2Q26

Earnings Call

July 28, 2026

UPS Speakers

CAROL B. TOMÉ

Chief Executive Officer

BRIAN DYKES

Chief Financial Officer

PJ GUIDO

Investor Relations 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". 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.

From time to time, we also include written or oral forward-looking statements in other publicly disclosed materials. Such 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.

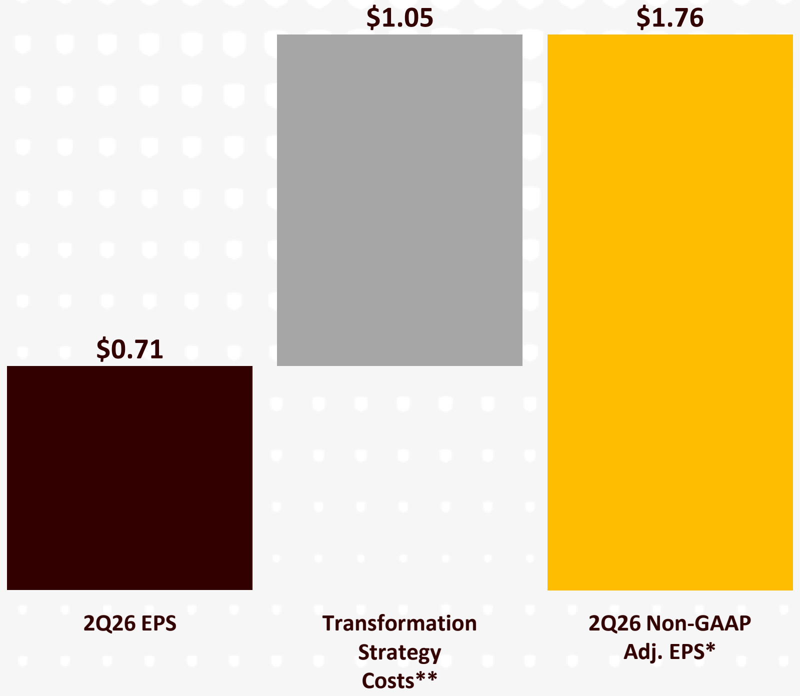
Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties include, but are not limited to: changes in general economic conditions in the U.S. or internationally, including as a result of changes in the global trade policy, new or increased tariffs, government shutdowns, or geopolitical uncertainty, tensions and/or conflicts in or arising from various countries and regions, including the European Union, Ukraine, the Russian Federation, the Middle East and the Trans-Pacific region; significant competition on a local, regional, national and international basis; changes in our relationships with our significant customers; our ability to attract and retain qualified employees; strikes, work stoppages or slowdowns by our employees; increased or more complex physical or operational security requirements; a significant cybersecurity incident, or increased data protection regulations; our ability to maintain our brand image and corporate reputation; impacts from 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, regulatory and social developments in international and emerging markets; our ability to realize the anticipated benefits from acquisitions, dispositions, joint ventures or strategic alliances; the effects of changing prices of energy, including gasoline, diesel, jet fuel, other fuels and interruptions in supplies of these commodities; changes in exchange rates or interest rates; our ability to accurately forecast our future capital investment needs; increases in our expenses or 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 regulations related 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, 2025 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, except as required by law.

See the appendix for reconciliations of adjusted results and other non-GAAP adjusted financial measures.

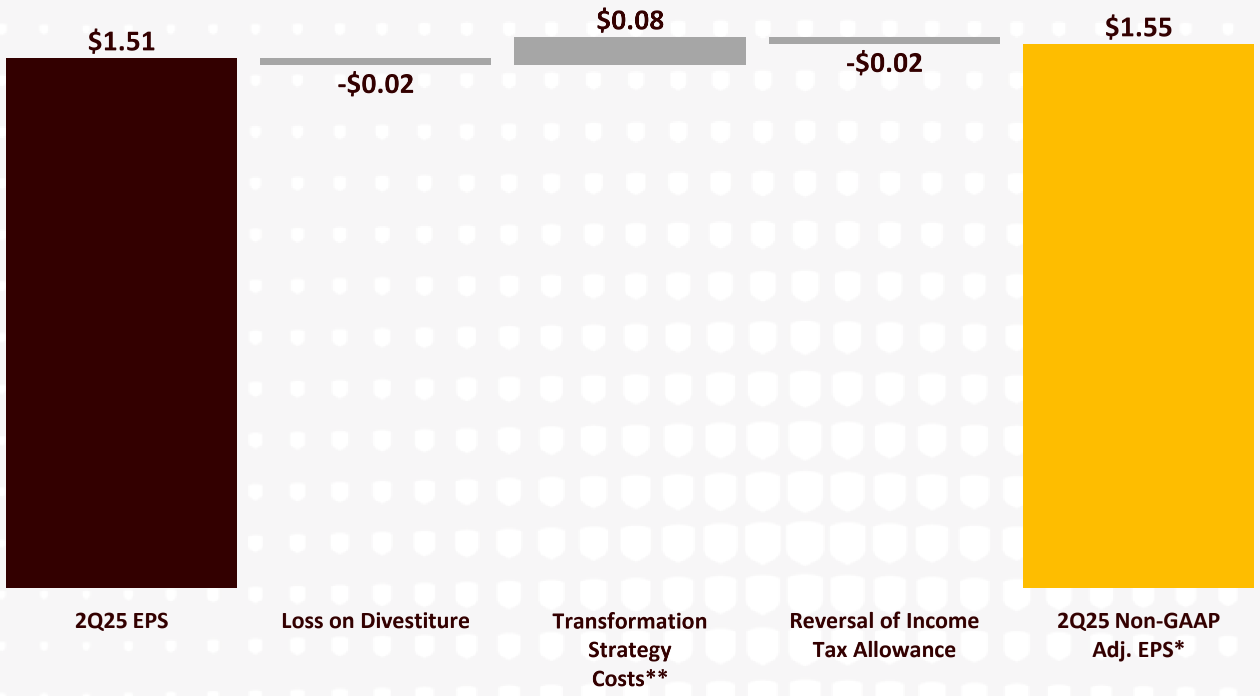
The Company routinely posts important information, including news releases, announcements, materials provided or displayed at analyst or investor conferences, and other statements about its business and results of operations, that may be deemed material to investors on the Company's Investors Relations website at www.investors.ups.com. The Company uses its website as a means of disclosing material, nonpublic information and for complying with the Company's disclosure obligations under Regulation FD. Investors should monitor the Company's Investor Relations website in addition to following the Company's press releases, filings with the SEC, public conference calls and webcasts. We do not incorporate the contents of any website into this or any other report we file with the SEC.

