

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): January 30, 2025



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
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 January 30, 2025, 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 December 31, 2024. The Company also posted on its website at www.investors.ups.com financial statement schedules containing additional detail about the Company's results of operations and 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 January 30, 2025 "[UPS RELEASES 4Q 2024 EARNINGS](#)"

99.2 [Q4 2024 financial statement schedules](#)

104 The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

The information contained in Items 2.02 and 9.01 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filings under the Securities Act of 1933 or the Exchange Act, except as may be expressly set forth by reference in any such filing.

Signatures

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

Date: January 30, 2025

By: UNITED PARCEL SERVICE, INC.
/s/ BRIAN DYKES

Brian Dykes
Executive Vice President and Chief Financial Officer

UPS RELEASES 4Q 2024 EARNINGS AND PROVIDES 2025 GUIDANCE

- **Consolidated Revenues of \$25.3B, Compared to \$24.9B Last Year**
- **Consolidated Operating Margin of 11.6%; Non-GAAP Adjusted Consolidated Operating Margin of 12.3%**
- **Diluted EPS of \$2.01; Non-GAAP Adj. Diluted EPS of \$2.75, Compared to \$2.47 Last Year**

ATLANTA – January 30, 2025 – UPS (NYSE:UPS) today announced fourth-quarter 2024 consolidated revenues of \$25.3 billion, a 1.5% increase from the fourth quarter of 2023. Consolidated operating profit was \$2.9 billion, up 18.1% compared to the fourth quarter of 2023, and up 11.2% on a non-GAAP adjusted basis. Diluted earnings per share were \$2.01 for the quarter; non-GAAP adjusted diluted earnings per share were \$2.75, 11.3% above the same period in 2023.

For the fourth quarter of 2024, GAAP results include a total charge of \$639 million, or \$0.74 per diluted share, comprised of a non-cash, after-tax mark-to-market (MTM) pension charge of \$506 million, total after-tax transformation strategy costs of \$73 million, after-tax asset impairment charges of \$46 million, and after-tax cost of \$14 million related to the withdrawal from a multiemployer pension plan.

"I want to thank all UPSers for their hard work and efforts as we closed out 2024 with an outstanding peak, delivering best-in-class service and strong financial results ahead of our targets for the quarter," said Carol Tomé, UPS chief executive officer.

U.S. Domestic Segment†

	<u>4Q 2024</u>	<u>Non-GAAP Adjusted 4Q 2024</u>	<u>4Q 2023</u>	<u>Non-GAAP Adjusted 4Q 2023</u>
Revenue	\$17,312 M		\$16,939 M	
Operating profit	\$1,681 M	\$1,754 M	\$1,448 M	\$1,580 M

- Revenue increased 2.2%, driven by a 2.4% increase in revenue per piece and increases in air cargo.
- Operating margin was 9.7%; non-GAAP adjusted operating margin was 10.1%.

International Segment

	<u>4Q 2024</u>	<u>Non-GAAP Adjusted 4Q 2024</u>	<u>4Q 2023</u>	<u>Non-GAAP Adjusted 4Q 2023</u>
Revenue	\$4,923 M		\$4,606 M	
Operating profit	\$1,019 M	\$1,062 M	\$890 M	\$899 M

- Revenue increased 6.9%, driven by an 8.8% increase in average daily volume.
- Operating margin was 20.7%; non-GAAP adjusted operating margin was 21.6%.

Supply Chain Solutions[†]

	<u>4Q 2024</u>	<u>Non-GAAP Adjusted 4Q 2024</u>	<u>4Q 2023</u>	<u>Non-GAAP Adjusted 4Q 2023</u>
Revenue	\$3,066 M		\$3,372 M	
Operating profit	\$226 M	\$284 M	\$139 M	\$308 M

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

- Revenue declined 9.1%, due to a reduction in revenue following the divestiture of Coyote, partially offset by growth in air and ocean forwarding.
- Operating margin was 7.4%; non-GAAP adjusted operating margin was 9.3%.

Full-Year 2024 Consolidated Results

- Revenue was \$91.1 billion.
- Operating profit of \$8.5 billion; non-GAAP adjusted operating profit of \$8.9 billion.
- Operating margin was 9.3%; non-GAAP adjusted operating margin was 9.8%.
- Diluted EPS totaled \$6.75; non-GAAP adjusted diluted EPS of \$7.72.
- Cash from operations was \$10.1 billion and non-GAAP adjusted free cash flow was \$6.3 billion.

In addition, the company returned \$5.9 billion of cash to shareowners through dividends and share repurchases.

2025 Outlook

The company provides certain guidance on a non-GAAP adjusted basis because it is not possible to predict or provide a reconciliation reflecting the impact of various potential future events, including the impact of pension adjustments, certain strategic initiatives or other unanticipated events, which would be included in reported (GAAP) results and could be material.

Today the company announces the following set of strategic actions: first, it has reached an agreement in principle with its largest customer to lower its volume by more than 50% by the second half of 2026; second, effective January 1, 2025, the company has insured 100% of its UPS SurePost product; and third, in connection with these efforts, the company is reconfiguring its U.S. network, and launching multi-year “efficiency reimagined” initiatives to drive approximately \$1.0 billion in savings through an end-to-end process redesign.

“We are making business and operational changes that, along with the foundational changes we’ve already made, will put us further down the path to becoming a more profitable, agile and differentiated UPS that is growing in the best parts of the market,” said Tomé.

For the full year 2025, on a consolidated basis, UPS expects revenue to be approximately \$89.0 billion and operating margin to be approximately 10.8%.

The company is planning capital expenditures of about \$3.5 billion, dividend payments of around \$5.5 billion, subject to board approval, and share repurchases of around \$1.0 billion. The effective tax rate is expected to be around 23.5%.

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

† Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

Contacts:

UPS Media Relations: 404-828-7123 or pr@ups.com

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

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Conference Call Information

UPS CEO Carol Tomé and CFO Brian Dykes will discuss fourth-quarter results with investors and analysts during a conference call at 8:30 a.m. ET, January 30, 2025. That call will be open to others through a live Webcast. To access the call, go to www.investors.ups.com and click on “Earnings Conference Call.” Additional financial information is included in the detailed financial schedules being posted on www.investors.ups.com under “Quarterly Earnings and Financials” and as 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 2023 revenue of \$91.0 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 approximately 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. More information can be found at www.ups.com, about.ups.com and www.investors.ups.com.

Forward-Looking Statements

This release, our Annual Report on Form 10-K for the year ended December 31, 2023 and our other filings with the Securities and Exchange Commission contain and in the future may contain “forward-looking statements”. 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.

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: changes in general economic conditions in the U.S. or internationally; significant competition on a local, regional, national and international basis; changes in our relationships with our significant customers; our ability to attract and retain qualified employees; strikes, work stoppages or slowdowns by our employees; increased or more complex physical or operational security requirements; a significant cybersecurity incident, or increased data protection regulations; our ability to maintain our brand image and corporate reputation; impacts from global climate change; interruptions in or impacts on our business from natural or man-made events or disasters including terrorist attacks, epidemics or pandemics; exposure to changing economic, political, regulatory and social developments in international and emerging markets; our ability to realize the anticipated benefits from acquisitions, dispositions, joint ventures or strategic alliances; the effects of changing prices of energy, including gasoline, diesel, jet fuel, other fuels and interruptions in supplies of these commodities; changes in exchange rates or interest rates; our ability to accurately forecast our future capital investment needs; increases in our expenses or 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 regulations related 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, 2023, 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.

The Company routinely posts important information, including news releases, announcements, materials provided or displayed at analyst or investor conferences, and other statements about its business and results of operations, that may be deemed material to investors on the Company's Investors Relations website at www.investors.ups.com. The Company uses its website as a means of disclosing material, nonpublic information and for complying with the Company's disclosure obligations under Regulation FD. Investors should monitor the Company's Investor Relations website in addition to following the Company's press releases, filings with the SEC, public conference calls and webcasts. We do not incorporate the contents of any website into this or any other report we file with the SEC.

Reconciliation of GAAP and Non-GAAP Adjusted Financial Measures

We supplement the reporting of our financial information determined under generally accepted accounting principles ("GAAP") with certain non-GAAP adjusted financial measures. Management views and evaluates business performance on both a GAAP basis and by excluding costs and benefits associated with these non-GAAP adjusted financial measures. As a result, we believe the presentation of these non-GAAP adjusted financial measures better enables users of our financial information to view and evaluate underlying business performance from the same perspective as management.

Non-GAAP adjusted financial measures should be considered in addition to, and not as an alternative for, our reported results prepared in accordance with GAAP. Our non-GAAP 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 Adjusted Financial 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.

One-Time Payment for International Regulatory Matter

We supplement the presentation of operating profit, operating margin, interest expense, total other income (expense), income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of a second quarter of 2024 one-time payment of \$94 million of previously restricted cash to settle a previously-disclosed challenge by Italian tax authorities to the deductibility of Value Added Tax payments by UPS to certain third-party service providers, a review of which was launched in the fourth quarter of 2023. We do not believe this is a component of our ongoing operations and we do not expect this or similar payments to recur.

