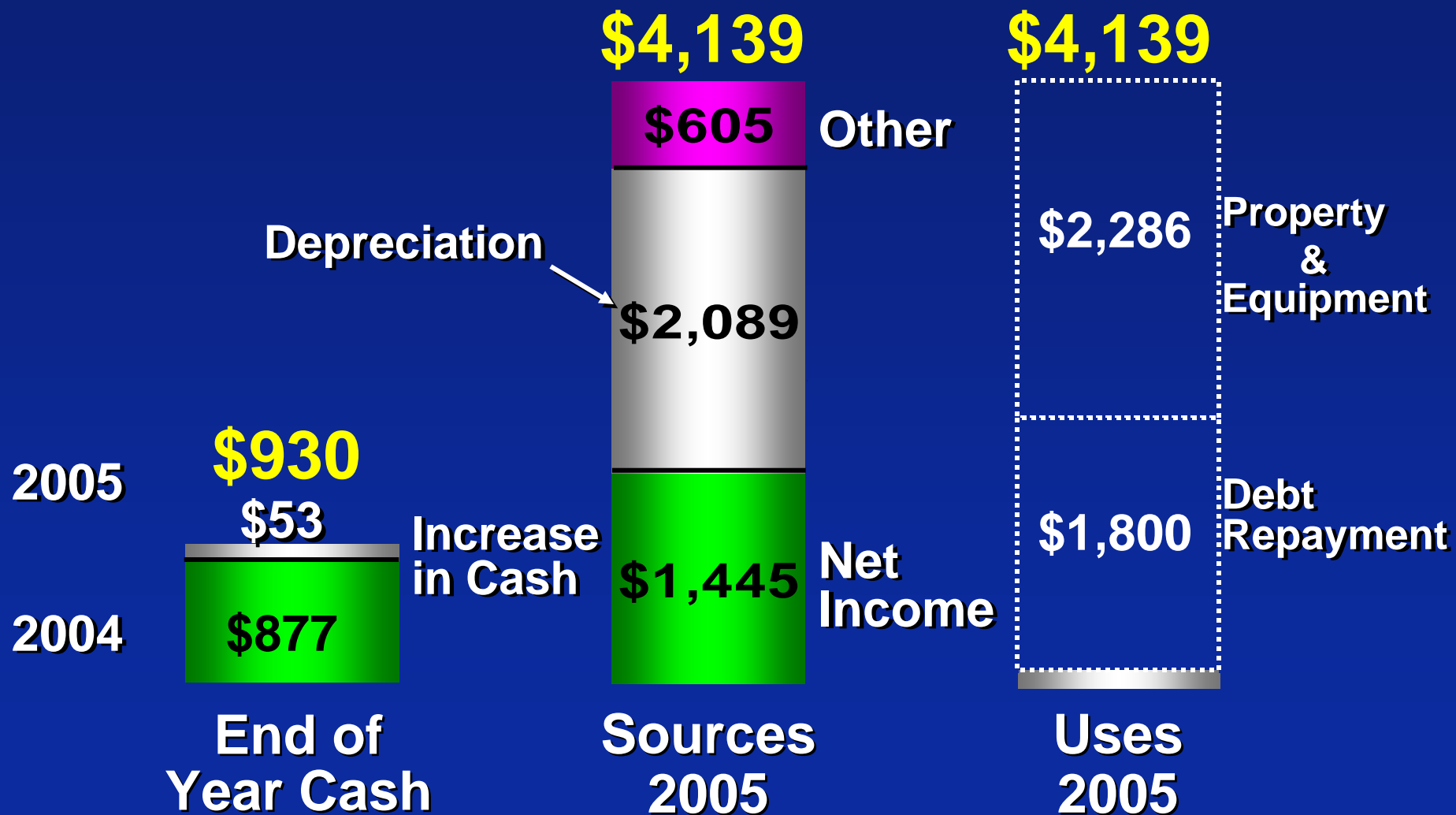
	<u>2005</u>	<u>Chg</u> <u>2004</u>
Operating Revenue	\$69,907	1.3%
Operating Expense	<u>68,283</u>	3.7%
Income From Operations	\$ 1,624	
Investment Income	86	
Interest Expense	<u>(265)</u>	
Net Income	\$ 1,445	- \$1,620