Diluted EPS

2Q26



2Q25



*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.
** For additional information on our Transformation initiatives, see the Appendix to this presentation.

CAROL B. TOMÉ

Chief Executive Officer

THANK YOU UPSERS

FOR ALL YOU DO

Our 2Q financial results demonstrate the successful execution of key initiatives and the strength of our underlying business

2Q26 Consolidated Results

	2Q26	2Q25	Change Y/Y
Revenue ($ Ms)	$22,834	$21,221	7.6%
Non-GAAP Adj. Operating Profit* ($ Ms)	$2,102	$1,876	12.0%
Non-GAAP Adj. Operating Margin*	9.2%	8.8%	40 bps
Non-GAAP Adj. Diluted EPS*	$1.76	$1.55	$0.21

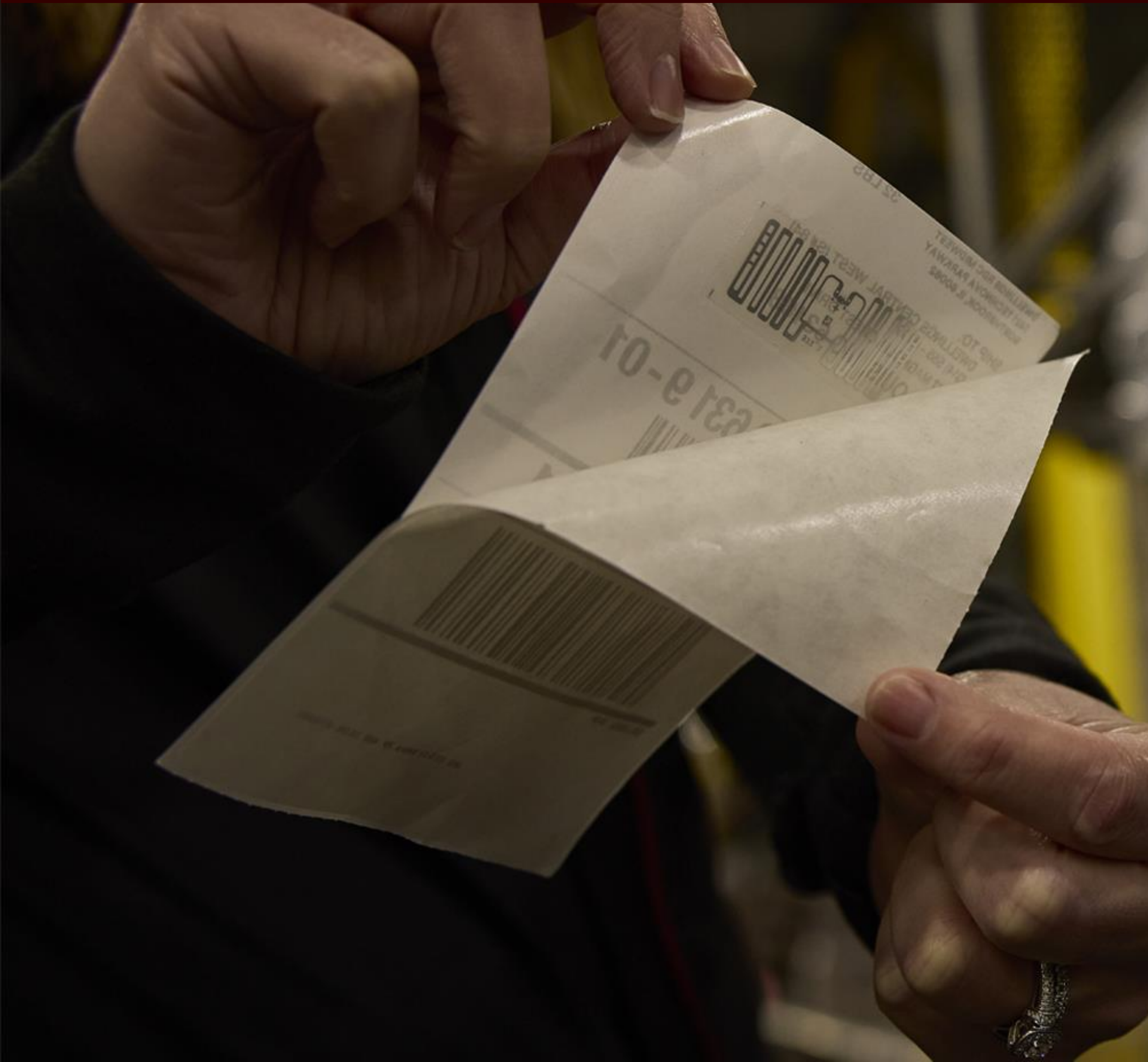
"All three segments contributed to our strong second-quarter revenue performance. And underscoring the strength of the quarter, U.S. Domestic delivered meaningful operating profit growth of over 20% versus last year."

