

**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 27, 2026



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% 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 to 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 27, 2026, 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, 2025. 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 27, 2026

99.2 [Financial statement schedules](#)

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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 27, 2026

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

Brian Dykes
Executive Vice President and Chief Financial Officer

UPS RELEASES 4Q 2025 EARNINGS AND PROVIDES 2026 GUIDANCE

- **Consolidated Revenues of \$24.5B**
- **Consolidated Operating Margin of 10.5%; Non-GAAP Adjusted* Consolidated Operating Margin of 11.8%**
- **Diluted EPS of \$2.10; Non-GAAP Adj. Diluted EPS of \$2.38**
- **Declares a Quarterly Dividend of \$1.64**

ATLANTA – January 27, 2026 – UPS (NYSE:UPS) today announced fourth-quarter 2025 consolidated revenues of \$24.5 billion. Consolidated operating profit was \$2.6 billion; non-GAAP adjusted consolidated operating profit was \$2.9 billion. Diluted earnings per share were \$2.10 for the quarter; non-GAAP adjusted diluted earnings per share were \$2.38.

For the fourth quarter of 2025, GAAP results include total charges of \$238 million, or \$0.28 per diluted share, comprised of a non-cash, after-tax charge of \$137 million due to a write-off of the company's MD-11 aircraft fleet and after-tax transformation charges of \$101 million.

Regarding the MD-11 aircraft, UPS accelerated its fleet modernization plans, completing the retirement of its MD-11 fleet during the fourth quarter of 2025.

"I want to thank UPSers across the globe for their tireless commitment to serving our customers as we delivered best-in-class service during peak for the eighth year in a row and outperformed our financial expectations in the fourth quarter," said Carol Tomé, UPS chief executive officer. "2025 was a year of considerable progress for UPS as we took action to strengthen our revenue quality and build a more agile network. Looking ahead, upon completion of the Amazon glide-down, 2026 will be an inflection point in the execution of our strategy to deliver growth and sustained margin expansion."

U.S. Domestic Segment

	<u>4Q 2025</u>	<u>Non-GAAP Adjusted 4Q 2025</u>	<u>4Q 2024</u>	<u>Non-GAAP Adjusted 4Q 2024</u>
Revenue	\$16,756 M		\$17,312 M	
Operating profit	\$1,428 M	\$1,706 M	\$1,681 M	\$1,754 M

- Revenue declined 3.2%, primarily driven by an expected decline in volume. Revenue per piece grew by 8.3%.
- Operating margin was 8.5%; non-GAAP adjusted operating margin was 10.2%.

International Segment

	<u>4Q 2025</u>	<u>Non-GAAP Adjusted 4Q 2025</u>	<u>4Q 2024</u>	<u>Non-GAAP Adjusted 4Q 2024</u>
Revenue	\$5,045 M		\$4,923 M	
Operating profit	\$884 M	\$908 M	\$1,019 M	\$1,062 M

- Revenue increased 2.5%, driven by a 7.1% increase in revenue per piece.

- Operating margin was 17.5%; non-GAAP adjusted operating margin was 18.0%.

Supply Chain Solutions¹

	<u>4Q 2025</u>	<u>Non-GAAP Adjusted 4Q 2025</u>	<u>4Q 2024</u>	<u>Non-GAAP Adjusted 4Q 2024</u>
Revenue	\$2,678 M		\$3,066 M	
Operating profit	\$263 M	\$276 M	\$226 M	\$284 M

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

- Revenue declined 12.7%, primarily due to a decline in volume in the Mail Innovations business.
- Operating margin was 9.8%; non-GAAP adjusted operating margin was 10.3%.

Full-Year 2025 Consolidated Results

- Revenue was \$88.7 billion.
- Operating profit was \$7.9 billion; non-GAAP adjusted operating profit was \$8.7 billion.
- Operating margin was 8.9%; non-GAAP adjusted operating margin was 9.8%.
- Diluted EPS totaled \$6.56; non-GAAP adjusted diluted EPS of \$7.16.
- Cash from operations was \$8.5 billion and non-GAAP adjusted free cash flow was \$5.5 billion.

In addition, the company returned \$6.4 billion of cash to shareowners through dividends and share repurchases.

Dividend Declaration

The UPS Board of Directors has approved a first-quarter 2026 dividend of \$1.64 per share on all outstanding Class A and Class B shares. The dividend is payable March 5, 2026, to shareowners of record on February 17, 2026.

2026 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.

For the full year 2026, on a consolidated basis, UPS expects revenue to be approximately \$89.7 billion and non-GAAP adjusted operating margin to be approximately 9.6%.

The company is planning capital expenditures of about \$3.0 billion and dividend payments of around \$5.4 billion, subject to board approval. The effective tax rate is expected to be approximately 23.0%.

* "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.

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 27, 2026. That call will be open to others through a live Webcast. To access the call, go to the UPS Investor Relations page 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 2024 revenue of \$91.1 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 490,000 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, 2024 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, including as a result of changes in the global trade policy, new or increased tariffs or government shutdowns; 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, 2024, 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 Measures

From time to time when presenting forward-looking non-GAAP adjusted financial measures, 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.

Transformation Strategy Costs

We exclude the impact of charges related to activities within our transformation strategy. Our transformation strategy activities have spanned several years and are designed to fundamentally change the spans and layers of our organization structure, processes, technologies and the composition of our business portfolio. Our transformation strategy includes initiatives within our Transformation 2.0, Fit to Serve and *Network Reconfiguration and Efficiency Reimagined* programs.

Various circumstances precipitated these initiatives, including identification and prioritization of certain investments, 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.

Our transformation strategy includes the following programs and initiatives:

Transformation 2.0: We identified opportunities to reduce spans and layers of management, began a review of our business portfolio and identified opportunities to invest in certain technologies, including financial reporting and certain schedule, time and pay systems, to reduce global indirect operating costs, provide better visibility, and reduce reliance on legacy systems and coding languages. Costs associated with Transformation 2.0 consisted of compensation and benefit costs related to reductions in our workforce and fees paid to third-party consultants. The Transformation 2.0 initiative was completed in 2025.

Fit to Serve: We undertook our Fit to Serve initiative with the intent to right-size our business to create a more efficient operating model that was more responsive to market dynamics through a workforce reduction of approximately 14,000 positions, primarily within management. Costs associated with Fit to Serve consisted of benefit costs related to reductions in our workforce. The initiative was completed in 2025.

Network Reconfiguration and Efficiency Reimagined: Our Network of the Future initiative is intended to enhance the efficiency of our network through automation and operational sort consolidation in our U.S. Domestic network. In connection with our strategic execution of planned volume declines from our largest customer, we began our *Network Reconfiguration* initiative, which is an expansion of Network of the Future and has led and will continue to lead to consolidations of our facilities and workforce as well as an end-to-end process redesign. We launched our *Efficiency Reimagined* initiatives to undertake the end-to-end process redesign effort which will align our organizational processes to the network reconfiguration. We reduced our operational workforce by approximately 48,000 positions, including 15,000 fewer seasonal positions, and closed daily operations at 93 leased and owned buildings during 2025 as a component of this initiative. We continue to review expected changes in volume in our integrated air and ground network to identify additional buildings for closure. From this initiative, we computed year over year cost savings of approximately \$3.5 billion in 2025. These amounts are calculated on the year over year change in volume from our largest customer, taking into account the impact of certain additional volume we have elected to serve. As of December 31, 2025 we have incurred program costs to date of \$544 million, including \$509 million in 2025.

