

United Parcel Service, Inc.
Selected Financial Data - Second Quarter
(unaudited)

Three Months Ended
June 30

(amounts in millions, except per share data)

Statement of Income Data:

	2016	2015	Change	% Change
Revenue:				
U.S. Domestic Package	\$ 9,015	\$ 8,808	\$ 207	2.4%
International Package	3,077	3,045	32	1.1%
Supply Chain & Freight	2,537	2,242	295	13.2%
Total revenue	<u>14,629</u>	<u>14,095</u>	534	3.8%
Operating expenses:				
Compensation and benefits	7,738	7,502	236	3.1%
Other	4,853	4,633	220	4.7%
Total operating expenses	<u>12,591</u>	<u>12,135</u>	456	3.8%
Operating profit:				
U.S. Domestic Package	1,233	1,201	32	2.7%
International Package	613	552	61	11.1%
Supply Chain & Freight	192	207	(15)	-7.2%
Total operating profit	<u>2,038</u>	<u>1,960</u>	78	4.0%
Other income (expense):				
Investment income and other	8	4	4	100.0%
Interest expense	(94)	(86)	(8)	9.3%
Total other income (expense)	<u>(86)</u>	<u>(82)</u>	(4)	4.9%
Income before income taxes	<u>1,952</u>	<u>1,878</u>	74	3.9%
Income tax expense	683	648	35	5.4%
Net income	<u>\$ 1,269</u>	<u>\$ 1,230</u>	<u>\$ 39</u>	3.2%
Net income as a percentage of revenue	8.7%	8.7%		
Per share amounts:				
Basic earnings per share	\$ 1.43	\$ 1.37	\$ 0.06	4.4%
Diluted earnings per share	\$ 1.43	\$ 1.35	\$ 0.08	5.9%
Weighted-average shares outstanding:				
Basic	886	901	(15)	-1.7%
Diluted	890	908	(18)	-2.0%

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	Three Months Ended			
	June 30			
	2016	2015	Change	% Change
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 1,637	\$ 1,591	\$ 46	2.9%
Deferred	899	878	21	2.4%
Ground	6,479	6,339	140	2.2%
Total U.S. Domestic Package	<u>9,015</u>	<u>8,808</u>	207	2.4%
International Package:				
Domestic	621	600	21	3.5%
Export	2,326	2,283	43	1.9%
Cargo and Other	130	162	(32)	-19.8%
Total International Package	<u>3,077</u>	<u>3,045</u>	32	1.1%
Supply Chain & Freight:				
Forwarding and Logistics	1,659	1,319	340	25.8%
Freight	693	752	(59)	-7.8%
Other	185	171	14	8.2%
Total Supply Chain & Freight	<u>2,537</u>	<u>2,242</u>	295	13.2%
Consolidated	<u>\$ 14,629</u>	<u>\$ 14,095</u>	<u>\$ 534</u>	3.8%
Consolidated volume (in millions)	1,132	1,101	31	2.8%
Operating weekdays	64	64	-	0.0%
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,311	1,241	70	5.6%
Deferred	1,129	1,132	(3)	-0.3%
Ground	12,489	12,192	297	2.4%
Total U.S. Domestic Package	<u>14,929</u>	<u>14,565</u>	364	2.5%
International Package:				
Domestic	1,599	1,530	69	4.5%
Export	1,159	1,115	44	3.9%
Total International Package	<u>2,758</u>	<u>2,645</u>	113	4.3%
Consolidated	<u>17,687</u>	<u>17,210</u>	477	2.8%
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 19.51	\$ 20.03	\$ (0.52)	-2.6%
Deferred	12.44	12.12	0.32	2.6%
Ground	8.11	8.12	(0.01)	-0.1%
Total U.S. Domestic Package	9.44	9.45	(0.01)	-0.1%
International Package:				
Domestic	6.07	6.13	(0.06)	-1.0%
Export	31.36	31.99	(0.63)	-2.0%
Total International Package	16.70	17.03	(0.33)	-1.9%
Consolidated	<u>\$ 10.57</u>	<u>\$ 10.61</u>	<u>\$ (0.04)</u>	-0.4%

