2Q23
Earnings Call

August 8, 2023

Ken Cook

Investor Relations Officer

UPS Speakers

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.

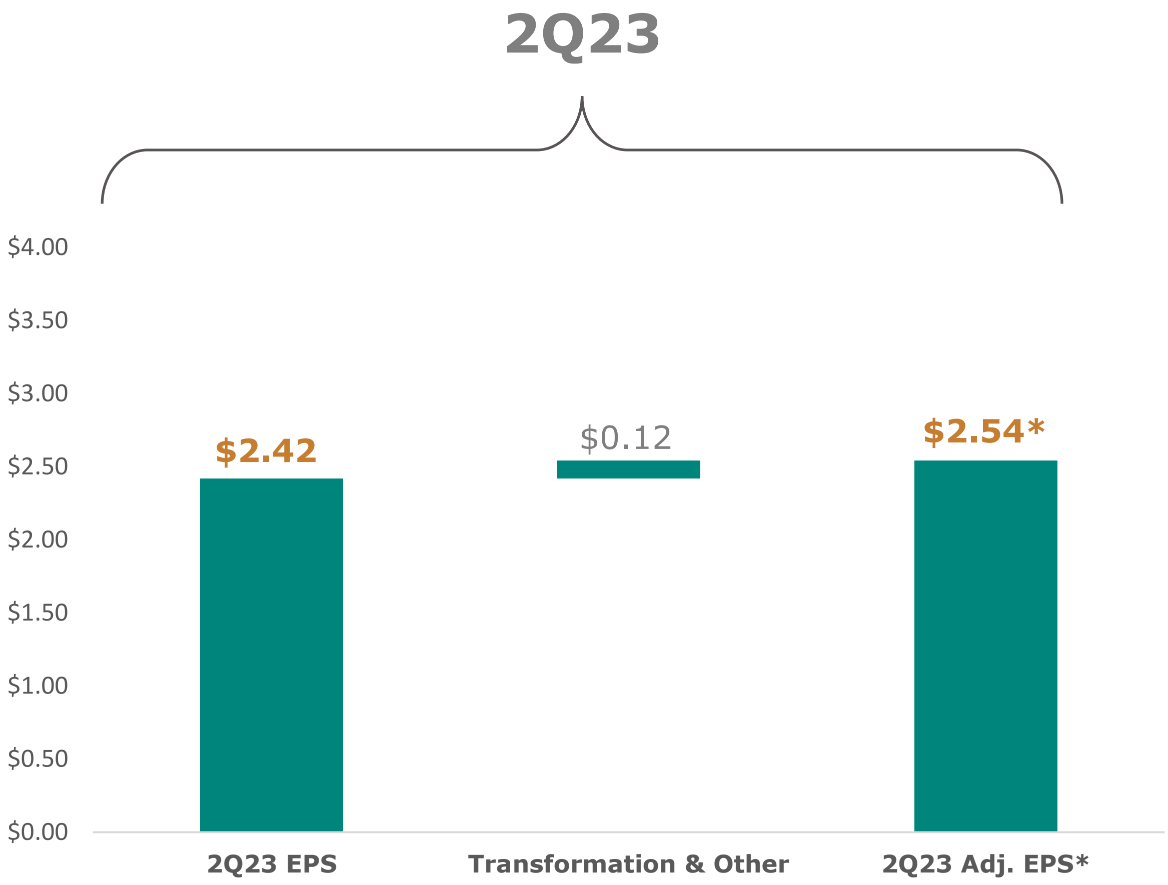
From time to time, we also include written or oral forward-looking statements in other publicly disclosed materials. Forward-looking statements may relate to our intent, belief, forecasts of, or current expectations about our strategic direction, prospects, future results, or future events; they do not 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.