In connection with the *Network Reconfiguration and Efficiency Reimagined* programs described above, we expect savings of approximately \$3 billion in 2026. We also expect to exclude expenses related to certain strategic initiatives, including separation programs, from non-GAAP adjusted expenses, although we cannot reasonably estimate those expenses at this time. These initiatives are expected to conclude by 2027.

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 exceeds 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 exclude the impact of goodwill and certain 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.

Net Gains and Losses Related to Divestitures

We exclude the impact of gains (or losses) related to the divestiture of businesses. We do not consider these transactions to be a component of our ongoing operations, nor do we consider the impact of these transactions when evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards.

Reversal of Income Tax Valuation Allowance

We previously recorded non-GAAP adjustments for transactions that resulted in capital loss deferred tax assets not expected to be realized. As a result of property sales during 2025, we now expect all of these capital losses to be realized. We supplement our presentation with non-GAAP adjusted financial measures that exclude the impact of the reversals of the valuation allowances against these deferred tax assets as we believe such treatment is consistent with how the valuation allowance was initially established.

Expense for Regulatory Matter

We have excluded the impact in 2024 of an expense to settle a previously disclosed regulatory matter. We do not believe this was a component of our ongoing operations and we do not expect this or similar expenses to recur.

One-Time Payment for International Regulatory Matter

We have excluded the impact in 2024 of a payment to settle a previously-disclosed international tax regulatory matter. We do not believe this payment was a component of our ongoing operations and we do not expect this or similar payments to recur.

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 defined benefit pension and postretirement medical plans immediately as part of Investment income (expense) and other in the statements of consolidated income. We supplement our presentation with non-GAAP 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 medical plans 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.

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.

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.

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

Three Months Ended
December 31,

(amounts in millions)		2025			2025
Operating Profit (GAAP)		\$ 2,575	Operating Margin (GAAP)		10.5 %
Transformation Strategy Costs:			Transformation Strategy Costs:		
Transformation 2.0			Transformation 2.0		
Financial systems		11	Financial systems		0.1 %
Transformation 2.0 total		11	Transformation 2.0 total		0.1 %
Network Reconfiguration and Efficiency Reimagined		122	Network Reconfiguration and Efficiency Reimagined		0.5 %
Total Transformation Strategy Costs		133	Total Transformation Strategy Costs		0.6 %
Goodwill and Asset Impairment Charges ⁽¹⁾		182	Goodwill and Asset Impairment Charges ⁽¹⁾		0.7 %
Non-GAAP Adjusted Operating Profit		\$ 2,890	Non-GAAP Adjusted Operating Margin		11.8 %

⁽¹⁾ Reflects a pre-tax impairment charge of \$182 million related to the retirement of the MD-11 aircraft fleet.

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

Three Months Ended
December 31,

<i>(amounts in millions)</i>		2025
Income Tax Expense (GAAP)	\$	581
Transformation Strategy Costs:		
Transformation 2.0		
Financial systems		3
Transformation 2.0 total		3
Network Reconfiguration and Efficiency Reimagined		29
Total Transformation Strategy Costs		32
Goodwill and Asset Impairment Charges ⁽¹⁾		45
Non-GAAP Adjusted Income Tax Expense	\$	658

⁽¹⁾ Reflects a pre-tax impairment charge of \$182 million related to the retirement of the MD-11 aircraft fleet.

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

Three Months Ended
December 31,

(amounts in millions)	2025		2025
Net Income (GAAP)	\$ 1,791		Diluted Earnings Per Share (GAAP) \$ 2.10
Transformation Strategy Costs:			Transformation Strategy Costs:
Transformation 2.0			Transformation 2.0
Financial systems	8		Financial systems 0.01
Transformation 2.0 total	8		Transformation 2.0 total 0.01
Network Reconfiguration and Efficiency Reimagined	93		Network Reconfiguration and Efficiency Reimagined 0.11
Total Transformation Strategy Costs	101		Total Transformation Strategy Costs 0.12
Goodwill and Asset Impairment Charges ⁽¹⁾	137		Goodwill and Asset Impairment Charges ⁽¹⁾ 0.16
Non-GAAP Adjusted Net Income	\$ 2,029		Non-GAAP Adjusted Diluted Earnings Per Share \$ 2.38

⁽¹⁾ Reflects a pre-tax impairment charge of \$182 million related to the retirement of the MD-11 aircraft fleet.

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

Three Months Ended
December 31,

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

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

Diluted Earnings Per Share (GAAP)	2024
	\$ 2.01
Transformation Strategy Costs:	
<i>Transformation 2.0</i>	
<i>Financial systems</i>	0.01
<i>Transformation 2.0 total</i>	0.01
<i>Fit to Serve</i>	0.04
<i>Network Reconfiguration and Efficiency Reimagined</i>	0.03
Total Transformation Strategy Costs	0.08
Goodwill and Asset Impairment Charges ⁽²⁾	0.05
Multiemployer Pension Plan Withdrawal ⁽³⁾	0.02
Pension Adjustment ⁽⁴⁾	0.59
Non-GAAP Adjusted Diluted Earnings Per Share	\$ 2.75

⁽²⁾ Reflects pre-tax impairment charges of \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

⁽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.

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

Three Months Ended December 31,								
	2025	2024		2025	2024		2025	2024
U.S. Domestic Package	Operating Expenses		% Change	Operating Profit		% Change	Operating Margin	
GAAP	\$ 15,328	\$ 15,631	(1.9)%	\$ 1,428	\$ 1,681	(15.1)%	8.5 %	9.7 %
<i>Adjusted for:</i>								
Transformation Strategy Costs	(105)	(54)		105	54		0.7 %	0.3 %
Goodwill and Asset Impairment Charges	(173)	—		173	—		1.0 %	— %
Multiemployer Pension Plan Withdrawal	—	(19)		—	19		— %	0.1 %
Non-GAAP Adjusted Measure	\$ 15,050	\$ 15,558	(3.3)%	\$ 1,706	\$ 1,754	(2.7)%	10.2 %	10.1 %
International Package	Operating Expenses		% Change	Operating Profit		% Change	Operating Margin	
GAAP	\$ 4,161	\$ 3,904	6.6 %	\$ 884	\$ 1,019	(13.2)%	17.5 %	20.7 %
<i>Adjusted for:</i>								
Transformation Strategy Costs	(15)	(43)		15	43		0.3 %	0.9 %
Goodwill and Asset Impairment Charges	(9)	—		9	—		0.2 %	— %
Non-GAAP Adjusted Measure	\$ 4,137	\$ 3,861	7.1 %	\$ 908	\$ 1,062	(14.5)%	18.0 %	21.6 %
Supply Chain Solutions	Operating Expenses		% Change	Operating Profit		% Change	Operating Margin	
GAAP	\$ 2,415	\$ 2,840	(15.0)%	\$ 263	\$ 226	16.4 %	9.8 %	7.4 %
<i>Adjusted for:</i>								
Transformation Strategy Costs	(13)	2		13	(2)		0.5 %	(0.1)%
Goodwill and Asset Impairment Charges	—	(60)		—	60		— %	2.0 %
Non-GAAP Adjusted Measure	\$ 2,402	\$ 2,782	(13.7)%	\$ 276	\$ 284	(2.8)%	10.3 %	9.3 %

