UNITED STATES
POSTAL SERVICE

DRAFT: March 15, 2006

COST AND REVENUE ANALYSIS

FISCAL YEAR 2005 - PRC VERSION

FINANCE

Exhibit 3

UNITED STATES POSTAL SERVICE

COST AND REVENUE ANALYSIS

FISCAL YEAR 2005 - PRC Version

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SUMMARY OF REVENUE AND COST FOR MAJOR SERVICE CATEGORIES
Fiscal Year 2005 - 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	$36,052.2	$18,469.1	$17,583.1	$18,450.8	195.%
Priority Mail	4,633.3	3,614.7	1,018.6	3,557.3	130.2
Express Mail	872.3	563.2	309.1	551.0	158.3
Mailgram	0.8	2.2	(1.4)	2.2	36.4
Periodicals:					
In County	72.2	82.6	(10.4)	82.6	87.4
Outside County	2,068.9	2,431.6	(362.7)	2,431.5	85.1
Fees	19.6	-	19.6	-	-
Total Periodicals	2,160.8	2,514.2	(353.4)	2,514.1	85.9
Standard Mail:					
Enhanced Carrier Route	5,627.2	2,819.3	2,807.9	2,813.8	200.0
Regular	13,217.2	8,590.2	4,627.0	8,579.8	154.1
Fees	109.0	-	109.0	-	-
Total Standard Mail	18,953.5	11,409.5	7,544.0	11,393.6	166.4
Package Services:					
Parcel Post	1,232.5	1,146.6	85.9	1,146.5	107.5
Bound Printed Matter	595.8	534.9	60.9	534.9	111.4
Media Mail	370.1	428.1	(58.0)	428.1	86.5
Fees	2.4	-	2.4	-	-
Total Package Services	2,200.7	2,109.6	91.1	2,109.5	104.3
Free Mail for the blind and handicapped	-	59.4	(59.4)	59.4	-
International Mail (note 2)	1,794.4	1,515.6	278.8	1,486.3	120.7
Total Mail	66,667.8	40,257.5	26,410.3	40,124.1	166.2
Special Services (note 3)	2,410.9	1,727.9	683.0	1,720.9	140.1
Miscellaneous items (note 4)	720.2	-	720.2	-	-
Total Mail and Services	69,799.0	41,985.3	27,813.7	41,845.1	166.8
Appropriations: Revenue Forgone	109.2	-	109.2	-	-
Total Operating Income	69,908.2	-	-	-	-
Investment Income	84.6	-	84.6	-	-
Total (note 5)	$69,992.8	$41,985.3	$28,007.5	$41,845.1	167.3
All other costs	-	26,562.3	-	26,702.6	-
Total Operating Expense (note 5)	-	$68,547.7	-	$68,547.7	-

DETAIL OF ATTRIBUTABLE COST FOR MAJOR SERVICE CATEGORIES
EXCLUDING USPS PENALTY
Fiscal Year 2005 - PRC Version
(in thousands)

	Volume Variable cost			
	Direct & Indirect Excluding Transportation	Transportation	Product Specific	Total Attributable
First-Class Mail	$17,388,081	$1,062,722	$18,340	$18,469,143
Priority Mail	2,080,770	1,476,481	57,427	3,614,678
Express Mail	442,832	108,125	12,193	563,150
Mailgram	2,180	-	-	2,180
Periodicals:				
In County	82,488	88	7	82,583
Outside County	2,201,180	230,327	73	2,431,579
Fees	-	-	-	-
Total Periodicals	2,283,667	230,415	80	2,514,162
Standard Mail:				
Enhanced Carrier Route	2,719,123	94,693	5,527	2,819,343
Regular	8,171,866	407,895	10,403	8,590,165
Fees	-	-	-	-
Total Standard Mail	10,890,989	502,589	15,930	11,409,508
Package Services:				
Parcel Post	814,036	332,454	83	1,146,573
Bound Printed Matter	461,911	73,025	-	534,936
Media Mail	316,587	111,517	-	428,104
Fees	-	-	-	-
Total Package Services	1,592,534	516,996	83	2,109,613
Free Mail for the blind and handicapped	51,824	7,594	-	59,418
International Mail (note 2)	631,792	854,551	29,267	1,515,611
Special and other services	1,720,911	-	6,960	1,727,871
Total all mail and services	$37,085,583	$4,759,472	$140,280	$41,985,335