Expense for Regulatory Matter

We supplement the presentation of operating profit, operating margin, interest expense, total other income (expense), income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of an expense to settle a regulatory matter that we consider to be unrelated to our ongoing operations and that we do not expect to recur.

Transformation Strategy Costs

We supplement the presentation of 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 activities within our transformation strategy. Our transformation activities have spanned several years to fundamentally change the spans and layers of our organization structure, processes, technologies and the composition of our business portfolio. While earlier stages of these transformation activities were complete in 2023 (Transformation 1.0), certain systems implementations and portfolio review activities (Transformation 2.0) are ongoing and expected to continue through 2025. We previously announced initiatives under Fit to Serve to right-size our business through a workforce reduction of approximately 12,000 positions throughout 2024 and create a more efficient operating model to enhance responsiveness to changing market dynamics. Various circumstances have precipitated these initiatives, including identification and prioritization of investments as a result of executive leadership changes, developments and changes in competitive landscapes, inflationary pressures, consumer behaviors, and other factors including post-COVID normalization and volume diversions attributed to our 2023 labor negotiations.

As disclosed on January 30, 2025, we are beginning a network reconfiguration which is expected to lead to consolidations of our facilities and workforce as well as end-to-end process redesign from 2025 – 2027. Our network reconfiguration is expected to result in exit activities that could result in the closure of up to 10% of our buildings, a reduction in the size of our vehicle and aircraft fleets, and a decrease in the size of our workforce. These costs are in addition to operational costs that we may incur. We are not yet able to determine the specific assets or extent of our workforce that will be impacted by our network redesign, the timing of those future changes or the associated charges we will incur and therefore are not currently able to provide an estimate of the total cost or the cost by period. We expect that impacted assets will remain in use during some or all of the periods of our network reconfiguration.

We expect to partially offset incurred costs through end-to-end process redesign carried out during our network reconfiguration through our Efficiency Reimagined initiatives. These initiatives are being undertaken to align our organizational processes to the operational changes expected to occur in our network reconfiguration and drive organizational efficiency. These initiatives are expected to yield approximately \$1.0 billion in annualized savings. We incurred related costs of \$35 million for the three months ended December 31, 2024. We expect to incur related costs of approximately \$300 to \$400 million during 2025 primarily associated with outside professional services and severance. Upon the completion of our network reconfiguration and Efficiency Reimagined initiatives, we expect to realize further benefits in subsequent periods from lower expense, including depreciation, compensation, benefit and other, as well as lower capital requirements.

We do not consider the related costs to be ordinary because each program involves separate and distinct activities that may span multiple periods and are not expected to drive incremental revenue, and because the scope of the programs exceeded that of routine, ongoing efforts to enhance profitability. These initiatives are in addition to ordinary, ongoing efforts to enhance business performance.

Goodwill and Asset Impairments

We supplement the presentation of operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of goodwill and asset impairment charges. We do not consider these charges when evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards.

Gains and Losses Related to Divestitures

We supplement the presentation of operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of gains (or losses) related to the divestiture of businesses. We do not consider these transactions 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 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 in 2023. We do not expect this or similar payments to recur.

Multiemployer Pension Plan Withdrawal

We supplement the presentation of operating profit, operating margin, income before income taxes, net income and earnings per share with non-GAAP measures that exclude the impact of a charge related to the withdrawal from a multiemployer pension plan within the United States. We do not consider these costs to be related to our ongoing operations nor do we expect them to recur.

Non-GAAP Adjusted Cost per Piece

We evaluate the efficiency of our operations using various metrics, including non-GAAP adjusted cost per piece. Non-GAAP adjusted cost per piece is calculated as non-GAAP adjusted operating expenses in a period divided by total volume for that period. Because non-GAAP adjusted operating expenses exclude costs or charges that we do not consider a part of underlying business performance when monitoring and evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards, we believe this is the appropriate metric on which to base reviews and evaluations of the efficiency of our operational performance.

Defined Benefit Pension and Postretirement Medical Plan Gains and Losses

We recognize changes in the fair value of plan assets and net actuarial gains and losses in excess of a 10% corridor (defined as 10% of the greater of the fair value of plan assets or the plan's projected benefit obligation), as well as gains and losses resulting from plan curtailments and settlements, for our pension and postretirement defined benefit plans immediately as part of Investment income (expense) and other in the statements of consolidated income. We supplement the presentation of our income before income taxes, net income and earnings per share with adjusted measures that exclude the impact of these gains and losses and the related income tax effects. We believe excluding these defined benefit pension and postretirement 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.

Non-GAAP adjusted Total Debt / Non-GAAP adjusted EBITDA

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

impacts of transformation strategy costs, a gain on divestiture of Coyote, a one-time payment for an international regulatory matter, goodwill and asset impairment charges, a one-time compensation payment, expense related to a regulatory matter, defined benefit plan gains and losses, investment income and other pension income, and a charge to withdraw from a multiemployer benefit plan. 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.

Non-GAAP Adjusted Return on Invested Capital

Non-GAAP Adjusted ROIC is calculated as the trailing twelve months ("TTM") of non-GAAP 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 non-GAAP 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 non-GAAP adjusted ROIC to be a useful measure for evaluating the effectiveness and efficiency of our long-term capital investments.

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
December 31

<i>(amounts in millions)</i>	2024		2024
Operating Profit (GAAP)	\$ 2,926	Operating Margin (GAAP)	11.6 %
Transformation Strategy Costs:		Transformation Strategy Costs:	
<i>Transformation 2.0</i>		<i>Transformation 2.0</i>	
Financial systems	13	Financial systems	0.1 %
<i>Transformation 2.0 total</i>	13	<i>Transformation 2.0 total</i>	0.1 %
Fit to Serve	47	Fit to Serve	0.2 %
Network Redesign and Efficiency Reimagined	35	Network Redesign and Efficiency Reimagined	0.1 %
Total Transformation Strategy Costs	95	Total Transformation Strategy Costs	0.4 %
Goodwill and Asset Impairment Charges (1)	60	Goodwill and Asset Impairment Charges (1)	0.2 %
Multiemployer Pension Plan Withdrawal (2)	19	Multiemployer Pension Plan Withdrawal (2)	0.1 %
Non-GAAP Adjusted Operating Profit	\$ 3,100	Non-GAAP Adjusted Operating Margin	12.3 %

<i>(amounts in millions)</i>	2024
Other Income (Expense) (GAAP)	\$ (799)
Pension Adjustment (3)	665
Non-GAAP Adjusted Other Income (Expense)	\$ (134)

- (1) Reflects pre-tax impairment charges of \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.
(2) Reflects a pre-tax one-time charge of \$19 million to withdraw from a multiemployer pension plan within the United States.
(3) Net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
December 31

<i>(amounts in millions)</i>	2024
Income Tax Expense (GAAP)	\$ 406
Transformation Strategy Costs:	
<i>Transformation 2.0</i>	
<i>Financial systems</i>	3
<i>Transformation 2.0 total</i>	3
<i>Fit to Serve</i>	11
<i>Network Redesign and Efficiency Reimagined</i>	8
Total Transformation Strategy Costs	22
Goodwill and Asset Impairment Charges (1)	14
Multiemployer Pension Plan Withdrawal (2)	5
Pension Adjustment (3)	159
Non-GAAP Adjusted Income Tax Expense	\$ 606

(1) Reflects the tax effect of a pre-tax impairment charges of \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

(2) Reflects the tax effect of a pre-tax one-time charge of \$19 million to withdraw from a multiemployer pension plan within the United States.

(3) Reflects the tax effect of a net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
December 31

<i>(amounts in millions)</i>	2024		2024	
Net Income (GAAP)	\$ 1,721		Diluted Earnings Per Share (GAAP) \$ 2.01	
Transformation Strategy Costs:			Transformation Strategy Costs:	
<i>Transformation 2.0</i>			<i>Transformation 2.0</i>	
Financial systems	10		Financial systems	0.01
Transformation 2.0 total	10		Transformation 2.0 total	0.01
Fit to Serve	36		Fit to Serve	0.04
Network Redesign and Efficiency Reimagined	27		Network Redesign and Efficiency Reimagined	0.03
Total Transformation Strategy Costs	73		Total Transformation Strategy Costs	0.08
Goodwill and Asset Impairment Charges (1)	46		Goodwill and Asset Impairment Charges (1)	0.05
Multiemployer Pension Plan Withdrawal (2)	14		Multiemployer Pension Plan Withdrawal (2)	0.02
Pension Adjustment (3)	506		Pension Adjustment (3)	0.59
Non-GAAP Adjusted Net Income	\$ 2,360		Non-GAAP Adjusted Diluted Earnings Per Share	\$ 2.75

(1) Reflects pre-tax impairment charges of \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

(2) Reflects a pre-tax one-time charge of \$19 million to withdraw from a multiemployer pension plan within the United States.

