

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): August 8, 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 August 8, 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 June 30, 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 August 8, 2023 "[UPS RELEASES 2Q 2023 EARNINGS](#)"

99.2 [Q2 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: August 8, 2023

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

## UPS RELEASES 2Q 2023 EARNINGS

- **Consolidated Revenues of \$22.1B, Compared to \$24.8B Last Year**
- **Consolidated Operating Profit of \$2.8B; Adj. Consolidated Operating Profit of \$2.9B**
- **Consolidated Operating Margin of 12.6%; Adjusted Consolidated Operating Margin of 13.2%**
- **Diluted EPS of \$2.42; Adj. Diluted EPS of \$2.54, Compared to \$3.29 Last Year**
- **Win-win-win Labor Agreement Reached with Teamsters Covering More Than 300,000 UPS Employees**

ATLANTA – August 8, 2023 – UPS (NYSE:UPS) today announced second-quarter 2023 consolidated revenues of \$22.1 billion, a 10.9% decrease from the second quarter of 2022. Consolidated operating profit was \$2.8 billion, down 21.4% compared to the second quarter of 2022, and down 18.4% on an adjusted basis. Diluted earnings per share were \$2.42 for the quarter; adjusted diluted earnings per share of \$2.54 were 22.8% below the same period in 2022.

For the second quarter of 2023, GAAP results included after-tax transformation and other charges of \$106 million, or \$0.12 per diluted share.

“We are pleased to have reached agreement with the Teamsters. I want to thank the more than 500,000 UPSers around the world for their hard work and efforts, and for once again providing industry-leading service. And a special thank you to our customers for trusting your business with UPS during our labor negotiations,” said Carol Tomé, UPS chief executive officer. “UPS is stronger than ever. Looking ahead, we will stay on strategy to capture growth in the most attractive parts of the market and make our global integrated network even more efficient.”

### U.S. Domestic Segment

	<u>2Q 2023</u>	<u>Adjusted 2Q 2023</u>	<u>2Q 2022</u>	<u>Adjusted 2Q 2022</u>
Revenue	\$14,396 M		\$15,459 M	
Operating profit	\$1,602 M	\$1,681 M	\$1,829 M	\$1,855 M

- Revenue decreased 6.9%, driven by a 9.9% decrease in average daily volume, which was partially offset by a 3.3% increase in revenue per piece.
- Operating margin was 11.1%; adjusted operating margin was 11.7%.

### International Segment

	<u>2Q 2023</u>	<u>Adjusted 2Q 2023</u>	<u>2Q 2022</u>	<u>Adjusted 2Q 2022</u>
Revenue	\$4,415 M		\$5,073 M	
Operating profit	\$883 M	\$902 M	\$1,193 M	\$1,204 M

- Revenue decreased 13.0%, primarily driven by a 6.6% reduction in average daily volume and continued softness on Asia trade lanes.
- Operating margin was 20.0%; adjusted operating margin was 20.4%.

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

	<u>2Q 2023</u>	<u>Adjusted 2Q 2023</u>	<u>2Q 2022</u>	<u>Adjusted 2Q 2022</u>
Revenue	\$3,244 M		\$4,234 M	
Operating profit	\$295 M	\$336 M	\$513 M	\$517 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 23.4% due to market rate and volume declines in forwarding, partially offset by growth in logistics, including healthcare.
- Operating margin was 9.1%; adjusted operating margin was 10.4%.

### 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.

UPS is updating its full-year 2023 consolidated revenue and adjusted operating margin targets primarily to reflect the volume impact from labor negotiations and the costs associated with the tentative agreement reached with the International Brotherhood of Teamsters on July 25, 2023. UPS now expects full-year 2023 consolidated revenue to be about \$93 billion and an adjusted operating margin of around 11.8%.

The company is reaffirming its capital allocation plans and expects capital expenditures to be about \$5.3 billion, dividend payments to be around \$5.4 billion, subject to board approval, and share repurchases 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 second-quarter results with investors and analysts during a conference call at 8:30 a.m. ET, August 8, 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.

From time to time, we expect to participate in analyst and investor conferences. Materials provided or displayed at those conferences, such as slides and presentations, may be posted on our investor relations website at [www.investors.ups.com](http://www.investors.ups.com) under the heading "Presentations" when made available. These presentations may contain new material nonpublic information about our company and you are encouraged to monitor this site for any new posts, as we may use this mechanism as a public announcement.

### **Reconciliation of GAAP and Non-GAAP Financial Measures**

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*

We supplement the reporting of revenue, revenue per piece and operating profit with adjusted measures that exclude the period-over-period impact of foreign currency exchange rate changes and hedging activities. We believe currency-neutral revenue, revenue per piece and operating profit information allows users of our financial statements to understand growth trends in our products and results. We evaluate the performance of International Package and Supply Chain Solutions on this currency-neutral basis.

Currency-neutral revenue, revenue per piece and operating profit are calculated by dividing current period reported U.S. Dollar revenue, revenue per piece and operating profit by the current period average

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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 currency exchange rates used to translate the comparable results for each month in the prior year period (including the period-over-period impact of 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 currency fluctuations.

