

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): October 26, 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 October 26, 2021, United Parcel Service, Inc. (the “Company”) issued a press release containing information about the Company’s results of operations for the third quarter ended September 30, 2021. 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 October 26, 2021 "[UPS RELEASES 3Q 2021 EARNINGS](#)"

99.2 [Q3 2021 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: October 26, 2021

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

For Immediate Release

## UPS RELEASES 3Q 2021 EARNINGS

- *Consolidated Revenues of \$23.2B, Up 9.2% from Last Year*
- *Consolidated Operating Profit of \$2.9B, Up 22.6% from Last Year; Up 23.4% on an Adjusted\* Basis*
- *Diluted EPS of \$2.65, Up 18.3% from Last Year; Adjusted Diluted EPS Up 18.9% to \$2.71*
- *Company Raises Full-Year 2021 Financial Guidance*

ATLANTA – October 26, 2021 – UPS (NYSE:UPS) today announced third-quarter 2021 consolidated revenue of \$23.2 billion, a 9.2% increase over the third quarter of 2020. Consolidated operating profit was \$2.9 billion, up 22.6% compared to the third quarter of 2020, and up 23.4% on an adjusted basis. Diluted earnings per share were \$2.65 for the quarter, 18.3% above the same period in 2020, and up 18.9% on an adjusted basis.

For the third quarter of 2021, GAAP results include after-tax transformation and other charges of \$54 million, equivalent to \$0.06 per share. Year-to-date cash from operations was \$11.8 billion, up 26.7% compared to the same period in 2020, with free cash flow of \$9.3 billion, a 52.3% increase above the first nine months of 2020.

“I want to thank all UPSers for delivering what matters with great service to our customers,” said Carol Tomé, UPS chief executive officer. “The actions we are taking under our better not bigger strategic framework to improve revenue quality, enhance productivity and remain disciplined on capital allocation are driving our positive financial performance.”

### U.S. Domestic Segment

	<u>3Q 2021</u>	<u>Adjusted 3Q 2021</u>	<u>3Q 2020</u>	<u>Adjusted 3Q 2020</u>
Revenue	\$14,208M		\$13,225M	
Operating profit	\$1,407M	\$1,414M	\$1,098M	\$1,133M

- Revenue was up 7.4%, driven by a 12.0% increase in revenue per piece.
- Operating margin was 9.9%; adjusted operating margin was 10.0%.

### International Segment

	<u>3Q 2021</u>	<u>Adjusted 3Q 2021</u>	<u>3Q 2020</u>	<u>Adjusted 3Q 2020</u>
Revenue	\$4,720M		\$4,087M	
Operating profit	\$1,051M	\$1,108M	\$966M	\$972M

- Revenue increased 15.5%, with strong growth from all regions.
- Operating margin was 22.3%; adjusted operating margin was 23.5%.

**Supply Chain Solutions Segment**

	<u>3Q 2021</u>	<u>Adjusted</u> <u>3Q 2021</u>	<u>3Q 2020</u>	<u>Adjusted</u> <u>3Q 2020</u>
Revenue	\$4,256M		\$3,926M	
Operating profit	\$438M	\$448M	\$299M	\$302M

- Revenue increased 8.4%, led by Forwarding and Logistics, which combined grew 35.4%.
- Operating margin was 10.3%; adjusted operating margin was 10.5%.

**Outlook**

For the full year in 2021, the company is raising its consolidated adjusted operating margin target to approximately 13.0% and expects adjusted return on invested capital to be around 29%. Capital expenditures are now planned to be approximately \$4.2 billion and the company's effective tax rate is expected to be about 22.5%.

\* \*\*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.

**Contacts:**

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

UPS Investor Relations: 404-828-6059 (option 4) 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 third-quarter results with investors and analysts during a conference call at 8:30 a.m. ET, October 26, 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 Conference Call.” Additional financial information is included in the detailed financial schedules being posted on [www.investors.ups.com](http://www.investors.ups.com) under “Quarterly Earnings and 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 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. Focused on its purpose statement, “Moving our world forward by delivering what matters,” 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 an unwavering stance in support of diversity, equality, and inclusion. More information can be found at [www.ups.com](http://www.ups.com), [about.ups.com](http://about.ups.com) and [www.investors.ups.com](http://www.investors.ups.com).

