UPS Annual Shareowners Meeting

May 3, 2012

WE ♡ LOGISTICS™

Safe Harbor

Cautionary Statement About Forward-Looking Statements

This presentation contains forward-looking statements regarding our intent, belief and current expectations about our strategic direction, prospects and future results. Statements in the future tense, and all statements accompanied by terms such as “believe,” “project,” “expect,” “estimate,” “assume,” “intend,” “anticipate,” “target,” “plan,” and variations thereof and similar terms are intended to be forward-looking statements. Such statements give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts.

Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties include, but are not limited to: general economic conditions, both in the U.S. and internationally; significant competition on a local, regional, national, and international basis; the existing complex and stringent regulation in the U.S. and internationally, changes to which can impact our business; increased security requirements that may increase our costs of operations and reduce operating efficiencies; legal, regulatory or market responses to global climate change; strikes, work stoppages and slowdowns by our employees; the effects of changing prices of energy, including gasoline, diesel and jet fuel, and interruptions in supplies of these commodities; changes in exchange rates or interest rates; our ability to maintain the image of our brand; breaches in data security; disruptions to the Internet or our technology infrastructure; our ability to accurately forecast our future capital investment needs; exposure to changing economic, political and social developments in international and emerging markets; changes in business strategy, government regulations, or economic or market conditions that may result in further substantial impairment write-downs of our assets; increases in our expenses relating to employee health and retiree health and our contributions to pension benefits; the potential for various claims and litigation related to labor and employment, personal injury, property damage, business practices, environmental liability and other matters; our ability to realize the anticipated benefits from acquisitions, joint ventures or strategic alliances; our ability to manage insurance and claims expenses; and other risks discussed in our filings with the Securities and Exchange Commission from time to time, including our Annual Report on Form 10-K for the year ended December 31, 2011.

Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements.

Information included in this presentation, including comparisons to prior periods, includes certain adjusted results and other non-GAAP financial measures. For further explanation see the reconciliations at the end of this presentation.

2011 Highlights

- Record level:
  - Package volume
  - Revenue
  - EPS of $4.35*
- Strong U.S. Domestic and Supply Chain & Freight performance
- $5.0 billion in free cash flow**
- Industry-leading operating margins

"UPS delivered another year of stellar performance"

Scott Davis, CEO

*Adjusted Diluted Earnings per Share - see reconciliation on slide 13
**Non-GAAP financial measure - see reconciliation on slide 12

2011 Segment Results

U.S. Domestic:

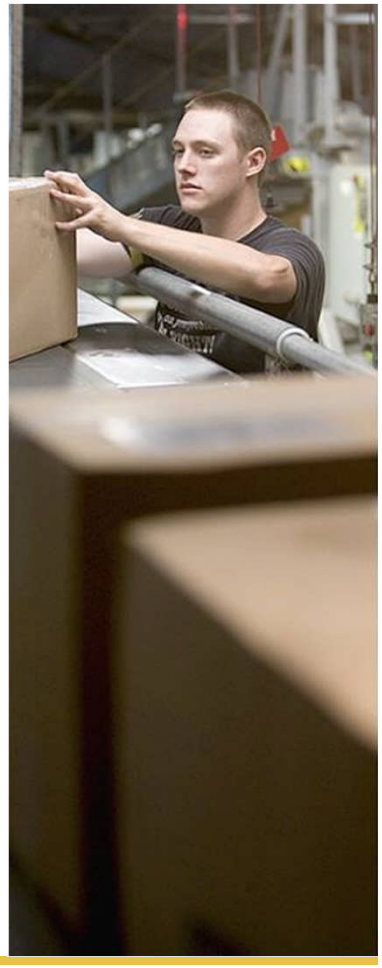
- Revenue increased 6.6% on ADV growth of 0.9%
- Operating profit up 31%*
- Operating margin of 13.4%*, up 240 basis points

International:

- Revenue increased 10% on Export ADV growth of 6.4%
- Industry leading operating margin of 15.3%*

Supply Chain and Freight:

