

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): April 26, 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 April 26, 2022, United Parcel Service, Inc. (the “Company”) issued a press release containing information about the Company’s results of operations and its financial condition for the first quarter ended March 31, 2022. 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 and its financial condition 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 April 26, 2022 "[UPS RELEASES 1Q 2022 EARNINGS](#)"

99.2 [Q1 2022 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: April 26, 2022

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

Brian O. Newman
Executive Vice President and Chief Financial Officer

For Immediate Release

UPS RELEASES 1Q 2022 EARNINGS

- *Consolidated Revenues of \$24.4B, Up 6.4% from Last Year*
- *Consolidated Operating Profit of \$3.3B, Up 17.6% from Last Year; Up 12.1% on an Adjusted* Basis*
- *Diluted EPS of \$3.03; Adjusted Diluted EPS Up 10.1% Over Last Year to \$3.05*
- *Reaffirms Full-Year 2022 Financial Guidance; Raises Targeted Share Repurchases to \$2B for 2022*

ATLANTA – April 26, 2022 – UPS (NYSE:UPS) today announced first-quarter 2022 consolidated revenue of \$24.4 billion, a 6.4% increase over the first quarter of 2021. Consolidated operating profit was \$3.3 billion, up 17.6% compared to the first quarter of 2021, and up 12.1% on an adjusted basis. Diluted earnings per share were \$3.03 for the quarter; adjusted diluted earnings per share of \$3.05 were 10.1% above the same period in 2021.

For the first quarter of 2022, GAAP results include a net charge of \$19 million, or \$0.02 per diluted share, comprised of after-tax transformation and other charges of \$43 million offset by an after-tax gain of \$24 million resulting from the curtailment of benefits in a Canadian retirement plan.

“I want to thank all UPSers for their outstanding efforts during a challenging first quarter to serve the needs of our customers,” said Carol Tomé, UPS chief executive officer. “The agility of our network and the continued execution of our strategy delivered another quarter of strong financial performance, putting us on our way to achieving our 2022 consolidated financial targets.”

U.S. Domestic Segment

	<u>1Q 2022</u>	<u>Adjusted 1Q 2022</u>	<u>1Q 2021</u>	<u>Adjusted 1Q 2021</u>
Revenue	\$15,124M		\$14,010M	
Operating profit	\$1,662M	\$1,705M	\$1,359M	\$1,463M

- Revenue grew 8.0%, driven by a 9.5% increase in revenue per piece.
- Operating margin was 11.0%; adjusted operating margin was 11.3%.

International Segment

	<u>1Q 2022</u>	<u>Adjusted 1Q 2022</u>	<u>1Q 2021</u>	<u>Adjusted 1Q 2021</u>
Revenue	\$4,876M		\$4,607M	
Operating profit	\$1,116M	\$1,120M	\$1,085M	\$1,091M

- Revenue increased 5.8%, driven by a 10.5% increase in revenue per piece.
 - Operating margin was 22.9%; adjusted operating margin was 23.0%.
-

Supply Chain Solutions¹

	<u>1Q 2022</u>	<u>Adjusted 1Q 2022</u>	<u>1Q 2021</u>	<u>Adjusted 1Q 2021</u>
Revenue	\$4,378M		\$4,291M	
Operating profit	\$473M	\$481M	\$321M	\$395M

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

- Revenue increased 2.0%, led by Forwarding, which grew \$517 million, or 25%.
- Operating margin was 10.8%; adjusted operating margin was 11.0%.

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.

For 2022, UPS reaffirms its full-year financial targets:

- Consolidated revenue of about \$102 billion
- Consolidated adjusted operating margin of approximately 13.7%
- Adjusted return on invested capital above 30%
- Capital expenditures of 5.4% of revenue, or approximately \$5.5 billion
- Dividend payments, subject to board approval, of about \$5.2 billion

Finally, UPS is announcing its plans to double the amount of share repurchases for 2022, taking the target to \$2 billion for the year.