(3) Net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
December 31

<i>(amounts in millions)</i>	2023		2023
Operating Profit (GAAP)	\$ 2,477	Diluted Earnings Per Share (GAAP)	\$ 1.87
Transformation Strategy Costs:		Transformation Strategy Costs:	
<i>Transformation 1.0</i>	3	<i>Transformation 1.0</i>	—
<i>Transformation 2.0</i>		<i>Transformation 2.0</i>	
<i>Business portfolio review</i>	53	<i>Business portfolio review</i>	0.05
<i>Financial systems</i>	6	<i>Financial systems</i>	—
<i>Other initiatives</i>	1	<i>Other initiatives</i>	—
<i>Transformation 2.0 total</i>	60	<i>Transformation 2.0 total</i>	0.05
<i>Fit to Serve</i>	136	<i>Fit to Serve</i>	0.13
Total Transformation Strategy Costs	199	Total Transformation Strategy Costs	0.18
Goodwill and Asset Impairment Charges (1)	111	Goodwill and Asset Impairment Charges (1)	0.10
		Pension Adjustment (2)	0.32
Non-GAAP Adjusted Operating Profit	\$ 2,787	Non-GAAP Adjusted Diluted Earnings Per Share	\$ 2.47

(1) Reflects a pre-tax indefinite-lived intangible asset impairment charge of \$111 million within Supply Chain Solutions in 2023.

(2) Net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures by Segment
(unaudited)

	Three Months Ended December 31							2024	2023
	2024	2023	% Change	2024	2023	% Change			
U.S. Domestic Package	Operating Expenses			Operating Profit			Operating Margin		
GAAP	\$ 15,631	\$ 15,491	0.9 %	\$ 1,681	\$ 1,448	16.1 %	9.7 %	8.5 %	
<i>Adjusted for:</i>									
Transformation Strategy Costs	(54)	(132)	(59.1)%	54	132	(59.1)%	0.3 %	0.8 %	
Multiemployer Pension Plan Withdrawal	(19)	—	N/A	19	—	N/A	0.1 %	— %	
Non-GAAP Adjusted Measure	\$ 15,558	\$ 15,359	1.3 %	\$ 1,754	\$ 1,580	11.0 %	10.1 %	9.3 %	
International Package	Operating Expenses			Operating Profit			Operating Margin		
GAAP	\$ 3,904	\$ 3,716	5.1 %	\$ 1,019	\$ 890	14.5 %	20.7 %	19.3 %	
<i>Adjusted for:</i>									
Transformation Strategy Costs	(43)	(9)	377.8 %	43	9	377.8 %	0.9 %	0.2 %	
Non-GAAP Adjusted Measure	\$ 3,861	\$ 3,707	4.2 %	\$ 1,062	\$ 899	18.1 %	21.6 %	19.5 %	
Supply Chain Solutions	Operating Expenses			Operating Profit			Operating Margin		
GAAP	\$ 2,840	\$ 3,233	(12.2)%	\$ 226	\$ 139	62.6 %	7.4 %	4.1 %	
<i>Adjusted for:</i>									
Transformation Strategy Costs	2	(58)	N/A	(2)	58	N/A	(0.1)%	1.7 %	
Goodwill and Asset Impairment Charges	(60)	(111)	(45.9)%	60	111	(45.9)%	2.0 %	3.3 %	
Non-GAAP Adjusted Measure	\$ 2,782	\$ 3,064	(9.2)%	\$ 284	\$ 308	(7.8)%	9.3 %	9.1 %	

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United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Twelve Months Ended
December 31

<i>(amounts in millions)</i>	2024		2024
Operating Profit (GAAP)	\$ 8,468	Operating Margin (GAAP)	9.3 %
Transformation Strategy Costs:		Transformation Strategy Costs:	
<i>Transformation 2.0</i>		<i>Transformation 2.0</i>	
Business portfolio review	29	Business portfolio review	— %
Financial systems	54	Financial systems	0.1 %
Transformation 2.0 total	83	Transformation 2.0 total	0.1 %
Fit to Serve	204	Fit to Serve	0.3 %
Network Redesign and Efficiency Reimagined	35	Network Redesign and Efficiency Reimagined	— %
Total Transformation Strategy Costs	322	Total Transformation Strategy Costs	0.4 %
Gain on Divestiture of Coyote (1)	(156)	Gain on Divestiture of Coyote (1)	(0.2)%
One-Time Payment for Int'l Regulatory Matter (2)	88	One-Time Payment for Int'l Regulatory Matter (2)	0.1 %
Goodwill and Asset Impairment Charges (3)	108	Goodwill and Asset Impairment Charges (3)	0.2 %
Expense for Regulatory Matter (4)	45	Expense for Regulatory Matter (4)	— %
Multiemployer Pension Plan Withdrawal (5)	19	Multiemployer Pension Plan Withdrawal (5)	— %
Non-GAAP Adjusted Operating Profit	\$ 8,894	Non-GAAP Adjusted Operating Margin	9.8 %

<i>(amounts in millions)</i>	2024
Other Income (Expense) (GAAP)	\$ (1,026)
One-Time Payment for Int'l Regulatory Matter (2)	6
Pension Adjustment (6)	665
Non-GAAP Adjusted Other Income (Expense)	\$ (355)

- (1) Represents a pre-tax gain of \$156 million on the divestiture of our Coyote Logistics business within Supply Chain Solutions during 2024.
(2) Reflects a pre-tax one-time payment for an international regulatory matter and related interest of \$94 million.
(3) Reflects pre-tax impairment charges of \$41 million for acquired trade names, \$7 million for software licenses and \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.
(4) Reflects the settlement of a regulatory matter.
(5) Reflects a pre-tax charge of \$19 million to withdraw from a multiemployer pension plan within the United States.
(6) Net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

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United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Twelve Months Ended
December 31

<i>(amounts in millions)</i>	2024
Income Tax Expense (GAAP)	\$ 1,660
Transformation Strategy Costs:	
<i>Transformation 2.0</i>	
<i>Business portfolio review</i>	7
<i>Financial systems</i>	13
<i>Transformation 2.0 total</i>	20
<i>Fit to Serve</i>	49
<i>Network Redesign and Efficiency Reimagined</i>	8
Total Transformation Strategy Costs	77
Gain on Divestiture of Coyote (1)	(4)
One-Time Payment for Int'l Regulatory Matter (2)	—
Goodwill and Asset Impairment Charges (3)	27
Expense for Regulatory Matter (4)	—
Multiemployer Pension Plan Withdrawal (5)	5
Pension Adjustment (6)	159
Non-GAAP Adjusted Income Tax Expense	\$ 1,924

(1) Represents the tax effect of a pre-tax gain of \$156 million on the divestiture of our Coyote Logistics business within Supply Chain Solutions during 2024.

(2) Reflects the tax effect of a pre-tax one-time payment for an international regulatory matter and related interest of \$94 million.

(3) Reflects the tax effect of pre-tax impairment charges of \$41 million for acquired trade names, \$7 million for software licenses and \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

(4) Reflects the tax effect of the settlement of a regulatory matter.

(5) Reflects the tax effect of a pre-tax charge of \$19 million to withdraw from a multiemployer pension plan within the United States.

(6) Reflects the tax effect of a net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

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United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Twelve Months Ended
December 31

<i>(amounts in millions)</i>	2024		2024
Net Income (GAAP)	\$ 5,782	Diluted Earnings Per Share (GAAP)	\$ 6.75
Transformation Strategy Costs:		Transformation Strategy Costs:	
<i>Transformation 2.0</i>		<i>Transformation 2.0</i>	
<i>Business portfolio review</i>	22	<i>Business portfolio review</i>	0.03
<i>Financial systems</i>	41	<i>Financial systems</i>	0.05
<i>Transformation 2.0 total</i>	63	<i>Transformation 2.0 total</i>	0.08
<i>Fit to Serve</i>	155	<i>Fit to Serve</i>	0.18
<i>Network Redesign and Efficiency Reimagined</i>	27	<i>Network Redesign and Efficiency Reimagined</i>	0.03
Total Transformation Strategy Costs	245	Total Transformation Strategy Costs	0.29
Gain on Divestiture of Coyote (1)	(152)	Gain on Divestiture of Coyote (1)	(0.18)
One-Time Payment for Int'l Regulatory Matter (2)	94	One-Time Payment for Int'l Regulatory Matter (2)	0.11
Goodwill and Asset Impairment Charges (3)	81	Goodwill and Asset Impairment Charges (3)	0.09
Expense for Regulatory Matter (4)	45	Expense for Regulatory Matter (4)	0.05
Multiemployer Pension Plan Withdrawal (5)	14	Multiemployer Pension Plan Withdrawal (5)	0.02
Pension Adjustment (6)	506	Pension Adjustment (6)	0.59
Non-GAAP Adjusted Net Income	\$ 6,615	Non-GAAP Adjusted Diluted Earnings Per Share	\$ 7.72

(1) Represents a pre-tax gain of \$156 million on the divestiture of our Coyote Logistics business within Supply Chain Solutions during 2024.

