2Q25 Earnings Call

July 29, 2025

PJ GUIDO

Investor Relations Officer

UPS Speakers

CAROL B. TOMÉ
Chief Executive Officer

BRIAN DYKES
Chief Financial Officer

Forward-Looking Statements and Non-GAAP Reconciliations

Forward-Looking Statements

This presentation and our filings with the Securities and Exchange Commission contain and in the future may contain "forward-looking statements". Statements other than those of current or historical fact, and all statements accompanied by terms such as "will," "believe," "project," "expect," "estimate," "assume," "intend," "anticipate," "target," "plan," and similar terms, are intended to be forward-looking statements.

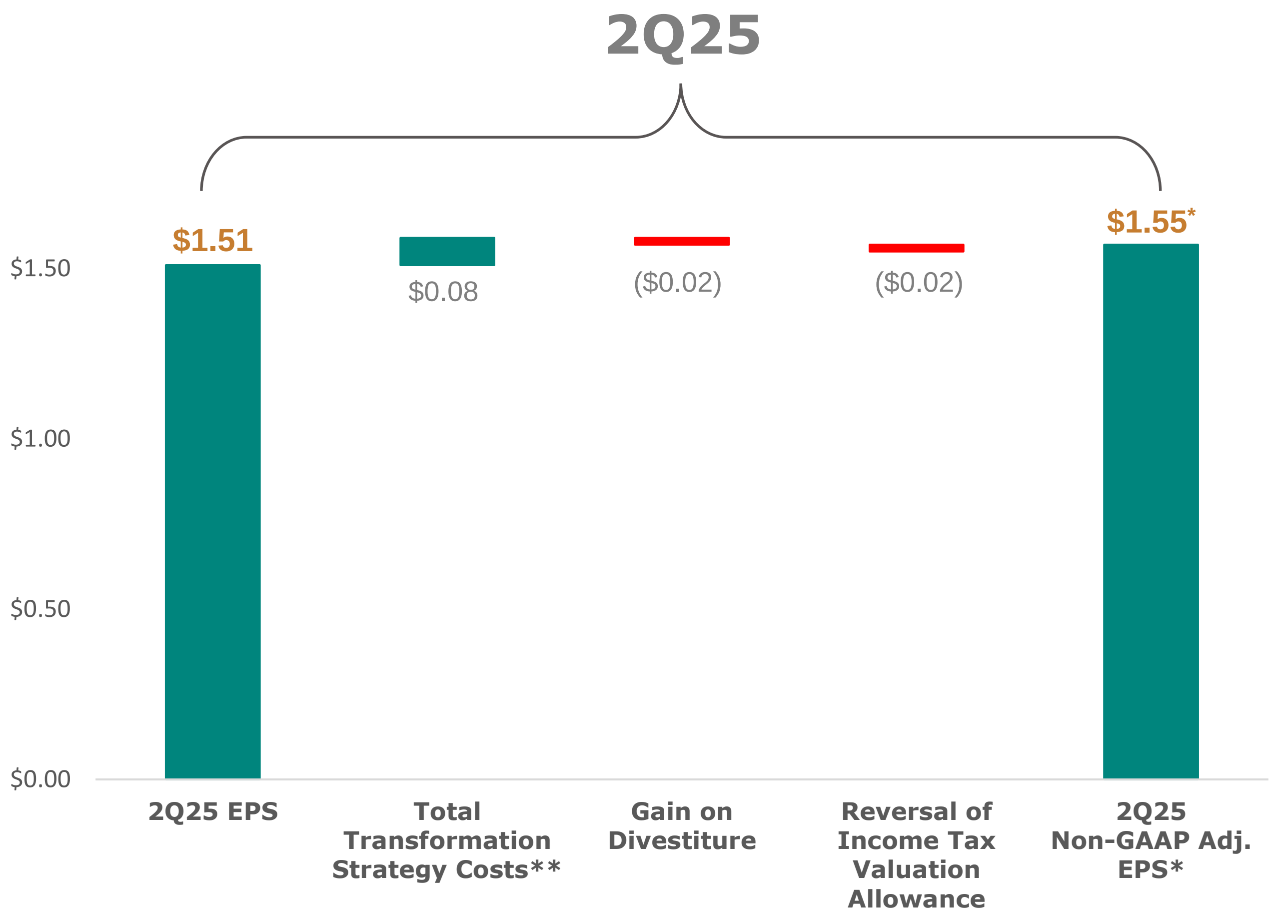
From time to time, we also include written or oral forward-looking statements in other publicly disclosed materials. Such statements may relate to our intent, belief, forecasts of, or current expectations about our strategic direction, prospects, future results, or future events; they do not relate strictly to historical or current facts. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any forward-looking statements because such statements speak only as of the date when made.