* “Adjusted” amounts and return on invested capital (ROIC) 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 first-quarter results with investors and analysts during a conference call at 8:30 a.m. ET, April 26, 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 the impact of: continued uncertainties related to 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; industry evolution and significant competition; changes in our relationships with our significant customers; our ability to attract and retain qualified employees; increased or more complex physical or data security requirements, or any data security breach; strikes, work stoppages or slowdowns by our employees; results of negotiations and ratifications of labor contracts; our ability to maintain our brand image and corporate reputation; disruptions to our information technology infrastructure; global climate change; interruptions in or impacts on our business from natural or man-made events or disasters including terrorist attacks, epidemics or pandemics; exposure to changing economic, political and social developments in international markets; our ability to realize the anticipated benefits from acquisitions, dispositions, joint ventures or strategic alliances; changing prices of energy, including gasoline, diesel and jet fuel, or interruptions in supplies of these commodities;

changes in exchange rates or interest rates; our ability to accurately forecast our future capital investment needs; significant expenses and funding obligations relating to employee health, retiree health and/or pension benefits; our ability to manage insurance and claims expenses; changes in business strategy, government regulations, or economic or market conditions that may result in impairments of our assets; potential additional U.S. or international tax liabilities; increasingly stringent laws and regulations, including relating to climate change; potential claims or litigation related to labor and employment, personal injury, property damage, business practices, environmental liability and other matters; and other risks discussed in our filings with the Securities and Exchange Commission from time to time, including our Annual Report on Form 10-K for the year ended December 31, 2021 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.

Information, including comparisons to prior periods, may reflect adjusted results. See the appendix for reconciliations of adjusted results and other non-GAAP financial measures.

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; earnings before interest, taxes, depreciation and amortization ("EBITDA"); 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, return on invested capital ("ROIC") and the ratio of adjusted total debt to adjusted EBITDA.

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 EBITDA, 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.

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 (defined as 10% of the greater of the fair value of plan assets or the plan's projected benefit obligation), as well as gains and losses resulting from plan amendments, for our pension and postretirement defined benefit plans immediately as part of other pension income (expense). We supplement the presentation of our income before income taxes, net income and earnings per share with adjusted measures that exclude the impact of these gains and losses and the related income tax effects. We believe excluding these defined benefit plan gains and losses provides important supplemental information by removing the volatility associated with plan amendments and short-term changes in market interest rates, equity values and similar factors.

The deferred income tax effects of 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.

Adjusted Total Debt / Adjusted EBITDA

Adjusted total debt is defined as our long-term debt and finance leases, including current maturities, plus non-current pension and postretirement benefit obligations. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization adjusted for restructuring and other costs and investment income and other. We believe the ratio of adjusted total debt to adjusted EBITDA is an important indicator of our financial strength, and is a ratio used by third parties when evaluating the level of our indebtedness.

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 March 31, 2022

	As Reported (GAAP)	Pension Adj. ⁽¹⁾	Transformation & Other Adj. ⁽²⁾	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 13,462	\$ —	\$ 43	\$ 13,419
International Package	3,760	—	4	3,756
Supply Chain Solutions	3,905	—	8	3,897
Operating Expense	21,127	—	55	21,072
U.S. Domestic Package	1,662	—	43	1,705
International Package	1,116	—	4	1,120
Supply Chain Solutions	473	—	8	481
Operating Profit	3,251	—	55	3,306
Other Income and (Expense):				
Other pension income (expense)	331	(33)	—	298
Investment income (expense) and other	(16)	—	—	(16)
Interest expense	(174)	—	—	(174)
Total Other Income (Expense)	141	(33)	—	108
Income Before Income Taxes	3,392	(33)	55	3,414
Income Tax Expense	730	(9)	12	733
Net Income	\$ 2,662	\$ (24)	\$ 43	\$ 2,681
Basic Earnings Per Share	\$ 3.05	\$ (0.03)	\$ 0.05	\$ 3.07
Diluted Earnings Per Share	\$ 3.03	\$ (0.03)	\$ 0.05	\$ 3.05

(1) Represents the impact of curtailment of benefits effective December 31, 2023, for the Canada Ltd Retirement Plan.

(2) Transformation & Other of \$55 million reflects other employee benefits costs of \$33 million and other costs of \$22 million.