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

Year Ended
December 31,

<i>(amounts in millions)</i>	2025		2025
Operating Profit (GAAP)	\$ 7,867	Operating Margin (GAAP)	8.9 %
Transformation Strategy Costs:		Transformation Strategy Costs:	
<i>Transformation 2.0</i>		<i>Transformation 2.0</i>	
<i>Business portfolio review</i>	(18)	<i>Business portfolio review</i>	— %
<i>Financial systems</i>	55	<i>Financial systems</i>	0.1 %
<i>Transformation 2.0 total</i>	37	<i>Transformation 2.0 total</i>	0.1 %
<i>Fit to Serve</i>	47	<i>Fit to Serve</i>	0.1 %
<i>Network Redesign and Efficiency Reimagined</i>	509	<i>Network Redesign and Efficiency Reimagined</i>	0.6 %
Total Transformation Strategy Costs	593	Total Transformation Strategy Costs	0.8 %
Goodwill and Asset Impairment Charges ⁽¹⁾	182	Goodwill and Asset Impairment Charges ⁽¹⁾	0.1 %
Net Loss on Divestiture ⁽²⁾	19	Net Loss on Divestiture	— %
Non-GAAP Adjusted Operating Profit	\$ 8,661	Non-GAAP Adjusted Operating Margin	9.8 %

<i>(amounts in millions)</i>	2025
Other Income (Expense) (GAAP)	\$ (703)
Goodwill and Asset Impairment Charges ⁽¹⁾	19
Non-GAAP Adjusted Other Income (Expense)	\$ (684)

⁽¹⁾ Reflects a pre-tax impairment charge of \$182 million related to the retirement of the MD-11 aircraft fleet and \$19 million for the write-down of an equity investment in 2025.

⁽²⁾ Reflects a pre-tax net loss of \$19 million on the divestiture of a business within Supply Chain Solutions.

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

Year Ended
December 31,

<i>(amounts in millions)</i>		2025
Income Tax Expense (GAAP)	\$	1,592
Transformation Strategy Costs:		
Transformation 2.0		
<i>Business portfolio review</i>		(5)
<i>Financial systems</i>		14
Transformation 2.0 total		9
Fit to Serve		10
Network Redesign and Efficiency Reimagined		122
Total Transformation Strategy Costs		141
Goodwill and Asset Impairment Charges ⁽¹⁾		45
Net Loss on Divestiture ⁽⁵⁾		4
Reversal of Income Tax Valuation Allowance ⁽⁶⁾		109
Non-GAAP Adjusted Income Tax Expense	\$	1,891

⁽¹⁾ Reflects a pre-tax impairment charge of \$182 million related to the retirement of the MD-11 aircraft fleet.

⁽⁵⁾ Reflects a pre-tax net loss of \$19 million on the divestiture of a business within Supply Chain Solutions.

⁽⁶⁾ Reflects the reversal of an income tax valuation allowance.

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

Year Ended
December 31,

(amounts in millions)	2025
Net Income (GAAP)	\$ 5,572
Transformation Strategy Costs:	
<i>Transformation 2.0</i>	
<i>Business portfolio review</i>	(13)
<i>Financial systems</i>	41
<i>Transformation 2.0 total</i>	28
<i>Fit to Serve</i>	37
<i>Network Redesign and Efficiency Reimagined</i>	387
Total Transformation Strategy Costs	452
Goodwill and Asset Impairment Charges ⁽¹⁾	156
Net Loss on Divestiture ⁽⁵⁾	15
Reversal of Income Tax Valuation Allowance ⁽⁶⁾	(109)
Non-GAAP Adjusted Net Income	\$ 6,086

	2025
Diluted Earnings Per Share (GAAP)	\$ 6.56
Transformation Strategy Costs:	
<i>Transformation 2.0</i>	
<i>Business portfolio review</i>	(0.02)
<i>Financial systems</i>	0.05
<i>Transformation 2.0 total</i>	0.03
<i>Fit to Serve</i>	0.04
<i>Network Redesign and Efficiency Reimagined</i>	0.46
Total Transformation Strategy Costs	0.53
Goodwill and Asset Impairment Charges ⁽¹⁾	0.18
Net Loss on Divestiture ⁽⁵⁾	0.02
Reversal of Income Tax Valuation Allowance ⁽⁶⁾	(0.13)
Non-GAAP Adjusted Diluted Earnings Per Share	\$ 7.16

⁽¹⁾ Reflects a pre-tax impairment charge of \$182 million related to the retirement of the MD-11 aircraft fleet.

⁽⁵⁾ Reflects a pre-tax net loss of \$19 million on the divestiture of a business within Supply Chain Solutions.

⁽⁶⁾ Reflects the reversal of an income tax valuation allowance.

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

				Year Ended December 31,				
	2025	2024		2025	2024		2025	2024
U.S. Domestic Package	Operating Expenses		% Change	Operating Profit		% Change	Operating Margin	
GAAP	\$ 55,593	\$ 56,031	(0.8)%	\$ 3,926	\$ 4,345	(9.6)%	6.6 %	7.2 %
<i>Adjusted for:</i>								
Transformation Strategy Costs	(505)	(147)		505	147		0.8 %	0.3 %
Goodwill and Asset Impairment Charges	(173)	(5)		173	5		0.3 %	— %
Multiemployer Pension Plan Withdrawal	—	(19)		—	19		— %	— %
Non-GAAP Adjusted Measure	\$ 54,915	\$ 55,860	(1.7)%	\$ 4,604	\$ 4,516	1.9 %	7.7 %	7.5 %
International Package	Operating Expenses		% Change	Operating Profit		% Change	Operating Margin	
GAAP	\$ 15,703	\$ 14,769	6.3 %	\$ 2,873	\$ 3,191	(10.0)%	15.5 %	17.8 %
<i>Adjusted for:</i>								
Transformation Strategy Costs	(53)	(79)		53	79		0.3 %	0.4 %
Goodwill and Asset Impairment Charges	(9)	(2)		9	2		— %	— %
One-Time International Regulatory Matter	—	(88)		—	88		— %	0.5 %
Non-GAAP Adjusted Measure	\$ 15,641	\$ 14,600	7.1 %	\$ 2,935	\$ 3,360	(12.6)%	15.8 %	18.7 %
Supply Chain Solutions	Operating Expenses		% Change	Operating Profit		% Change	Operating Margin	
GAAP	\$ 9,498	\$ 11,802	(19.5)%	\$ 1,068	\$ 932	14.6 %	10.1 %	7.3 %
<i>Adjusted for:</i>								
Transformation Strategy Costs	(35)	(96)		35	96		0.3 %	0.8 %
Net (Loss) Gain on Divestiture	(19)	156		19	(156)		0.2 %	(1.2)%
Goodwill and Asset Impairment Charges	—	(101)		—	101		— %	0.7 %
Expense for Regulatory Matter	—	(45)		—	45		— %	0.4 %
Non-GAAP Adjusted Measure	\$ 9,444	\$ 11,716	(19.4)%	\$ 1,122	\$ 1,018	10.2 %	10.6 %	8.0 %

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

Year Ended
December 31,

<i>(amounts in millions)</i>		2025
Cash flows from operating activities	\$	8,450
Capital expenditures		(3,685)
Proceeds from disposals of property, plant and equipment		700
Other investing activities		5
Free Cash Flow (Non-GAAP measure)	\$	5,470

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
	2025	2024	
Operating Days	62	62	
Average Daily U.S. Domestic Package Volume (in thousands)	19,970	22,382	
U.S. Domestic Package Cost Per Piece (GAAP)	\$ 12.14	\$ 11.00	10.4 %
Transformation Strategy Costs	(0.08)	(0.04)	
Goodwill and Asset Impairment Charges	(0.14)	—	
Multiemployer Pension Plan Withdrawal	—	(0.01)	
U.S. Domestic Package Non-GAAP Adjusted Cost Per Piece	\$ 11.92	\$ 10.95	8.9 %