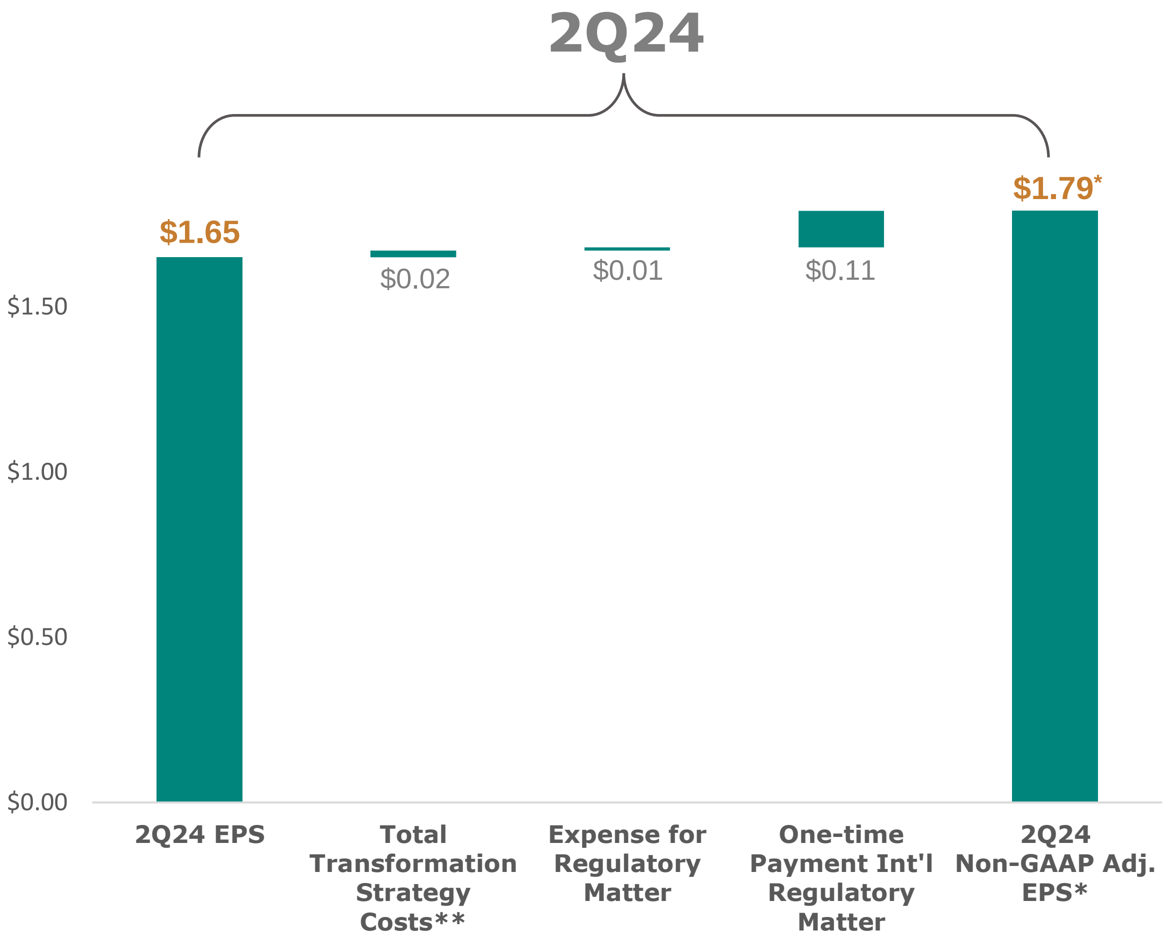
Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties include, but are not limited to: changes in general economic conditions in the U.S. or internationally, including as a result of changes in the global trade policy and new or increased tariffs; significant competition on a local, regional, national and international basis; changes in our relationships with our significant customers; our ability to attract and retain qualified employees; strikes, work stoppages or slowdowns by our employees; increased or more complex physical or operational security requirements; a significant cybersecurity incident, or increased data protection regulations; our ability to maintain our brand image and corporate reputation; impacts from global climate change; interruptions in or impacts on our business from natural or man-made events or disasters including terrorist attacks, epidemics or pandemics; exposure to changing economic, political, regulatory and social developments in international and emerging markets; our ability to realize the anticipated benefits from acquisitions, dispositions, joint ventures or strategic alliances; the effects of changing prices of energy, including gasoline, diesel, jet fuel, other fuels and interruptions in supplies of these commodities; changes in exchange rates or interest rates; our ability to accurately forecast our future capital investment needs; increases in our expenses or funding obligations relating to employee health, retiree health and/or pension benefits; our ability to manage insurance and claims expenses; changes in business strategy, government regulations or economic or market conditions that may result in impairments of our assets; potential additional U.S. or international tax liabilities; increasingly stringent regulations related to climate change; potential claims or litigation related to labor and employment, personal injury, property damage, business practices, environmental liability and other matters; and other risks discussed in our filings with the Securities and Exchange Commission from time to time, including our Annual Report on Form 10-K for the year ended December 31, 2024, and subsequently filed reports. You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. We do not undertake any obligation to update forward-looking statements to reflect events, circumstances, changes in expectations or the occurrence of unanticipated events after the date of those statements, except as required by law.

Information, including comparisons to prior periods, may reflect adjusted results. See the appendix for reconciliations of adjusted results and other non-GAAP adjusted financial measures.

The Company routinely posts important information, including news releases, announcements, materials provided or displayed at analyst or investor conferences, and other statements about its business and results of operations, that may be deemed material to investors on the Company's Investors Relations website at www.investors.ups.com. The Company uses its website as a means of disclosing material, nonpublic information and for complying with the Company's disclosure obligations under Regulation FD. Investors should monitor the Company's Investor Relations website in addition to following the Company's press releases, filings with the SEC, public conference calls and webcasts. We do not incorporate the contents of any website into this or any other report we file with the SEC.

Diluted EPS





*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.
** For additional information on our Transformation strategy initiatives, see the Appendix to this presentation.

CAROL B. TOMÉ

Chief Executive Officer

Thank You UPSers

2Q25 Consolidated Results

In $ Millions **(except per share)**	**2Q25**	**2Q24**	**Change Y/Y**
Revenue	$21,221	$21,818	-2.7%
Non-GAAP Adj. Operating Profit*	$1,876	$2,064	-9.1%
Non-GAAP Adj. Operating Margin*	8.8%	9.5%	-70 bps
Non-GAAP Adj. Diluted EPS*	$1.55	$1.79	-13.4%

"Our second-quarter results reflect the impact of a complex macro environment, driven by ever-evolving trade policies, as well as the significant actions we are taking to strengthen UPS's competitive and financial positioning."

Carol B. Tomé, CEO

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

2Q25 Business Climate

U.S.

- Economy demonstrated continued resilience
  - U.S. small package market unfavorably impacted by consumer buying behaviors
- Manufacturing activity remained soft

Outside of the U.S.

- Changes in policies and increases in tariffs impacted trade flows

Strategic Actions Update

~$3.5 billion in expected savings in 2025

Accelerating glide down of Amazon volume and Reconfiguring U.S. Network

Closed 74 buildings YTD; expect to close additional sorts and buildings in 2H25

Announced voluntary separation program for all full-time U.S. drivers

UPS Ground Saver

Took pricing actions to manage Ground Saver volume resulting in a 23% Y/Y ADV decline;

