

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

Three Months Ended
March 31

(amounts in millions, except per share data)

Statement of Income Data:

Revenue:

	2018	2017	Change	% Change
U.S. Domestic Package	\$ 10,227	\$ 9,536	\$ 691	7.2%
International Package	3,533	3,074	459	14.9%
Supply Chain & Freight	3,353	2,900	453	15.6%
Total revenue	<u>17,113</u>	<u>15,510</u>	1,603	10.3%

Operating expenses:

Compensation and benefits	9,045	8,311	734	8.8%
Other	6,548	5,582	966	17.3%
Total operating expenses	<u>15,593</u>	<u>13,893</u>	1,700	12.2%

Operating profit:

U.S. Domestic Package	756	950	(194)	-20.4%
International Package	594	518	76	14.7%
Supply Chain & Freight	170	149	21	14.1%
Total operating profit	<u>1,520</u>	<u>1,617</u>	(97)	-6.0%

Other income (expense):

Other pension income (expense)	285	180	105	58.3%
Investment income and other	9	15	(6)	-40.0%
Interest expense	(153)	(102)	(51)	50.0%
Total other income (expense)	<u>141</u>	<u>93</u>	48	51.6%

Income before income taxes

1,661	1,710	(49)	-2.9%
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Income tax expense

316	544	(228)	-41.9%
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Net income

<u>\$ 1,345</u>	<u>\$ 1,166</u>	<u>\$ 179</u>	15.4%
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Net income as a percentage of revenue

7.9%	7.5%
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Per share amounts:

Basic earnings per share	\$ 1.55	\$ 1.33	\$ 0.22	16.5%
Diluted earnings per share	\$ 1.55	\$ 1.33	\$ 0.22	16.5%

Weighted-average shares outstanding:

Basic	866	874	(8)	-0.9%
Diluted	870	879	(9)	-1.0%

United Parcel Service, Inc.
Selected Operating Data - First Quarter
(unaudited)

	Three Months Ended			
	March 31			
	2018	2017	Change	% Change
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 1,784	\$ 1,665	\$ 119	7.1%
Deferred	1,069	970	99	10.2%
Ground	7,374	6,901	473	6.9%
Total U.S. Domestic Package	<u>10,227</u>	<u>9,536</u>	691	7.2%
International Package:				
Domestic	716	613	103	16.8%
Export	2,672	2,337	335	14.3%
Cargo and Other	145	124	21	16.9%
Total International Package	<u>3,533</u>	<u>3,074</u>	459	14.9%
Supply Chain & Freight:				
Forwarding	1,605	1,266	339	26.8%
Logistics	782	740	42	5.7%
Freight	777	707	70	9.9%
Other	189	187	2	1.1%
Total Supply Chain & Freight	<u>3,353</u>	<u>2,900</u>	453	15.6%
Consolidated	<u>\$ 17,113</u>	<u>\$ 15,510</u>	<u>\$ 1,603</u>	10.3%
Consolidated volume (in millions)	1,241	1,187	54	4.5%
Operating weekdays	64	64	-	0.0%
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,437	1,315	122	9.3%
Deferred	1,297	1,243	54	4.3%
Ground	13,545	13,008	537	4.1%
Total U.S. Domestic Package	<u>16,279</u>	<u>15,566</u>	713	4.6%
International Package:				
Domestic	1,670	1,683	(13)	-0.8%
Export	1,446	1,297	149	11.5%
Total International Package	<u>3,116</u>	<u>2,980</u>	136	4.6%
Consolidated	<u>19,395</u>	<u>18,546</u>	849	4.6%
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 19.40	\$ 19.78	\$ (0.38)	-1.9%
Deferred	12.88	12.19	0.69	5.7%
Ground	8.51	8.29	0.22	2.7%
Total U.S. Domestic Package	9.82	9.57	0.25	2.6%
International Package:				
Domestic	6.70	5.69	1.01	17.8%
Export	28.87	28.15	0.72	2.6%
Total International Package	16.99	15.47	1.52	9.8%
Consolidated	<u>\$ 10.97</u>	<u>\$ 10.52</u>	<u>\$ 0.45</u>	4.3%