## **Forward-Looking Statements**

This release 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: 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

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or disasters including terrorist attacks, epidemics or pandemics; our ability to accurately forecast 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, 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**

From time to time we supplement the reporting of our financial information determined under generally accepted accounting principles ("GAAP") with certain non-GAAP financial measures. These include: "adjusted" compensation and benefits; operating expenses; operating profit; operating margin; other income and (expense); income before income taxes; income tax expense; effective tax rate; net income and earnings per share. We present revenue and revenue per piece on a constant currency basis. Additionally, we disclose free cash flow and return on invested capital ("ROIC").

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

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

#### *Restructuring and Other Charges*

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

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

Currency-neutral revenue, revenue per piece and operating profit exclude the period over period impact of foreign currency exchange rate changes and any foreign currency hedging activities. These measures are calculated by dividing current period reported U.S. dollar revenue, revenue per piece and operating profit by the current period average exchange rates to derive current period local currency revenue, revenue per piece and operating profit. The derived amounts are then multiplied by the average foreign exchange rates used to translate the comparable results for each month in the prior year period (including

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the impact of any foreign currency hedging activities). The difference between the current period reported U.S. dollar revenue, revenue per piece and operating profit and the derived current period U.S. dollar revenue, revenue per piece and operating profit is the period over period impact of foreign currency exchange rates and hedging activities.

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

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

The deferred income tax effects of mark-to-market pension and postretirement adjustments are calculated by multiplying the statutory tax rates applicable in each tax jurisdiction, including the U.S. federal jurisdiction and various U.S. state and non-U.S. jurisdictions, by the adjustments.

#### *Free Cash Flow*

We calculate free cash flow as cash flows from operating activities less capital expenditures, proceeds from disposals of property, plant and equipment, and plus or minus the net changes in finance receivables and other investing activities. We believe free cash flow is an important indicator of how much cash is generated by our ongoing business operations and we use this as a measure of incremental cash available to invest in our business, meet our debt obligations and return cash to shareowners.

#### *Return on Invested Capital*

ROIC is calculated as the trailing twelve months (“TTM”) of adjusted operating income divided by the average of total debt, non-current pension and postretirement benefit obligations and shareowners’ equity, at the current period end and the corresponding period end of the prior year. Because ROIC is not a measure defined by GAAP, we calculate it, in part, using non-GAAP financial measures that we believe are most indicative of our ongoing business performance. We consider ROIC to be a useful measure for evaluating the effectiveness and efficiency of our long-term capital investments.

#### *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.

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

Three Months Ended September 30, 2021

	As-Reported (GAAP)	Transformation & Other Adj. <sup>(1)</sup>	As-Adjusted (Non-GAAP)
<b>Operating profit:</b>			
U.S. Domestic Package	\$ 1,407	\$ 7	\$ 1,414
International Package	1,051	57	1,108
Supply Chain Solutions	438	10	448
Operating Profit	<u>2,896</u>	<u>74</u>	<u>2,970</u>
<b>Other Income and (Expense):</b>			
Other pension income (expense)	285	—	285
Investment income (expense) and other	(11)	—	(11)
Interest expense	(177)	—	(177)
Total Other Income (Expense)	<u>\$ 97</u>	<u>\$ —</u>	<u>\$ 97</u>
Income Before Income Taxes	2,993	74	3,067
Income Tax Expense	664	20	684
Net Income	<u>\$ 2,329</u>	<u>\$ 54</u>	<u>\$ 2,383</u>
Basic Earnings Per Share	<u>\$ 2.66</u>	<u>\$ 0.06</u>	<u>\$ 2.72</u>
Diluted Earnings Per Share	<u>\$ 2.65</u>	<u>\$ 0.06</u>	<u>\$ 2.71</u>

(1) Transformation & Other of \$74 million reflects other employee benefits costs of \$33 million and other costs of \$41 million.

**Reconciliation of Currency Adjusted Revenue, Revenue Per Piece, and Adjusted Operating Profit**  
**(in millions, except per piece amounts):**  
**Three Months Ended September 30,**

