UNITED STATES
POSTAL REGULATORY COMMISSION
Washington, D.C. 20268-0001

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to ____________

Commission file number N/A

UNITED STATES POSTAL SERVICE
(Exact name of registrant as specified in its charter)

Washington, D.C.	**41-0760000**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

475 L'Enfant Plaza, S.W.
Washington, DC 20260
(202) 268-2000
(Address and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Not applicable	Not applicable	Not applicable

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☑ No ☐

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐ Not Applicable ☑

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐ Not Applicable ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐
Smaller reporting company ☐	Emerging growth company ☐	Not Applicable ☑

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

Documents incorporated by reference: None

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UNITED STATES POSTAL SERVICE

GLOSSARY OF ACRONYMS AND DEFINED TERMS

The following are definitions of some of the terms or acronyms that may be used throughout this report:

Term or Acronym	Definition
AED	Advanced Electronic Data
Annual Report	Annual Report on Form 10-K
AFC	Audit and Finance Committee of the Board of Governors
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
APWU	American Postal Workers Union, AFL-CIO
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board	Board of Governors of the United States Postal Service
Board of Actuaries	Board of Actuaries of the Civil Service Retirement System
CARES Act	*Coronavirus Aid, Relief, and Economic Security Act*, enacted as Public Law 116-136
CBP	U.S. Customs and Border Protection
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHRO	Chief Human Resources Officer
CIO	Chief Information Officer
CISO	Chief Information Security Office
COFA	Compacts of Free Association
COLA(s)	Cost-of-living adjustment(s)
COO	Chief Operating Officer
COR	House Committee on Oversight and Reform
COVID-19	Coronavirus
CPI	Consumer Price Index
CPI-U	Consumer Price Index for All Urban Consumers
CPI-W	Consumer Price Index for Urban Wage Earners and Clerical Workers
CSRDF	Civil Service Retirement and Disability Fund
CSRS	Civil Service Retirement System
DOL	U.S. Department of Labor
DPMG	Deputy Postmaster General
ECRC	Executive Cyber Risk Committee
EEOC	U.S. Equal Employment Opportunity Commission
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
Exchange Act	*Securities and Exchange Act of 1934*, enacted as Public Law 73-291
FAS	Freely Associated States
FASB	Financial Accounting Standards Board
FECA	Federal Employees' Compensation Act
FEGLI	Federal Employees Group Life Insurance
FEHB	Federal Employees Health Benefits
FERS	Federal Employees Retirement System

Term or Acronym	Definition
FERS-FRAE	Federal Employees Retirement System-Further Revised Annuity Employees
FERS-RAE	Federal Employees Retirement System-Revised Annuity Employees
FFB	Federal Financing Bank
GAAP	Generally accepted accounting principles in the U.S.
GAO	Government Accountability Office
HHS	U.S. Department of Health and Human Services
House	U.S. House of Representatives
IRA	*Inflation Reduction Act of 2022*, enacted as Public Law 117-169
MRA	Minimum retirement age
NALC	National Association of Letter Carriers, AFL-CIO
NGDV	Next Generation Delivery Vehicle
NIST	National Institute of Standards and Technology
NPMHU	National Postal Mail Handlers Union, AFL-CIO
NRLCA	National Rural Letter Carriers Association
NRP	National Reassessment Process
OFO	Office of Federal Operations
OIG	U.S. Postal Service Office of Inspector General
OPM	U.S. Office of Personnel Management
OWCP	Office of Workers' Compensation Programs
PAEA	*Postal Accountability and Enhancement Act*, enacted as Public Law 109-435
PFP	Pay-For-Performance
PMG	Postmaster General
PRA	*Postal Reorganization Act*, enacted as Public Law 91-375
PRC	Postal Regulatory Commission
President	U.S. President
PSHB	Postal Service Health Benefits
PSRA	*Postal Service Reform Act of 2022*, enacted as Public Law 117-108
PSRHBF	Postal Service Retiree Health Benefits Fund
RFA	*Revenue Forgone Reform Act*, enacted as Public Law 103-123
SEC	U.S. Securities and Exchange Commission
Senate	U.S. Senate
SFFAS	Statement of Federal Financial Accounting Standards
TSP	Thrift Savings Plan
U.S.	United States
U.S.C.	U.S. Code
USPS	U.S. Postal Service
VP	Vice President

CAUTIONARY STATEMENTS

This report contains forward-looking statements representing our best estimates of known and anticipated trends believed relevant to future operations as of the date of this report. Statements other than those of current or historical fact, and all statements accompanied by words such as "may," "will," "could," "expect," "believe," "plan," "estimate," "project," or other similar terminology, are intended to be forward-looking statements.

Forward-looking statements involve risks and uncertainties, many of which we cannot control or influence, that could cause actual results to differ significantly from current estimates. Important factors that could cause actual results to differ materially from those anticipated in our forward-looking statements include, but are not limited to, those described under *Part I., Item 1A. Risk Factors*.

We have no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or any other reason.

PART I

ITEM 1. BUSINESS

In accordance with the provisions of the PRA, the United States Postal Service ("Postal Service," "USPS," "we," "our," and "us") began operations on July 1, 1971, succeeding the cabinet-level Post Office Department established in 1792. The PRA enacted our status as an "independent establishment of the executive branch of the Government of the United States" with the mandate to offer a "fundamental service" to the nation "at fair and reasonable rates." Our governing statute is codified in Title 39 of the U.S.C. We generally do not receive tax dollars for operating expenses and primarily rely on the sale of our products and services to fund our operations. We do not operate in segments; we report our performance as a single business.

We serve the American people in all areas of our nation, and through the universal service mission, bind our nation together by maintaining and operating our unique, vital, and resilient infrastructure. We operate and manage an extensive and integrated retail, processing, distribution, transportation, and delivery network throughout the U.S., including its possessions and territories. We retain the largest physical and logistical infrastructure of any non-military government institution, providing an indispensable foundation supporting an ever-changing and evolving nationwide communication network. As such, we continue to support and expand the nation’s physical infrastructure and are fundamental to our nation’s growth and prosperity.

We play a vital role as a driver of commerce and as a provider of delivery services that connect Americans to one another and to every residential and business address, reliably, affordably, and securely. We serve both consumer and commercial customers in the communications, distribution and delivery, advertising, and retail markets throughout the nation and the world. As a result, we maintain a diverse customer base and are not dependent upon a single customer or small group of customers. No single customer represented more than 10% of operating revenue for the years ended September 30, 2025, 2024, and 2023.

STRATEGY

To provide reliable, efficient, trusted, and affordable universal delivery service, we have established the following four strategic areas of focus:

- Deliver a World-Class Customer Experience;
- Equip, Empower, Connect, and Engage Employees;
- Innovate Faster to Deliver Value; and
- Invest in our Future Platforms.

On September 30, 2024, we published *Delivering for America 2.0 - Fulfilling the Promise ("Delivering for America"),* which updates our *Delivering for America* plan that was first published in March 2021. This updated plan revisits and re-examines the factors contributing to the development of our original ten-year transformation and modernization plan, describes the significant progress made over the past four years, and summarizes the evolution of our major strategies that are now driving the organization forward to financial stability and sustained service excellence. (*https://about.usps.com/what/strategic-plans/delivering-for-america/assets/dfa-2-0-fulfilling-the-promise-2024.pdf*).

Our comprehensive plan, as updated, endeavors to deliver:

- A modernized Postal Service capable of providing world class service reliability at affordable prices;
- Maintenance of universal six-day mail delivery and expanded seven-day package delivery across an integrated network;
- Workforce stability and investment strategies that empower, equip, and engage each employee and put them in the best possible position to succeed;
- Innovation that grows revenue and meets changing marketplace needs; and
- Financial sustainability to fund our universal service mission.

We continue to execute on the *Delivering for America* strategies, which include the full integration of our mail and package processing, transportation, and delivery network. This strategic focus is aimed at reducing costs, enhancing reliability, shoring up our capabilities to effectively deliver mail and packages, and growing our market share in the package delivery sector. As we accomplish our goals and demonstrate our ability to attain the service, operational, and revenue targets we seek, we will also pursue administrative and legislative actions from Congress to remedy the financial and regulatory burdens that negatively impact the full achievement of our legislated business model. These include: realigning retiree pension benefit funding rules for CSRS benefits, diversification of pension assets, raising the statutory debt ceiling, and reforming workers' compensation administration.

GOVERNANCE

The law stipulates an eleven-member Board, which consists of our PMG, our DPMG, and nine independent Governors. The PMG is appointed by the Governors, and the DPMG is appointed by the Governors and the PMG. The Governors are appointed by the President with the advice and consent of the Senate. As of the date of this report, we have five independent Governors on our Board. One of our Governors is in his holdover year and will cycle off of the Board on December 8, 2025. As of the date of this report, we have one Governor nomination that the President has submitted to the Senate for confirmation.

SERVICES

We offer two categories of services, which are classified by the PAEA as Market-Dominant and Competitive "products." However, throughout this report, we use the term "services" for consistency with other descriptions of services we offer. We fulfill our legal mandate to provide universal services at fair and reasonable prices by offering a variety of postal services to our many customers. Our Governors approve our product changes, prices and fees, subject to a review and, in certain cases, approval process by the PRC.

We provide our services through 31,000 Post Offices, stations, and branches that are managed by the Postal Service, 2,700 additional Contract Postal Units, Community Post Offices, and Village Post Offices, a large network of commercial outlets, which sell stamps and services on our behalf, and through our website *www.usps.com*. Mail deliveries are made to more than 170 million city, rural, *PO Box*, and highway delivery points. Our operations are conducted in the domestic market, although we engage with foreign postal administrations to enable customers to both send and receive mail and packages internationally. Our international revenue represented less than 2% of our operating revenue for the year ended September 30, 2025.

CLASSIFICATION AND PRICING

Periodic reclassification of services from Market-Dominant to Competitive and initial classification within the Market-Dominant and Competitive products categories, which requires PRC approval, is necessary to rationalize service offerings. The additional flexibility provided in Competitive services allows us to better offer services to meet customer needs, increase our business, and price our services competitively within the markets in which we operate. Information regarding PRC decisions and pending dockets may be obtained on the PRC website: www.prc.gov.

<u>Market-Dominant Services</u>

Market-Dominant services account for 59% of our annual operating revenues. Market-Dominant services include *First-Class Mail*, *Marketing Mail*, *Periodicals,* some types of International mail, Package Services, and certain other services.

Prices in effect since August 29, 2021, are subject to a price cap system partially based on the increase in the CPI-U, but also allowing for some additional pricing flexibility and authority, including a density-based rate authority, retirement-based rate authority, and authority for non-compensatory classes.

<u>Competitive Services</u>

Competitive services, including *USPS Ground Advantage, Priority Mail*, *Priority Mail Express*, *Parcel Select*, *USPS Ground Advantage Return,* and some types of International mail, have greater pricing flexibility and are limited by a price floor, not by a price cap. As required by *39 U.S.C. §3633*, prices for each Competitive service must cover its attributable cost as determined using methodologies approved by the PRC, and Competitive services collectively must contribute an appropriate share (as determined by the PRC) to the institutional costs of the Postal Service. In general, we attempt to set our prices for Competitive services at rates that maximize revenue and contribution.

SERVICE CATEGORIES

Management uses the following broad service categories to describe and report on our performance:

- **First-Class Mail** - This category encompasses letters, cards, or large envelopes destined for either domestic (up to 13 ounces) or international (up to nearly 1 pound) delivery. *First-Class Mail* includes: letters, postcards, bills or statements of account, and payments.

- **Marketing Mail** - This category includes advertisements and marketing letters, envelopes, and packages weighing less than 16 ounces and meeting the criteria of not being required to be mailed using *First-Class Mail* services because of the content or authorized as a *Periodical*. *Marketing Mail* is typically used for direct advertising to multiple delivery addresses. *Every Door Direct Mail* enables customers to prepare direct mailings without names and addresses for distribution to all business and residential customers on individual carrier routes.

- **Shipping and Packages** - This category includes the following sub-categories:

    - **USPS Ground Advantage -** This ground shipping sub-category provides a simple, reliable, and affordable way to ship packages weighing up to 70 pounds with day specific (non-guaranteed) delivery in 2 to 5 days across the continental U.S. *USPS Ground Advantage* features $100 insurance included in outbound and return parcels for both retail and commercial customers, package forwarding and return-to-sender endorsements. Free package pickup service at home or in-office on the carrier's route is also available.

    - **Parcel Services -** This sub-category includes *Parcel Select*, a shipping services ground product, which can provide customers with an expected same-day or next-day delivery service via USPS Local Connect, and *USPS Marketing Mail Parcels,* which provides commercial customers with a means of package shipment.

    - **Priority Mail Services -** This sub-category includes *Priority Mail*, which is offered as a service both within the U.S. and abroad with the domestic, day-specified (non-guaranteed) delivery, and *Priority Mail Express*, which offers an overnight to 2-day delivery with money-back guaranteed services to most U.S. destinations 365 days a year. Both *Priority Mail* and *Priority Mail Express* include basic insurance up to $100, tracking, and proof of delivery services.

  - **Package Services -** This sub-category includes merchandise or printed matter, such as library and media mail, weighing up to 70 pounds, and bound printed matter, weighing up to 15 pounds. Both categories have content standard requirements.

- **International** - This category offers international mail and package shipping services with individual customer contracts and agreements with foreign postal administrations. *First-Class Package International Service*, *Priority Mail Express International,* and *Priority Mail International* services compete in the e-commerce cross-border business. These services provide an option for our consumer and business customers for their shipping needs across more than 190 countries.

- **Periodicals** - This category encompasses the class of mail offered for newspaper, magazine, and newsletter distribution. Customers must receive prior authorization from us to use this service.

- **Other** - This broad category includes *PO Box* services, money orders, passport services, and USPS extra services. *PO Box* services provide customers an additional method for mail delivery that is private and convenient. Money orders offer customers a safe, convenient, and economical method for the remittance of payments. Money orders are available for amounts up to $1,000, can be purchased and cashed at most Post Offices, or can be deposited or negotiated at financial institutions. USPS Extra Services offer a variety of service enhancements that provide security, proof of delivery, or loss recovery. These services include: *Certified Mail*, *Registered Mail*, *Signature Confirmation*, *Adult Signature,* and insurance up to $5,000.

For a discussion of economic and other factors affecting the volume of these services and our actions taken to address these factors, see *Part II., Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Results of Operations*, *Operating Revenue and Volume*.

SERVICE STANDARDS

We measure our performance by establishing and benchmarking against service standards. A service standard is the stated delivery goal for a mail class or service. We set service standards so that customers and mailers can expect consistent and predictable delivery. To improve reliability and enhance efficiency, we may periodically update service standards through our formal regulatory process and with the advice of the PRC.

See *Part II., Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Results of Operations*, *Regulatory Matters* for further information on recent updates to service standards coordinated with the PRC.

COMPETITION

We compete for our business in many different markets. A wide variety of communications media compete for the same types of transactions and communications that are conducted using our services. These channels include, but are not limited to, newspapers, telecommunications, television, email, social networking, and electronic funds transfers. The package and express delivery businesses are highly competitive with both national and local competitors.

The most significant competitive factor for *First-Class Mail* is digital communication, including electronic mail, as well as other digital technologies such as online bill payment and presentment. For *Marketing Mail*, digital forms of advertising including digital mobile advertising and social media are the most significant forms of competition.

The primary competitors of our Shipping and Packages services are FedEx Corporation, United Parcel Service, Inc., and Amazon.com, Inc., as well as other national, regional, and local delivery companies, and crowdsourced carriers who are testing and implementing "last mile" delivery services. Our Shipping and Packages business competes based on the breadth of our service network, convenience, reliability and economy of the service provided.

SEASONALITY

Total revenue and volume for all service categories are historically the highest in the first quarter, which includes the holiday mailing and shipping season, and lowest in the third and fourth quarters during the spring and the summer. *Marketing Mail* benefits from strong political and election mail volumes in election years, especially during presidential and congressional election cycles.

EMPLOYEES

As one of the largest employers in the U.S., our employees are critical to our success and the fulfillment of our mission. Our employees are hard-working public servants dedicated to moving the mail and making a difference in every community across the country. We are committed to improving the employee experience and we continue to invest in initiatives that will equip, empower, connect, and engage our employees.

At September 30, 2025, our workforce consisted of approximately 624,000 employees, substantially all of whom reside in the U.S. We categorize our employees into two primary groups: career and pre-career. Career employees are considered permanent and are entitled to a full range of benefits (e.g., health and retirement) and privileges, while pre-career employees do not yet have permanent status and do not receive full employee benefits and privileges. At September 30, 2025, we had approximately 531,000 career employees and approximately 93,000 pre-career employees.

At September 30, 2025, 91% of our employees were covered by collective bargaining agreements. These agreements include provisions governing work rules and provide for general wage increases, step increases and COLAs, which are linked to the CPI-W. Our labor force is primarily represented by the APWU, the NALC, the NPMHU, and the NRLCA.

By law, we must consult with management organizations representing most of our employees not covered by collective bargaining agreements. These consultations provide non-bargaining unit employees in the field with an opportunity to participate in the planning, development and implementation of certain programs and policies that affect them.

For additional information on our collective bargaining agreements, see *Part II., Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 11 - Commitments and Contingencies*.

COMPENSATION AND BENEFITS

We endeavor to enhance our role as a preferred U.S. employer, offering stable jobs with flexible compensation and benefits packages to attract and retain highly qualified employees. We regularly review our compensation and benefits offerings to ensure we are meeting the needs of our current and future employees.

Along with basic competitive wage rates, certain employees are also eligible for overtime pay, night shift differential, and Sunday premium pay. Benefit programs include health, dental, and vision benefits, flexible spending accounts, paid time off, a defined contribution retirement plan, defined benefit retirement plans, and employee assistance programs, depending on eligibility.

Overall, the total compensation of our median employee was $80,134 during the year ended September 30, 2025. Total compensation for this purpose includes base pay plus other forms of cash compensation, such as overtime, bonuses, plus any change in pension value.

DIVERSITY AND INCLUSION

We remain committed to ensuring our workforce reflects the diverse communities we serve at all levels of the organization, while also ensuring that advancement and promotion is based on merit.

We continue our efforts to enhance the diversity of our organization through targeted recruitment, expanding employee development opportunities, and enhancing leadership development programs.

We continue to be one of the leading employers of historically underrepresented racial groups, women, and veterans. As of September 30, 2025, historically underrepresented racial groups represented 54%, women represented 44%, and veterans represented 11% of our total workforce. Further, historically underrepresented racial groups represented 39% and women represented 36% of our senior management.

EMPLOYEE ENGAGEMENT
We aim to provide employees with an engaged workplace, one in which teams and individuals thrive and perform at high levels. We use a variety of methods to promote engagement including: aggressively recruiting both internally and externally to fill critical positions such as pre-career and frontline supervisor positions, improving the onboarding experience by standardizing the onboarding process, ensuring new and current supervisors receive training, equipment, and support needed to be successful in their jobs and to create an engaging workplace for their employees, and measuring engagement with an annual employee survey. We believe that cultivating an engaged workplace will help us improve both the employee and customer experience while delivering exceptional business results.

EMPLOYEE DEVELOPMENT
We believe that investing in our employees is a key strategy for individual and organizational success. We provide a variety of professional development programs, career development and succession plans, career conferences, and both in-house and external learning opportunities to meet the training and development needs of our employees, to fulfill organizational skill requirements, and to provide individuals with career growth opportunities.

EMPLOYEE SAFETY
Employee safety is a top priority for us, and we strive to provide a workplace that is safe for all employees, supports disability rights and access, and health management. Prevention is the guiding principle for occupational safety. To avoid accidents and occupational diseases, we have adopted standard requirements for safety and health protection at the workplace and established compliance protocols to ensure effective implementation. We promote safety performance using safety programs and safety leadership recognition, and monitor our performance using key metrics, including a total accident rate.

OVERSIGHT AND REGULATION

As discussed throughout this report, we are subject to oversight by Congress and regulation by the PRC and certain other government agencies. In addition to Senate confirmation of our Governors, Congress can influence how we conduct our business and operations through passage of laws. For a discussion of new laws and regulations that impact us, see *Part II., Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation, Legislative Update.*

REGULATORY MATTERS
We are required to comply with various laws and regulations concerning numerous matters. None of these have had a material impact on our financial results or competitive position, or resulted in material capital expenditures, except for federal laws specific to the Postal Service, such as the PRA, the PAEA, and the PSRA. However, the effect of possible future legislation or regulations on operations cannot be predicted. New laws or regulations may increase our operating costs, including the potential costs of compliance with any such new laws or regulations.

Our 2024 *Impact Report* was issued in August 2025 and is available at *usps.com/green*. This report discusses our sustainability management approach, including key goals, programs, and metrics used to monitor our commitment to sustainability.

REGULATORY REPORTING
We are not a reporting company under the *Exchange Act*, and are not subject to regulation by the SEC. However, the PAEA requires us to file with the PRC certain financial reports containing information prescribed by the SEC under Sections 13 or 15(d) of the *Exchange Act*. These reports include Annual Reports, Quarterly Reports, and current reports.

We are also required by law and regulations to disclose operational and financial information beyond what the law requires of most U.S. government entities and private-sector companies. Pursuant to Title 39 of the U.S.C. and PRC regulations, we must also file additional information with the PRC, including Cost and Revenue Analysis reports, Revenue, Pieces, and Weight reports, financial and strategic plans, an *Annual Compliance Report* and the *Annual Report to Congress*. These reports can be found online at https://about.usps.com/what/financials. Requests for copies of our reports may also be sent to the following address: Corporate Communications, United States Postal Service, 475 L'Enfant Plaza, SW, Washington, DC 20260-3100.

ITEM 1A. RISK FACTORS

We are subject to various risks and uncertainties that could adversely affect our business, financial condition, results of operations, and cash flows. In addition to the material risks and uncertainties that are described below, other risks and uncertainties that we do not yet know of or that we currently believe are immaterial could arise or become material and may also impair our business.

OPERATIONAL AND MARKET RISK FACTORS

Our business and results of operations are significantly affected by competition from other companies in the delivery marketplace, as well as competition from substitute products and digital communication. If we do not compete effectively, operate efficiently, and increase revenue and contribution from other sources, this adverse impact of competition may become more substantial over time.

Our marketplace competitors include national, regional, and local providers of package delivery services. Our competitors have different cost structures and fewer regulatory restrictions than we do, which allows them to offer differing services and pricing. This may hinder our ability to remain competitive in these service areas. In addition, some of our competitors have broader access to public capital markets, which allows them greater freedom in the financing and expansion of their business.

Customer usage of postal services continues to shift to substitute products and digital communication. *First-Class Mail*, such as the presentment and payment of bills, has been eroded by competition from electronic media, driven by some of our major commercial mailers which actively promote the use of online services. *Marketing Mail* has experienced declines due to mailers' growing use of digital advertising, including digital mobile advertising. The volume of our *Periodicals* service continues to decline as consumers increasingly use electronic media for news and information. Periodical advertising has also experienced a decline as a result of the move to electronic media.

The Postal Service's Competitive service volumes have historically grown due to significant volume growth from certain major customers. These customers continue to build the delivery capability that has enabled them to divert volume away from the Postal Service.

Historically the growth in our Competitive service volumes has been largely attributable to certain of our large customers and more recently fueled by the expanding parcel market due to the ongoing e-commerce expansion, the demand for faster, and more flexible delivery services, and by innovations in last-mile logistics. Despite the volume growth of our *USPS Ground Advantage* service offering in 2025, we expect certain of these customers to continue building their delivery capabilities, which enables them to divert volume away from the Postal Service over time. As these major customers divert volume away from the Postal Service, our Competitive service volumes may continue to level-off or decline in the future.

Adverse events may call into question our reputation for quality and reliability or our ability to deliver the mail and could diminish the value of our brand. This could adversely affect our business operations and operating revenue.

Our brand, a valuable asset, represents quality and reliable service. We use our brand extensively in sales and marketing initiatives and exercise care to defend and protect it. Any event, whether real or perceived, that calls into question our long-term existence, our ability to deliver mail and packages, our quality, or our reliability could diminish the value of our brand and reputation and could adversely affect our business operations and operating revenue.

Our need to streamline our operations in response to declining mail volume will result in significant costs. The measures we are considering may be insufficient to reduce our workforce and physical mail infrastructure to a level commensurate with declining mail volume.
Our ongoing reviews of cost-savings opportunities may identify opportunities that impact mail processing operations or affect lobby hours of retail units, Post Offices, or other facilities. Presently, our regular review of the carrying value of our assets has not resulted in significant write-downs of our physical assets. However, future changes in business strategy, operations, legislation, government regulations, or economic or market conditions may result in material impairment write-downs of our assets, adversely affecting our business and financial results.

Our success depends on our ability to remain an employer of choice. Failure to attract and retain qualified employees could adversely affect our business operations.
As one of the largest employers in the U.S., our people are our greatest asset, and our success depends on investing in their future. Difficulty recruiting, developing, engaging, and retaining our employees, including successors to members of our senior management, could have an adverse impact on our business. Furthermore, our pre-career employee positions have historically experienced high turnover rates, which can lead to increased labor costs for recruiting and hiring. If we fail to strengthen our employee experience, it could diminish our status as an employer of choice and have an adverse impact on our business.

We rely on third parties for air transportation to deliver our mail throughout the nation and abroad. A significant disruption in air transportation service could adversely affect our business and results of operations.
We do not own or operate aircraft, and we rely on third parties for the air transportation service required to deliver our mail and packages to various destinations within the U.S. and abroad. As such, we are subject to the risk of these providers' business operations and the adoption of regulatory requirements and other events that affect specific airlines or the airline industry as a whole, which could affect air service or temporarily ground the fleets of one or more of our providers.

A failure to protect the privacy of customer or employee information could damage our reputation and result in a loss of business.
We have invested in technology and employ a variety of technology security initiatives aimed at protecting organizational information, as well as customer information. As one of the U.S. government entities most trusted by the nation, protecting the confidentiality of data that we obtain is paramount to us. However, should our information technology security initiatives not fully insulate us from a security breach or data loss, our reputation could be damaged, resulting in an adverse effect on our operations and financial results. Moreover, unlike other non-governmental entities in our industry, we must abide by the *Privacy Act of 1974*, which restricts how we can collect, use, maintain, and disseminate personally identifiable information and prescribes civil remedies for non-compliance.

We rely extensively on computer systems and technology to manage the delivery of mail, process transactions, summarize results, and manage our business. Any failure or disruption of these systems or technology could adversely affect our business operations and financial results. We also face cybersecurity threats that may result in breaches of systems containing confidential or sensitive information or impair our ability to operate the necessary systems for conducting certain operations.
Our operational and administrative information systems are among the largest and most complex systems maintained by any organization in the world. Any disruption to our infrastructure, including those impacting computer systems that facilitate mail handling and delivery and customer-utilized websites, or to the infrastructure of our service providers, could adversely impact customer service, mail volume, and revenue, and result in significant increased costs. Any significant systems failure could cause delays in the processing and delivery of mail or result in the inability to process operational and financial data. Such disruptions could impair our reputation for reliable service, which would also adversely affect results of operations.

We also depend on and interact with third-party technology and systems. These may include service organizations that we use for our metered postage revenue and other services, and we often are reliant on certain information from these third parties to record such revenue. Like us, these third parties are subject to risks imposed by data breaches, cyberattacks, and other events or actions that could damage or disrupt their networks or systems, or otherwise affect our financial reporting.

Reports of cyber incidents affecting national security, intellectual property, and individuals have been widespread, with reported incidents involving data loss or theft, economic loss, computer intrusions, and privacy breaches. Although we are vigilant in protecting and monitoring access to our networks and systems, the source of such threats is wide-ranging. The techniques used by those who perpetrate cyber incidents are increasingly sophisticated and change frequently. They are often not recognized until launched, and we may not be able to fully anticipate threats to our systems and assets or to implement effective preventive measures against all cyber threats, despite our best efforts. The ability to maintain confidentiality, integrity, and availability of information is critical to fulfilling our mission, and system failures resulting from these threats could damage our reputation, resulting in loss of business and increased costs.

Due to our continued projected cash constraints, our operational performance in the future could be at risk as a result of inadequate capital investment in facilities, delivery vehicles, mail processing equipment or information technology infrastructure, all of which are essential for our operations.
If our operations do not generate the liquidity we require, we may be forced to reduce, delay, or cancel investments in technology, facilities, and/or transportation and mail processing equipment, while our competitors and other businesses are pursuing advanced competing technologies and equipment.