(2) Reflects a pre-tax one-time payment for an international regulatory matter and related interest of \$94 million.

(3) Reflects pre-tax impairment charges of \$41 million for acquired trade names, \$7 million for software licenses and \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

(4) Reflects the settlement of a regulatory matter.

(5) Reflects a pre-tax charge of \$19 million to withdraw from a multiemployer pension plan within the United States.

(6) Net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

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United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures by Segment
(unaudited)

	Twelve Months Ended December 31															
	2024			2023			2024			2023						
	Operating Expenses			% Change			Operating Profit			% Change			Operating Margin			
U.S. Domestic Package																
GAAP	\$	56,031	\$	55,049		1.8 %	\$	4,345	\$	5,156		(15.7)%		7.2 %		8.6 %
<i>Adjusted for:</i>																
Transformation Strategy Costs		(147)		(266)		(44.7)%		147		266		(44.7)%		0.3 %		0.4 %
Goodwill and Asset Impairment Charges		(5)		—		N/A		5		—		N/A		— %		— %
One-Time Compensation		—		(61)		(100.0)%		—		61		(100.0)%		— %		0.1 %
Multiemployer Pension Plan Withdrawal		(19)		—		N/A		19		—		N/A		— %		— %
Non-GAAP Adjusted Measure	\$	55,860	\$	54,722		2.1 %	\$	4,516	\$	5,483		(17.6)%		7.5 %		9.1 %
International Package																
GAAP	\$	14,769	\$	14,600		1.2 %	\$	3,191	\$	3,231		(1.2)%		17.8 %		18.1 %
<i>Adjusted for:</i>																
Transformation Strategy Costs		(79)		(51)		54.9 %		79		51		54.9 %		0.4 %		0.3 %
One-Time Payment for Int'l Regulatory Matter		(88)		—		N/A		88		—		N/A		0.5 %		— %
Asset Impairment Charges		(2)		—		N/A		2		—		N/A		— %		— %
Non-GAAP Adjusted Measure	\$	14,600	\$	14,549		0.4 %	\$	3,360	\$	3,282		2.4 %		18.7 %		18.4 %
Supply Chain Solutions																
GAAP	\$	11,802	\$	12,168		(3.0)%	\$	932	\$	754		23.6 %		7.3 %		5.8 %
<i>Adjusted for:</i>																
Transformation Strategy Costs		(96)		(118)		(18.6)%		96		118		(18.6)%		0.8 %		0.9 %
Gain on Divestiture of Coyote		156		—		N/A		(156)		—		N/A		(1.2)%		— %
Goodwill and Asset Impairment Charges		(101)		(236)		(57.2)%		101		236		(57.2)%		0.7 %		1.9 %
Expense for Regulatory Matter		(45)		—		N/A		45		—		N/A		0.4 %		— %
Non-GAAP Adjusted Measure	\$	11,716	\$	11,814		(0.8)%	\$	1,018	\$	1,108		(8.1)%		8.0 %		8.6 %

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

Twelve Months Ended December 31

(amounts in millions)

	2024
Cash flows from operating activities	\$ 10,122
Capital expenditures	(3,909)
Proceeds from disposals of property, plant and equipment	113
Other investing activities	(24)
Free Cash Flow (Non-GAAP measure)	<u>\$ 6,302</u>

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

<i>(amounts in millions)</i>	TTM (1) Ended December 31, 2024
Net Income	\$ 5,782
Add Back:	
Income Tax Expense	1,660
Interest Expense	866
Depreciation and Amortization	3,609
Non-GAAP EBITDA	11,917
Add back (deduct):	
Transformation Strategy Costs	322
Gain on Divestiture of Coyote	(156)
One-Time Payment for International Regulatory Matter	88
Goodwill and Asset Impairment Charges	108
Expense for Regulatory Matter	45
Defined Benefit Plan (Gains) and Losses	665
Investment Income and Other Pension Income	(505)
Multiemployer Pension Plan Withdrawal	19
Non-GAAP Adjusted EBITDA	\$ 12,503
Debt and Finance Leases, Including Current Maturities	\$ 21,284
Add Back:	
Non-Current Pension and Postretirement Benefit Obligations	6,859
Non-GAAP Adjusted Total Debt	\$ 28,143
Non-GAAP Adjusted Total Debt/Net Income	<u>4.87</u>
Non-GAAP Adjusted Total Debt/Non-GAAP Adjusted EBITDA	<u>2.25</u>

(1) Trailing Twelve Months

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

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

	Three Months Ended December 31			
	2024	2023	Change	% Change
<i>(amounts in millions, except per share data)</i>				
Statement of Income Data:				
Revenue:				
U.S. Domestic Package	\$ 17,312	\$ 16,939	\$ 373	2.2 %
International Package	4,923	4,606	317	6.9 %
Supply Chain Solutions	3,066	3,372	(306)	(9.1)%
Total revenue	<u>25,301</u>	<u>24,917</u>	<u>384</u>	<u>1.5 %</u>
Operating expenses:				
U.S. Domestic Package	15,631	15,491	140	0.9 %
International Package	3,904	3,716	188	5.1 %
Supply Chain Solutions	2,840	3,233	(393)	(12.2)%
Total operating expenses	<u>22,375</u>	<u>22,440</u>	<u>(65)</u>	<u>(0.3)%</u>
Operating profit:				
U.S. Domestic Package	1,681	1,448	233	16.1 %
International Package	1,019	890	129	14.5 %
Supply Chain Solutions	226	139	87	62.6 %
Total operating profit	<u>2,926</u>	<u>2,477</u>	<u>449</u>	<u>18.1 %</u>
Other income (expense):				
Other pension income (expense)	(598)	(293)	(305)	104.1 %
Investment income (expense) and other	28	88	(60)	(68.2)%
Interest expense	(229)	(209)	(20)	9.6 %
Total other income (expense)	<u>(799)</u>	<u>(414)</u>	<u>(385)</u>	<u>93.0 %</u>
Income before income taxes	2,127	2,063	64	3.1 %
Income tax expense	406	458	(52)	(11.4)%
Net income	<u>\$ 1,721</u>	<u>\$ 1,605</u>	<u>\$ 116</u>	<u>7.2 %</u>
Net income as a percentage of revenue	6.8 %	6.4 %		
Per share amounts:				
Basic earnings per share	\$ 2.02	\$ 1.88	\$ 0.14	7.4 %
Diluted earnings per share	\$ 2.01	\$ 1.87	\$ 0.14	7.5 %
Weighted-average shares outstanding:				
Basic	854	856	(2)	(0.2)%
Diluted	858	858	—	0.0 %
Non-GAAP Adjusted Income Data ⁽¹⁾:				
Operating profit:				
U.S. Domestic Package	\$ 1,754	\$ 1,580	\$ 174	11.0 %
International Package	1,062	899	163	18.1 %
Supply Chain Solutions	284	308	(24)	(7.8)%
Total operating profit	<u>3,100</u>	<u>2,787</u>	<u>313</u>	<u>11.2 %</u>
Total other income (expense)	\$ (134)	\$ (55)	\$ (79)	143.6 %
Income before income taxes	\$ 2,966	\$ 2,732	\$ 234	8.6 %
Net income	\$ 2,360	\$ 2,117	\$ 243	11.5 %
Basic earnings per share	\$ 2.76	\$ 2.47	\$ 0.29	11.7 %
Diluted earnings per share	\$ 2.75	\$ 2.47	\$ 0.28	11.3 %

