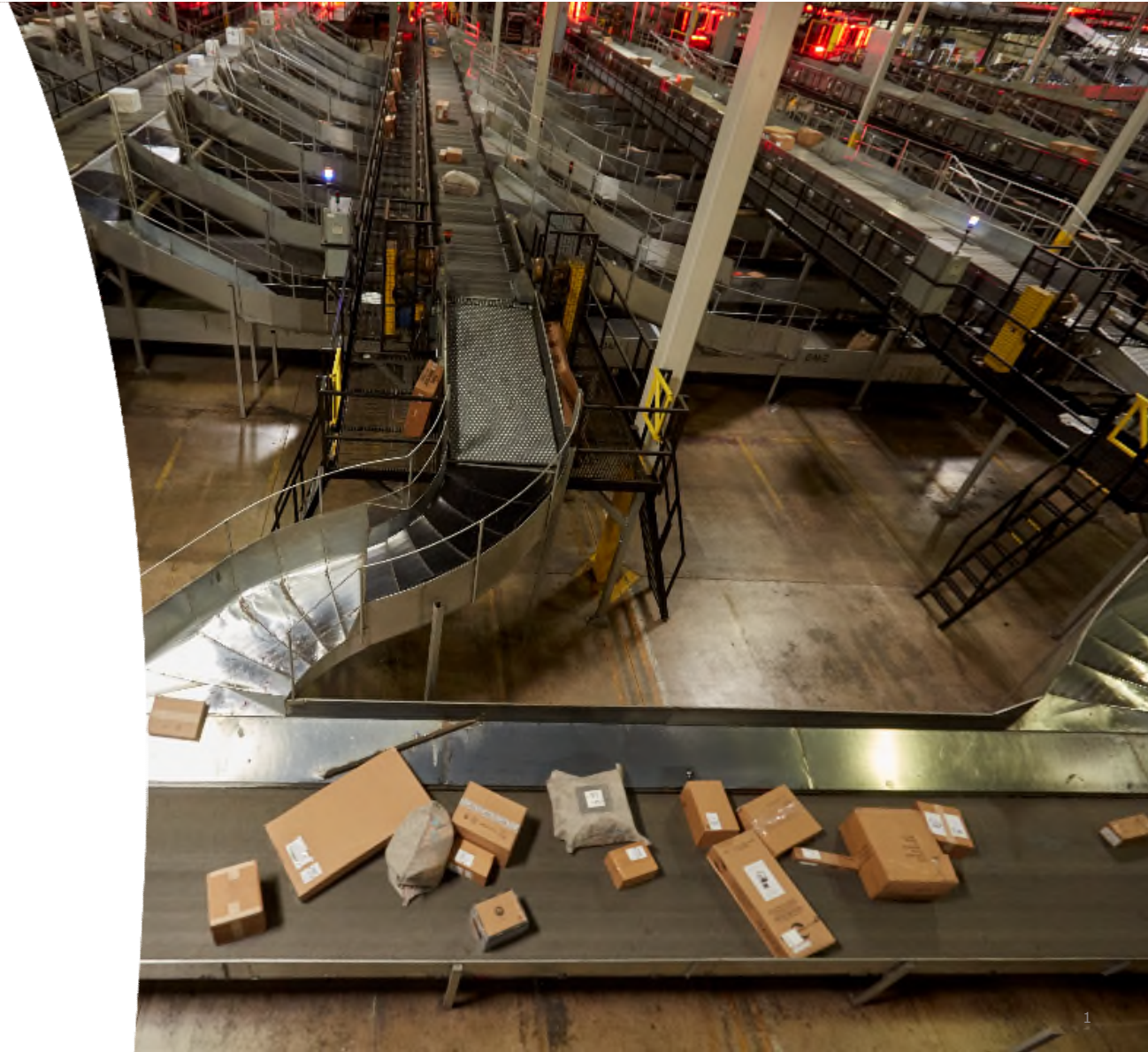




# 2Q21 Earnings Call

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July 27, 2021





**Scott Childress**  
**Investor Relations Officer**

# UPS Speakers

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**Carol B. Tomé**

Chief Executive Officer

**Brian Newman**

Chief Financial Officer



# Forward-Looking Statements and Non-GAAP Reconciliations



## Forward-Looking Statements

This presentation and our filings with the Securities and Exchange Commission contain and in the future may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than those of current or historical fact, and all statements accompanied by terms such as "will," "believe," "project," "expect," "estimate," "assume," "intend," "anticipate," "target," "plan," and similar terms, are intended to be forward-looking statements. Forward-looking statements are made subject to the safe harbor provisions of the federal securities laws pursuant to Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

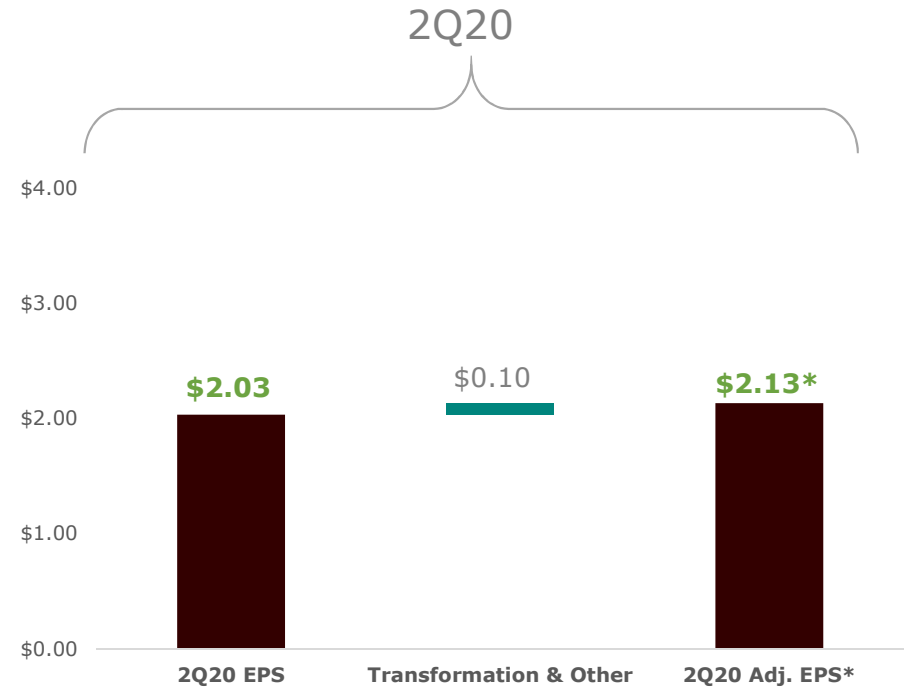
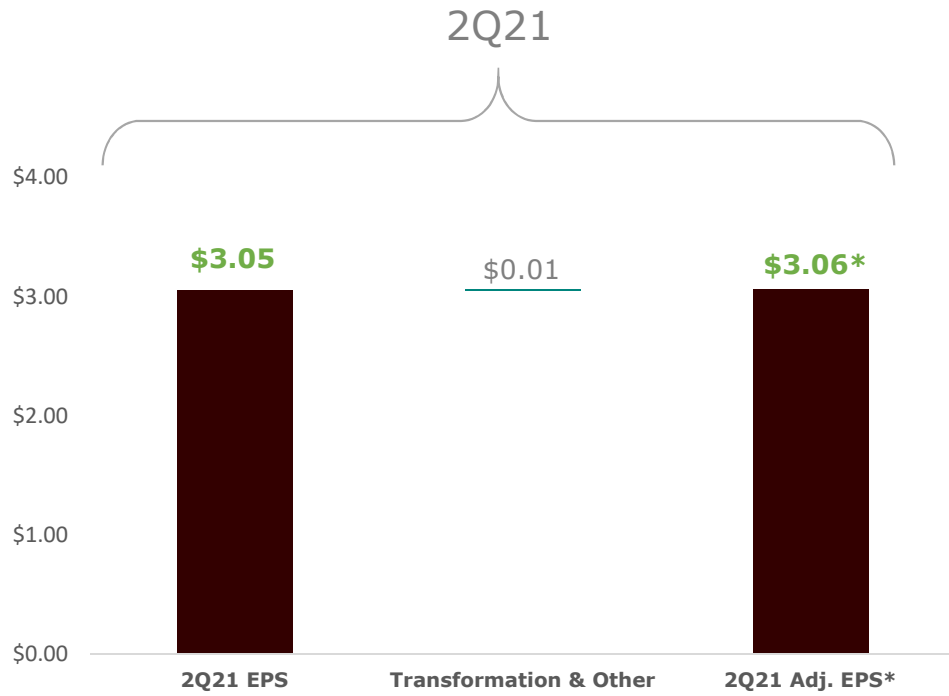
From time to time, we also include written or oral forward-looking statements in other publicly disclosed materials. Forward-looking statements may relate to our intent, belief, forecasts of, or current expectations about our strategic direction, prospects, future results, or future events; they do not relate strictly to historical or current facts. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any forward-looking statements because such statements speak only as of the date when made and the future, by its very nature, cannot be predicted with certainty.

Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties, include, but are not limited to: continued uncertainties related to the impact of the COVID-19 pandemic on our business and operations, financial performance and liquidity, our customers and suppliers, and on the global economy; changes in general economic conditions, in the U.S. or internationally; significant competition on a local, regional, national and international basis; changes in our relationships with our significant customers; changes in the regulatory environment in the U.S. or internationally; increased or more complex physical or data security requirements; legal, regulatory or market responses to global climate change; results of negotiations and ratifications of labor contracts; strikes, work stoppages or slowdowns by our employees; the effects of changing prices of energy, including gasoline, diesel and jet fuel, and interruptions in supplies of these commodities; changes in exchange rates or interest rates; uncertainty from the expected discontinuance of LIBOR and transition to any other interest rate benchmark; our ability to maintain our brand image; our ability to attract and retain qualified employees; breaches in data security; disruptions to the Internet or our technology infrastructure; interruptions in or impacts on our business from natural or man-made events or disasters including terrorist attacks, epidemics or pandemics; our ability to accurately forecast our future capital investment needs; exposure to changing economic, political and social developments in international and emerging markets; changes in business strategy, government regulations, or economic or market conditions that may result in impairment of our assets; increases in our expenses or funding obligations relating to employee health, retiree

health and/or pension benefits; potential additional U.S. or international tax liabilities; potential claims or litigation related to labor and employment, personal injury, property damage, business practices, environmental liability and other matters; our ability to realize the anticipated benefits from acquisitions, dispositions, joint ventures or strategic alliances; our ability to realize the anticipated benefits from our transformation initiatives; cyclical and seasonal fluctuations in our operating results; our ability to manage insurance and claims expenses; and other risks discussed in our filings with the Securities and Exchange Commission from time to time, including our Annual Report on Form 10-K for the year ended December 31, 2020 and subsequently filed reports. You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. We do not undertake any obligation to update forward-looking statements to reflect events, circumstances, changes in expectations, or the occurrence of unanticipated events after the date of those statements.

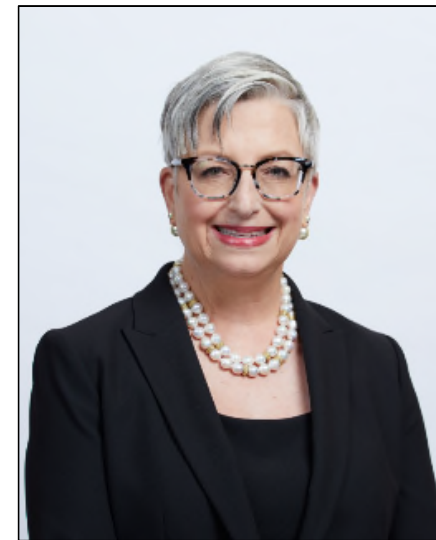
Information, including comparisons to prior periods, may reflect adjusted results. See the appendix for reconciliations of adjusted results and other non-GAAP financial measures.

# Diluted EPS

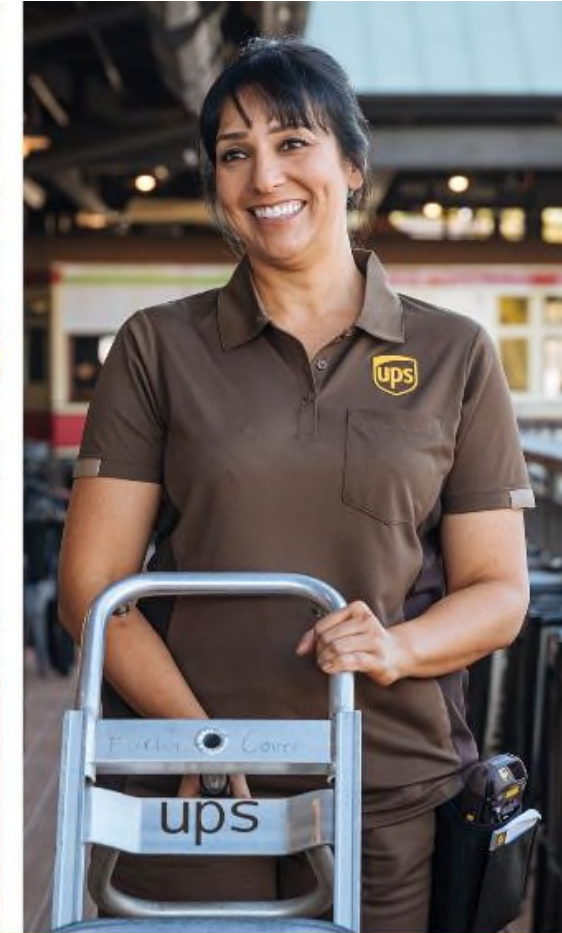


\* Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.





**Carol B. Tomé**  
**Chief Executive Officer**



Moving our world forward by delivering what matters.

Thank you UPSers

## Consolidated Results

### GAAP

<i>In \$ Millions (except per share)</i>	2Q21	2Q20	% Change
Revenue	\$23,424	\$20,459	14.5%
Operating Profit	\$3,258	\$2,212	47.3%
Operating Margin	13.9%	10.8%	310 bps
Diluted EPS	\$3.05	\$2.03	50.2%

### Adjusted

<i>In \$ Millions (except per share)</i>	2Q21	2Q20	% Change
Revenue	\$23,424	\$20,459	14.5%
Operating Profit*	\$3,273	\$2,324	40.8%
Operating Margin*	14.0%	11.4%	260 bps
Diluted EPS*	\$3.06	\$2.13	43.7%

\* Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.