(\$Millions)



AUDITED FINANCIAL STATEMENTS

Cash Flow – Sources and Uses

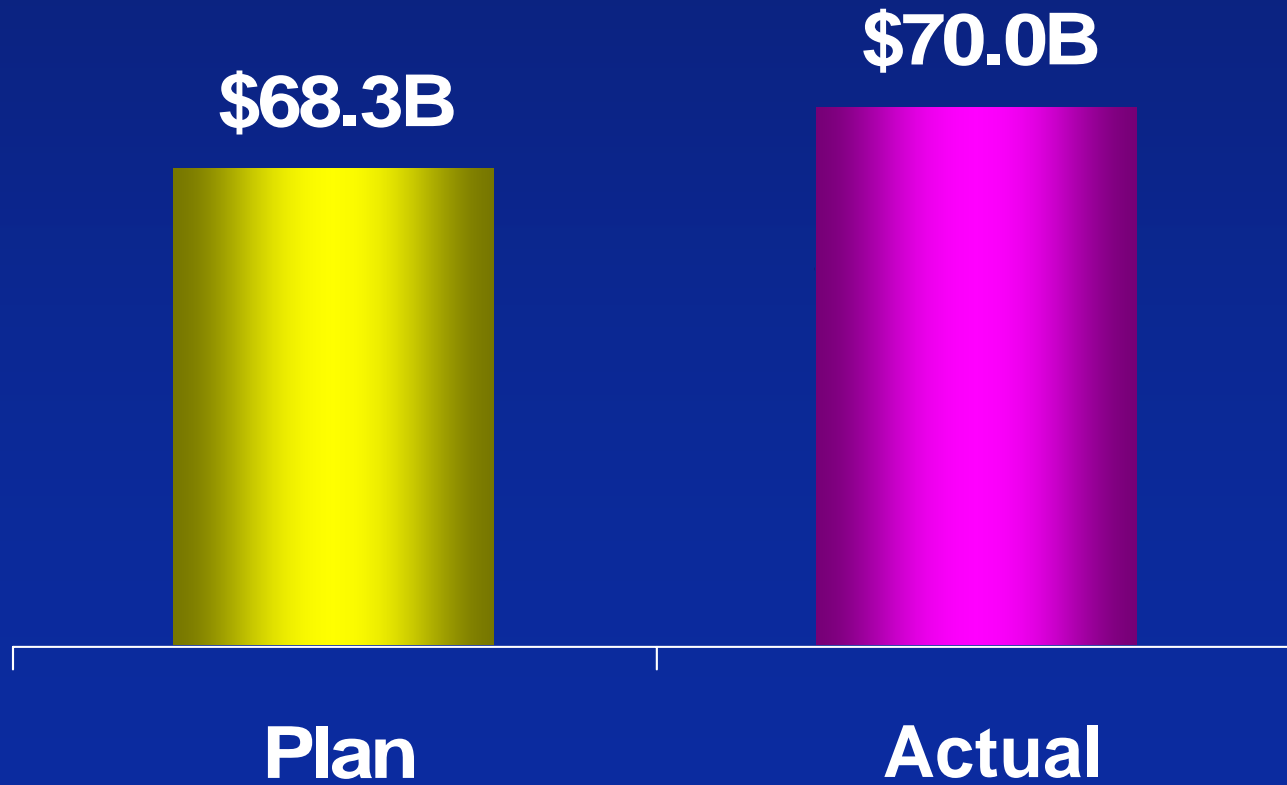




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Build the Business – Revenue

