

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 1, 2022



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 1, 2022, 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, 2021. The Company also posted on its website at 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 1, 2022 "[UPS RELEASES 4Q 2021 EARNINGS](#)"

99.2 [Q4 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 (the "Exchange Act") 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.

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 1, 2022

By: UNITED PARCEL SERVICE, INC.
/s/ BRIAN NEWMAN

Brian Newman
Senior Vice President, Chief Financial Officer

For Immediate Release

UPS RELEASES 4Q 2021 EARNINGS

- *Consolidated Revenues of \$27.8B, Up 11.5% from Last Year*
- *Consolidated Operating Profit of \$3.9B, Up 91.0% from Last Year; Up 37.7% on an Adjusted* Basis*
- *Diluted EPS of \$3.52; Adjusted Diluted EPS Up 35.0% Over Last Year to \$3.59*
- *UPS Board of Directors Declares Quarterly Dividend of \$1.52, a Per-Share Increase of 49% Over the Prior Year*

ATLANTA – February 1, 2022 – UPS (NYSE:UPS) today announced fourth-quarter 2021 consolidated revenue of \$27.8 billion, an 11.5% increase over the fourth quarter of 2020. Consolidated operating profit was \$3.9 billion, up 91.0% compared to the fourth quarter of 2020, and up 37.7% on an adjusted basis. Diluted earnings per share were \$3.52 for the quarter; adjusted diluted earnings per share were 35.0% above the same period in 2020.

For the fourth quarter of 2021, GAAP results include a total charge of \$59 million, or \$0.07 per diluted share, comprised of a non-cash, after-tax mark-to-market (MTM) pension charge of \$14 million and after-tax transformation and other charges of \$45 million.

“I want to thank all UPSers for their outstanding efforts throughout the holiday season and for once again delivering industry-leading service to our customers.” said Carol Tomé, UPS chief executive officer. “The execution of our strategy is delivering positive financial results and driving strong momentum as we move into 2022.”

U.S. Domestic Segment

	<u>4Q 2021</u>	<u>Adjusted 4Q 2021</u>	<u>4Q 2020</u>	<u>Adjusted 4Q 2020</u>
Revenue	\$17,697M		\$15,744M	
Operating profit	\$2,103M	\$2,165M	\$1,247M	\$1,379M

- Revenue was up 12.4%, driven by a 10.5% increase in revenue per piece.
- Operating margin was 11.9%; adjusted operating margin was 12.2%.

International Segment

	<u>4Q 2021</u>	<u>Adjusted 4Q 2021</u>	<u>4Q 2020</u>	<u>Adjusted 4Q 2020</u>
Revenue	\$5,397M		\$4,770M	
Operating profit	\$1,326M	\$1,331M	\$1,148M	\$1,160M

- Revenue increased 13.1%, driven by a 16.4% increase in revenue per piece.
- Operating margin was 24.6%; adjusted operating margin was 24.7%.

Supply Chain Solutions¹

	<u>4Q 2021</u>	<u>Adjusted 4Q 2021</u>	<u>4Q 2020</u>	<u>Adjusted 4Q 2020</u>
Revenue	\$4,677M		\$4,382M	
Operating profit (loss)	\$462M	\$456M	\$(358) M	\$331M

¹ Consists of non-reportable operating segments that do not meet criteria of a reportable segment under ASC Topic 280 – Segment Reporting.

- Revenue increased 6.7%, led by Forwarding and Logistics businesses which combined grew 28%.
- Operating margin was 9.9%; adjusted operating margin was 9.7%.

Full-Year 2021 Consolidated Results

- Revenue increased 15.0% to \$97.3 billion.
- Operating profit was \$12.8 billion; adjusted operating profit was \$13.1 billion, up 50.8%.
- Operating margin was 13.2%; adjusted operating margin was 13.5%.
- Diluted EPS totaled \$14.68; adjusted diluted EPS was \$12.13, which excluded the impacts of the MTM pension gain and transformation and other charges.
- Return on invested capital was 30.8%, exceeding the company's 2023 target.
- Cash from operations was \$15.0 billion and free cash flow was \$10.9 billion.

Dividend Declaration

UPS will pay a first-quarter 2022 dividend of \$1.52 per share on all outstanding Class A and Class B shares. The dividend is payable March 10, 2022 to shareowners of record on February 22, 2022.

2022 Outlook

The company provides guidance on an adjusted (non-GAAP) basis because it is not possible to predict or provide a reconciliation reflecting the impact of future pension mark-to-market adjustments or other unanticipated events, which would be included in reported (GAAP) results and could be material.

UPS expects to deliver its 2023 consolidated revenue and operating margin targets one year early. For the full year 2022, the company expects consolidated revenue of about \$102 billion, an adjusted operating margin of approximately 13.7% and adjusted return on invested capital to be above 30%.

The company is planning capital expenditures to be 5.4% of revenue or approximately \$5.5 billion, dividend payments to be around \$5.2 billion, subject to Board approval, and share repurchases to be at least \$1.0 billion. The effective tax rate is expected to be around 23.0%.