	2021 As-Reported (GAAP)	2020 As-Reported (GAAP)	% Change (GAAP)	Currency Impact	2021 Currency Neutral (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 7.19	\$ 6.61	8.8 %	\$ (0.16)	\$ 7.03	6.4 %
Export	33.56	28.98	15.8 %	(0.36)	33.20	14.6 %
Total International Package	<u>\$ 19.80</u>	<u>\$ 17.37</u>	14.0 %	<u>\$ (0.26)</u>	<u>\$ 19.54</u>	12.5 %
Consolidated	<u>\$ 12.50</u>	<u>\$ 11.06</u>	13.0 %	<u>\$ (0.04)</u>	<u>\$ 12.46</u>	12.7 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 14,208	\$ 13,225	7.4 %	\$ —	\$ 14,208	7.4 %
International Package	4,720	4,087	15.5 %	(58)	4,662	14.1 %
Supply Chain Solutions	4,256	3,926	8.4 %	(12)	4,244	8.1 %
Total revenue	<u>\$ 23,184</u>	<u>\$ 21,238</u>	9.2 %	<u>\$ (70)</u>	<u>\$ 23,114</u>	8.8 %

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

	2021 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Currency Impact	2021 As-Adjusted Currency Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating Profit:</b>						
U.S. Domestic Package	\$ 1,414	\$ 1,133	24.8 %	\$ —	\$ 1,414	24.8 %
International Package	1,108	972	14.0 %	(20)	1,088	11.9 %
Supply Chain Solutions	448	302	48.3 %	17	465	54.0 %
Total operating profit	<u>\$ 2,970</u>	<u>\$ 2,407</u>	23.4 %	<u>\$ (3)</u>	<u>\$ 2,967</u>	23.3 %

<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

**Reconciliation of Free Cash Flow (Non-GAAP measure)**  
**(in millions):**

**Nine Months Ended September 30,**

	<b>2021</b>
Cash flows from operating activities	\$ 11,761
Capital expenditures	(2,570)
Proceeds from disposals of PP&E	22
Net change in finance receivables	28
Other investing activities	24
Free Cash Flow (Non-GAAP measure)	<u>\$ 9,265</u>

*Amounts are subject to reclassification.*

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

**Three Months Ended**  
**September 30**

	2021	2020	Change	% Change
<i>(amounts in millions, except per share data)</i>				
<b>Statement of Income Data:</b>				
Revenue:				
U.S. Domestic Package	\$ 14,208	\$ 13,225	\$ 983	7.4 %
International Package	4,720	4,087	633	15.5 %
Supply Chain Solutions <sup>(2)</sup>	4,256	3,926	330	8.4 %
Total revenue	23,184	21,238	1,946	9.2 %
Operating expenses:				
U.S. Domestic Package	12,801	12,127	674	5.6 %
International Package	3,669	3,121	548	17.6 %
Supply Chain Solutions <sup>(2)</sup>	3,818	3,627	191	5.3 %
Total operating expenses	20,288	18,875	1,413	7.5 %
Operating profit:				
U.S. Domestic Package	1,407	1,098	309	28.1 %
International Package	1,051	966	85	8.8 %
Supply Chain Solutions <sup>(2)</sup>	438	299	139	46.5 %
Total operating profit	2,896	2,363	533	22.6 %
Other income (expense):				
Other pension income (expense)	285	327	(42)	(12.8)%
Investment income (expense) and other	(11)	11	(22)	(200.0)%
Interest expense	(177)	(176)	(1)	0.6 %
Total other income (expense)	97	162	(65)	(40.1)%
Income before income taxes	2,993	2,525	468	18.5 %
Income tax expense (benefit)	664	568	96	16.9 %
Net income	\$ 2,329	\$ 1,957	\$ 372	19.0 %
Net income as a percentage of revenue	10.0 %	9.2 %		
Per share amounts:				
Basic earnings per share	\$ 2.66	\$ 2.25	\$ 0.41	18.2 %
Diluted earnings per share	\$ 2.65	\$ 2.24	\$ 0.41	18.3 %
Weighted-average shares outstanding:				
Basic	875	868	7	0.8 %
Diluted	879	872	7	0.8 %
<b>As Adjusted Income Data <sup>(1)</sup>:</b>				
Operating profit:				
U.S. Domestic Package	\$ 1,414	\$ 1,133	\$ 281	24.8 %
International Package	1,108	972	136	14.0 %
Supply Chain Solutions <sup>(2)</sup>	448	302	146	48.3 %
Total operating profit	2,970	2,407	563	23.4 %
Total other income (expense)	\$ 97	\$ 162	\$ (65)	(40.1)%
Income before income taxes	\$ 3,067	\$ 2,569	\$ 498	19.4 %
Net income	\$ 2,383	\$ 1,990	\$ 393	19.7 %
Basic earnings per share	\$ 2.72	\$ 2.29	\$ 0.43	18.8 %
Diluted earnings per share	\$ 2.71	\$ 2.28	\$ 0.43	18.9 %

