

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 2, 2021



**United Parcel Service, Inc.**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

001-15451  
(Commission File Number)

58-2480149  
(IRS Employer  
Identification No.)

55 Glenlake Parkway, N.E., Atlanta, Georgia 30328  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (404) 828-6000

Not Applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Securities registered pursuant to Section 12(b) of the Act:**

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class B common stock, par value \$0.01 per share	UPS	New York Stock Exchange
0.375% Senior Notes due 2023	UPS23A	New York Stock Exchange
1.625% Senior Notes Due 2025	UPS25	New York Stock Exchange
1% Senior Notes due 2028	UPS28	New York Stock Exchange
1.500% Senior Notes due 2032	UPS32	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company.

If an emerging growth company, indicate by check mark if the registrant has elected not use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 — Results of Operations and Financial Condition.**

On February 2, 2021, United Parcel Service, Inc. (the “Company”) issued a press release containing information about the Company’s results of operations for the fourth quarter ended December 31, 2020. The Company also posted on its website at [www.investors.ups.com](http://www.investors.ups.com) financial statement schedules containing additional detail about the Company’s results of operations for the same period.

A copy of the press release is attached hereto as Exhibit 99.1. A copy of the financial statement schedules are attached hereto as Exhibit 99.2.

**Item 9.01 — Financial Statements and Exhibits.**

(d) Exhibits

99.1 Press release dated February 2, 2021 "[UPS RELEASES 4Q 2020 EARNINGS](#)"

99.2 [Q4 2020 financial statement schedules](#)

104 The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

The information contained in Items 2.02 and 9.01 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filings under the Securities Act of 1933 or the Exchange Act, except as may be expressly set forth by reference in any such filing.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 2, 2021

By: UNITED PARCEL SERVICE, INC.  
/s/ BRIAN NEWMAN  
\_\_\_\_\_  
Brian Newman  
Senior Vice President, Chief Financial Officer and Treasurer

For Immediate Release

## UPS RELEASES 4Q 2020 EARNINGS

- **Consolidated Revenue Increased 21.0% to \$24.9B; Growth Across All Segments**
- **Consolidated Operating Profit Up 1.6% to \$2.2B, Up 26.0% on an Adjusted\* Basis**
- **Diluted EPS of (\$3.75); Adjusted Diluted EPS of \$2.66, Up 26.1%**
- **For the Year, Reported Highest Revenue and Adjusted Diluted Earnings Per Share in Company History**

ATLANTA – February 2, 2021 – UPS (NYSE:UPS) today announced fourth-quarter 2020 consolidated revenue of \$24.9 billion, a 21.0% increase over the fourth quarter of 2019. Consolidated average daily volume increased 10.6% year over year. Operating profit was \$2.2 billion, up 1.6% compared to last year’s fourth quarter, or 26.0% on an adjusted basis. Net loss was \$3.3 billion for the quarter; adjusted net income was \$2.3 billion or 26.4% above the same period last year.

In the fourth quarter, diluted loss per share was \$3.75, compared to a diluted loss per share of \$0.12 in the fourth quarter of 2019. Adjusted diluted earnings per share (EPS) increased 26.1% to \$2.66, compared to \$2.11 from the same period last year.

For the fourth-quarter of 2020, GAAP results include a total charge of \$5.6 billion, or \$6.38 per diluted share, comprised of a non-cash, after-tax mark-to-market (MTM) pension charge of \$4.9 billion, an after-tax transformation charge of \$114 million and an after-tax impairment charge of \$545 million associated with the Company’s decision to sell UPS Freight. The Company’s fourth-quarter 2019 GAAP results included a total charge of \$1.9 billion, or \$2.23 per diluted share, comprised of a non-cash, after-tax MTM pension charge of \$1.8 billion, an after-tax transformation charge of \$39 million and a U.S. Domestic after-tax legal reserve charge of \$91 million.

“Our financial performance in the fourth quarter exceeded our expectations, and I thank all UPSers for their extraordinary efforts to deliver industry-leading service through the holidays.” said Carol Tomé, UPS chief executive officer. “I’d also like to thank our customers who worked with us during this challenging year. As we look past 2020 into the new year, we are optimistic. During the fourth quarter, we began transporting COVID-19 vaccines and we stand ready to deliver hope and health to people around the world.”

### U.S. Domestic Segment

	<u>4Q 2020</u>	<u>Adjusted 4Q 2020</u>	<u>4Q 2019</u>	<u>Adjusted 4Q 2019</u>
Revenue	\$15,744 M		\$13,408 M	
Operating profit	\$1,247 M	\$1,379 M	\$1,074 M	\$1,207 M

- Revenue increased 17.4%, led by growth from small and medium-sized businesses.
- Revenue per piece increased 7.8%, driven by Ground residential.
- Operating margin was 7.9%; adjusted operating margin was 8.8%.

\* \*Adjusted\* amounts are non-GAAP financial measures. See the appendix to this release for a discussion of non-GAAP financial measures, including a reconciliation to the most closely correlated GAAP measure.

## International Segment

	<u>4Q 2020</u>	<u>Adjusted 4Q 2020</u>	<u>4Q 2019</u>	<u>Adjusted 4Q 2019</u>
Revenue	\$4,770 M		\$3,762 M	
Operating profit	\$1,148 M	\$1,160 M	\$799 M	\$809 M

- Average daily volume grew 21.9%, with export growth from all regions.
- Revenue increased 26.8%, led by Asia and Europe.
- Operating margin was 24.1%; adjusted operating margin was 24.3%.

## Supply Chain and Freight Segment

	<u>4Q 2020</u>	<u>Adjusted 4Q 2020</u>	<u>4Q 2019</u>	<u>Adjusted 4Q 2019</u>
Revenue	\$4,382 M		\$3,398 M	
Operating profit/(loss)	-\$228 M	\$331 M	\$260 M	\$262 M

- Revenue increased 29.0%, with strong market demand in nearly all businesses including freight forwarding out of Asia and UPS Healthcare.
- Operating margin was -5.2%; adjusted operating margin was 7.6%.

## Full-Year 2020 Consolidated Results

- Revenue increased 14.2% to \$84.6 billion.
- Operating profit was \$7.8 billion; adjusted operating profit was \$8.7 billion, up 7.0%.
- Diluted EPS totaled \$1.64; adjusted diluted EPS was \$8.23.
- Capital expenditures were \$5.4 billion, or on an adjusted basis \$5.6 billion.
- Annual free cash flow was \$5.1 billion, including \$3.1 billion in pension contributions.
- Dividends paid were \$3.6 billion, a per-share increase of 5.2% over the prior year.

## Outlook

Given continued economic uncertainty due to the global pandemic, the Company is not providing revenue or diluted earnings per share guidance. It is providing full-year guidance for capital allocation.

## Full-Year 2021 Capital Allocation

- Capital expenditures are planned to be about \$4.0 billion.
- Dividends are expected to grow, subject to Board approval.
- Long-term debt maturities of \$2.5 billion will be repaid when they come due.
- Effective tax rate is expected to be approximately 23.5%.
- The Company has no plans to repurchase shares or access the debt capital markets in 2021.

