



**UNITED STATES
POSTAL SERVICE**

ORIGINAL

PROCESSED

2005 MAR 15 P 4: 10

DRAFT:

COST AND REVENUE ANALYSIS

FISCAL YEAR 2004 - PRC VERSION

FINANCE

**UNITED STATES POSTAL SERVICE
COST AND REVENUE ANALYSIS
FISCAL YEAR 2004 - PRC Version**

TABLE OF CONTENTS

SUMMARY TABLES

Summary of revenue and cost for major service categories.....	1
Detail of attributable cost for major service categories excluding USPS penalty	2
Summary of revenue, attributable cost, pieces and weight for major service categories.....	3
Summary of accrued costs by segments and components detailing attributable costs.....	4
Notes to Cost and Revenue Analysis.....	7

PAGE

STATISTICS BY CLASS OF MAIL

First-Class Mail, Priority Mail, Express Mail, and Mailgrams.....	8
Periodicals.....	9
Standard Mail	10
Package Services.....	11
U.S. Postal Service mail and Free Mail for the blind and handicapped.....	12
International Mail.....	13
Special services.....	14

SUMMARY OF REVENUE AND COST FOR MAJOR SERVICE CATEGORIES
 Fiscal Year 2004 - PRC Version
 (in millions)

	Revenue (note 1)	Attributable Cost	Revenue Less Attributable Cost	Volume Variable Cost	Revenue as a Percent of Volume Variable Cost
First-Class Mail.....	\$36,370.9	\$17,458.8	\$18,912.1	\$17,438.6	208.6%
Priority Mail.....	4,421.1	3,017.9	1,403.2	2,986.4	148.0
Express Mail.....	852.8	503.0	349.8	485.7	175.6
Mailgram.....	0.7	0.4	0.3	0.4	175.0
Periodicals:					
In County.....	72.0	67.5	4.5	67.5	106.7
Outside County.....	2,100.0	2,323.3	(223.3)	2,323.2	90.4
Fees.....	19.9	-	19.9	-	-
Total Periodicals.....	2,191.8	2,390.9	(199.1)	2,390.8	91.7
Standard Mail:					
Enhanced Carrier Route.....	5,352.0	2,363.3	2,988.7	2,359.5	226.8
Regular.....	12,662.9	8,619.6	4,043.3	8,612.5	147.0
Fees.....	107.7	-	107.7	-	-
Total Standard Mail.....	18,122.5	10,982.9	7,139.6	10,971.9	165.2
Package Services:					
Parcel Post.....	1,242.1	1,040.9	201.2	1,040.5	119.4
Bound Printed Matter.....	583.2	475.9	107.3	475.9	122.5
Media Mail.....	379.0	410.3	(31.3)	410.3	92.4
Fees.....	2.1	-	2.1	-	-
Total Package Services.....	2,206.4	1,927.2	279.2	1,926.7	114.5
Free Mail for the blind and handicapped.....	-	42.4	(42.4)	42.4	-
International Mail (note 2).....	1,724.0	1,395.5	328.5	1,364.5	126.3
Total Mail.....	65,890.3	37,719.0	28,171.3	37,607.4	175.2
Special Services (note 3).....	2,401.7	1,721.0	680.7	1,714.2	140.1
Miscellaneous items (note 4).....	668.9	-	668.9	-	-
Total Mail and Services.....	68,960.8	39,440.0	29,520.8	39,321.6	175.4
Appropriations: Revenue Forgone.....	36.3	-	36.3	-	-
Total Operating Income.....	68,997.2	-	31.5	-	-
Investment Income.....	31.5	-	31.5	-	-
Total (note 5).....	\$69,028.7	\$39,440.0	\$29,588.6	\$39,321.6	175.5
All other costs.....	-	-	-	26,523.6	-
Total Operating Expense (note 5).....	-	\$65,963.7	-	\$65,963.7	-

DETAIL OF ATTRIBUTABLE COST FOR MAJOR SERVICE CATEGORIES
 EXCLUDING USPS PENALTY
 Fiscal Year 2004 - PRC Version
 (in thousands)

