

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

Three Months Ended March 31, 2019			
	As-Reported (GAAP)	Transformation Strategy Costs	As-Adjusted (non-GAAP)
Operating profit:			
U.S. Domestic Package	\$ 666	\$ 28	\$ 694
International Package	528	84	612
Supply Chain & Freight	200	11	211
Total operating profit	<u>\$ 1,394</u>	<u>\$ 123</u>	<u>\$ 1,517</u>
Income before income taxes	\$ 1,440	\$ 123	\$ 1,563
Income tax expense	\$ 329	\$ 30	\$ 359
Net income	<u>\$ 1,111</u>	<u>\$ 93</u>	<u>\$ 1,204</u>
Diluted earnings per share	\$ 1.28	\$ 0.11	\$ 1.39

Reconciliation of GAAP and non-GAAP Revenue, Revenue Per Piece and Operating Profit

(in millions, except per piece amounts):

Three Months Ended March 31						
	2019 As- Reported (GAAP)	2018 As- Reported (GAAP)	% Change (GAAP)	Currency Impact	2019 Currency Neutral (non-GAAP)	% Change (non-GAAP)
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 6.49	\$ 6.70	-3.1%	\$ 0.47	\$ 6.96	3.9%
Export	28.78	28.87	-0.3%	0.73	29.51	2.2%
Total International Package	\$ 16.79	\$ 16.99	-1.2%	\$ 0.59	\$ 17.38	2.3%
Consolidated	\$ 11.08	\$ 10.97	1.0%	\$ 0.09	\$ 11.17	1.8%
Revenue:						
U.S. Domestic Package	\$ 10,480	\$ 10,227	2.5%	\$ -	\$ 10,480	2.5%
International Package	3,459	3,533	-2.1%	117	3,576	1.2%
Supply Chain & Freight	3,221	3,353	-3.9%	19	3,240	-3.4%
Total revenue	\$ 17,160	\$ 17,113	0.3%	\$ 136	\$ 17,296	1.1%
Operating Profit:						
U.S. Domestic Package	\$ 694	\$ 756	-8.2%	\$ -	\$ 694	-8.2%
International Package	612	594	3.0%	(4)	608	2.4%
Supply Chain & Freight	211	170	24.1%	1	212	24.7%
Total operating profit	\$ 1,517	\$ 1,520	-0.2%	\$ (3)	\$ 1,514	-0.4%

Certain prior year amounts have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.

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

Three Months Ended March 31

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

	Preliminary 2019
Cash flows from operating activities	\$ 2,277
Cash flows used in investing activities	(1,416)
Cash flows used in financing activities	(695)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	9
Net increase in cash, cash equivalents and restricted cash	<u>\$ 175</u>

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

	Preliminary 2019
Cash flows from operating activities (GAAP)	\$ 2,277
Capital expenditures	(1,514)
Principal repayments of capital lease obligations	(4)
Adjusted capital expenditures (non-GAAP measure)	<u>\$ (1,518)</u>
Proceeds from disposals of PP&E	4
Net change in finance receivables	10
Other investing activities	(16)
Adjusted free cash flow (non-GAAP measure)	<u>\$ 757</u>