United Parcel Service, Inc.
Supplemental Analysis of Currency and UPS Freight

Currency Neutral Revenue Per Piece
(unaudited)

	Three Months Ended March 31			Currency Neutral		
	2018	2017	% Change	Currency	2018*	% Change
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 6.70	\$ 5.69	17.8%	\$ (0.74)	\$ 5.96	4.7%
Export	28.87	28.15	2.6%	\$ (1.21)	\$ 27.66	-1.7%
Total International Package	<u>\$ 16.99</u>	<u>\$ 15.47</u>	9.8%	<u>\$ (0.96)</u>	<u>\$ 16.03</u>	3.6%
Consolidated	<u>\$ 10.97</u>	<u>\$ 10.52</u>	4.3%	<u>\$ (0.16)</u>	<u>\$ 10.81</u>	2.8%

* Amounts adjusted for period over period foreign currency exchange rate and hedging differences

Currency Neutral Revenue
(unaudited)

	Three Months Ended March 31			Currency Neutral		
	2018	2017	% Change	Currency	2018*	% Change
Revenue (in millions):						
U.S. Domestic Package	\$ 10,227	\$ 9,536	7.2%	\$ -	\$ 10,227	7.2%
International Package	3,533	3,074	14.9%	(193)	3,340	8.7%
Supply Chain & Freight	3,353	2,900	15.6%	(51)	3,302	13.9%
Total revenue	<u>\$ 17,113</u>	<u>\$ 15,510</u>	10.3%	<u>\$ (244)</u>	<u>\$ 16,869</u>	8.8%

* Amounts adjusted for period over period foreign currency exchange rate and hedging differences

Currency Neutral Operating Profit
(unaudited)

	Three Months Ended March 31			Currency Neutral		
	2018	2017	% Change	Currency	2018*	% Change
Operating profit (in millions):						
U.S. Domestic Package	\$ 756	\$ 950	-20.4%	\$ -	\$ 756	-20.4%
International Package	594	518	14.7%	(22)	572	10.4%
Supply Chain & Freight	170	149	14.1%	(1)	169	13.4%
Total operating profit	<u>\$ 1,520</u>	<u>\$ 1,617</u>	-6.0%	<u>\$ (23)</u>	<u>\$ 1,497</u>	-7.4%

* Amounts adjusted for period over period foreign currency exchange rate and hedging differences

UPS Freight Selected Operating Data - First Quarter
(unaudited)

	Three Months Ended March 31			
	2018	2017	Change	% Change
LTL revenue (in millions)	\$ 661	\$ 616	\$ 45	7.3%
LTL revenue per LTL hundredweight	\$ 24.76	\$ 23.57	\$ 1.19	5.0%
LTL shipments (in thousands)	2,468	2,510	(42)	-1.7%
LTL shipments per day (in thousands)	38.6	39.2	(0.6)	-1.7%
LTL gross weight hauled (in millions of pounds)	2,670	2,613	57	2.2%
LTL weight per shipment (in pounds)	1,082	1,041	41	3.9%
Operating weekdays	64	64	-	0.0%

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

United Parcel Service, Inc.

**Detail of Other Operating Expenses - First Quarter
(unaudited)**

(in millions)

	Three Months Ended March 31			
	2018	2017	Change	% Change
Repairs and maintenance	\$ 434	\$ 390	\$ 44	11.3%
Depreciation and amortization	596	554	42	7.6%
Purchased transportation	3,145	2,545	600	23.6%
Fuel	750	621	129	20.8%
Other occupancy	361	299	62	20.7%
Other expenses	1,262	1,173	89	7.6%
Total other operating expenses	<u>\$ 6,548</u>	<u>\$ 5,582</u>	<u>\$ 966</u>	<u>17.3%</u>

**Detail of Other Pension Income (Expense) - First Quarter
(unaudited)**

(in millions)