## Contacts:

UPS Media Relations: 404-828-7123 or [pr@ups.com](mailto:pr@ups.com)

UPS Investor Relations: 404-828-6059 (option 2) or [investor@ups.com](mailto:investor@ups.com)

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## **Conference Call Information**

UPS CEO Carol Tomé and CFO Brian Newman will discuss fourth-quarter results with investors and analysts during a conference call at 8:30 a.m. ET, February 2, 2021. That call will be open to others through a live Webcast. To access the call, go to [www.investors.ups.com](http://www.investors.ups.com) and click on “Earnings Webcast.” Additional financial information is included in the detailed financial schedules being posted on [www.investors.ups.com](http://www.investors.ups.com) under “Financials” and as filed with the SEC as an exhibit to our Current Report on Form 8-K.

## **About UPS**

UPS (NYSE: UPS) is one of the world’s largest package delivery companies with 2020 revenue of \$84.6 billion, and provides a broad range of integrated logistics solutions for customers in more than 220 countries and territories. The company’s more than 540,000 employees embrace a strategy that is simply stated and powerfully executed: Customer First. People Led. Innovation Driven. UPS is committed to reducing its impact on the environment and supporting the communities we serve around the world. UPS also takes a strong and unwavering stance in support of diversity, equality, and inclusion. The company can be found on the Internet at [www.ups.com](http://www.ups.com), with more information at [www.pressroom.ups.com](http://www.pressroom.ups.com) and [www.investors.ups.com](http://www.investors.ups.com).

## **Forward-Looking Statements**

This release and our other 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 and current expectations about our strategic direction, prospects and future results, and give our current expectations or forecasts of 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.

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

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our future capital investment needs; exposure to changing economic, political and social developments in international and emerging markets; changes in business strategy, government regulations, or economic or market conditions that may result in impairment of our assets; increases in our expenses or funding obligations relating to employee health, retiree health and/or pension benefits; potential additional U.S. or international tax liabilities; potential claims or litigation related to labor and employment, personal injury, property damage, business practices, environmental liability and other matters; our ability to realize the anticipated benefits from acquisitions, dispositions, joint ventures or strategic alliances; our ability to realize the anticipated benefits from our transformation initiatives; cyclical and seasonal fluctuations in our operating results; our ability to manage insurance and claims expenses; and other risks discussed in our filings with the Securities and Exchange Commission from time to time, including our Annual Report on Form 10-K for the year ended December 31, 2019, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and subsequently filed reports. You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. We do not undertake any obligation to update forward-looking statements to reflect events, circumstances, changes in expectations, or the occurrence of unanticipated events after the date of those statements.

### **Reconciliation of GAAP and non-GAAP Financial Measures**

We supplement the reporting of our financial information determined under generally accepted accounting principles ("GAAP") with certain non-GAAP financial measures, including "adjusted" compensation and benefits, operating expense, operating profit, operating margin, other income and (expense), income before income taxes, income tax expense, effective tax rate, net income and earnings per share. We also supplement the reporting of revenue, revenue per piece and operating profit with non-GAAP measures that exclude the period over period impact of foreign currency exchange rate changes, pension discount rate changes and hedging activities. Additionally, we periodically disclose free cash flow, free cash flow excluding discretionary pension contributions, and capital expenditures including principal repayments of finance lease obligations. The equivalent measures determined in accordance with GAAP are also referred to as "reported" or "unadjusted."

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

#### *Restructuring and Other Charges*

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

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

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 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.

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### *Impact of Changes in Pension Discount Rates*

Non-GAAP pension discount rate-neutral operating profit excludes the period over period impact of discount rate changes on pension service cost.

Pension discount rate-neutral operating profit is calculated by discounting the value of benefits attributable to employee service in the current period utilizing the prior year discount rate applicable to each of our company-sponsored defined benefit plans. The difference between this derived amount and the current period reported service cost is the period over period impact of pension discount rate movements on operating profit.

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

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

This adjusted net periodic benefit cost (\$641 million in 2020 and \$754 million in 2019) is comparable to the accounting for our defined benefit plans in our quarterly reporting under U.S. GAAP, utilizing the expected return on plan assets (7.70% in 2020 and 7.68% in 2019) and the discount rate used to determine net periodic benefit cost (3.55% in 2020 and 4.45% in 2019). The unadjusted net periodic benefit cost reflects the actual return on plan assets (12.54% in 2020 and 17.57% in 2019) and the discount rate used to measure the projected benefit obligation at the December 31 measurement date (2.87% in 2020 and 3.55% in 2019).

The deferred income tax effects of these mark-to-market pension and postretirement adjustments are calculated by multiplying the statutory tax rates applicable in each tax jurisdiction, including the U.S. federal jurisdiction and various U.S. state and non-U.S. jurisdictions, by the adjustments. The blended average of the applicable statutory tax rates in 2020 and 2019 was 24.0% and 23.9%, respectively.

### *Free Cash Flow and Adjusted Capital Expenditures*

We calculate free cash flow as cash flows from operating activities less capital expenditures, proceeds from disposals of property, plant and equipment, and plus or minus the net changes in finance receivables and other investing activities. Free cash flow excluding discretionary pension contributions adds back any discretionary pension contributions made during the period. We believe free cash flow, free cash flow excluding discretionary pension contributions and free cash flow adjusted for principal repayments of finance lease obligations are important indicators of how much cash is generated by regular business operations and we use them as a measure of incremental cash available to invest in our business, meet our debt obligations and return cash to shareowners. Additionally, we believe that adjusting capital expenditures for principal repayments of finance lease obligations more appropriately reflects the overall cash that we have invested in capital assets.

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

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

**Three Months Ended December 31, 2020**

	As-Reported (GAAP)	Transformation & Other <sup>(1)</sup>	Defined Benefit Plans MTM Charges <sup>(2)</sup>	As-Adjusted (Non-GAAP)
Operating profit:				
U.S. Domestic Package	\$ 1,247	\$ 132	\$ —	\$ 1,379
International Package	1,148	12	—	1,160
Supply Chain & Freight	(228)	559	—	331
Total operating profit	\$ 2,167	\$ 703	\$ —	\$ 2,870
Other income (expense)	(6,325)	—	6,484	159
Income (loss) before income taxes	(4,158)	703	6,484	3,029
Income tax expense (benefit)	(895)	44	1,555	704
Net income (loss)	\$ (3,263)	\$ 659	\$ 4,929	\$ 2,325
Diluted earnings (loss) per share <sup>(3)</sup>	\$ (3.75)	\$ 0.75	\$ 5.63	\$ 2.66

(1) Transformation & other of \$703 million reflects goodwill and other asset impairment charges of \$556 million related to the planned divestiture of UPS Freight, other employee benefits costs of \$100 million and other costs of \$47 million

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

(3) Does not total due to difference in weighted-average shares outstanding used to calculate diluted earnings per share

**Twelve Months Ended December 31, 2020**

	As-Reported (GAAP)	Transformation & Other <sup>(1)</sup>	Defined Benefit Plans MTM Charges <sup>(2)</sup>	As-Adjusted (Non-GAAP)
Operating profit:				
U.S. Domestic Package	\$ 3,891	\$ 237	\$ —	\$ 4,128
International Package	3,436	96	—	3,532
Supply Chain & Freight	487	571	—	1,058
Total operating profit	\$ 7,814	\$ 904	\$ —	\$ 8,718
Other income (expense)	(5,840)	—	6,484	644
Income before income taxes	1,974	904	6,484	9,362
Income tax expense	547	94	1,555	2,196
Net income	\$ 1,427	\$ 810	\$ 4,929	\$ 7,166
Diluted earnings per share	\$ 1.64	\$ 0.93	\$ 5.66	\$ 8.23

(1) Transformation & other of \$904 million reflects goodwill and other asset impairment charges of \$556 million related to the planned divestiture of UPS Freight, other employee benefits costs of \$211 million and other costs of \$137 million

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

Note: Certain amounts may not compute due to rounding.