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

Three Months Ended March 31,

	2022 As-Reported (GAAP)	2021 As-Reported (GAAP)	% Change (GAAP)	Currency Impact	2022 Currency Neutral (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 7.36	\$ 7.33	0.4 %	\$ 0.47	\$ 7.83	6.8 %
Export	34.10	31.10	9.6 %	0.78	34.88	12.2 %
Total International Package	\$ 20.45	\$ 18.50	10.5 %	\$ 0.62	\$ 21.07	13.9 %
Consolidated	\$ 13.26	\$ 12.12	9.4 %	\$ 0.09	\$ 13.35	10.1 %
Revenue:						
U.S. Domestic Package	\$ 15,124	\$ 14,010	8.0 %	\$ —	\$ 15,124	8.0 %
International Package	4,876	4,607	5.8 %	143	5,019	8.9 %
Supply Chain Solutions ⁽³⁾	4,378	4,291	2.0 %	37	4,415	2.9 %
Total revenue	\$ 24,378	\$ 22,908	6.4 %	\$ 180	\$ 24,558	7.2 %

	2022 As-Adjusted (Non-GAAP)	2021 As-Adjusted (Non-GAAP)	% Change (Non-GAAP)	Currency Impact	2022 As-Adjusted Currency Neutral (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)
As-Adjusted Operating Profit⁽²⁾:						
U.S. Domestic Package	\$ 1,705	\$ 1,463	16.5 %	\$ —	\$ 1,705	16.5 %
International Package	1,120	1,091	2.7 %	28	1,148	5.2 %
Supply Chain Solutions ⁽³⁾	481	395	21.8 %	(3)	478	21.0 %
Total operating profit	\$ 3,306	\$ 2,949	12.1 %	\$ 25	\$ 3,331	13.0 %

(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):**

Three Months Ended March 31,

	2022
Cash flows from operating activities	\$ 4,480
Capital expenditures	(548)
Proceeds from disposals of property, plant and equipment	—
Net change in finance receivables	5
Other investing activities	(22)
Free Cash Flow (Non-GAAP measure)	<u>\$ 3,915</u>

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

	TTM⁽¹⁾ March 31, 2022
Net income	\$ 10,760
Add back (deduct):	
Income tax expense	3,023
Interest expense	691
Other pension (income) expense	(1,185)
Investment (income) expense and other	7
Operating profit	13,296
Transformation and other	205
Adjusted operating profit	\$ 13,501
Average debt and finance leases, including current maturities	22,804
Average pension and postretirement benefit obligations	8,899
Average shareowners' equity	11,297
Average Invested Capital	\$ 42,999
Net income to average invested capital	25.0 %
Adjusted Return on Invested Capital	31.4 %

(1) Trailing twelve months

**Reconciliation of Adjusted Debt to Adjusted EBITDA (Non-GAAP measure)
(unaudited)**

(amounts in millions):

		TTM ⁽¹⁾ March 31, 2022
Net income	\$	10,7
Add back:		
Income tax expense		3,0
Interest expense		0
Depreciation & amortization		2,9
EBITDA		17,4
Add back (deduct):		
Transformation and other		2
Defined benefit plan (gains) and losses		0
Investment income and other		(1,1)
Adjusted EBITDA		16,4
Debt and finance leases, including current maturities		21,8
Add back:		
Non-current pension and postretirement benefit obligations		8,2
Adjusted total debt		30,0
Adjusted total debt/adjusted EBITDA		