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

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

	Year Ended December 31,		% Change
	2025	2024	
Operating Days	252	253	
Average Daily U.S. Domestic Package Volume (in thousands)	17,510	19,161	
U.S. Domestic Package Cost Per Piece (GAAP)	\$ 12.35	\$ 11.42	8.1 %
Transformation Strategy Costs	(0.11)	(0.04)	
Goodwill and Asset Impairment Charges	(0.04)	—	
U.S. Domestic Package Non-GAAP Adjusted Cost Per Piece	\$ 12.20	\$ 11.38	7.2 %

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

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

Three Months Ended
December 31,

(amounts in millions, except per share data)

Statement of Income Data:

	2025	2024	Change	% Change
Revenue:				
U.S. Domestic Package	\$ 16,756	\$ 17,312	\$ (556)	(3.2)%
International Package	5,045	4,923	122	2.5 %
Supply Chain Solutions	2,678	3,066	(388)	(12.7)%
Total revenue	24,479	25,301	(822)	(3.2)%
Operating expenses:				
U.S. Domestic Package	15,328	15,631	(303)	(1.9)%
International Package	4,161	3,904	257	6.6 %
Supply Chain Solutions	2,415	2,840	(425)	(15.0)%
Total operating expenses	21,904	22,375	(471)	(2.1)%
Operating profit:				
U.S. Domestic Package	1,428	1,681	(253)	(15.1)%
International Package	884	1,019	(135)	(13.2)%
Supply Chain Solutions	263	226	37	16.4 %
Total operating profit	2,575	2,926	(351)	(12.0)%
Other income (expense):				
Other pension income (expense)	47	(598)	645	N/A
Investment income (expense) and other	16	28	(12)	(42.9)%
Interest expense	(266)	(229)	(37)	16.2 %
Total other income (expense)	(203)	(799)	596	(74.6)%
Income before income taxes	2,372	2,127	245	11.5 %
Income tax expense	581	406	175	43.1 %
Net income	\$ 1,791	\$ 1,721	\$ 70	4.1 %
Net income as a percentage of revenue	7.3 %	6.8 %		
Per share amounts:				
Basic earnings per share	\$ 2.11	\$ 2.02	\$ 0.09	4.5 %
Diluted earnings per share	\$ 2.10	\$ 2.01	\$ 0.09	4.5 %
Weighted-average shares outstanding:				
Basic	849	854	(5)	(0.6)%
Diluted	853	858	(5)	(0.6)%
Non-GAAP Adjusted Income Data ⁽¹⁾:				
Operating profit:				
U.S. Domestic Package	\$ 1,706	\$ 1,754	\$ (48)	(2.7)%
International Package	908	1,062	(154)	(14.5)%
Supply Chain Solutions	276	284	(8)	(2.8)%
Total operating profit	2,890	3,100	(210)	(6.8)%
Total other income (expense)	\$ (203)	\$ (134)	\$ (69)	51.5 %
Income before income taxes	\$ 2,687	\$ 2,966	\$ (279)	(9.4)%
Net income	\$ 2,029	\$ 2,360	\$ (331)	(14.0)%
Basic earnings per share	\$ 2.39	\$ 2.76	\$ (0.37)	(13.4)%
Diluted earnings per share	\$ 2.38	\$ 2.75	\$ (0.37)	(13.5)%

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

Certain amounts are calculated based on unrounded numbers.

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

	Three Months Ended			
	December 31,			
	2025	2024	Change	% Change
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 2,617	\$ 2,682	\$ (65)	(2.4)%
Deferred	1,353	1,385	(32)	(2.3)%
Ground	12,465	12,937	(472)	(3.6)%
Cargo and Other	321	308	13	4.2 %
Total U.S. Domestic Package	16,756	17,312	(556)	(3.2)%
International Package:				
Domestic	953	887	66	7.4 %
Export	3,905	3,873	32	0.8 %
Cargo and Other	187	163	24	14.7 %
Total International Package	5,045	4,923	122	2.5 %
Supply Chain Solutions:				
Forwarding	728	826	(98)	(11.9)%
Logistics	1,444	1,799	(355)	(19.7)%
Other	506	441	65	14.7 %
Total Supply Chain Solutions	2,678	3,066	(388)	(12.7)%
Consolidated	\$ 24,479	\$ 25,301	\$ (822)	(3.2)%
Consolidated volume (in millions)				
	1,458	1,619	(161)	(9.9)%
Operating weekdays				
	62	62	—	0.0 %
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,630	1,863	(233)	(12.5)%
Deferred	1,077	1,209	(132)	(10.9)%
Ground	17,263	19,310	(2,047)	(10.6)%
Total U.S. Domestic Package	19,970	22,382	(2,412)	(10.8)%
International Package:				
Domestic	1,688	1,749	(61)	(3.5)%
Export	1,864	1,978	(114)	(5.8)%
Total International Package	3,552	3,727	(175)	(4.7)%
Consolidated	23,522	26,109	(2,587)	(9.9)%
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 25.90	\$ 23.22	\$ 2.68	11.5 %
Deferred	20.26	18.48	1.78	9.6 %
Ground	11.65	10.81	0.84	7.8 %
Total U.S. Domestic Package	13.27	12.25	1.02	8.3 %
International Package:				
Domestic	9.11	8.18	0.93	11.4 %
Export	33.79	31.58	2.21	7.0 %
Total International Package	22.06	20.60	1.46	7.1 %
Consolidated	\$ 14.60	\$ 13.44	\$ 1.16	8.6 %

Certain amounts are calculated based on unrounded numbers.

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

	Three Months Ended			
	December 31,			
	2025	2024	Change	% Change
<i>(in millions)</i>				
Compensation and benefits	\$ 13,034	\$ 12,996	\$ 38	0.3 %
Repairs and maintenance	817	775	42	5.4 %
Depreciation and amortization	972	919	53	5.8 %
Purchased transportation	2,873	3,695	(822)	(22.2)%
Fuel	1,129	1,112	17	1.5 %
Other occupancy	570	544	26	4.8 %
Other expenses	2,509	2,334	175	7.5 %
Total operating expenses	<u>\$ 21,904</u>	<u>\$ 22,375</u>	<u>\$ (471)</u>	(2.1)%

Certain amounts are calculated based on unrounded numbers.

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:

	2025	2024	Change	% Change
Revenue:				
U.S. Domestic Package	\$ 59,519	\$ 60,376	\$ (857)	(1.4)%
International Package	18,576	17,960	616	3.4 %
Supply Chain Solutions	10,566	12,734	(2,168)	(17.0)%
Total revenue	88,661	91,070	(2,409)	(2.6)%
Operating expenses:				
U.S. Domestic Package	55,593	56,031	(438)	(0.8)%
International Package	15,703	14,769	934	6.3 %
Supply Chain Solutions	9,498	11,802	(2,304)	(19.5)%
Total operating expenses	80,794	82,602	(1,808)	(2.2)%
Operating profit:				
U.S. Domestic Package	3,926	4,345	(419)	(9.6)%
International Package	2,873	3,191	(318)	(10.0)%
Supply Chain Solutions	1,068	932	136	14.6 %
Total operating profit	7,867	8,468	(601)	(7.1)%
Other income (expense):				
Other pension income (expense)	169	(396)	565	N/A
Investment income (expense) and other	145	236	(91)	(38.6)%
Interest expense	(1,017)	(866)	(151)	17.4 %
Total other income (expense)	(703)	(1,026)	323	(31.5)%
Income before income taxes	7,164	7,442	(278)	(3.7)%
Income tax expense	1,592	1,660	(68)	(4.1)%
Net income	\$ 5,572	\$ 5,782	\$ (210)	(3.6)%
Net income as a percentage of revenue	6.3 %	6.3 %		
Per share amounts:				
Basic earnings per share	\$ 6.56	\$ 6.76	\$ (0.20)	(3.0)%
Diluted earnings per share	\$ 6.56	\$ 6.75	\$ (0.19)	(2.8)%
Weighted-average shares outstanding:				
Basic	849	855	(6)	(0.7)%
Diluted	850	856	(6)	(0.7)%
Non-GAAP Adjusted Income Data ⁽¹⁾:				
Operating profit:				
U.S. Domestic Package	\$ 4,604	\$ 4,516	\$ 88	1.9 %
International Package	2,935	3,360	(425)	(12.6)%
Supply Chain Solutions	1,122	1,018	104	10.2 %
Total operating profit	8,661	8,894	(233)	(2.6)%
Total other income (expense)	\$ (684)	\$ (355)	\$ (329)	92.7 %
Income before income taxes	\$ 7,977	\$ 8,539	\$ (562)	(6.6)%
Net income	\$ 6,086	\$ 6,615	\$ (529)	(8.0)%
Basic earnings per share	\$ 7.17	\$ 7.73	\$ (0.56)	(7.2)%
Diluted earnings per share	\$ 7.16	\$ 7.72	\$ (0.56)	(7.3)%

