Raymond James & Associates

43rd Annual Institutional Investors Conference

March 8, 2022

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 the impact of: continued uncertainties related to 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; industry evolution and significant competition; changes in our relationships with our significant customers; our ability to attract and retain qualified employees; increased or more complex physical or data security requirements, or any data security breach; strikes, work stoppages or slowdowns by our employees; results of negotiations and ratifications of labor contracts; our ability to maintain our brand image and corporate reputation; disruptions to our information technology infrastructure; global climate change; interruptions in or impacts on our business from natural or man-made events or disasters including terrorist attacks, epidemics or pandemics; exposure to changing economic, political and social developments in international markets; our ability to realize the anticipated benefits from acquisitions, dispositions, joint ventures or strategic alliances; changing prices of energy, including gasoline, diesel and jet fuel, or interruptions in supplies of these commodities; changes in exchange rates or interest rates; our ability to accurately forecast our future capital investment needs; significant expenses and funding obligations relating to employee health, retiree health and/or pension benefits; our ability to manage insurance and claims expenses; changes in business strategy, government regulations, or economic or market conditions that may result in impairments of our assets; potential additional U.S. or international tax liabilities; increasingly stringent laws and regulations, including relating to climate change; potential claims or litigation related to labor and employment, personal injury, property damage, business practices, environmental liability and other matters; 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, 2021 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.

UPS in 2021
By the Numbers

534,000
employees globally

2,285 *Daily flight segments globally*

Fleet of ***595*** aircraft
Adding two B747-8Fs in 2022 and 19 B767s, between 2023–2025

13,300+
alternative fuel and advanced technology vehicles, driving more than **1 million green miles per day**

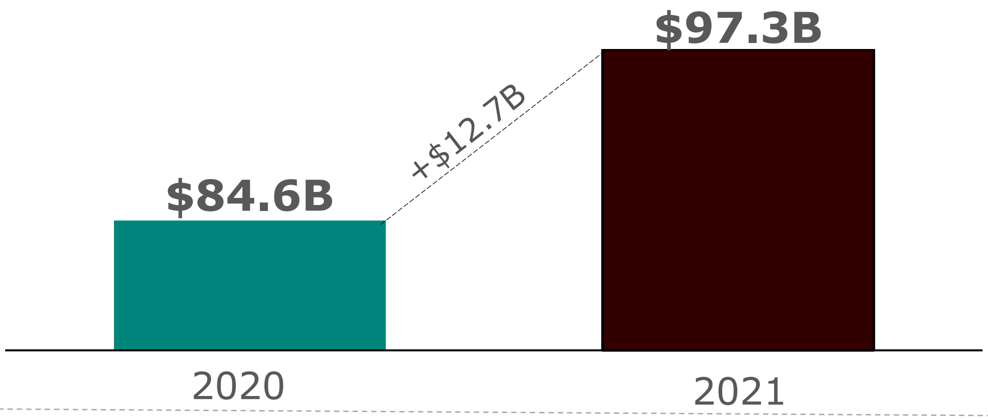
Over 1 billion
data points analyzed ***every day*** by UPS to help control our integrated network with **predictive analytics**