#### *Incentive Compensation Program Design Changes*

During 2022, we completed 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 Charges, and Goodwill, Asset Impairment and Divestiture Charges*

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 charges related to transformation activities, and goodwill, asset impairment and divestiture charges. We believe excluding the impact of these charges better enables users of our financial statements to view and evaluate underlying business performance from the perspective of 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 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.

#### *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

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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.

*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 June 30, 2023

	As Reported (GAAP)	Transformation & Other Adj. <sup>(1)</sup>	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 12,794	\$ 79	\$ 12,715
International Package	3,532	19	3,513
Supply Chain Solutions	2,949	41	2,908
Operating Expense	19,275	139	19,136
U.S. Domestic Package	1,602	79	1,681
International Package	883	19	902
Supply Chain Solutions	295	41	336
Operating Profit	2,780	139	2,919
Other Income and (Expense):			
Other pension income (expense)	66	—	66
Investment income (expense) and other	65	—	65
Interest expense	(191)	—	(191)
Total Other Income (Expense)	(60)	—	(60)
Income Before Income Taxes	2,720	139	2,859
Income Tax Expense	639	33	672
Net Income	\$ 2,081	\$ 106	\$ 2,187
Basic Earnings Per Share	\$ 2.42	\$ 0.12	\$ 2.54
Diluted Earnings Per Share	\$ 2.42	\$ 0.12	\$ 2.54

(1) Reflects other employee benefits costs of \$109 million and other costs of \$30 million.

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

Six Months Ended June 30, 2023

	As Reported (GAAP)	Transformation & Other Adj. <sup>(1)</sup>	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 26,315	\$ 101	\$ 26,214
International Package	7,247	(3)	7,250
Supply Chain Solutions	6,097	52	6,045
Operating Expense	39,659	150	39,509
U.S. Domestic Package	3,068	101	3,169
International Package	1,711	(3)	1,708
Supply Chain Solutions	542	52	594
Operating Profit	5,321	150	5,471
Other Income and (Expense):			
Other pension income (expense)	132	—	132
Investment income (expense) and other	168	—	168
Interest expense	(379)	—	(379)
Total Other Income (Expense)	(79)	—	(79)
Income Before Income Taxes	5,242	150	5,392
Income Tax Expense	1,266	35	1,301
Net Income	\$ 3,976	\$ 115	\$ 4,091
Basic Earnings Per Share	\$ 4.62	\$ 0.13	\$ 4.75
Diluted Earnings Per Share	\$ 4.61	\$ 0.13	\$ 4.74

(1) Reflects a goodwill impairment charge of \$8 million within Supply Chain Solutions, employee benefit benefits costs of \$97 million and other costs of \$45 million.

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

Three Months Ended June 30,

	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	\$ 7.67	\$ 7.61	0.8 %	\$ 0.10	\$ 7.77	2.1 %
Export	33.70	36.91	(8.7)%	0.23	33.93	(8.1)%
Total International Package	<u>\$ 20.91</u>	<u>\$ 22.17</u>	(5.7)%	<u>\$ 0.17</u>	<u>\$ 21.08</u>	(4.9)%
Consolidated	<u>\$ 13.92</u>	<u>\$ 13.72</u>	1.5 %	<u>\$ 0.03</u>	<u>\$ 13.95</u>	1.7 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 14,396	\$ 15,459	(6.9)%	\$ —	\$ 14,396	(6.9)%
International Package	4,415	5,073	(13.0)%	34	4,449	(12.3)%
Supply Chain Solutions	3,244	4,234	(23.4)%	7	3,251	(23.2)%
Total revenue	<u>\$ 22,055</u>	<u>\$ 24,766</u>	(10.9)%	<u>\$ 41</u>	<u>\$ 22,096</u>	(10.8)%

	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	\$ 1,681	\$ 1,855	(9.4)%	\$ —	\$ 1,681	(9.4)%
International Package	902	1,204	(25.1)%	32	934	(22.4)%
Supply Chain Solutions	336	517	(35.0)%	(3)	333	(35.6)%
Total operating profit	<u>\$ 2,919</u>	<u>\$ 3,576</u>	(18.4)%	<u>\$ 29</u>	<u>\$ 2,948</u>	(17.6)%

(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)

Six Months Ended June 30,

	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	\$ 7.63	\$ 7.48	2.0 %	\$ 0.32	\$ 7.95	6.3 %
Export	33.34	35.47	(6.0)%	0.60	33.94	(4.3)%
Total International Package	<u>\$ 20.69</u>	<u>\$ 21.29</u>	(2.8)%	<u>\$ 0.46</u>	<u>\$ 21.15</u>	(0.7)%
Consolidated	<u>\$ 13.83</u>	<u>\$ 13.49</u>	2.5 %	<u>\$ 0.07</u>	<u>\$ 13.90</u>	3.0 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 29,383	\$ 30,583	(3.9)%	\$ —	\$ 29,383	(3.9)%
International Package	8,958	9,949	(10.0)%	195	9,153	(8.0)%
Supply Chain Solutions	6,639	8,612	(22.9)%	57	6,696	(22.2)%
Total revenue	<u>\$ 44,980</u>	<u>\$ 49,144</u>	(8.5)%	<u>\$ 252</u>	<u>\$ 45,232</u>	(8.0)%

