

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

**Three Months Ended December 31, 2018**

	<b>As-Reported (GAAP)</b>	<b>Transformation Strategy Costs</b>	<b>Defined Benefit Plans MTM Charges</b>	<b>As-Adjusted (non-GAAP)</b>
Operating profit:				
U.S. Domestic Package	\$ 999	\$ -	\$ -	\$ 999
International Package	781	-	-	781
Supply Chain & Freight	224	-	-	224
Total operating profit	<u>\$ 2,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,004</u>
Total other income (expense)	\$ (1,461)	\$ -	\$ 1,627	\$ 166
Income before income taxes	\$ 543	\$ -	\$ 1,627	\$ 2,170
Income tax expense	\$ 90	\$ -	\$ 390	\$ 480
Net income	<u>\$ 453</u>	<u>\$ -</u>	<u>\$ 1,237</u>	<u>\$ 1,690</u>
Diluted earnings per share	\$ 0.52	\$ -	\$ 1.42	\$ 1.94

**Twelve Months Ended December 31, 2018**

	<b>As-Reported (GAAP)</b>	<b>Transformation Strategy Costs</b>	<b>Defined Benefit Plans MTM Charges</b>	<b>As-Adjusted (non-GAAP)</b>
Operating profit:				
U.S. Domestic Package	\$ 3,643	\$ 235	\$ -	\$ 3,878
International Package	2,529	76	-	2,605
Supply Chain & Freight	852	49	-	901
Total operating profit	<u>\$ 7,024</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 7,384</u>
Total other income (expense)	\$ (1,005)	\$ -	\$ 1,627	\$ 622
Income before income taxes	\$ 6,019	\$ 360	\$ 1,627	\$ 8,006
Income tax expense	\$ 1,228	\$ 87	\$ 390	\$ 1,705
Net income	<u>\$ 4,791</u>	<u>\$ 273</u>	<u>\$ 1,237</u>	<u>\$ 6,301</u>
Diluted earnings per share	\$ 5.51	\$ 0.31	\$ 1.42	\$ 7.24

*Note: Certain amounts may not compute due to rounding.*

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

(in millions, except per piece amounts):

Three Months Ended December 31						
	2018 As- Reported (GAAP)	2017 As- Reported (GAAP)	% Change (GAAP)	Currency Impact	2018 Currency Neutral (non-GAAP)	% Change (non-GAAP)
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 6.58	\$ 6.31	4.3%	\$ 0.22	\$ 6.80	7.8%
Export	28.82	28.43	1.4%	0.63	29.45	3.6%
Total International Package	<u>\$ 16.79</u>	<u>\$ 16.51</u>	1.7%	<u>\$ 0.42</u>	<u>\$ 17.21</u>	4.2%
Consolidated	<u>\$ 10.59</u>	<u>\$ 10.17</u>	4.1%	<u>\$ 0.05</u>	<u>\$ 10.64</u>	4.6%
<b>Revenue:</b>						
U.S. Domestic Package	\$ 12,575	\$ 11,833	6.3%	\$ -	\$ 12,575	6.3%
International Package	3,829	3,721	2.9%	92	3,921	5.4%
Supply Chain & Freight	3,444	3,421	0.7%	24	3,468	1.4%
Total revenue	<u>\$ 19,848</u>	<u>\$ 18,975</u>	4.6%	<u>\$ 116</u>	<u>\$ 19,964</u>	5.2%
	2018 (GAAP)	2017 (GAAP)	% Change (GAAP)	Currency Impact	2018 Currency Neutral (non-GAAP)	% Change (non-GAAP)
<b>Operating Profit:</b>						
U.S. Domestic Package	\$ 999	\$ 1,087	-8.1%	\$ -	\$ 999	-8.1%
International Package	781	735	6.3%	26	807	9.8%
Supply Chain & Freight	224	241	-7.1%	-	224	-7.1%
Total operating profit	<u>\$ 2,004</u>	<u>\$ 2,063</u>	-2.9%	<u>\$ 26</u>	<u>\$ 2,030</u>	-1.6%

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

**(in millions, except per piece amounts):**

Twelve Months Ended December 31						
	2018 As- Reported (GAAP)	2017 As- Reported (GAAP)	% Change (GAAP)	Currency Impact	2018 Currency Neutral (non-GAAP)	% Change (non-GAAP)
<b>Average Revenue Per Piece:</b>						
International Package:						
Domestic	\$ 6.59	\$ 6.07	8.6%	\$ (0.19)	\$ 6.40	5.4%
Export	29.27	28.70	2.0%	(0.16)	29.11	1.4%
Total International Package	<u>\$ 17.08</u>	<u>\$ 16.22</u>	5.3%	<u>\$ (0.18)</u>	<u>\$ 16.90</u>	4.2%
Consolidated	<u>\$ 10.98</u>	<u>\$ 10.53</u>	4.3%	<u>\$ (0.03)</u>	<u>\$ 10.95</u>	4.0%
<b>Revenue:</b>						
U.S. Domestic Package	\$ 43,593	\$ 40,761	6.9%	\$ -	\$ 43,593	6.9%
International Package	14,442	13,342	8.2%	(147)	14,295	7.1%
Supply Chain & Freight	13,826	12,482	10.8%	(39)	13,787	10.5%
Total revenue	<u>\$ 71,861</u>	<u>\$ 66,585</u>	7.9%	<u>\$ (186)</u>	<u>\$ 71,675</u>	7.6%
<b>As-Adjusted Operating Profit:</b>						
	2018 As- Adjusted (non-GAAP)	2017 As- Adjusted (non-GAAP)	% Change (non-GAAP)	Currency Impact	2018 As- Adjusted Currency Neutral (non-GAAP)	% Change (non-GAAP)
U.S. Domestic Package	\$ 3,878	\$ 4,303	-9.9%	\$ -	\$ 3,878	-9.9%
International Package	2,605	2,429	7.2%	10	2,615	7.7%
Supply Chain & Freight	901	797	13.0%	5	906	13.7%
Total operating profit	<u>\$ 7,384</u>	<u>\$ 7,529</u>	-1.9%	<u>\$ 15</u>	<u>\$ 7,399</u>	-1.7%

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

<b>Twelve Months Ended December 31</b>
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### Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash

	<b>Preliminary 2018</b>
Cash flows from operating activities	\$ 12,711
Cash flows used in investing activities	(6,330)
Cash flows used in financing activities	(5,692)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(91)
Net increase in cash, cash equivalents and restricted cash	\$ 598

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

	<b>Preliminary 2018</b>
Cash flows from operating activities (GAAP)	\$ 12,711
Capital expenditures	(6,283)
Principal repayments of capital lease obligations	(340)
Adjusted Capital Expenditures (non-GAAP measure)	\$ (6,623)
Proceeds from disposals of PP&E	37
Net change in finance receivables	4
Other investing activities	1
Adjusted Free cash flow (non-GAAP measure)	\$ 6,130

Additional financial information is included in the detailed financial schedules being posted on [www.investors.ups.com](http://www.investors.ups.com) under “Financials” and as filed with the SEC as an exhibit to our Current Report on Form 8-K.