

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): October 25, 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 October 25, 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 third quarter ended September 30, 2022. The Company also posted on its website at [www.investors.ups.com](http://www.investors.ups.com) financial statement schedules containing additional detail about the Company's results of operations 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 October 25, 2022 "[UPS RELEASES 3Q 2022 EARNINGS](#)"

99.2 [Q3 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.

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Signatures

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

Date: October 25, 2022

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

## UPS RELEASES 3Q 2022 EARNINGS

- **Consolidated Revenues of \$24.2B, Up 4.2% from Last Year**
- **Consolidated Operating Profit of \$3.1B, Up 7.5% from Last Year; Up 6.0% on an Adjusted\* Basis**
- **Diluted EPS of \$2.96; Adjusted Diluted EPS Up 10.3% Over Last Year to \$2.99**
- **Reaffirms FY 2022 Consolidated Revenue, Adjusted Operating Margin and Adjusted Return on Invested Capital Targets**

ATLANTA – October 25, 2022 – UPS (NYSE:UPS) today announced third-quarter 2022 consolidated revenues of \$24.2 billion, a 4.2% increase over the third quarter of 2021. Consolidated operating profit was \$3.1 billion, up 7.5% compared to the third quarter of 2021, and up 6.0% on an adjusted basis. Diluted earnings per share were \$2.96 for the quarter; adjusted diluted earnings per share of \$2.99 were 10.3% above the same period in 2021.

For the third quarter of 2022, GAAP results included after-tax transformation and other charges of \$27 million, or \$0.03 per diluted share.

“I want to thank UPSers around the world for their unstoppable spirit and for continuing to deliver outstanding service to our customers,” said Carol Tomé, UPS chief executive officer. “The macro environment is very dynamic, but we are on track to achieving our 2022 financial targets by executing our strategy and controlling what we can control.”

### U.S. Domestic Segment

	<u>3Q 2022</u>	<u>Adjusted 3Q 2022</u>	<u>3Q 2021</u>	<u>Adjusted 3Q 2021</u>
Revenue	\$15,374 M		\$14,208 M	
Operating profit	\$1,666 M	\$1,686 M	\$1,407 M	\$1,414 M

- Revenue grew 8.2%, driven by a 9.8% increase in revenue per piece.
- Operating margin was 10.8%; adjusted operating margin was 11.0%.

### International Segment

	<u>3Q 2022</u>	<u>Adjusted 3Q 2022</u>	<u>3Q 2021</u>	<u>Adjusted 3Q 2021</u>
Revenue	\$4,799 M		\$4,720 M	
Operating profit	\$997 M	\$1,004 M	\$1,051 M	\$1,108 M

- Revenue increased 1.7%, driven by a 6.4% increase in revenue per piece.
- Operating margin was 20.8%; adjusted operating margin was 20.9%.

## Supply Chain Solutions<sup>1</sup>

	<u>3Q 2022</u>	<u>Adjusted 3Q 2022</u>	<u>3Q 2021</u>	<u>Adjusted 3Q 2021</u>
Revenue	\$3,988 M		\$4,256 M	
Operating profit	\$450 M	\$459 M	\$438 M	\$448 M

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

- Revenue decreased 6.3%, due to declines in air and ocean freight forwarding, partially offset by growth in our logistics and healthcare businesses.
- Operating margin was 11.3%; adjusted operating margin was 11.5%.

### **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 adjustments or other unanticipated events, which would be included in reported (GAAP) results and could be material.

For the full year 2022, the company reaffirms its consolidated financial targets of revenue of around \$102 billion, an adjusted operating margin of about 13.7% and adjusted return on invested capital above 30%.

For the year, the company now expects capital expenditures to be around \$5.0 billion. Dividend payments are expected to be around \$5.2 billion, subject to Board approval, and share repurchases are projected to be at least \$3.0 billion.

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

### **Contacts:**

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

UPS Investor Relations: 404-828-6059 (option 4) or [investor@ups.com](mailto:investor@ups.com)

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## **Conference Call Information**

UPS CEO Carol Tomé and CFO Brian Newman will discuss third-quarter results with investors and analysts during a conference call at 8:30 a.m. ET, October 25, 2022. That call will be open to others through a live Webcast. To access the call, go to [www.investors.ups.com](http://www.investors.ups.com) and click on “Earnings Conference Call.” Additional financial information is included in the detailed financial schedules being posted on [www.investors.ups.com](http://www.investors.ups.com) under “Quarterly Earnings and Financials” and as filed with the SEC as an exhibit to our Current Report on Form 8-K.

## **About UPS**

UPS (NYSE: UPS) is one of the world’s largest companies, with 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 more than 500,000 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, equity and inclusion. More information can be found at [www.ups.com](http://www.ups.com), [about.ups.com](http://about.ups.com) and [www.investors.ups.com](http://www.investors.ups.com).

## **Forward-Looking Statements**

This release and our filings with the Securities and Exchange Commission contain and in the future may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than those of current or historical fact, and all statements accompanied by terms such as “will,” “believe,” “project,” “expect,” “estimate,” “assume,” “intend,” “anticipate,” “target,” “plan,” and similar terms, are intended to be forward-looking statements. Forward-looking statements are made subject to the safe harbor provisions of the federal securities laws pursuant to Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

From time to time, we also include written or oral forward-looking statements in other publicly disclosed materials. 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;

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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, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, and subsequently filed reports. You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. We do not undertake any obligation to update forward-looking statements to reflect events, circumstances, changes in expectations, or the occurrence of unanticipated events after the date of those statements.