(1) Trailing twelve months

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

Three Months Ended
March 31

	2022	2021	Change	% Change
<i>(amounts in millions, except per share data)</i>				
Statement of Income Data:				
Revenue:				
U.S. Domestic Package	\$ 15,124	\$ 14,010	\$ 1,114	8.0 %
International Package	4,876	4,607	269	5.8 %
Supply Chain Solutions ⁽¹⁾	4,378	4,291	87	2.0 %
Total revenue	24,378	22,908	1,470	6.4 %
Operating expenses:				
U.S. Domestic Package	13,462	12,651	811	6.4 %
International Package	3,760	3,522	238	6.8 %
Supply Chain Solutions ⁽¹⁾	3,905	3,970	(65)	(1.6)%
Total operating expenses	21,127	20,143	984	4.9 %
Operating profit:				
U.S. Domestic Package	1,662	1,359	303	22.3 %
International Package	1,116	1,085	31	2.9 %
Supply Chain Solutions ⁽¹⁾	473	321	152	47.4 %
Total operating profit	3,251	2,765	486	17.6 %
Other income (expense):				
Other pension income (expense)	331	3,603	(3,272)	(90.8)%
Investment income (expense) and other	(16)	13	(29)	N/M
Interest expense	(174)	(177)	3	(1.7)%
Total other income (expense)	141	3,439	(3,298)	(95.9)%
Income before income taxes	3,392	6,204	(2,812)	(45.3)%
Income tax expense	730	1,412	(682)	(48.3)%
Net income	\$ 2,662	\$ 4,792	\$ (2,130)	(44.4)%
Net income as a percentage of revenue	10.9 %	20.9 %		
Per share amounts:				
Basic earnings per share	\$ 3.05	\$ 5.50	\$ (2.45)	(44.5)%
Diluted earnings per share	\$ 3.03	\$ 5.47	\$ (2.44)	(44.6)%
Weighted-average shares outstanding:				
Basic	874	872	2	0.2 %
Diluted	879	876	3	0.3 %
As Adjusted Income Data ⁽²⁾:				
Operating profit:				
U.S. Domestic Package	\$ 1,705	\$ 1,463	\$ 242	16.5 %
International Package	1,120	1,091	29	2.7 %
Supply Chain Solutions ⁽¹⁾	481	395	86	21.8 %
Total operating profit	3,306	2,949	357	12.1 %
Total other income (expense)	\$ 108	\$ 149	\$ (41)	(27.5)%
Income before income taxes	\$ 3,414	\$ 3,098	\$ 316	10.2 %
Net income	\$ 2,681	\$ 2,430	\$ 251	10.3 %
Basic earnings per share	\$ 3.07	\$ 2.79	\$ 0.28	10.0 %
Diluted earnings per share	\$ 3.05	\$ 2.77	\$ 0.28	10.1 %

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

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

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

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

	Three Months Ended			
	March 31			
	2022	2021	Change	% Change
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 2,594	\$ 2,331	\$ 263	11.3 %
Deferred	1,420	1,260	160	12.7 %
Ground	11,110	10,419	691	6.6 %
Total U.S. Domestic Package	15,124	14,010	1,114	8.0 %
International Package:				
Domestic	851	928	(77)	(8.3)%
Export	3,778	3,493	285	8.2 %
Cargo and Other	247	186	61	32.8 %
Total International Package	4,876	4,607	269	5.8 %
Supply Chain Solutions ⁽¹⁾ :				
Forwarding	2,589	2,072	517	25.0 %
Logistics	1,251	1,104	147	13.3 %
Freight	—	767	(767)	(100.0)%
Other	538	348	190	54.6 %
Total Supply Chain Solutions	4,378	4,291	87	2.0 %
Consolidated	\$ 24,378	\$ 22,908	\$ 1,470	6.4 %
Consolidated volume (in millions)	1,490	1,521	(31)	(2.0)%
Operating weekdays	64	63	1	1.6 %
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,945	2,012	(67)	(3.3)%
Deferred	1,509	1,513	(4)	(0.3)%
Ground	16,287	16,827	(540)	(3.2)%
Total U.S. Domestic Package	19,741	20,352	(611)	(3.0)%
International Package:				
Domestic	1,806	2,010	(204)	(10.1)%
Export	1,731	1,783	(52)	(2.9)%
Total International Package	3,537	3,793	(256)	(6.7)%
Consolidated	23,278	24,145	(867)	(3.6)%
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 20.84	\$ 18.39	\$ 2.45	13.3 %
Deferred	14.70	13.22	1.48	11.2 %
Ground	10.66	9.83	0.83	8.4 %
Total U.S. Domestic Package	11.97	10.93	1.04	9.5 %
International Package:				
Domestic	7.36	7.33	0.03	0.4 %
Export	34.10	31.10	3.00	9.6 %
Total International Package	20.45	18.50	1.95	10.5 %
Consolidated	\$ 13.26	\$ 12.12	\$ 1.14	9.4 %

