



4Q23

Earnings Call

January 30, 2024





PJ GUIDO

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. 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.

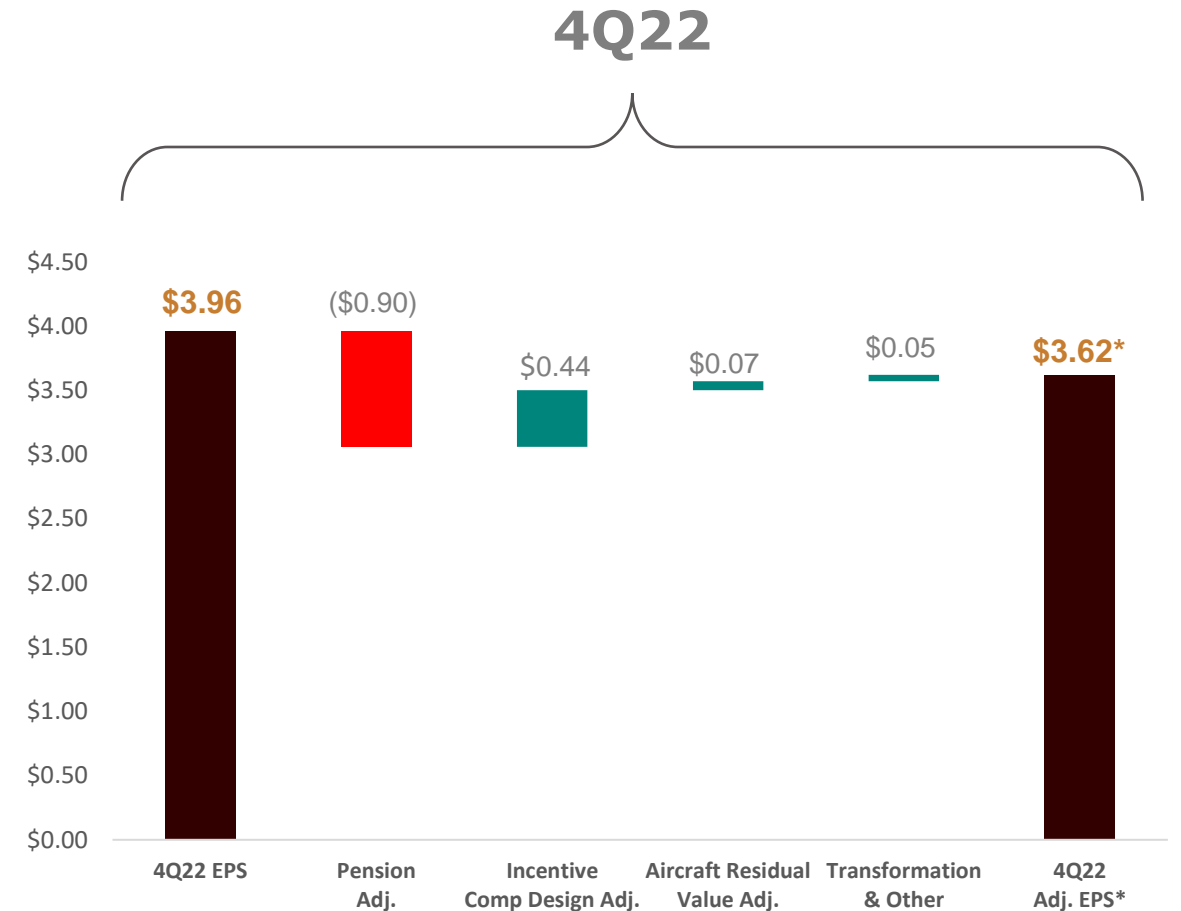
Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties include, but are not limited to, the impact of: continued uncertainties 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 except as required by law.

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





CAROL B. TOMÉ

Chief Executive Officer





Six years in a row of industry-leading service

Thank You

4Q23 Consolidated Results

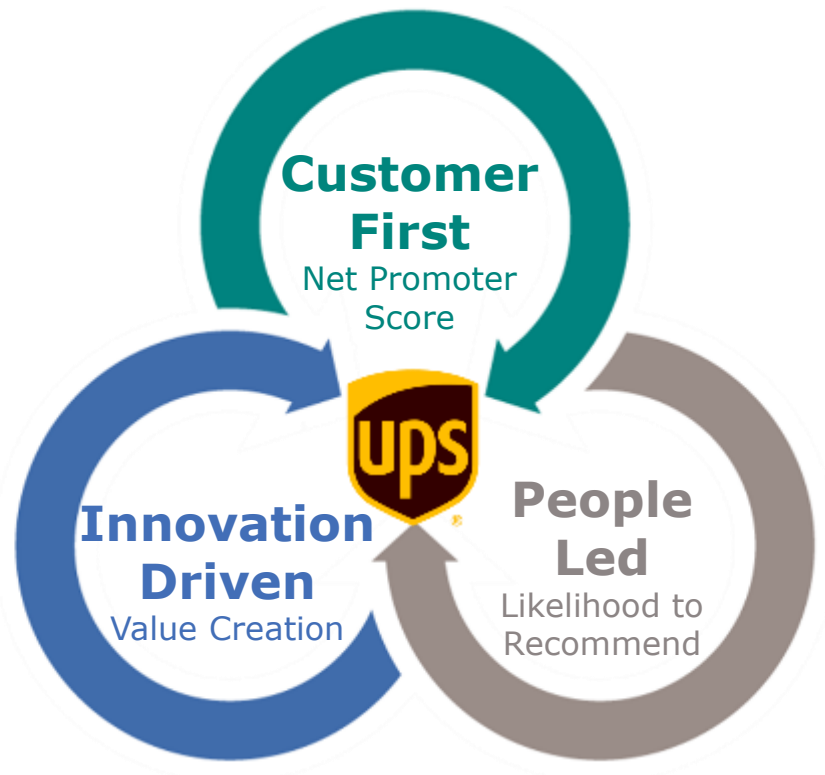
In \$ Millions (except per share)	4Q23	4Q22	Change Y/Y
Revenue	\$24,917	\$27,033	-7.8%
Adj. Operating Profit*	\$2,787	\$3,882	-27.1%
Adj. Operating Margin*	11.2%	14.1%	-290 bps
Adj. Diluted EPS*	\$2.47	\$3.62	-31.8%

Full-Year 2023 Consolidated Results

In \$ Millions (except per share)	2023	2022	Change Y/Y
Revenue	\$90,958	\$100,338	-9.3%
Adj. Operating Profit*	\$9,873	\$13,853	-28.7%
Adj. Operating Margin*	10.9%	13.8%	-290 bps
Adj. Diluted EPS*	\$8.78	\$12.94	-32.1%