**Reconciliation of GAAP and Non-GAAP Revenue, Revenue Per Piece, and Adjusted Operating Profit**  
(in millions, except per piece amounts):

Three Months Ended December 31,

	2020 As-Reported (GAAP)	2019 As-Reported (GAAP)	% Change (GAAP)	Currency Impact	2020 Currency Neutral (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 7.08	\$ 6.49	9.1 %	\$ (0.29)	\$ 6.79	4.6 %
Export	28.24	28.56	(1.1) %	(0.71)	27.53	(3.6) %
Total International Package	<u>\$ 17.27</u>	<u>\$ 16.63</u>	3.8 %	<u>\$ (0.49)</u>	<u>\$ 16.78</u>	0.9 %
Consolidated	<u>\$ 11.14</u>	<u>\$ 10.32</u>	7.9 %	<u>\$ (0.07)</u>	<u>\$ 11.07</u>	7.3 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 15,744	\$ 13,408	17.4 %	\$ —	\$ 15,744	17.4 %
International Package	4,770	3,762	26.8 %	(132)	4,638	23.3 %
Supply Chain & Freight	4,382	3,398	29.0 %	(16)	4,366	28.5 %
Total revenue	<u>\$ 24,896</u>	<u>\$ 20,568</u>	21.0 %	<u>\$ (148)</u>	<u>\$ 24,748</u>	20.3 %

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

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Currency Impact	2020 As-Adjusted Currency Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating Profit:</b>						
U.S. Domestic Package	\$ 1,379	\$ 1,207	14.3 %	\$ —	\$ 1,379	14.3 %
International Package	1,160	809	43.4 %	(33)	1,127	39.3 %
Supply Chain & Freight	331	262	26.3 %	6	337	28.6 %
Total operating profit	<u>\$ 2,870</u>	<u>\$ 2,278</u>	26.0 %	<u>\$ (27)</u>	<u>\$ 2,843</u>	24.8 %

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

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

Certain prior year amounts have been classified to conform to the current year presentation.

**Reconciliation of GAAP and Non-GAAP Revenue, Revenue Per Piece, and Adjusted Operating Profit**  
(in millions, except per piece amounts):

Twelve Months Ended December 31,

	2020 As-Reported (GAAP)	2019 As-Reported (GAAP)	% Change (GAAP)	Currency Impact	2020 Currency Neutral (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 6.65	\$ 6.51	2.2 %	\$ (0.06)	\$ 6.59	1.2 %
Export	28.52	29.10	(2.0) %	(0.23)	28.29	(2.8) %
Total International Package	<u>\$ 16.99</u>	<u>\$ 16.93</u>	0.4 %	<u>\$ (0.14)</u>	<u>\$ 16.85</u>	(0.5) %
Consolidated	<u>\$ 10.94</u>	<u>\$ 10.87</u>	0.6 %	<u>\$ (0.02)</u>	<u>\$ 10.92</u>	0.5 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 53,499	\$ 46,493	15.1 %	\$ —	\$ 53,499	15.1 %
International Package	15,945	14,220	12.1 %	(129)	15,816	11.2 %
Supply Chain & Freight	15,184	13,381	13.5 %	92	15,276	14.2 %
Total revenue	<u>\$ 84,628</u>	<u>\$ 74,094</u>	14.2 %	<u>\$ (37)</u>	<u>\$ 84,591</u>	14.2 %

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

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Currency Impact	2020 As-Adjusted Currency Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating Profit:</b>						
U.S. Domestic Package	\$ 4,128	\$ 4,369	(5.5) %	\$ —	\$ 4,128	(5.5) %
International Package	3,532	2,779	27.1 %	(70)	3,462	24.6 %
Supply Chain & Freight	1,058	1,002	5.6 %	2	1,060	5.8 %
Total operating profit	<u>\$ 8,718</u>	<u>\$ 8,150</u>	7.0 %	<u>\$ (68)</u>	<u>\$ 8,650</u>	6.1 %

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

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

Certain prior year amounts have been classified to confirm to the current year presentation.

**Reconciliation of Non-GAAP Pension Discount Rate-Neutral Operating Profit and Margin  
(in millions):**

**Three Months Ended December 31,**

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate-Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating Profit:</b>						
U.S. Domestic Package	\$ 1,379	\$ 1,207	14.3 %	\$ 61	\$ 1,440	19.3 %
International Package	1,160	809	43.4 %	5	1,165	44.0 %
Supply Chain & Freight	331	262	26.3 %	7	338	29.0 %
Total operating profit	<u>\$ 2,870</u>	<u>\$ 2,278</u>	26.0 %	<u>\$ 73</u>	<u>\$ 2,943</u>	29.2 %

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate-Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating margin:</b>						
U.S. Domestic Package	8.8 %	9.0 %	(0.2) %	0.3 %	9.1 %	0.1 %
International Package	24.3 %	21.5 %	2.8 %	0.1 %	24.4 %	2.9 %
Supply Chain & Freight	7.6 %	7.7 %	(0.1) %	0.1 %	7.7 %	— %
Total operating margin	<u>11.5 %</u>	<u>11.1 %</u>	0.4 %	<u>0.3 %</u>	<u>11.8 %</u>	0.7 %

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

<sup>(2)</sup> Amounts adjusted for transformation & other and period over period impact of discount rates on pension service cost

*Certain prior year amounts have been classified to confirm to the current year presentation.*

**Reconciliation of Non-GAAP Pension Discount Rate-Neutral Operating Profit and Margin  
(in millions):**

Twelve Months Ended December 31,

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate-Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating Profit:</b>						
U.S. Domestic Package	\$ 4,128	\$ 4,369	(5.5) %	\$ 249	\$ 4,377	0.2 %
International Package	3,532	2,779	27.1 %	17	3,549	27.7 %
Supply Chain & Freight	1,058	1,002	5.6 %	28	1,086	8.4 %
<b>Total operating profit</b>	<b>\$ 8,718</b>	<b>\$ 8,150</b>	<b>7.0 %</b>	<b>\$ 294</b>	<b>\$ 9,012</b>	<b>10.6 %</b>