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

Certain amounts are calculated based on unrounded numbers.

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

	Twelve Months Ended			
	December 31,			
	2025	2024	Change	% Change
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 9,652	\$ 9,703	\$ (51)	(0.5)%
Deferred	4,446	4,757	(311)	(6.5)%
Ground	44,183	45,347	(1,164)	(2.6)%
Cargo and Other	1,238	569	669	117.6 %
Total U.S. Domestic Package	59,519	60,376	(857)	(1.4)%
International Package:				
Domestic	3,401	3,186	215	6.7 %
Export	14,479	14,142	337	2.4 %
Cargo and Other	696	632	64	10.1 %
Total International Package	18,576	17,960	616	3.4 %
Supply Chain Solutions:				
Forwarding	2,916	4,728	(1,812)	(38.3)%
Logistics	5,855	6,437	(582)	(9.0)%
Other	1,795	1,569	226	14.4 %
Total Supply Chain Solutions	10,566	12,734	(2,168)	(17.0)%
Consolidated	\$ 88,661	\$ 91,070	\$ (2,409)	(2.6)%
Consolidated volume (in millions)	5,253	5,672	(419)	(7.4)%
Operating weekdays	252	253	(1)	(0.4)%
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,499	1,651	(152)	(9.2)%
Deferred	892	1,058	(166)	(15.7)%
Ground	15,119	16,452	(1,333)	(8.1)%
Total U.S. Domestic Package	17,510	19,161	(1,651)	(8.6)%
International Package:				
Domestic	1,575	1,554	21	1.4 %
Export	1,762	1,703	59	3.5 %
Total International Package	3,337	3,257	80	2.5 %
Consolidated	20,847	22,418	(1,571)	(7.0)%
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 25.55	\$ 23.23	\$ 2.32	10.0 %
Deferred	19.78	17.77	2.01	11.3 %
Ground	11.60	10.89	0.71	6.5 %
Total U.S. Domestic Package	13.21	12.34	0.87	7.1 %
International Package:				
Domestic	8.57	8.10	0.47	5.8 %
Export	32.61	32.82	(0.21)	(0.6)%
Total International Package	21.26	21.03	0.23	1.1 %
Consolidated	\$ 14.50	\$ 13.60	\$ 0.90	6.6 %

Certain amounts are calculated based on unrounded numbers.

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

	Twelve Months Ended			
	December 31,			
	2025	2024	Change	% Change
<i>(in millions)</i>				
Compensation and benefits	\$ 48,605	\$ 48,093	\$ 512	1.1 %
Repairs and maintenance	3,107	2,940	167	5.7 %
Depreciation and amortization	3,746	3,609	137	3.8 %
Purchased transportation	10,588	13,589	(3,001)	(22.1)%
Fuel	4,316	4,366	(50)	(1.1)%
Other occupancy	2,269	2,117	152	7.2 %
Other expenses	8,163	7,888	275	3.5 %
Total operating expenses	<u>\$ 80,794</u>	<u>\$ 82,602</u>	<u>\$ (1,808)</u>	(2.2)%

Certain amounts are calculated based on unrounded numbers.

United Parcel Service, Inc.
Consolidated Balance Sheets
December 31, 2025 (unaudited) and December 31, 2024 (amounts in millions)

	December 31, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,887	\$ 6,112
Accounts receivable, net	11,209	10,871
Other current assets	1,949	2,327
Total Current Assets	19,045	19,310
Property, Plant and Equipment, Net	37,731	37,179
Operating Lease Right-Of-Use Assets	4,263	4,149
Goodwill	5,837	4,300
Intangible Assets, Net	4,021	3,064
Deferred Income Tax Assets	140	112
Other Non-Current Assets	2,053	1,956
Total Assets	\$ 73,090	\$ 70,070
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt, commercial paper and finance leases	\$ 608	\$ 1,838
Current maturities of operating leases	763	733
Accounts payable	6,633	6,302
Accrued wages and withholdings	3,715	3,655
Self-insurance reserves	1,137	1,086
Accrued group welfare and retirement plan contributions	1,389	1,390
Other current liabilities	1,375	1,437
Total Current Liabilities	15,620	16,441
Long-Term Debt and Finance Leases	23,519	19,446
Non-Current Operating Leases	3,700	3,635
Pension and Postretirement Benefit Obligations	6,567	6,859
Deferred Income Tax Liabilities	3,690	3,595
Other Non-Current Liabilities	3,739	3,351
Shareowners' Equity:		
Class A common stock	1	2
Class B common stock	8	7
Additional paid-in capital	275	136
Retained earnings	20,151	20,882
Accumulated other comprehensive loss	(4,208)	(4,309)
Deferred compensation obligations	5	7
Less: Treasury stock	(5)	(7)
Total Equity for Controlling Interests	16,227	16,718
Noncontrolling interests	28	25
Total Shareowners' Equity	16,255	16,743
Total Liabilities and Shareowners' Equity	\$ 73,090	\$ 70,070

Certain prior year amounts 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
(In millions, unaudited)

	Twelve Months Ended December 31,	
	2025	2024
Cash Flows From Operating Activities:		
Net income	\$ 5,572	\$ 5,782
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	3,746	3,609
Pension and postretirement benefit expense	1,009	1,698
Pension and postretirement benefit contributions	(1,361)	(1,524)
Self-insurance reserves	236	44
Deferred tax benefit	(8)	(15)
Stock compensation expense	73	24
Other losses	113	262
Changes in assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	(382)	(566)
Other assets	65	70
Accounts payable	(190)	262
Accrued wages and withholdings	27	501
Other liabilities	(517)	(11)
Other operating activities	67	(14)
Net cash from operating activities	8,450	10,122
Cash Flows From Investing Activities:		
Capital expenditures	(3,685)	(3,909)
Proceeds from disposal of businesses, property, plant and equipment	700	1,115
Purchases of marketable securities	(90)	(76)
Sales and maturities of marketable securities	293	2,748
Acquisitions, net of cash acquired	(1,968)	(71)
Other investing activities	15	(24)
Net cash used in investing activities	(4,735)	(217)
Cash Flows From Financing Activities:		
Net change in short-term debt	—	(1,272)
Proceeds from long-term borrowings	4,153	2,785
Repayments of long-term borrowings	(2,069)	(2,487)
Purchases of common stock	(1,000)	(500)
Issuances of common stock	159	232
Dividends	(5,398)	(5,399)
Other financing activities	14	(209)
Net cash used in financing activities	(4,141)	(6,850)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	201	(149)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(225)	2,906
Cash, Cash Equivalents and Restricted Cash:		
Beginning of period	6,112	3,206
End of period	\$ 5,887	\$ 6,112