Carol B. Tomé, CEO

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

RFID + AI is the intersection of the physical and digital worlds

Driving greater efficiency, reliability, visibility and a premium customer experience



- Moving from a scanning to a sensing network, eliminating hundreds of millions of manual scans every year
- Expanding RFID internationally
- Enabling customers with RFID label printers
- Every package shipped at The UPS Store is RFID-enabled
- AI is transforming RFID data from billions of package movements into decisions, predictions and actions

Next phase of our strategy is straightforward
Focused on premium volume growth

SMB and Digital Access Program (DAP)

- SMB ADV +4.3% Y/Y
- DAP revenue $1B+ for third consecutive quarter

Healthcare

- Generated $3B+ revenue for second consecutive quarter
- Added 27 temperature-controlled cross-dock facilities to our network
- Only carrier with end-to-end solutions for complex healthcare using our own assets, maintaining complete control, visibility and best-in-class service

Industrial and Automotive

- Expanding U.S.–Mexico North American Air Freight
- Launched 300+ industrial supply chain specialists

Entering the second half of the year with momentum

Given our strong 1H performance, we are increasing our full-year 2026 outlook

Full-year 2026 Consolidated Guidance

Revenue	~$91.2B
Non-GAAP adj. operating profit*	~$8.65B
Non-GAAP adj. diluted EPS*	~$7.22

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

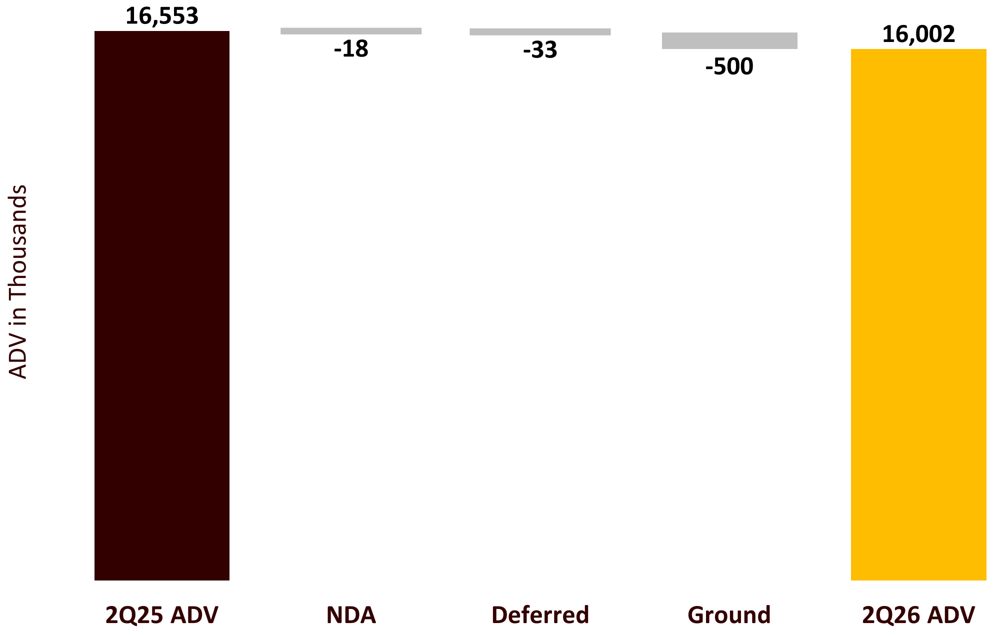
BRIAN DYKES

Chief Financial Officer

Focused on revenue quality and premium parts of the market

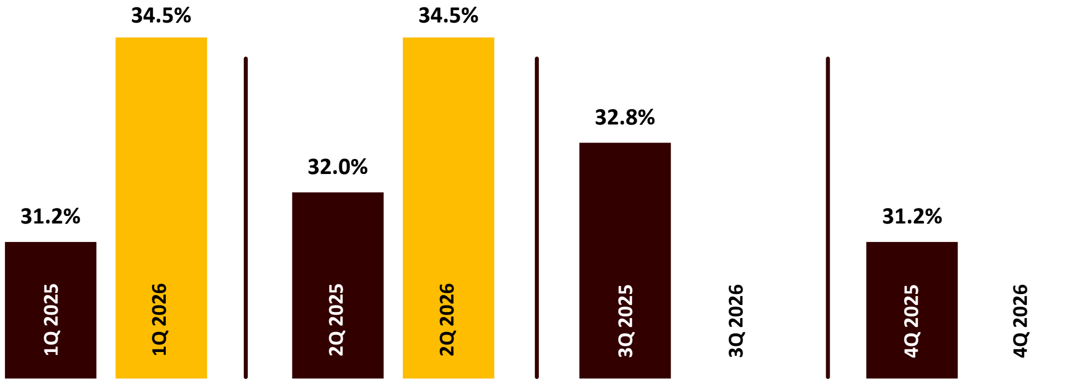
SMB ADV up 4.3% Y/Y, with growth from nearly all industries, led by high tech and healthcare