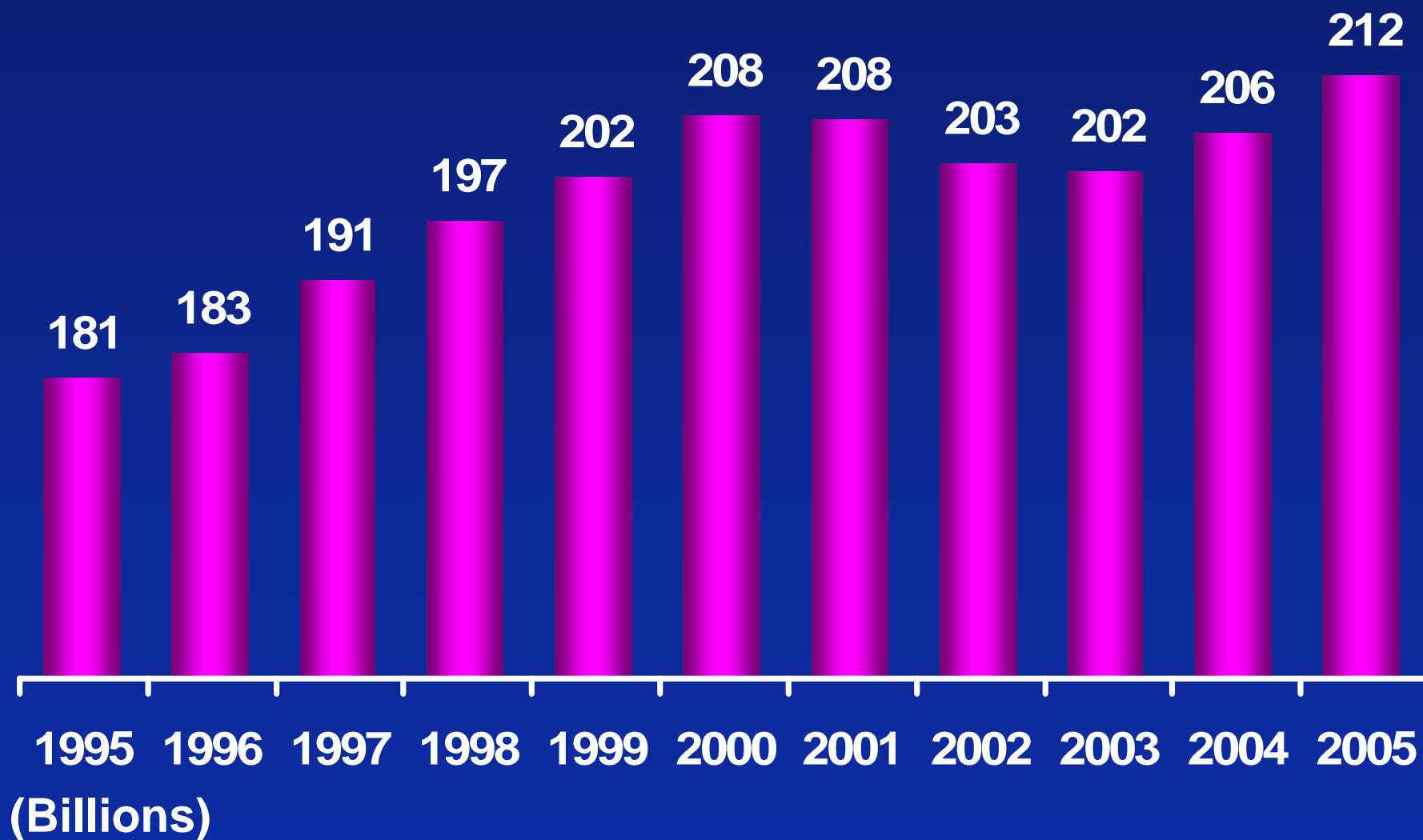
Revenue \$1.7B Over Plan





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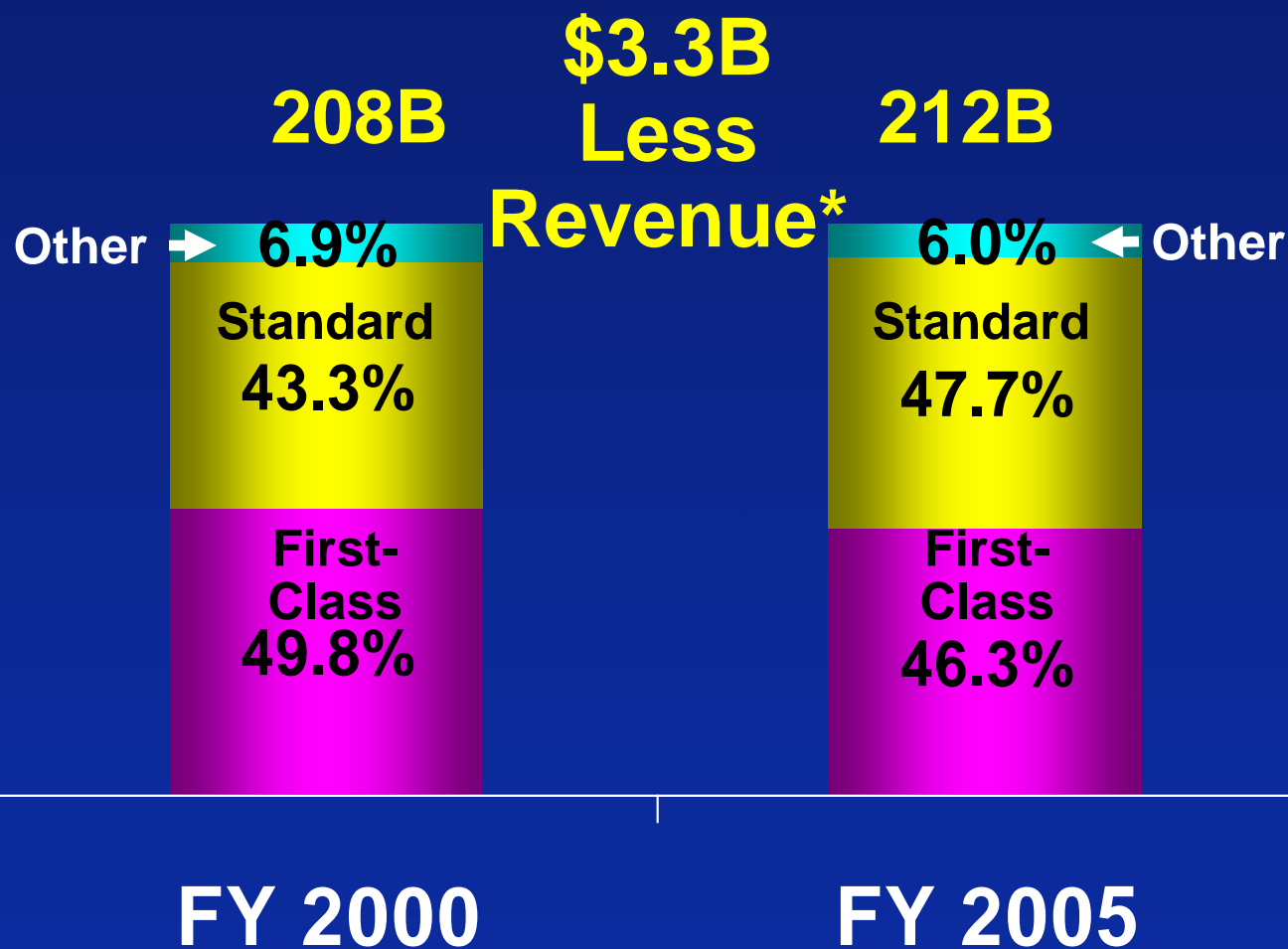
Build the Business – Mail Volume





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Build the Business – Mail Volume



*At 2005 Rates



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Volume

	<u>FY 2005</u>	<u>Chg 2004</u>
First-Class	98,071	0.1%
FC Single Piece	45,898	-3.8%
FC Workshare	52,173	3.9%
Express Mail	55	2.5%
Priority	887	4.6%
Standard	100,942	5.6%
Periodicals	9,070	-0.7%
Package Services	1,166	3.0%
International	852	0.9%
Total	211,743	2.7%
(Millions)		