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, revenue per piece and operating profit on a constant currency basis. Additionally, we disclose free cash flow, adjusted 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.

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### *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.

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### *Adjusted Return on Invested Capital*

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

### *Adjusted Total Debt / Adjusted EBITDA*

Adjusted total debt is defined as our long-term debt and finance leases, including current maturities, plus non-current pension and postretirement benefit obligations. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization adjusted for 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.

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

Three Months Ended September 30, 2022

	As Reported (GAAP)	Transformation & Other Adj. <sup>(1)</sup>	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 13,708	\$ 20	\$ 13,688
International Package	3,802	7	3,795
Supply Chain Solutions	3,538	9	3,529
Operating Expense	21,048	36	21,012
U.S. Domestic Package	1,666	20	1,686
International Package	997	7	1,004
Supply Chain Solutions	450	9	459
Operating Profit	3,113	36	3,149
Other Income and (Expense):			
Other pension income (expense)	297	—	297
Investment income (expense) and other	36	—	36
Interest expense	(177)	—	(177)
Total Other Income (Expense)	156	—	156
Income Before Income Taxes	3,269	36	3,305
Income Tax Expense	685	9	694
Net Income	\$ 2,584	\$ 27	\$ 2,611
Basic Earnings Per Share	\$ 2.97	\$ 0.03	\$ 3.00
Diluted Earnings Per Share	\$ 2.96	\$ 0.03	\$ 2.99

(1) Transformation & Other of \$36 million reflects other employee benefits costs of \$15 million and other costs of \$21 million.

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

**Nine Months Ended September 30, 2022**

	As Reported (GAAP)	Pension Adj. <sup>(1)</sup>	Transformation & Other Adj. <sup>(2)</sup>	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 40,800	\$ —	\$ 89	\$ 40,711
International Package	11,442	—	22	11,420
Supply Chain Solutions	11,164	—	21	11,143
Operating Expense	63,406	—	132	63,274
U.S. Domestic Package	5,157	—	89	5,246
International Package	3,306	—	22	3,328
Supply Chain Solutions	1,436	—	21	1,457
Operating Profit	9,899	—	132	10,031
<b>Other Income and (Expense):</b>				
Other pension income (expense)	926	(33)	—	893
Investment income (expense) and other	55	—	—	55
Interest expense	(522)	—	—	(522)
Total Other Income (Expense)	459	(33)	—	426
Income Before Income Taxes	10,358	(33)	132	10,457
Income Tax Expense	2,263	(9)	31	2,285
Net Income	<u>\$ 8,095</u>	<u>\$ (24)</u>	<u>\$ 101</u>	<u>\$ 8,172</u>
Basic Earnings Per Share	<u>\$ 9.27</u>	<u>\$ (0.03)</u>	<u>\$ 0.12</u>	<u>\$ 9.36</u>
Diluted Earnings Per Share	<u>\$ 9.24</u>	<u>\$ (0.03)</u>	<u>\$ 0.12</u>	<u>\$ 9.33</u>

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

(2) Transformation & Other of \$132 million reflects other employee benefits costs of \$71 million and other costs of \$61 million.

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

Three Months Ended September 30,

	2022 As Reported (GAAP)	2021 As Reported (GAAP)	% Change (GAAP)	Currency Impact	2022 Currency Neutral (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 7.31	\$ 7.19	1.7 %	\$ 1.08	\$ 8.39	16.7 %
Export	34.77	33.56	3.6 %	1.96	36.73	9.4 %
Total International Package	<u>\$ 21.07</u>	<u>\$ 19.80</u>	6.4 %	<u>\$ 1.52</u>	<u>\$ 22.59</u>	14.1 %
Consolidated	<u>\$ 13.58</u>	<u>\$ 12.50</u>	8.6 %	<u>\$ 0.23</u>	<u>\$ 13.81</u>	10.5 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 15,374	\$ 14,208	8.2 %	\$ —	\$ 15,374	8.2 %
International Package	4,799	4,720	1.7 %	335	5,134	8.8 %
Supply Chain Solutions	3,988	4,256	(6.3) %	92	4,080	(4.1) %
Total revenue	<u>\$ 24,161</u>	<u>\$ 23,184</u>	4.2 %	<u>\$ 427</u>	<u>\$ 24,588</u>	6.1 %

	2022 As Adjusted (Non-GAAP)	2021 As Adjusted (Non-GAAP)	% Change (Non-GAAP)	Currency Impact	2022 As Adjusted Currency Neutral (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)
<b>As Adjusted Operating Profit<sup>(2)</sup>:</b>						
U.S. Domestic Package	\$ 1,686	\$ 1,414	19.2 %	\$ —	\$ 1,686	19.2 %
International Package	1,004	1,108	(9.4) %	82	1,086	(2.0) %
Supply Chain Solutions	459	448	2.5 %	(7)	452	0.9 %
Total operating profit	<u>\$ 3,149</u>	<u>\$ 2,970</u>	6.0 %	<u>\$ 75</u>	<u>\$ 3,224</u>	8.6 %

