

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 25, 2023



**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 25, 2023, 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 quarter ended March 31, 2023. 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 is attached hereto as Exhibit 99.2.

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

(d) Exhibits

99.1 Press release dated April 25, 2023 "[UPS RELEASES 1Q 2023 EARNINGS](#)"

99.2 [Q1 2023 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: April 25, 2023

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

## UPS RELEASES 1Q 2023 EARNINGS

- **Consolidated Revenues of \$22.9B, Compared to \$24.4B Last Year**
- **Consolidated Operating Profit of \$2.5B; Adj. Consolidated Operating Profit of \$2.6B**
- **Consolidated Operating Margin of 11.1%**
- **Diluted EPS of \$2.19; Adj. Diluted EPS of \$2.20, Compared to \$3.05 Last Year**
- **Updates 2023 Financial Guidance**

ATLANTA – April 25, 2023 – UPS (NYSE:UPS) today announced first-quarter 2023 consolidated revenues of \$22.9 billion, a 6.0% decrease from the first quarter of 2022. Consolidated operating profit was \$2.5 billion, down 21.8% compared to the first quarter of 2022, and down 22.8% on an adjusted basis. Diluted earnings per share were \$2.19 for the quarter; adjusted diluted earnings per share of \$2.20 were 27.9% below the same period in 2022.

For the first quarter of 2023, GAAP results included after-tax transformation and other charges of \$9.0 million, or \$0.01 per diluted share.

“I want to thank all UPSers for delivering industry-leading service to our customers,” said Carol Tomé, UPS chief executive officer. “In the first quarter, deceleration in U.S. retail sales resulted in lower volume than we anticipated, and we faced ongoing demand weakness in Asia. In response, we focused on controlling what we could control and delivered first-quarter consolidated operating profit and operating margin in line with our base case targets. Given current macro conditions, we expect volume to remain under pressure. We will remain focused on driving productivity while investing in efficiency and growth initiatives, enabling us to come out of this demand cycle even stronger.”

### U.S. Domestic Segment

	<u>1Q 2023</u>	<u>Adjusted 1Q 2023</u>	<u>1Q 2022</u>	<u>Adjusted 1Q 2022</u>
Revenue	\$14,987 M		\$15,124 M	
Operating profit	\$1,466 M	\$1,488 M	\$1,662 M	\$1,705 M

- Revenue decreased 0.9%, driven by a 5.4% decrease in average daily volume, which was nearly offset by a 4.8% increase in revenue per piece.
- Operating margin was 9.8%; adjusted operating margin was 9.9%.

### International Segment

	<u>1Q 2023</u>	<u>Adjusted 1Q 2023</u>	<u>1Q 2022</u>	<u>Adjusted 1Q 2022</u>
Revenue	\$4,543 M		\$4,876 M	
Operating profit	\$828 M	\$806 M	\$1,116 M	\$1,120 M

- Revenue decreased 6.8%, driven by a 6.2% reduction in average daily volume due to lower domestic volume and softness in China trade lanes.
- Operating margin was 18.2%; adjusted operating margin was 17.7%.

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

	<u>1Q 2023</u>	<u>Adjusted 1Q 2023</u>	<u>1Q 2022</u>	<u>Adjusted 1Q 2022</u>
Revenue	\$3,395 M		\$4,378 M	
Operating profit	\$247 M	\$258 M	\$473 M	\$481 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 22.5% due to market rate and volume declines in forwarding, partially offset by growth in our healthcare business.
- Operating margin was 7.3%; adjusted operating margin was 7.6%.

### **2023 Outlook**

The company provides certain 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.

In January, UPS provided a range for its 2023 financial targets based on the macroeconomic forecast at that time. Over the first quarter of 2023, the global volume environment deteriorated due to challenging macro conditions and changes in consumer behavior. As a result, UPS expects full-year revenue and adjusted operating margin to be at the low end of its previously guided range.

