

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

Three Months Ended September 30, 2020

	<u>As-Reported (GAAP)</u>	<u>Transformation Strategy Costs ⁽¹⁾</u>	<u>As-Adjusted (Non-GAAP)</u>
Operating profit:			
U.S. Domestic Package	\$ 1,098	\$ 35	\$ 1,133
International Package	966	6	972
Supply Chain & Freight	299	3	302
Total operating profit	<u>\$ 2,363</u>	<u>\$ 44</u>	<u>\$ 2,407</u>
Income before income taxes	\$ 2,525	\$ 44	\$ 2,569
Income tax expense	\$ 568	\$ 11	\$ 579
Net income	<u>\$ 1,957</u>	<u>\$ 33</u>	<u>\$ 1,990</u>
Diluted earnings per share	\$ 2.24	\$ 0.04	\$ 2.28

(1) Transformation costs of \$44 million reflect other employee benefits costs of \$18 million and other costs of \$26 million

Nine Months Ended September 30, 2020

	<u>As-Reported (GAAP)</u>	<u>Transformation Strategy Costs ⁽¹⁾</u>	<u>As-Adjusted (Non-GAAP)</u>
Operating profit:			
U.S. Domestic Package	\$ 2,644	\$ 105	\$ 2,749
International Package	2,288	84	2,372
Supply Chain & Freight	715	12	727
Total operating profit	<u>\$ 5,647</u>	<u>\$ 201</u>	<u>\$ 5,848</u>
Income before income taxes	\$ 6,132	\$ 201	\$ 6,333
Income tax expense	\$ 1,442	\$ 50	\$ 1,492
Net income	<u>\$ 4,690</u>	<u>\$ 151</u>	<u>\$ 4,841</u>
Diluted earnings per share	\$ 5.39	\$ 0.17	\$ 5.56

(1) Transformation costs of \$201 million reflect other employee benefits costs of \$111 million and other costs of \$90 million

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

Three Months Ended September 30,

	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	\$ 6.61	\$ 6.45	2.5 %	\$ (0.18)	\$ 6.43	(0.3)%
Export	28.98	29.06	(0.3)%	(0.30)	28.68	(1.3)%
Total International Package	<u>\$ 17.37</u>	<u>\$ 16.92</u>	2.7 %	<u>\$ (0.23)</u>	<u>\$ 17.14</u>	1.3 %
Consolidated	<u>\$ 11.06</u>	<u>\$ 11.02</u>	0.4 %	<u>\$ (0.03)</u>	<u>\$ 11.03</u>	0.1 %
Revenue:						
U.S. Domestic Package	\$ 13,225	\$ 11,455	15.5 %	\$ —	\$ 13,225	15.5 %
International Package	4,087	3,494	17.0 %	(54)	4,033	15.4 %
Supply Chain & Freight	3,926	3,369	16.5 %	8	3,934	16.8 %
Total revenue	<u>\$ 21,238</u>	<u>\$ 18,318</u>	15.9 %	<u>\$ (46)</u>	<u>\$ 21,192</u>	15.7 %

(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	\$ 1,133	\$ 1,242	(8.8)%	\$ —	\$ 1,133	(8.8)%
International Package	972	693	40.3 %	(7)	965	39.2 %
Supply Chain & Freight	302	256	18.0 %	2	304	18.8 %
Total operating profit	<u>\$ 2,407</u>	<u>\$ 2,191</u>	9.9 %	<u>\$ (5)</u>	<u>\$ 2,402</u>	9.6 %

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

Nine Months Ended September 30,

	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	\$ 6.48	\$ 6.52	(0.6)%	\$ 0.02	\$ 6.50	(0.3)%
Export	28.63	29.29	(2.3)%	(0.02)	28.61	(2.3)%
Total International Package	<u>\$ 16.88</u>	<u>\$ 17.04</u>	(0.9)%	<u>\$ —</u>	<u>\$ 16.88</u>	(0.9)%
Consolidated	<u>\$ 10.85</u>	<u>\$ 11.10</u>	(2.3)%	<u>\$ —</u>	<u>\$ 10.85</u>	(2.3)%
Revenue:						
U.S. Domestic Package	\$ 37,755	\$ 33,085	14.1 %	\$ —	\$ 37,755	14.1 %
International Package	11,175	10,458	6.9 %	3	11,178	6.9 %
Supply Chain & Freight	10,802	9,983	8.2 %	108	10,910	9.3 %
Total revenue	<u>\$ 59,732</u>	<u>\$ 53,526</u>	11.6 %	<u>\$ 111</u>	<u>\$ 59,843</u>	11.8 %