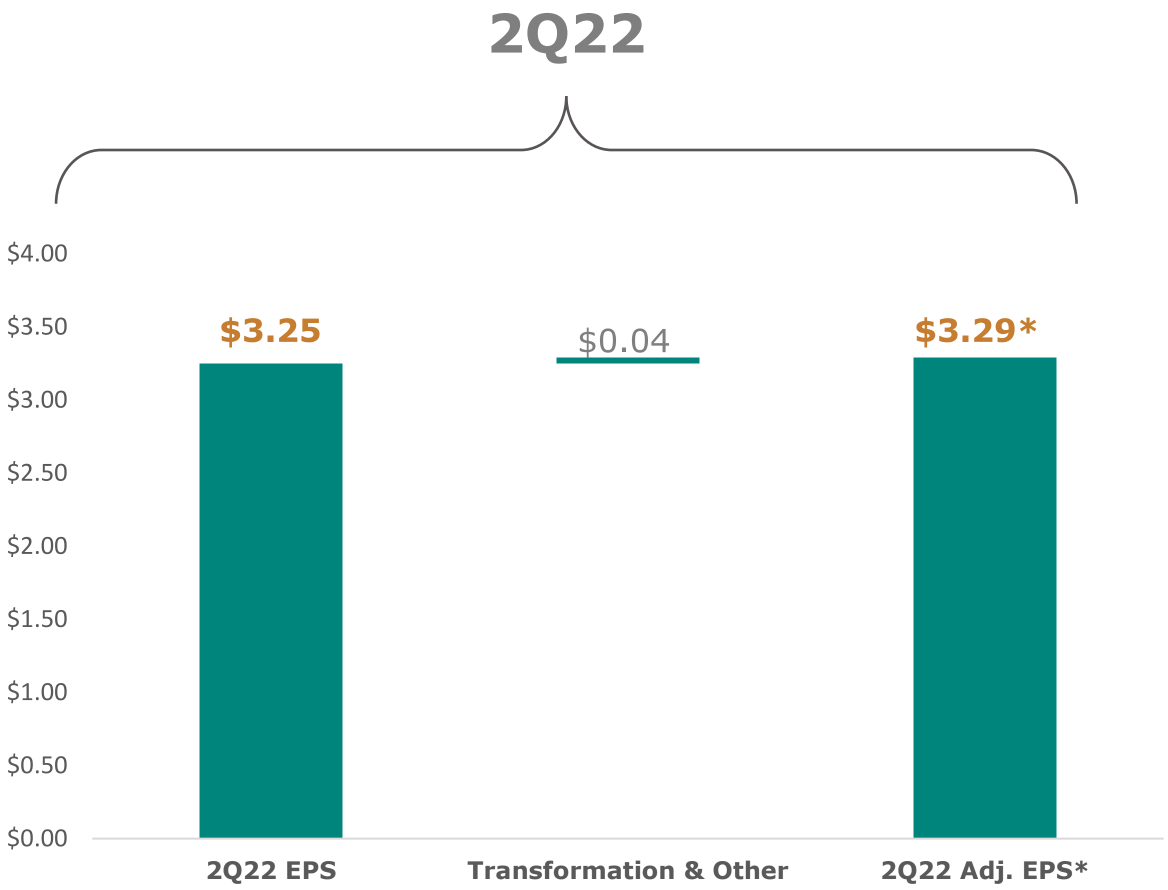
Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties include, but are not limited to, the impact of: continued uncertainties related to the COVID-19 pandemic; changes in general economic conditions, in the U.S. or internationally; industry evolution and significant competition; changes in our relationships with any of our significant customers; our ability to attract and retain qualified employees; 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; increased or more complex physical security requirements; a significant data breach or information technology system disruption; 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, 2022, 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.

From time to time, the Company expects to participate in analyst and investor conferences. Materials provided or displayed at those conferences, such as slides and presentations, may be posted on our investor relations website at www.investors.ups.com under the heading “Presentations,” when made available. These presentations may contain new material nonpublic information about the Company and you are encouraged to monitor this site for any new posts, as we may use this mechanism as a public announcement.

Diluted EPS





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

Carol B. Tomé

Chief Executive Officer

To UPSers around the world and our customers who trusted us with their business…

Thank You







Reached

WIN-WIN-WIN

Labor

Contract

2Q23 Consolidated Results

In $ Millions **(except per share)**	**2Q23**	**2Q22**	**Change Y/Y**
Total Revenue	$22,055	$24,766	-10.9%
Adj. Operating Profit*	$2,919	$3,576	-18.4%
Adj. Operating Margin*	13.2%	14.4%	-120 bps
Adj. Diluted EPS*	$2.54	$3.29	-22.8%

"When faced with volume declines, some companies might go off strategy or chase unprofitable business, but that is not today's UPS. Today's UPS is focused on the long term."

Carol B. Tomé, CEO

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

Customer First. People Led. Innovation Driven.

- 500+ UPS executives had regular communication with many customers to keep them informed during labor negotiations, bringing us closer to our customers
- Laser focused on win-back and pulling through >$7B of opportunity in sales pipeline by leveraging our capabilities and industry-leading service
- Added seven platforms to DAP; expect to generate ~$3B in DAP revenue in 2023
- Expanded European healthcare footprint with first dedicated facility in Ireland; expect to generate $10B in healthcare revenue in 2023
- Expanded MOVIN in India, covering ~90% of domestic B2B market opportunity

Customer First. People Led. Innovation Driven.

Win-win-win labor contract expected to be ratified in two weeks:

- Converting 22.4 employees to regular package car drivers, maintaining weekend delivery for our customers and more work-life balance for our drivers
- Improving working conditions, including air conditioning in every new U.S. package car starting in Jan 2024
- UPS retained ability to introduce new technology and the flexibility to use seasonal support during the peak holiday season
- Strengthens industry-leading pay and benefits union employees already receive. By the end of the new contract:
  - Average full-time driver will make ~$170K annually in pay and benefits
  - Part-timers already at UPS will make at least $25.75 per hour and receive full healthcare and pension benefits
- New paid holiday on Martin Luther King, Jr. Day

Customer First. People Led. Innovation Driven.

- Leveraged our integrated network — powered by Network Planning Tools and technology developed by UPS engineers — to reduce U.S. hours by nearly 10%, in line with the decline in average daily volume

- Operating nearly 50% of U.S. buildings with smart package smart facility at the end of 2Q23; on track to complete U.S. deployment by the end of October

Closing Comments

Updated our full-year 2023 guidance primarily to reflect the volume impact from labor negotiations and the costs associated with the tentative agreement

Focused on our future

- Executing our winning strategy under our better and bolder framework
- Winning in the best parts of the market
- Making our integrated network even more agile and efficient
- New contract establishes a platform for the future

Brian Newman

Chief Financial Officer

2Q23 Consolidated Results

In $ Millions **(except per share)**	**2Q23**	**2Q22**	**Change Y/Y**
Total Revenue	$22,055	$24,766	-10.9%
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Adj. Operating Margin*	13.2%	14.4%	-120 bps
Adj. Diluted EPS*	$2.54	$3.29	-22.8%

"All three of our segments demonstrated agility and on a combined basis drove down total expense by $2.1B in the second quarter year over year."