(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 - First Quarter
(unaudited)

Three Months Ended

March 31

<i>(in millions)</i>	2022	2021	Change	% Change
Compensation and benefits	\$ 11,616	\$ 11,483	\$ 133	1.2 %
Repairs and maintenance	626	619	7	1.1 %
Depreciation and amortization	764	722	42	5.8 %
Purchased transportation	4,600	4,243	357	8.4 %
Fuel	1,220	807	413	51.2 %
Other occupancy	491	466	25	5.4 %
Other expenses	1,810	1,803	7	0.4 %
Total operating expenses	\$ 21,127	\$ 20,143	\$ 984	4.9 %

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

United Parcel Service, Inc.
Consolidated Balance Sheets
March 31, 2022 (unaudited) and December 31, 2021

<i>(amounts in millions)</i>	March 31, 2022	December 31, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 12,208	\$ 10,255
Marketable securities	337	338
Accounts receivables	11,335	12,669
Less: Allowance for credit losses	(136)	(128)
Accounts receivable, net	11,199	12,541
Other current assets	1,857	1,800
Total Current Assets	25,601	24,934
Property, Plant and Equipment, Net	33,595	33,475
Operating Lease Right-Of-Use Assets	3,481	3,562
Goodwill	3,668	3,692
Intangible Assets, Net	2,465	2,486
Investments and Restricted Cash	22	26
Deferred Income Tax Assets	173	176
Other Non-Current Assets	1,108	1,054
Total Assets	\$ 70,113	\$ 69,405
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt, commercial paper and finance leases	\$ 2,141	\$ 2,131
Current maturities of operating leases	579	580
Accounts payable	7,036	7,523
Accrued wage and withholdings	3,418	3,819
Self-insurance reserves	1,025	1,048
Accrued group welfare and retirement plan contributions	922	1,038
Other current liabilities	1,721	1,430
Total Current Liabilities	16,842	17,569
Long-Term Debt and Finance Leases	19,740	19,784
Non-Current Operating Leases	2,970	3,033
Pension and Postretirement Benefit Obligations	8,203	8,047
Deferred Income Tax Liabilities	3,356	3,125
Other Non-Current Liabilities	3,568	3,578
Shareowners' Equity:		
Class A common stock	2	2
Class B common stock	7	7
Additional paid-in capital	1,231	1,343
Retained earnings	17,433	16,179
Accumulated other comprehensive loss	(3,257)	(3,278)
Deferred compensation obligations	12	16
Less: Treasury stock	(12)	(16)
Total Equity for Controlling Interests	15,416	14,253
Noncontrolling interests	18	16
Total Shareowners' Equity	15,434	14,269
Total Liabilities and Shareowners' Equity	\$ 70,113	\$ 69,405

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)

	Three Months Ended	
	March 31	
	2022	2021
Cash Flows From Operating Activities:		
Net income	\$ 2,662	\$ 4,792
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	764	722
Pension and postretirement benefit (income) expense	201	(3,024)
Pension and postretirement benefit contributions	(45)	(215)
Self-insurance reserves	(45)	4
Deferred tax (benefit) expense	209	942
Stock compensation expense	386	315
Other (gains) losses	44	57
Changes in assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	1,227	435
Other assets	7	363
Accounts payable	(743)	(261)
Accrued wages and withholdings	(343)	199
Other liabilities	173	180
Other operating activities	(17)	22
Net cash from operating activities	4,480	4,531
Cash Flow From Investing Activities:		
Capital expenditures	(548)	(834)
Proceeds from disposal of businesses, property, plant and equipment	—	10
Purchases of marketable securities	(68)	(78)
Sales and maturities of marketable securities	60	134
Net change in finance receivables	5	11
Cash paid for business acquisitions, net of cash and cash equivalents acquired	1	(3)
Other investing activities	(22)	(6)
Net cash used in investing activities	(572)	(766)
Cash Flow From Financing Activities:		
Net change in short-term debt	—	697
Proceeds from long-term borrowings	—	—
Repayments of long-term borrowings	(18)	(1,528)
Purchases of common stock	(254)	—
Issuances of common stock	67	78
Dividends	(1,284)	(858)
Other financing activities	(481)	(334)
Net cash used in financing activities	(1,970)	(1,945)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	15	1
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	1,953	1,821
Cash, Cash Equivalents and Restricted Cash:		
Beginning of period	10,255	5,910
End of period	\$ 12,208	\$ 7,731