Certain prior year amounts 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)
(In millions, unaudited)

	Twelve Months Ended December 31,	
	2025	2024
Cash flows from operating activities	\$ 8,450	\$ 10,122
Capital expenditures	(3,685)	(3,909)
Proceeds from disposals of property, plant and equipment	700	113
Other investing activities	5	(24)
Free Cash Flow (Non-GAAP measure)	<u>\$ 5,470</u>	<u>\$ 6,302</u>

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>	2025	2024
Operating Profit (GAAP)	\$ 2,575	\$ 2,926
Transformation Strategy Costs:		
<i>Transformation 2.0</i>		
<i>Financial systems</i>	11	13
<i>Transformation 2.0 total</i>	11	13
<i>Fit to Serve</i>	—	47
<i>Network Reconfiguration and Efficiency Reimagined</i>	122	35
Total Transformation Strategy Costs	133	95
Goodwill and Asset Impairment Charges ^(1,2)	182	60
Multiemployer Pension Plan Withdrawal ⁽³⁾	—	19
Non-GAAP Adjusted Operating Profit	\$ 2,890	\$ 3,100

<i>(amounts in millions)</i>	2025	2024
Other Income (Expense) (GAAP)	\$ (203)	\$ (799)
Pension Adjustment ⁽⁴⁾	—	665
Non-GAAP Adjusted Other Income (Expense)	\$ (203)	\$ (134)

	2025	2024
Operating Margin (GAAP)	10.5 %	11.6 %
Transformation Strategy Costs:		
<i>Transformation 2.0</i>		
<i>Financial systems</i>	0.1 %	0.1 %
<i>Transformation 2.0 total</i>	0.1 %	0.1 %
<i>Fit to Serve</i>	—	0.2 %
<i>Network Reconfiguration and Efficiency Reimagined</i>	0.5 %	0.1 %
Total Transformation Strategy Costs	0.6 %	0.4 %
Goodwill and Asset Impairment Charges ^(1,2)	0.7 %	0.2 %
Multiemployer Pension Plan Withdrawal ⁽³⁾	— %	0.1 %
Non-GAAP Adjusted Operating Margin	11.8 %	12.3 %

⁽¹⁾ Reflects a pre-tax impairment charge of \$182 million related to the retirement of the MD-11 aircraft fleet.

⁽²⁾ Reflects pre-tax impairment charges of \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

⁽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 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>	2025	2024
Income Before Income Taxes (GAAP)	\$ 2,372	\$ 2,127
Transformation Strategy Costs:		
<i>Transformation 2.0</i>		
<i>Financial systems</i>	11	13
<i>Transformation 2.0 total</i>	11	13
<i>Fit to Serve</i>	—	47
<i>Network Reconfiguration and Efficiency Reimagined</i>	122	35
Total Transformation Strategy Costs	133	95
Goodwill and Asset Impairment Charges ^(1,2)	182	60
Multiemployer Pension Plan Withdrawal ⁽³⁾	—	19
Pension Adjustment ⁽⁴⁾	—	665
Non-GAAP Adjusted Income Before Income Taxes	\$ 2,687	\$ 2,966

<i>(amounts in millions)</i>	2025	2024
Income Tax Expense (GAAP)	\$ 581	\$ 406
Transformation Strategy Costs:		
<i>Transformation 2.0</i>		
<i>Financial systems</i>	3	3
<i>Transformation 2.0 total</i>	3	3
<i>Fit to Serve</i>	—	11
<i>Network Reconfiguration and Efficiency Reimagined</i>	29	8
Total Transformation Strategy Costs	32	22
Goodwill and Asset Impairment Charges ^(1,2)	45	14
Multiemployer Pension Plan Withdrawal ⁽³⁾	—	5
Pension Adjustment ⁽⁴⁾	—	159
Non-GAAP Adjusted Income Tax Expense	\$ 658	\$ 606

⁽¹⁾ Reflects a pre-tax impairment charge of \$182 million related to the retirement of the MD-11 aircraft fleet.

⁽²⁾ Reflects pre-tax impairment charges of \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

⁽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
(unaudited)

Three Months Ended
December 31,

<i>(amounts in millions)</i>	2025	2024
Net Income (GAAP)	\$ 1,791	\$ 1,721
Transformation Strategy Costs:		
<i>Transformation 2.0</i>		
<i>Financial systems</i>	8	10
<i>Transformation 2.0 total</i>	8	10
<i>Fit to Serve</i>	—	36
<i>Network Reconfiguration and Efficiency Reimagined</i>	93	27
Total Transformation Strategy Costs	101	73
Goodwill and Asset Impairment Charges ^(1,2)	137	46
Multiemployer Pension Plan Withdrawal ⁽³⁾	—	14
Pension Adjustment ⁽⁴⁾	—	506
Non-GAAP Adjusted Net Income	\$ 2,029	\$ 2,360

	2025	2024
Diluted Earnings Per Share (GAAP)	\$ 2.10	\$ 2.01
Transformation Strategy Costs:		
<i>Transformation 2.0</i>		
<i>Financial systems</i>	0.01	0.01
<i>Transformation 2.0 total</i>	0.01	0.01
<i>Fit to Serve</i>	—	0.04
<i>Network Reconfiguration and Efficiency Reimagined</i>	0.11	0.03
Total Transformation Strategy Costs	0.12	0.08
Goodwill and Asset Impairment Charges ^(1,2)	0.16	0.05
Multiemployer Pension Plan Withdrawal ⁽³⁾	—	0.02
Pension Adjustment ⁽⁴⁾	—	0.59
Non-GAAP Adjusted Diluted Earnings Per Share	\$ 2.38	\$ 2.75

⁽¹⁾ Reflects a pre-tax impairment charge of \$182 million related to the retirement of the MD-11 aircraft fleet.

⁽²⁾ Reflects pre-tax impairment charges of \$60 million for IT systems and other fixed assets within Supply Chain Solutions in 2024.

⁽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 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,									
	2025	2024		2025	2024		2025	2024	
U.S. Domestic Package	Operating Expenses		% Change	Operating Profit		% Change	Operating Margin		
GAAP	\$ 15,328	\$ 15,631	(1.9)%	\$ 1,428	\$ 1,681	(15.1)%	8.5 %	9.7 %	
<i>Adjusted for:</i>									
Transformation Strategy Costs	(105)	(54)		105	54		0.7 %	0.3 %	
Goodwill and Asset Impairment Charges	(173)	—		173	—		1.0 %	— %	
Multiemployer Pension Plan Withdrawal	—	(19)		—	19		— %	0.1 %	
Non-GAAP Adjusted Measure	\$ 15,050	\$ 15,558	(3.3)%	\$ 1,706	\$ 1,754	(2.7)%	10.2 %	10.1 %	
	2025	2024		2025	2024		2025	2024	
International Package	Operating Expenses		% Change	Operating Profit		% Change	Operating Margin		
GAAP	\$ 4,161	\$ 3,904	6.6 %	\$ 884	\$ 1,019	(13.2)%	17.5 %	20.7 %	
<i>Adjusted for:</i>									
Transformation Strategy Costs	(15)	(43)		15	43		0.3 %	0.9 %	
Goodwill and Asset Impairment Charges	(9)	—		9	—		0.2 %	— %	
Non-GAAP Adjusted Measure	\$ 4,137	\$ 3,861	7.1 %	\$ 908	\$ 1,062	(14.5)%	18.0 %	21.6 %	
	2025	2024		2025	2024		2025	2024	
Supply Chain Solutions	Operating Expenses		% Change	Operating Profit		% Change	Operating Margin		
GAAP	\$ 2,415	\$ 2,840	(15.0)%	\$ 263	\$ 226	16.4 %	9.8 %	7.4 %	
<i>Adjusted for:</i>									
Transformation Strategy Costs	(13)	2		13	(2)		0.5 %	(0.1)%	
Goodwill and Asset Impairment Charges	—	(60)		—	60		— %	2.0 %	
Non-GAAP Adjusted Measure	\$ 2,402	\$ 2,782	(13.7)%	\$ 276	\$ 284	(2.8)%	10.3 %	9.3 %	

Certain amounts are calculated based on unrounded numbers.

