

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): October 26, 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 October 26, 2023, United Parcel Service, Inc. (the “Company”) issued a press release containing information about the Company’s results of operations and financial condition for the quarter ended September 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 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 October 26, 2023 "[UPS RELEASES 3Q 2023 EARNINGS](#)"

99.2 [Q3 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: October 26, 2023

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

## UPS RELEASES 3Q 2023 EARNINGS

- **Consolidated Revenues of \$21.1B, Compared to \$24.2B Last Year**
- **Consolidated Operating Profit of \$1.3B; Adjusted Consolidated Operating Profit of \$1.6B**
- **Consolidated Operating Margin of 6.4%; Adj. Consolidated Operating Margin of 7.7%**
- **Diluted EPS of \$1.31; Adj. Diluted EPS of \$1.57, Compared to \$2.99 Last Year**

ATLANTA – October 26, 2023 – UPS (NYSE:UPS) today announced third-quarter 2023 consolidated revenues of \$21.1 billion, a 12.8% decrease from the third quarter of 2022. Consolidated operating profit was \$1.3 billion, down 56.9% compared to the third quarter of 2022, and down 48.7% on an adjusted basis. Diluted earnings per share were \$1.31 for the quarter; adjusted diluted earnings per share of \$1.57 were 47.5% below the same period in 2022.

For the third quarter of 2023, GAAP results included an after-tax charge of \$219 million or \$0.26 per diluted share, comprised of a one-time payment of \$46 million to certain U.S.-based non-union part-time supervisors, transformation and other charges of \$70 million, and non-cash goodwill impairment charges of \$103 million.

“While unfavorable macro-economic conditions negatively impacted global demand in the quarter, our U.S. labor contract was fully ratified in early September and volume that diverted during our labor negotiations is starting to return to our network. I want to thank all UPSers for their hard work and efforts during this challenging time and for once again providing industry-leading service to our customers,” said Carol Tomé, UPS chief executive officer. “Looking ahead, we are well-prepared for the peak holiday season.”

### U.S. Domestic Segment

	<u>3Q 2023</u>	<u>Adjusted 3Q 2023</u>	<u>3Q 2022</u>	<u>Adjusted 3Q 2022</u>
Revenue	\$13,660 M		\$15,374 M	
Operating profit	\$571 M	\$665 M	\$1,666 M	\$1,686 M

- Revenue decreased 11.1%, driven by a 11.5% decrease in average daily volume, which was partially offset by a 2.0% increase in revenue per piece.
- Operating margin was 4.2%; adjusted operating margin was 4.9%.

### International Segment

	<u>3Q 2023</u>	<u>Adjusted 3Q 2023</u>	<u>3Q 2022</u>	<u>Adjusted 3Q 2022</u>
Revenue	\$4,267 M		\$4,799 M	
Operating profit	\$630 M	\$675 M	\$997 M	\$1,004 M

- Revenue decreased 11.1%, primarily driven by a 6.6% decrease in average daily volume and continued softness on Asia and Europe trade lanes.
- Operating margin was 14.8%; adjusted operating margin was 15.8%.

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

	<u>3Q 2023</u>	<u>Adjusted 3Q 2023</u>	<u>3Q 2022</u>	<u>Adjusted 3Q 2022</u>
Revenue	\$3,134 M		\$3,988 M	
Operating profit	\$142 M	\$275 M	\$450 M	\$459 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 21.4% due primarily to market rate and volume declines in forwarding, partially offset by growth in healthcare.
- Operating margin was 4.5%; adjusted operating margin was 8.8%.

### 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 global macro-economic uncertainty. UPS now expects full-year 2023 consolidated revenue to be between \$91.3 billion and \$92.3 billion and a consolidated adjusted operating margin of between 10.8% and 11.3%.

The company is maintaining its full-year planned capital expenditures target of about \$5.3 billion and dividend payment expectations of around \$5.4 billion, subject to board approval. UPS now expects full-year 2023 share repurchases to be approximately \$2.25 billion. The effective tax rate for the full year is expected to be approximately 22%.

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

### Contacts:

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

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

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## **Conference Call Information**

UPS CEO Carol Tomé and CFO Brian Newman will discuss third-quarter results with investors and analysts during a conference call at 8:30 a.m. ET, October 26, 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 200 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.

#### *One-Time Compensation Payment*

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 a one-time payment made to certain U.S.-based, non-union part-time supervisors following the ratification of our labor agreement with the Teamsters. We do not expect this or similar payments to recur. We believe excluding the impact of this one-time payment better enables users of our financial statements to view and evaluate underlying business performance from the same perspective as management.

#### *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,

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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 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 September 30, 2023

	As Reported (GAAP)	One-Time Compensation <sup>(1)</sup>	Goodwill Impairment Charges <sup>(2)</sup>	Transformation & Other Adj. <sup>(3)</sup>	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 13,089	\$ 61	\$ —	\$ 33	\$ 12,995
International Package	3,637	—	—	45	3,592
Supply Chain Solutions	2,992	—	117	16	2,859
Operating Expense	19,718	61	117	94	19,446
U.S. Domestic Package	571	61	—	33	665
International Package	630	—	—	45	675
Supply Chain Solutions	142	—	117	16	275
Operating Profit	1,343	61	117	94	1,615
Other Income and (Expense):					
Other pension income (expense)	66	—	—	—	66
Investment income (expense) and other	58	—	—	—	58
Interest expense	(199)	—	—	—	(199)
Total Other Income (Expense)	(75)	—	—	—	(75)
Income Before Income Taxes	1,268	61	117	94	1,540
Income Tax Expense	141	15	14	24	194
Net Income	<u>\$ 1,127</u>	<u>\$ 46</u>	<u>\$ 103</u>	<u>\$ 70</u>	<u>\$ 1,346</u>
Basic Earnings Per Share	<u>\$ 1.31</u>	<u>\$ 0.05</u>	<u>\$ 0.12</u>	<u>\$ 0.09</u>	<u>\$ 1.57</u>
Diluted Earnings Per Share	<u>\$ 1.31</u>	<u>\$ 0.05</u>	<u>\$ 0.12</u>	<u>\$ 0.09</u>	<u>\$ 1.57</u>

(1) Represents a one-time payment of \$61 million to certain U.S.-based non-union part-time supervisors.

