UNITED STATES POSTAL SERVICE

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

FINANCIAL & OPERATING STATEMENTS

Accounting Period 1, PFY 2001

September 9 - October 6, 2000

Prepared by:
Financial Analysis

HIGHLIGHTS
($Millions)
Accounting Period 1, FY 2001

	Year-to-Date					
	Actual	Budget	Var. to Budget	% Var.	SPLY	% Var. to SPLY
Total Revenue	$ 5,144.9	$ 5,199.3	[$ - 54.4]	[- 1.0]	$ 5,074.9	1.4
Total Expense	4,968.4	4,982.2	- 13.8	- 0.3	4,717.7	5.3
Income/(Loss)	$ 176.5	$ 217.1	[$ - 40.6]	-	$ 357.2	-
Capital Commitments	$ 42.8	$ 41.1	[$ 1.7]	[4.1]	$ 77.7	- 44.9
Total Work Hours	128.4	126.8	[1.6]	[1.3]	129.0	- 0.4
Mail Volume	16,975.6	16,978.0	[- 2.4]	[- 0.0]	16,614.9	2.2

Actual Number Of:	Current Period	Last Period	SPLY
Post Offices	27,876	27,876	27,893
Active Postal Owned Vehicles	5,667	5,679	5,567
Administrative	199,798	199,717	196,962
Operations	83,323	83,288	82,758
Possible City Deliveries (000)	67,383	67,346	64,693
Rural Routes	168,064	168,119	168,092
Delivery Routes	786,348	786,875	796,961
Career Employees (Excludes Inspector General)	29,803	29,572	25,225
Casual Employees	13,862	13,461	12,541
Transitional Employees			

[ ] = Unfavorable variance to budget

STATEMENT OF INCOME & EXPENSE
Accounting Period 1, FY 2001
($ Millions)

	Year to Date					
	Actual	Budget	Var to Budget	% Var.	SPLY	% Var. to SPLY
Operating Revenue	$ 5,141.5	$ 5,196.3	[$ - 54.8]	[- 1.1]	$ 5,072.5	1.4
Operating Expense	4,818.8	4,833.3	- 14.5	- 0.3	4,577.5	5.3
Income From Operations	$ 322.7	$ 363.0	[$ - 40.3]	[illegible]	$ 495.0	[illegible]
Investment Income	3.4	3.0	0.4	12.7	2.4	39.1
Interest Expense	- 25.7	- 25.0	[- 0.7]	[2.6]	- 18.6	38.0
Interest on Deferred Ret. Liabilities	- 123.9	- 123.9	0.0	0.0	- 121.6	1.9
Income/(Loss)	$ 176.5	$ 217.1	[$ - 40.6]	[illegible]	$ 357.2	[illegible]

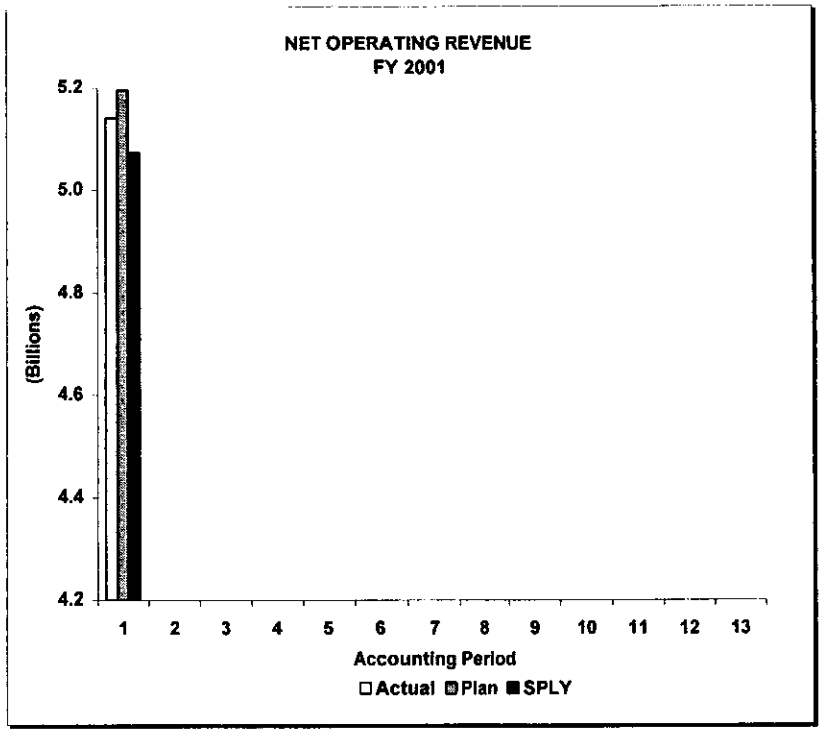
[ ]=Unfavorable variance to budget
Note: Totals may not sum due to rounding.