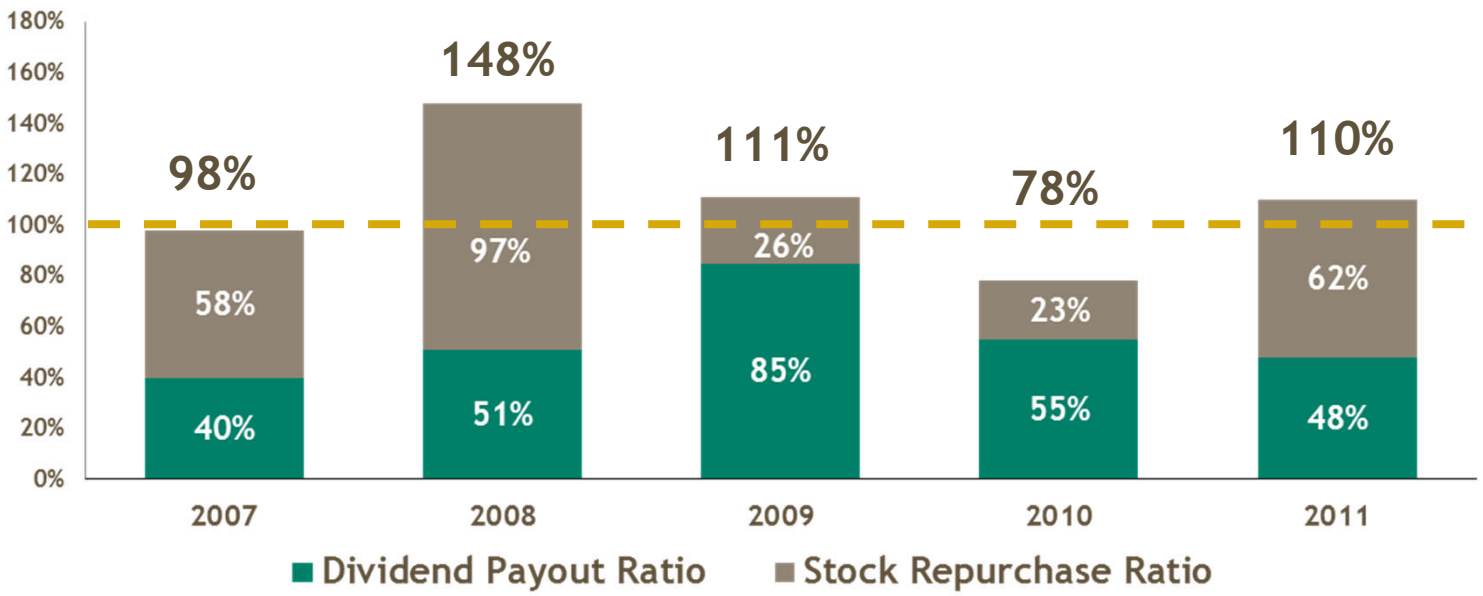
- Revenue increased 5.4%
- Operating margin of 8.1%* up 130 basis points



Adjusted Results - see reconciliation on slide 14

Returning Cash to Shareholders

(Total Shareholder Distributions/ Net Income*)



*Adjusted net income for 2007-2011 - see reconciliation on slide 13; Dividends & share repurchase information from 10Ks

First Quarter 2012

- Earnings per share grow 10%
  - Double-digit growth from U.S. Domestic and SC&F
- Revenue up 4.4% on ADV growth of 4.3%
- Operating margin of 11.9%, up 20 basis points
- $1.8 billion in Free Cash Flow*
- Reaffirmed 2012 EPS guidance in a range of $4.75 to $5.00

*Non-GAAP financial measure - see reconciliation on slide 12

Delivering More Together

- Complementary strengths of both organizations will create a unique global platform and enhance our respective capabilities
- Strong cultural fit:
  - Strong management teams
  - Customer service
  - Operational excellence
  - Promote from within
  - Corporate citizenship

- Market leading presence in the U.S.
- Global presence in express small package, forwarding, distribution and supply chain management
- Market leading technology and industrial process expertise
- Industry leading free cash flow generation and margins

- Solid coverage across Europe
- Extensive Intra-Europe road Express freight network
- Strong reputation for customer service
- Sizeable RoW platforms in Australia, Brazil, China, Middle East and other Emerging Markets

Delivering More Together… Positioned for Growth

- Creates a combined entity with over $60bn (€45bn) in annual revenues
- Solid domestic and trans-border European network
- Market leader in transportation technology
- Enriched service quality
- Enhanced global network "built to perform"
- Long term geographic and portfolio diversification of earnings and free cash flow growth

Note: TNT figures converted into USD at FX rate of 1.3116 (source: ECB spot rate as of 16th March 2012)

Financial Impact for Shareowners

What Will Change

- Additional revenue and earnings diversification
- Enhancement of customer value proposition
- Enhanced global network

What Won't Change

- UPS's commitment to maintain a strong balance sheet
- UPS's commitment to dividend distributions
- Flexible share buyback program to maintain attractive shareowner returns

What Will Be Delivered

- Increasing Revenue and EBITDA compared to UPS's 2011 standalone results
- Value creation through realization of annual run rate cost synergies of approximately €400 – €550 million
- Target ROIC still achievable on a higher invested capital base, generating greater economic profit

