UNITED STATES POSTAL SERVICE ®

POSTAL NEWS

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U.S. Postal Service Reports First Quarter Fiscal Year 2025 Results

- *Controllable income doubled to $968 million, compared to same quarter last year*
- *Operating revenue increased $885 million due to strategic price increases and a strong political and election mailing season*
- *Transportation expenses decreased $326 million, reflecting continued progress of network optimization*
- *Further administrative and legislative reform needed to continue successful achievement of Delivering for America plan*

WASHINGTON - The U.S. Postal Service today announced its financial results for the first quarter of fiscal year 2025 (Oct. 1, 2024 - Dec. 31, 2024). Controllable income, which excludes certain expenses that are not controllable by management, doubled to $968 million for the quarter, compared to $472 million for the same quarter last year.

Net income for the quarter was $144 million due in substantial part to the success of strategic initiatives under the *Delivering for America* plan, compared to a net loss of $2.1 billion for the same quarter last year. This increase in net income is attributed to our operating revenue increase of $885 million, transportation expense reductions of $326 million, and favorable non-cash workers' compensation adjustments of nearly $1.8 billion, partially offset by increased compensation and benefits expense of $618 million.

While significant progress has been made on our *Delivering for America* plan, the success of the plan still requires further administrative and legislative reform to remedy the financial and regulatory burdens that negatively impact the full achievement of our legislated business model. These include: change in retiree pension benefit funding rules for the Civil Service Retirement System (CSRS) benefits, reconsideration of withdrawal and mortality assumptions for retiree pension liability calculations, diversification of pension assets, raising the statutory debt ceiling, and workers' compensation administration reform.

"We are encouraged by our strong revenue and cost control trajectory, as we continue to implement the *Delivering for America* transformation and modernization plan, which contributed to our net income during the quarter," said Postmaster General Louis DeJoy. "By steadily improving our product portfolio, we are increasing our competitive position in the shipping marketplace. We are also expanding the capability and efficiency of our operations through our network modernization and by rebalancing our workforce through the recent retirement incentives offered to certain eligible employees. This combination of factors demonstrates that the Postal Service is making strides toward financial sustainability and that we are taking concrete actions to make further improvements."

Total operating revenue was $22.5 billion for the quarter, an increase of $885 million, or 4.1 percent, compared to the same quarter last year.

Marketing Mail revenue increased $450 million, or 10.9 percent, on a volume increase of 1.1 billion pieces, or 7.0 percent, compared to the same quarter last year. The Marketing Mail increases were driven by the effects of higher revenue and volume associated with the 2024 general election and strategic price increases. Revenue and volume from political and election mail, a component of Marketing Mail, increased by over $360 million and nearly 1.5 billion pieces, respectively, compared to the same quarter last year. Absent the impact of these cyclical mailings, Marketing Mail's adjusted results for the quarter would have increased revenue $90 million, or 2.2 percent, and decreased volume 357 million pieces, or 2.3 percent, compared to the same quarter last year.

First-Class Mail revenue increased $284 million, or 4.2 percent, on a volume decline of 464 million pieces, or 3.9 percent, compared to the same quarter last year. Shipping and Packages revenue increased $272 million, or 3.0 percent, on a volume decline of 19 million pieces, or 0.9 percent, compared to the same quarter last year. The revenue increase for mail was driven primarily by strategic price increases while the revenue increase for packages was driven by our strong performance in *USPS Ground Advantage* which has been met with strong acceptance in the marketplace.

Total GAAP operating expenses were $22.5 billion for the quarter, a decrease of $1.3 billion, or 5.7 percent, compared to the same quarter last year. The overall decrease in operating expenses was due to lower transportation costs and favorable non-cash workers' compensation adjustments, partially offset by inflationary impacts on compensation costs and retirement costs.

"The financial results for the quarter benefit from our efforts to continue to control costs and reinforces our commitment to the full implementation of the *Delivering for America* plan," said Chief Financial Officer Luke Grossmann. "Adherence to the tenets of the plan has allowed us to save $326 million in transportation costs in the first quarter, during a robust peak season. While full success of the plan still requires further administrative and legislative actions, the plan delivers the framework for us to better innovate to grow revenue, work more efficiently, and achieve financial sustainability to fulfill our universal service mission over an integrated network to deliver both mail and packages."