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

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

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

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

	Three Months Ended			
	September 30			
	2021	2020	Change	% Change
<b>Revenue (in millions):</b>				
U.S. Domestic Package:				
Next Day Air	\$ 2,415	\$ 2,098	\$ 317	15.1 %
Deferred	1,304	1,378	(74)	(5.4)%
Ground	10,489	9,749	740	7.6 %
Total U.S. Domestic Package	14,208	13,225	983	7.4 %
International Package:				
Domestic	852	776	76	9.8 %
Export	3,641	3,153	488	15.5 %
Cargo and Other	227	158	69	43.7 %
Total International Package	4,720	4,087	633	15.5 %
Supply Chain Solutions <sup>(1)</sup> :				
Forwarding	2,625	1,753	872	49.7 %
Logistics	1,158	1,040	118	11.3 %
Freight	—	870	(870)	(100.0)%
Other	473	263	210	79.8 %
Total Supply Chain Solutions <sup>(1)</sup>	4,256	3,926	330	8.4 %
Consolidated	\$ 23,184	\$ 21,238	\$ 1,946	9.2 %
Consolidated volume (in millions)	1,497	1,550	(53)	(3.4)%
Operating weekdays	64	65	(1)	(1.5)%
<b>Average Daily Package Volume (in thousands):</b>				
U.S. Domestic Package:				
Next Day Air	1,949	1,915	34	1.8 %
Deferred	1,501	1,657	(156)	(9.4)%
Ground	16,385	16,803	(418)	(2.5)%
Total U.S. Domestic Package	19,835	20,375	(540)	(2.7)%
International Package:				
Domestic	1,851	1,806	45	2.5 %
Export	1,695	1,674	21	1.3 %
Total International Package	3,546	3,480	66	1.9 %
Consolidated	23,381	23,855	(474)	(2.0)%
<b>Average Revenue Per Piece:</b>				
U.S. Domestic Package:				
Next Day Air	\$ 19.36	\$ 16.85	\$ 2.51	14.9 %
Deferred	13.57	12.79	0.78	6.1 %
Ground	10.00	8.93	1.07	12.0 %
Total U.S. Domestic Package	11.19	9.99	1.20	12.0 %
International Package:				
Domestic	7.19	6.61	0.58	8.8 %
Export	33.56	28.98	4.58	15.8 %
Total International Package	19.80	17.37	2.43	14.0 %
Consolidated	\$ 12.50	\$ 11.06	\$ 1.44	13.0 %

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

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

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

Three Months Ended  
September 30

<i>(in millions)</i>	2021	2020	Change	% Change
Compensation and benefits	\$ 11,148	\$ 11,077	\$ 71	0.6 %
Repairs and maintenance	619	576	43	7.5 %
Depreciation and amortization	738	677	61	9.0 %
Purchased transportation	4,638	3,937	701	17.8 %
Fuel	950	618	332	53.7 %
Other occupancy	384	376	8	2.1 %
Other expenses	1,811	1,614	197	12.2 %
Total operating expenses	\$ 20,288	\$ 18,875	\$ 1,413	7.5 %

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

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

Nine Months Ended  
September 30

(amounts in millions, except per share data)