2023 full-year financial targets are:

- Consolidated revenue of around \$97.0 billion
- Consolidated adjusted operating margin of around 12.8%
- Capital expenditures of approximately \$5.3 billion
- Dividend payments, subject to board approval, of about \$5.4 billion
- Share repurchases targeted to be around \$3 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 first-quarter results with investors and analysts during a conference call at 8:30 a.m. ET, April 25, 2023. 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 furnished to 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 2022 revenue of \$100.3 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, our Annual Report on Form 10-K for the year ended December 31, 2022 and our other filings with the Securities and Exchange Commission contain and in the future may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than those of current or historical fact, and all statements accompanied by terms such as "will," "believe," "project," "expect," "estimate," "assume," "intend," "anticipate," "target," "plan," and similar terms, are intended to be forward-looking statements. Forward-looking statements are made subject to the safe harbor provisions of the federal securities laws pursuant to Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

From time to time, we also include written or oral forward-looking statements in other publicly disclosed materials. 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; changes in general economic conditions, in the U.S. or internationally; industry evolution and significant competition; changes in our relationships with any of our significant customers; our ability to attract and retain qualified employees; 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; increased or more complex physical security requirements; a significant data breach or information technology system disruption; global climate change; interruptions in or impacts on our business from natural or man-made events or disasters including terrorist attacks,

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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, 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, except as required by law.

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.

Adjusted 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 measures do not represent a comprehensive basis of accounting and therefore may not be comparable to similarly titled measures reported by other companies.

#### *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.

#### *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.

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### *Incentive Compensation Program Design Changes*

During 2022, we undertook certain structural changes to the design of our incentive compensation programs that resulted in a one-time, non-cash charge in connection with the accelerated vesting of certain equity incentive awards that we do not expect to repeat. We supplement the presentation of our operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of these changes. We believe excluding the impacts of such changes allows users of our financial statements to more appropriately identify underlying growth trends in compensation and benefits expense.

### *Long-lived Asset Estimated Residual Value Changes*

During the fourth quarter of 2022, we incurred a one-time, non-cash charge resulting from a reduction in the estimated residual value of our MD-11 fleet. We supplement the presentation of our operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of this charge. We believe excluding the impact of this charge better enables users of our financial statements to understand the ongoing cost associated with our long-lived assets.

### *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. We believe excluding the impact of these charges better enables users of our financial statements to view underlying business performance from the same perspective as management. We do not consider these costs when evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards.

### *Defined Benefit Pension and Postretirement Medical Plan Gains and Losses*

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 curtailments and settlements, for our pension and postretirement defined benefit plans immediately as part of Investment income (expense) and other in the statements of consolidated income. 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 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 the impacts of incentive compensation program redesign, transformation and other costs, defined benefit plan gains and losses and other income. 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.

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

Three Months Ended March 31, 2023

	As Reported (GAAP)	Transformation & Other Adj. <sup>(1)</sup>	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 13,521	\$ 22	\$ 13,499
International Package	3,715	(22)	3,737
Supply Chain Solutions	3,148	11	3,137
Operating Expense	20,384	11	20,373
U.S. Domestic Package	1,466	22	1,488
International Package	828	(22)	806
Supply Chain Solutions	247	11	258
Operating Profit	2,541	11	2,552
Other Income and (Expense):			
Other pension income (expense)	66	—	66
Investment income (expense) and other	103	—	103
Interest expense	(188)	—	(188)
Total Other Income (Expense)	(19)	—	(19)
Income Before Income Taxes	2,522	11	2,533
Income Tax Expense	627	2	629
Net Income	\$ 1,895	\$ 9	\$ 1,904
Basic Earnings Per Share	\$ 2.20	\$ 0.01	\$ 2.21
Diluted Earnings Per Share	\$ 2.19	\$ 0.01	\$ 2.20

(1) Reflects a goodwill impairment charge of \$8 million within Supply Chain Solutions and other costs of \$15 million, partially offset by a reduction in other employee benefits costs of \$12 million.

