UNITED STATES POSTAL SERVICE

FINANCIAL & OPERATING STATEMENTS

Accounting Period 1, PFY 2000

September 11 - October 8, 1999

Finance

RECEIVED
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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

HIGHLIGHTS
Accounting Period 1, FY 2000
($ Millions)

	Year to Date				
	Actual	Var to Budget	% Var	SPLY	% Var to SPLY
Total Revenue	$ 5,074.9	[$ - 63.2]	[- 1.2]	$ 4,874.7	4.1
Total Expense	4,717.7	- 82.1	- 1.7	4,546.7	3.8
Income	$ 357.2	$ 18.9	NM	$ 328.0	NM
Capital Commitments	$ 77.7	$ - 15.6	- 16.7	$ 77.9	- 0.3
Total Workhours	128.5	[0.1]	[0.1]	130.8	- 1.7
Mail Volume	16,557.8	[- 144.8]	- 0.9	16,382.7	1.1

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

Actual Number Of:	Current Period	Last Period	SPLY
Post Offices	27,893	27,893	* 27,842
Active Postal Owned Vehicles			
Administrative	5,567	5,482	5,257
Operations	196,962	197,023	197,591
Possible City Deliveries (000)	82,758	82,738	82,256
Rural Routes	64,693	64,686	62,359
Delivery Routes	168,092	168,243	167,251
Career Employees	796,961	797,795	794,064
Casual Employees	25,225	25,067	27,478
Transitional Employees	12,541	12,355	18,147

* Beginning in AP 10, FY 1999, the number of Post Offices is being obtained from the Address Management System, which provides the most comprehensive source data available. The actual difference between the number of Post Office's in AMS and the previously used source is approximately 80 units.

STATEMENT OF INCOME & EXPENSE
Accounting Period 1, FY 2000
($ Millions)

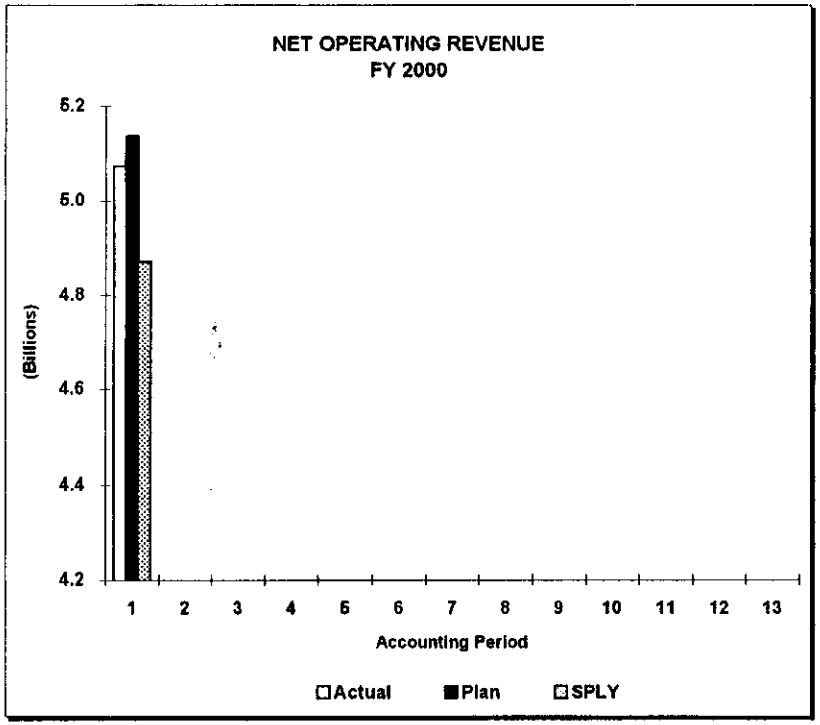
	Year to date				
	Actual	Var. to Budget	%Var.	SPLY	% Var to SPLY
Operating Revenue	$ 5,072.5	[$ - 62.8]	[- 1.2]	$ 4,871.4	4.1
Operating Expense	4,577.5	- 81.0	- 1.7	4,405.3	3.9
Income From Operations	$ 495.0	$ 18.2	NM	$ 466.1	NM
Investment Income	2.4	[- 0.4]	[- 15.3]	3.3	- 27.3
Interest Expense	- 18.6	1.1	- 5.3	- 18.0	[3.3]
Interest on Deferred Ret. Liabilities	- 121.6	0.0	0.0	- 123.4	- 1.4
Income	$ 357.2	$ 18.9	NM	$ 328.0	NM