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

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

	Three Months Ended			
	December 31			
	2024	2023	Change	% Change
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 2,682	\$ 2,654	\$ 28	1.1 %
Deferred	1,385	1,602	(217)	(13.5)%
Ground	12,937	12,659	278	2.2 %
Cargo and Other	308	24	284	1183.3 %
Total U.S. Domestic Package	<u>17,312</u>	<u>16,939</u>	<u>373</u>	<u>2.2 %</u>
International Package:				
Domestic	887	845	42	5.0 %
Export	3,873	3,616	257	7.1 %
Cargo and Other	163	145	18	12.4 %
Total International Package	<u>4,923</u>	<u>4,606</u>	<u>317</u>	<u>6.9 %</u>
Supply Chain Solutions:				
Forwarding	826	1,317	(491)	(37.3)%
Logistics	1,799	1,656	143	8.6 %
Other	441	399	42	10.5 %
Total Supply Chain Solutions	<u>3,066</u>	<u>3,372</u>	<u>(306)</u>	<u>(9.1)%</u>
Consolidated	<u>\$ 25,301</u>	<u>\$ 24,917</u>	<u>\$ 384</u>	<u>1.5 %</u>
Consolidated volume (in millions)	1,619	1,630	(11)	(0.7)%
Operating weekdays	62	63	(1)	(1.6)%
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,863	1,933	(70)	(3.6)%
Deferred	1,209	1,595	(386)	(24.2)%
Ground	19,310	18,921	389	2.1 %
Total U.S. Domestic Package	<u>22,382</u>	<u>22,449</u>	<u>(67)</u>	<u>(0.3)%</u>
International Package:				
Domestic	1,749	1,653	96	5.8 %
Export	1,978	1,771	207	11.7 %
Total International Package	<u>3,727</u>	<u>3,424</u>	<u>303</u>	<u>8.8 %</u>
Consolidated	<u>26,109</u>	<u>25,873</u>	<u>236</u>	<u>0.9 %</u>
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 23.22	\$ 21.79	\$ 1.43	6.6 %
Deferred	18.48	15.94	2.54	15.9 %
Ground	10.81	10.62	0.19	1.8 %
Total U.S. Domestic Package	<u>12.25</u>	<u>11.96</u>	<u>0.29</u>	<u>2.4 %</u>
International Package:				
Domestic	8.18	8.11	0.07	0.9 %
Export	31.58	32.41	(0.83)	(2.6)%
Total International Package	<u>20.60</u>	<u>20.68</u>	<u>(0.08)</u>	<u>(0.4)%</u>
Consolidated	<u>\$ 13.44</u>	<u>\$ 13.11</u>	<u>\$ 0.33</u>	<u>2.5 %</u>

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

	Three Months Ended			
	December 31			
<i>(in millions)</i>	2024	2023	Change	% Change
Compensation and benefits	\$ 12,996	\$ 12,904	\$ 92	0.7 %
Repairs and maintenance	775	702	73	10.4 %
Depreciation and amortization	919	867	52	6.0 %
Purchased transportation	3,695	3,814	(119)	(3.1)%
Fuel	1,112	1,282	(170)	(13.3)%
Other occupancy	544	529	15	2.8 %
Other expenses	2,334	2,342	(8)	(0.3)%
Total operating expenses	<u>\$ 22,375</u>	<u>\$ 22,440</u>	<u>\$ (65)</u>	<u>(0.3)%</u>

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

Twelve Months Ended

December 31

(amounts in millions, except per share data)

Statement of Income Data:

	2024	2023	Change	% Change
Revenue:				
U.S. Domestic Package	\$ 60,376	\$ 60,205	\$ 171	0.3 %
International Package	17,960	17,831	129	0.7 %
Supply Chain Solutions	12,734	12,922	(188)	(1.5)%
Total revenue	<u>91,070</u>	<u>90,958</u>	112	0.1 %
Operating expenses:				
U.S. Domestic Package	56,031	55,049	982	1.8 %
International Package	14,769	14,600	169	1.2 %
Supply Chain Solutions	11,802	12,168	(366)	(3.0)%
Total operating expenses	<u>82,602</u>	<u>81,817</u>	785	1.0 %
Operating profit:				
U.S. Domestic Package	4,345	5,156	(811)	(15.7)%
International Package	3,191	3,231	(40)	(1.2)%
Supply Chain Solutions	932	754	178	23.6 %
Total operating profit	<u>8,468</u>	<u>9,141</u>	(673)	(7.4)%
Other income (expense):				
Other pension income (expense)	(396)	(95)	(301)	316.8 %
Investment income (expense) and other	236	314	(78)	(24.8)%
Interest expense	(866)	(787)	(79)	10.0 %
Total other income (expense)	<u>(1,026)</u>	<u>(568)</u>	(458)	80.6 %
Income before income taxes	7,442	8,573	(1,131)	(13.2)%
Income tax expense	1,660	1,865	(205)	(11.0)%
Net income	<u>\$ 5,782</u>	<u>\$ 6,708</u>	<u>\$ (926)</u>	<u>(13.8)%</u>
Net income as a percentage of revenue	6.3 %	7.4 %		
Per share amounts:				
Basic earnings per share	\$ 6.76	\$ 7.81	\$ (1.05)	(13.4)%
Diluted earnings per share	\$ 6.75	\$ 7.80	\$ (1.05)	(13.5)%
Weighted-average shares outstanding:				
Basic	855	859	(4)	(0.5)%
Diluted	856	860	(4)	(0.5)%
Non-GAAP Adjusted Income Data ⁽¹⁾:				
Operating profit:				
U.S. Domestic Package	\$ 4,516	\$ 5,483	\$ (967)	(17.6)%
International Package	3,360	3,282	78	2.4 %
Supply Chain Solutions	1,018	1,108	(90)	(8.1)%
Total operating profit	<u>8,894</u>	<u>9,873</u>	<u>(979)</u>	<u>(9.9)%</u>
Total other income (expense)	\$ (355)	\$ (209)	\$ (146)	69.9 %
Income before income taxes	\$ 8,539	\$ 9,664	\$ (1,125)	(11.6)%
Net income	\$ 6,615	\$ 7,554	\$ (939)	(12.4)%
Basic earnings per share	\$ 7.73	\$ 8.80	\$ (1.07)	(12.2)%
Diluted earnings per share	\$ 7.72	\$ 8.78	\$ (1.06)	(12.1)%

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

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

	Twelve Months Ended			
	December 31			
	2024	2023	Change	% Change
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 9,703	\$ 9,894	\$ (191)	(1.9)%
Deferred	4,757	5,093	(336)	(6.6)%
Ground	45,347	44,971	376	0.8 %
Cargo and Other	569	247	322	130.4 %
Total U.S. Domestic Package	<u>60,376</u>	<u>60,205</u>	<u>171</u>	<u>0.3 %</u>
International Package:				
Domestic	3,186	3,144	42	1.3 %
Export	14,142	14,003	139	1.0 %
Cargo and Other	632	684	(52)	(7.6)%
Total International Package	<u>17,960</u>	<u>17,831</u>	<u>129</u>	<u>0.7 %</u>
Supply Chain Solutions:				
Forwarding	4,728	5,534	(806)	(14.6)%
Logistics	6,437	5,927	510	8.6 %
Other	1,569	1,461	108	7.4 %
Total Supply Chain Solutions	<u>12,734</u>	<u>12,922</u>	<u>(188)</u>	<u>(1.5)%</u>
Consolidated	<u>\$ 91,070</u>	<u>\$ 90,958</u>	<u>\$ 112</u>	<u>0.1 %</u>
Consolidated volume (in millions)	5,672	5,662	10	0.2 %
Operating weekdays	253	254	(1)	(0.4)%
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,651	1,757	(106)	(6.0)%
Deferred	1,058	1,224	(166)	(13.6)%
Ground	16,452	16,049	403	2.5 %
Total U.S. Domestic Package	<u>19,161</u>	<u>19,030</u>	<u>131</u>	<u>0.7 %</u>
International Package:				
Domestic	1,554	1,591	(37)	(2.3)%
Export	1,703	1,669	34	2.0 %
Total International Package	<u>3,257</u>	<u>3,260</u>	<u>(3)</u>	<u>(0.1)%</u>
Consolidated	<u>22,418</u>	<u>22,290</u>	<u>128</u>	<u>0.6 %</u>
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 23.23	\$ 22.17	\$ 1.06	4.8 %
Deferred	17.77	16.38	1.39	8.5 %
Ground	10.89	11.03	(0.14)	(1.3)%
Total U.S. Domestic Package	<u>12.34</u>	<u>12.40</u>	<u>(0.06)</u>	<u>(0.5)%</u>
International Package:				
Domestic	8.10	7.78	0.32	4.1 %
Export	32.82	33.03	(0.21)	(0.6)%
Total International Package	<u>21.03</u>	<u>20.71</u>	<u>0.32</u>	<u>1.5 %</u>
Consolidated	<u>\$ 13.60</u>	<u>\$ 13.62</u>	<u>\$ (0.02)</u>	<u>(0.1)%</u>

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

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

<i>(in millions)</i>	Twelve Months Ended			
	December 31			
	2024	2023	Change	% Change
Compensation and benefits	\$ 48,093	\$ 47,092	\$ 1,001	2.1 %
Repairs and maintenance	2,940	2,828	112	4.0 %
Depreciation and amortization	3,609	3,366	243	7.2 %
Purchased transportation	13,589	13,640	(51)	(0.4) %
Fuel	4,366	4,775	(409)	(8.6) %
Other occupancy	2,117	2,019	98	4.9 %
Other expenses	7,888	8,097	(209)	(2.6) %
Total operating expenses	\$ 82,602	\$ 81,817	\$ 785	1.0 %

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United Parcel Service, Inc.
Consolidated Balance Sheets
December 31, 2024 (unaudited) and December 31, 2023