(2) Reflects goodwill impairment charges of \$117 million within Supply Chain Solutions.

(3) Reflects other employee benefits costs of \$80 million and other costs of \$14 million.

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

Nine Months Ended September 30, 2023

	As Reported (GAAP)	One-Time Compensation <sup>(1)</sup>	Goodwill Impairment Charges <sup>(2)</sup>	Transformation & Other Adj. <sup>(3)</sup>	As Adjusted (Non-GAAP)
U.S. Domestic Package	\$ 39,404	\$ 61	\$ —	\$ 134	\$ 39,209
International Package	10,884	—	—	42	10,842
Supply Chain Solutions	9,089	—	125	60	8,904
Operating Expense	59,377	61	125	236	58,955
U.S. Domestic Package	3,639	61	—	134	3,834
International Package	2,341	—	—	42	2,383
Supply Chain Solutions	684	—	125	60	869
Operating Profit	6,664	61	125	236	7,086
Other Income and (Expense):					
Other pension income (expense)	198	—	—	—	198
Investment income (expense) and other	226	—	—	—	226
Interest expense	(578)	—	—	—	(578)
Total Other Income (Expense)	(154)	—	—	—	(154)
Income Before Income Taxes	6,510	61	125	236	6,932
Income Tax Expense	1,407	15	16	57	1,495
Net Income	\$ 5,103	\$ 46	\$ 109	\$ 179	\$ 5,437
Basic Earnings Per Share	\$ 5.93	\$ 0.05	\$ 0.13	\$ 0.21	\$ 6.32
Diluted Earnings Per Share	\$ 5.92	\$ 0.05	\$ 0.13	\$ 0.21	\$ 6.31

(1) Represents a one-time payment of \$61 million to certain U.S.-based non-union part-time supervisors.

(2) Reflects goodwill impairment charges of \$125 million within Supply Chain Solutions.

(3) Reflects other employee benefits costs of \$178 million and other costs of \$58 million.

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

Three Months Ended September 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	\$ 7.73	\$ 7.31	5.7 %	\$ (0.21)	\$ 7.52	2.9 %
Export	33.09	34.77	(4.8)%	(0.21)	32.88	(5.4)%
Total International Package	<u>\$ 20.78</u>	<u>\$ 21.07</u>	(1.4)%	<u>\$ (0.21)</u>	<u>\$ 20.57</u>	(2.4)%
Consolidated	<u>\$ 13.81</u>	<u>\$ 13.58</u>	1.7 %	<u>\$ (0.03)</u>	<u>\$ 13.78</u>	1.5 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 13,660	\$ 15,374	(11.1)%	\$ —	\$ 13,660	(11.1)%
International Package	4,267	4,799	(11.1)%	(43)	4,224	(12.0)%
Supply Chain Solutions	3,134	3,988	(21.4)%	(24)	3,110	(22.0)%
Total revenue	<u>\$ 21,061</u>	<u>\$ 24,161</u>	(12.8)%	<u>\$ (67)</u>	<u>\$ 20,994</u>	(13.1)%

	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	\$ 665	\$ 1,686	(60.6)%	\$ —	\$ 665	(60.6)%
International Package	675	1,004	(32.8)%	32	707	(29.6)%
Supply Chain Solutions	275	459	(40.1)%	6	281	(38.8)%
Total operating profit	<u>\$ 1,615</u>	<u>\$ 3,149</u>	(48.7)%	<u>\$ 38</u>	<u>\$ 1,653</u>	(47.5)%

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

(2) Amounts adjusted for transformation & other.

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

Nine Months Ended September 30,

	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	\$ 7.66	\$ 7.43	3.1 %	\$ 0.15	\$ 7.81	5.1 %
Export	33.26	35.26	(5.7)%	0.34	33.60	(4.7)%
Total International Package	<u>\$ 20.72</u>	<u>\$ 21.22</u>	(2.4)%	<u>\$ 0.24</u>	<u>\$ 20.96</u>	(1.2)%
Consolidated	<u>\$ 13.82</u>	<u>\$ 13.52</u>	2.2 %	<u>\$ 0.04</u>	<u>\$ 13.86</u>	2.5 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 43,043	\$ 45,957	(6.3)%	\$ —	\$ 43,043	(6.3)%
International Package	13,225	14,748	(10.3)%	152	13,377	(9.3)%
Supply Chain Solutions	9,773	12,600	(22.4)%	33	9,806	(22.2)%
Total revenue	<u>\$ 66,041</u>	<u>\$ 73,305</u>	(9.9)%	<u>\$ 185</u>	<u>\$ 66,226</u>	(9.7)%