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

MAIL VOLUME - MAIL REVENUE
(000'S)

	A/P 1 2000	A/P 1 1999	% CHANGE
FIRST-CLASS			
VOLUME	7,903,814	7,799,817	1.3
REVENUE	$ 2,710,499	$ 2,627,631	3.2
REV/PC.	0.3429	0.3369	1.8
PRIORITY-MAIL			
VOLUME	91,858	95,752	- 4.1
REVENUE	$ 360,938	$ 336,283	7.3
REV/PC.	3.9293	3.5120	11.9
EXPEDITED MAIL			
VOLUME	5,236	5,075	3.2
REVENUE	$ 72,871	$ 64,993	12.1
REV/PC.	13.9173	12.8065	8.7
PERIODICALS			
VOLUME	697,272	827,375	- 15.7
REVENUE	$ 158,146	$ 169,369	- 6.6
REV/PC.	0.2268	0.2047	10.8
STANDARD (A) MAIL			
VOLUME	7,656,487	7,447,511	2.8
REVENUE	$ 1,303,529	$ 1,236,201	5.4
REV/PC.	0.1703	0.1660	2.6
STANDARD (B) MAIL			
VOLUME	84,819	92,430	- 8.2
REVENUE	$ 148,815	$ 153,739	- 3.2
REV/PC.	1.7545	1.6633	5.5
INTERNATIONAL			
VOLUME	82,734	78,496	5.4
REVENUE	$ 125,816	$ 120,887	4.1
REV/PC.	1.5207	1.5400	- 1.3
ALL OTHER_1/			
VOLUME	35,544	36,224	- 1.9
REVENUE	$ 119	$ 138	- 13.8
ALL MAIL			
VOLUME	16,557,765	16,382,680	1.1
REVENUE	$ 4,880,732	$ 4,709,241	3.6
REV/PC.	0.2948	0.2875	2.5

_1/ All Other volume includes a decrease of 975 thousand pieces in Internal Mail and an increase of 379 thousand pieces in Free Mail for the Blind and Handicapped for the accounting period.