# Customer First, People Led, Innovation Driven

## Through a better not bigger framework



- Weekend expansion continues; Saturday Ground delivery volume up 13.0%
- Expanding healthcare capabilities; global healthcare customer revenue up 19.8%
- Launched daily flight from Osaka to Shenzhen to speed up time in transit
- Deploying new claims process to U.S. SMB customers; U.S. SMB ADV up 21.6%

- We will continue living our values, modernizing our policies, and rewarding our people to make UPS an even better place to work

- Generated \$6.8B of free cash flow\* in first half of 2021, which is more than any full year in our company's history
- We expect a significant increase in Return on Invested Capital\*\* in 2021



# Annual Sustainability Report

## To be published in August

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- 19th GRI Content Index
- 2<sup>nd</sup> Sustainability Accounting Standards Board (SASB) report
- 1<sup>st</sup> Task Force on Climate-related Financial Disclosures (TCFD) report





**Brian Newman**  
**Chief Financial Officer**

# Macro Environment

## Major economic indicators remain strong



Second-quarter global GDP expected to finish up **10.6%**; U.S. GDP is expected to be up **12.5%**

Economic growth is forecast to remain positive in the back half of the year, with growth rates slowing



Inventory-to-sales ratio declined to **1.09** in June

Full-Year GDP expected to grow **6.6%** in the U.S. and **5.8%** globally



Source: IHS Markit

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## Consolidated Results

### GAAP

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### Adjusted

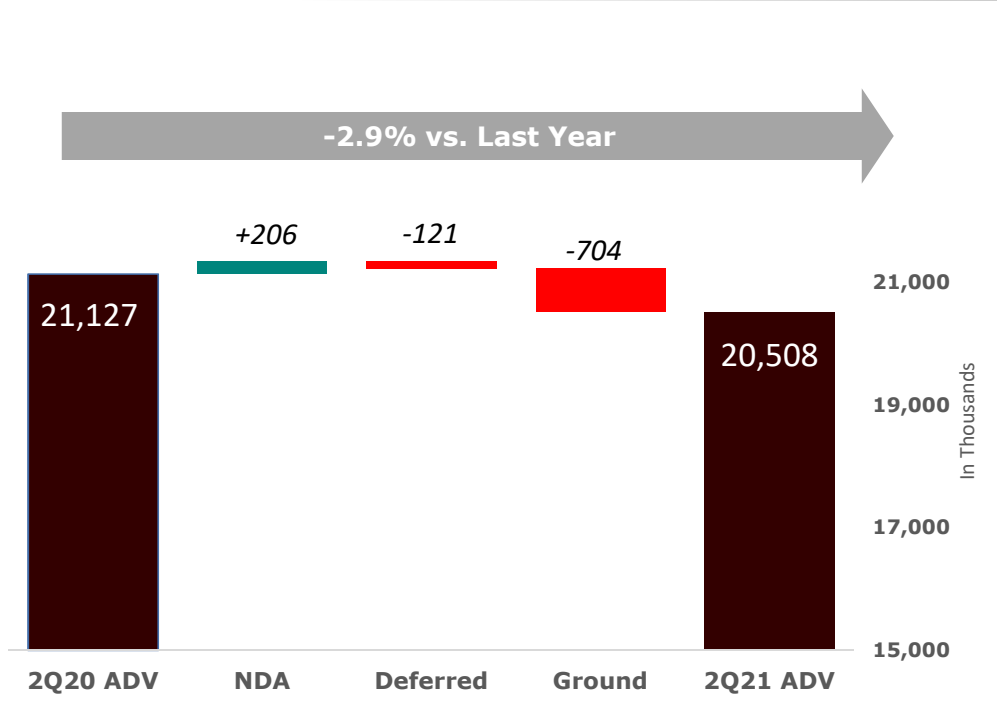
<i>In \$ Millions (except per share)</i>	2Q21	2Q20	% Change
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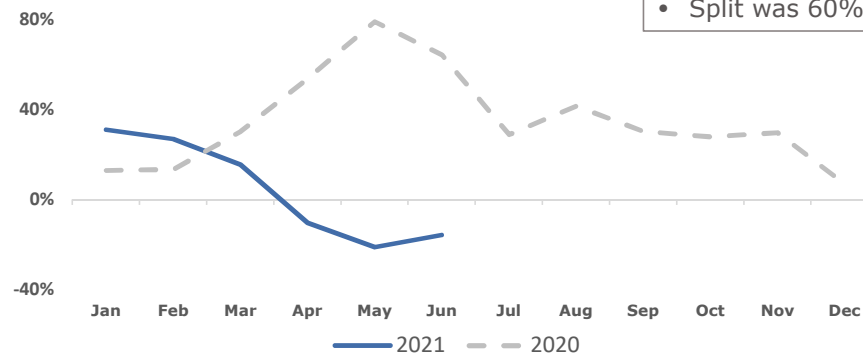
## Unique YoY Comparisons Visible in Volume Mix

B2B average daily volume increased 25.7%



- Ground ADV decrease of 0.7M, includes SurePost decrease of 1.3M

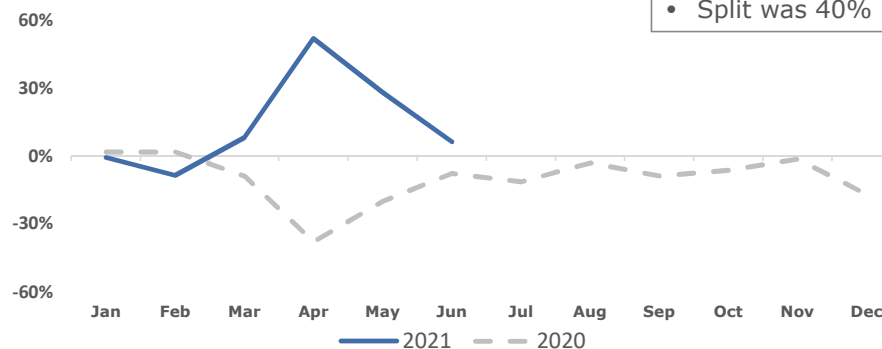
Monthly B2C ADV (Y/Y)



**2Q21**

- B2C down 15.8%
- Split was 60% B2C

Monthly B2B ADV (Y/Y)