Working on solutions to drive efficiency in 2H25

Efficiency Reimagined

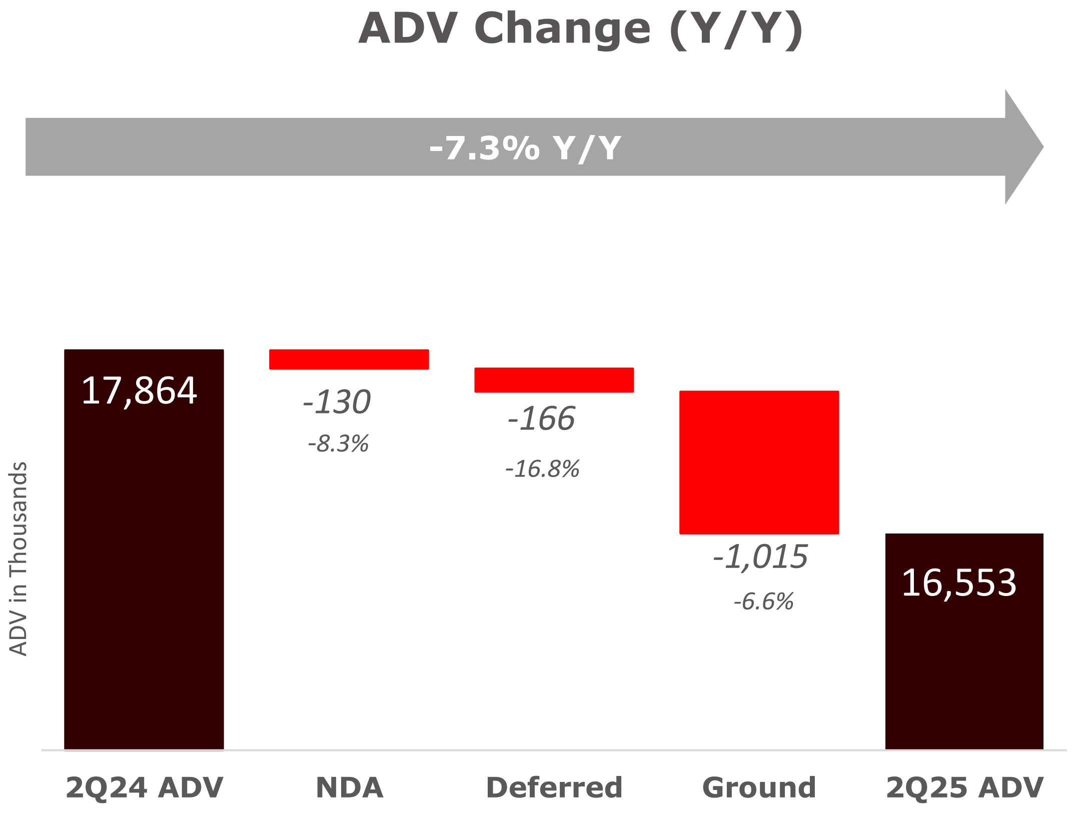
Launched initiatives in the first quarter, accelerated savings in the second quarter

BRIAN DYKES

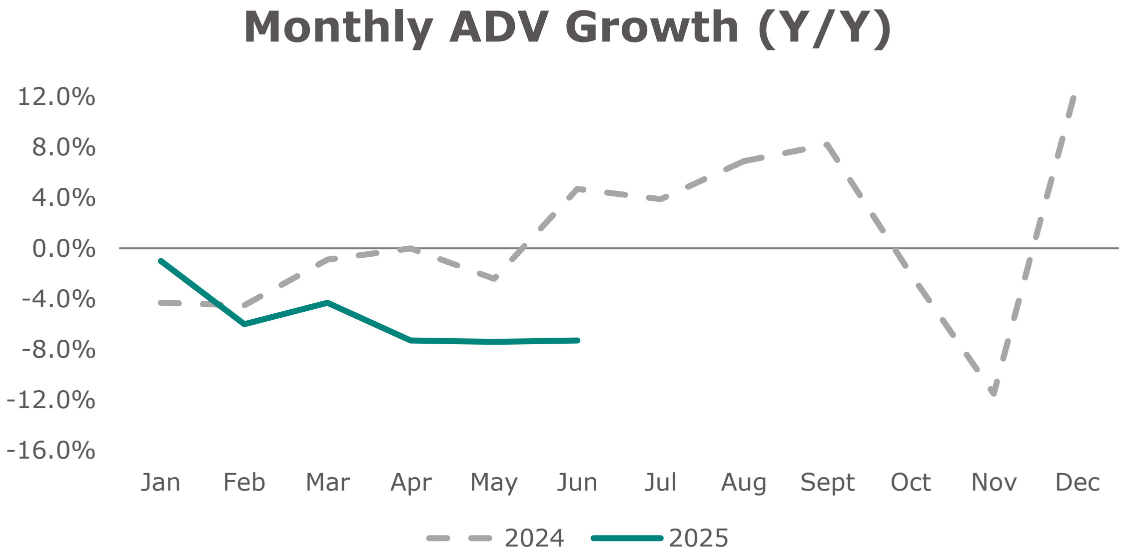
Chief Financial Officer

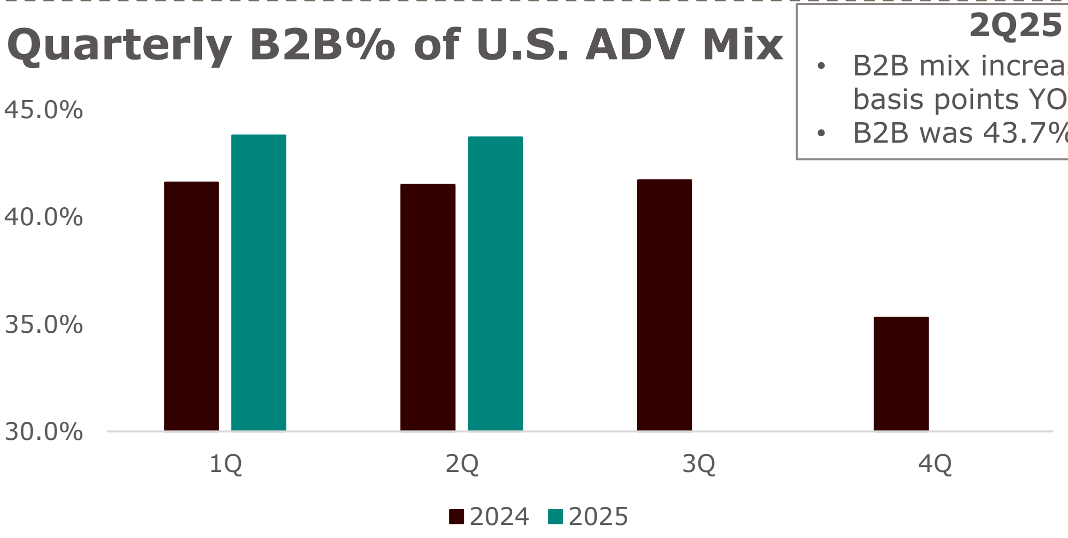
2Q Average Daily Volume Declined 7.3% Y/Y

SMBs made up 32% of total U.S. volume, a 230 basis point improvement Y/Y



- Within Ground, Ground Saver ADV declined 23.3%, primarily due to pricing actions taken on e-commerce volume
- Ground Saver made up the smallest portion of total Ground volume in two years