	2021	2020	Change	% Change
<b>Statement of Income Data:</b>				
Revenue:				
U.S. Domestic Package	\$ 42,620	\$ 37,755	\$ 4,865	12.9 %
International Package	14,144	11,175	2,969	26.6 %
Supply Chain Solutions <sup>(2)</sup>	12,752	10,802	1,950	18.1 %
Total revenue	69,516	59,732	9,784	16.4 %
Operating expenses:				
U.S. Domestic Package	38,287	35,111	3,176	9.0 %
International Package	10,824	8,887	1,937	21.8 %
Supply Chain Solutions <sup>(2)</sup>	11,486	10,087	1,399	13.9 %
Total operating expenses	60,597	54,085	6,512	12.0 %
Operating profit (loss):				
U.S. Domestic Package	4,333	2,644	1,689	63.9 %
International Package	3,320	2,288	1,032	45.1 %
Supply Chain Solutions <sup>(2)</sup>	1,266	715	551	77.1 %
Total operating profit	8,919	5,647	3,272	57.9 %
Other income (expense):				
Other pension income (expense)	4,190	981	3,209	327.1 %
Investment income (expense) and other	45	30	15	50.0 %
Interest expense	(521)	(526)	5	(1.0)%
Total other income (expense)	3,714	485	3,229	N/M
Income before income taxes	12,633	6,132	6,501	106.0 %
Income tax expense (benefit)	2,836	1,442	1,394	96.7 %
Net income	\$ 9,797	\$ 4,690	\$ 5,107	108.9 %
Net income as a percentage of revenue	14.1 %	7.9 %		
Per share amounts:				
Basic earnings per share	\$ 11.21	\$ 5.42	\$ 5.79	106.8 %
Diluted earnings per share	\$ 11.16	\$ 5.39	\$ 5.77	107.1 %
Weighted-average shares outstanding:				
Basic	874	866	8	0.9 %
Diluted	878	870	8	0.9 %
<b>As Adjusted Income Data <sup>(1)</sup>:</b>				
Operating profit:				
U.S. Domestic Package	\$ 4,552	\$ 2,749	\$ 1,803	65.6 %
International Package	3,389	2,372	1,017	42.9 %
Supply Chain Solutions <sup>(2)</sup>	1,251	727	524	72.1 %
Total operating profit	9,192	5,848	3,344	57.2 %
Total other income (expense)	\$ 424	\$ 485	\$ (61)	(12.6)%
Income before income taxes	\$ 9,616	\$ 6,333	\$ 3,283	51.8 %
Net income	\$ 7,500	\$ 4,841	\$ 2,659	54.9 %
Basic earnings per share	\$ 8.58	\$ 5.59	\$ 2.99	53.5 %
Diluted earnings per share	\$ 8.54	\$ 5.56	\$ 2.98	53.6 %

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

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

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)**

	Nine Months Ended			
	September 30			
	2021	2020	Change	% Change
<b>Revenue (in millions):</b>				
U.S. Domestic Package:				
Next Day Air	\$ 7,202	\$ 6,137	\$ 1,065	17.4 %
Deferred	3,877	3,873	4	0.1 %
Ground	31,541	27,745	3,796	13.7 %
Total U.S. Domestic Package	42,620	37,755	4,865	12.9 %
International Package:				
Domestic	2,716	2,183	533	24.4 %
Export	10,808	8,538	2,270	26.6 %
Cargo and Other	620	454	166	36.6 %
Total International Package	14,144	11,175	2,969	26.6 %
Supply Chain Solutions <sup>(1)</sup> :				
Forwarding	7,006	4,897	2,109	43.1 %
Logistics	3,424	2,862	562	19.6 %
Freight	1,064	2,360	(1,296)	(54.9)%
Other	1,258	683	575	84.2 %
Total Supply Chain Solutions <sup>(1)</sup>	12,752	10,802	1,950	18.1 %
Consolidated	\$ 69,516	\$ 59,732	\$ 9,784	16.4 %
Consolidated volume (in millions)	4,569	4,466	103	2.3 %
Operating weekdays	191	193	(2)	(1.0)%
<b>Average Daily Package Volume (in thousands):</b>				
U.S. Domestic Package:				
Next Day Air	2,010	1,888	122	6.5 %
Deferred	1,532	1,617	(85)	(5.3)%
Ground	16,689	16,346	343	2.1 %
Total U.S. Domestic Package	20,231	19,851	380	1.9 %
International Package:				
Domestic	1,943	1,746	197	11.3 %
Export	1,746	1,545	201	13.0 %
Total International Package	3,689	3,291	398	12.1 %
Consolidated	23,920	23,142	778	3.4 %
<b>Average Revenue Per Piece:</b>				
U.S. Domestic Package:				
Next Day Air	\$ 18.76	\$ 16.84	\$ 1.92	11.4 %
Deferred	13.25	12.41	0.84	6.8 %
Ground	9.89	8.79	1.10	12.5 %
Total U.S. Domestic Package	11.03	9.85	1.18	12.0 %
International Package:				
Domestic	7.32	6.48	0.84	13.0 %
Export	32.41	28.63	3.78	13.2 %
Total International Package	19.19	16.88	2.31	13.7 %
Consolidated	\$ 12.29	\$ 10.85	\$ 1.44	13.3 %

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

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

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

Nine Months Ended  
September 30

<i>(in millions)</i>	2021	2020	Change	% Change
Compensation and benefits	\$ 33,958	\$ 32,006	\$ 1,952	6.1 %
Repairs and maintenance	1,837	1,693	144	8.5 %
Depreciation and amortization	2,199	1,986	213	10.7 %
Purchased transportation	13,327	10,584	2,743	25.9 %
Fuel	2,672	1,878	794	42.3 %
Other occupancy	1,252	1,114	138	12.4 %
Other expenses	5,352	4,824	528	10.9 %
Total operating expenses	\$ 60,597	\$ 54,085	\$ 6,512	12.0 %