ADV Change (-3.3% Y/Y)

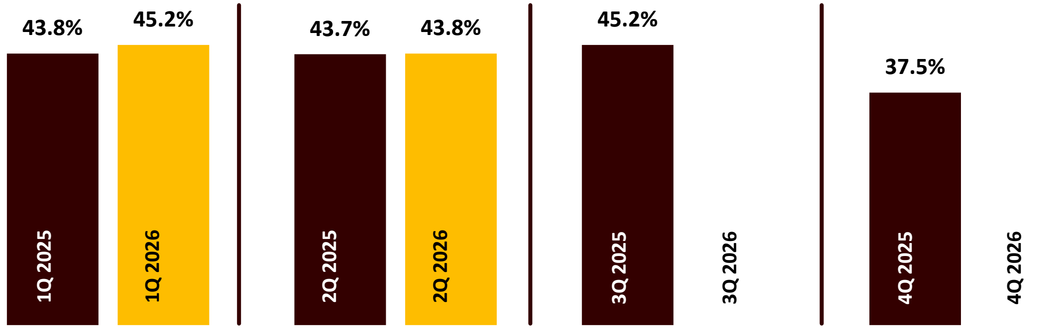


- Total Air ADV increased 1.2% Y/Y, excluding Amazon
- Most of the decline in Ground was attributable to our planned Amazon glidedown

SMB % of Total Volume (Y/Y)

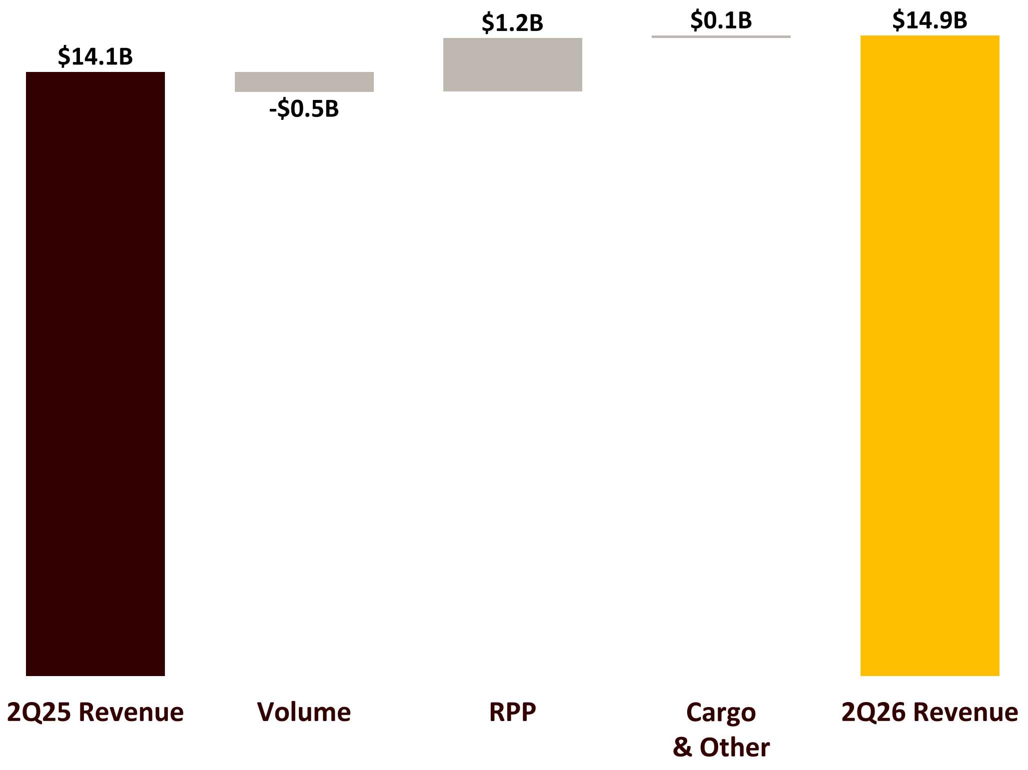


B2B % of Total Volume (Y/Y)



Generated $14.9B in revenue, an increase of 6.0% Y/Y
Driven by strong RPP growth

Revenue Change (+6.0% Y/Y)



Revenue per piece (RPP) increased 9.3% Y/Y:

- Over half of RPP growth driven by healthy base rates and customer mix improvements
- Fuel contributed to the remainder of the increase