	Volume Variable cost			Total Attributable
	Direct & Indirect Excluding Transportation	Transportation	Product Specific	
First-Class Mail.....	\$16,473,718	\$964,843	\$20,215	\$17,458,776
Priority Mail.....	1,871,071	1,115,348	31,499	3,017,918
Express Mail.....	383,784	101,889	17,374	503,047
Mailgram.....	447	-	-	447
Periodicals:				
In Country.....	67,449	80	7	67,536
Outside County.....	2,077,286	245,962	77	2,323,325
Fees.....	-	-	-	-
Total Periodicals.....	2,144,735	246,042	84	2,390,861
Standard Mail:				
Enhanced Carrier Route.....	2,280,496	78,980	3,784	2,363,260
Regular.....	8,246,569	365,892	7,176	8,619,637
Fees.....	-	-	-	-
Total Standard Mail.....	10,527,065	444,872	10,960	10,982,897
Package Services:				
Parcel Post.....	702,550	337,933	454	1,040,937
Bound Printed Matter.....	410,966	64,949	-	475,915
Media Mail.....	304,643	105,677	-	410,320
Fees.....	-	-	-	-
Total Package Services.....	1,418,159	508,559	454	1,927,172
Free Mail for the blind and handicapped.....	35,780	6,573	-	42,353
International Mail (note 2).....	604,103	760,414	31,013	1,395,530
Special and other services.....	1,714,200	-	6,839	1,721,039
Total all mail and services.....	\$35,173,062	\$4,148,540	\$118,438	\$39,440,040

SUMMARY OF REVENUE, ATTRIBUTABLE COST, PIECES, AND WEIGHT FOR MAJOR SERVICE CATEGORIES
 Fiscal Year 2004 - PRC Version
 (in millions)

	Revenue		Attributable Cost		Mail Volume		Mail Weight	
	Revenue (note 1)	%	\$	%	Pieces	%	Pounds	%
First-Class Mail	\$36,370.9	\$52.8	\$17,458.8	\$44.3	\$97,921.0	47.5	4,389.8	17.4
Priority Mail	4,421.1	6.4	3,017.9	7.7	848.6	0.4	1,626.3	6.4
Express Mail	852.8	1.2	503.0	1.3	54.1	-	50.6	0.2
Mailing	0.7	-	0.4	-	1.6	-	N/A	N/A
Periodicals:								
In County	72.0	0.1	67.5	0.2	760.0	0.4	246.9	1.0
Outside County	2,100.0	3.0	2,323.3	5.9	8,375.3	4.1	3,820.7	15.1
Fees	19.9	-	-	-	-	-	-	-
Total Periodicals	2,191.8	3.1	2,390.9	6.1	9,135.3	4.5	4,067.5	16.1
Standard Mail:								
Enhanced Carrier Route	5,352.0	7.8	2,363.3	6.0	32,995.7	16.0	5,370.2	21.2
Regular	12,662.9	18.3	8,619.6	21.9	62,567.8	30.3	5,778.1	22.9
Fees	107.7	0.2	-	-	-	-	-	-
Total Standard Mail	18,122.5	26.3	10,982.9	27.9	95,563.5	46.3	11,148.3	44.1
Package Services:								
Parcel Post	1,242.1	1.8	1,040.9	2.6	375.6	0.2	1,937.3	7.7
Bound Printed Matter	583.2	0.8	475.9	1.2	553.7	0.3	1,312.0	5.2
Media Mail	379.0	0.6	410.3	1.0	202.6	0.1	383.3	1.5
Fees	2.1	-	-	-	-	-	-	-
Total Package Services	2,206.4	3.2	1,927.2	4.8	1,131.9	0.6	3,632.6	14.4
U.S. Postal Service Mail	-	-	-	-	529.3	0.3	105.4	0.4
Free Mail for the blind and handicapped	-	-	42.4	0.1	76.5	-	34.9	0.1
International Mail (note 2)	1,724.0	2.5	1,395.5	3.5	844.6	0.4	228.6	0.9
Total Mail	65,890.3	95.5	37,719.0	95.7	206,106.5	100.0	25,283.9	100.0
Special Services (note 3)	2,401.7	3.4	1,721.0	4.3	-	-	-	-
Miscellaneous items (note 4)	668.9	1.0	-	-	-	-	-	-
Total mail and services	68,960.8	99.9	39,440.0	100.0	-	-	-	-
Appropriations: Revenue Forgone	36.3	0.1	-	-	-	-	-	-
Total Operating Income	\$68,997.2	\$100.0	-	-	-	-	-	-
Investment Income	\$ 31.5	-	-	-	-	-	-	-
Total (note 5)	69,028.7	100.0	39,440.0	100.0	-	-	-	-

SUMMARY OF ACCRUED COSTS BY SEGMENTS AND COMPONENTS DETAILING ATTRIBUTABLE COSTS
 Fiscal Year 2004 - PRC Version
 (in thousands)