	Three Months Ended March 31			
	2018	2017	Change	% Change
U.S. Domestic Package	\$ 227	\$ 139	\$ 88	63.3%
International Package	20	13	7	53.8%
Supply Chain & Freight	38	28	10	35.7%
Total other pension income (expense)	<u>\$ 285</u>	<u>\$ 180</u>	<u>\$ 105</u>	<u>58.3%</u>

**Earnings Per Share and Share Data - First Quarter
(unaudited)**

(amounts in millions, except per share data)

	Three Months Ended March 31	
	2018	2017
Numerator:		
Net income	<u>\$ 1,345</u>	<u>\$ 1,166</u>
Denominator:		
Weighted-average shares	861	869
Deferred compensation obligations	1	1
Vested portion of restricted units	4	4
Denominator for basic earnings per share	<u>866</u>	<u>874</u>
Effect of dilutive securities:		
Restricted units	4	4
Stock options	-	1
Denominator for diluted earnings per share	<u>870</u>	<u>879</u>
Basic earnings per share	<u>\$ 1.55</u>	<u>\$ 1.33</u>
Diluted earnings per share	<u>\$ 1.55</u>	<u>\$ 1.33</u>

Detail of shares outstanding as of March 31, 2018:

Class A shares	173
Class B shares	<u>689</u>
Total shares outstanding	<u>862</u>

United Parcel Service, Inc.
Consolidated Balance Sheets - March 31, 2018 and December 31, 2017
(unaudited)

(amounts in millions)	<u>March 31, 2018</u>	<u>December 31, 2017</u>
ASSETS		
Current Assets:		
Cash and marketable securities	\$ 4,209	\$ 4,069
Other current assets	9,411	11,649
Total Current Assets	<u>13,620</u>	<u>15,718</u>
Property, Plant and Equipment	50,309	48,726
Less accumulated depreciation and amortization	<u>27,070</u>	<u>26,608</u>
	23,239	22,118
Other Assets	7,605	7,738
	<u>\$ 44,464</u>	<u>\$ 45,574</u>
 LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities	\$ 11,149	\$ 12,886
Long-Term Debt	20,409	20,278
Pension and Postretirement Benefit Obligations	7,053	7,061
Deferred Taxes, Credits and Other Liabilities	4,478	4,325
Shareowners' Equity	1,375	1,024
	<u>\$ 44,464</u>	<u>\$ 45,574</u>

Amounts are subject to reclassification.

United Parcel Service, Inc.
Selected Cash Flow Data
(unaudited)

Net Increase in Cash, Cash Equivalents and Restricted Cash

(amounts in millions)	Preliminary Year-to-Date March 31
Cash flows from operating activities	\$ 4,067
Cash flows used in investing activities	(1,446)
Cash flows used in financing activities	(2,550)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(14)
Net increase in cash, cash equivalents and restricted cash	<u>\$ 57</u>

Reconciliation of Free Cash Flow (non-GAAP measure)

(amounts in millions)	Preliminary Year-to-Date March 31
Cash flows from operating activities	\$ 4,067
Capital expenditures	(1,537)
Proceeds from disposals of PP&E	20
Net change in finance receivables	-
Other investing activities	2
Free cash flow (non-GAAP measure)	<u>\$ 2,552</u>

Amounts are subject to reclassification.

United Parcel Service, Inc.
Aircraft Fleet - As of March 31, 2018
(unaudited)

Description	Owned and Capital Leases	Leases & Charters from Others	On Order	Under Option
Operating:				
Boeing 757-200	75	-	-	-
Boeing 767-200	-	2	-	-
Boeing 767-300	59	-	4	-
Boeing 767-300BCF	3	-	-	-
Airbus A300-600	52	-	-	-
Boeing MD-11	37	4	-	-
Boeing 747-400F	11	-	-	-
Boeing 747-400BCF	2	-	-	-
Boeing 747-8F	5	-	23	-
Other	-	314	-	-
Total	244	320	27	-