* * *Adjusted* and free cash flow 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

UPS Investor Relations: 404-828-6059 (option 4) or 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 1, 2022. That call will be open to others through a live Webcast. To access the call, go to 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 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 2021 revenue of \$97.3 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 534,000 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, about.ups.com and 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. Forward-looking statements may relate to our intent, belief, forecasts of, or current expectations about our strategic direction, prospects, future results, or future events; they do not relate strictly to historical or current facts. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any forward-looking statements because such statements speak only as of the date when made and the future, by its very nature, cannot be predicted with certainty.

Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties, include, but are not limited to: 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 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.

Transformation 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 transformation activities, goodwill and asset impairments, and divestitures.

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

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.

Reconciliation of GAAP and Non-GAAP Income Statement Items
(in millions, except per share amounts):
Three Months Ended December 31, 2021

	As Reported (GAAP)	Pension MTM Adj. ⁽¹⁾	Transformation & Other Adj. ⁽²⁾	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 15,594	\$ —	\$ 62	\$ 15,532
International Package	4,071	—	5	4,066
Supply Chain Solutions ⁽³⁾	4,215	—	(6)	4,221
Operating Expense	23,880	—	61	23,819
U.S. Domestic Package	2,103	—	62	2,165
International Package	1,326	—	5	1,331
Supply Chain Solutions ⁽³⁾	462	—	(6)	456
Operating Profit	3,891	—	61	3,952
Other Income and (Expense):				
Other pension income (expense)	267	18	—	285
Investment income (expense) and other	(23)	—	—	(23)
Interest expense	(173)	—	—	(173)
Total Other Income (Expense)	71	18	—	89
Income Before Income Taxes	3,962	18	61	4,041
Income Tax Expense	869	4	16	889
Net Income	\$ 3,093	\$ 14	\$ 45	\$ 3,152
Basic Earnings Per Share	\$ 3.53	\$ 0.02	\$ 0.05	\$ 3.60
Diluted Earnings Per Share	\$ 3.52	\$ 0.02	\$ 0.05	\$ 3.59

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

(2) Transformation & other of \$61 million reflects other employee benefits costs of \$42 million, other costs of \$30 million and an \$11 million gain related to the divestiture of UPS Freight.

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

Reconciliation of GAAP and Non-GAAP Income Statement Items
(in millions, except per share amounts):
Twelve Months Ended December 31, 2021

	As Reported (GAAP)	Pension MTM Adj. ⁽¹⁾	Transformation & Other Adj. ⁽²⁾	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 53,881	—	\$ 281	\$ 53,600
International Package	14,895	—	74	14,821
Supply Chain Solutions ⁽³⁾	15,701	—	(21)	15,722
Operating Expense	84,477	—	334	84,143
U.S. Domestic Package	6,436	—	281	6,717
International Package	4,646	—	74	4,720
Supply Chain Solutions ⁽³⁾	1,728	—	(21)	1,707
Operating Profit	12,810	—	334	13,144
Other Income and (Expense):				
Other pension income (expense)	4,457	(3,272)	—	1,185
Investment income (expense) and other	22	—	—	22
Interest expense	(694)	—	—	(694)
Total Other Income (Expense)	3,785	(3,272)	—	513
Income Before Income Taxes	16,595	(3,272)	334	13,657
Income Tax Expense	3,705	(784)	84	3,005
Net Income	\$ 12,890	\$ (2,488)	\$ 250	\$ 10,652
Basic Earnings Per Share	\$ 14.75	\$ (2.85)	\$ 0.29	\$ 12.19
Diluted Earnings Per Share	\$ 14.68	\$ (2.83)	\$ 0.28	\$ 12.13

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

(2) Transformation & other of \$334 million reflects a gain on the divestiture of UPS Freight of \$112 million, net of a previously-recognized valuation allowance of \$66 million, other employee benefits costs of \$206 million and other costs of \$174 million.

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

Reconciliation of Currency Adjusted Revenue, Revenue Per Piece, and Adjusted Operating Profit
(in millions, except per piece amounts):

Three Months Ended December 31,

	2021 As-Reported (GAAP)	2020 As-Reported (GAAP)	% Change (GAAP)	Currency Impact	2021 Currency Neutral (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 7.27	\$ 7.08	2.7 %	\$ 0.12	\$ 7.39	4.4 %
Export	34.03	28.24	20.5 %	0.26	34.29	21.4 %
Total International Package	\$ 20.11	\$ 17.27	16.4 %	\$ 0.18	\$ 20.29	17.5 %
Consolidated	\$ 12.40	\$ 11.14	11.3 %	\$ 0.03	\$ 12.43	11.6 %
Revenue:						
U.S. Domestic Package	\$ 17,697	\$ 15,744	12.4 %	\$ —	\$ 17,697	12.4 %
International Package	5,397	4,770	13.1 %	50	5,447	14.2 %
Supply Chain Solutions ⁽³⁾	4,677	4,382	6.7 %	25	4,702	7.3 %
Total revenue	\$ 27,771	\$ 24,896	11.5 %	\$ 75	\$ 27,846	11.8 %

	2021 As-Adjusted (Non-GAAP)	2020 As-Adjusted (Non-GAAP)	% Change (Non-GAAP)	Currency Impact	2021 As-Adjusted Currency Neutral (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)
As-Adjusted Operating Profit⁽²⁾:						
U.S. Domestic Package	\$ 2,165	\$ 1,379	57.0 %	\$ —	\$ 2,165	57.0 %
International Package	1,331	1,160	14.7 %	(1)	1,330	14.7 %
Supply Chain Solutions ⁽³⁾	456	331	37.8 %	11	467	41.1 %
Total operating profit	\$ 3,952	\$ 2,870	37.7 %	\$ 10	\$ 3,962	38.0 %

(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.