NET OPERATING REVENUE
FY 2000
(Billions)
5.2
5.0
4.8
4.6
4.4
4.2
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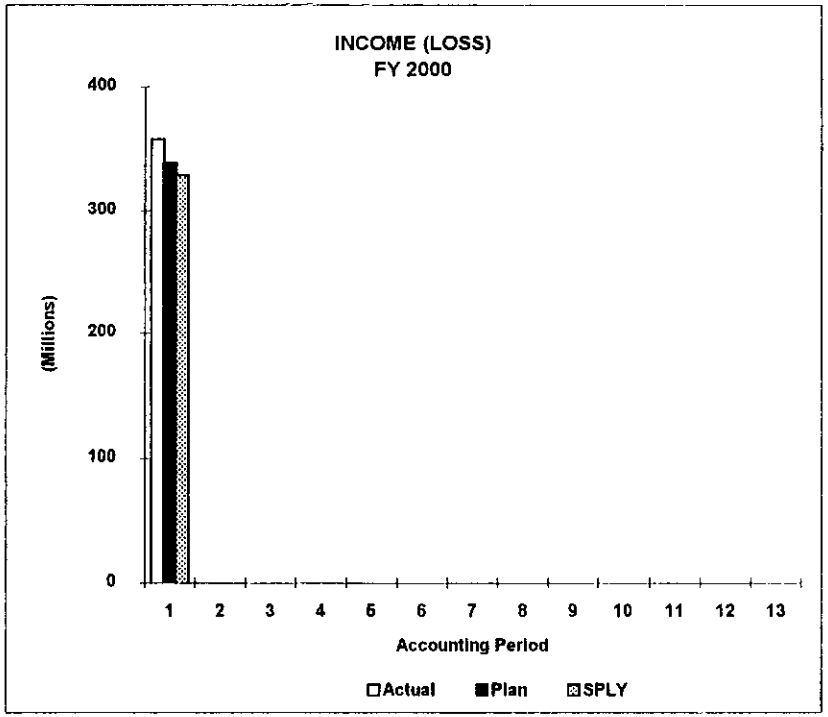
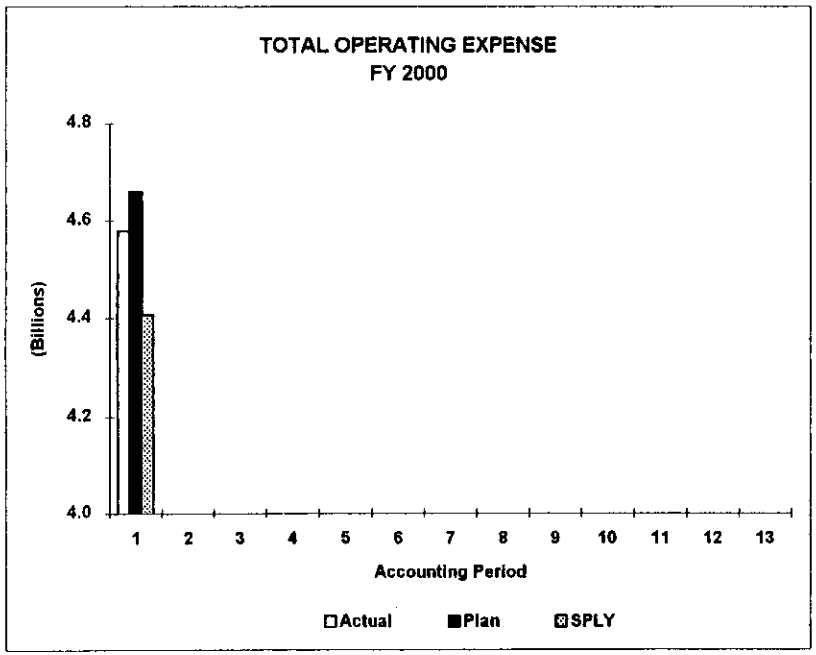
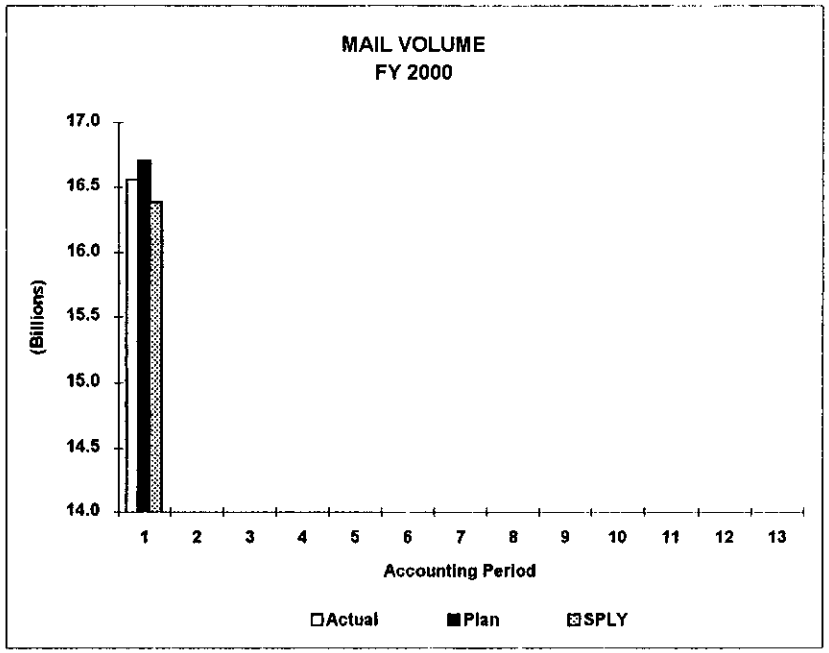
Accounting Period
Actual
Plan
SPLY