Additionally, our aging facilities, equipment, and transportation fleet could inhibit our ability to be competitive in the marketplace, deliver a high-quality service and meet the needs of the American public. The changes in the economic landscape in recent years have increased the importance for us to invest in our operations through our *Delivering for America* plan in order to remain competitive. Failure to anticipate or react to our competition, market demands, and/or new technology due to inadequate cash reserves is a significant operational risk. An aging or potentially obsolete infrastructure could result in a loss of business and increased costs. We are currently in the midst of a multi-year process to improve our integrated network to increase efficiency and modernize the Postal Service. Failing to achieve the desired results may lead to additional cash constraints.

FINANCIAL RISK FACTORS

Current and future management actions to generate cash flows by increasing efficiency, reducing costs and generating additional revenue may not be sufficient to meet all of our financial obligations or to carry out our strategy.
Our strategies to increase efficiency, to reduce costs by adjusting our processing and delivery networks, infrastructure, and workforce, and to retain and grow revenue are currently constrained by contractual, statutory, regulatory, and legislative restrictions. Accordingly, our ability to react quickly to the changing economic climate and industry conditions is inhibited. Under our *Delivering for America* plan, we are pursuing legislative reforms including: raising our statutory debt limit, diversifying our pension assets to allow market-based investments of retiree funds, and allowing us to adopt private sector best practices for workers' compensation administration. We also continue to propose changes to retiree benefit funding rules determining how OPM apportions the costs for CSRS benefits for employees and retirees that worked for both the Post Office Department and the Postal Service. Each of these proposed changes and reforms are still needed to establish the clear legal authority to implement additional measures to increase cost savings. While the enactment of the PSRA was a critical component of improving our financial condition and reducing our short-term financial obligations, without the successful implementation of management initiatives and the adoption of additional changes, our ability to generate adequate cash flow is still at risk.

We have a substantial amount of indebtedness.
As of September 30, 2025, we reported outstanding debt obligations to the FFB of $15.0 billion, which is our current statutory limit.

As of September 30, 2025, we have an estimated underfunded PSRHBF liability of $29.9 billion, as reported by OPM, which we will be required to fund in future periods.

As of September 30, 2025, and based upon the current apportionment of responsibility for the CSRS liability for our employees and retirees who also worked for the Post Office Department, we have estimated underfunded CSRS and FERS liabilities of $60.3 billion and $43.3 billion, respectively, as reported by OPM which we will be required to fund in future periods absent the changes that we are seeking concerning our CSRS liability. Of these amounts, we are currently liable for $20.1 billion and $10.8 billion for CSRS and FERS, respectively, which we have reported as current liabilities within *Retirement Benefits* in the accompanying *Balance Sheets* for the amounts due and payable for invoiced but unpaid CSRS and FERS contributions.

Our significant indebtedness and unpaid retirement obligations have important consequences. They limit our flexibility in planning for, or reacting to, changes in the business environment or competition. They place us at a competitive disadvantage compared to commercial competitors that may have less debt and which have broader access to public capital markets. They also could require us to dedicate a substantial portion of our future cash flows from operations to payments on debt and retirement obligations, thus reducing the availability of cash flows to fund working capital, capital expenditures and other general organizational activities.

A union contract arrived at either through negotiation or arbitration could have a significant adverse impact on our future results of operations by impacting our control over wages and benefits and/or by limiting our ability to manage our workforce effectively.

Our collective bargaining agreements currently in force include provisions for mandatory COLAs, which are linked to the CPI-W. We made COLA-based pay adjustments that have increased our expenses by $650 million in 2025 and are expected to increase our expenses by $539 million in 2026. Continued impacts of inflation could have a further significant adverse impact on our labor costs. The agreements also contain provisions that limit our ability to reduce the size of the labor force and employ pre-career personnel. Reductions in the size and cost of our labor force may be necessary to offset the effects of declining volume and revenue.

Our ability to negotiate contracts that control labor costs is essential to achieving financial stability. We have no assurance that we will be able to negotiate contracts in the future with our unions that will result in a cost structure that is sustainable within current and projected future revenue levels. In addition, if our future negotiations should fail and the involved parties proceed to arbitration, the risk of an adverse outcome exists, as there is no current statutory mandate requiring an interest arbitrator to consider our financial health in issuing an award. An unfavorable award in arbitration could have significant adverse consequences on our ability to meet future financial obligations.

Furthermore, an increase in the CPI-W may not correspond to an equivalent increase in the CPI-U, which affects the prices of our Market-Dominant services under current law, as the two indexes are calculated differently. Therefore, we may not be able to increase the prices of our services to keep up with increases in our wages.

Health and pension benefit expenses are significant to us.

With approximately 531,000 career employees, approximately 486,500 retirees and survivors who receive retirement health benefits, and approximately 705,000 retirees and survivors who receive pension benefits, our expenses relating to employee and pension benefits are significant. We participate in U.S. government pension and health and benefits programs for employees and retirees, including the PSHB Program, the CSRS, and the FERS, as required by law or contractual agreement with our unions.

We have no control or influence over the benefits offered by these plans and are required to make contributions to these plans as specified by law or, in the case of health benefits for the majority of our current employees, by contractual agreements with our unions. Several factors including participant mortality rates, returns on investment, and inflation, all of which are outside of our control, could require us to make significantly higher future contributions to these plans, which would adversely affect our financial condition and results of operations. While we may not direct these factors, we did appeal to the CSRDF Board of Actuaries to use Postal-specific assumptions for pension mortality and withdrawal rates. The CSRDF Board of Actuaries declined to reconsider its calculation in the year we appealed but did agree to make certain changes to its assumptions for future calculations, beginning with the valuation for this year. We are continuing to pursue legislative reforms to our pension system that will provide us with more control and the ability to diversify our pension assets to allow market-based investments of retiree funds, increase our returns on investment, and reduce our retirement-related expenses.

Workers' compensation insurance and claims expenses could have a material adverse effect on our business, financial condition and results of operations.
Workers' compensation liabilities are established for estimates of cash outlays that we are expected to ultimately incur on reported claims, as well as estimates of the costs of claims that have been incurred but not yet reported. Trends in actual experience and management judgments about the present and expected levels of cost per claim are significant factors in the determination of such accruals. Several other factors which are beyond our control, such as discount and inflation rates, could cause us to incur higher workers' compensation expenses.

We believe our estimated liability for such claims is adequate, but if actual experience results in an increase in the number of claims, and/or severity of claims for which we retain risk, this could cause a material difference from our estimates and adversely affect our financial condition and results of operations. In addition, our workers' compensation program is administered for us by the DOL, and as such, we do not have the same level of control over the execution of the program, including the costs we incur for certain medical and pharmacy costs, that a private-sector company has with its workers' compensation insurance provider. Under our *Delivering for America* plan, we are pursuing legislative reforms to our workers' compensation system that would allow us to adopt private sector best practices for workers' compensation administration that would provide us with more control over the execution of our program and control of our related costs.

Fuel expenses are a material part of our operating costs. A significant increase in fuel prices could adversely affect costs and results of operations.
We are exposed to changes in commodity prices, primarily for diesel fuel, unleaded gasoline, and aircraft fuel for transportation of mail, and natural gas and heating oil for facilities. For the year ended September 30, 2025, our expenses for fuel represented 1.9% of operating expenses. The price and availability of fuel can be unpredictable and is beyond our control. Additionally, as we use contracted carriers to transport the mail, we anticipate that increased operating costs for these independent carriers, including increased costs that may result from rising fuel prices, will ultimately be passed through to us, which would result in increased costs.

The potential liability associated with existing and future litigation against us could have a material adverse effect on our business, results of operations, financial condition, and cash flows.
In the normal course of operations, we are subject to threatened and actual legal proceedings from time to time. Any litigation, regardless of its merits, could result in substantial legal fees and costs incurred by us. Further, actions that have been or will be brought against us may not be resolved in our favor and, if significant monetary judgments are rendered, we may not have the ability to pay them. Such disruptions, legal fees, and any losses resulting from these claims could have a material adverse effect on our business, results of operations, financial condition, and cash flows.

We rely on the terms and conditions of our contracts with vendors to deliver our services and are contractually obligated to provide certain services to our customers. These contracts are renegotiated on a routine and periodic basis. Significant changes in the costs, pricing or terms associated with these contracts could adversely affect our business.
Some of our suppliers and customers enter into long-term contracts with us to supply goods and services and to procure our services. These contracts are renegotiated from time to time and, to the extent that contracts are not renewed or are renewed with terms that may not sufficiently cover our costs or that increase our costs, they may have an adverse effect on our business. Certain vendors and customers, including a large courier service for air transportation, are significant to the delivery of certain services. Our ability to maintain current or improved contract terms with customers and suppliers is critical to our initiatives to return to financial sustainability.

REGULATORY RISK FACTORS

We are subject to congressional oversight and regulation by the PRC and other government agencies. We have a wide variety of stakeholders whose interests and needs are sometimes in conflict.

We operate as an independent establishment of the executive branch of the U.S. government and, as a result, we are subject to a variety of regulations and other limitations and oversight applicable to federal entities and agencies. If the U.S. government curtails its spending due to debt ceiling or other constraints, we may be adversely impacted. Additionally, as an outgrowth of our unique status as a fundamental service provider to the nation, we attempt to balance the interests of many parties. Limitations on our ability to take action could adversely affect operating and financial results.

Existing laws and regulations limit our ability to introduce new products or services, enter new markets, generate new revenue streams, or manage our cost structure. These laws and regulations may also prevent us from increasing prices sufficiently or generating sufficient efficiency improvements to offset increased costs. This would adversely affect our results of operations.

In order to offset declining mail volume caused by the changing economy, diversion to electronic media, and statutorily imposed costs, our ability to sell new products and services in new or existing markets will be a key factor in improving our financial condition. However, various laws and regulations significantly limit our ability to enter new markets and/or to provide new services and products.

Without legal or regulatory changes that allow us to introduce new products or services to take advantage of our assets, including our strong network and "last-mile" capabilities, we may be unable to respond adequately to consumers' changing needs and expectations. These limitations have the potential to adversely impact our results of operations and long-term financial viability.

The PAEA subjected our Market-Dominant services to a price cap rigidly tied to the CPI-U, but the PAEA also required the PRC to review that price-cap system after 10 years and to modify or replace it as necessary to allow the achievement of financial stability and other statutory objectives. The PRC concluded during this mandatory review that the rigid price-cap system prevented us from generating adequate revenues to cover our costs or produce retained earnings, and adjusted the price-cap formula on a going-forward basis to partly offset further degradation of our revenue base. However, these adjustments do not allow prices to be reset to a compensatory level and therefore do not correct for the effects of operating for 14 years under a defective pricing system. For this reason, the additional pricing authority, while an improvement on the original price-cap formula, has merely perpetuated annual net losses rather than relieved them, and does not offset the effect of declining mail volume, growing delivery points, and our other increasing costs which are not best reflected by CPI-U.

A large portion of our cost structure cannot be altered expeditiously, and the number of our delivery points continues to grow, while the average mail volume per delivery point continues to decrease. Because our services are provided primarily through our employees, our costs are heavily concentrated in wages and employee benefits and retiree benefits. These costs are significantly impacted by wage inflation, health benefit premium increases, retirement and workers' compensation programs.

We believe that continuing productivity improvements and effective use of our pricing authority will not be sufficient to address the challenges presented by declining volume and revenue, by the current regulatory price cap, and by statutorily imposed costs, nor will our efforts to grow operating revenue keep pace with our increased cost. Further legislative and administrative regulatory action will be necessary to restore the Postal Service to financial sustainability.

We are required to comply with various laws and regulations enacted by the U.S. Congress concerning how we conduct our business and operations. From time to time, there are a number of bills introduced or being considered by the House and Senate that if enacted could materially impact our business operations and financial results and condition, including our ability to fully implement our Delivering for America plan initiatives.

From time to time, various bills are introduced or are under consideration in the House and Senate which may be enacted in the future, and which if passed into law, could materially impact our operations and financial results and condition, including our ability to fully implement key *Delivering for America* plan initiatives. Given the uncertain nature of the legislative process, it is difficult to predict what if any proposal will be enacted, the timing of any proposal being enacted as new legislation, or the changes that a proposal may undergo during the legislative process that could materially change the proposal from its original introduced form. Although we actively monitor proposals before the House and Senate that may affect our business operations and financial results, we often cannot predict how or whether any introduced bill will become law, the timing of any such bill becoming law or how and in what form such bill may ultimately be implemented, the effects of which could materially impact our operations and financial results and condition, including our ability to fully implement key *Delivering for America plan* initiatives.

GENERAL RISK FACTORS

Changes in general economic conditions in the U.S. may adversely affect us.
With our mandate to provide universal postal services to the nation at fair and reasonable prices, we serve consumer and commercial customers in the U.S., as well as internationally. Our operations are subject to cyclicality affecting the national economy in general, as well as the local economic environments in which we operate, which makes us particularly vulnerable to macroeconomic risks. The factors that result in general macroeconomic changes are beyond our control, and it may be difficult for us to adjust our business model to mitigate the impact of these factors.

Changes in the basic tenets of macroeconomics – output, unemployment, and inflation – could result in increased costs due to supply chain disruptions, tariffs, wage increases, and higher fuel and energy prices. These changes could also impact the demand for consumer goods and cause a contraction in the retail market, lowering our volumes, particularly in the Shipping and Packages and *Marketing Mail* categories.

Consistent with our *Delivering for America* plan, we have realigned aspects of our organization, including changes to our workforce and transportation strategy, to best serve the American public and create a high performing, financially sustainable Postal Service. However, further management initiatives and administrative changes are still necessary. Changes to macroeconomic conditions could impact our ability to fully implement our plan in a timely manner and affect our ability to meet the financial targets of revenue growth, cost savings, and investment associated with the plan.

While inflation has moderated in 2025, it has continued to contribute to an increase in operating expenses this year, including higher compensation expenses (including workers' compensation) and higher other operating expenses. We expect continued uncertainty in the economy during 2026 and expect the challenges and conditions present in 2025 to also be present to some extent in 2026. Changes in general economic conditions could have an adverse impact on our results of operations and financial position.

Catastrophic events or geopolitical conditions may disrupt our business.
Natural disasters, such as hurricanes, earthquakes, tornadoes, floods, wildfires, and severe winter storms place our employees in harm's way and make it challenging to deliver mail under these unpredictable and dangerous conditions. Additionally, shifts in weather patterns caused by climate change could increase the frequency and intensity of such weather-related natural disaster events. These events may also result in damage to our facilities, which could have a negative impact on business operations. Furthermore, these events could result in adverse economic impacts, including supply chain risks and fuel disruptions. Such disruptions could create significant additional operating costs in order to maintain continuity in fulfilling our mission.

The occurrence of regional epidemics or a global pandemic, such as we experienced with the COVID-19 pandemic several years ago, may adversely affect our operations, financial condition, and results of operations. We will continue to be at risk of the adverse impact of another regional epidemic, global pandemic, or other adverse public health developments in the future.

Geopolitical conflicts, such as the ongoing conflicts in both Ukraine and the Middle East, pose a risk of general economic disruption. Such disruptions may cause supply chain disruptions and increase the cost of fuel, utilities, and transportation, which could have an adverse impact on our business operations and financial results.

While we generally receive no tax dollars for ongoing operations, periodic federal government shutdowns resulting from failure to enact annual appropriations bills, or continuing resolutions, can temporarily halt governmental funding, which impacts a portion of our customer base, as well as certain oversight organizations, such as the OIG and GAO.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Our ability to fulfill our universal service mission to the American people and implement our *Delivering for America* plan depends in part on the security and reliability of our technology networks.

CYBERSECURITY RISK MANAGEMENT AND STRATEGY

We maintain an enterprise risk management process designed to identify potential events that may affect achievement of our objectives or have a material adverse effect on the organization.

Cybersecurity is among the risks considered through the Cybersecurity Risk Management portfolio within the Corporate Information Security Office organization. The portfolio is based on an established framework for identifying, measuring, managing, and monitoring cybersecurity risk. Leveraging components from industry frameworks and best practices such as the NIST Cybersecurity Framework, Zero Trust principles, and Cybersecurity and Infrastructure Security Agency guidance, our CISO organization includes governance, identification, protection, detection, response, and recovery measures.

We have processes in place for identifying, assessing, and managing material risks from potential unauthorized activity on or through our digital information systems that could adversely affect the confidentiality, integrity, or availability of these systems. These processes include periodic risk reviews with management and, as appropriate, may include vulnerability exercises, third-party assessments, post-remediation reviews, engagements with independent third-party service providers and key government agencies, regular employee training, an incident response plan, and backup and recovery plans. Additionally, our Cybersecurity Risk Management portfolio is subject to oversight by the OIG and the GAO.

The Postal Service's CISO organization is led by the Chief Information Security Officer who reports to the CIO and is primarily responsible for implementing and maintaining our centralized cybersecurity and data protection practices in close coordination with senior management. The CISO organization evaluates threat intelligence and information obtained from internal, public, and private sources, government agencies, and external consultants. Reporting to the Chief Information Security Officer are cybersecurity directors responsible for various parts of our business each of whom is supported by a team of trained cybersecurity professionals.

We interact with the information technology networks and systems of third parties for many aspects of our business. We consider and evaluate cybersecurity risks associated with the use of independent third-party service providers through risk assessments and due diligence during selection and oversight processes. To help us understand and mitigate potential cybersecurity risks, we use measures such as vendor risk assessments, periodic technical assessments of third-party vendors' controls, and contracts governing access to our data and compliance with our security requirements.

We maintain an incident response plan that includes processes for reviewing and responding to cybersecurity incidents. We periodically test our readiness to respond to incidents through various scenario-based drills. The incident response plan includes processes for escalation to the CISO organization, the ECRC, the PMG, the AFC, and the Board, and a process to determine whether a cybersecurity incident is material and may require disclosure in regulatory filings.

In the last three fiscal years to date, we have not been aware of any cybersecurity incidents that have materially affected or are reasonably likely to materially affect our business, operations, or financial condition.

CYBERSECURITY GOVERNANCE

The Board has appointed the AFC, consisting entirely of independent governors with responsibility for overseeing management's evaluation of strategic and operational enterprise risks associated with cybersecurity, information technology, data protection, and compliance with applicable privacy laws and rules. The AFC receives and reviews semi-annual updates from our Chief Information Security Officer and CIO on (i) measures being taken to ensure the integrity and security of our technological infrastructure and applications, (ii) the effectiveness of such measures during the preceding period, (iii) the identification of broader risks impacting the information technology environment, and (iv) management's plans to counter such threats.

The ECRC is sponsored by the PMG, and includes the CIO, the General Counsel, the Chief Technology Officer, the CFO, the DPMG/COO & CHRO, and the Chief Postal Inspector or their designated delegate. The council oversees the execution of our Cybersecurity Risk Management portfolio. The ECRC, which receives periodic reports on our cybersecurity risk management, is responsible for assessing the overall risk framework, setting acceptable risk tolerance levels, approving risk prioritization and associated risk mitigation activities, and monitoring the changing risk landscape and posture.

Our CIO, with more than 30 years' experience in various Postal Service information technology roles, leads the organization responsible for implementing and maintaining our cybersecurity and data protection practices. The CIO reports directly to the PMG.

For additional information on cybersecurity risks and the impact they may have on our business strategy, operations, or financial condition, see "*Part I., Item 1A. Risk Factors, Operational and Market Risk Factors - We rely extensively on computer systems and technology to manage the delivery of mail, process transactions, summarize results, and manage our business. Any failure or disruption of these systems or technology could adversely affect our business operations and financial results. We also face cybersecurity threats that may result in breaches of systems containing confidential or sensitive information or impair our ability to operate the necessary systems for conducting certain operations*".

ITEM 2. PROPERTIES

We own over 8,500 and lease over 24,000 properties (land, buildings and facilities) ranging in size from 273 square feet to 40 acres. Our facilities support retail, delivery, mail processing, maintenance, administrative, and support activities and are located in numerous communities throughout the U.S. and its territories.

ITEM 3. LEGAL PROCEEDINGS

We are subject to legal proceedings and claims that arise in the ordinary course of our business. For further discussion of the legal proceedings affecting us, see *Part II., Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 11 - Commitments and Contingencies*.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Not applicable. As an "independent establishment of the executive branch of the Government of the United States" (*39 U.S.C. §201*), we do not issue equity or other securities.

ITEM 6. RESERVED

None.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our operating results are presented in accordance with GAAP. As used herein, all references to years in this report, unless otherwise stated, refer to fiscal years beginning October 1 and ending September 30. All references to quarters, unless otherwise stated, refer to fiscal quarters.

The following *Management's Discussion and Analysis of Financial Condition and Results of Operations* should be read in conjunction with the other sections of this Annual Report, particularly *Part I., Item 1. Business*, *Part I, Item 1A. Risk Factors*, and *Part II, Item 8. Financial Statements and Supplementary Data*.

OVERVIEW

With our mandate to provide universal postal services to the nation, we serve consumer and commercial customers in the U.S., as well as internationally. Our operations include an extensive and integrated retail, processing, distribution, transportation, and delivery network, and we operate throughout the U.S., including its possessions and territories. We do not operate in segments; we report our performance as a single business.

While legal restrictions on pricing, service diversification, and operations currently impact our ability to cover our costs to provide prompt, reliable, and efficient postal services to the nation, we continue to implement initiatives that are expected to drive revenue by capitalizing on innovation, technology, customer and consumer insights, and data management.

As an independent establishment of the Executive Branch of the U.S. government, we have a unique mission to:

- Serve the American people and, through the universal service mission, bind our nation together by maintaining and operating our unique, vital, and resilient infrastructure;
- Provide trusted, safe, and secure communications and services between the U.S. government and the American people, businesses and their customers, and the American people with each other; and
- Serve all areas of our nation, making full use of evolving technologies.

We will carry out this mission by remaining an integral part of the U.S. government and providing all Americans with universal and open access to our unrivaled delivery and retail network; using technology, innovation and, where appropriate, private-sector partnerships to meet our customers' changing needs; operating in a modern, precise, efficient, and effective manner; and remaining an employer of choice, including attracting and retaining high-quality employees.

RESULTS OF OPERATIONS

SUMMARY

The major factors that impacted our operating results include overall customer demand, the mix of postal products/services and the pricing and contribution associated with those products/services, the volume of mail and packages processed through our network, our ability to manage our cost structure in line with secularly declining levels of mail volume, increased competition in the more labor-intensive Shipping and Packages business, and an increasing number of delivery points.

2025 Compared with 2024

Our operating revenue was $80.5 billion for the year ended September 30, 2025, an increase of $916 million, or 1.2%, compared to the prior year. As more fully described below in *Operating Revenue and Volume*, this increase was largely due to price increases in our *First-Class Mail* and *Marketing Mail* categories, and a product mix shift toward higher-value offerings in our Shipping and Packages category, partially offset by declining volumes in each of these same categories during the year.

Our operating expenses for the year ended September 30, 2025, increased $317 million, or 0.4%, compared to the prior year. As more fully described below in *Operating Expenses*, this increase was primarily due to increases in compensation costs (including workers' compensation) and other operating costs, partially offset by the impact of discount rates on workers' compensation costs and lower transportation costs.

Overall, we reported a net loss of $9.0 billion for the year ended September 30, 2025, compared to a net loss of $9.5 billion for the year ended September 30, 2024.

2024 Compared with 2023

For a comparison of our results of operations for the year ended September 30, 2024, to the year ended September 30, 2023, see *Part II., Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* of our Form 10-K for the fiscal year ended September 30, 2024, filed with the PRC on November 14, 2024.

Non-GAAP Measures

In the day-to-day operation of our business, we focus on costs that can be managed in the course of normal business operations, such as salaries and transportation. We use various non-GAAP measures to help us better manage our business. However, these non-GAAP measures should not be considered a substitute for net loss and other GAAP reporting measures. Non-GAAP does not represent a comprehensive basis of accounting and therefore may not be comparable to similarly titled measures by other companies.

We calculate controllable loss, a non-GAAP measure, by excluding the workers' compensation non-cash expense driven by valuation of new claims and actuarial revaluation of existing claims and discount rate changes, which can fluctuate significantly and over which we have no control. We also exclude the amortization of unfunded pension liabilities. The variance in these expenses depends primarily on factors over which we have no control, such as changes in projected discount rates and inflation.

The following table reconciles our GAAP net loss to our non-GAAP financial measures for the years ended September 30, 2025 and 2024:

(in millions)	2025	2024
Net loss	**$ (8,978)**	**$ (9,520)**
Workers' compensation non-cash expense[1]	972	2,164
CSRS unfunded liability amortization expense[2]	3,122	3,245
FERS unfunded liability amortization expense[3]	2,159	2,286
Controllable loss	**$ (2,725)**	**$ (1,825)**

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

[2] Expense for the accrual of the annual payments due September 30 of the respective year, calculated by OPM to amortize the unfunded CSRS retirement obligation. Payments are to be made in equal installments through 2043.

[3] Expense for the accrual of the annual payment 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.

Our controllable loss increased $900 million for the year ended September 30, 2025, compared to the prior year. This increase was due to higher compensation and benefits expense of $1.7 billion, higher other operating expenses of $221 million, the net decrease in interest and investment income of $175 million, and higher FERS normal costs of $165 million. These increases were partially offset by the $916 million increase in operating revenue, the increase in other revenue of $118 million, and lower transportation expense of $422 million.

These items are discussed in greater detail in *Operating Revenue and Volume* and *Operating Expenses* below.

OPERATING REVENUE AND VOLUME

We generate the vast majority of our revenue through the sale of products and services associated with the processing and delivery of various types of mail and packages, both domestically and internationally. We continue to grow our revenue through optimization of our pricing strategies and effective use of our pricing authority, as outlined in the *Delivering for America* plan. Revenue for each mail class is highly correlated with its volume processed and delivered, although revenue per product varies by service category.

Although we operate as a single segment, we monitor and report revenue by mail classes, products, and shapes. We use the following broad service categories to describe and report on our performance: *First-Class Mail*, *Marketing Mail*, Shipping and Packages, *International Mail*, *Periodicals*, and other services.

Revenue for 2025 and 2024 was impacted by the following pricing changes:

- On January 21, 2024, we increased prices for certain Market-Dominant services by an average of 2.0%;
- On July 14, 2024, we increased prices for certain Market-Dominant services by an average of 7.8% to help achieve the financial stability sought by our *Delivering for America* plan;
- From October 6, 2024 through January 19, 2025, we implemented time-limited 2024 peak season price increases for certain commercial and retail package services. This time-limited temporary price adjustment was to help cover extra handling costs to ensure a successful peak season. The peak season pricing only affected prices on *Priority Mail Express*, *Priority Mail* and *USPS Ground Advantage*;
- On January 19, 2025, we increased published prices for certain Competitive service sub-categories. Published prices for shipping services increased by an average of 3.2% for *Priority Mail* and *Priority Mail Express*, 3.9% for *USPS Ground Advantage* and 9.2% for *Parcel Select*;
- On July 13, 2025, we increased prices for certain Market-Dominant services by an average of 7.4% to help achieve the financial stability sought by our *Delivering for America* plan; and
- On July 13, 2025, we increased published prices for certain Competitive service sub-categories. Published prices for shipping services increased by an average of 6.3% for *Priority Mail*, 7.1% for *USPS Ground Advantage* and 7.6% for *Parcel Select*.

On October 5, 2025, we implemented time-limited 2025 peak season price increases for certain commercial and retail package services. This time-limited temporary price adjustment is to help cover extra handling costs to ensure a successful peak season. The peak season pricing only affects prices on *Priority Mail Express*, *Priority Mail, USPS Ground Advantage* and *Parcel Select*. The temporary rates will remain in place through January 18, 2026.

On September 24, 2025, we announced that there would be no price increase in January 2026 for Market-Dominant services, including *First-Class Mail*. The next proposed increase to Market-Dominant services is not expected to occur before July 2026.

The following table details our operating revenue and volume for the years ended September 30, 2025 and 2024 by service category:

(in millions)	2025	2024
Operating revenue:		
First-Class Mail	$ 25,769	$ 25,399
Marketing Mail[1]	15,734	15,384
Shipping and Packages[2]	32,580	32,265
International	1,265	1,446
Periodicals	882	909
Other[3]	4,223	4,134
Total operating revenue	**$ 80,453**	**$ 79,537**
Volume:		
First-Class Mail	42,049	44,277
Marketing Mail[1]	56,756	57,520
Shipping and Packages[2]	6,837	7,252
International	250	289
Periodicals	2,443	2,746
Other[4]	360	372
Total volume	**108,695**	**112,456**

Note: Prior period amounts for certain service categories include reclassifications of amounts amongst service categories to conform to current period presentation. These reclassifications are immaterial for each affected category and have no effect on total operating revenue for the period. These reclassifications are required by our regulatory requirements and are included in this document for consistency amongst publicly-available information.