Cost Segments and Components	Accrued Costs	Attributable Cost			Product Specific	All Other Costs
		Direct	Indirect	Total		
1. Postmasters.....	\$2,035,510	-	\$362,299	\$362,299	-	\$1,673,211
2. Supervisors and technicians:						
Mail processing.....	942,352	-	900,323	900,323	-	42,029
Window service.....	199,512	-	97,514	97,514	-	101,998
Administration and support time and attendance.....	81,331	-	50,632	50,632	-	30,699
Local services:						
City carriers:						
In-office.....	288,474	-	249,816	249,816	-	38,658
Elemental load.....	115,580	-	111,818	111,818	-	3,762
Other street.....	642,512	-	183,038	183,038	-	459,474
Special delivery messengers:						
In-office.....	-	-	-	-	-	-
Street.....	-	-	-	-	-	-
Other supervisors and technicians.....	1,613,512	-	404,809	404,809	-	1,208,703
Total supervisors and technicians.....	3,883,273	-	1,997,950	1,997,950	-	1,885,323
3. Clerks and mailhandlers, CAG A-J offices:						
Mail processing.....	13,980,048	13,319,549	-	13,319,549	-	660,499
Window service.....	2,576,458	1,259,272	-	1,259,272	-	1,317,186
Administration support and miscellaneous.....	1,814,613	-	1,089,336	1,089,336	10,397	714,880
Total clerks and mailhandlers.....	18,371,119	14,578,821	1,089,336	15,668,157	10,397	2,692,565
4. Clerks, CAG K offices.....	6,416	4,355	-	4,355	-	2,061
6. City delivery carriers:						
In-office.....	4,144,097	2,925,910	662,848	3,588,758	-	555,339
7. City delivery carriers:						
Out-of-office.....	10,889,103	1,606,142	2,074,547	3,680,689	-	7,208,414
Total city delivery carriers.....	15,033,200	4,532,052	2,737,395	7,269,447	-	7,763,753
8. Vehicle service drivers.....	584,602	353,333	-	353,333	-	231,269

SUMMARY OF ACCRUED COSTS BY SEGMENTS AND COMPONENTS DETAILING ATTRIBUTABLE COSTS
 Fiscal Year 2004 - PRC Version
 (in thousands)

Cost Segments and Components	Accrued Costs	Attributable Cost			Product Specific	All Other Costs
		Volume Variable		Total		
		Direct	Indirect			
9. Special delivery messengers:						
Street.....	-	-	-	-	-	-
Fixed Attributable.....	-	-	-	-	-	-
Equipment maintenance and fees.....	-	-	-	-	-	-
Total special delivery messengers.....	-	-	-	-	-	-
10. Rural carriers:						
Evaluated routes.....	4,374,791	1,876,606	-	1,876,606	-	2,498,185
Other routes.....	374,229	154,128	-	154,128	-	220,101
Equipment maintenance allowance.....	404,095	-	-	-	-	404,095
Total rural carriers.....	5,153,115	2,030,734	-	2,030,734	-	3,122,381
11. Custodial and maintenance service.....	3,006,461	-	2,124,463	2,124,463	-	881,998
12. Motor vehicle service:						
City delivery vehicle.....	681,136	-	142,984	142,984	-	538,152
Special delivery vehicle.....	-	-	-	-	-	-
Vehicle service vehicle.....	126,686	-	76,569	76,569	-	50,117
Rural delivery vehicle.....	91,202	-	38,999	38,999	-	52,203
All other.....	38,321	-	-	-	-	38,321
Total motor vehicle service.....	937,345	-	258,552	258,552	-	678,793
13. Miscellaneous operating expenses:						
Carfare, tolls and ferrage.....	31,727	-	4,749	4,749	-	26,978
All other.....	254,189	-	-	-	-	254,189
Total miscellaneous operating expenses.....	285,916	-	4,749	4,749	-	281,167
14. Transportation:						
Domestic airmail.....	1,624,698	1,429,737	-	1,429,737	-	194,961
Alaska air.....	100,739	7,072	-	7,072	-	93,667
Railroad line haul and other service.....	168,232	147,147	-	147,147	-	21,085
Domestic water.....	27,170	23,718	-	23,718	-	3,452
Contract highway service.....	2,422,402	1,931,277	-	1,931,277	-	491,125
International transportation.....	625,640	625,819	-	625,819	-	-
Total transportation.....	4,968,881	4,164,770	-	4,164,770	-	804,290

SUMMARY OF ACCRUED COSTS BY SEGMENTS AND COMPONENTS DETAILING ATTRIBUTABLE COSTS
 Fiscal Year 2004 - PRC Version
 (in thousands)

