3Q25 Earnings Call

October 28, 2025

PJ GUIDO

Investor Relations Officer

UPS Speakers

CAROL B. TOMÉ
Chief Executive Officer

BRIAN DYKES
Chief Financial Officer

Forward-Looking Statements and Non-GAAP Reconciliations

Forward-Looking Statements

This presentation and our 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.

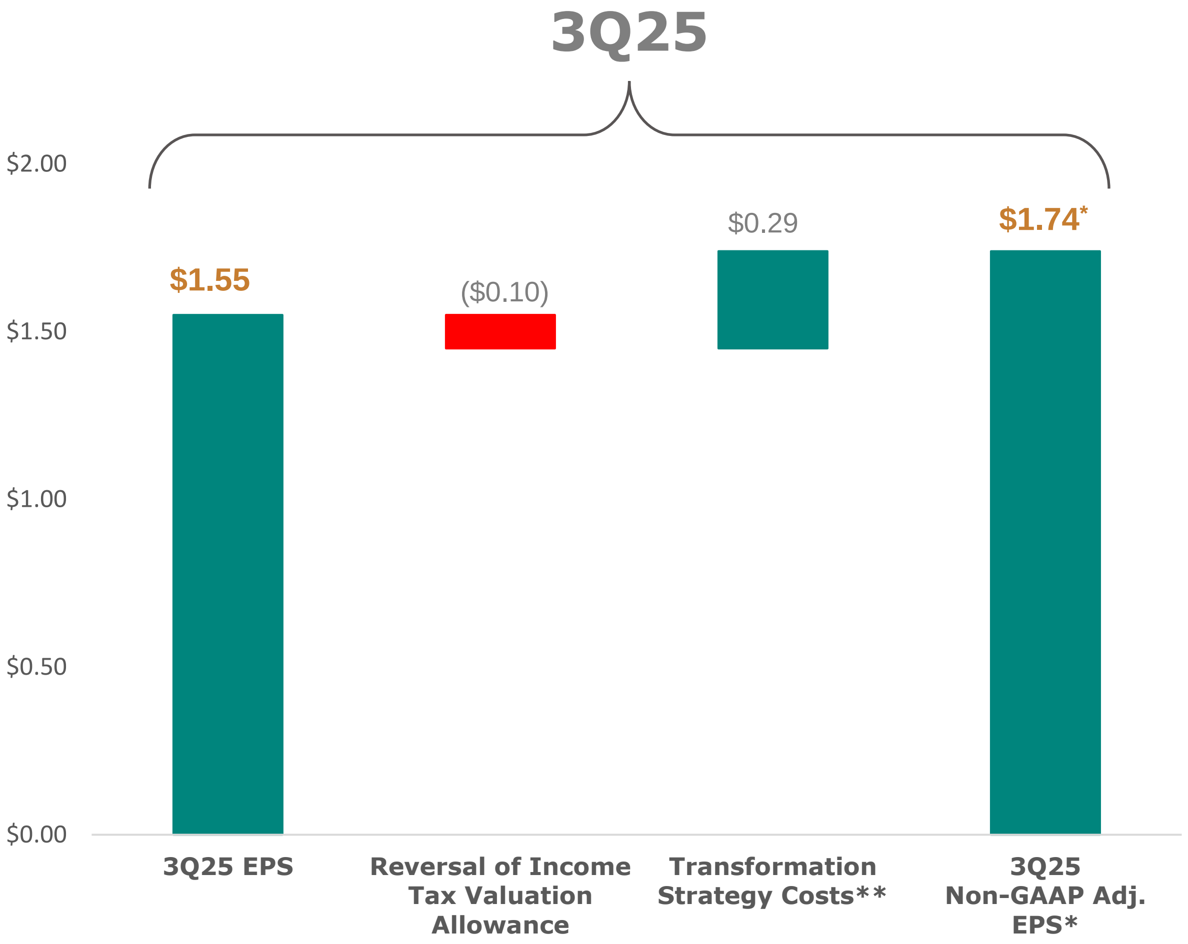
From time to time, we also include written or oral forward-looking statements in other publicly disclosed materials. Such statements may relate to our intent, belief, forecasts of, or current expectations about our strategic direction, prospects, future results, or future events; they do not relate strictly 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.

