UNITED STATES
POSTAL SERVICE

POSTAL RATE COMMISSION
APR 30 1998
OFFICE OF THE CHIEF ADMIN. OFFICER

April 30, 1998

RECEIVED
APR 30 3 37 PM '98

Hon. Margaret P. Crenshaw, Secretary
Postal Rate Commission
1333 H Street, NW, Suite 300
Washington, D.C. 20268-0001

Dear Ms. Crenshaw:

As I promised on the telephone, I have enclosed two copies of the Financial and Operating Statements for Accounting Period 7, which I just obtained from the printer. The Commission should also be receiving its mailed copies shortly.

Sincerely,

Dan Foucheaux

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Enclosures

POSTAL RATE COMMISSION
DOCKETED
APR 30 1998
OFFICE OF THE SECRETARY

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260

UNITED STATES POSTAL SERVICE

DOCKET SECTION

FINANCIAL & OPERATING STATEMENTS

Accounting Period 7, PFY 1998

February 28 - March 27, 1998

RECEIVED
APR 30 3 37 PM '98

Finance

HIGHLIGHTS
(MILLIONS)

Accounting Period 7						Year-to-Date				
Actual	Var to Budget	% Var to Budget	SPLY	% Var to SPLY		Actual	Var to Budget	% Var to Budget	SPLY	% Var to SPLY
$ 4,698.9	[$ - 33.0]	[- 0.7]	$ 4,592.5	2.3	Total Revenue	$ 33,025.1	[$ - 94.6]	[- 0.3]	$ 32,004.5	3.2
4,586.1	- 82.9	- 1.8	4,390.0	4.5	Total Expense	31,668.1	- 439.3	- 1.4	30,874.3	2.6
$ 112.8	$ 50.0	NM	$ 202.5	NM	Income	$ 1,357.0	$ 344.7	NM	$ 1,130.2	NM
$ 179.4	$ - 163.5	- 47.7	$ 198.1	- 9.4	Capital Commitments	$ 812.4	$ - 965.2	- 54.3	$ 1,097.9	- 26.0
126.9	- 0.1	- 0.1	125.6	1.0	Total Workhours	887.3	[1.3]	[0.1]	877.2	1.2
15,413.6	109.1	0.7	15,038.4	2.5	Mail Volume	108,315.2	[- 110.4]	[- 0.1]	105,384.0	2.8

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

Actual Number Of:	Current Period	Last Period	SPLY
Post Offices	27,927	27,927	27,997
Active Postal Owned Vehicles			
Administrative	4,896	4,701	5,080
Operations	198,893	199,086	198,760
Possible City Deliveries (000)	82,014	81,974	81,584
Rural Routes	60,731	60,344	58,505
Delivery Routes	167,267	167,170	170,027
Career Employees	774,554	772,809	758,705
Casual Employees	30,018	30,590	29,705
Transitional Employees	20,678	21,729	33,169

STATEMENT OF INCOME & EXPENSE
($ MILLIONS)

Accounting Period 7						Year-to-Date				
Actual	Var. to Budget	%Var.	SPLY	% Var to SPLY		Actual	Var. to Budget	%Var.	SPLY	% Var to SPLY
$ 4,696.7	[$ - 33.1]	[- 0.7]	$ 4,584.4	2.4	Operating Revenue	$ 33,002.8	[$ - 96.3]	[- 0.3]	$ 31,961.8	3.3
4,444.2	- 72.9	- 1.6	4,241.8	4.8	Operating Expense	30,639.3	- 392.3	- 1.3	29,823.8	2.7
$ 252.5	$ 39.8	NM	$ 342.6	NM	Income From Operations	$ 2,363.5	$ 296.0	NM	$ 2,138.0	NM
2.2	0.1	4.3	8.1	- 72.8	Investment Income	22.3	1.7	8.4	42.7	- 47.8
- 15.0	10.1	- 40.1	- 25.4	- 40.8	Interest Expense	- 140.8	47.0	- 25.0	- 182.2	- 22.7
- 125.6	0.0	0.0	- 120.3	4.4	Interest on Deferred Ret. Liabilities	- 879.0	0.0	0.0	- 850.9	3.3
- 1.3	0.0	0.0	- 2.5	- 48.0	Interest Exp. for OBRA '93	- 9.0	0.0	0.0	- 17.4	- 48.3
$ 112.8	50.0	NM	$ 202.5	NM	Income	$ 1,357.0	344.7	NM	$ 1,130.2	NM