[1] Excludes *Marketing Mail Parcels*.

[2] Includes *USPS Ground Advantage*, *Parcel Select Mail*, *USPS Ground Advantage Return*, *Marketing Mail Parcels*, *Priority Mail, Priority Mail Express* and *Package Service Mail.*

[3] Includes revenue (other than the related postage) associated with COVID-19 test distribution, *PO Box* and Caller services, *Certified Mail*, Return Receipts, Insurance, Other Ancillary Services, Shipping and Mailing Supplies, Collect on Delivery, Registered Mail, Stamped Envelopes and Cards, money orders and Other services.

[4] Includes Postal Service internal mail and free mail provided to certain congressionally mandated groups.

Although revenue and volume are generally linked to the strength of the U.S. economy and changes in how our customers use mail and packages, we have proactively targeted opportunities to grow our business. We continue to focus on our customers' needs and have increased our marketing investment in mail and package innovation. However, we also recognize that revenue growth is constrained by competition, electronic media, laws and regulations restricting the types of products and services we may offer to our customers, the prices we charge them, and the speed with which we can bring new services to market.

First-Class Mail

For the year ended September 30, 2025, *First-Class Mail* revenue increased by $370 million, or 1.5%, despite a volume decline of 2.2 billion pieces, or 5.0%, compared to the prior year. Revenue grew despite the volume declines due to the price increases, as noted above. The most significant factor contributing to the declining trend in *First-Class Mail* volume over the year was the continuing migration from mail to electronic communication and transaction alternatives.

We anticipate that *First-Class Mail* will continue to lose volume in future years with the migration to electronic communication and transactional alternatives resulting from technological changes. To address the long-term trend that such changes have had on our *First-Class Mail* revenue and volume, we have been working with the mailing industry to slow the decline through mailing promotions and leveraging the high open-and-read rates of, for example, bills and statements for additional customer engagement and education. We believe these service offerings will further improve the value of *First-Class Mail.*

Marketing Mail

Marketing Mail has been challenged by commercial mailers' increasing use of digital and mobile advertising, which was accelerated by the pandemic, and a higher inflationary environment affecting print media production costs. Nevertheless, this category has generally proven to be a resilient marketing channel, and its value to U.S. businesses remains strong due to healthy customer returns on investment and better data and technology integration.

For the year ended September 30, 2025, *Marketing Mail* revenue increased $350 million, or 2.3%, despite a volume decline of 764 million pieces, or 1.3%, compared to the prior year, due to the price increases, as noted above. *Marketing Mail* revenue and volume from political and election mail, a component of *Marketing Mail*, increased by over $18 million and 140 million pieces, respectively, compared to the prior year due to mailings related to the 2024 general election during the first quarter of the year.

We have focused on providing new services and innovating with *Marketing Mail.* We continue to expand service offerings such as *Informed Delivery*, which enables customers to preview mail and manage packages scheduled to arrive as a means of merging digital and physical mail, as well as allowing mailers to launch interactive digital campaigns. Additionally, we are focusing on opportunities to pilot new services and innovate with customers and the mail industry to enhance the value of hard-copy communication. We believe these service offerings will further improve the value of *Marketing Mail*.

Shipping and Packages

Our Shipping and Packages business is subject to intense competition. Certain of our major customers continue to increase their delivery densities across a greater geography. Additionally, in-sourcing from our major customers, major e-commerce retailers, and other competitors continues to grow. Our ability to remain competitive and maintain or grow our shipping services market share significantly impacts both revenue and volume.

The results for our Shipping and Packages category for the year ended September 30, 2025, generally reflect both our efforts and challenges to compete in shipping services, including "last-mile" e-commerce fulfillment markets and Sunday delivery, as well as end-to-end markets, driven by consumers' continued use of online shopping. As part of our ongoing commitment to respond to customer needs, we offer an improved affordable ground product, *USPS Ground Advantage*, that features two-to-five-day service standards for packages up to 70 pounds.

Furthermore, each of the services within the Shipping and Packages category has its own unique opportunities and challenges:

- Our *USPS Ground Advantage* sub-category has experienced wide adoption across consumer and commercial customers since its launch. While *USPS Ground Advantage* promises to continue to meet market needs and offer significant value, it has been met with heavy competition. However, its acceptance in the marketplace and contribution to revenue growth and profitability are above expectations. *USPS Ground Advantage* anchors our shipping portfolio, and our focus is to consistently enhance the product to maximize its value, to thereby ensure long-term growth and customer utilization;
- Our Parcel Services sub-category is an economical ground delivery service for packages entered in bulk, including those entered at destination facilities. It is designed for and generally used by large- and medium-sized parcel shippers. This is our lowest-priced Shipping and Packages service and produces a lower-contribution per piece when compared to many of our other services;
- Our Priority Mail Services sub-category can be more price sensitive than other services and it continues to face intense competition from more affordable products with slower delivery standards and an industry-wide trend away from expedited products. These challenges have led to a reduction in overall revenue and volume compared to other Shipping and Packages sub-categories; and
- Our Package Services sub-category is the only Market-Dominant service within Shipping and Packages. As such, this service has historically followed trends more similar to our other Market-Dominant products.

The following table details our operating revenue and volume for Shipping and Packages for the years ended September 30, 2025 and 2024 by each service:

(in millions)	2025	2024
Shipping and Packages revenue:		
USPS Ground Advantage	$ 16,251	$ 12,888
Parcel Services[1]	9,024	10,723
Priority Mail Services[2]	6,383	7,748
Package Services	922	906
Total Shipping and Packages revenue	**$ 32,580**	**$ 32,265**
Shipping and Packages volume:		
USPS Ground Advantage	2,930	2,316
Parcel Services[1]	2,961	3,791
Priority Mail Services[2]	546	719
Package Services	400	426
Total Shipping and Packages volume	**6,837**	**7,252**

[1] Includes *Parcel Select*, *Parcel Return* and *Marketing Mail Parcels*.
[2] Includes *Priority Mail and Priority Mail Express*.

For the year ended September 30, 2025, Shipping and Packages revenue increased by $315 million, or 1.0%, despite a volume decline of 415 million pieces, or 5.7%, compared to the prior year. The revenue increase is primarily due to the success of the *USPS Ground Advantage* sub-category, and partially offset by revenue decreases in Priority Mail Services and Parcel Services, as a result of intense market competition and the trend away from expedited products. Volume declined in all sub-categories except *USPS Ground Advantage* and Package Services.

- *USPS Ground Advantage* accounted for 49.9% and 39.9% of Shipping and Packages revenue for the years ended September 30, 2025 and 2024, respectively. However, *USPS Ground Advantage* only accounted for 42.9% and 31.9% of Shipping and Packages volume for the years ended September 30, 2025 and 2024, respectively. For the year ended September 30, 2025, *USPS Ground Advantage* revenue increased 26.1% and volume increased 26.5%, compared to the prior year;
- Parcel Services represented 27.7% and 33.2% of Shipping and Packages revenue for the years ended September 30, 2025 and 2024, respectively. Parcel Services represented 43.3% and 52.3% of Shipping and Packages volume for the years ended September 30, 2025 and 2024, respectively. For the year ended September 30, 2025, Parcel Services revenue decreased 15.8% and volume decreased 21.9%, compared to the prior year;
- Priority Mail Services accounted for 19.6% and 24.0% of Shipping and Packages revenue for the years ended September 30, 2025 and 2024, respectively. However, Priority Mail Services only accounted for 8.0% and 9.9% of Shipping and Packages volume for the years ended September 30, 2025 and 2024, respectively. For the year ended September 30, 2025, Priority Mail Services revenue decreased 17.6% and volume decreased 24.1%, compared to the prior year; and
- Package Services accounted for only 2.8% and 2.8% of Shipping and Packages revenue for the years ended September 30, 2025 and 2024, respectively. Package Services only accounted for 5.9% and 5.9% of Shipping and Packages volume for the years ended September 30, 2025 and 2024, respectively. For the year ended September 30, 2025, Package Services revenue increased 1.8% and volume decreased 6.1%, compared to the prior year.

International

Our International category includes both "outbound" and "inbound" services. "Outbound" services, which allow customers in the U.S. to send mail and packages to other countries, generate one-half of International revenue but only one-third of its volume, whereas "inbound" services are the opposite, generating two-thirds of International volume but only one-half of its revenue.

For the year ended September 30, 2025, International revenue decreased by 12.5% and volume declined 13.5%, compared to the prior year. The decline in volume was due to various competitive pricing, political, and economic factors. Revenue for the *International* category decreased, largely as a result of the volume decline, though revenue declined at a lesser rate due to price increases.

Periodicals

For the year ended September 30, 2025, *Periodicals* revenue decreased by 3.0% on a volume decline of 11.0%, compared to the prior year.

The revenue declined at a lesser rate than volume due to price increases on certain Market-Dominant services, whereas the declining volume is consistent with the systemic decline related to the decade-long trend away from hard-copy reading behavior and the shift of advertising away from print. We expect the *Periodicals* category to continue to decline as electronic content has gained a significant portion of this market share.

Other Services

For the year ended September 30, 2025, Other Services revenue increased by 2.2%, compared to the prior year.

OPERATING EXPENSES

In an effort to align our resources with anticipated future mail and package volume, we continue to aggressively manage operating expenses under management's control.

We originally designed our mail processing and distribution network to provide delivery service of *First-Class Mail* within specified delivery areas for a much higher volume of mail than we are required to process and deliver today, and the network's legacy capabilities are not well aligned to today's mail and package mix and volumes. Consequently, our processing and distribution facilities and our transportation had operated at less than full capacity.

While we have made progress in our strategy to modernize and streamline our operations, including building new facilities and upgrading existing ones, deploying larger delivery vehicles that enable us to deliver greater volumes of packages to more addresses, adding and modernizing automation, updating our information technology systems, and implementing more effective business processes, the wholesale transformation of our operations will take years to complete.

Our challenge to contain costs is also compounded by the increasing number of delivery points which drives up delivery costs. When combined with lower mail volume, this has resulted in a drop in the average number of pieces delivered per delivery point per day from 5.5 pieces in 2007 to 2.4 pieces in 2025, a reduction of 57%.

Compensation and Benefits

Compensation and benefits, our largest operating expense category, is significantly impacted by the terms in our collective bargaining agreements, which cover the majority of our employees. Our compensation and benefits expenses consist of costs related to our active career and pre-career employees other than retirement costs associated with U.S. government defined benefit pension programs and retiree health costs, which are further discussed in *Retirement Benefits* and *Retiree Health Benefits*, respectively.

For the year ended September 30, 2025, compensation and benefits increased by 3.1% compared to the prior year. The following table provides the components of compensation and benefits for active employees as of September 30, 2025 and 2024:

(in millions)	**2025**	**2024**
Compensation	$ 45,310	$ 44,058
Employee health benefits	5,667	5,583
Social Security	2,656	2,546
TSP	1,604	1,528
Other	544	363
Total compensation and benefits	**$ 55,781**	**$ 54,078**

Compensation

During the year ended September 30, 2025, compensation expense increased $1.3 billion, or 2.8%, compared to 2024. This increase is primarily due to contractual wage increases, which include the inflationary impacts on related COLA, and the impact of the voluntary early retirement incentive, partially offset by a reduction in work hours.

Workforce Composition

The composition of our workforce is a significant factor of our compensation expense. The following table provides the approximate totals of career and pre-career employees as of September 30, 2025 and 2024:

	2025	**2024**
Career employees	531,000	533,000
Pre-career employees	93,000	106,000
Total employees	**624,000**	**639,000**

The number of career employees at September 30, 2025 was approximately 531,000, a decrease of 2,000, or 0.4%, compared to the prior year. The number of pre-career employees at September 30, 2025 was approximately 93,000, a decrease of 13,000, or 12.3%, compared to the prior year. Therefore, our overall workforce decreased 15,000, or 2.3%, between 2025 and 2024. These changes in workforce composition reflect the net impact of the voluntary early retirement offer and our strategy to stabilize our workforce through the conversion of pre-career employees to career employees to enhance operational precision.

As outlined in our *Delivering for America* plan, we are strategically working to create a stable and empowered workforce with the opportunity for career development and growth for all employees. To help achieve this initiative, we converted over 54,500 and 57,500 employees during 2025 and 2024, respectively, from pre-career to career status, as dictated by our operational needs and contractual provisions.

Voluntary Early Retirement

In January 2025, we offered an optional retirement opportunity that included an incentive to certain employees who were eligible for optional retirement or voluntary early retirement as of April 30, 2025. The separation incentive attached to this early retirement offer was $15,000 per employee. Nearly 10,500 employees accepted the voluntary early retirement offer and we included a $167 million provision for the voluntary early retirement incentive and associated payroll taxes during the second quarter of 2025.

Work Hours

Work hours are a significant component of compensation expense. We are committed to minimizing costs by using the appropriate mix of work hours based on the complement and the assessment of relative cost for each work hour type. In some instances, the use of overtime hours may be necessary to meet service standard commitments and obligations for mail delivery or to serve as a more cost-effective option. In most instances, the compensation for an overtime hour is less than the cost of a straight-time hour as adding employees results in additional costs for hiring, training, and benefits. Furthermore, certain benefit costs are only calculated as a percentage of basic pay and do not increase with higher overtime pay.

During the year ended September 30, 2025, total work hours decreased by 12 million, or 1.0%, compared to 2024, reflective of management's actions taken to reduce work hours in line with lower volumes. The total decrease for the year ended September 30, 2025, consisted of a decrease of 17 million straight-time hours, partially offset by an increase of 5 million overtime hours, compared to 2024.

Collective Bargaining Agreements
As of September 30, 2025, 91% of our employees were covered by collective bargaining agreements. The contracts with the four labor unions representing the majority of our employees include provisions granting annual increases and cost of living adjustments, which are linked to the CPI-W. For further discussion of collective bargaining agreements, see *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 11 - Commitments and Contingencies*.

Non-bargaining Salaries
Annual salary increases for non-bargaining unit employees generally only occur through a PFP system. PFP salary increases averaged 3.80% for 2024 (implemented in January 2025) and 5.19% for 2023 (implemented in January 2024). With only minor exceptions, no COLA or locality pay programs apply to non-bargaining unit employees.

Employee Health Benefits
Employee health benefits expense (including FEHB and PSHB contributions for active employees, Medicare taxes, and expenses for our self-insured healthcare plan) was $5.7 billion for the year ended September 30, 2025, a 1.5% increase compared to the prior year, reflective of the inflationary impacts on health benefits. Our employer contribution rates for the majority of our employees are subject to collective bargaining agreements. Our share of healthcare premiums for employees represented 71% and 72% of premiums for 2025 and 2024, respectively.

See *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 13 - Health Benefits Plans* for additional information.

Social Security
Social Security benefits are contributed at 6.2% of compensation as required by statute. However, these rates apply to earnings, up to a maximum amount, as established by statute, with maximum benefit bases of $176,100 and $168,600 for the years ended September 30, 2025 and 2024, respectively.

For the year ended September 30, 2025, our Social Security expenses increased 4.3%, compared to the prior year. This increase was due to the impact of the increase in the maximum benefit bases.

See *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 12 - Retirement Plans* for additional information.

Thrift Savings Plan
For the year ended September 30, 2025, our TSP matching contributions increased 5.0%, compared to the prior year. This increase was due to a combination of the increase in compensation for the year, as described above in *Compensation*, and the changing workforce composition of our career CSRS and FERS employees.

See *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 12 - Retirement Plans* for additional information.

Retirement Benefits

The following table presents the retirement benefits expenses for the years ended September 30, 2025 and 2024:

(in millions)	2025	2024
FERS normal costs	$ 5,061	$ 4,896
CSRS unfunded retirement benefits amortization[1]	3,122	3,245
FERS unfunded retirement benefits amortization[2]	2,159	2,286
Total retirement benefits	**$ 10,342**	**$ 10,427**

[1] Expense for the annual payments due September 30 of the respective year, calculated by OPM to amortize the unfunded CSRS retirement obligation. Payments are to be made in equal installments through 2043.

[2] Expense for the annual payment 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.

Our retirement benefits expenses decreased 0.8% for the year ended September 30, 2025, compared to the prior year. The decrease was due to decreases in the CSRS and FERS unfunded retirement benefits amortization, primarily due to changes in actuarial assumptions resulting from our successful appeal to the CSRDF Board of Actuaries regarding updating rates based on Postal-specific assumptions for pension mortality and withdrawal rates.

See *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 12 - Retirement Plans* for additional information.

FERS Normal Costs

For the year ended September 30, 2025, FERS normal costs increased 3.4%, compared to the prior year. As most of our employees participate in FERS and FERS-FRAE, this increase was consistent with the general increases in compensation and changing workforce composition, as described above in *Compensation* and in *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 12 - Retirement Plans.*

CSRS and FERS Unfunded Retirement Benefits

OPM administers the CSRS and FERS plans via the CSRDF. Although CSRDF is a single fund that does not maintain a separate account for each participating U.S. government employer, the PAEA requires certain disclosures regarding obligations and changes in net assets as if the funds were separate. Such disclosures, which are presented below, are based solely on information OPM has provided to us. Because CSRS and FERS are not subject to the rules and regulations of the *Pension Protection Act of 2006*, typical plan measurements such as zone status, financial improvement plan status, or rehabilitation plan status are not available for these plans.

Our CSRS and FERS plans are subject to the following constraints and risks:

- Assets contributed to the plans by a single participating U.S. government employer may be used to provide benefits to employees of other participating employers.
- If a participating U.S. government employer ceases contributing to a plan, any unfunded obligations of the plan may be borne by the remaining participating employers.
- Federal law mandates our participation in the plans. If a change in the law permitted us to discontinue this participation, we may be required to contribute to the discontinued plan(s) an amount based on any underfunded status, referred to as a withdrawal liability, if such a liability exists at that time.
- Assets are invested in special purpose U.S. Treasury securities, rather than allocated among a variety of investment assets.
- Inflationary impacts have significant impacts on the underfunded amount. Assets have been used faster than expected due to higher COLAs and the actuarial liability has increased due to changes in discount rates and the impact of the higher expected salaries.

Each October, OPM provides us with an actuarial report prepared for the purpose of providing financial reporting information with respect to our CSRS and FERS pension obligations, in accordance with the PAEA requirements. The actuarial report contains CSRS and FERS information specific to our pension obligations regarding:

1. The funded status of pension obligations;
2. Components and analysis of net change in actuarial liabilities and fund balances;
3. Cost methods and assumption underlying actuarial valuations; and
4. Actual and estimated contributions to and outlays.

In its October 2025 report to the Postal Service, OPM provided estimated 2025 information for the CSRS and FERS actuarial liabilities and fund balances. The final actuarial liability and fund balances as of September 30, 2025, may differ from these estimates, as data will be updated, and actuarial assumptions may be revised during the course of the year.

According to OPM, the number of annuitants receiving retirement benefits was approximately 705,000 and 703,000 for the years ended September 30, 2025 and 2024, respectively.

Funded Status

The following table provides OPM's calculations of the funded status of CSRS and FERS for our employees as of September 30, 2025 (estimated) and 2024 (actual) and represents the most recent data available. The actuarial liability presented below represents our share of the CSRS and FERS actuarial liabilities, as estimated by OPM. The fund balance presented below represents contributions made by us to CSRS and FERS, plus a return on such contributions as estimated by OPM:

(in billions)	**Estimated 2025[1]**	**Actual 2024**
CSRS		
Actuarial liability as of September 30	$ 155.2	$ 161.9
Fund balance per OPM[2]	98.0	103.8
(Less) amount past due[3]	(3.1)	—
Unfunded	$ (60.3)	$ (58.1)
FERS		
Actuarial liability as of September 30	$ 187.3	$ 181.2
Fund balance per OPM[4]	144.7	137.9
(Less) amount past due[5]	(0.7)	—
Unfunded	$ (43.3)	$ (43.3)
Total CSRS and FERS		
Actuarial liability as of September 30	$ 342.5	$ 343.1
Fund balance per OPM	242.7	241.7
(Less) amount past due	(3.8)	—
Unfunded	$ (103.6)	$ (101.4)

[1] The most current actual data from OPM is as of September 30, 2024. The estimated information for 2025 was provided by OPM but is subject to change when final 2025 information is provided in 2026.

[2] The CSRS estimated fund balance for 2025 provided by OPM assumes we made the amortization payments due on September 30, 2025. However, no such payment was made.

[3] Amount past due represents the CSRS amortization payment due on September 30, 2025. However, no such payment was made.

[4] The FERS estimated fund balance for 2025 provided by OPM assumes we made the amortization payment due on September 30, 2025. However, we only paid $1.5 billion of the invoiced $2.2 billion.

[5] Amount past due represents the FERS amortization payment due on September 30, 2025. However, we only paid $1.5 billion of the invoiced $2.2 billion.

We have reported this information based on the same valuation techniques and economic assumptions that are used by the Board of Actuaries to establish the normal cost and funding requirements for the plans. OPM actuarial valuations utilize the long-term economic assumptions established by the Board of Actuaries. These economic assumptions are prepared using Postal Service-specific demographic data and government-wide economic data.

As disclosed in OPM's *Civil Service Retirement and Disability Fund Annual Report* dated August 2025, which reported data for government-wide employers for 2023, the most current period available, the Postal Service's assets accounted for over 14% of the FERS' total.

The following table provides U.S. government-wide information for plan assets, accumulated benefit obligations, the unfunded actuarial liability amounts, and percentage funded for both the CSRS and FERS retirement plans, as published in OPM's *Civil Service Retirement and Disability Fund Annual Report* (dated August 2025), for the year ended September 30, 2023, the date of the most recent available information, as well as comparative amounts for the Postal Service for the same period:

($ in billions)	U.S. Government (including Postal Service)	Postal Service	Postal Service as a % of the U.S. Government
CSRS:			
Plan assets	$ 88.1	$ 113.9	129.3 %
Accumulated benefit obligations	992.4	171.9	17.3 %
Unfunded actuarial liability	$ (904.3)	$ (58.0)	
% Funded	8.9 %	66.3 %	
FERS:			
Plan assets	$ 948.6	$ 134.0	14.1 %
Accumulated benefit obligations	1,235.1	179.0	14.5 %
Unfunded actuarial liability	$ (286.5)	$ (45.0)	
% Funded	76.8 %	74.9 %	

When CSRS and FERS data for the Postal Service were excluded from the 2023 U.S. government-wide data, the CSRS plan was less than 10% funded, while the FERS plan was less than 80% funded. This is because the Postal Service funding of CSRS and FERS was 66% or more for each.

Cost Methods and Assumptions

The following table details the long-term economic assumptions recommended by the Board of Actuaries and included in OPM's valuation reports for the years ended September 30, 2025 and 2024:

	2025		2024	
	CSRS	FERS	CSRS	FERS
Rate of inflation	2.40 %	2.40 %	2.40 %	2.40 %
Long-term COLA	2.40 %	1.92 %	2.40 %	1.92 %
Actual COLA applied	2.50 %	2.00 %	3.20 %	2.20 %
Long-term salary increases	2.65 %	2.65 %	2.65 %	2.65 %
Long-term interest rate	4.00 %	4.00 %	4.00 %	4.00 %

Net Periodic Costs

The following table, provided by OPM, details the changes in our estimated actuarial liability for CSRS and FERS as of September 30, 2025 (estimated) and 2024, and represents the most recent data available:

(in billions)	Estimated 2025[1]	Actual 2024
CSRS		
Actuarial liability as of October 1	$ 161.9	$ 171.9
- Benefit disbursements	(12.9)	(13.0)
+ Interest expense	6.2	6.6
- Actuarial gain	—	(3.6)
Actuarial liability as of September 30	**$ 155.2**	**$ 161.9**
FERS		
Actuarial liability as of October 1	$ 181.2	$ 179.0
+ Normal costs	5.8	5.8
- Benefit disbursements	(6.9)	(6.5)
+ Interest expense	7.2	7.1
- Actuarial gain	—	(4.2)
Actuarial liability as of September 30	**$ 187.3**	**$ 181.2**
Total actuarial liability as of September 30	**$ 342.5**	**$ 343.1**

[1] The most current actual data from OPM is as of September 30, 2024. The estimated information for 2025 was provided by OPM but is subject to change when final 2025 information is provided in 2026.

[2] Contributions for CSRS consist of employee contributions only.

Components of Net Change in Plan Assets

As described above, CSRDF is a single fund and does not maintain separate accounts for CSRS and FERS or for individual U.S. government employers. The investment holdings of the CSRDF consist of short-term securities, with initial maturity dates less than one year from acquisition, and long-term special-issue bonds, which generally have initial maturity dates greater than one year from acquisition. The short-term securities mature in June 2026 and bear interest rates from 4.25% to 4.38%. The special-issue bonds have varying maturities from June 2026 to June 2040 and bear interest rates from 1.38% to 4.62%.

For 2024, the assumed rate of return was 4.00% for both the CSRS and FERS fund balances. The actual rate of return for 2024 was 2.71% for both the CSRS and FERS fund balances. The projected long-term rate of return for both the CSRS and FERS fund balances for 2025 was 4.00%.

The following tables details OPM's five-year estimates for our required CSRS and FERS contributions (both employee and employer) based on the population of employees as September 30, 2024, unfunded liability amortization payments, and benefit payments:

(in billions)	CSRS			
Year	**Employee contributions**	**Postal Service contributions**	**Amortization payments**	**Total scheduled contributions and payments**
2026*	$ —	$ —	$ 3.2	$ 3.2
2027*	—	—	3.2	3.2
2028*	—	—	3.3	3.3
2029*	—	—	3.4	3.4
2030*	—	—	3.4	3.4

* Employee contributions in 2026, 2027, 2028, 2029, and 2030 are projected to continue, but at less than $0.1 billion per year.

(in billions)	FERS			
Year	**Employee contributions**	**Postal Service contributions**	**Amortization payments**	**Total scheduled contributions and payments**
2026	$ 1.0	$ 4.8	$ 2.2	$ 8.0
2027	1.0	4.5	2.2	7.7
2028	1.0	4.3	2.2	7.5
2029	1.0	4.2	2.2	7.4
2030	1.0	4.0	2.2	7.2

The following information, provided by OPM, details the components of the net change in our estimated portion of plan assets for CSRS and FERS for the years ended September 30, 2024, and 2023, and represents the most recent data available:

(in billions)	**2024**	**2023**
CSRS		
Net assets as of October 1	$ 113.9	$ 124.0
+ Contributions	—	—
- Benefit disbursements	(13.0)	(13.0)
+ Investment income	2.9	2.9
CSRS net assets as of September 30	**$ 103.8**	**$ 113.9**
FERS		
Net assets as of October 1	$ 134.0	$ 130.6
+ Contributions	5.8	5.7
- Benefit disbursements	(6.5)	(6.1)
+ Investment income	3.6	3.2
+ Amortization payment	1.0	0.6
FERS net assets as of September 30	**$ 137.9**	**$ 134.0**

Retiree Health Benefits
We participate in federal employee benefit programs for retiree health benefits. Retirees who participated in FEHB or PSHB for the five years immediately preceding their retirement may continue to participate in the plan during retirement. Qualifying survivors of retirees are also eligible to receive benefits. According to OPM, the number of annuitants receiving retiree health benefits was approximately 486,500 and 491,000 at September 30, 2025 and 2024, respectively.

The PSRHBF will continue to pay the employer portion of annuitant premiums for our annuitants until the fund is exhausted. Once exhausted, we will be required to pay the employer portion of annuitant premiums on a pay-as-you-go method. While this is similar to the federal government's funding of the employer portion of annuitant premiums, consistent with all our costs, we will be required to fund these payments primarily through the sale of postal products and services, rather than through appropriations.

We will not incur additional retiree health benefit costs until OPM's annual calculation results in a top-up payment, expected to first occur in 2026 and estimated to be $700 million.

See *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 13 - Health Benefits Plans*, *Retiree Health Benefits* for additional information.

PSRHBF Funded Status
OPM valuations of post-retirement health liabilities and normal costs were prepared in accordance with SFFAS No. 5 and SFFAS No. 33, which require the use of the aggregate entry age normal actuarial cost method. Demographic assumptions are consistent with the pension valuation assumptions. However, OPM uses headcounts rather than dollar amounts to develop assumptions for retirement and mortality rates when calculating post-retirement health liabilities.