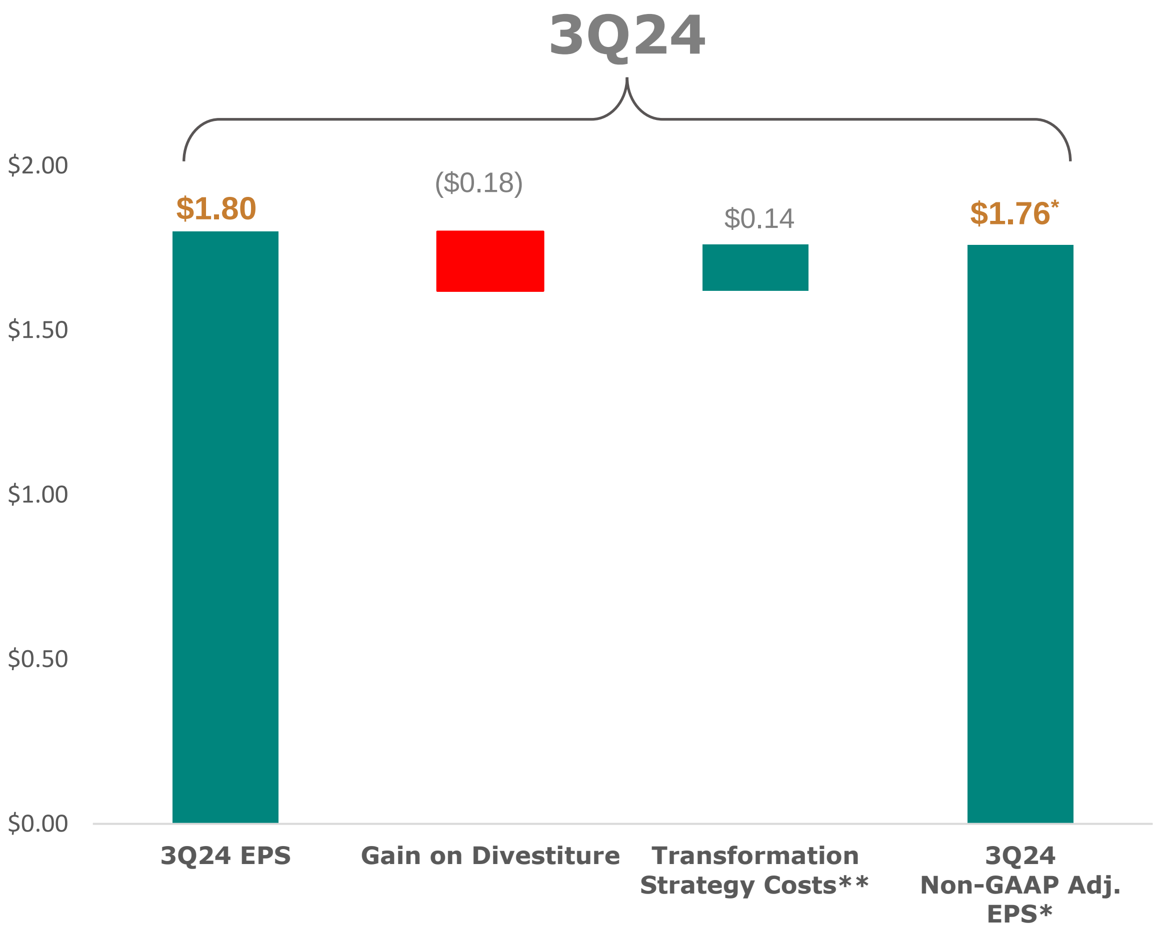
Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties include, but are not limited to: changes in general economic 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.

Information, including comparisons to prior periods, may reflect adjusted results. See the appendix for reconciliations of adjusted results and other non-GAAP adjusted financial measures.

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.

Diluted EPS





In 3Q25, UPS entered into a sale-leaseback transaction related to five properties, which resulted in a $330M pre-tax gain on sale within Supply Chain Solutions, and contributed $0.30 to diluted EPS

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.
** For additional information on our Transformation strategy initiatives, see the Appendix to this presentation.

CAROL B. TOMÉ

Chief Executive Officer

Thank You UPSers

3Q25 Consolidated Results

In $ Millions **(except per share)**	**3Q25**	**3Q24**	**Change Y/Y**
Revenue	$21,415	$22,245	-3.7%
Non-GAAP Adj. Operating Profit*	$2,132	$1,983	7.5%
Non-GAAP Adj. Operating Margin*	10.0%	8.9%	110 bps
Non-GAAP Adj. Diluted EPS*	$1.74	$1.76	-1.1%

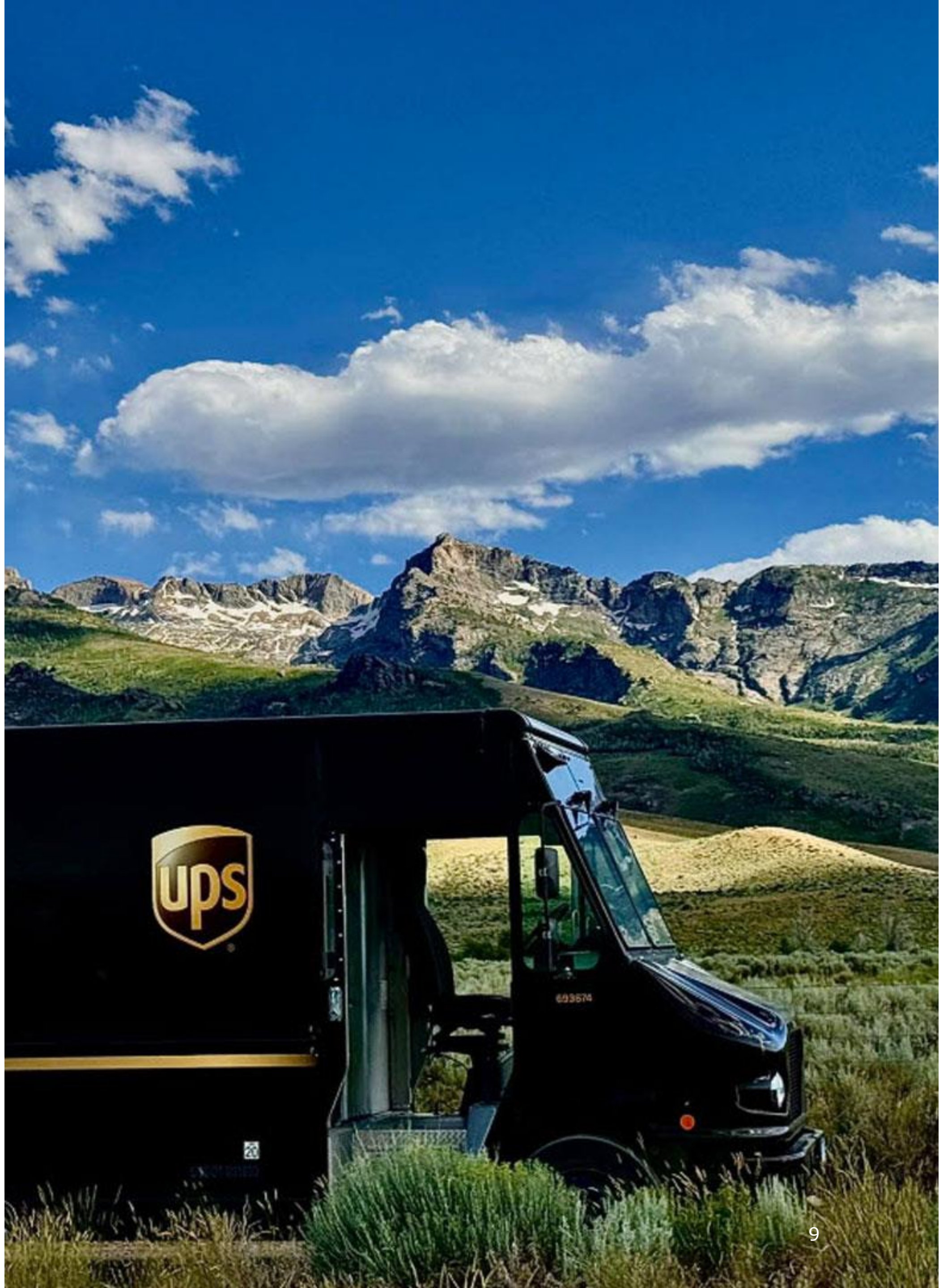
"Our focus on revenue quality yielded solid results, as U.S. revenue per piece grew by 9.8% in the third quarter. By coupling solid revenue-per-piece growth with outstanding expense control, we were able to grow our U.S. Domestic operating margin by 10 bps to what we reported last year, on an ADV decline of 2.3 million, or 12.3%."