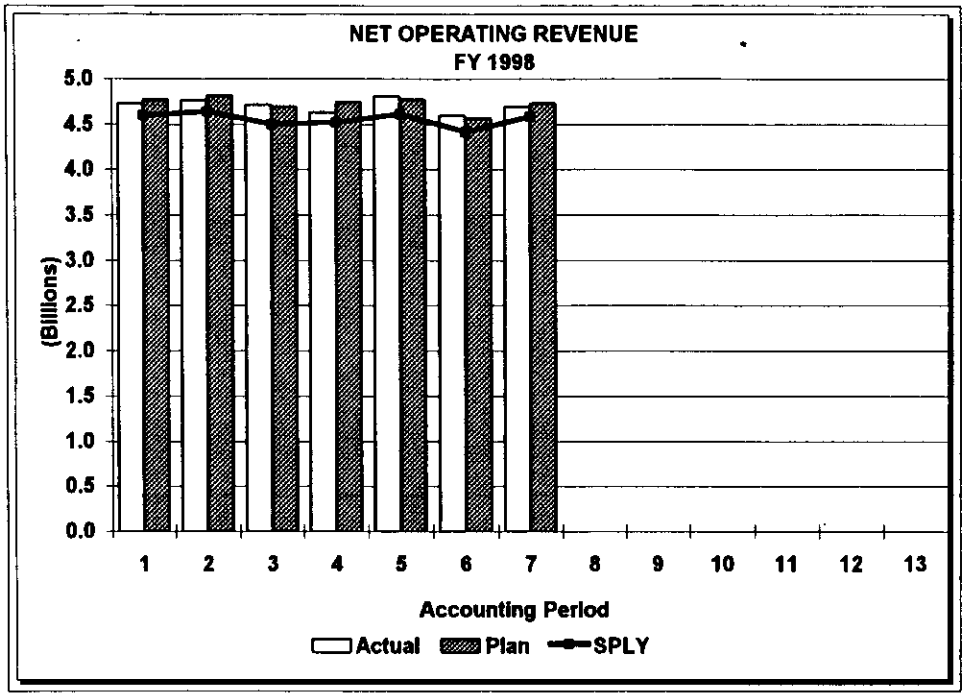
[ ]=Unfavorable variance to budget
NM = Non-Meaningful

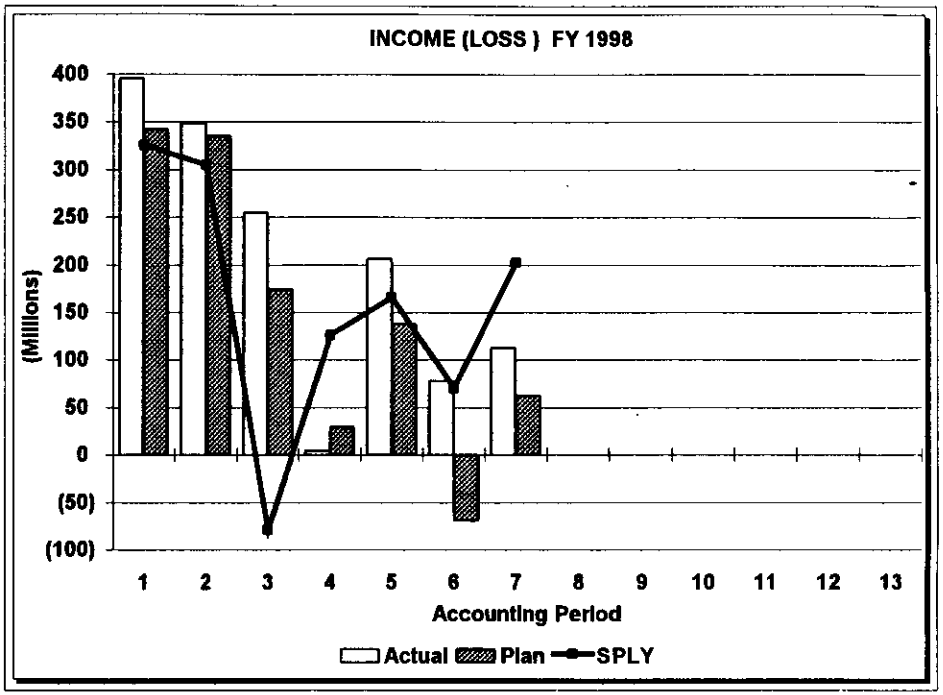
MAIL VOLUME - MAIL REVENUE
(Thousands)