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

Three Months Ended March 31,

	2023 As Reported (GAAP)	2022 As Reported (GAAP)	% Change (GAAP)	Currency Impact	2023 Currency Neutral (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 7.59	\$ 7.36	3.1 %	\$ 0.52	\$ 8.11	10.2 %
Export	33.00	34.10	(3.2)%	0.95	33.95	(0.4)%
Total International Package	<u>\$ 20.47</u>	<u>\$ 20.45</u>	0.1 %	<u>\$ 0.75</u>	<u>\$ 21.22</u>	3.8 %
Consolidated	<u>\$ 13.74</u>	<u>\$ 13.26</u>	3.6 %	<u>\$ 0.11</u>	<u>\$ 13.85</u>	4.4 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 14,987	\$ 15,124	(0.9)%	\$ —	\$ 14,987	(0.9)%
International Package	4,543	4,876	(6.8)%	161	4,704	(3.5)%
Supply Chain Solutions	3,395	4,378	(22.5)%	50	3,445	(21.3)%
Total revenue	<u>\$ 22,925</u>	<u>\$ 24,378</u>	(6.0)%	<u>\$ 211</u>	<u>\$ 23,136</u>	(5.1)%

	2023 As Adjusted (Non-GAAP)	2022 As Adjusted (Non-GAAP)	% Change (Non-GAAP)	Currency Impact	2023 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	\$ 1,488	\$ 1,705	(12.7)%	\$ —	\$ 1,488	(12.7)%
International Package	806	1,120	(28.0)%	51	857	(23.5)%
Supply Chain Solutions	258	481	(46.4)%	(5)	253	(47.4)%
Total operating profit	<u>\$ 2,552</u>	<u>\$ 3,306</u>	(22.8)%	<u>\$ 46</u>	<u>\$ 2,598</u>	(21.4)%

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

(2) Amounts adjusted for transformation & other.

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

Three Months Ended March 31,

	2023
Cash flows from operating activities	\$ 2,357
Capital expenditures	(609)
Proceeds from disposals of property, plant and equipment	5
Other investing activities	17
Free Cash Flow (Non-GAAP measure)	<u>\$ 1,770</u>



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

	<b>TTM<sup>(1)</sup> Ended March 31, 2023</b>
Net income	\$ 10,781
Add back:	
Income tax expense	3,174
Interest expense	718
Depreciation & amortization	3,258
EBITDA	\$ 17,931
Add back (deduct):	
Incentive compensation program redesign	505
Transformation and other	134
Defined benefit plan (gains) and losses	(1,028)
Investment income and other pension income	(1,261)
Adjusted EBITDA	\$ 16,281
Debt and finance leases, including current maturities	\$ 22,188
Add back:	
Non-current pension and postretirement benefit obligations	4,602
Adjusted total debt	\$ 26,790
Adjusted total debt/Net income	<u>2.48</u>
Adjusted total debt/adjusted EBITDA (Non-GAAP)	<u>1.65</u>

(1) Trailing twelve months.

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

	<b>TTM<sup>(1)</sup> Ended March 31, 2023</b>
Net income	\$ 10,781
Add back (deduct):	
Income tax expense	3,174
Interest expense	718
Other pension (income) expense	(1,986)
Investment (income) expense and other	(303)
Operating profit	12,384
Incentive compensation program redesign	505
Long-lived asset estimated residual value changes	76
Transformation and other	134
Adjusted operating profit	13,099
Average debt and finance leases, including current maturities	22,035
Average pension and postretirement benefit obligations	6,403
Average shareowners' equity	17,744
Average invested capital	\$ 46,182
Net income to average invested capital	23.3 %
Adjusted Return on Invested Capital (Non-GAAP)	28.4 %

(1) Trailing twelve months.