SUMMARY OF REVENUE, ATTRIBUTABLE COST, PIECES, AND WEIGHT FOR MAJOR SERVICE CATEGORIES
Fiscal Year 2005 - PRC Version
(in millions)

	Revenue (note 1)		Attributable Cost		Mail Volume		Mail Weight	
	$	%	$	%	Pieces	%	Pounds	%
First-Class Mail	$36,052.2	$51.5	$18,469.1	$44.0	$98,066.0	46.3	4,369.8	16.9
Priority Mail	4,633.3	6.6	3,614.7	8.6	887.5	0.4	1,690.7	6.5
Express Mail	872.3	1.2	563.2	1.3	55.5	0.0	51.7	0.2
Mailgram	0.8	-	2.2	0.0	1.9	0.0	N/A	N/A
Periodicals:								
In County	72.2	0.1	82.6	0.2	762.7	0.4	252.8	1.0
Outside County	2,068.9	3.0	2,431.6	5.8	8,307.3	3.9	3,772.8	14.6
Fees	19.6	-	-	-	-	-	-	-
Total Periodicals	2,160.8	3.1	2,514.2	6.0	9,070.0	4.3	4,025.6	15.6
Standard Mail:								
Enhanced Carrier Route	5,627.2	8.0	2,819.3	6.7	35,023.4	16.5	5,615.7	21.7
Regular	13,217.2	18.9	8,590.2	20.5	65,918.7	31.1	6,040.8	23.4
Fees	109.0	0.2	-	-	-	-	-	-
Total Standard Mail	18,953.5	27.1	11,409.5	27.2	100,942.1	47.7	11,656.5	45.1
Package Services:								
Parcel Post	1,232.5	1.8	1,146.6	2.7	387.8	0.2	1,915.7	7.4
Bound Printed Matter	595.8	0.9	534.9	1.3	583.8	0.3	1,361.8	5.3
Media Mail	370.1	0.5	428.1	1.0	194.0	0.1	382.6	1.5
Fees	2.4	0.0	-	-	-	-	-	-
Total Package Services	2,200.7	3.1	2,109.6	5.0	1,165.5	0.6	3,660.1	14.2
U.S. Postal Service Mail	-	-	-	-	621.3	0.3	110.7	0.4
Free Mail for the blind and handicapped	-	-	59.4	0.1	81.3	0.0	34.6	0.1
International Mail (note 2)	1,794.4	2.6	1,515.6	3.6	852.3	0.4	241.9	0.9
Total Mail	66,667.8	95.2	40,257.5	95.9	211,743.3	100.0	25,841.5	100.0
Special Services (note 3)	2,410.9	3.4	1,727.9	4.1				
Miscellaneous items (note 4)	720.2	1.0	-	-				
Total mail and services	69,799.0	99.7	41,985.4	100.0				
Appropriations: Revenue Forgone	109.2	0.2						
Total Operating Income	69,908.2	99.9						
Investment Income	84.6	0.1						
Total (note 5)	69,992.8	100.0	41,985.4	100.0				

SUMMARY OF ACCRUED COSTS BY SEGMENTS AND COMPONENTS DETAILING ATTRIBUTABLE COSTS
Fiscal Year 2005 - PRC Version
(in thousands)