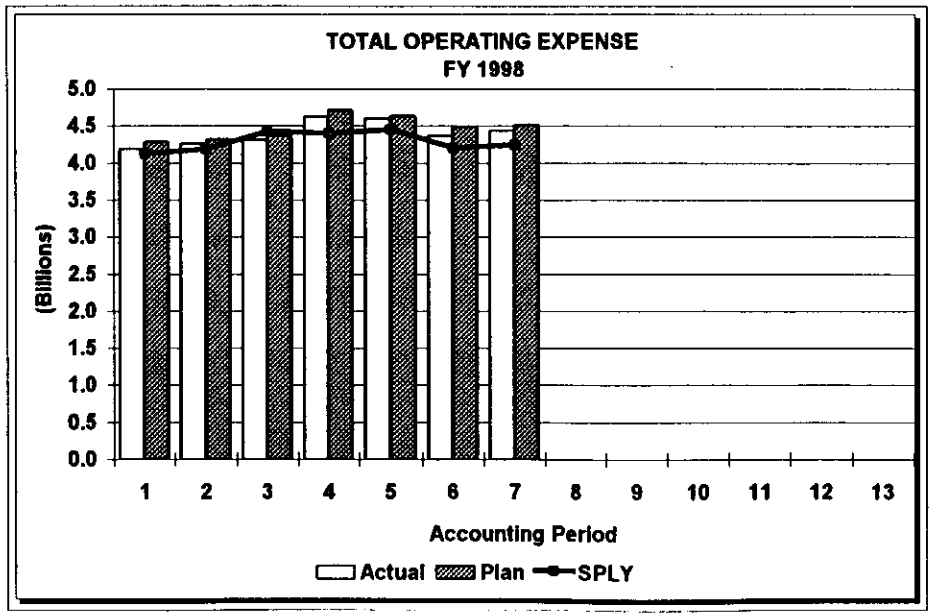
	CURRENT PERIOD			YEAR-TO-DATE		
	A/P 7 1998	A/P 7 1997	% CHANGE	A/P 7 1998	A/P 7 1997	% CHANGE
FIRST-CLASS						
VOLUME	7,801,414	7,777,291	0.3	55,489,216	55,146,286	0.6
REVENUE	$ 2,650,500	$ 2,643,793	0.3	$ 18,623,870	$ 18,371,516	1.4
REV/PC.	0.3397	0.3399	- 0.1	0.3356	0.3331	0.7
PRIORITY-MAIL						
VOLUME	95,422	83,530	14.2	649,358	565,836	14.8
REVENUE	$ 334,461	$ 290,889	15.0	$ 2,341,205	$ 2,042,336	14.6
REV/PC.	3.5051	3.4824	0.6	3.6054	3.6094	- 0.1
EXPEDITED MAIL						
VOLUME	5,186	4,829	7.4	35,075	32,302	8.6
REVENUE	$ 66,592	$ 61,535	8.2	$ 455,086	$ 416,142	9.4
REV/PC.	12.8407	12.7428	0.8	12.9747	12.8829	0.7
PERIODICALS						
VOLUME	879,927	878,805	0.1	5,617,964	5,693,842	- 1.3
REVENUE	$ 177,444	$ 175,856	0.9	$ 1,135,059	$ 1,134,584	0.0
REV/PC.	0.2017	0.2001	0.8	0.2020	0.1993	1.4
STANDARD (A) MAIL						
VOLUME	6,456,845	6,095,676	5.9	45,194,082	42,604,967	6.1
REVENUE	$ 1,084,777	$ 1,023,944	5.9	$ 7,536,917	$ 7,115,298	5.9
REV/PC.	0.1680	0.1680	0.0	0.1668	0.1670	- 0.1
STANDARD (B) MAIL						
VOLUME	67,573	75,026	- 9.9	545,012	541,941	0.6
REVENUE	$ 119,911	$ 121,835	- 1.6	$ 930,292	$ 899,382	3.4
REV/PC.	1.7745	1.6239	9.3	1.7069	1.6596	2.9
INTERNATIONAL						
VOLUME	73,744	88,678	- 16.8	553,038	569,377	- 2.9
REVENUE	$ 128,024	$ 127,793	0.2	$ 914,249	$ 909,938	0.5
REV/PC.	1.7361	1.4411	20.5	1.6531	1.5981	3.4
ALL OTHER_1/						
VOLUME	33,499	34,532	- 3.0	231,423	229,450	0.9
REVENUE	$ 144	$ 104	38.5	$ 1,001	$ 1,344	- 25.5
ALL MAIL						
VOLUME	15,413,610	15,038,367	2.5	108,315,168	105,384,001	2.8
REVENUE	$ 4,561,853	$ 4,445,749	2.6	$ 31,937,679	$ 30,890,540	3.4
REV/PC.	0.2960	0.2956	0.1	0.2949	0.2931	0.6

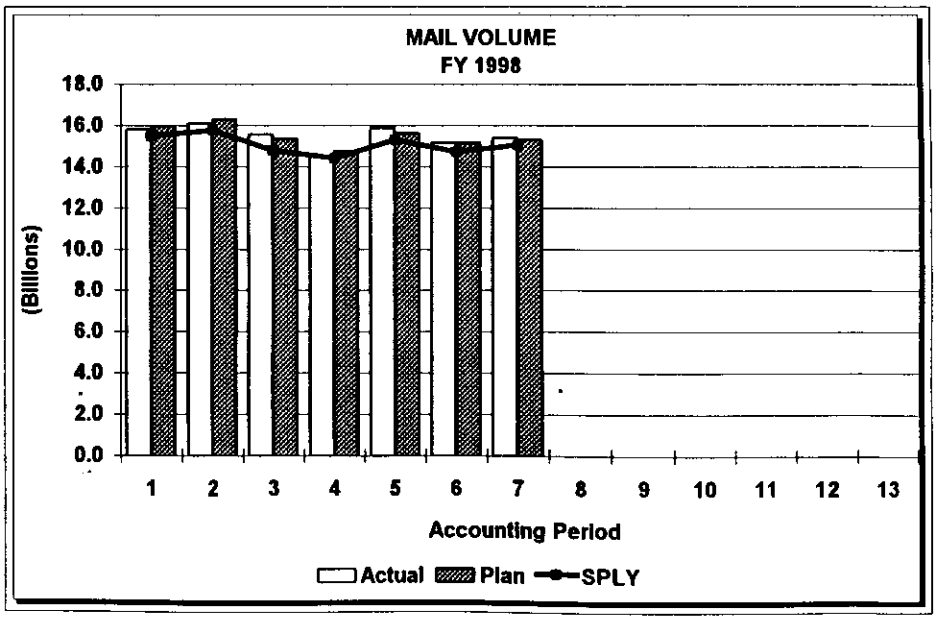
_1/ All other volume includes a increase of 320 pieces in Internal Mail and an increase of 2,767 pieces in Free Mail for the Blind and Handicapped for the year-to-date.

– Data reflects preliminary estimates for the accounting period. These estimates are recast quarterly and at the end of the year.


