

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

Three Months Ended March 31, 2020

	As-Reported (GAAP)	Transformation Strategy Costs⁽¹⁾	As-Adjusted (Non-GAAP)
Operating profit:			
U.S. Domestic Package	\$ 364	\$ 37	\$ 401
International Package	551	7	558
Supply Chain & Freight	157	1	158
Total operating profit	\$ 1,072	\$ 45	\$ 1,117
Income before income taxes	\$ 1,250	\$ 45	\$ 1,295
Income tax expense	\$ 285	\$ 10	\$ 295
Net income	<u>\$ 965</u>	<u>\$ 35</u>	<u>\$ 1,000</u>
Diluted earnings per share	\$ 1.11	\$ 0.04	\$ 1.15

⁽¹⁾ Transformation strategy costs include other employee benefits costs of \$12 million, and other costs of \$33 million

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

Three Months Ended March 31

	2020 As-Reported (GAAP)	2019 As-Reported (GAAP)	% Change (GAAP)	Currency Impact	2020 Currency Neutral (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 6.44	\$ 6.49	-0.8%	\$ 0.11	\$ 6.55	0.9%
Export	28.32	28.78	-1.6%	0.07	28.39	-1.4%
Total International Package	<u>\$ 16.48</u>	<u>\$ 16.79</u>	-1.8%	<u>\$ 0.09</u>	<u>\$ 16.57</u>	-1.3%
Consolidated	<u>\$ 10.88</u>	<u>\$ 11.08</u>	-1.8%	<u>\$ 0.01</u>	<u>\$ 10.89</u>	-1.7%
Revenue:						
U.S. Domestic Package	\$ 11,456	\$ 10,480	9.3%	\$ -	\$ 11,456	9.3%
International Package	3,383	3,459	-2.2%	19	3,402	-1.6%
Supply Chain & Freight	3,196	3,221	-0.8%	48	3,244	0.7%
Total revenue	<u>\$ 18,035</u>	<u>\$ 17,160</u>	5.1%	<u>\$ 67</u>	<u>\$ 18,102</u>	5.5%

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

	2020 As-Adjusted (Non-GAAP) ⁽¹⁾	2019 As-Adjusted (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)	Currency Impact	2020 As-Adjusted Currency Neutral (Non-GAAP) ⁽²⁾	% Change (Non-GAAP)
As-Adjusted Operating Profit:						
U.S. Domestic Package	\$ 401	\$ 694	-42.2%	\$ -	\$ 401	-42.2%
International Package	558	612	-8.8%	(22)	536	-12.4%
Supply Chain & Freight	158	211	-25.1%	1	159	-24.6%
Total operating profit	<u>\$ 1,117</u>	<u>\$ 1,517</u>	-26.4%	<u>\$ (21)</u>	<u>\$ 1,096</u>	-27.8%

⁽¹⁾ Amounts adjusted for transformation strategy costs

⁽²⁾ Amounts adjusted for transformation strategy costs 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 March 31

	2020		% Change (Non-GAAP)	Pension	2020		% Change (Non-GAAP)
	As-Adjusted (Non-GAAP) ⁽¹⁾	As-Adjusted (Non-GAAP) ⁽¹⁾			As-Adjusted Pension Discount Rate Neutral (Non-GAAP) ⁽²⁾	As-Adjusted Pension Discount Rate Neutral (Non-GAAP) ⁽²⁾	
As-Adjusted Operating Profit:							
U.S. Domestic Package	\$ 401	\$ 694	-42.2%	\$ 62	\$ 463	-33.3%	
International Package	558	612	-8.8%	4	562	-8.2%	
Supply Chain & Freight	158	211	-25.1%	8	166	-21.3%	
Total operating profit	<u>\$ 1,117</u>	<u>\$ 1,517</u>	<u>-26.4%</u>	<u>\$ 74</u>	<u>\$ 1,191</u>	<u>-21.5%</u>	

	2020		% Change (Non-GAAP)	Pension	2020		% Change (Non-GAAP)
	As-Adjusted (Non-GAAP) ⁽¹⁾	As-Adjusted (Non-GAAP) ⁽¹⁾			As-Adjusted Pension Discount Rate Neutral (Non-GAAP) ⁽²⁾	As-Adjusted Pension Discount Rate Neutral (Non-GAAP) ⁽²⁾	
As-Adjusted Operating Margin:							
U.S. Domestic Package	3.5%	6.6%	-3.1%	0.5%	4.0%	-2.6%	
International Package	16.5%	17.7%	-1.2%	0.1%	16.6%	-1.1%	
Supply Chain & Freight	4.9%	6.6%	-1.7%	0.3%	5.2%	-1.4%	
Total operating profit	<u>6.2%</u>	<u>8.8%</u>	<u>-2.6%</u>	<u>0.4%</u>	<u>6.6%</u>	<u>-2.2%</u>	

⁽¹⁾ Amounts adjusted for transformation strategy costs

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

Reconciliation of Non-GAAP Liquidity Measures
(in millions):

Three Months Ended March 31

Net Increase/(Decrease) in Cash, Cash Equivalents and Restricted Cash

	Preliminary 2020
Cash flows from operating activities	\$ 2,550
Cash flows used in investing activities	(934)
Cash flows from financing activities	2,167
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(65)
Net increase/(decrease) in cash, cash equivalents and restricted cash	<u>\$ 3,718</u>

Reconciliation of Adjusted Capital Expenditures and Free Cash Flow
(Non-GAAP measures)

	Preliminary 2020
Cash flows from operating activities (GAAP)	\$ 2,550
Capital expenditures	(933)
Principal repayments of finance lease obligations	(6)
Adjusted capital expenditures (Non-GAAP measure)	<u>\$ (939)</u>
Proceeds from disposals of PP&E	1
Net change in finance receivables	3
Other investing activities	(5)
Adjusted free cash flow (Non-GAAP measure)	<u>\$ 1,610</u>

Amounts are subject to reclassification.