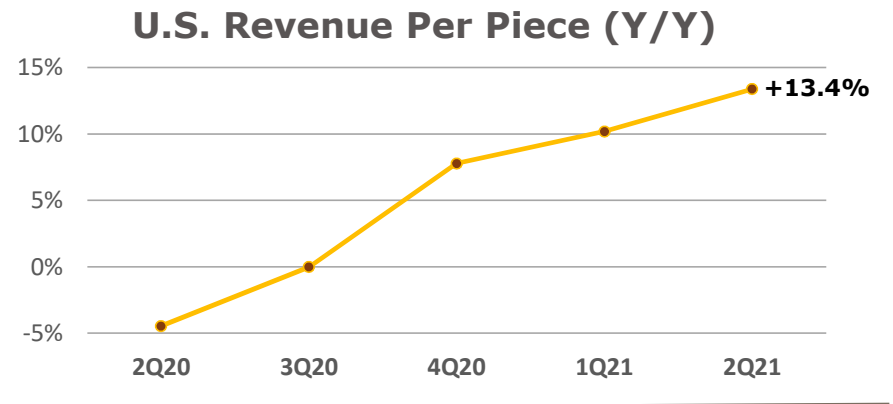
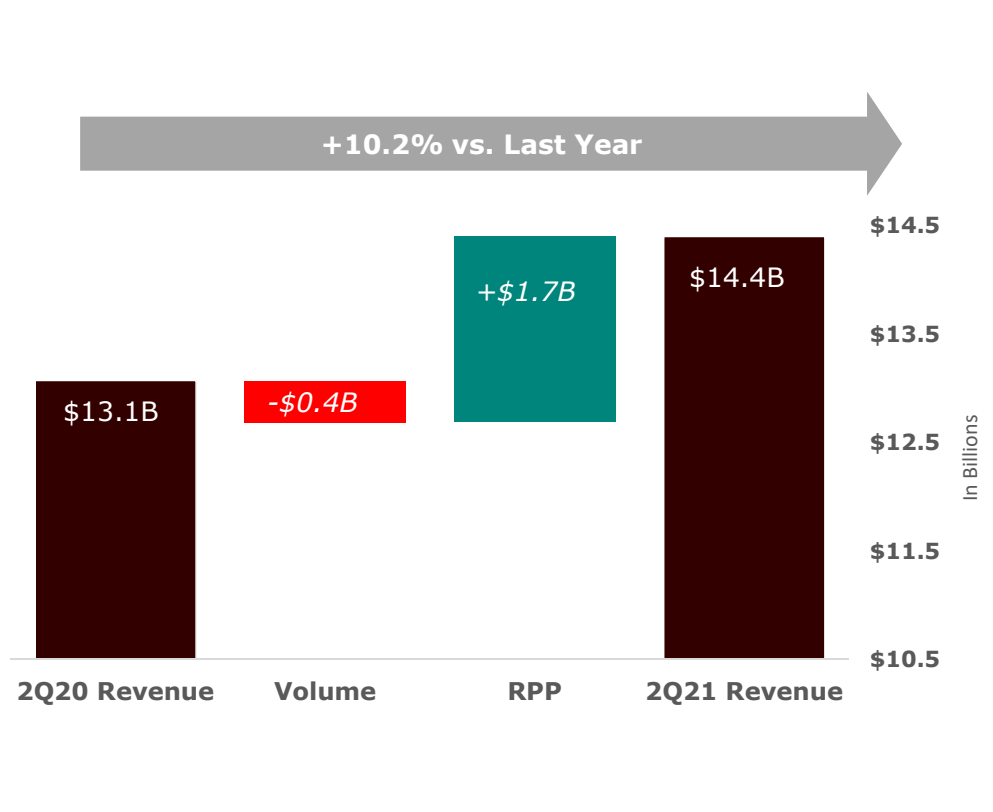
**2Q21**

- B2B grew 25.7%
- Split was 40% B2B



## Revenue Increased 10.2% to \$14.4B

Driven by 13.4% increase in revenue per piece



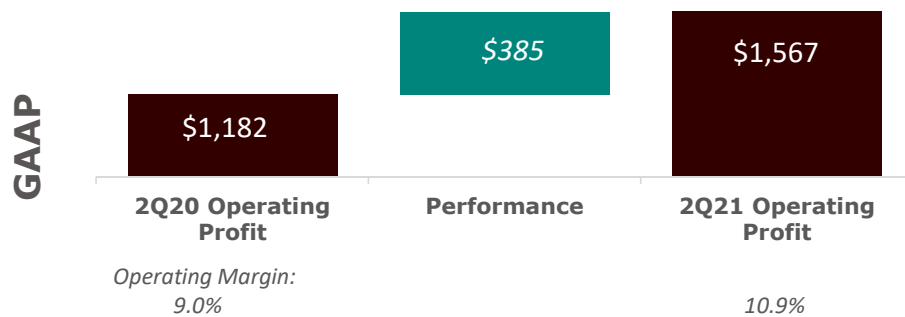
- Driven by mix, surcharge, and base rates
- Double-digit percentage revenue per piece growth in both Ground and Next Day Air products



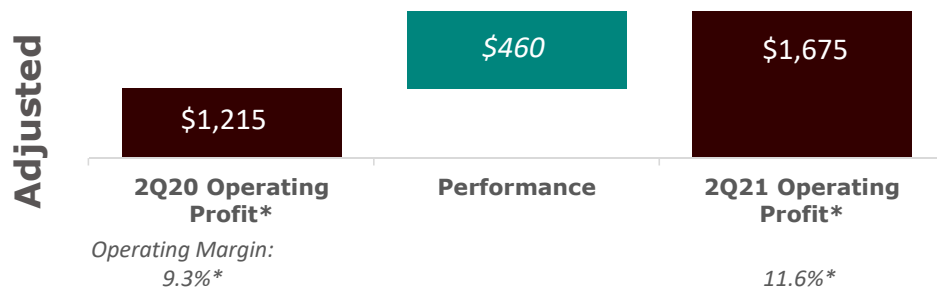
## U.S. Domestic Operating Profit and Margin Increased YoY

Revenue growth significantly above expense growth

### Operating Profit (In Millions)



### Operating Profit (In Millions)



\* Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.

- Total adjusted expense\* increased 7.3%, including:
  - 220 bps due to fuel
  - ~200 bps driven by network enhancements
  - ~210 bps from a combination of employee benefit expenses and FET reinstatement
- Continued to see productivity improvements with direct labor hours down 1.4%
- Adjusted operating margin\* expanded 230 basis points to 11.6%

