



Fiscal Year 2025
Integrated Financial Plan
United States Postal Service

EXECUTIVE SUMMARY

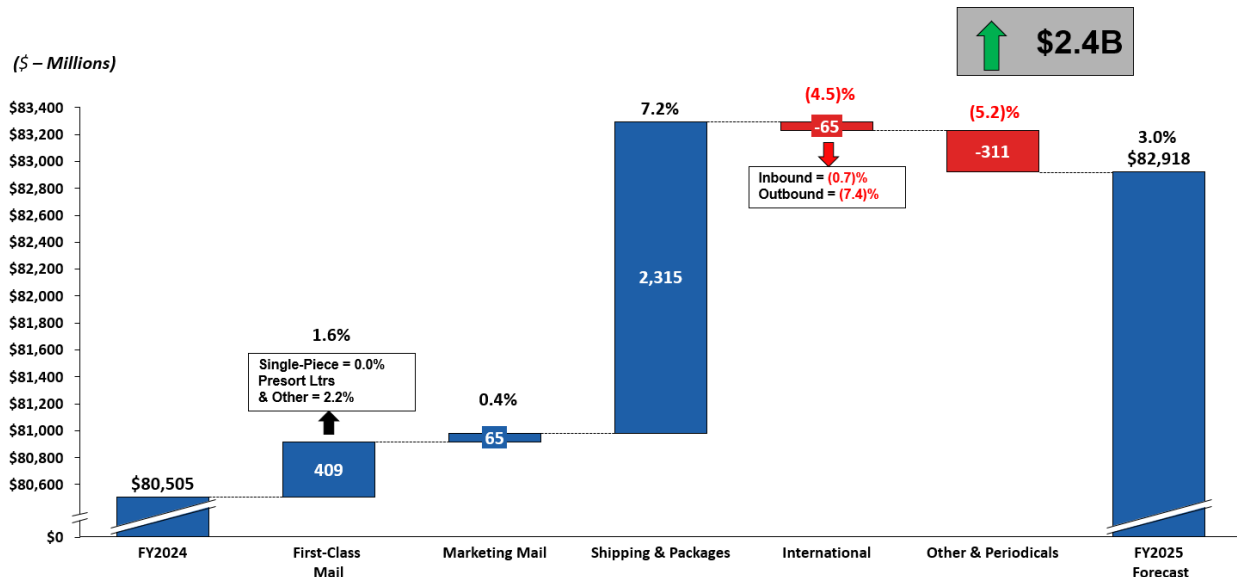
We currently plan for a net loss of \$6.9 billion and a controllable loss of \$1.1 billion in 2025. The table below shows our results for FY 2024 and our plan for FY 2025.

(Billions)	FY 2024	IFP 2025
Total Revenue ¹	\$ 80.5	\$ 82.9
Controllable Expenses ^{1,2}	<u>82.3</u>	<u>84.0</u>
Controllable Income (Loss) ^{1,2}	(1.8)	(1.1)
Workers' Comp. Fair Value Adj. and Other Non-Cash Adj.	(2.2)	-
FERS Unfunded Liability Amortization ³	(2.3)	(2.4)
CSRS Unfunded Liability Amortization ³	<u>(3.2)</u>	<u>(3.4)</u>
Net Income (Loss) ¹	\$ (9.5)	\$ (6.9)

2025 OPERATING PLAN – VOLUME AND REVENUE

Volume, revenue, and expense projections take account of many factors, including multi-year trends in product sales, the impact of increased competition, planned price changes, projected rates of inflation, the expected rate of migration of hard-copy mail to digital media, and the expected state of the economy. The 2025 IFP projects total mail and package volume of 106.7 billion pieces, a decline of 5.7 billion pieces (5.1%) from 2024, primarily due to projected declines in First-Class Mail and USPS Marketing Mail volume. Revenue is projected to be \$82.9 billion, an increase of \$2.4 billion from 2024.

FY2024 to FY2025 Plan Revenue



2025 OPERATING PLAN – CONTROLLABLE EXPENSES

The 2025 IFP projects total work hours of 1,135 million, a reduction of 12 million compared to 2024, driven by initiatives to improve efficiency and by work hour management efforts in response to lower volumes. Compensation and benefits (including FERS normal cost) is projected to increase due to inflation and contractual wage increases. Transportation expenses are expected to decrease due to continued shift of volume from air to surface, selected insourcing of contract transportation, realignment to optimize collection trips, and optimization of network transportation with Regional Processing and Distribution Center implementation. Depreciation expenses are expected to increase due to the significant increase in investment activity over the past few years. The increase in the Supplies and Services and Rent, Utilities, and Other is driven by anticipated increases in general market costs and a shift in information technology costs from internal support for capitalized equipment to expensed costs for cloud-hosted platforms.

FY 2023	(Billions)	Prelim 2024	IFP 2025	Variance %
\$54.4	Compensation & Benefits	\$55.7	\$57.1	2.5%
4.8	FERS Normal Cost	4.9	5.1	4.1%
10.1	Transportation	8.8	8.2	-6.8%
1.8	Depreciation	2.0	2.2	10.0%
3.4	Supplies & Services	3.4	3.6	5.9%
7.1	Rent, Utilities & Other*	7.5	7.8	4.0%
\$81.6	Controllable Expenses	\$82.3	\$84.0	2.1%
1,154	Work Hours (Millions)	1,147	1,135	-1.0%

2025 CAPITAL PLAN

Capital Investments – Commitments and Cash Outlays

The 2025 capital plan calls for capital commitments of \$5.1 billion and cash outlays of \$2.9 billion to maintain, modernize, and improve our mail processing, transport, and delivery system.

Capital Commitments (signed contracts)						
(\$ Billions)	5-Yr Avg. (2019 -2023)	FY2023 Actual	FY2024 Plan	FY2024 Actual with IRA	FY2025 IFP Previously Approved Continuing Programs	FY2025 IFP Requested New & Ongoing Programs
Facilities	\$0.9	\$1.0	\$3.2	\$2.2	\$1.1	\$1.3
IT, Support Equipment & Other	0.2	0.2	0.4	0.5	0.1	0.2
Processing Equipment	0.7	1.2	0.9	0.4	0.6	0.1
Vehicles	1.3	1.4	1.8	0.1	1.7	0.1
Total	\$3.0	\$3.8	\$6.4	\$3.1	\$3.5	\$1.6

Capital Cash Outlays

(\$ Billions)	5-Yr Avg. (2019-2023)	FY2023 Actual	FY2024 Plan	FY2024 Actual with IRA	FY2025 Base IFP
Facilities	\$0.8	\$1.0	\$1.0	\$1.5	\$0.9
IT, Support Equipment & Other	0.2	0.3	0.4	0.2	0.6
Processing Equipment	0.6	1.1	0.2	1.1	0.3
Vehicles	0.4	0.6	1.6	1.3	1.0
Total	\$2.0	\$3.0	\$3.2	\$4.2	\$2.9

2025 DEBT LIQUIDITY AND FINANCING PLAN

Our year-end cash and short-term investments, including restricted and non-current cash and short-term investments, was \$19.5 billion as of September 30, 2024. We estimate our year-end 2025 total cash and short-term investments will be \$10.7 billion, assuming we make the estimated year-end lump sum payments of approximately \$5.8 billion for CSRS and FERS.