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POSTAL REGULATORY
COMMISSION
OFFICE OF THE SECRETARY

September 24, 2010

Hon. Shoshana M. Grove, Secretary
Postal Regulatory Commission
901 New York Avenue NW, Suite 200
Washington, D.C. 20268-0001

Dear Ms. Grove:

In connection with the Commission's rules for Periodic Reports, 39 C.F.R. § 3050, I have enclosed the following:

USPS Preliminary Financial Information (unaudited), August, 2010.

I have also enclosed computer disks containing an electronic version of this document.

Please note that, beginning this month, the format of this report has been revised as follows:

1. On page 1, the line "Personnel Compensation and Benefits" is now separated into four lines: "Personnel Compensation and Benefits", "Workers Compensation Expense", "PSRHBF Expenses", and "Fair value adjustment to workers' comp liability."
2. On page 3, "Retiree Health Benefits" (the line item in previous Monthly reports) is separated into two lines: "Retiree Health Benefits Current Premiums" and "PSRHBF Expenses". "Workers Compensation" is separated into "Workers Compensation Expenses" and "Fair value adjustment to workers' comp liability".

Starting in August 2010, the Postal Service began recording changes to the estimated fair value of the workers' compensation liability on a monthly basis, rather than quarterly, as had been done previously. This has been done to show the impact of changes in interest rates and inflation on the Postal Service's financial results more timely, rather than reporting the entire amount at the end of the quarter.

Due to the significant impact on the Postal Service's workers' compensation expense of interest and inflation rates, which are beyond management's control,

management determined that presenting this information in a separate line would allow a more meaningful analysis of compensation and benefits expense. At the same time, management decided to present separately the expense related to PSRHBF payments, because the Postal Service is also unable to influence this amount. These two items are shown separately after a new line item called "Total Controllable Costs."

If you have any questions, please call.

Sincerely,

A handwritten signature in cursive script that reads "Daniel J. Foucheaux, Jr." The signature is written in black ink and is positioned above the typed name.

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product
Support

Enclosures

cc: Ms. Taylor