United Parcel Service Ecosystem

United Parcel Service
55 Glenlake Parkway, N.E.
Atlanta, GA 30328
Phone: (404) 828-6000; www.ups.com

Outside Relationships

Regulators	Capital	Suppliers	Customers

Regulators

- **U.S. Regulators**
- **Department of Transportation** (Regulation of Air/Ground Transportation of Packages & Hazardous Material)
- **Federal Aviation Administration** (Regulation under Federal Aviation Act of 1958)
- **Department of Homeland Security** (Cargo-Security & Transportation Regulation)
- **Transportation Security Administration** (Regulation Under Aviation & Transportation Security Act of 2001)
- **Department of Defense** (Civil Reserve Air Fleet Program)
- **Department of Labor** (Wage and Overtime Record-Keeping, Fare Hiring, Serious Injury Reporting to Occupational Safety and Health Administration)
- **Postal Regulatory Commission** (Oversight of Postage Rate-Setting and Operations of U.S. Postal Service)
- **Federal Communi-cations Commission** (Regulation of Communications and Data Protection)
- **Environmental Protection Agency** (Regulation of Clean Air and Water, Emissions, Waste Disposal, Hazardous Materials, and Aircraft Noise)
- **Federal Maritime Commission** (Oceanborne International Transportation)
- **Bureau of Customs & Border Protection** (Foreign Animal, Plant and Contraband Inspections)
- **Foreign Regulators**
- **European Commission** (General Data Protection Regulation and GHG Emissions Trading Scheme)
- **Foreign Aviation and Transportation Authorities**

Capital

- **Public Debt Holders** — Financing
- **Commercial Banks** — Working Capital Financing

Suppliers

- **Franchisees** (UPS Store Owners) — Drop-Off Locations and Sales Support; Marketing, Advertising and Logistics Services
- **Ground Fleet Suppliers (Semi-Trucks)** — Sales of Semi-Trucks and Package Delivery Vehicles and Auto Parts Supplies
  - Mack Trucks (Semi-Trucks)
  - Navistar (Semi-Trucks)
  - PACCAR Vehicles (Semi-Trucks)
  - Leyland Trucks (Semi-Trucks)
  - Tesla (Electric Semi-Trucks)
- **Labor Unions** — Collective Bargaining and Union Representation
  - Independent Pilots Association (Pilots)
  - International Brotherhood of Teamsters (Package Division Employees)

Customers — Substantive Business Regulation

United Parcel Service, Inc. (Delaware Corporation)

Debt Structure

Debt ($24.65B @ 12/31/2020) — Credit Ratings (Long Term): S&P (A), Moody's (A2)

Commercial Paper due 2021 ($15M)	2.050% - 6.200% Fixed Rate Senior Notes due 2021 – 2050 ($17.222M)	Floating Rate Senior Notes due 2021 - 2067 ($2.275M)	8.375% Rate Debentures due 2030 ($281M)	5.500% and 5.125% Pound Sterling Notes due 2031 and 2050 ($676M)	0.375% - 1.625% Rate Euro Senior Notes due 2023 – 2032 ($281M)	2.125% Rate Canadian Senior Notes due 2024 ($583M)	Finance Lease Obligations due 2021 – 2159 ($342M)	0.50% – 5.11% Rate Facility Notes and Bonds due 2029 – 2045 ($320M)	Other Debt due 2021 – 2025 ($5M)

Equity Structure

Equity (as of 12/31/2021)

Preferred Stock	Class A and B Share Repurchase Program	Class A Common Stock	Class B Common Stock
Authorized: 200M *Issued: 0*	*Authorized: $8.0B* *Remaining: $2.1B*	*Authorized: 4.6B* *Outstanding: 147M* *Votes Per Share: 10* (for Employees, Retirees & Founders' Decedents) Traded on Exchange: None	*Authorized: 5.6 B* *Outstanding: 718 M* *Votes Per Share: 1* *Traded on Exchange: NYSE*