NET OPERATING REVENUE
FY 1998
(Billions)
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual
Plan
SPLY


INCOME (LOSS) FY 1998
(Millions)
400
350
300
250
200
150
100
50
0
(50)
(100)
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual
Plan
SPLY


TOTAL OPERATING EXPENSE
FY 1998
(Billions)
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual
Plan
SPLY


MAIL VOLUME
FY 1998
(Billions)
18.0
16.0
14.0
12.0
10.0
8.0
6.0
4.0
2.0
0.0
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual
Plan
SPLY

Revenue by Source
AP 7, FY 1998
($Millions)

Current Period Actual	Current Period SPLY	Current Period % Diff		Year-To-Date Actual	Year-To-Date SPLY	Year-To-Date % Diff
			Operating Revenue:			
$ 1,955.0	$ 1,915.7	2.1	Metered Postage	$ 13,560.0	$ 13,296.2	2.0
852.7	869.0	- 1.9	Stamps and Stamped Paper	6,312.1	6,280.8	0.5
1,159.0	1,074.6	7.9	Permit Imprint	8,125.6	7,571.7	7.3
181.5	179.1	1.3	Periodicals & Standard A	1,162.4	1,164.5	- 0.2
57.1	56.4	1.2	Official Mail	448.7	467.0	- 3.9
333.0	312.5	6.6	Presort First Class & Standard B/Permit Imprint	2,306.9	2,106.9	9.5
45.6	44.3	2.9	Box Rents	319.2	310.3	2.9
14.6	14.5	1.0	Money Order Fees	95.3	96.0	- 0.7
93.0	112.0	- 17.0	Other	636.5	622.3	2.3
$ 4,691.5	$ 4,578.1	2.5	**Subtotal**	$ 32,966.7	$ 31,915.7	3.3
			Government Appropriation:			
5.2	6.3	- 17.5	Revenue Forgone	36.1	46.1	- 21.6
$ 4,696.7	$ 4,584.4	2.4	**Total Operating Revenue**	$ 33,002.8	$ 31,961.8	3.3
2.2	8.1	- 72.8	Investment Income	22.3	42.7	- 47.8
$ 4,698.9	$ 4,592.5	2.3	**Total Revenue**	$ 33,025.1	$ 32,004.5	3.2

Revenue by Category
AP 7, FY 1998
($Millions)

Current Period Actual	Current Period Budget	Current Period % Var		Year-To-Date Actual	Year-To-Date Budget	Year-To-Date % Var
			Commercial Revenue			
$ 1,686.9	$ 1,640.5	2.8	Permit Revenue	$ 11,674.1	$ 11,348.2	2.9
1,804.8	1,814.2	[0.5]	Other Commercial Accounts Revenue	12,347.6	12,642.4	[2.3]
$ 3,491.7	**$ 3,454.7**	**1.0**	**Total Commercial Revenue**	**$ 24,021.7**	**$ 23,990.6**	**0.1**
			Retail Revenue			
957.0	1,009.6	[5.2]	Retail Postage Revenue	7,238.5	7,248.4	[0.1]
68.8	67.8	1.4	Retail Services Revenue	429.9	438.1	[1.9]
9.4	14.2	[34.0]	Retail Products Revenue	78.9	90.6	[12.9]
135.1	147.5	[8.4]	Other Retail Channels Revenue	986.7	1,044.8	[5.6]
$ 1,170.3	**$ 1,239.1**	**[5.6]**	**Total Retail Revenue**	**$ 8,734.0**	**$ 8,821.9**	**[0.9]**
$ 4,662.0	**$ 4,693.8**	**[0.7]**	**Total Commercial & Retail Revenue**	**$ 32,755.7**	**$ 32,812.5**	**[0.2]**
29.5	30.8	[4.2]	Other Income	211.0	250.5	[15.8]
5.2	5.2	0.0	Revenue Forgone	36.1	36.1	0.0
$ 4,696.7	**$ 4,729.8**	**[0.7]**	**Total Operating Revenue**	**$ 33,002.8**	**$ 33,099.1**	**[0.3]**
2.2	2.1	4.3	Investment Income	22.3	20.6	8.4
$ 4,698.9	**$ 4,731.9**	**[0.7]**	**Total Revenue**	**$ 33,025.1**	**$ 33,119.7**	**[0.3]**

[ ]=Unfavorable variance to budget

Expense Analysis
Accounting Period 7, FY 1998
($Millions)

Accounting Period 7						Year-to-Date				
Actual	Var. to Budget	%Var.	SPLY	% Var to SPLY		Actual	Var to Budget	%Var	SPLY	% Var to SPLY
$ 3,522.1	[$ 14.1]	[0.4]	$ 3,353.6	5.0	**Personnel Compensation**	$ 24,518.7	$ - 34.7	- 0.1	$ 23,826.4	2.9
					Non-Personnel Expense:					
310.7	- 33.4	- 9.7	302.5	2.7	Transportation	2,337.2	[36.4]	[1.6]	2,200.8	6.2
235.5	- 47.8	- 16.9	201.5	16.8	Supplies & Services	1,391.4	- 290.6	- 17.3	1,202.1	15.7
375.9	- 5.9	- 1.5	384.2	- 2.2	Other	2,392.0	- 103.4	- 4.1	2,594.4	- 7.8
$ 922.1	$ - 87.0	- 8.6	$ 888.3	3.8	**Subtotal**	$ 6,120.6	$ - 357.6	- 5.5	$ 5,997.4	2.1
$ 4,444.2	$ - 72.9	- 1.6	$ 4,241.8	4.8	**Total Operating Expense**	$ 30,639.3	$ - 392.3	- 1.3	$ 29,823.8	2.7
15.0	- 10.1	- 40.1	25.4	- 40.8	Interest Expense	140.8	- 47.0	- 25.0	182.2	- 22.7
125.6	0.0	0.0	120.3	4.4	Interest on Deferred Ret. Liabilities	879.0	0.0	0.0	850.9	3.3
1.3	0.0	NM	2.5	- 48.0	Interest on OBRA '93 Retroactive Assessment	9.0	0.0	0.0	17.4	- 48.3
$ 4,586.1	$ - 82.9	- 1.8	$ 4,390.0	4.5	**Total Expense**	$ 31,668.1	$ - 439.3	- 1.4	$ 30,874.3	2.6

