

DELIVERING FOR AMERICA | 2.0

Fulfilling the Promise



SEPTEMBER 30, 2024

Letter from the Postmaster General and the Chairman of the United States Postal Service Board of Governors

The United States Postal Service is an endlessly fascinating organization, which plays a vital and valued role in the daily life of the American public, and in the life of our nation. We visit 167 million addresses six days a week — serving every residence and business. We operate in every American community via our 31,000 Post Offices. We process more than 340 million pieces of mail and packages a day, connecting every American to one another and providing a cornerstone of America's economic infrastructure.

Unfortunately, we are also an organization recovering from unmatched financial, structural, operational, and cultural challenges. Indeed, had we not developed the Delivering for America plan, our historic institution faced an uncertain future.

We are convinced, however, that the tides have turned.

Since the launch of Delivering for America, our 10-year transformation and modernization plan, we have made significant progress to save, reinvigorate, and embolden the Postal Service. The strategies and initiatives of the Delivering for America plan put the Postal Service on a positive trajectory, with a firm strategic direction and a more competitive posture.

We are finally building a processing network designed for precision — one built for 21st century realities, not one that maintains the vestiges and nostalgia of bygone business models and antiquated ways of working. Indeed, the Postal Service had not

fundamentally changed its operating approach and methodologies in decades — despite an 80 percent decline in America's use of First-Class Mail since 1997. Today, we are undertaking a long overdue transformation on a massive scale and creating a modern transportation, processing and delivery network that drives package growth and supports the reliable, affordable, secure and universal delivery of the U.S. Mail.

We are developing a more efficient and high-performing logistics and delivery enterprise supported by new service standards. These changes will enhance the customer experience and enable faster delivery for millions, while also generating billions in much needed savings.

At every level and across every operation, the organization is engaged and adapting to the transformation taking place. The cultural change permeating throughout the organization is focused on innovation, collaboration, problem-solving, and competition. Many of our employees are now driving new vehicles, working in refurbished facilities, and using latest in processing equipment. These inspiring changes and needed investments are a direct result of our Delivering for America plan.

And in a break with the past, we have found our voice. We use it now to advocate for our role in the marketplace and in American commerce, and on behalf of our dedicated employees and the customers we serve. We are consistently engaged with our stakeholders in government, the mailing and shipping industry, and the many businesses, customers and communities we serve to educate and inform them about our transformation.

We are rightfully proud of our transformation and modernization initiatives and the employees leading change every day. We will continue to count on each of our more than 640,000 employees to meet the challenges of organizational change every day, and to steadily strengthen the Postal Service as we move forward.

However, despite our progress, we have no illusions about the scale of the change we need to implement — and we do not blink at the significant financial, operational, and organizational challenges we continue to face. We are working hard to recover from more than decade of financial stress, underinvestment, and operational decline.

Despite the many challenges and obstacles ahead — some internal and some external — we are committed to full implementation of the Delivering for America plan. To thrive and meet the expectations of the public, we must continue to refine and modernize our processing, logistics, and delivery operations. We must continue to challenge old status quo thinking and firmly reject calls to return to the outdated and disastrous practices of the past.



Louis DeJoy

*Postmaster General & Chief Executive Officer
United States Postal Service*

We also recognize that we are limited in what we can accomplish alone. We continue to seek Congressional action to improve the financial, business, and oversight model that currently constrains the Postal Service. We seek a fair allocation of our pension costs; greater flexibility in the investment of pension assets; an increase in the borrowing limit set in the 1970s (which has not been adjusted for inflation in more than fifty years) to access the capital necessary to continue to evolve in the years ahead; and reform of the burdensome and duplicative oversight functions that limit our ability to operate as a competitive enterprise. We look forward to partnering with Congress on these urgently needed reforms and others that increase our financial flexibility.

This updated plan seeks to highlight the positive impact we made thus far and provide a blueprint for our path forward. It demonstrates that we are revitalized organization with a new institutional memory — one that is concentrated on strengthening our future. Our plan is one that values improved product and service profiles, engaged and productive employees, long-term financial viability, service excellence and reliability, revenue growth, reasonable and controllable costs, and satisfied customers.

We are confident that this updated plan creates a high performing, financially sustainable Postal Service that can evolve and thrive as an organization capable of serving the American public for another 250 years.

We welcome continuing dialogue about our direction and look forward to the opportunities and positive changes yet to come.



The Honorable Roman Martinez IV

*Chair, Board of Governors
United States Postal Service*



EXECUTIVE SUMMARY

We published the Delivering for America plan on March 23, 2021. The purpose of this updated plan, **Delivering for America 2.0 — Fulfilling the Promise**, is to revisit and re-examine the factors contributing to the development of our original 10-year transformation and modernization plan, describe the significant progress made over the past three years, and summarize the evolution of our major strategies that are now driving the organization forward to financial stability and sustained service excellence.

The role of the USPS is set forth by Congress in federal statute: “The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to all communities.”

Our original Delivering for America plan sought to fulfill and enhance our legal mandate from Congress. We are required to deliver to every address in the country six days a week, a commitment known as our Universal Service Obligation. Moreover, we are **equally** required to fulfill our Universal Service mission by delivering mail and packages through an integrated network that,

importantly, is financially self-sustaining. In requiring an integrated network for both mail and packages, Congress recognized that package revenues pay for the network that enables us to deliver mail, and that operational strategies that mitigate duplicative network activities are important attributes for the Postal Service to cover operating costs, pension obligations, and capital investments. However, prior to the introduction of Delivering for America, and despite a rigorous oversight environment and fervent stakeholder engagement, we faced significant challenges on multiple fronts for over a decade where key stakeholders (including the Postal Service) lost sight of our statutory obligations and business model.

The Postal Service faced significant challenges due to legislative requirements both past and present. We were unable to cover our costs, failed to implement an effective integrated mail and package strategy, and failed to compete effectively for package revenues. These challenges, combined with a flawed pricing model for market-dominant products mandated by legislation and our regulator, rapidly declining mail volumes, and outdated and restrictive business rules regarding our service standards, culminated in the severe financial and operational difficulties we faced prior to the launch of Delivering for America.

Over the next five years, our unwavering mission will remain the execution of the Delivering for America strategies, which include the full integration of our network. This strategic focus is aimed at reducing costs, enhancing reliability, shoring up our capabilities to effectively deliver mail, and reclaiming our market share in the package delivery sector. Furthermore, we will embark on innovative revenue-generating and community-serving initiatives across our 31,000 retail centers. Lastly, as we accomplish our goals and demonstrate our ability to attain the service, operational, and revenue targets we seek, we will also pursue legislative action from Congress to remedy the financial and regulatory burdens that negatively impact the full achievement of our legislated business model.

Our approach to the future continues to build on our past aspirations as identified in the original Delivering for America plan. We seek to transform our organization into a high-performance organization with the following characteristics:

1. A Strengthened Public Service Mission
2. An Organization Structured for Success
3. Best-In-Class Mail and Package Processing
4. Best-In-Class Delivery Operations
5. A Fully Optimized Surface and Air Transportation Network
6. A Modern, Transformed Network of Post Offices
7. Service Standards that Foster Service Excellence and Reliability
8. A Bold Approach to Growth, Innovation, and Continued Relevance
9. Environmental Stewardship
10. A Stable and Empowered Workforce
11. Sensible and Prudent Legislative and Administrative Support
12. A More Rational Approach to Pricing
13. Financial Stability and Investment

This comprehensive approach is essential for us to continue fulfilling the mail and package needs of the American public and businesses, all while adhering to current legislative requirements and our statutorily established business model.

Additionally, since the publication of the Delivering for America plan, the Postal Service has regularly engaged with stakeholders who are dependent upon the support of a successful and strengthened Postal Service. We have engaged on a consistent basis with our regulators and policymakers, our customers and relevant industry groups, our employees, unions and management associations, the news media, and the communities and public we serve. We communicate about the urgency of implementing our Plan and the upward trajectory and benefits the plan delivers for the Postal Service and the nation — and we will continue to do so as we build a stronger and more competitive Postal Service.