Cost Segments and Components	Accrued Costs	Attributable Cost			Product Specific	All Other Costs
		Direct	Indirect	Total		
15. Building occupancy:						
Rents, fuel and utilities.....	\$1,449,619	-	\$1,236,196	\$1,236,196	-	\$213,423
Other.....	405,695	-	-	-	412	405,283
Total building occupancy.....	1,855,314	-	1,236,196	1,236,196	412	618,706
16. Supplies and services.....	2,712,774	6,332	1,216,751	1,223,083	59,676	1,430,015
17. Research and development.....	51,265	-	-	-	-	51,265
18. Administration and regional operations:						
Headquarters.....	883,282	-	-	-	12,024	871,258
Postal service personnel.....	3,611,643	-	1,507,911	1,507,911	35,163	2,068,569
Total administration and regional	4,494,925	-	1,507,911	1,507,911	47,187	2,939,827
19. Support services.....	49,212	-	-	-	109	49,103
20. Depreciation and other costs:						
Depreciation	2,144,656	-	1,539,708	1,539,708	657	604,291
Interest.....	185,395	-	7,452	7,452	-	177,943
Other	192,106	27,117	-	27,117	-	164,989
Total depreciation and other costs.....	2,522,157	27,117	1,547,160	1,574,277	657	947,223
Total accrued costs.....	65,951,485	25,697,514	14,082,762	39,780,276	118,438	26,052,950
Final adjustments.....	-	(315,248)	(143,426)	(458,674)	-	458,674
Adjusted grand total	\$65,951,485	\$25,382,266	\$13,939,336	\$39,321,602	\$118,438	\$26,511,624

UNITED STATES POSTAL SERVICE
NOTES TO COST AND REVENUE ANALYSIS
Fiscal Year 2004 - PRC Version

1. FEES

Fees associated with a specific class or subclass of mail are included in the reported revenue for that class or subclass.

2. INTERNATIONAL MAIL

International mail costs include costs attributable to both U.S. origin and foreign origin mail. Volume statistics, however, do not include foreign origin mail.

3. MISCELLANEOUS ADJUSTMENTS

The following differences exist between the revenues shown in the Annual Report of the Postal Service (AR) and the CRA:

- a) The money order float included with interest income in the AR is included with special service revenue in the CRA.
- b) Miscellaneous revenue included with special services revenue in the AR is reported as miscellaneous revenue in the CRA.
- c) Mortgage income included with interest income in the AR is reported as miscellaneous revenue in the CRA.

4. MISCELLANEOUS ITEMS

Miscellaneous items include philatelic sales, fees, fines, unclaimed money from dead letters, sales of postal cards and services performed for government agencies and private contractors.

5. OTHER

All figures in the CRA are rounded; detail may not add to totals. Percents are rounded to the nearest decimal.

- Denotes zero values.
- () Denotes negative value.

STATISTICS BY CLASS OF MAIL

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
 FIRST-CLASS MAIL, PRIORITY MAIL, EXPRESS MAIL, AND MAILGRAMS
 Fiscal Year 2004 - PRC Version

	First Class			Cards			Total			
	Letters & Sealed Parcels (including flats & PPS)	Single	Presort	Total	Single	Presort	First-Class Mail	Priority Mail	Express Mail	Mailgrams
REVENUE AND COST RELATIONSHIP										
Per piece (cents):										
Revenue.....	45.4	30.6	37.8	23.8	18.6	37.1	521.0	1,575.7	42.5	
Attributable cost.....	26.5	10.1	18.1	21.3	6.5	17.8	355.6	929.5	27.1	
Revenue less attributable cost.....	18.9	20.5	19.7	2.5	12.1	19.3	165.4	646.2	15.4	

Per pound (cents):									
Revenue.....	945.0	664.8	804.6	3,706.7	1,810.2	828.5	271.8	1,684.7	N/A
Attributable cost.....	551.6	219.6	385.2	3,307.9	632.3	397.7	185.6	993.7	N/A
Revenue less attributable cost.....	393.4	445.2	419.4	398.8	1,177.9	430.8	86.2	691.0	N/A

VOLUME STATISTICS

Pieces (thousands).....	45,156,577	47,333,818	92,490,395	2,525,719	2,904,901	97,921,015	848,629	54,123	1,648
Weight per piece (ounces).....	0.8	0.7	0.8	0.1	0.2	0.7	30.7	15.0	N/A
Weight per cubic foot (pounds).....	17.8	17.9	17.9	14.9	14.9	17.9	4.6	6.3	N/A
Weight in pounds (thousands).....	2,167,182	2,176,533	4,343,715	16,232	29,823	4,389,770	1,626,300	50,624	N/A
Cubic feet (thousands).....	121,495	121,298	242,793	1,087	1,997	245,877	352,810	8,031	N/A

