Strong Today. Creating Our Tomorrow.

2018 UPS Transformation Conference
Forward-Looking Statements

This presentation contains and refers to “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are all statements, other than those of historical fact, and may be accompanied by terms such as “believe,” “project,” “expect,” “estimate,” “assume,” “intend,” “anticipate,” “target,” “plan,” and variations thereof. Forward-looking statements are made subject to safe harbor protections of the federal securities laws pursuant to Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

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.

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: changes in general economic conditions, both in the U.S. and internationally; significant competition on a local, regional, national, and international basis; changes in our relationships with our significant customers; the existing complex and stringent regulation in the U.S. and internationally (including tax laws and regulations), changes to which can impact our business; increased physical or data 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; interruption of our business from severe weather or other natural or man-made disasters including terrorism; 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 substantial impairment of our assets; increases in our expenses or funding obligations relating to employee health, retiree health and/or pension benefits; potential additional tax liabilities both in the U.S. and internationally; 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, 2017 and subsequent reports filed with the Securities and Exchange Commission. You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. We do not undertake any obligation to update forward-looking statements to reflect events, circumstances, changes in expectations, or the occurrence of unanticipated events after the date of those statements.

Information included herein, including comparisons to prior periods, may reflect adjusted results. See the appendix for reconciliations of adjusted results and other non-GAAP financial measures.
Driving Execution in Our Business

Jim Barber
Chief Operating Officer
Transform U.S. Network
Investing Internationally

95% of world’s population lives outside U.S.

Reverse innovation
International Results

14 consecutive quarters of double-digit profit growth

Strong products, business model and culture
Redesigning Global Network for Greater Connectivity

Expanded international air capacity more than 10%

Opened new Super-Hubs in London and Paris

New facilities in Dijon, Utrecht and Lummen
Accelerate Deepening and Widening Initiative

INTERNATIONAL STRATEGY

Adopt asset-light approach for speed

Create new virtual networks for greater market depth
Expanded Services Portfolio

UPS Express to China, South Korea and other APAC countries

Extended cut-off times for exports in key markets

Strengthened brokerage capabilities
Forwarding
Double-digit revenue growth
Greater focus on middle market and customer experience

Coyote
More than 50,000 LTL carriers
Freightex acquisition
Adding freight carriers in Europe
doubled loads per day

Logistics
Healthcare, retail and aerospace industries performing well
U.S. Domestic Segment
Tentative Master and Local Teamster Agreements

Covers more than 260,000 employees

Improved compensation

Enables more-efficient growth

Supports future job creation
Peak Readiness

Daily forecasting with customers representing 80% of volume

Complete redesign of network capacity modeling

Align demand and order fulfillment with available capacity

Enhanced pricing and surcharges

Proactive response for critical shipments
U.S. Domestic Segment
U.S. Domestic Segment

2017
- 700 new package car positions
- Additional 53,000 pieces-per-hour sort capacity

2018
- ~400,000 pieces-per-hour, 30 to 35% more efficient
- Automated Super-Hubs in Atlanta, Salt Lake City, Dallas, Indianapolis and Phoenix
- 40 new aircraft, increasing fleet capacity by one-third
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