[ ]=Unfavorable variance to budget

Analysis of Operating Expenses
Personnel Compensation
($Millions)

Accounting Period 7						Year-to-Date				
Actual	Var. to Budget	% Var.	SPLY *	% Var to SPLY	**Total Compensation**	Actual	Var. to Budget	%Var.	SPLY *	% Var to SPLY
					Operations:					
25.7	[0.0]	[0.0]	$ 24.6	4.6	-Support	$ 167.8	$ - 3.0	- 1.8	$ 159.2	5.4
850.9	- 15.6	- 1.8	833.1	2.1	-Mail Processing	6,138.9	- 97.4	- 1.6	5,997.0	2.4
263.4	- 2.2	- 0.8	248.3	6.1	-Rural Delivery	1,776.9	[3.1]	[0.2]	1,684.3	5.5
992.5	[5.3]	[0.5]	968.8	2.4	-Other Delivery	6,886.5	[71.0]	[1.0]	6,729.2	2.3
71.3	[1.2]	[1.8]	68.2	4.6	-Vehicles Services	492.0	[7.3]	[1.5]	471.6	4.3
173.4	- 3.4	- 1.9	165.2	5.0	-Plant & Equip Maint	1,183.0	- 14.9	- 1.2	1,133.1	4.4
531.2	[4.0]	[0.8]	507.0	4.8	-Customer Services	3,688.2	[14.8]	[0.4]	3,550.4	3.9
23.0	- 2.0	- 8.0	21.9	4.7	Controller	152.7	- 14.4	- 8.6	147.7	3.4
24.9	- 1.2	- 4.5	23.7	5.0	Human Resources	164.1	- 9.2	- 5.3	157.1	4.5
36.3	- 1.4	- 3.7	35.0	3.8	Customer Service & Sales	240.4	- 13.8	- 5.4	237.7	1.1
156.4	[0.1]	[0.0]	154.1	1.5	Administration	1,045.1	- 2.9	- 0.3	1,028.1	1.7
113.0	[31.6]	[38.8]	101.3	11.5	Other Salaries & Benefits	749.2	[35.8]	[5.0]	675.7	10.9
$ 3,261.9	**[16.4]**	**[0.5]**	**$ 3,151.2**	**3.5**	**Total Salaries & Benefits**	**$ 22,684.8**	**$ - 23.5**	**- 0.1**	**$ 21,971.1**	**3.2**
56.6	0.0	0.0	16.1	251.1	Workers' Compensation	396.0	0.0	0.0	112.8	251.1
6.6	[0.0]	[0.4]	6.8	- 3.6	Unemployment Compensation	45.8	[0.2]	[0.4]	49.4	- 7.1
88.7	0.0	0.0	82.9	7.0	Deferred Retirement Cost	620.8	- 0.0	- 0.0	583.2	6.4
46.6	0.0	0.0	43.5	7.2	CSRS Annuitant COLA	326.4	0.0	0.0	307.5	6.1
47.2	0.0	0.0	42.9	10.0	Annuitant Health Benefits	330.4	0.0	0.0	306.4	7.8
14.5	- 2.4	- 14.2	10.1	43.6	Other Compensation	114.5	- 11.3	- 9.0	496.0	- 76.9
$ 3,522.1	**[$ 14.1]**	**[0.4]**	**$ 3,353.5**	**5.0**	**Total Personnel Compensation**	**$ 24,518.7**	**$ - 34.7**	**- 0.1**	**$ 23,826.4**	**2.9**

[ ]=Unfavorable variance to budget

NM=Non-meaningful

*** Recasted Data**

Analysis of Non Personnel Expenses
($Millions)