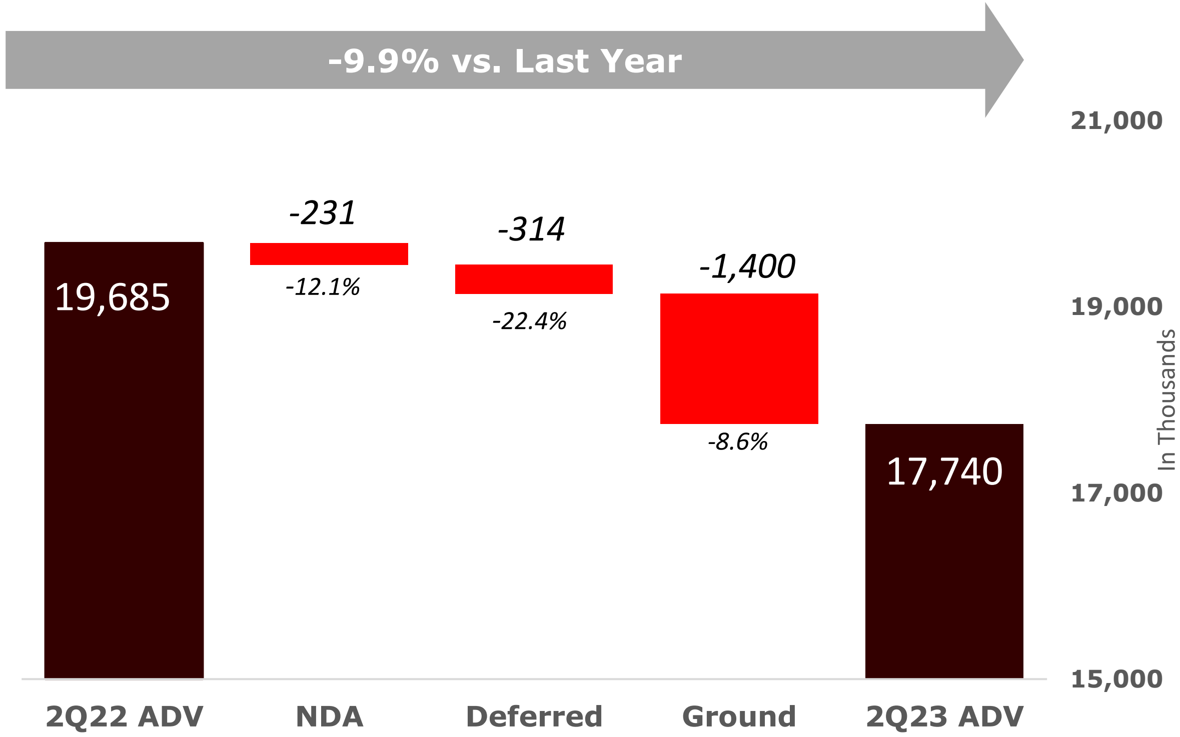
Brian Newman, CFO

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

2Q Average Daily Volume Declined 9.9%

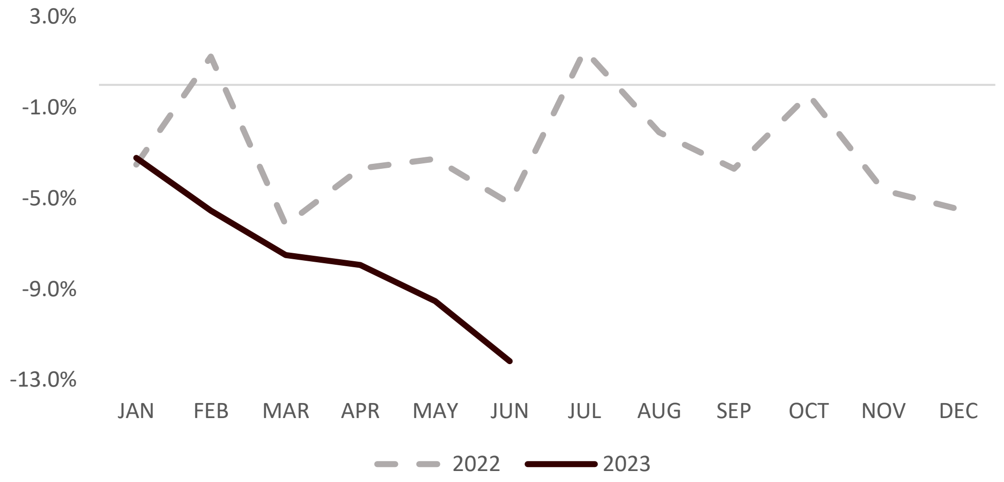
Volume diversion increased as noise levels around labor negotiations grew louder

ADV Change (Y/Y)



- Combined impact of volume diversion and the slowdown in our sales pipeline pull-through reduced volume by ~1.2M ADV