	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	\$ 3,169	\$ 3,560	(11.0)%	\$ —	\$ 3,169	(11.0)%
International Package	1,708	2,324	(26.5)%	83	1,791	(22.9)%
Supply Chain Solutions	594	998	(40.5)%	(8)	586	(41.3)%
Total operating profit	<u>\$ 5,471</u>	<u>\$ 6,882</u>	(20.5)%	<u>\$ 75</u>	<u>\$ 5,546</u>	(19.4)%

(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):**

Six Months Ended June 30,

	2023
Cash flows from operating activities	\$ 5,594
Capital expenditures	(1,820)
Proceeds from disposals of property, plant and equipment	50
Other investing activities	12
Free Cash Flow (Non-GAAP measure)	<u>\$ 3,836</u>



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

	<b>TTM<sup>(1)</sup> Ended June 30, 2023</b>
Net income	\$ 10,013
Add back:	
Income tax expense	2,965
Interest expense	738
Depreciation & amortization	3,324
EBITDA	\$ 17,040
Add back (deduct):	
Incentive compensation program redesign	505
Transformation and other	232
Defined benefit plan (gains) and losses	(1,028)
Investment income and other pension income	(1,059)
Adjusted EBITDA	\$ 15,690
Debt and finance leases, including current maturities	\$ 20,763
Add back:	
Non-current pension and postretirement benefit obligations	4,635
Adjusted total debt	\$ 25,398
Adjusted total debt/Net income	<u>2.54</u>
Adjusted total debt/adjusted EBITDA (Non-GAAP)	<u>1.62</u>

(1) Trailing twelve months.



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

	<b>TTM<sup>(1)</sup> Ended June 30, 2023</b>
Net income	\$ 10,013
Add back (deduct):	
Income tax expense	2,965
Interest expense	738
Other pension (income) expense	(1,754)
Investment (income) expense and other	(333)
Operating profit	\$ 11,629
Incentive compensation program redesign	505
Long-lived asset estimated residual value changes	76
Transformation and other	232
Adjusted operating profit	<u>\$ 12,442</u>
Average debt and finance leases, including current maturities	20,670
Average pension and postretirement benefit obligations	6,489
Average shareowners' equity	18,174
Average invested capital	<u>\$ 45,333</u>
Net income to average invested capital	<u>22.1 %</u>
Adjusted Return on Invested Capital (Non-GAAP)	<u>27.4 %</u>

(1) Trailing twelve months.

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

	Three Months Ended June 30			
	2023	2022	Change	% Change
<i>(amounts in millions, except per share data)</i>				
<b>Statement of Income Data:</b>				
Revenue:				
U.S. Domestic Package	\$ 14,396	\$ 15,459	\$ (1,063)	(6.9)%
International Package	4,415	5,073	(658)	(13.0)%
Supply Chain Solutions	3,244	4,234	(990)	(23.4)%
Total revenue	22,055	24,766	(2,711)	(10.9)%
Operating expenses:				
U.S. Domestic Package	12,794	13,630	(836)	(6.1)%
International Package	3,532	3,880	(348)	(9.0)%
Supply Chain Solutions	2,949	3,721	(772)	(20.7)%
Total operating expenses	19,275	21,231	(1,956)	(9.2)%
Operating profit:				
U.S. Domestic Package	1,602	1,829	(227)	(12.4)%
International Package	883	1,193	(310)	(26.0)%
Supply Chain Solutions	295	513	(218)	(42.5)%
Total operating profit	2,780	3,535	(755)	(21.4)%
Other income (expense):				
Other pension income (expense)	66	298	(232)	(77.9)%
Investment income (expense) and other	65	35	30	85.7 %
Interest expense	(191)	(171)	(20)	11.7 %
Total other income (expense)	(60)	162	(222)	N/A
Income before income taxes	2,720	3,697	(977)	(26.4)%
Income tax expense	639	848	(209)	(24.6)%
Net income	\$ 2,081	\$ 2,849	\$ (768)	(27.0)%
Net income as a percentage of revenue	9.4 %	11.5 %		
Per share amounts:				
Basic earnings per share	\$ 2.42	\$ 3.26	\$ (0.84)	(25.8)%
Diluted earnings per share	\$ 2.42	\$ 3.25	\$ (0.83)	(25.5)%
Weighted-average shares outstanding:				
Basic	860	874	(14)	(1.6)%
Diluted	861	876	(15)	(1.7)%
<b>As Adjusted Income Data <sup>(1)</sup>:</b>				
Operating profit:				
U.S. Domestic Package	\$ 1,681	\$ 1,855	\$ (174)	(9.4)%
International Package	902	1,204	(302)	(25.1)%
Supply Chain Solutions	336	517	(181)	(35.0)%
Total operating profit	2,919	3,576	(657)	(18.4)%
Total other income (expense)	\$ (60)	\$ 162	\$ (222)	N/A
Income before income taxes	\$ 2,859	\$ 3,738	\$ (879)	(23.5)%
Net income	\$ 2,187	\$ 2,880	\$ (693)	(24.1)%
Basic earnings per share	\$ 2.54	\$ 3.30	\$ (0.76)	(23.0)%
Diluted earnings per share	\$ 2.54	\$ 3.29	\$ (0.75)	(22.8)%