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,

	2021 As-Reported (GAAP)	2020 As-Reported (GAAP)	% Change (GAAP)	Currency Impact	2021 Currency Neutral (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 7.31	\$ 6.65	9.9 %	\$ (0.29)	\$ 7.02	5.6 %
Export	32.83	28.52	15.1 %	(0.55)	32.28	13.2 %
Total International Package	\$ 19.44	\$ 16.99	14.4 %	\$ (0.41)	\$ 19.03	12.0 %
Consolidated	\$ 12.32	\$ 10.94	12.6 %	\$ (0.06)	\$ 12.26	12.1 %
Revenue:						
U.S. Domestic Package	\$ 60,317	\$ 53,499	12.7 %	\$ —	\$ 60,317	12.7 %
International Package	19,541	15,945	22.6 %	(402)	19,139	20.0 %
Supply Chain Solutions ⁽³⁾	17,429	15,184	14.8 %	(96)	17,333	14.2 %
Total revenue	\$ 97,287	\$ 84,628	15.0 %	\$ (498)	\$ 96,789	14.4 %

	2021 As-Adjusted (Non-GAAP)	2020 As-Adjusted (Non-GAAP)	% Change (Non-GAAP)	Currency Impact	2021 As-Adjusted Currency Neutral (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)
As-Adjusted Operating Profit⁽²⁾:						
U.S. Domestic Package	\$ 6,717	\$ 4,128	62.7 %	\$ —	\$ 6,717	62.7 %
International Package	4,720	3,532	33.6 %	(102)	4,618	30.7 %
Supply Chain Solutions ⁽³⁾	1,707	1,058	61.3 %	36	1,743	64.7 %
Total operating profit	\$ 13,144	\$ 8,718	50.8 %	\$ (66)	\$ 13,078	50.0 %

(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.

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

Twelve Months Ended December 31,

	2021
Cash flows from operating activities	\$ 15,007
Capital expenditures	(4,194)
Proceeds from disposals of property, plant and equipment	24
Net change in finance receivables	34
Other investing activities	18
Free Cash Flow (Non-GAAP measure)	\$ 10,889

Reconciliation of Return on Invested Capital (Non-GAAP measure)
(in millions):

Twelve Months Ended, December 31

		2021
Net income	\$	12,890
Add back (deduct):		
Income tax expense		3,705
Interest expense		694
Other pension (income) expense		(4,457)
Investment (income) expense and other		(22)
Operating profit		12,810
Transformation and other		334
Adjusted operating profit	\$	13,144
Average debt and finance leases, including current maturities		23,285
Average pension and postretirement benefit obligations		11,932
Average shareowners' equity		7,469
Average Invested Capital	\$	42,686
Net income to average invested capital		30.2 %
Adjusted Return on Invested Capital		30.8 %

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

Three Months Ended
December 31

	2021	2020	Change	% Change
<i>(amounts in millions, except per share data)</i>				
Statement of Income Data:				
Revenue:				
U.S. Domestic Package	\$ 17,697	\$ 15,744	\$ 1,953	12.4 %
International Package	5,397	4,770	627	13.1 %
Supply Chain Solutions ⁽²⁾	4,677	4,382	295	6.7 %
Total revenue	27,771	24,896	2,875	11.5 %
Operating expenses:				
U.S. Domestic Package	15,594	14,497	1,097	7.6 %
International Package	4,071	3,622	449	12.4 %
Supply Chain Solutions ⁽²⁾	4,215	4,740	(525)	(11.1)%
Total operating expenses	23,880	22,859	1,021	4.5 %
Operating profit (loss):				
U.S. Domestic Package	2,103	1,247	856	68.6 %
International Package	1,326	1,148	178	15.5 %
Supply Chain Solutions ⁽²⁾	462	(358)	820	N/M
Total operating profit	3,891	2,037	1,854	91.0 %
Other income (expense):				
Other pension income (expense)	267	(6,157)	6,424	N/M
Investment income (expense) and other	(23)	7	(30)	N/M
Interest expense	(173)	(175)	2	(1.1)%
Total other income (expense)	71	(6,325)	6,396	N/M
Income (loss) before income taxes	3,962	(4,288)	8,250	N/M
Income tax expense (benefit)	869	(941)	1,810	N/M
Net income (loss)	\$ 3,093	\$ (3,347)	\$ 6,440	N/M
Net income (loss) as a percentage of revenue	11.1 %	(13.4)%		
Per share amounts:				
Basic earnings (loss) per share	\$ 3.53	\$ (3.84)	\$ 7.37	N/M
Diluted earnings (loss) per share	\$ 3.52	\$ (3.84)	\$ 7.36	N/M
Weighted-average shares outstanding:				
Basic	875	871	4	0.5 %
Diluted	879	871	8	0.9 %
As Adjusted Income Data⁽¹⁾:				
Operating profit:				
U.S. Domestic Package	\$ 2,165	\$ 1,379	\$ 786	57.0 %
International Package	1,331	1,160	171	14.7 %
Supply Chain Solutions ⁽²⁾	456	331	125	37.8 %
Total operating profit	3,952	2,870	1,082	37.7 %
Total other income (expense)	\$ 89	\$ 159	\$ (70)	(44.0)%
Income before income taxes	\$ 4,041	\$ 3,029	\$ 1,012	33.4 %
Net income	\$ 3,152	\$ 2,325	\$ 827	35.6 %
Basic earnings per share	\$ 3.60	\$ 2.67	\$ 0.93	34.8 %
Diluted earnings per share ⁽³⁾	\$ 3.59	\$ 2.66	\$ 0.93	35.0 %