6.4B
letters and packages delivered

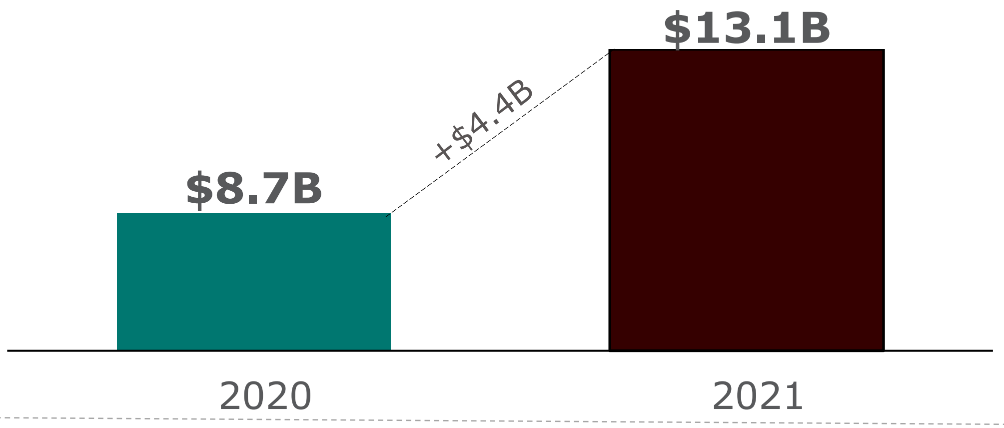
90%
eligible ground packages flowed through ***U.S. automated facilities***

Execution of our Customer First, People Led, Innovation Driven strategy led to record results in 2021

