# UPS Delivers 9.4 Percent EPS Growth In 3Q

Atlanta, October 25, 2013

* U.S. Domestic Leads with Operating Profit up 16%
* E-commerce Drives U.S. Domestic Results
* International Export Daily Volume Grows 6.7%; Deferred products up 11%
* SC&F Operating Profit Increased 6.9%,Operating Margin Expands to 8.9%
* YTD: $4.6 Billion in Shareowner Distributions and $3.6 Billion in Free Cash Flow
* Maintains Full-Year 2013 Adjusted EPS Guidance of $4.65 to $4.85

UPS announced diluted earnings per share of $1.16 for the third quarter of 2013, a 9.4% improvement over adjusted results for the same period last year. Total revenue was $13.5 billion, up 3.4% driven primarily by U.S. e-commerce shipments and strong European export growth.

For the three months ended Sept. 30, 2013, UPS delivered more than one billion packages worldwide, an increase of 4.6% over the prior-year period.

Daily package volume growth was led by International export and U.S. Domestic Ground, up 6.7% and 3.0%, respectively. Customers around the globe continue to seek lower cost solutions as demonstrated by the 11% jump in International deferred export products per day.

Last year, on a reported basis, third quarter diluted earnings per share was $0.48 as a result of an after-tax, non-cash charge of $559 million to restructure pension liabilities for certain employees.

"UPS is continuing to build global capabilities that position the company to meet the evolving supply chain needs of customers," said Scott Davis, UPS chairman and CEO. "We are making investments in emerging markets, healthcare distribution and our worldwide retail delivery models, ensuring that UPS delivers both the solutions customers require and the returns our shareowners expect."

**Cash Flow**

For the nine months ended Sept. 30, UPS generated $3.6 billion in free cash flow after capital expenditures of $1.6 billion. The company paid dividends of $1.7 billion, an increase of nearly 9% per share over the prior year, and repurchased 33 million shares for $2.9 billion.

**U.S. Domestic Package**

U.S. Domestic third quarter operating profit was $1.2 billion, up nearly 16%, and operating margin expanded 140 basis points over the prior year adjusted result, to 14.4%.  Revenue increased 5.0% to $8.3 billion. Volume growth, cost reductions due to efficiency gains and safety improvements, as well as the benefit of one additional operating day, contributed to the improvement.

On a reported basis, third quarter 2012 U.S. Domestic operating profit was $129 million and operating margin was 1.6% as a result of the pension restructuring charge.

Total U.S. Domestic revenue per piece was up 1.0%, as higher base rates were mostly offset by lower fuel surcharges, decreased average package weight and changes in both product and customer mix.

Daily package volume was 2.3% higher than the same period last year, driven by e-commerce shipments with growth in both B2C and B2B. Next Day Air volume declined 3.3% due to a contraction in letter shipments.