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

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

(3) 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.

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			
	2021	2020	Change	% Change
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 2,807	\$ 2,385	\$ 422	17.7 %
Deferred	1,969	1,792	177	9.9 %
Ground	12,921	11,567	1,354	11.7 %
Total U.S. Domestic Package	17,697	15,744	1,953	12.4 %
International Package:				
Domestic	974	977	(3)	(0.3)%
Export	4,204	3,621	583	16.1 %
Cargo and Other	219	172	47	27.3 %
Total International Package	5,397	4,770	627	13.1 %
Supply Chain Solutions ⁽¹⁾ :				
Forwarding	2,866	2,078	788	37.9 %
Logistics	1,343	1,211	132	10.9 %
Freight	—	789	(789)	(100.0)%
Other	468	304	164	53.9 %
Total Supply Chain Solutions	4,677	4,382	295	6.7 %
Consolidated	\$ 27,771	\$ 24,896	\$ 2,875	11.5 %
Consolidated volume (in millions)				
	1,844	1,826	18	1.0 %
Operating weekdays				
	63	62	1	1.6 %
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	2,341	2,295	46	2.0 %
Deferred	2,304	2,299	5	0.2 %
Ground	20,549	20,561	(12)	(0.1)%
Total U.S. Domestic Package	25,194	25,155	39	0.2 %
International Package:				
Domestic	2,127	2,227	(100)	(4.5)%
Export	1,961	2,068	(107)	(5.2)%
Total International Package	4,088	4,295	(207)	(4.8)%
Consolidated	29,282	29,450	(168)	(0.6)%
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 19.03	\$ 16.76	\$ 2.27	13.5 %
Deferred	13.57	12.57	1.00	8.0 %
Ground	9.98	9.07	0.91	10.0 %
Total U.S. Domestic Package	11.15	10.09	1.06	10.5 %
International Package:				
Domestic	7.27	7.08	0.19	2.7 %
Export	34.03	28.24	5.79	20.5 %
Total International Package	20.11	17.27	2.84	16.4 %
Consolidated	\$ 12.40	\$ 11.14	\$ 1.26	11.3 %

(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 - Fourth Quarter
(unaudited)

Three Months Ended
December 31

<i>(in millions)</i>	2021	2020	Change	% Change
Compensation and benefits	\$ 12,749	\$ 12,523	\$ 226	1.8 %
Repairs and maintenance	606	672	(66)	(9.8)%
Depreciation and amortization	754	712	42	5.9 %
Purchased transportation	5,731	5,047	684	13.6 %
Fuel	1,175	704	471	66.9 %
Other occupancy	446	425	21	4.9 %
Other expenses	2,419	2,776	(357)	(12.9)%
Total operating expenses	\$ 23,880	\$ 22,859	\$ 1,021	4.5 %

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

	2021	2020	Change	% Change
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(amounts in millions, except per share data)

Statement of Income Data:

Revenue:

U.S. Domestic Package	\$ 60,317	\$ 53,499	\$ 6,818	12.7 %
International Package	19,541	15,945	3,596	22.6 %
Supply Chain Solutions ⁽²⁾	17,429	15,184	2,245	14.8 %
Total revenue	97,287	84,628	12,659	15.0 %

Operating expenses:

U.S. Domestic Package	53,881	49,608	4,273	8.6 %
International Package	14,895	12,509	2,386	19.1 %
Supply Chain Solutions ⁽²⁾	15,701	14,827	874	5.9 %
Total operating expenses	84,477	76,944	7,533	9.8 %

Operating profit:

U.S. Domestic Package	6,436	3,891	2,545	65.4 %
International Package	4,646	3,436	1,210	35.2 %
Supply Chain Solutions ⁽²⁾	1,728	357	1,371	384.0 %
Total operating profit	12,810	7,684	5,126	66.7 %

Other income (expense):

Other pension income (expense)	4,457	(5,176)	9,633	N/M
Investment income (expense) and other	22	37	(15)	(40.5)%
Interest expense	(694)	(701)	7	(1.0)%
Total other income (expense)	3,785	(5,840)	9,625	N/M

Income before income taxes	16,595	1,844	14,751	N/M
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Income tax expense	3,705	501	3,204	N/M
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Net income	\$ 12,890	\$ 1,343	\$ 11,547	N/M
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Net income as a percentage of revenue	13.2 %	1.6 %	
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Per share amounts:

Basic earnings per share	\$ 14.75	\$ 1.55	\$ 13.20	N/M
Diluted earnings per share	\$ 14.68	\$ 1.54	\$ 13.14	N/M

Weighted-average shares outstanding:

Basic	874	867	7	0.8 %
Diluted	878	871	7	0.8 %

As Adjusted Income Data ⁽¹⁾:

Operating profit:

U.S. Domestic Package	\$ 6,717	\$ 4,128	\$ 2,589	62.7 %
International Package	4,720	3,532	1,188	33.6 %
Supply Chain Solutions ⁽²⁾	1,707	1,058	649	61.3 %
Total operating profit	13,144	8,718	4,426	50.8 %

Total other income (expense)	\$ 513	\$ 644	\$ (131)	(20.3)%
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Income before income taxes	\$ 13,657	\$ 9,362	\$ 4,295	45.9 %
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Net income	\$ 10,652	\$ 7,166	\$ 3,486	48.6 %
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Basic earnings per share	\$ 12.19	\$ 8.27	\$ 3.92	47.4 %
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Diluted earnings per share	\$ 12.13	\$ 8.23	\$ 3.90	47.4 %
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(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)

	Twelve Months Ended			
	December 31			
	2021	2020	Change	% Change
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 10,009	\$ 8,522	\$ 1,487	17.4 %
Deferred	5,846	5,665	181	3.2 %
Ground	44,462	39,312	5,150	13.1 %
Total U.S. Domestic Package	60,317	53,499	6,818	12.7 %
International Package:				
Domestic	3,690	3,160	530	16.8 %
Export	15,012	12,159	2,853	23.5 %
Cargo and Other	839	626	213	34.0 %
Total International Package	19,541	15,945	3,596	22.6 %
Supply Chain Solutions ⁽¹⁾ :				
Forwarding	9,872	6,975	2,897	41.5 %
Logistics	4,767	4,073	694	17.0 %
Freight	1,064	3,149	(2,085)	(66.2)%
Other	1,726	987	739	74.9 %
Total Supply Chain Solutions	17,429	15,184	2,245	14.8 %
Consolidated	\$ 97,287	\$ 84,628	\$ 12,659	15.0 %
Consolidated volume (in millions)	6,413	6,292	121	1.9 %
Operating weekdays	254	255	(1)	(0.4)%
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	2,093	1,987	106	5.3 %
Deferred	1,723	1,783	(60)	(3.4)%
Ground	17,646	17,371	275	1.6 %
Total U.S. Domestic Package	21,462	21,141	321	1.5 %
International Package:				
Domestic	1,988	1,863	125	6.7 %
Export	1,800	1,672	128	7.7 %
Total International Package	3,788	3,535	253	7.2 %
Consolidated	25,250	24,676	574	2.3 %
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 18.83	\$ 16.82	\$ 2.01	12.0 %
Deferred	13.36	12.46	0.90	7.2 %
Ground	9.92	8.87	1.05	11.8 %
Total U.S. Domestic Package	11.06	9.92	1.14	11.5 %
International Package:				
Domestic	7.31	6.65	0.66	9.9 %
Export	32.83	28.52	4.31	15.1 %
Total International Package	19.44	16.99	2.45	14.4 %
Consolidated	\$ 12.32	\$ 10.94	\$ 1.38	12.6 %

(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)

Twelve Months Ended
December 31

<i>(in millions)</i>	2021	2020	Change	% Change
Compensation and benefits	\$ 46,707	\$ 44,529	\$ 2,178	4.9 %
Repairs and maintenance	2,443	2,365	78	3.3 %
Depreciation and amortization	2,953	2,698	255	9.5 %
Purchased transportation	19,058	15,631	3,427	21.9 %
Fuel	3,847	2,582	1,265	49.0 %
Other occupancy	1,698	1,539	159	10.3 %
Other expenses	7,771	7,600	171	2.3 %
Total operating expenses	\$ 84,477	\$ 76,944	\$ 7,533	9.8 %

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

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

<i>(amounts in millions)</i>	December 31, 2021	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 10,255	\$ 5,910
Marketable securities	338	406
Accounts receivables	12,669	10,888
Less: Allowance for credit losses	(128)	(138)
Accounts receivable, net	12,541	10,750
Assets held for sale	—	1,197
Other current assets	1,800	1,953
Total Current Assets	24,934	20,216
Property, Plant and Equipment, Net	33,475	32,254
Operating Lease Right-Of-Use Assets	3,562	3,073
Goodwill	3,692	3,367
Intangible Assets, Net	2,486	2,274
Investments and Restricted Cash	26	25
Deferred Income Tax Assets	176	527
Other Non-Current Assets	1,054	672
Total Assets	\$ 69,405	\$ 62,408
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt, commercial paper and finance leases	\$ 2,131	\$ 2,623
Current maturities of operating leases	580	560
Accounts payable	7,523	6,455
Accrued wage and withholdings	3,819	3,569
Self-insurance reserves	1,048	1,085
Accrued group welfare and retirement plan contributions	1,038	927
Liabilities to be disposed of	—	347
Other current liabilities	1,430	1,450
Total Current Liabilities	17,569	17,016
Long-Term Debt and Finance Leases	19,784	22,031
Non-Current Operating Leases	3,033	2,540
Pension and Postretirement Benefit Obligations	8,047	15,817
Deferred Income Tax Liabilities	3,125	488
Other Non-Current Liabilities	3,578	3,847
Shareowners' Equity:		
Class A common stock	2	2
Class B common stock	7	7
Additional paid-in capital	1,343	865
Retained earnings	16,179	6,896
Accumulated other comprehensive loss	(3,278)	(7,113)
Deferred compensation obligations	16	20
Less: Treasury stock	(16)	(20)
Total Equity for Controlling Interests	14,253	657
Noncontrolling interests	16	12
Total Shareowners' Equity	14,269	669
Total Liabilities and Shareowners' Equity	\$ 69,405	\$ 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)