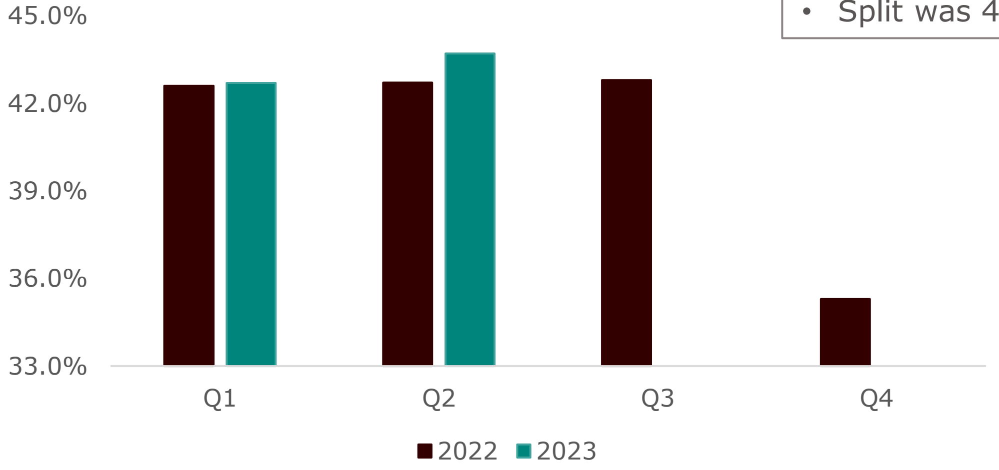
Monthly ADV Growth (Y/Y)



Quarterly B2B % of U.S. ADV Mix

2Q23

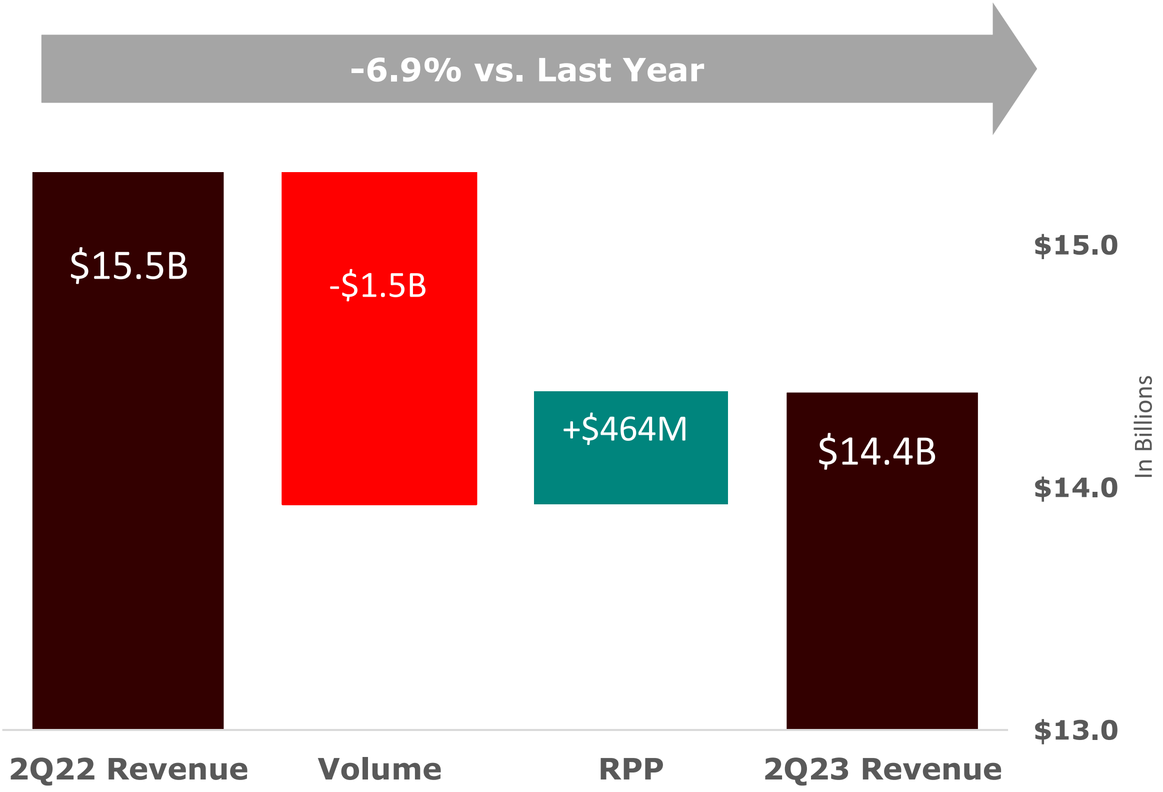
- B2B declined 7.7%
- Split was 43.7% B2B



2Q Revenue of $14.4B, Down 6.9% YOY

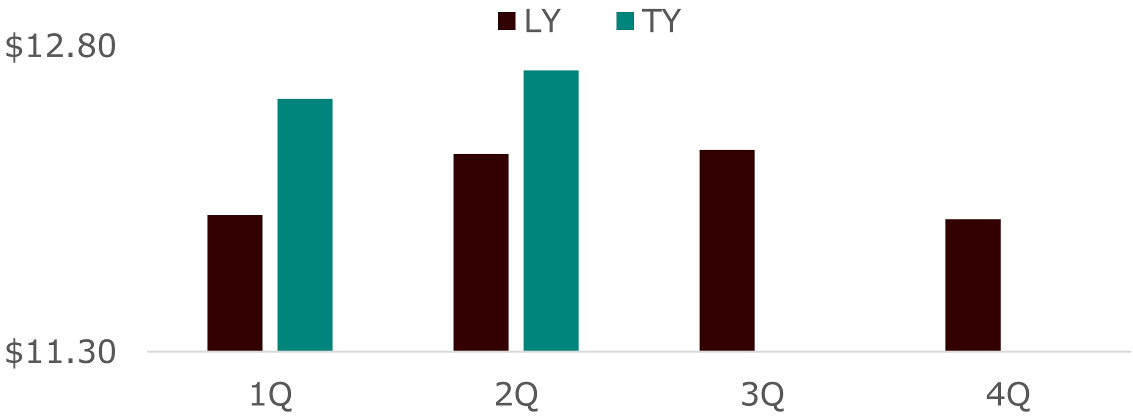
Disciplined approach to revenue quality drove revenue per piece up 3.3%