INCOME (LOSS)
FY 2000
(Millions)
400
300
200
100
0
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual
Plan
SPLY


TOTAL OPERATING EXPENSE
FY 2000
(Billions)
4.8
4.6
4.4
4.2
4.0
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual
Plan
SPLY


MAIL VOLUME
FY 2000
(Billions)
17.0
16.5
16.0
15.5
15.0
14.5
14.0
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual
Plan
SPLY

Revenue by Source
Accounting Period 1 FY 2000
($Millions)

	Year-To-Date		
	Actual	SPLY	% Diff
Operating Revenue:			
Metered Postage	$ 1,964.3	$ 1,945.9	0.9
Stamps and Stamped Paper	842.2	831.2	1.3
Permit Imprint	1,214.3	1,334.0	- 9.0
Periodicals & Standard A	167.3	173.6	- 3.6
Official Mail	69.4	74.3	- 6.6
Presort First Class & Standard B/Permit Imprint	612.6	357.8	71.2
Box Rents	50.9	47.4	7.4
Money Order Fees	14.5	14.4	0.7
Other	132.0	87.3	51.2
Subtotal	$ 5,067.5	$ 4,865.9	4.1
Government Appropriation:			
Revenue Forgone	5.0	5.5	- 9.1
Total Operating Revenue	$ 5,072.5	$ 4,871.4	4.1
Investment Income	2.4	3.3	- 27.3
Total Revenue	$ 5,074.9	$ 4,874.7	4.1

Note: Totals may not sum due to rounding.

Revenue by Category
Accounting Period 1, FY 2000
($Millions)

	Year-To-Date		
	Actual	Budget	% Var
Commercial Revenue			
Permit Revenue	$ 2,041.4	$ 1,986.8	2.7
Other Commercial Accounts Revenue	1,832.6	1,897.0	[3.4]
Total Commercial Revenue	$ 3,874.0	$ 3,883.8	[0.3]
Retail Revenue			
Retail Postage Revenue	953.6	990.4	[3.7]
Retail Services Revenue	68.5	69.6	[1.6]
Retail Products Revenue	8.1	11.9	[32.2]
Other Retail Channels Revenue	123.6	142.3	[13.1]
Total Retail Revenue	$ 1,153.8	$ 1,214.2	[4.9]
Total Commercial & Retail Revenue	$ 5,027.8	$ 5,098.0	[1.4]
Other Income	39.7	32.3	22.9
Revenue Forgone	5.0	5.0	0.0
Total Operating Revenue	$ 5,072.5	$ 5,135.3	[1.2]
Investment Income	2.4	2.8	[15.3]
Total Revenue	$ 5,074.9	$ 5,138.1	[1.2]

[ ]=Unfavorable variance to budget

Note: Totals may not sum due to rounding.

Expense Analysis
Accounting Period 1, FY 2000
($Millions)

	Year-To-Date				
	Actual	Var to Budget	%Var	SPLY	% Var to SPLY
Personnel Compensation	$ 3,743.3	[$ 12.2]	[0.3]	$ 3,646.1	2.7
Non-Personnel Expense:					
Transportation	313.9	- 26.5	- 7.8	204.2	53.7
Supplies & Services	156.8	- 75.3	- 32.4	137.3	14.2
Other	363.5	[8.6]	[2.4]	417.7	- 13.0
Subtotal	$ 834.2	$ - 93.2	- 10.0	$ 759.2	9.9
Total Operating Expense	$ 4,577.5	$ - 81.0	- 1.7	$ 4,405.3	3.9
Interest Expense	18.6	- 1.1	- 5.3	18.0	3.3
Interest on Deferred Ret. Liabilities	121.6	0.0	0.0	123.4	- 1.4
Total Expense	$ 4,717.7	$ - 82.1	- 1.7	$ 4,546.7	3.8

[ ]=Unfavorable variance to budget
NM=Non-meaningful

Note: Totals may not sum due to rounding.