Accounting Period 7						Year-to-Date				
Actual	Var. to Budget	%Var.	SPLY *	% Var to SPLY	Description	Actual	Var. to Budget	%Var.	SPLY *	% Var to SPLY
$ 310.7	$ - 33.4	- 9.7	$ 302.5	2.7	Transportation	$ 2,337.2	[$ 36.4]	[1.6]	$ 2,200.8	6.2
235.5	- 47.8	- 16.9	201.5	16.8	Supplies & Services	1,391.4	- 290.6	- 17.3	1,202.1	15.7
126.0	- 1.0	- 0.8	124.1	1.5	Depreciation	866.3	- 10.4	- 1.2	836.9	3.5
58.3	- 2.9	- 4.7	51.4	13.5	Rent	357.9	- 19.2	- 5.1	365.5	- 2.1
34.4	- 1.2	- 3.4	34.8	- 1.2	Fuel & Utilities	210.7	- 17.2	- 7.5	218.3	- 3.5
25.8	- 1.5	- 5.4	25.4	1.8	Rural Carrier Equip Maint Allow	172.9	- 7.0	- 3.9	169.9	1.8
25.8	- 2.2	- 7.8	29.4	- 12.4	Vehicle Maintenance	169.3	- 13.9	- 7.6	166.5	1.7
18.1	[2.3]	[14.5]	15.8	14.7	Building Projects Expensed	106.9	[0.6]	[0.5]	82.5	29.6
4.3	- 0.5	- 10.9	4.1	5.3	Contract Job Cleaners	29.8	- 3.2	- 9.8	28.2	5.6
13.5	- 2.1	- 13.5	14.3	- 6.0	Travel & Relocation	81.6	- 20.2	- 19.8	74.7	9.2
21.8	[3.8]	[21.0]	13.4	63.1	Communications	99.9	[1.2]	[1.2]	84.4	18.3
5.4	- 0.6	- 9.9	5.7	- 5.0	Contract Stations	36.8	- 3.5	- 8.7	40.3	- 8.6
3.8	- 1.0	- 20.2	4.0	- 4.1	Printing	24.5	- 14.2	- 36.6	17.8	37.9
6.1	- 1.2	- 15.9	5.2	17.9	Training	31.6	- 7.4	- 19.0	27.4	15.2
4.8	[0.2]	[4.0]	4.7	4.0	Carfare & Tolls	31.5	- 5.9	- 15.7	30.3	4.0
2.0	- 0.5	- 18.7	2.2	- 7.4	Vehicle Hire	16.7	- 1.1	- 6.1	16.9	- 1.3
3.7	- 0.0	- 0.5	5.6	- 33.7	Accident Cost	25.7	- 2.3	- 8.2	30.6	- 15.9
- 4.2	- 1.1	[36.7]	- 2.7	56.9	Capitalized Interest	- 26.2	- 4.6	[21.6]	- 10.2	158.0
26.2	[3.6]	[16.1]	46.9	- 44.2	Miscellaneous	156.0	[24.9]	[19.0]	414.4	- 62.4
$ 922.1	**$ - 87.0**	**- 8.6**	**$ 888.3**	**3.8**	**Total Other Operating Expenses**	**$ 6,120.6**	**$ - 357.6**	**- 5.5**	**$ 5,997.4**	**2.1**

[ ]=Unfavorable variance to budget
*** Recasted Data**

Statement of Financial Position
AP 7, FY 1998
($ Millions)

Assets	March 27, 1998	February 27, 1998	September 30, 1997 *
Current Assets:			
Cash and cash equivalents _1/	$ - 243	$ - 159	$ 394
U.S. Government securities, at amortized cost which approximates market	8	9	9
Receivables:			
Foreign countries	416	406	441
U.S. Government	205	190	101
Other	212	227	207
	833	823	749
Less allowances	89	89	77
	744	734	672
Supplies, advances and prepayments	357	344	388
Total Current Assets	**866**	**928**	**1,463**
Other assets _2/	**374**	**373**	**372**
Property and equipment, at cost:			
Buildings	14,442	14,376	13,911
Equipment	10,748	10,616	10,328
Land	2,217	2,213	2,178
	27,407	27,205	26,417
Less allowances for depreciation	9,819	9,753	9,343
	17,588	17,452	17,074
Construction in progress	2,118	2,141	1,862
Leasehold improvements, net	462	455	438
	20,168	**20,048**	**19,374**
Deferred Retirement Costs _3/	**33,407**	**33,543**	**31,929**
Total Assets	**$ 54,815**	**$ 54,892**	**$ 53,138**

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

_2/ Includes $372 million as of September 30, 1997, February 27,1998 and March 27, 1998 for supplemental appropriation receivable for revenue forgone.

* Audited year-end data

Statement of Financial Position
AP 7, FY 1998
($ Millions)

Liabilities and Equities	March 27, 1998	February 27, 1998	September 30, 1997 *
Current Liabilities:			
Compensation and employees' benefits	$ 4,785	$ 4,844	$ 5,056
Estimated prepaid postage	1,743	1,743	1,743
Payables and accrued expenses:			
Foreign countries	659	643	703
U.S. Government	165	204	181
Other	2,198	1,810	940
	3,022	2,657	1,824
Appropriation for free & reduced rate mail	35	40	0
Prepaid permit mail and box rentals	1,500	1,488	1,924
Outstanding postal money orders	715	772	640
Current portion of long-term debt	618	1,166	2,647
Total Current Liabilities	**12,418**	**12,710**	**13,834**
Long-term debt, less current portion	**2,222**	**2,224**	**3,225**
Other Liabilities:			
Amounts payable for retirement benefits _3/	32,505	32,505	30,343
Workers' compensation claims	5,309	5,029	4,749
Retroactive assessment payable to the U. S. Government	0	0	0
Employees' accumulated leave	1,806	1,704	1,858
Other	793	1,080	489
Total Other Liabilities	**40,413**	**40,318**	**37,439**
Net Capital Deficiency	- 238	- 360	- 1,360
Total Liabilities and Equity	**$ 54,815**	**$ 54,892**	**$ 53,138**

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
1998
($ MILLIONS)