Customer First, People Led, Innovation Driven

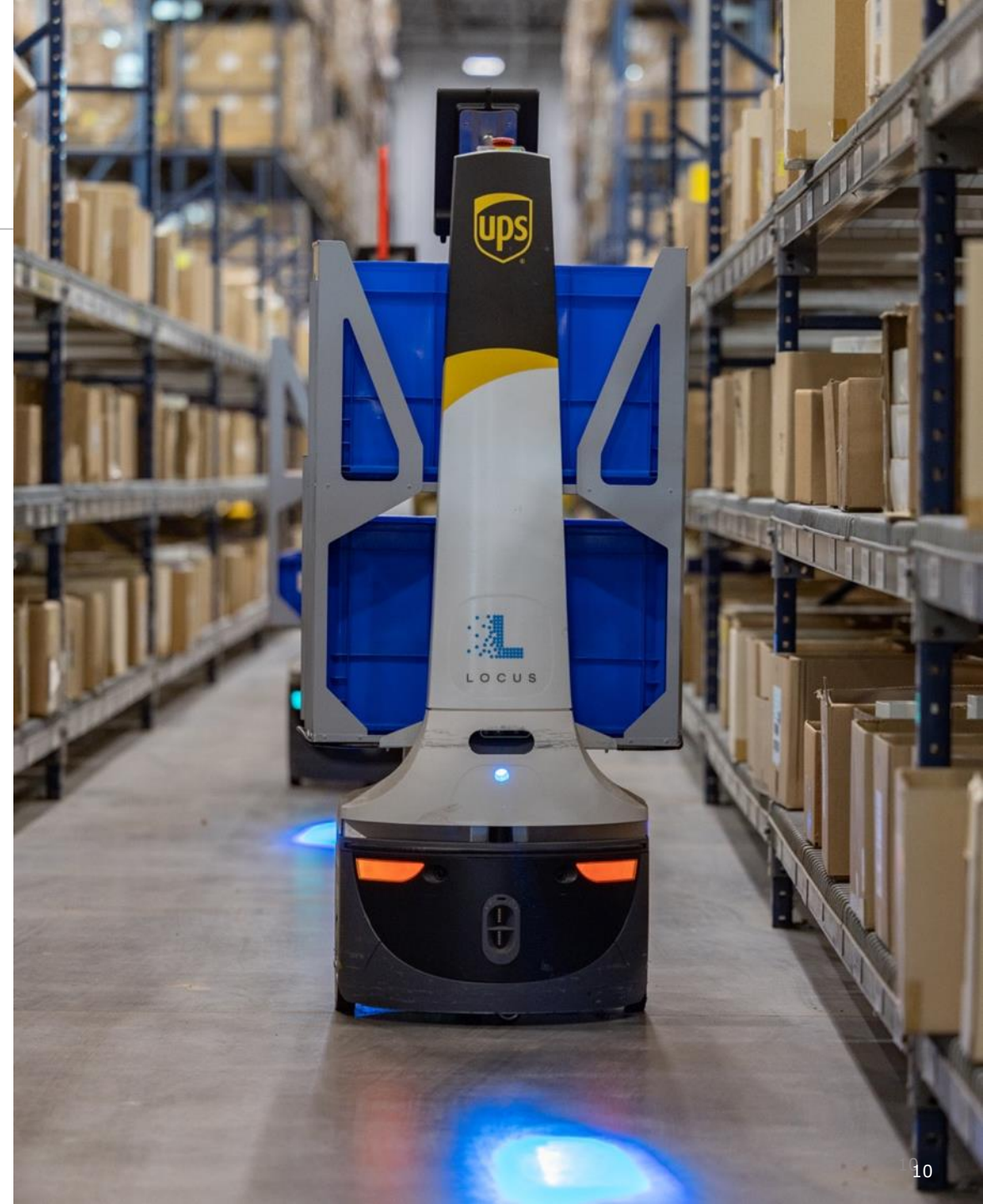


- Healthcare portfolio achieved our target of \$10B in revenue in 2023
- Over 17M sq ft of healthcare-compliant distribution space globally; acquisitions of Bomi Group and MNX Global Logistics enhance our cold chain capabilities
- Building a new air hub at Hong Kong International Airport to expand export and import business
- SMBs made up 28.6% of total U.S. volume in 2023; DAP revenue of \$2.9B, up 22% YOY
- Delivered a labor agreement that provides certainty for the next five years
- Returning to a policy of UPSers in the office five days a week
- Leveraged agility of our integrated network to drive efficiency during peak
- Launched Happy Returns in 5,000+ UPS Stores enabling box-free, label-free returns
- Opened UPS Velocity, our state-of-the-art pick, pack and ship center in Louisville, KY



2024 Outlook

- Projected U.S. small package market growth of <1%
- For International and Supply Chain Solutions, some improvement in market growth is expected later in the year
- Low-end of guidance range anchored to market growth and high-end assumes market share gains
- Expect revenue within a range of approximately \$92.0B to \$94.5B
- Expect adjusted operating margin* within a range of approximately 10.0% to 10.6%

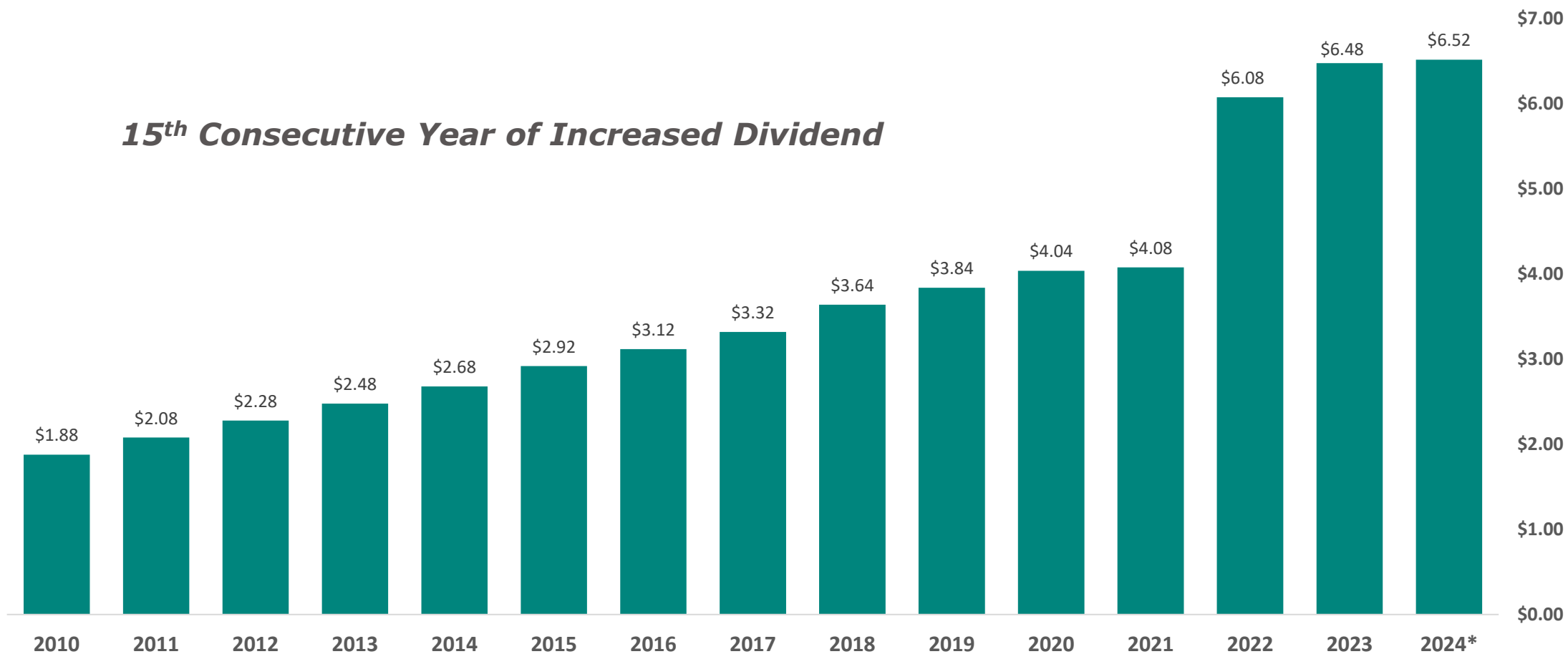


* Non-GAAP financial measure.

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UPS Board of Directors Approves Dividend Increase

Quarterly dividend of \$1.63 per share





BRIAN NEWMAN

Chief Financial Officer



4Q23 Consolidated Results

In \$ Millions (except per share)	4Q23	4Q22	Change Y/Y
Revenue	\$24,917	\$27,033	-7.8%
Adj. Operating Profit*	\$2,787	\$3,882	-27.1%
Adj. Operating Margin*	11.2%	14.1%	-290 bps
Adj. Diluted EPS*	\$2.47	\$3.62	-31.8%

"All three of our segments demonstrated agility and on a combined basis drove down total expense by \$1.1B in the fourth quarter year over year. This enabled us to deliver operating profit within the range we communicated..."

