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September 4, 1998

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

Dear Ms. Crenshaw:

In connection with the Commission's rules pertaining to periodic reports, 39 C.F.R. § 3001.102 (1997), I have enclosed copies of the following:

Investment Income Statement, Third Quarter, GFY 1998.

Sincerely,

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Enclosures

cc: Ms. Brown



INVESTMENT INCOME
THIRD QUARTER, GFY 1998

PRC 103

THIRD QUARTER
(2/28/98-5/22/98)

YTD GFY 1998
(10/1/97-5/22/98)

BEGINNING BALANCE (Book Value)	\$100,292.33	\$859,838,479.52
ADD		
PURCHASES AT COST	10,512,133,000.00	85,168,403,000.00
ACCRUAL OF DISCOUNT	1,779,709.08	16,891,401.05
GAIN (LOSS) NET _1/	0.00	0.00
SUBTOTAL	10,513,912,709.08	85,185,294,401.05
DEDUCT		
AMORTIZATION OF PREMIUM	6.00	16.78
PROCEEDS FROM SALES	10,129,203,709.08	84,447,085,401.05
SUBTOTAL	10,129,203,715.08	84,447,085,417.83
ENDING BALANCE (Book Value)	\$384,809,286.33	\$1,598,047,462.74
AVERAGE INVESTMENT BALANCE	\$141,517,360.72	\$69,599,123.34
INVESTMENT INCOME	\$1,781,817.60	\$2,407,599.04
AVERAGE YIELD = _2/	5.47%	5.40%

_1/ Does not include Certificate of Deposit \$8,086,000.00

_2/ AVERAGE YIELD =
$$\frac{\text{INVESTMENT INCOME} \times \# \text{ OF DAYS IN QTR} \times 365}{\text{AVERAGE INVESTMENT BALANCE}}$$