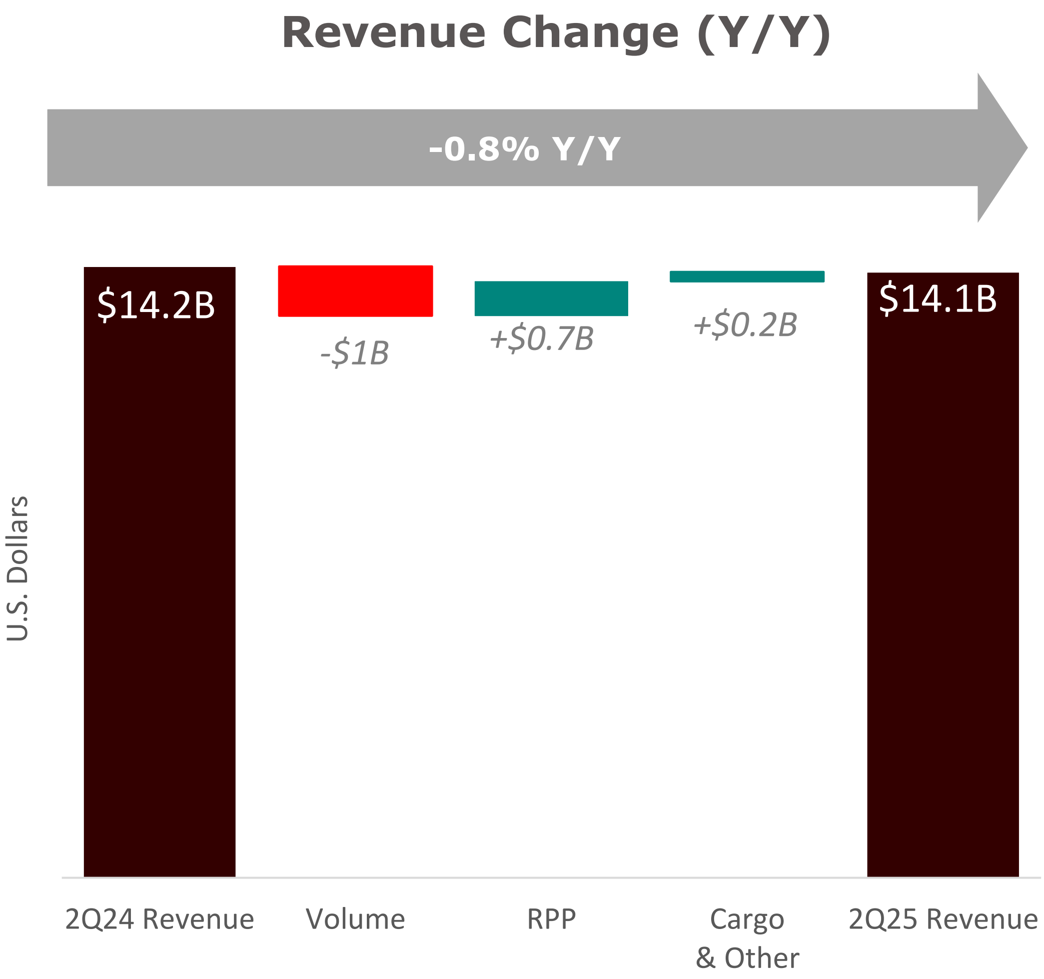




2Q25
- B2B mix increased 220 basis points YOY
- B2B was 43.7% of ADV

2Q Revenue of $14.1B

Revenue per piece Y/Y increase of 5.5%



- Revenue per piece (RPP) improved 5.5% Y/Y:
  - Net impact of base rates and package characteristics increased the RPP growth rate 250 basis points
  - Customer and product mix improvements increased the RPP growth rate 200 basis points
  - Fuel drove a 100 basis point increase in the RPP growth rate

Delivered $982M in Non-GAAP Adj. Operating Profit* in 2Q

Non-GAAP adj. operating margin* of 7.0%

U.S. Domestic Results

	2Q25	2Q24	Change Y/Y
Revenue	$14.1B	$14.2B	-0.8%
Non-GAAP Adj. Operating Profit*	$982M	$1.0B	-1.4%
Non-GAAP Adj. Operating Margin*	7.0%	7.0%	0 bps

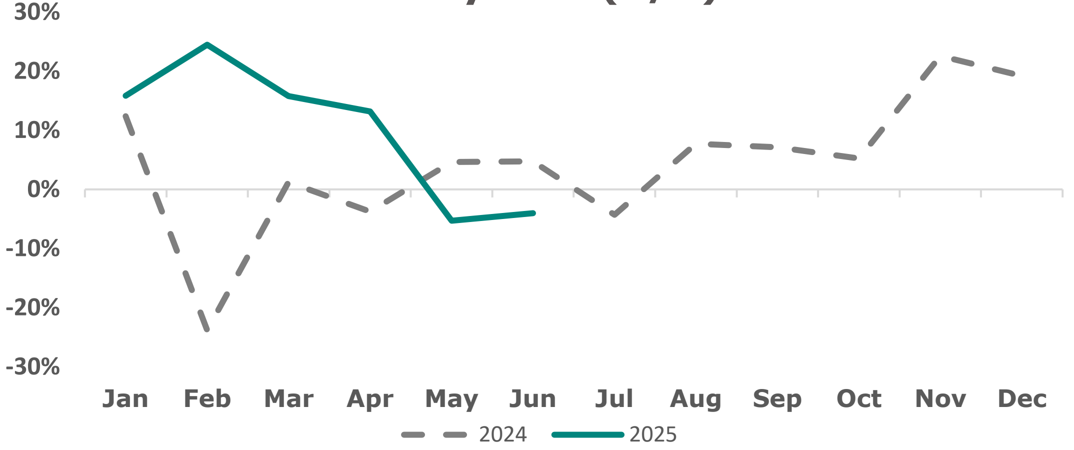
- Total non-GAAP adj. operating expense* flat Y/Y
- Non-GAAP adj. cost-per-piece* increased 5.6% Y/Y
  - Primarily due to short-term pressure from some Ground Saver volume and the timing of employee attrition associated with network reconfiguration efforts
- Non-GAAP adj. operating margin* of 7.0%