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

(2) Amounts adjusted for transformation & other

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

Nine Months Ended September 30,

	2022 As Reported (GAAP)	2021 As Reported (GAAP)	% Change (GAAP)	Currency Impact	2022 Currency Neutral (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 7.43	\$ 7.32	1.5 %	\$ 0.78	\$ 8.21	12.2 %
Export	35.26	32.41	8.8 %	1.41	36.67	13.1 %
Total International Package	<u>\$ 21.22</u>	<u>\$ 19.19</u>	10.6 %	<u>\$ 1.10</u>	<u>\$ 22.32</u>	16.3 %
Consolidated	<u>\$ 13.52</u>	<u>\$ 12.29</u>	10.0 %	<u>\$ 0.16</u>	<u>\$ 13.68</u>	11.3 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 45,957	\$ 42,620	7.8 %	\$ —	\$ 45,957	7.8 %
International Package	14,748	14,144	4.3 %	739	15,487	9.5 %
Supply Chain Solutions <sup>(2)</sup>	12,600	12,752	(1.2) %	191	12,791	0.3 %
Total revenue	<u>\$ 73,305</u>	<u>\$ 69,516</u>	5.5 %	<u>\$ 930</u>	<u>\$ 74,235</u>	6.8 %

	2022 As Adjusted (Non-GAAP)	2021 As Adjusted (Non-GAAP)	% Change (Non-GAAP)	Currency Impact	2022 As Adjusted Currency Neutral (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating Profit<sup>(3)</sup>:</b>						
U.S. Domestic Package	\$ 5,246	\$ 4,552	15.2 %	\$ —	\$ 5,246	15.2 %
International Package	3,328	3,389	(1.8) %	170	3,498	3.2 %
Supply Chain Solutions <sup>(2)</sup>	1,457	1,251	16.5 %	(25)	1,432	14.5 %
Total operating profit	<u>\$ 10,031</u>	<u>\$ 9,192</u>	9.1 %	<u>\$ 145</u>	<u>\$ 10,176</u>	10.7 %

(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

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

Nine Months Ended September 30,

	2022
Cash flows from operating activities	\$ 10,772
Capital expenditures	(2,278)
Proceeds from disposals of property, plant and equipment	12
Net change in finance receivables	23
Other investing activities	(57)
Free Cash Flow (Non-GAAP measure)	<u>\$ 8,472</u>



**Reconciliation of Adjusted Debt to Adjusted EBITDA (Non-GAAP measure)**  
(in millions):

	<b>TTM<sup>(1)</sup> Ended September 30, 2022</b>
Net income	\$ 11,188
Add back:	
Income tax expense	3,132
Interest expense	695
Depreciation & amortization	3,054
EBITDA	18,069
Add back (deduct):	
Transformation and other	193
Defined benefit plan (gains) and losses	(15)
Investment income and other	(1,210)
Adjusted EBITDA	\$ 17,037
Debt and finance leases, including current maturities	\$ 20,350
Add back:	
Non-current pension and postretirement benefit obligations	6,747
Adjusted total debt	\$ 27,097
Adjusted total debt/adjusted EBITDA	1.59

(1) Trailing twelve months



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

		<b>TTM<sup>(1)</sup> Ended September 30, 2022</b>
Net income	\$	11,188
Add back (deduct):		
Income tax expense		3,132
Interest expense		695
Other pension (income) expense		(1,193)
Investment (income) expense and other		(32)
Operating profit		13,790
Transformation and other		193
Adjusted operating profit	\$	13,983
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Average debt and finance leases, including current maturities		21,228
Average non-current pension and postretirement benefit obligations		7,210
Average shareowners' equity		14,523
Average Invested Capital	\$	42,961
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Net income to average invested capital		26.0 %
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Adjusted Return on Invested Capital		32.5 %
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(1) Trailing twelve months

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

	Three Months Ended September 30			
	2022	2021	Change	% Change
<i>(amounts in millions, except per share data)</i>				
<b>Statement of Income Data:</b>				
Revenue:				
U.S. Domestic Package	\$ 15,374	\$ 14,208	\$ 1,166	8.2 %
International Package	4,799	4,720	79	1.7 %
Supply Chain Solutions	3,988	4,256	(268)	(6.3) %
Total revenue	24,161	23,184	977	4.2 %
Operating expenses:				
U.S. Domestic Package	13,708	12,801	907	7.1 %
International Package	3,802	3,669	133	3.6 %
Supply Chain Solutions	3,538	3,818	(280)	(7.3) %
Total operating expenses	21,048	20,288	760	3.7 %
Operating profit:				
U.S. Domestic Package	1,666	1,407	259	18.4 %
International Package	997	1,051	(54)	(5.1) %
Supply Chain Solutions	450	438	12	2.7 %
Total operating profit	3,113	2,896	217	7.5 %
Other income (expense):				
Other pension income (expense)	297	285	12	4.2 %
Investment income (expense) and other	36	(11)	47	N/M
Interest expense	(177)	(177)	—	0.0 %
Total other income (expense)	156	97	59	60.8 %
Income before income taxes	3,269	2,993	276	9.2 %
Income tax expense	685	664	21	3.2 %
Net income	\$ 2,584	\$ 2,329	\$ 255	10.9 %
Net income as a percentage of revenue	10.7 %	10.0 %		
Per share amounts:				
Basic earnings per share	\$ 2.97	\$ 2.66	\$ 0.31	11.7 %
Diluted earnings per share	\$ 2.96	\$ 2.65	\$ 0.31	11.7 %
Weighted-average shares outstanding:				
Basic	870	875	(5)	(0.6) %
Diluted	872	879	(7)	(0.8) %
<b>As Adjusted Income Data <sup>(1)</sup>:</b>				
Operating profit:				
U.S. Domestic Package	\$ 1,686	\$ 1,414	\$ 272	19.2 %
International Package	1,004	1,108	(104)	(9.4) %
Supply Chain Solutions	459	448	11	2.5 %
Total operating profit	3,149	2,970	179	6.0 %
Total other income (expense)	\$ 156	\$ 97	\$ 59	60.8 %
Income before income taxes	\$ 3,305	\$ 3,067	\$ 238	7.8 %
Net income	\$ 2,611	\$ 2,383	\$ 228	9.6 %
Basic earnings per share	\$ 3.00	\$ 2.72	\$ 0.28	10.3 %
Diluted earnings per share	\$ 2.99	\$ 2.71	\$ 0.28	10.3 %