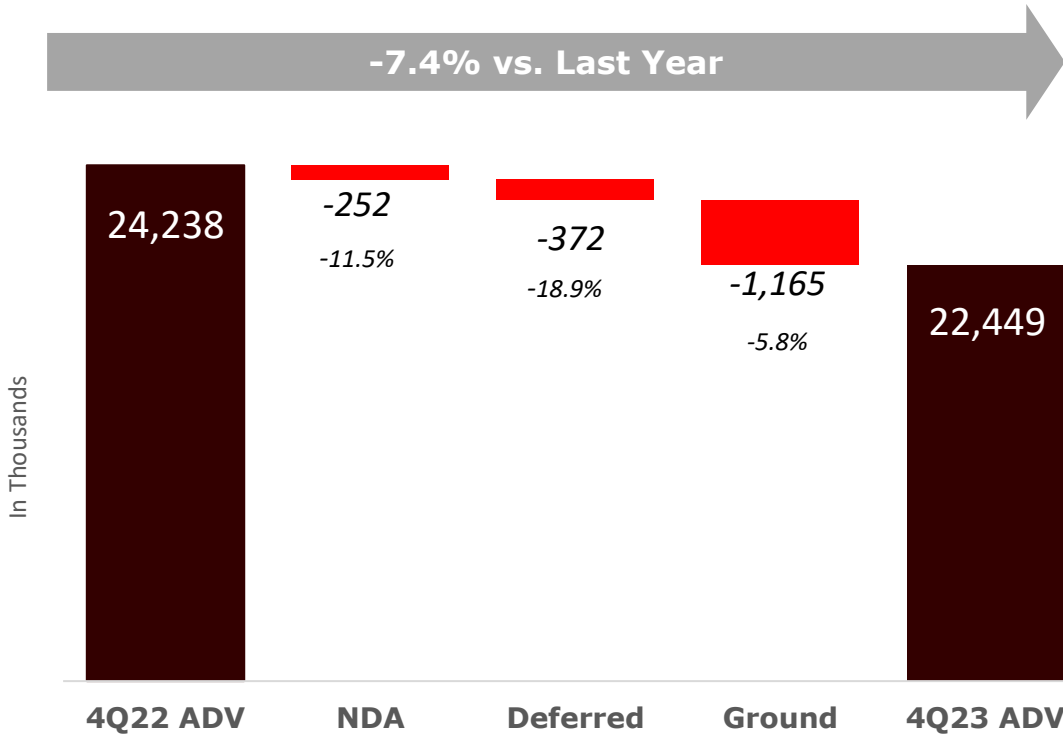
Brian Newman, CFO



4Q Average Daily Volume Declined 7.4%

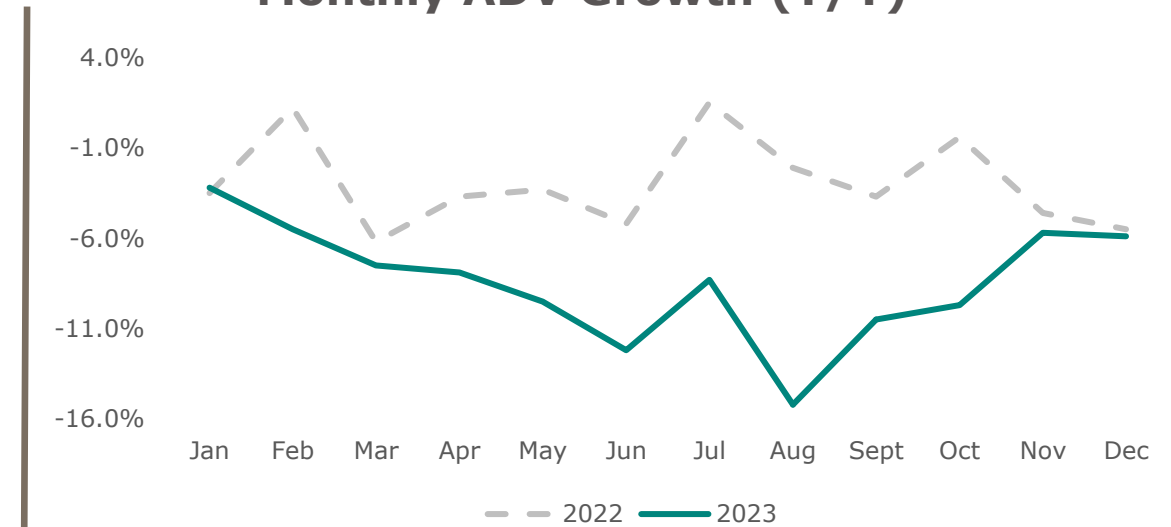
Record sequential volume surge from 3Q23 to 4Q23

ADV Change (Y/Y)

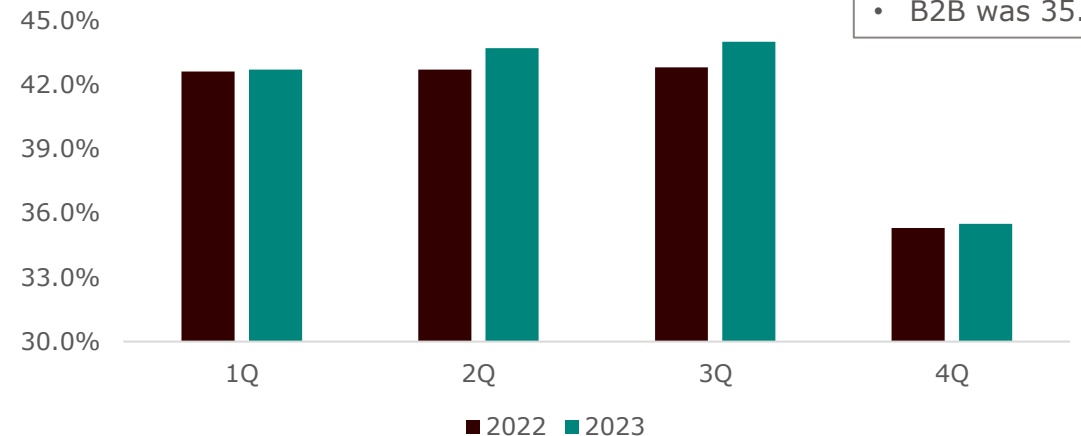


- 4Q volume ramped up from an exceptionally low 3Q

Monthly ADV Growth (Y/Y)