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate-Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating Margin:</b>						
U.S. Domestic Package	7.7 %	9.4 %	(1.7) %	0.5 %	8.2 %	(1.2) %
International Package	22.2 %	19.5 %	2.7 %	0.1 %	22.3 %	2.8 %
Supply Chain & Freight	7.0 %	7.5 %	(0.5) %	0.2 %	7.2 %	(0.3) %
<b>Total operating margin</b>	<b>10.3 %</b>	<b>11.0 %</b>	<b>(0.7) %</b>	<b>0.3 %</b>	<b>10.6 %</b>	<b>(0.4) %</b>

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

<sup>(2)</sup> Amounts adjusted for transformation & other and period over period impact of discount rates on pension service cost

*Certain prior year amounts have been classified to confirm to the current year presentation.*

**Reconciliation of Adjusted Capital Expenditures and Free Cash Flow (Non-GAAP measures)**  
**(in millions):**

Twelve Months Ended December 31,

		2020
Cash flows from operating activities (GAAP)	\$	10,459
Capital expenditures		(5,412)
Proceeds from disposals of PP&E		40
Net change in finance receivables		44
Other investing activities		(41)
Free cash flow (Non-GAAP)	\$	5,090
Principal repayments of finance lease obligations		(192)
Adjusted Free cash flow (Non-GAAP)	\$	4,898
Discretionary pension contributions		2,770
Adjusted Free cash flow (Non-GAAP) excluding discretionary pension contributions	\$	7,668
Capital expenditures	\$	5,412
Principal repayments of finance lease obligations		192
Adjusted Capital expenditures (Non-GAAP)	\$	5,604

*Amounts are subject to reclassification.*



**United Parcel Service, Inc.**  
**Selected Financial Data - Fourth Quarter**  
**(unaudited)**

Three Months Ended  
December 31

	2020	2019	Change	% Change
(amounts in millions, except per share data)				
<b>Statement of Income Data:</b>				
Revenue:				
U.S. Domestic Package	\$ 15,744	\$ 13,408	\$ 2,336	17.4 %
International Package	4,770	3,762	1,008	26.8 %
Supply Chain & Freight	4,382	3,398	984	29.0 %
Total revenue	24,896	20,568	4,328	21.0 %
Operating expenses:				
Compensation and benefits	12,523	10,702	1,821	17.0 %
Other	10,206	7,733	2,473	32.0 %
Total operating expenses	22,729	18,435	4,294	23.3 %
Operating profit (loss):				
U.S. Domestic Package	1,247	1,074	173	16.1 %
International Package	1,148	799	349	43.7 %
Supply Chain & Freight	(228)	260	(488)	(187.7)%
Total operating profit	2,167	2,133	34	1.6 %
Other income (expense):				
Other pension income (expense)	(6,157)	(2,196)	(3,961)	180.4 %
Investment income and other	7	31	(24)	(77.4)%
Interest expense	(175)	(166)	(9)	5.4 %
Total other income (expense)	(6,325)	(2,331)	(3,994)	171.3 %
Income (loss) before income taxes	(4,158)	(198)	(3,960)	N/A
Income tax expense (benefit)	(895)	(92)	(803)	N/A
Net income (loss)	\$ (3,263)	\$ (106)	\$ (3,157)	N/A
Net income (loss) as a percentage of revenue	(13.1)%	(0.5)%		
Per share amounts:				
Basic earnings (loss) per share	\$ (3.75)	\$ (0.12)	\$ (3.63)	N/A
Diluted earnings (loss) per share	\$ (3.75)	\$ (0.12)	\$ (3.63)	N/A
Weighted-average shares outstanding:				
Basic	871	863	8	0.9 %
Diluted	871	863	8	0.9 %
<b>As adjusted income data <sup>(1)</sup>:</b>				
Operating profit:				
U.S. Domestic Package	\$ 1,379	\$ 1,207	\$ 172	14.3 %
International Package	1,160	809	351	43.4 %
Supply Chain & Freight	331	262	69	26.3 %
Total operating profit	2,870	2,278	592	26.0 %
Total other income (expense)	\$ 159	\$ 56	\$ 103	183.9 %
Income before income taxes	\$ 3,029	\$ 2,334	\$ 695	29.8 %
Net income	\$ 2,325	\$ 1,840	\$ 485	26.4 %
Basic earnings per share	\$ 2.67	\$ 2.13	\$ 0.54	25.4 %
Diluted earnings per share <sup>(2)</sup>	\$ 2.66	\$ 2.11	\$ 0.55	26.1 %

(1) See Non-GAAP schedules for reconciliation of adjustments.

(2) Fourth quarter 2020 diluted earnings per share is based on weighted-average shares outstanding of 875 million, which includes the effect of 4 million dilutive shares and share equivalents. Fourth quarter 2019 diluted earnings per share is based on weighted-average shares outstanding of 870 million, which includes the effect of 7 million dilutive shares and share equivalents.

Certain prior year amounts have been reclassified to conform to the current year presentation.



**United Parcel Service, Inc.**  
**Selected Operating Data - Fourth Quarter**  
**(unaudited)**

	Three Months Ended			
	December 31			
	2020	2019	Change	% Change
<b>Revenue (in millions):</b>				
U.S. Domestic Package:				
Next Day Air	\$ 2,385	\$ 2,319	\$ 66	2.8 %
Deferred	1,792	1,686	106	6.3 %
Ground	11,567	9,403	2,164	23.0 %
Total U.S. Domestic Package	15,744	13,408	2,336	17.4 %
International Package:				
Domestic	977	767	210	27.4 %
Export	3,621	2,865	756	26.4 %
Cargo and Other	172	130	42	32.3 %
Total International Package	4,770	3,762	1,008	26.8 %
Supply Chain & Freight:				
Forwarding	2,078	1,483	595	40.1 %
Logistics	1,211	924	287	31.1 %
Freight	789	779	10	1.3 %
Other	304	212	92	43.4 %
Total Supply Chain & Freight	4,382	3,398	984	29.0 %
Consolidated	\$ 24,896	\$ 20,568	\$ 4,328	21.0 %
Consolidated volume (in millions)	1,826	1,651	175	10.6 %
Operating weekdays	62	62	—	— %
<b>Average Daily Package Volume (in thousands):</b>				
U.S. Domestic Package:				
Next Day Air	2,295	2,252	43	1.9 %
Deferred	2,299	2,268	31	1.4 %
Ground	20,561	18,589	1,972	10.6 %
Total U.S. Domestic Package	25,155	23,109	2,046	8.9 %
International Package:				
Domestic	2,227	1,905	322	16.9 %
Export	2,068	1,618	450	27.8 %
Total International Package	4,295	3,523	772	21.9 %
Consolidated	29,450	26,632	2,818	10.6 %
<b>Average Revenue Per Piece:</b>				
U.S. Domestic Package:				
Next Day Air	\$ 16.76	\$ 16.61	\$ 0.15	0.9 %
Deferred	12.57	11.99	0.58	4.8 %
Ground	9.07	8.16	0.91	11.2 %
Total U.S. Domestic Package	10.09	9.36	0.73	7.8 %
International Package:				
Domestic	7.08	6.49	0.59	9.1 %
Export	28.24	28.56	(0.32)	(1.1) %
Total International Package	17.27	16.63	0.64	3.8 %
Consolidated	\$ 11.14	\$ 10.32	\$ 0.82	7.9 %

Certain prior year amounts have been reclassified to conform to the current year presentation.