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

	Three Months Ended March 31			
	2023	2022	Change	% Change
<i>(amounts in millions, except per share data)</i>				
<b>Statement of Income Data:</b>				
Revenue:				
U.S. Domestic Package	\$ 14,987	\$ 15,124	\$ (137)	(0.9)%
International Package	4,543	4,876	(333)	(6.8)%
Supply Chain Solutions	3,395	4,378	(983)	(22.5)%
Total revenue	22,925	24,378	(1,453)	(6.0)%
Operating expenses:				
U.S. Domestic Package	13,521	13,462	59	0.4 %
International Package	3,715	3,760	(45)	(1.2)%
Supply Chain Solutions	3,148	3,905	(757)	(19.4)%
Total operating expenses	20,384	21,127	(743)	(3.5)%
Operating profit:				
U.S. Domestic Package	1,466	1,662	(196)	(11.8)%
International Package	828	1,116	(288)	(25.8)%
Supply Chain Solutions	247	473	(226)	(47.8)%
Total operating profit	2,541	3,251	(710)	(21.8)%
Other income (expense):				
Other pension income (expense)	66	331	(265)	(80.1)%
Investment income (expense) and other	103	(16)	119	N/A
Interest expense	(188)	(174)	(14)	8.0 %
Total other income (expense)	(19)	141	(160)	N/A
Income before income taxes	2,522	3,392	(870)	(25.6)%
Income tax expense	627	730	(103)	(14.1)%
Net income	\$ 1,895	\$ 2,662	\$ (767)	(28.8)%
Net income as a percentage of revenue	8.3 %	10.9 %		
Per share amounts:				
Basic earnings per share	\$ 2.20	\$ 3.05	\$ (0.85)	(27.9)%
Diluted earnings per share	\$ 2.19	\$ 3.03	\$ (0.84)	(27.7)%
Weighted-average shares outstanding:				
Basic	862	874	(12)	(1.4)%
Diluted	865	879	(14)	(1.6)%
<b>As Adjusted Income Data <sup>(1)</sup>:</b>				
Operating profit:				
U.S. Domestic Package	\$ 1,488	\$ 1,705	\$ (217)	(12.7)%
International Package	806	1,120	(314)	(28.0)%
Supply Chain Solutions	258	481	(223)	(46.4)%
Total operating profit	2,552	3,306	(754)	(22.8)%
Total other income (expense)	\$ (19)	\$ 108	\$ (127)	N/A
Income before income taxes	\$ 2,533	\$ 3,414	\$ (881)	(25.8)%
Net income	\$ 1,904	\$ 2,681	\$ (777)	(29.0)%
Basic earnings per share	\$ 2.21	\$ 3.07	\$ (0.86)	(28.0)%
Diluted earnings per share	\$ 2.20	\$ 3.05	\$ (0.85)	(27.9)%

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

Prior year amounts may 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			
	2023	2022	Change	% Change
<b>Revenue (in millions):</b>				
U.S. Domestic Package:				
Next Day Air	\$ 2,461	\$ 2,594	\$ (133)	(5.1)%
Deferred	1,194	1,420	(226)	(15.9)%
Ground	11,332	11,110	222	2.0 %
Total U.S. Domestic Package	14,987	15,124	(137)	(0.9)%
International Package:				
Domestic	794	851	(57)	(6.7)%
Export	3,552	3,778	(226)	(6.0)%
Cargo and Other	197	247	(50)	(20.2)%
Total International Package	4,543	4,876	(333)	(6.8)%
Supply Chain Solutions:				
Forwarding	1,514	2,589	(1,075)	(41.5)%
Logistics	1,410	1,251	159	12.7 %
Other	471	538	(67)	(12.5)%
Total Supply Chain Solutions	3,395	4,378	(983)	(22.5)%
Consolidated	\$ 22,925	\$ 24,378	\$ (1,453)	(6.0)%
Consolidated volume (in millions)	1,407	1,490	(83)	(5.5)%
Operating weekdays	64	64	—	0.0 %
<b>Average Daily Package Volume (in thousands):</b>				
U.S. Domestic Package:				
Next Day Air	1,737	1,945	(208)	(10.7)%
Deferred	1,139	1,509	(370)	(24.5)%
Ground	15,796	16,287	(491)	(3.0)%
Total U.S. Domestic Package	18,672	19,741	(1,069)	(5.4)%
International Package:				
Domestic	1,635	1,806	(171)	(9.5)%
Export	1,682	1,731	(49)	(2.8)%
Total International Package	3,317	3,537	(220)	(6.2)%
Consolidated	21,989	23,278	(1,289)	(5.5)%
<b>Average Revenue Per Piece:</b>				
U.S. Domestic Package:				
Next Day Air	\$ 22.14	\$ 20.84	\$ 1.30	6.2 %
Deferred	16.38	14.70	1.68	11.4 %
Ground	11.21	10.66	0.55	5.2 %
Total U.S. Domestic Package	12.54	11.97	0.57	4.8 %
International Package:				
Domestic	7.59	7.36	0.23	3.1 %
Export	33.00	34.10	(1.10)	(3.2)%
Total International Package	20.47	20.45	0.02	0.1 %
Consolidated	\$ 13.74	\$ 13.26	\$ 0.48	3.6 %