The following information, provided by OPM, details the PSRHBF funded status:

(in billions)	2025	2024
Beginning actuarial liability at October 1	$ 54.9	$ 56.3
+ Actuarial gain	(0.7)	(1.3)
+ Normal costs	2.4	2.2
+ Interest at 4.6% and 4.9%, respectively	2.1	2.2
Subtotal net periodic costs	$ 3.8	$ 3.1
- Premium payments	(4.6)	(4.5)
Actuarial liability at September 30	$ 54.1	$ 54.9
- Fund balance at September 30	(24.2)	(28.4)
Unfunded obligations at September 30	**$ 29.9**	**$ 26.5**

The determination of the liability assumes a single equivalent discount rate of 4.0% based on the most recent ten-year historical average yield curve. The normal cost, which is on a per-participant basis, is computed to increase annually by a variable medical inflation rate which is assumed to be 5.5% per annum as of the valuation date, grading down to an ultimate value of 3.8% in 2075. This results in a single equivalent trend rate of 4.6%. Normal costs in 2025 derived from the current FEHB on-rolls population with an accrual period from entry into FEHB to assumed retirement. The amounts and variables used to determine the liability are the same as the assumptions used under OPM's methodology, except that the average government share of premium payments for annuitants is substituted for annuitant medical costs less annuitant premium payments.

Because the calculation of the PSRHBF liability involves several areas of judgment, estimates of the liability could vary significantly depending on the assumptions used by OPM. For example, by changing only the interest rate, a 1% increase in the interest rate would result in an unfunded obligation of $60 billion as of September 30, 2025.

For our current annuitants, the share of premium payments for other federal employers is adjusted to reflect the pro rata share of civilian service to total service for which we are responsible. The pro rata adjustment is made by applying calculated factors based upon actual payments that vary by the age and Medicare status of enrollees. For our active employees, the pro-rata share in retirement is assumed to be 95% of the total.

PSRHBF assets are comprised entirely of special-issue bonds, with initial maturity dates generally greater than one year from acquisition. These special-bonds have varying maturities from June 2025 to June 2041 and bear interest rates ranging from 1.38% to 4.50%.

The following table details the PSRHBF fund balance, including both contributions and interest receivables, as reported by OPM:

(in billions)	2025	2024
Beginning balance (including both contribution and interest receivables) at October 1	$ 28.4	$ 32.3
Earnings at 2.3% and 2.2%, respectively	0.6	0.7
Payments for annuitant premiums*	(4.8)	(4.6)
Net decrease	$ (4.2)	$ (3.9)
Fund balance (including both contribution and interest receivables) at September 30	**$ 24.2**	**$ 28.4**

* Includes premium payments for certain annuitant/employees under workers' compensation coverage.

In 2022, the PSRA made significant changes to our retiree health benefit costs. This legislation eliminated the unique obligation to prefund the retiree health benefit program and cancelled past due prefunding obligations. The PSRHBF will continue to pay annuitant premiums for our annuitants until the fund is exhausted. Once exhausted, we will return to a pay-as-you-go methodology, similar to most other federal agencies and private-sector businesses that have similar plans. While this is similar to the federal government's funding of the employer portion of annuitant premiums, consistent with all our costs, we will be required to fund these payments primarily through the sale of postal products and services, rather than through appropriations. In January 2025, the PSRA began requiring the enrollment of annuitants covered by the PSHB Program in Medicare, with certain limited exceptions. A late enrollment penalty will be assessed for those annuitants that do not sign up during the special enrollment period.

The following information, provided under the PSRA mandate, details OPM's preliminary five-year estimates for required payments into the PSRHBF for top-up payments, and payments out of the PSRHBF for late enrollment payments and annuitant premiums:

(in billions)	Estimated payments into the PSRHBF	Estimated payments out of the PSRHBF	
Year	Top-up Payments	Late Enrollment Payments	Annuitant premiums
2026	$ 0.7	$ 0.06	$ 4.8
2027	0.8	0.06	5.1
2028	1.0	0.06	5.3
2029	1.1	0.06	5.5
2030	1.2	0.06	5.7

Workers' Compensation

Our employees who are injured on the job are covered by the FECA, administered by OWCP, an office within DOL, which makes all decisions regarding injured workers' eligibility for benefits. We are legally mandated to participate in the federal workers' compensation program. Our workers' compensation expense reflects the impacts of changes in discount rates, as well as the actuarial valuation of new workers' compensation cases and revaluation of existing ones. Additionally, we reimburse DOL for all workers' compensation benefits paid to or on behalf of our employees, plus an administrative fee.

Under FECA, workers' compensation claims for many types of injuries cannot be settled through lump-sum payments, and in some instances regarding those claims, compensation may be paid over many years. Federal law grants COLA increases to those claims, and these factors result in substantially higher costs to us than would likely result if we managed and could settle our own claims. Additionally, since we do not manage the FECA program, we have no ability to control the significant administrative costs associated with managing the claims and payments process.

On a daily basis we focus on costs that can be managed in the course of normal business operations. Certain aspects of workers' compensation can be managed through human resource initiatives, safety measures and training. Other workers' compensation costs cannot be managed in the course of normal business operations and are less predictable, including expenses caused by actuarial revaluation and discount rate changes. We subtract the cash payments made by the DOL on behalf of workers' compensation obligations, which are relatively predictable, from total workers' compensation expense in order to determine the non-cash component of workers' compensation expense, a non-GAAP financial measure.

For additional information, see *Item 8. Financial Statements and Supplementary Data, Notes to Financial Statements*, *Note 14 - Workers' Compensation*.

Annually, we reimburse DOL for all workers' compensation benefits paid to or on behalf of our employees. The following table presents the components of workers' compensation expense, including the cash payments made by DOL on behalf of workers' compensation obligations, for the years ended September 30, 2025, and 2024:

(in millions)		**2025**		**2024**
Impact of discount rate changes	$	(692)	$	1,105
Actuarial revaluation of existing cases		1,450		1,352
Costs of new cases		1,841		1,245
Administrative fee		100		97
Total workers' compensation expense	**$**	**2,699**	**$**	**3,799**
Less cash payments made by DOL on behalf of workers' compensation obligations		(1,727)		(1,635)
Total non-cash component of workers' compensation expense (non-GAAP)	**$**	**972**	**$**	**2,164**

For the year ended September 30, 2025, workers' compensation expense decreased $1.1 billion, compared to 2024, primarily due to increases in discount rates, partially offset by increased actuarial estimates of the costs of new cases, and actuarial revaluation of existing cases.

Impact of Discount Rate Changes

For the year ended September 30, 2025, the portion of workers' compensation expense attributable to the impact of increasing discount rates decreased $1.8 billion, compared to 2024. This decrease in expense was driven by a significant increase in discount rates in 2025, compared to 2024, an event outside of management's control.

Actuarial Revaluation of Existing Cases and Costs of New Cases

Changes in actuarial valuation are primarily attributable to the combined impacts of routine changes in actuarial estimation, the progression of existing cases and updated COLA assumptions, which are largely outside of management's control.

For the year ended September 30, 2025, the cost of new workers' compensation cases increased $596 million, compared to 2024, while the actuarial revaluation of existing cases increased by $98 million for the year ended

September 30, 2025, compared to 2024. The increase in the cost of new cases is attributed to the additional severity of such cases when compared to the prior year.

Transportation

Transportation expenses include the costs we incur to transport mail and packages between facilities, comprising highway, air, and international transportation contracts, plus contract delivery services. We rely on third-parties under highway contract routes for the significant majority of long-haul transportation services between facilities. Furthermore, we do not own or operate aircraft, and we rely on third parties for the air transportation service required to deliver our mail and packages to various destinations within the U.S. and abroad.

With the exception of contract delivery services, our costs to deliver mail and other products to end delivery points are not included within *Transportation* but in *Compensation and benefits* for employee costs and in *Other operating expenses* for fuel, vehicle maintenance and repair, and other costs in the accompanying *Statements of Operations.* Furthermore, transportation expenses do not include the compensation and related costs of employees responsible for transporting mail and packages between closely located facilities.

Variations in the volume and weight of mail and packages transported, the mode of transportation used, and fuel prices have significant impact on transportation expenses.

The table below details the components of transportation expense for the years ended September 30, 2025, and 2024:

(in millions)	2025	2024
Highway	$ 6,073	$ 6,020
Air	1,998	2,433
International	254	324
Other	68	38
Total transportation expense	**$ 8,393**	**$ 8,815**

For the year ended September 30, 2025, total transportation expense decreased $422 million, or 4.8%, compared to the prior year.

Highway transportation expenses increased $53 million, or 0.9%, compared to the prior year, primarily due to a heavier reliance on freight auction during the year, as we continued to progress on our network realignments. While freight auction trips provide additional needed flexibility, they do have a higher average rate per mile. These increases are partially offset by our *Delivering for America* plan network optimization efforts, including the reduction of facilities and the logical alignment of operating functions, resulting in the elimination of underutilized transportation trips, significantly increasing truck fill rates and reducing costs. We also benefited from lower average diesel fuel prices compared to the prior year, and our optimization of peak-season contracts. Our changes in service standards have further facilitated the shift of package volume from air to highway transportation when more economical and enabling improved reliability and service performance.

Air transportation expenses decreased $435 million, or 17.9%, compared to the prior year. This decrease was primarily due to the previously mentioned changes in service standards that facilitated our shifting certain package volume from air to highway transportation for most of the year, along with the impact of lower average jet fuel prices.

Other Operating Expenses

The following table details other operating expenses for the periods ended September 30, 2025, and 2024:

(in millions)	2025	2024
Supplies and services	$ 3,444	$ 3,407
Depreciation and amortization	2,238	1,997
Rent and utilities	2,173	2,109
Vehicle maintenance service	721	695
Delivery vehicle fuel	661	717
Information technology and communications	1,147	1,363
Rural carrier equipment maintenance	612	607
Miscellaneous other	1,571	1,451
Total other operating expenses	**$ 12,567**	**$ 12,346**

For the year ended September 30, 2025, other operating expenses increased 1.8% compared to the prior year. The period-over-period increases in almost all components of other operating expenses are reflective of inflationary impacts and higher depreciation and amortization expenses due to the increased investments in our information technology systems and property, plant and equipment in line with the *Delivering for America* plan.

NON-OPERATING REVENUES AND EXPENSES

Interest and Investment Income

We generate income from investments in securities issued by the U.S. Treasury. Investment income was $752 million and $944 million for the years ended September 30, 2025, and 2024, respectively. Investment income decreased during 2025 as a result of fewer investments in the current year and lower average interest rates compared to 2024.

In addition to the income we generate from investments, we record imputed interest on the future installment payments that are owed to us under the RFA. Under the RFA, Congress agreed to reimburse us $1.2 billion in 42 installments of $29 million each year through 2035 for services we performed in prior years. Imputed interest for the future revenue forgone installments was $18 million and $13 million for the years ended September 30, 2025 and 2024, respectively. See *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 16 - Revenue Forgone* for additional information.

Interest Expense

Interest expense was $548 million and $560 million for the years ended September 30, 2025, and 2024 respectively. Interest expense decreased in 2025 due to lower average interest rates on our floating rate notes, compared to 2024.

LIQUIDITY AND CAPITAL RESOURCES

As an "independent establishment of the executive branch of the Government of the United States," we generally receive no tax dollars for ongoing operations. We fund our operations primarily through cash generated from the sale of our products and services and by borrowing from the FFB.

LIQUIDITY

Our liquidity consists of unrestricted cash and cash equivalents, short-term investments, plus our authorized borrowing capacity under the PRA. During the year ended September 30, 2025, our average daily liquidity balance was $14.9 billion. See *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 3 - Liquidity* for additional information.

ANALYSIS OF CASH FLOWS

Operating Activities

Cash used in operating activities was nearly $1.9 billion for the year ended September 30, 2025, an increase of $1.9 billion compared to cash provided by operating activities of $68 million in the previous year. This change in cash provided was due to higher cash expenditures for compensation and benefits, retirement benefits, and other operating expenses, and the timing of outlays for certain payables and accrued expenses.

Investing Activities

In 2025, we invested $3.6 billion in the purchase of property and equipment, which represents a decrease of $614 million over 2024. This decrease is consistent with planned capital investments for vehicles and network infrastructure as reflected in our *Delivering for America* plan.

During 2025, we invested excess cash of $3.0 billion and restricted cash of $566 million in Treasury bills of various maturities ranging between four-months and one-year. We redeemed $12.3 billion of short-term Treasury bill investments that matured and $3.3 billion of restricted Treasury bill investments that matured during the year. The remainder of the investments matured on October 30, 2025.

During 2024, we invested excess cash of $15.3 billion and restricted cash of $3.3 billion in Treasury bills of various maturities ranging between four-months and one-year. We redeemed $14.6 billion of short-term Treasury bill investments that matured and $3.1 billion of restricted Treasury bill investments that matured during the year.

During 2023, we invested excess cash of $13.6 billion and restricted cash of $3.1 billion in Treasury bills of various maturities ranging between six-months and one-year. One of the six-month Treasury bill investments matured and was redeemed for $5.0 billion plus amortized interest during the year.

Financing Activities

Net cash used in financing activities for the year ended September 30, 2025, was $34 million, a decrease of $2.0 billion compared to the prior year when we had net cash provided by financing activities.

During 2024 we borrowed $3.0 billion from the FFB on various long-term fixed rate notes and repaid $1.0 billion in debt from other sources of funds,

During 2023, we borrowed $3.0 billion from the FFB on various long-term fixed rate notes.

LIQUIDITY OUTLOOK

A critical component of the *Delivering for America* plan is restoring the Postal Service to financial sustainability, as we continue to face systemic imbalances that make our current operating model unsustainable. Our liquidity remains insufficient to pay all obligations, to make capital investments necessary for continuity of operations, and to prepare for unexpected contingencies in the medium or long-term, without putting our ability to fulfill our primary mission at undue risk. For additional information on our operating challenges and constraints and the relevant mitigating circumstances, see *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 3 - Liquidity.*

Future Cash Obligations

The following table provides details of estimated future cash obligations as of September 30, 2025:

(in millions)	Total	Past due and payable	1 year or less	2-3 years	4-5 years	After 5 years
Debt[1]	$ 15,000	$ —	$ 700	$ —	$ 1,300	$ 13,000
Interest on debt	8,971	—	587	1,150	1,128	6,106
CSRS unfunded liability (off balance sheet)[2]	40,161	—	3,123	6,245	6,245	24,548
CSRS unfunded liability[3]	20,139	20,139	—	—	—	—
FERS unfunded liability (off balance sheet)[4]	31,014	—	2,159	4,317	4,317	20,221
FERS unfunded liability[5]	12,286	12,286	—	—	—	—
Workers' compensation[6]	29,275	—	1,724	3,180	2,540	21,831
Operating lease obligations[7]	6,148	—	1,384	2,281	1,371	1,112
Capital commitments[8]	6,066	—	2,082	3,984	—	—
Purchase obligations[8]	3,301	—	1,540	1,761	—	—
Employees' leave[9]	2,647	—	154	370	287	1,836
Retiree health benefit top-up payments[10]	11,784	—	700	1,874	2,451	6,759
Total commitments	**$186,792**	**$ 32,425**	**$ 14,153**	**$ 25,162**	**$ 19,639**	**$ 95,413**

[1] Amount due in 1 year or less represents a $700 million fixed-rate note that matures on July 31, 2026 and is recorded as *Current maturities of long-term debt* in the accompanying *Balance Sheet*. As of the date of this report, management has the ability and intent to both repay this note and reissue a new note up to our statutory debt ceiling upon its maturity.

[2] Represents OPM's preliminary calculation of annual payments for amortization of the CSRS unfunded liability that we are obligated to pay through 2043.

[3] Represents cumulative amortization payments of the CSRS unfunded liability invoiced by OPM annually between 2017 and 2025, which we defaulted on.

[4] Represents OPM's preliminary calculation of annual payments for amortization of the FERS unfunded liability that we are obligated to pay on a rolling 30-year period.

[5] Represents cumulative amortization payments of the FERS unfunded liability invoiced by OPM annually between 2014 and 2025, which we defaulted on, with the exception of partial payments made annually between 2022 and 2025.

[6] Represents the undiscounted expected future workers' compensation payments plus $125 million in administrative fees, of which $99 million was due and paid October 15, 2025, and assumes no new cases in future years. The obligation to pay administrative fees in future years as determined by DOL is not included in this estimate.

[7] Represents the undiscounted expected payments for lease obligations

[8] Capital commitments pertain to purchases of equipment, building improvements and vehicles for legally binding obligations. Purchase obligations pertain to items (including highway and air transportation obligations) that are expensed when received or amortized over a short period of time. These are not reflected on the accompanying *Balance Sheets*.

[9] Employees' leave includes both annual and holiday leave.

[10] Represents OPM's preliminary calculation of annual top-up payments for retiree health benefits.

As of September 30, 2025, we also have an estimated underfunded PSRHBF liability of $29.9 billion, as reported by OPM. However, as a result of the PSRA, no payments will be required until OPM's annual calculation results in a top-up payment, expected to occur in 2026. OPM has estimated the top-up payment due in 2026 to be $700 million and to increase in years thereafter.

Capital Investments

As outlined in our *Delivering for America* plan, our technological and physical infrastructures require extensive upgrades. To invest in these upgrades, we have initially planned for over $40 billion in investments between 2021 and 2030. We currently estimate that our required cash outlays for capital investments necessary to ensure that we can continue to perform our universal service mission will amount to $4.2 billion in 2026, and an additional $15.6 billion for years 2027 through 2030. However, these projections could change depending on the timing of investments to replace our delivery fleet, transform our retail locations, improve our processing facilities, and acquire or contribute to other appropriate capital assets. Furthermore, operations alone may not generate the cash needed to enable us to fully fund such necessary capital investments.

LEGISLATIVE UPDATE

As a self-funded independent establishment of the executive branch, our business model and operations have the potential to be influenced by congressional oversight and legislation.

BOARD OF GOVERNORS

The Postal Service is governed by an eleven-member Board which consists of our PMG, our DPMG, and nine independent Governors. The President appoints the Governors with the advice and consent of the Senate. As of the date of this report, we have five Presidentially appointed, Senate-confirmed independent Governors in office.

As previously reported, the original term of Governor Roman Martinez IV expired on December 8, 2024. He is currently serving a holdover term, which expires on December 8, 2025, and he will cycle off the Board.

Also previously reported, on June 2, 2025, the President submitted to the Senate the nomination of Anthony Lomangino to serve on the Board of Governors for a term expiring on December 8, 2031. The nomination was referred to the Senate Homeland Security and Governmental Affairs Committee, where it awaits further action.

APPROPRIATIONS

On September 3, 2025, the House Appropriations Committee approved a bill making appropriations for financial services and general government for the fiscal year ending September 30, 2026, and for other purposes. The legislation, which was later assigned bill number H.R. 5166, includes $49.75 million for revenue forgone on free and reduced rate mail. It requires that mail for overseas voting and mail for the blind continue to be free; that none of the funds may be used to implement any rule, regulation, or policy of charging child support officials a fee for information concerning an address of a postal customer; that none of the funds may be used to consolidate or close small and/or rural post offices; and that the Postal Service does not destroy and continues to offer for sale any copies of the Multinational Species Conservation Funds Semipostal Stamp.

On November 12, 2025, the President signed the *Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act, 2026* (H.R. 5371). The law, which has not been assigned a public law number at the time of publication, extends government funding at the prior year levels for most federal agencies through January 30, 2026.

LEGISLATION

We are required to comply with various laws and regulations concerning numerous matters. Congress can influence how we conduct our business and operations through the passage of legislation. However, in the last two decades only four bills - the PAEA, PSRA, *CARES Act*, and IRA - were ultimately passed into law and materially impacted our operations and/or financial results. There are several bills that have been introduced in the House and Senate in this reporting period, that if passed, could impact our operations and financial results and condition, including our ability to fully implement key *Delivering for America* plan initiatives. However, our assessment at this time is that the bills are unlikely to significantly advance or ultimately be passed into law in their current form. We continually monitor all legislation introduced and evaluate the probability of bills becoming law, and in the event we determine that passage is likely, we also evaluate the potential materiality of the impact of such bills on our financial condition.

REGULATORY MATTERS

On October 4, 2024, we filed a request for an advisory opinion with the PRC regarding our plans to improve mail processing and transportation and explained how these improvements align with proposed refinements to the existing service standards for mail and package products. Following the conclusion of the regulatory proceeding, we began implementation of the proposal, which balances operational efficiency and cost savings with prompt and reliable service for all customers. The changes will maintain service at existing levels for most volume, while upgrading standards for more market-dominant volume than is downgraded. The service standard day range of one to five days for *First-Class Mail* remained the same. Meanwhile, the day ranges for end-to-end *Marketing Mail*, *Periodicals*, and Package Services were shortened. Most competitive shipping products retained the same service standard, some packages have a faster standard, and some have a slightly slower standard. The refinements enable us to operate more reliably and at a lower cost to deliver, and with a more rational logistics approach applicable to today’s use of our network infrastructure.

On January 31, 2025, we received the PRC’s advisory opinion. On February 28, 2025, we published in the Federal Register notice of the revised service standards. We then implemented the final rule in two phases, with phase 1 having gone into effect on April 1, 2025, and phase 2 having gone into effect on July 1, 2025.

FAIR VALUE MEASUREMENTS

We did not have any recognized gains as a result of fair valuation measurements in the years ended September 30, 2025 and 2024. All recognized losses have been incorporated into our financial statements and the unrecognized gains and losses are not considered to have a significant impact upon our operations. See *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 17 - Fair Value Measurement* for additional information.

RELATED PARTY TRANSACTIONS

We have significant transactions with other U.S. government entities, which are considered related parties in accordance with GAAP. See *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 5 - Related Parties*.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with GAAP requires management to make significant judgments and estimates to develop certain amounts reflected and disclosed in the financial statements. In many cases, alternative policies or estimation techniques may be used.

We maintain a thorough process to review the application of accounting policies and evaluate the appropriateness of the many estimates required to prepare the financial statements. Management discusses the development and selection of these accounting policies and estimates with the Audit and Finance Committee of the Board. However, even under optimal circumstances, estimates routinely require adjustment based on changing circumstances and new or better information.

The three accounting policies that are considered either the most judgmental, or that involve the selection or application of alternative accounting policies, and are material to the financial statements, are those related to the recording of workers' compensation costs, deferred revenue-prepaid postage, and contingent liabilities. For further information, see *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 1 - Organization and Summary of Significant Accounting Policies.*

WORKERS' COMPENSATION

Workers' compensation costs reflected in our accompanying *Statements of Operations* are subject to actuarial estimates of future claim payments based on past claim payment experience. Workers' compensation costs are highly sensitive to discount rates, which we update on a quarterly basis, and the length of time recipients are expected to stay on the compensation rolls. However, the annual cash payment for claims is relatively stable and predictable.

The discount rate reflects the current rate at which the workers' compensation liabilities could be effectively settled at the measurement date (e.g., the end of the accounting period). In setting the discount rates, we use the current yield, as of the measurement date, on U.S. Treasury securities that are matched to the expected duration of both the medical and compensation payments. Expected inflation in compensation claim obligations is estimated using the consensus inflation forecast from the Federal Reserve Bank of Philadelphia Survey of Professional Forecasters. For medical claims, we use the average rate of medical cost increases experienced by our workers' compensation claimants over the past four years as an estimate for future medical inflation. Workers' compensation liabilities are recorded in the accompanying *Balance Sheets* as *Workers' compensation costs* with both current and noncurrent components.

DEFERRED REVENUE-PREPAID POSTAGE

Deferred revenue-prepaid postage is an estimate of postage that has been sold, but not yet used by customers. Under ASC 606, *Revenue from Contracts with Customers*, revenue is recognized over time as mail is delivered, not when postage is purchased, and revenue is deferred and reflected in the accompanying *Balance Sheets* as *Deferred revenue-prepaid postage.* The deferred revenue estimate is developed and validated through mathematical and statistical methods of stamp usage trends. Three categories of postage sales account for the majority of *Deferred revenue-prepaid postage*: *Forever stamp* sales, metered postage and mail-in-transit, which is mail that has not reached its final destination.

CONTINGENT LIABILITIES

Recording contingent liabilities requires significant judgment in estimating potential losses for legal and other claims. Each quarter, we evaluate significant new claims and litigation for the probability of an adverse outcome. We record liabilities deemed both probable and estimable in the accompanying *Balance Sheets* within *Payables and accrued expenses* and *Other noncurrent liabilities*.

In addition, we review any prior claims and litigation and, when necessary, we adjust the liability balances for resolutions or revisions to prior estimates. Estimates of loss can change as individual claims develop and additional information becomes available. We disclose the range of amounts for pending claims and litigations that are deemed to be reasonably possible of an unfavorable outcome but do not accrue for or include such provisions in our financial statements.

RECENT ACCOUNTING STANDARDS

New accounting guidance that we have recently adopted, as well as accounting guidance that has been recently issued but that we have not yet adopted, are included in *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 2 - Recent Accounting Pronouncements*.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The market rate risks we encounter are primarily related to foreign currency exchange rate fluctuations, interest rates, and commodity prices. Historically, we have not entered into derivatives contracts or commodity instruments for trading or speculative purposes or to manage market risks.

FOREIGN EXCHANGE RISK

While our operations are conducted in the U.S. domestic market, we engage with foreign postal administrations to enable customers to both send and receive mail and packages internationally. As such, foreign currency fluctuations may either favorably or unfavorably impact our reported earnings. However, we believe that foreign exchange risk is immaterial since the vast majority of our business transactions are denominated in U.S. dollars. We estimate that a 1% increase or decrease in foreign exchange rates would not have a material impact on our financial statements.

INTEREST RATE RISK

We are impacted by changes in interest rates in the normal course of our business as a result of our ongoing investing and financing activities, which include our investments in U.S. Treasury securities and floating rate notes outstanding. We assess our interest rate risks on a regular basis and currently estimate that a 1% increase in interest rates would have resulted in a $47 million increase in our 2025 interest expense relating to our floating rate notes outstanding. A 1% decrease in interest rates would have resulted in approximately a $238 million decrease in our 2025 investment income relating to our cash and cash equivalents.

We have interest rate risk associated with the floating rate portion of our long-term debt; however, we have no significant exposure to changing interest rates on the fixed rate portion of such debt. As disclosed in *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 17 - Fair Value Measurement*, the fair value of our long-term debt was $14.0 billion and $15.0 billion for the years ended

September 30, 2025 and 2024, respectively. We estimated the underlying fair value of our long-term debt using prices and discount rates provided by the FFB.

We also have interest rate risk associated with our workers' compensation liability, which is highly sensitive to changes in discount rates. An increase of 1% in the interest rates would decrease the liability at September 30, 2025 and related 2025 expense by $1.5 billion. A decrease of 1% would have increased the liability at September 30, 2025 and related 2025 expense by $1.8 billion. See *Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 14 - Workers' Compensation* for further explanation.

COMMODITY PRICES RISK

We currently have a market risk for changes in fuel and natural gas costs. As of September 30, 2025, we estimated that a 1% increase in fuel and natural gas would have resulted in a $17 million increase in our 2025 expense.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Governors of the United States Postal Service

Opinion on the Financial Statements

We have audited the accompanying balance sheets of the United States Postal Service (the Postal Service) as of September 30, 2025 and 2024, the related statements of operations, changes in net deficiency and cash flows for each of the three years in the period ended September 30, 2025 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Postal Service at September 30, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2025 in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and in accordance with auditing standards generally accepted in the United States of America, the Postal Service's internal control over financial reporting as of September 30, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated November 14, 2025 expressed an unqualified opinion thereon.

Liquidity Concerns

As discussed more fully in Note 3 to the financial statements, the Postal Service has incurred recurring losses from its operations primarily due to constraints by laws and regulations and sustained declines in mail volume and remains in default on past due obligations. Management believes, but no assurances can be given, that disruption of the mail would cause undue hardship to businesses and consumers, and in the event of a cash shortfall, the U.S. Government would likely prevent the Postal Service from significantly curtailing or ceasing operations. Our opinion is not modified with respect to this matter.

Basis for Opinion

These financial statements are the responsibility of the Postal Service’s management. Our responsibility is to express an opinion on the Postal Service’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Postal Service in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

	Actuarial Valuation of the Workers' Compensation Liability
Description of the Matter	At September 30, 2025, the Postal Service's total workers' compensation liability reflected in the balance sheet was $17.4 billion. As explained in Note 1 to the financial statements, the Postal Service estimates the future total cost of workers' compensation claims based on relevant information, including the pattern of historical payments to beneficiaries and the expected trend in future costs. The Postal Service calculates the amount that would need to be invested at current interest (discount) rates to fully fund the future total cost of claims and this calculated present value is the recorded value of the workers' compensation liability. Auditing the workers' compensation liability is complex due to the judgmental nature of estimating the future total cost of workers' compensation claims and the use of various actuarial methods. There are a number of factors and assumptions used in the measurement process including the expected duration and frequency of claims and the discount rates, which could have a significant effect on the total workers' compensation liability.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over management's process of estimating the workers' compensation liability. For example, we tested controls over management's review of the significant assumptions, data inputs used, and results of calculations. To evaluate the workers' compensation liability, our audit procedures included, among others, testing the completeness and accuracy of the underlying claims data used by the Postal Service. We involved our actuarial specialists to assist in our evaluation of the actuarial methods applied and significant assumptions noted above used by management in determining the liability. We compared the Postal Service's workers' compensation liability amount to a range which our actuarial specialists developed based on independently selected assumptions.