MAIL VOLUME - MAIL REVENUE
(Thousands)

	YEAR TO DATE APR 1 2001	YEAR TO DATE APR 1 2000	% CHANGE
FIRST-CLASS			
VOLUME	7,939,716	7,904,571	0.4
REVENUE	$ 2,730,888	$ 2,712,907	0.7
REV/PC.	0.3440	0.3432	0.2
PRIORITY-MAIL			
VOLUME	93,304	92,008	1.4
REVENUE	$ 366,682	$ 361,288	1.5
REV/PC.	3.9300	3.9267	0.1
EXPRESS MAIL			
VOLUME	5,497	5,236	5.0
REVENUE	$ 76,625	$ 72,871	5.2
REV/PC.	13.9394	13.9173	0.2
PERIODICALS			
VOLUME	743,985	747,485	- 0.5
REVENUE	$ 161,677	$ 161,558	0.1
REV/PC.	0.2173	0.2161	0.5
STANDARD (A) MAIL			
VOLUME	7,978,973	7,661,167	4.1
REVENUE	$ 1,341,391	$ 1,307,266	2.6
REV/PC.	0.1681	0.1706	- 1.5
STANDARD (B) MAIL			
VOLUME	85,726	84,890	1.0
REVENUE	$ 151,173	$ 148,926	1.5
REV/PC.	1.7634	1.7543	0.5
INTERNATIONAL			
VOLUME	91,067	83,925	8.5
REVENUE	$ 137,915	$ 125,237	10.1
REV/PC.	1.5144	1.4922	1.5
ALL OTHER_1/			
VOLUME	37,365	35,654	4.8
REVENUE	$ 112	$ 120	- 6.7
ALL MAIL			
VOLUME	16,975,633	16,614,936	2.2
REVENUE	$ 4,966,463	$ 4,890,173	1.6
REV/PC.	0.2926	0.2943	- 0.6

_1/ All other volume includes an increase of 1,229 thousand pieces in Internal Mail and an increase of 489 thousand pieces in Free Mail for the Blind and Handicapped for the year-to-date.

Note: Totals may not sum due to rounding.


NET OPERATING REVENUE
FY 2001
(Billions)
5.2
5.0
4.8
4.6
4.4
4.2
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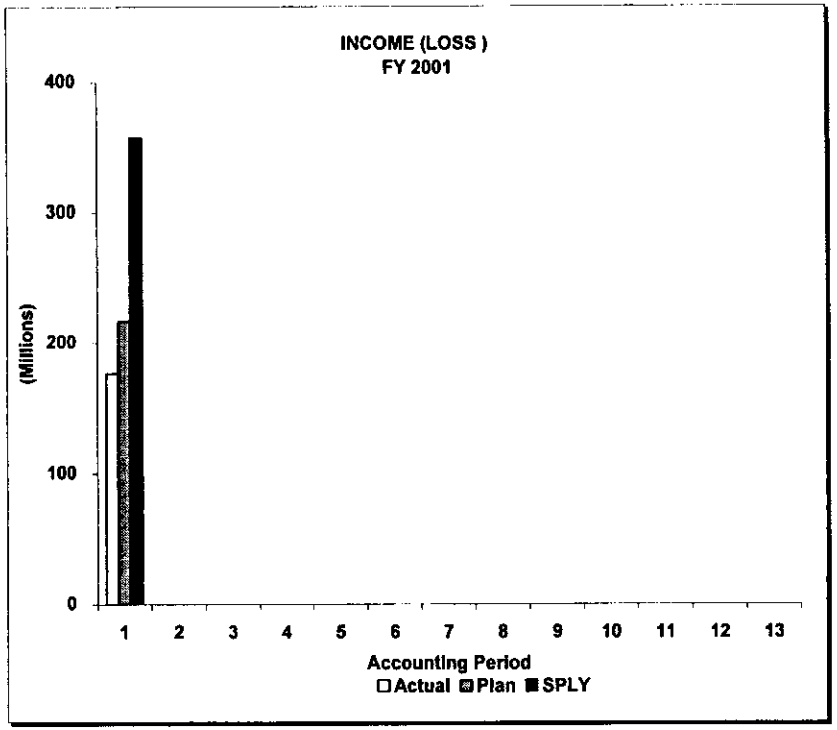
Accounting Period
Actual Plan SPLY