Prior year amounts may 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>	2023	2022	Change	% Change
Compensation and benefits	\$ 11,462	\$ 11,601	\$ (139)	(1.2)%
Repairs and maintenance	725	701	24	3.4 %
Depreciation and amortization	834	764	70	9.2 %
Purchased transportation	3,543	4,607	(1,064)	(23.1)%
Fuel	1,271	1,220	51	4.2 %
Other occupancy	551	501	50	10.0 %
Other expenses	1,998	1,733	265	15.3 %
Total operating expenses	\$ 20,384	\$ 21,127	\$ (743)	(3.5)%

*Prior year amounts may have been reclassified to conform to the current year presentation.*

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**United Parcel Service, Inc.**  
**Consolidated Balance Sheets**  
**March 31, 2023 (unaudited) and December 31, 2022**

<i>(amounts in millions)</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 6,190	\$ 5,602
Marketable securities	3,208	1,993
Accounts receivable	10,448	12,729
Less: Allowance for credit losses	(149)	(146)
Accounts receivable, net	10,299	12,583
Other current assets	2,028	2,039
Total Current Assets	21,725	22,217
Property, Plant and Equipment, Net	34,995	34,719
Operating Lease Right-Of-Use Assets	4,089	3,755
Goodwill	4,249	4,223
Intangible Assets, Net	2,811	2,796
Deferred Income Tax Assets	155	139
Other Non-Current Assets	4,165	3,275
Total Assets	\$ 72,189	\$ 71,124
<b>LIABILITIES AND SHAREOWNERS' EQUITY</b>		
Current Liabilities:		
Current maturities of long-term debt, commercial paper and finance leases	\$ 2,332	\$ 2,341
Current maturities of operating leases	668	621
Accounts payable	6,302	7,515
Accrued wages and withholdings	3,012	4,049
Self-insurance reserves	1,069	1,069
Accrued group welfare and retirement plan contributions	1,196	1,078
Other current liabilities	1,683	1,467
Total Current Liabilities	16,262	18,140
Long-Term Debt and Finance Leases	19,856	17,321
Non-Current Operating Leases	3,539	3,238
Pension and Postretirement Benefit Obligations	4,602	4,807
Deferred Income Tax Liabilities	4,345	4,302
Other Non-Current Liabilities	3,532	3,513
Shareowners' Equity:		
Class A common stock	2	2
Class B common stock	7	7
Additional paid-in capital	—	—
Retained earnings	21,510	21,326
Accumulated other comprehensive loss	(1,481)	(1,549)
Deferred compensation obligations	9	13
Less: Treasury stock	(9)	(13)
Total Equity for Controlling Interests	20,038	19,786
Noncontrolling interests	15	17
Total Shareowners' Equity	20,053	19,803
Total Liabilities and Shareowners' Equity	\$ 72,189	\$ 71,124

*Prior year amounts may 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	
	2023	2022
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 1,895	\$ 2,662
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	834	764
Pension and postretirement benefit expense	243	201
Pension and postretirement benefit contributions	(1,277)	(45)
Self-insurance reserves	(20)	(45)
Deferred tax (benefit) expense	56	209
Stock compensation expense	126	386
Other (gains) losses	(13)	44
Changes in assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	2,254	1,227
Other assets	62	7
Accounts payable	(1,668)	(743)
Accrued wages and withholdings	(508)	(343)
Other liabilities	405	173
Other operating activities	(32)	(17)
Net cash from operating activities	<u>2,357</u>	<u>4,480</u>
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(609)	(548)
Proceeds from disposal of businesses, property, plant and equipment	5	—
Purchases of marketable securities	(2,371)	(68)
Sales and maturities of marketable securities	1,179	60
Acquisitions, net of cash acquired	(34)	1
Other investing activities	17	(17)
Net cash used in investing activities	<u>(1,813)</u>	<u>(572)</u>
<b>Cash Flows From Financing Activities:</b>		
Net change in short-term debt	—	—
Proceeds from long-term borrowings	2,503	—
Repayments of long-term borrowings	(65)	(18)
Purchases of common stock	(751)	(254)
Issuances of common stock	49	67
Dividends	(1,348)	(1,284)
Other financing activities	(384)	(481)
Net cash from (used in) financing activities	<u>4</u>	<u>(1,970)</u>
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	<u>40</u>	<u>15</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	588	1,953
<b>Cash, Cash Equivalents and Restricted Cash:</b>		
Beginning of period	5,602	10,255
End of period	<u>\$ 6,190</u>	<u>\$ 12,208</u>