/s/ Ernst & Young LLP

We have served as the United States Postal Service's auditor since 1972.

Tysons, Virginia
November 14, 2025

UNITED STATES POSTAL SERVICE
STATEMENTS OF OPERATIONS

	Year Ended September 30,		
(in millions)	**2025**	**2024**	**2023**
Revenue			
Operating revenue	$ 80,453	$ 79,537	$ 78,186
Other revenue	128	10	197
Total revenue	**80,581**	**79,547**	**78,383**
Operating expenses			
Compensation and benefits	55,781	54,078	52,853
Retirement benefits	10,342	10,427	10,001
Workers' compensation	2,699	3,799	538
Transportation	8,393	8,815	10,111
Other operating expenses	12,567	12,346	11,884
Total operating expenses	**89,782**	**89,465**	**85,387**
Loss from operations	**(9,201)**	**(9,918)**	**(7,004)**
Interest and investment income	771	958	941
Interest expense	(548)	(560)	(415)
Net loss	**$ (8,978)**	**$ (9,520)**	**$ (6,478)**

See accompanying notes to the financial statements.

UNITED STATES POSTAL SERVICE
BALANCE SHEETS

(in millions)	September 30, 2025	September 30, 2024
Current Assets:		
Cash and cash equivalents	$ 8,210	$ 4,617
Restricted cash	3,487	2,005
Short-term investments	—	9,513
Restricted investments	—	682
Receivables, net (less allowances of $205 and $168)	1,325	1,387
Supplies, advances and prepayments	411	309
Total current assets	**13,433**	**18,513**
Restricted cash, noncurrent	1,658	66
Restricted investments, noncurrent	588	2,655
Property and equipment, net	19,926	18,525
Operating lease right-of-use assets	5,295	5,169
Other assets	837	639
Total assets	**$ 41,737**	**$ 45,567**
Current Liabilities:		
Compensation and benefits	$ 2,457	$ 2,237
Retirement benefits	31,099	27,292
Workers' compensation	1,724	1,591
Payables and accrued expenses	3,000	2,904
Deferred revenue-prepaid postage	2,925	2,884
Operating lease liabilities	1,203	1,173
Customer deposit accounts	1,263	1,232
Other current liabilities	1,289	1,647
Current maturities of long-term debt	700	—
Total current liabilities	**45,660**	**40,960**
Workers' compensation, noncurrent	15,721	14,746
Operating lease liabilities, noncurrent	4,278	4,152
Employees' accumulated leave, noncurrent	2,492	2,467
Other noncurrent liabilities	896	874
Long-term debt	14,300	15,000
Total liabilities	**83,347**	**78,199**
Net Deficiency:		
Capital contributions of the U.S. government	16,132	16,132
Deficit since 1971 reorganization	(57,742)	(48,764)
Total net deficiency	**(41,610)**	**(32,632)**
Total liabilities and net deficiency	**$ 41,737**	**$ 45,567**

See accompanying notes to the financial statements.

UNITED STATES POSTAL SERVICE
STATEMENTS OF CHANGES IN NET DEFICIENCY

(in millions)	Capital Contributions of U.S. Government	Accumulated Deficit Since Reorganization	Total Net Deficiency
Balance, September 30, 2022	**$ 16,132**	**$ (32,766)**	**$ (16,634)**
Net loss	—	$ (6,478)	(6,478)
Balance, September 30, 2023	**$ 16,132**	**$ (39,244)**	**$ (23,112)**
Net loss	**—**	$ (9,520)	(9,520)
Balance, September 30, 2024	**$ 16,132**	**$ (48,764)**	**$ (32,632)**
Net loss	**—**	**(8,978)**	(8,978)
Balance, September 30, 2025	**$ 16,132**	**$ (57,742)**	**$ (41,610)**

See accompanying notes to the financial statements.

UNITED STATES POSTAL SERVICE
STATEMENTS OF CASH FLOWS

	Years Ended September 30,		
(in millions)	**2025**	**2024**	**2023**
Cash flows from operating activities:			
Net loss	$ (8,978)	$ (9,520)	$ (6,478)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	2,238	1,997	1,786
Other, net	4	(14)	(402)
(Increase) decrease in operating lease right-of-use assets	(126)	(97)	22
Increase (decrease) in noncurrent workers' compensation	975	2,208	(880)
Increase in noncurrent operating lease liabilities	126	139	89
Increase in other noncurrent liabilities	3	14	40
Changes in current assets and liabilities:			
Receivables, net	62	40	(101)
Other current assets	(102)	(28)	(29)
Retirement benefits	3,807	4,556	4,574
Payables, accrued expenses, and other	292	306	(869)
Operating lease liabilities	30	(20)	(97)
Deferred revenue-prepaid postage and other deferred revenue	(182)	487	(117)
Net cash (used in) provided by operating activities	**(1,851)**	**68**	**(2,462)**
Cash flows from investing activities:			
Purchases of property and equipment	(3,585)	(4,199)	(3,000)
Proceeds from sales of property and equipment	128	6	287
Purchases of investments	(3,000)	(15,300)	(13,637)
Purchases of restricted investments	(566)	(3,275)	(3,145)
Redemption of investments	12,300	14,637	5,000
Redemption of restricted investments	3,275	3,145	—
Net cash provided by (used in) investing activities	**8,552**	**(4,986)**	**(14,495)**
Cash flows from financing activities:			
Proceeds from borrowings	—	3,000	3,000
Repayments of borrowings	—	(1,000)	—
Payments on finance lease obligations	(34)	(28)	(27)
Net cash (used in) provided by financing activities	**(34)**	**1,972**	**2,973**
Net increase (decrease) in cash, cash equivalents & restricted cash	6,667	(2,946)	(13,984)
Cash, cash equivalents & restricted cash - beginning of year	6,688	9,634	23,618
Cash, cash equivalents & restricted cash - end of year	**$ 13,355**	**$ 6,688**	**$ 9,634**
Supplemental cash flows disclosures:			
Cash paid for interest	$ 607	$ 569	$ 379

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The United States Postal Service (the "Postal Service," "USPS," "we," "our," and "us) provides postage, mail delivery, and shipping services to consumer and commercial customers in the communications, distribution and delivery, advertising, and retail markets throughout the U.S. and internationally. We do not operate in segments; we report our performance as a single business. For more information, see *Note 18 - Segment Information.*

Summary of Significant Accounting Policies

Fiscal Year

All references to years in this report, unless otherwise stated, refer to fiscal years beginning October 1 and ending September 30. All references to quarters, unless otherwise stated, refer to fiscal quarters.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with GAAP.

Use of Estimates

The preparation of the accompanying financial statements requires management to make certain estimates and judgments that affect the reported amounts. On an ongoing basis, we reevaluate our estimates, which are based on historical experience and various assumptions that we believe are reasonable under the circumstances. However, actual results may differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted cash and short-term, highly liquid investments with maturities of three months or less.

Restricted Cash

Restricted cash represents cash that is not available for general use, including, but not limited to, the following:

- Funds designated for specific use due to congressional appropriation under the IRA or congressional appropriation to the United States Postal Service Office of Inspector General.
- Funds received for revenue under our retirement-based pricing authority, generated by a price increase authorized by the PRC, under which any incremental funds received must be remitted to OPM for amortization payments related to pension benefits;
- Funds held in escrow at the U.S. Treasury under the terms of our note purchase agreement with the FFB;
- Funds originated from forfeitures or seizures due to consumer fraud or other criminal activity related to the mail and either held for third-party beneficiaries or awaiting disposition; or
- Cash designated for specific use due to annual obligations to the PRC.

Investments

For the years ended September 30, 2025 and 2024, the Secretary of the U.S. Treasury authorized us to invest in U.S. government securities with maturity dates of two years or less. As we have both the intent and ability to hold securities to maturity, we have classified all of our investments as held-to-maturity. Any unrealized losses are temporary due to changes in market interest rates. The cost basis of the securities will be recovered on redemption.

Receivables, net

Receivables, net represents receivables recorded at the amount invoiced, net of allowances. Allowances for potential losses are recognized at each balance sheet date. These estimates are determined based on historical collection experience, trends in customer payment frequency, and judgments about the probable effects of observable data, including present and forecasted future economic conditions and the financial health of specific customers and market sectors. *Receivables, net* also includes advances for employees' leave as described below in *Employees' Accumulated Leave*.

Property and Equipment, net

Property and equipment, net represents property and equipment recorded at cost less accumulated depreciation. It includes the interest on borrowings used to pay for the construction of major capital additions. Depreciation expense is recorded using the straight-line method over estimated useful life, which ranges from three to forty years. Depreciation expense is included within *Other operating expenses* in the accompanying *Statements of Operations*. Gains and losses recognized on assets sold are reported in *Other revenue* and *Other operating expense*, respectively, within the accompanying *Statements of Operations.* We defer gains when entering into contractual obligations requiring continued involvement with the property. Deferred gains are amortized over the periods during which we have continuing involvement with the applicable properties. General maintenance and repair costs are charged to expense as incurred.

Software Capitalization

Software costs, including internal development costs, are capitalized when they meet certain criteria. Costs to be capitalized include both contracted resources and employee labor costs incurred developing and implementing internal-use software. Interest costs incurred developing internal-use software are also capitalized. Costs are accumulated until the software is put into production, at which time amortization of the internal-use software begins for a period of three to ten years.

Leases

We lease over 24,000 real properties (land, buildings and facilities) and have over 100 contracts for mail handling and transportation equipment services that qualify as embedded leases.

Real property leases support retail, delivery, mail processing, maintenance, administrative, and support activities. The lease terms for these real property leases generally range from one to fifteen years, including any renewal options that are reasonably certain to be exercised. Additionally, certain real property leases contain purchase and termination options. At the commencement of most real property lease arrangements, we are not reasonably certain if we will exercise such options. Real property leases include certain variable lease payments associated with common area maintenance costs, portions of operating costs, and real estate taxes, which are generally charged as a pass-through based on actual amounts incurred by the lessor. We record costs associated with real property leases within *Other operating expenses* in the accompanying *Statements of Operations.*

Transportation equipment leases apply primarily to vehicles and trailers. The lease terms for these transportation equipment leases generally range from one to five years, including any renewal options we are reasonably certain to exercise. Transportation equipment leases do not contain purchase options; however, these leases may contain termination options. At the commencement of most transportation lease arrangements, we are not reasonably certain if we will exercise such termination options. Certain transportation leases contain variable lease payments based on the volume of activity under the contract. We record costs associated with transportation leases within *Transportation* in the accompanying *Statements of Operations.*

General Definition

We determine at the inception of the contract if an arrangement represents a lease or contains lease components. A contract is deemed to represent or include a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We assume to have the right to control the use of the underlying asset if the contract conveys the rights to obtain substantially all of the economic benefits of the underlying asset and the rights to direct how and for what purpose such asset is used during the contract term.

As the lessee, we classify all leases with original lease terms of less than one year as short-term leases. We classify all other leases which transfer substantially all the risks and rewards of ownership to us as finance leases. Finance lease right-of-use assets are included within *Property and equipment, net* in the accompanying *Balance Sheets*. The current and noncurrent portions of finance lease liabilities are included within *Payables and accrued expenses* and *Other noncurrent liabilities,* respectively, within the accompanying *Balance Sheets.*

We classify the remaining leases, not classified as short-term leases or finance leases, as operating leases. We consider a lease term to include all non-cancelable periods and renewal periods when we are reasonably certain that we will exercise the related renewal option.

Short-Term Leases
For short-term leases, we record lease expenses in the *Statement of Operations* on a straight-line basis over the lease term.

Lease Liabilities
Lease liabilities are initially measured at the net present value of the lease payments due after the commencement date. For this purpose, lease payments include fixed and in-substance fixed rental payments, variable lease payments that depend on an index or rate, and the price of options that we are, at the commencement of the lease, reasonably certain to exercise. Lease liabilities are subsequently increased to reflect the interest accrued and reduced when the lease payments are made.

Right-of-Use Assets
Right-of-use assets are initially measured at the net present value of the lease payments (including amounts due prior to or on the commencement date), adjusted for the impact of initial direct costs and lease incentives. For finance leases, right-of-use assets are subsequently amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the lease term. For operating leases, right-of-use assets are amortized in such a way that the combination of the interest expense accrued on the lease liability and the asset amortization results in a straight-line expense over the lease term.

Right-of-use assets for operating and finance leases are periodically reviewed for impairment losses, following the same process as for other long-lived assets. Impairment losses on long-lived assets are recorded when events or circumstances indicate an asset's fair value is less than its carrying value. When such a determination is made, the carrying values of the assets are written down to fair value. We use the long-lived assets impairment guidance in ASC 360-10, *Property, Plant, and Equipment - Overall*, to determine whether a right-of-use asset is impaired and, if so, the amount of the impairment loss to be recognized.

Discount Rates
The discount rates used in net present value calculations are determined based on our incremental borrowing rates on debt outstanding with the FFB at the beginning of each year, which are approximated as the daily U.S. Treasury Yield Curve Rates for the five-year, 10-year, 20-year and 30-year periods, plus a 12.5 basis point spread.

Variable lease payments, except for those based on an index or rate, are recognized as variable lease expenses in the period in which the obligation for those payments are incurred.

Impaired Assets
Impairment losses on long-lived assets are recorded when events or circumstances indicate an asset's fair value is less than its carrying value. When such a determination is made, the carrying values of the assets are written down to fair value. Fair value is typically determined by independent appraisals for real property. Due to the absence of a market for most types of mailing equipment, impaired equipment assets are typically assigned a fair value of zero.

Employees' Accumulated Leave
Employees' accumulated leave represents leave earned but unused as of the balance sheet date and is recorded as a liability. Career employees earn annual leave based on the number of creditable years of service with the federal government. At the beginning of each calendar year, we notify employees of the amount of leave they will earn for that year. Leave taken by employees before it is earned is considered an advance. Advances are recorded within *Receivables, net* as presented in the accompanying *Balance Sheets.* The current portion of employees' accumulated leave, which includes holiday leave, is included under *Current liabilities* within *Compensation and benefits* in the accompanying *Balance Sheets*. The noncurrent portion is included under *Noncurrent liabilities* within *Employees' accumulated leave, noncurrent* in the accompanying *Balance Sheets*.

Retiree Benefits
Career employees are eligible to participate in the U.S. government pension and retiree health benefits programs. We are required to provide funding for these plans as determined by OPM, the administrator of the plans. We cannot direct the costs, benefits, or funding requirements of the plans. Accordingly, the plans are accounted for using multi-employer plan accounting rules, and expenses are recorded in the period in which the contributions are due and payable. Retirement benefit expenses, including FERS normal costs, FERS amortization, and CSRS amortization cost are recorded within *Retirement benefits* in the accompanying *Statements of Operations*. Any unpaid amounts at the end of the period are included within *Retirement benefits* in the accompanying *Balance Sheets*.

Workers' Compensation
Our employees are covered by the FECA, administered by the OWCP, an office within DOL. We record a liability for our workers' compensation obligations for employees who have been injured on the job and are eligible for benefits, or for their qualified survivors. We use an estimation model that utilizes four generally accepted actuarial valuation techniques based on past claim-payment experience and exposure to claims as measured by total employee hours worked.

Changes in the liability are primarily attributable to the combined impacts of routine changes in actuarial assumptions, new compensation and medical cases, the progression of existing cases and changes in interest (discount) and inflation rates, including long-term COLA rates for compensation claims, and medical rates for medical claims. These rates are updated as of the balance sheet date and factored into the model.

To determine the liability each quarter, we first estimate the future total cost of workers’ compensation claims based on the dates of claim-related injuries, the frequency or severity of the injuries, the pattern of historical payments to beneficiaries, and the expected trend in future costs. We then calculate the amount that would need to be invested at current interest (discount) rates to fully fund the future total cost of claims, and this calculated present value is the recorded value of the workers’ compensation liability.

In setting the discount rates, we use the current yield, as of the measurement date, on U.S. Treasury securities that are matched to the expected duration of both the medical and compensation payments. Expected inflation in compensation claim obligations is estimated using the consensus inflation forecast from the Federal Reserve Bank of Philadelphia Survey of Professional Forecasters. Expected inflation for future medical claim obligations are estimated using the average rate of medical cost increases experienced by our workers' compensation claimants over the past four years.

An independent actuary assists in determining the liability for claims arising more than 15 years ago for years 1972 through 2010. The percentage increase in payments between 15-year-old claims and closure of all claims is applied to the latest 15 years' estimates directly calculated within the estimation model for both compensation and medical losses.

Contingent Liabilities
We are a party to various legal proceedings and claims in the normal conduct of operations. Contingent liabilities require significant judgment in estimating potential losses. Our contingent liabilities consist primarily of claims resulting from labor and employment matters; asset retirement obligations and environmental matters; property damage and injuries on our properties; and issues arising from our contracts, personal claims, and traffic accidents. Each quarter, we evaluate significant new claims and litigation to determine our potential liability. If we determine that an unfavorable outcome from a new claim is both probable and reasonably estimable, we record a liability for the potential loss. Preexisting claims are also reviewed and adjusted quarterly for resolutions or revisions to prior estimates based on new facts and circumstances.

Revenue Recognition
We generate the majority of our revenue from contracts associated with the processing and delivery of different types of mail and packages, both domestically and internationally, which generally occurs over several days.

<u>Satisfaction of Performance Obligations</u>
A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

First-Class Mail, *Marketing Mail*, Shipping and Packages, *International* and *Periodicals* are categorized as mailing and shipping services for purposes of satisfying performance obligations. We recognize revenue for mailing and shipping services as we fulfill our obligation to process and deliver each mailpiece or package.

Other revenue includes *PO Box* services, Return Receipts, Insurance, Other Ancillary Services, Shipping and Mailing Supplies, Collect on Delivery, *Registered Mail*, Stamped Envelopes and Cards, money orders, and other goods and services. We recognize revenue for the majority of these services over time. The revenue for a small portion of certain goods or services in this service category is recognized at a point in time.

The vast majority of our contracts include only one performance obligation. However, if a contract is separated into more than one performance obligation, the total transaction price for each performance obligation is allocated in an amount based on the estimated relative stand-alone selling prices of the promised goods or services underlying each performance obligation. The majority of the goods or services we sell have observable stand-alone sales prices. Furthermore, we receive payment for the majority of our goods and services up front.

<u>Variable Consideration</u>
We offer certain contracts to our customers that contain various types of customer incentives or other provisions that can either increase or decrease the transaction price. Customer incentives include discounts, money-back guarantees, rebates, refunds or incentive payments. The other provisions include performance penalties. We use the expected value approach to estimate variable consideration to which we expect to be entitled.

<u>Contract Modifications</u>
We consider contract modifications to exist when the modification either creates new enforceable rights and obligations or alters the existing arrangement. Contract modifications do not add distinct services; they are typically used to change the prices that we charge our customers for existing services. These contract modifications are accounted for prospectively as the remaining performance obligations are executed.

<u>Principal vs. Agent Consideration</u>
We utilize third parties to assist with the transportation of mailpieces between different points as part of the processing and delivery process. Based on our evaluation of the transfer of control model, we have determined that we act as the principal rather than the agent within these arrangements.

<u>Contract Liabilities</u>
The vast majority of our contract liabilities consist of deferred revenue for postage and prepaid *PO Box* and Caller Service fees. Deferred revenue for postage is postage that has been sold, but not yet used by customers. Because we collect payments for our services in advance of the satisfaction of related performance obligations, we defer and report this unearned revenue as *Deferred revenue-prepaid postage* as a liability in our *Balance Sheets*.

The liability includes an estimate for deferred revenue for forever stamps. This estimate is developed and validated through mathematical and statistical sampling methods for estimating postage stamp usage. Revenue is also recognized for "breakage", representing a portion of forever stamps that will never be used for mailing due to loss, damage or stamp collection.

The liability includes deferred revenue for metered postage, which is primarily a commercial product. For certain metered postage, this is estimated by monitoring the actual usage of all postage meters that had postage added during the month preceding the financial measurement date. The information from the two most recent meter readings is used to derive a deferral percentage, which is applied to all postage meter receipts for this type of metered postage for the month. For other metered postage, a roll-forward transactional model is used to determine the ending balance on account, which is the amount we defer.

The liability also includes an estimate for mail that is in-transit within our processing and delivery network. Deferred revenue for mail-in-transit is recognized over time as it is processed through our network. The revenue is fully recognized once the mail piece reaches its final destination.

The contract liability for prepaid *PO Box* and Caller Service fees consists of payments received from customers for *PO Box* and Caller Service fees at the beginning of their contracts. We defer and reflect this unearned revenue as prepaid *PO Box* and Caller Service fees within *Other current liabilities* in the accompanying *Balance Sheets*. Revenue is recognized over time as customers use the *PO Box* and Caller Services over the terms of their contracts.

Revenue Forgone

Under the *Revenue Forgone Reform Act of 1993* (the "RFA"), Congress agreed to provide $1.2 billion in 42 installments of $29 million each year through the year 2035. These installment payments were reimbursement for revenue “forgone” between 1991 and 1998 as a result of our legal requirement to offer below-cost postage prices provided to certain categories of mailers, including, but not limited to, non-profit organizations, blind individuals, local newspapers, publishers of educational material, and overseas mailers of absentee voting ballots. Although the RFA authorized the reimbursement, Congress must appropriate the $29 million to us within the annual federal budget for us to receive funding.

In 1993, we determined the present value of the installment payments, calculated at 7% discount rate, was $390 million and recognized this revenue and recorded the corresponding receivable ratably between 1991 and 1998. Since no stated interest rate was included within the RFA, we recognize imputed interest on this receivable. Imputed interest is included within *Interest and investment income* in the accompanying *Statements of Operations*.

Advertising

Advertising costs, which we expense as they are incurred, were $156 million, $204 million, and $198 million for the years ended September 30, 2025, 2024, and 2023, respectively, and are included within *Other operating expenses* in the accompanying *Statements of Operations*.

Related Parties

We conduct significant transactions with other U.S. government entities, which are considered related parties in accordance with GAAP. For more information, see *Note 5 - Related Parties.*

Fair Value Measurement

Fair value is measured based on the price that would be received upon sale of an asset or the price that would be paid to transfer a liability between unrelated parties.

The carrying amounts of certain current assets and liabilities, including cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued expenses, approximate fair value due to their short-term nature. Assets within *Property and equipment, net* are recorded at cost and measured at fair value on a nonrecurring basis if they are determined to be impaired or classified as assets held for sale.

Noncurrent receivables, investments, and long-term debt are disclosed at fair value using inputs of the fair value hierarchy model. This model prioritizes observable and unobservable inputs, which are used to measure fair value, and consists of three broad levels:

- *Level 1* inputs include unadjusted quoted prices in active markets for identical assets or liabilities as of the balance sheet date.
- *Level 2* inputs include observable data, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, observable data, other than quoted market prices for the asset or liability (i.e., interest rates, yield curves, etc.) and inputs that are derived from, or corroborated by, observable market data.
- *Level 3* inputs include unobservable data that reflect current assumptions about the judgments and estimates that market participants would use when pricing the asset or liability. These inputs are based on the best information available, including internal data.

NOTE 2 - RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted

In November 2023, the FASB issued ASU 2023-07 *Improvements to Reportable Segment Disclosures* (“ASU 2023-07”), which has since been codified in ASC 280, *Segment Reporting*. This ASU is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. It mandates entities to disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss. It also requires entities to disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition. The other segment items category is the difference between segment profit or loss and segment revenue less significant segment expenses. Entities are also required to provide all annual disclosures about a reportable segment’s profit or loss and assets currently required by ASC 280 in interim periods. Finally, entities must disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss. This ASU does not change how an entity identifies a reportable segment. We do not operate in segments; we report our performance as a single business. We adopted this standard effective for our annual periods beginning on October 1, 2024 and interim periods beginning on October 1, 2025. Our evaluation of the new standard determined that its adoption results in changes to our recurring disclosures but has no material impact on our financial statements. For more information, see *Note 1 - Organization and Summary of Significant Accounting Policies* and *Note 18 - Segment Information.*

Issued But Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03 *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Disaggregation of Income Statement Expenses)*. The new standard requires disclosure in the notes to the financial statements of additional specified information about certain costs and expenses in a tabular format. The standard does not change or remove current expense disclosure requirements. This ASU is effective for our annual periods beginning on October 1, 2027 and interim periods beginning on October 1, 2028. We are currently evaluating the impact of the new rule on our financial statements and disclosures.

In July 2025, the FASB issued ASU 2025-05 *Measurement of Credit Losses on Accounts Receivable and Contract Assets*. The new standard allows for a practical expedient to be used in developing reasonable and supportable forecasts as part of estimating expected credit losses. The practical expedient may assume that current conditions as of the balance sheet date do not change for the remaining life of an asset. This ASU is effective for our annual and corresponding interim periods beginning on October 1, 2026 and early adoption is permitted. We are currently evaluating the impact of the new rule on our accounting for credit losses and related disclosures.

In September 2025, the FASB issued ASU 2025-06 *Targeted Improvements to Accounting for Internal-Use Software*. The new standard removes references to project stage software development and requires entities to start capitalizing software costs when both of the following occurs - management has authorized and committed to funding the software project and it is probable the project will be completed and software will be used to perform the function intended. Entities are permitted to apply the new guidance using either a prospective, modified, or retrospective transition approach. This ASU is effective for our annual and corresponding interim periods beginning on October 1, 2028. We are currently evaluating the impact of the new rule on our accounting for software development costs and related disclosures.

NOTE 3 - LIQUIDITY

Our liquidity consists of cash and cash equivalents and short-term investments plus authorized borrowing capacity under the PRA.

Cash

We generate our cash almost entirely from the sale of postal products and services. We hold our *Cash and cash equivalents* with the Federal Reserve Bank of New York and invest our excess cash, when available and not immediately necessary for operations, in highly liquid, short-term investments issued by the U.S. Treasury. See *Note 6 - Investments* for additional information on our investments.

The following table provides the total cash, cash equivalents, and restricted cash as of September 30, 2025, 2024, and 2023:

(in millions)	2025	2024	2023
Cash and cash equivalents	$ 8,210	$ 4,617	$ 8,055
Restricted cash	3,487	2,005	1,544
Restricted cash, noncurrent	1,658	66	35
Total cash, cash equivalents, and restricted cash	**$ 13,355**	**$ 6,688**	**$ 9,634**

These amounts correspond to the totals reported in the *Statements of Cash Flows* for the years ended September 30, 2025, 2024, and 2023.

Liquidity Management

We manage our liquidity through cash and cash equivalents, short-term investments, and borrowing capacity. We currently have no borrowing capacity as we are at our $15.0 billion total debt statutory limit.

The following table presents the components of our liquidity as of September 30, 2025 and 2024:

(in millions)	2025	2024
Cash and cash equivalents	$ 8,210	$ 4,617
Short-term investments	—	9,513
Total liquidity	**$ 8,210**	**$ 14,130**

Debt and Borrowing Capacity

We are authorized by the PRA to raise cash through the issuance of debt obligations. The PRA requires us to notify the Secretary of the Treasury of our intent to issue debt and to allow the U.S. Treasury the first option to purchase such obligations. We coordinate with the FFB, a government-owned corporation under the general supervision of the Secretary of the Treasury, on these notifications.

In February 2023, we finalized a note purchase agreement with the FFB. This agreement has been amended to expire on September 30, 2026. Under this agreement, we can issue a series of notes with established terms and conditions and receive funds within two business days after providing notice.

The agreement provides the flexibility to borrow using short-, medium-, and long-term instruments, including fixed- and floating rate notes, some of which can be repurchased prior to maturity. All of our debt is unsecured and not subject to sinking fund requirements.

If the Secretary of the Treasury elects not to purchase our obligations, the PRA authorizes us to issue and sell such obligations to a party or parties other than the U.S. Treasury, which may include a transaction in the public or private debt markets.

As part of the note purchase agreement with the FFB, we are required to maintain an escrow account at the U.S. Treasury with twelve months of projected scheduled interest payments. These funds are included in restricted cash, which is not one of our liquidity components.

As of both September 30, 2025 and 2024, the aggregate principal of all debt outstanding was $15.0 billion, all of which was issued to the FFB. The balance as of September 30, 2025 includes a $700 million fixed-rate note that matures on July 31, 2026 and is recorded as *Current maturities of long-term debt* in the accompanying *Balance Sheet*. As of the date of this report, management has the ability and intent to both repay this note and reissue a new note up to our statutory debt ceiling upon its maturity. See *Note 10 - Debt* for additional information regarding the Postal Service's debt.