Delivered $1.2B in non-GAAP adj. operating profit*, up 21.0% Y/Y

More than double the non-GAAP adj. operating profit* delivered in 1Q26

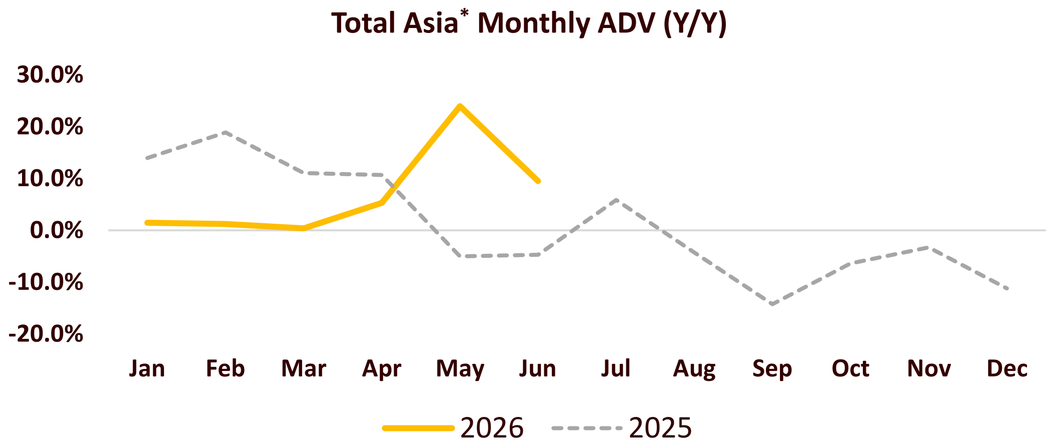
2Q26 U.S. Domestic Results

	2Q26	2Q25	Change Y/Y
Revenue ($ Ms)	$14,930	$14,083	6.0%
Non-GAAP Adj. Operating Profit* ($ Ms)	$1,188	$982	21.0%
Non-GAAP Adj. Operating Margin*	8.0%	7.0%	100 bps

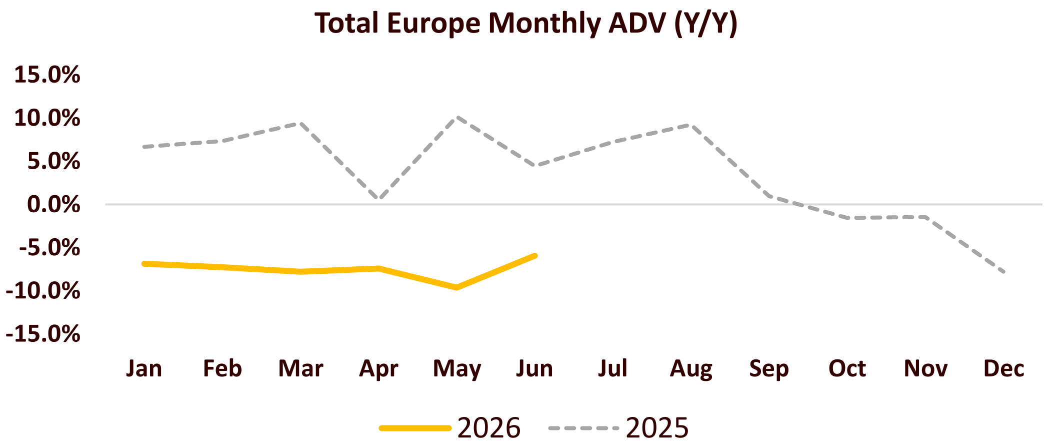
- Total non-GAAP adj. operating expense* increased 4.9% Y/Y
  - More than half of the increase came from fuel and purchased transportation
- Revenue per piece grew 130 basis points faster than growth rate in cost per piece
- Non-GAAP adj. operating margin* of 8.0%, up 100 basis points Y/Y
  - 400 basis point increase from 1Q26

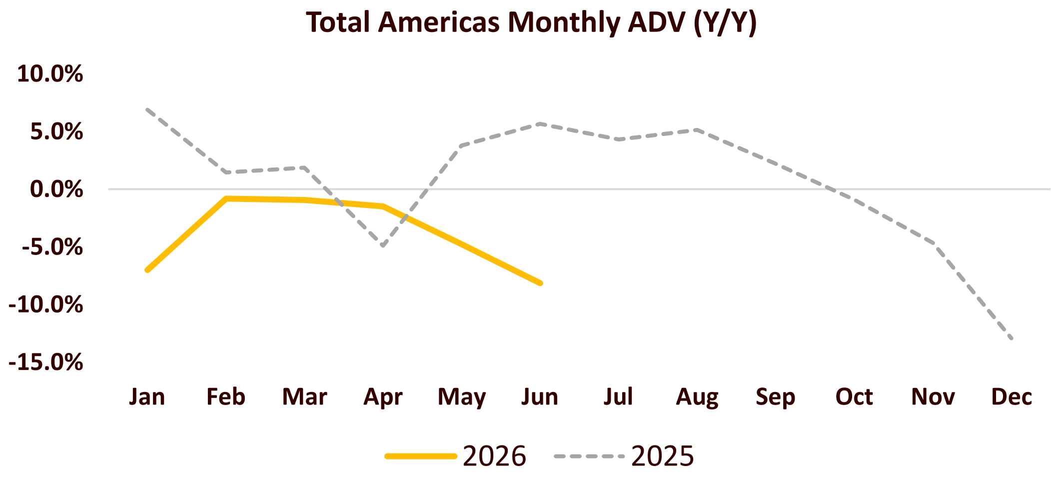
*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

