

United Parcel Service, Inc.
55 Glenlake Parkway, N.E.
Atlanta, GA 30328

March 19, 2026



Dear Fellow Shareowners,

In 2025, UPS took decisive steps to strengthen revenue quality while reconfiguring our network to deliver differentiated logistics capabilities. We also navigated a rapidly evolving macro landscape, marked by shifts in global trade policies and increasing geopolitical uncertainty. Our actions position UPS for sustained long-term growth and value creation for our shareowners.

To that end, here are some highlights for the full year 2025:

- Delivered \$3.5 billion in planned savings through network reconfiguration and our *Efficiency Reimagined* initiatives, reaching our Amazon volume reduction target of approximately one million pieces per day¹. As part of this effort, we streamlined our U.S. footprint by closing 93 buildings and deploying automation in 57 facilities.
- **Delivered industry-leading service, providing the best average on-time performance during peak season of any carrier in the U.S. over the last eight years².**
- Maintained discipline on revenue quality and product mix, driving 7.1% U.S. revenue-per-piece growth year over year.
- Shifted our U.S. mix toward premium volume, increasing small and medium-sized business (SMB) penetration to 31.8% and growing business-to-business (B2B) volume to 42.3% of total U.S. volume.
- Grew revenue from DAP, our Digital Access Program, by 25% year over year, reaching \$4.1 billion globally.
- Expanded our U.S. non-GAAP adjusted operating margin* by 20 basis points, despite an average daily volume decline of 8.6%.
- Completed the acquisitions of FrigoTrans and Andlauer Healthcare Group, further expanding our healthcare cold chain capabilities. In 2025, our global healthcare portfolio generated \$11.2 billion in revenue, advancing our goal to become the world's leading complex healthcare logistics provider.
- Grew revenue in our UPS Digital business, which includes Roadie and Happy Returns, by 24% year over year.
- Deployed Smart Package Smart Facility, our RFID labeling solution, to 5,500 UPS Store locations and completed installing RFID readers in all U.S. package cars.
- Generated \$88.7 billion in consolidated revenue with a non-GAAP adjusted operating margin of 9.8%*.
- Maintained disciplined capital allocation, generating \$8.5 billion in cash from operations and returning \$6.4 billion to shareowners in the form of dividends and share repurchases.

⁽¹⁾ Savings calculated on the year-over-year change in volume from this customer, taking into account the impact of certain additional volume we have elected to serve.

⁽²⁾ **Based on a review by ShipMatrix of on-time delivery rates for UPS, FedEx and the United States Postal Service during select weeks in November and/or December from 2018-2025. Includes a mix of express and deferred shipments.**

* See reconciliation of Non-GAAP financial measures on page A1.