UPS BY THE NUMBERS

Record Profits for UPS
Record Leverage for Teamsters

Analysis by Chris Bohner/Radish Research on Behalf of Teamsters for a Democratic Union
Outline

1. Key UPS Financials

2. Share of the Pie: UPS vs Workers

3. UPS vs the Competition

4. UPS Strike Analysis
1. KEY UPS FINANCIALS
UPS Revenues ($Billions): 2012-2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Supply Chain &amp; Freight</th>
<th>International Package</th>
<th>U.S. Domestic Package</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>9.1</td>
<td>12.1</td>
<td>32.9</td>
<td>54.1</td>
</tr>
<tr>
<td>2013</td>
<td>8.9</td>
<td>12.4</td>
<td>34.1</td>
<td>55.4</td>
</tr>
<tr>
<td>2014</td>
<td>9.4</td>
<td>13.0</td>
<td>35.9</td>
<td>58.2</td>
</tr>
<tr>
<td>2015</td>
<td>9.5</td>
<td>12.1</td>
<td>36.7</td>
<td>58.4</td>
</tr>
<tr>
<td>2016</td>
<td>10.3</td>
<td>12.4</td>
<td>38.3</td>
<td>60.9</td>
</tr>
<tr>
<td>2017</td>
<td>11.8</td>
<td>13.3</td>
<td>40.8</td>
<td>65.9</td>
</tr>
<tr>
<td>2018</td>
<td>13.8</td>
<td>14.4</td>
<td>43.6</td>
<td>71.9</td>
</tr>
<tr>
<td>2019</td>
<td>13.4</td>
<td>14.2</td>
<td>46.5</td>
<td>74.1</td>
</tr>
<tr>
<td>2020</td>
<td>15.2</td>
<td>15.9</td>
<td>53.5</td>
<td>84.6</td>
</tr>
<tr>
<td>2021</td>
<td>17.4</td>
<td>19.5</td>
<td>60.3</td>
<td>97.3</td>
</tr>
<tr>
<td>2022</td>
<td>16.4</td>
<td>19.7</td>
<td>64.2</td>
<td>100.3</td>
</tr>
</tbody>
</table>

Source: UPS Earnings Releases
UPS Operating Profit ($Billions): 2012-2022

Source: Adjusted Operating Profits UPS Earnings Releases
UPS Business and Employees Concentrated in the United States: 2022

Employees
- United States: 83%
- International: 17%

Revenues
- United States: 78%
- International: 22%

Source: UPS 2023 10-K
UPS Share Price

Time | Return
--- | ---
1 Year | -14%
3 Year | 75%
5 Year | 41%
10 Year | 117%

Source: Morningstar as of 2/23/23
And the Future at UPS is Bright...

<table>
<thead>
<tr>
<th>Year</th>
<th>UPS Projected Operating Profits/EBIT ($ Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$13.8</td>
</tr>
<tr>
<td>2023E</td>
<td>$13.1</td>
</tr>
<tr>
<td>2024E</td>
<td>$13.9</td>
</tr>
<tr>
<td>2025E</td>
<td>$14.4</td>
</tr>
<tr>
<td>2026E</td>
<td>$15.0</td>
</tr>
</tbody>
</table>

Source: Analyst Forecasts from FinBox
2. SHARE OF THE PIE: UPS VS WORKERS
Employee Compensation vs Key UPS Financial Metrics: 2012-2022

- Compensation Per Employee: 28%
- Revenues: 85%
- Operating Profit (adj.): 96%
- Executive Compensation (top 5): 161%
- UPS Stock Return: 136%

Source: UPS SEC Filings; Morningstar *2011-2021; 2022 data not available
UPS Full-Time Wage Increase vs. Inflation: 8/2017-8/2022

- If the full-time top wage rate rose at the same level as inflation, workers would be making **over $5,000** more a year in 2022-23, or **$2.45** more an hour.