Carol B. Tomé, CEO

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

Operational Update

- Integrated Agentic AI into our Next Gen Brokerage capabilities to streamline formal entry processes
- Expect to close on our acquisition of Andlauer Healthcare Group in early November
- Digital Access Program (DAP) generated over $2.8B in global revenue in the first nine months of 2025
- Our network reconfiguration and cost-efforts are on schedule
    - Amazon's total volume was down 21.2% Y/Y in 3Q25
    - Closed 19 buildings, totaling 93 buildings so far this year
    - Completed a successful voluntary retirement program



2025 Peak Season

Seven consecutive years of industry-leading service… confident we'll make it eight

- Top 100 customers drive ~80% of our peak volume surge each year
  - Expect total peak ADV in the U.S. to be down Y/Y, given our Amazon glide-down plan
- Operating more efficiently due to strategic enhancements
  - Reducing seasonal hires and leased trailers, vehicles and aircraft
  - Deployed new automated systems in 35 facilities in the past year
  - Expect two-thirds of our U.S. volume to move through automated processes in 4Q25
- Leveraging our proven technology to scale the network
- Maintaining a sharp focus on service quality

4Q25 Outlook

- Consolidated revenue of approximately $24.0 billion
- Consolidated non-GAAP adj. operating margin* of approximately 11.0%-11.5%

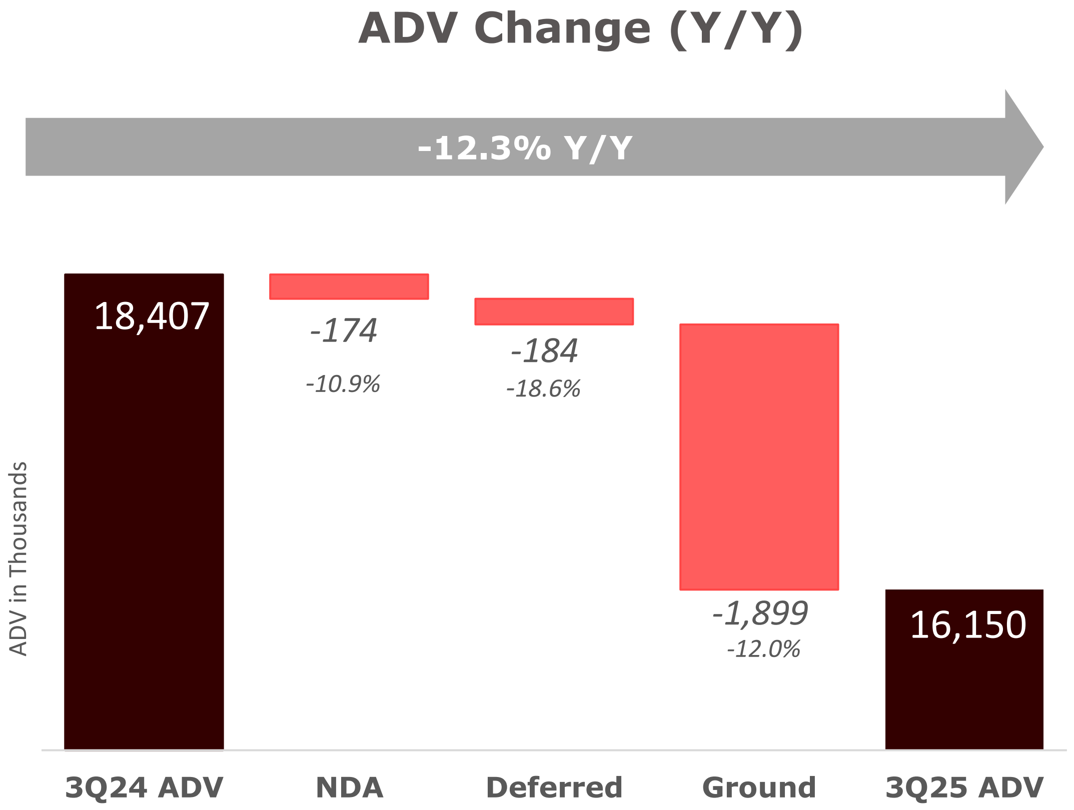
*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