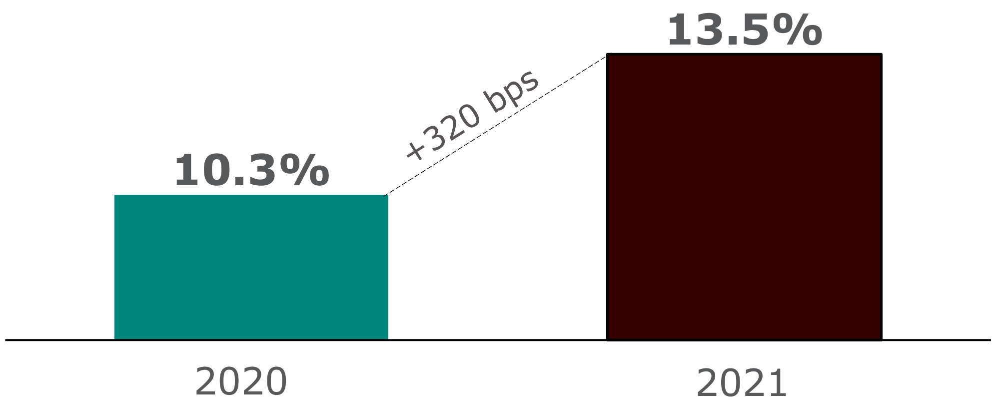
Revenue



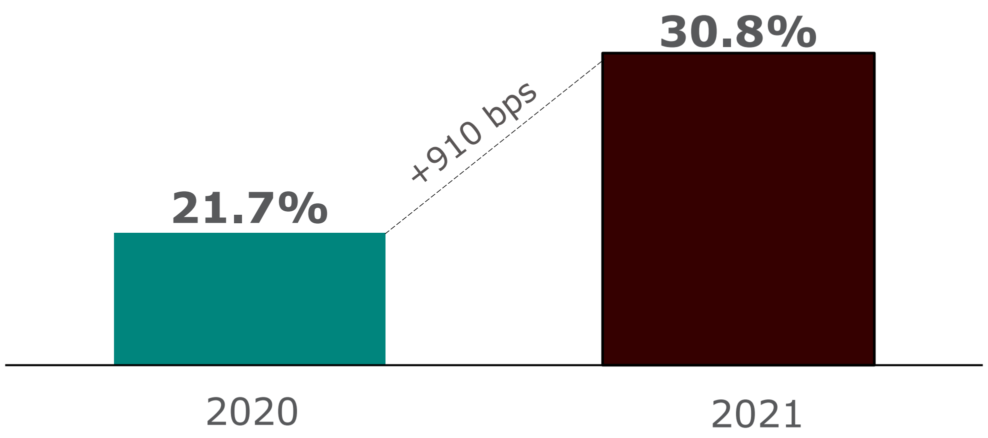
Adjusted Op Profit*



Adjusted Op Margin*



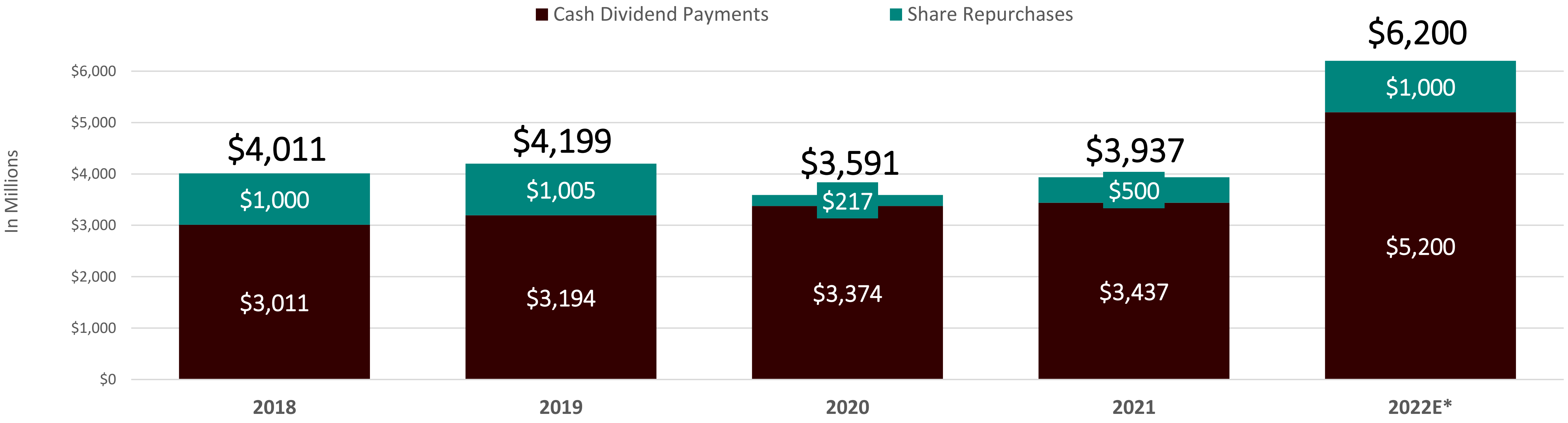
Return on Invested Capital*



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

Planning total return to shareowners in 2022 of $6.2B

*A 57% increase from 2021**



* Estimated based on Board approved dividend per share of $1.52 in 1Q22.

2022 Outlook

Provided on 4Q21 Earnings Call (02/01/22)

+ Expect macro environment to remain dynamic in 2022 with global GDP growing 4.1% (IHS 02/15/22)

+ Planning volume and revenue per piece growth and continued productivity

= Paying close attention to:
- COVID-19
- Inflationary pressures
- Upstream supply chain constraints and labor shortages
- Geopolitical environment

Full-year 2022 Outlook

- Consolidated:
  - Revenue around **$102B**
  - Adjusted operating margin* about **13.7%**
  - Adjusted Return on Invested Capital* **>30%**
  - Free cash flow* **~$9.0B**

We expect to deliver 2023 consolidated revenue and operating margin targets one year early

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

Questions & Answers

Appendix

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.

Transformation 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 transformation activities, goodwill and asset impairments, and divestitures.

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

United Parcel Service, Inc.
Reconciliation of GAAP and As Adjusted Income Statement Data
(unaudited)