Analysis of Operating Expenses
Personnel Compensation
($Millions)

Total Compensation	Year to date Actual	Var. to Budget	%Var.	SPLY *	% Var to SPLY
Operations:					
-Support	$ 27.0	$ - 0.1	- 0.2	$ 26.6	1.6
-Mail Processing	878.3	[1.1]	[0.1]	884.0	- 0.6
-Rural Delivery	283.0	- 2.8	- 1.0	268.0	5.6
-Other Delivery	1,034.5	[8.1]	[0.8]	1,035.6	- 0.1
-Vehicles Services	75.4	[1.1]	[1.5]	72.8	3.5
-Plant & Equip Maint	184.9	- 1.7	- 0.9	179.9	2.8
-Customer Services	566.2	[1.7]	[0.3]	556.7	1.7
Controller	23.7	- 1.8	- 7.2	23.1	2.4
Human Resources	25.3	- 1.0	- 3.8	25.5	- 0.4
Customer Service & Sales	39.2	- 0.7	- 1.9	37.8	3.9
Administration	160.8	[1.2]	[0.8]	157.7	2.0
Other Salaries & Benefits	132.5	- 7.9	- 5.6	116.4	13.8
Total Salaries & Benefits	$ 3,430.7	$ - 2.9	- 0.1	$ 3,383.9	1.4
Workers' Compensation	56.3	0.0	0.0	46.1	22.3
Unemployment Compensation	5.6	[0.0]	[0.4]	4.9	15.9
Deferred Retirement Cost	99.2	0.0	0.0	93.5	6.1
CSRS Annuitant COLA	52.0	0.0	0.0	48.9	6.3
Annuitant Health Benefits	57.0	0.0	0.0	48.6	17.4
Other Compensation	42.5	[15.1]	[55.1]	20.2	110.4
Total Personnel Compensation	$ 3,743.3	[$ 12.2]	[0.3]	$ 3,646.1	2.7

[ ]=Unfavorable variance to budget

*** Recasted Data**

Note: Totals may not sum due to rounding.

Analysis of Non Personnel Expenses
($Millions)

Description	Year to date				
	Actual	Var. to Budget	%Var.	SPLY *	% Var to SPLY
Transportation	$ 313.9	$ - 26.5	- 7.8	$ 204.2	53.7
Supplies & Services	156.8	- 75.3	- 32.4	137.3	14.2
Depreciation	149.7	[18.2]	[13.8]	131.0	14.2
Rent	67.8	[1.2]	[1.8]	61.6	10.0
Fuel & Utilities	19.0	- 9.7	- 33.7	18.3	4.1
Rural Carrier Equip Maint Allow	27.2	[0.1]	[0.2]	26.2	3.8
Vehicle Maintenance	20.4	- 2.3	- 10.0	19.8	3.0
Information Technology	12.2	[11.4]	NM	16.4	- 25.4
Building Projects Expensed	9.1	- 1.4	- 13.4	11.1	- 18.2
Contract Job Cleaners	4.7	- 0.1	- 2.1	4.5	3.7
Travel & Relocation	7.0	- 5.2	- 42.2	11.5	- 38.6
Communications	10.1	- 1.3	- 11.1	13.2	- 23.1
Contract Stations	7.5	[1.7]	[28.4]	5.8	30.4
Printing	0.7	- 1.2	- 64.3	0.6	19.9
Training	2.5	- 2.4	- 48.9	4.0	- 35.8
Carfare & Tolls	3.2	- 1.5	- 32.1	2.3	37.7
Vehicle Hire	3.6	[0.8]	[29.6]	1.1	226.6
Accident Cost	2.1	- 1.0	- 31.5	2.8	- 25.6
Capitalized Interest	- 4.6	- 0.6	- 16.0	- 8.6	46.0
Miscellaneous	21.4	[2.0]	[10.3]	96.3	- 77.8
Total Other Operating Expense	$ 834.2	$ - 93.2	- 10.0	$ 759.2	9.9

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

Accounting Period 1, FY 2000

($ Millions)