United Parcel Service, Inc.
Supplemental Analysis of Currency

**2016 Revenue Per Piece Adjusted to Reflect 2015 Currency Exchange Rates
(unaudited)**

	Three Months Ended June 30			Adjusted		
	2016	2015	% Change	Currency	2016*	% Change
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 6.07	\$ 6.13	-1.0%	\$ 0.12	\$ 6.19	1.0%
Export	31.36	31.99	-2.0%	0.05	31.41	-1.8%
Total International Package	<u>\$ 16.70</u>	<u>\$ 17.03</u>	-1.9%	<u>\$ 0.09</u>	<u>\$ 16.79</u>	-1.4%
Consolidated	<u>\$ 10.57</u>	<u>\$ 10.61</u>	-0.4%	<u>\$ 0.01</u>	<u>\$ 10.58</u>	-0.3%

* Adjusted amounts reflect impacts for currency exchange rate differences

**2016 Revenue Adjusted to Reflect 2015 Currency Exchange Rates
(unaudited)**

	Three Months Ended June 30			Adjusted		
	2016	2015	% Change	Currency	2016*	% Change
Revenue (in millions):						
U.S. Domestic Package	\$ 9,015	\$ 8,808	2.4%	\$ -	\$ 9,015	2.4%
International Package	3,077	3,045	1.1%	15	3,092	1.5%
Supply Chain & Freight	2,537	2,242	13.2%	9	2,546	13.6%
Total revenue	<u>\$ 14,629</u>	<u>\$ 14,095</u>	3.8%	<u>\$ 24</u>	<u>\$ 14,653</u>	4.0%

* Adjusted amounts reflect impacts for currency exchange rate differences

United Parcel Service, Inc.
Selected Financial Data - Year to Date
(unaudited)

	Six Months Ended June 30			
	2016	2015	Change	% Change
<small>(amounts in millions, except per share data)</small>				
Statement of Income Data:				
Revenue:				
U.S. Domestic Package	\$ 18,099	\$ 17,622	\$ 477	2.7%
International Package	5,991	6,015	(24)	-0.4%
Supply Chain & Freight	4,957	4,435	522	11.8%
Total revenue	<u>29,047</u>	<u>28,072</u>	975	3.5%
Operating expenses:				
Compensation and benefits	15,591	15,066	525	3.5%
Other	9,595	9,373	222	2.4%
Total operating expenses	<u>25,186</u>	<u>24,439</u>	747	3.1%
Operating profit:				
U.S. Domestic Package	2,335	2,225	110	4.9%
International Package	1,187	1,050	137	13.0%
Supply Chain & Freight	339	358	(19)	-5.3%
Total operating profit	<u>3,861</u>	<u>3,633</u>	228	6.3%
Other income (expense):				
Investment income and other	25	8	17	N/A
Interest expense	(187)	(173)	(14)	8.1%
Total other income (expense)	<u>(162)</u>	<u>(165)</u>	3	-1.8%
Income before income taxes	<u>3,699</u>	<u>3,468</u>	231	6.7%
Income tax expense	1,299	1,212	87	7.2%
Net income	<u>\$ 2,400</u>	<u>\$ 2,256</u>	<u>\$ 144</u>	6.4%
Net income as a percentage of revenue	8.3%	8.0%		
Per share amounts:				
Basic earnings per share	\$ 2.71	\$ 2.50	\$ 0.21	8.4%
Diluted earnings per share	\$ 2.69	\$ 2.48	\$ 0.21	8.5%
Weighted-average shares outstanding:				
Basic	887	903	(16)	-1.8%
Diluted	892	911	(19)	-2.1%

United Parcel Service, Inc.
Selected Operating Data - Year to Date
(unaudited)

Six Months Ended			
June 30			
2016	2015	Change	% Change

Revenue (in millions):

