



POSTAL NEWS

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

WASHINGTON - The U.S. Postal Service today announced its financial results for the second quarter of fiscal year 2025 (Jan. 1, 2025 - Mar. 31, 2025). Controllable loss, which excludes certain expenses that are not controllable by management, was \$848 million for the quarter, compared to \$317 million for the same quarter last year.

Net loss for the quarter totaled \$3.3 billion, compared to a net loss of \$1.5 billion for the same quarter last year. Results for the quarter were impacted by unfavorable non-cash workers' compensation adjustments of \$1.2 billion, due to actuarial revaluation and discount rate change factors that are not controllable by the Postal Service, increased compensation and benefits expense of \$449 million, and higher other operating expenses of \$124 million, partially offset by lower transportation expenses of \$116 million.

"As we mark 250 years of service to the nation, our organization continues to face economic headwinds. We are working diligently to control costs, increase revenues, and transform and modernize our infrastructure," said Acting Postmaster General Douglas Tulino. "At the same time, we are seeing strong market acceptance of shipping products like *USPS Ground Advantage* and adopting an increasingly competitive posture across our product portfolio. We are also encouraged that the increasing efficiencies of our processing, logistics and delivery network are showing steady progress in reducing our relative cost as we serve the nation and American commerce."

Total operating revenue was \$19.7 billion for the quarter, essentially flat compared to the same quarter last year.

First-Class Mail revenue increased \$69 million, or 1.0 percent, on a volume decline of 680 million pieces, or 5.8 percent, compared to the same quarter last year, with strategic price increases offsetting the declining volume impact. Shipping and Packages revenue increased \$52 million, or 0.7 percent, on a volume decline of 118 million pieces, or 6.9 percent, compared to the same quarter last year. Marketing Mail revenue decreased \$50 million, or 1.4 percent, on a volume decline of 787 million pieces, or 5.7 percent, compared to the same quarter last year.

Total GAAP operating expenses were \$23.1 billion for the quarter, an increase of \$1.8 billion, or 8.3 percent, compared to the same quarter last year. The overall increase in operating expenses was primarily due to actuarial revaluation and discount rate impacts on workers' compensation costs, as well as inflationary impacts on compensation costs, retirement costs and other operating costs, partially offset by lower transportation costs.

"The financial results for the second quarter reflected significant challenges that were out of our control to include unfavorable factors such as non-cash workers' compensation adjustments, actuarial revaluations and discount rate changes," said Chief Financial Officer Luke Grossmann. "We did, however, see continued growth in package revenues, which along with lower transportation expenses and work hour reductions, favorably impacted our business. Adherence to the tenets of our 10-year comprehensive strategic plan has allowed us to save \$116 million in transportation costs and 10 million work hours in the quarter. 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."

Second 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 March 31, 2025 and 2024:

(revenue in \$ millions; volume in millions of pieces)	Revenue		Volume	
	2025	2024	2025	2024
Service Category				
First-Class Mail	\$ 6,653	\$ 6,584	10,991	11,671
Marketing Mail	3,603	3,653	13,031	13,818
Shipping and Packages	7,768	7,716	1,597	1,715
International	336	359	68	73
Periodicals	214	220	601	671
Other	1,130	1,180	58	58
Total operating revenue and volume	\$ 19,704	\$ 19,712	26,346	28,006

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

This news release includes *controllable loss* which is not calculated and presented in accordance with GAAP. This non-GAAP measure is calculated as net loss adjusted for costs outside of management's control, including workers' compensation expense (benefit) caused by actuarial revaluation and discount rate changes and the amortization of the Civil Service Retirement System (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 loss to our non-GAAP financial measure for three months ended March 31, 2025 and 2024:

(results in \$ millions)	2025	2024
Net loss	\$ (3,292)	\$ (1,468)
Workers' compensation non-cash expense (benefit) ¹	994	(224)
CSRS unfunded liability amortization expense ²	850	800
FERS unfunded liability amortization expense ³	600	575
Controllable loss	\$ (848)	\$ (317)

¹ Represents workers' compensation non-cash expense (benefit) 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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Please Note: 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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