FROM A CHALLENGING PAST TO A BRIGHT FUTURE

When we initiated Delivering for America in March of 2021, the Postal Service faced significant, systemic challenges that manifested in declining operational and organizational proficiency and impending financial catastrophe.

A long period of declining letter and flats volume, disproportionate growth in package volume, and increased delivery points resulted in a haphazard and disjointed strategy to address these changes. For example, our mail and packages were transported and processed through multiple redundant networks. We lacked a cohesive, comprehensive, and competitive strategy in a rapidly changing marketplace. We deferred approximately \$20 billion in capital expenditures that crippled our competitive posture and infrastructure, and adversely affected our working environment. Furthermore, the requirement to invest pension assets (Federal Employees Retirement System [FERS] and Civil Service Retirement System [CSRS]) in Treasury debt, resulted in a mismatch between assets and liabilities, with pension fund deficits

totaling approximately \$100 billion. In addition, to maintain operations and service expectations, we deferred pension amortization payments and borrowed most of our \$15 billion in capped credit. Moreover, we continue to lack access to capital and credit markets that most in the private sector rely on in transformative situations like ours.

Consequently, we faced substantial legislative, operational, and financial challenges. We were on a trajectory to **lose \$200 billion over the next ten years**. We had a new Postmaster General, a vacant Deputy Postmaster General position, five unoccupied Governor seats, numerous leadership vacancies, and an organization destabilized by the COVID-19 pandemic.

Our urgent goal was to align postal management, our Board of Governors, postal unions and management associations, and employees around a balanced and cohesive strategy — a vision for the future. We did not have the luxury or the time to start from scratch or to pursue a drawn-out restructuring of this great organization. Our liquidity crisis was imminent and required immediate action. In other words, we needed to continue the delivery of 340 million pieces of mail and packages to 167 million addresses each day while pursuing reforms.

Our efforts culminated in Delivering for America, a call to action from our Board of Governors and

leadership team to take ownership of our service and financial health. Delivering for America was an ambitious but balanced approach to solve our systemic problems with approximately 40 percent of the necessary revenue and cost savings in self-help initiatives, 40 percent in fixes to our legislative and administrative environment, and the rest from rational use of our pricing authority. Delivering for America sought to reinvigorate the Postal Service and renew our commitment to service excellence in a financially self-sustaining manner. Although we made significant improvements, the urgency of our situation continues, and we remain more committed than ever to the only realistic approach to save the Postal Service: full implementation of the Delivering for America plan.

From General Accountability Office U.S. Postal Service Primer Report, September 2021:

"Congress designed the U.S. Postal Service to be self-sustaining, covering its costs primarily from selling products and services. However, in FY 2007, expenses began exceeding revenue. This has led to losses of \$87 billion from FYs 2007 through 2020, and \$188 billion in unfunded liabilities and debt." "USPS has made efforts to cut costs and adjust its operations to adapt to declining mail volumes. However, the cost savings from these efforts have dwindled in recent years. USPS must meet several statutory requirements and has a wide variety of stakeholders." **GAO-21-479SP**





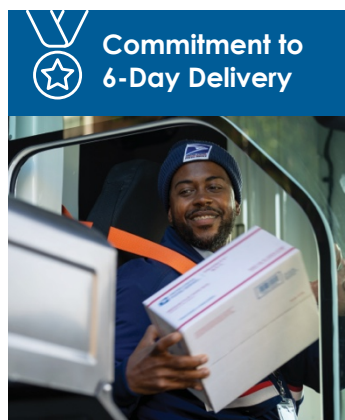
A ROADMAP TO A HIGH PERFORMING FUTURE – STRATEGIC GOALS

Delivering for America articulated several strategic and financial goals to guide the Postal Service toward a high-performing future. In this summary, we highlight our key achievements over the past three years and our key priorities going forward. Our steadfast commitment is to transform the Postal Service into a model of exceptional operational, service, and financial performance.

1. A Strengthened Public Service Mission

Key Accomplishments: We hold a vital position in every American community, with access to both businesses and consumers.

Consequently, we are woven into the fabric of daily life. Since the introduction of Delivering for America, we reaffirmed our commitment to public service by fully embracing the permanent recognition of our obligation to ensure six-day universal mail and package delivery. We strengthened the organization and more than halved our projected net loss



Commitment to
6-Day Delivery



>99% On-time ballot
delivery rates for 2020
general and 2022
midterm elections

over 10 years. We started the modernization of our retail centers, maintained service levels despite challenges, and excelled in election mail handling with exceptional performance during the 2020 general and 2022 midterm elections. We expanded partnerships with government agencies to provide essential services like designing and enabling the distribution of COVID-19 test kits to the nation. Additionally, we implemented a publicly facing Service Performance Dashboard, increasing transparency to our customers.

Path Forward: Our mission is one of enduring relevance and importance. To fulfill this mission, we will address organizational inefficiencies, advance cost-reduction and revenue-growth initiatives, and continue to innovate in our retail centers and service offerings. We will build on the momentum made and pursue new partnerships with government agencies to expand public trust services. We will become the local



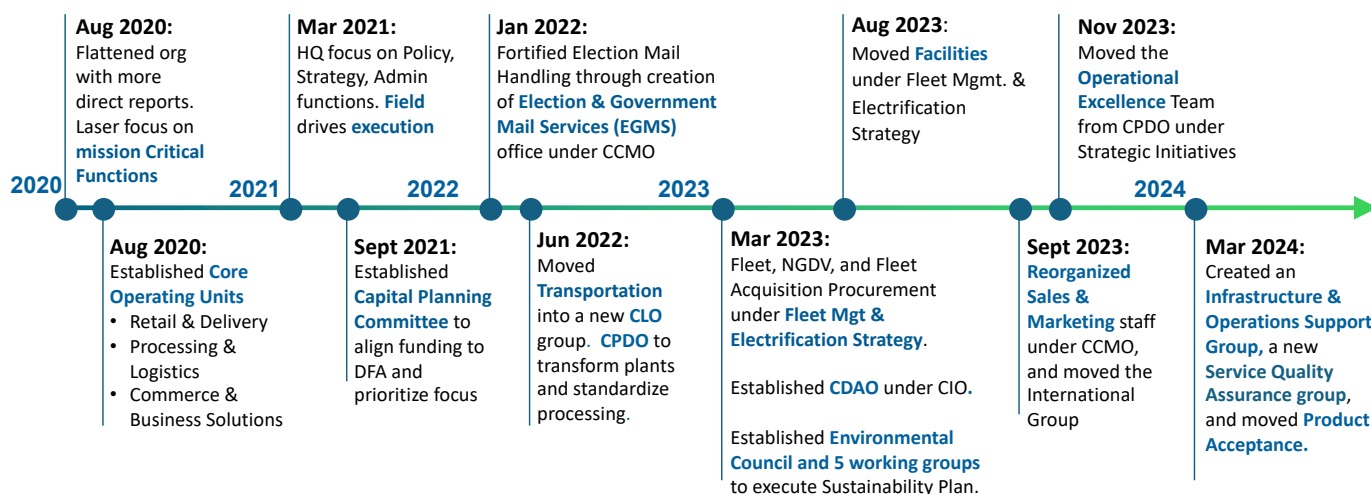
storefront for government and community services — a central hub for serving essential public needs. We will also continue to deliver election mail on time and honor our public service mission to meet the evolving needs of the public.

2. An Organization Structured for Success

Key Accomplishments: The organization underwent a comprehensive restructuring to enhance operational efficiency, role clarity, and overall performance. This involved flattening the organizational structure to improve line-of-sight. Key changes included the

creation of three core operating units — Logistics and Infrastructure, Processing and Distribution, and Retail and Delivery — and realigning administrative functions to headquarters while removing duplicative roles. Regular meetings were held to monitor progress and

FIGURE 1: A more effective and accountable structure



ensure alignment with Delivering for America strategies. Additionally, new cross-functional groups were formed to liberate the organization from the bureaucracy of the past, engage in process evaluation, deploy new strategies, foster collaboration, and align capital and expense planning with organizational strategy. Various nationwide functions were realigned. This included separating our Processing and Distribution, Logistics, and Retail and Delivery functions into three business units directly reporting to the Postmaster General, establishing a Chief Data Analytics Officer under the Chief Information Officer, and creating teams focused on facilities modernization, national account sales, and operational performance excellence. These efforts aimed to streamline operations, foster accountability, and drive mission-critical strategies effectively. Furthermore, we are revising the more than 900 policy and procedure manuals throughout our organization to align to our vision for the future.