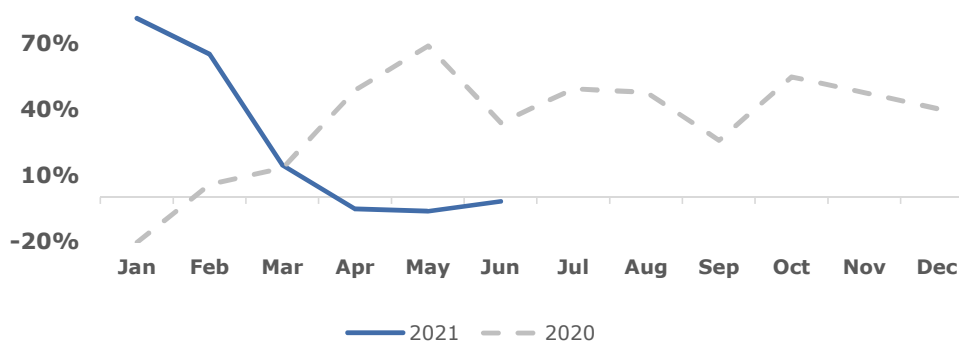




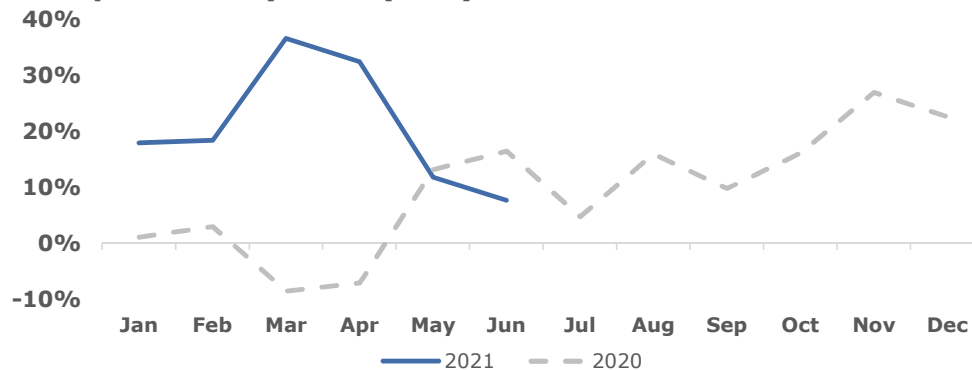
# Average Daily Volume Up 12.7%

B2C ADV decreased 4.1%; B2B ADV grew 25.0%

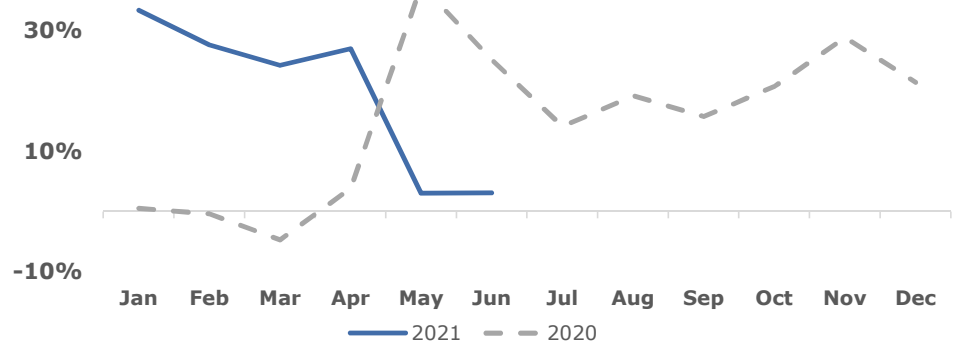
Asia Monthly ADV (Y/Y)



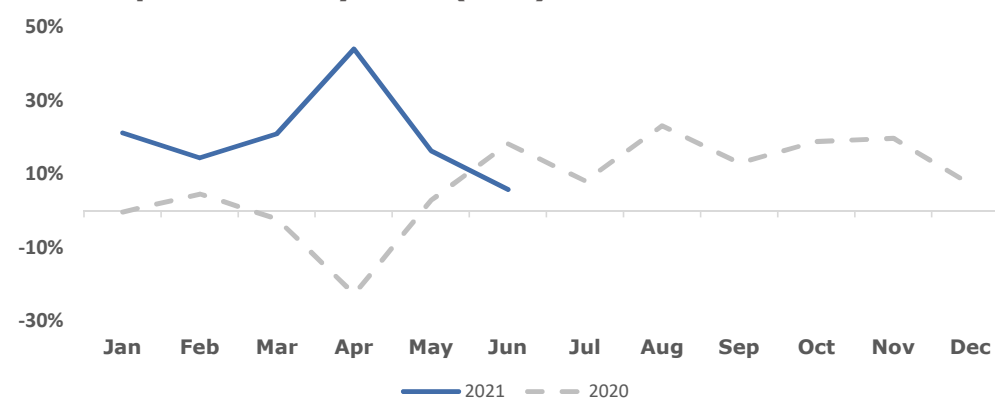
Europe Monthly ADV (Y/Y)



Americas Monthly ADV (Y/Y)



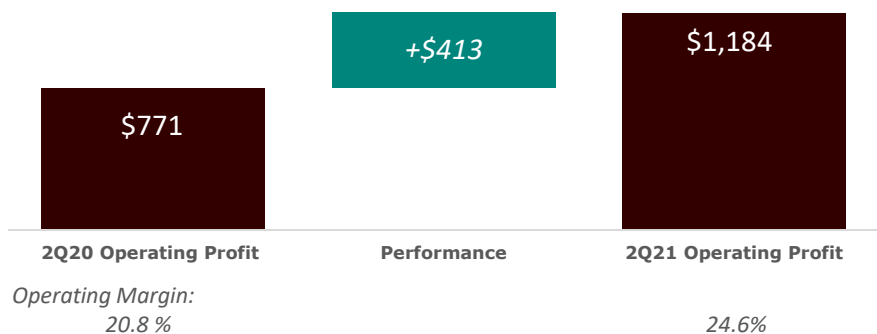
U.S. Export Monthly ADV (Y/Y)



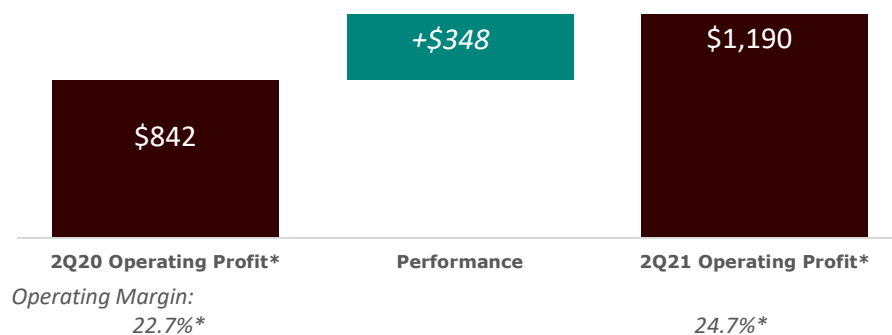
## International Generated \$1.2B of Operating Profit

### Operating Profit (In Millions)

GAAP



Adjusted



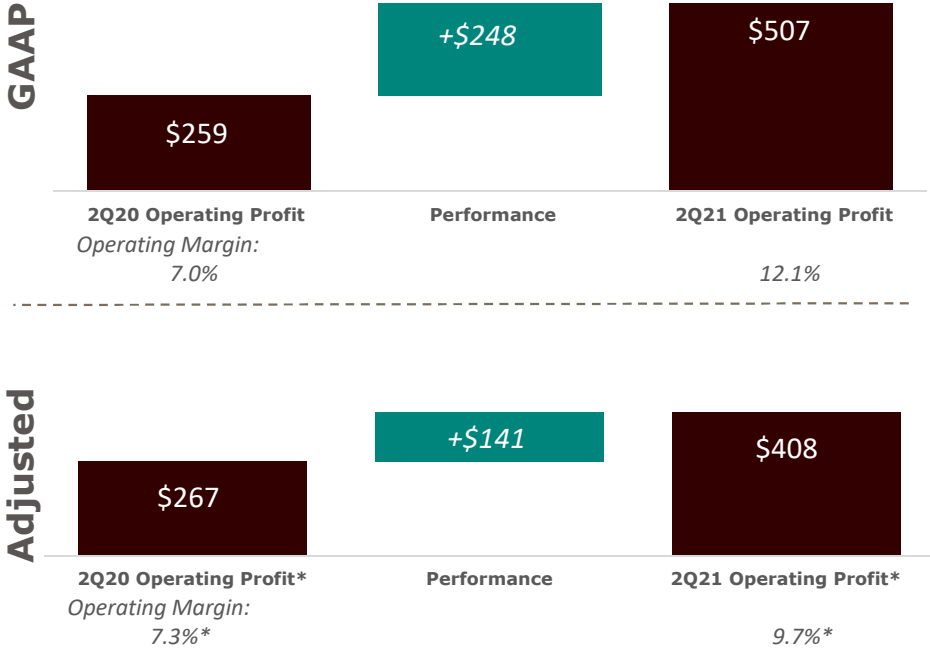
- Revenue up 30% to \$4.8 billion
  - All major regions grew revenue by double-digit percentages
- Revenue per piece increased 15.5%, while adjusted cost per piece\* was up 12.4%
- Adjusted operating margin\* expanded to 24.7%

\* Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.