	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	\$ 3,834	\$ 5,246	(26.9)%	\$ —	\$ 3,834	(26.9)%
International Package	2,383	3,328	(28.4)%	115	2,498	(24.9)%
Supply Chain Solutions	869	1,457	(40.4)%	(2)	867	(40.5)%
Total operating profit	<u>\$ 7,086</u>	<u>\$ 10,031</u>	(29.4)%	<u>\$ 113</u>	<u>\$ 7,199</u>	(28.2)%

(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):**

Nine Months Ended September 30,

	2023
Cash flows from operating activities	\$ 7,827
Capital expenditures	(3,109)
Proceeds from disposals of property, plant and equipment	167
Other investing activities	2
Free Cash Flow (Non-GAAP measure)	<u>\$ 4,887</u>



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

	<b>TTM<sup>(1)</sup> Ended September 30, 2023</b>
Net income	\$ 8,556
Add back:	
Income tax expense	2,421
Interest expense	760
Depreciation & amortization	3,387
EBITDA	\$ 15,124
Add back (deduct):	
Incentive compensation program redesign	505
One-time compensation	61
Goodwill impairment charges	125
Transformation and other	282
Defined benefit plan (gains) and losses	(1,028)
Investment income and other pension income	(850)
Adjusted EBITDA	\$ 14,219
Debt and finance leases, including current maturities	\$ 21,125
Add back:	
Non-current pension and postretirement benefit obligations	4,670
Adjusted total debt	\$ 25,795
Adjusted total debt/Net income	3.01
Adjusted total debt/adjusted EBITDA (Non-GAAP)	1.81

(1) Trailing twelve months.



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

	<b>TTM<sup>(1)</sup> Ended September 30, 2023</b>
Net income	\$ 8,556
Add back (deduct):	
Income tax expense	2,421
Interest expense	760
Other pension (income) expense	(1,523)
Investment (income) expense and other	(355)
Operating profit	\$ 9,859
Incentive compensation program redesign	505
Long-lived asset estimated residual value changes	76
One-time compensation	61
Goodwill impairment charges	125
Transformation and other	282
Adjusted operating profit	\$ 10,908
Average debt and finance leases, including current maturities	20,738
Average pension and postretirement benefit obligations	5,709
Average shareowners' equity	18,084
Average invested capital	\$ 44,531
Net income to average invested capital	19.2 %
Adjusted Return on Invested Capital (Non-GAAP)	24.5 %

(1) Trailing twelve months.

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

	Three Months Ended September 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	\$ 13,660	\$ 15,374	\$ (1,714)	(11.1)%
International Package	4,267	4,799	(532)	(11.1)%
Supply Chain Solutions	3,134	3,988	(854)	(21.4)%
Total revenue	21,061	24,161	(3,100)	(12.8)%
Operating expenses:				
U.S. Domestic Package	13,089	13,708	(619)	(4.5)%
International Package	3,637	3,802	(165)	(4.3)%
Supply Chain Solutions	2,992	3,538	(546)	(15.4)%
Total operating expenses	19,718	21,048	(1,330)	(6.3)%
Operating profit:				
U.S. Domestic Package	571	1,666	(1,095)	(65.7)%
International Package	630	997	(367)	(36.8)%
Supply Chain Solutions	142	450	(308)	(68.4)%
Total operating profit	1,343	3,113	(1,770)	(56.9)%
Other income (expense):				
Other pension income (expense)	66	297	(231)	(77.8)%
Investment income (expense) and other	58	36	22	61.1 %
Interest expense	(199)	(177)	(22)	12.4 %
Total other income (expense)	(75)	156	(231)	N/A
Income before income taxes	1,268	3,269	(2,001)	(61.2)%
Income tax expense	141	685	(544)	(79.4)%
Net income	\$ 1,127	\$ 2,584	\$ (1,457)	(56.4)%
Net income as a percentage of revenue	5.4 %	10.7 %		
Per share amounts:				
Basic earnings per share	\$ 1.31	\$ 2.97	\$ (1.66)	(55.9)%
Diluted earnings per share	\$ 1.31	\$ 2.96	\$ (1.65)	(55.7)%
Weighted-average shares outstanding:				
Basic	857	870	(13)	(1.5)%
Diluted	858	872	(14)	(1.6)%
<b>As Adjusted Income Data <sup>(1)</sup>:</b>				
Operating profit:				
U.S. Domestic Package	\$ 665	\$ 1,686	\$ (1,021)	(60.6)%
International Package	675	1,004	(329)	(32.8)%
Supply Chain Solutions	275	459	(184)	(40.1)%
Total operating profit	1,615	3,149	(1,534)	(48.7)%
Total other income (expense)	\$ (75)	\$ 156	\$ (231)	N/A
Income before income taxes	\$ 1,540	\$ 3,305	\$ (1,765)	(53.4)%
Net income	\$ 1,346	\$ 2,611	\$ (1,265)	(48.4)%
Basic earnings per share	\$ 1.57	\$ 3.00	\$ (1.43)	(47.7)%
Diluted earnings per share	\$ 1.57	\$ 2.99	\$ (1.42)	(47.5)%

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

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.