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

2Q International Total Average Daily Volume Increased 3.9% Y/Y

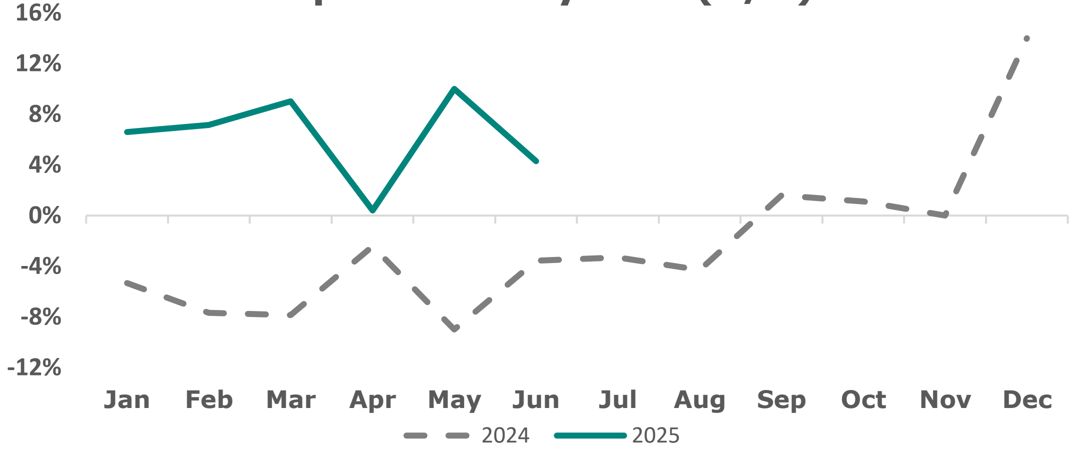
International export ADV increased 6.1% Y/Y

Total Asia* Monthly ADV (Y/Y)



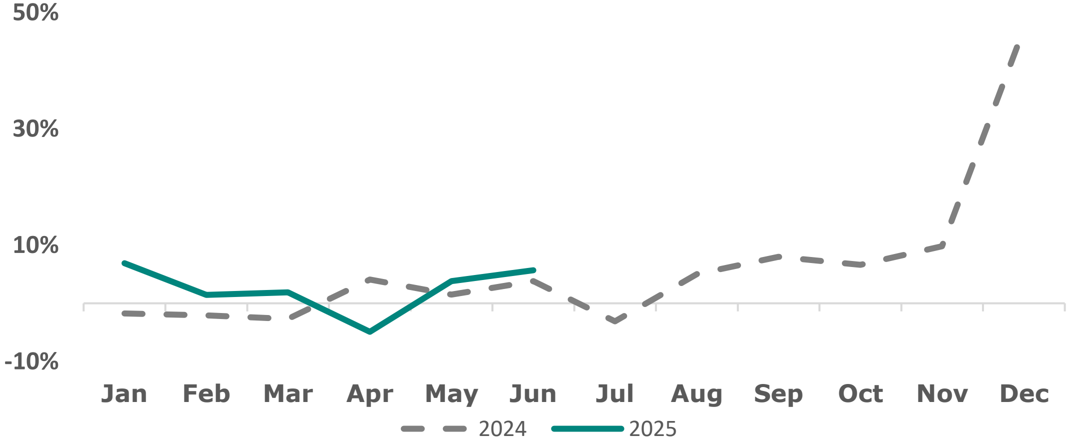
*Lunar New Year was in February of 2024 and in January of 2025

Total Europe** Monthly ADV (Y/Y)

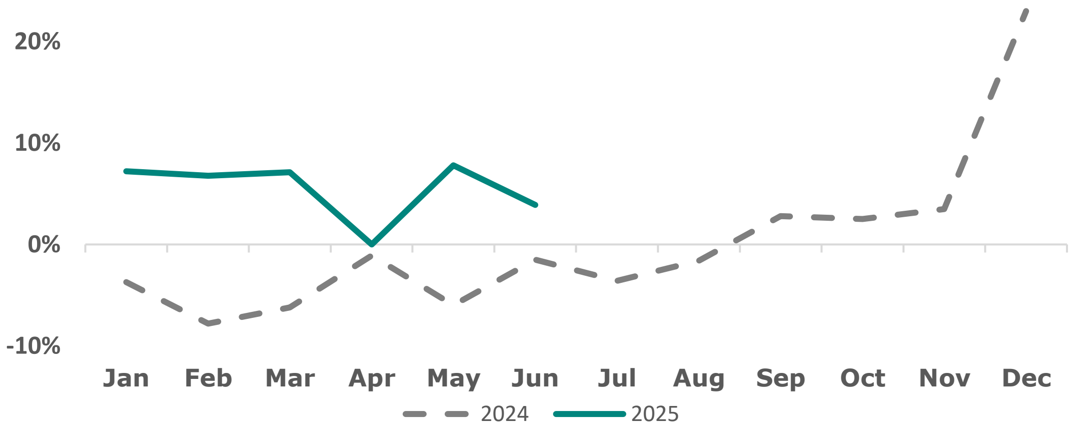


**Europe includes ISMEA (Indian Subcontinent, Middle East, and Africa)

Total Americas Monthly ADV (Y/Y)



Total International Monthly ADV (Y/Y)



Generated 2Q Non-GAAP Adj. Operating Profit* of $682M

Revenue of $4.5B, up 2.6% Y/Y

International Results

	2Q25	2Q24	Change Y/Y
Revenue	$4.5B	$4.4B	2.6%
Non-GAAP Adj. Operating Profit*	$682M	$824M	-17.2%
Non-GAAP Adj. Operating Margin*	15.2%	18.9%	-370 bps

- Non-GAAP adj. operating profit* pressured by trade lane shifts, product trade down, lower demand related surcharges and investments made to expand weekend services in Europe
- Non-GAAP adj. operating margin* of 15.2%

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

Revenue of $2.7B, Down $594M Y/Y

90% of the decrease in revenue Y/Y due to 3Q24 divestiture of Coyote

Supply Chain Solutions Results

	2Q25	2Q24	Change Y/Y
Revenue	$2.7B	$3.2B	-18.3%
Non-GAAP Adj. Operating Profit*	$212M	$244M	-13.1%
Non-GAAP Adj. Operating Margin*	8.0%	7.5%	+50 bps

- Within SCS:
  - Air and Ocean Forwarding revenue was down Y/Y. The decline was due to changes in tariffs, which resulted in demand softness and lower market rates
  - Healthcare logistics grew revenue 5.7%
  - UPS Digital, including Roadie and Happy Returns, grew revenue 26.4% Y/Y
  - Adjusted process for handling volume in Mail Innovations, improving profitability in this business
- Non-GAAP adj. operating margin* of 8.0%