BRIAN DYKES

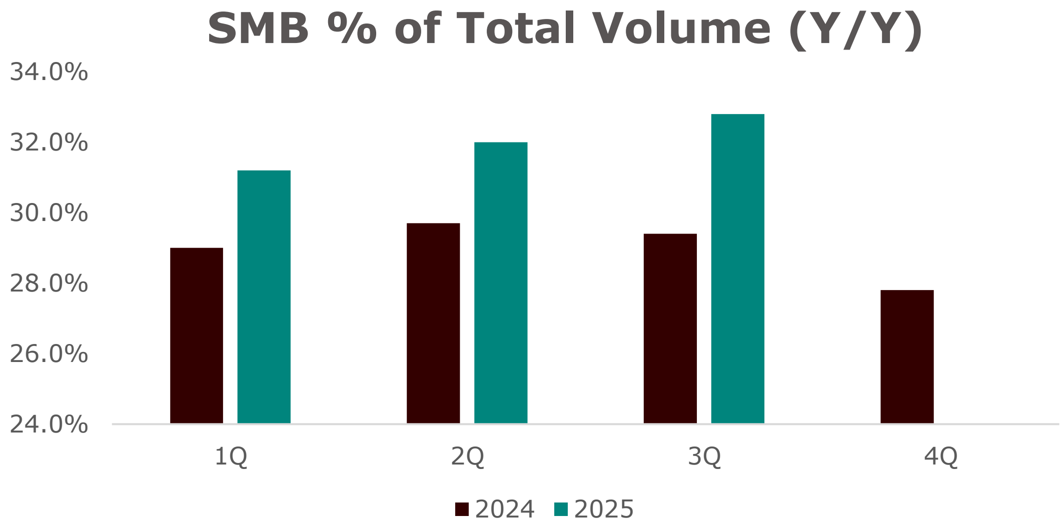
Chief Financial Officer

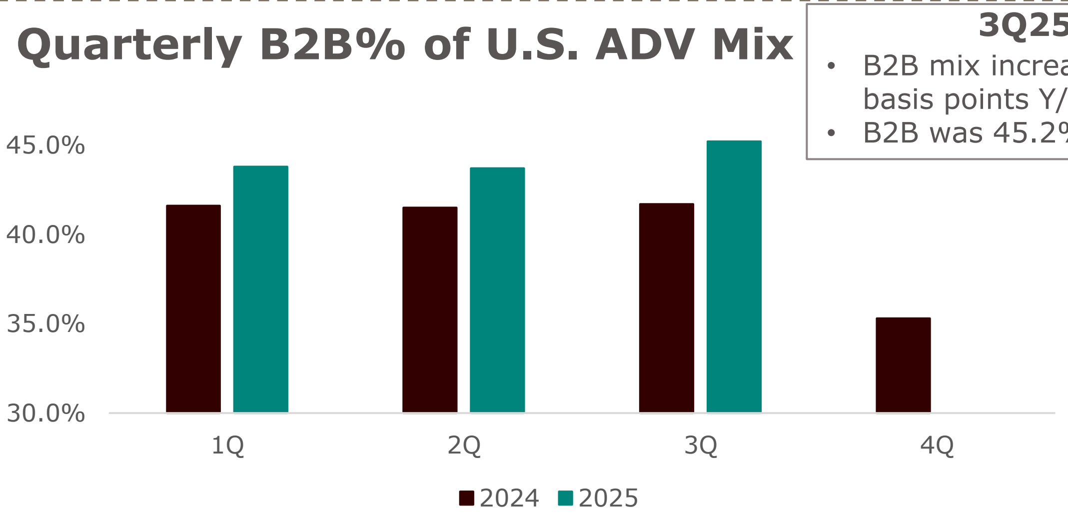
3Q Average Daily Volume Declined 12.3% Y/Y

SMBs made up 32.8% of total U.S. volume, a 340 basis point improvement Y/Y



- Within Ground, Ground Saver ADV declined 32.7%, primarily due to the actions taken with Amazon and to trim lower-yielding e-commerce volume
- Ground Commercial and Ground Residential were over 84% of total Ground ADV, the highest percentage in more than five years