Liquidity Concerns

We continue to face systemic imbalances that make our current operating model unsustainable. As communicated in the *Delivering for America* plan, we are implementing strategic operational reforms to meet the changing needs of our business and residential customers. While significant progress has been made, the success of the plan still requires complete implementation of numerous management initiatives. Furthermore, administrative and legislative reforms are still required to address the following:

- Retiree pension benefit funding rules determining how OPM apportions the costs for the CSRS benefits of employees and retirees that worked for both the Postal Service and the Post Office Department;
- Diversification of pension assets and the ability to invest in market-based instruments to allow greater flexibility;
- Statutory debt limit of $15.0 billion, which is set by Congress and has not been increased since 1992, to access the capital necessary to achieve our mission and continue to compete with private sector companies that have access to credit and capital markets; and
- Workers' compensation administration to adopt private sector best practices.

Shortfalls or delays in implementation of the plan will place additional pressure on our liquidity and financial results. As a result of these concerns, we may not have sufficient liquidity to meet all of our existing legal obligations when due while also repaying our maturing debt and making the critical infrastructure investments that have been deferred in recent years, and that are necessary to fulfill our primary mission, without putting our ability to fulfill that primary mission at undue risk.

Business Model Challenges/Constraints

We are constrained by laws and regulations which restrict revenue sources, mandate certain expenses, and have significantly affected our ability to cover all legally imposed costs. Many employee and retiree benefit costs are mandated by law and cannot be altered without legislative change, and some of these costs have historically increased at a higher rate than inflation. Such expenses include amortization payments to provide full funding of retiree pension benefits that must be funded through the sale of postal products and services and that are therefore unlike those imposed on most other federal entities who receive appropriations for such charges. As a result, we have experienced many years of net losses, and our liabilities greatly exceed our assets.

Mail volumes, representing *First-Class Mail* and *Marketing Mail*, have declined 50% between 2007 and 2025. Despite these declines, mail services still accounted for more than half of our operating revenue in 2025. While we have received some additional pricing flexibility from the PRC in recent years, mail services are subject to an inflation-based price cap system that limits our ability to offset declining volumes or generate increased revenue.

However, our costs are not similarly constrained or capped, and we continue to be constrained by law, or by contract, from reducing many of our costs or from pursuing many alternate sources of revenue. A large portion of our cost structure cannot be altered expeditiously due to our universal service mission. Many employee costs, such as compensation and employee health benefit premiums, are subject to contractual arrangements. Other employee costs, such as workers' compensation costs and retiree pension benefit amortization and normal costs, are mandated by law. The allocation of retiree pension benefit amortization costs related to CSRS employees who worked for both the Post Office Department and the Postal Service cannot be altered without administrative or legislative reform. See *Note 12 - Retirement Plans*, *Note 13 - Health Benefits Plans,* and *Note 14 - Workers' Compensation* for further information on statutorily mandated costs.

Furthermore, the number of delivery points continues to grow with an increase of 1.8 million in 2025, which drives up delivery costs. When combined with lower mail volume, this has resulted in a drop in the average number of pieces delivered per delivery point per day from 5.5 pieces in 2007 to 2.4 pieces in 2025, a decline of 57%.

Past Due Obligations

In order to preserve liquidity and ensure that our ability to fulfill our primary mission is not placed at undue risk, we have not made certain annual amortization payments to OPM for CSRS and FERS.

The following table presents the total retirement benefit expenses accrued but unpaid by us as of September 30, 2025, and the fiscal years in which the accruals were recorded:

(in millions)	**2025**	**2024**	**2023**	**2014 to 2022**	**Total**
CSRS unfunded retirement benefits amortization[1]	$ 3,122	$ 3,245	$ 3,015	$ 10,757	$ 20,139
FERS unfunded retirement benefits amortization[2]	659	1,286	1,541	7,300	10,786
Total expenses accrued but unpaid	**$ 3,781**	**$ 4,531**	**$ 4,556**	**$ 18,057**	**$ 30,925**

[1] We have been unable to make any payments towards our CSRS obligation.

[2] We made partial payments of $1.5 billion, $1.0 billion, $600 million and $500 million towards our FERS obligation for 2025, 2024, 2023 and 2022, respectively.

As of the date of this report, we have not incurred any penalties or negative financial consequences as a result of not making these payments.

Management's Plans and Mitigating Circumstances

We continue to pursue strategies within our control to increase operational efficiency and improve liquidity. We have managed capital in recent years by spending what we believed was essential to maintain our existing facilities and service levels, to ensure employee health and safety, and to increase efficiencies. However, continued increases in capital investment are necessary to upgrade and modernize our facilities, fleet of vehicles, and processing equipment to remain operationally viable. Aggressive management of the business operations that will enable us to increase revenue and reduce costs, and administrative or legislative reform related to how OPM apportions the cost of the CSRS benefits for our employees and retirees who also worked for the Post Office Department, will all be necessary to restore us to financial health.

With annual total revenue of nearly $81 billion in 2025, a financially sound Postal Service continues to be vital to the U.S. economy and commerce. The U.S. economy benefits greatly from the Postal Service and the many businesses that provide the printing and mailing services that we support. Disruption of the mail would cause undue hardship to businesses and consumers as it would significantly inhibit the remittance of payments through the mail, as well as the delivery of vital mail and packages like medicine, essential consumer staples, benefit checks, and important information. In the event of a cash shortfall, the U.S. government would likely prevent us from significantly curtailing or ceasing operations.

In the event that circumstances leave us with insufficient liquidity, we would likely be required to implement additional contingency plans to ensure that our primary mission is fulfilled and that mail deliveries continue. These measures may require us to prioritize payments to the FFB, employees, and suppliers ahead of some payments to fund retirement pension and other benefits, as has been done in the past.

NOTE 4 - REVENUE RECOGNITION AND DEFERRED REVENUE

The PAEA classifies the services we offer as either Market-Dominant or Competitive products; however, the term "services" are used in this report for consistency with other descriptions of services we offer.

Disaggregation of Revenue

The following table summarizes our disaggregated operating revenue for the year ended September 30, 2025, 2024, and 2023 by each service category:

(in millions)	2025	2024[1]	2023[1]
Operating revenue:			
First-Class Mail	$ 25,769	$ 25,399	$ 24,584
Marketing Mail[2]	15,734	15,384	15,081
Shipping and Packages[3]	32,580	32,265	31,635
International	1,265	1,446	1,571
Periodicals	882	909	923
Other[4]	4,223	4,134	4,392
Total operating revenue	**$ 80,453**	**$ 79,537**	**$ 78,186**

[1] Prior period amounts for certain service categories include reclassifications of amounts amongst service categories to conform to current period presentation. These reclassifications are immaterial for each affected category and have no effect on total operating revenue for the period. These reclassifications are required by our regulatory requirements and are included in this document for consistency amongst publicly-available information.

[2] Excludes *Marketing Mail Parcels*.

[3] Includes *USPS Ground Advantage*, *Parcel Select Mail*, *USPS Ground Advantage Return*, *Marketing Mail Parcels*, *Priority Mail, Priority Mail Express* and *Package Service Mail.* In July 2023, *USPS Retail Ground, Parcel Select Ground* (a former component of *Parcel Select Mail*), *First-Class Package Service - Retail*, and *First-Class Package Service - Commercial* were retired and replaced by *USPS Ground Advantage.*

[4] Includes revenue (other than the related postage) associated with COVID-19 test distribution, *PO Box* and Caller services, *Certified Mail*, Return Receipts, Insurance, Other Ancillary Services, Shipping and Mailing Supplies, Collect on Delivery, *Registered Mail*, Stamped Envelopes and Cards, Money Orders and other services.

Contract Liabilities

The following table presents the balance of our contract liabilities, including *Deferred revenue-prepaid postage,* prepaid *PO Box* and Caller Service fees, as of September 30, 2025 and 2024:

(in millions)	2025	2024
Deferred revenue-prepaid postage:		
Forever stamps	$ 1,679	$ 1,650
Mail-in-transit	533	542
Metered postage	291	292
Other prepaid postage	422	400
Total deferred revenue-prepaid postage	**2,925**	**2,884**
Prepaid PO Box and Caller Service fees*	616	613
Total deferred revenue	**$ 3,541**	**$ 3,497**

* Included within *Other current liabilities* in the accompanying *Balance Sheets.*

The following table provides details of revenue recognized for the year ended September 30, 2025, that was reported in our deferred revenue as of September 30, 2024:

(in millions)	2025
Revenue recognized from deferred revenue:	
Forever stamps	$ 1,125
Mail-in-transit	542
Metered postage	292
Other prepaid postage	308
PO Box and Caller Service fees	613

NOTE 5 - RELATED PARTIES

As disclosed throughout this report, we have significant transactions with other U.S. government entities, which are considered related parties for accounting purposes.

In September 2022, we received a capital contribution from the U.S. government of $3.0 billion under the IRA. Of this amount, $1.29 billion is available for the procurement of zero-emission vehicles. Additionally, $1.71 billion is available for the purchase, design, and installation of the requisite infrastructure to support zero-emission delivery vehicles at facilities that we own or lease from non-federal entities. These amounts remain available for use through September 30, 2031 and may earn interest restricted for the same purpose. As of September 30, 2025, we held $413 million in *Restricted cash,* $1.1 billion in *Restricted cash, noncurrent*, and $519 million in *Restricted investments, noncurrent* associated with this funding.

In January 2022, we signed an inter-agency agreement with HHS to distribute COVID-19 test kits to American households upon their requests. The current agreement provides that we will receive payment for postage and be fully reimbursed for our direct costs. We have received advanced payments pursuant to this agreement. Any unused funding will be returned to HHS following the completion of the contract.

The following table presents related-party assets and liabilities as of September 30, 2025 and 2024:

(in millions)	2025	2024
Related-party assets:		
Carrying amount of revenue forgone installment receivable[1]	$ 558	$ 548
Related-party liabilities:		
Current maturities of long-term debt	$ 700	$ —
Other current liabilities[2]	33,225	29,316
Long-term debt	14,300	15,000
Other noncurrent liabilities[3]	15,790	14,785

[1] Included within *Other assets* in the accompanying *Balance Sheets*. See further discussion in *Note 16 - Revenue Forgone* and *Note 17 - Fair Value Measurement*.

[2] Amounts include CSRS and FERS obligations and current workers' compensation obligations due to DOL, as well as payables to other agencies. See further discussion in *Note 12 - Retirement Plans, Note 13 - Health Benefit Plans,* and *Note 14 - Workers' Compensation*. Amounts reported as of September 30, 2025 and 2024 include the remaining funding associated with the COVID-19 test distribution.

[3] Amounts include noncurrent workers' compensation obligations due to DOL. See further discussion in *Note 14 - Workers' Compensation*.

The revenue forgone installment receivable represents the receivable associated with the RFA. The RFA authorized $1.2 billion to be paid to us in 42 installment payments of $29 million each year from 1994 through 2035 as reimbursement for below-cost postage offered to certain categories of mailers between 1991 and 1998. Although the RFA authorized the reimbursement, Congress must appropriate the $29 million to us within the annual federal budget for us to receive funding. During 2025 we received an $8 million payment for revenue forgone. As of September 30, 2025, the past due installments unpaid by Congress were $355 million. We continue to include the total past due installments in each annual appropriations request to Congress. Although we have not consistently received the installment payments, the amounts are established by the RFA and, in any year, Congress could appropriate the full amount, including past due installments. We believe that the amount remains fully collectible and no reserve is necessary for the uncollected amounts due to the full faith and credit of the U.S. government. For additional information on the revenue forgone installment receivable, see *Note 16 - Revenue Forgone.*

We also hold our *Cash and cash equivalents* and restricted cash with the Federal Reserve Bank of New York. See *Note 3 - Liquidity* and *Note 6 - Investments* for additional information.

The following table presents related-party revenue and expenses for the years ended September 30, 2025, 2024, and 2023:

(in millions)	2025	2024	2023
Related-party operating revenue	$ 1,408	$ 1,680	$ 1,415
Related-party operating expenses[1]	17,120	17,097	16,306
Related-party interest income[2]	770	957	940
Related-party interest expense[3]	601	589	404

[1] Included within *Operating expenses* in the accompanying *Statements of Operations*. Amounts reported include CSRS and FERS related *Retirement Benefits* expense and *Workers' Compensation* expense.

[2] Imputed on the revenue forgone installment receivable, as well as interest generated on U.S. Treasury instruments and other cash equivalents held with the Federal Reserve Bank of New York. Included within *Interest and investment income* in the accompanying *Statements of Operations*.

[3] Incurred on debt issued to the FFB and included within *Interest expense* in the accompanying *Statements of Operations*.

NOTE 6 - INVESTMENTS

We invest our restricted cash and excess cash, when available and not immediately necessary for operations, in investments issued by the U.S. Treasury. As we have both the intent and ability to hold these securities to maturity, we have classified all of our investments as held-to-maturity.

Our highly liquid investments with initial maturities of three months or less are included in *Cash and cash equivalents* or *Restricted cash* in the accompanying *Balance Sheets*. These amounts are not presented in the table below as their carrying values approximate fair value due to their short-term nature.

These held-to-maturity investments, which are recorded at amortized cost basis, are presented in the table below. Any unrealized gains and losses are temporary due to changes in market interest rates. The cost basis of these securities will be recovered on redemption.

(in millions)	Fair value level	Amortized cost basis[1,2]	Unrealized gains	Unrealized losses	Fair value
September 30, 2025					
U.S. government securities[1]	Level 1	$ 588	$ —	$ —	$ 588
September 30, 2024					
U.S. government securities[2]	Level 1	$ 12,849	$ 21	$ —	$ 12,870

[1] As of September 30, 2025, we had invested restricted cash of $588 million in two Treasury bills with maturities of eleven-months.

[2] As of September 30, 2024, we had invested excess cash of $9.5 billion and restricted cash of $3.3 billion in Treasury bills of various maturities ranging between six-months and one-year.

These investments are included in *Short-term investments, Restricted investments,* and *Restricted investments, noncurrent* in the accompanying *Balance Sheets.* The restricted investments have limited use due to the nature of the restrictions on the underlying funding, as described in *Note 3 - Liquidity*.

NOTE 7 - RECEIVABLES, NET

The following table details *Receivables, net* from the accompanying *Balance Sheets* as of September 30, 2025 and 2024:

(in millions)	2025	2024
Foreign postal administrations	$ 601	$ 783
U.S. government*	93	38
Other	836	734
Receivables before allowances	1,530	1,555
Less: Allowances	205	168
Receivables, net	**$ 1,325**	**$ 1,387**

* U.S. government receivables amounts exclude noncurrent receivables of $558 million for Revenue Forgone.

NOTE 8 - PROPERTY AND EQUIPMENT, NET

The following table provides details for *Property and equipment, net* from the accompanying *Balance Sheets* as of September 30, 2025 and 2024:

(in millions, except years)	Estimated life in years	2025	2024
Buildings	3 - 40	$ 28,601	$ 27,837
Equipment	3 - 20	15,759	14,961
Vehicles	5 - 24	7,080	6,572
Land	-	2,883	2,880
Leasehold improvements	3 - 20	631	2,134
Property and equipment, at cost		**$ 54,954**	**$ 54,384**
Less: Accumulated depreciation and amortization		39,783	39,855
Construction in progress		4,755	3,996
Property and equipment, net		**$ 19,926**	**$ 18,525**

Total deferred gains on the sale of property were $366 million and $367 million as of September 30, 2025, and 2024, respectively.

Depreciation and amortization expenses were $2.2 billion, $2.0 billion, and $1.8 billion for each of the years ended September 30, 2025, 2024, and 2023, respectively, and are included within *Other operating expenses* in the accompanying *Statements of Operations*.

NOTE 9 - PAYABLES AND ACCRUED EXPENSES

The following table provides details for *Payables and accrued expenses* from the accompanying *Balance Sheets* as of September 30, 2025, and 2024:

(in millions)	2025	2024
Trade payables	$ 1,434	$ 1,233
Foreign postal administrations	240	382
Inspection Service seizure and forfeiture account	90	100
Current portion of contingent liabilities	299	232
U.S. government payables	130	137
Other accrued expenses	807	820
Total payables and accrued expenses	**$ 3,000**	**$ 2,904**

NOTE 10 - DEBT

As mentioned in *Note 3 - Liquidity,* under the PRA, we are legally authorized to issue debt obligations. All of our debt is unsecured, not subject to sinking fund requirements, and can be repaid at any time at a premium/discount determined by the Secretary of the Treasury based on prevailing interest rates in the U.S. Treasury securities market at the time of repayment. The floating rate debt obligations may also be repaid at par each quarter when their interest rates reset. As of September 30, 2025, the discount associated with a prepayment of all outstanding debt was $273 million based on prevailing interest rates.

The following table provides details for *Current maturities of long-term debt* and *Long-term debt* from the accompanying *Balance Sheets* as of September 30, 2025, and 2024:

(in millions, except percentages)	2025		2024	
Maturity	**Balance**	**Rate %**	**Balance**	**Rate %**
Current maturities of long-term debt:				
Fixed rate note:				
July 31, 2026	$ 700	1.679	$ —	—
Total current maturities of long-term debt	**$ 700**		**$ —**	
Long-term debt:				
Floating rate notes:*				
June 20, 2053	$ 1,300	4.196	$ 1,300	5.088
November 20, 2053	1,000	4.413	1,000	5.451
February 12, 2054	1,200	4.474	1,200	5.453
February 12, 2054	800	4.474	800	5.453
February 25, 2054	500	4.448	500	5.436
May 12, 2054	700	4.474	700	5.453
Fixed rate notes:				
July 31, 2026	—	—	700	1.679
August 15, 2029	1,000	1.728	1,000	1.728
August 15, 2029	300	1.620	300	1.620
April 4, 2033	584	3.472	584	3.472
April 26, 2034	1,000	4.756	1,000	4.756
September 29, 2036	858	4.848	858	4.848
January 20, 2037	695	4.085	695	4.085
February 9, 2037	500	4.338	500	4.338
April 3, 2037	447	3.682	447	3.682
March 29, 2038	650	4.462	650	4.462
May 17, 2038	200	3.770	200	3.770
February 15, 2039	1,000	3.790	1,000	3.790
June 27, 2039	610	4.605	610	4.605
March 13, 2043	416	4.038	416	4.038
September 26, 2044	240	4.250	240	4.250
August 16, 2049	300	2.180	300	2.180
Total long-term debt	**$ 14,300**		**$ 15,000**	
Total debt	**$ 15,000**		**$ 15,000**	

* The interest rates on the floating rate notes reset three months after the initial advance date and then on a quarterly basis throughout the life of the individual notes.

At September 30, 2025, scheduled repayments of debt principal are listed below:

(in millions)	Principal Amount
2026	$ 700
2027	—
2028	—
2029	1,300
2030	—
Thereafter	13,000
Total debt maturities	**$ 15,000**

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Capital Commitments

Capital commitments consist primarily of commitments to invest in equipment and building construction and improvements. Our commitments in both 2025 and 2024 reflect our multi-year infrastructure and vehicle investment strategy consistent with our *Delivering for America* plan, some of which may be funded by restricted cash. The following table provides details for approved capital projects in progress at September 30, 2025 and 2024:

(in millions)	2025	2024
Facilities	$ 1,556	$ 1,343
Processing equipment	667	624
Vehicles	3,769	4,166
IT, support equipment, and other	74	149
Total capital commitments	**$ 6,066**	**$ 6,282**

Collective Bargaining Agreements

As of September 30, 2025, we had active contracts with three of our major collective bargaining units and one contract with a major collective bargaining unit had expired. The agreement expiration dates for those collective bargaining units are as follows:

Collective Bargaining Unit	Agreement Expiration Date
NPMHU	September 20, 2025*
NALC	May 22, 2026
NRLCA	May 20, 2027
APWU	September 20, 2027

* Agreement with the NPMHU expired on September 20, 2025, and the parties are engaged in continuing negotiations.

Contingent Liabilities

From time to time, we are involved in other litigation incidental to the conduct of our business, none of which is expected to be material to our financial condition or operations.

Provision for Losses

We have made adequate provision for probable losses arising from all claims. The following table presents contingent liabilities by current and noncurrent portions and by category as of September 30, 2025, and 2024:

(in millions)	2025	2024
Current/noncurrent portions of contingent liabilities:		
Current portion[1]	$ 299	$ 232
Noncurrent portion[2]	153	171
Total contingent liabilities	**$ 452**	**$ 403**
Contingent liabilities by category:		
Labor and employment matters	$ 208	$ 210
Asset retirement obligations	38	38
Tort matters	116	143
Contractual matters	90	12
Total contingent liabilities	**$ 452**	**$ 403**

[1] Included within *Payables and accrued expenses* in the accompanying *Balance Sheets*.

[2] Included within *Other noncurrent liabilities* in the accompanying *Balance Sheets*.

Reasonably Possible Contingencies

In accordance with GAAP, we do not accrue for contingencies that we deem reasonably possible of an unfavorable outcome. These ranged in amount from $225 million to $1.1 billion and $225 million to $1.2 billion at September 30, 2025 and 2024, respectively.

NOTE 12 - RETIREMENT PLANS

Nearly all of our career employees participate in one of two U.S. government defined benefit pension programs, CSRS and FERS, which are administered by OPM. These plans provide retirement, death, and disability benefits for eligible employees based on specific eligibility and participation requirements, vesting periods, and benefit formulas. As government-sponsored benefit plans, CSRS and FERS are not subject to the provisions of the *Employee Retirement Income Security Act of 1974*, as amended.

Each employee's participation in either plan is based on the starting date of employment with us or another U.S. government entity. CSRS provides a basic annuity plan benefit to employees hired before January 1, 1984. CSRS Offset provides Social Security benefits in addition to its basic annuity plan for employees hired between January 1, 1984, and January 1, 1987. Effective January 1, 1987, FERS provides a basic annuity plan benefit to most employees hired since December 31, 1983. FERS employees are further categorized as either FERS, FERS - RAE, or FERS - FRAE depending on whether their date of hire was before, during, or after calendar year 2013, respectively.

The PAEA suspended our employer contributions to CSRS that would otherwise have been required under Title *5, Section 8334(a)(1)* of the U.S. Code, although CSRS employees continue to contribute to the plan. For FERS, we contribute to the plan an amount established by OPM as the employer portion of retirement benefits for participating employees and their qualifying survivors, upon retirement, for each employee’s current year of service (normal cost).

Career employees may also participate in the TSP, a defined contribution retirement savings and investment plan administered by the Federal Retirement Thrift Investment Board. For FERS employees, we contribute an automatic 1% contribution of basic pay, a 100% match of the first 3% of basic pay, and a 50% match of the next 2% of basic pay. We recognize Social Security and TSP expenses as they are incurred and record them within *Compensation and benefits* in the *Statements of Operations*. A liability is established for any contribution due and unpaid at the end of each reporting period. Amounts are generally expected to be paid within one year and are included within *Compensation and benefits* in the accompanying *Balance Sheets.* Our TSP expenses are related only to our contributions for FERS employees. CSRS and CSRS Offset employees may participate in the TSP, although we do not match contributions for these participants.

The following table presents the employee and employer contributions, as a percentage of employee basic pay, for the years ended September 30, 2025, 2024, and 2023:

	2025		2024		2023	
	Employee Contribution	Postal Service Contribution	Employee Contribution	Postal Service Contribution	Employee Contribution	Postal Service Contribution
CSRS	7.0%	—%	7.0%	—%	7.0%	—%
FERS	0.8%	16.1%	0.8%	16.1%	0.8%	16.2%
FERS-RAE	3.1%	14.2%	3.1%	14.2%	3.1%	14.4%
FERS-FRAE	4.4%	13.2%	4.4%	13.2%	4.4%	13.4%

Aside from these different contribution rates, we use the term "FERS employees" to apply to employees in all of the FERS categories.

The following table provides details for the number of active employees enrolled in CSRS and FERS for the years ended September 30, 2025, 2024, and 2023:

	2025	2024	2023
CSRS and CSRS Offset	3,725	5,485	6,945
FERS	165,162	189,630	208,939
FERS - RAE	5,545	5,804	6,133
FERS - FRAE	357,002	332,970	303,567
Total enrollment	**531,434**	**533,889**	**525,584**

The following table presents the retirement benefits expenses for the years ended September 30, 2025, 2024, and 2023:

(in millions)	2025	2024	2023
FERS normal costs	$ 5,061	$ 4,896	$ 4,845
CSRS unfunded retirement benefits amortization[1]	3,122	3,245	3,015
FERS unfunded retirement benefits amortization[2]	2,159	2,286	2,141
Total retirement benefits	**$ 10,342**	**$ 10,427**	**$ 10,001**

[1] Expense for the accrual for the annual payment due to OPM by September 30 of the respective fiscal year, to amortize the unfunded CSRS retirement obligation. Payments are to be made through 2043 based on OPM invoices.

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

CSRS and FERS Unfunded Retirement Benefits

OPM periodically notifies us regarding our revaluation of unfunded CSRS and FERS liabilities. OPM calculates these obligations using Postal Service-specific demographics data and government-wide economic assumptions, including salary growth assumptions. These amounts may be significantly impacted by changes in actuarial assumptions used to revalue the unfunded liabilities.

We received invoices from OPM in the amounts of $3.1 billion and $2.2 billion for our 2025 CSRS and FERS amortization obligations, respectively. As indicated in *Note 3 - Liquidity*, we paid $1.5 billion and $1.0 billion towards our 2025 and 2024 FERS amortization obligations, respectively, as well as a combined $1.1 billion for

2023 and 2022. However, we did not make the remainder of the respective annual payments in order to preserve liquidity to ensure that our ability to fulfill the primary universal service mission was not placed at undue risk. Total unpaid amounts for these obligations were $30.9 billion and $27.1 billion at September 30, 2025 and 2024, respectively.

CSRS and FERS Funded Status

As of September 30, 2023, the most current period available, we provided over 14% of the total plan contributions for FERS from all U.S. government employers (as derived from OPM's *Civil Service Retirement and Disability Fund Annual Report* dated August 2025).

As noted above, the latest available actual data for the government-wide CSRS and FERS plans is September 30, 2023. As of that date, the CSRS plan for the U.S. government, taken as a whole, was approximately 9% funded. Total plan assets and accumulated benefit obligations for the CSRS plan were $88 billion and $1.0 trillion, respectively. The FERS plan for the U.S. government, taken as a whole, was approximately 77% funded. Total plan assets and accumulated benefit obligations for the FERS plan were $949 billion and $1.2 trillion, respectively.

NOTE 13 - HEALTH BENEFITS PLANS

Since January 2025, the PSHB Program, a subset of the FEHB Program, covers nearly all career employees and certain pre-career employees and retirees who meet eligibility requirements. Separate from the PSHB, we offer our own healthcare plan to certain pre-career employees who are ineligible for PSHB.

Active Employees

We paid 71%, 72% and 72% of healthcare premium costs for active employees that participate in the FEHB and PSHB Programs during each of the years ended September 30, 2025, 2024, and 2023, respectively. Although OPM determines the actual premium costs for the FEHB and PSHB Programs, the allocation of these costs between ourselves and most of our employees is determined through agreements with our labor unions.

Our expenses for the active pre-career employees' self-insured healthcare plan were $208 million, $181 million, and $171 million for the years ended September 30, 2025, 2024, and 2023, respectively.

Our employer share of employee healthcare expenses (including Medicare taxes and expenses for the self-insured healthcare plan) was $5.7 billion, $5.6 billion, and $5.4 billion for the years ended September 30, 2025, 2024, and 2023, respectively.

Retirees

Retirees eligible to be covered by the PSHB Program are also required to enroll in Medicare, with certain limited exceptions. The PSRHBF, held by OPM, will pay for the employer portion of annuitant premiums until the fund is exhausted. Once exhausted, we will be required to pay the employer portion of the annuitant premiums on a pay-as-you-go method. While this is similar to the federal government’s funding of the employer portion of annuitant premiums, consistent with all our costs, we will be required to fund these payments primarily through the sale of postal products and services, rather than through appropriations.

Beginning in 2026, we expect that we will be required to make annual top-up payments to the PSRHBF, based on the difference between annuitant premiums and net claims costs, but only in the event premium payments exceed the claims costs.

NOTE 14 - WORKERS' COMPENSATION

Our employees who are injured on the job are covered by the FECA, administered by the DOL’s OWCP, which makes most decisions regarding injured workers’ eligibility for benefits. We reimburse the DOL for all workers’ compensation benefits paid to or on behalf of our employees. We also pay the DOL an administrative fee for its services.