Prior year amounts may 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	
	2023	2022
Cash flows from operating activities	\$ 2,357	\$ 4,480
Capital expenditures	(609)	(548)
Proceeds from disposals of property, plant and equipment	5	—
Other investing activities	17	(17)
Free Cash Flow (Non-GAAP measure)	<u>\$ 1,770</u>	<u>\$ 3,915</u>

Prior year amounts may 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 March 31, 2023	TTM <sup>(1)</sup> Ended March 31, 2022
Net income	\$ 10,781	\$ 10,760
Add back:		
Income tax expense	3,174	3,023
Interest expense	718	691
Depreciation & amortization	3,258	2,995
EBITDA	17,931	17,469
Add back (deduct):		
Incentive compensation program redesign	505	—
Transformation and other	134	205
Defined benefit plan (gains) and losses	(1,028)	(15)
Investment income and other pension income	(1,261)	(1,163)
Adjusted EBITDA	\$ 16,281	\$ 16,496
Debt and finance leases, including current maturities	\$ 22,188	\$ 21,881
Add back:		
Non-current pension and postretirement benefit obligations	4,602	8,203
Adjusted total debt	\$ 26,790	\$ 30,084
Adjusted total debt/Net income	<u>2.48</u>	<u>2.80</u>
Adjusted total debt/adjusted EBITDA (Non-GAAP)	<u>1.65</u>	<u>1.82</u>

(1) Trailing twelve months.

Prior year amounts may 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 March 31, 2023	TTM <sup>(1)</sup> Ended March 31, 2022
Net income	\$ 10,781	\$ 10,760
Add back (deduct):		
Income tax expense	3,174	3,023
Interest expense	718	691
Other pension (income) expense	(1,986)	(1,185)
Investment (income) expense and other	(303)	7
Operating profit	\$ 12,384	\$ 13,296
Incentive compensation program redesign	505	—
Long-lived asset estimated residual value changes	76	—
Transformation and other	\$ 134	\$ 205
Adjusted operating profit	<u>\$ 13,099</u>	<u>\$ 13,501</u>
Average debt and finance leases, including current maturities	\$ 22,035	\$ 22,804
Average pension and postretirement benefit obligations	6,403	8,899
Average shareowners' equity	17,744	11,297
Average invested capital	<u>\$ 46,182</u>	<u>\$ 42,999</u>
Net income to average invested capital	<u>23.3 %</u>	<u>25.0 %</u>
Adjusted Return on Invested Capital (Non-GAAP)	<u>28.4 %</u>	<u>31.4 %</u>

(1) Trailing twelve months.

Prior year amounts may 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 data)

	2023			2022			% 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)	Pension Adj. <sup>(2)</sup>	Transformation & Other Adj. <sup>(3)</sup>			As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 13,521	\$ 22	\$ 13,499	\$ 13,462	\$ —	\$ 43	\$ 13,419	0.4 %	0.6 %
International Package	3,715	(22)	3,737	3,760	—	4	3,756	(1.2)%	(0.5)%
Supply Chain Solutions	3,148	11	3,137	3,905	—	8	3,897	(19.4)%	(19.5)%
Operating expense	20,384	11	20,373	21,127	—	55	21,072	(3.5)%	(3.3)%
U.S. Domestic Package	\$ 1,466	\$ 22	\$ 1,488	\$ 1,662	\$ —	\$ 43	\$ 1,705	(11.8)%	(12.7)%
International Package	828	(22)	806	1,116	—	4	1,120	(25.8)%	(28.0)%
Supply Chain Solutions	247	11	258	473	—	8	481	(47.8)%	(46.4)%
Operating Profit	2,541	11	2,552	3,251	—	55	3,306	(21.8)%	(22.8)%
Other Income and (Expense):									
Other pension income (expense)	66	—	66	331	(33)	—	298	(80.1)%	(77.9)%
Investment income (expense) and other	103	—	103	(16)	—	—	(16)	N/A	N/A
Interest expense	(188)	—	(188)	(174)	—	—	(174)	8.0 %	8.0 %
Total Other Income (Expense)	\$ (19)	\$ —	\$ (19)	\$ 141	\$ (33)	\$ —	\$ 108	N/A	N/A
Income Before Income Taxes	2,522	11	2,533	3,392	(33)	55	3,414	(25.6)%	(25.8)%
Income Tax Expense	627	2	629	730	(9)	12	733	(14.1)%	(14.2)%
Net Income	\$ 1,895	\$ 9	\$ 1,904	\$ 2,662	\$ (24)	\$ 43	\$ 2,681	(28.8)%	(29.0)%
Basic Earnings Per Share	\$ 2.20	\$ 0.01	\$ 2.21	\$ 3.05	\$ (0.03)	\$ 0.05	\$ 3.07	(27.9)%	(28.0)%
Diluted Earnings Per Share	\$ 2.19	\$ 0.01	\$ 2.20	\$ 3.03	\$ (0.03)	\$ 0.05	\$ 3.05	(27.7)%	(27.9)%
Weighted-average shares outstanding:									
Basic	862			874					
Diluted	865			879					

