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.
Strategy and Transformation

Scott Price
Chief Strategy and Transformation Officer
Focus of Transformation

Growth
Pursue high-quality revenue in growth markets

Efficiency
Use efficiency and cost reduction to grow margins

Culture
Develop talent and culture of continuous transformation
Well-Positioned to Leverage Favorable Trends & Market Dynamics

MEGATRENDS
- Technology
- Value chain
- E-Commerce
- Shifting trade lanes

$800B
Total global logistics market

40%
U.S. package estimated growth 2017 - 2022
Four Strategic Imperatives

International high-growth markets

Global B2B and B2C e-commerce

Healthcare and life sciences

Small and medium-sized businesses
Building on Our Success in International High-Growth Markets

NEW OPPORTUNITIES

Asia, Europe and emerging markets

Expect growth across package mix

Complementary growth in forwarding and contract logistics

Global growth $300 - $480B by 2022
Delivering Value in Global E-Commerce

Tremendous opportunity in B2B for small and medium-sized businesses

UPS Solutions provide retailers control and convenience

Strong growth potential in cross-border e-commerce

Drive further efficiency through synthetic density

UPS My Choice

More than 51 million members
Growing UPS Healthcare

Delivering outstanding customer experiences
Enhancing specialized end-to-end solutions
Ensuring visibility, control and reliability for quality assurance and compliant deliveries

Healthcare Spending
18% of the U.S. economy in 2017

Outsourced Logistics
$85B in 2017
$105B by 2021
INTEGRATION with the UPS global network creates sales and cost synergies.
Enhancing Our SMB Proposition

Ware2Go recruits warehouses in strategic locations, creating a network of fulfillment partners

SMBs account for nearly 50% of U.S. GDP

SMBs represent more than 50% of U.S. small-package market
Uniquely Positioned with Powerful Competitive Strengths

Global footprint with over 5 billion packages delivered last year

Smart global logistics network

Integrated capabilities
Our Transformation Journey
Foundational Improvements
Driving Efficiencies

Reducing layers and cost
Voluntary Retirement Program (VRP)
Global Procurement Center of Excellence
Leveraging Scale Through Technological Advancement

Invest in cloud platforms

Deploy AI to improve customer experience at reduced cost

Provide tech-driven support to enhance sales efficiency
Global Efficient Integrated Network
Building a Culture of Continuous Transformation
Transformation
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