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

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

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

	Three Months Ended			
	September 30			
	2022	2021	Change	% Change
<b>Revenue (in millions):</b>				
U.S. Domestic Package:				
Next Day Air	\$ 2,673	\$ 2,415	\$ 258	10.7 %
Deferred	1,311	1,304	7	0.5 %
Ground	11,390	10,489	901	8.6 %
Total U.S. Domestic Package	15,374	14,208	1,166	8.2 %
International Package:				
Domestic	785	852	(67)	(7.9)%
Export	3,747	3,641	106	2.9 %
Cargo and Other	267	227	40	17.6 %
Total International Package	4,799	4,720	79	1.7 %
Supply Chain Solutions:				
Forwarding	2,162	2,625	(463)	(17.6)%
Logistics	1,302	1,158	144	12.4 %
Other	524	473	51	10.8 %
Total Supply Chain Solutions	3,988	4,256	(268)	(6.3)%
Consolidated	\$ 24,161	\$ 23,184	\$ 977	4.2 %
Consolidated volume (in millions)	1,466	1,497	(31)	(2.1)%
Operating weekdays	64	64	—	0.0 %
<b>Average Daily Package Volume (in thousands):</b>				
U.S. Domestic Package:				
Next Day Air	1,932	1,949	(17)	(0.9)%
Deferred	1,341	1,501	(160)	(10.7)%
Ground	16,266	16,385	(119)	(0.7)%
Total U.S. Domestic Package	19,539	19,835	(296)	(1.5)%
International Package:				
Domestic	1,677	1,851	(174)	(9.4)%
Export	1,684	1,695	(11)	(0.6)%
Total International Package	3,361	3,546	(185)	(5.2)%
Consolidated	22,900	23,381	(481)	(2.1)%
<b>Average Revenue Per Piece:</b>				
U.S. Domestic Package:				
Next Day Air	\$ 21.62	\$ 19.36	\$ 2.26	11.7 %
Deferred	15.28	13.57	1.71	12.6 %
Ground	10.94	10.00	0.94	9.4 %
Total U.S. Domestic Package	12.29	11.19	1.10	9.8 %
International Package:				
Domestic	7.31	7.19	0.12	1.7 %
Export	34.77	33.56	1.21	3.6 %
Total International Package	21.07	19.80	1.27	6.4 %
Consolidated	\$ 13.58	\$ 12.50	\$ 1.08	8.6 %

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

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

	Three Months Ended			
	September 30			
<i>(in millions)</i>	2022	2021	Change	% Change
Compensation and benefits	\$ 11,506	\$ 11,148	\$ 358	3.2 %
Repairs and maintenance	639	619	20	3.2 %
Depreciation and amortization	774	738	36	4.9 %
Purchased transportation	4,173	4,638	(465)	(10.0)%
Fuel	1,530	950	580	61.1 %
Other occupancy	427	384	43	11.2 %
Other expenses	1,999	1,811	188	10.4 %
Total operating expenses	\$ 21,048	\$ 20,288	\$ 760	3.7 %

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

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

	Nine Months Ended			
	September 30			
	2022	2021	Change	% Change
<i>(amounts in millions, except per share data)</i>				
<b>Statement of Income Data:</b>				
Revenue:				
U.S. Domestic Package	\$ 45,957	\$ 42,620	\$ 3,337	7.8 %
International Package	14,748	14,144	604	4.3 %
Supply Chain Solutions <sup>(1)</sup>	12,600	12,752	(152)	(1.2)%
Total revenue	73,305	69,516	3,789	5.5 %
Operating expenses:				
U.S. Domestic Package	40,800	38,287	2,513	6.6 %
International Package	11,442	10,824	618	5.7 %
Supply Chain Solutions <sup>(1)</sup>	11,164	11,486	(322)	(2.8)%
Total operating expenses	63,406	60,597	2,809	4.6 %
Operating profit:				
U.S. Domestic Package	5,157	4,333	824	19.0 %
International Package	3,306	3,320	(14)	(0.4)%
Supply Chain Solutions <sup>(1)</sup>	1,436	1,266	170	13.4 %
Total operating profit	9,899	8,919	980	11.0 %
Other income (expense):				
Other pension income (expense)	926	4,190	(3,264)	(77.9)%
Investment income (expense) and other	55	45	10	22.2 %
Interest expense	(522)	(521)	(1)	0.2 %
Total other income (expense)	459	3,714	(3,255)	(87.6)%
Income before income taxes	10,358	12,633	(2,275)	(18.0)%
Income tax expense	2,263	2,836	(573)	(20.2)%
Net income	\$ 8,095	\$ 9,797	\$ (1,702)	(17.4)%
Net income as a percentage of revenue	11.0 %	14.1 %		
Per share amounts:				
Basic earnings per share	\$ 9.27	\$ 11.21	\$ (1.94)	(17.3)%
Diluted earnings per share	\$ 9.24	\$ 11.16	\$ (1.92)	(17.2)%
Weighted-average shares outstanding:				
Basic	873	874	(1)	(0.1)%
Diluted	876	878	(2)	(0.2)%
<b>As Adjusted Income Data <sup>(2)</sup>:</b>				
Operating profit:				
U.S. Domestic Package	\$ 5,246	\$ 4,552	\$ 694	15.2 %
International Package	3,328	3,389	(61)	(1.8)%
Supply Chain Solutions <sup>(1)</sup>	1,457	1,251	206	16.5 %
Total operating profit	10,031	9,192	839	9.1 %
Total other income (expense)	\$ 426	\$ 424	\$ 2	0.5 %
Income before income taxes	\$ 10,457	\$ 9,616	\$ 841	8.7 %
Net income	\$ 8,172	\$ 7,500	\$ 672	9.0 %
Basic earnings per share	\$ 9.36	\$ 8.58	\$ 0.78	9.1 %
Diluted earnings per share	\$ 9.33	\$ 8.54	\$ 0.79	9.3 %

