Forward-Looking Statements

This presentation, our Annual Report on Form 10-K for the year ended December 31, 2018 and our other filings from time to time with the Securities and Exchange Commission contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. From time to time, we also provide forward-looking statements in other materials we release as well as oral forward-looking statements. Statements regarding our intent, belief and current expectations about our strategic direction, prospects and future results, 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. 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 intend that all forward-looking statements we make will be subject to safe harbor protection 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.

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, in the U.S. or internationally; significant competition on a local, regional, national, and international basis; changes in our relationships with our significant customers; 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 in the U.S. or 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, 2018 or described from time to time in our future 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.
Agenda

- UPS Small Pkg Contract  4
- UPS Wages  5
- UPS Contract Summary  6
- Contributions to MEPs  8
- UPS Freight Contract  9
- Summary  10
UPS Small Package National Master Master Agreement

• Contract provisions effective from 8/1/18 to 7/31/23
• Wage increases average 2.3%
• Effective wage and benefit increase per hour of about 2.5%
• New driver classification added to support growth
• Enhanced part time employee compensation to improve retention
• UPS to maintain competitive cost position

*Good for Customers, Employees and Shareowners*
 UPS Small Package – Driver Wage Rates

- General Wage Increases (GWI): Average of 2.3%

<table>
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<th>Contract Start</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
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<td>Y/Y Change</td>
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<td>2.0%</td>
<td>2.1%</td>
<td>2.3%</td>
<td>2.5%</td>
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Small Package Contract- Summary

• Part-time starting rates moved from $10.00/hour to $13.00/hour
  • Continue to increase to $15.50/hour by end of contract
• Full-time drivers will start at $21.00/hour
• Implementation of combination drivers will happen over time with a starting rate of $20.50/hour
Small Package Contract Related Items - continued

- Progression Changes
  - Feeder Mileage and Air Drivers moved to a 48-month progression
- Protected ability to implement operations technology
Contributions to Multi-Employer Plans

- Increased contributions to MEP* Health and Pension plans
  - Annual contribution increase of $1.00 per hour
  - Same hourly contribution increase as last contract
- UPS union pension plans
  - UPS Sponsored Plans – 61%
  - Green Zone Multi-employer Plan – 26%
  - Other MEP – 13%
- Part-time employees receive healthcare benefits after 9 months vs. 12 months

*MEP = Multi-Employer Plans
Yearly general wage increases: 1.5% average
  - $.40, $.40, $.45, $.45, $.50 per hour years 1-5
  - All five years are split over two installments
  - Top rate frozen for all classifications
  - Starting and progression rates increased to improve retention
Contract Summary

- Agreements keep cost structures competitive
- Improved wages and benefits for our employees
- Flexibility to adapt to marketplace changes
- Ability to implement new technology as needed
- Consistent Health & Welfare costs over last 15 years

Good for Customers, Employees and Shareowners
Please Contact UPS Investor Relations with Questions

Email:  investor@ups.com
Phone:  404-828-6059

Scott Childress
Investor Relations Officer

Aldred Williams
V.P. of Investor Relations