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

YTD 2025 Cash Flow and Capital Allocation

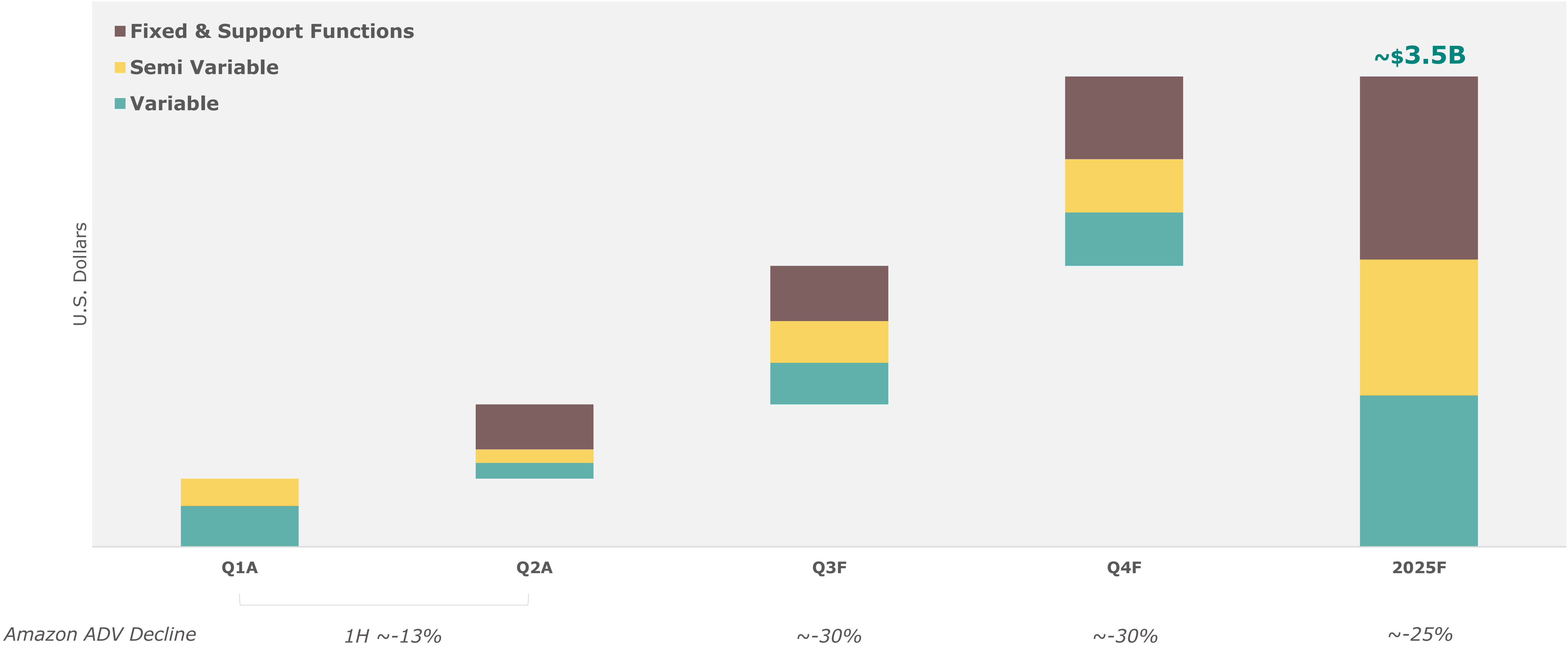
2Q included voluntary pension contributions, accelerated network reconfiguration investments, and temporary working capital pressure primarily due to changes in tariffs

Cash From Operations	Free Cash Flow*	Dividends Paid	Share Repurchases
$2.7B	$742M	$2.7B	$1.0B
			Completed 2025 share repurchase target in 1Q

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

Savings Accelerate Through the Year to Deliver ~$3.5B Cost Reduction

Aligned with Amazon volume reductions



Illustrative

2025 Guidance

UPS is not providing any forward-looking revenue or operating profit guidance

Assumptions

- Tariff and trade changes and potential impacts on consumer behavior are unknown
- Risk for greater variability in SMB and Enterprise volume
- Timing related to implementing Ground Saver solutions is pending
- Full impact of driver voluntary separation program unknown due to timing

2025 Capital Allocation

- Capital expenditures of ~$3.5B
- Dividend payments of ~$5.5B, subject to Board approval
- Share repurchases of ~$1.0B, which have been completed
- $1.4B in pension contributions, of which $921M have been made
- Estimated tax rate of ~23.5%

*Non-GAAP adjusted financial measure. See Appendix for reconciliation to GAAP financial measure.

Questions & Answers

Appendix

Reconciliation of GAAP and Non-GAAP Financial Measures

Reconciliation of GAAP and Non-GAAP Adjusted Financial Measures

We supplement the reporting of our financial information determined under generally accepted accounting principles ("GAAP") with certain non-GAAP adjusted financial measures. Management views and evaluates business performance on both a GAAP basis and by excluding costs and benefits associated with these non-GAAP adjusted financial measures. As a result, we believe the presentation of these non-GAAP adjusted financial measures better enables users of our financial information to view and evaluate underlying business performance from the same perspective as management.

Non-GAAP adjusted financial measures should be considered in addition to, and not as an alternative for, our reported results prepared in accordance with GAAP. Our non-GAAP adjusted financial measures do not represent a comprehensive basis of accounting and therefore may not be comparable to similarly titled measures reported by other companies.

Forward-Looking Non-GAAP Adjusted Financial Metrics

From time to time when presenting forward-looking non-GAAP adjusted financial measures, we are unable to provide quantitative reconciliations to the most closely correlated GAAP measure due to the uncertainty in the timing, amount or nature of any adjustments, which could be material in any period.

Expense for Regulatory Matter

We supplement our presentation with non-GAAP adjusted financial measures that exclude the impact of an expense to settle a regulatory matter. We do not believe this is a component of our ongoing operations and we do not expect this or similar payments to recur.

One-Time Payment for International Regulatory Matter

We supplement our presentation with non-GAAP adjusted financial measures that exclude the impact of a payment to settle a previously-disclosed international tax regulatory matter. We do not believe this payment was a component of our ongoing operations and we do not expect this or similar payments to recur.

Transformation Strategy Costs

We supplement our presentation with non-GAAP adjusted financial measures that exclude the impact of charges related to activities within our transformation strategy. Our transformation strategy activities have spanned several years and are designed to fundamentally change the spans and layers of our organization structure, processes, technologies and the composition of our business portfolio. Our transformation strategy includes initiatives within our Transformation 2.0, Fit to Serve, and *Network Reconfiguration* and *Efficiency Reimagined* programs.