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
 PERIODICALS
 Fiscal Year 2004 - PRC Version

	REVENUE AND COST RELATIONSHIP		Total Periodicals
	In County	Outside County	
Per piece (cents):			
Revenue.....	9.5	25.1	24.0
Attributable cost.....	8.9	27.7	26.2
Revenue less attributable cost.....	0.6	(2.6)	(2.2)
Per pound (cents):			
Revenue.....	29.1	55.0	53.9
Attributable cost.....	27.4	60.8	58.8
Revenue less attributable cost.....	1.7	(5.8)	(4.9)

VOLUME STATISTICS

	Total	Outside County	Periodicals
Pieces (thousands).....	760,020	8,375,252	9,135,272
Weight per piece (ounces).....	5.2	7.3	7.1
Weight per cubic foot (pounds).....	25.1	25.0	25.0
Weight in pounds (thousands).....	246,886	3,820,656	4,067,542
Cubic feet (thousands).....	9,853	152,592	162,445

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
 STANDARD MAIL
 Fiscal Year 2004 - PRC Version

<u>REVENUE AND COST RELATIONSHIP</u>	<u>Enhanced Carrier Rate</u>	<u>Regular</u>	<u>Total Standard Mail</u>
Per piece (cents):			
Revenue.....	16.2	20.2	19.0
Attributable cost.....	7.2	13.8	11.5
Revenue less attributable cost.....	9.0	6.4	7.5
Per pound (cents):			
Revenue.....	99.7	219.2	162.6
Attributable cost.....	44.0	149.2	98.5
Revenue less attributable cost.....	55.7	70.0	64.1

VOLUME STATISTICS

Pieces (thousands).....	32,995,701	62,567,820	95,563,521
Weight per piece (ounces).....	2.6	1.5	1.9
Weight per cubic foot (pounds).....	N/A	N/A	24.2
Weight in pounds (thousands).....	5,370,242	5,778,057	11,148,299
Cubic feet (thousands).....	N/A	N/A	459,928

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
 PACKAGE SERVICES
 Fiscal Year 2004 - PRC Version

REVENUE AND COST RELATIONSHIP

	Total Parcel Post	Bound Printed Matter	Media Mail	Total Package Services
--	-------------------------	----------------------------	---------------	------------------------------

Per piece (cents):

Revenue.....	330.7	105.3	187.0	194.9
Attributable cost.....	277.1	86.0	202.5	170.3
Revenue less attributable cost.....	53.6	19.3	(15.5)	24.6

Per pound (cents):

Revenue.....	64.1	44.5	98.9	60.7
Attributable cost.....	53.7	36.3	107.0	53.1
Revenue less attributable cost.....	10.4	8.2	(8.1)	7.6

VOLUME STATISTICS

Pieces (thousands).....	375,613	553,666	202,643	1,131,922
Weight per piece (ounces).....	82.5	37.9	30.3	51.3
Weight per cubic foot (pounds).....	5.0	9.5	7.8	6.3
Weight in pounds (thousands).....	1,937,285	1,311,970	383,312	3,632,567
Cubic feet (thousands).....	385,460	138,240	49,371	573,071

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
U.S. POSTAL SERVICE MAIL AND FREE MAIL FOR THE BLIND AND HANDICAPPED
 Fiscal Year 2004 - PRC Version

	U.S. Postal Service Mail	Free Mail For The Blind and Handicapped
<u>REVENUE AND COST RELATIONSHIP</u>		
Per piece (cents):		
Revenue.....	N/A	N/A
Attributable cost.....	N/A	55.4
Revenue less attributable cost.....	N/A	N/A
Per pound (cents):		
Revenue.....	N/A	N/A
Attributable cost.....	N/A	121.5
Revenue less attributable cost.....	N/A	N/A
<u>VOLUME STATISTICS</u>		
Pieces (thousands).....	529,326	76,473
Weight per piece (ounces).....	3.2	7.3
Weight per cubic foot (pounds).....	6.5	11.1
Weight in pounds (thousands).....	105,370	34,851
Cubic feet (thousands).....	16,154	3,147

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
INTERNATIONAL MAIL
 Fiscal Year 2004 - PRC Version

International
Mail

Attributable cost (millions)..... \$1,395.5

VOLUME STATISTICS

Pieces (thousands).....	844,553
Weight per piece (ounces).....	4.3
Weight per cubic foot (pounds).....	6.2
Weight in pounds (thousands).....	228,625
Cubic feet (thousands).....	36,826