(1) Reflects a goodwill impairment charge of \$8 million within Supply Chain Solutions and other costs of \$15 million, partially offset by a reduction in other employee benefits costs of \$12 million.

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

(3) Reflects other employee benefits costs of \$33 million and other costs of \$22 million.

Prior year amounts may have been reclassified to conform to the current year presentation.

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

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

*(in millions, except per piece data)*

	Three Months Ended March 31 (GAAP)			Currency	Currency Neutral (Non-GAAP)	
	2023	2022	% Change		2023 <sup>(1)</sup>	% Change
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 7.59	\$ 7.36	3.1 %	\$ 0.52	\$ 8.11	10.2 %
Export	33.00	34.10	(3.2)%	0.95	33.95	(0.4)%
Total International Package	\$ 20.47	\$ 20.45	0.1 %	\$ 0.75	\$ 21.22	3.8 %
Consolidated	\$ 13.74	\$ 13.26	3.6 %	\$ 0.11	\$ 13.85	4.4 %
	Three Months Ended March 31 (GAAP)			Currency	Currency Neutral (Non-GAAP)	
	2023	2022	% Change		2023 <sup>(1)</sup>	% Change
<b>Revenue (in millions):</b>						
U.S. Domestic Package	\$ 14,987	\$ 15,124	(0.9)%	\$ —	\$ 14,987	(0.9)%
International Package	4,543	4,876	(6.8)%	161	4,704	(3.5)%
Supply Chain Solutions	3,395	4,378	(22.5)%	50	3,445	(21.3)%
Total revenue	\$ 22,925	\$ 24,378	(6.0)%	\$ 211	\$ 23,136	(5.1)%
	Three Months Ended March 31 (Non-GAAP)			Currency	Currency Neutral (Non-GAAP)	
	2023	2022	% Change		2023 <sup>(1)</sup>	% Change
<b>As Adjusted Operating Profit (in millions)<sup>(2)</sup>:</b>						
U.S. Domestic Package	\$ 1,488	\$ 1,705	(12.7)%	\$ —	\$ 1,488	(12.7)%
International Package	806	1,120	(28.0)%	51	857	(23.5)%
Supply Chain Solutions	258	481	(46.4)%	(5)	253	(47.4)%
Total operating profit	\$ 2,552	\$ 3,306	(22.8)%	\$ 46	\$ 2,598	(21.4)%

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

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

Prior year amounts may have been reclassified to conform to the current year presentation.

**United Parcel Service, Inc.**  
**Aircraft Fleet - As of March 31, 2023**  
(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	6	—	—	—
Boeing 767-300BDSF	4	—	—	—
Airbus A300-600	52	—	—	—
Boeing MD-11 <sup>(1)</sup>	40	—	—	—
Boeing 747-400F	11	—	—	—
Boeing 747-400BCF	2	—	—	—
Boeing 747-8F	28	—	2	—
Other	—	286	—	—
Total	290	286	29	—

<sup>(1)</sup> Five of the MD-11 aircraft shown above are expected to be retired from operational use during 2023.