Path Forward: The organization is committed to advancing our objectives by refining our structure to better align with strategy, focusing on individual

business units such as processing, delivery, retail, logistics, sales, marketing, and environmental sustainability. The organization will adapt to changes in the network and marketplace by incorporating commercial best practices to better serve customers and local communities. This includes ensuring clarity in hierarchical layers, appropriate managerial spans of control, ensuring skill adequacy, elimination of bottlenecks, even workload distribution, and fostering collaboration and coordination. A culture of engaged and collaborative leaders will drive performance, accountability, and cultural and digital transformation. The workforce will be repositioned and developed to align with strategic goals, and the Sales and Marketing organizations will be transformed to drive growth. All business functions will modernize their operations. Additionally, modernizing and securing technology will create a competitive advantage, enabling operational efficiencies, revenue generation, and overall improved organizational performance. These strategies aim to create a more agile, resilient, and forward-looking organization prepared for future challenges and opportunities.



The Matrix Regional Sorter (MaRS) optimizes mail flow and improves employee working conditions. It consolidates outgoing and incoming package processing in the most economical and space-efficient manner, allowing for the sortation of over 1 million packages per day.

3. Best-In-Class Mail and Package Processing

Key Accomplishments: We made great strides, committing \$17.3 billion to date, in the redesign of our processing network and improvements in the condition and suitability of our facilities. We started the launch of our new processing network, which will consist of 60 Regional Processing and Distribution Centers (RPDCs) and 190 Local Processing Centers (LPCs) featuring clean, spacious, and well-lit employee working environments fully equipped for modern day postal operations. We engineered standardized layouts with adequate space to support more consistent and efficient operations. To accommodate the surge in package volumes during the COVID-19 pandemic, as well as our initiatives to reduce manual package sortation and grow our share of the package delivery market, we deployed over 450 package conveyor systems. This dramatically boosted package processing capabilities from 47 million to 77 million packages per day. Additionally, we made significant investments to refurbish and renovate facilities that suffered from years of deferred maintenance. Repair and alteration work is underway in more than 30 processing facilities.

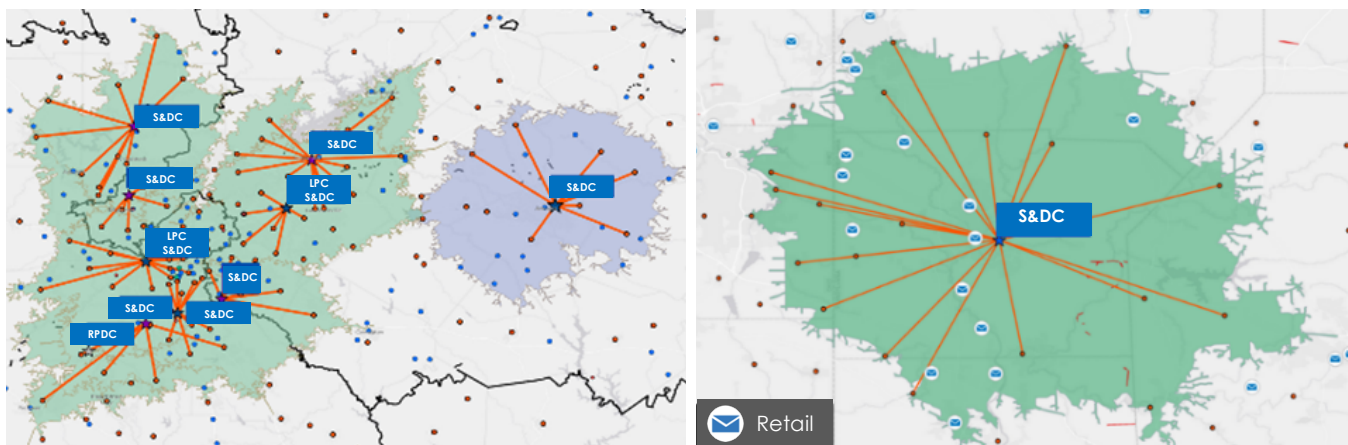
Path Forward: Going forward, we will continue to improve our mail and package processing operations and capabilities. We will standardize operations across the processing and delivery network, with RPDCs serving as aggregation points for logically defined regions and LPCs handling destinating sortation operations. To leverage economies of scale and reduce transportation costs, we will concentrate and consolidate facilities, eliminating approximately 200 haphazardly deployed annexes and contracted sites. Additionally, we will continue to address deferred maintenance by refitting facilities with new equipment and ensuring that buildings are safe and habitable for employees. We will enhance operational efficiency through national initiatives to improve productivity, reduce work hours through lean processes, and reinforce standard work instructions. Training will be prioritized to upskill headquarters and field organizations, fostering collaboration and accountability. Finally, improved operational planning and discipline will help align well trained employees and other physical distribution resources to enable us to readily adapt to our evolving integrated operational solutions.

4. Best-In-Class Delivery Operations

Key Accomplishments: We continue to be the delivery service provider of choice for the nation. Our 83 Sorting and Delivery Centers (S&DCs) serve as centralized hubs to expand carrier and route originations. They also improve the geographic reach and speed of mail and package deliveries as well as enhance our ability to create an integrated network. The deployment of Small Delivery Unit Sorters makes package distribution more efficient and speeds our processes for delivery. The new S&DCs and their extensive network of 7,600 aggregated carrier routes, successfully extended next-day delivery services to over 11 million people. A modernized fleet, including 24,700 new delivery vehicles represents the largest vehicle acquisition in 30 years. Advanced fleet management systems with telematics enhanced reporting enable comprehensive

asset management strategies while also optimizing delivery routes. We achieved improved precision in deliveries as well as reduced repair and maintenance costs by integrating real-time data from various sources. Front-line supervisors and carriers are empowered with new mobile devices for better communication, including safety alerts. We bolstered security through Project Safe Delivery as we installed 30,000 electronic locks with multi-factor authentication, deployed more than 22,000 High Security Collection Boxes, and implemented identity proofing for changes of address, reducing fraudulent submissions by 99.98 percent.

FIGURE 2: An expanding local reach



Path Forward: Our plan includes a comprehensive expansion and modernization of the S&DC network to enhance both last-mile delivery operations and the last 150 miles of our multi-product delivery process. The initiative seeks to extend next-day delivery significantly by optimizing carrier routes and developing responsive products to meet customer needs. We will introduce advanced sorting technologies, infrastructure

upgrades, and a new fleet of over 106,000 delivery vehicles, including 66,000 electric vehicles. Our initiatives will provide enhanced scheduling and staffing, optimized routes, real-time customer notifications, improved employee safety, and better mail security. Our plan is to develop our S&DC network to provide an array of retail and delivery services that will help propel our growth far into the future.

5. A Fully Optimized Surface and Air Transportation Network

Key Accomplishments: Crucial adjustments to our air and surface transportation are essential for maintaining high service standards and reducing operational costs. Since announcing Delivering for America, we realigned our transportation network, shifting volumes from costly air networks to more efficient surface routes, resulting in fewer empty trucks, reduced costs, and faster delivery times. We transformed our contracted air network with new air terminals and carriers. We deployed a new and advanced logistics platform — with enhanced contract management, transportation oversight, real-time visibility, and fuel management. This enabled us to expedite negotiations, improve supplier performance, engage in nationwide freight auctions, and avail ourselves of market-based fuel pricing. Network optimization efforts, including the reduction of facilities and the logical alignment of operating functions, resulted in the elimination of 1.1 million underutilized transportation trips, significantly increased truck fill rates



and reduced costs. These changes collectively yielded annual savings of over \$1 billion. Employee empowerment initiatives, such as collaboration with the American Postal Workers Union to add more employee driver positions and more suitable vehicles, prepare us for driver shortages and ensure steady service capacity. Lastly, we worked to improve the capabilities of our contract carrier base of suppliers leading to greater reliability and safety. We also piloted the Local Transportation Optimization (LTO) program across 15 locations and 2,400 Post Offices to consolidate pick-up and drop-off activities at locations more than 50 miles from the servicing LPC. The pilot serves as the foundation for future changes described below.