(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 - Second Quarter**  
(unaudited)

	Three Months Ended			
	June 30			
	2023	2022	Change	% Change
<b>Revenue (in millions):</b>				
U.S. Domestic Package:				
Next Day Air	\$ 2,407	\$ 2,656	\$ (249)	(9.4)%
Deferred	1,169	1,392	(223)	(16.0)%
Ground	10,820	11,411	(591)	(5.2)%
Total U.S. Domestic Package	14,396	15,459	(1,063)	(6.9)%
International Package:				
Domestic	763	829	(66)	(8.0)%
Export	3,468	3,976	(508)	(12.8)%
Cargo and Other	184	268	(84)	(31.3)%
Total International Package	4,415	5,073	(658)	(13.0)%
Supply Chain Solutions:				
Forwarding	1,376	2,389	(1,013)	(42.4)%
Logistics	1,431	1,290	141	10.9%
Other	437	555	(118)	(21.3)%
Total Supply Chain Solutions	3,244	4,234	(990)	(23.4)%
Consolidated	\$ 22,055	\$ 24,766	\$ (2,711)	(10.9)%
Consolidated volume (in millions)	1,338	1,476	(138)	(9.4)%
Operating weekdays	64	64	—	0.0%
<b>Average Daily Package Volume (in thousands):</b>				
U.S. Domestic Package:				
Next Day Air	1,679	1,910	(231)	(12.1)%
Deferred	1,087	1,401	(314)	(22.4)%
Ground	14,974	16,374	(1,400)	(8.6)%
Total U.S. Domestic Package	17,740	19,685	(1,945)	(9.9)%
International Package:				
Domestic	1,554	1,703	(149)	(8.7)%
Export	1,608	1,683	(75)	(4.5)%
Total International Package	3,162	3,386	(224)	(6.6)%
Consolidated	20,902	23,071	(2,169)	(9.4)%
<b>Average Revenue Per Piece:</b>				
U.S. Domestic Package:				
Next Day Air	\$ 22.40	\$ 21.73	\$ 0.67	3.1%
Deferred	16.80	15.52	1.28	8.2%
Ground	11.29	10.89	0.40	3.7%
Total U.S. Domestic Package	12.68	12.27	0.41	3.3%
International Package:				
Domestic	7.67	7.61	0.06	0.8%
Export	33.70	36.91	(3.21)	(8.7)%
Total International Package	20.91	22.17	(1.26)	(5.7)%
Consolidated	\$ 13.92	\$ 13.72	\$ 0.20	1.5%

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

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

	Three Months Ended			
	June 30			
<i>(in millions)</i>	2023	2022	Change	% Change
Compensation and benefits	\$ 11,197	\$ 11,344	\$ (147)	(1.3)%
Repairs and maintenance	682	727	(45)	(6.2)%
Depreciation and amortization	828	762	66	8.7 %
Purchased transportation	3,173	4,390	(1,217)	(27.7)%
Fuel	1,090	1,697	(607)	(35.8)%
Other occupancy	458	422	36	8.5 %
Other expenses	1,847	1,889	(42)	(2.2)%
Total operating expenses	<u>\$ 19,275</u>	<u>\$ 21,231</u>	<u>\$ (1,956)</u>	<u>(9.2)%</u>

*Prior year amounts may 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)