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)

	Three Months Ended			
	March 31			
	2022		2021	
Cash flows from operating activities	\$	4,480	\$	4,531
Capital expenditures		(548)		(834)
Proceeds from disposals of property, plant and equipment		—		10
Net change in finance receivables		5		11
Other investing activities		(22)		(6)
Free Cash Flow (Non-GAAP measure)	\$	<u>3,915</u>	\$	<u>3,712</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)

	TTM ⁽¹⁾	TTM ⁽¹⁾
	March 31, 2022	March 31, 2021
Net Income	\$ 10,760	\$ 5,170
Add back:		
Income tax expense	3,023	1,628
Interest expense	691	711
Depreciation and amortization	2,995	2,772
EBITDA	17,469	10,281
Add back (deduct):		
Transformation and other	205	1,173
Defined benefit plan (gains) and losses	(15)	3,194
Investment income and other	(1,163)	(1,326)
Adjusted EBITDA	\$ 16,496	\$ 13,322
Debt and finance leases, including current maturities	\$ 21,881	\$ 23,727
Add back:		
Non-current pension and postretirement benefit obligations	8,203	9,594
Adjusted total debt	\$ 30,084	\$ 33,321
Adjusted total adjusted debt/adjusted EBITDA	1.82	2.50

(1) Trailing twelve months

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

(amounts in millions)

	TTM ⁽¹⁾ March 31, 2022	TTM ⁽¹⁾ March 31, 2021
Net Income	\$ 10,760	\$ 5,170
Add back (deduct):		
Income tax expense	3,023	1,628
Interest expense	691	711
Other pension (income) expense	(1,185)	1,900
Investment (income) expenses and other	7	(32)
Operating profit	13,296	9,377
Transformation and other	\$ 205	\$ 1,173
Adjusted operating profit	<u>\$ 13,501</u>	<u>\$ 10,550</u>
Average debt and finance leases, including current maturities	\$ 22,804	\$ 26,164
Average pension and postretirement benefit obligations	8,899	10,036
Average shareowners' equity	11,297	5,236
Average Invested Capital	<u>\$ 42,999</u>	<u>\$ 41,436</u>
Net income to average invested capital	<u>25.0 %</u>	<u>12.5 %</u>
Adjusted Return on Invested Capital	<u>31.4 %</u>	<u>25.5 %</u>

(1) Trailing twelve months

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 March 31,

(in millions, except per share amounts)