**United Parcel Service, Inc.**  
**Detail of Other Operating Expenses - Fourth Quarter**  
(unaudited)

	Three Months Ended December 31			
	2020	2019	Change	% Change
(in millions)				
Repairs and maintenance	\$ 672	\$ 446	\$ 226	50.7 %
Depreciation and amortization	712	630	82	13.0 %
Purchased transportation	5,047	3,640	1,407	38.7 %
Fuel	704	838	(134)	(16.0)%
Other occupancy	425	353	72	20.4 %
Other expenses	2,646	1,826	820	44.9 %
<b>Total other operating expenses</b>	<b>\$ 10,206</b>	<b>\$ 7,733</b>	<b>\$ 2,473</b>	<b>32.0 %</b>

**Earnings (Loss) Per Share and Share Data - Fourth Quarter**  
(unaudited)

	Three Months Ended December 31	
	2020	2019
(amounts in millions, except per share data)		
<b>Numerator:</b>		
Net income (loss)	\$ (3,263)	\$ (106)
<b>Denominator:</b>		
Weighted-average shares	864	857
Deferred compensation obligations	—	—
Vested portion of restricted units	7	6
Denominator for basic earnings (loss) per share	871	863
<b>Effect of dilutive securities:</b>		
Restricted units	—	—
Stock options	—	—
Denominator for diluted earnings (loss) per share	871	863
Basic earnings (loss) per share	\$ (3.75)	\$ (0.12)
Diluted earnings (loss) per share	\$ (3.75)	\$ (0.12)
<b>Detail of shares outstanding as of December 31, 2020:</b>		
Class A shares	147	
Class B shares	718	
Total shares outstanding	865	

Certain prior year amounts have been reclassified to conform to the current year presentation.

**United Parcel Service, Inc.**  
**Selected Financial Data - Year to Date**  
**(unaudited)**

	Twelve Months Ended December 31			
	2020	2019	Change	% Change
(amounts in millions, except per share data)				
<b>Statement of Income Data:</b>				
Revenue:				
U.S. Domestic Package	\$ 53,499	\$ 46,493	\$ 7,006	15.1 %
International Package	15,945	14,220	1,725	12.1 %
Supply Chain & Freight	15,184	13,381	1,803	13.5 %
Total revenue	<u>84,628</u>	<u>74,094</u>	10,534	14.2 %
Operating expenses:				
Compensation and benefits	44,529	38,908	5,621	14.4 %
Other	32,285	27,388	4,897	17.9 %
Total operating expenses	<u>76,814</u>	<u>66,296</u>	10,518	15.9 %
Operating profit:				
U.S. Domestic Package	3,891	4,164	(273)	(6.6)%
International Package	3,436	2,657	779	29.3 %
Supply Chain & Freight	487	977	(490)	(50.2)%
Total operating profit	<u>7,814</u>	<u>7,798</u>	16	0.2 %
Other income (expense):				
Other pension income (expense)	(5,176)	(1,622)	(3,554)	N/A
Investment income and other	37	129	(92)	(71.3)%
Interest expense	(701)	(653)	(48)	7.4 %
Total other income (expense)	<u>(5,840)</u>	<u>(2,146)</u>	<u>(3,694)</u>	172.1 %
Income before income taxes	1,974	5,652	(3,678)	(65.1)%
Income tax expense (benefit)	547	1,212	(665)	(54.9)%
Net income	<u>\$ 1,427</u>	<u>\$ 4,440</u>	<u>\$ (3,013)</u>	(67.9)%
Net income as a percentage of revenue	1.7 %	6.0 %		
Per share amounts:				
Basic earnings per share	\$ 1.65	\$ 5.14	\$ (3.49)	(67.9)%
Diluted earnings per share	\$ 1.64	\$ 5.11	\$ (3.47)	(67.9)%
Weighted-average shares outstanding:				
Basic	867	864	3	0.3 %
Diluted	871	869	2	0.2 %
<b>As adjusted income data<sup>(1)</sup>:</b>				
Operating profit:				
U.S. Domestic Package	\$ 4,128	\$ 4,369	\$ (241)	(5.5)%
International Package	3,532	2,779	753	27.1 %
Supply Chain & Freight	1,058	1,002	56	5.6 %
Total operating profit	<u>8,718</u>	<u>8,150</u>	568	7.0 %
Total other income (expense)	\$ 644	\$ 241	\$ 403	167.2 %
Income before income taxes	\$ 9,362	\$ 8,391	\$ 971	11.6 %
Net income	\$ 7,166	\$ 6,543	\$ 623	9.5 %
Basic earnings per share	\$ 8.27	\$ 7.57	\$ 0.70	9.2 %
Diluted earnings per share	\$ 8.23	\$ 7.53	\$ 0.70	9.3 %

(1) See Non-GAAP schedules for reconciliation of adjustments.

Certain prior year amounts have been reclassified to conform to the current year presentation.

**United Parcel Service, Inc.**  
**Selected Operating Data - Year to Date**  
**(unaudited)**

	Twelve Months Ended December 31			
	2020	2019	Change	% Change
<b>Revenue (in millions):</b>				
U.S. Domestic Package:				
Next Day Air	\$ 8,522	\$ 8,479	\$ 43	0.5 %
Deferred	5,665	5,180	485	9.4 %
Ground	39,312	32,834	6,478	19.7 %
Total U.S. Domestic Package	53,499	46,493	7,006	15.1 %
International Package:				
Domestic	3,160	2,836	324	11.4 %
Export	12,159	10,837	1,322	12.2 %
Cargo and Other	626	547	79	14.4 %
Total International Package	15,945	14,220	1,725	12.1 %
Supply Chain & Freight:				
Forwarding	6,975	5,867	1,108	18.9 %
Logistics	4,073	3,435	638	18.6 %
Freight	3,149	3,265	(116)	(3.6) %
Other	987	814	173	21.3 %
Total Supply Chain & Freight	15,184	13,381	1,803	13.5 %
Consolidated	\$ 84,628	\$ 74,094	\$ 10,534	14.2 %
Consolidated volume (in millions)	6,292	5,536	756	13.7 %
Operating weekdays	255	253	2	0.8 %
<b>Average Daily Package Volume (in thousands):</b>				
U.S. Domestic Package:				
Next Day Air	1,987	1,889	98	5.2 %
Deferred	1,783	1,622	161	9.9 %
Ground	17,371	15,176	2,195	14.5 %
Total U.S. Domestic Package	21,141	18,687	2,454	13.1 %
International Package:				
Domestic	1,863	1,721	142	8.3 %
Export	1,672	1,472	200	13.6 %
Total International Package	3,535	3,193	342	10.7 %
Consolidated	24,676	21,880	2,796	12.8 %
<b>Average Revenue Per Piece:</b>				
U.S. Domestic Package:				
Next Day Air	\$ 16.82	\$ 17.74	\$ (0.92)	(5.2) %
Deferred	12.46	12.62	(0.16)	(1.3) %
Ground	8.87	8.55	0.32	3.7 %
Total U.S. Domestic Package	9.92	9.83	0.09	0.9 %
International Package:				
Domestic	6.65	6.51	0.14	2.2 %
Export	28.52	29.10	(0.58)	(2.0) %
Total International Package	16.99	16.93	0.06	0.4 %
Consolidated	\$ 10.94	\$ 10.87	\$ 0.07	0.6 %

Certain prior year amounts have been reclassified to conform to the current year presentation.