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

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**United Parcel Service, Inc.**  
**Consolidated Balance Sheets**  
**September 30, 2021 (unaudited) and December 31, 2020**

<i>(amounts in millions)</i>	September 30, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 10,212	\$ 5,910
Marketable securities	348	406
Accounts receivables	10,602	10,888
Less: Allowance for credit losses	(128)	(138)
Accounts receivable, net	10,474	10,750
Assets held for sale	—	1,197
Other current assets	1,809	1,953
Total Current Assets	22,843	20,216
Property, Plant and Equipment, Net	32,859	32,254
Operating Lease Right-Of-Use Assets	3,460	3,073
Goodwill	3,332	3,367
Intangible Assets, Net	2,224	2,274
Investments and Restricted Cash	24	25
Deferred Income Tax Assets	181	527
Other Non-Current Assets	816	672
Total Assets	\$ 65,739	\$ 62,408
<b>LIABILITIES AND SHAREOWNERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Current maturities of long-term debt, commercial paper and finance leases	\$ 1,268	\$ 2,623
Current maturities of operating leases	552	560
Accounts payable	6,445	6,455
Accrued wage and withholdings	3,805	3,569
Self-insurance reserves	1,093	1,085
Accrued group welfare and retirement plan contributions	957	927
Liabilities to be disposed of	—	347
Other current liabilities	1,352	1,450
Total Current Liabilities	15,472	17,016
Long-Term Debt and Finance Leases	20,838	22,031
Non-Current Operating Leases	2,938	2,540
Pension and Postretirement Benefit Obligations	7,672	15,817
Deferred Income Tax Liabilities	2,775	488
Other Non-Current Liabilities	3,987	3,847
<b>Shareowners' Equity:</b>		
Class A common stock	2	2
Class B common stock	7	7
Additional paid-in capital	1,088	865
Retained earnings	13,973	6,896
Accumulated other comprehensive loss	(3,029)	(7,113)
Deferred compensation obligations	16	20
Less: Treasury stock	(16)	(20)
Total Equity for Controlling Interest	12,041	657
Noncontrolling interests	16	12
Total Shareowners' Equity	12,057	669
Total Liabilities and Shareowners' Equity	\$ 65,739	\$ 62,408

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

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

(amounts in millions)

	Nine Months Ended September 30,	
	2021	2020
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 9,797	\$ 4,690
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	2,199	1,986
Pension and postretirement benefit expense	(2,656)	481
Pension and postretirement benefit contributions	(331)	(1,307)
Self-insurance reserves	122	388
Deferred tax (benefit) expense	1,271	566
Stock compensation expense	700	508
Other (gains) losses	33	164
Changes in assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	(21)	352
Other assets	256	391
Accounts payable	20	(450)
Accrued wages and withholdings	306	1,330
Other liabilities	65	120
Other operating activities	—	64
Net cash from operating activities	<u>11,761</u>	<u>9,283</u>
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(2,570)	(3,219)
Proceeds from disposal of businesses, property, plant and equipment	870	10
Purchases of marketable securities	(197)	(202)
Sales and maturities of marketable securities	257	309
Net change in finance receivables	28	24
Cash paid for business acquisitions, net of cash and cash equivalents acquired	(12)	(13)
Other investing activities	24	(15)
Net cash used in investing activities	<u>(1,600)</u>	<u>(3,106)</u>
<b>Cash Flows From Financing Activities:</b>		
Net change in short-term debt	—	(1,924)
Proceeds from long-term borrowings	—	5,003
Repayments of long-term borrowings	(2,613)	(2,746)
Purchases of common stock	(500)	(224)
Issuances of common stock	196	214
Dividends	(2,578)	(2,528)
Other financing activities	(361)	(351)
Net cash used in financing activities	<u>(5,856)</u>	<u>(2,556)</u>
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	<u>(3)</u>	<u>(19)</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	4,302	3,602
<b>Cash, Cash Equivalents and Restricted Cash:</b>		
Beginning of period	5,910	5,238
End of period	<u>\$ 10,212</u>	<u>\$ 8,840</u>