Path Forward: We are committed to completing our transition to new channels for air transportation and realigning our ground transportation network. This involves shifting volumes from expensive air networks to more economical surface networks, thereby reducing the number of empty trucks on the road, cutting costs, and improving delivery times. We will continue to use

our state-of-the-art logistics software and technology to optimize routes, enhance real-time visibility, competitively solicit logistics carriers, and promote a robust transportation management ecosystem. Our plan includes relocating Surface Transfer Center and Terminal Handling Service operations into our RPDCs, thereby gaining efficiency by insourcing these operations when economically advantageous. Our improved transportation processes will help us take full advantage of our new RPDC, LPC, and S&DC facilities to create an efficient and reliable integrated mail and package network. We will expand nationwide the Regional Transportation Optimization (RTO) initiative, an initiative that reduces the number of truck trips and mail collections at most USPS facilities farther than 50 miles from a processing plant, to eliminate inefficient transportation runs. We will scale the Postal Vehicle Service program to insource transportation activities, ensuring labor stability in local transportation and improve our ability to manage emergent service requirements. Finally, we will finish the transition of our air network to a more logical and cost-efficient approach for the volume that we will continue to move through the air.

6. A Modern, Transformed Network of Post Offices

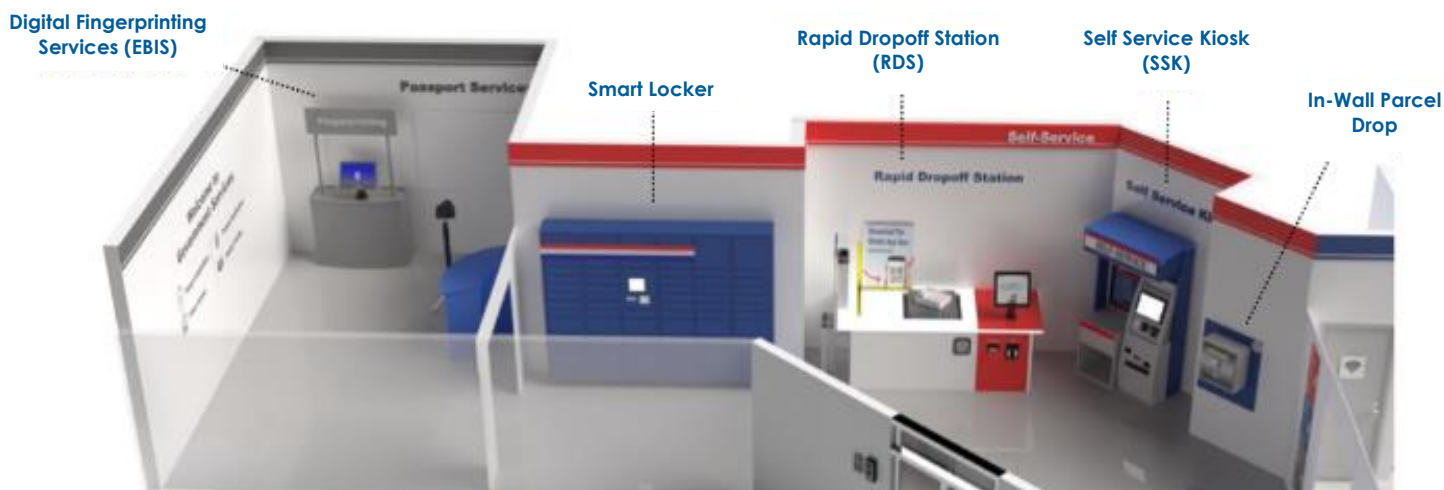


Key Accomplishments: Our 31,000 Post Offices are a visible symbol of our ability to serve every community in the nation. We equipped over 50 S&DCs with a full suite of modern technologies to optimize the customer experience and expedite transactions, equipping them with rapid parcel drop-off stations, smart parcel lockers, and multi-functional self-serve kiosks to meet customer mailing and package needs. The technologies, offered in extended hours Post Offices, allow customers flexibility in when they conduct business. Biometric capture further expands our capability to provide government services. Additionally, we prototyped a modern retail lobby in Athens, GA, to create larger, brighter, and more inviting environments. We revitalized multiple retail locations with strategically placed monitors and new signage to provide informative details on available services and promote new products like USPS Ground Advantage. We expanded public trust services at our retail offices by forging partnerships with various agencies, thereby transforming Post Offices into community hubs that provide essential services. These include in-person identification proofing for the Department of Labor and the General Services Administration, fingerprint capture services for the FBI, and passport application and renewal processing for

the Department of State.

Path Forward: We are committed to a comprehensive approach to modernize our retail footprint to enhance the customer experience and strengthen our brand. This includes redesigning lobbies, integrating interactive self-service technologies, and introducing digital options. We will continue to strengthen our role as an enabler of commerce and public service to all communities by developing new products and services and by partnering with local businesses and various levels of government and community organizations. We will also empower local businesses by providing comprehensive shipping and mailing solutions for brand elevation. Additionally, there will be an expansion of self-service retail technology to offer expedited access to key services during extended hours, including innovative features like package-less returns and enhanced parcel locker services. In implementing Delivering for America, we decided not to close any retail locations or reduce hours for our vast network of Post Offices although we did contemplate such actions as a part of our original plan. We will maintain this decision to preserve our retail locations as we continue execution of Delivering for America.

FIGURE 3: S&DCs with Self-Service Technology



7. Service Standards that Foster Service Excellence and Reliability

Key Accomplishments: Over the past three years, we aligned our First-Class Mail and competitive domestic parcel offerings to move mail and packages together as required by law over an improved ground transportation network. Since implementing new products and standards, we began building an integrated and optimized coast-to-coast surface transportation network. This transforming network led to significant cost savings. It also led to increased service reliability and enhanced service performance across all product categories, achieving an impressive average delivery time of 2.7 days. These efforts laid the groundwork for further operational, transportation, and productivity improvements.

Path Forward: We stand on the threshold of a transformative overhaul of our processing and transportation networks, aimed at achieving greater efficiency, reducing costs, and enhancing service reliability and quality. Our strategic vision encompasses the elimination of underutilized and superfluous facilities, and the modernization of outdated ones. These changes culminate in a streamlined network of RPDCs, LPCs, and S&DCs.

RPDCs serve as regional hubs, managing the flow of mail and packages originating from or destined to their respective service areas. LPCs handle the sorting of letters, flats, and packages for designated ZIP Codes within their regions, dispatching them to S&DCs and delivery units. S&DCs will aggregate mail carrier



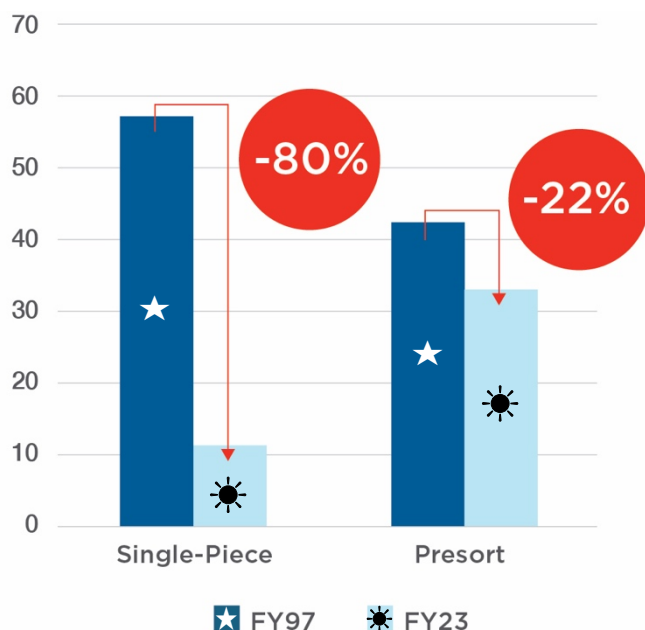
operations and streamline delivery within local regions and to downstream retail units. Each of these facilities will be equipped with state-of-the-art machinery suitable for the purpose of the facility, staffed by employees trained in more efficient standardized operating procedures, with the necessary amenities to foster a safe, healthy, team-centric environment. Furthermore, standardized mail and package handling, refined schedules, and optimized routes will support increased productivity and asset utilization nationwide.