Quarterly B2B % of U.S. ADV Mix



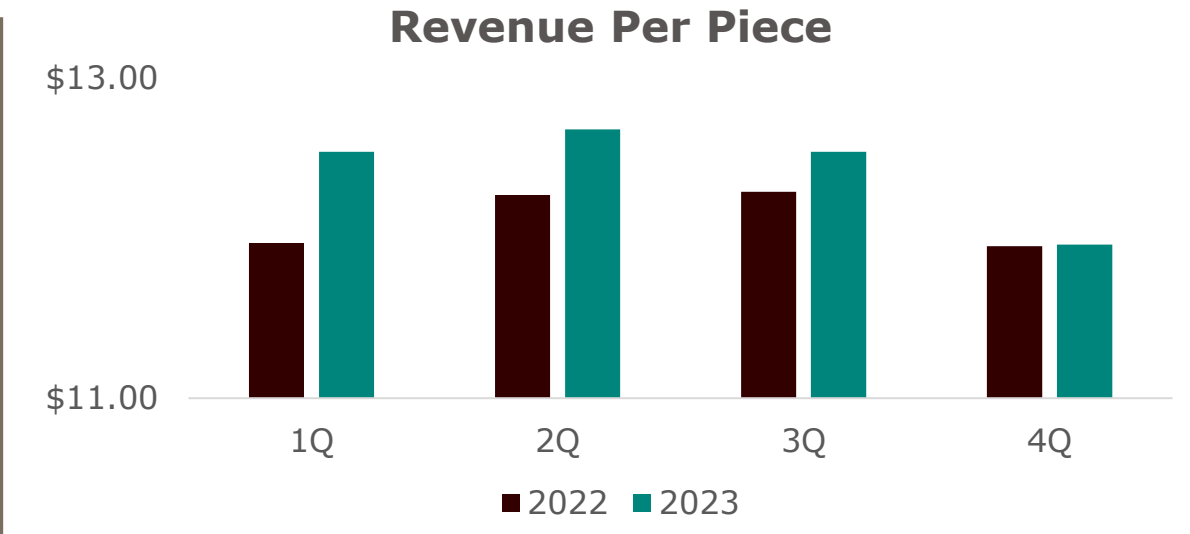
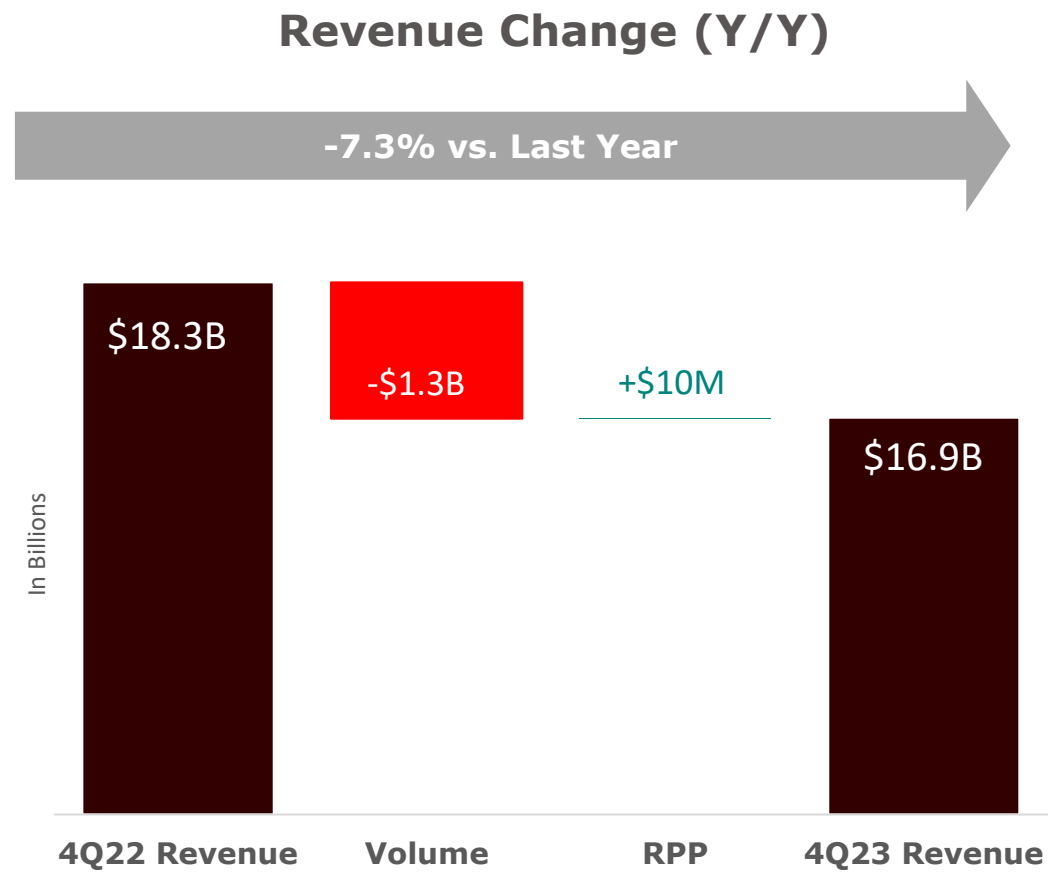
4Q23

- B2B declined 6.8%
- B2B was 35.5% of ADV



4Q Revenue of \$16.9B, Down 7.3% Y/Y

Revenue per piece was slightly positive Y/Y



- 4Q revenue per piece (RPP) was slightly positive, driven by:
 - Combination of strong base rates and customer mix increased RPP growth rate by ~390 basis points
 - Changes in product mix and package characteristics decreased the RPP growth rate by ~140 basis points
 - A decline in peak season surcharge revenue reduced the RPP growth rate by ~120 basis points
 - Fuel decreased the RPP growth rate by ~110 basis points



Delivered \$1.6B in Adjusted Operating Profit* in 4Q

Reduced adj. operating expense* by \$578M, our largest fourth-quarter dollar cost reduction ever

U.S. Domestic Results

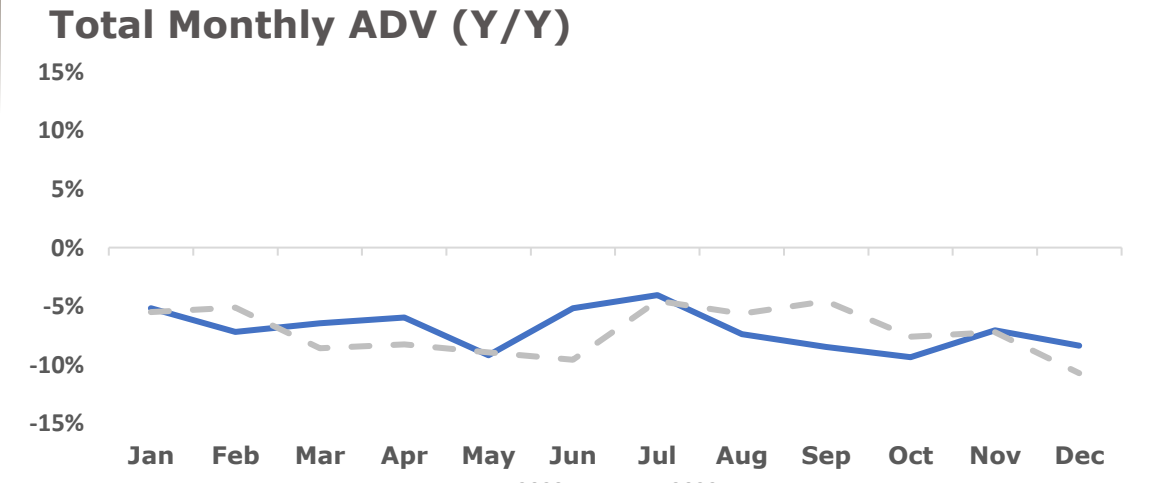
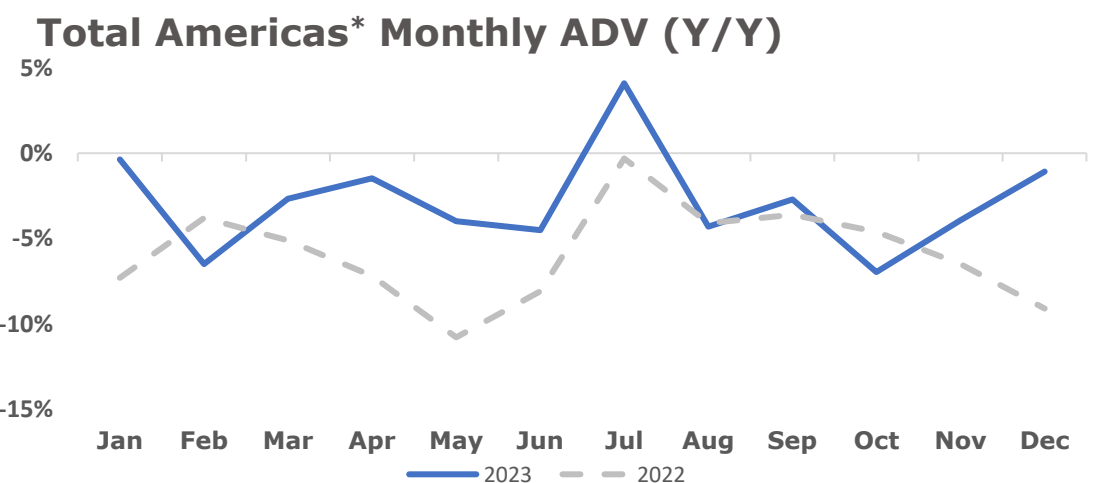
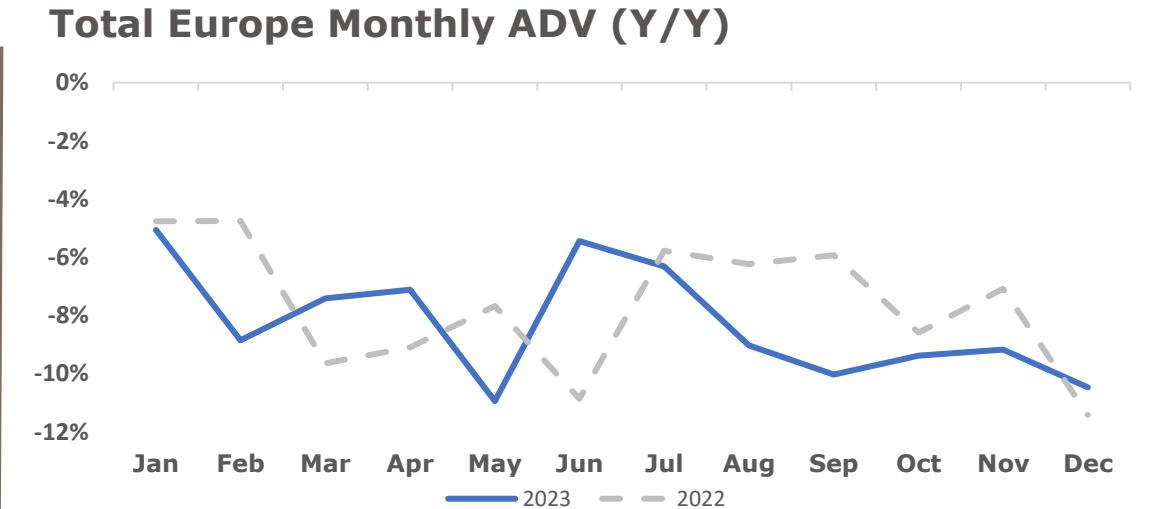
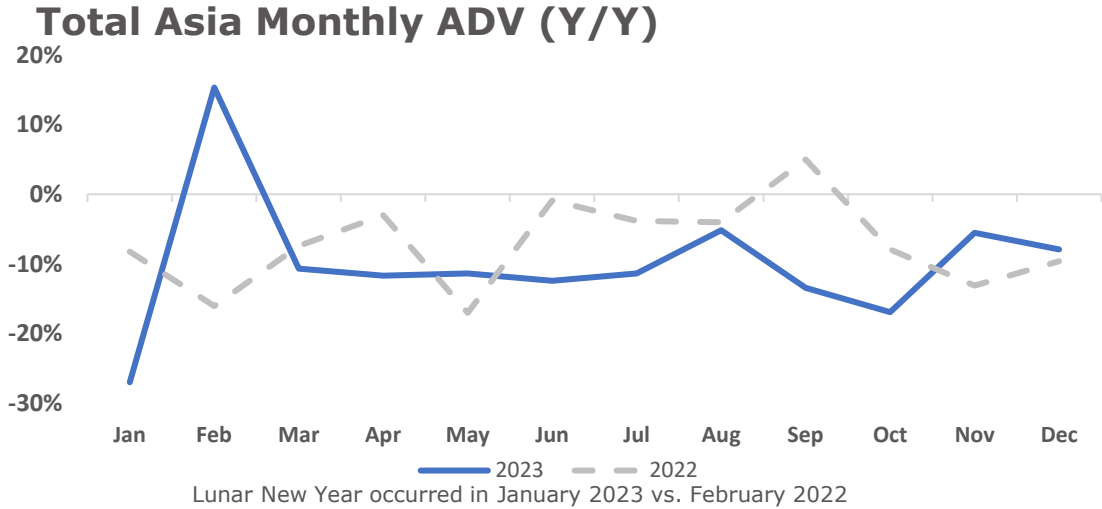
	4Q23	4Q22	Change Y/Y
Revenue	\$16.9B	\$18.3B	-7.3%
Adj. Operating Profit*	\$1.6B	\$2.3B	-32.6%
Adj. Operating Margin*	9.3%	12.8%	-350 bps