INCOME (LOSS)
FY 2001
(Millions)
400
300
200
100
0
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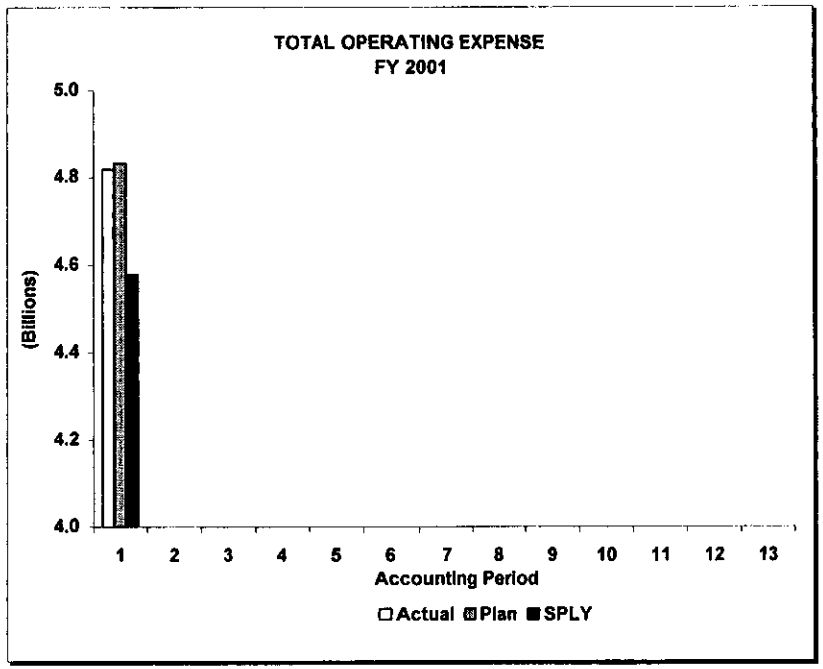
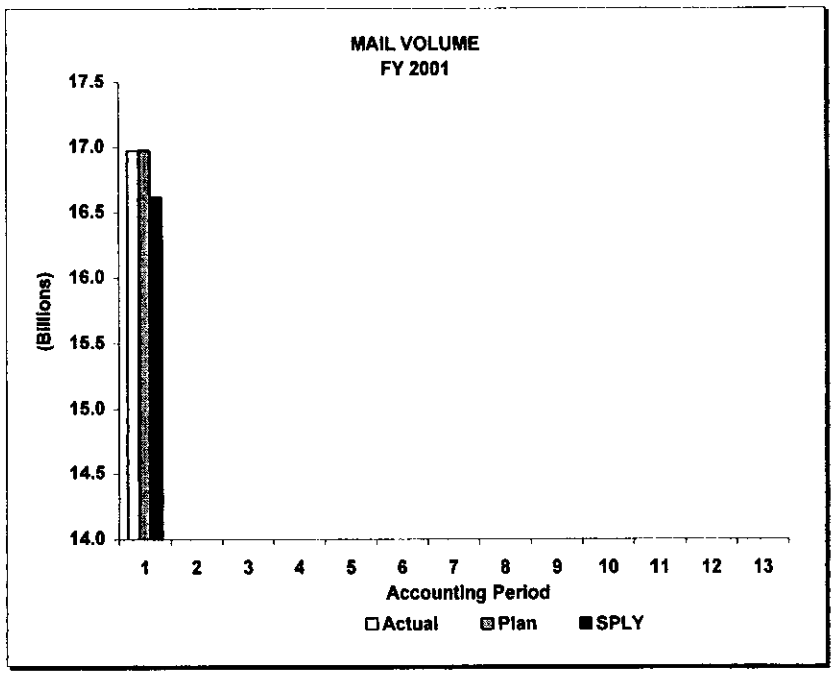
Accounting Period
Actual Plan SPLY