	Twelve Months Ended	
	December 31	
	2021	2020
Cash Flows From Operating Activities:		
Net income	\$ 12,890	\$ 1,343
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	2,953	2,698
Pension and postretirement benefit expense	(2,456)	7,125
Pension and postretirement benefit contributions	(576)	(3,125)
Self-insurance reserves	178	503
Deferred tax (benefit) expense	1,645	(858)
Stock compensation expense	878	796
Other (gains) losses	137	917
Changes in assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	(2,147)	(1,562)
Other assets	312	218
Accounts payable	1,265	904
Accrued wages and withholdings	(245)	1,631
Other liabilities	151	(110)
Other operating activities	22	(21)
Net cash from operating activities	<u>15,007</u>	<u>10,459</u>
Cash Flow From Investing Activities:		
Capital expenditures	(4,194)	(5,412)
Proceeds from disposal of businesses, property, plant and equipment	872	40
Purchases of marketable securities	(312)	(254)
Sales and maturities of marketable securities	366	360
Net change in finance receivables	34	44
Cash paid for business acquisitions, net of cash and cash equivalents acquired	(602)	(20)
Other investing activities	18	(41)
Net cash used in investing activities	<u>(3,818)</u>	<u>(5,283)</u>
Cash Flow From Financing Activities:		
Net change in short-term debt	—	(2,462)
Proceeds from long-term borrowings	—	5,003
Repayments of long-term borrowings	(2,773)	(3,392)
Purchases of common stock	(500)	(224)
Issuances of common stock	251	285
Dividends	(3,437)	(3,374)
Other financing activities	(364)	(353)
Net cash used in financing activities	<u>(6,823)</u>	<u>(4,517)</u>
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	<u>(21)</u>	<u>13</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	4,345	672
Cash, Cash Equivalents and Restricted Cash:		
Beginning of period	5,910	5,238
End of period	<u>\$ 10,255</u>	<u>\$ 5,910</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)

	Twelve Months Ended	
	December 31	
	2021	2020
Cash flows from operating activities	\$ 15,007	\$ 10,459
Capital expenditures	(4,194)	(5,412)
Proceeds from disposals of property, plant and equipment	24	40
Net change in finance receivables	34	44
Other investing activities	18	(41)
Free Cash Flow (Non-GAAP measure)	<u>\$ 10,889</u>	<u>\$ 5,090</u>

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

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

(amounts in millions)

	December 31, 2021	December 31, 2020
Net Income	\$ 12,890	\$ 1,343
Add back:		
Income tax expense	3,705	501
Interest expense	694	701
Depreciation and amortization	2,953	2,698
EBITDA	20,242	5,243
Add back (deduct):		
Transformation and other	334	1,034
Defined benefit plans mark-to-market (gain) loss	(3,272)	6,484
Investment income and other	(1,207)	(1,345)
Adjusted EBITDA	\$ 16,097	\$ 11,416
Debt and finance leases, including current maturities	\$ 21,915	\$ 24,654
Add back:		
Non-current pension and postretirement benefit obligations	8,047	15,817
Adjusted total debt	\$ 29,962	\$ 40,471
Adjusted total adjusted debt/adjusted EBITDA	<u>1.86</u>	<u>3.55</u>

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



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

(amounts in millions)

	December 31, 2021	December 31, 2020
Net Income	\$ 12,890	\$ 1,343
Add back (deduct):		
Income tax expense	3,705	501
Interest expense	694	701
Other pension (income) expense	(4,457)	5,176
Investment (income) expenses and other	(22)	(37)
Operating profit	12,810	7,684
Transformation and other	\$ 334	\$ 1,034
Adjusted operating profit	<u>\$ 13,144</u>	<u>\$ 8,718</u>
Average debt and finance leases, including current maturities	\$ 23,285	\$ 24,946
Average pension and postretirement benefit maturities	11,932	13,209
Average shareowners' equity	7,469	1,976
Average Invested Capital	<u>\$ 42,686</u>	<u>\$ 40,131</u>
Net income to average invested capital	<u>30.2 %</u>	<u>3.3 %</u>
Adjusted Return on Invested Capital	<u>30.8 %</u>	<u>21.7 %</u>

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)

Three Months Ended December 31,

(in millions, except per share amounts)