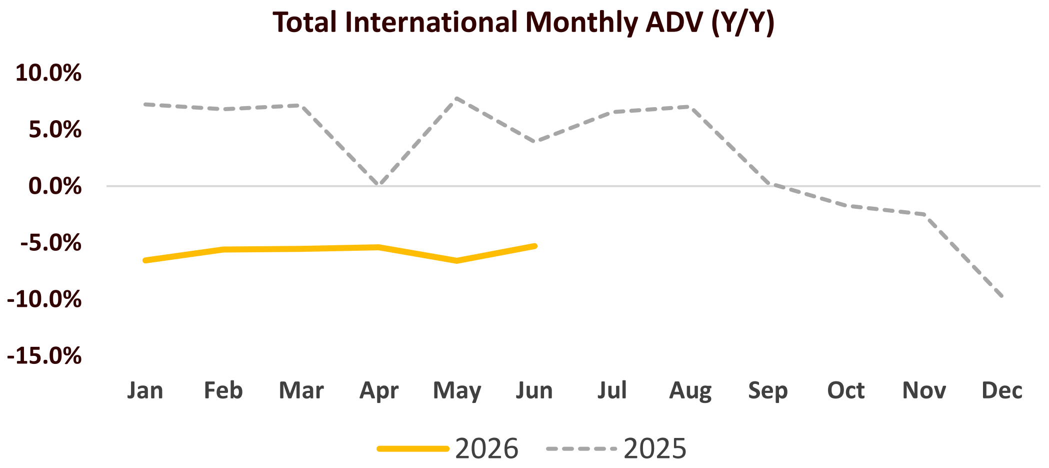
Returned to Y/Y volume growth on the China-to-US lane



*Lunar New Year was in February 2026 and January 2025







Increased revenue 12.5% Y/Y, driven by strong revenue-per-piece growth

2Q26 International Results

	2Q26	2Q25	Change Y/Y
Revenue ($ Ms)	$5,044	$4,485	12.5%
Non-GAAP Adj. Operating Profit ($ Ms)*	$623	$682	(8.7%)
Non-GAAP Adj. Operating Margin*	12.4%	15.2%	(280 bps)

- Improvement in geographic mix as trade lanes began to rebalance, particularly in Asia
- Revenue per piece increased 18.9% Y/Y, with a little more than half coming from fuel
- Non-GAAP adj. operating margin* of 12.4%, includes 120 basis point negative Y/Y impact from fuel

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

Second quarter in a row of strong non-GAAP adj. operating profit growth Y/Y

2Q26 Supply Chain Solutions Results

	2Q26	2Q25	Change Y/Y
Revenue ($ Ms)	$2,860	$2,653	7.8%
Non-GAAP Adj. Operating Profit ($ Ms)*	$291	$212	37.3%
Non-GAAP Adj. Operating Margin*	10.2%	8.0%	220 bps

- Forwarding revenue up 8.1% Y/Y, driven by higher rates in International Air Freight
- Logistics revenue up 4.3% Y/Y, driven by strong growth in Healthcare logistics, partially offset by our Mail Innovations business
- UPS Digital, including Roadie and Happy Returns, delivered revenue growth of over 30.0% Y/Y
- Non-GAAP adj. operating margin* of 10.2%, up 220 basis points Y/Y

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

Strong YTD cash flow and liquidity

- $3.1B in cash from operations
- Free cash flow of $1.6B, including one-time payments made in 2Q26 for the Driver Choice Program
- $4.7B in cash on the balance sheet and no outstanding commercial paper
- Dividends paid of $2.7B

Given our strong first-half results, we are increasing our full-year 2026 outlook

Full Year 2026 Consolidated Guidance

Revenue	~$91.2B
Non-GAAP adj. operating profit*	~$8.65B
Non-GAAP adj. diluted EPS*	~$7.22
Capital expenditures	~$3.0B
Pension contribution	$1.3B
Free cash flow* including DCP	~$5.5B
Dividends, pending BOD approval	~$5.4B

U.S. Domestic

	3Q26 Guidance	2H26	Full Year 2026 Guidance
Revenue	~Flat Y/Y		~$60.0B
Non-GAAP adj. operating margin*	~7.0%	~8.8%	~7.5%

International

	3Q26 Guidance	Full Year 2026 Guidance
Revenue	Up MSD Y/Y	Up MSD Y/Y
Non-GAAP adj. operating margin*	~13.0% - 14.0%	Mid-teens%

Supply Chain Solutions

	3Q26 Guidance	Full Year 2026 Guidance
Revenue	Up LDD Y/Y	Up HSD Y/Y
Non-GAAP adj. operating margin*	~10.0% - 11.0%	~10.0% - 11.0%

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

Questions & Answers

Appendix

Reconciliation of GAAP and Non-GAAP Financial Measures

Reconciliation of GAAP and Non-GAAP Adjusted Financial Measures

We supplement the reporting of our financial information determined under generally accepted accounting principles ("GAAP") with certain non-GAAP adjusted financial measures. Management views and evaluates business performance on both a GAAP basis and by excluding costs and benefits associated with these non-GAAP adjusted financial measures. As a result, we believe the presentation of these non-GAAP adjusted financial measures better enables users of our financial information to view and evaluate underlying business performance from the same perspective as management.