Revenue Change (Y/Y)



- Revenue per piece increase partially offset impact of volume decline

Revenue Per Piece



- 2Q revenue per piece (RPP) growth of 3.3%
  - Combination of strong base rates and customer mix increased RPP growth rate by 670 basis points
  - Fuel decreased the RPP growth rate by 220 basis points
  - Remaining 120 basis point decline due to multiple factors, including package characteristics and product mix

2Q Adjusted Operating Margin* of 11.7%

Leveraged technology and agility of our integrated network to reduce cost by $889M YOY

U.S. Domestic Results

	2Q23	2Q22	Change Y/Y
Total Revenue	$14.4B	$15.5B	-6.9%
Adj. Operating Profit*	$1.7B	$1.9B	-9.4%
Adj. Operating Margin*	11.7%	12.0%	-30 bps

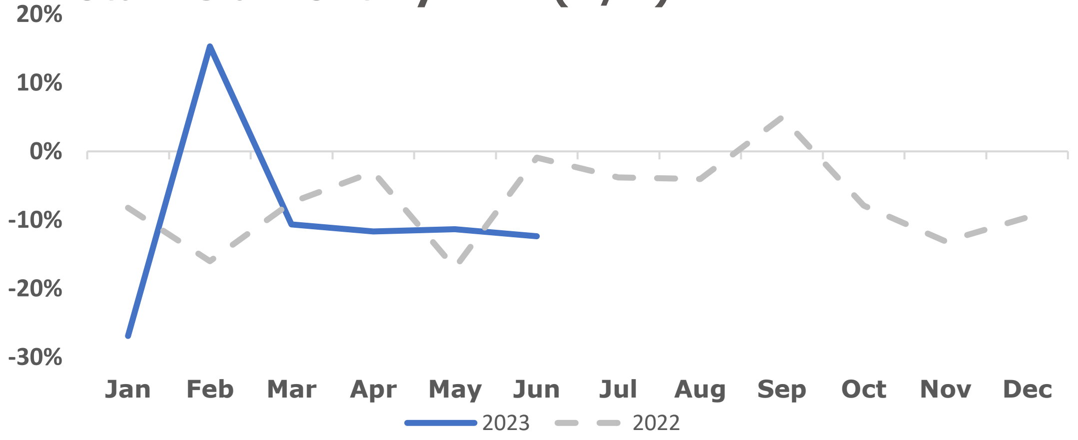
- Adjusted operating expense* decreased 6.5% YOY
  - Continued executing Total Service Plan to lower hours by ~10%, in line with volume declines
  - Utilized Network Planning Tools to reduce volume in non-automated buildings by 18%, enabling us to close sorts and decrease operations headcount by 7% YOY
  - Lowered airline block hours 6.5% by pulling more activity into Worldport and reducing 2nd Day Air flights
  - Reduced management headcount by >2,500 YOY
- Adjusted operating margin* of 11.7%

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

2Q International Average Daily Volume down 6.6%

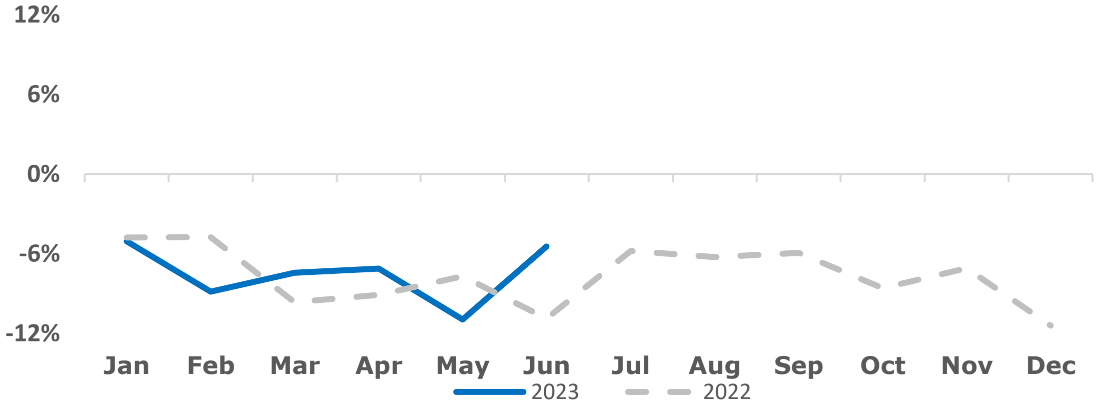
Domestic ADV down 8.7%; Export ADV down 4.5%

Total Asia Monthly ADV (Y/Y)