- Adjusted operating expense* was down 3.6% despite a 12.1% increase in union wage rates
 - Leveraged Network Planning Tools and Total Service Plan to reduce total hours by 10.2%, which was more than the decline in volume; enabled a decrease in compensation and benefits which drove down the expense growth rate by ~30 basis points
 - Lower purchased transportation reduced the expense growth rate by ~70 basis points, primarily from lower volume levels and continued optimization efforts
 - Lower fuel costs contributed ~160 basis points to the decrease in the total expense growth rate
 - The net of all other expense items and allocations reduced the expense growth rate ~100 basis points
- Adjusted operating margin* of 9.3%



4Q International Average Daily Volume Down 8.3%

Domestic ADV down 10.8%; Export ADV down 5.9%



*Americas for 2023 includes U.S. Export ADV



Generated 4Q Adjusted Operating Profit* of \$899M

Focused on revenue quality and managed network to match capacity with demand

International Results

	4Q23	4Q22	Change Y/Y
Revenue	\$4.6B	\$5.0B	-6.9%
Adj. Operating Profit*	\$899M	\$1.1B	-17.6%
Adj. Operating Margin*	19.5%	22.0%	-250 bps

- Revenue of \$4.6B, down 6.9% Y/Y
- Revenue per piece increased 3.1% Y/Y driven by strong base pricing and changes in customer mix
- Adjusted operating expense* decreased \$152M Y/Y, primarily driven by lower fuel expense
 - Managed our network to match capacity with demand, including reducing block hours by 9.4%
- Adjusted operating margin* was 19.5%



Navigated Weak Global Macro Environment While Reducing Cost

Supply Chain Solutions Results

	4Q23	4Q22	Change Y/Y
Revenue	\$3.4B	\$3.8B	-11.4%
Adj. Operating Profit*	\$319M	\$403M	-20.8%
Adj. Operating Margin*	9.4%	10.5%	-110 bps

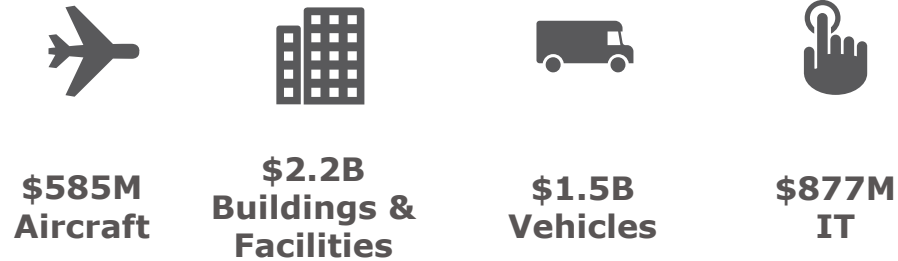
- Revenue of \$3.4B, down \$435M Y/Y
 - International air freight volumes were down, and market rates continued to be pressured
 - Ocean freight volume grew volume; excess market capacity pressured revenue and operating profit
 - Truckload brokerage unit continued to face market pressure