Various circumstances have precipitated these initiatives, including developments and changes in competitive landscapes, inflationary pressures, consumer behaviors, and other factors including post-COVID normalization and volume diversions attributed to our 2023 labor negotiations.

Our transformation strategy has included the following programs and initiatives:

Transformation 2.0: We identified opportunities to reduce spans and layers of management, began a review of our business portfolio and identified opportunities to invest in certain technologies, including financial reporting and certain schedule, time and pay systems, to reduce global indirect operating costs, provide better visibility, and reduce reliance on legacy systems and coding languages. Costs associated with Transformation 2.0 have primarily consisted of compensation and benefit costs related to reductions in our workforce and fees paid to third-party consultants. We expect any remaining costs to be incurred during 2025.

Fit to Serve: We undertook our Fit to Serve initiative with the intent to right-size our business to create a more efficient operating model that was more responsive to market dynamics through a workforce reduction of approximately 14,000 positions, primarily within management. Fit to Serve is expected to conclude in 2025.

Network Reconfiguration and *Efficiency Reimagined*: Our Network of the Future initiative is intended to enhance the efficiency of our network through automation and operational sort consolidation in our U.S. Domestic network. In connection with our anticipation of lower volumes from our largest customer, we began our *Network Reconfiguration*, which is an expansion of Network of the Future and will lead to consolidations of our facilities and workforce as well as an end-to-end process redesign. We launched our *Efficiency Reimagined* initiatives to undertake the end-to-end process redesign effort which will align our organizational processes to the network reconfiguration. We expect to reduce our operational workforce by approximately 20,000 positions during 2025. We closed daily operations at 74 leased and owned buildings by June 30. We continue to review expected changes in volume in our integrated air and ground network to identify additional buildings for closure. We anticipate $3.5 billion of total cost savings will be achieved from *Network Reconfiguration* and *Efficiency Reimagined* in 2025.

In connection with the *Network Reconfiguration* and *Efficiency Reimagined* programs described above, we expect to record between $400 and $650 million in non-GAAP adjusted expense during 2025, related primarily to third-party consulting fees, employee separation benefits, and certain programmatic expenses. We expect the costs associated with these actions may increase should we determine to close additional buildings. In addition, we believe that workforce reductions may require a remeasurement of defined benefit plan benefit obligations and assets during 2025. We are not yet able to estimate the timing or potential impact of such an event.

We do not consider the related costs to be ordinary because each program involves separate and distinct activities that may span multiple periods and are not expected to drive incremental revenue, and because the scope of the programs exceeds that of routine, ongoing efforts to enhance profitability. These initiatives are in addition to ordinary, ongoing efforts to enhance business performance.

Goodwill and Asset Impairments

We supplement our presentation with non-GAAP adjusted financial measures that exclude the impact of goodwill and certain asset impairment charges, including impairments of long-lived assets and equity method investments. We do not consider these charges when evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards

Gains and Losses Related to Divestitures

We supplement our presentation with non-GAAP adjusted financial measures that exclude the impact of gains (or losses) related to the divestiture of businesses. We do not consider these transactions to be a component of our ongoing operations, nor when evaluating the operating performance of our business units, making decisions to allocate resources in determining incentive compensation awards.

Reversal of Income Tax Valuation Allowance

We previously recorded non-GAAP adjustments for transactions that resulted in capital loss deferred tax assets not expected to be realized. We now expect a portion of these capital losses to be realized in future periods. We supplement our presentation with non-GAAP measures that exclude the impact of subsequent changes in the valuation allowances against these deferred tax assets as we believe such treatment is consistent with how the valuation allowance was initially established.

Non-GAAP Adjusted Cost per Piece

We evaluate the efficiency of our operations using various metrics, including non-GAAP adjusted cost per piece. Non-GAAP adjusted cost per piece is calculated as non-GAAP adjusted operating expenses in a period divided by total volume for that period. Because non-GAAP adjusted operating expenses exclude costs or charges that we do not consider a part of underlying business performance when monitoring and evaluating the operating performance of our business units, making decisions to allocate resources or in determining incentive compensation awards, we believe this is the appropriate metric on which to base reviews and evaluations of the efficiency of our operational performance.

Free Cash Flow

We calculate free cash flow as cash flows from operating activities less capital expenditures, proceeds from disposals of property, plant and equipment, and plus or minus the net changes in other investing activities. We believe free cash flow is an important indicator of how much cash is generated by our ongoing business operations and we use this as a measure of incremental cash available to invest in our business, meet our debt obligations and return cash to shareowners.

Reconciliations

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
June 30,

(amounts in millions)	2025	2024
Operating Profit (GAAP)	$ 1,822	$ 1,944
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	(18)	(10)
Financial systems	15	13
Transformation 2.0 total	(3)	3
Fit to Serve	9	24
Network Reconfiguration and Efficiency Reimagined	68	—
Total Transformation Strategy Costs	74	27
Gain on Divestiture [1]	(20)	—
Expense for Regulatory Matter [2]	—	5
One-Time Payment for Int'l Regulatory Matter [3]	—	88
Non-GAAP Adjusted Operating Profit	$ 1,876	$ 2,064

	2025	2024
Operating Margin (GAAP)	8.6 %	8.9 %
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	(0.1)%	— %
Financial systems	0.1 %	0.1 %
Transformation 2.0 total	— %	0.1 %
Fit to Serve	— %	0.1 %
Network Reconfiguration and Efficiency Reimagined	0.3 %	0.0 %
Total Transformation Strategy Costs	0.3 %	0.2 %
Gain on Divestiture [1]	(0.1)%	0.0 %
Expense for Regulatory Matter [2]	— %	0.0 %
One-Time Payment for Int'l Regulatory Matter [3]	— %	0.4 %
Non-GAAP Adjusted Operating Margin	8.8 %	9.5 %

(1) Reflects pre-tax gain of $20 million on the divestiture of a business within Supply Chain Solutions.
(2) Reflects expense related to the settlement of a regulatory matter.
(3) Reflects a one-time payment for an international regulatory matter of $88 million and related interest of $6 million.

