

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

	Three Months Ended		Change	
	March 31,		\$	%
	2013	2012		
<small>(amounts in millions, except per share data)</small>				
Statement of Income Data:				
Revenue:				
U.S. Domestic Package	\$ 8,271	\$ 8,004	\$ 267	3.3%
International Package	2,978	2,966	12	0.4%
Supply Chain & Freight	2,185	2,166	19	0.9%
Total revenue	<u>13,434</u>	<u>13,136</u>	<u>298</u>	<u>2.3%</u>
Operating expenses:				
Compensation and benefits	6,968	6,835	133	1.9%
Other	4,886	4,732	154	3.3%
Total operating expenses	<u>11,854</u>	<u>11,567</u>	<u>287</u>	<u>2.5%</u>
Operating profit:				
U.S. Domestic Package	1,085	995	90	9.0%
International Package	352	408	(56)	-13.7%
Supply Chain & Freight	143	166	(23)	-13.9%
Total operating profit	<u>1,580</u>	<u>1,569</u>	<u>11</u>	<u>0.7%</u>
Other income (expense):				
Investment income	5	6	(1)	-16.7%
Interest expense	(96)	(94)	(2)	2.1%
Total other income (expense)	<u>(91)</u>	<u>(88)</u>	<u>(3)</u>	<u>3.4%</u>
Income before income taxes	<u>1,489</u>	<u>1,481</u>	<u>8</u>	<u>0.5%</u>
Income tax expense	452	511	(59)	-11.5%
Net income	<u>\$ 1,037</u>	<u>\$ 970</u>	<u>\$ 67</u>	<u>6.9%</u>
Net income as a percentage of revenue	7.7%	7.4%		
Per share amounts:				
Basic earnings per share	\$ 1.09	\$ 1.01	\$ 0.08	7.9%
Diluted earnings per share	\$ 1.08	\$ 1.00	\$ 0.08	8.0%
Weighted-average shares outstanding:				
Basic	952	962	(10)	-1.0%
Diluted	960	972	(12)	-1.2%
As adjusted income data:				
Operating profit:				
U.S. Domestic Package	\$ 1,085	\$ 995	\$ 90	9.0%
International Package (1)	391	408	(17)	-4.2%
Supply Chain & Freight	143	166	(23)	-13.9%
Total operating profit (1)	<u>1,619</u>	<u>1,569</u>	<u>50</u>	<u>3.2%</u>
Income before income taxes (1)	\$ 1,528	\$ 1,481	\$ 47	3.2%
Net income (2)	\$ 1,001	\$ 970	\$ 31	3.2%
Basic earnings per share (2)	\$ 1.05	\$ 1.01	\$ 0.04	4.0%
Diluted earnings per share (2)	\$ 1.04	\$ 1.00	\$ 0.04	4.0%

(1) 2013 operating profit and consolidated income before income taxes exclude the impact of the TNT termination fee of €200 million (\$268 million) and transaction-related expenses of \$16 million. The combination of these items resulted in a pre-tax charge of \$284 million (\$177 million after-tax). Subsequent to the termination of the merger protocol, we liquidated a foreign subsidiary resulting in a currency gain of \$245 million (\$213 million after-tax). Both transactions impacted the International Package segment.

(2) 2013 net income and earnings per share amounts excluded the after-tax impact of the International Package segment transactions described in (1), which total a combined \$36 million after-tax gain.

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

	Three Months Ended		Change	
	March 31,			
	2013	2012	\$ / #	%
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 1,566	\$ 1,557	\$ 9	0.6%
Deferred	812	820	(8)	-1.0%
Ground	5,893	5,627	266	4.7%
Total U.S. Domestic Package	8,271	8,004	267	3.3%
International Package:				
Domestic	641	640	1	0.2%
Export	2,186	2,195	(9)	-0.4%
Cargo	151	131	20	15.3%
Total International Package	2,978	2,966	12	0.4%
Supply Chain & Freight:				
Forwarding and Logistics	1,360	1,424	(64)	-4.5%
Freight	688	618	70	11.4%
Other	137	124	13	10.5%
Total Supply Chain & Freight	2,185	2,166	19	0.9%
Consolidated	<u>\$ 13,434</u>	<u>\$ 13,136</u>	<u>\$ 298</u>	2.3%
Consolidated volume (in millions)	1,022	998	24	2.4%
Operating weekdays	63	64	(1)	
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,235	1,213	22	1.8%
Deferred	1,021	985	36	3.7%
Ground	11,573	11,042	531	4.8%
Total U.S. Domestic Package	13,829	13,240	589	4.4%
International Package:				
Domestic	1,416	1,409	7	0.5%
Export	979	943	36	3.8%
Total International Package	2,395	2,352	43	1.8%
Consolidated	<u>16,224</u>	<u>15,592</u>	<u>632</u>	4.1%
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 20.13	\$ 20.06	\$ 0.07	0.3%
Deferred	12.62	13.01	(0.39)	-3.0%
Ground	8.08	7.96	0.12	1.5%
Total U.S. Domestic Package	9.49	9.45	0.04	0.4%
International Package:				
Domestic	7.19	7.10	0.09	1.3%
Export	35.44	36.37	(0.93)	-2.6%
Total International Package	18.74	18.83	(0.09)	-0.5%
Consolidated	<u>\$ 10.86</u>	<u>\$ 10.86</u>	<u>\$ -</u>	-

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

(amounts in millions)	Preliminary Year-to-Date March 31,
Net cash from operations	\$ 1,758
Capital expenditures	(453)
Proceeds from disposals of PP&E	12
Net change in finance receivables	10
Other investing activities	78
Free cash flow	<u>\$ 1,405</u>

Amounts are subject to reclassification.