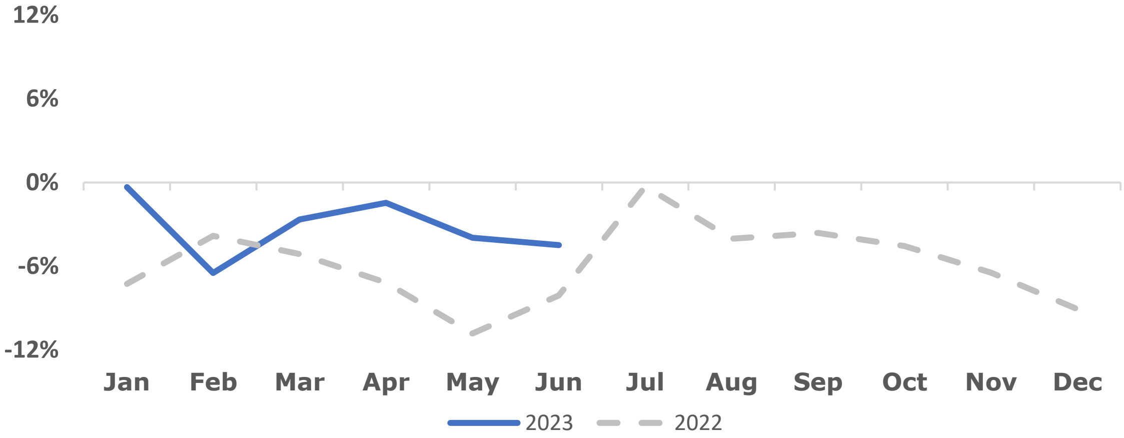


Lunar New Year occurred in January 2023 vs. February 2022

Total Europe Monthly ADV (Y/Y)

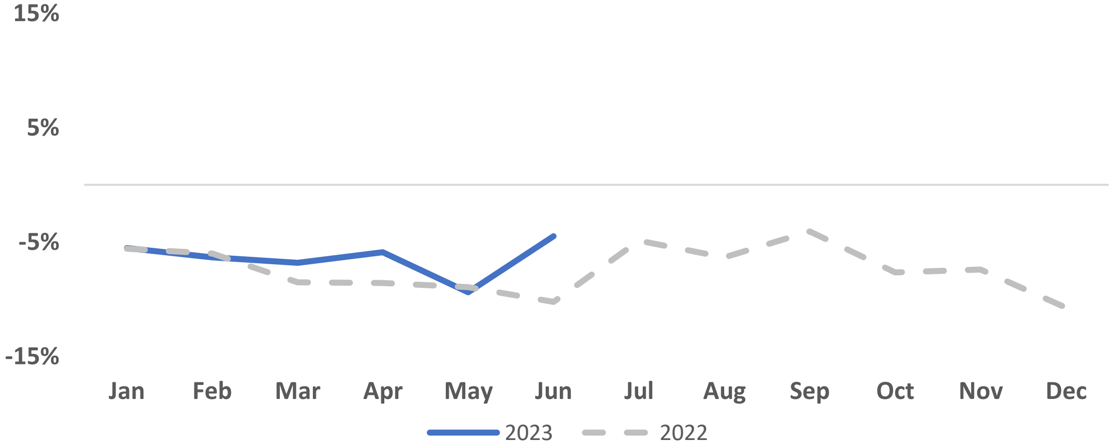


Total Americas* Monthly ADV (Y/Y)



*Americas now includes U.S. Export ADV

Total Monthly ADV (Y/Y)



Generated Adjusted Operating Profit* of $902M

Agility of integrated network enabled us to match capacity with demand

International Results

	2Q23	2Q22	Change Y/Y
Total Revenue	$4.4B	$5.1B	-13.0%
Adj. Operating Profit*	$902M	$1.2B	-25.1%
Adj. Operating Margin*	20.4%	23.7%	-330 bps

- Generated revenue of $4.4B, down 13.0% YOY
- Revenue per piece declined 5.7% YOY due primarily to lower fuel surcharge revenue
- Total cost decreased $356M YOY
  - Flight reductions drove international block hours down 9.4%
  - Reduced headcounts in operations and overhead functions by >1,700 positions
- Adjusted operating margin* was 20.4%

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

Navigated Challenging Macro Environment While Reducing Cost

Supply Chain Solutions Results

	2Q23	2Q22	Change Y/Y
Total Revenue	$3.2B	$4.2B	-23.4%
Adj. Operating Profit*	$336M	$517M	-35.0%
Adj. Operating Margin*	10.4%	12.2%	-180 bps

- Revenue of $3.2B, down $990M YOY
    - Soft global demand, especially out of Asia, drove down Forwarding market rates and volume
    - Logistics delivered revenue and operating profit growth, including gains in our healthcare business
- Adjusted operating margin* of 10.4%

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

2Q23 YTD Cash Flow and Dividends

2Q23 YTD Cash From Operations

$5.6B

-$2.7B Y/Y

Discretionary pension contribution increased $1.2B Y/Y due to timing of the payments

2Q23 YTD Free Cash Flow*

$3.8B

-$3.1B Y/Y

YTD CapEx spend of $1.8B

2Q23 YTD Dividends Paid

$2.7B

$3.24 per share YTD

14th consecutive year of dividend payment increases

2Q23 YTD Share Buy Backs

$1.5B

Average price per share of ~$178

Plan to repurchase ~$3B of our shares in 2023

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

2023 Full-year Outlook

Now that labor negotiations are behind us, we've updated our guidance for the full year primarily to reflect the volume impact from labor negotiations and the costs associated with the tentative agreement.