# Supply Chain Solutions Generated Record Operating Profit and Margin

## Operating Profit (In Millions)



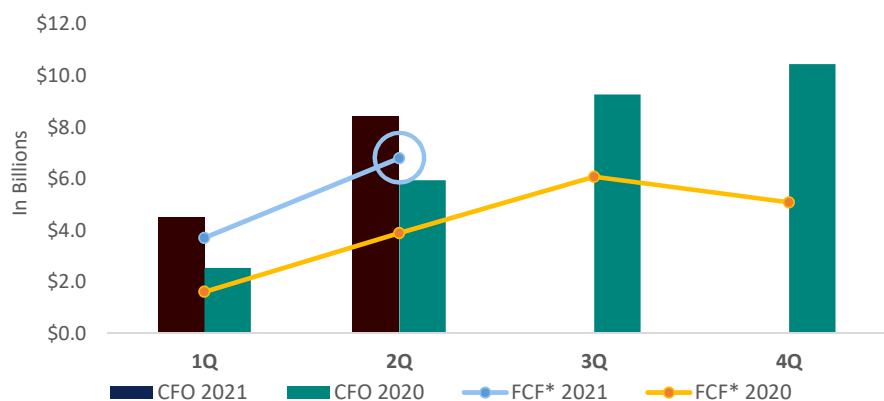
- Ocean Freight Forwarding more than doubled its operating profit
- In healthcare, clinical trials, along with cell and gene solutions, delivered record top- and bottom-line results
- Sale of UPS Freight closed April 30, 2021

\* Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.



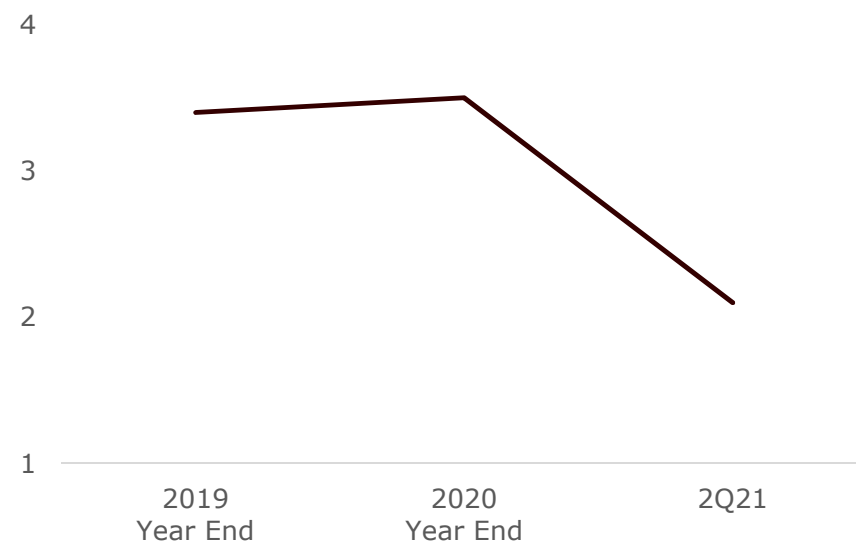
## Cash Flow and Adjusted Debt to Adjusted EBITDA Trend

### 2Q21 YTD Cash from Operations of \$8.5B; YTD Free Cash Flow\* of \$6.8B



\*Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure. Note: 2020 results include \$1.1B benefit from CARES Act payroll tax deferral and total pension contributions of \$3.1B.

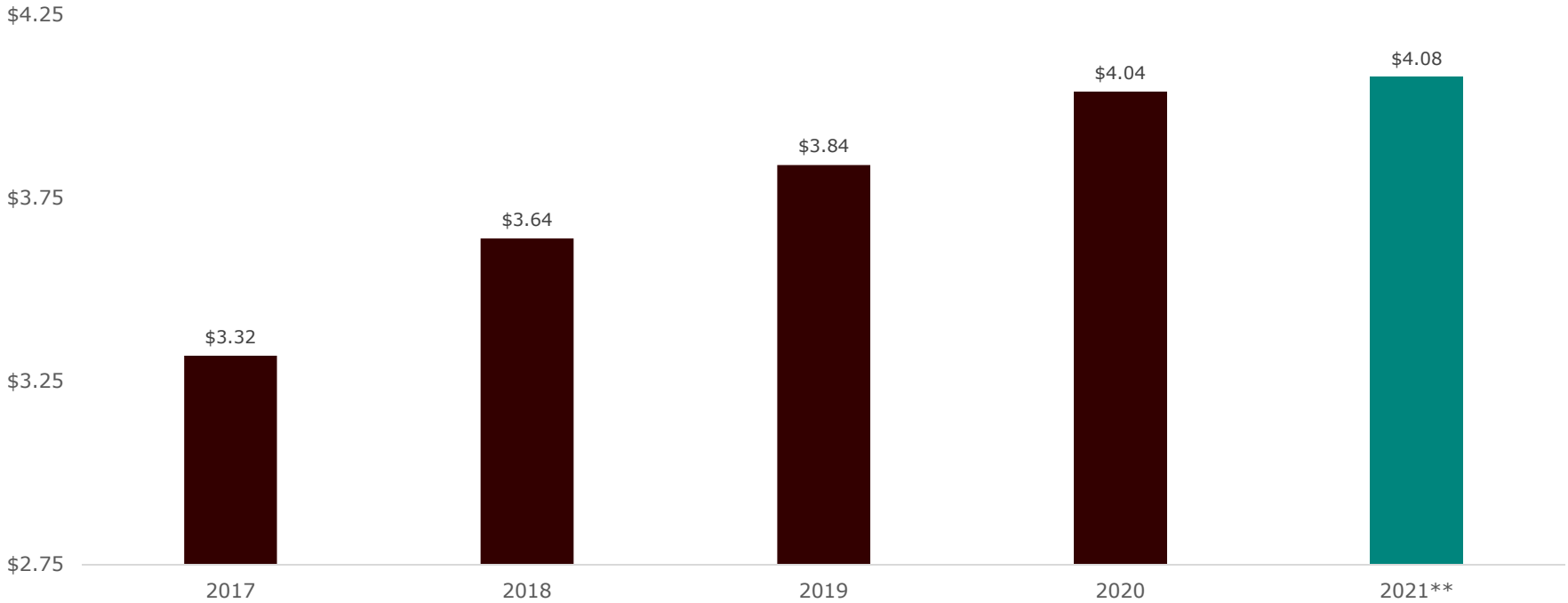
### Adjusted Debt to Adjusted EBITDA\*\* Trend (Trailing 12 Month Basis)



\*\*Non-GAAP financial measure. See Appendix for reconciliation to GAAP financial measure.



# The UPS dividend is a hallmark of our financial strength



\*\* Estimated based on 1Q and 2Q21 dividends declared per share.



# Outlook

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- Expect market conditions to remain favorable and our initiatives to continue delivering positive results in our business
- Paying close attention to:
  - *COVID-19 variants*
  - *Inflationary pressures*
  - *U.S. inventory-to-sales ratio*
  - *Consumer spending preferences*
- We expect our revenue-quality efforts to cover known expense pressures

## **Second half of 2021**

- Consolidated:
  - Revenue growth of around 5.4%
  - Operating margin around 12%
  - Effective tax rate around 23%

## **Full Year 2021**

- Consolidated:
  - Operating margin of around 12.7%
  - Return on Invested Capital\* of approximately 28%
  - Repaid \$2.55B of debt
  - Capital expenditures of around \$4B
- U.S. Domestic operating margin around 10.1%

\* See appendix for discussion of non-GAAP measures.