TOTAL OPERATING EXPENSE
FY 2001
(Billions)
5.0
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 2001
(Billions)
17.5
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 2001
($Millions)

	Year To Date		
	Actual	SPLY	% Diff
Operating Revenue:			
Metered Postage	$ 1,950.7	$ 1,964.3	- 0.7
Stamps and Stamped Paper	849.9	842.2	0.9
Permit Imprint	1,253.9	1,214.3	3.3
Periodicals & Standard A	160.2	167.3	- 4.2
Official Mail	64.9	69.4	- 6.5
Presort First Class & Standard B/Permit Imprint	656.1	612.6	7.1
Box Rents	52.8	50.9	3.7
Money Order Fees	14.6	14.5	0.7
Other	133.3	132.0	1.0
Subtotal	$ 5,136.4	$ 5,067.5	1.4
Government Appropriation: Revenue Forgone	5.1	5.0	2.0
Total Operating Revenue	$ 5,141.5	$ 5,072.5	1.4
Investment Income	3.4	2.4	39.1
Total Revenue	$ 5,144.9	$ 5,074.9	1.4

Note: Totals may not sum due to rounding.

Revenue by Category
Accounting Period 1, FY 2001
($Millions)

	Year-To-Date		
	Actual	Budget	% Var
Commercial Revenue			
Permit Revenue	$ 2,131.1	$ 2,109.1	1.0
Other Commercial Accounts Revenue	1,789.5	1,871.3	[4.4]
Total Commercial Revenue	**$ 3,920.6**	**$ 3,980.4**	**[1.5]**
Retail Revenue			
Retail Postage Revenue	975.2	966.9	0.9
Retail Services Revenue	70.7	69.4	1.9
Retail Products Revenue	8.7	11.4	[23.5]
Other Retail Channels Revenue	127.5	127.7	[0.1]
Total Retail Revenue	$ 1,182.1	$ 1,176.4	0.5
Total Commercial & Retail Revenue	**$ 5,102.7**	**$ 5,155.8**	**[1.0]**
Other Income	33.7	35.4	[4.8]
Revenue Forgone	5.1	5.1	0.0
Total Operating Revenue	$ 5,141.5	$ 5,196.3	[1.1]
Investment Income	3.4	3.0	12.7
Total Revenue	$ 5,144.9	$ 5,199.3	[1.0]

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

Expense Analysis
Accounting Period 1, FY 2001
($Millions)

	Year to Date					
	Actual	Budget	Var. to Budget	% Var.	SPLY	% Var. to SPLY
Personnel Compensation	$ 3,943.5	$ 3,921.2	[$ 22.3]	[0.6]	$3,752.9	5.1
Non-Personnel Expense:						
Transportation	328.4	329.0	- 0.6	- 0.2	297.0	10.6
Supplies & Services	157.7	169.7	- 12.0	- 7.1	158.6	- 0.5
Other	389.2	413.4	- 24.2	- 5.9	369.0	5.5
Subtotal	$ 875.3	$ 912.1	$ 36.8	4.0	$ 824.6	6.1
Total Operating Expense	$ 4,818.8	$ 4,833.3	$ 14.6	0.3	$4,577.5	5.3
Interest Expense	25.7	25.0	[0.7]	[2.6]	18.6	38.0
Interest on Deferred Ret. Liabilities	123.9	123.9	0.0	0.0	121.6	1.9
Total Expense	$ 4,968.4	$ 4,982.2	$ 13.8	0.3	$ 4,717.7	5.3

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

Analysis of Operating Expenses
Personnel Compensation
Accounting Period 1, FY 2001
($Millions)