Governance

Board of Directors

William Johnson (E, N)	Russell Stokes (C, N)	Christiana Shi (C,R)	**Committees** Audit (A), Compensation (C), Executive (E), Nominating & Corp. Governance (N), Risk (R)
Carol Tome (E)	Ann Livermore (C, E, R)	Eva Boratto (A)	
Kate Johnson (N, R)	Rudy Markham (A)	Wayne Hewett (A)	
Kevin Warsh (C,N)	Frank Moison (N,R)	Angela Hwang (A)	
Michael Burns (A)	Clark Randt Jr. (C,N)	Rodney Adkins (C,R)	

Management Team

CEO – Carol Tome	SVP, President - UPS Supply Chain Solutions: Philippe Gilbert	SVP, Chief Marketing Officer: Kevin Warren
SVP, President - U.S. Operations: Nando Cesarone	Chief Communications Officer – Laura Lane	Chief Human Resources Officer: Darrell Ford
SVP, CFO & Treasurer: Brian Newman	SVP, Chief Sales & Solutions Officer - Kate Gutmann	SVP, Chief Information Officer: Juan Perez
SVP, President – UPS International: Scott Price	Chief Diversity, Equity and Inclusion Officer - Charlene Thomas	SVP, General Counsel & Corporate Secretary: Norman Brothers Jr.

Corporate Matters

Global Business Services
- Data Analytics & Performance
- Customer Experience & Support
- F&A Systems

Finance, Accounting & Tax
- Global Procurement
- Real Estate
- Accounting
- Financial Reporting
- Treasury
- M&A
- UPS Capital
- Global Business Services

Supply Chain Solutions
- Global Logistics and Distribution
- Global Freight Forwarding
- UPS Freight
- Coyote Truckload Freight Brokerage Business

Legal
- Legal
- Global Security
- Internal Audit
- Corporate Governance
- Compliance
- Labor Relations
- Privacy

Communications
- Public Policy
- Government Affairs
- Public Relations
- Employee Communications
- Sustainability
- UPS Foundation

Human Resources
- Talent Acquisition
- Talent Development
- Transformation
- Compensation
- Benefits
- Culture
- Employee Engagement
- Diversity and Inclusion

Sales and Solutions
- Global Sales
- Solutions
- Customer Engagement
- UPS Healthcare and Life Sciences

Marketing
- U.S. Marketing
- International Marketing
- The UPS Store
- Digital Infrastructure Analytics
- Revenue Management
- Business Planning & Forecasting
- Customer Loyalty Management
- Digital Marketing
- Customer Experience
- Brand Relevance
- Customer Communications
- Ware2Go

Engineering
- Industrial Engineering
- Plant Engineering
- Automotive Engineering
- Advanced Technology
- Automotive Fleet Management

Information Technology
- Application Development
- Information & Security
- Infrastructure
- Data Management and Analytics

Operations

Global Small Package Operations (2020 Revenue - $69.4 Billion)

US Domestic Package (2020 Revenue - $53.5B)

Key Segment Data: HQ: Atlanta, GA | Operating Margin: 7.3% | Operating Profit: $3.89B

Services

Provides time-definite, guaranteed small package delivery services in the United States via guaranteed air ("Next Day Air") and ground ("Ground") package transportation services, servicing all business and residential zip codes in the contiguous United States. Our air portfolio offers time specific, same day, next day, two day and three day delivery alternatives.

Deferred: Gives e-commerce sellers of low-cost goods lower-cost air freight options tied to longer and wider delivery windows

UPS SurePost: provides residential ground service for customers with non-urgent, lightweight residential shipments; combines the consistency and reliability of the UPS ground network, with final delivery often provided by the U.S. Postal Service.

Digital Access Program: makes it easier for small and medium sized business to use UPS services by embedding shipping solutions directly into leading e-commerce platforms

Key Statistics - Domestic

	Ground	Next Day Air	Deferred
Revenue	$39.31B	$8.52B	$5.66B
Average Daily Package Volume	17.37M	1.99M	1.78M
Average Revenue Per Piece	$8.87	$16.82	$12.46

International Package (2020 Revenue - $15.9B)

Key Segment Data: HQ: Atlanta, GA | Operating Margin: 21.5%c | Operating Profit: $3.44B

Services

Consists of small package operations in Europe, Asia Pacific, Canada, Latin America, the Indian sub-continent, Middle East and Africa; offering a wide selection of guaranteed day- and time-definite international shipping services.