<i>(amounts in millions)</i>	December 31, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,112	\$ 3,206
Marketable securities	206	2,866
Accounts receivable	11,007	11,342
Less: Allowance for credit losses	(136)	(126)
Accounts receivable, net	10,871	11,216
Other current assets	2,121	2,125
Total Current Assets	19,310	19,413
Property, Plant and Equipment, Net	37,179	36,945
Operating Lease Right-Of-Use Assets	4,149	4,308
Goodwill	4,300	4,872
Intangible Assets, Net	3,064	3,305
Deferred Income Tax Assets	112	126
Other Non-Current Assets	1,956	1,888
Total Assets	\$ 70,070	\$ 70,857
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt, commercial paper and finance leases	\$ 1,838	\$ 3,348
Current maturities of operating leases	733	709
Accounts payable	6,302	6,340
Accrued wages and withholdings	3,655	3,224
Self-insurance reserves	1,086	1,320
Accrued group welfare and retirement plan contributions	1,390	1,479
Other current liabilities	1,437	1,256
Total Current Liabilities	16,441	17,676
Long-Term Debt and Finance Leases	19,446	18,916
Non-Current Operating Leases	3,635	3,756
Pension and Postretirement Benefit Obligations	6,859	6,159
Deferred Income Tax Liabilities	3,595	3,772
Other Non-Current Liabilities	3,351	3,264
Shareowners' Equity:		
Class A common stock	2	2
Class B common stock	7	7
Additional paid-in capital	136	—
Retained earnings	20,882	21,055
Accumulated other comprehensive loss	(4,309)	(3,758)
Deferred compensation obligations	7	9
Less: Treasury stock	(7)	(9)
Total Equity for Controlling Interests	16,718	17,306
Noncontrolling interests	25	8
Total Shareowners' Equity	16,743	17,314
Total Liabilities and Shareowners' Equity	\$ 70,070	\$ 70,857

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

(amounts in millions)

	Twelve Months Ended	
	December 31	
	2024	2023
Cash Flows From Operating Activities:		
Net income	\$ 5,782	\$ 6,708
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	3,609	3,366
Pension and postretirement benefit expense	1,698	1,330
Pension and postretirement benefit contributions	(1,524)	(1,393)
Self-insurance reserves	44	57
Deferred tax (benefit) expense	(15)	199
Stock compensation expense	24	220
Other (gains) losses	262	265
Changes in assets and liabilities, net of effects of business acquisitions and dispositions:		
Accounts receivable	(566)	1,256
Other assets	70	87
Accounts payable	262	(1,377)
Accrued wages and withholdings	501	(296)
Other liabilities	(11)	(42)
Other operating activities	(14)	(142)
Net cash from operating activities	<u>10,122</u>	<u>10,238</u>
Cash Flows From Investing Activities:		
Capital expenditures	(3,909)	(5,158)
Proceeds from disposal of businesses, property, plant and equipment	1,115	193
Purchases of marketable securities	(76)	(3,521)
Sales and maturities of marketable securities	2,748	2,701
Acquisitions, net of cash acquired	(71)	(1,329)
Other investing activities	(24)	(19)
Net cash from (used in) investing activities	<u>(217)</u>	<u>(7,133)</u>
Cash Flows From Financing Activities:		
Net change in short-term debt	(1,272)	1,272
Proceeds from long-term borrowings	2,785	3,429
Repayments of long-term borrowings	(2,487)	(2,429)
Purchases of common stock	(500)	(2,250)
Issuances of common stock	232	248
Dividends	(5,399)	(5,372)
Other financing activities	(209)	(432)
Net cash used in financing activities	<u>(6,850)</u>	<u>(5,534)</u>
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	<u>(149)</u>	<u>33</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	2,906	(2,396)
Cash, Cash Equivalents and Restricted Cash:		
Beginning of period	3,206	5,602
End of period	<u>\$ 6,112</u>	<u>\$ 3,206</u>

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

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

(amounts in millions)

	Twelve Months Ended	
	December 31	
	2024	2023
Cash flows from operating activities	\$ 10,122	\$ 10,238
Capital expenditures	(3,909)	(5,158)
Proceeds from disposals of property, plant and equipment	113	193
Other investing activities	(24)	(19)
Free Cash Flow (Non-GAAP measure)	<u>\$ 6,302</u>	<u>\$ 5,254</u>

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

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

(amounts in millions)

	TTM (1) Ended December 31,	
	2024	2023
Net Income	\$ 5,782	\$ 6,708
Add Back:		
Income Tax Expense	1,660	1,865
Interest Expense	866	787
Depreciation and Amortization	3,609	3,366
Non-GAAP EBITDA	11,917	12,726
Add back (deduct):		
Transformation Strategy Costs	322	435
Gain on Divestiture of Coyote	(156)	—
One-Time Payment for International Regulatory Matter	88	—
Goodwill and Asset Impairment Charges	108	236
One-Time Compensation Payment	—	61
Expense for Regulatory Matter	45	—
Defined Benefit Plan (Gains) and Losses	665	359
Investment Income and Other Pension Income	(505)	(578)
Multiemployer Pension Plan Withdrawal	19	—
Non-GAAP Adjusted EBITDA	\$ 12,503	\$ 13,239
Debt and Finance Leases, Including Current Maturities	\$ 21,284	\$ 22,264
Add Back:		
Non-Current Pension and Postretirement Benefit Obligations	6,859	6,159
Non-GAAP Adjusted Total Debt	\$ 28,143	\$ 28,423
Non-GAAP Adjusted Total Debt/Net Income	4.87	4.24
Non-GAAP Adjusted Total Debt/Non-GAAP Adjusted EBITDA	2.25	2.15

(1) Trailing Twelve Months

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

(amounts in millions)

	TTM (1) Ended December 31,	
	2024	2023
Net Income	\$ 5,782	\$ 6,708
Add Back (Deduct):		
Income Tax Expense	1,660	1,865
Interest Expense	866	787
Other Pension (Income) Expense	396	95
Investment (Income) Expense and Other	(236)	(314)
Operating Profit	\$ 8,468	\$ 9,141
Transformation Strategy Costs	322	435
Gain on Divestiture of Coyote	(156)	—
One-Time International Regulatory Matter	88	—
Goodwill and Asset Impairment Charges	108	236
Expense for Regulatory Matter	45	—
Multiemployer Pension Plan Withdrawal	19	—
One-Time Compensation	—	61
Non-GAAP Adjusted Operating Profit	\$ 8,894	\$ 9,873
Average Debt and Finance Leases, Including Current Maturities	\$ 21,774	\$ 20,963
Average Pension and Postretirement Benefit Obligations	6,509	5,483
Average Shareowners' Equity	17,029	18,558
Average Invested Capital	\$ 45,312	\$ 45,004
Non-GAAP Measure: Net Income to Average Invested Capital	12.8 %	14.9 %
Non-GAAP Adjusted Return on Invested Capital	19.6 %	21.9 %

⁽¹⁾ Trailing twelve months

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
December 31

<i>(amounts in millions)</i>	2024	2023		2024	2023
Operating Profit (GAAP)	\$ 2,926	\$ 2,477	Operating Margin (GAAP)	11.6 %	9.9 %
Transformation Strategy Costs:			Transformation Strategy Costs:		
<i>Transformation 1.0</i>	—	3	<i>Transformation 1.0</i>	— %	— %
<i>Transformation 2.0</i>			<i>Transformation 2.0</i>		
<i>Business portfolio review</i>	—	53	<i>Business portfolio review</i>	— %	0.3 %
<i>Financial systems</i>	13	6	<i>Financial systems</i>	0.1 %	— %
<i>Other initiatives</i>	—	1	<i>Other initiatives</i>	— %	— %
<i>Transformation 2.0 total</i>	13	60	<i>Transformation 2.0 total</i>	0.1 %	0.3 %
<i>Fit to Serve</i>	47	136	<i>Fit to Serve</i>	0.2 %	0.5 %
<i>Network Redesign and Efficiency Reimagined</i>	35	—	<i>Network Redesign and Efficiency Reimagined</i>	0.1 %	— %
Total Transformation Strategy Costs	95	199	Total Transformation Strategy Costs	0.4 %	0.8 %
Goodwill and Asset Impairment Charges (1) (2)	60	111	Goodwill and Asset Impairment Charges (1) (2)	0.2 %	0.5 %
Multiemployer Pension Plan Withdrawal (3)	19	—	Multiemployer Pension Plan Withdrawal (3)	0.1 %	— %
Non-GAAP Adjusted Operating Profit	\$ 3,100	\$ 2,787	Non-GAAP Adjusted Operating Margin	12.3 %	11.2 %

<i>(amounts in millions)</i>	2024	2023
Other Income (Expense) (GAAP)	\$ (799)	\$ (414)
Pension Adjustment (4)	665	359
Non-GAAP Adjusted Other Income (Expense)	\$ (134)	\$ (55)

- (1) Reflects pre-tax impairment charges of \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.
(2) Reflects a pre-tax indefinite-lived intangible asset impairment charge of \$111 million within Supply Chain Solutions in 2023.
(3) Reflects a pre-tax one-time charge of \$19 million to withdraw from a multiemployer pension plan within the United States.
(4) Net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
December 31

<i>(amounts in millions)</i>	2024	2023
Income Tax Expense (GAAP)	\$ 406	\$ 458
Transformation Strategy Costs:		
<i>Transformation 1.0</i>	—	1
<i>Transformation 2.0</i>		
<i>Business portfolio review</i>	—	8
<i>Financial systems</i>	3	2
<i>Other initiatives</i>	—	1
<i>Transformation 2.0 total</i>	3	11
<i>Fit to Serve</i>	11	33
<i>Network Redesign and Efficiency Reimagined</i>	8	—
Total Transformation Strategy Costs	22	45
Goodwill and Asset Impairment Charges (1) (2)	14	27
Multiemployer Pension Plan Withdrawal (3)	5	—
Pension Adjustment (4)	159	85
Non-GAAP Adjusted Income Tax Expense	\$ 606	\$ 615

(1) Reflects the tax effect of a pre-tax impairment charges of \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

(2) Reflects the tax effect of a pre-tax indefinite-lived intangible asset impairment charge of \$111 million within Supply Chain Solutions in 2023.