	Year to Date					
Total Compensation	Actual	Budget	Var to Budget	% Var	SPLY	% Var to SPLY
Operations:						
-Support	$ 27.4	$ 28.3	$ - 1.0	- 3.4	$ 26.8	2.0
-Mail Processing	893.4	895.6	- 2.3	- 0.3	886.6	0.8
-Rural Delivery	313.6	308.1	[5.5]	[1.8]	284.8	10.1
-Other Delivery	1,110.3	1,095.0	[15.3]	[1.4]	1,066.9	4.1
-Vehicles Services	79.5	79.9	- 0.3	- 0.4	76.4	4.1
-Plant & Equip Maint	197.4	200.3	- 3.0	- 1.5	187.3	5.3
-Customer Services	593.2	589.9	[3.3]	[0.6]	573.4	3.5
Controller	23.8	26.1	- 2.3	- 8.7	23.5	1.5
Human Resources	25.5	27.4	- 1.9	- 7.1	25.1	1.3
Customer Service & Sales	33.5	35.3	- 1.9	- 5.3	38.8	- 13.8
Administration	163.8	161.4	[2.4]	[1.5]	160.8	1.9
Other Salaries & Benefits	150.8	142.0	[8.8]	[6.2]	92.6	62.8
Total Salaries & Benefits	$ 3,612.1	$ 3,589.6	[$ 22.7]	[0.6]	$ 3,443.0	4.9
Workers' Compensation	65.0	65.1	- 0.1	- 0.2	70.0	- 7.2
Unemployment Compensation	5.6	5.6	0.0	0.0	3.0	85.3
Deferred Retirement Cost	107.4	107.4	0.0	0.0	99.2	8.2
CSRS Annuitant COLA	61.3	61.3	0.0	0.0	52.0	17.9
Annuitant Health Benefits	66.0	66.0	0.0	0.0	57.0	15.7
Other Compensation	26.2	26.4	- 0.2	- 0.8	28.6	- 8.4
Total Personnel Compensation	$ 3,943.5	$ 3,921.2	[$ 22.3]	[0.6]	$ 3,752.9	5.1

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

Analysis of Non-Personnel Expenses
Accounting Period 1, FY 2001
($Millions)

Description	Year-to-Date Actual	Year-to-Date Budget	Var. to Budget	% Var.	SPLY	% Var. to SPLY
Transportation	$ 328.4	$ 329.0	$ - 0.6	- 0.2	$ 297.0	10.6
Supplies & Services	157.7	169.7	- 12.0	- 7.1	158.6	- 0.5
Depreciation	171.9	157.4	[14.5]	[9.2]	154.9	10.9
Rent	70.4	71.5	- 1.1	- 1.5	66.8	5.4
Fuel & Utilities	21.6	29.7	- 8.1	- 27.3	19.6	9.8
Rural Carrier Equip Maint Allow	30.3	29.0	[1.2]	[4.3]	27.3	10.8
Vehicle Maintenance	24.7	24.3	[0.4]	[1.8]	20.6	20.0
Information Technology	10.0	24.0	- 14.0	- 58.2	12.9	- 22.3
Building Projects Expensed	4.5	11.8	- 7.3	- 61.6	9.1	- 49.9
Contract Job Cleaners	4.6	5.3	- 0.7	- 12.4	4.9	- 5.4
Travel & Relocation	8.2	10.4	- 2.2	- 21.0	6.7	23.1
Communications	10.6	12.5	- 1.9	- 15.1	9.8	8.3
Contract Stations	5.6	6.1	- 0.4	- 7.0	6.3	- 11.0
Printing	0.1	1.8	- 1.7	- 93.3	0.3	- 58.4
Training	4.3	4.3	[0.0]	[0.5]	2.3	86.5
Carfare & Tolls	3.1	4.9	- 1.8	- 36.8	3.5	- 10.9
Vehicle Hire	3.7	3.4	[0.3]	[8.9]	0.9	302.2
Accident Cost	3.0	3.1	- 0.1	- 2.9	- 1.8	- 270.9
Capitalized Interest	- 5.6	- 5.0	- 0.6	- 11.8	- 3.9	- 41.9
Miscellaneous	18.0	19.0	- 1.0	- 5.2	28.9	37.6
Total Other Operating Expenses	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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