	2021				2020				% Change As reported (GAAP)	% Change As adjusted (Non-GAAP)
	As Reported (GAAP)	Pension MTM Adj. ⁽¹⁾	Transformation & Other Adj. ⁽²⁾	As Adjusted (Non-GAAP)	As Reported (GAAP)	Pension MTM Adj. ⁽¹⁾	Transformation & Other Adj. ⁽²⁾	As Adjusted (Non-GAAP)		
U.S. Domestic Package	\$ 15,594	\$ —	62	\$ 15,532	\$ 14,497	\$ —	132	\$ 14,365	7.6 %	8.1 %
International Package	4,071	—	5	4,066	3,622	—	12	3,610	12.4 %	12.6 %
Supply Chain Solutions ⁽⁴⁾	4,215	—	(6)	4,221	4,740	—	689	4,051	(11.1) %	4.2 %
Operating expense	23,880	—	61	23,819	22,859	—	833	22,026	4.5 %	8.1 %
U.S. Domestic Package	\$ 2,103	\$ —	62	\$ 2,165	\$ 1,247	\$ —	132	\$ 1,379	68.6 %	57.0 %
International Package	1,326	—	5	1,331	1,148	—	12	1,160	15.5 %	14.7 %
Supply Chain Solutions ⁽⁴⁾	462	—	(6)	456	(358)	—	689	331	N/M	37.8 %
Operating profit	3,891	—	61	3,952	2,037	—	833	2,870	91.0 %	37.7 %
Other Income and (Expense):										
Other pension income (expense)	267	18	—	285	(6,157)	6,484	—	327	N/M	(12.8) %
Investment income (expense) and other	(23)	—	—	(23)	7	—	—	7	N/M	N/M
Interest expense	(173)	—	—	(173)	(175)	—	—	(175)	(1.1) %	(1.1) %
Total Other Income (Expense)	\$ 71	\$ 18	\$ —	\$ 89	\$ (6,325)	\$ 6,484	\$ —	\$ 159	N/M	(44.0) %
Income Before Income Taxes	3,962	18	61	4,041	(4,288)	6,484	833	3,029	N/M	33.4 %
Income Tax Expense	869	4	16	889	(941)	1,555	90	704	N/M	26.3 %
Net Income	\$ 3,093	\$ 14	\$ 45	\$ 3,152	\$ (3,347)	\$ 4,929	\$ 743	\$ 2,325	N/M	35.6 %
Basic Earnings Per Share	\$ 3.53	\$ 0.02	\$ 0.05	\$ 3.60	\$ (3.84)	\$ 5.66	\$ 0.85	\$ 2.67	N/M	34.8 %
Diluted Earnings Per Share ⁽⁵⁾	\$ 3.52	\$ 0.02	\$ 0.05	\$ 3.59	\$ (3.84)	\$ 5.63	\$ 0.85	\$ 2.66	N/M	35.0 %
Weighted-average shares outstanding:										
Basic	875				871					
Diluted	879				871					

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

(2) Transformation & other of \$61 million reflects other employee benefits costs of \$42 million, other costs of \$30 million and an \$11 million gain related to the divestiture of UPS Freight.

(3) Transformation & other of \$833 million reflects goodwill and other assets impairment charges of \$686 million related to the divestiture of UPS Freight, other employee benefits costs of \$100 million and other costs of \$47 million.

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

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

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)

Twelve Months Ended December 31,

(in millions, except per share amounts)

	2021				2020				% Change As reported (GAAP)	% Change As adjusted (Non-GAAP)
	As Reported (GAAP)	Pension MTM Adj. ⁽¹⁾	Transformation & Other Adj. ⁽²⁾	As Adjusted (Non-GAAP)	As Reported (GAAP)	Pension MTM Adj. ⁽¹⁾	Transformation & Other Adj. ⁽³⁾	As Adjusted (Non-GAAP)		
U.S. Domestic Package	\$ 53,881	\$ —	281	\$ 53,600	\$ 49,608	\$ —	237	\$ 49,371	8.6 %	8.6 %
International Package	14,895	—	74	14,821	12,509	—	96	12,413	19.1 %	19.4 %
Supply Chain Solutions ⁽⁴⁾	15,701	—	(21)	15,722	14,827	—	701	14,126	5.9 %	11.3 %
Operating expense	84,477	—	334	84,143	76,944	—	1,034	75,910	9.8 %	10.8 %
U.S. Domestic Package	\$ 6,436	\$ —	281	\$ 6,717	\$ 3,891	\$ —	237	\$ 4,128	65.4 %	62.7 %
International Package	4,646	—	74	4,720	3,436	—	96	3,532	35.2 %	33.6 %
Supply Chain Solutions ⁽⁴⁾	1,728	—	(21)	1,707	357	—	701	1,058	384.0 %	61.3 %
Operating profit	12,810	—	334	13,144	7,684	—	1,034	8,718	66.7 %	50.8 %
Other Income and (Expense):										
Other pension income (expense)	4,457	(3,272)	—	1,185	(5,176)	6,484	—	1,308	N/M	(9.4)%
Investment income (expense) and other	22	—	—	22	37	—	—	37	(40.5)%	(40.5)%
Interest expense	(694)	—	—	(694)	(701)	—	—	(701)	(1.0)%	(1.0)%
Total Other Income (Expense)	\$ 3,785	\$ (3,272)	\$ —	\$ 513	\$ (5,840)	\$ 6,484	\$ —	\$ 644	N/M	(20.3)%
Income Before Income Taxes	16,595	(3,272)	334	13,657	1,844	6,484	1,034	9,362	N/M	45.9 %
Income Tax Expense	3,705	(784)	84	3,005	501	1,555	140	2,196	N/M	36.8 %
Net Income	\$ 12,890	\$ (2,488)	\$ 250	\$ 10,652	\$ 1,343	\$ 4,929	\$ 894	\$ 7,166	N/M	48.6 %
Basic Earnings Per Share	\$ 14.75	\$ (2.85)	\$ 0.29	\$ 12.19	\$ 1.55	\$ 5.69	\$ 1.03	\$ 8.27	N/M	47.4 %
Diluted Earnings Per Share	\$ 14.68	\$ (2.83)	\$ 0.28	\$ 12.13	\$ 1.54	\$ 5.66	\$ 1.03	\$ 8.23	N/M	47.4 %
Weighted-average shares outstanding:										
Basic	874				867					
Diluted	878				871					