	Six Months Ended			
	June 30		Change	% Change
	2023	2022		
<i>(amounts in millions, except per share data)</i>				
<b>Statement of Income Data:</b>				
Revenue:				
U.S. Domestic Package	\$ 29,383	\$ 30,583	\$ (1,200)	(3.9)%
International Package	8,958	9,949	(991)	(10.0)%
Supply Chain Solutions	6,639	8,612	(1,973)	(22.9)%
Total revenue	<u>44,980</u>	<u>49,144</u>	<u>(4,164)</u>	<u>(8.5)%</u>
Operating expenses:				
U.S. Domestic Package	26,315	27,092	(777)	(2.9)%
International Package	7,247	7,640	(393)	(5.1)%
Supply Chain Solutions	6,097	7,626	(1,529)	(20.0)%
Total operating expenses	<u>39,659</u>	<u>42,358</u>	<u>(2,699)</u>	<u>(6.4)%</u>
Operating profit:				
U.S. Domestic Package	3,068	3,491	(423)	(12.1)%
International Package	1,711	2,309	(598)	(25.9)%
Supply Chain Solutions	542	986	(444)	(45.0)%
Total operating profit	<u>5,321</u>	<u>6,786</u>	<u>(1,465)</u>	<u>(21.6)%</u>
Other income (expense):				
Other pension income (expense)	132	629	(497)	(79.0)%
Investment income (expense) and other	168	19	149	784.2 %
Interest expense	(379)	(345)	(34)	9.9 %
Total other income (expense)	<u>(79)</u>	<u>303</u>	<u>(382)</u>	<u>N/A</u>
Income before income taxes	5,242	7,089	(1,847)	(26.1)%
Income tax expense	1,266	1,578	(312)	(19.8)%
Net income	<u>\$ 3,976</u>	<u>\$ 5,511</u>	<u>\$ (1,535)</u>	<u>(27.9)%</u>
Net income as a percentage of revenue	8.8 %	11.2 %		
Per share amounts:				
Basic earnings per share	\$ 4.62	\$ 6.31	\$ (1.69)	(26.8)%
Diluted earnings per share	\$ 4.61	\$ 6.28	\$ (1.67)	(26.6)%
Weighted-average shares outstanding:				
Basic	861	874	(13)	(1.5)%
Diluted	863	878	(15)	(1.7)%
<b>As Adjusted Income Data <sup>(1)</sup>:</b>				
Operating profit:				
U.S. Domestic Package	\$ 3,169	\$ 3,560	\$ (391)	(11.0)%
International Package	1,708	2,324	(616)	(26.5)%
Supply Chain Solutions	594	998	(404)	(40.5)%
Total operating profit	<u>5,471</u>	<u>6,882</u>	<u>(1,411)</u>	<u>(20.5)%</u>
Total other income (expense)	\$ (79)	\$ 270	\$ (349)	N/A
Income before income taxes	\$ 5,392	\$ 7,152	\$ (1,760)	(24.6)%
Net income	\$ 4,091	\$ 5,561	\$ (1,470)	(26.4)%
Basic earnings per share	\$ 4.75	\$ 6.36	\$ (1.61)	(25.3)%
Diluted earnings per share	\$ 4.74	\$ 6.33	\$ (1.59)	(25.1)%

(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 - Year to Date**  
(unaudited)

	Six Months Ended June 30			
	2023	2022	Change	% Change
<b>Revenue (in millions):</b>				
U.S. Domestic Package:				
Next Day Air	\$ 4,868	\$ 5,250	\$ (382)	(7.3)%
Deferred	2,363	2,812	(449)	(16.0)%
Ground	22,152	22,521	(369)	(1.6)%
Total U.S. Domestic Package	29,383	30,583	(1,200)	(3.9)%
International Package:				
Domestic	1,557	1,680	(123)	(7.3)%
Export	7,020	7,754	(734)	(9.5)%
Cargo and Other	381	515	(134)	(26.0)%
Total International Package	8,958	9,949	(991)	(10.0)%
Supply Chain Solutions:				
Forwarding	2,890	4,978	(2,088)	(41.9)%
Logistics	2,841	2,541	300	11.8%
Other	908	1,093	(185)	(16.9)%
Total Supply Chain Solutions	6,639	8,612	(1,973)	(22.9)%
Consolidated	\$ 44,980	\$ 49,144	\$ (4,164)	(8.5)%
Consolidated volume (in millions)	2,745	2,966	(221)	(7.5)%
Operating weekdays	128	128	—	0.0%
<b>Average Daily Package Volume (in thousands):</b>				
U.S. Domestic Package:				
Next Day Air	1,708	1,928	(220)	(11.4)%
Deferred	1,113	1,455	(342)	(23.5)%
Ground	15,385	16,330	(945)	(5.8)%
Total U.S. Domestic Package	18,206	19,713	(1,507)	(7.6)%
International Package:				
Domestic	1,594	1,754	(160)	(9.1)%
Export	1,645	1,708	(63)	(3.7)%
Total International Package	3,239	3,462	(223)	(6.4)%
Consolidated	21,445	23,175	(1,730)	(7.5)%
<b>Average Revenue Per Piece:</b>				
U.S. Domestic Package:				
Next Day Air	\$ 22.27	\$ 21.27	\$ 1.00	4.7%
Deferred	16.59	15.10	1.49	9.9%
Ground	11.25	10.77	0.48	4.5%
Total U.S. Domestic Package	12.61	12.12	0.49	4.0%
International Package:				
Domestic	7.63	7.48	0.15	2.0%
Export	33.34	35.47	(2.13)	(6.0)%
Total International Package	20.69	21.29	(0.60)	(2.8)%
Consolidated	\$ 13.83	\$ 13.49	\$ 0.34	2.5%

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

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

	Six Months Ended			
	June 30			
<i>(in millions)</i>	2023	2022	Change	% Change
Compensation and benefits	\$ 22,659	\$ 22,945	\$ (286)	(1.2)%
Repairs and maintenance	1,407	1,428	(21)	(1.5)%
Depreciation and amortization	1,662	1,526	136	8.9 %
Purchased transportation	6,716	8,997	(2,281)	(25.4)%
Fuel	2,361	2,917	(556)	(19.1)%
Other occupancy	1,009	923	86	9.3 %
Other expenses	3,845	3,622	223	6.2 %
Total operating expenses	\$ 39,659	\$ 42,358	\$ (2,699)	(6.4)%