- Part-Timers - Paid same rate as drivers until 1982
  - *If part-time wages rose at the same level as inflation since 1982, part-time starting pay would be over $25 an hour*

Source: Teamsters; Department of Labor

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Workers versus Investors: 2012-2022

Total Compensation & Benefit Increase
$14.7 Billion

Total Investors
$29.1 Billion

Stock Buybacks
$21.6 Billion

Dividends
$29.1 Billion

Source: UPS SEC Filings; 2023 Investor Guidance

In 2023, UPS is planning $8.3 billion in dividends and buybacks

Chris Bohner/Radish Research
Who Owns UPS?

- 72% of UPS stock is held by Wall Street institutions
- The top 10 shareholders control 35% of shares

<table>
<thead>
<tr>
<th>Company</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanguard Group</td>
<td>9.26%</td>
</tr>
<tr>
<td>Blackrock Inc.</td>
<td>7.93%</td>
</tr>
<tr>
<td>State Street Corporation</td>
<td>3.90%</td>
</tr>
<tr>
<td>JP Morgan Chase &amp; Company</td>
<td>3.29%</td>
</tr>
<tr>
<td>Fidelity</td>
<td>2.56%</td>
</tr>
<tr>
<td>Bank of America Corporation</td>
<td>2.24%</td>
</tr>
<tr>
<td>Geode Capital Management, LLC</td>
<td>1.75%</td>
</tr>
<tr>
<td>Ameriprise Financial, Inc.</td>
<td>1.35%</td>
</tr>
<tr>
<td>Northern Trust Corporation</td>
<td>1.25%</td>
</tr>
<tr>
<td>T. Rowe Price</td>
<td>1.24%</td>
</tr>
<tr>
<td><strong>TOP TEN</strong></td>
<td><strong>34.77%</strong></td>
</tr>
</tbody>
</table>

Source: Yahoo Finance
CEO Pay

- $27,620,893 in salary, bonus, stock options, stock awards and other compensation
- In 2021, UPS disclosed that the ratio of CEO pay to median worker pay was 548-to-1.
- Median worker pay was $50,379

Carol B. Tomé
Chief Executive Officer (since June 2020)
Director since 2003

Source: UPS Proxy Statements
3. UPS VS COMPETITION
U.S. Package Delivery Market Share by Revenue: 2021

Source: Pitney Bowes Parcel Shipping Index 2021

- United States Postal Service: 2014 (24%), 2015 (19%), 2016 (32%), 2017 (22%), 2018 (2%), 2019 (32%), 2020 (24%), 2021 (22%)
- UPS: 2014 (40%), 2015 (35%), 2016 (30%), 2017 (25%), 2018 (20%), 2019 (19%), 2020 (19%), 2021 (19%)
- FedEx: 2014 (30%), 2015 (25%), 2016 (20%), 2017 (15%), 2018 (10%), 2019 (5%), 2020 (5%), 2021 (5%)
- Amazon: 2014 (1%), 2015 (2%), 2016 (3%), 2017 (5%), 2018 (10%), 2019 (15%), 2020 (20%), 2021 (25%)
- Other: 2014 (0%), 2015 (0%), 2016 (0%), 2017 (0%), 2018 (0%), 2019 (0%), 2020 (0%), 2021 (0%)

Source: Pitney Bowes Parcel Shipping Index 2021
UPS Competitors Have Problems

- Low profit margins and significant shareholder discontent
- Subcontractor rebellions
- Problems with “flexible labor” policies
- Structural inefficiencies between ground and air (Railway Labor Act)
- 12,000 workers cut since June

FedEx

- Missing key components (aircraft, last-mile, two-way delivery) to compete with UPS
- Huge $ investment to catch up
- Losing money in core business (-$10.5 billion in 2022)
- Subleasing 10 million square feet of warehouse space
- 18,000 workers cut: biggest-ever round of jobs cuts at Amazon

Amazon

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3 Year Shareholder Return

- UPS: 75%
- FedEx: 26%
- DHL: 27%
- Amazon: -9%

Source: Morningstar as of 2/23/2023
Labor Costs are Higher at UPS, but...

