

For Immediate Release

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UPS DELIVERS 12% EPS GROWTH

- *All Segments Improve Profitability and Expand Margins*
- *International Operating Profit Jumps 17%*
- *Export Shipments up 5.5% with Strong Intra-Europe Growth*
- *Supply Chain and Freight Operating Profit Climbs 18%*
- *Revenue Growth Dampened by Changes in Currency and Fuel Prices*
- *2015 EPS Growth at Higher End of 6%-to-12% Guidance Range*

ATLANTA, July 28, 2015 – UPS (NYSE:UPS) today announced second quarter 2015 diluted earnings per share of \$1.35, a 12% increase over adjusted results for the same period last year. All three segments improved operating profit and margin, led by International and Supply Chain and Freight performance.

Currency exchange rates and lower fuel surcharges reduced total reported revenue growth. Total revenue declined 1.2% from the same quarter last year to \$14.1 billion. Pricing initiatives continue to drive base rates higher.

“During the quarter, UPS continued to invest for the future by expanding capacity and launching new capabilities that provide higher value to customers,” said David Abney, UPS chief executive officer. “The strong momentum in our International segment is expected to continue and gives us confidence in achieving the upper end of our guidance range.”

On a reported basis, operating profit increased \$1.2 billion, and diluted earnings per share was up \$0.86. In the second quarter of 2014, UPS reported diluted earnings per share of \$0.49, which included a \$665 million after-tax charge for the transfer of certain post-retirement liabilities to defined contribution healthcare plans.

Total company shipments increased 2.1% over the second quarter last year to 1.1 billion packages, led by U.S. Deferred Air products and International Export shipments.

Cash Flow

For the six months ended June 30, UPS generated \$3.3 billion in free cash flow. The company paid dividends of \$1.3 billion, an increase of 9.0% per share over the prior year. UPS also repurchased 13.5 million shares for approximately \$1.4 billion.

U.S. Domestic Package

U.S. Domestic revenue increased \$140 million over the second quarter last year to \$8.8 billion. Shipment growth was led by Deferred Air products up 15% and UPS SurePost which increased more than 8%. Total daily deliveries grew 1.8% due to a slower pace of B2C (business-to-consumer) growth.

Operating profit was \$1.2 billion, up \$35 million or 3.0% over prior-year adjusted results. Operating margin expanded to 13.6% as improved pricing and productivity offset higher benefit costs.

On a reported basis, operating profit increased \$992 million after the transfer of certain post-retirement liabilities to defined contribution healthcare plans, which occurred in the second quarter of last year.

Continued improvements in base rates were offset by lower fuel surcharges. Revenue per package was flat, as changes in fuel surcharges dropped reported yield by almost 300 basis points.

International Package

Currency-adjusted International revenue was up 1.5% over the same period last year. UPS daily Export shipments increased 5.5%, primarily due to an 8.5% increase in intra-Europe shipments. The strong dollar drove U.S. imports higher, while U.S. exports were down slightly.

International operating profit increased \$81 million, or 17% over the adjusted results for the same period in 2014. Network improvements, volume growth and pricing initiatives all contributed to expanded operating margin and increased profitability. The segment experienced growth from middle-market accounts and improved premium product sales.

On a reported basis, operating profit increased \$108 million after the transfer of certain post-retirement liabilities to defined contribution healthcare plans in the second quarter of last year.

Underlying base rates were up across all regions, though revenue per package decreased 2.4% on a currency-neutral basis. Lower fuel surcharges reduced reported revenue per package by about 350 basis points.

Supply Chain & Freight

Supply Chain & Freight revenue declined 4.5% to \$2.2 billion, due to Forwarding revenue management initiatives, currency and lower fuel surcharges at UPS Freight. Operating profits improved \$31 million, or 18% over the adjusted results for the same quarter 2014, driven by gains in Forwarding.

On a reported basis, operating profit increased \$113 million after the transfer of certain post-retirement liabilities to defined contribution healthcare plans that occurred in the second quarter of 2014.

UPS Forwarding operating profit and margin expanded as the business unit continued to implement a disciplined pricing strategy across key trade lanes. The unit also benefited from improved market conditions and customer mix. Forwarding tonnage and revenue dropped during the quarter, primarily due to revenue management initiatives and the impact of currency fluctuations.