# Questions & Answers





## Appendix

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# Reconciliation of GAAP and Non-GAAP Financial Measures

## Non-GAAP Financial Measures; Reconciliations

From time to time we supplement the reporting of our financial information determined under generally accepted accounting principles ("GAAP") with certain non-GAAP financial measures. These include: "adjusted" compensation and benefits; operating expenses; earnings before interest, taxes, depreciation and amortization ("EBITDA"); operating profit; operating margin; other income and (expense); income before income taxes; income tax expense; effective tax rate; net income; and earnings per share. We present revenue and revenue per piece on a constant currency basis. Additionally, we disclose free cash flow, return on invested capital ("ROIC") and the ratio of adjusted total debt to adjusted EBITDA.

We believe that these non-GAAP measures provide meaningful information to assist users of our financial statements in more fully understanding our financial results and cash flows and assessing our ongoing performance, because they exclude items that may not be indicative of, or are unrelated to, our underlying operations and may provide a useful baseline for analyzing trends in our underlying businesses. These non-GAAP measures are used internally by management for business unit operating performance analysis, business unit resource allocation and in connection with incentive compensation award determinations.

Non-GAAP financial measures should be considered in addition to, and not as an alternative for, our reported results prepared in accordance with GAAP. Our adjusted financial information does not represent a comprehensive basis of accounting. Therefore, our adjusted financial information may not be comparable to similarly titled information reported by other companies.

### *Restructuring and Other Charges*

Adjusted EBITDA, operating profit, operating margin, income before income taxes, net income and earnings per share may exclude the impact of charges related to any restructuring programs, including transformation costs and asset impairments.

### *Changes in Foreign Currency Exchange Rates and Hedging Activities*

Currency-neutral revenue, revenue per piece and operating profit exclude the period over period impact of foreign currency exchange rate changes and any foreign currency hedging activities. These measures are calculated by dividing current period reported U.S. dollar revenue, revenue per piece and operating profit by the current period average exchange rates to derive current period local currency revenue, revenue per piece and operating profit. The derived amounts are then multiplied by the average foreign exchange rates used to translate the comparable results for each month in the prior year period (including the impact of any foreign currency hedging activities). The difference between the current period reported U.S. dollar revenue, revenue per piece and operating profit and the derived current period U.S. dollar revenue, revenue per piece and operating profit is the period over period impact of foreign currency exchange rates and hedging activities.

### *Mark-To-Market Pension and Postretirement Adjustments*

We recognize changes in the fair value of plan assets and net actuarial gains and losses in excess of a 10% corridor for our pension and postretirement defined benefit plans immediately as part of other pension income (expense). We supplement our presentation of certain financial data with non-GAAP measures that exclude the impact of gains and losses recognized in excess of the 10% corridor and the related income tax effects. We believe excluding these mark-to-market impacts provides important supplemental information by removing the volatility associated with short-term changes in market interest rates, equity values, and similar factors.

The deferred income tax effects of mark-to-market pension and postretirement adjustments are calculated by multiplying the statutory tax rates applicable in each tax jurisdiction, including the U.S. federal jurisdiction and various U.S. state and non-U.S. jurisdictions, by the adjustments.

### *Free Cash Flow*

We calculate free cash flow as cash flows from operating activities less capital expenditures, proceeds from disposals of property, plant and equipment, and plus or minus the net changes in finance receivables and other investing activities. We believe free cash flow is an important indicator of how much cash is generated by our ongoing business operations and we use this as a measure of incremental cash available to invest in our business, meet our debt obligations and return cash to shareowners.

### *Return on Invested Capital*

ROIC is calculated as the trailing twelve months ("TTM") of adjusted operating income divided by the average of total debt, non-current pension and postretirement benefit obligations and shareowners' equity, at the current period end and the corresponding period end of the prior year. Because ROIC is not a measure defined by GAAP, we calculate it, in part, using non-GAAP financial measures that we believe are most indicative of our ongoing business performance. We consider ROIC to be a useful measure for evaluating the effectiveness and efficiency of our long-term capital investments.

### *Adjusted Total Debt / Adjusted EBITDA*

Adjusted total debt is defined as our long-term debt and finance leases, including current maturities, plus non-current pension and postretirement benefit obligations. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization adjusted for restructuring and other costs and investment income and other. We believe the ratio of adjusted total debt to adjusted EBITDA is an important indicator of our financial strength, and is a ratio used by third parties when evaluating the level of our indebtedness.

### *Forward-Looking Non-GAAP Metrics*

From time to time when presenting forward-looking non-GAAP metrics, we are unable to provide quantitative reconciliations to the most closely correlated GAAP measure due to the uncertainty in the timing, amount or nature of any adjustments, which could be material in any period.



# Reconciliations

## Reconciliation of GAAP and Non-GAAP Income Statement Items (in millions, except per share amounts):

Three Months Ended June 30, 2021			
	As-Reported (GAAP)	Transformation & Other Adj. <sup>(1)</sup>	As-Adjusted (Non-GAAP)
Operating profit:			
U.S. Domestic Package	\$ 1,567	\$ 108	\$ 1,675
International Package	1,184	6	1,190
Supply Chain Solutions	507	(99)	408
Total operating profit	\$ 3,258	\$ 15	\$ 3,273
Other income and (expense):			
Other pension income (expense)	\$ 302	\$ -	\$ 302
Investment income and other	43	-	43
Interest expense	(167)	-	(167)
Total other income and (expense)	\$ 178	\$ -	\$ 178
Income before income taxes	3,436	15	3,451
Income tax expense	760	4	764
Net income	\$ 2,676	\$ 11	\$ 2,687
Basic earnings per share	\$ 3.06	\$ 0.01	\$ 3.07
Diluted earnings per share	\$ 3.05	\$ 0.01	\$ 3.06

<sup>(1)</sup> Transformation & Other of \$15 million reflects a gain on the divestiture of UPS Freight of \$101 million, other employee benefits costs of \$55 million and other costs of \$61 million.

## Reconciliation of GAAP and Non-GAAP Income Statement Items (in millions, except per share amounts):

Three Months Ended June 30, 2020			
	As-Reported (GAAP)	Transformation & Other Adj. <sup>(1)</sup>	As-Adjusted (Non-GAAP)
Operating profit:			
U.S. Domestic Package	\$ 1,182	\$ 33	\$ 1,215
International Package	771	71	842
Supply Chain Solutions	259	8	267
Total operating profit	\$ 2,212	\$ 112	\$ 2,324
Other income and (expense):			
Other pension income (expense)	\$ 327	\$ -	\$ 327
Investment income and other	1	-	1
Interest expense	(183)	-	(183)
Total other income and (expense)	\$ 145	\$ -	\$ 145
Income before income taxes	2,357	112	2,469
Income tax expense	589	29	618
Net income	\$ 1,768	\$ 83	\$ 1,851
Basic earnings per share	\$ 2.04	\$ 0.10	\$ 2.14
Diluted earnings per share	\$ 2.03	\$ 0.10	\$ 2.13

<sup>(1)</sup> Transformation & Other of \$112 million reflects other employee benefits costs of \$81 million and other costs of \$31 million.