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

	Three Months Ended September 30			
	2023	2022	Change	% Change
<b>Revenue (in millions):</b>				
U.S. Domestic Package:				
Next Day Air	\$ 2,372	\$ 2,673	\$ (301)	(11.3)%
Deferred	1,128	1,311	(183)	(14.0)%
Ground	10,160	11,390	(1,230)	(10.8)%
Total U.S. Domestic Package	13,660	15,374	(1,714)	(11.1)%
International Package:				
Domestic	742	785	(43)	(5.5)%
Export	3,367	3,747	(380)	(10.1)%
Cargo and Other	158	267	(109)	(40.8)%
Total International Package	4,267	4,799	(532)	(11.1)%
Supply Chain Solutions:				
Forwarding	1,327	2,162	(835)	(38.6)%
Logistics	1,430	1,302	128	9.8%
Other	377	524	(147)	(28.1)%
Total Supply Chain Solutions	3,134	3,988	(854)	(21.4)%
Consolidated	\$ 21,061	\$ 24,161	\$ (3,100)	(12.8)%
Consolidated volume (in millions)	1,287	1,466	(179)	(12.2)%
Operating weekdays	63	64	(1)	(1.6)%
<b>Average Daily Package Volume (in thousands):</b>				
U.S. Domestic Package:				
Next Day Air	1,679	1,932	(253)	(13.1)%
Deferred	1,078	1,341	(263)	(19.6)%
Ground	14,529	16,266	(1,737)	(10.7)%
Total U.S. Domestic Package	17,286	19,539	(2,253)	(11.5)%
International Package:				
Domestic	1,524	1,677	(153)	(9.1)%
Export	1,615	1,684	(69)	(4.1)%
Total International Package	3,139	3,361	(222)	(6.6)%
Consolidated	20,425	22,900	(2,475)	(10.8)%
<b>Average Revenue Per Piece:</b>				
U.S. Domestic Package:				
Next Day Air	\$ 22.42	\$ 21.62	\$ 0.80	3.7%
Deferred	16.61	15.28	1.33	8.7%
Ground	11.10	10.94	0.16	1.5%
Total U.S. Domestic Package	12.54	12.29	0.25	2.0%
International Package:				
Domestic	7.73	7.31	0.42	5.7%
Export	33.09	34.77	(1.68)	(4.8)%
Total International Package	20.78	21.07	(0.29)	(1.4)%
Consolidated	\$ 13.81	\$ 13.58	\$ 0.23	1.7%

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.

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

	Three Months Ended			
	September 30			
<i>(in millions)</i>	2023	2022	Change	% Change
Compensation and benefits	\$ 11,528	\$ 11,489	\$ 39	0.3 %
Repairs and maintenance	719	732	(13)	(1.8)%
Depreciation and amortization	837	774	63	8.1 %
Purchased transportation	3,118	4,179	(1,061)	(25.4)%
Fuel	1,132	1,530	(398)	(26.0)%
Other occupancy	481	435	46	10.6 %
Other expenses	1,903	1,909	(6)	(0.3)%
Total operating expenses	<u>\$ 19,718</u>	<u>\$ 21,048</u>	<u>\$ (1,330)</u>	<u>(6.3)%</u>

*Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.*

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

	Nine Months Ended			
	September 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	\$ 43,043	\$ 45,957	\$ (2,914)	(6.3)%
International Package	13,225	14,748	(1,523)	(10.3)%
Supply Chain Solutions	9,773	12,600	(2,827)	(22.4)%
Total revenue	<u>66,041</u>	<u>73,305</u>	<u>(7,264)</u>	<u>(9.9)%</u>
Operating expenses:				
U.S. Domestic Package	39,404	40,800	(1,396)	(3.4)%
International Package	10,884	11,442	(558)	(4.9)%
Supply Chain Solutions	9,089	11,164	(2,075)	(18.6)%
Total operating expenses	<u>59,377</u>	<u>63,406</u>	<u>(4,029)</u>	<u>(6.4)%</u>
Operating profit:				
U.S. Domestic Package	3,639	5,157	(1,518)	(29.4)%
International Package	2,341	3,306	(965)	(29.2)%
Supply Chain Solutions	684	1,436	(752)	(52.4)%
Total operating profit	<u>6,664</u>	<u>9,899</u>	<u>(3,235)</u>	<u>(32.7)%</u>
Other income (expense):				
Other pension income (expense)	198	926	(728)	(78.6)%
Investment income (expense) and other	226	55	171	310.9%
Interest expense	(578)	(522)	(56)	10.7%
Total other income (expense)	<u>(154)</u>	<u>459</u>	<u>(613)</u>	<u>N/A</u>
Income before income taxes	6,510	10,358	(3,848)	(37.2)%
Income tax expense	1,407	2,263	(856)	(37.8)%
Net income	<u>\$ 5,103</u>	<u>\$ 8,095</u>	<u>\$ (2,992)</u>	<u>(37.0)%</u>
Net income as a percentage of revenue	7.7 %	11.0 %		
Per share amounts:				
Basic earnings per share	\$ 5.93	\$ 9.27	\$ (3.34)	(36.0)%
Diluted earnings per share	\$ 5.92	\$ 9.24	\$ (3.32)	(35.9)%
Weighted-average shares outstanding:				
Basic	860	873	(13)	(1.5)%
Diluted	861	876	(15)	(1.7)%
<b>As Adjusted Income Data <sup>(1)</sup>:</b>				
Operating profit:				
U.S. Domestic Package	\$ 3,834	\$ 5,246	\$ (1,412)	(26.9)%
International Package	2,383	3,328	(945)	(28.4)%
Supply Chain Solutions	869	1,457	(588)	(40.4)%
Total operating profit	<u>7,086</u>	<u>10,031</u>	<u>(2,945)</u>	<u>(29.4)%</u>
Total other income (expense)	\$ (154)	\$ 426	\$ (580)	N/A
Income before income taxes	\$ 6,932	\$ 10,457	\$ (3,525)	(33.7)%
Net income	\$ 5,437	\$ 8,172	\$ (2,735)	(33.5)%
Basic earnings per share	\$ 6.32	\$ 9.36	\$ (3.04)	(32.5)%
Diluted earnings per share	\$ 6.31	\$ 9.33	\$ (3.02)	(32.4)%