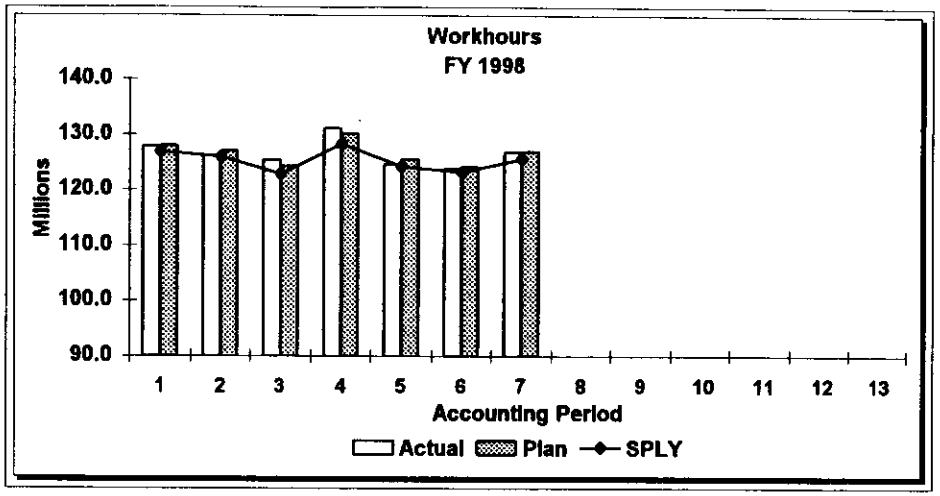
MAJOR CATEGORIES	COMMITMENTS A/P 7 - YEAR-TO-DATE ACTUAL	PLAN	SPLY	EXPENDITURES A/P 7 - YEAR-TO-DATE ACTUAL	PLAN	SPLY
CONSTRUCTION AND BUILDING PURCHASE	$ 316.6	$ 482.4	$ 361.8	$ 436.8	$ 391.5	$ 292.6
BUILDING IMPROVEMENTS	178.0	249.4	198.1	318.9	251.7	306.8
MAIL PROCESSING EQUIPMENT	119.8	492.1	360.5	427.2	556.6	591.4
VEHICLES	43.0	250.3	33.5	93.5	111.2	95.0
RETAIL EQUIPMENT	40.3	61.5	3.7	39.0	75.0	14.0
POSTAL SUPPORT EQUIPMENT	114.7	241.9	140.3	189.9	419.7	220.9
TOTAL COMMITMENTS/EXPENDITURES	$ 812.4	$ 1,777.6	$ 1,097.9	$ 1,505.3	$ 1,805.7	$ 1,520.7

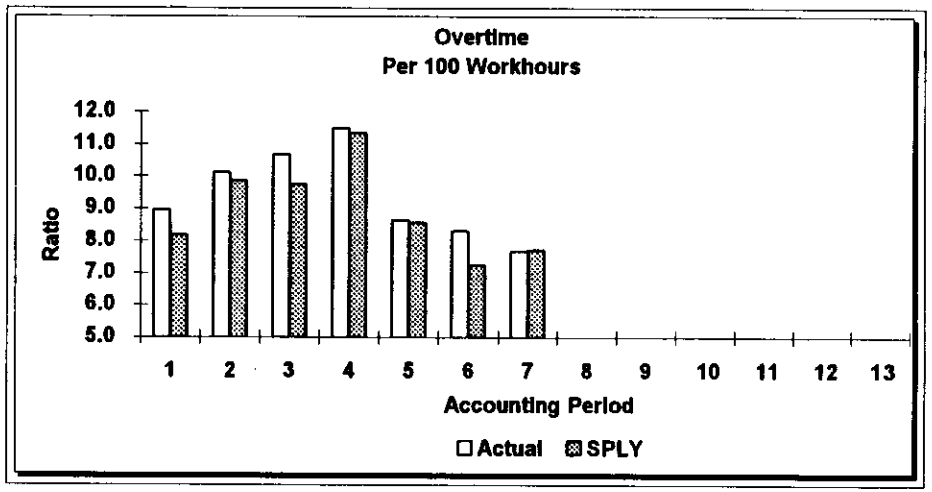
RESOURCES ON ORDER
($ MILLIONS)

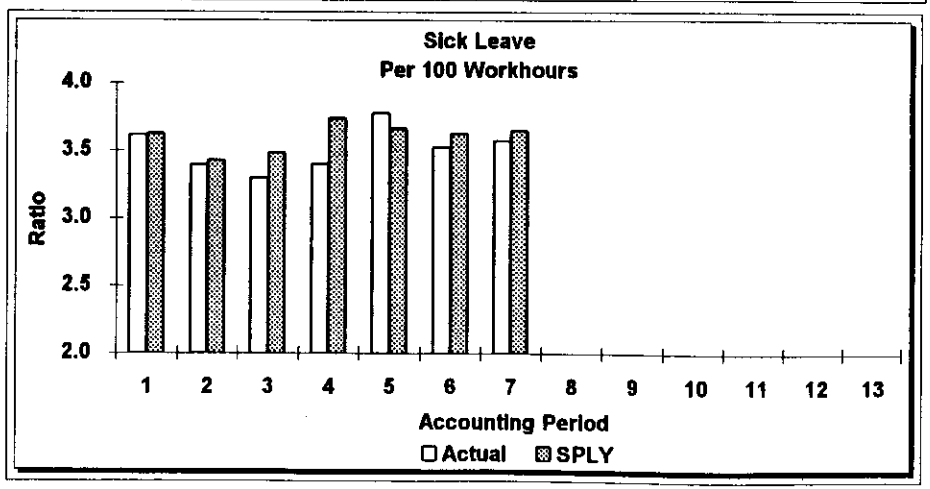
MAJOR CATEGORIES - EXPENDITURES	Mar. 27, 1998	Sept. 30, 1997
CONSTRUCTION AND BUILDING PURCHASE	$ 643.5	$ 798.4
BUILDING IMPROVEMENTS	305.4	462.3
MAIL PROCESSING EQUIPMENT	499.1	813.6
VEHICLES	85.2	135.7
RETAIL EQUIPMENT	201.4	198.5
POSTAL SUPPORT EQUIPMENT	301.3	384.4
INVENTORIES	160.7	198.0
RESEARCH AND DEVELOPMENT	56.2	44.5
MISCELLANEOUS EXPENSE COMMITMENTS	3,619.6	3,291.4
TOTAL RESOURCES ON ORDER	$ 5,872.4	$ 6,326.8