Serves 40+ Asia Pacific countries and territories through more than two dozen alliances with local delivery companies that supplement UPS owned operations.

UPS Standard is cross-border package delivery services within Europe, between the U.S. and Canada, and between the U.S. and Mexico. Customers can now reach >80% of Europe's population within 2 business days using UPS Standard.

UPS Worldwide Expedited offers a reliable, deferred, guaranteed day-definite service option.

UPS Worldwide Express Freight is a premium international service for urgent, palletized shipments over 150 pounds

Key Statistics - International

	Export	Domestic	Cargo & Other
Revenue	$12.16B	$3.16B	$626M
Average Daily Package Volume	1.67M	1.86M	N/A
Average Revenue Per Piece	$28.52	$6.65	N/A

Supply Chain & Freight (2020 Revenue - $15.2 Billion)

Forwarding, Truckload & Customs Brokerage, Logistics, Freight, Capital

Key Segment Data: HQ: Alpharetta, GA | Logistics Campus: Louisville, KY | Operating Margin: 2.4% | Operating Profit: $357M

Services/Businesses

UPS Capital
- Integrated supply chain insurance solutions for in-transit goods
- Insured transportation of high value goods
- Available in 19 countries & territories

Truckload Brokerage (Coyote)
- Truckload brokerage services in the U.S. and Europe through UPS's Coyote-branded subsidiaries.
- Coyote customers can access UPS services such as air freight, customs brokerage and global freight forwarding.

UPS Freight
- Revenue: $3.15B
- Offers regional, inter-regional and long-haul less-than-truckload services in all 50 states, Canada, Puerto Rico, Guam, the U.S. Virgin Islands and Mexico
- To be sold in 2Q2021

Customs Brokerage
- Customs Clearance
- Product Classification
- Trade Management
- Duty Drawback
- Consulting Services

Forwarding
- Revenue: $6.98B
- Air Freight: offers a portfolio of guaranteed and non-guaranteed global air freight services.
- Ocean Freight: provides ocean freight full-container load, less-than-container load and multimodal transportation services between major global ports

Logistics and Distribution
- Revenue: $4.07B
- Provides value-added fulfillment and transportation management services via a network of >1,000 facilities in 100+ countries.
- Each UPS U.S. distribution center, and multiple facilities in Europe and Asia, can be designated as a Foreign Trade Zone (defer or reduce tariff burdens on imported and exported goods).

UPS eFulfillment
- Onboarding, order and inventory management, and business intelligence services for small businesses

UPS Post Sales
- Same and next-day delivery for spare parts needed in the high tech, industrial manufacturing, automotive, healthcare, and aerospace sectors

UPS Health Care (Marken)
- To support the rapid deployment of COVID-19 vaccines, UPS provides inventory management, temperature-controlled packaging and shipping, storage and fulfillment of medical devices, labs and clinical trial logistics via ~10M square feet of healthcare-licensed warehousing in 82 facilities across 15 countries.

Global Assets

UPS Ground Fleet
- ~127,000 Package Cars, Vans, Tractors, and Motorcycles
- 10,300 Alternative Fuel and Advanced Technology Vehicles

Retail Access
- The UPS Store: 5,300+ Locations
- UPS Customer Centers: ~1,133 Locations
- UPS Drop Boxes: 37,000+ Locations
- Authorized Outlets: 9,200+ Locations
- UPS Access Point: ~40,000 Locations

UPS Air Fleet and Hubs

Worldport Hub: Louisville, KY (Main Global Air Hub)

US Regional Air Hubs	Latin America and Caribbean Regional Air Hub	Asia Pacific Regional Air Hubs	Canada Regional Air Hub	Europe Regional Air Hubs	Airports Served	Daily Flight Segments	Aircraft Data
Dallas, TX		Shanghai, China	Hamilton, Ontario	Cologne/Bonn, Germany	Domestic: 401	Domestic: 1,154	Owned / Finance Leases: 277
Ontario, CA				London, UK	International 406	International: 1,131	Operating Leases / Charters: 311
Philadelphia, PA	Miami, FL	Shenzhen, China		Paris, France			
Rockford, IL		Hong Kong		Eindhoven, Netherlands			On Order: 13