Full-year 2023 Consolidated Outlook

- Revenue of about $93B
- Adjusted operating margin* of around 11.8%
- Capital expenditures of ~$5.3B
- Dividend payout of ~$5.4B and share repurchases ~$3B

2H23 Business Segments:

- U.S. Domestic:
  - More volume diversion in 2Q than anticipated, resulting in 2H23 starting from a lower base; expect average daily volume to be down by a mid-single digit percentage YOY
  - Union wage-rate increases from new labor agreement included in guidance
- International:
  - YOY average daily volume growth rate similar to 2Q23 and revenue-per-piece growth to be flattish
- Supply Chain Solutions:
  - 2H23 revenue down by a high single-digit percentage YOY; full-year revenue approaching $14B

* Non-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.

Adjusted 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 measures do not represent a comprehensive basis of accounting and therefore may not be comparable to similarly titled measures reported by other companies.

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.

Foreign Currency Exchange Rate Changes and Hedging Activities

We supplement the reporting of revenue, revenue per piece and operating profit with adjusted measures that exclude the period-over-period impact of foreign currency exchange rate changes and hedging activities. We believe currency-neutral revenue, revenue per piece and operating profit information allows users of our financial statements to understand growth trends in our products and results. We evaluate the performance of International Package and Supply Chain Solutions on this currency-neutral basis.

Currency-neutral revenue, revenue per piece and operating profit 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 currency exchange rates used to translate the comparable results for each month in the prior year period (including the period-over-period impact of 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 currency fluctuations

Incentive Compensation Program Design Changes

During 2022, we completed certain structural changes to the design of our incentive compensation programs that resulted in a one-time, non-cash charge in connection with the accelerated vesting of certain equity incentive awards that we do not expect to repeat. We supplement the presentation of our operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of these changes. We believe excluding the impacts of such changes allows users of our financial statements to more appropriately identify underlying growth trends in compensation and benefits expense. For information regarding incentive compensation program design changes, see note 13 to the audited, consolidated financial statements.

Long-lived Asset Estimated Residual Value Changes

During the fourth quarter of 2022, we incurred a one-time, non-cash charge resulting from a reduction in the estimated residual value of our MD-11 fleet. We supplement the presentation of our operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of this charge. We believe excluding the impact of this charge better enables users of our financial statements to understand the ongoing cost associated with our long-lived assets.

Transformation Charges, and Goodwill, Asset Impairment and Divestiture Charges

We supplement the presentation of our operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of charges related to transformation activities, and goodwill, asset impairment and divestiture charges. We believe excluding the impact of these charges better enables users of our financial statements to view and evaluate underlying business performance from the perspective of management. We do not consider these costs when evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards.

Defined Benefit Pension and Postretirement Medical Plan Gains and Losses

We recognize changes in the fair value of plan assets and net actuarial gains and losses in excess of a 10% corridor (defined as 10% of the greater of the fair value of plan assets or the plan's projected benefit obligation), as well as gains and losses resulting from plan curtailments and settlements, for our pension and postretirement defined benefit plans immediately as part of Investment income and other in the statements of consolidated income. We supplement the presentation of our income before income taxes, net income and earnings per share with adjusted measures that exclude the impact of these gains and losses and the related income tax effects. We believe excluding these defined benefit plan gains and losses provides important supplemental information by removing the volatility associated with plan amendments and short-term changes in market interest rates, equity values and similar factors

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 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.

Adjusted Return on Invested Capital

Adjusted 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 adjusted 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 adjusted 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 the impacts of incentive compensation program redesign, transformation and other costs, defined benefit plan gains and losses and other income. 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.

Reconciliations

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

(in millions, except per share data)	Three Months Ended June 30, 2023 As Reported (GAAP)	2023 Transformation & Other Adj.[1]	2023 As Adjusted (Non-GAAP)	2022 As Reported (GAAP)	2022 Transformation & Other Adj.[2]	2022 As Adjusted (Non-GAAP)	% Change As Rep. (GAAP)	% Change As Adj. (Non-GAAP)
U.S. Domestic Package	$ 12,794	$ 79	$ 12,715	$ 13,630	$ 26	$ 13,604	(6.1)%	(6.5)%
International Package	3,532	19	3,513	3,880	11	3,869	(9.0)%	(9.2)%
Supply Chain Solutions	2,949	41	2,908	3,721	4	3,717	(20.7)%	(21.8)%
Operating expense	19,275	139	19,136	21,231	41	21,190	(9.2)%	(9.7)%
U.S. Domestic Package	$ 1,602	$ 79	$ 1,681	$ 1,829	$ 26	$ 1,855	(12.4)%	(9.4)%
International Package	883	19	902	1,193	11	1,204	(26.0)%	(25.1)%
Supply Chain Solutions	295	41	336	513	4	517	(42.5)%	(35.0)%
Operating Profit	2,780	139	2,919	3,535	41	3,576	(21.4)%	(18.4)%
Other Income and (Expense):								
Other pension income (expense)	66	—	66	298	—	298	(77.9)%	(77.9)%
Investment income (expense) and other	65	—	65	35	—	35	85.7 %	85.7 %
Interest expense	(191)	—	(191)	(171)	—	(171)	11.7 %	11.7 %
Total Other Income (Expense)	$ (60)	$ —	$ (60)	$ 162	$ —	$ 162	N/A	N/A
Income Before Income Taxes	2,720	139	2,859	3,697	41	3,738	(26.4)%	(23.5)%
Income Tax Expense	639	33	672	848	10	858	(24.6)%	(21.7)%
Net Income	$ 2,081	$ 106	$ 2,187	$ 2,849	$ 31	$ 2,880	(27.0)%	(24.1)%
Basic Earnings Per Share	$ 2.42	$ 0.12	$ 2.54	$ 3.26	$ 0.04	$ 3.30	(25.8)%	(23.0)%
Diluted Earnings Per Share	$ 2.42	$ 0.12	$ 2.54	$ 3.25	$ 0.04	$ 3.29	(25.5)%	(22.8)%
Weighted-average shares outstanding:								
Basic	860			874				
Diluted	861			876				

(1) Reflects other employee benefits costs of $109 million and other costs of $30 million.
(2) Reflects other employee benefits costs of $23 million and other costs of $18 million.