*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**  
**June 30, 2023 (unaudited) and December 31, 2022**

	June 30, 2023	December 31, 2022
<i>(amounts in millions)</i>		
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,812	\$ 5,602
Marketable securities	3,071	1,993
Accounts receivable	9,738	12,729
Less: Allowance for credit losses	(151)	(146)
Accounts receivable, net	9,587	12,583
Other current assets	1,969	2,039
Total Current Assets	19,439	22,217
Property, Plant and Equipment, Net	35,501	34,719
Operating Lease Right-Of-Use Assets	4,219	3,755
Goodwill	4,250	4,223
Intangible Assets, Net	2,890	2,796
Deferred Income Tax Assets	137	139
Other Non-Current Assets	3,911	3,275
Total Assets	\$ 70,347	\$ 71,124
<b>LIABILITIES AND SHAREOWNERS' EQUITY</b>		
Current Liabilities:		
Current maturities of long-term debt, commercial paper and finance leases	\$ 1,412	\$ 2,341
Current maturities of operating leases	673	621
Accounts payable	6,085	7,515
Accrued wages and withholdings	2,962	4,049
Self-insurance reserves	1,101	1,069
Accrued group welfare and retirement plan contributions	1,200	1,078
Other current liabilities	1,253	1,467
Total Current Liabilities	14,686	18,140
Long-Term Debt and Finance Leases	19,351	17,321
Non-Current Operating Leases	3,680	3,238
Pension and Postretirement Benefit Obligations	4,635	4,807
Deferred Income Tax Liabilities	4,421	4,302
Other Non-Current Liabilities	3,537	3,513
Shareowners' Equity:		
Class A common stock	2	2
Class B common stock	7	7
Additional paid-in capital	—	—
Retained earnings	21,584	21,326
Accumulated other comprehensive loss	(1,574)	(1,549)
Deferred compensation obligations	9	13
Less: Treasury stock	(9)	(13)
Total Equity for Controlling Interests	20,019	19,786
Noncontrolling interests	18	17
Total Shareowners' Equity	20,037	19,803
Total Liabilities and Shareowners' Equity	\$ 70,347	\$ 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)

	Six Months Ended June 30	
	2023	2022
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 3,976	\$ 5,511
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	1,662	1,526
Pension and postretirement benefit expense	486	433
Pension and postretirement benefit contributions	(1,328)	(123)
Self-insurance reserves	64	112
Deferred tax (benefit) expense	168	360
Stock compensation expense	165	617
Other (gains) losses	(19)	11
Changes in assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	2,898	820
Other assets	187	(62)
Accounts payable	(1,921)	(508)
Accrued wages and withholdings	(535)	(348)
Other liabilities	(132)	22
Other operating activities	(77)	(78)
Net cash from operating activities	<u>5,594</u>	<u>8,293</u>
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(1,820)	(1,388)
Proceeds from disposal of businesses, property, plant and equipment	50	9
Purchases of marketable securities	(2,970)	(132)
Sales and maturities of marketable securities	1,903	130
Acquisitions, net of cash acquired	(34)	(99)
Other investing activities	12	(19)
Net cash used in investing activities	<u>(2,859)</u>	<u>(1,499)</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	(1,596)	(1,105)
Purchases of common stock	(1,498)	(1,242)
Issuances of common stock	119	136
Dividends	(2,693)	(2,567)
Other financing activities	(417)	(508)
Net cash from (used in) financing activities	<u>(3,582)</u>	<u>(5,286)</u>
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	57	(28)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(790)	1,480
<b>Cash, Cash Equivalents and Restricted Cash:</b>		
Beginning of period	5,602	10,255
End of period	<u>\$ 4,812</u>	<u>\$ 11,735</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)

	Six Months Ended	
	June 30	
	2023	2022
Cash flows from operating activities	\$ 5,594	\$ 8,293
Capital expenditures	(1,820)	(1,388)
Proceeds from disposals of property, plant and equipment	50	9
Other investing activities	12	(19)
Free Cash Flow (Non-GAAP measure)	<u>\$ 3,836</u>	<u>\$ 6,895</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 June 30, 2023	TTM <sup>(1)</sup> Ended June 30, 2022
Net income	\$ 10,013	\$ 10,933
Add back:		
Income tax expense	2,965	3,111
Interest expense	738	695
Depreciation & amortization	3,324	3,018
EBITDA	17,040	17,757
Add back (deduct):		
Incentive compensation program redesign	505	—
Transformation and other	232	231
Defined benefit plan (gains) and losses	(1,028)	(15)
Investment income and other pension income	(1,059)	(1,151)
Adjusted EBITDA	\$ 15,690	\$ 16,822
Debt and finance leases, including current maturities	\$ 20,763	\$ 20,576
Add back:		
Non-current pension and postretirement benefit obligations	4,635	8,343
Adjusted total debt	\$ 25,398	\$ 28,919
Adjusted total debt/Net income	<u>2.54</u>	<u>2.65</u>
Adjusted total debt/adjusted EBITDA (Non-GAAP)	<u>1.62</u>	<u>1.72</u>

(1) Trailing twelve months.