Labor % of Total Operating Expenses: 2022*

Source: Company financial statements. UPS ending 12/2022; FedEx last 4 qtrs. ending 11/2022; DHL last 4 qtrs. ending 9/2022; USPS fiscal year ending 9/30/22
...UPS Has the Highest Operating Profit Margins

Source: Company financial statements. UPS ending 12/2022; FedEx last 4 qtrs. ending 11/2022; DHL last 4 qtrs. ending 9/2022; USPS fiscal year ending 9/30/22

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And UPS has Highest Operating Profit per Employee

Source: Company financial statements. UPS ending 12/2022; FedEx last 4 qtrs. ending 11/2022; DHL last 4 qtrs. ending 9/2022; USPS fiscal year ending 9/30/22
Annual Packages Per Employee: 2022

Source: estimates derived from FedEx and UPS 10-K filings
And Wall Street Agrees…

“We Find UPS Driver Efficiency and Facility Throughput to be Nearly 50-60% Higher Relative to Consolidated FedEx Operational Outcomes”
UPS is in a Competitive Market, but the Pie is Growing

Source: Statista, Technavio

Growth of the courier and local delivery services industry is predicted to grow 4.25% a year in the US

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4. UPS STRIKE ANALYSIS
1997 Strike: Financial Impact on UPS

Operating Profit ($millions)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1996</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q96</td>
<td>$582</td>
<td>$468</td>
</tr>
<tr>
<td>4Q96</td>
<td>$468</td>
<td>$426</td>
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<tr>
<td>1Q97</td>
<td>$426</td>
<td>$618</td>
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<td>2Q97</td>
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<tr>
<td>3Q97</td>
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<tr>
<td>4Q97</td>
<td>$640</td>
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<tr>
<td>1Q98</td>
<td>$640</td>
<td>805</td>
</tr>
<tr>
<td>2Q98</td>
<td>805</td>
<td>777</td>
</tr>
<tr>
<td>3Q98</td>
<td>777</td>
<td>868</td>
</tr>
<tr>
<td>4Q98</td>
<td>868</td>
<td></td>
</tr>
</tbody>
</table>

16 day strike in 1997 led to 98% decline in operating profit, or $568 million decline.

Source: UPS SEC Filings
## 2023 UPS Strike Estimate

**Operating Profit/EBIT ($millions)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>4Q22</th>
<th>1Q23E</th>
<th>2Q23E</th>
<th>3Q23E</th>
<th>16 Day</th>
<th>1 Month</th>
<th>4Q23</th>
<th>1Q24</th>
<th>2Q24</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>$2,860</td>
<td>$2,733</td>
<td>$3,214</td>
<td>$3,256</td>
<td>$74</td>
<td>$(2,910)</td>
<td>$3,987</td>
<td>$3,215</td>
<td>$3,505</td>
</tr>
</tbody>
</table>

- **16 day = $3.2 billion**
- **31 days = $6.2 billion**

Source: EBIT estimates from Finbox

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Can Competitors Absorb UPS Volume During a Strike?

2021 Estimated Average U.S. Daily Volume (millions)

- UPS: 20.4
- Amazon: 18.3
- USPS: 26.5
- FedEx: 15.8
- Other: 2.1

Source: estimates from Pitney Bowes Parcel Shipping Index 2021

“An estimated 6% of the nation’s gross domestic product is moved in UPS trucks every year”

CNN
Who Will Run UPS?

- Over 125,000 delivery vehicles
- 616 aircraft
- 1,000 package operating facilities in the U.S.
- 85 million square feet of warehouse space

Source: UPS 2023 10-K
International Union Net Assets 2012-2021

$156.5 Million
2012

$315 Million Strike and Defense Fund

$537.6 Million
2021

Source: DOL OLMS; Teamsters
Conclusion

- UPS has record profits and revenues, and long-term growth prospects are strong.
- UPS shareholders and management have disproportionately shared in the success of the company, while worker compensation trails all indicators.
- Growing competition for UPS, but the company is significantly more productive and efficient than key competitors.
- UPS is highly dependent on US revenues, and a strike could cost the company between $3 billion (16 day) to $6 billion (one month).
- In the event of a strike, competitors would need to absorb over 20 million packages a day.
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