**United Parcel Service, Inc.**  
**Detail of Other Operating Expenses - Year to Date**  
(unaudited)

	Twelve Months Ended December 31			
	2020	2019	Change	% Change
(in millions)				
Repairs and maintenance	\$ 2,365	\$ 1,838	\$ 527	28.7 %
Depreciation and amortization	2,698	2,360	338	14.3 %
Purchased transportation	15,631	12,590	3,041	24.2 %
Fuel	2,582	3,289	(707)	(21.5)%
Other occupancy	1,539	1,392	147	10.6 %
Other expenses	7,470	5,919	1,551	26.2 %
<b>Total other operating expenses</b>	<b>\$ 32,285</b>	<b>\$ 27,388</b>	<b>\$ 4,897</b>	<b>17.9 %</b>

**Earnings Per Share and Share Data - Year to Date**  
(unaudited)

	Twelve Months Ended December 31	
	2020	2019
(amounts in millions, except per share data)		
<b>Numerator:</b>		
Net income	\$ 1,427	\$ 4,440
<b>Denominator:</b>		
Weighted-average shares	862	859
Deferred compensation obligations	—	—
Vested portion of restricted units	5	5
<b>Denominator for basic earnings per share</b>	<b>867</b>	<b>864</b>
<b>Effect of dilutive securities:</b>		
Restricted units	4	5
Stock options	—	—
<b>Denominator for diluted earnings per share</b>	<b>871</b>	<b>869</b>
<b>Basic earnings per share</b>	<b>\$ 1.65</b>	<b>\$ 5.14</b>
<b>Diluted earnings per share</b>	<b>\$ 1.64</b>	<b>\$ 5.11</b>

Certain prior year amounts have been reclassified to conform to the current year presentation.

**United Parcel Service, Inc.**  
**Consolidated Balance Sheets**  
**December 31, 2020 (unaudited) and December 31, 2019**

(amounts in millions)	December 31, 2020	December 31, 2019
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 5,910	\$ 5,238
Marketable securities	406	503
Accounts receivables	10,888	9,645
Less: Allowance for credit losses	(138)	(93)
Accounts receivable, net	10,750	9,552
Assets held for sale	1,281	—
Other current assets	1,953	1,810
Total Current Assets	20,300	17,103
Property, Plant and Equipment, Net	32,254	30,482
Operating Lease Right-Of-Use Assets	3,073	2,856
Goodwill	3,367	3,813
Intangible Assets, Net	2,274	2,167
Investments and Restricted Cash	25	24
Deferred Income Tax Assets	527	330
Other Non-Current Assets	672	1,082
Total Assets	\$ 62,492	\$ 57,857
<b>LIABILITIES AND SHAREOWNERS' EQUITY</b>		
Current Liabilities:		
Current maturities of long-term debt, commercial paper and finance leases	\$ 2,623	\$ 3,420
Current maturities of operating leases	560	538
Accounts payable	6,455	5,555
Accrued wage and withholdings	3,569	2,552
Self-insurance reserves	1,085	914
Accrued group welfare and retirement plan contributions	927	793
Liabilities to be disposed of	347	—
Other current liabilities	1,450	1,641
Total Current Liabilities	17,016	15,413
Long-Term Debt and Finance Leases	22,031	21,818
Non-Current Operating Leases	2,540	2,391
Pension and Postretirement Benefit Obligations	15,817	10,601
Deferred Income Tax Liabilities	488	1,632
Other Non-Current Liabilities	3,847	2,719
Shareowners' Equity:		
Class A common stock	2	2
Class B common stock	7	7
Additional paid-in capital	865	150
Retained earnings	6,980	9,105
Accumulated other comprehensive loss	(7,113)	(5,997)
Deferred compensation obligations	20	26
Less: Treasury stock	(20)	(26)
Total Equity for Controlling Interest	741	3,267
Noncontrolling interests	12	16
Total Shareowners' Equity	753	3,283
Total Liabilities and Shareowners' Equity	\$ 62,492	\$ 57,857

Amounts are subject to reclassification.

**United Parcel Service, Inc.**  
**Statements of Consolidated Cash Flows**  
(unaudited)

(amounts in millions)

	Twelve Months Ended December 31,	
	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 1,427	\$ 4,440
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	2,698	2,360
Pension and postretirement benefit expense	7,125	3,141
Pension and postretirement benefit contributions	(3,125)	(2,362)
Self-insurance reserves	503	(185)
Deferred tax (benefit) expense	(812)	100
Stock compensation expense	796	915
Other (gains) losses	787	74
Changes in assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	(1,562)	(717)
Other assets	218	698
Accounts payable	904	419
Accrued wages and withholdings	1,631	(446)
Other liabilities	(110)	182
Other operating activities	(21)	20
Net cash from operating activities	<u>10,459</u>	<u>8,639</u>
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(5,412)	(6,380)
Proceeds from disposals of property, plant and equipment	40	65
Purchases of marketable securities	(254)	(561)
Sales and maturities of marketable securities	360	883
Net change in finance receivables	44	13
Cash paid for business acquisitions, net of cash and cash equivalents acquired	(20)	(6)
Other investing activities	(41)	(75)
Net cash used in investing activities	<u>(5,283)</u>	<u>(6,061)</u>
<b>Cash Flows From Financing Activities:</b>		
Net change in short-term debt	(2,462)	310
Proceeds from long-term borrowings	5,003	5,205
Repayments of long-term borrowings	(3,392)	(3,096)
Purchases of common stock	(224)	(1,004)
Issuances of common stock	285	218
Dividends	(3,374)	(3,194)
Other financing activities	(353)	(166)
Net cash used in financing activities	<u>(4,517)</u>	<u>(1,727)</u>
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	13	20
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	672	871
<b>Cash, Cash Equivalents and Restricted Cash:</b>		
Beginning of period	5,238	4,367
End of period	<u>\$ 5,910</u>	<u>\$ 5,238</u>

Certain prior year amounts have been reclassified to conform to the current year presentation.