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

(amounts in millions)

	<b>TTM<sup>(1)</sup> Ended June 30, 2023</b>	<b>TTM<sup>(1)</sup> Ended June 30, 2022</b>
Net income	\$ 10,013	\$ 10,933
Add back (deduct):		
Income tax expense	2,965	3,111
Interest expense	738	695
Other pension (income) expense	(1,754)	(1,181)
Investment (income) expense and other	(333)	15
Operating profit	\$ 11,629	\$ 13,573
Incentive compensation program redesign	505	—
Long-lived asset estimated residual value changes	76	—
Transformation and other	232	231
Adjusted operating profit	\$ 12,442	\$ 13,804
Average debt and finance leases, including current maturities	\$ 20,670	\$ 21,584
Average pension and postretirement benefit obligations	6,489	8,009
Average shareowners' equity	18,174	13,566
Average invested capital	\$ 45,333	\$ 43,159
Net income to average invested capital	22.1 %	25.3 %
Adjusted Return on Invested Capital (Non-GAAP)	27.4 %	32.0 %

(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 June 30,

(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)	Transformation & Other Adj. <sup>(2)</sup>	As Adjusted (Non-GAAP)		
U.S. Domestic Package	\$ 12,794	\$ 79	\$ 12,715	\$ 13,630	\$ 26	\$ 13,604	(6.1)%	(6.5)%
International Package	3,532	19	3,513	3,880	11	3,869	(9.0)%	(9.2)%
Supply Chain Solutions	2,949	41	2,908	3,721	4	3,717	(20.7)%	(21.8)%
Operating expense	19,275	139	19,136	21,231	41	21,190	(9.2)%	(9.7)%
U.S. Domestic Package	\$ 1,602	\$ 79	\$ 1,681	\$ 1,829	\$ 26	\$ 1,855	(12.4)%	(9.4)%
International Package	883	19	902	1,193	11	1,204	(26.0)%	(25.1)%
Supply Chain Solutions	295	41	336	513	4	517	(42.5)%	(35.0)%
Operating Profit	2,780	139	2,919	3,535	41	3,576	(21.4)%	(18.4)%
Other Income and (Expense):								
Other pension income (expense)	66	—	66	298	—	298	(77.9)%	(77.9)%
Investment income (expense) and other	65	—	65	35	—	35	85.7%	85.7%
Interest expense	(191)	—	(191)	(171)	—	(171)	11.7%	11.7%
Total Other Income (Expense)	\$ (60)	\$ —	\$ (60)	\$ 162	\$ —	\$ 162	N/A	N/A
Income Before Income Taxes	2,720	139	2,859	3,697	41	3,738	(26.4)%	(23.5)%
Income Tax Expense	639	33	672	848	10	858	(24.6)%	(21.7)%
Net Income	\$ 2,081	\$ 106	\$ 2,187	\$ 2,849	\$ 31	\$ 2,880	(27.0)%	(24.1)%
Basic Earnings Per Share	\$ 2.42	\$ 0.12	\$ 2.54	\$ 3.26	\$ 0.04	\$ 3.30	(25.8)%	(23.0)%
Diluted Earnings Per Share	\$ 2.42	\$ 0.12	\$ 2.54	\$ 3.25	\$ 0.04	\$ 3.29	(25.5)%	(22.8)%
Weighted-average shares outstanding:								
Basic	860			874				
Diluted	861			876				

(1) Reflects other employee benefits costs of \$109 million and other costs of \$30 million.

(2) Reflects other employee benefits costs of \$23 million and other costs of \$18 million.

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)

Six Months Ended June 30,

(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	\$ 26,315	\$ 101	\$ 26,214	\$ 27,092	\$ —	\$ 69	\$ 27,023	(2.9)%	(3.0)%
International Package	7,247	(3)	7,250	7,640	—	15	7,625	(5.1)%	(4.9)%
Supply Chain Solutions	6,097	52	6,045	7,626	—	12	7,614	(20.0)%	(20.6)%
Operating expense	39,659	150	39,509	42,358	—	96	42,262	(6.4)%	(6.5)%
U.S. Domestic Package	\$ 3,068	\$ 101	\$ 3,169	\$ 3,491	\$ —	\$ 69	\$ 3,560	(12.1)%	(11.0)%
International Package	1,711	(3)	1,708	2,309	—	15	2,324	(25.9)%	(26.5)%
Supply Chain Solutions	542	52	594	986	—	12	998	(45.0)%	(40.5)%
Operating Profit	5,321	150	5,471	6,786	—	96	6,882	(21.6)%	(20.5)%
Other Income and (Expense):									
Other pension income (expense)	132	—	132	629	(33)	—	596	(79.0)%	(77.9)%
Investment income (expense) and other	168	—	168	19	—	—	19	784.2 %	784.2 %
Interest expense	(379)	—	(379)	(345)	—	—	(345)	9.9 %	9.9 %
Total Other Income (Expense)	\$ (79)	\$ —	\$ (79)	\$ 303	\$ (33)	\$ —	\$ 270	N/A	N/A
Income Before Income Taxes	5,242	150	5,392	7,089	(33)	96	7,152	(26.1)%	(24.6)%
Income Tax Expense	1,266	35	1,301	1,578	(9)	22	1,591	(19.8)%	(18.2)%
Net Income	\$ 3,976	\$ 115	\$ 4,091	\$ 5,511	\$ (24)	\$ 74	\$ 5,561	(27.9)%	(26.4)%
Basic Earnings Per Share	\$ 4.62	\$ 0.13	\$ 4.75	\$ 6.31	\$ (0.03)	\$ 0.08	\$ 6.36	(26.8)%	(25.3)%
Diluted Earnings Per Share	\$ 4.61	\$ 0.13	\$ 4.74	\$ 6.28	\$ (0.03)	\$ 0.08	\$ 6.33	(26.6)%	(25.1)%
Weighted-average shares outstanding:									
Basic	861			874					
Diluted	863			878					