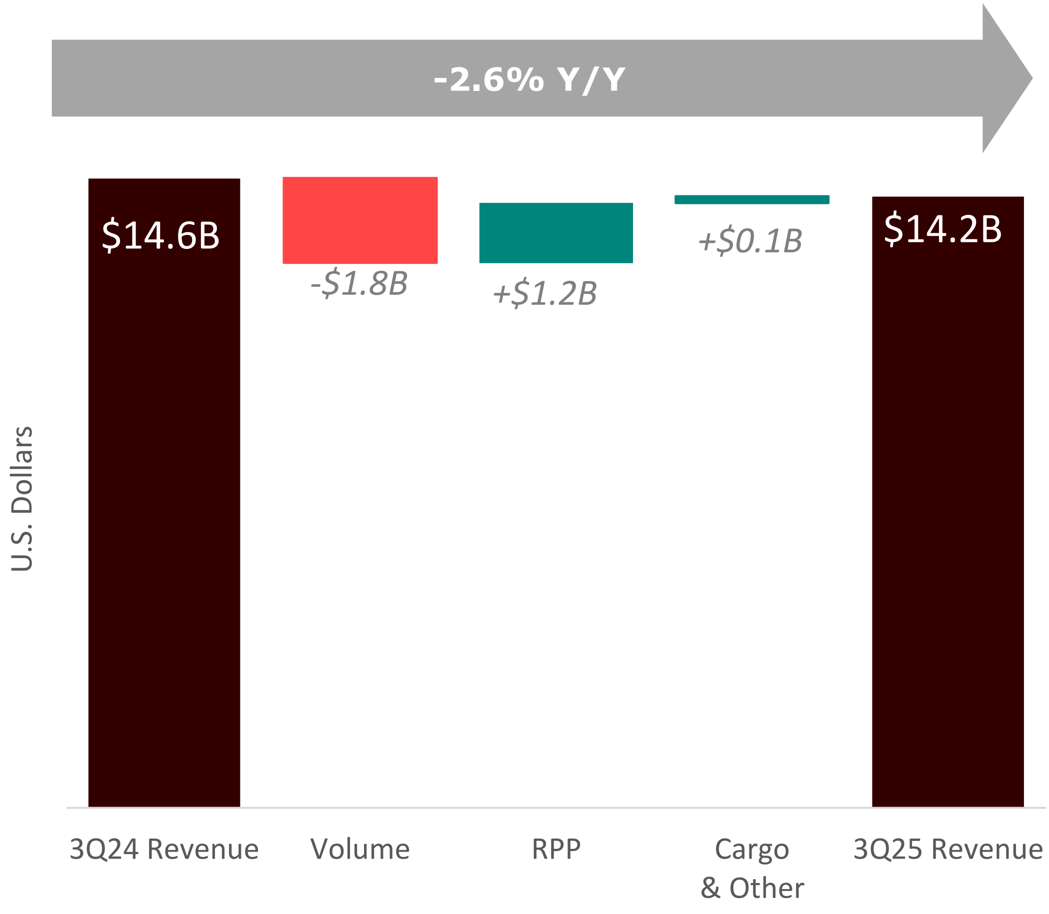


3Q25
- B2B mix increased 350 basis points Y/Y
- B2B was 45.2% of ADV

3Q Revenue of $14.2B

Revenue down just 2.6% against an ADV decline of 12.3%

Revenue Change (Y/Y)



- Revenue per piece (RPP) improved 9.8% Y/Y, the strongest RPP growth rate in three years
- The components of the 9.8% RPP improvement include:
  - Base rates and package characteristics increased the RPP growth rate 350 basis points
  - Customer and product mix improvements increased the RPP growth rate 400 basis points
  - Fuel drove a 230 basis point increase in the RPP growth rate

Delivered $905M in Non-GAAP Adj. Operating Profit* in 3Q

Non-GAAP adj. operating margin* of 6.4%

U.S. Domestic Results

	3Q25	3Q24	Change Y/Y
Revenue	$14.2B	$14.6B	-2.6%
Non-GAAP Adj. Operating Profit*	$905M	$919M	-1.5%
Non-GAAP Adj. Operating Margin*	6.4%	6.3%	+10 bps

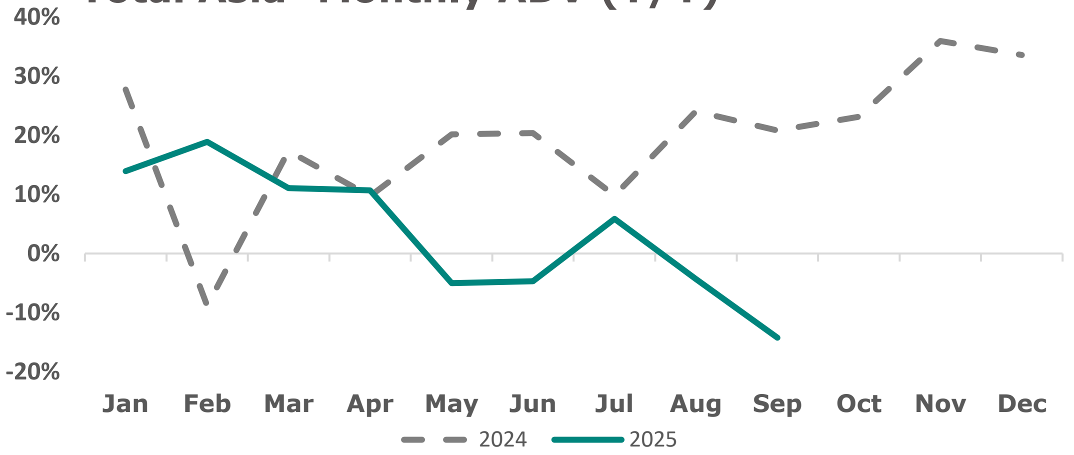
- Total non-GAAP adj. operating expense* declined 2.7% Y/Y, driven by actions to reduce hours and operational positions with volume
- Non-GAAP adj. cost per piece* increased 10.4% Y/Y
  - Due to tough Y/Y comparison, together with the costs associated with delivering Ground Saver volume and the contractual union wage increase that went into effect on August 1st
- Non-GAAP adj. operating margin* of 6.4%

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

3Q International Total Average Daily Volume Increased 4.8% Y/Y

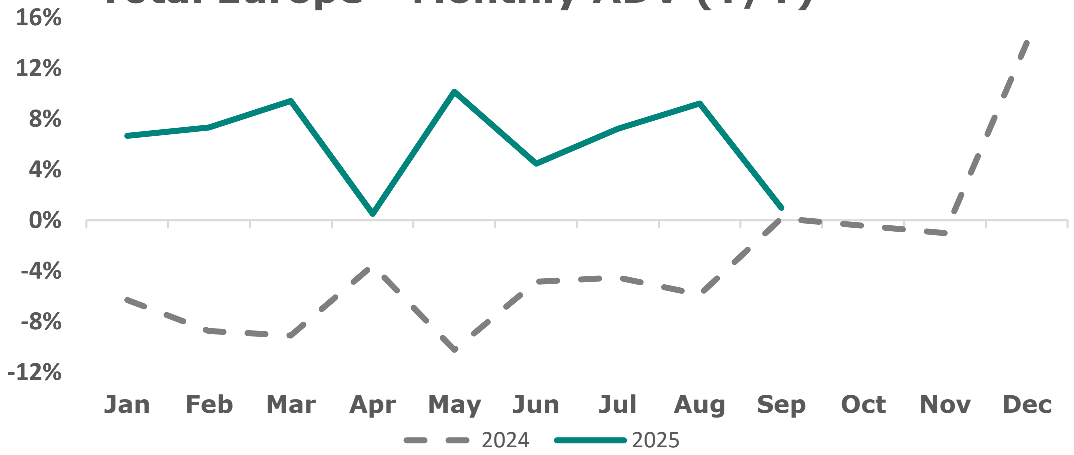
International export ADV increased 5.9% Y/Y