Non-GAAP adjusted financial measures should be considered in addition to, and not as an alternative for, our reported results prepared in accordance with GAAP. Our non-GAAP 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 Adjusted Financial Measures

From time to time when presenting forward-looking non-GAAP adjusted financial measures, 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.

Transformation Strategy Costs

We exclude the impact of charges related to initiatives within our transformation strategy. Our transformation strategy initiatives have spanned several years and are designed to fundamentally change the spans and layers of our organization structure, processes, technologies and the composition of our business portfolio.

Various circumstances precipitated these initiatives, including identification and prioritization of certain investments, developments and changes in competitive landscapes, inflationary pressures, consumer behaviors, and other factors including post-COVID normalization and volume diversions attributed to our 2023 labor negotiations.

Our transformation strategy has included the following initiatives:

Transformation 2.0: We reduced spans and layers of management, reviewed and refined our business portfolio and invested in certain technologies to reduce costs, increase visibility and reduce reliance on legacy systems. Costs associated with Transformation 2.0 consisted primarily of compensation and benefit costs related to reductions in our workforce and fees paid to third-party consultants. This initiative was completed in 2025.

Fit to Serve: We undertook our Fit to Serve initiative to right-size our business to create a more efficient operating model that was more responsive to market dynamics through a workforce reduction, primarily within management. This initiative was completed in 2025.

Network Reconfiguration and Efficiency Reimagined: Our Network of the Future initiative is intended to enhance the efficiency of our network through automation and operational sort consolidation in our U.S. Domestic Package network. In connection with our strategic execution of planned volume declines from our largest customer, we began our Network Reconfiguration initiative, which is an expansion of Network of the Future, and has led, and will continue to lead, to further reductions in our facilities, vehicles, aircraft and workforce, as well as an end-to-end process redesign. We launched our Efficiency Reimagined initiatives to undertake the end-to-end process redesign effort which will align our organizational processes to the network reconfiguration and enhance our business performance and profitability beyond ordinary ongoing efforts.

Through these initiatives we have reduced our operational workforce and closed certain daily operations at leased and owned buildings. In the first six months of 2026, we achieved approximately $1.2 billion of program benefits from these initiatives. We expect to achieve approximately $3 billion in full year 2026 benefits from these initiatives.

As a part of these initiatives, we expect non-GAAP adjusted operating expense to exclude between $1.3 and $1.5 billion in cost during the full year 2026, primarily related to employee separation costs and third-party consulting fees, of which $1.1 billion is related to the Driver Choice Program. As of June 30, 2026 we had incurred costs to date of $1.8 billion, including $1.2 billion in 2026, as a part of these initiatives. These initiatives are expected to conclude by 2027.

We do not consider the related costs to be ordinary because each program involves separate and distinct activities that span multiple periods, and such costs are not expected to drive incremental revenue. These initiatives exceed ordinary, ongoing efforts to enhance our business performance and profitability.

Goodwill and Asset Impairments

We exclude the impact of goodwill and certain asset impairment charges. We do not consider these charges when evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards..

Net Gains and Losses Related to Divestitures

We exclude the impact of gains or losses related to the business divestitures. We do not consider these gains or losses to be a component of our ongoing operations, nor do we consider their impact when evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards.

Reversal of Income Tax Valuation Allowance

We previously recorded non-GAAP adjustments for transactions that resulted in capital loss deferred tax assets not expected to be realized. As a result of property sales during 2025, these capital losses were fully realized within that year. We supplement our presentation with non-GAAP adjusted financial measures that exclude the impact of the reversals of the valuation allowances against these deferred tax assets as we believe such treatment is consistent with how the valuation allowance was initially established.

Non-GAAP Adjusted Cost per Piece

We evaluate the efficiency of our operations using various metrics, including non-GAAP adjusted cost per piece. Non-GAAP adjusted cost per piece in any period is calculated as non-GAAP adjusted operating expenses divided by total volume. Because non-GAAP adjusted operating expenses exclude costs or charges that we do not consider a part of underlying business performance when monitoring and evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards, we believe this is the appropriate metric on which to base reviews and evaluations of the efficiency of our operational performance.

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.

Reconciliations

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
June 30,

(amounts in millions)	2026	2025
Operating Profit (GAAP)	$ 930	$ 1,822
Transformation Strategy Costs:		
Transformation 2.0	—	(3)
Fit to Serve	—	9
Network Reconfiguration and Efficiency Reimagined	1,172	68
Total Transformation Strategy Costs	1,172	74
Loss (Gain) on Divestiture [1]	—	(20)
Non-GAAP Adjusted Operating Profit	$ 2,102	$ 1,876

	2026	2025
Operating Margin (GAAP)	4.1 %	8.6 %
Transformation Strategy Costs:		
Transformation 2.0	— %	— %
Fit to Serve	— %	— %
Network Reconfiguration and Efficiency Reimagined	5.1 %	0.3 %
Total Transformation Strategy Costs	5.1 %	0.3 %
Loss (Gain) on Divestiture [1]	— %	(0.1)%
Non-GAAP Adjusted Operating Margin	9.2 %	8.8 %

[1] Reflects pre-tax gain of $20 million on the divestiture of a business within Supply Chain Solutions in 2025.