Outside Relationships

Customers	Suppliers	Capital	Regulators

Regulators
- **Securities Regulators**
  - US Securities and Exchange Commission (Securities Law Disclosure and Financial Reporting Requirements; Anti-Bribery Law)
  - New York Stock Exchange (Listing and Maintenance Rules)

Capital
- Securities Regulation and NYSE Listing Rules
- Dividends and Common Stock Repurchases
- Equity Capital
- **Significant Shareholders**
  - The Vanguard Group (7.61%)
  - BlackRock Fund Advisors (4.68%)
  - SSgA Funds Mgmt. (4.10%)
  - Fidelity Management & Research (2.35%)
  - T. Rowe Price Associates (2.15%)
  - Institutional Ownership (69.04%)

Suppliers
- **Professional Services** — Professional Services
  - Alston & Bird (Legal: Litigation)
  - King & Spalding (Legal: Transactional)
  - Deloitte (Audit)
  - Martin Agency (Advertising)
  - Initiative (Advertising)
  - Akin Gump (Lobbying)
  - Fierce Government Relations (Lobbying)

Customers — Sales of Logistics, Financial, and Freight Transportation Services and Emergency Parts Delivery
- Amazon (13.3% of Consolidated Revenues)
- Small Businesses
- Individual Shippers
- Governments
- Corporations
- Holiday Seasonal Business
- Daily Shipping Customers: 1.7 Million
- Daily Delivery Customers: 11.8 Million
- Daily Packages Delivered: 24.7 Million
- Annual Delivery Volume: 6.3 Billion

Key Company Data (12/31/2020)

Share Information
- NYSE: UPS
- Share Price: $157.51 (2/25/21)
- Annual Dividend: $4.08
- Basic Earnings Per Share: $1.55

Financial Highlights

Revenue
- Total: $84.6 B
- U.S. Domestic Package: $46.49 B
- International Package: $14.22 B
- Supply Chain & Freight: $13.38 B

Operating Expenses
- Total: $76.94B
- Compensation & Benefits: $44.53B
- Purchased Transportation: $15.63B
- Other Expenses: $14.0B
- Fuel: $2.58B

Income
- Net Income: $1.34B

Balance Sheet
- Assets : $62.41B
- Long Term Debt: $22.03B
- Shareowners' Equity: $669M

Free Cash Flow
- Cash from Operations: $10.46B
- Cash Used in Investing: ($5.28B)
- Cash Used in Financing: ($4.517B)

Key Metrics
- Operating Margin: 9.1%
- Average Revenue Per Piece: $10.94
- Dividend Yield: 2.6%
- Market Cap: 137B

Resources
- Total Employees: 543,000
- Service Area: 220 Countries
- Corporate HQ: Atlanta, GA
- Supply Chain Solutions HQ: Alpharetta, GA
- Information Technology HQ: Parippany, NJ
- UPS Freight HQ: Richmond, VA

Competitors

FedEx	YRC Worldwide
DHL	Purolator
Royal Mail	DB Schenker
XPO Logistics	Mainfreight
U.S. Postal Service	CH Robinson

- Sales of Semi-Trucks and Package Delivery Vehicles and Auto Parts Supplies → Ground Fleet Suppliers (Package Vehicles): Workhorse Group Inc. (Package Cars); Morgan Olson (Package Cars); Ford (Package Trucks)
- Logistical Support for All UPS Business Lines (Air, Ground, Domestic, International, Commercial and Residential managed through a single, global smart logistics network) → UPS Logistics
- Self-insurance of Workers' Compensation Claims, Automobile Liability, Health And Welfare And General Business Liabilities, → Self Insurance
- Aircraft Sales and Leases (Finance and Operating) and Aircraft Parts Supplies → Air Fleet Suppliers: Boeing (767 and 747); Airbus Industries (A300); Embraer

thinking One Page Thinking
© 2021
www.onepagethinking.net

February 2021