In addition, we will launch a nationwide RTO Initiative to improve our regional and local transportation. This initiative will address the transportation network designed for the collection of stamped and metered letters and flats deposited in blue collection boxes and

FIGURE 4: Significant Service Performance Improvement

MAIL PRODUCT	START OF FY 2021	Q4TD FY 2024	IMPROVEMENT
First-class mail	78.44%	89.57%	11.13% ↑
Marketing / Periodicals Composite	83.37%	94.00%	10.64% ↑
Packages	84.02%	93.20%	9.18% ↑

FIGURE 5: FY97 vs FY23 First-Class Mail volumes (billions of pieces)



at Post Offices that are then transported to processing facilities.

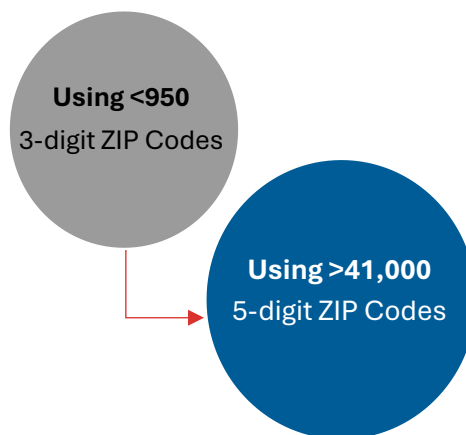
Over the last decade, the volume of mail collected through our Post Offices, including mail gathered by carriers on their routes, has sharply declined. For instance, Single-Piece First-Class Mail volumes dropped from 57 billion pieces in 1997 to just 12 billion pieces in 2023 — an 80 percent reduction. Despite this significant decline, we have not fundamentally adjusted our collection processes or transportation networks accordingly.

Currently, we transport mail and packages from the processing network destined to delivery facilities in the morning and transport mail and packages collected from these facilities to the processing network in the afternoon. This involves excessive underutilized transportation and an increased carbon footprint. This daily activity also creates inefficient processing windows as processing facilities wait for the arrival of mail and packages from these distant, low-volume collection operations.

The RTO Initiative resolves these issues by ensuring that certain collection/delivery facilities receive their destination mail and dispatch their originating mail on the same morning transportation route. ZIP Codes will generally be designated for RTO when the serving facility from which collection mail and packages are dispatched is more than 50 miles from the RPDC campus. By combining pick-up and drop-off functions, RTO will enhance transportation efficiency by reducing trips and layovers and improving truck utilization. This will optimize our regional transportation, cut unnecessary routes, and expedite processing.

To align with these changes, we are proposing revisions to our service standards for end-to-end products, making them more precise, logical, and customer responsive. Current service standards are based exclusively on the distance traveled between plants and do not account for collection or delivery. Under the new approach, service standards will be segmented into three legs to reflect how mail and packages travel through the network. Leg 1 represents the movement from collections to origin processing, incorporating revised regional transportation practices that combine two trips into one for distant, low-volume Post Offices. Leg 2 covers the movement from origin processing to the destination processing facility, leveraging our updated network to move mail faster than current standards. Leg 3 involves the transport

FIGURE 6: Service Standard Transition



from the destination processing facility to delivery, adhering to existing operations.

A pivotal element of this transformation is the transition to an enhanced 5-Digit-to-5-Digit ZIP Code service standard. By segmenting services based on precise ZIP Code distinctions, we aim to provide our customers with clear, understandable, and dependable information about our offerings. Our service standards will be aligned to specific ZIP Code pairs and reflect

the operational realities and geographical proximities of clustered facilities. By optimizing collection and processing schedules and boosting transportation efficiency, we foresee significant cost savings, improved asset utilization, and consistently enhanced and more reliable service levels. Service will improve overall as a result of the changes we are proposing. We will continue to develop our ground-centric mail and package network, reinforcing our commitment to our service standards.

FIGURE 7: Old Postal Network

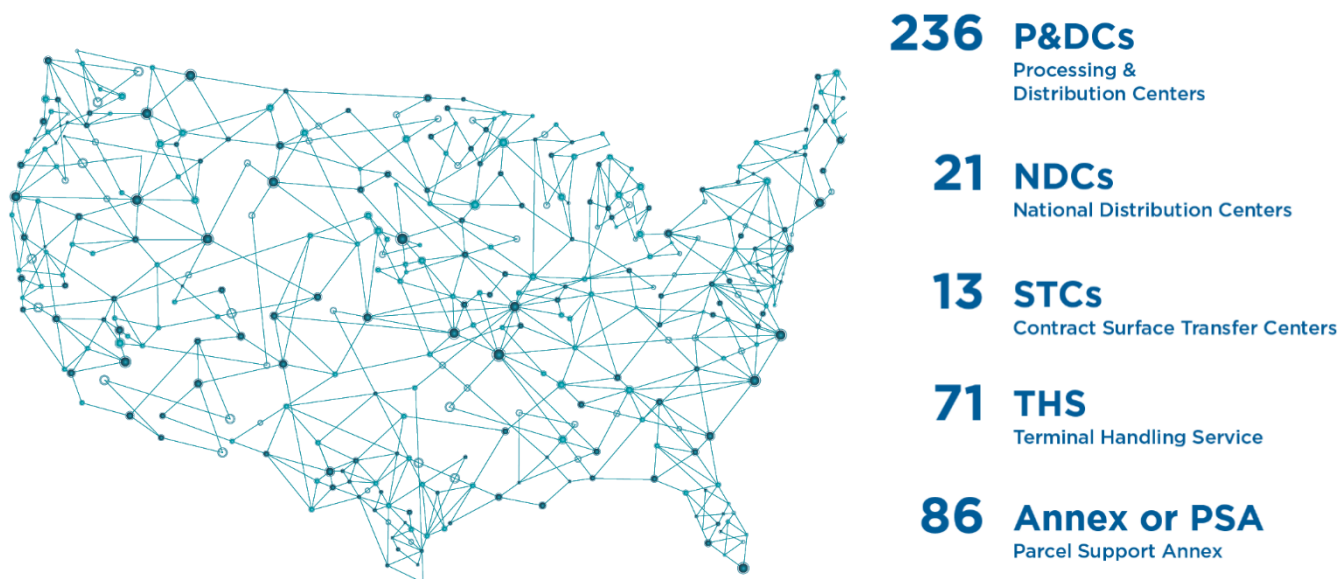
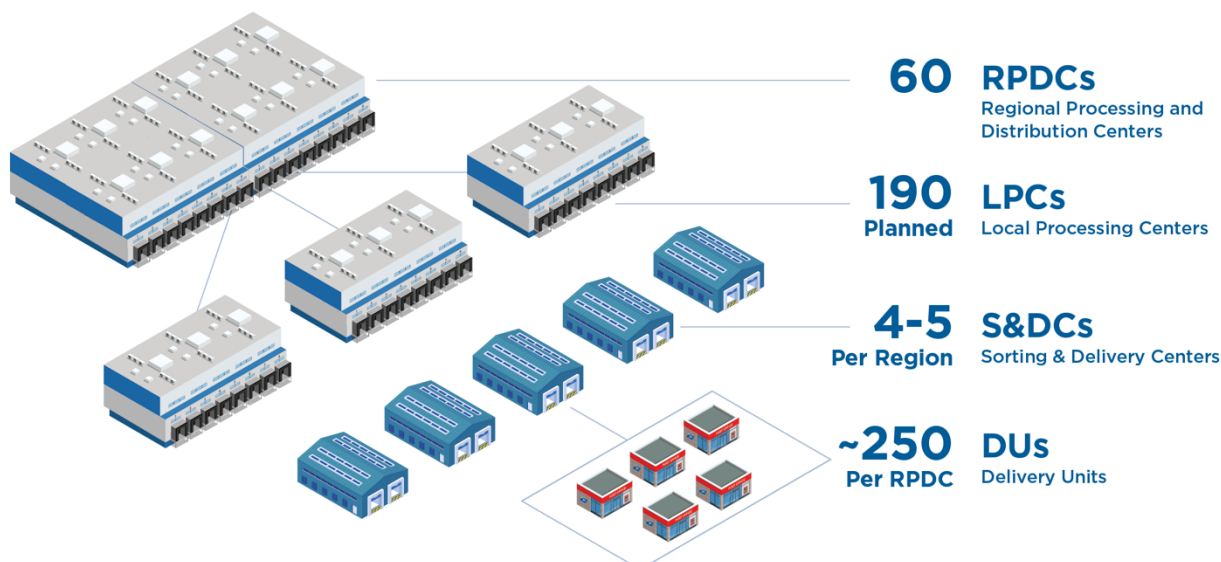