(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	\$ 2,749	\$ 3,162	(13.1)%	\$ —	\$ 2,749	(13.1)%
International Package	2,372	1,970	20.4 %	(37)	2,335	18.5 %
Supply Chain & Freight	727	740	(1.8)%	(4)	723	(2.3)%
Total operating profit	<u>\$ 5,848</u>	<u>\$ 5,872</u>	(0.4)%	<u>\$ (41)</u>	<u>\$ 5,807</u>	(1.1)%

(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 September 30,

	2020 As-Adjusted (Non-GAAP)⁽¹⁾	2019 As-Adjusted (Non-GAAP)⁽¹⁾	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate Neutral (Non-GAAP)⁽²⁾	% Change (Non-GAAP)
As-Adjusted Operating Profit:						
U.S. Domestic Package	\$ 1,133	\$ 1,242	(8.8)%	\$ 63	\$ 1,196	(3.7)%
International Package	972	693	40.3 %	4	976	40.8 %
Supply Chain & Freight	302	256	18.0 %	7	309	20.7 %
Total operating profit	\$ 2,407	\$ 2,191	9.9 %	\$ 74	\$ 2,481	13.2 %

	2020 As-Adjusted (Non-GAAP)⁽¹⁾	2019 As-Adjusted (Non-GAAP)⁽¹⁾	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate Neutral (Non-GAAP)⁽²⁾	% Change (Non-GAAP)
As-Adjusted Operating margin:						
U.S. Domestic Package	8.6 %	10.8 %	(2.2)%	0.4 %	9.0 %	(1.8)%
International Package	23.8 %	19.8 %	4.0 %	0.1 %	23.9 %	4.1 %
Supply Chain & Freight	7.7 %	7.6 %	0.1 %	0.2 %	7.9 %	0.3 %
Total operating margin	11.3 %	12.0 %	(0.7)%	0.4 %	11.7 %	(0.3)%

(1) Amounts adjusted for transformation strategy costs

(2) Amounts adjusted for transformation strategy cost 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):**

Nine Months Ended September 30,

	2020 As-Adjusted (Non-GAAP)⁽¹⁾	2019 As-Adjusted (Non-GAAP)⁽¹⁾	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate Neutral (Non-GAAP)⁽²⁾	% Change (Non-GAAP)
As-Adjusted Operating Profit:						
U.S. Domestic Package	\$ 2,749	\$ 3,162	(13.1)%	\$ 188	\$ 2,937	(7.1)%
International Package	2,372	1,970	20.4 %	12	2,384	21.0 %
Supply Chain & Freight	727	740	(1.8)%	21	748	1.1 %
Total operating profit	<u>\$ 5,848</u>	<u>\$ 5,872</u>	(0.4)%	<u>\$ 221</u>	<u>\$ 6,069</u>	3.4 %

	2020 As-Adjusted (Non-GAAP)⁽¹⁾	2019 As-Adjusted (Non-GAAP)⁽¹⁾	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate Neutral (Non-GAAP)⁽²⁾	% Change (Non-GAAP)
As-Adjusted Operating Margin:						
U.S. Domestic Package	7.3 %	9.6 %	(2.3)%	0.5 %	7.8 %	(1.8)%
International Package	21.2 %	18.8 %	2.4 %	0.1 %	21.3 %	2.5 %
Supply Chain & Freight	6.7 %	7.4 %	(0.7)%	0.2 %	6.9 %	(0.5)%
Total operating margin	<u>9.8 %</u>	<u>11.0 %</u>	(1.2)%	<u>0.4 %</u>	<u>10.2 %</u>	(0.8)%

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

Nine Months Ended September 30,

	2020
Cash flows from operating activities	\$ 9,283
Capital expenditures	(3,219)
Principal repayments of finance lease obligations	(136)
Adjusted Capital Expenditures (Non-GAAP measure)	\$ (3,355)
Proceeds from disposals of PP&E	10
Net change in finance receivables	24
Other investing activities	(15)
Adjusted Free Cash Flow (Non-GAAP measure)	\$ 5,947
Discretionary pension contributions	1,000
Adjusted Free cash flow (Non-GAAP measure) excluding discretionary pension contributions	\$ 6,947

Amounts are subject to reclassification.