Assets	October 8, 1999	September 30, 1999 *
Current Assets:		
Cash and cash equivalents _1/	$ 0	$ 8
U.S. Government securities, at amortized cost which approximates market	7	7
Receivables:		
Foreign countries	295	337
U.S. Government	141	149
Other	236	205
	672	691
Less allowances	115	113
	557	578
Supplies, advances and prepayments	336	387
Total Current Assets	900	980
Other assets _2/	376	376
Property and equipment, at cost:		
Buildings	16,626	16,513
Equipment	12,466	12,421
Land	2,421	2,407
	31,513	31,341
Less allowances for depreciation	11,691	11,663
	19,822	19,678
Construction in progress	2,676	2,623
Leasehold improvements, net	552	539
	23,050	22,840
Deferred Retirement Costs _3/	33,718	31,497
Total Assets	$ 58,044	$ 55,693

_1/ Includes securities with maturities of 90 days or less in accordance with Statement of Financial Accounting Standards (SFAS) No. 95.

_2/ Includes $375 million as of September 30, 1999, October 8, 1999, and November 5, 1999 for appropriation receivable for revenue forgone.

* Audited year-end data.

Statement of Financial Position
Accounting Period 1, FY 2000
($ Millions)

Liabilities and Equities	October 8, 1999	September 30, 1999 *
Current Liabilities:		
Compensation and employees' benefits	$ 4,656	$ 5,919
Estimated prepaid postage	1,631	1,628
Payables and accrued expenses:		
Foreign countries	453	527
U.S. Government	179	164
Other	2,724	657
	3,356	1,348
Appropriation for free & reduced rate mail	64	0
Prepaid permit mail and box rentals	1,667	2,049
Outstanding postal money orders	906	813
Current portion of debt	2,937	3,363
Total Current Liabilities	15,217	15,120
Long-term debt, less current portion	3,554	3,554
Other Liabilities:		
Amounts payable for retirement benefits _3/	31,786	29,685
Workers' compensation claims	4,903	4,901
Employees' accumulated leave	1,959	2,041
Other	969	839
Total Other Liabilities	39,617	37,466
Capital Contributions of the U. S. Government	3,034	3,034
Deficit Since Reorganization	- 3,378	- 3,481
Net Capital Deficiency	- 344	- 447
Total Liabilities and Equity	$ 58,044	$ 55,693

_3/ Represents the Postal Service's deferred retirement liability to OPM for increases in basic pay, and annuitants' COLAs. Amounts applicable to future periods are capitalized as deferred retirement costs and amortized over 30 years for basic pay and 15 years for annuitants' COLAs.

* Audited year-end data.

CAPITAL INVESTMENTS
FY 2000
($ Millions)

MAJOR CATEGORIES	COMMITMENTS A/P 1 - YEAR TO DATE ACTUAL	PLAN	SPLY	EXPENDITURES A/P 1 - YEAR TO DATE ACTUAL	PLAN	SPLY
CONSTRUCTION AND BUILDING PURCHASE	$ 18.8	$ 37.8	$ 26.5	$ 59.4	$ 59.4	$ 45.6
BUILDING IMPROVEMENTS	27.7	19.7	39.4	47.4	47.4	26.1
MAIL PROCESSING EQUIPMENT	26.9	23.5	7.3	89.8	89.8	46.6
VEHICLES	0.2	0.1	0.1	4.5	4.5	1.2
RETAIL EQUIPMENT	0.1	0.1	0.8	23.4	23.4	7.4
POSTAL SUPPORT EQUIPMENT	4.0	12.1	3.8	33.7	33.7	52.1
TOTAL COMMITMENTS/EXPENDITURES	$ 77.7	$ 93.3	$ 77.9	$ 258.2	$ 258.2	$ 179.0