FIGURE 8: Optimized Postal Network Ecosystem



8. Bold Approach to Growth, Innovation, and Continued Relevance

Key Accomplishments: To facilitate our continued growth, we updated our product and pricing strategies with innovative sales and marketing initiatives, including the successful launch of a suite of package products. We saw volume quadruple for our new flagship USPS Ground Advantage product. We strengthened partnerships through technology platforms and on-line marketplaces to proliferate our products and services across channels. We deployed advanced customer integration platforms to promote seamless engagement with customers and partners of all sizes. We also refined our sales and marketing organizations by integrating leading industry practices and robust metrics into their operating procedures. We launched First-Class Mail and Marketing Mail incentives to encourage mail owners to increase volume. We anticipate these incentives will generate approximately 3 billion additional pieces of mail by December 2024. We also expanded Informed Delivery to 66 million subscribers, including business users, and introduced new features to provide updates and options for mail and package deliveries.

Path Forward: To remain competitive and to survive as a universal service provider delivering mail and packages, we must grow our package delivery business. This will require us to evolve and expand our same-day, next-day, two-day, and nationwide delivery business by leveraging our modernized first, middle, and last-mile networks. We must continue to advance our solutions and our relationships with shipping customers both large and small, both local and

national, to compete and grow in the marketplace. This will require modern technology and equipment, operating discipline, and a customer first attitude from all our employees so we can win business in a market with formidable competitors. Concurrently, we must continue to develop methods to increase the value and affordability of market dominant mail products. Finally, as we demonstrated during the COVID-19 pandemic, we are a key component of the nation's critical infrastructure as the delivery provider offering unrivalled access and reach. We plan to continue to capitalize on this by increasing our service relationships to government agencies and communities throughout the nation.



9. Environmental Stewardship

Key Accomplishments: As the largest mailing operation in the world, we are committed to environmental sustainability. To fulfill our objectives, we established an Environmental Council, chaired by the Postmaster General, to align our sustainability initiatives to the aspirations of the Administration and Congress without



compromising our mission and cost reduction initiatives. We set firm emission reduction targets, defined robust sustainability measures and started deployment of electric vehicles into our fleet. We continually optimize our logistics and processing operations to reduce wasteful trips and inefficient

practices. The Biden Administration recognized these efforts when we received the Presidential Federal Sustainability Award in 2024.

Path Forward: We remain steadfast in our commitment to champion sustainable practices and achieve our

ambitious sustainability targets in a manner that makes both business and environmental sense. We will continue to reduce emissions throughout our operations, electrify our fleet, and deploy technology to optimize delivery routes and improve asset utilization.

FIGURE 9: Bold Sustainability Targets

GOAL	FY2030 TARGETS
 Climate Action	Reduce greenhouse gas (GHG) emissions from fuel and electricity (Scope 1 & 2) by 40%
	Reduce GHG emissions from services purchased (Scope 3) by 20%
GOAL	FY2030 TARGETS
 Circular Economy	Divert 75% of waste from landfills
	Increase packaging recycled content to 74%
	Increase renewable energy to 10%
	Increase packaging recyclability to 88%

10. A Stable and Empowered Workforce

Key Accomplishments: The dedicated men and women of the Postal Service are our greatest asset and the primary source of strength for our organization. We invested in employee recruitment, retention and skill development, while also defining clear career paths and promoting diversity. We invested in facilities to make our workplaces safer, more engaging spaces to work, and deployed new training for field supervisors and managers to create an engaging environment for employees. Our workforce stabilization efforts included the conversion of over 190,000 pre-career employees to career status and reducing the supervisor vacancy

rate from 15 percent in Q1 FY 2021 to 6.4 percent in Q3 FY 2024.

Path Forward: The organization aims to create a stable and empowered workforce through retention, improved employee experience, workforce development, and succession planning. We continue to fill supervisory vacancies and modernize the hiring process. Enhancements to the employee experience involve improving orientation, and better engaging

employees during their first 90 days on the job. Long-term career paths and development opportunities will be enhanced to prepare for our rising expectations, while a robust succession planning program will prepare aspiring candidates for critical roles. Front-line supervisors will receive better training, tools, and support, with an expanded apprenticeship program to build a strong supervisory bench. The organization will promote diversity through the Executive Diversity Council and integrate diversity practices into employee programs. We will prioritize employee safety and wellbeing through effective safety programs, risk management, and improved support systems, ensuring a safer and healthier work environment.

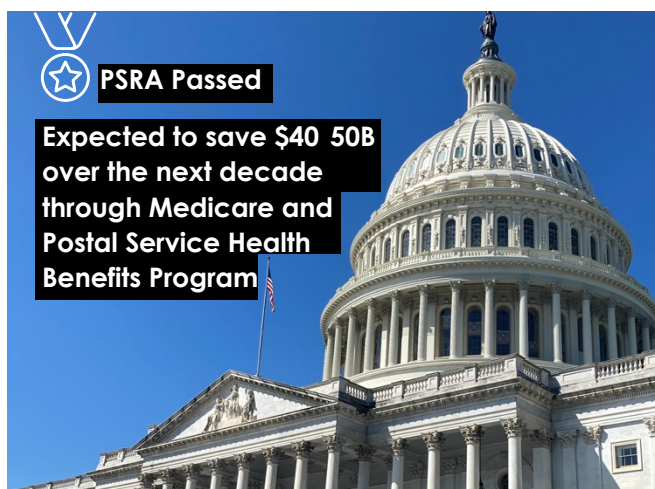


11. Sensible and Prudent Legislative and Administrative Support

Key Accomplishments: The enactment of the Postal Service Reform Act of 2022 (PSRA) alleviates the financial strain caused by Retiree Health Benefit (RHB) prefunding payments. The PSRA eliminated the prefunding obligation, all past due amounts, and better integrated our RHB plans with Medicare. We expect these changes to save \$40 to \$50 billion over a decade. Additionally, the PSRA established the Postal Service Health Benefits Program, operating within the Federal Employees Health Benefits Program but with Medicare integration and separate risk pools, thus reducing healthcare costs for us, our employees, our retirees, and their families. The PSRA also allows us to form agreements with state, local, and tribal

governments to offer non-postal services, with a potential to generate new revenue streams. Moreover, we secured \$10 billion to reimburse us for the costs associated with our continued operation during the COVID-19 pandemic, \$3 billion from the Inflation Reduction Act (IRA) to assist with the deployment of electric vehicles and related infrastructure, and \$634 million over 20 years for the provision of postal services to the Freely Associated States (FAS) under the renewed Compacts of Free Association (COFA).