Total Asia* Monthly ADV (Y/Y)



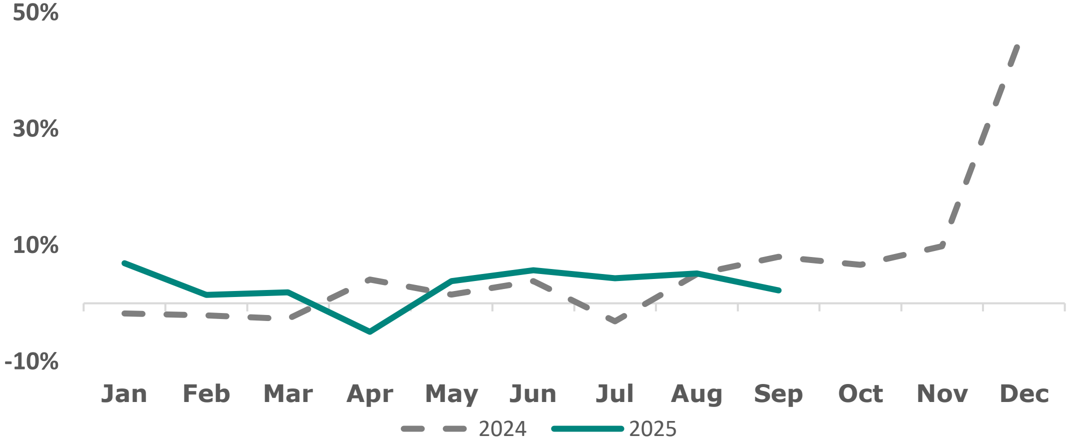
*Lunar New Year was in February of 2024 and in January of 2025; Asia restated to include India

Total Europe** Monthly ADV (Y/Y)

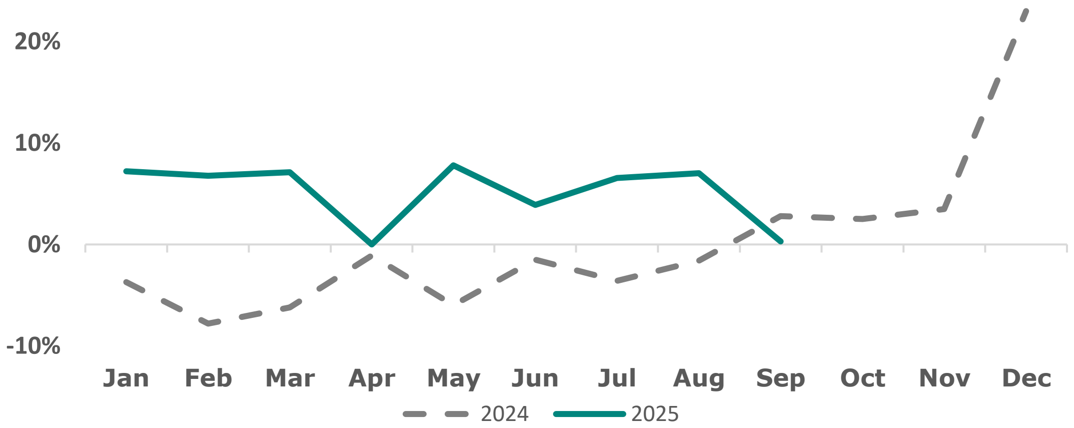


**Europe includes Middle East and Africa; Europe restated to exclude India

Total Americas Monthly ADV (Y/Y)



Total International Monthly ADV (Y/Y)



Generated 3Q Non-GAAP Adj. Operating Profit* of $691M

Revenue of $4.7B, up 5.9% Y/Y

International Results

	3Q25	3Q24	Change Y/Y
Revenue	$4.7B	$4.4B	5.9%
Non-GAAP Adj. Operating Profit*	$691M	$792M	-12.8%
Non-GAAP Adj. Operating Margin*	14.8%	18.0%	-320 bps

- Non-GAAP adj. operating profit pressured by trade lane shifts, product trade down and lower demand related surcharges
- Non-GAAP adj. operating margin* of 14.8%

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

Revenue of $2.5B, Down $715M Y/Y

$465M of the decrease in revenue Y/Y due to 3Q24 divestiture of Coyote

Supply Chain Solutions Results

	3Q25	3Q24	Change Y/Y
Revenue	$2.5B	$3.2B	-22.1%
Non-GAAP Adj. Operating Profit*	$536M	$272M	97.1%
Non-GAAP Adj. Operating Margin*	21.3%	8.4%	+1290 bps

- Within SCS:
  - Demand softness in Air and Ocean Forwarding resulted in lower market rates, which drove a decline in revenue Y/Y
  - Logistics revenue was down Y/Y, driven by a decline in Mail Innovations, partially offset by revenue growth in Healthcare Logistics
  - UPS Digital, including Roadie and Happy Returns, grew revenue 9.5% Y/Y
- Non-GAAP adj. operating margin* of 21.3%
- Results include a $330M gain from a sale-leaseback transaction in 3Q25