Distribution revenue increased at a mid-single digit growth rate. Growth in Mail services, Healthcare and Aerospace industries contributed to revenue improvements.

UPS Freight revenue declined 2.5% due to lower fuel surcharges and a drop in tonnage driven by changes in customer mix and slowing market growth. LTL (less-than-truckload) revenue per hundredweight growth remained positive, with a 1.4% gain.

Outlook

“The second quarter results reflect continuing gains in our International business,” said Richard Peretz, UPS chief financial officer. “Even though the U.S. economy appears to be growing at a slower pace, our global portfolio and performance reinforces our expectations to attain the higher-end of the guidance range.”

The company’s guidance for 2015 full-year diluted earnings per share is \$5.05 to \$5.30, a 6% to 12% increase over adjusted 2014 results.

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EDITOR'S NOTE:

UPS CEO David Abney and CFO Richard Peretz will discuss second quarter results with investors and analysts during a conference call at 8:30 a.m. ET, July 28, 2015. That call is open to listeners through a live Webcast. To access the call, go to www.investors.ups.com and click on "Earnings Webcast."

UPS routinely posts investor announcements on its web site -- www.investors.ups.com -- and encourages those interested in the company to check there frequently.

UPS (NYSE: UPS) is a global leader in logistics, offering a broad range of solutions including the transportation of packages and freight; the facilitation of international trade, and the deployment of advanced technology to more efficiently manage the world of business. Headquartered in Atlanta, UPS serves more than 220 countries and territories worldwide. The company can be found on the Web at ups.com® and its corporate blog can be found at Longitudes.ups.com. To get UPS news direct, visit pressroom.ups.com/RSS.

We supplement the reporting of our financial information determined under generally accepted accounting principles ("GAAP") with certain non-GAAP financial measures, including, as applicable, "as adjusted" operating profit, operating margin, pre-tax income, net income and earnings per share. The equivalent measures determined in accordance with GAAP are also referred to as "reported" or "unadjusted." Additionally, we disclose revenue growth adjusted for the impact of foreign currency. We believe that these adjusted measures provide meaningful information to assist investors and analysts in understanding our financial results and assessing our prospects for future performance. We believe these adjusted financial measures are important indicators of our recurring operations because they exclude items that may not be indicative of, or are unrelated to, our core operating results, and provide a better baseline for analyzing trends in our underlying businesses. Furthermore, we use these adjusted financial measures to determine awards for our management personnel under our incentive compensation plans.

We supplemented the presentation of our second quarter and year-to-date 2014 operating profit, operating margin, pre-tax income, net income and earnings per share with similar measures that excluded the impact of certain transactions. In the second quarter of 2014, we recorded a \$1.066 billion pre-tax charge (\$665 million after-tax) related to the transfer of postretirement benefit obligations to multiemployer healthcare plans for certain employees employed under the Teamsters National Master Agreement. The charge is allocated between the U.S. Domestic Package segment (\$957 million), the International Package segment (\$27 million) and the Supply Chain & Freight segment (\$82 million). We believe these adjusted measures provide additional information that better enables shareowners to focus on period-over-period operating performance.

Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These adjusted financial measures should not be considered in isolation or as a substitute for GAAP operating profit, operating margin, income before taxes, net income and earnings per share, which are the most directly comparable GAAP financial measures. These non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the preceding reconciliations to corresponding GAAP financial measures, provide a more complete understanding of our business. We strongly encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Except for historical information contained herein, the statements made in this release constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements, including statements regarding the intent, belief or current expectations of UPS and its management regarding the company's strategic directions, prospects and future results, involve certain risks and uncertainties. Certain factors may cause actual results to differ materially from

those contained in the forward-looking statements, including economic and other conditions in the markets in which we operate, governmental regulations, our competitive environment, negotiation and ratification of labor contracts, strikes, work stoppages and slowdowns, changes in aviation and motor fuel prices, cyclical and seasonal fluctuations in our operating results, and other risks discussed in the company's Form 10-K and other filings with the Securities and Exchange Commission, which discussions are incorporated herein by reference.

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