U.S. Domestic Package:				
Next Day Air	\$ 3,212	\$ 3,148	\$ 64	2.0%
Deferred	1,814	1,774	40	2.3%
Ground	13,073	12,700	373	2.9%
Total U.S. Domestic Package	18,099	17,622	477	2.7%
International Package:				
Domestic	1,195	1,205	(10)	-0.8%
Export	4,529	4,483	46	1.0%
Cargo and Other	267	327	(60)	-18.3%
Total International Package	5,991	6,015	(24)	-0.4%
Supply Chain & Freight:				
Forwarding and Logistics	3,245	2,649	596	22.5%
Freight	1,349	1,462	(113)	-7.7%
Other	363	324	39	12.0%
Total Supply Chain & Freight	4,957	4,435	522	11.8%
Consolidated	\$ 29,047	\$ 28,072	\$ 975	3.5%
Consolidated volume (in millions)	2,273	2,202	71	3.2%
Operating weekdays	128	127	1	0.8%

Average Daily Package Volume (in thousands):

U.S. Domestic Package:				
Next Day Air	1,289	1,235	54	4.4%
Deferred	1,163	1,175	(12)	-1.0%
Ground	12,606	12,255	351	2.9%
Total U.S. Domestic Package	15,058	14,665	393	2.7%
International Package:				
Domestic	1,558	1,553	5	0.3%
Export	1,145	1,120	25	2.2%
Total International Package	2,703	2,673	30	1.1%
Consolidated	17,761	17,338	423	2.4%

Average Revenue Per Piece:

U.S. Domestic Package:				
Next Day Air	\$ 19.47	\$ 20.07	\$ (0.60)	-3.0%
Deferred	12.19	11.89	0.30	2.5%
Ground	8.10	8.16	(0.06)	-0.7%
Total U.S. Domestic Package	9.39	9.46	(0.07)	-0.7%
International Package:				
Domestic	5.99	6.11	(0.12)	-2.0%
Export	30.90	31.52	(0.62)	-2.0%
Total International Package	16.54	16.76	(0.22)	-1.3%
Consolidated	\$ 10.48	\$ 10.59	\$ (0.11)	-1.0%

United Parcel Service, Inc.
Supplemental Analysis of Currency

**2016 Revenue Per Piece Adjusted to Reflect 2015 Currency Exchange Rates
(unaudited)**

	Six Months Ended June 30			Adjusted		
	2016	2015	% Change	Currency	2016*	% Change
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 5.99	\$ 6.11	-2.0%	\$ 0.23	\$ 6.22	1.8%
Export	30.90	31.52	-2.0%	0.23	31.13	-1.2%
Total International Package	<u>\$ 16.54</u>	<u>\$ 16.76</u>	-1.3%	<u>\$ 0.23</u>	<u>\$ 16.77</u>	0.1%
Consolidated	<u>\$ 10.48</u>	<u>\$ 10.59</u>	-1.0%	<u>\$ 0.03</u>	<u>\$ 10.51</u>	-0.8%

* Adjusted amounts reflect impacts for currency exchange rate differences

**2016 Revenue Adjusted to Reflect 2015 Currency Exchange Rates
(unaudited)**

	Six Months Ended June 30			Adjusted		
	2016	2015	% Change	Currency	2016*	% Change
Revenue (in millions):						
U.S. Domestic Package	\$ 18,099	\$ 17,622	2.7%	\$ -	\$ 18,099	2.7%
International Package	5,991	6,015	-0.4%	74	6,065	0.8%
Supply Chain & Freight	4,957	4,435	11.8%	32	4,989	12.5%
Total revenue	<u>\$ 29,047</u>	<u>\$ 28,072</u>	3.5%	<u>\$ 106</u>	<u>\$ 29,153</u>	3.9%

* Adjusted amounts reflect impacts for currency exchange rate differences

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

United Parcel Service, Inc.
Reconciliation of Free Cash Flow
(unaudited)

(amounts in millions)	Preliminary Year-to-Date June 30
Net cash from operations	\$ 4,693
Capital expenditures	(963)
Proceeds from disposals of PP&E	11
Net change in finance receivables	(13)
Other investing activities	(35)
Free cash flow	<u>\$ 3,693</u>

Amounts are subject to reclassification.