First Quarter Fiscal Year 2025 Operating Revenue and Volume by Service Category Compared to Prior Year

The following table presents revenue and volume by service category for the three months ended December 31, 2024 and 2023:

	Revenue		Volume	
(revenue in $ millions; volume in millions of pieces)	**2024**	**2023**	**2024**	**2023**
Service Category				
First-Class Mail	$ 7,005	$ 6,721	11,435	11,899
Marketing Mail	4,589	4,139	16,628	15,535
Shipping and Packages	9,351	9,079	2,014	2,033
International	384	429	79	92
Periodicals	242	238	681	729
Other	928	1,008	178	185
Total operating revenue and volume	**$ 22,499**	**$ 21,614**	**31,015**	**30,473**

Selected First Quarter Fiscal Year 2025 Results of Operations and Non-GAAP Measures

This news release includes c*ontrollable income* which is not calculated and presented in accordance with GAAP. This non-GAAP measure is calculated as net income (loss) adjusted for costs outside of management's control, including workers' compensation expenses caused by actuarial revaluation and discount rate changes and the amortization of the CSRS and Federal Employee Retirement System (FERS) unfunded liabilities. These latter costs not only are largely outside of management's control but also can fluctuate significantly based on actuarial assumptions and interest rates.

This non-GAAP measure provides meaningful information to assist users of the Postal Service's financial statements to more fully understand the financial results and assess the Postal Service's ongoing performance because it excludes items that may not be indicative of, or are unrelated to, underlying operations.

Non-GAAP financial measures should be considered in addition to, and not as an alternative for, the Postal Service's reported results prepared in accordance with GAAP. This adjusted financial information does not represent a comprehensive basis of accounting.

The following table reconciles GAAP net income (loss) to our non-GAAP financial measure for three months ended December 31, 2024 and 2023:

(results in $ millions)	2024		2023	
Net income (loss)	**$**	**144**	**$**	**(2,072)**
Workers' compensation non-cash (benefit) expense[1]		(626)		1,169
CSRS unfunded liability amortization expense[2]		850		800
FERS unfunded liability amortization expense[3]		600		575
Controllable income	**$**	**968**	**$**	**472**

[1] Represents workers' compensation non-cash (benefit) expense resulting from fluctuations in discount rates, changes in assumptions, valuation of new claims, revaluation of existing claims, and the administrative fee paid to the U.S. Department of Labor, less current year claim payments.

[2] Expense for the annual payments due September 30 of the respective year, calculated by the Office of Personnel Management (OPM), to amortize the unfunded CSRS retirement obligation. Payments are to be made through 2043 based on OPM invoices.

[3] Expense for the annual payments due September 30 of the respective year, calculated by OPM, to amortize the unfunded FERS retirement obligation. Payments are to be made over a 30-year rolling period based on OPM invoices.

Financial results in the Form 10-Q are available at *http://about.usps.com/what/financials/*.

Forward-Looking Statements

Forward-looking statements contained in this release represent the Postal Service's best estimates of known and anticipated trends believed relevant to future operations. However, actual results may differ significantly from current estimates. Certain forward-looking statements included in this release use such words as “may,” “will,” “could,” “expect,” “believe,” “plan,” “estimate,” “project,” or other similar terminology. These forward-looking statements, which involve a number of risks and uncertainties, reflect current expectations regarding future events and operating performance as of the date of this report. The Postal Service has no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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The United States Postal Service is an independent federal establishment, mandated to be self-financing and to serve every American community through the affordable, reliable and secure delivery of mail and packages to nearly 169 million addresses six and often seven days a week. Overseen by a bipartisan Board of Governors, the Postal Service is implementing a 10-year transformation plan, *Delivering for America*, to modernize the postal network, restore long-term financial sustainability, dramatically improve service across all mail and shipping categories, and maintain the organization as one of America’s most valued and trusted brands.

The Postal Service generally receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.

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