(3) Reflects the tax effect of a pre-tax one-time charge of \$19 million to withdraw from a multiemployer pension plan within the United States.

(4) Reflects the tax effect of a net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo volume to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
December 31

<i>(amounts in millions)</i>	2024	2023		2024	2023
Net Income (GAAP)	\$ 1,721	\$ 1,605	Diluted Earnings Per Share (GAAP)	\$ 2.01	\$ 1.87
Transformation Strategy Costs:			Transformation Strategy Costs:		
<i>Transformation 1.0</i>	—	2	<i>Transformation 1.0</i>	—	—
<i>Transformation 2.0</i>			<i>Transformation 2.0</i>		
<i>Business portfolio review</i>	—	45	<i>Business portfolio review</i>	—	0.05
<i>Financial systems</i>	10	4	<i>Financial systems</i>	0.01	—
<i>Other initiatives</i>	—	—	<i>Other initiatives</i>	—	—
<i>Transformation 2.0 total</i>	10	49	<i>Transformation 2.0 total</i>	0.01	0.05
<i>Fit to Serve</i>	36	103	<i>Fit to Serve</i>	0.04	0.13
<i>Network Redesign and Efficiency Reimagined</i>	27	—	<i>Network Redesign and Efficiency Reimagined</i>	0.03	—
Total Transformation Strategy Costs	73	154	Total Transformation Strategy Costs	0.08	0.18
Goodwill and Asset Impairment Charges (1) (2)	46	84	Goodwill and Asset Impairment Charges (1) (2)	0.05	0.10
Multiemployer Pension Plan Withdrawal (3)	14	—	Multiemployer Pension Plan Withdrawal (3)	0.02	—
Pension Adjustment (4)	506	274	Pension Adjustment (4)	0.59	0.32
Non-GAAP Adjusted Net Income	\$ 2,360	\$ 2,117	Non-GAAP Adjusted Diluted Earnings Per Share	\$ 2.75	\$ 2.47

(1) Reflects pre-tax impairment charges of \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

(2) Reflects a pre-tax indefinite-lived intangible asset impairment charge of \$111 million within Supply Chain Solutions in 2023.

(3) Reflects a pre-tax one-time charge of \$19 million to withdraw from a multiemployer pension plan within the United States.

(4) Net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

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United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures by Segment
(unaudited)

	Three Months Ended December 31											
	2024			2023			2024			2023		
	Operating Expenses	% Change	Operating Profit	% Change	Operating Margin	Operating Expenses	% Change	Operating Profit	% Change	Operating Margin		
U.S. Domestic Package												
GAAP	\$ 15,631	\$ 15,491	0.9 %	\$ 1,681	\$ 1,448	16.1 %	9.7 %	8.5 %				
<i>Adjusted for:</i>												
Transformation Strategy Costs	(54)	(132)	(59.1)%	54	132	(59.1)%	0.3 %	0.8 %				
Multiemployer Pension Plan Withdrawal	(19)	—	N/A	19	—	N/A	0.1 %	— %				
Non-GAAP Adjusted Measure	\$ 15,558	\$ 15,359	1.3 %	\$ 1,754	\$ 1,580	11.0 %	10.1 %	9.3 %				
International Package												
GAAP	\$ 3,904	\$ 3,716	5.1 %	\$ 1,019	\$ 890	14.5 %	20.7 %	19.3 %				
<i>Adjusted for:</i>												
Transformation Strategy Costs	(43)	(9)	377.8 %	43	9	377.8 %	0.9 %	0.2 %				
Non-GAAP Adjusted Measure	\$ 3,861	\$ 3,707	4.2 %	\$ 1,062	\$ 899	18.1 %	21.6 %	19.5 %				
Supply Chain Solutions												
GAAP	\$ 2,840	\$ 3,233	(12.2)%	\$ 226	\$ 139	62.6 %	7.4 %	4.1 %				
<i>Adjusted for:</i>												
Transformation Strategy Costs	2	(58)	N/A	(2)	58	N/A	(0.1)%	1.7 %				
Goodwill and Asset Impairment Charges	(60)	(111)	(45.9)%	60	111	(45.9)%	2.0 %	3.3 %				
Non-GAAP Adjusted Measure	\$ 2,782	\$ 3,064	(9.2)%	\$ 284	\$ 308	(7.8)%	9.3 %	9.1 %				

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United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures - U.S. Domestic Cost Per Piece
(unaudited)

	Three Months Ended December 31		% Change
	2024	2023	
Operating Days	62	63	
Average Daily U.S. Domestic Package Volume (in thousands)	22,382	22,449	
U.S. Domestic Package Cost Per Piece (GAAP)	\$ 11.00	\$ 10.94	0.5 %
Transformation Strategy Costs	(0.04)	(0.09)	(55.6)%
Multiemployer Pension Plan Withdrawal	(0.01)	—	N/A
U.S. Domestic Package Non-GAAP Adjusted Cost Per Piece	\$ 10.95	\$ 10.85	0.9 %

Note: Cost per piece excludes expense associated with cargo and other activity.

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United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Twelve Months Ended
December 31

(amounts in millions)	2024	2023
Operating Profit (GAAP)	\$ 8,468	\$ 9,141
Transformation Strategy Costs:		
<i>Transformation 1.0</i>	—	13
<i>Transformation 2.0</i>		
<i>Spans and layers</i>	—	86
<i>Business portfolio review</i>	29	84
<i>Financial systems</i>	54	36
<i>Other initiatives</i>	—	4
<i>Transformation 2.0 total</i>	83	210
<i>Fit to Serve</i>	204	212
<i>Network Redesign and Efficiency Reimagined</i>	35	—
Total Transformation Strategy Costs	322	435
Gain on Divestiture of Coyote (1)	(156)	—
One-Time Payment for Int'l Regulatory Matter (2)	88	—
Goodwill and Asset Impairment Charges (3) (4)	108	236
One-Time Compensation (5)	—	61
Expense for Regulatory Matter (6)	45	—
Multiemployer Pension Plan Withdrawal (7)	19	—
Non-GAAP Adjusted Operating Profit	\$ 8,894	\$ 9,873

(amounts in millions)	2024	2023
Operating Margin (GAAP)	9.3 %	10.0 %
Transformation Strategy Costs:		
<i>Transformation 1.0</i>	— %	— %
<i>Transformation 2.0</i>		
<i>Spans and layers</i>	— %	0.2 %
<i>Business portfolio review</i>	— %	0.1 %
<i>Financial systems</i>	0.1 %	— %
<i>Other initiatives</i>	— %	— %
<i>Transformation 2.0 total</i>	0.1 %	0.3 %
<i>Fit to Serve</i>	0.3 %	0.2 %
<i>Network Redesign and Efficiency Reimagined</i>	— %	— %
Total Transformation Strategy Costs	0.4 %	0.5 %
Gain on Divestiture of Coyote (1)	(0.2)%	— %
One-Time Payment for Int'l Regulatory Matter (2)	0.1 %	— %
Goodwill and Asset Impairment Charges (3) (4)	0.2 %	0.3 %
One-Time Compensation (5)	— %	0.1 %
Expense for Regulatory Matter (6)	— %	— %
Multiemployer Pension Plan Withdrawal (7)	— %	— %
Non-GAAP Adjusted Operating Margin	9.8 %	10.9 %

(amounts in millions)	2024	2023
Other Income (Expense) (GAAP)	\$ (1,026)	\$ (568)
One-Time Payment for Int'l Regulatory Matter (2)	6	—
Pension Adjustment (8)	665	359
Non-GAAP Adjusted Other Income (Expense)	\$ (355)	\$ (209)