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

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

*(amounts in millions)*

	<b>Nine Months Ended</b>			
	<b>September 30,</b>			
	<b>2021</b>		<b>2020</b>	
Cash flows from operating activities	\$	11,761	\$	9,283
Capital expenditures		(2,570)		(3,219)
Proceeds from disposals of PP&E		22		10
Net change in finance receivables		28		24
Other investing activities		24		(15)
Free Cash Flow (Non-GAAP measure)	\$	9,265	\$	6,083

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

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

Three Months Ended September 30,

(in millions, except per share amounts)

	2021			2020		
	As Reported (GAAP)	Transformation & Other Adj. <sup>(1)</sup>	As Adjusted (Non-GAAP)	As Reported (GAAP)	Transformation & Other Adj. <sup>(2)</sup>	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 1,407	\$ 7	1,414	\$ 1,098	\$ 35	\$ 1,133
International Package	1,051	57	1,108	966	6	972
Supply Chain Solutions <sup>(3)</sup>	438	10	448	299	3	302
Operating profit	2,896	74	2,970	2,363	44	2,407
Other Income and (Expense):						
Other pension income (expense)	285	—	285	327	—	327
Investment income (expense) and other	(11)	—	(11)	11	—	11
Interest expense	(177)	—	(177)	(176)	—	(176)
Total Other Income (Expense)	\$ 97	\$ —	\$ 97	\$ 162	\$ —	\$ 162
Income Before Income Taxes	2,993	74	3,067	2,525	44	2,569
Income Tax Expense	664	20	684	568	11	579
Net Income	\$ 2,329	\$ 54	\$ 2,383	\$ 1,957	\$ 33	\$ 1,990
Basic Earnings Per Share	\$ 2.66	\$ 0.06	\$ 2.72	\$ 2.25	\$ 0.04	\$ 2.29
Diluted Earnings Per Share	\$ 2.65	\$ 0.06	\$ 2.71	\$ 2.24	\$ 0.04	\$ 2.28
Weighted-average shares outstanding:						
Basic	875			868		
Diluted	879			872		

(1) Transformation & Other of \$74 million reflects other employee benefits costs of \$33 million and other costs of \$41 million.

(2) Transformation & Other of \$44 million reflects other employee benefits costs of \$18 million and other costs of \$26 million.

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

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

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

Nine Months Ended September 30,

(in millions, except per share amounts)

	2021			2020			
	As Reported (GAAP)	Pension MTM Adj. <sup>(1)</sup>	Transformation & Other Adj. <sup>(2)</sup>	As Adjusted (Non-GAAP)	As Reported (GAAP)	Transformation & Other Adj. <sup>(3)</sup>	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 4,333	\$ —	219	\$ 4,552	\$ 2,644	\$ 105	\$ 2,749
International Package	3,320	—	69	3,389	2,288	84	2,372
Supply Chain Solutions <sup>(4)</sup>	1,266	—	(15)	1,251	715	12	727
Operating profit	8,919	—	273	9,192	5,647	201	5,848
Other Income and (Expense):							
Other pension income (expense)	4,190	(3,290)	—	900	981	—	981
Investment income (expense) and other	45	—	—	45	30	—	30
Interest expense	(521)	—	—	(521)	(526)	—	(526)
Total Other Income (Expense)	\$ 3,714	\$ (3,290)	\$ —	\$ 424	\$ 485	\$ —	\$ 485
Income Before Income Taxes	12,633	(3,290)	273	9,616	6,132	201	6,333
Income Tax Expense	2,836	(788)	68	2,116	1,442	50	1,492
Net Income	\$ 9,797	\$ (2,502)	\$ 205	\$ 7,500	\$ 4,690	\$ 151	\$ 4,841
Basic Earnings Per Share	\$ 11.21	\$ (2.86)	\$ 0.23	\$ 8.58	\$ 5.42	\$ 0.17	\$ 5.59
Diluted Earnings Per Share	\$ 11.16	\$ (2.85)	\$ 0.23	\$ 8.54	\$ 5.39	\$ 0.17	\$ 5.56
Weighted-average shares outstanding:							
Basic	874				866		
Diluted	878				870		

(1) Represents a mark-to-market gain recognized outside of a 10% corridor to the UPS IBT Pension Plan

(2) Transformation & Other of \$273 million reflects a gain on the divestiture of UPS Freight of \$101 million net of previously-recognized valuation allowance of \$66 million, other employee benefits costs of \$164 million and other costs of \$144 million.