	Cost Segments and Components	Accrued Costs	Attributable Cost: Volume Variable: Direct	Attributable Cost: Volume Variable: Indirect	Attributable Cost: Volume Variable: Total	Attributable Cost: Product Specific	All Other Costs
1.	Postmasters	$2,136,851	-	$379,979	$379,979	-	$1,756,872
2.	Supervisors and technicians:						
	Mail processing	1,009,605	-	954,875	954,875	-	54,730
	Window service	254,659	-	99,344	99,344	-	155,315
	Administration and support time and attendance	67,383	-	42,498	42,498	-	24,885
	City carriers	1,075,284	-	556,482	556,482	-	518,802
	Rural carriers	103,160	-	44,358	44,358	-	58,802
	Vehicle service	38,449	-	23,239	23,239	-	15,210
	Other supervisors and techinicians	1,558,617	-	542,600	542,600	-	1,016,017
	Total supervisors and technicians	4,107,157	-	2,263,396	2,263,396	-	1,843,761
3.	Clerks and mailhandlers, CAG A-J offices:						
	Mail processing	14,761,096	13,924,714	-	13,924,714	-	836,382
	Window service	2,681,693	1,046,144	-	1,046,144	-	1,635,549
	Administration support and miscellaneous	1,418,230	-	933,622	933,622	9,179	475,428
	Total clerks and mailhandlers	18,861,019	14,970,858	933,622	15,904,480	9,179	2,947,359
4.	Clerks, CAG K offices	5,974	3,336	-	3,336	-	2,638
6.	City delivery carriers:						
	In-office	5,070,327	3,198,072	1,003,740	4,201,812	-	868,515
7.	City delivery carriers:						
	Access	-	-	-	-	-	-
	Route	1,328,245	-	-	-	-	1,328,245
	Elem Load	8,048,299	3,453,927	-	3,453,927	-	4,594,372
	Other	-	-	-	-	-	-
	Delivery support	1,226,767	-	455,695	455,695	-	771,072
	Total out of office	10,603,311	3,453,927	455,695	3,909,622	-	6,693,689
	Total city delivery carriers	15,673,638	6,651,999	1,459,435	8,111,433	-	7,562,204
8.	Vehicle service drivers	607,261	367,029	-	367,029	-	240,232

SUMMARY OF ACCRUED COSTS BY SEGMENTS AND COMPONENTS DETAILING ATTRIBUTABLE COSTS
Fiscal Year 2005 - PRC Version
(in thousands)

			Attributable Cost				
			Volume Variable				
	Cost Segments and Components	Accrued Costs	Direct	Indirect	Total	Product Specific	All Other Costs
10.	Rural carriers:						
	Evaluated routes	$4,717,442	$2,035,578	-	$2,035,578	-	$2,681,864
	Other routes	431,612	178,499	-	178,499	-	253,113
	Equipment maintenance allowance	449,337	-	-	-	-	449,337
	Total rural carriers	5,598,391	2,214,077	-	2,214,077	-	3,384,314
11.	Custodial and maintenance service	3,125,027	-	2,229,990	2,229,990	-	895,037
12.	Motor vehicle service:						
	City delivery vehicle	743,261	-	146,447	146,447	-	596,814
	Vehicle service vehicle	129,208	-	78,093	78,093	-	51,115
	Rural delivery vehicle	101,155	-	43,496	43,496	-	57,659
	All other	43,203	-	-	-	-	43,203
	Total motor vehicle service	1,016,827	-	268,037	268,037	-	748,790
13.	Miscellaneous operating expenses:						
	Carfare, tolls and ferriage	30,042	-	4,148	4,148	-	25,894
	All other	290,094	-	-	-	-	290,094
	Total miscellaneous operating expenses	320,136	-	4,148	4,148	-	315,988
14.	Transportation:						
	Domestic airmail	1,825,043	1,824,692	-	1,824,692	-	351
	Alaska air	114,027	8,005	-	8,005	-	106,022
	Railroad line haul and other service	119,260	118,012	-	118,012	-	1,248
	Domestic water	28,587	25,038	-	25,038	-	3,549
	Contract highway service	2,657,939	2,122,922	-	2,122,922	-	535,017
	International transportation	691,907	691,911	-	691,911	-	(4)
	Total transportation	5,436,763	4,790,580	-	4,790,580	-	646,183
15.	Building occupancy:						
	Rents, fuel and utilities	1,448,705	-	1,223,404	1,223,404	-	225,301
	Other	383,428	-	-	-	709	382,719
	Total building occupancy	1,832,133	-	1,223,404	1,223,404	709	608,020

SUMMARY OF ACCRUED COSTS BY SEGMENTS AND COMPONENTS DETAILING ATTRIBUTABLE COSTS
Fiscal Year 2005 - PRC Version
(in thousands)