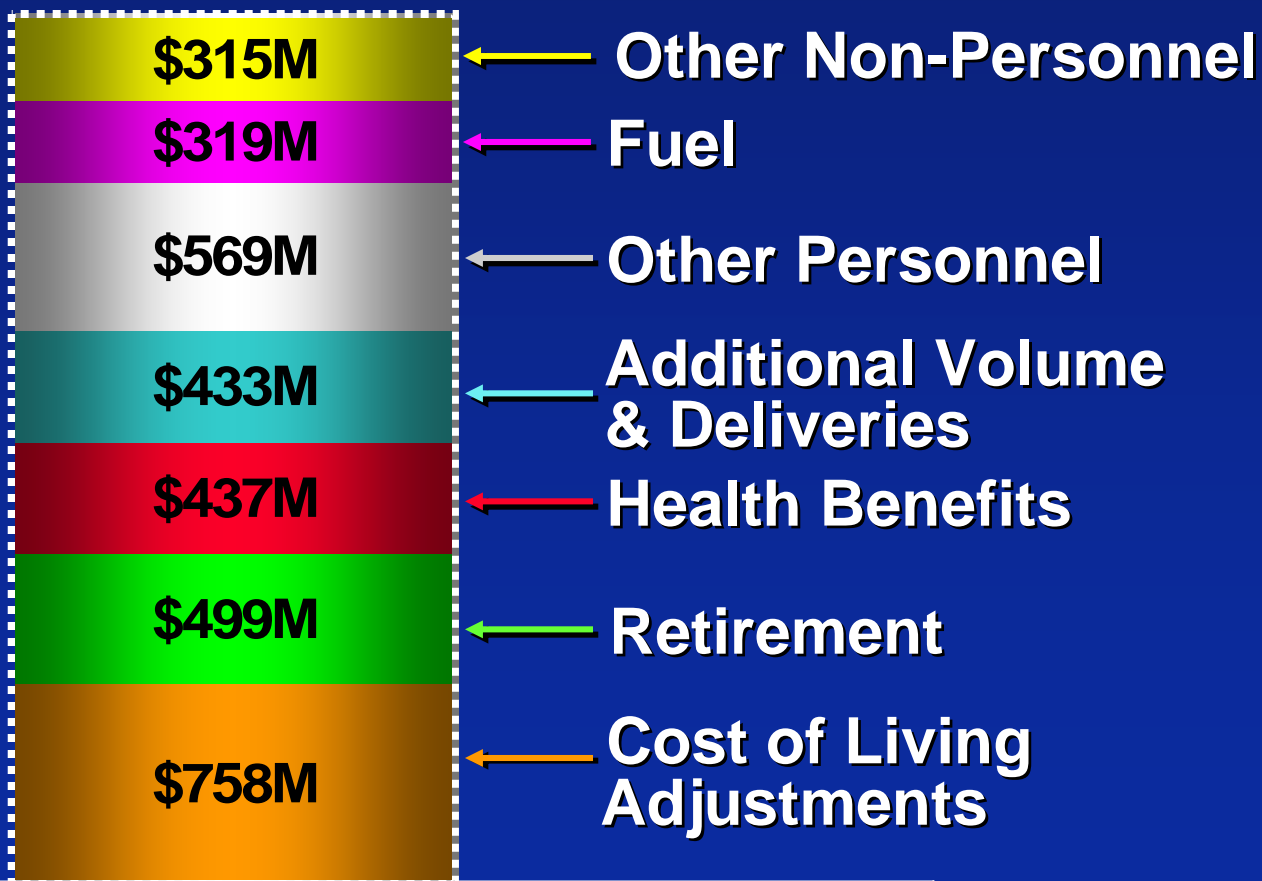


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Manage Inflation

FY 2005

\$3,330M 5.0% over FY 2004

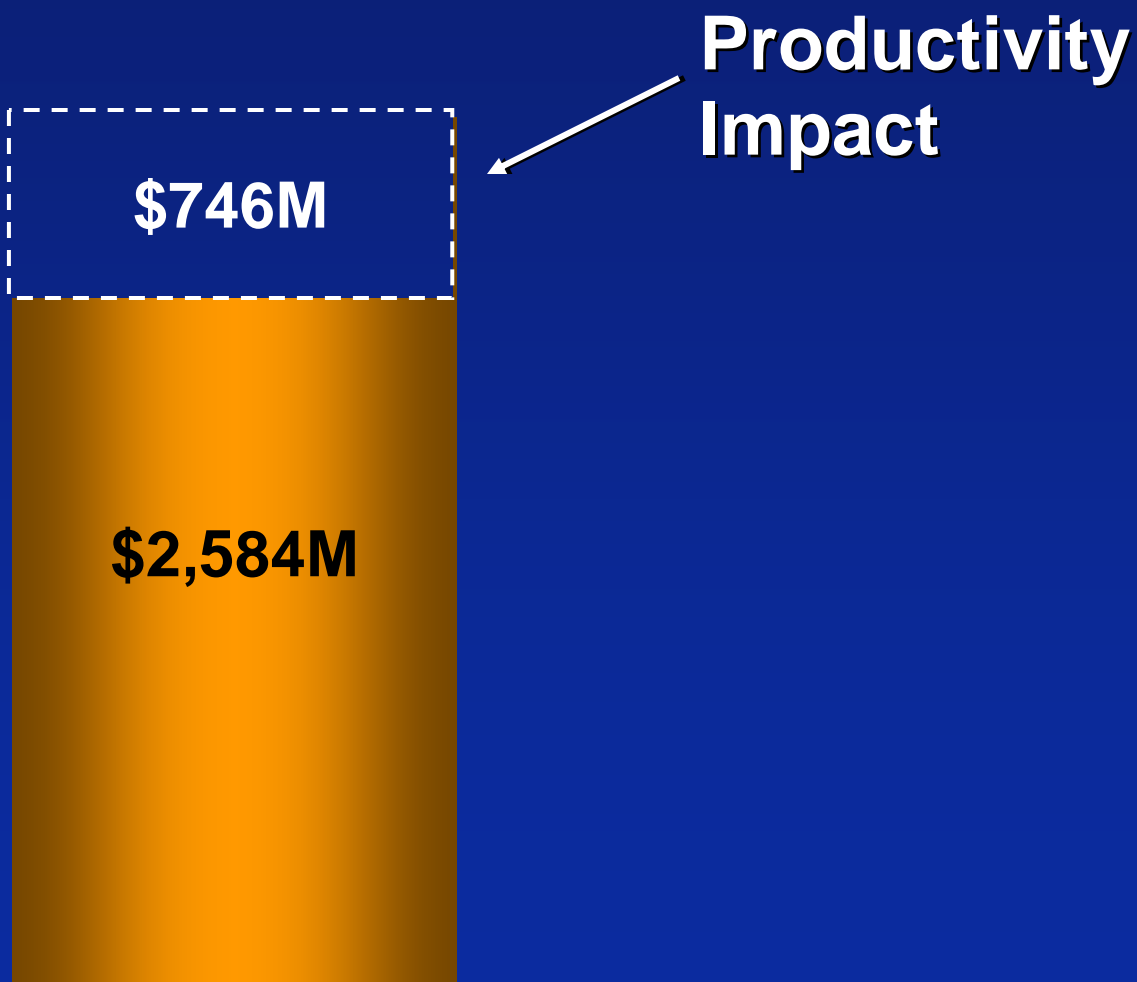




AUDITED FINANCIAL STATEMENTS

Manage Inflation

FY 2005





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Total Factor Productivity

Cumulative 1972 - 2005





AUDITED FINANCIAL STATEMENTS

FY 2005 Summary

- **Built the Business**
 - **Eliminated Debt – Financially Sound Position**
 - **Sixth Consecutive Year of Increased Productivity**
 - **Delivered Record Volume of 212B Pieces to an Additional 2 Million Addresses**
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