(3) Transformation & Other of \$201 million reflects other employee benefits costs of \$111 million and other costs of \$90 million.

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

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



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

**Currency Neutral Revenue Per Piece, Revenue and As Adjusted Operating Profit**

	Three Months Ended September 30			Currency	Currency Neutral	
	2021	2020	% Change		2021 <sup>(1)</sup>	% Change
<b>Average Revenue Per Piece:</b>						
<b>International Package:</b>						
Domestic	\$ 7.19	\$ 6.61	8.8 %	\$ (0.16)	\$ 7.03	6.4 %
Export	33.56	28.98	15.8 %	(0.36)	33.20	14.6 %
Total International Package	\$ 19.80	\$ 17.37	14.0 %	\$ (0.26)	\$ 19.54	12.5 %
Consolidated	\$ 12.50	\$ 11.06	13.0 %	\$ (0.04)	\$ 12.46	12.7 %
<b>Revenue (in millions):</b>						
U.S. Domestic Package	\$ 14,208	\$ 13,225	7.4 %	\$ —	\$ 14,208	7.4 %
International Package	4,720	4,087	15.5 %	(58)	4,662	14.1 %
Supply Chain Solutions <sup>(3)</sup>	4,256	3,926	8.4 %	(12)	4,244	8.1 %
Total revenue	\$ 23,184	\$ 21,238	9.2 %	\$ (70)	\$ 23,114	8.8 %
<b>As-Adjusted Operating Profit (in millions)<sup>(2)</sup>:</b>						
U.S. Domestic Package	\$ 1,414	\$ 1,133	24.8 %	\$ —	\$ 1,414	24.8 %
International Package	1,108	972	14.0 %	(20)	1,088	11.9 %
Supply Chain Solutions <sup>(3)</sup>	448	302	48.3 %	17	465	54.0 %
Total operating profit	\$ 2,970	\$ 2,407	23.4 %	\$ (3)	\$ 2,967	23.3 %

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

(2) Amounts adjusted for transformation & other

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

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

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

**Currency Neutral Revenue Per Piece, Revenue and As Adjusted Operating Profit**

	Nine Months Ended September 30			Currency	Currency Neutral	
	2021	2020	% Change		2021 <sup>(1)</sup>	% Change
<b>Average Revenue Per Piece:</b>						
<b>International Package:</b>						
Domestic	\$ 7.32	\$ 6.48	13.0 %	\$ (0.43)	\$ 6.89	6.3 %
Export	32.41	28.63	13.2 %	(0.86)	31.55	10.2 %
Total International Package	\$ 19.19	\$ 16.88	13.7 %	\$ (0.63)	\$ 18.56	10.0 %
Consolidated	\$ 12.29	\$ 10.85	13.3 %	\$ (0.10)	\$ 12.19	12.4 %
<b>Revenue (in millions):</b>						
U.S. Domestic Package	\$ 42,620	\$ 37,755	12.9 %	\$ —	\$ 42,620	12.9 %
International Package	14,144	11,175	26.6 %	(452)	13,692	22.5 %
Supply Chain Solutions <sup>(3)</sup>	12,752	10,802	18.1 %	(121)	12,631	16.9 %
Total revenue	\$ 69,516	\$ 59,732	16.4 %	\$ (573)	\$ 68,943	15.4 %
<b>As-Adjusted Operating Profit (in millions)<sup>(2)</sup>:</b>						
U.S. Domestic Package	\$ 4,552	\$ 2,749	65.6 %	\$ —	\$ 4,552	65.6 %
International Package	3,389	2,372	42.9 %	(101)	3,288	38.6 %
Supply Chain Solutions <sup>(3)</sup>	1,251	727	72.1 %	25	1,276	75.5 %
Total operating profit	\$ 9,192	\$ 5,848	57.2 %	\$ (76)	\$ 9,116	55.9 %

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

(2) Amounts adjusted for transformation & other

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

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

**United Parcel Service, Inc.**  
**Aircraft Fleet - As of September 30, 2021**  
(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	70	—	2	—
Boeing 767-300BCF	4	—	—	—
Boeing 767-300BDSF	4	—	—	—
Airbus A300-600	52	—	—	—
Boeing MD-11	42	—	—	—
Boeing 747-400F	11	—	—	—
Boeing 747-400BCF	2	—	—	—
Boeing 747-8F	24	—	4	—
Other	—	298	—	—
Total	284	298	6	—

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