**United Parcel Service, Inc.**  
**Supplemental Analysis of Currency and Pension Discount Rates - Fourth Quarter**  
**Currency Neutral Revenue Per Piece, Revenue and Operating Profit**  
(unaudited)

	Three Months Ended December 31			Currency Neutral		
	2020	2019	% Change	Currency	2020 <sup>(1)</sup>	% Change
<b>Average Revenue Per Piece:</b>						
<b>International Package:</b>						
Domestic	\$ 7.08	\$ 6.49	9.1 %	\$ (0.29)	\$ 6.79	4.6 %
Export	28.24	28.56	(1.1) %	(0.71)	27.53	(3.6) %
Total International Package	\$ 17.27	\$ 16.63	3.8 %	\$ (0.49)	\$ 16.78	0.9 %
Consolidated	\$ 11.14	\$ 10.32	7.9 %	\$ (0.07)	\$ 11.07	7.3 %

	Three Months Ended December 31			Currency Neutral		
	2020	2019	% Change	Currency	2020 <sup>(1)</sup>	% Change
<b>Revenue (in millions):</b>						
U.S. Domestic Package	\$ 15,744	\$ 13,408	17.4 %	\$ —	\$ 15,744	17.4 %
International Package	4,770	3,762	26.8 %	(132)	4,638	23.3 %
Supply Chain & Freight	4,382	3,398	29.0 %	(16)	4,366	28.5 %
Total revenue	\$ 24,896	\$ 20,568	21.0 %	\$ (148)	\$ 24,748	20.3 %

	Three Months Ended December 31			Currency Neutral		
	2020 <sup>(2)</sup>	2019 <sup>(2)</sup>	% Change	Currency	2020 <sup>(3)</sup>	% Change
<b>As-Adjusted Operating Profit (in millions):</b>						
U.S. Domestic Package	\$ 1,379	\$ 1,207	14.3 %	\$ —	\$ 1,379	14.3 %
International Package	1,160	809	43.4 %	(33)	1,127	39.3 %
Supply Chain & Freight	331	262	26.3 %	6	337	28.6 %
Total operating profit	\$ 2,870	\$ 2,278	26.0 %	\$ (27)	\$ 2,843	24.8 %

**Pension Discount Rate Neutral Operating Profit and Margin**  
(unaudited)

	Three Months Ended December 31			Pension Discount Rate Neutral		
	2020 <sup>(2)</sup>	2019 <sup>(2)</sup>	% Change	Pension	2020 <sup>(4)</sup>	% Change
<b>As-Adjusted Operating profit (in millions):</b>						
U.S. Domestic Package	\$ 1,379	\$ 1,207	14.3 %	\$ 61	\$ 1,440	19.3 %
International Package	1,160	809	43.4 %	5	1,165	44.0 %
Supply Chain & Freight	331	262	26.3 %	7	338	29.0 %
Total operating profit	\$ 2,870	\$ 2,278	26.0 %	\$ 73	\$ 2,943	29.2 %

	Three Months Ended December 31			Pension Discount Rate Neutral		
	2020 <sup>(2)</sup>	2019 <sup>(2)</sup>	% Change	Pension	2020 <sup>(4)</sup>	% Change
<b>As-Adjusted Operating margin:</b>						
U.S. Domestic Package	8.8 %	9.0 %	(0.2) %	0.3 %	9.1 %	0.1 %
International Package	24.3 %	21.5 %	2.8 %	0.1 %	24.4 %	2.9 %
Supply Chain & Freight	7.6 %	7.7 %	(0.1) %	0.1 %	7.7 %	— %
Total operating margin	11.5 %	11.1 %	0.4 %	0.3 %	11.8 %	0.7 %

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

(2) Amounts adjusted for transformation & other

(3) Amounts adjusted for transformation & other and period over period foreign currency exchange rate and hedging differences

(4) Amounts adjusted for transformation & other and period over period impact of discount rates on pension service cost

Certain prior year have been reclassified to conform to the current year presentation.



**United Parcel Service, Inc.**  
**Supplemental Analysis of Currency and Pension Discount Rates - Year to Date**  
**Currency Neutral Revenue Per Piece, Revenue and Operating Profit**  
**(unaudited)**

	Twelve Months Ended December 31			Currency Neutral		
	2020	2019	% Change	Currency	2020 <sup>(1)</sup>	% Change
<b>Average Revenue Per Piece:</b>						
<b>International Package:</b>						
Domestic	\$ 6.65	\$ 6.51	2.2 %	\$ (0.06)	\$ 6.59	1.2 %
Export	28.52	29.10	(2.0) %	(0.23)	28.29	(2.8) %
Total International Package	\$ 16.99	\$ 16.93	0.4 %	\$ (0.14)	\$ 16.85	(0.5) %
Consolidated	\$ 10.94	\$ 10.87	0.6 %	\$ (0.02)	\$ 10.92	0.5 %

	Twelve Months Ended December 31			Currency Neutral		
	2020	2019	% Change	Currency	2020 <sup>(1)</sup>	% Change
<b>Revenue (in millions):</b>						
U.S. Domestic Package	\$ 53,499	\$ 46,493	15.1 %	\$ —	\$ 53,499	15.1 %
International Package	15,945	14,220	12.1 %	(129)	15,816	11.2 %
Supply Chain & Freight	15,184	13,381	13.5 %	92	15,276	14.2 %
Total revenue	\$ 84,628	\$ 74,094	14.2 %	\$ (37)	\$ 84,591	14.2 %

	Twelve Months Ended December 31			Currency Neutral		
	2020 <sup>(2)</sup>	2019 <sup>(2)</sup>	% Change	Currency	2020 <sup>(3)</sup>	% Change
<b>As-Adjusted Operating Profit (in millions):</b>						
U.S. Domestic Package	\$ 4,128	\$ 4,369	(5.5) %	\$ —	\$ 4,128	(5.5) %
International Package	3,532	2,779	27.1 %	(70)	3,462	24.6 %
Supply Chain & Freight	1,058	1,002	5.6 %	2	1,060	5.8 %
Total operating profit	\$ 8,718	\$ 8,150	7.0 %	\$ (68)	\$ 8,650	6.1 %

**Pension Discount Rate Neutral Operating Profit and Margin**  
**(unaudited)**

	Twelve Months Ended December 31			Pension Discount Rate Neutral		
	2020 <sup>(2)</sup>	2019 <sup>(2)</sup>	% Change	Pension	2020 <sup>(4)</sup>	% Change
<b>As-Adjusted Operating profit (in millions):</b>						
U.S. Domestic Package	\$ 4,128	\$ 4,369	(5.5) %	\$ 249	\$ 4,377	0.2 %
International Package	3,532	2,779	27.1 %	17	3,549	27.7 %
Supply Chain & Freight	1,058	1,002	5.6 %	28	1,086	8.4 %
Total operating profit	\$ 8,718	\$ 8,150	7.0 %	\$ 294	\$ 9,012	10.6 %

	Twelve Months Ended December 31			Pension Discount Rate Neutral		
	2020 <sup>(2)</sup>	2019 <sup>(2)</sup>	% Change	Pension	2020 <sup>(4)</sup>	% Change
<b>As-Adjusted Operating margin:</b>						
U.S. Domestic Package	7.7 %	9.4 %	(1.7) %	0.5 %	8.2 %	(1.2) %
International Package	22.2 %	19.5 %	2.7 %	0.1 %	22.3 %	2.8 %
Supply Chain & Freight	7.0 %	7.5 %	(0.5) %	0.2 %	7.2 %	(0.3) %
Total operating margin	10.3 %	11.0 %	(0.7) %	0.3 %	10.6 %	(0.4) %

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

(2) Amounts adjusted for transformation & other

(3) Amounts adjusted for transformation & other and period over period foreign currency exchange rate and hedging differences

(4) Amounts adjusted for transformation & other and period over period impact of discount rates on pension service cost

Certain prior year have been reclassified to conform to the current year presentation.