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

*Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.*

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

	Nine Months Ended			
	September 30			
	2023	2022	Change	% Change
<b>Revenue (in millions):</b>				
U.S. Domestic Package:				
Next Day Air	\$ 7,240	\$ 7,923	\$ (683)	(8.6)%
Deferred	3,491	4,123	(632)	(15.3)%
Ground	32,312	33,911	(1,599)	(4.7)%
Total U.S. Domestic Package	43,043	45,957	(2,914)	(6.3)%
International Package:				
Domestic	2,299	2,465	(166)	(6.7)%
Export	10,387	11,501	(1,114)	(9.7)%
Cargo and Other	539	782	(243)	(31.1)%
Total International Package	13,225	14,748	(1,523)	(10.3)%
Supply Chain Solutions:				
Forwarding	4,217	7,140	(2,923)	(40.9)%
Logistics	4,271	3,843	428	11.1%
Other	1,285	1,617	(332)	(20.5)%
Total Supply Chain Solutions	9,773	12,600	(2,827)	(22.4)%
Consolidated	\$ 66,041	\$ 73,305	\$ (7,264)	(9.9)%
Consolidated volume (in millions)	4,032	4,432	(400)	(9.0)%
Operating weekdays	191	192	(1)	(0.5)%
<b>Average Daily Package Volume (in thousands):</b>				
U.S. Domestic Package:				
Next Day Air	1,699	1,929	(230)	(11.9)%
Deferred	1,102	1,417	(315)	(22.2)%
Ground	15,102	16,309	(1,207)	(7.4)%
Total U.S. Domestic Package	17,903	19,655	(1,752)	(8.9)%
International Package:				
Domestic	1,571	1,729	(158)	(9.1)%
Export	1,635	1,699	(64)	(3.8)%
Total International Package	3,206	3,428	(222)	(6.5)%
Consolidated	21,109	23,083	(1,974)	(8.6)%
<b>Average Revenue Per Piece:</b>				
U.S. Domestic Package:				
Next Day Air	\$ 22.31	\$ 21.39	\$ 0.92	4.3%
Deferred	16.59	15.15	1.44	9.5%
Ground	11.20	10.83	0.37	3.4%
Total U.S. Domestic Package	12.59	12.18	0.41	3.4%
International Package:				
Domestic	7.66	7.43	0.23	3.1%
Export	33.26	35.26	(2.00)	(5.7)%
Total International Package	20.72	21.22	(0.50)	(2.4)%
Consolidated	\$ 13.82	\$ 13.52	\$ 0.30	2.2%

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.

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

	Nine Months Ended			
	September 30			
<i>(in millions)</i>	2023	2022	Change	% Change
Compensation and benefits	\$ 34,187	\$ 34,434	\$ (247)	(0.7)%
Repairs and maintenance	2,126	2,160	(34)	(1.6)%
Depreciation and amortization	2,499	2,300	199	8.7 %
Purchased transportation	9,834	13,176	(3,342)	(25.4)%
Fuel	3,493	4,447	(954)	(21.5)%
Other occupancy	1,490	1,358	132	9.7 %
Other expenses	5,748	5,531	217	3.9 %
Total operating expenses	<u>\$ 59,377</u>	<u>\$ 63,406</u>	<u>\$ (4,029)</u>	<u>(6.4)%</u>



*Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.*

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**United Parcel Service, Inc.**  
**Consolidated Balance Sheets**  
**September 30, 2023 (unaudited) and December 31, 2022**

<i>(amounts in millions)</i>	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,311	\$ 5,602
Marketable securities	2,967	1,993
Accounts receivable	9,593	12,729
Less: Allowance for credit losses	(132)	(146)
Accounts receivable, net	9,461	12,583
Other current assets	2,512	2,039
Total Current Assets	19,251	22,217
Property, Plant and Equipment, Net	36,013	34,719
Operating Lease Right-Of-Use Assets	4,162	3,755
Goodwill	4,097	4,223
Intangible Assets, Net	2,892	2,796
Deferred Income Tax Assets	127	139
Other Non-Current Assets	3,739	3,275
Total Assets	\$ 70,281	\$ 71,124
<b>LIABILITIES AND SHAREOWNERS' EQUITY</b>		
Current Liabilities:		
Current maturities of long-term debt, commercial paper and finance leases	\$ 2,243	\$ 2,341
Current maturities of operating leases	664	621
Accounts payable	5,972	7,515
Accrued wages and withholdings	3,341	4,049
Self-insurance reserves	1,065	1,069
Accrued group welfare and retirement plan contributions	1,306	1,078
Other current liabilities	1,226	1,467
Total Current Liabilities	15,817	18,140
Long-Term Debt and Finance Leases	18,882	17,321
Non-Current Operating Leases	3,651	3,238
Pension and Postretirement Benefit Obligations	4,670	4,807
Deferred Income Tax Liabilities	4,601	4,302
Other Non-Current Liabilities	3,480	3,513
Shareowners' Equity:		
Class A common stock	2	2
Class B common stock	7	7
Additional paid-in capital	—	—
Retained earnings	20,699	21,326
Accumulated other comprehensive loss	(1,540)	(1,549)
Deferred compensation obligations	9	13
Less: Treasury stock	(9)	(13)
Total Equity for Controlling Interests	19,168	19,786
Noncontrolling interests	12	17
Total Shareowners' Equity	19,180	19,803
Total Liabilities and Shareowners' Equity	\$ 70,281	\$ 71,124

*Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.*

**United Parcel Service, Inc.**  
**Statements of Consolidated Cash Flows**  
(unaudited)

(amounts in millions)

	Nine Months Ended September 30	
	2023	2022
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 5,103	\$ 8,095
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	2,499	2,300
Pension and postretirement benefit expense	729	666
Pension and postretirement benefit contributions	(1,363)	(2,106)
Self-insurance reserves	81	182
Deferred tax (benefit) expense	327	466
Stock compensation expense	186	850
Other (gains) losses	89	(25)
Changes in assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	2,880	1,022
Other assets	(252)	(98)
Accounts payable	(2,058)	(952)
Accrued wages and withholdings	(155)	(59)
Other liabilities	(157)	481
Other operating activities	(82)	(50)
Net cash from operating activities	<u>7,827</u>	<u>10,772</u>
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(3,109)	(2,278)
Proceeds from disposal of businesses, property, plant and equipment	167	12
Purchases of marketable securities	(3,347)	(195)
Sales and maturities of marketable securities	2,397	193
Acquisitions, net of cash acquired	(39)	(106)
Other investing activities	2	(34)
Net cash used in investing activities	<u>(3,929)</u>	<u>(2,408)</u>
<b>Cash Flows From Financing Activities:</b>		
Net change in short-term debt	415	—
Proceeds from long-term borrowings	2,546	—
Repayments of long-term borrowings	(1,625)	(1,124)
Purchases of common stock	(2,250)	(2,194)
Issuances of common stock	190	198
Dividends	(4,034)	(3,842)
Other financing activities	(427)	(513)
Net cash used in financing activities	<u>(5,185)</u>	<u>(7,475)</u>
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	<u>(4)</u>	<u>(99)</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(1,291)	790
<b>Cash, Cash Equivalents and Restricted Cash:</b>		
Beginning of period	5,602	10,255
End of period	<u>\$ 4,311</u>	<u>\$ 11,045</u>

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.

**United Parcel Service, Inc.**  
**Reconciliation of Free Cash Flow (Non-GAAP measure)**  
(unaudited)

(amounts in millions)

	Nine Months Ended September 30	
	2023	2022
Cash flows from operating activities	\$ 7,827	\$ 10,772
Capital expenditures	(3,109)	(2,278)
Proceeds from disposals of property, plant and equipment	167	12
Other investing activities	2	(34)
Free Cash Flow (Non-GAAP measure)	<u>\$ 4,887</u>	<u>\$ 8,472</u>

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.

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

(amounts in millions)

	TTM <sup>(1)</sup> Ended September 30, 2023	TTM <sup>(1)</sup> Ended September 30, 2022
Net income	\$ 8,556	\$ 11,188
Add back:		
Income tax expense	2,421	3,132
Interest expense	760	695
Depreciation & amortization	3,387	3,054
EBITDA	15,124	18,069
Add back (deduct):		
Incentive compensation program redesign	505	—
One-time compensation	61	—
Goodwill impairment charges	125	—
Transformation and other	282	193
Defined benefit plan (gains) and losses	(1,028)	(15)
Investment income and other pension income	(850)	(1,210)
Adjusted EBITDA	\$ 14,219	\$ 17,037
Debt and finance leases, including current maturities	\$ 21,125	\$ 20,350
Add back:		
Non-current pension and postretirement benefit obligations	4,670	6,747
Adjusted total debt	\$ 25,795	\$ 27,097
Adjusted total debt/Net income	3.01	2.42
Adjusted total debt/adjusted EBITDA (Non-GAAP)	1.81	1.59

(1) Trailing twelve months.

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.

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

(amounts in millions)

	TTM <sup>(1)</sup> Ended September 30, 2023	TTM <sup>(1)</sup> Ended September 30, 2022
Net income	\$ 8,556	\$ 11,188
Add back (deduct):		
Income tax expense	2,421	3,132
Interest expense	760	695
Other pension (income) expense	(1,523)	(1,193)
Investment (income) expense and other	(355)	(32)
Operating profit	\$ 9,859	\$ 13,790
Incentive compensation program redesign	505	—
Long-lived asset estimated residual value changes	76	—
One-time compensation	61	—
Goodwill impairment charges	125	—
Transformation and other	282	193
Adjusted operating profit	\$ 10,908	\$ 13,983
Average debt and finance leases, including current maturities	\$ 20,738	\$ 21,228
Average pension and postretirement benefit obligations	5,709	7,210
Average shareowners' equity	18,084	14,523
Average invested capital	\$ 44,531	\$ 42,961
Net income to average invested capital	19.2 %	26.0 %
Adjusted Return on Invested Capital (Non-GAAP)	24.5 %	32.5 %

(1) Trailing twelve months.

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.