Reconciliations

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
June 30,

	2026	2025
Income Before Income Taxes (GAAP)	$ 761	$ 1,662
Transformation Strategy Costs:		
Transformation 2.0	—	(3)
Fit to Serve	—	9
Network Reconfiguration and Efficiency Reimagined	1,172	68
Total Transformation Strategy Costs	1,172	74
Loss (Gain) on Divestiture [(1)]	—	(20)
Non-GAAP Adjusted Income Before Income Taxes	$ 1,933	$ 1,716

(amounts in millions)	2026	2025
Income Tax Expense (GAAP)	$ 157	$ 379
Transformation Strategy Costs:		
Transformation 2.0	—	(1)
Fit to Serve	—	2
Network Reconfiguration and Efficiency Reimagined	281	16
Total Transformation Strategy Costs	281	17
Loss (Gain) on Divestiture [(1)]	—	(5)
Reversal of Income Tax Valuation Allowance [(2)]	—	13
Non-GAAP Adjusted Income Tax Expense	$ 438	$ 404

[(1)] Reflects pre-tax gain of $20 million on the divestiture of a business within Supply Chain Solutions in 2025.
[(2)] Reflects the partial reversal of an income tax valuation allowance in 2025.

Reconciliations

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
June 30,

(amounts in millions)	2026	2025
Net Income (GAAP)	$ 604	$ 1,283
Transformation Strategy Costs:		
Transformation 2.0	—	(2)
Fit to Serve	—	7
Network Reconfiguration and Efficiency Reimagined	891	52
Total Transformation Strategy Costs	891	57
Loss (Gain) on Divestiture [(1)]	—	(15)
Reversal of Income Tax Valuation Allowance [(2)]	—	(13)
Non-GAAP Adjusted Net Income	$ 1,495	$ 1,312

	2026	2025
Diluted Earnings Per Share (GAAP)	$ 0.71	$ 1.51
Transformation Strategy Costs:		
Transformation 2.0	—	—
Fit to Serve	—	0.01
Network Reconfiguration and Efficiency Reimagined	1.05	0.07
Total Transformation Strategy Costs	1.05	0.08
Loss (Gain) on Divestiture [(1)]	—	(0.02)
Reversal of Income Tax Valuation Allowance [(2)]	—	(0.02)
Non-GAAP Adjusted Diluted Earnings Per Share	$ 1.76	$ 1.55

[(1)] Reflects pre-tax gain of $20 million on the divestiture of a business within Supply Chain Solutions in 2025.
[(2)] Reflects the partial reversal of an income tax valuation allowance in 2025.

Reconciliations

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures by Segment
(unaudited)

Three Months Ended
June 30,

	2026	2025		2026	2025		2026	2025
U.S. Domestic Package	**Operating Expenses**		**% Change**	**Operating Profit**		**% Change**	**Operating Margin**	
GAAP	$ 14,914	$ 13,167	13.3 %	$ 16	$ 916	(98.3)%	0.1 %	6.5 %
Adjusted for:								
Transformation Strategy Costs	(1,172)	(66)		1,172	66		7.9 %	0.5 %
Non-GAAP Adjusted Measure	$ 13,742	$ 13,101	4.9 %	$ 1,188	$ 982	21.0 %	8.0 %	7.0 %

	2026	2025		2026	2025		2026	2025
International Package	**Operating Expenses**		**% Change**	**Operating Profit**		**% Change**	**Operating Margin**	
GAAP	$ 4,421	$ 3,813	15.9 %	$ 623	$ 672	(7.3)%	12.4 %	15.0 %
Adjusted for:								
Transformation Strategy Costs	—	(10)		—	10		— %	0.2 %
Non-GAAP Adjusted Measure	$ 4,421	$ 3,803	16.3 %	$ 623	$ 682	(8.7)%	12.4 %	15.2 %

	2026	2025		2026	2025		2026	2025
Supply Chain Solutions	**Operating Expenses**		**% Change**	**Operating Profit**		**% Change**	**Operating Margin**	
GAAP	$ 2,569	$ 2,419	6.2 %	$ 291	$ 234	24.4 %	10.2 %	8.8 %
Adjusted for:								
Transformation Strategy Costs	—	2		—	(2)		— %	(0.1)%
Loss (Gain) on Divestiture	—	20		—	(20)		— %	(0.7)%
Non-GAAP Adjusted Measure	$ 2,569	$ 2,441	5.2 %	$ 291	$ 212	37.3 %	10.2 %	8.0 %

Reconciliations

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

(amounts in millions):	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities	$ 3,083	$ 2,666
Capital expenditures	(1,724)	(1,999)
Proceeds from disposals of property, plant and equipment	198	91
Other investing activities	16	(16)
Free Cash Flow (Non-GAAP measure)	$ 1,573	$ 742

Certain amounts are calculated based on unrounded numbers.

Reconciliations

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures - U.S. Domestic Cost Per Piece
(unaudited)

	Three Months Ended June 30,		
	2026	**2025**	**% Change**
Operating Days	64	64	
Average Daily U.S. Domestic Package Volume (in thousands)	16,002	16,553	
U.S. Domestic Package Cost Per Piece (GAAP)	$ 14.23	$ 12.18	16.8 %
Transformation Strategy Costs	(1.14)	(0.06)	
U.S. Domestic Package Non-GAAP Adjusted Cost Per Piece	$ 13.09	$ 12.12	8.0 %

Note: Cost per piece excludes expense associated with cargo and other activity.