			Attributable Cost				
			Volume Variable				
	Cost Segments and Components	Accrued Costs	Direct	Indirect	Total	Product Specific	All Other Costs
16.	Supplies and services	$2,887,398	$5,867	$1,383,518	$1,389,385	$87,486	$1,410,527
17.	Research and development	40,727	-	-	-	-	40,727
18.	Administration and regional operations:						
	Headquarters	915,229	-	-	-	10,212	905,017
	Postal service personnel	3,413,326	-	1,528,433	1,528,433	32,015	1,852,878
	Total administration and regional	4,328,555	-	1,528,433	1,528,433	42,227	2,757,895
19.	Support services	59,800	-	-	-	126	59,674
20.	Depreciation and other costs:						
	Depreciation	2,089,322	-	1,604,879	1,604,879	644	483,799
	Interest	349,534	-	1,237	1,237	-	348,297
	Other	71,150	30,090	-	30,090	-	41,060
	Total depreciation and other costs	2,510,006	30,090	1,606,116	1,636,206	644	873,156
	Total accrued costs	68,547,663	29,033,835	13,280,078	42,313,914	140,371	26,093,378
	Final adjustments	-	(320,912)	(148,038)	(468,950)	-	468,950
	Adjusted grand total	$68,547,663	$28,712,923	$13,132,040	$41,844,964	$140,371	$26,562,328

UNITED STATES POSTAL SERVICE
NOTES TO COST AND REVENUE ANALYSIS
Fiscal Year 2005 - 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 2005 - PRC Version

	First Class								
	Letters & Sealed Parcels (including flats & IPPs)			Cards					
REVENUE AND COST RELATIONSHIP	Single	Presort	Total	Single	Presort	Total First-Class Mail	Priority Mail	Express Mail	Mailgrams
Per piece (cents):									
Revenue	45.3	30.5	37.4	23.8	18.5	36.8	522.1	1,572.4	41.7
Attributable cost	28.7	10.6	19.1	23.0	7.5	18.8	407.3	1,015.1	115.0
Revenue less attributable cost	16.6	19.9	18.3	0.8	11.0	18.0	114.8	557.3	(73.3)
Per pound (cents):									
Revenue	947.5	666.2	801.4	3,587.0	1,670.8	825.0	274.1	1,686.7	N/A
Attributable cost	599.6	232.3	408.8	3,481.1	675.5	422.7	213.8	1,088.9	N/A
Revenue less attributable cost	347.9	433.9	392.6	105.9	995.3	402.3	60.3	597.8	N/A
VOLUME STATISTICS									
Pieces (thousands)	43,371,363	49,065,552	92,436,915	2,521,418	3,107,701	98,066,034	887,462	55,475	1,896
Weight per piece (ounces)	0.8	0.7	0.7	0.1	0.2	0.7	30.5	14.9	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)	2,075,220	2,243,441	4,318,661	16,695	34,411	4,369,767	1,690,652	51,716	N/A
Cubic feet (thousands)	116,339	125,026	241,365	1,118	2,305	244,788	366,777	8,204	N/A

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
PERIODICALS
Fiscal Year 2005 - PRC Version

REVENUE AND COST RELATIONSHIP	Total In County	Total Outside County	Total Periodicals
Per piece (cents):			
Revenue	9.5	24.9	23.8
Attributable cost	10.8	29.3	27.7
Revenue less attributable cost	(1.3)	(4.4)	(3.9)
Per pound (cents):			
Revenue	28.6	54.8	53.7
Attributable cost	32.7	64.5	62.5
Revenue less attributable cost	(4.1)	(9.7)	(8.8)
VOLUME STATISTICS			
Pieces (thousands)	762,673	8,307,330	9,070,003
Weight per piece (ounces)	5.3	7.3	7.1
Weight per cubic foot (pounds)	25.1	25.1	25.1
Weight in pounds (thousands)	252,829	3,772,786	4,025,616
Cubic feet (thousands)	10,090	150,562	160,652

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
STANDARD MAIL
Fiscal Year 2005 - PRC Version

REVENUE AND COST RELATIONSHIP	Enhanced Carrier Rte	Regular	Total Standard Mail
Per piece (cents):			
Revenue	16.1	20.1	18.8
Attributable cost	8.0	13.0	11.3
Revenue less attributable cost	8.1	7.1	7.5
Per pound (cents):			
Revenue	100.2	218.8	162.6
Attributable cost	50.2	142.2	97.9
Revenue less attributable cost	50.0	76.6	64.7
VOLUME STATISTICS			
Pieces (thousands)	35,023,418	65,918,674	100,942,091
Weight per piece (ounces)	2.6	1.5	1.8
Weight per cubic foot (pounds)	N/A	N/A	24.2
Weight in pounds (thousands)	5,615,696	6,040,821	11,656,517
Cubic feet (thousands)	N/A	N/A	480,892