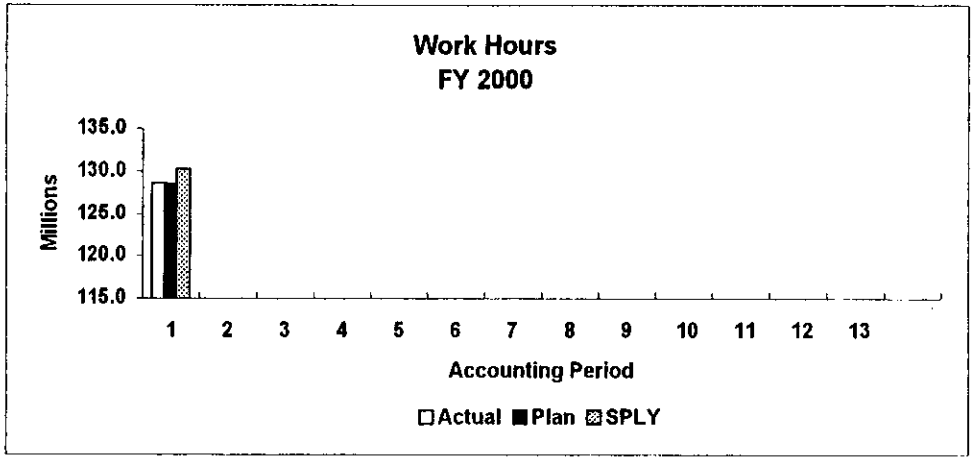
RESOURCES ON ORDER
($ MILLIONS)

MAJOR CATEGORIES - EXPENDITURES	October 8, 1999	September 30, 1999
CONSTRUCTION AND BUILDING PURCHASE	$ 859.4	$ 901.2
BUILDING IMPROVEMENTS	495.6	517.2
MAIL PROCESSING EQUIPMENT	1,419.4	1,505.4
VEHICLES	485.9	490.3
RETAIL EQUIPMENT	106.7	130.1
POSTAL SUPPORT EQUIPMENT	224.7	254.5
INVENTORIES	262.6	279.8
RESEARCH AND DEVELOPMENT	58.0	48.0
MISCELLANEOUS EXPENSE COMMITMENTS	4,161.6	3,984.4
TOTAL RESOURCES ON ORDER	$ 8,073.9	$ 8,110.9

STATEMENT OF CASH FLOWS

($ Millions)

For the year through October 8, 1999	FY 2000
Cash flows from operating activities:	
Net income/(loss) (Government Fiscal Year Basis)	$ 103
Adjustments to reconcile net income/(loss) to net cash provided/(used) by operating activities:	
Depreciation and amortization	145
Increase/(decrease) in other liabilities	130
Increase/(decrease) in employees' accumulated leave	(82)
Increase/(decrease) in non-current workers' compensation claims	2
Increase/(decrease) in retirement, net	(120)
Changes in current assets and liabilities:	
Increase/(decrease) in accrued compensation and benefits	(1,263)
Increase/(decrease) in deferred revenue	(315)
Increase/(decrease) in payables and accrued expenses	2,008
(Increase)/decrease in receivables	21
(Increase)/decrease in supplies, advances and prepayments	51
Increase/(decrease) in outstanding postal money orders	93
Net cash provided by operating activities	**773**
Cash flows from investing activities:	
Sale/(purchase) of U.S. Government securities, net	0
Purchase of property and equipment, net	355
Net cash used in investing activities	**355**
Cash flows from financing activities:	
Increase/(decrease) in long-term debt	(426)
(Increase)/decrease in other non-current assets	0
Net cash used by financing activities	**(426)**
Net (decrease)/increase in cash and cash equivalents	(8)
Cash and cash equivalents at beginning of period	8
Cash and cash equivalents at end of period	**$ 0**


Work Hours
FY 2000
Millions
135.0
130.0
125.0
120.0
115.0
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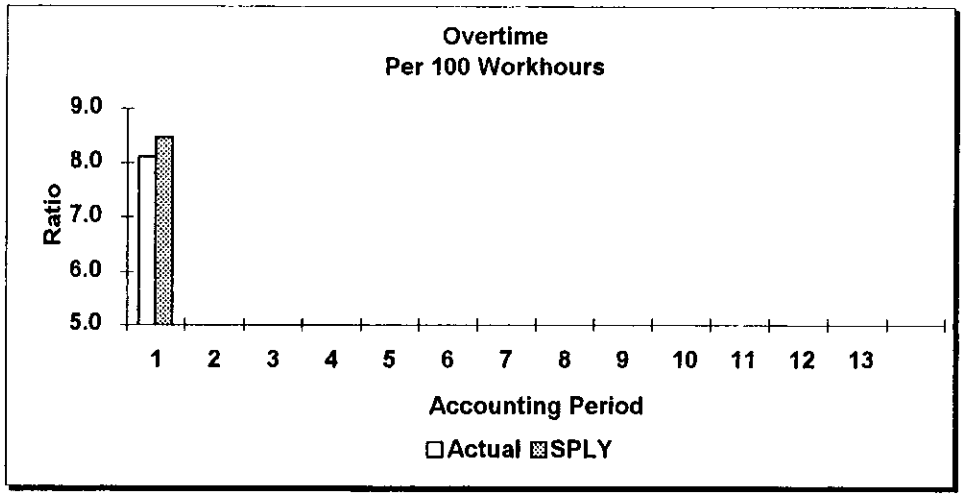
Accounting Period
Actual Plan SPLY