Workers' Compensation Liability

The workers' compensation liability calculation is highly sensitive to changes in interest (discount) rates. For example, a 1% increase in the discount rate would decrease the September 30, 2025 liability and related expense by $1.5 billion. Likewise, a 1% decrease in the discount rate would increase the September 30, 2025 liability and related expense by $1.8 billion.

The following table details the applicable discount and inflation rates for compensation and medical claims used to estimate the workers' compensation liability as of September 30, 2025, 2024, and 2023:

	2025	2024	2023
Compensation claims liability:			
Interest (discount) rate	4.41 %	3.99 %	4.75 %
Long-term wage inflation rate	2.80 %	2.80 %	2.80 %
Medical claims liability:			
Interest (discount) rate	4.39 %	3.99 %	4.75 %
Medical inflation rate	20.00 %	3.10 %	3.10 %

Our total liability for workers' compensation was $17.4 billion and $16.3 billion as of September 30, 2025 and 2024, respectively. As of September 30, 2025 and 2024, the current portion of the liability was $1.7 billion and $1.6 billion, respectively, and the noncurrent portion of the liability was $15.7 billion and $14.7 billion, respectively, as reflected in the accompanying *Balance Sheets*.

Workers' Compensation Expense

The impacts of changes in discount and inflation rates, the actuarial valuation of new cases, revaluation of existing cases, and the administrative fee are components of total workers' compensation expense recorded in the accompanying *Statements of Operations*.

The table below details the components of workers' compensation expense for the years ended September 30, 2025, 2024, and 2023:

(in millions)	2025	2024	2023
Impact of discount rate changes	$ (692)	$ 1,105	$ (1,114)
Actuarial revaluation of existing cases	1,450	1,352	548
Costs of new cases	1,841	1,245	1,010
Administrative fee	100	97	94
Total workers' compensation expense	**$ 2,699**	**$ 3,799**	**$ 538**

NOTE 15 - LEASES
The table below reconciles the undiscounted cash flows for the first five years and the total remaining operating lease liabilities recorded in the accompanying *Balance Sheet* as of September 30, 2025:

	2025
(in millions)	**Operating Leases**
2026	$ 1,384
2027	1,244
2028	1,037
2029	789
2030	582
Thereafter	1,112
Total undiscounted lease payments	**$ 6,148**
Present value adjustment	(667)
Net lease liabilities	**$ 5,481**

Lease costs for operating leases for all non-cancellable leases are set forth below for the years ended September 30, 2025, 2024, and 2023:

(in millions)	2025	2024	2023
Operating lease cost	$ 1,400	$ 1,363	$ 1,369
Variable lease cost	484	517	564
Short-term lease cost	221	144	170
Total lease cost	**$ 2,105**	**$ 2,024**	**$ 2,103**

The following information represents supplemental cash and non-cash information for operating leases for the years ended September 30, 2025, 2024, and 2023:

($ in millions)	2025	2024	2023
Operating Leases:			
Operating cash flows from operating leases	$ 1,368	$ 1,337	$ 1,348
Right-of-use assets obtained in exchange for operating lease liabilities	$ 171	$ 301	$ 219
Weighted-average remaining lease term - operating leases	5.81 years	5.89 years	5.74 years
Weighted-average discount rate - operating leases	3.60 %	2.98 %	2.23 %

NOTE 16 - REVENUE FORGONE
While we are entitled to $1.2 billion for revenue forgone under the RFA, Congress must appropriate the annual installment of $29 million within the annual federal budget for us to receive funding. During the years 2015 and 2016, Congress appropriated and paid $29 million for each of the respective annual installments. However, for the years 2011 through 2014, and for the years 2017 through 2025, the installment amounts were either not appropriated, or only a portion of the $29 million was appropriated. During 2025, we received an $8 million payment for revenue forgone and as of September 30, 2025, the past due installments unpaid by Congress were $355 million. We continue to include the total past due installments in each annual appropriations request to Congress.

Although we have not consistently received the installment payments, the amounts are established by the RFA and, in any year, Congress could appropriate the full amount, including past due installments. We believe that the amount remains fully collectible and no reserve is necessary for the uncollected amounts due to the full faith and credit of the U.S. government.

Outstanding receivables associated with the installment payments, inclusive of the total unfunded amounts and imputed interest, were $558 million and $548 million as of September 30, 2025 and 2024, respectively.

NOTE 17 - FAIR VALUE MEASUREMENT

The carrying amounts and fair value of these items are presented for disclosure purposes only in the following table:

	2025		2024	
(in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Revenue forgone installment receivable[1]	$ 558	$ 451	$ 548	$ 460
Long-term debt[2]	$ 14,300	$ 14,039	$ 15,000	$ 14,967

[1] The carrying amount is included within *Other assets* (which includes items in addition to revenue forgone installment receivable) in the accompanying *Balance Sheets*.

[2] The fair value amount reflects the premium or discount associated with prepayment of all debt based on prevailing interest rates plus any prepayment penalties, as applicable.

The revenue forgone installment receivable qualifies as a financial instrument. To calculate the fair value, we recognize the imputed interest we are owed as interest income and estimate the value of this receivable using the interest method, which converts future cash flows to a single discounted amount using interest rates for similar assets, which are considered *Level 2* inputs. We then calculate the net present value of anticipated annual installment payments to be received, discounted by the 20-year U.S. Treasury Constant Maturity Rate.

The long-term debt also qualifies as a financial instrument. Because no active market exists for our debt with the FFB, we estimate the disclosed fair value of the long-term debt using expected future payments at discount rates provided by the FFB, considered *Level 3* inputs.

Considerable judgment is involved in using this model to determine estimates of fair value and, accordingly, they may not necessarily be indicative of amounts that would be realized upon disposition of a specific asset or liability.

NOTE 18 - SEGMENT INFORMATION

Our operations are organized into one operating segment. Our CODM is the PMG and CEO, who reviews our financial information routinely, and at least monthly. The CODM evaluates the financial performance of the operating segment and allocates resources within the terms of our collective bargaining agreements and based on assessments of operating revenue, compensation and benefits expenses, transportation expenses, and net income (loss).

The following table presents selected financial information with respect to our single operating segment for the years ended September 30, 2025, 2024, and 2023:

(in millions)	2025	2024	2023
Revenue	$ 80,581	$ 79,547	$ 78,383
Less:			
Compensation and benefits	55,781	54,078	52,853
Transportation	8,393	8,815	10,111
Other segment items*	25,608	26,572	22,423
Plus:			
Interest income (expense), net	223	398	526
Net loss	**$ (8,978)**	**$ (9,520)**	**$ (6,478)**

* Other segment items include: certain unfunded retirement benefits amortization expenses, workers' compensation (benefits) expenses, supplies and services, depreciation and amortization, rent and utilities, vehicle maintenance service, delivery vehicle fuel, information technology and communications, rural carrier equipment maintenance, and miscellaneous other.

See the accompanying *Statements of Operations* for other financial information regarding our operating segment.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in quarterly and annual reports is recorded, processed, summarized, and reported within the time frames specified by the PAEA and that this information is accumulated and communicated to management, including the PMG and CFO as appropriate, to allow timely decisions regarding required disclosure.

Management, under the supervision and with the participation of the PMG and CFO, carried out an evaluation of the effectiveness of the design and operation of disclosure controls and procedures as of September 30, 2025. Based upon and as of the date of the evaluation, we concluded that our disclosure controls and procedures were effective.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal controls over financial reporting during the quarter ended September 30, 2025, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate controls over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with GAAP. Internal control over financial reporting includes maintaining records that, in reasonable detail, accurately and fairly reflect our transactions, providing reasonable assurance that transactions are recorded as necessary for the preparation of our financial statements, providing reasonable assurance that receipts and expenditures of assets are made in accordance with management authorization, and providing reasonable assurance that unauthorized acquisition, use, or disposition of assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013),* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of September 30, 2025.

Ernst & Young LLP, an independent registered public accounting firm, has audited our financial statements and issued an attestation report on our internal control over financial reporting as of September 30, 2025, a copy of which appears on the following page.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Governors of the United States Postal Service

Opinion on Internal Control over Financial Reporting

We have audited the United States Postal Service's (the Postal Service's) internal control over financial reporting as of September 30, 2025, based on criteria established in the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, the Postal Service maintained, in all material respects, effective internal control over financial reporting at September 30, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the PCAOB) and in accordance with auditing standards generally accepted in the United States of America, the balance sheets of the Postal Service as of September 30, 2025 and 2024, the related statements of operations, changes in net deficiency and cash flows for each of the three years in the period ended September 30, 2025 and the related notes (collectively referred to as the "financial statements"), and our report dated November 14, 2025 expressed an unqualified opinion thereon that included an emphasis-of-matter paragraph regarding the Postal Service's ability to generate sufficient cash flow to meet all of its financial obligations throughout the fiscal year ending September 30, 2026.

Basis for Opinion

The Postal Service's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Postal Service's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Postal Service in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, Virginia
November 14, 2025

ITEM 9B. OTHER INFORMATION

None

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None

PART III

ITEM 10. GOVERNORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

BOARD OF GOVERNORS

We are governed by an eleven-member Board, which consists of our PMG, our DPMG, and nine independent Governors. The Governors are appointed by the President with the advice and consent of the Senate. Each of our Governors is considered independent as defined in *Part III., Item 13. Certain Relationships and Related Transactions, and Governor Independence*. Seven Members (including five independent Governors) currently sit on our Board:

Name, Age and Term of Office	Positions and Experience
Amber F. McReynolds, Chair of the Board Age 46 Governor since June 2021. Term expiring December 2026.	Serves as an elections consultant and advisor supporting various nonpartisan organizations across the U.S., including the National Election Task Force on Election Crises and the National Council on Election Integrity, an advisory board member for the Massachusetts Institute of Technology Election and Data Science Lab, and a board member for Represent Women. Former board member for City Year Denver, founder and former CEO of the National Vote at Home Institute and Coalition, and former Director of Elections for the City and County of Denver, Colorado from 2011 to 2018.
Derek Kan, Vice Chairman of the Board Age 47 Governor since May 2022. Term expiring December 2028.	Vice President of Shopify, Inc. since May 2022. Chief Business Officer of Deliverr Inc. December 2020 to May 2022. Member of the Board of Directors of Toll Brothers since December 2021. Deputy Director of the Office of Management and Budget from July 2020 to December 2020. Associate Director of the Office of Management and Budget from July 2019 to July 2020. Under Secretary of Transportation for Policy from November 2017 to July 2019. Former Member of the Board of Directors of Amtrak from January 2016 to July 2019.
Roman Martinez IV, Age 76 Governor since August 2019. Holdover term expiring December 2025.	Member of the Board of Trustees of New York-Presbyterian Hospital and Board of Advisors of the International Rescue Committee for more than five years. Former Member of the Board of Directors of Cigna Corporation and Orbital ATK within the past five years. Former Vice Chairman of the Investment Advisory Council of the State Board of Administration of Florida from 2006 to 2008 and former Managing Director at Lehman Brothers from 1978 to 2003.
Ronald A. Stroman, Age 73 Governor since June 2021. Term expiring December 2028.	Served as 20th DPMG, Chief Government Relations Officer, and member of the Board between April 2011 and June 2020.
Daniel Tangherlini, Age 58 Governor since May 2022. Term expiring December, 2027.	Managing Director of Emerson Collective since September 2020. Chief Financial Officer of Emerson Collective from September 2017 to September 2020. President of Seamless Docs from April 2016 to August 2017. Chief Operating Officer of Artemis Real Estate Partners from March 2015 to April 2016.

Committees

The Board has chartered four standing committees to help fulfill its various responsibilities. Each of these committees makes recommendations to the Board for its review and approval.

The Audit and Finance Committee, a standing committee, provides oversight of our financial statement preparation, system of internal controls, cybersecurity, the evaluation of enterprise risks, financial reporting process, compliance with applicable laws and regulations, and audit process.

The Compensation and Governance Committee, a standing committee, is responsible for the initial review of management proposals related to compensation and benefits for officers, and for the governance processes and procedures of the Board and its committees.

The Operations Committee, a standing committee, provides guidance to the Board on our plans to improve the efficiency of retail, delivery, transportation, and processing operations, as well as on-time service performance.

The Election Mail Committee, a standing committee, uses its oversight role to reinforce our strong commitment to effectively fulfill our important role in accepting, transporting, processing, and delivering Election Mail when election officials or voters determine to utilize us as a part of their electoral system and to monitor our performance in this regard.

These committees are composed as follows:

Name	Audit and Finance	Compensation and Governance	Operations	Election Mail
Amber F. McReynolds			✓	✓✓
Derek Kan		✓✓	✓	
Roman Martinez IV ▲	✓	✓		
Ronald A. Stroman		✓	✓✓	
Daniel Tangherlini ▲	✓✓			✓
David Steiner				
Douglas Tulino			✓	

✓✓ — Committee Chair
✓ — Committee Member
▲ — Audit committee financial expert

EXECUTIVE OFFICERS

We had eleven executive officers as of September 30, 2025:

Name and Age	Positions and Experience
David Steiner Age 65	76th Postmaster General, Chief Executive Officer, and member of the Board since July 2025; Member of the Board of Directors at Vulcan Materials Company since February 2017; CEO of Waste Management from March 2004 to November 2016; Member of the Board of Directors for FedEx from September 2009 to May 2025, including as the Lead Independent Director of FedEx since September 2013.
Douglas Tulino Age 68	Acting Postmaster General from March 2025 to July 2025, Chief Operating Officer since August, 2025, 21st Deputy Postmaster General, Chief Human Resources Officer, and member of the Board since May 2021. Chief Human Resources Officer from November 2020 to May 2021. Vice President, Labor Relations from 2005 to November 2020.

Name and Age	Positions and Experience
Joshua Colin Age 59	Chief Performance Officer and Executive Vice President since January 2025; Chief Retail and Delivery Officer and Executive VP from August 2021 to January 2025; VP, Delivery Operations from August 2020 to August 2021; VP, Area Operations, Eastern Area from November 2012 to July 2020.
Isaac Cronkhite Age 47	Chief Processing and Distribution Officer and Executive Vice President since June 2022; Chief Logistics and Processing Operations Officer and Executive Vice President from November 2020 to June 2022; Chief Human Resources Officer and Executive Vice President from January 2019 to November 2020 (in an acting capacity until June 2019); Vice President, Enterprise Analytics from May 2016 to June 2019.
Luke Grossmann Age 46	Chief Financial Officer and Executive Vice President since November 2024; Senior Vice President, Finance and Strategy from August 2019 to November 2024; Vice President, Finance and Planning from March 2016 to August 2019.
Ronnie Jarriel Age 64	Chief Logistics and Infrastructure Officer and Executive Vice President since June 2024; Senior Vice President, Infrastructure and Operations Support from September 2023 to June 2024; Vice President, Fleet Management and Electrification Strategy from May 2023 to June 2024; President of Phoenix Direct, LLC. from January 2021 to December 2022; Senior Vice President Operations Support, XPO Logistics, Inc. from August 1994 to October 2019.
Thomas Marshall Age 63	General Counsel and Executive Vice President since May 2013.
Pritha Mehra Age 62	Chief Information Officer and Executive Vice President since August 2020 (in an acting capacity until November 2020); Vice President, Information Technology from July 2019 to March 2020; Vice President, Business Mail Entry and Payment Technology from July 2008 to July 2019.
Elvin Mercado Age 57	Chief Retail and Delivery Officer and Executive Vice President since February 2025 (served in an acting capacity from January 2025); Vice President from May 2021 to January 2025; District Manager, USPS, from November 2018 to May 2021; Executive Postmaster from March 2014 to November 2018; and Executive from August 2012 to November 2018.
Steven Monteith Age 65	Chief Customer and Marketing Officer and Executive Vice President since August 2020 (in an acting capacity until November 2020); VP, Marketing from October 2016 to August 2020.
Gary Reblin Age 58	Chief Technology Officer and Executive Vice President since July 2025 (in an acting capacity until August 2025); Vice President Applied Engineering from July 2024 to July 2025; Vice President Innovative Business Technology from November 2020 to July 2024; Vice President Product Innovation from February 2017 to November 2020.

CODE OF ETHICS

All our employees are required to comply with the Standards of Ethical Conduct for Employees of the Executive Branch ("Standards"). The Standards are published in the Code of Federal Regulations ("CFR") at *5 CFR Part 2635* and cover prohibitions and restrictions on the acceptance of gifts, conflicting financial interests, the obligation of all employees to perform their duties impartially, restrictions on the misuse of government positions and property, restrictions on certain outside activities and other related ethical obligations.

Our employees are also covered by a set of additional restrictions that apply only to the Postal Service's employees. These "Supplemental Standards" can be found at *5 CFR Part 7001* and focus on limitations on outside employment and outside business activities that could give rise to a conflict with their official duties.

The Standards and the Supplemental Standards contain many examples to help employees identify and resolve ethical issues. New employees receive ethics training at their orientation and ethics officials provide training throughout the year as required by law and as otherwise deemed appropriate. To ensure that all our employees can receive timely and accurate ethics advice, we have established a dedicated ethics telephone helpline and an email address that is managed by ethics specialists.

Certain high-level employees are also subject to the Senior Financial Managers' Code of Ethics. This Code of Ethics can be found on our website at: *https://about.usps.com/who/legal/ethics/welcome.htm*.

ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The Board establishes officer compensation and benefits, subject to the requirements and limitations of federal law. The Board has delegated to its Compensation and Governance Committee authority for initial review of management proposals related to compensation and benefits for the officers. The Compensation and Governance Committee makes recommendations to the full Board for its review and approval.

Set forth in Title 39 of the U.S.C., federal law provides that compensation and benefits for all of our officers shall be comparable to the compensation and benefits paid for comparable levels of work in the private sector of the economy, but subject to certain statutory caps. With approximately 624,000 employees as of the end of 2025, we are the third largest civilian employer in the nation. We operate 262,700 motor vehicles and 31,000 retail units. In 2025, we delivered 108.7 billion mail pieces, 44% of the world's mail, and generated over $80 billion in revenue. In 2025, we ranked 157th in *Fortune* magazine's listing of *Fortune Global 500* companies. By way of comparison, two of our largest competitors ranked 123rd and 135th on this list. If we were listed on the *Fortune 500* annual ranking of America's largest corporations, we would be ranked 55th. The same two of our largest competitors are ranked 47th and 49th on that list.

Comparably sized companies typically provide their top executives with annual salaries well in excess of $1 million and total compensation and benefits valued at several million dollars. These compensation packages typically consist of annual and long-term performance incentives, including a combination of cash payments, stock options, and a number of benefits and perquisites.

Although our governing law provides that officers should be compensated at a level comparable to the private sector, the law does not afford the Board or the Compensation and Governance Committee the tools to achieve this standard of compensation for our officers, which remains significantly below that of similarly ranked senior executives in the private sector.

The law imposes three different compensation caps. The first cap provides that no officer or employee may be paid compensation "at a rate in excess of the rate for Level I of the Executive Schedule under *Section 5312* of Title 5" of *39 U.S.C. §1003(a)*. In calendar year 2025, the upper limit on federal salaries rose 1.7% to $250,600.

With the approval of the Board, we may develop a program to award a bonus or other reward in excess of the compensation cap discussed above, as long as the total compensation paid to the officer in a year does not "exceed the total annual compensation payable to the Vice President under *Section 104* of Title 3 as of the end of the calendar year in which the bonus or award is paid" under *39 U.S.C. §3686(a)-(b)*. In calendar year 2025, this cap rose 1.7% to $289,400. The Board may approve a program allowing for bonuses or other rewards if it determines, for the annual appraisal period involved, that the performance appraisal system for impacted employees makes meaningful distinctions based on relative performance.

In addition, the Board may allow up to 12 of our officers or employees in critical senior executive or equivalent positions to be paid total annual compensation up to "120 percent of the total annual compensation payable to the Vice President under *Section 104* of Title 3 as of the end of the calendar year in which such payment is received" under *39 U.S.C. §3686(c)*. Based on the Vice President's salary for calendar year 2025, the compensation cap for calendar year 2025 was $347,280.

By law, our employees, including officers, are entitled to participate in either CSRS or FERS, depending on when their federal employment began. As applicable to our officers, these retirement systems are described later in this *Compensation Discussion and Analysis*. In addition, to remain competitive with comparable employment in private industry and other parts of the U.S. government, our policy also authorizes certain additional benefits for our officers. Other than changes required by law, the Board must authorize increases to benefits for officers.

COMPENSATION PHILOSOPHY AND OBJECTIVES

The Board recognizes that a significant disconnect exists between the comparability requirement and the compensation caps in the law governing us and that the various compensation caps do not enable the Board to provide compensation and benefits for our officers that are fully comparable to those in the private sector. This is especially true given our current financial challenges. The Board also recognizes that many of the compensation and benefit tools available in the private sector, such as equity ownership, are not available to us, given our status as a U.S. government entity. These limitations hinder our ability to competitively recruit in the marketplace for officers and to retain current officers.

In an attempt to achieve some level of comparability within the confines of the law, the Board designed a compensation system intended to balance an officer's annual salary with the ability to earn additional compensation by meeting performance goals and objectives; however, because of the compensation caps discussed above, a portion of this compensation might need to be deferred.

At the start of calendar year 2025, the compensation system operated pursuant to its terms, and eligible officers received an increase in their basic compensation and a performance lump-sum payment based upon their 2024 fiscal year performance.

Within the confines of its legislative authority and our financial constraints, the Board's compensation philosophy is that:

- Individual officer compensation should be strongly connected to our performance on a number of dimensions, including service, employee safety, net income, and productivity;
- Compensation and benefits should be designed to attract and retain high-performing officers to ensure that we have the caliber of officers who will enable us to operate at the highest levels of performance and productivity;
- Lump-sum incentives should be set to motivate officers to improve performance continuously on a long-term basis and to perform above the annually established goals and objectives. If individual performance exceeds the goals and objectives set for the year, the employee should receive additional compensation. Likewise, if overall performance falls below the annual goals and objectives, the individual could be paid less;
- A significant amount of the officer's compensation should be "at-risk" and the "at-risk" amount should increase as the officer's level of responsibility increases;
- Innovation, effectiveness as an agent for change, the ability to balance day-to-day priorities and long-term strategies, and organizational value as defined by the achievement of key corporate goals and objectives should be rewarded;
- Officer compensation should be fair and equitable internally, recognizing the width and breadth of the responsibilities of our officers; and
- Officer success is defined by several factors, including financial returns, the quality of service we provide, the results achieved by the officer's actions to enhance the organization's efficiency and overcome challenges and whether an officer met established individual goals.

THE COMPENSATION PROGRAM

In 2007, with the assistance of an independent consulting firm specializing in officer compensation, the Compensation and Governance Committee recommended and the Board approved a salary band for the PMG to be set at the legislative salary cap. In doing so, the Board's objectives were to design a compensation program that optimized the legislative flexibility granted by the PAEA, improved external marketplace competitiveness, and honored legislative constraints and existing pay ranges. For the other officers, the Board sets salary ranges based on salary relationships of comparable officers in the external market. In general, the Board has maintained this method of setting officer pay ranges since 2007.

The Governors have authorized the PMG to establish salaries for the other officers within the confines of the salary ranges established by the Governors, after reviewing recommendations from the PMG, the Governors approved the application of the PFP system according to its terms.

In 2025, we continued to employ a national performance assessment program ("Performance Assessment") to set annual performance goals and metrics that vary among officers and are weighted to reflect appropriately the degree to which an officer is able to influence our overall performance. The annual Performance Assessment metrics and targets generally take into consideration our performance during the prior fiscal year and the particular challenges that we anticipate having to face during the following year. The Performance Assessment places emphasis on measurable financial, customer service, and employee performance indicators. The PMG and the DPMG performance goals are governed by our corporate goals.

The officer compensation system is intended to operate as follows: The Board establishes annual PFP incentives to provide opportunities for the PMG and the DPMG to earn enhanced compensation, directly tied to the level of their performance. The PMG establishes annual PFP incentives for other officers to provide them opportunities to earn increased compensation based upon their performance. Incentive payouts are not to be made for a particular goal if the Postal Service or the individual fails to meet minimum acceptable performance standards. The payment of PFP incentives may sometimes be deferred for future payment where required due to the compensation caps discussed above.

We continued to use the Performance Assessment process to measure performance during 2025. Performance Assessment performance goals and rewards fall into several categories that an officer may directly influence, such as service, safety, efficiency, and productivity, as well as those that are more susceptible to general economic conditions, such as revenue generation.

For each goal, the PMG establishes indicators identifying the type of performance that will enable us to achieve or surpass the goal. These indicators are aligned to the *Delivering for America* plan for each function and measured at the lowest level possible to provide direct line of sight for individuals. The officers' goals are aligned with national performance goals and linked to our overall success.

Once the goals and indicators are established, officers are advised as to what is expected of them in terms of performance during the year, how their performance will impact us, and in years when incentives are authorized, the potential level of performance-based incentives they can expect depending on their individual performance and our performance as a whole. Under this program, an individual officer can receive a numerical rating within a range of one to ten depending on how we perform on the corporate indicators and the individual's performance, as determined by the PMG and the applicable pay policies.

The system is designed to operate as follows: an individual officer's performance rating would make the officer eligible for an increase to base salary, as well as for a performance-based lump-sum payment. Due to statutory cap limitations, increases to the maximum of the salary range for officers would generally follow the percentage increase in the applicable statutory cap for any given year. Any salary increases for officers are limited by these maximums and are solely performance based, as determined by the PMG. Lump-sum incentive payments would be tied to the PMG's rating of the officer's performance, based on the degree to which the individual achieved previously set individual goals and metrics. Salary increases, if any, are generally determined after the end of the fiscal year, and such increases become effective for the following calendar year.

COMPONENTS OF OFFICER COMPENSATION AND BENEFITS

On September 9, 2020, the Board reviewed and approved a consolidated Officer Pay Policy, which updated and memorialized the PMG's authority to grant certain incentive payments to officers and also provided for severance payments for officers under certain circumstances. Specifically, the policy provides severance in an amount of one year’s salary to an officer if he or she is asked to separate from the Postal Service for any reason other than cause and he or she is otherwise not eligible to retire and receive an immediate retirement annuity. Severance may be paid in a single lump sum payment or multiple payments following the date of an officer’s separation from the Postal Service. Officers that voluntarily separate from the Postal Service will not be entitled to receive severance under this policy.

On August 9, 2023, the Board reviewed and approved a consolidated Officer Pay Policy, which amended and memorialized how the interest on deferred accounts is applied. Specifically, for calendar year 2023 and future calendar years, the Postal Service will credit interest during the calendar year at a rate that will result in a yield equal to the Moody's Average Corporate Yield, averaged over the 12-month period ending on December 31 of the prior year.

Base Salary

Base salaries provide a level of financial security that is appropriate for the officer's position. Within the confines of law and our difficult financial condition, base salaries are to be scaled within pay ranges designed to be competitive with the market median. As discussed above, maximum payouts in a given year are set by federal law. Officer salaries are reviewed at least annually and adjusted, as appropriate and when permitted by law and our financial constraints, to reflect individual performance, range of responsibilities, value and contribution to the organization, and experience.

Annual Incentive

Annual incentives serve as a mechanism for adjusting total compensation levels commensurate with the attainment of planned results, thereby ensuring affordability and appropriate performance that benefits us. As discussed above, we use the Performance Assessment to set annual performance goals and metrics at the national and functional level. The Governors set the goals and indicators for the PMG and the DPMG, and the PMG establishes goals and indicators for the other officers. The PMG's and the DPMG's performance is determined based on the degree to which they have achieved previously set goals and metrics. Likewise, officers' individual performance ratings are determined by the PMG based on the degree to which the individual has achieved the previously set goals and metrics.

Other Compensation Incentives

Officers are also eligible for recognition awards for specific activities that reflect a high degree of leadership. Officers are eligible for recruitment, relocation and retention incentives designed to attract and retain highly talented and marketable individuals in key positions. Payments of some of these incentives may be deferred, in whole or in part, due to the compensation limits imposed on our employees as more fully discussed above.

Retirement Annuities

Officers are covered either by CSRS or FERS, depending on when they began their federal employment. Both systems have a defined benefit component and a defined contribution component. CSRS and FERS service is creditable for Medicare coverage. FERS service is creditable for Social Security.

CSRS Defined Benefit

The CSRS Basic Benefit annuity is based on a percentage of the *high-three* salary multiplied by years of service. The percentage is 1.5% for the first five years of service, plus 1.75% from five years to ten years of service and 2% for all years of service thereafter. Optional retirement thresholds are age 55 with 30 years of service, age 60 with 20 years of service, and age 62 with five years of service, with a requirement of completing at least five years of creditable civilian service. The annuity is fully indexed to the CPI. Disability, early retirement, deferred and survivor benefits are available.