Reconciliations

United Parcel Service, Inc.
Supplemental Analysis of Currency - Second Quarter
(unaudited)

Reconciliation of Currency Neutral Revenue Per Piece, Revenue and As Adjusted Operating Profit

(in millions, except per piece data)	Three Months Ended June 30 (GAAP) 2023	2022	% Change	Currency	Currency Neutral (Non-GAAP) 2023 (1)	% Change
Average Revenue Per Piece:						
International Package:						
Domestic	$ 7.67	$ 7.61	0.8 %	$ 0.10	$ 7.77	2.1 %
Export	33.70	36.91	(8.7)%	0.23	33.93	(8.1)%
Total International Package	$ 20.91	$ 22.17	(5.7)%	$ 0.17	$ 21.08	(4.9)%
Consolidated	$ 13.92	$ 13.72	1.5 %	$ 0.03	$ 13.95	1.7 %

	Three Months Ended June 30 (GAAP) 2023	2022	% Change	Currency	Currency Neutral (Non-GAAP) 2023 (1)	% Change
Revenue (in millions):						
U.S. Domestic Package	$ 14,396	$ 15,459	(6.9)%	$ —	$ 14,396	(6.9)%
International Package	4,415	5,073	(13.0)%	34	4,449	(12.3)%
Supply Chain Solutions	3,244	4,234	(23.4)%	7	3,251	(23.2)%
Total revenue	$ 22,055	$ 24,766	(10.9)%	$ 41	$ 22,096	(10.8)%

	Three Months Ended June 30 (Non-GAAP) 2023	2022	% Change	Currency	Currency Neutral (Non-GAAP) 2023 (1)	% Change
As Adjusted Operating Profit (in millions)(2):						
U.S. Domestic Package	$ 1,681	$ 1,855	(9.4)%	$ —	$ 1,681	(9.4)%
International Package	902	1,204	(25.1)%	32	934	(22.4)%
Supply Chain Solutions	336	517	(35.0)%	(3)	333	(35.6)%
Total operating profit	$ 2,919	$ 3,576	(18.4)%	$ 29	$ 2,948	(17.6)%

(1) Amounts adjusted for period over period foreign currency exchange rate and hedging differences.
(2) See Non-GAAP schedules for reconciliation of adjustments.

Reconciliations

United Parcel Service, Inc.
Reconciliation of Adjusted Debt to Adjusted EBITDA (Non-GAAP measure)
(unaudited)

(amounts in millions)	**TTM[1] Ended June 30, 2023**	**TTM[1] Ended June 30, 2022**
Net income	$ 10,013	$ 10,933
Add back:		
Income tax expense	2,965	3,111
Interest expense	738	695
Depreciation & amortization	3,324	3,018
EBITDA	17,040	17,757
Add back (deduct):		
Incentive compensation program redesign	505	—
Transformation and other	232	231
Defined benefit plan (gains) and losses	(1,028)	(15)
Investment income and other pension income	(1,059)	(1,151)
Adjusted EBITDA	$ 15,690	$ 16,822
Debt and finance leases, including current maturities	$ 20,763	$ 20,576
Add back:		
Non-current pension and postretirement benefit obligations	4,635	8,343
Adjusted total debt	$ 25,398	$ 28,919
Adjusted total debt/Net income	2.54	2.65
Adjusted total debt/adjusted EBITDA (Non-GAAP)	1.62	1.72

(1) Trailing twelve months.

Reconciliations

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

(amounts in millions)	TTM[1] Ended June 30, 2023	TTM[1] Ended June 30, 2022
Net income	$ 10,013	$ 10,933
Add back (deduct):		
Income tax expense	2,965	3,111
Interest expense	738	695
Other pension (income) expense	(1,754)	(1,181)
Investment (income) expense and other	(333)	15
Operating profit	$ 11,629	$ 13,573
Incentive compensation program redesign	505	—
Long-lived asset estimated residual value changes	76	—
Transformation and other	$ 232	$ 231
Adjusted operating profit	$ 12,442	$ 13,804
Average debt and finance leases, including current maturities	$ 20,670	$ 21,584
Average pension and postretirement benefit obligations	6,489	8,009
Average shareowners' equity	18,174	13,566
Average invested capital	$ 45,333	$ 43,159
Net income to average invested capital	22.1 %	25.3 %
Adjusted Return on Invested Capital (Non-GAAP)	27.4 %	32.0 %

(1) Trailing twelve months.

Reconciliations

United Parcel Service, Inc.
Reconciliation of Free Cash Flow (Non-GAAP measure)
(unaudited)

(amounts in millions)	Six Months Ended June 30	
	2023	**2022**
Cash flows from operating activities	$ 5,594	$ 8,293
Capital expenditures	(1,820)	(1,388)
Proceeds from disposals of property, plant and equipment	50	9
Other investing activities	12	(19)
Free Cash Flow (Non-GAAP measure)	$ 3,836	$ 6,895