(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 - Year to Date**  
(unaudited)

	Nine Months Ended			
	September 30			
	2022	2021	Change	% Change
<b>Revenue (in millions):</b>				
U.S. Domestic Package:				
Next Day Air	\$ 7,923	\$ 7,202	\$ 721	10.0 %
Deferred	4,123	3,877	246	6.3 %
Ground	33,911	31,541	2,370	7.5 %
Total U.S. Domestic Package	45,957	42,620	3,337	7.8 %
International Package:				
Domestic	2,465	2,716	(251)	(9.2)%
Export	11,501	10,808	693	6.4 %
Cargo and Other	782	620	162	26.1 %
Total International Package	14,748	14,144	604	4.3 %
Supply Chain Solutions <sup>(1)</sup> :				
Forwarding	7,140	7,006	134	1.9 %
Logistics	3,843	3,424	419	12.2 %
Freight	—	1,064	(1,064)	(100.0)%
Other	1,617	1,258	359	28.5 %
Total Supply Chain Solutions	12,600	12,752	(152)	(1.2)%
Consolidated	\$ 73,305	\$ 69,516	\$ 3,789	5.5 %
Consolidated volume (in millions)				
	4,432	4,569	(137)	(3.0)%
Operating weekdays				
	192	191	1	0.5 %
<b>Average Daily Package Volume (in thousands):</b>				
U.S. Domestic Package:				
Next Day Air	1,929	2,010	(81)	(4.0)%
Deferred	1,417	1,532	(115)	(7.5)%
Ground	16,309	16,689	(380)	(2.3)%
Total U.S. Domestic Package	19,655	20,231	(576)	(2.8)%
International Package:				
Domestic	1,729	1,943	(214)	(11.0)%
Export	1,699	1,746	(47)	(2.7)%
Total International Package	3,428	3,689	(261)	(7.1)%
Consolidated	23,083	23,920	(837)	(3.5)%
<b>Average Revenue Per Piece:</b>				
U.S. Domestic Package:				
Next Day Air	\$ 21.39	\$ 18.76	\$ 2.63	14.0 %
Deferred	15.15	13.25	1.90	14.3 %
Ground	10.83	9.89	0.94	9.5 %
Total U.S. Domestic Package	12.18	11.03	1.15	10.4 %
International Package:				
Domestic	7.43	7.32	0.11	1.5 %
Export	35.26	32.41	2.85	8.8 %
Total International Package	21.22	19.19	2.03	10.6 %
Consolidated	\$ 13.52	\$ 12.29	\$ 1.23	10.0 %

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

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

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

	Nine Months Ended			
	September 30			
<i>(in millions)</i>	2022	2021	Change	% Change
Compensation and benefits	\$ 34,480	\$ 33,958	\$ 522	1.5 %
Repairs and maintenance	1,908	1,837	71	3.9 %
Depreciation and amortization	2,300	2,199	101	4.6 %
Purchased transportation	13,158	13,327	(169)	(1.3) %
Fuel	4,447	2,672	1,775	66.4 %
Other occupancy	1,338	1,252	86	6.9 %
Other expenses	5,775	5,352	423	7.9 %
Total operating expenses	<u>\$ 63,406</u>	<u>\$ 60,597</u>	<u>\$ 2,809</u>	4.6 %

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



**United Parcel Service, Inc.**  
**Consolidated Balance Sheets**  
**September 30, 2022 (unaudited) and December 31, 2021**

