

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

**Three Months Ended December 31, 2020**

	As-Reported (GAAP)	Transformation & Other <sup>(1)</sup>	Defined Benefit Plans MTM Charges <sup>(2)</sup>	As-Adjusted (Non-GAAP)
Operating profit:				
U.S. Domestic Package	\$ 1,247	\$ 132	\$ —	\$ 1,379
International Package	1,148	12	—	1,160
Supply Chain & Freight	(228)	559	—	331
Total operating profit	<u>\$ 2,167</u>	<u>\$ 703</u>	<u>\$ —</u>	<u>\$ 2,870</u>
Other income (expense)	(6,325)	—	6,484	159
Income (loss) before income taxes	(4,158)	703	6,484	3,029
Income tax expense (benefit)	(895)	44	1,555	704
Net income (loss)	<u>\$ (3,263)</u>	<u>\$ 659</u>	<u>\$ 4,929</u>	<u>\$ 2,325</u>
Diluted earnings (loss) per share <sup>(3)</sup>	\$ (3.75)	\$ 0.75	\$ 5.63	\$ 2.66

(1) Transformation & other of \$703 million reflects goodwill and other asset impairment charges of \$556 million related to the planned divestiture of UPS Freight, other employee benefits costs of \$100 million and other costs of \$47 million

(2) Represents mark-to-market losses recognized outside of a 10% corridor on company-sponsored pension and postretirement plans

(3) Does not total due to difference in weighted-average shares outstanding used to calculate diluted earnings per share

**Twelve Months Ended December 31, 2020**

	As-Reported (GAAP)	Transformation & Other <sup>(1)</sup>	Defined Benefit Plans MTM Charges <sup>(2)</sup>	As-Adjusted (Non-GAAP)
Operating profit:				
U.S. Domestic Package	\$ 3,891	\$ 237	\$ —	\$ 4,128
International Package	3,436	96	—	3,532
Supply Chain & Freight	487	571	—	1,058
Total operating profit	<u>\$ 7,814</u>	<u>\$ 904</u>	<u>\$ —</u>	<u>\$ 8,718</u>
Other income (expense)	(5,840)	—	6,484	644
Income before income taxes	1,974	904	6,484	9,362
Income tax expense	547	94	1,555	2,196
Net income	<u>\$ 1,427</u>	<u>\$ 810</u>	<u>\$ 4,929</u>	<u>\$ 7,166</u>
Diluted earnings per share	\$ 1.64	\$ 0.93	\$ 5.66	\$ 8.23

(1) Transformation & other of \$904 million reflects goodwill and other asset impairment charges of \$556 million related to the planned divestiture of UPS Freight, other employee benefits costs of \$211 million and other costs of \$137 million

(2) Represents mark-to-market losses recognized outside of a 10% corridor on company-sponsored pension and postretirement plans

**Reconciliation of GAAP and Non-GAAP Revenue, Revenue Per Piece,  
and Adjusted Operating Profit**  
(in millions, except per piece amounts):

**Three Months Ended December 31,**

	2020 As- Reported (GAAP)	2019 As- Reported (GAAP)	% Change (GAAP)	Currency Impact	2020 Currency- Neutral (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 7.08	\$ 6.49	9.1 %	\$ (0.29)	\$ 6.79	4.6 %
Export	28.24	28.56	(1.1)%	(0.71)	27.53	-3.6 %
Total International Package	<u>\$ 17.27</u>	<u>\$ 16.63</u>	3.8 %	<u>\$ (0.49)</u>	<u>\$ 16.78</u>	0.9 %
Consolidated	<u>\$ 11.14</u>	<u>\$ 10.32</u>	7.9 %	<u>\$ (0.07)</u>	<u>\$ 11.07</u>	7.3 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 15,744	\$ 13,408	17.4 %	\$ —	\$ 15,744	17.4 %
International Package	4,770	3,762	26.8 %	(132)	4,638	23.3 %
Supply Chain & Freight	4,382	3,398	29.0 %	(16)	4,366	28.5 %
Total revenue	<u>\$ 24,896</u>	<u>\$ 20,568</u>	21.0 %	<u>\$ (148)</u>	<u>\$ 24,748</u>	20.3 %

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

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Currency Impact	2020 As-Adjusted Currency- Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating profit:</b>						
U.S. Domestic Package	\$ 1,379	\$ 1,207	14.3 %	\$ —	\$ 1,379	14.3 %
International Package	1,160	809	43.4 %	(33)	1,127	39.3 %
Supply Chain & Freight	331	262	26.3 %	6	337	28.6 %
Total operating profit	<u>\$ 2,870</u>	<u>\$ 2,278</u>	26.0 %	<u>\$ (27)</u>	<u>\$ 2,843</u>	24.8 %

(1) Amounts adjusted for transformation & other

(2) Amounts adjusted for transformation & other and period over period foreign currency exchange rate and hedging differences

**Reconciliation of GAAP and Non-GAAP Revenue, Revenue Per Piece,  
and Adjusted Operating Profit**  
(in millions, except per piece amounts):