# Reconciliations

## Reconciliation of Currency Adjusted Revenue, Revenue Per Piece, and Adjusted Operating Profit (in millions, except per piece amounts):

Three Months Ended June 30						
	2021 As-Reported (GAAP)	2020 As-Reported (GAAP)	% Change (GAAP)	Currency Impact	2021 Currency- Neutral (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 7.44	\$ 6.37	16.8%	\$ (0.66)	\$ 6.78	6.4%
Export	32.60	28.56	14.1%	(1.15)	31.45	10.1%
Total International Package	<u>\$ 19.32</u>	<u>\$ 16.73</u>	15.5%	<u>\$ (0.89)</u>	<u>\$ 18.43</u>	10.2%
Consolidated	<u>\$ 12.26</u>	<u>\$ 10.63</u>	15.3%	<u>\$ (0.14)</u>	<u>\$ 12.12</u>	14.0%
<b>Revenue:</b>						
U.S. Domestic Package	\$ 14,402	\$ 13,074	10.2%	\$ -	\$ 14,402	10.2%
International Package	4,817	3,705	30.0%	(218)	4,599	24.1%
Supply Chain Solutions	4,205	3,680	14.3%	(64)	4,141	12.5%
Total revenue	<u>\$ 23,424</u>	<u>\$ 20,459</u>	14.5%	<u>\$ (282)</u>	<u>\$ 23,142</u>	13.1%

<sup>(1)</sup> Amounts adjusted for period over period foreign currency exchange rate and hedging differences

	2021 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Currency Impact	2021 As-Adjusted Currency- Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating Profit:</b>						
U.S. Domestic Package	\$ 1,675	\$ 1,215	37.9%	\$ -	\$ 1,675	37.9%
International Package	1,190	842	41.3%	(42)	1,148	36.3%
Supply Chain Solutions	408	267	52.8%	6	414	55.1%
Total operating profit	<u>\$ 3,273</u>	<u>\$ 2,324</u>	40.8%	<u>\$ (36)</u>	<u>\$ 3,237</u>	39.3%

<sup>(1)</sup> Amounts adjusted for transformation & other

<sup>(2)</sup> Amounts adjusted for transformation & other and period over period foreign currency exchange rate and hedging differences



# Reconciliations

## Reconciliation of Free Cash Flow (Non-GAAP measure) (in millions):

	2020				2021	
	Q1 YTD	Q2 YTD	Q3 YTD	Q4 YTD	Q1 YTD	Q2 YTD
Cash flows from operating activities	\$ 2,550	\$ 5,947	\$ 9,283	\$ 10,459	\$ 4,531	\$ 8,454
Capital expenditures	(933)	(2,065)	(3,219)	(5,412)	(834)	(1,670)
Proceeds from disposals of PP&E	1	2	10	40	10	15
Net change in finance receivables	3	16	24	44	11	16
Other investing activities	(5)	(6)	(15)	(41)	(6)	(11)
Free Cash Flow (Non-GAAP measure)	\$ 1,616	\$ 3,894	\$ 6,083	\$ 5,090	\$ 3,712	\$ 6,804



# Reconciliations

**United Parcel Service, Inc.**  
**Adjusted Total Debt / Adjusted EBITDA (Non-GAAP measure)**  
**(unaudited)**

*(amounts in millions):*

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	TTM <sup>(1)</sup>
Net income (loss)	\$ 1,957	\$ (3,347)	\$ 4,792	\$ 2,676	\$ 6,078
Add back:					
Income tax expense (benefit)	568	(941)	1,412	760	1,799
Interest expense	176	175	177	167	695
Depreciation & amortization	677	712	722	739	2,850
EBITDA	3,378	(3,401)	7,103	4,342	11,422
Add back:					
Transformation and other	44	833	184	15	1,076
Defined benefit plans mark-to-market losses	—	6,484	—	—	6,484
Deduct:					
Defined benefit plans mark-to-market gain	—	—	(3,290)	—	(3,290)
Investment income and other	(338)	(334)	(326)	(345)	(1,343)
Adjusted EBITDA	\$ 3,084	\$ 3,582	\$ 3,671	\$ 4,012	\$ 14,349
Debt and finance leases, including current maturities				\$ 22,591	\$ 22,591
Add back:					
Non-current pension and postretirement benefit obligations				7,675	7,675
Adjusted total debt				\$ 30,266	\$ 30,266
Adjusted total debt/adjusted EBITDA					<u>2.11</u>

(1) Trailing twelve months (TTM) ended June 30th



# Reconciliations

**United Parcel Service, Inc.**  
**Adjusted Total Debt / Adjusted EBITDA (Non-GAAP measure)**  
**(unaudited)**

*(amounts in millions):*

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	TTM <sup>(1)</sup>
Net income (loss)	\$ 965	\$ 1,768	\$ 1,957	\$ (3,347)	\$ 1,343
Add back:					
Income tax expense (benefit)	285	589	568	(941)	501
Interest expense	167	183	176	175	701
Depreciation & amortization	648	661	677	712	2,698
EBITDA	2,065	3,201	3,378	(3,401)	5,243
Add back:					
Transformation and other	45	112	44	833	1,034
Defined benefit plans mark-to-market losses	-	-	-	6,484	6,484
Deduct:					
Investment income and other	(345)	(328)	(338)	(334)	(1,345)
Adjusted EBITDA	\$ 1,765	\$ 2,985	\$ 3,084	\$ 3,582	\$ 11,416
Debt and finance leases, including current maturities				\$ 24,654	\$ 24,654
Add back:					
Non-current pension and postretirement benefit obligations				15,817	15,817
Adjusted total debt				\$ 40,471	\$ 40,471
Adjusted total debt/adjusted EBITDA					3.55

(1) Trailing twelve months (TTM) ended December 31, 2020



# Reconciliations

**United Parcel Service, Inc.**  
**Adjusted Total Debt / Adjusted EBITDA (Non-GAAP measure)**  
**(unaudited)**

*(amounts in millions):*

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	TTM <sup>(1)</sup>
Net income (loss)	\$ 1,111	\$ 1,685	\$ 1,750	\$ (106)	\$ 4,440
Add back:					
Income tax expense (benefit)	329	519	456	(92)	1,212
Interest expense	169	159	159	166	653
Depreciation & amortization	568	575	587	630	2,360
EBITDA	2,177	2,938	2,952	598	8,665
Add back:					
Transformation and other	123	21	63	48	255
Legal contingencies and expenses	-	-	-	97	97
Defined benefit plans mark-to-market losses	-	-	-	2,387	2,387
Deduct:					
Investment income and other	(215)	(220)	(237)	(222)	(894)
Adjusted EBITDA	\$ 2,085	\$ 2,739	\$ 2,778	\$ 2,908	\$ 10,510
Debt and finance leases, including current maturities				\$ 25,238	\$ 25,238
Add back:					
Non-current pension and postretirement benefit obligations				10,601	10,601
Adjusted total debt				\$ 35,839	\$ 35,839
Adjusted total debt/adjusted EBITDA					<u>3.41</u>

(1) Trailing twelve months (TTM) ended December 31, 2019



## 2021 Interim Remeasurements

*UPS Freight divestiture closed on 04/30/21, triggering 2Q remeasurement of certain US Plans  
(In Millions)*

<b>Unrecognized Loss Within Shareowners' Equity as of 3/31/2021</b>	<b>\$3,864</b>
Gain due to Discount Rate Change <sup>1</sup> <i>Discount rate increased from 2.87% to 3.36%</i>	(3,680)
Loss due to Asset Performance <sup>1</sup> <i>Asset returns in 2021 were ~430 bps lower than expected</i>	1,717
Net Gain due to UPS Freight Divestiture <sup>1</sup>	(166)
<b>Unrecognized Loss Within Shareowners' Equity as of 6/30/2021</b>	<b>\$1,735</b>

<sup>1</sup> UPS Pension, UPS Retirement and UPS Retired Employee Health Care Plan interim remeasurement as of 4/30/2021 due to divestiture of UPS Freight

