

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

Three Months Ended June 30, 2020

	As-Reported (GAAP)	Transformation Strategy Costs ⁽¹⁾	As-Adjusted (Non-GAAP)
Operating profit:			
U.S. Domestic Package	\$ 1,182	\$ 33	\$ 1,215
International Package	771	71	842
Supply Chain & Freight	259	8	267
Total operating profit	\$ 2,212	\$ 112	\$ 2,324
Income before income taxes	\$ 2,357	\$ 112	\$ 2,469
Income tax expense	\$ 589	\$ 29	\$ 618
Net Income	\$ 1,768	\$ 83	\$ 1,851
Diluted earnings per share	\$ 2.03	\$ 0.10	\$ 2.13

⁽¹⁾ Reflects other employee benefits costs of \$81 million and other costs of \$31 million.

Six Months Ended June 30, 2020

	As-Reported (GAAP)	Transformation Strategy Costs ⁽¹⁾	As-Adjusted (Non-GAAP)
Operating profit:			
U.S. Domestic Package	\$ 1,546	\$ 70	\$ 1,616
International Package	1,322	78	1,400
Supply Chain & Freight	416	9	425
Total operating profit	\$ 3,284	\$ 157	\$ 3,441
Income before income taxes	\$ 3,607	\$ 157	\$ 3,764
Income tax expense	\$ 874	\$ 39	\$ 913
Net income	\$ 2,733	\$ 118	\$ 2,851
Diluted earnings per share	\$ 3.14	\$ 0.14	\$ 3.28

⁽¹⁾ Reflects other employee benefits costs of \$93 million and other costs of \$64 million.

**Reconciliation of GAAP and Non-GAAP Revenue, Revenue Per Piece,
and Adjusted Operating Profit**
(in millions, except per piece amounts):

Three Months Ended June 30

	2020 As-Reported (GAAP)	2019 As-Reported (GAAP)	% Change (GAAP)	Currency Impact	2020 Currency Neutral (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 6.37	\$ 6.63	(3.9)%	\$ 0.16	\$ 6.53	(1.5)%
Export	28.56	30.06	(5.0)%	0.18	28.74	(4.4)%
Total International Package	<u>\$ 16.73</u>	<u>\$ 17.41</u>	<u>(3.9)%</u>	<u>\$ 0.17</u>	<u>\$ 16.90</u>	<u>(2.9)%</u>
Consolidated	<u>\$ 10.63</u>	<u>\$ 11.21</u>	<u>(5.2)%</u>	<u>\$ 0.02</u>	<u>\$ 10.65</u>	<u>(5.0)%</u>
Revenue:						
U.S. Domestic Package	\$ 13,074	\$ 11,150	17.3 %	\$ —	\$ 13,074	17.3 %
International Package	3,705	3,505	5.7 %	38	3,743	6.8 %
Supply Chain & Freight	3,680	3,393	8.5 %	52	3,732	10.0 %
Total Revenue	<u>\$ 20,459</u>	<u>\$ 18,048</u>	<u>13.4 %</u>	<u>\$ 90</u>	<u>\$ 20,549</u>	<u>13.9 %</u>

⁽¹⁾ Amounts adjusted for period over period foreign currency exchange rate and hedging differences

	2020 As-Adjusted (Non-GAAP) ⁽¹⁾	2019 As-Adjusted (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)	Currency Impact	2020 As-Adjusted Currency Neutral (Non-GAAP) ⁽²⁾	% Change (Non-GAAP)
As-Adjusted Operating Profit:						
U.S. Domestic Package	\$ 1,215	\$ 1,226	(0.9)%	\$ —	\$ 1,215	(0.9)%
International Package	842	665	26.6 %	(8)	834	25.4 %
Supply Chain & Freight	267	273	(2.2)%	(7)	260	(4.8)%
Total operating profit	<u>\$ 2,324</u>	<u>\$ 2,164</u>	<u>7.4 %</u>	<u>\$ (15)</u>	<u>\$ 2,309</u>	<u>6.7 %</u>

⁽¹⁾ Amounts adjusted for transformation strategy costs

⁽²⁾ Amounts adjusted for transformation strategy costs and period over period foreign currency exchange rate and hedging differences

Reconciliation of GAAP and Non-GAAP Revenue, Revenue Per Piece, and Adjusted Operating Profit
(in millions, except per piece amounts):

Six Months Ended June 30

	2020 As-Reported (GAAP)	2019 As-Reported (GAAP)	% Change (GAAP)	Currency Impact	2020 Currency Neutral (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 6.41	\$ 6.56	(2.3)%	\$ 0.13	\$ 6.54	(0.3)%
Export	28.45	29.40	(3.2)%	0.13	28.58	(2.8)%
Total International Package	<u>\$ 16.61</u>	<u>\$ 17.10</u>	<u>(2.9)%</u>	<u>\$ 0.13</u>	<u>\$ 16.74</u>	<u>(2.1)%</u>
Consolidated	<u>\$ 10.74</u>	<u>\$ 11.15</u>	<u>(3.7)%</u>	<u>\$ 0.02</u>	<u>\$ 10.76</u>	<u>(3.5)%</u>
Revenue:						
U.S. Domestic Package	\$ 24,530	\$ 21,630	13.4 %	\$ —	\$ 24,530	13.4 %
International Package	7,088	6,964	1.8 %	57	7,145	2.6 %
Supply Chain & Freight	6,876	6,614	4.0 %	100	6,976	5.5 %
Total revenue	<u>\$ 38,494</u>	<u>\$ 35,208</u>	<u>9.3 %</u>	<u>\$ 157</u>	<u>\$ 38,651</u>	<u>9.8 %</u>