Overtime
Per 100 Workhours
Ratio
9.0
8.0
7.0
6.0
5.0
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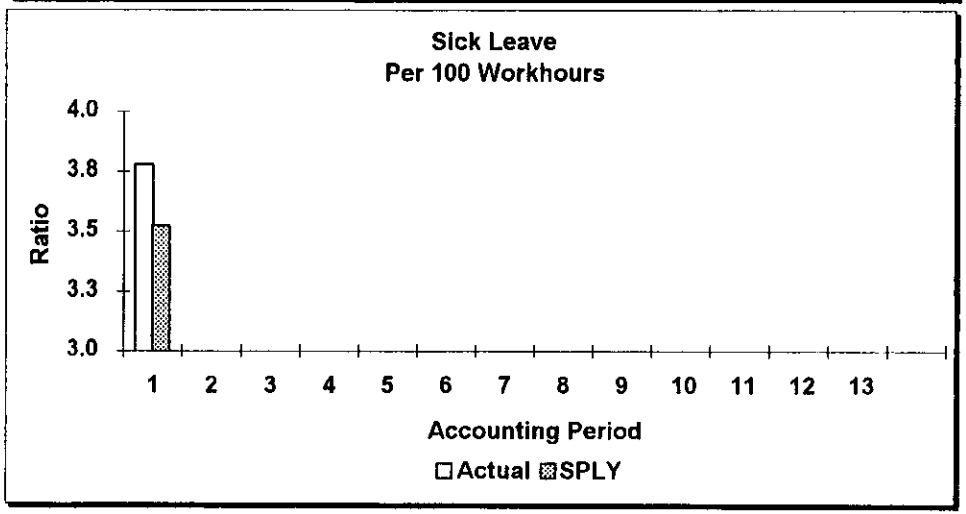
Accounting Period
Actual SPLY


Sick Leave
Per 100 Workhours
Ratio
4.0
3.8
3.5
3.3
3.0
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual SPLY

WORKHOURS & OVERTIME/SICK LEAVE RATIOS
Accounting Period 1, FY 2000
(Thousands)

Total Workhours	Year to date Actual	Var. to Budget	%Var.	SPLY*	% Var to SPLY
Operations:					
-Support	819	[1]	[0.1]	831	- 1.5
-Mail Processing	33,177	306	- 0.9	34,951	- 5.1
-Rural Delivery	12,894	21	- 0.2	12,545	2.8
-Other Delivery	38,994	[69]	[0.2]	39,599	- 1.5
-Vehicles Services	2,612	[25]	[1.0]	2,601	0.4
-Plant & Equip Maint	6,509	115	- 1.7	6,555	- 0.7
-Customer Services	20,935	73	- 0.3	21,398	- 2.2
Controller	782	57	- 6.8	786	- 0.5
Human Resources	794	35	- 4.2	827	- 3.9
Customer Service & Sales	1,336	25	- 1.8	1,312	1.9
Administration	5,555	[51]	[0.9]	5,536	0.3
Other	4,111	[574]	[16.2]	3,844	6.9
Total Workhours	128,518	[88]	[0.1]	130,785	- 1.7

Overtime

	Actual	Budget	SPLY
Overtime Ratio Per 100 Workhours	8.1	8.3	8.5

Sick Leave

	Actual		SPLY
Sick Leave Ratio Per 100 Workhours	3.8	--	3.5

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