- Adjusted operating margin* of 9.4%

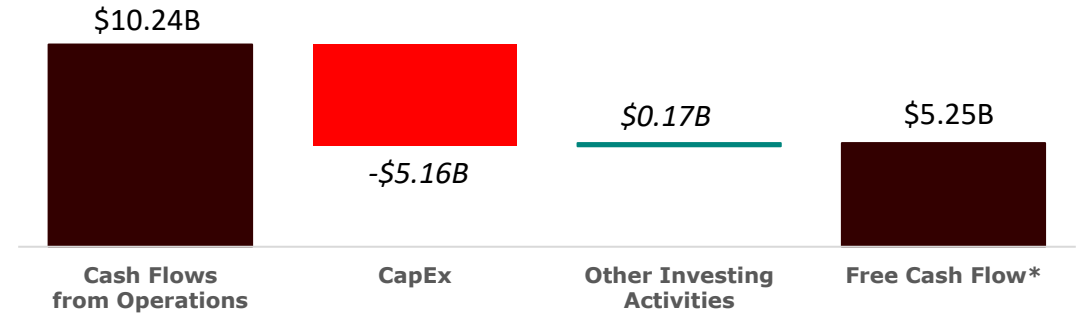


2023 CapEx, Cash Flow, Shareholder Returns and Adjusted Debt to Adjusted EBITDA*

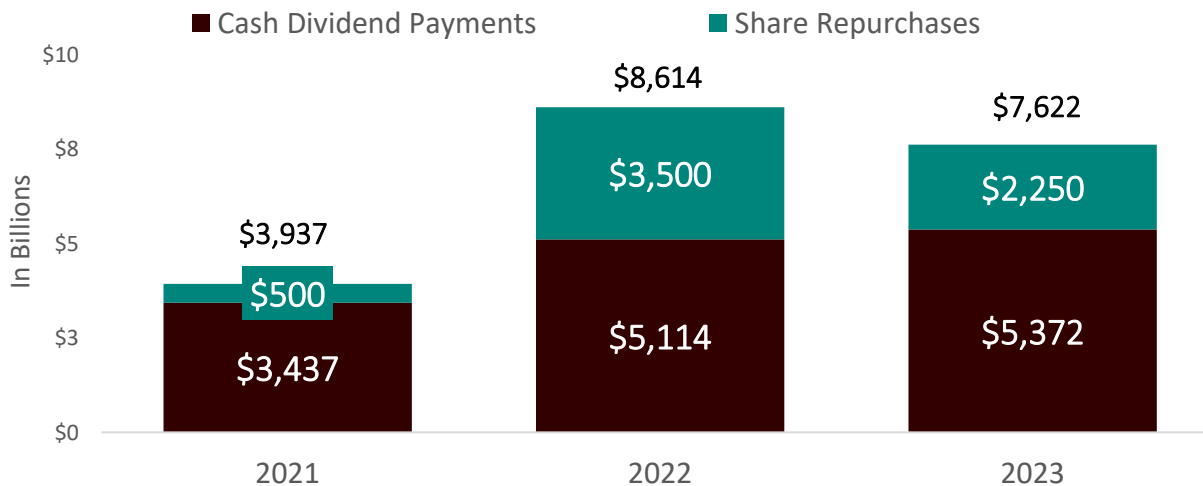
CapEx of \$5.2B



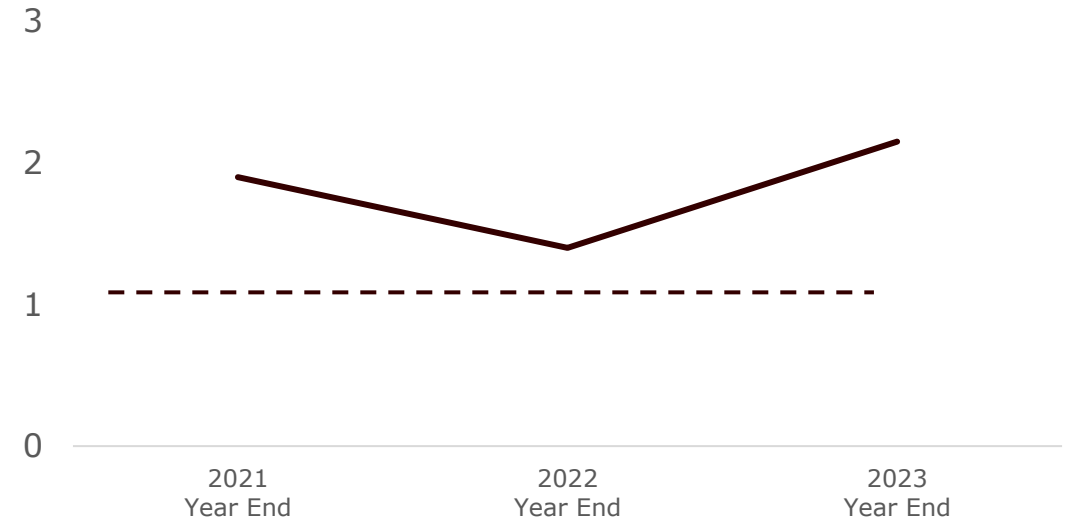
Free Cash Flow* of \$5.3B



Total Return to Shareholders of \$7.6B



Adjusted Debt to Adjusted EBITDA* Trend



Full-year 2023 Segment Highlights

Full-year 2023	U.S. Domestic	International	SCS
Adjusted Operating Profit*	\$5.4B	\$3.3B	\$1.2B
Adjusted Operating Margin*	9.0%	18.4%	9.0%

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



2024 Full-year Consolidated Outlook

High end of range based on gaining share; low end of range based on growth at market rates

Key Assumptions:

- *S&P Global forecasts improvement in global macro as the year progresses*
- *Real exports in Europe expected to improve each quarter throughout 2024*
- *Remain cautious on China-to-U.S. lane following positive momentum in late 2023*
- *In U.S., projected small package market growth rate is <1%*

Full-year 2024 Outlook

- Consolidated:
 - Revenue within a range of approximately \$92.0B - \$94.5B
 - Adjusted operating margin* within a range of approximately 10.0% - 10.6%
 - Capital expenditures of around 5% of revenue or ~\$4.5B
 - Free cash flow* within a range of approximately \$4.5B and \$5.3B
 - Dividend payout of ~\$5.4B
- U.S. Domestic:
 - Average daily volume within a range of approximately flat to up 2%
 - At both ends of the range, expect RPP growth rate to outpace adj. CPP* growth rate beginning in 3Q and expect to exit 2024 at an adj. operating margin* of 10%
- International:
 - Average daily volume within a range of approximately flat to up ~3%
 - Adjusted operating margin* to be in the high teens for both ends of range
- Supply Chain Solutions:
 - Revenue within a range of approximately ~\$13.0B - \$13.5B
 - Adjusted operating margin* to be high-single digits for both ends of range





Questions & Answers



Appendix



2023 Mark-to-Market Impact to Shareowners' Equity

(in millions)

Unrecognized Gain Within Shareowners' Equity as of 12/31/2022	\$(396)
Net loss due to changes in demographic data and assumptions <i>Including turnover, salaries, medical claims costs, other</i>	94
Loss due to discount rate change <i>Discount rate decreased from 5.79% to 5.42%</i>	2,324
Loss due to asset performance <i>Asset returns in 2023 were ~70 bps lower than expected</i>	206
Subtotal as of 12/31/2023	\$2,228
Reclassification of settlement loss to earnings in 4Q 2023 ⁽¹⁾ <i>Settlement for certain international pension plans</i>	\$8
Reclassification of MTM loss to earnings in 4Q 2023 ⁽²⁾ <i>10% corridor exceeded for certain US and international plans</i>	\$351
Unrecognized Loss Within Shareowners' Equity as of 12/31/2023	\$1,869

(1) Loss representing the settlement of benefits for certain international pension plans

(2) Net mark-to-market loss recognized outside of a 10% corridor on company-sponsored pension and postretirement plans



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

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.

One-Time Compensation Payment

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 a one-time payment made to certain U.S.-based, non-union part-time supervisors following the ratification of our labor agreement with the Teamsters. We do not expect this or similar payments to recur. We believe excluding the impact of this one-time payment better enables users of our financial statements to view and evaluate underlying business performance from the same perspective as management.