(in millions, except per share amounts)	Twelve Months Ended December 31, 2021				2020					
	As Reported (GAAP)	Pension MTM Adj.[1]	Transformation & Other Adj.[2]	As Adjusted (Non-GAAP)	As Reported (GAAP)	Pension MTM Adj.[1]	Transformation & Other Adj.[3]	As Adjusted (Non-GAAP)	% Change As Reported (GAAP)	% Change As Adjusted (Non-GAAP)
U.S. Domestic Package	$ 53,881	$ —	$ 281	$ 53,600	$ 49,608	$ —	$ 237	$ 49,371	8.6%	8.6%
International Package	14,895	—	74	14,821	12,509	—	96	12,413	19.1%	19.4%
Supply Chain Solutions[4]	15,701	—	(21)	15,722	14,827	—	701	14,126	5.9%	11.3%
Operating Expense	84,477	—	334	84,143	76,944	—	1,034	75,910	9.8%	10.8%
U.S. Domestic Package	$ 6,436	$ —	$ 281	$ 6,717	$ 3,891	$ —	$ 237	$ 4,128	65.4%	62.7%
International Package	4,646	—	74	4,720	3,436	—	96	3,532	35.2%	33.6%
Supply Chain Solutions[4]	1,728	—	(21)	1,707	357	—	701	1,058	384.0%	61.3%
Operating Profit	12,810	—	334	13,144	7,684	—	1,034	8,718	66.7%	50.8%
Other Income and (Expense):										
Other pension income (expense)	4,457	(3,272)	—	1,185	(5,176)	6,484	—	1,308	N/M	(9.4%)
Investment income (expense) and other	22	—	—	22	37	—	—	37	(40.5%)	(40.5%)
Interest expense	(694)	—	—	(694)	(701)	—	—	(701)	(1.0%)	(1.0%)
Total Other Income and (Expense)	3,785	(3,272)	—	513	(5,840)	6,484	—	644	N/M	(20.3%)
Income Before Income Taxes	16,595	(3,272)	334	13,657	1,844	6,484	1,034	9,362	N/M	45.9%
Income Tax Expense	3,705	(784)	84	3,005	501	1,555	140	2,196	N/M	36.8%
Net Income	$ 12,890	$ (2,488)	$ 250	$ 10,652	$ 1,343	$ 4,929	$ 894	$ 7,166	N/M	48.6%
Basic Earnings Per Share	$ 14.75	$ (2.85)	$ 0.29	$ 12.19	$ 1.55	$ 5.69	$ 1.03	$ 8.27	N/M	47.4%
Diluted Earnings Per Share	$ 14.68	$ (2.83)	$ 0.28	$ 12.13	$ 1.54	$ 5.66	$ 1.03	$ 8.23	N/M	47.4%
Weighted-average shares outstanding:										
Basic	874				867					
Diluted	878				871					

(1) Represents mark-to-market (gains) losses recognized outside of a 10% corridor on company-sponsored pension and postretirement plans

(2) Transformation & other of $334 million reflects a gain on the divestiture of UPS Freight of $112 million, net of a previously-recognized valuation allowance of $66 million, other employee benefits costs of $206 million and other costs of $174 million.

(3)Transformation & other of $1,034 million reflects goodwill and other asset impairment charges of $686 million related to the divestiture of UPS Freight, other employee benefits costs of $211 million and other costs of $137 million.

(4) The divestiture of UPS Freight was completed on April 30, 2021.

Reconciliations

United Parcel Service, Inc.
Reconciliation of Return on Invested Capital (Non-GAAP measure)
(unaudited)

(amounts in millions):	Trailing Twelve Months Ending	
	December 31 2021	**December 31 2020**
Net income	$ 12,890	$ 1,343
Add back (deduct):		
Income tax expense	3,705	501
Interest expense	694	701
Other pension (income) expense	(4,457)	5,176
Investment (income) expense and other	(22)	(37)
Operating profit	12,810	7,684
Transformation and other	334	1,034
Adjusted operating profit	$ 13,144	$ 8,718
Average debt and finance leases, including current maturities	$ 23,285	$ 24,946
Average pension and postretirement benefit obligations	11,932	13,209
Average shareowners' equity	7,469	1,976
Average Invested Capital	$ 42,686	$ 40,131
Net income to average invested capital	30.2 %	3.3 %
Adjusted Return on Invested Capital	30.8 %	21.7 %