STATEMENT OF FINANCIAL POSITION
Accounting Period 1, FY 2001
($ Millions)

Assets	**October 6, 2000**	**September 30, 2000***
Current Assets:		
Cash and cash equivalents _1/	$ 172	$ 677
U.S. Government securities, at amortized cost which approximates market	6	6
Receivables:		
Foreign countries	322	349
U.S. Government	103	134
Other	223	213
	648	696
Less allowances	107	107
	541	589
Supplies, advances and prepayments	337	383
Total Current Assets	**1,056**	**1,655**
Other assets _2/	375	375
Property and equipment, at cost:		
Buildings	17,779	17,685
Equipment	14,028	13,973
Land	2,557	2,534
	34,364	34,192
Less allowances for depreciation	13,185	13,143
	21,179	21,049
Construction in progress	2,351	2,389
Leasehold improvements, net	649	632
	24,179	24,070
Deferred Retirement Costs _3/	34,384	32,183
Total Assets	**$ 59,994**	**$ 58,283**

_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, 2000, and $373 million as of October 6, 2000 for appropriation receivable for revenue forgone.

* Audited year-end data

STATEMENT OF FINANCIAL POSITION
Accounting Period 1, FY 2001
($Millions)

	October 6, 2000	September 30, 2000*
Liabilities and Equities		
Current Liabilities:		
Compensation and employees' benefits	$ 4,900	$ 5,295
Estimated prepaid postage	1,594	1,594
Payables and accrued expenses:		
Foreign countries	427	439
U.S. Government	169	150
Other	2,344	1,300
	2,940	1,889
Appropriation for free & reduced rate mail	66	0
Prepaid permit mail and box rentals	1,641	1,969
Outstanding postal money orders	967	716
Current portion of debt	5,791	6,814
Total Current Liabilities	**17,899**	**18,277**
Long-term debt, less current portion	2,502	2,502
Other Liabilities:		
Amounts payable for retirement benefits _3/	32,275	30,212
Workers' compensation claims	5,017	5,029
Employees' accumulated leave	1,981	2,090
Other	1,038	819
Total Other Liabilities	40,311	38,150
Capital Contributions of the US Government	3,034	3,034
Deficit Since Reorganization	- 3,752	- 3,680
Equity/Capital Deficiency	- 718	- 646
Total Liabilities and Equity	**$ 59,994**	**$ 58,283**

_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
Accounting Period 1, FY 2001

($MILLIONS)

MAJOR CATEGORIES	COMMITMENTS ACTUAL	COMMITMENTS PLAN	COMMITMENTS SPLY	EXPENDITURES ACTUAL	EXPENDITURES PLAN	EXPENDITURES SPLY
CONSTRUCTION AND BUILDING PURCHASE	$ 8.3	$ 4.7	$ 18.8	$ 47.3	$ 61.2	$ 59.4
BUILDING IMPROVEMENTS	15.4	12.9	27.7	37.6	45.8	47.4
MAIL PROCESSING EQUIPMENT	5.0	4.9	26.9	41.7	75.3	89.8
VEHICLES	0.5	0.7	0.2	9.5	20.5	4.5
RETAIL EQUIPMENT	9.1	0.0	0.1	16.1	21.6	23.4
POSTAL SUPPORT EQUIPMENT	4.5	17.9	4.0	18.4	33.6	33.7
TOTAL COMMITMENTS/EXPENDITURES	$ 42.8	$ 41.1	$ 77.7	$ 170.6	$ 258.0	$ 258.2