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

YTD 2025 Cash Flow and Capital Allocation

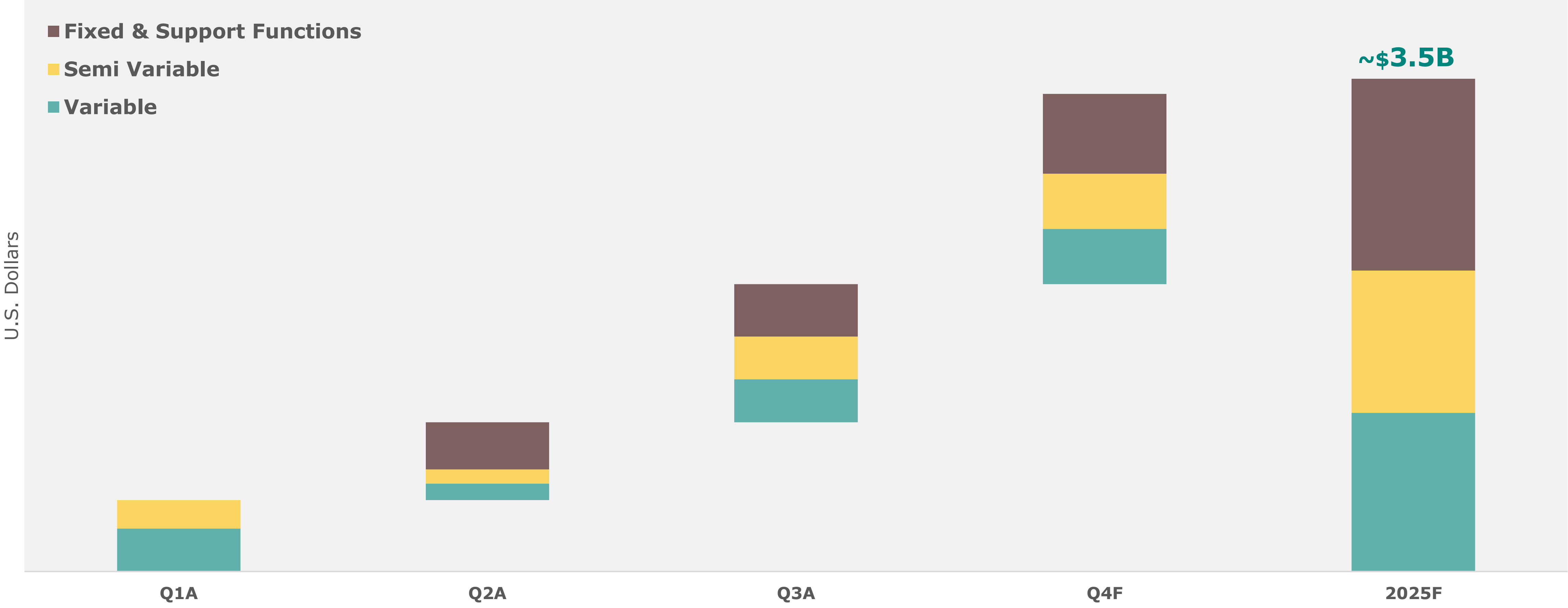
Finished 3Q25 with strong liquidity and no outstanding commercial paper

Cash From Operations	Free Cash Flow*	Dividends Paid	Share Repurchases
$5.1B	**$2.7B**	**$4.0B**	**$1.0B**
			Completed 2025 share repurchase target in 1Q

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

Reduced Expense Related to Amazon Glidedown by $2.2B* YTD

On track to achieve 2025 expense reduction target of approximately $3.5B*



Total Amazon volume declined 21.2% in 3Q25 Y/Y. Achieved our reduction target in the portions of Amazon volume we are exiting

*See Appendix for discussion of cost savings.

Illustrative

Outlook

4Q25 Outlook

- Consolidated
  - Revenue of approximately $24.0 billion
  - Non-GAAP adj. operating margin* of approximately 11.0%-11.5%
- U.S. Domestic
  - Revenue of around $16.2 billion
  - Non-GAAP adj. operating margin* of approximately 9.5%–10.0%
- International
  - Revenue of approximately $5.0 billion
  - Non-GAAP adj. operating margin* between 17.0%-18.0%
- Supply Chain Solutions
  - Revenue of approximately $2.7 billion
  - Non-GAAP adj. operating margin* of approximately 9.0%

Following the completion of our acquisition of Andlauer Healthcare Group, we expect to end the year with ~$5.0 billion in cash

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

Questions & Answers

Appendix

Reconciliation of GAAP and Non-GAAP Financial Measures

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 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.

Expense for Regulatory Matter

We have excluded the impact of an expense to settle a previously disclosed regulatory matter. We do not believe this is 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 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.

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 have primarily consisted of compensation and benefit costs related to reductions in our workforce and fees paid to third-party consultants. We expect any remaining costs to be incurred during the remainder of 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. We expect any remaining costs to be incurred during the remainder of 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 have reduced our operational workforce by approximately 34,000 positions and closed daily operations at 93 leased and owned buildings during the first nine months of 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. As of September 30, 2025, we have realized cost savings of approximately $2.2 billion, and expect to achieve $3.5 billion total year over year cost savings in 2025, from this initiative. 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.

In connection with the ***Network Reconfiguration and Efficiency Reimagined*** programs described above, we expect to exclude between $400 and $650 million in non-GAAP adjusted expense during 2025, related primarily to third-party consulting fees, employee separation benefits, and certain programmatic expenses. As of September 30, 2025, we have incurred program costs to date of $422 million, including $387 million year to date. We expect the costs associated with these actions may increase should we determine to close additional buildings. These initiatives are expected to conclude in 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, including impairments of long-lived assets and equity method investments. 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 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.

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.