	2022			2021			% Change As Rep. (GAAP)	% Change As Adj. (Non-GAAP)		
	As Reported (GAAP)	Pension Adj. ⁽¹⁾	Transformation & Other Adj. ⁽²⁾	As Adjusted (Non-GAAP)	As Reported (GAAP)	Pension Adj. ⁽¹⁾			Transformation & Other Adj. ⁽²⁾	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 13,462	\$ —	43	\$ 13,419	\$ 12,651	\$ —	\$ 104	\$ 12,547	6.4 %	6.9 %
International Package	3,760	—	4	3,756	3,522	—	6	3,516	6.8 %	6.8 %
Supply Chain Solutions ⁽³⁾	3,905	—	8	3,897	3,970	—	74	3,896	(1.6)%	— %
Operating expense	21,127	—	55	21,072	20,143	—	184	19,959	4.9 %	5.6 %
U.S. Domestic Package	\$ 1,662	\$ —	43	\$ 1,705	\$ 1,359	\$ —	\$ 104	\$ 1,463	22.3 %	16.5 %
International Package	1,116	—	4	1,120	1,085	—	6	1,091	2.9 %	2.7 %
Supply Chain Solutions ⁽³⁾	473	—	8	481	321	—	74	395	47.4 %	21.8 %
Operating Profit	3,251	—	55	3,306	2,765	—	184	2,949	17.6 %	12.1 %
Other Income and (Expense):										
Other pension income (expense)	331	(33)	—	298	3,603	(3,290)	—	313	(90.8)%	(4.8)%
Investment income (expense) and other	(16)	—	—	(16)	13	—	—	13	N/M	N/M
Interest expense	(174)	—	—	(174)	(177)	—	—	(177)	(1.7)%	(1.7)%
Total Other Income (Expense)	\$ 141	\$ (33)	\$ —	\$ 108	\$ 3,439	\$ (3,290)	\$ —	\$ 149	(95.9)%	(27.5)%
Income Before Income Taxes	3,392	(33)	55	3,414	6,204	(3,290)	184	3,098	(45.3)%	10.2 %
Income Tax Expense	730	(9)	12	733	1,412	(788)	44	668	(48.3)%	9.7 %
Net Income	\$ 2,662	\$ (24)	\$ 43	\$ 2,681	\$ 4,792	\$ (2,502)	\$ 140	\$ 2,430	(44.4)%	10.3 %
Basic Earnings Per Share	\$ 3.05	\$ (0.03)	\$ 0.05	\$ 3.07	\$ 5.50	\$ (2.87)	\$ 0.16	\$ 2.79	(44.5)%	10.0 %
Diluted Earnings Per Share	\$ 3.03	\$ (0.03)	\$ 0.05	\$ 3.05	\$ 5.47	\$ (2.86)	\$ 0.16	\$ 2.77	(44.6)%	10.1 %
Weighted-average shares outstanding:										
Basic	874				872					
Diluted	879				876					

(1) Represents the impact of curtailment of benefits effective December 31, 2023, for the Canada Ltd Retirement Plan.

(2) Transformation & Other of \$55 million reflects other employee benefits costs of \$33 million and other costs of \$22 million.

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

(4) Transformation & Other Adj. of \$184 million reflects a valuation allowance of \$66 million related to the divestiture of UPS Freight, other employee benefits costs of \$76 million and other costs of \$42 million.

(5) 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 - First Quarter
(unaudited)

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

	Three Months Ended March 31			Currency	Currency Neutral	
	2022	2021	% Change		2022 ⁽¹⁾	% Change
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 7.36	\$ 7.33	0.4 %	\$ 0.47	\$ 7.83	6.8 %
Export	34.10	31.10	9.6 %	0.78	34.88	12.2 %
Total International Package	\$ 20.45	\$ 18.50	10.5 %	\$ 0.62	\$ 21.07	13.9 %
Consolidated	\$ 13.26	\$ 12.12	9.4 %	\$ 0.09	\$ 13.35	10.1 %
Revenue (in millions):						
Three Months Ended March 31						
	2022	2021	% Change	Currency	2022 ⁽¹⁾	% Change
U.S. Domestic Package	\$ 15,124	\$ 14,010	8.0 %	\$ —	\$ 15,124	8.0 %
International Package	4,876	4,607	5.8 %	143	5,019	8.9 %
Supply Chain Solutions ⁽²⁾	4,378	4,291	2.0 %	37	4,415	2.9 %
Total revenue	\$ 24,378	\$ 22,908	6.4 %	\$ 180	\$ 24,558	7.2 %
As-Adjusted Operating Profit (in millions)⁽³⁾:						
Three Months Ended March 31						
	2022	2021	% Change	Currency	2022 ⁽¹⁾	% Change
U.S. Domestic Package	\$ 1,705	\$ 1,463	16.5 %	\$ —	\$ 1,705	16.5 %
International Package	1,120	1,091	2.7 %	28	1,148	5.2 %
Supply Chain Solutions ⁽²⁾	481	395	21.8 %	(3)	478	21.0 %
Total operating profit	\$ 3,306	\$ 2,949	12.1 %	\$ 25	\$ 3,331	13.0 %

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

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

(3) Amounts adjusted for transformation & other.

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

United Parcel Service, Inc.
Aircraft Fleet - As of March 31, 2022
(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	27	—	1	—
Other	—	296	—	—
Total	289	296	20	8

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