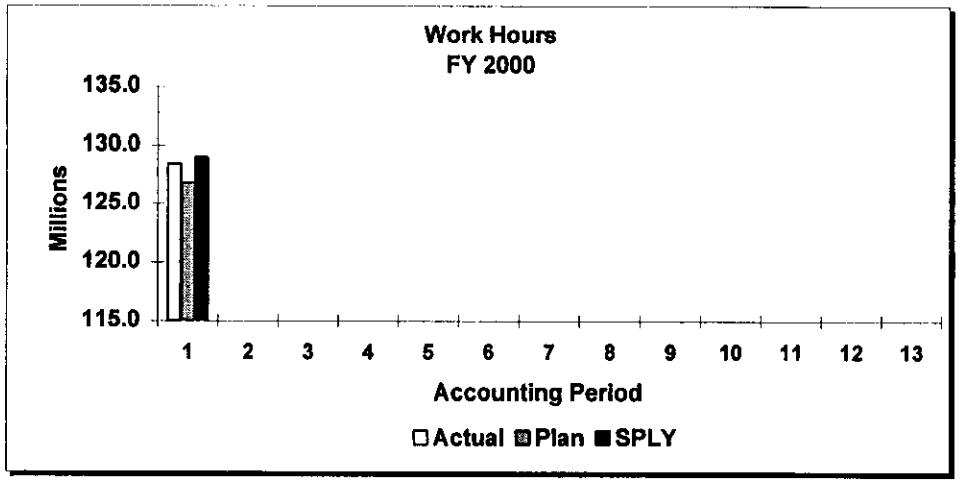
RESOURCES ON ORDER
($ MILLIONS)

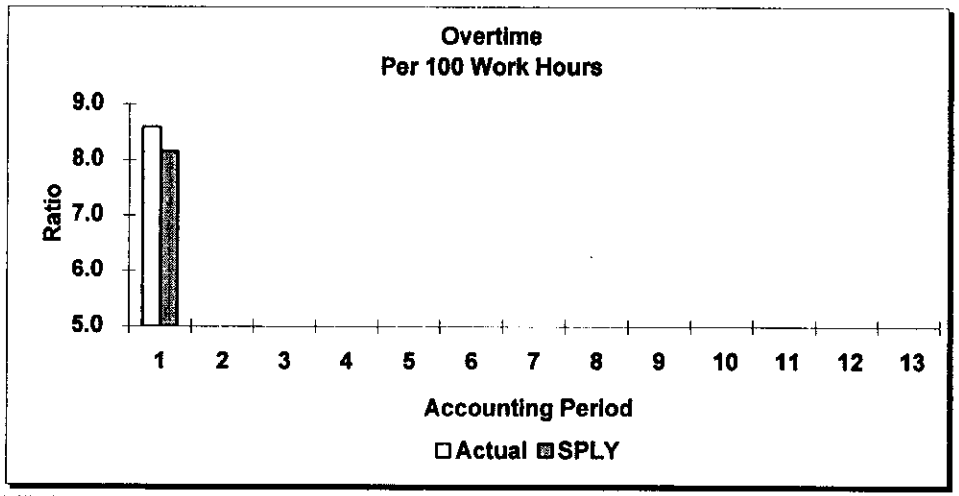
MAJOR CATEGORIES	Oct. 6, 2000	Sept. 30, 2000
CONSTRUCTION AND BUILDING PURCHASE	$ 651.8	$ 693.2
BUILDING IMPROVEMENTS	430.8	458.1
MAIL PROCESSING EQUIPMENT	1,580.2	1,617.0
VEHICLES	366.3	375.2
RETAIL EQUIPMENT	221.7	228.7
POSTAL SUPPORT EQUIPMENT	253.7	269.2
INVENTORIES	220.5	230.2
RESEARCH AND DEVELOPMENT	45.1	38.9
MISCELLANEOUS EXPENSE COMMITMENTS	3,571.6	3,463.1
TOTAL RESOURCES ON ORDER	$ 7,341.7	$ 7,373.6

Note: Totals may not sum due to rounding.

STATEMENT OF CASH FLOWS
($ Millions)