Twelve Months Ended December 31,

	2020 As- Reported (GAAP)	2019 As- Reported (GAAP)	% Change (GAAP)	Currency Impact	2020 Currency- Neutral (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 6.65	\$ 6.51	2.2 %	\$ (0.06)	\$ 6.59	1.2 %
Export	28.52	29.10	(2.0)%	(0.23)	28.29	(2.8)%
Total International Package	<u>\$ 16.99</u>	<u>\$ 16.93</u>	0.4 %	<u>\$ (0.14)</u>	<u>\$ 16.85</u>	(0.5)%
Consolidated	<u>\$ 10.94</u>	<u>\$ 10.87</u>	0.6 %	<u>\$ (0.02)</u>	<u>\$ 10.92</u>	0.5 %
<b>Revenue:</b>						
U.S. Domestic Package	\$ 53,499	\$ 46,493	15.1 %	\$ —	\$ 53,499	15.1 %
International Package	15,945	14,220	12.1 %	(129)	15,816	11.2 %
Supply Chain & Freight	15,184	13,381	13.5 %	92	15,276	14.2 %
Total revenue	<u>\$ 84,628</u>	<u>\$ 74,094</u>	14.2 %	<u>\$ (37)</u>	<u>\$ 84,591</u>	14.2 %

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

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Currency Impact	2020 As-Adjusted Currency- Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating profit:</b>						
U.S. Domestic Package	\$ 4,128	\$ 4,369	(5.5)%	\$ —	\$ 4,128	(5.5)%
International Package	3,532	2,779	27.1 %	(70)	3,462	24.6 %
Supply Chain & Freight	1,058	1,002	5.6 %	2	1,060	5.8 %
Total operating profit	<u>\$ 8,718</u>	<u>\$ 8,150</u>	7.0 %	<u>\$ (68)</u>	<u>\$ 8,650</u>	6.1 %

(1) Amounts adjusted for transformation & other

(2) Amounts adjusted for transformation & other and period over period foreign currency exchange rate and hedging differences

**Reconciliation of Non-GAAP Pension Discount Rate-Neutral Operating Profit and Margin  
(in millions):**

**Three Months Ended December 31,**

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate-Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating Profit:</b>						
U.S. Domestic Package	\$ 1,379	\$ 1,207	14.3 %	\$ 61	\$ 1,440	19.3 %
International Package	1,160	809	43.4 %	5	1,165	44.0 %
Supply Chain & Freight	331	262	26.3 %	7	338	29.0 %
Total operating profit	<u>\$ 2,870</u>	<u>\$ 2,278</u>	26.0 %	<u>\$ 73</u>	<u>\$ 2,943</u>	29.2 %

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate-Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating margin:</b>						
U.S. Domestic Package	8.8 %	9.0 %	(0.2)%	0.3 %	9.1 %	0.1 %
International Package	24.3 %	21.5 %	2.8 %	0.1 %	24.4 %	2.9 %
Supply Chain & Freight	7.6 %	7.7 %	(0.1)%	0.1 %	7.7 %	— %
Total operating margin	<u>11.5 %</u>	<u>11.1 %</u>	0.4 %	<u>0.3 %</u>	<u>11.8 %</u>	0.7 %

(1) Amounts adjusted for transformation & other

(2) Amounts adjusted for transformation & other and period over period impact of discount rates on pension service cost

**Reconciliation of Non-GAAP Pension Discount Rate-Neutral Operating Profit and Margin  
(in millions):**

**Twelve Months Ended December 31,**

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate-Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating Profit:</b>						
U.S. Domestic Package	\$ 4,128	\$ 4,369	(5.5)%	\$ 249	\$ 4,377	0.2 %
International Package	3,532	2,779	27.1 %	17	3,549	27.7 %
Supply Chain & Freight	1,058	1,002	5.6 %	28	1,086	8.4 %
Total operating profit	<u>\$ 8,718</u>	<u>\$ 8,150</u>	7.0 %	<u>\$ 294</u>	<u>\$ 9,012</u>	10.6 %

	2020 As-Adjusted (Non-GAAP) <sup>(1)</sup>	2019 As-Adjusted (Non-GAAP) <sup>(1)</sup>	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate-Neutral (Non-GAAP) <sup>(2)</sup>	% Change (Non-GAAP)
<b>As-Adjusted Operating Margin:</b>						
U.S. Domestic Package	7.7 %	9.4 %	(1.7)%	0.5 %	8.2 %	(1.2)%
International Package	22.2 %	19.5 %	2.7 %	0.1 %	22.3 %	2.8 %
Supply Chain & Freight	7.0 %	7.5 %	(0.5)%	0.2 %	7.2 %	(0.3)%
Total operating margin	<u>10.3 %</u>	<u>11.0 %</u>	(0.7)%	<u>0.3 %</u>	<u>10.6 %</u>	(0.4)%

(1) Amounts adjusted for transformation & other

(2) Amounts adjusted for transformation & other and period over period impact of discount rates on pension service cost

**Reconciliation of Adjusted Capital Expenditures and Free Cash Flow (Non-GAAP)**  
(in millions):

**Twelve Months Ended December 31,**

		<b>2020</b>
Cash flows from operating activities (GAAP)	\$	10,459
Capital expenditures		(5,412)
Proceeds from disposals of PP&E		40
Net change in finance receivables		44
Other investing activities		(41)
Free cash flow (Non-GAAP)	\$	5,090
Principal repayments of finance lease obligations		(192)
Adjusted Free cash flow (Non-GAAP)	\$	4,898
Discretionary pension contributions		2,770
Adjusted Free cash flow (Non-GAAP) excluding discretionary pension contributions	\$	7,668
Capital expenditures	\$	5,412
Principal repayments of finance lease obligations		192
Adjusted Capital expenditures (Non-GAAP)	\$	5,604

*Amounts are subject to reclassification.*