Offer of €9.50 per TNT share… Expected to close 3Q12

Note: EUR converted into USD at FX rate of 1.3116 (source: ECB spot rate as of 16th March 2012)

UPS is…

- Creating value
- Transforming to compete
- Investing to grow

Financial Reconciliations

Free Cash Flow Reconciliation

(amounts in millions)	Year Ended December 31, 2011	Preliminary Year-to-Date March 31, 2012
Net cash from operations	$ 7,073	$ 2,280
Capital expenditures	(2,005)	(428)
Proceeds from disposals of PP&E	27	17
Net change in finance receivables	184	24
Other investing activities	(257)	(85)
Free cash flow	**$ 5,022**	**$ 1,808**

Adjusted Net Income and EPS Reconciliation

(amounts in millions, except per share amounts)	2007	2008*	2009	2010	2011	1Q12
GAAP Net Income	**$ 496**	**$ 655**	**$ 1,968**	**$ 3,338**	**$ 3,804**	**$ 970**
Pension Mark to Market (net of tax)	10	2,428	11	75	527	-
Supply Chain & Freight Goodwill Impairment Charge	-	548	-	-	-	-
International Intangible Impairment Charge	-	27	-	-	-	-
Aircraft Impairment Charges	221	-	181	-	-	-
Charge for Special Voluntary Separation Opportunity	68	-	-	-	-	-
Restructuring Charges	46	-	-	98	-	-
Central States Withdrawal	6,100	-	-	-	-	-
Currency Remeasurement Charge	-	-	77	-	-	-
Real Estate Gain	-	-	-	(109)	(33)	-
German Business Sale	-	-	-	51	-	-
Gain on Sale of UPS Logistics Technologies	-	-	-	(71)	-	-
Tax-Effect of Above Items	(2,448)	-	(94)	37	13	-
Other Adjustments to Tax Expense	-	-	-	76	-	-
Adjusted Net Income	**$ 4,493**	**$ 3,658**	**$ 2,143**	**$ 3,495**	**$ 4,311**	**$ 970**
Divided By: Diluted WAVG Shares Outstanding	1,063	1,022	1,004	1,003	991	972
Adjusted Diluted Earnings Per Share	**$ 4.23**	**$ 3.58**	**$ 2.13**	**$ 3.48**	**$ 4.35**	**$ 1.00**
GAAP Diluted Earnings Per Share	**$ 0.47**	**$ 0.64**	**$ 1.96**	**$ 3.33**	**$ 3.84**	**$ 1.00**
Shareholder Distributions						
Dividends	$ 1,778	$ 1,853	$ 1,819	$ 1,909	$ 2,086	$ 551
Share Repurchases	2,618	3,558	569	809	2,669	542
Total	**$ 4,396**	**$ 5,411**	**$ 2,388**	**$ 2,718**	**$ 4,755**	**$ 1,093**

**2008 reflects four declared dividends*

Adjusted Operating Profit and Margin

By segment

(in millions)			Change	
	2011	2010	$	%
U.S. Domestic Package (GAAP)				
Revenue	31,717	29,742	1,975	6.6%
Operating profit	3,764	3,238	526	16.2%
Add: Pension MTM adjustment	479	31		
Add/Less: Loss (Gain) on sale of real estate	15	(109)		
Add: US domestic package restructuring charge	-	98		
U.S. Domestic Package (Adjusted)	**4,258**	**3,258**	**1,000**	**30.7%**
Operating Margin (Adjusted)	13.4%	11.0%		

(in millions)			Change	
	2011	2010	$	%
International Package (GAAP)				
Revenue	12,249	11,133	1,116	10.0%
Operating profit	1,709	1,831	(122)	-6.7%
Add: Pension MTM adjustment	171	42		
International Package (Adjusted)	**1,880**	**1,873**	**7**	**0.4%**
Operating Margin (Adjusted)	15.3%	16.8%		

(in millions)			Change	
	2011	2010	$	%
Supply Chain & Freight (GAAP)				
Revenue	9,139	8,670	469	5.4%
Operating profit	607	572	35	6.1%
Add: Pension MTM adjustment	177	39		
Add: Sale of ITTS (Germany SC&F business)	-	38		
Less: Gain on real estate sale	(48)	-		
Less: Sale of UPS Logistics Technologies	-	(71)		
Add: ITTS Guarantee Loss	-	13		
Supply Chain & Freight (Adjusted)	**736**	**591**	**145**	**24.5%**
Operating Margin (Adjusted)	8.1%	6.8%		