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 defined benefit pension and postretirement medical plans immediately as part of Investment income (expense) 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 pension and postretirement medical 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, one-time compensation, goodwill & asset impairment charges, 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)

Three Months Ended December 31,

	2023					2022					% Change As Rep. (GAAP)	% Change As Adj. (Non-GAAP)	
	As Reported (GAAP)	Pension Adj. ⁽¹⁾	Asset Impairment Charges ⁽²⁾	Transformation & Other Adj. ⁽³⁾	As Adjusted (Non-GAAP)	As Reported (GAAP)	Pension Adj. ⁽⁴⁾	Incentive Compensation Design Adj. ⁽⁵⁾	Aircraft Residual Value Adj. ⁽⁶⁾	Transformation & Other Adj. ⁽⁷⁾			As Adjusted (Non-GAAP)
<i>(in millions, except per share data):</i>													
U.S. Domestic Package	\$ 15,478	\$ —	\$ —	\$ 132	\$ 15,346	\$ 16,412	\$ —	\$ 431	\$ 25	\$ 32	\$ 15,924	(5.7)%	(3.6)%
International Package	3,716	—	—	9	3,707	3,930	—	30	51	(10)	3,859	(5.4)%	(3.9)%
Supply Chain Solutions	3,246	—	111	58	3,077	3,496	—	44	—	24	3,428	(7.2)%	(10.2)%
Operating Expense	22,440	—	111	199	22,130	23,838	—	505	76	46	23,211	(5.9)%	(4.7)%
U.S. Domestic Package	\$ 1,437	\$ —	\$ —	\$ 132	\$ 1,569	\$ 1,840	\$ —	\$ 431	\$ 25	\$ 32	\$ 2,328	(21.9)%	(32.6)%
International Package	890	—	—	9	899	1,020	—	30	51	(10)	1,091	(12.7)%	(17.6)%
Supply Chain Solutions	150	—	111	58	319	335	—	44	—	24	403	(55.2)%	(20.8)%
Operating Profit	2,477	—	111	199	2,787	3,195	—	505	76	46	3,822	(22.5)%	(27.1)%
Other Income and (Expense):													
Other pension income (expense)	(293)	359	—	—	66	1,325	(1,028)	—	—	—	297	N/A	(77.8)%
Investment income (expense) and other	86	—	—	—	86	129	—	—	—	—	129	(33.3)%	(33.3)%
Interest expense	(207)	—	—	—	(207)	(182)	—	—	—	—	(182)	13.7%	13.7%
Total Other Income (Expense)	\$ (414)	\$ 359	\$ —	\$ —	\$ (55)	\$ 1,272	\$ (1,028)	\$ —	\$ —	\$ —	\$ 244	N/A	N/A
Income Before Income Taxes	2,063	359	111	199	2,732	4,467	(1,028)	505	76	46	4,066	(53.8)%	(32.8)%
Income Tax Expense	458	85	27	45	615	1,014	(246)	121	18	5	912	(54.8)%	(32.6)%
Net Income	\$ 1,605	\$ 274	\$ 84	\$ 154	\$ 2,117	\$ 3,453	\$ (782)	\$ 384	\$ 58	\$ 41	\$ 3,154	(53.5)%	(32.9)%
Basic Earnings Per Share	\$ 1.88	\$ 0.32	\$ 0.10	\$ 0.18	\$ 2.47	\$ 3.98	\$ (0.90)	\$ 0.44	\$ 0.07	\$ 0.05	\$ 3.64	(52.8)%	(32.1)%
Diluted Earnings Per Share	\$ 1.87	\$ 0.32	\$ 0.10	\$ 0.18	\$ 2.47	\$ 3.96	\$ (0.90)	\$ 0.44	\$ 0.07	\$ 0.05	\$ 3.62	(52.8)%	(31.8)%
Weighted-average shares outstanding:													
Basic	856					867							
Diluted	858					871							

- (1) Net mark-to-market gain recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.
(2) Represents an indefinite-lived intangible asset impairment charge.
(3) Reflects other employee benefits costs of \$159 million and other costs of \$40 million.
(4) Net mark-to-market gain recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.
(5) One-time non-cash expense related to stock-based awards that were accelerated to fully vest at December 31, 2022 in connection with a change in incentive compensation program design.
(6) One-time non-cash charge reflecting a reduction in the estimated residual value of fully-depreciated MD-11 aircraft.
(7) Reflects a reduction to employee benefits costs of \$25 million offset by other costs of \$71 million.

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers. Earnings Per Share amounts disclosed above may not cross-foot due to calculations based on unrounded numbers.



Reconciliations

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

Twelve Months Ended December 31,

(in millions, except per share data):

	2023					2022					% Change As Rep. (GAAP)	% Change As Adj. (Non-GAAP)		
	As Reported (GAAP)	Pension Adj. ⁽¹⁾	One-Time Compensation ⁽²⁾	Goodwill & Asset Impairment Charges ⁽³⁾	Transformation & Other Adj. ⁽⁴⁾	As Adjusted (Non-GAAP)	As Reported (GAAP)	Pension Adj. ⁽⁵⁾	Incentive Compensation Design Adj. ⁽⁶⁾	Aircraft Residual Value Adj. ⁽⁷⁾			Transformation & Other Adj. ⁽⁸⁾	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 54,882	\$ —	\$ 61	\$ —	\$ 266	\$ 54,555	\$ 57,212	\$ —	\$ 431	\$ 25	\$ 121	\$ 56,635	(4.1)%	(3.7)%
International Package	14,600	—	—	—	51	14,549	15,372	—	30	51	12	15,279	(5.0)%	(4.8)%
Supply Chain Solutions	12,335	—	—	236	118	11,981	14,660	—	44	—	45	14,571	(15.9)%	(17.8)%
Operating Expense	81,817	—	61	236	435	81,085	87,244	—	505	76	178	86,485	(6.2)%	(6.2)%
U.S. Domestic Package	\$ 5,076	\$ —	\$ 61	\$ —	\$ 266	\$ 5,403	\$ 6,997	\$ —	\$ 431	\$ 25	\$ 121	\$ 7,574	(27.5)%	(28.7)%
International Package	3,231	—	—	—	51	3,282	4,326	—	30	51	12	4,419	(25.3)%	(25.7)%
Supply Chain Solutions	834	—	—	236	118	1,188	1,771	—	44	—	45	1,860	(52.9)%	(36.1)%
Operating Profit	9,141	—	61	236	435	9,873	13,094	—	505	76	178	13,853	(30.2)%	(28.7)%
Other Income and (Expense):														
Other pension income (expense)	(95)	359	—	—	—	264	2,251	(1,061)	—	—	—	1,190	N/A	(77.8)%
Investment income (expense) and other	312	—	—	—	—	312	184	—	—	—	—	184	69.6%	69.6%
Interest expense	(785)	—	—	—	—	(785)	(704)	—	—	—	—	(704)	11.5%	11.5%
Total Other Income (Expense)	\$ (568)	\$ 359	\$ —	\$ —	\$ —	\$ (209)	\$ 1,731	\$ (1,061)	\$ —	\$ —	\$ —	\$ 670	N/A	N/A
Income Before Income Taxes	8,573	359	61	236	435	9,664	14,825	(1,061)	505	76	178	14,523	(42.2)%	(33.5)%
Income Tax Expense	1,865	85	15	43	102	2,110	3,277	(255)	121	18	36	3,197	(43.1)%	(34.0)%
Net Income	\$ 6,708	\$ 274	\$ 46	\$ 193	\$ 333	\$ 7,554	\$ 11,548	\$ (806)	\$ 384	\$ 58	\$ 142	\$ 11,326	(41.9)%	(33.3)%
Basic Earnings Per Share	\$ 7.81	\$ 0.32	\$ 0.05	\$ 0.22	\$ 0.40	\$ 8.80	\$ 13.26	\$ (0.93)	\$ 0.44	\$ 0.07	\$ 0.16	\$ 13.00	(41.1)%	(32.3)%
Diluted Earnings Per Share	\$ 7.80	\$ 0.32	\$ 0.05	\$ 0.22	\$ 0.39	\$ 8.78	\$ 13.20	\$ (0.92)	\$ 0.44	\$ 0.07	\$ 0.15	\$ 12.94	(40.9)%	(32.1)%
Weighted-average shares outstanding:														
Basic	859						871							
Diluted	860						875							

(1) Net mark-to-market gain recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

(2) Represents a one-time payment of \$61 million to certain U.S.-based non-union part-time supervisors.

(3) Reflects impairment charges of \$125 and \$111 million in respect of goodwill and an indefinite-lived intangible asset, respectively.

(4) Reflects other employee benefits costs of \$337 million and other costs of \$98 million.

(5) Net mark-to-market gain of \$1.0 billion recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans and \$34 million gain representing the curtailment of benefits for certain Canadian pension plans.

(6) One-time non-cash expense related to stock-based awards that were accelerated to fully vest at December 31, 2022 in connection with a change in incentive compensation program design.

(7) One-time non-cash charge reflecting a reduction in the estimated residual value of fully-depreciated MD-11 aircraft.

(8) Reflects other employee benefits costs of \$46 million and other costs of \$132 million.

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers. Earnings Per Share amounts disclosed above may not cross-foot due to calculations based on unrounded numbers.