- (1) Represents a pre-tax gain of \$156 million on the divestiture of our Coyote Logistics business within Supply Chain Solutions during 2024.
(2) Reflects a pre-tax one-time payment for an international regulatory matter and related interest of \$94 million.
(3) Reflects pre-tax impairment charges of \$41 million for acquired trade names, \$7 million for software licenses and \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.
(4) Reflects pre-tax impairment charges of \$125 and \$111 million in respect of goodwill and an indefinite-lived intangible asset, respectively within Supply Chain Solutions in 2023.
(5) Represents a one-time payment of \$61 million to certain U.S.-based non-union part-time supervisors.
(6) Reflects the settlement of a regulatory matter.
(7) Reflects a pre-tax charge of \$19 million to withdraw from a multiemployer pension plan within the United States.
(8) Net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

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United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Twelve Months Ended
December 31

<i>(amounts in millions)</i>	2024	2023
Income Tax Expense (GAAP)	\$ 1,660	\$ 1,865
Transformation Strategy Costs:		
Transformation 1.0	—	3
Transformation 2.0		
Spans and layers	—	21
Business portfolio review	7	15
Financial systems	13	10
Other initiatives	—	1
Transformation 2.0 total	20	47
Fit to Serve	49	52
Network Redesign and Efficiency Reimagined	8	—
Total Transformation Strategy Costs	77	102
Gain on Divestiture of Coyote (1)	(4)	—
One-Time Payment for Int'l Regulatory Matter (2)	—	—
Goodwill and Asset Impairment Charges (3) (4)	27	43
One-Time Compensation (5)	—	15
Expense for Regulatory Matter (6)	—	—
Multiemployer Pension Plan Withdrawal (7)	5	—
Pension Adjustment (8)	159	85
Non-GAAP Adjusted Income Tax Expense	\$ 1,924	\$ 2,110

(1) Represents the tax effect of a pre-tax gain of \$156 million on the divestiture of our Coyote Logistics business within Supply Chain Solutions during 2024.

(2) Reflects the tax effect of a pre-tax one-time payment for an international regulatory matter and related interest of \$94 million.

(3) Reflects the tax effect of pre-tax impairment charges of \$41 million for acquired trade names, \$7 million for software licenses and \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

(4) Reflects the tax effect of pre-tax impairment charges of \$125 and \$111 million in respect of goodwill and an indefinite-lived intangible asset, respectively within Supply Chain Solutions in 2023.

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

(6) Reflects the tax effect of the settlement of a regulatory matter.

(7) Reflects the tax effect of a pre-tax charge of \$19 million to withdraw from a multiemployer pension plan within the United States.

(8) Reflects the tax effect of a net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

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United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Twelve Months Ended
December 31

<i>(amounts in millions)</i>	2024	2023		2024	2023
Net Income (GAAP)	\$ 5,782	\$ 6,708	Diluted Earnings Per Share (GAAP)	\$ 6.75	\$ 7.80
Transformation Strategy Costs:			Transformation Strategy Costs:		
Transformation 1.0	—	10	Transformation 1.0	—	0.01
Transformation 2.0			Transformation 2.0		
Spans and layers	—	65	Spans and layers	—	0.08
Business portfolio review	22	69	Business portfolio review	0.03	0.08
Financial systems	41	26	Financial systems	0.05	0.03
Other initiatives	—	3	Other initiatives	—	—
Transformation 2.0 total	63	163	Transformation 2.0 total	0.08	0.19
Fit to Serve	155	160	Fit to Serve	0.18	0.19
Network Redesign and Efficiency Reimagined	27	—	Network Redesign and Efficiency Reimagined	0.03	—
Total Transformation Strategy Costs	245	333	Total Transformation Strategy Costs	0.29	0.39
Gain on Divestiture of Coyote (1)	(152)	—	Gain on Divestiture of Coyote (1)	(0.18)	—
One-Time Payment for Int'l Regulatory Matter (2)	94	—	One-Time Payment for Int'l Regulatory Matter (2)	0.11	—
Goodwill and Asset Impairment Charges (3) (4)	81	193	Goodwill and Asset Impairment Charges (3) (4)	0.09	0.22
One-Time Compensation (5)	—	46	One-Time Compensation (5)	—	0.05
Expense for Regulatory Matter (6)	45	—	Expense for Regulatory Matter (6)	0.05	—
Multiemployer Pension Plan Withdrawal (7)	14	—	Multiemployer Pension Plan Withdrawal (7)	0.02	—
Pension Adjustment (8)	506	274	Pension Adjustment (8)	0.59	0.32
Non-GAAP Adjusted Net Income	\$ 6,615	\$ 7,554	Non-GAAP Adjusted Diluted Earnings Per Share	\$ 7.72	\$ 8.78

(1) Represents a pre-tax gain of \$156 million on the divestiture of our Coyote Logistics business within Supply Chain Solutions during 2024.

(2) Reflects a pre-tax one-time payment for an international regulatory matter and related interest of \$94 million.

(3) Reflects pre-tax impairment charges of \$41 million for acquired trade names, \$7 million for software licenses and \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

(4) Reflects pre-tax impairment charges of \$125 and \$111 million in respect of goodwill and an indefinite-lived intangible asset, respectively within Supply Chain Solutions in 2023.

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

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(7) Reflects a pre-tax charge of \$19 million to withdraw from a multiemployer pension plan within the United States.

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United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures by Segment
(unaudited)

Twelve Months Ended
December 31

	2024		2023	% Change	2024		2023	% Change	2024		2023	
	Operating Expenses				Operating Profit				Operating Margin			
U.S. Domestic Package												
GAAP	\$	56,031	\$	55,049	1.8 %	\$	4,345	\$	5,156	(15.7)%	7.2 %	8.6 %
<i>Adjusted for:</i>												
Transformation Strategy Costs		(147)		(266)	(44.7)%		147		266	(44.7)%	0.3 %	0.4 %
Goodwill and Asset Impairment Charges		(5)		—	N/A		5		—	N/A	— %	— %
One-Time Compensation		—		(61)	(100.0)%		—		61	(100.0)%	— %	0.1 %
Multiemployer Pension Plan Withdrawal		(19)		—	N/A		19		—	N/A	— %	— %
Non-GAAP Adjusted Measure	\$	55,860	\$	54,722	2.1 %	\$	4,516	\$	5,483	(17.6)%	7.5 %	9.1 %
International Package												
GAAP	\$	14,769	\$	14,600	1.2 %	\$	3,191	\$	3,231	(1.2)%	17.8 %	18.1 %
<i>Adjusted for:</i>												
Transformation Strategy Costs		(79)		(51)	54.9 %		79		51	54.9 %	0.4 %	0.3 %
One-Time Payment for Int'l Regulatory Matter		(88)		—	N/A		88		—	N/A	0.5 %	— %
Asset Impairment Charges		(2)		—	N/A		2		—	N/A	— %	— %
Non-GAAP Adjusted Measure	\$	14,600	\$	14,549	0.4 %	\$	3,360	\$	3,282	2.4 %	18.7 %	18.4 %
Supply Chain Solutions												
GAAP	\$	11,802	\$	12,168	(3.0)%	\$	932	\$	754	23.6 %	7.3 %	5.8 %
<i>Adjusted for:</i>												
Transformation Strategy Costs		(96)		(118)	(18.6)%		96		118	(18.6)%	0.8 %	0.9 %
Gain on Divestiture of Coyote		156		—	N/A		(156)		—	N/A	(1.2)%	— %
Goodwill and Asset Impairment Charges		(101)		(236)	(57.2)%		101		236	(57.2)%	0.7 %	1.9 %
Expense for Regulatory Matter		(45)		—	N/A		45		—	N/A	0.4 %	— %
Non-GAAP Adjusted Measure	\$	11,716	\$	11,814	(0.8)%	\$	1,018	\$	1,108	(8.1)%	8.0 %	8.6 %

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United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures - U.S. Domestic Cost Per Piece
(unaudited)

	Twelve Months Ended		% Change
	December 31		
	2024	2023	
Operating Days	253	254	
Average Daily U.S. Domestic Package Volume (in thousands)	19,161	19,030	
U.S. Domestic Package Cost Per Piece (GAAP)	\$ 11.42	\$ 11.35	0.6 %
Transformation Strategy Costs	(0.04)	(0.05)	(20.0)%
One-Time Compensation	—	(0.01)	(100.0)%
Multiemployer Pension Plan Withdrawal	—	—	N/A
U.S. Domestic Package Non-GAAP Adjusted Cost Per Piece	\$ 11.38	\$ 11.29	0.8 %

Note: Cost per piece excludes expense associated with cargo and other activity.

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United Parcel Service, Inc.
Aircraft Fleet - As of December 31, 2024
(unaudited)

Description	UPS Owned and/or Operated	Charters & Leases Operated by Others	On Order	Under Option
Operating:				
Boeing 757-200	75	—	—	—
Boeing 767-300	82	—	25	—
Boeing 767-300BCF	6	—	—	—
Boeing 767-300BDSF	4	—	—	—
Airbus A300-600	52	—	—	—
Boeing MD-11	29	—	—	—
Boeing 747-400F	11	—	—	—
Boeing 747-400BCF	2	—	—	—
Boeing 747-8F	30	—	—	—
Other	—	243	—	—
Total	291	243	25	—