<i>(amounts in millions)</i>	September 30, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 11,045	\$ 10,255
Marketable securities	331	338
Accounts receivable	11,118	12,669
Less: Allowance for credit losses	(143)	(128)
Accounts receivable, net	10,975	12,541
Other current assets	2,247	1,800
Total Current Assets	24,598	24,934
Property, Plant and Equipment, Net	33,625	33,475
Operating Lease Right-Of-Use Assets	3,417	3,562
Goodwill	3,624	3,692
Intangible Assets, Net	2,439	2,486
Investments and Restricted Cash	20	26
Deferred Income Tax Assets	143	176
Other Non-Current Assets	1,678	1,054
Total Assets	\$ 69,544	\$ 69,405
<b>LIABILITIES AND SHAREOWNERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Current maturities of long-term debt, commercial paper and finance leases	\$ 2,581	\$ 2,131
Current maturities of operating leases	560	580
Accounts payable	6,731	7,523
Accrued wage and withholdings	3,643	3,819
Self-insurance reserves	1,081	1,048
Accrued group welfare and retirement plan contributions	1,006	1,038
Hedge margin liabilities	1,031	260
Other current liabilities	1,046	1,170
Total Current Liabilities	17,679	17,569
Long-Term Debt and Finance Leases	17,769	19,784
Non-Current Operating Leases	2,960	3,033
Pension and Postretirement Benefit Obligations	6,747	8,047
Deferred Income Tax Liabilities	3,761	3,125
Other Non-Current Liabilities	3,640	3,578
<b>Shareowners' Equity:</b>		
Class A common stock	2	2
Class B common stock	7	7
Additional paid-in capital	—	1,343
Retained earnings	20,177	16,179
Accumulated other comprehensive loss	(3,218)	(3,278)
Deferred compensation obligations	12	16
Less: Treasury stock	(12)	(16)
Total Equity for Controlling Interests	16,968	14,253
Noncontrolling interests	20	16
Total Shareowners' Equity	16,988	14,269
Total Liabilities and Shareowners' Equity	\$ 69,544	\$ 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)

	Nine Months Ended September 30	
	2022	2021
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 8,095	\$ 9,797
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	2,300	2,199
Pension and postretirement benefit (income) expense	666	(2,656)
Pension and postretirement benefit contributions	(2,106)	(331)
Self-insurance reserves	182	122
Deferred tax (benefit) expense	466	1,271
Stock compensation expense	850	700
Other (gains) losses	(25)	33
Changes in assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	1,022	(21)
Other assets	(98)	256
Accounts payable	(952)	20
Accrued wages and withholdings	(59)	306
Other liabilities	481	65
Other operating activities	(50)	—
Net cash from operating activities	<u>10,772</u>	<u>11,761</u>
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(2,278)	(2,570)
Proceeds from disposal of businesses, property, plant and equipment	12	870
Purchases of marketable securities	(195)	(197)
Sales and maturities of marketable securities	193	257
Net change in finance receivables	23	28
Cash paid for business acquisitions, net of cash and cash equivalents acquired	(106)	(12)
Other investing activities	(57)	24
Net cash used in investing activities	<u>(2,408)</u>	<u>(1,600)</u>
<b>Cash Flows From Financing Activities:</b>		
Net change in short-term debt	—	—
Proceeds from long-term borrowings	—	—
Repayments of long-term borrowings	(1,124)	(2,613)
Purchases of common stock	(2,194)	(500)
Issuances of common stock	198	196
Dividends	(3,842)	(2,578)
Other financing activities	(513)	(361)
Net cash used in financing activities	<u>(7,475)</u>	<u>(5,856)</u>
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	(99)	(3)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	790	4,302
<b>Cash, Cash Equivalents and Restricted Cash:</b>		
Beginning of period	10,255	5,910
End of period	<u>\$ 11,045</u>	<u>\$ 10,212</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)

	Nine Months Ended	
	September 30	
	2022	2021
Cash flows from operating activities	\$ 10,772	\$ 11,761
Capital expenditures	(2,278)	(2,570)
Proceeds from disposals of property, plant and equipment	12	22
Net change in finance receivables	23	28
Other investing activities	(57)	24
Free Cash Flow (Non-GAAP measure)	<u>\$ 8,472</u>	<u>\$ 9,265</u>

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

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

(amounts in millions)

	TTM <sup>(1)</sup> Ended September 30, 2022	TTM <sup>(1)</sup> Ended September 30, 2021
Net Income	\$ 11,188	\$ 6,450
Add back:		
Income tax expense	3,132	1,895
Interest expense	695	696
Depreciation and amortization	3,054	2,911
EBITDA	18,069	11,952
Add back (deduct):		
Transformation and other	193	1,106
Defined benefit plan (gains) and losses	(15)	3,194
Investment income and other	(1,210)	(1,279)
Adjusted EBITDA	\$ 17,037	\$ 14,973
Debt and finance leases, including current maturities	\$ 20,350	\$ 22,106
Add back:		
Non-current pension and postretirement benefit obligations	6,747	7,672
Adjusted total debt	\$ 27,097	\$ 29,778
Adjusted total debt/adjusted EBITDA	<u>1.59</u>	<u>1.99</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 Adjusted Return on Invested Capital (Non-GAAP measure)**  
(unaudited)

(amounts in millions)

	TTM <sup>(1)</sup> Ended September 30, 2022	TTM <sup>(1)</sup> Ended September 30, 2021
Net Income	\$ 11,188	\$ 6,450
Add back (deduct):		
Income tax expense	3,132	1,895
Interest expense	695	696
Other pension (income) expense	(1,193)	1,967
Investment (income) expense and other	(32)	(52)
Operating profit	13,790	10,956
Transformation and other	\$ 193	\$ 1,106
Adjusted operating profit	<u>\$ 13,983</u>	<u>\$ 12,062</u>
Average debt and finance leases, including current maturities	\$ 21,228	\$ 23,912
Average non-current pension and postretirement benefit obligations	7,210	8,651
Average shareowners' equity	14,523	8,832
Average Invested Capital	<u>\$ 42,961</u>	<u>\$ 41,395</u>
Net income to average invested capital	<u>26.0 %</u>	<u>15.6 %</u>
Adjusted Return on Invested Capital	<u>32.5 %</u>	<u>29.1 %</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 September 30,

