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UPS Reports Revised Results

2007 Adjusted Diluted EPS Reduced to \$4.11 On Revisions to Tax Calculation

ATLANTA--(BUSINESS WIRE)--

On Jan. 30, 2008, UPS (NYSE: UPS) reported an 8% increase in adjusted diluted earnings per share to \$4.17 for the full year of 2007. Following the release of this information, in completing the company's financial statements for 2007, UPS identified a state income tax benefit of \$65 million that was incorrectly recorded in the fourth quarter.

The tax benefit was related to UPS's withdrawal from the Central States multi-employer pension plan. This error was discovered by the company during its regular internal review process prior to the filing of its Form 10-K for 2007. Correcting this error has reduced adjusted diluted earnings per share to \$4.11 for the full year, a 6.5% increase over the prior year.

The correction has no impact on revenue, operating profit (loss), income (loss) before taxes or segment results for the fourth quarter or the full year of 2007, nor does it impact cash flow or liquidity.

For the 4th quarter, UPS originally reported adjusted diluted earnings per share of \$1.13. The revised adjusted diluted earnings per share are \$1.07.

On an unadjusted basis, UPS previously reported a loss per diluted share of \$2.46 for the quarter and a diluted profit per share of \$0.42 for the full year. Those figures now are a loss of \$2.52 per share and a profit of \$0.36, respectively.

UPS's previous estimates for 2008 earnings per share remain unchanged at \$0.94-to-\$0.98 for the first quarter and \$4.30-to-\$4.50 for the full year, as does the company's estimated effective tax rate for 2008 of approximately 36%.

UPS (NYSE: UPS) is the world's largest package delivery company and a global leader in supply chain and freight services. With more than a century of experience in transportation and logistics, UPS is a leading global trade expert equipped with a broad portfolio of

solutions. Headquartered in Atlanta, Ga., UPS serves more than 200 countries and territories worldwide. The company can be found on the Web at 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. 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.

In the first quarter of 2007, we recorded a \$221 million pre-tax impairment charge related to aircraft and a \$68 million pre-tax charge related to cash payouts and the acceleration of stock compensation and certain retiree healthcare benefits for employees who accepted a voluntary separation opportunity. We recorded a \$46 million pre-tax charge in the third quarter of 2007 related to the restructuring and disposal of certain operations in France within the Supply Chain & Freight segment. Additionally, in the fourth quarter of 2007, we recorded a \$6.100 billion charge in our U.S. Domestic Package segment in connection with our withdrawal from the Central States, Southeast and Southwest Areas Pension Fund. We presented fourth quarter and full-year 2007 operating profit, operating margin, pre-tax income, net income and earnings per share excluding the impact of these items as we believe these adjusted measures better enable shareowners to focus on period-over-period operating performance. The underlying matters that produced the impairment charge, the pension withdrawal charge, and the charge related to the voluntary separation opportunity were unique, and we do not believe they are reflective of the types of charges that will affect future anticipated results. The restructuring charge reflected our exit of certain non-core lines of business in our Supply Chain & Freight operations, and we do not believe this charge is indicative of future operating results of our core forwarding, logistics and freight operations.

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, net income and earnings per share, 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, strikes, work stoppages and slowdowns, increases 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.

Source: UPS