Path Forward: We will work with the appropriate government agencies to implement the PSRA, ensuring a smooth transition to new postal health plans by 2025.



A recent OIG study estimated that at the end of 2022 our retirement-related funds would have had a surplus of \$800 billion, instead of a \$100 billion deficit, had we been allowed to invest those assets in a mix of 60 percent stocks and 40 percent bonds.

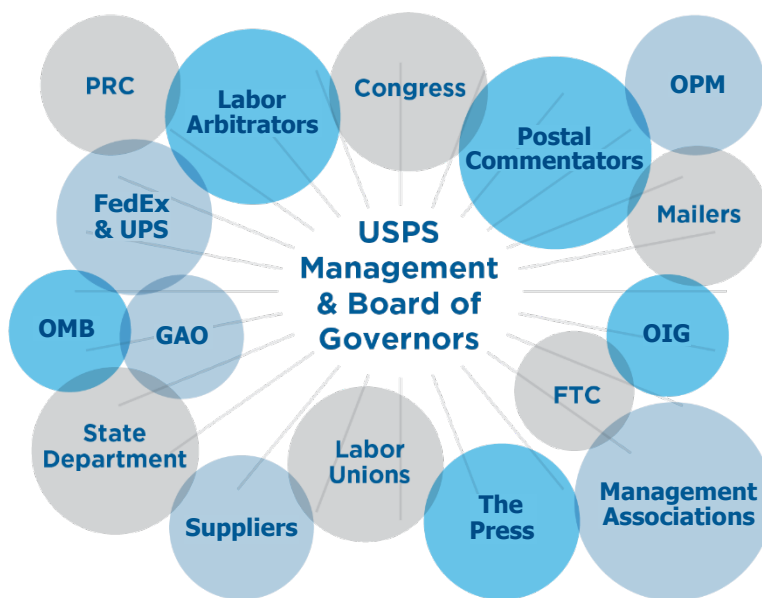
We will seek to alleviate a substantial misallocation of retirement-related expenses stemming from our participation in the CSRS and other federal benefit programs. The lack of CSRS reform by the Executive and Legislative Branches negatively impacted our financial sustainability and Delivering for America efforts to eliminate our annual net losses.

By advocating for reforms that more fairly allocate responsibility for CSRS obligations and for reforms that allow market-based investments of retiree funds, we aim to reduce retirement-related expenses. Additionally, we seek to adopt private sector best practices for workers' compensation administration.¹

In addition, to enhance our financial flexibility we will seek to increase our debt limit of \$15 billion. This was a restriction set by Congress over 30 years ago and sets us apart from private sector companies that have access to credit and capital markets.

More broadly, oversight reform of the Postal Service is critical, as the current regulatory framework involves multiple stakeholders, including the Postal Regulatory Commission (PRC), Office of the Inspector General (OIG), Congress, and various components of the Executive Branch. This complicates our ability to

FIGURE 10: The Crowded Field of Postal Stakeholders



Source: OIG, "Governance of the U.S. Postal Service," RARC-WP-17-002, November 10, 2016.

function as a financially solvent and nimble business enterprise to address the challenges we face. Moving forward, we will aggressively focus on cost control, revenue growth, and innovative service offerings that meet the needs of our customers at reasonable prices.

However, we must continue to advocate for congressional action to lower our retiree benefits costs, streamline oversight, revise our pricing models, and secure statutorily mandated appropriations.

12. A More Rational Approach to Pricing

Key Accomplishments: In addition to placing burdensome employee pre-funding requirements, the Postal Enhancement and Accountability Act (PAEA) of 2006 set in place the regulatory adherence to a pricing model for our market-dominant products that proved to be defective for the next 14 years, and which cost the organization over \$50 billion in lost revenue. In January of 2021, the PRC finally provided some pricing relief which enabled us to more appropriately price our market-dominant products. However, the PRC failed to account for devastating impact the lack of this

authority caused in previous years. When providing this additional pricing authority, the PRC recognized that it would not be adequate for us to become self-sustaining, and that in addition to the pricing relief, we must take additional actions to cut costs to become self-sustaining.

Delivering for America wisely stated that we would maximize the use of our pricing authority for market-dominant products to compensate for diminishing mail volumes, grow revenue, and contribute to the

¹ <https://www.uspsoig.gov/sites/default/files/reports/2023-04/risc-wp-23-005.pdf>

initiatives to cover the costs of our service. We implemented semiannual price increases for market-dominant products to better leverage our rate authority for revenue generation in a historically high inflationary environment and to diminish (but not eliminate) the lag time between the impact of inflation and our ability to raise prices to partially deal with it. While this relief was somewhat helpful, it did not fully account for the historically high inflation we experienced during the first three years of the Delivering for America plan.

In addition, recognizing that growth in our package delivery business was an obvious opportunity to generate revenue to fund our infrastructure and operations, Delivering for America set out strategies to improve our operations, adjust our sales and marketing practices, re-evaluate our product offerings, and reconsider our partnership relationships. Since then, we successfully eliminated reseller and consolidator contracts ensuring better utilization of our middle-mile infrastructure and enabling us to better connect with our customers and generate revenue with improved technology and individual contracts. We re-structured and energized our sales force and provided our shipping customers with competitive and responsive

solutions to enable us to better meet the needs of our customers in the marketplace while also assuring our growth and stability. We offered new products such as USPS Ground Advantage, USPS Connect Regional, and USPS Connect Local. We also strategically implemented price increases for our competitive products, including modest price increases during peak season, in line with industry standards. Finally, we identified our weaknesses in serving mid-market customers and developed new products at attractive prices to grow our business, revenue, and market reach.

Path Forward: We will continue to price market-dominant products judiciously to grow our revenues to cover ever increasing costs. Despite our price increases for market-dominant products, and as noted by the OIG, we still have one of the lowest postage rates in the world², especially considering the scope of our Universal Service Obligation. Most importantly, we will continue to find innovative ways to capitalize on our improved operating and delivery network to create new competitive postal products that meet the evolving needs of our customers, and we will price them to gain additional revenue consistent with the market realities.

13. Financial Stability and Investment

Key Accomplishments: When Delivering for America was first published, we projected a total net loss of more than \$200 billion over 10 years if we were unable to achieve the required savings of nearly \$50 billion through reduced work hours in line with our declining volume. Frankly, we had not been able to reduce work hours since 2014.

We originally planned to have breakeven net income by FY 2023 and, if not for the impacts of high inflation and our inability to achieve CSRS reform, we would have come close to this goal. We finished FY 2023 with a \$6.5 billion net loss. Historically high inflation (which was significantly above our projections) contributed \$2.6 billion to that figure, as inflation impacts our costs

much more quickly than it impacts our ability to raise prices. In addition, our plan included an administrative action (the proper allocation of our CSRS obligations) which was not implemented. This expense of \$3.1 billion combined with the inflation impact made up \$5.7 billion of our \$6.5 billion loss. The remaining impact was due to ongoing impacts of the pandemic, significant increases in packages while mail volumes declined at a pace not seen since the Great Recession, and an organization in a far more eroded position than realized, ill-equipped to adapt to these changes.

² <https://www.uspsaig.gov/sites/default/files/reports/2024-03/risc-wp-24-004.pdf>



Despite these challenges, in FY 2022, FY 2023, and FY 2024, we were able for the first time to make partial payments to the amortization of the unfunded liability in our pension accounts. We entirely defaulted on these payments from FY 2014 to FY 2021. We halved our projected loss and now project a loss of approximately \$80 billion over the same period, and plan to close the remainder of the gap through additional cost-saving and revenue growth initiatives.

We aggressively sought opportunities to increase market share and revenue, resulting in revenue exceeding plan by \$9.8 billion through FY 2024. For the first time since 2014, we reduced annual work hours, eliminating 44 million in three years, resulting in annual savings of \$2.3 billion. Some of these savings are because of the shift to more efficient, more automated facilities, even though this transformation is still in the early stages. We reduced annual transportation costs by \$1.2 billion by shifting volume to our more efficient ground service network, insourcing some local transportation and transportation network functions, and making alignment adjustments throughout our operations to move mail more reliably and affordably.