**United Parcel Service, Inc.**  
**Non-GAAP Schedules**  
**Reconciliation of GAAP and Non-GAAP Income Statement Data**  
(in millions, except per share amounts):

	2020				2019				
	As-Reported (GAAP)	Transformation & Other <sup>(1)</sup>	Defined Benefit Plans MTM Charges <sup>(2)</sup>	As-Adjusted (Non-GAAP)	As-Reported (GAAP)	Transformation & Other <sup>(3)</sup>	Defined Benefit Plans MTM Charges <sup>(2)</sup>	Legal Contingencies and Expenses	As-Adjusted (Non-GAAP)
<b>Operating profit:</b>									
U.S. Domestic Package	\$ 1,247	\$ 132	\$ —	\$ 1,379	\$ 1,074	\$ 36	\$ —	\$ 97	\$ 1,207
International Package	1,148	12	—	1,160	799	10	—	—	809
Supply Chain & Freight	(228)	559	—	331	260	2	—	—	262
Total operating profit	\$ 2,167	\$ 703	\$ —	\$ 2,870	\$ 2,133	\$ 48	\$ —	\$ 97	\$ 2,278
Other income (expense)	\$ (6,325)	\$ —	\$ 6,484	\$ 159	\$ (2,331)	\$ —	\$ 2,387	\$ —	\$ 56
Income (loss) before income taxes	\$ (4,158)	\$ 703	\$ 6,484	\$ 3,029	\$ (198)	\$ 48	\$ 2,387	\$ 97	\$ 2,334
Income tax expense (benefit)	\$ (895)	\$ 44	\$ 1,555	\$ 704	\$ (92)	\$ 9	\$ 571	\$ 6	\$ 494
Net income (loss)	\$ (3,263)	\$ 659	\$ 4,929	\$ 2,325	\$ (106)	\$ 39	\$ 1,816	\$ 91	\$ 1,840
Diluted earnings (loss) per share <sup>(4)</sup>	\$ (3.75)	\$ 0.75	\$ 5.63	\$ 2.66	\$ (0.12)	\$ 0.04	\$ 2.09	\$ 0.10	\$ 2.11

(1) Transformation & other of \$703 million reflects goodwill and other asset impairment charges of \$556 million related to the planned divestiture of UPS Freight, other employee benefits costs of \$100 million and other costs of \$47 million

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

(3) Transformation & other of \$48 million reflect other employee benefits costs of \$17 million and other costs of \$31 million

(4) Does not total due to difference in weighted-average shares outstanding used to calculate diluted earnings per share

	2020				2019				
	As-Reported (GAAP)	Transformation & Other <sup>(1)</sup>	Defined Benefit Plans MTM Charges <sup>(2)</sup>	As-Adjusted (Non-GAAP)	As-Reported (GAAP)	Transformation & Other <sup>(3)</sup>	Defined Benefit Plans MTM Charges <sup>(2)</sup>	Legal Contingencies and Expenses	As-Adjusted (Non-GAAP)
<b>Operating profit:</b>									
U.S. Domestic Package	\$ 3,891	\$ 237	\$ —	\$ 4,128	\$ 4,164	\$ 108	\$ —	\$ 97	\$ 4,369
International Package	3,436	96	—	3,532	2,657	122	—	—	2,779
Supply Chain & Freight	487	571	—	1,058	977	25	—	—	1,002
Total operating profit	\$ 7,814	\$ 904	\$ —	\$ 8,718	\$ 7,798	\$ 255	\$ —	\$ 97	\$ 8,150
Other income (expense)	\$ (5,840)	\$ —	\$ 6,484	\$ 644	\$ (2,146)	\$ —	\$ 2,387	\$ —	\$ 241
Income before income taxes	\$ 1,974	\$ 904	\$ 6,484	\$ 9,362	\$ 5,652	\$ 255	\$ 2,387	\$ 97	\$ 8,391
Income tax expense	\$ 547	\$ 94	\$ 1,555	\$ 2,196	\$ 1,212	\$ 59	\$ 571	\$ 6	\$ 1,848
Net income	\$ 1,427	\$ 810	\$ 4,929	\$ 7,166	\$ 4,440	\$ 196	\$ 1,816	\$ 91	\$ 6,543
Diluted earnings per share	\$ 1.64	\$ 0.93	\$ 5.66	\$ 8.23	\$ 5.11	\$ 0.23	\$ 2.09	\$ 0.10	\$ 7.53

(1) Transformation & other of \$904 million reflects goodwill and other asset impairment charges of \$556 million related to the planned divestiture of UPS Freight, other employee benefits costs of \$211 million and other costs of \$137 million

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

(3) Transformation & other of \$255 million reflect other employee benefits costs of \$166 million and other costs of \$89 million

**Reconciliation of Adjusted Capital Expenditures and Free Cash Flow (Non-GAAP measures)**  
(in millions):  
Twelve Months Ended December 31,

	2020	2019
Cash flows from operating activities	\$ 10,459	\$ 8,639
Capital expenditures	(5,412)	(6,380)
Proceeds from disposals of PP&E	40	65
Net change in finance receivables	44	13
Other investing activities	(41)	(75)
Free cash flow (Non-GAAP measure)	\$ 5,090	\$ 2,262
Principal repayments of finance lease obligations	(192)	(140)
Adjusted Free cash flow (Non-GAAP measure)	\$ 4,898	\$ 2,122
Discretionary pension contributions	2,770	2,000
Adjusted Free cash flow (Non-GAAP measure) excluding discretionary pension contributions	\$ 7,668	\$ 4,122
Capital expenditures	\$ 5,412	\$ 6,380
Principal repayments of finance lease obligations	192	140
Adjusted Capital expenditures (Non-GAAP measure)	\$ 5,604	\$ 6,520

Amounts are subject to reclassification.

**United Parcel Service, Inc.**  
**Aircraft Fleet - as of December 31, 2020**  
(unaudited)

Description	Owned and Finance Leases	Operating Leases & Charters from Others	On Order	Under Option
<b>Operating:</b>				
Boeing 757-200	75	—	—	—
Boeing 767-300	69	—	3	—
Boeing 767-300BCF	4	—	—	—
Boeing 767-300BDSF	4	—	—	—
Airbus A300-600	52	—	—	—
Boeing MD-11	40	—	2	—
Boeing 747-400F	11	—	—	—
Boeing 747-400BCF	2	—	—	—
Boeing 747-8F	20	—	8	—
Other	—	311	—	—
Total	277	311	13	—