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo results to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

Reconciliations

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
June 30

(amounts in millions)	2025	2024
Other Income (Expense) (GAAP)	$ (160)	$ (75)
One-Time Payment for Int'l Regulatory Matter (3)	—	6
Non-GAAP Adjusted Other Income (Expense)	$ (160)	$ (69)

	2025	2024
Income Before Income Taxes (GAAP)	$ 1,662	$ 1,869
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	(18)	(10)
Financial systems	15	13
Transformation 2.0 total	(3)	3
Fit to Serve	9	24
Network Reconfiguration and Efficiency Reimagined	68	—
Total Transformation Strategy Costs	74	27
Gain on Divestiture (1)	(20)	—
Expense for Regulatory Matter (2)	—	5
One-Time Payment for Int'l Regulatory Matter (3)	—	94
Non-GAAP Adjusted Income Before Income Taxes	$ 1,716	$ 1,995

(1) Reflects pre-tax gain of $20 million on the divestiture of a business within Supply Chain Solutions.
(2) Reflects expense related to the settlement of a regulatory matter.
(3) Reflects a pre-tax one-time payment for an international regulatory matter of $88 million and related interest of $6 million.

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo results to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

Reconciliations

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

(amounts in millions)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024
Income Tax Expense (GAAP)	$ 379	$ 460
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	(5)	(2)
Financial systems	4	3
Transformation 2.0 total	(1)	1
Fit to Serve	2	5
Network Reconfiguration and Efficiency Reimagined	16	—
Total Transformation Strategy Costs	17	6
Gain on Divestiture [1]	(5)	—
Reversal of Income Tax Valuation Allowance [4]	13	—
Non-GAAP Adjusted Income Tax Expense	$ 404	$ 466

(1) Reflects pre-tax gain of $20 million on the divestiture of a business within Supply Chain Solutions.
(4) Reflects the partial reversal of an income tax valuation allowance.

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo results to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

Reconciliations

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures
(unaudited)

Three Months Ended
June 30,

(amounts in millions)	2025	2024
Net Income (GAAP)	$ 1,283	$ 1,409
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	(13)	(8)
Financial systems	11	10
Transformation 2.0 total	(2)	2
Fit to Serve	7	19
Network Reconfiguration and Efficiency Reimagined	52	—
Total Transformation Strategy Costs	57	21
Gain on Divestiture [1]	(15)	—
Expense for Regulatory Matter [2]	—	5
One-Time Payment for Int'l Regulatory Matter [3]	—	94
Reversal of Income Tax Valuation Allowance [4]	(13)	—
Non-GAAP Adjusted Net Income	$ 1,312	$ 1,529

	2025	2024
Diluted Earnings Per Share (GAAP)	$ 1.51	$ 1.65
Transformation Strategy Costs:		
Transformation 2.0		
Business portfolio review	(0.01)	(0.01)
Financial systems	0.01	0.01
Transformation 2.0 total	—	—
Fit to Serve	0.01	0.02
Network Reconfiguration and Efficiency Reimagined	0.07	—
Total Transformation Strategy Costs	0.08	0.02
Gain on Divestiture [1]	(0.02)	—
Expense for Regulatory Matter [2]	—	0.01
One-Time Payment for Int'l Regulatory Matter [3]	—	0.11
Reversal of Income Tax Valuation Allowance [4]	(0.02)	—
Non-GAAP Adjusted Diluted Earnings Per Share	$ 1.55	$ 1.79

(1) Reflects pre-tax gain of $20 million and related tax effect on the divestiture of a business within Supply Chain Solutions.
(2) Reflects expense related to the settlement of a regulatory matter.
(3) Reflects a pre-tax one-time payment for an international regulatory matter of $88 million and related interest of $6 million.
(4) Reflects the partial reversal of an income tax valuation allowance.

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo results to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

Reconciliations

United Parcel Service, Inc.
Reconciliation of GAAP and Non-GAAP Adjusted Measures by Segment
(unaudited)

Three Months Ended
June 30,

U.S. Domestic Package	**2025** Operating Expenses	**2024** Operating Expenses	% Change	**2025** Operating Profit	**2024** Operating Profit	% Change	**2025** Operating Margin	**2024** Operating Margin
GAAP	$ 13,167	$ 13,213	(0.3)%	$ 916	$ 988	(7.3)%	6.5 %	7.0 %
Adjusted for:								
Transformation Strategy Costs	(66)	(8)		66	8		0.5 %	— %
Non-GAAP Adjusted Measure	$ 13,101	$ 13,205	(0.8)%	$ 982	$ 996	(1.4)%	7.0 %	7.0 %

International Package	**2025** Operating Expenses	**2024** Operating Expenses	% Change	**2025** Operating Profit	**2024** Operating Profit	% Change	**2025** Operating Margin	**2024** Operating Margin
GAAP	$ 3,813	$ 3,652	4.4 %	$ 672	$ 718	(6.4)%	15.0 %	16.4 %
Adjusted for:								
Transformation Strategy Costs	(10)	(18)		10	18		0.2 %	0.4 %
One-Time Int'l Regulatory Matter	—	$ (88)		—	88		— %	2.1 %
Non-GAAP Adjusted Measure	$ 3,803	$ 3,546	7.2 %	$ 682	$ 824	(17.2)%	15.2 %	18.9 %

Supply Chain Solutions	**2025** Operating Expenses	**2024** Operating Expenses	% Change	**2025** Operating Profit	**2024** Operating Profit	% Change	**2025** Operating Margin	**2024** Operating Margin
GAAP	$ 2,419	$ 3,009	(19.6)%	$ 234	$ 238	(1.7)%	8.8 %	7.3 %
Adjusted for:								
Transformation Strategy Costs	2	(1)		(2)	1		(0.1)%	— %
Gain on Divestiture	20	—		(20)	—		(0.7)%	— %
Expense for Regulatory Matter	—	(5)		—	5		— %	0.2 %
Non-GAAP Adjusted Measure	$ 2,441	$ 3,003	(18.7)%	$ 212	$ 244	(13.1)%	8.0 %	7.5 %

Certain prior year amounts have been reclassified to conform to the current year presentation, including the recast of air cargo results to U.S. Domestic, with no change to consolidated results. Certain amounts are calculated based on unrounded numbers.

Reconciliations

United Parcel Service, Inc.
Reconciliation of Free Cash Flow (Non-GAAP measure)
(unaudited)

(amounts in millions):	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Cash flows from operating activities	$ 2,666	$ 5,309
Capital expenditures	(1,999)	(1,968)
Proceeds from disposals of property, plant and equipment	91	28
Other investing activities	(16)	(4)
Free Cash Flow (Non-GAAP measure)	$ 742	$ 3,365

Prior year amounts may have been reclassified to conform to the current year presentation. Certain amounts are calculated based on unrounded numbers.