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
PACKAGE SERVICES
Fiscal Year 2005 - PRC Version

REVENUE AND COST RELATIONSHIP	Total Parcel Post	Bound Printed Matter	Media Mail	Total Package Services
Per piece (cents):				
Revenue	317.8	102.1	190.8	188.8
Attributable cost	295.7	91.6	220.7	181.0
Revenue less attributable cost	22.1	10.5	(29.9)	7.8
Per pound (cents):				
Revenue	64.3	43.8	96.7	60.1
Attributable cost	59.9	39.3	111.9	57.6
Revenue less attributable cost	4.4	4.5	(15.2)	2.5
VOLUME STATISTICS				
Pieces (thousands)	387,800	583,774	193,955	1,165,530
Weight per piece (ounces)	79.0	37.3	31.6	50.2
Weight per cubic foot (pounds)	5.0	9.5	7.8	6.4
Weight in pounds (thousands)	1,915,723	1,361,813	382,579	3,660,115
Cubic feet (thousands)	381,173	143,492	49,277	573,942

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
U.S. POSTAL SERVICE MAIL AND FREE MAIL FOR THE BLIND AND HANDICAPPED
Fiscal Year 2005 - PRC Version

REVENUE AND COST RELATIONSHIP	U.S. Postal Service Mail	Free Mail For The Blind and Handicapped
Per piece (cents):		
Revenue	N/A	N/A
Attributable cost	N/A	73.1
Revenue less attributable cost	N/A	N/A
Per pound (cents):		
Revenue	N/A	N/A
Attributable cost	N/A	171.7
Revenue less attributable cost	N/A	N/A
VOLUME STATISTICS		
Pieces (thousands)	621,283	81,306
Weight per piece (ounces)	2.9	6.8
Weight per cubic foot (pounds)	6.5	11.1
Weight in pounds (thousands)	110,675	34,604
Cubic feet (thousands)	16,967	3,125

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
INTERNATIONAL MAIL
Fiscal Year 2005 - PRC Version

	International Mail
Attributable cost (millions)	$1,515.6
VOLUME STATISTICS	
Pieces (thousands)	852,267
Weight per piece (ounces)	4.5
Weight per cubic foot (pounds)	6.2
Weight in pounds (thousands)	241,880
Cubic feet (thousands)	39,234

COST AND REVENUE ANALYSIS - STATISTICS BY CLASS OF MAIL
SPECIAL SERVICES
Fiscal Year 2005 - PRC Version

REVENUE AND COST RELATIONSHIP	Registry	Certified	Insurance	Collect on Delivery	Money Orders	Stamped Envelopes	Stamped Cards	Post Office Box
Per transaction (cents):								
Revenue	1,124.9	230.0	243.5	618.7	125.5	N/A	N/A	N/A
Attributable cost	1,831.7	161.5	217.2	578.8	89.9	N/A	N/A	N/A
Revenue less attributable cost	(706.8)	68.5	26.3	39.9	35.6	N/A	N/A	N/A
Revenue ($ millions)	57.9	600.6	125.6	9.3	226.5	18.6	2.4	791.5
Attributable cost ($ millions):								
Variable cost	94.3	421.8	111.7	8.7	159.0	10.7	1.6	539.9
Specific fixed cost	-	0.0	0.3	-	3.2	-	-	1.2
Total attributable cost	94.3	421.8	112.0	8.7	162.2	10.7	1.6	541.1
Revenue less attributable cost ($ millions)	(36.4)	178.8	13.6	0.6	64.3	7.9	0.8	250.4
Revenue as a percent of attributable cost	61.4%	142.4%	112.1%	106.6%	139.6%	173.6%	150.3%	146.3%
VOLUME STATISTIC								
Transactions (thousands)	5,149	261,144	51,565	1,499	180,412	N/A	N/A	N/A