⁽¹⁾ Amounts adjusted for period over period foreign currency exchange rate and hedging differences

	2020 As-Adjusted (Non-GAAP) ⁽¹⁾	2019 As-Adjusted (Non-GAAP) ⁽¹⁾	% Change (Non-GAAP)	Currency Impact	2020 As-Adjusted Currency Neutral (Non-GAAP) ⁽²⁾	% Change (Non-GAAP)
As-Adjusted Operating Profit:						
U.S. Domestic Package	\$ 1,616	\$ 1,920	(15.8)%	\$ —	\$ 1,616	(15.8)%
International Package	1,400	1,277	9.6 %	(30)	1,370	7.3 %
Supply Chain & Freight	425	484	(12.2)%	(6)	419	(13.4)%
Total operating profit	<u>\$ 3,441</u>	<u>\$ 3,681</u>	<u>(6.5)%</u>	<u>\$ (36)</u>	<u>\$ 3,405</u>	<u>(7.5)%</u>

⁽¹⁾ Amounts adjusted for transformation strategy costs

⁽²⁾ Amounts adjusted for transformation strategy costs and period over period foreign currency exchange rate and hedging differences

**Reconciliation of Non-GAAP Pension Discount Rate Neutral Operating Profit and Margin
(in millions):**

Three Months Ended June 30

	2020 As-Adjusted (Non-GAAP)⁽¹⁾	2019 As-Adjusted (Non-GAAP)⁽¹⁾	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate Neutral (Non-GAAP)⁽²⁾	% Change (Non- GAAP)
As-Adjusted Operating Profit:						
U.S. Domestic Package	\$ 1,215	\$ 1,226	(0.9)%	\$ 63	\$ 1,278	4.2 %
International Package	842	665	26.6 %	4	846	27.2 %
Supply Chain & Freight	267	273	(2.2)%	6	273	— %
Total operating profit	<u>\$ 2,324</u>	<u>\$ 2,164</u>	<u>7.4 %</u>	<u>\$ 73</u>	<u>\$ 2,397</u>	<u>10.8 %</u>

	2020 As-Adjusted (Non-GAAP)⁽¹⁾	2019 As-Adjusted (Non-GAAP)⁽¹⁾	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate Neutral (Non-GAAP)⁽²⁾	% Change (Non- GAAP)
As-Adjusted Operating Margin:						
U.S. Domestic Package	9.3 %	11.0 %	(1.7)%	0.5 %	9.8 %	(1.2)%
International Package	22.7 %	19.0 %	3.7 %	0.1 %	22.8 %	3.8 %
Supply Chain & Freight	7.3 %	8.0 %	(0.7)%	0.1 %	7.4 %	(0.6)%
Total operating margin	<u>11.4 %</u>	<u>12.0 %</u>	<u>(0.6)%</u>	<u>0.3 %</u>	<u>11.7 %</u>	<u>(0.3)%</u>

⁽¹⁾ Amounts adjusted for transformation strategy costs

⁽²⁾ Amounts adjusted for transformation strategy cost and period over period impact of discount rates on pension service cost

**Reconciliation of Non-GAAP Pension Discount Rate Neutral Operating Profit and Margin
(in millions):**

Six months Ended June 30

	2020 As-Adjusted (Non-GAAP)⁽¹⁾	2019 As-Adjusted (Non-GAAP)⁽¹⁾	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate Neutral (Non-GAAP)⁽²⁾	% Change (Non-GAAP)
As-Adjusted Operating Profit:						
U.S. Domestic Package	\$ 1,616	\$ 1,920	(15.8)%	\$ 125	\$ 1,741	(9.3)%
International Package	1,400	1,277	9.6 %	8	1,408	10.3 %
Supply Chain & Freight	425	484	(12.2)%	14	439	(9.3)%
Total operating profit	<u>\$ 3,441</u>	<u>\$ 3,681</u>	<u>(6.5)%</u>	<u>\$ 147</u>	<u>\$ 3,588</u>	<u>(2.5)%</u>

	2020 As-Adjusted (Non-GAAP)⁽¹⁾	2019 As-Adjusted (Non-GAAP)⁽¹⁾	% Change (Non-GAAP)	Pension	2020 As-Adjusted Pension Discount Rate Neutral (Non-GAAP)⁽²⁾	% Change (Non-GAAP)
As-Adjusted Operating Margin:						
U.S. Domestic Package	6.6 %	8.9 %	(2.3)%	0.5 %	7.1 %	(1.8)%
International Package	19.8 %	18.3 %	1.5 %	0.1 %	19.9 %	1.6 %
Supply Chain & Freight	6.2 %	7.3 %	(1.1)%	0.2 %	6.4 %	(0.9)%
Total operating margin	<u>8.9 %</u>	<u>10.5 %</u>	<u>(1.6)%</u>	<u>0.4 %</u>	<u>9.3 %</u>	<u>(1.2)%</u>

⁽¹⁾ Amounts adjusted for transformation strategy costs

⁽²⁾ Amounts adjusted for transformation strategy costs and period over period impact of discount rates on pension service cost

**Reconciliation of Non-GAAP Liquidity Measures
(in millions):**

Six Months Ended June 30

**Reconciliation of Adjusted Capital Expenditures and Free Cash Flow
(Non-GAAP measures)**

	2020
Cash flows from operating activities (GAAP)	\$ 5,947
Capital expenditures	(2,065)
Principal repayments of finance lease obligations	(33)
Adjusted capital expenditures (Non-GAAP measure)	\$ (2,098)
Proceeds from disposals of PP&E	2
Net change in finance receivables	16
Other investing activities	(6)
Adjusted free cash flow (Non-GAAP measure)	\$ 3,861

Amounts are subject to reclassification.