

UPS 1Q EARNINGS PER SHARE GROW 10%

U.S. Domestic and Supply Chain & Freight Segments Post Double-Digit Gains in Operating Profit

ATLANTA, USA, April 26, 2012 – UPS (NYSE:UPS) today announced first quarter 2012 diluted earnings per share of \$1.00, a 10% improvement over the prior-year period. Consolidated revenue increased 4.4% to \$13.1 billion. Operating profit for the U.S. Domestic and Supply Chain and Freight segments increased 13% and 19%, respectively.

“These results demonstrate that UPS is providing its customers with the solutions needed for today’s ever-changing market conditions,” said Scott Davis, UPS chairman and CEO. “We will continue to invest and develop innovative services that facilitate global commerce, ensuring UPS’s long-term success.”

Consolidated Results <u>2011</u>	<u>1Q 2012</u>	<u>1Q</u>
Revenue \$12.58 B	\$13.14 B	
Operating profit \$1.47 B	\$1.57 B	
Operating margin 11.7 %	11.9 %	
Average volume per day 15.0 M	15.6 M	
Diluted earnings per share \$0.91	\$1.00	

During the period, UPS delivered approximately 1 billion packages, a 4.3% increase. Rapid e-commerce growth combined with growing demand for lightweight shipping solutions contributed to these results.

In March, UPS announced its intention to acquire TNT Express. This addition will further expand UPS's portfolio of solutions and geographic footprint. The complementary strengths of both organizations will create a customer-focused global platform and a leader in the logistics industry.

Cash Position

For the quarter ending March 31, UPS generated \$1.8 billion in free cash flow. Capital expenditures were \$417 million, including the delivery of three B-767 aircraft. UPS repurchased 7.1 million shares for approximately \$550 million and paid dividends totalling \$534 million.

In February, UPS announced a 10% increase in its regular quarterly dividend to \$0.57 per share. The company has maintained or increased its dividend for more than four decades and has more than tripled the payout since going public in 1999.

U.S. Domestic Package	<u>1Q 2012</u>
<u>1Q 2011</u>	
Revenue	\$8.00 B
\$7.54 B	
Operating profit	\$995 M
\$880 M	
Operating margin	12.4 %
11.7 %	
Average volume per day	13.24 M
12.67 M	

For the quarter, U.S. Domestic revenue increased 6.1% driven by daily volume growth of 4.5%. Operating profit improved 13% over the prior year period with margin expansion of 70 basis points.

Daily volume for deferred products jumped 9.9% and UPS Next Day Air® volume climbed 5%, driven primarily by on-line retail growth. Ground volume improved 4% on strong demand for lightweight shipping options.

Increases in revenue per piece produced by higher base rates and fuel surcharges were mostly offset by changing product and customer mix as e-commerce continued to drive volume growth.

During the quarter, the company achieved a milestone when the millionth user enrolled in UPS My Choicesm, the unique consumer-based delivery solution that UPS rolled out in October 2011. My Choicesm users received more than 7 million shipments and used the service to conveniently control the delivery of 1 million packages.

International Package	<u>1Q 2012</u>	<u>1Q</u>
<u>2011</u>		
Revenue	\$2.97 B	
\$2.90 B		
Operating profit	\$408 M	
\$453 M		
Operating margin	13.8 %	
15.6 %		
Average volume per day	2.35 M	
2.29 M		

International revenue was \$2.97 billion, an increase of 2.3% compared to the same period last year. Revenue per piece was down slightly, though up 2% on a currency-neutral basis. Continued weakness out of Asia and increased intra-regional volumes also negatively impacted yield growth.

UPS Export volume growth continued to outpace the market at 5.4%, with solid gains in Europe, intra-Asia and Mexico. Operating margin declined to 13.8%, reflecting the impact of increased fuel cost, changing product mix and shifting trade patterns.

During the quarter, UPS increased cargo capacity by more than 50 percent on 20 weekly flights in Latin America and expanded its air infrastructure for western Mexico by establishing a regular flight to Guadalajara.

Supply Chain & Freight	<u>1Q 2012</u>	<u>1Q</u>
<u>2011</u>		
Revenue	\$2.17 B	
\$2.14 B		
Operating profit	\$166 M	
\$139 M		
Operating margin	7.7 %	
6.5 %		

Operating profit in the Supply Chain and Freight segment climbed 19% on revenue growth of 1.3%. Operating margin expanded 120 basis points to 7.7%.

Operating margin in the Forwarding business expanded due to growth in customized solutions and brokerage services, in addition to improved productivity. However, revenue was negatively impacted by declines in both tonnage and yield as excess capacity in the market continues.

Demand for UPS healthcare solutions drove revenue gains in the Logistics business unit. Operating margin expanded despite the impact of continued investment in the healthcare network.

Earlier this month, UPS announced an industry-first expedited heavy freight option for shipments between the U.S. and Mexico. UPS CrossBorder Connect™ now allows customers to ship heavy freight on the ground and realize improved transit times over traditional LTL carriers.

Outlook

“UPS delivered earnings growth in line with our expectations, driven by the results of the U.S. Domestic and Supply Chain and Freight segments,” said Kurt Kuehn, UPS’s chief financial officer. “Our performance reflects the strength of our global portfolio and the adaptability of the UPS operating model. Therefore, we remain confident in our previous guidance for 2012 diluted earnings per share of \$4.75 to \$5.00, an increase of 9%-to-15% over 2011 adjusted results.”

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](https://www.ups.com) and its corporate blog can be found at blog.ups.com. To get UPS news direct, visit pressroom.ups.com.

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