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

Three Months Ended September 30,

(in millions, except per share data)

	2023					2022					% Change As Rep. (GAAP)	% Change As Adj. (Non-GAAP)
	As Reported (GAAP)	One-Time Compensation <sup>(1)</sup>	Goodwill Impairment Charges <sup>(2)</sup>	Transformation & Other Adj. <sup>(3)</sup>	As Adjusted (Non-GAAP)	As Reported (GAAP)	Transformation & Other Adj. <sup>(4)</sup>	As Adjusted (Non-GAAP)				
U.S. Domestic Package	\$ 13,089	\$ 61	\$ —	\$ 33	\$ 12,995	\$ 13,708	\$ 20	\$ 13,688	(4.5)%	(5.1)%		
International Package	3,637	—	—	45	3,592	3,802	7	3,795	(4.3)%	(5.3)%		
Supply Chain Solutions	2,992	—	117	16	2,859	3,538	9	3,529	(15.4)%	(19.0)%		
Operating expense	19,718	61	117	94	19,446	21,048	36	21,012	(6.3)%	(7.5)%		
U.S. Domestic Package	\$ 571	\$ 61	\$ —	\$ 33	\$ 665	\$ 1,666	\$ 20	\$ 1,686	(65.7)%	(60.6)%		
International Package	630	—	—	45	675	997	7	1,004	(36.8)%	(32.8)%		
Supply Chain Solutions	142	—	117	16	275	450	9	459	(68.4)%	(40.1)%		
Operating Profit	1,343	61	117	94	1,615	3,113	36	3,149	(56.9)%	(48.7)%		
Other Income and (Expense):												
Other pension income (expense)	66	—	—	—	66	297	—	297	(77.8)%	(77.8)%		
Investment income (expense) and other	58	—	—	—	58	36	—	36	61.1%	61.1%		
Interest expense	(199)	—	—	—	(199)	(177)	—	(177)	12.4%	12.4%		
Total Other Income (Expense)	\$ (75)	\$ —	\$ —	\$ —	\$ (75)	\$ 156	\$ —	\$ 156	N/A	N/A		
Income Before Income Taxes	1,268	61	117	94	1,540	3,269	36	3,305	(61.2)%	(53.4)%		
Income Tax Expense	141	15	14	24	194	685	9	694	(79.4)%	(72.0)%		
Net Income	\$ 1,127	\$ 46	\$ 103	\$ 70	\$ 1,346	\$ 2,584	\$ 27	\$ 2,611	(56.4)%	(48.4)%		
Basic Earnings Per Share	\$ 1.31	\$ 0.05	\$ 0.12	\$ 0.09	\$ 1.57	\$ 2.97	\$ 0.03	\$ 3.00	(55.9)%	(47.7)%		
Diluted Earnings Per Share	\$ 1.31	\$ 0.05	\$ 0.12	\$ 0.09	\$ 1.57	\$ 2.96	\$ 0.03	\$ 2.99	(55.7)%	(47.5)%		
Weighted-average shares outstanding:												
Basic	857					870						
Diluted	858					872						

- (1) Represents a one-time payment of \$61 million to certain U.S.-based non-union part-time supervisors.  
(2) Reflects goodwill impairment charges of \$117 million within Supply Chain Solutions.  
(3) Reflects other employee benefit costs of \$80 million and other costs of \$14 million.  
(4) Reflects other employee benefits costs of \$15 million and other costs of \$21 million.

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.

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

Nine Months Ended September 30,

(in millions, except per share data)

	2023					2022					% Change As Rep. (GAAP)	% Change As Adj. (Non-GAAP)
	As Reported (GAAP)	One-Time Compensation <sup>(1)</sup>	Goodwill Impairment Charges <sup>(2)</sup>	Transformation & Other Adj. <sup>(3)</sup>	As Adjusted (Non-GAAP)	As Reported (GAAP)	Pension Adj. <sup>(4)</sup>	Transformation & Other Adj. <sup>(5)</sup>	As Adjusted (Non-GAAP)			
U.S. Domestic Package	\$ 39,404	\$ 61	\$ —	\$ 134	\$ 39,209	\$ 40,800	\$ —	\$ 89	\$ 40,711	(3.4)%	(3.7)%	
International Package	10,884	—	—	42	10,842	11,442	—	22	11,420	(4.9)%	(5.1)%	
Supply Chain Solutions	9,089	—	125	60	8,904	11,164	—	21	11,143	(18.6)%	(20.1)%	
Operating expense	59,377	61	125	236	58,955	63,406	—	132	63,274	(6.4)%	(6.8)%	
U.S. Domestic Package	\$ 3,639	\$ 61	\$ —	\$ 134	\$ 3,834	\$ 5,157	\$ —	\$ 89	\$ 5,246	(29.4)%	(26.9)%	
International Package	2,341	—	—	42	2,383	3,306	—	22	3,328	(29.2)%	(28.4)%	
Supply Chain Solutions	684	—	125	60	869	1,436	—	21	1,457	(52.4)%	(40.4)%	
Operating Profit	6,664	61	125	236	7,086	9,899	—	132	10,031	(32.7)%	(29.4)%	
Other Income and (Expense):												
Other pension income (expense)	198	—	—	—	198	926	(33)	—	893	(78.6)%	(77.8)%	
Investment income (expense) and other	226	—	—	—	226	55	—	—	55	310.9%	310.9%	
Interest expense	(578)	—	—	—	(578)	(522)	—	—	(522)	10.7%	10.7%	
Total Other Income (Expense)	\$ (154)	\$ —	\$ —	\$ —	\$ (154)	\$ 459	\$ (33)	\$ —	\$ 426	N/A	N/A	
Income Before Income Taxes	6,510	61	125	236	6,932	10,358	(33)	132	10,457	(37.2)%	(33.7)%	
Income Tax Expense	1,407	15	16	57	1,495	2,263	(9)	31	2,285	(37.8)%	(34.6)%	
Net Income	\$ 5,103	\$ 46	\$ 109	\$ 179	\$ 5,437	\$ 8,095	\$ (24)	\$ 101	\$ 8,172	(37.0)%	(33.5)%	
Basic Earnings Per Share	\$ 5.93	\$ 0.05	\$ 0.13	\$ 0.21	\$ 6.32	\$ 9.27	\$ (0.03)	\$ 0.12	\$ 9.36	(36.0)%	(32.5)%	
Diluted Earnings Per Share	\$ 5.92	\$ 0.05	\$ 0.13	\$ 0.21	\$ 6.31	\$ 9.24	\$ (0.03)	\$ 0.12	\$ 9.33	(35.9)%	(32.4)%	
Weighted-average shares outstanding:												
Basic	860					873						
Diluted	861					876						