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
	2025	2024	
Operating Days	62	62	
Average Daily U.S. Domestic Package Volume (in thousands)	19,970	22,382	
U.S. Domestic Package Cost Per Piece (GAAP)	\$ 12.14	\$ 11.00	10.4 %
Transformation Strategy Costs	(0.08)	(0.04)	
Goodwill and Asset Impairment Charges	(0.14)	—	
Multiemployer Pension Plan Withdrawal	—	(0.01)	
U.S. Domestic Package Non-GAAP Adjusted Cost Per Piece	\$ 11.92	\$ 10.95	8.9 %

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

Certain amounts are calculated based on unrounded numbers.

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)
Year Ended
December 31,

<i>(amounts in millions)</i>	2025	2024		2025	2024
Operating Profit (GAAP)	\$ 7,867	\$ 8,468		Operating Margin (GAAP)	8.9 % 9.3 %
Transformation Strategy Costs:				Transformation Strategy Costs:	
<i>Transformation 2.0</i>				<i>Transformation 2.0</i>	
<i>Business portfolio review</i>	(18)	29		<i>Business portfolio review</i>	— % — %
<i>Financial systems</i>	55	54		<i>Financial systems</i>	0.1 % 0.1 %
<i>Transformation 2.0 total</i>	37	83		<i>Transformation 2.0 total</i>	0.1 % 0.1 %
<i>Fit to Serve</i>	47	204		<i>Fit to Serve</i>	0.1 % 0.3 %
<i>Network Redesign and Efficiency Reimagined</i>	509	35		<i>Network Redesign and Efficiency Reimagined</i>	0.6 % — %
Total Transformation Strategy Costs	593	322		Total Transformation Strategy Costs	0.8 % 0.4 %
Goodwill and Asset Impairment Charges ^(1,2)	182	108		Goodwill and Asset Impairment Charges ^(1,2)	0.1 % 0.2 %
Net Loss (Gain) on Divestiture ^(3,5)	19	(156)		Net Loss (Gain) on Divestiture ^(3,5)	— % (0.2)%
One-Time Payment for Int'l Regulatory Matter ⁽⁴⁾	—	88		One-Time Payment for Int'l Regulatory Matter ⁽⁴⁾	— % 0.1 %
Expense for Regulatory Matter ⁽⁵⁾	—	45		Expense for Regulatory Matter ⁽⁵⁾	— % — %
Multiemployer Pension Plan Withdrawal ⁽⁶⁾	—	19		Multiemployer Pension Plan Withdrawal ⁽⁶⁾	— % — %
Non-GAAP Adjusted Operating Profit	\$ 8,661	\$ 8,894		Non-GAAP Adjusted Operating Margin	9.8 % 9.8 %

<i>(amounts in millions)</i>	2025	2024
Other Income (Expense) (GAAP)	\$ (703)	\$ (1,026)
Goodwill and Asset Impairment Charges ⁽¹⁾	19	—
One-Time Payment for Int'l Regulatory Matter ⁽⁴⁾	—	6
Pension Adjustment ⁽⁸⁾	—	665
Non-GAAP Adjusted Other Income (Expense)	\$ (684)	\$ (355)

- ⁽¹⁾ Reflects pre-tax impairment charges of \$182 million related to the retirement of the MD-11 aircraft fleet and \$19 million for the write-down of an equity investment in 2025.
- ⁽²⁾ 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.
- ⁽³⁾ Represents a pre-tax gain of \$156 million on the divestiture of our Coyote Logistics business within Supply Chain Solutions during 2024.
- ⁽⁴⁾ Reflects a pre-tax one-time payment for an international regulatory matter of \$88 million and related interest of \$6 million.
- ⁽⁵⁾ Reflects expense related to the settlement of a regulatory matter.
- ⁽⁶⁾ Reflects a pre-tax one-time charge of \$19 million to withdraw from a multiemployer pension plan within the United States.
- ⁽⁷⁾ Reflects a pre-tax net loss of \$19 million on the divestiture of a business within Supply Chain Solutions.
- ⁽⁸⁾ Net mark-to-market loss recognized outside of a 10% corridor on company-sponsored defined benefit pension and postretirement plans.

Certain amounts are calculated based on unrounded numbers.

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

Year Ended
December 31,

<i>(amounts in millions)</i>	2025	2024
Income Before Income Taxes (GAAP)	\$ 7,164	\$ 7,442
Transformation Strategy Costs:		
<i>Transformation 2.0</i>		
<i>Business portfolio review</i>	(18)	29
<i>Financial systems</i>	55	54
<i>Transformation 2.0 total</i>	37	83
<i>Fit to Serve</i>	47	204
<i>Network Redesign and Efficiency Reimagined</i>	509	35
Total Transformation Strategy Costs	593	322
Goodwill and Asset Impairment Charges ^(1,2)	201	108
Net Loss (Gain) on Divestiture ^(7,3)	19	(156)
One-Time Payment for Int'l Regulatory Matter ⁽⁴⁾	—	94
Expense for Regulatory Matter ⁽⁵⁾	—	45
Multiemployer Pension Plan Withdrawal ⁽⁶⁾	—	19
Pension Adjustment ⁽⁸⁾	—	665
Non-GAAP Adjusted Income Before Income Taxes	\$ 7,977	\$ 8,539

<i>(amounts in millions)</i>	2025	2024
Income Tax Expense (GAAP)	\$ 1,592	\$ 1,660
Transformation Strategy Costs:		
<i>Transformation 2.0</i>		
<i>Business portfolio review</i>	(5)	7
<i>Financial systems</i>	14	13
<i>Transformation 2.0 total</i>	9	20
<i>Fit to Serve</i>	10	49
<i>Network Redesign and Efficiency Reimagined</i>	122	8
Total Transformation Strategy Costs	141	77
Goodwill and Asset Impairment Charges ^(1,2)	45	27
Net Loss (Gain) on Divestiture ^(7,3)	4	(4)
Multiemployer Pension Plan Withdrawal ⁽⁶⁾	—	5
Pension Adjustment ⁽⁸⁾	—	159
Reversal of Income Tax Valuation Allowance ⁽⁹⁾	109	—
Non-GAAP Adjusted Income Tax Expense	\$ 1,891	\$ 1,924

⁽¹⁾ Reflects pre-tax impairment charges of \$182 million related to the retirement of the MD-11 aircraft fleet and \$19 million for the write-down of an equity investment in 2025.

⁽²⁾ 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.

⁽³⁾ Represents a pre-tax gain of \$156 million on the divestiture of our Coyote Logistics business within Supply Chain Solutions during 2024.

⁽⁴⁾ Reflects a pre-tax one-time payment for an international regulatory matter of \$88 million and related interest of \$6 million.