For the Year through October 6, 2000	FY 2001
Cash flows from operating activities:	
Net income/(loss) (Government Fiscal Year Basis)	$ (72)
Adjustments to reconcile net income/(loss) to net cash provided/(used) by operating activities:	
Depreciation and amortization	70
Increase/(decrease) in other liabilities	219
Increase/(decrease) in employees' accumulated leave	(109)
Increase/(decrease) in non-current workers' compensation claims	(12)
Increase/(decrease) in retirement, net	(138)
Changes in current assets and liabilities:	
Increase/(decrease) in accrued compensation and benefits	(395)
Increase/(decrease) in deferred revenue	(262)
Increase/(decrease) in payables and accrued expenses	1,051
(Increase)/decrease in receivables	48
(Increase)/decrease in supplies, advances and prepayments	46
Increase/(decrease) in outstanding postal money orders	251
Net cash provided by operating activities	**697**
Cash flows from investing activities:	
Sale/(purchase) of U.S. Government securities, net	0
Purchase of property and equipment, net	(179)
Net cash used in investing activities	**(179)**
Cash flows from financing activities:	
Increase/(decrease) in debt	(1,023)
(Increase)/decrease in other non-current assets	0
Net cash used by financing activities	**(1,023)**
Net (decrease)/increase in cash and cash equivalents	**(505)**
Cash and cash equivalents at beginning of period	**677**
Cash and cash equivalents at end of period	**$ 172**


Work Hours
FY 2000
Millions
135.0
130.0
125.0
120.0
115.0
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual Plan SPLY


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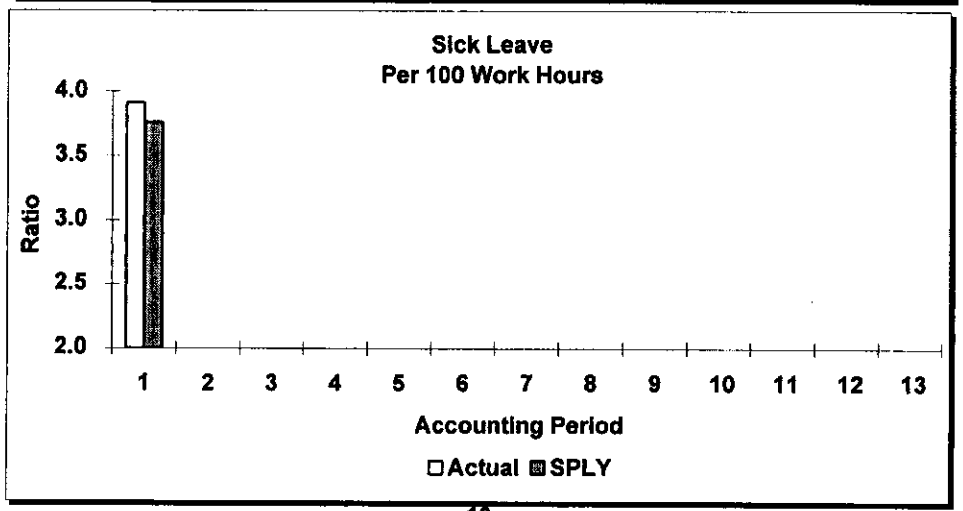
Accounting Period
Actual SPLY


Sick Leave
Per 100 Work Hours
Ratio
4.0
3.5
3.0
2.5
2.0
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual SPLY

WORK HOURS & OVERTIME/SICK LEAVE RATIOS
Accounting Period 1, FY 2001
(Thousands)

Total Work Hours	Year-to-Date Actual	Var to Budget	% Var	SPLY	% Var to SPLY
Operations:					
-Support	799	- 18	- 2.2	808	- 1.2
-Mail Processing	32,396	[327]	[1.0]	33,340	- 2.8
-Rural Delivery	13,538	[213]	[1.6]	12,937	4.6
-Other Delivery	39,014	[620]	[1.6]	39,019	- 0.0
-Vehicles Services	2,621	- 20	- 0.8	2,634	- 0.5
-Plant & Equip Maint	6,613	- 114	- 1.7	6,542	1.1
-Customer Services	20,921	[137]	[0.7]	21,132	- 1.0
Controller	753	- 65	- 8.0	772	- 2.5
Human Resources	764	- 48	- 5.9	790	- 3.3
Customer Service & Sales	1,112	- 54	- 4.6	1,313	- 15.3
Administration	5,441	[62]	[1.2]	5,547	- 1.9
Other	4,462	[592]	[15.3]	4,160	7.3
Total Work Hours	128,434	[1,632]	[1.3]	128,994	- 0.4

Overtime	Actual	Budget	SPLY
Overtime Ratio Per 100 Work Hours	8.6	7.9	8.2

Sick Leave	Actual		SPLY
Sick Leave Ratio Per 100 Work Hours	3.9	--	3.8