(in millions, except per share data)

	2022			2021			% Change As Rep. (GAAP)	% Change As Adj. (Non-GAAP)
	As Reported (GAAP)	Transformation & Other Adj. <sup>(1)</sup>	As Adjusted (Non-GAAP)	As Reported (GAAP)	Transformation & Other Adj. <sup>(2)</sup>	As Adjusted (Non-GAAP)		
U.S. Domestic Package	\$ 13,708	20	\$ 13,688	\$ 12,801	\$ 7	\$ 12,794	7.1 %	7.0 %
International Package	3,802	7	3,795	3,669	57	3,612	3.6 %	5.1 %
Supply Chain Solutions	3,538	9	3,529	3,818	10	3,808	(7.3) %	(7.3) %
Operating expense	<u>21,048</u>	<u>36</u>	<u>21,012</u>	<u>20,288</u>	<u>74</u>	<u>20,214</u>	3.7 %	3.9 %
U.S. Domestic Package	\$ 1,666	20	\$ 1,686	\$ 1,407	\$ 7	\$ 1,414	18.4 %	19.2 %
International Package	997	7	1,004	1,051	57	1,108	(5.1) %	(9.4) %
Supply Chain Solutions	450	9	459	438	10	448	2.7 %	2.5 %
Operating Profit	<u>3,113</u>	<u>36</u>	<u>3,149</u>	<u>2,896</u>	<u>74</u>	<u>2,970</u>	7.5 %	6.0 %
Other Income and (Expense):								
Other pension income (expense)	297	—	297	285	—	285	4.2 %	4.2 %
Investment income (expense) and other	36	—	36	(11)	—	(11)	N/M	N/M
Interest expense	(177)	—	(177)	(177)	—	(177)	0.0 %	0.0 %
Total Other Income (Expense)	<u>\$ 156</u>	<u>\$ —</u>	<u>\$ 156</u>	<u>\$ 97</u>	<u>\$ —</u>	<u>\$ 97</u>	60.8 %	60.8 %
Income Before Income Taxes	3,269	36	3,305	2,993	74	3,067	9.2 %	7.8 %
Income Tax Expense	685	9	694	664	20	684	3.2 %	1.5 %
Net Income	<u>\$ 2,584</u>	<u>\$ 27</u>	<u>\$ 2,611</u>	<u>\$ 2,329</u>	<u>\$ 54</u>	<u>\$ 2,383</u>	10.9 %	9.6 %
Basic Earnings Per Share	<u>\$ 2.97</u>	<u>\$ 0.03</u>	<u>\$ 3.00</u>	<u>\$ 2.66</u>	<u>\$ 0.06</u>	<u>\$ 2.72</u>	11.7 %	10.3 %
Diluted Earnings Per Share	<u>\$ 2.96</u>	<u>\$ 0.03</u>	<u>\$ 2.99</u>	<u>\$ 2.65</u>	<u>\$ 0.06</u>	<u>\$ 2.71</u>	11.7 %	10.3 %
Weighted-average shares outstanding:								
Basic	870			875				
Diluted	872			879				

(1) Transformation & Other of \$36 million reflects other employee benefits costs of \$15 million and other costs of \$21 million.

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

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

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

Nine Months Ended September 30,

(in millions, except per share data)

	2022				2021				% Change As Rep. (GAAP)	% Change As Adj. (Non-GAAP)
	As Reported (GAAP)	Pension Adj. <sup>(1)</sup>	Transformation & Other Adj. <sup>(2)</sup>	As Adjusted (Non-GAAP)	As Reported (GAAP)	Pension Adj. <sup>(1)</sup>	Transformation & Other Adj. <sup>(2)</sup>	As Adjusted (Non-GAAP)		
U.S. Domestic Package	\$ 40,800	\$ —	89	\$ 40,711	\$ 38,287	\$ —	219	\$ 38,068	6.6 %	6.9 %
International Package	11,442	—	22	11,420	10,824	—	69	10,755	5.7 %	6.2 %
Supply Chain Solutions <sup>(5)</sup>	11,164	—	21	11,143	11,486	—	(15)	11,501	(2.8)%	(3.1)%
Operating expense	63,406	—	132	63,274	60,597	—	273	60,324	4.6 %	4.9 %
U.S. Domestic Package	\$ 5,157	\$ —	89	\$ 5,246	\$ 4,333	\$ —	219	\$ 4,552	19.0 %	15.2 %
International Package	3,306	—	22	3,328	3,320	—	69	3,389	(0.4)%	(1.8)%
Supply Chain Solutions <sup>(5)</sup>	1,436	—	21	1,457	1,266	—	(15)	1,251	13.4 %	16.5 %
Operating Profit	9,899	—	132	10,031	8,919	—	273	9,192	11.0 %	9.1 %
Other Income and (Expense):										
Other pension income (expense)	926	(33)	—	893	4,190	(3,290)	—	900	(77.9)%	(0.8)%
Investment income (expense) and other	55	—	—	55	45	—	—	45	22.2 %	22.2 %
Interest expense	(522)	—	—	(522)	(521)	—	—	(521)	0.2 %	0.2 %
Total Other Income (Expense)	\$ 459	\$ (33)	\$ —	\$ 426	\$ 3,714	\$ (3,290)	\$ —	\$ 424	(87.6)%	0.5 %
Income Before Income Taxes	10,358	(33)	132	10,457	12,633	(3,290)	273	9,616	(18.0)%	8.7 %
Income Tax Expense	2,263	(9)	31	2,285	2,836	(788)	68	2,116	(20.2)%	8.0 %
Net Income	\$ 8,095	\$ (24)	\$ 101	\$ 8,172	\$ 9,797	\$ (2,502)	\$ 205	\$ 7,500	(17.4)%	9.0 %
Basic Earnings Per Share	\$ 9.27	\$ (0.03)	\$ 0.12	\$ 9.36	\$ 11.21	\$ (2.86)	\$ 0.23	\$ 8.58	(17.3)%	9.1 %
Diluted Earnings Per Share	\$ 9.24	\$ (0.03)	\$ 0.12	\$ 9.33	\$ 11.16	\$ (2.85)	\$ 0.23	\$ 8.54	(17.2)%	9.3 %
Weighted-average shares outstanding:										
Basic	873				874					
Diluted	876				878					