⁽⁵⁾ Reflects expense related to the settlement of a regulatory matter.

⁽⁶⁾ Reflects a pre-tax one-time charge of \$19 million to withdraw from a multiemployer pension plan within the United States.

⁽⁷⁾ Reflects a pre-tax net loss of \$19 million on the divestiture of a business within Supply Chain Solutions.

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

⁽⁹⁾ Reflects the reversal of an income tax valuation allowance.

Certain amounts are calculated based on unrounded numbers.

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

Year Ended
December 31,

<i>(amounts in millions)</i>	2025	2024
Net Income (GAAP)	\$ 5,572	\$ 5,782
Transformation Strategy Costs:		
<i>Transformation 2.0</i>		
<i>Business portfolio review</i>	(13)	22
<i>Financial systems</i>	41	41
<i>Transformation 2.0 total</i>	28	63
<i>Fit to Serve</i>	37	155
<i>Network Redesign and Efficiency Reimagined</i>	387	27
Total Transformation Strategy Costs	452	245
Goodwill and Asset Impairment Charges ^(1,2)	156	81
Net Loss (Gain) on Divestiture ^(7,3)	15	(152)
One-Time Payment for Int'l Regulatory Matter ⁽⁴⁾	—	94
Expense for Regulatory Matter ⁽⁵⁾	—	45
Multiemployer Pension Plan Withdrawal ⁽⁶⁾	—	14
Pension Adjustment ⁽⁸⁾	—	506
Reversal of Income Tax Valuation Allowance ⁽⁹⁾	(109)	—
Non-GAAP Adjusted Net Income	\$ 6,086	\$ 6,615

	2025	2024
Diluted Earnings Per Share (GAAP)	\$ 6.56	\$ 6.75
Transformation Strategy Costs:		
<i>Transformation 2.0</i>		
<i>Business portfolio review</i>	(0.02)	0.03
<i>Financial systems</i>	0.05	0.05
<i>Transformation 2.0 total</i>	0.03	0.08
<i>Fit to Serve</i>	0.04	0.18
<i>Network Redesign and Efficiency Reimagined</i>	0.46	0.03
Total Transformation Strategy Costs	0.53	0.29
Goodwill and Asset Impairment Charges ^(1,2)	0.18	0.09
Net Loss (Gain) on Divestiture ^(7,3)	0.02	(0.18)
One-Time Payment for Int'l Regulatory Matter ⁽⁴⁾	—	0.11
Expense for Regulatory Matter ⁽⁵⁾	—	0.05
Multiemployer Pension Plan Withdrawal ⁽⁶⁾	—	0.02
Pension Adjustment ⁽⁸⁾	—	0.59
Reversal of Income Tax Valuation Allowance ⁽⁹⁾	(0.13)	—
Non-GAAP Adjusted Diluted Earnings Per Share	\$ 7.16	\$ 7.72

⁽¹⁾ Reflects pre-tax impairment charges of \$182 million related to the retirement of the MD-11 aircraft fleet and \$19 million for the write-down of an equity investment in 2025.

⁽²⁾ 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.

⁽³⁾ Represents a pre-tax gain of \$156 million on the divestiture of our Coyote Logistics business within Supply Chain Solutions during 2024.

⁽⁴⁾ Reflects a pre-tax one-time payment for an international regulatory matter of \$88 million and related interest of \$6 million.

⁽⁵⁾ Reflects expense related to the settlement of a regulatory matter.

⁽⁶⁾ Reflects a pre-tax one-time charge of \$19 million to withdraw from a multiemployer pension plan within the United States.

⁽⁷⁾ Reflects a pre-tax net loss of \$19 million on the divestiture of a business within Supply Chain Solutions.

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

⁽⁹⁾ Reflects the reversal of an income tax valuation allowance.

Certain amounts are calculated based on unrounded numbers.

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

	Year Ended December 31,											
	2025		2024		2025		2024		2025		2024	
U.S. Domestic Package	Operating Expenses			% Change	Operating Profit			% Change	Operating Margin			
GAAP	\$	55,593	\$	56,031	(0.8)%	\$	3,926	\$	4,345	(9.6)%	6.6 %	7.2 %
Adjusted for:												
Transformation Strategy Costs		(505)		(147)		505		147		0.8 %	0.3 %	
Goodwill and Asset Impairment Charges		(173)		(5)		173		5		0.3 %	— %	
Multiemployer Pension Plan Withdrawal		—		(19)		—		19		— %	— %	
Non-GAAP Adjusted Measure	\$	54,915	\$	55,860	(1.7)%	\$	4,604	\$	4,516	1.9 %	7.7 %	7.5 %
	2025		2024		2025		2024		2025		2024	
International Package	Operating Expenses			% Change	Operating Profit			% Change	Operating Margin			
GAAP	\$	15,703	\$	14,769	6.3 %	\$	2,873	\$	3,191	(10.0)%	15.5 %	17.8 %
Adjusted for:												
Transformation Strategy Costs		(53)		(79)		53		79		0.3 %	0.4 %	
Goodwill and Asset Impairment Charges		(9)		(2)		9		2		— %	— %	
One-Time International Regulatory Matter		—		(88)		—		88		— %	0.5 %	
Non-GAAP Adjusted Measure	\$	15,641	\$	14,600	7.1 %	\$	2,935	\$	3,360	(12.6)%	15.8 %	18.7 %
	2025		2024		2025		2024		2025		2024	
Supply Chain Solutions	Operating Expenses			% Change	Operating Profit			% Change	Operating Margin			
GAAP	\$	9,498	\$	11,802	(19.5)%	\$	1,068	\$	932	14.6 %	10.1 %	7.3 %
Adjusted for:												
Transformation Strategy Costs		(35)		(96)		35		96		0.3 %	0.8 %	
Net (Loss) Gain on Divestiture		(19)		156		19		(156)		0.2 %	(1.2)%	
Goodwill and Asset Impairment Charges		—		(101)		—		101		— %	0.7 %	
Expense for Regulatory Matter		—		(45)		—		45		— %	0.4 %	
Non-GAAP Adjusted Measure	\$	9,444	\$	11,716	(19.4)%	\$	1,122	\$	1,018	10.2 %	10.6 %	8.0 %

Certain amounts are calculated based on unrounded numbers.

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

	Year Ended December 31,		% Change
	2025	2024	
Operating Days	252	253	
Average Daily U.S. Domestic Package Volume (in thousands)	17,510	19,161	
U.S. Domestic Package Cost Per Piece (GAAP)	\$ 12.35	\$ 11.42	8.1 %
Transformation Strategy Costs	(0.11)	(0.04)	
Goodwill and Asset Impairment Charges	(0.04)	—	
U.S. Domestic Package Non-GAAP Adjusted Cost Per Piece	\$ 12.20	\$ 11.38	7.2 %

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

Certain amounts are calculated based on unrounded numbers.

United Parcel Service, Inc.
Aircraft Fleet - As of December 31, 2025
(unaudited)

Description	UPS Owned and/or Operated	Charters & Leases Operated by Others	On Order	Under Option
Boeing 757-200	75	—	—	—
Boeing 767-300	89	—	18	—
Boeing 767-300BCF	6	—	—	—
Boeing 767-300BDSF	4	—	—	—
Airbus A300-600	52	—	—	—
Boeing MD-11 ⁽¹⁾	26	—	—	—
Boeing 747-400F	11	—	—	—
Boeing 747-400BCF	2	—	—	—
Boeing 747-8F	30	—	—	—
Other	—	221	—	—
Total	295	221	18	—

⁽¹⁾ MD-11 aircraft fleet shown above has been retired as of December 31, 2025.

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