- (1) Represents a one-time payment of \$61 million to certain U.S.-based non-union part-time supervisors.
- (2) Reflects goodwill impairment charges of \$125 million within Supply Chain Solutions.
- (3) Reflects other employee benefit costs of \$178 million and other costs of \$58 million.
- (4) Represents the impact of curtailment of benefits effective December 31, 2023, for the Canada LTD Retirement Plan.
- (5) Reflects other employee benefits costs of \$71 million and other costs of \$61 million.

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.



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

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

(in millions, except per piece data)

	Three Months Ended September 30 (GAAP)			% Change	Currency	Currency Neutral (Non-GAAP)	
	2023	2022				2023 <sup>(1)</sup>	% Change
<b>Average Revenue Per Piece:</b>							
International Package:							
Domestic	\$ 7.73	\$ 7.31	5.7 %	\$ (0.21)	\$ 7.52	2.9 %	
Export	33.09	34.77	(4.8)%	(0.21)	32.88	(5.4)%	
Total International Package	\$ 20.78	\$ 21.07	(1.4)%	\$ (0.21)	\$ 20.57	(2.4)%	
Consolidated	\$ 13.81	\$ 13.58	1.7 %	\$ (0.03)	\$ 13.78	1.5 %	
	Three Months Ended September 30 (GAAP)			% Change	Currency	Currency Neutral (Non-GAAP)	
	2023	2022				2023 <sup>(1)</sup>	% Change
<b>Revenue (in millions):</b>							
U.S. Domestic Package	\$ 13,660	\$ 15,374	(11.1)%	\$ —	\$ 13,660	(11.1)%	
International Package	4,267	4,799	(11.1)%	(43)	4,224	(12.0)%	
Supply Chain Solutions	3,134	3,988	(21.4)%	(24)	3,110	(22.0)%	
Total revenue	\$ 21,061	\$ 24,161	(12.8)%	\$ (67)	\$ 20,994	(13.1)%	
	Three Months Ended September 30 (Non-GAAP)			% Change	Currency	Currency Neutral (Non-GAAP)	
	2023	2022				2023 <sup>(1)</sup>	% Change
<b>As Adjusted Operating Profit (in millions)<sup>(2)</sup>:</b>							
U.S. Domestic Package	\$ 665	\$ 1,686	(60.6)%	\$ —	\$ 665	(60.6)%	
International Package	675	1,004	(32.8)%	32	707	(29.6)%	
Supply Chain Solutions	275	459	(40.1)%	6	281	(38.8)%	
Total operating profit	\$ 1,615	\$ 3,149	(48.7)%	\$ 38	\$ 1,653	(47.5)%	

(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. Certain amounts are calculated based on unrounded numbers.

**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)

	Nine Months Ended September 30 (GAAP)			Currency	Currency Neutral (Non-GAAP)	
	2023	2022	% Change		2023 <sup>(1)</sup>	% Change
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 7.66	\$ 7.43	3.1 %	\$ 0.15	\$ 7.81	5.1 %
Export	33.26	35.26	(5.7)%	0.34	33.60	(4.7)%
Total International Package	\$ 20.72	\$ 21.22	(2.4)%	\$ 0.24	\$ 20.96	(1.2)%
Consolidated	\$ 13.82	\$ 13.52	2.2 %	\$ 0.04	\$ 13.86	2.5 %
	Nine Months Ended September 30 (GAAP)			Currency	Currency Neutral (Non-GAAP)	
	2023	2022	% Change		2023 <sup>(1)</sup>	% Change
<b>Revenue (in millions):</b>						
U.S. Domestic Package	\$ 43,043	\$ 45,957	(6.3)%	\$ —	\$ 43,043	(6.3)%
International Package	13,225	14,748	(10.3)%	152	13,377	(9.3)%
Supply Chain Solutions	9,773	12,600	(22.4)%	33	9,806	(22.2)%
Total revenue	\$ 66,041	\$ 73,305	(9.9)%	\$ 185	\$ 66,226	(9.7)%
	Nine Months Ended September 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	\$ 3,834	\$ 5,246	(26.9)%	\$ —	\$ 3,834	(26.9)%
International Package	2,383	3,328	(28.4)%	115	2,498	(24.9)%
Supply Chain Solutions	869	1,457	(40.4)%	(2)	867	(40.5)%
Total operating profit	\$ 7,086	\$ 10,031	(29.4)%	\$ 113	\$ 7,199	(28.2)%

(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. Certain amounts are calculated based on unrounded numbers.

**United Parcel Service, Inc.**  
**Aircraft Fleet - As of September 30, 2023**  
(unaudited)

Description	UPS Owned and/or Operated	Charters & Leases Operated by 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>	38	—	—	—
Boeing 747-400F	11	—	—	—
Boeing 747-400BCF	2	—	—	—
Boeing 747-8F	28	—	2	—
Other	—	270	—	—
Total	291	270	26	—

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