STATEMENT OF CASH FLOWS
($ Millions)

For the fiscal year through March 27, 1998	FY 1998
Cash flows from operating activities:	
Net income/(loss) (Government Fiscal Year Basis)	$ 1,122
Adjustments to reconcile net income/(loss) to net cash provided/(used) by operating activities:	
Depreciation and amortization	843
Increase/(decrease) in other liabilities	304
Increase/(decrease) in employees' accumulated leave	- 52
Increase/(decrease) in non-current workers' compensation claims	560
Increase/(decrease) in retirement, net	684
Changes in current assets and liabilities:	
Increase/(decrease) in accrued compensation and benefits	- 271
Increase/(decrease) in deferred revenue	- 389
Increase/(decrease) in payables and accrued expenses	1,198
(Increase)/decrease in receivables	- 72
(Increase)/decrease in supplies, advances and prepayments	31
Increase/(decrease) in outstanding postal money orders	75
Net cash provided/(used) by operating activities	**4,033**
Cash flows from investing activities:	
Sale/(purchase) of U.S. Government securities, net	1
Purchase of property and equipment, net	- 1,637
Net cash used in investing activities	**- 1,636**
Cash flows from financing activities:	
Increase/(decrease) in long-term debt	- 3,032
(Increase)/decrease in other non-current assets	- 2
Net cash provided by financing activities	**- 3,034**
Net (decrease)/increase in cash and cash equivalents	- 637
Cash and cash equivalents at beginning of period	**394**
Cash and cash equivalents at end of period	**$ - 243**


Workhours
FY 1998
Millions
140.0
130.0
120.0
110.0
100.0
90.0
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual
Plan
SPLY


Overtime
Per 100 Workhours
Ratio
12.0
11.0
10.0
9.0
8.0
7.0
6.0
5.0
1 2 3 4 5 6 7 8 9 10 11 12 13
Accounting Period
Actual
SPLY


Sick Leave
Per 100 Workhours
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

WORKHOURS & OVERTIME/SICK LEAVE RATIOS
(Thousands)

Accounting Period 7						Year to date				
Actual	Var. to Budget	% Var.	SPLY*	% Var to SPLY	Total Workhours	Actual	Var. to Budget	%Var.	SPLY*	% Var to SPLY
					Operations:					
798	[12]	[1.5]	774	3.1	-Support	5,160	- 19	- 0.4	4,960	4.0
34,025	- 783	- 2.2	34,365	- 1.0	-Mail Processing	252,257	- 3,001	- 1.2	251,431	0.3
12,316	[18]	[0.1]	11,768	4.7	-Rural Delivery	82,779	[730]	[0.9]	79,353	4.3
38,261	[429]	[1.1]	38,184	0.2	-Other Delivery	263,946	[3,232]	[1.2]	263,511	0.2
2,584	[35]	[1.4]	2,527	2.3	-Vehicles Services	17,782	[191]	[1.1]	17,409	2.1
6,408	- 149	- 2.3	6,238	2.7	-Plant & Equip Maint	43,494	- 837	- 1.9	42,536	2.3
20,650	[178]	[0.9]	20,246	2.0	-Customer Services	143,415	[623]	[0.4]	141,490	1.4
787	- 55	- 6.5	766	2.7	Controller	5,211	- 402	- 7.2	5,129	1.6
796	- 14	- 1.7	764	4.2	Human Resources	5,203	- 164	- 3.1	5,030	3.4
1,292	- 37	- 2.8	1,266	2.1	Customer Service & Sales	8,488	- 434	- 4.9	8,536	- 0.6
5,459	[57]	[1.1]	5,450	0.2	Administration	36,353	[294]	[0.8]	36,195	0.4
3,508	[232]	[7.1]	3,256	7.7	Other	23,191	[1,047]	[4.7]	21,605	7.3
126,884	- 77	- 0.1	125,604	1.0	Total Workhours	887,279	[1,260]	[0.1]	877,185	1.2

Overtime

	Actual	Budget	SPLY		Actual	Budget	SPLY
				Overtime Ratio			
	7.7	6.6	7.5	Per 100 Workhours	9.4	7.8	8.9

Sick Leave

	Actual		SPLY		Actual		SPLY
				Sick Leave Ratio			
	3.6	--	3.7	Per 100 Workhours	3.6	--	3.7

[ ]=Unfavorable variance to budget
NM=Non-meaningful
* Recasted Data