Reconciliations

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

Three Months Ended September 30,

(amounts in millions)	2025	2024
Operating Profit (GAAP)	$ 1,804	$ 1,985
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	—	34
Financial systems	13	12
Transformation 2.0 total	13	46
Fit to Serve	19	108
Network Reconfiguration and Efficiency Reimagined	296	—
Total Transformation Strategy Costs	328	154
Gain on Divestiture [1]	—	(156)
Non-GAAP Adjusted Operating Profit	$ 2,132	$ 1,983

	2025	2024
Operating Margin (GAAP)	8.4 %	8.9 %
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	— %	0.1 %
Financial systems	0.1 %	0.1 %
Transformation 2.0 total	0.1 %	0.2 %
Fit to Serve	0.1 %	0.5 %
Network Reconfiguration and Efficiency Reimagined	1.4 %	— %
Total Transformation Strategy Costs	1.6 %	0.7 %
Gain on Divestiture [1]	— %	(0.7)%
Non-GAAP Adjusted Operating Margin	10.0 %	8.9 %

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

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

Reconciliations

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

	Three Months Ended September 30	
	2025	**2024**
Income Before Income Taxes (GAAP)	$ 1,607	$ 1,910
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	—	34
Financial systems	13	12
Transformation 2.0 total	13	46
Fit to Serve	19	108
Network Reconfiguration and Efficiency Reimagined	296	—
Total Transformation Strategy Costs	328	154
Gain on Divestiture [1]	—	(156)
Non-GAAP Adjusted Income Before Income Taxes	$ 1,935	$ 1,908

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

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Reconciliations

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

	Three Months Ended September 30,	
(amounts in millions)	**2025**	**2024**
Income Tax Expense (GAAP)	$ 296	$ 371
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	—	8
Financial systems	3	3
Transformation 2.0 total	3	11
Fit to Serve	4	27
Network Reconfiguration and Efficiency Reimagined	71	—
Total Transformation Strategy Costs	78	38
Gain on Divestiture [1]	—	(4)
Reversal of Income Tax Valuation Allowance [2]	86	—
Non-GAAP Adjusted Income Tax Expense	$ 460	$ 405

[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 the reversal of an income tax valuation allowance.

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

Reconciliations

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

Three Months Ended
September 30,

(amounts in millions)	2025	2024
Net Income (GAAP)	$ 1,311	$ 1,539
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	—	26
Financial systems	10	9
Transformation 2.0 total	10	35
Fit to Serve	15	81
Network Reconfiguration and Efficiency Reimagined	225	—
Total Transformation Strategy Costs	250	116
Gain on Divestiture [(1)]	—	(152)
Reversal of Income Tax Valuation Allowance [(2)]	(86)	—
Non-GAAP Adjusted Net Income	$ 1,475	$ 1,503

	2025	2024
Diluted Earnings Per Share (GAAP)	$ 1.55	$ 1.80
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	—	0.03
Financial systems	0.01	0.01
Transformation 2.0 total	0.01	0.04
Fit to Serve	0.02	0.10
Network Reconfiguration and Efficiency Reimagined	0.26	—
Total Transformation Strategy Costs	0.29	0.14
Gain on Divestiture [(1)]	—	(0.18)
Reversal of Income Tax Valuation Allowance [(2)]	(0.10)	—
Non-GAAP Adjusted Diluted Earnings Per Share	$ 1.74	$ 1.76

[(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 the reversal of an income tax valuation allowance.

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

Reconciliations

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

Three Months Ended September 30,

U.S. Domestic Package	2025 Operating Expenses	2024 Operating Expenses	% Change	2025 Operating Profit	2024 Operating Profit	% Change	2025 Operating Margin	2024 Operating Margin
GAAP	$ 13,617	$ 13,754	(1.0)%	$ 603	$ 843	(28.5)%	4.2 %	5.8 %
Adjusted for:								
Transformation Strategy Costs	(302)	(76)		302	76		2.2 %	0.5 %
Non-GAAP Adjusted Measure	$ 13,315	$ 13,678	(2.7)%	$ 905	$ 919	(1.5)%	6.4 %	6.3 %

International Package	2025 Operating Expenses	2024 Operating Expenses	% Change	2025 Operating Profit	2024 Operating Profit	% Change	2025 Operating Margin	2024 Operating Margin
GAAP	$ 3,997	$ 3,613	10.6 %	$ 676	$ 798	(15.3)%	14.5 %	18.1 %
Adjusted for:								
Transformation Strategy Costs	(15)	6		15	(6)		0.3 %	(0.1)%
Non-GAAP Adjusted Measure	$ 3,982	$ 3,619	10.0 %	$ 691	$ 792	(12.8)%	14.8 %	18.0 %

Supply Chain Solutions	2025 Operating Expenses	2024 Operating Expenses	% Change	2025 Operating Profit	2024 Operating Profit	% Change	2025 Operating Margin	2024 Operating Margin
GAAP	$ 1,997	$ 2,893	(31.0)%	$ 525	$ 344	52.6 %	20.8 %	10.6 %
Adjusted for:								
Transformation Strategy Costs	(11)	(84)		11	84		0.5 %	2.6 %
Gain on Divestiture	—	156		—	(156)		— %	(4.8)%
Non-GAAP Adjusted Measure	$ 1,986	$ 2,965	(33.0)%	$ 536	$ 272	97.1 %	21.3 %	8.4 %

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

Reconciliations

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

(amounts in millions):	Nine Months Ended September 30,	
	2025	**2024**
Cash flows from operating activities	$ 5,148	$ 6,807
Capital expenditures	(2,969)	(2,811)
Proceeds from disposals of property, plant and equipment	585	68
Other investing activities	(20)	(26)
Free Cash Flow (Non-GAAP measure)	$ 2,744	$ 4,038

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

Reconciliations

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

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	% Change
Operating Days	64	64	
Average Daily U.S. Domestic Package Volume (in thousands)	16,150	18,407	
U.S. Domestic Package Cost Per Piece (GAAP)	$ 12.92	$ 11.50	12.3 %
Transformation Strategy Costs	(0.29)	(0.06)	
U.S. Domestic Package Non-GAAP Adjusted Cost Per Piece	$ 12.63	$ 11.44	10.4 %

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