(1) Reflects a goodwill impairment charge of \$8 million within Supply Chain Solutions, employee benefit benefits costs of \$97 million and other costs of \$45 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 \$56 million and other costs of \$40 million.

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

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

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

*(in millions, except per piece data)*

	Three Months Ended June 30 (GAAP)			Currency	Currency Neutral (Non-GAAP)	
	2023	2022	% Change		2023 <sup>(1)</sup>	% Change
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 7.67	\$ 7.61	0.8 %	\$ 0.10	\$ 7.77	2.1 %
Export	33.70	36.91	(8.7)%	0.23	33.93	(8.1)%
Total International Package	\$ 20.91	\$ 22.17	(5.7)%	\$ 0.17	\$ 21.08	(4.9)%
Consolidated	\$ 13.92	\$ 13.72	1.5 %	\$ 0.03	\$ 13.95	1.7 %
	Three Months Ended June 30 (GAAP)			Currency	Currency Neutral (Non-GAAP)	
	2023	2022	% Change		2023 <sup>(1)</sup>	% Change
<b>Revenue (in millions):</b>						
U.S. Domestic Package	\$ 14,396	\$ 15,459	(6.9)%	\$ —	\$ 14,396	(6.9)%
International Package	4,415	5,073	(13.0)%	34	4,449	(12.3)%
Supply Chain Solutions	3,244	4,234	(23.4)%	7	3,251	(23.2)%
Total revenue	\$ 22,055	\$ 24,766	(10.9)%	\$ 41	\$ 22,096	(10.8)%
	Three Months Ended June 30 (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	\$ 1,681	\$ 1,855	(9.4)%	\$ —	\$ 1,681	(9.4)%
International Package	902	1,204	(25.1)%	32	934	(22.4)%
Supply Chain Solutions	336	517	(35.0)%	(3)	333	(35.6)%
Total operating profit	\$ 2,919	\$ 3,576	(18.4)%	\$ 29	\$ 2,948	(17.6)%

(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.**  
**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)*

	Six Months Ended June 30 (GAAP)			Currency	Currency Neutral (Non-GAAP)	
	2023	2022	% Change		2023 <sup>(1)</sup>	% Change
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 7.63	\$ 7.48	2.0 %	\$ 0.32	\$ 7.95	6.3 %
Export	33.34	35.47	(6.0)%	0.60	33.94	(4.3)%
Total International Package	\$ 20.69	\$ 21.29	(2.8)%	\$ 0.46	\$ 21.15	(0.7)%
Consolidated	\$ 13.83	\$ 13.49	2.5 %	\$ 0.07	\$ 13.90	3.0 %
	Six Months Ended June 30 (GAAP)			Currency	Currency Neutral (Non-GAAP)	
	2023	2022	% Change		2023 <sup>(1)</sup>	% Change
<b>Revenue (in millions):</b>						
U.S. Domestic Package	\$ 29,383	\$ 30,583	(3.9)%	\$ —	\$ 29,383	(3.9)%
International Package	8,958	9,949	(10.0)%	195	9,153	(8.0)%
Supply Chain Solutions	6,639	8,612	(22.9)%	57	6,696	(22.2)%
Total revenue	\$ 44,980	\$ 49,144	(8.5)%	\$ 252	\$ 45,232	(8.0)%
	Six Months Ended June 30 (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	\$ 3,169	\$ 3,560	(11.0)%	\$ —	\$ 3,169	(11.0)%
International Package	1,708	2,324	(26.5)%	83	1,791	(22.9)%
Supply Chain Solutions	594	998	(40.5)%	(8)	586	(41.3)%
Total operating profit	\$ 5,471	\$ 6,882	(20.5)%	\$ 75	\$ 5,546	(19.4)%

(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 June 30, 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	75	—	24	—
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	—	278	—	—
Total	293	278	26	—

<sup>(1)</sup> Three of the MD-11 aircraft shown above have been retired from operational use as of June 30, 2023. We expect to retire an additional two MD-11 aircraft during the remainder of 2023.