Reconciliations

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

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

(in millions, except per piece data)

	Three Months Ended December 31 (GAAP)			Currency Neutral (Non-GAAP)		
	2023	2022	% Change	Currency	2023 ⁽¹⁾	% Change
	Average Revenue Per Piece:					
International Package:						
Domestic	\$ 8.11	\$ 7.55	7.4 %	\$ (0.15)	\$ 7.96	5.4 %
Export	32.41	32.39	0.1 %	(0.22)	32.19	(0.6)%
Total International Package	<u>\$ 20.68</u>	<u>\$ 20.06</u>	3.1 %	<u>\$ (0.19)</u>	<u>\$ 20.49</u>	2.1 %
Consolidated	<u>\$ 13.11</u>	<u>\$ 13.04</u>	0.5 %	<u>\$ (0.02)</u>	<u>\$ 13.09</u>	0.4 %

	Three Months Ended December 31 (GAAP)			Currency Neutral (Non-GAAP)		
	2023	2022	% Change	Currency	2023 ⁽¹⁾	% Change
	Revenue (in millions):					
U.S. Domestic Package	\$ 16,915	\$ 18,252	(7.3)%	\$ —	\$ 16,915	(7.3)%
International Package	4,806	4,950	(6.9)%	(41)	4,565	(7.8)%
Supply Chain Solutions	3,396	3,831	(11.4)%	(24)	3,372	(12.0)%
Total revenue	<u>\$ 24,917</u>	<u>\$ 27,033</u>	(7.8)%	<u>\$ (65)</u>	<u>\$ 24,852</u>	(8.1)%

	Three Months Ended December 31 (Non-GAAP)			Currency Neutral (Non-GAAP)		
	2023	2022	% Change	Currency	2023 ⁽¹⁾	% Change
	As Adjusted Operating Profit (in millions)⁽²⁾:					
U.S. Domestic Package	\$ 1,569	\$ 2,328	(32.6)%	\$ —	\$ 1,569	(32.6)%
International Package	899	1,091	(17.6)%	18	917	(15.9)%
Supply Chain Solutions	319	403	(20.8)%	(7)	312	(22.6)%
Total operating profit	<u>\$ 2,787</u>	<u>\$ 3,822</u>	(27.1)%	<u>\$ 11</u>	<u>\$ 2,798</u>	(26.8)%

(1) Amounts adjusted for period over period foreign currency exchange rate and hedging differences

(2) See Non-GAAP schedules for reconciliation of adjustments

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.



Reconciliations

United Parcel Service, Inc.
Supplemental Analysis of Currency - Year to Date
(unaudited)

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

(in millions, except per piece data)

	Twelve Months Ended December 31 (GAAP)			Currency Neutral (Non-GAAP)		
	2023	2022	% Change	Currency	2023 ⁽¹⁾	% Change
	Average Revenue Per Piece:					
International Package:						
Domestic	\$ 7.78	\$ 7.46	4.3 %	\$ 0.07	\$ 7.85	5.2 %
Export	33.03	34.48	(4.2)%	0.19	33.22	(3.7)%
Total International Package	<u>\$ 20.71</u>	<u>\$ 20.91</u>	(1.0)%	<u>\$ 0.13</u>	<u>\$ 20.84</u>	(0.3)%
Consolidated	<u>\$ 13.62</u>	<u>\$ 13.38</u>	1.8 %	<u>\$ 0.02</u>	<u>\$ 13.64</u>	1.9 %

	Twelve Months Ended December 31 (GAAP)			Currency Neutral (Non-GAAP)		
	2023	2022	% Change	Currency	2023 ⁽¹⁾	% Change
	Revenue (in millions):					
U.S. Domestic Package	\$ 59,958	\$ 64,209	(6.6)%	\$ —	\$ 59,958	(6.6)%
International Package	17,831	19,698	(9.5)%	111	17,942	(8.9)%
Supply Chain Solutions	13,169	16,431	(19.9)%	9	13,178	(19.8)%
Total revenue	<u>\$ 90,958</u>	<u>\$ 100,338</u>	(9.3)%	<u>\$ 120</u>	<u>\$ 91,078</u>	(9.2)%

	Twelve Months Ended December 31 (Non-GAAP)			Currency Neutral (Non-GAAP)		
	2023	2022	% Change	Currency	2023 ⁽¹⁾	% Change
	As Adjusted Operating Profit (in millions)⁽²⁾:					
U.S. Domestic Package	\$ 5,403	\$ 7,574	(28.7)%	\$ —	\$ 5,403	(28.7)%
International Package	3,282	4,419	(25.7)%	133	3,415	(22.7)%
Supply Chain Solutions	1,188	1,860	(36.1)%	(9)	1,179	(36.6)%
Total operating profit	<u>\$ 9,873</u>	<u>\$ 13,853</u>	(28.7)%	<u>\$ 124</u>	<u>\$ 9,997</u>	(27.8)%

(1) Amounts adjusted for period over period foreign currency exchange rate and hedging differences

(2) See Non-GAAP schedules for reconciliation of adjustments

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.



Reconciliations

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

<i>(amounts in millions):</i>	TTM⁽¹⁾ Ended December 31 2023	TTM⁽¹⁾ Ended December 31 2022
Net income	\$ 6,708	\$ 11,548
Add back:		
Income tax expense	1,865	3,277
Interest expense	785	704
Depreciation & amortization	3,366	3,188
EBITDA	<u>12,724</u>	<u>18,717</u>
Add back (deduct):		
Incentive compensation program redesign	—	505
One-time compensation	61	—
Goodwill & asset impairment charges	236	—
Transformation and other	435	178
Defined benefit plan (gains) and losses	359	(1,061)
Investment income and other pension income	(576)	(1,374)
Adjusted EBITDA	<u>\$ 13,239</u>	<u>\$ 16,965</u>
Debt and finance leases, including current maturities	\$ 22,264	\$ 19,662
Add back:		
Non-current pension and postretirement benefit obligations	6,159	4,807
Adjusted total debt	<u>\$ 28,423</u>	<u>\$ 24,469</u>
Adjusted total debt/Net income	<u>4.24</u>	<u>2.12</u>
Adjusted total debt/adjusted EBITDA (Non-GAAP)	<u>2.15</u>	<u>1.44</u>

(1) Trailing twelve months

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.



Reconciliations

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

<i>(amounts in millions):</i>	TTM⁽¹⁾ Ended December 31 2023	TTM⁽¹⁾ Ended December 31 2022
Net income	\$ 6,708	\$ 11,548
Add back (deduct):		
Income tax expense	1,865	3,277
Interest expense	785	704
Other pension (income) expense	95	(2,251)
Investment (income) expense and other	(312)	(184)
Operating profit	<u>\$ 9,141</u>	<u>\$ 13,094</u>
Incentive compensation program redesign	—	505
Long-lived asset estimated residual value changes	—	76
One-time compensation	61	—
Goodwill & asset impairment charges	236	—
Transformation and other	435	178
Adjusted operating profit	<u><u>\$ 9,873</u></u>	<u><u>\$ 13,853</u></u>
Average debt and finance leases, including current maturities	\$ 20,963	\$ 20,789
Average pension and postretirement benefit obligations	5,483	6,427
Average shareowners' equity	18,558	17,036
Average invested capital	<u><u>\$ 45,004</u></u>	<u><u>\$ 44,252</u></u>
Net income to average invested capital	<u>14.9 %</u>	<u>26.1 %</u>
Adjusted Return on Invested Capital (Non-GAAP)	<u>21.9 %</u>	<u>31.3 %</u>

(1) Trailing twelve months

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.



Reconciliations

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

(amounts in millions):

	Twelve Months Ended	
	December 31,	
	2023	2022
Cash flows from operating activities	\$ 10,238	\$ 14,104
Capital expenditures	(5,158)	(4,769)
Proceeds from disposals of property, plant and equipment	193	12
Other investing activities	(19)	(309)
Free Cash Flow (Non-GAAP measure)	<u>\$ 5,254</u>	<u>\$ 9,038</u>

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.