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

(2) Transformation & Other of \$132 million reflects other employee benefits costs of \$71 million and other costs of \$61 million.

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

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

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

*(in millions, except per piece data)*

	GAAP			Non-GAAP		
	Three Months Ended September 30			Currency Neutral		
	2022	2021	% Change	Currency	2022 <sup>(1)</sup>	% Change
<b>Average Revenue Per Piece:</b>						
<b>International Package:</b>						
Domestic	\$ 7.31	\$ 7.19	1.7 %	\$ 1.08	\$ 8.39	16.7 %
Export	34.77	33.56	3.6 %	1.96	36.73	9.4 %
Total International Package	\$ 21.07	\$ 19.80	6.4 %	\$ 1.52	\$ 22.59	14.1 %
Consolidated	\$ 13.58	\$ 12.50	8.6 %	\$ 0.23	\$ 13.81	10.5 %
<b>Revenue (in millions):</b>						
U.S. Domestic Package	\$ 15,374	\$ 14,208	8.2 %	\$ —	\$ 15,374	8.2 %
International Package	4,799	4,720	1.7 %	335	5,134	8.8 %
Supply Chain Solutions	3,988	4,256	(6.3) %	92	4,080	(4.1) %
Total revenue	\$ 24,161	\$ 23,184	4.2 %	\$ 427	\$ 24,588	6.1 %
<b>As Adjusted Operating Profit (in millions)<sup>(2)</sup>:</b>						
U.S. Domestic Package	\$ 1,686	\$ 1,414	19.2 %	\$ —	\$ 1,686	19.2 %
International Package	1,004	1,108	(9.4) %	82	1,086	(2.0) %
Supply Chain Solutions	459	448	2.5 %	(7)	452	0.9 %
Total operating profit	\$ 3,149	\$ 2,970	6.0 %	\$ 75	\$ 3,224	8.6 %

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

(2) Amounts adjusted for transformation & other

*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)**

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

(in millions, except per piece data)

	GAAP			Non-GAAP		
	Nine Months Ended September 30			Currency Neutral		
	2022	2021	% Change	Currency	2022 <sup>(1)</sup>	% Change
<b>Average Revenue Per Piece:</b>						
<b>International Package:</b>						
Domestic	\$ 7.43	\$ 7.32	1.5 %	\$ 0.78	\$ 8.21	12.2 %
Export	35.26	32.41	8.8 %	1.41	36.67	13.1 %
Total International Package	\$ 21.22	\$ 19.19	10.6 %	\$ 1.10	\$ 22.32	16.3 %
Consolidated	\$ 13.52	\$ 12.29	10.0 %	\$ 0.16	\$ 13.68	11.3 %
<b>Revenue (in millions):</b>						
U.S. Domestic Package	\$ 45,957	\$ 42,620	7.8 %	\$ —	\$ 45,957	7.8 %
International Package	14,748	14,144	4.3 %	739	15,487	9.5 %
Supply Chain Solutions <sup>(2)</sup>	12,600	12,752	(1.2) %	191	12,791	0.3 %
Total revenue	\$ 73,305	\$ 69,516	5.5 %	\$ 930	\$ 74,235	6.8 %
<b>As Adjusted Operating Profit (in millions)<sup>(3)</sup>:</b>						
U.S. Domestic Package	\$ 5,246	\$ 4,552	15.2 %	\$ —	\$ 5,246	15.2 %
International Package	3,328	3,389	(1.8) %	170	3,498	3.2 %
Supply Chain Solutions <sup>(2)</sup>	1,457	1,251	16.5 %	(25)	1,432	14.5 %
Total operating profit	\$ 10,031	\$ 9,192	9.1 %	\$ 145	\$ 10,176	10.7 %

(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 September 30, 2022**  
(unaudited)

Description	Owned and Finance Leases	Operating Leases & Charters from Others	On Order	Under Option
<b>Operating:</b>				
Boeing 757-200	75	—	—	—
Boeing 767-300	72	—	27	—
Boeing 767-300BCF	5	—	—	—
Boeing 767-300BDSF	4	—	—	—
Airbus A300-600	52	—	—	—
Boeing MD-11	42	—	—	—
Boeing 747-400F	11	—	—	—
Boeing 747-400BCF	2	—	—	—
Boeing 747-8F	28	—	—	2
Other	—	293	—	—
Total	291	293	27	2

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