FERS Defined Benefit

The FERS Basic Benefit annuity is based on 1.0% of *high-three* salary per year of service, or 1.1% for retirement at age 62 with at least 20 years of service. Optional retirement thresholds are the MRA of 55 to 57 (depending on birth year) with 30 years of service, age 60 with 20 years of service, age 62 with five years of service, or MRA with ten years of service (at a reduced benefit), with a requirement of completing at least five years of creditable civilian service. Employees who retire at MRA with 30 years of service, or at age 60 with 20 years of service, receive a retirement supplement approximating the value of Social Security benefits attributable to federal service; this benefit is paid until age 62. Beginning at age 62, the annuity is indexed to CPI, fully when the CPI increase is 2% or less, at 2% when the CPI increase is between 2% and 3%, and at CPI minus 1% when the CPI is at least 3%. Disability, early retirement, and deferred and survivor benefits are available.

Defined Contribution

The TSP has a component that mirrors traditional 401(k) plans and an option similar to "Roth" plans. CSRS and FERS employees may contribute up to the indexed IRS maximum ($23,500 in calendar year 2025). We do not make or match the TSP contributions for CSRS employees. For FERS employees, we make an automatic contribution of 1% of basic pay and match a percentage of employee contributions for up to an additional 4% of basic pay, for a total employer contribution of up to 5% of basic pay. Employees who will be at least age 50 in the year of contribution may make a separate catch-up contribution up to the indexed IRS maximum ($7,500 in calendar year 2025). The TSP investment options are a government securities fund; index funds that track the Barclays Capital Aggregate Bond Index, the S&P 500, the Dow Jones U.S. Completion TSM Index, and the Morgan Stanley Capital International EAFE (Europe, Australasia and Far East) stock index; and lifecycle funds.

Supplemental Nonqualified Deferred Compensation

Where appropriate and on a highly selective basis, we have offered supplemental nonqualified deferred compensation as a recruitment or retention tool.

Life Insurance

Officers are entitled to *Basic* group life insurance coverage under the FEGLI program in the amount of their annual basic salary, rounded up to the next $1,000, plus $2,000. If *Basic* coverage is held, an officer will also receive an additional $10,000 coverage (*Option A*) and *Option B* coverage up to three times their salary. We pay all premiums for *Option A*, *Option B* and *Basic* coverage.

At their own expense, officers may elect additional *Option B* coverage in an amount equal to two times their salary, or *Option C*, family optional insurance coverage, of up to five multiples of $5,000 for their spouse and $2,500 for each eligible dependent child under age 22. Officers continuously covered under FEGLI for the five years of service immediately preceding retirement, or since the first opportunity to enroll, may continue coverage during retirement (if entitled to an immediate annuity). We pay retired officers an actuarially determined lump sum to cover the cost of *Option A* premiums during retirement.

Health Benefits

We participate in FEHB and PSHB, which allows all career employees to enroll in one of a number of *Self-Only*, *Self-Plus-One* or *Self and Family* health benefit plans offered. We pay a portion of the cost of the premium for our officers and executives. In the current year, our share of the premium remained at 72% of the federal weighted average premium, limited to not more than 75% of the total premium for any given plan, and enrolled officers and executives paid the balance of the premium for the plan they selected. Employees who retire with immediate entitlement to an annuity are eligible to continue FEHB and PSHB coverage into retirement, as long as they have participated in FEHB and PSHB for the five years preceding their retirement or since their first opportunity to enroll.

Other Benefits

To remain competitive in the marketplace, we offer the following additional benefits to our executive officers: *Wellness* reimbursement incentive, parking, financial planning, retirement counseling services, TSA Pre-Check reimbursement, and membership in up to two airline clubs per year. In certain circumstances executives are entitled to relocation benefits at the time of their retirement. On September 9, 2020, the Governors clarified and updated their policies to provide that the PMG, the DPMG, and officers are entitled to a separation payment in an amount of one year's salary if either is asked to separate from the Postal Service for any reason other than for cause and they are otherwise ineligible for immediate retirement (not including early retirement, discontinued service retirement, or retirement at the minimum retirement age with less than 30 years of service). Severance may be paid in a single lump-sum payment or multiple payments following the date of separation. In addition, eligible officers may receive outplacement services and post-employment financial counseling.

COMPENSATION AND GOVERNANCE COMMITTEE REPORT

The Compensation and Governance Committee has reviewed and discussed the *Compensation Discussion and Analysis* with management, and based on such review and discussions, the Compensation and Governance Committee recommended to the Governors that this *Compensation Discussion and Analysis* be included in this report.

The Compensation and Governance Committee
Derek Kan, Chair
Roman Martinez IV
Ronald Stroman

SUMMARY COMPENSATION TABLE

The following represents the compensation of our current and former PMG and CEO, current and former CFO, and our next three most highly compensated executive officers ("named executive officers"):

Name and principal position	Fiscal year	Salary	Bonus[7]	Non-equity incentive plan compen-sation[8]	Change in pension value and non-qualified deferred compen-sation[9]	All other compen-sation[10, 11]	Total
David Steiner, *PMG and CEO*[1]	2025	$ 65,355	$ 173,390	$ —	$ 7,839	$ 13,259	$ 259,843
	2024	—	—	—	—	—	—
	2023	—	—	—	—	—	—
Louis DeJoy, *Former PMG and CEO*[2]	2025	179,734	—	85,255	—	47,136	312,125
	2024	336,399	—	81,500	62,978	80,174	561,051
	2023	322,055	—	78,295	53,587	79,209	533,146
Luke Grossmann, *CFO and Executive VP*[3]	2025	300,693	34,016	11,153	217,969	23,595	587,426
	2024	275,536	12,247	10,724	64,148	20,846	383,501
	2023	264,939	22,590	12,890	55,479	21,948	377,846
Joseph Corbett, *Former CFO and Executive VP*[4]	2025	83,386	2,516	92,665	5,451	15,673	199,691
	2024	297,554	12,247	46,581	58,552	31,212	446,146
	2023	286,110	20,708	48,920	53,098	32,049	440,885
Douglas A. Tulino, *DPMG, Chief Operating Officer and Chief Human Resources Officer*[5]	2025	334,271	2,516	181,900	2,791	79,143	600,621
	2024	323,077	12,247	78,225	232,916	20,117	666,582
	2023	309,085	11,371	75,125	432,974	19,157	847,712
Elvin Mercado, *Chief Retail and Delivery Officer and Executive VP*[6]	2025	284,697	7,516	9,791	134,999	30,515	467,518
	2024	—	—	—	—	—	—
	2023	—	—	—	—	—	—
Isaac Cronkhite, *Chief Processing and Distribution Officer and Executive VP*	2025	317,058	12,516	12,509	71,793	24,665	438,541
	2024	309,027	2,247	12,028	166,997	23,517	513,816
	2023	297,038	33,520	17,328	70,597	22,777	441,260

[1] Mr. Steiner was selected as the Postal Service's 76th Postmaster General and CEO by the Postal Service Board of Governors, effective July 15, 2025, and, as such, information for 2024 and 2023 is not reported.

[2] Mr. DeJoy served as the Postal Service's 75th Postmaster General and CEO until his resignation on March 24, 2025.

[3] Mr. Grossmann was named as the CFO and Executive VP effective November 30, 2024.

[4] Mr. Corbett served as the CFO and Executive VP until his retirement on December 31, 2024.

[5] Mr. Tulino served as the Postal Service's Acting Postmaster General and CEO from March 25, 2025 until July 14, 2025.

[6] Mr. Mercado was named Chief Retail and Delivery Officer and Executive VP effective February 22, 2025, and, as such, information for 2024 and 2023 is not reported.

[7] The amount shown for Mr. Steiner includes a lump sum relocation payment.

[8] Amounts reflect the performance-based incentive compensation awarded to executive officers for performance in prior fiscal years. The amounts shown for Mr. Corbett and Mr. Tulino also reflect the lump sum payments required by their employment agreements. Any amounts that could not be paid to an executive officer, due to the compensation cap or their contract, were deferred for future payment and are also reflected in the nonqualified deferred compensation table below.

[9] Mr. Tulino participates in CSRS. Mr. Steiner, Mr. DeJoy, Mr. Grossmann, Mr. Corbett, Mr. Mercado and Mr. Cronkhite all participate in FERS. The calculation of retirement annuities under FERS is explained in the Pension Benefits table, the associated note and in the Retirement Annuities section of Compensation Discussion and Analysis. The amounts shown for each of these individuals represent the change in annuity value from the prior year. "Nonqualified deferred compensation earnings" is defined as above-market earnings on deferred income. There were no reportable amounts of nonqualified deferred compensation earnings for the named executive officers in 2025, 2024 or 2023, with the exception of Mr. Corbett, whose above-market earnings on deferred income were $5,451 in 2025, $4,940 in 2024, and $4,454 in 2023.

[10] Other compensation may include security detail services, TSP contributions, life insurance premiums, financial planning consultation fees, parking fees, airline club and similar travel fees, wellness benefits, and associated tax gross-ups, as applicable.

[11] Other compensation in 2025 includes security detail services of $3,485, $26,594 and $59,947 for Mr. Steiner, Mr. DeJoy and Mr. Tulino, respectively.

GRANTS OF PLAN-BASED AWARDS

The following table presents information regarding potential non-equity incentive awards to the named executive officers for 2025. Whether a named executive officer receives an award and, if so, the amount of an award for 2025 will depend on both the Postal Service's and the individual's performance.

	Estimated future payouts under non-equity incentive plan awards		
Name	Threshold	Target	Maximum
David Steiner	$ 10,403	$ 34,678	$ 86,695
Luke Grossmann	9,201	30,669	76,674
Douglas A. Tulino	10,268	34,228	85,570
Elvin Mercado	9,390	31,300	78,250
Isaac Cronkhite	9,569	31,898	79,746

Note: The PFP program relies on a 10-point scale with clearly defined and transparent corporate goals. The FY25 PFP targets are set at a rating of 5. The maximum threshold for payment is set at a rating of 10. Individual ratings vary but the corporate score is used as the regulator. Any individual award is unlikely to exceed the target amount.

PENSION BENEFITS

The following table shows the present value of accumulated pension benefits payable to the named executive officers as of September 30, 2025:

Name	Plan name	Number of years credited service	Present value of accumulated benefit
David Steiner	FERS Annuity	0.2	$ 7,839
Luke Grossmann	FERS Annuity	20	771,061
Douglas A. Tulino	CSRS Annuity	45	4,629,545
Elvin Mercado	FERS Annuity	37	2,057,485
Isaac Cronkhite	FERS Annuity	21	825,668

Note: The Plan name is described in the Retirement Annuities section within Compensation Discussion and Analysis. The present value of the accumulated FERS and/or CSRS benefit represents the value of the pension over the individual's actuarial lifetime, as of September 30, 2025. Mr. Tulino participates in CSRS. Mr. Steiner, Mr. Grossmann, Mr. Mercado, and Mr. Cronkhite participate in FERS. The valuation for all named executive officers assumes that they have satisfied vesting requirements for retirement; however, because of their current tenure with the Postal Service or their age, their retirement annuities have not all fully vested.

NONQUALIFIED DEFERRED COMPENSATION

The following table presents contributions to, and earnings on, the named executive officers' deferred compensation for 2025:

Name	Executive contributions in 2025[1]	Aggregate earnings in 2025[2]	Aggregate withdrawals / distributions in 2025[3]	Aggregate balance at September 30, 2025
Louis DeJoy	$ —	$ 13,057	$ (442,110)	$ —
Joseph Corbett	80,620	30,404	(291,974)	560,569
Douglas A. Tulino	185,570	19,403	—	531,552
Isaac Cronkhite	—	1,331	—	25,826

[1] This column represents amounts deferred due to the compensation cap or contract agreements.

[2] We calculate interest on deferred compensation semi-annually at 5.0% per year for Mr. Corbett per his contract. Others are calculated using the previous calendar year monthly average of the Moody's Average Corporate Yield rate and applied once annually, on December 31st.

[3] Mr. DeJoy separated on March 24, 2025 and received his final deferred payment of $442,100 in July 2025. Mr. Corbett retired on December 31, 2024 and is scheduled to receive his deferred payments in three installations of $291,974 until calendar year 2027.

POTENTIAL PAYMENTS UPON TERMINATION

The PMG and all the other named executives are subject to the standard policies governing CSRS or FERS, as described in the *Compensation Discussion and Analysis*. The present value of these CSRS and FERS benefits are found in the Pension Benefits table in the O*fficer Compensation* section of this report. The information below describes and quantifies certain compensation, in addition to that due pursuant to CSRS or FERS, that would become payable under existing plans and arrangements if the named officer's employment had terminated on September 30, 2025. Additionally, pursuant to statutes and regulations generally applicable to federal employees, the named executive officers would be entitled to receive the federal employer's standard contribution toward retiree health benefits, in the event they have qualifying service and participated in FEHB for the requisite period of time prior to retiring.

DEFERRED COMPENSATION

Our employees are subject to annual compensation limits established pursuant to federal statutes and regulations. When amounts earned by our employees cannot be paid because of these compensation limits, these payments are deferred until a year in which their payment would not cause total annual compensation paid to exceed the compensation limit, or the year in which an employee leaves the Postal Service, whichever occurs first. Named executive officers appearing in the nonqualified deferred compensation table in the *Officer Compensation* above have deferred compensation in the amounts indicated therein. These amounts would have been paid to them in a lump sum or pursuant to their contract with us following their departure, had they ended their employment with us on September 30, 2025.

Mr. Tulino's employment agreement provides for two retention payments of $100,000 each. The first payment was made and added to his deferred account in June 2025. The second payment will be made between December 31, 2025 and January 30, 2026, on the condition he is employed by the Postal Service on December 31, 2025.

Mr. Corbett's employment agreement provided for deferred incentives linked in part to his performance. Mr. Corbett retired on December 31, 2024 and his first deferred payment was made in February 2025. Mr. Corbett has two remaining deferred payments to be made in 2026 and 2027.

SUPPLEMENTAL PENSION BENEFIT

The Governors have not authorized a supplemental pension benefit for any officer at this time.

SEVERANCE PAYMENT

Severance in an amount of one year’s salary will be paid to an officer, the PMG, or the DPMG, if they are asked to separate from the Postal Service for any reason other than cause and they are otherwise not eligible to retire and receive an immediate retirement annuity. Officers, the PMG or the DPMG, that voluntarily separate from the Postal Service will not be entitled to receive severance.

INSURANCE BENEFIT

The Governors have not authorized supplemental insurance benefits for any officer at this time. The insurance benefits to which all of our officers are entitled are described above.

OUTPLACEMENT ASSISTANCE

The Governors have authorized professional outplacement services to all officers at a cost not to exceed $40,000.

ACCRUED ANNUAL LEAVE

All of our employees are entitled to receive and accrue paid days off, known as annual leave. Upon their separation from the Postal Service, all employees, including the named executive officers, are entitled to be paid, in a lump sum, the value of all accrued annual leave. The table below shows the accrued value of the annual leave of the named executive officers as of September 30, 2025:

Name	Value of accrued annual leave
David Steiner	$ 5,335
Luke Grossmann	18,873
Douglas A. Tulino	812,257
Elvin Mercado	72,592
Isaac Cronkhite	13,495

CEO PAY RATIO

In accordance with Section 953(b) of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, we are providing the ratio of the annual total compensation of David Steiner, our PMG and CEO, to the annual total compensation of our median employee. This ratio is based on our employee and payroll records and the methodology described below.

2025 PAY RATIO

The following ratio of our PMG's annual total compensation to the median employee's for 2025 is a reasonable estimate calculated in a manner consistent with applicable SEC rules.

- The combined annual total compensation of the individuals that served as our PMG and Acting PMG during the year, as reported in the *Summary Compensation Table* above, was $762,723.
- The annual total compensation of our median employee was $80,134.
- Based on this information, we estimate that the ratio of our PMG's annual total compensation to that of our median employee is 10:1.

Total compensation for this purpose includes base pay plus other forms of cash compensation, such as overtime and bonuses, plus any change in pension value, as discussed in the *Calculate 2025 Median Employee Compensation* section below.

CALCULATING METHODOLOGY

SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices. Other comparably sized organizations have different employee populations and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios. Given the uniqueness of our compensation practices, most notably the caps on compensation for our executives described in *Compensation Discussion and Analysis*, the pay ratio we have reported above may significantly differ from ratios reported by comparably sized organizations.

Identify Median Employee

We identified our median compensated employee based on annual "taxable wages" (W-2 Box 5 or equivalent) from payroll data for tax year 2023. For the purposes of this determination, taxable wages include all cash compensation, including base pay, overtime pay, cash bonuses and any other taxable cash awards, before deducting retirement plan contributions or other benefits that are generally excluded from federal income tax.

We took the following steps to determine our median employee:

1. We used a database of career and pre-career (both full-time and part-time) employees who received wages through our payroll system during tax year 2023.

2. We excluded employees who were not receiving wages as of September 30, 2023, the end of our 2023 fiscal year, either because their employment ended before or began after that date.

The resulting number of employees for tax year 2023 was 582,895 (not including our PMG), and we determined from this population which employee represented the median. The number of employees in this population varied somewhat from the total number of employees elsewhere within this report, as it represents a different time period, and we have historically used employee complement figures, not payroll records, to report employee composition.

Calculate 2025 Median Employee Compensation

We took the following steps to determine our median employee's annual total compensation for 2025:

1. We obtained our median employee's gross compensation from payroll records for each pay period during 2025, and summed those amounts to determine total gross compensation for the year. Gross compensation includes base pay plus other forms of cash compensation, including overtime and bonuses, which may vary from year to year.
2. We then calculated our median employee's annual total compensation by taking the sum of annual taxable wages and the change in pension value.

To calculate change in pension value for our median employee, we used Postal-Service specific demographic and salary growth assumptions, prepared by Deloitte Consulting, LLP. Given the differences in the nature of work performed, we calculated the change in pension value for our PMG using government-wide demographic and salary growth assumptions. Other than this difference, we calculated annual total compensation of our median employee using the same methodology that we used to calculate annual total compensation of our most highly compensated executive officers, including our PMG, as disclosed in the *Summary Compensation Table*.

GOVERNORS COMPENSATION

The following table presents information regarding the compensation of the Governors during fiscal year 2025:

Name[1]	Fees earned or paid in cash[2]	All other compensation[3]	Total
Amber F. McReynolds	38,100	1,531	39,631
Derek Kan	38,100	1,578	39,678
Roman Martinez IV[4]	38,400	1,444	39,844
Ronald A. Stroman	38,100	1,565	39,665
Daniel Tangherlini	39,000	1,565	40,565

[1] Each Governor may serve a holdover term for up to one additional year until a successor is confirmed and appointed.

[2] Each Governor receives a basic stipend of $30,000 per year plus $300 per day for not more than 42 days of meetings each year.

[3] Other compensation includes a commemorative stamp book and associated tax gross-ups.

[4] Governor Martinez was appointed in August 2019. Governor Martinez's initial term expired on December 8, 2024 and he continues to serve in a holdover year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Not applicable. As an "independent establishment of the executive branch of the Government of the United States" (*39 U.S.C. §201*), we do not issue equity securities.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND GOVERNOR INDEPENDENCE

CERTAIN TRANSACTIONS

We enter into significant transactions with other government agencies. Although such agencies do not fall within the definition of related parties for purposes of Item 404(a) of Regulation S-K, they are considered related parties in accordance with GAAP. See *Part II., Item 8. Financial Statements and Supplementary Data*, *Notes to Financial Statements*, *Note 5 - Related Parties*.

GOVERNOR INDEPENDENCE

Our Governors are appointed by the President with the advice and consent of the Senate. The composition of our Board is governed by *39 U.S.C. § 202* and *39 U.S.C. § 205.* Provisions codified in *39 U.S.C. § 205* are similar to considerations for independence under section 10(a) of the *Exchange Act*. These provisions stipulate that “no officer or employee of the United States may concurrently serve as a Governor” or “hold any other office or employment . . . in conflict with his duties, responsibilities, and powers as an officer of the Government of the United States in the Postal Service.”

In addition, our Governors are subject to the requirements set forth in the *Ethics in Government Act of 1978* and the Standards of Ethical Conduct for Employees of the Executive Branch. These provisions prohibit the Governors from participating in postal matters if such matters could have an impact on their personal financial interests. To this end, upon appointment, and yearly thereafter, the Governors are required to file financial disclosure reports listing their assets and interests, which enable the Postal Service's ethics officials to assess potential conflicts. Based upon their satisfaction of the foregoing requirements, we have determined that the Governors are independent.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Annually, the Audit and Finance Committee reviews and pre-approves the audit services to be provided by our independent auditors. The Audit and Finance Committee must approve other specific services before the independent auditors may perform such services. The Audit and Finance Committee also has delegated to the Audit and Finance Committee Chairman pre-approval authority with respect to permitted services, provided that any pre-approval decisions must be reported to the Audit and Finance Committee at its next scheduled meeting.

Audit fees totaled $8.3 million and $8.1 million for the years ended September 30, 2025 and 2024, respectively. Audit fees include fees for professional services associated with the annual financial statement audit, the reviews of our quarterly reports on Form 10-Q, and testing of our internal control over financial reporting. We did not incur any other fees from our independent auditors.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report:

1. Financial Statements

The following consolidated financial statements of the USPS for each of the years ended and as of the periods noted are submitted in *Part II., Item 8. Financial Statements and Supplementary Data* of this report.

2. Financial Statement Schedules

None.

3. Exhibits

Exhibit Number	Exhibit Description
10.1	Employment/Compensation Contract with Douglas Tulino, Deputy Postmaster General, Chief Operating Officer, and Chief Human Resources Officer.
10.2	Next Generation Delivery Vehicle contract dated February 23, 2021 between Oshkosh Defense LLC and United States Postal Service (filed with the PRC on May 6, 2021, as Exhibit No. 10.1 to the Quarterly Report on Form 10-Q).
31.1	Certificate of United States Postal Service's Principal Executive Officer Adopted Pursuant to Section 302 of the *Sarbanes-Oxley Act of 2002*.
31.2	Certificate of United States Postal Service's Principal Financial Officer Adopted Pursuant to Section 302 of the *Sarbanes-Oxley Act of 2002*.
32.1	Certificate of United States Postal Service's Principal Executive Officer Adopted Pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002*.
32.2	Certificate of United States Postal Service's Principal Financial Officer Adopted Pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002*.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of the *Postal Accountability and Enhancement Act of 2006*, the United States Postal Service has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

United States Postal Service

/s/ David Steiner
David Steiner
PMG and CEO

Date: November 14, 2025

/s/ Luke Grossmann
Luke Grossmann
CFO and Executive VP

Date: November 14, 2025

Pursuant to the requirements of the *Postal Accountability and Enhancement Act of 2006*, this Report has been signed below by the following persons on behalf of the United States Postal Service and in the capacities indicated as of November 14, 2025.

Signature	Title
/s/ Amber F. McReynolds Amber F. McReynolds	Chairwoman, Board of Governors
/s/ Derek Kan Derek Kan	Vice Chairman, Board of Governors
/s/ Roman Martinez IV Roman Martinez IV	Governor
/s/ Ronald A. Stroman Ronald A. Stroman	Governor
/s/ Daniel Tangherlini Daniel Tangherlini	Governor
/s/ David Steiner David Steiner	Board Member, PMG and CEO
/s/ Douglas Tulino Douglas Tulino	Board Member, DPMG, Chief Operating Officer and Chief Human Resources Officer
/s/ Luke Grossmann Luke Grossmann	CFO and Executive VP (Principal Financial Officer)
/s/ Cara M. Greene Cara M. Greene	VP, Controller (Principal Accounting Officer)

RETENTION AGREEMENT

This is an agreement between the United States Postal Service (Postal Service) and Doug A. Tulino (Employee) as contemplated by the PMG, DPMG & Other Officer Pay Policy approved by the Postal Service Board of Governors (Governors) in September 2020 and amended in August 2023 (hereinafter, the "Agreement"), and specifically authorized by action of the Governors on May 16, 2025.

1. As an incentive to induce Employee to continue in the position of Deputy Postmaster General and Chief Human Resources Officer, the Postal Service agrees to:
   (a) set the Employee's salary at $342,280, which is $5,000 below the maximum possible salary, retroactive to March 24, 2025, the date on which he began serving as acting Postmaster General; and
   (b) provide Employee with two retention payments of $100,000 each, less required withholding and deductions. These retention payments will cause the Employee's total compensation to exceed the Postal Service's applicable statutory cap on employee compensation for calendar years 2025 and 2026 as set forth in 39 U.S.C. §3686; therefore, these payments will be added to the Employee's deferred compensation account to ensure compliance with the statutory cap. The retention payments will be added to the Employee's deferred compensation account as follows: (1) $100,000 within thirty (30) calendar days from the effective date of this Agreement, on the condition that he is employed by the Postal Service at the time payment is due; and (2) $100,000 after December 31, 2025, but no later than January 30, 2026, on the condition that he was employed by the Postal Service on December 31, 2025.

2. Employee acknowledges that pursuant to section 204 of title 39 of the United States Code, Employee serves in his position as an Officer of the Postal Service at the pleasure of the Postmaster General. Nothing in this Agreement is intended to limit the authority of the Postmaster General to exercise the authority conferred upon him by section 204 of the United States Code.

3. The full amount of the retention payments will be paid into the Employee's deferred compensation account to ensure compliance with the statutory caps. The deferred compensation account is an interest-bearing account. Per the PMG, DPMG & Other Officer Pay Policy, the Postal Service will credit interest during the calendar year at a rate that will result in a yield equal to the Moody's Average Corporate Yield, averaged over the 12-month period ending on December 31 of the prior year. Any deferred compensation payment due to Employee shall be paid to him no earlier than 90 days but no later than 120 days after his separation of employment with the Postal Service. This Agreement, including this Paragraph, is intended to fully comply with the requirements of section 409A of the Internal Revenue Code, as amended, and any regulations thereunder, so as to not result in any income inclusion to Employee under Section 409A(a)(1)(a).

4. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party that are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding.

5. This Agreement may be amended or modified only upon written agreement of the parties. No amendment or modification of this Agreement shall be valid or effective unless in writing and executed by the parties to this Agreement.

6. Employee hereby acknowledges and agrees that he has been provided with the opportunity to review and consider the terms of this Agreement and that he has been informed of his right to consult with an attorney should he so desire before signing this Agreement.

Joseph Bruce
Vice President, Human Resources
5/29/25
Date

Doug A. Tulino
5/29/25
Date

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Steiner, certify that:

1. I have reviewed this Annual Report on Form 10-K of the United States Postal Service ("Postal Service");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Postal Service as of, and for, the periods presented in this report;

4. The Postal Service's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Postal Service and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Postal Service, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the Postal Service's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Postal Service's internal control over financial reporting that occurred during the Postal Service's most recent fiscal quarter (the Postal Service's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the Postal Service's internal control over financial reporting; and

5. The Postal Service's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Postal Service's independent registered accounting firm and the Audit and Finance Committee of the Postal Service's Board of Governors:

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Postal Service's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Postal Service's internal control over financial reporting.

/s/ David Steiner	Date: November 14, 2025
David Steiner	
PMG and CEO	

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Luke Grossmann, certify that:

1. I have reviewed this Annual Report on Form 10-K of the United States Postal Service ("Postal Service");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Postal Service as of, and for, the periods presented in this report;

4. The Postal Service's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Postal Service and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Postal Service, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the Postal Service's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Postal Service's internal control over financial reporting that occurred during the Postal Service's most recent fiscal quarter (the Postal Service's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the Postal Service's internal control over financial reporting; and

5. The Postal Service's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Postal Service's independent registered accounting firm and the Audit and Finance Committee of the Postal Service's Board of Governors:

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Postal Service's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Postal Service's internal control over financial reporting.

/s/ Luke Grossmann	Date: November 14, 2025

Luke Grossmann
CFO and Executive VP

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of the United States Postal Service ("Postal Service") on Form 10-K for the period ended September 30, 2025, (the "Report"), I, David Steiner, certify, pursuant to *18 U.S.C. Section 1350*, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002* that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the *Securities Exchange Act of 1934*; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Postal Service.

/s/ David Steiner	Date: November 14, 2025
David Steiner	
PMG and CEO	

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of the United States Postal Service ("Postal Service") on Form 10-K for the period ended September 30, 2025, (the "Report"), I, Luke Grossmann, certify, pursuant to *18 U.S.C. Section 1350*, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002* that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the *Securities Exchange Act of 1934*; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Postal Service.

/s/ Luke Grossmann	Date: November 14, 2025

Luke Grossmann
CFO and Executive VP