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

(2) Transformation & other of \$334 million reflects a gain on the divestiture of UPS Freight of \$112 million, net of a previously-recognized valuation allowance of \$66 million, other employee benefits costs of \$206 million and other costs of \$174 million.

(3) Transformation & other of \$1,034 million reflects goodwill and other asset impairment charges of \$686 million related to the divestiture of UPS Freight, other employee benefits costs of \$211 million and other costs of \$137 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 - Fourth Quarter
(unaudited)

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

	Three Months Ended December 31			Currency	Currency Neutral	
	2021	2020	% Change		2021 ⁽¹⁾	% Change
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 7.27	\$ 7.08	2.7 %	\$ 0.12	\$ 7.39	4.4 %
Export	34.03	28.24	20.5 %	0.26	34.29	21.4 %
Total International Package	\$ 20.11	\$ 17.27	16.4 %	\$ 0.18	\$ 20.29	17.5 %
Consolidated	\$ 12.40	\$ 11.14	11.3 %	\$ 0.03	\$ 12.43	11.6 %
Revenue (in millions):						
U.S. Domestic Package	\$ 17,697	\$ 15,744	12.4 %	\$ —	\$ 17,697	12.4 %
International Package	5,397	4,770	13.1 %	50	5,447	14.2 %
Supply Chain Solutions ⁽³⁾	4,677	4,382	6.7 %	25	4,702	7.3 %
Total revenue	\$ 27,771	\$ 24,896	11.5 %	\$ 75	\$ 27,846	11.8 %
As-Adjusted Operating Profit (in millions)⁽²⁾:						
U.S. Domestic Package	\$ 2,165	\$ 1,379	57.0 %	\$ —	\$ 2,165	57.0 %
International Package	1,331	1,160	14.7 %	(1)	1,330	14.7 %
Supply Chain Solutions ⁽³⁾	456	331	37.8 %	11	467	41.1 %
Total operating profit	\$ 3,952	\$ 2,870	37.7 %	\$ 10	\$ 3,962	38.0 %

(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

	Twelve Months Ended December 31			Currency	Currency Neutral	
	2021	2020	% Change		2021 ⁽¹⁾	% Change
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 7.31	\$ 6.65	9.9 %	\$ (0.29)	\$ 7.02	5.6 %
Export	32.83	28.52	15.1 %	(0.55)	32.28	13.2 %
Total International Package	\$ 19.44	\$ 16.99	14.4 %	\$ (0.41)	\$ 19.03	12.0 %
Consolidated	\$ 12.32	\$ 10.94	12.6 %	\$ (0.06)	\$ 12.26	12.1 %
Revenue (in millions):						
U.S. Domestic Package	\$ 60,317	\$ 53,499	12.7 %	\$ —	\$ 60,317	12.7 %
International Package	19,541	15,945	22.6 %	(402)	19,139	20.0 %
Supply Chain Solutions ⁽³⁾	17,429	15,184	14.8 %	(96)	17,333	14.2 %
Total revenue	\$ 97,287	\$ 84,628	15.0 %	\$ (498)	\$ 96,789	14.4 %
As-Adjusted Operating Profit (in millions)⁽²⁾:						
U.S. Domestic Package	\$ 6,717	\$ 4,128	62.7 %	\$ —	\$ 6,717	62.7 %
International Package	4,720	3,532	33.6 %	(102)	4,618	30.7 %
Supply Chain Solutions ⁽³⁾	1,707	1,058	61.3 %	36	1,743	64.7 %
Total operating profit	\$ 13,144	\$ 8,718	50.8 %	\$ (66)	\$ 13,078	50.0 %

(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 December 31, 2021
(unaudited)

Description	Owned and Finance Leases	Operating Leases & Charters from Others	On Order	Under Option
Operating:				
Boeing 757-200	75	—	—	—
Boeing 767-300	72	—	19	8
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	26	—	2	—
Other	—	307	—	—
Total	288	307	21	8

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