During this transformation, we invested heavily in our infrastructure and our employees. We converted 190,000 employees to full career status, increasing our total career employees by approximately 28,000 employees (accounting for general attrition) to recover operational control, significantly reducing overtime and minimizing the need for temporary peak employees — an investment of \$3.2 billion in a more stable, well-trained and engaged workforce. We committed approximately \$17.2 billion in capital and expense investment through FY 2024, including \$6.2 billion to improve our existing facilities, which were dilapidated after years of neglect and lack of investment.

Path Forward: The fact remains that we continue to have losses, and it is evident that to break even and avoid running out of cash in the next several years we must press ahead on our revenue-generating and cost-cutting initiatives.

It is important that assessments of our financial situation be clear and well understood — especially in the absence of legislative reforms and given that we have little or no control over some key expenses (e.g.,

pensions and workers' compensation claims, etc.). Therefore, it is important to focus on controllable income or loss rather than uncontrollable factors that are required when using Generally Accepted Accounting Principles (GAAP).

Judging the financial results of the Delivering for America plan by simply focusing on bottom-line GAAP loss undermines and ignores the very real achievements made by the organization.

While we have already made historic progress, it is not enough to make us financially sustainable. Given our still-precarious financial condition, we need to continue to move forward with the strategies in Delivering for America that are already in motion. The alternative is that we will run out of cash and either fail to fulfill our basic obligations to the American people, drastically cut our services, or require a taxpayer-funded bailout. Our goal is to utilize all the tools available to us to stop any of those things from happening. The following are our near-term goals and objectives:

1. Reduce our regional network transportation by aggregating volume in fewer facilities, moving mail and packages together regionally in an integrated manner using less trips, reducing underutilizing trips and shifting air volume to ground transportation.
2. Reduce our local transportation by optimizing routes and cutting thousands of underutilized local trips a day.
3. Reduce our processing and distribution costs by insourcing previously outsourced operations, reorganizing operating plans and schedules, adding more sortation equipment, and improving operating tactics to increase throughput, gain productivity, and increase asset utilization.
4. Reduce our retail and delivery costs by right-sizing work hours, equipping our delivery units with package automation equipment, accelerating

S&DC implementation, optimizing our carrier route structures based on changing market conditions and improving our operating tactics.

5. Grow our package revenue by providing reliable and affordable products to the American people and businesses, that are responsive to their needs and aligned with our operating model, and by modernizing our approach to sales and marketing.
6. Continue to recover market dominant revenue by judiciously leveraging our pricing authorities to offset past inflation and correct for 15 years of a defective pricing model.
7. Pursue sensible and prudent legislative reforms to our pension and workers' compensation systems.
8. Continue to invest in our organization and employees.

These initiatives represent our continuing efforts to transform an organization that, over many years, had developed a random, complicated and costly process to deliver the nation's mail and packages. We have vastly improved the financial health of our organization over the last three years. Still, if we do nothing more, we remain on the path to either a government bailout or the end of this great organization as we know it. All of our planned initiatives are needed to reduce costs and improve revenue while providing first-rate service throughout America. We must ensure that we have the infrastructure, equipment and people we need, when and where we need it. We must be free to act like Congress designed us to act: As an independent agency free from political interference and unnecessary regulation. Our progress must not be halted, or unreasonably slowed, by policymakers like Congress or the PRC or other stakeholders that are resistant to change for short-sighted, parochial reasons. By aggressively pushing on all fronts, we can rally to become the self-sustaining, high-performing organization that the country expects us to be so we can fulfill the promise of Delivering for America.



CONCLUSION: OUR VISION FOR THE FUTURE

Our journey to recovery began with a goal of pulling the organization out of a downward spiral that seemed inevitable. In just a few years, we have come a long way. Each day, we grow closer to realizing a more promising future, one where we enable commerce and provide exceptional service to the American public.

We will transform our mail and package processing by realigning our network, enhancing plant design, utilizing new equipment, and implementing better operating processes. We will stabilize our workforce and create new opportunities for our employees to grow and develop into results-driven, innovative leaders. We will instill operating precision and organizational focus with clear metrics, strong data, and organizational structures fit for their intended purpose.

We will solidify our position as the greenest way to ship, as we continue to optimize our transportation to avoid duplicate and underutilized trips, to shift volume

“As we continue to evolve and strengthen our Delivering for America plan, we put the Postal Service on a positive trajectory, and we position it to provide the American public with the high-quality service they expect and deserve decades into the future.”

— **Louis DeJoy**, Postmaster General and Chief Executive Officer

from air to surface, and to deploy an electrified fleet of delivery vehicles. We will strengthen our financial discipline, reducing costs and gaining efficiencies, while we empower our sales teams with innovative, customer-aligned products and the intelligence to drive revenue growth. We will transform the customer experience, resetting our service standards to reflect logic and operational realities, and engaging with local communities through an inviting retail presence with the latest self-service technology.

As we did with the original Delivering for America, we will continue to listen, learn, and adapt this plan to take account of stakeholder advice and guidance about our goals for the future of the organization and the most effective strategies to pursue them. We will adhere to legal, statutory, contractual, and regulatory requirements as we implement the initiatives within this plan.

Continued progress hinges on our ongoing commitment to the strategies outlined in the plan and the strong cooperation and support of key stakeholders. We cannot do this alone. We will continue to work actively with key stakeholders, ensuring that our legislative and administrative framework is supportive and that we can implement the PSRA smoothly.

We will continue to move towards **our vision of an organization transformed:**

- We see a Postal Service that is the **preferred delivery provider** in the country, delivering mail and packages to each American household and business six and seven days a week in a reliable and affordable manner.
- We see a **Postal Service retail center** in easy reach of every community, enabling communication, commerce and a variety of services for the American people.

Delivering for America Achievements

\$40-50B – Savings from passage of the PSRA

\$2.3B – Annual cost burden reduction from reducing work hours by 44 million

\$1.4B – Savings from restructuring our transportation network

6.4% – Supervisor vacancy rate, down 15 percent

\$14.8B – Committed capital from FY 2021 to August 2024.

Redesigned Network – With 15 RPDC and LPC campuses, and 83 S&DCs

30M – Increase in daily package processing capability from 47 million in 2020 to 77 million in 2023

2.7 – average days to deliver across all product categories

\$9.9B – Package revenue above base plan growth through refined products and sales strategies

401% – Growth in Ground Advantage volume over 1 lb. since its debut quarter in 2023.

885M – COVID-19 test kits kitted and delivered to more than 90 million American households with avg. 1.2 days from shipment to delivery

>99% – On-time ballot delivery rates for 2020 and 2022 federal elections

- We see a **modern processing and transportation network** operating in a disciplined and precise manner, moving mail and packages efficiently throughout the nation.

- We see **technology enabled carriers** in new (and often electric) vehicles, fully loaded with mail and packages, traveling their routes reliably and safely.
- We see **postmasters as leaders of commerce** in their communities, helping small businesses market and move their products.
- We see a **preferred employer** providing a stable and vibrant workforce with exciting career paths and sound retirement plans.
- We see **a proud organization** operating with precision and covering our costs as required by law.
- And finally, we see the Postal Service becoming not only **the most trusted organization**, but also the most used — and therefore, most needed organization in America.

The Delivering for America plan is as ambitious as it is bold, but it is also fully achievable if we have sufficient resolve. Through full implementation of this plan we remain very confident that we can reach the high ideals that Congress had when it created the Postal Service as a basic and fundamental service provided to the people by the government of the United States, to bind the nation together through the provision of prompt, reliable, and efficient mail and package delivery services to patrons in all area and to all communities, in a financially self-sufficient manner. Success will be challenging and difficult, but it is within our grasp.

We hope you have found this plan informative and useful, and that you have a better understanding of the business and organizational strategies that we will implement in the next five years. Thank you for your continued engagement and support of the United States Postal Service.





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