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## UPS 4th Quarter Earnings to Exceed Initial Guidance

Company to Streamline U.S. Structure, Improving Customer Focus

ATLANTA--(BUSINESS WIRE)-- UPS (NYSE:UPS) today announced that it expects to exceed its previously announced estimate for 4<sup>th</sup> quarter 2009 earnings, now anticipating a range of \$0.73 to \$0.75 per diluted share. The company previously projected earnings of \$0.58 to \$0.65 per diluted share for this period.

"The stronger earnings stem from better-than-expected results in both domestic and international operations and savings through cost management," said Kurt Kuehn, UPS's chief financial officer. "However, we still anticipate a gradual economic recovery with improvement more evident as 2010 progresses."

The company will provide additional details during its 4<sup>th</sup> quarter earnings call on Feb. 2.

In an effort to improve performance in the U.S. package segment, UPS also announced it is streamlining its domestic management structure. By leveraging technology and the management strengths of its people, UPS will reduce the number of Districts and Regions in its U.S. small package operation.

Effective in April, UPS will reduce its U.S. Regions from five to three and its U.S. Districts from 46 to 20. As part of the realignment, UPS will expand its outreach to customers by strengthening local sales and marketing efforts.

The restructuring will eliminate approximately 1,800 management and administrative positions across the country. Normal attrition will minimize some job displacements, and approximately 1,100 employees will be offered a voluntary separation package. In addition, other impacted employees will receive severance benefits and access to support programs based on length of service.

There are no plans to close any operating facilities and the consolidation of offices will not affect the unique relationship between customers and UPS's sales and operations team, including drivers.

"The new management structure creates Regions and Districts that are better aligned geographically," said Scott Davis, UPS chairman and CEO. "In turn, this will enable more local decision-making and resources to be deployed for our customers."

"The decision to reduce our workforce is difficult and we appreciate the significant contributions of those who will be affected by this change," Davis continued. "But we believe this will allow us to sharpen our focus on profitable growth while being even more nimble in serving our customers."

As a result of the restructuring, UPS expects to incur a one-time charge in 2010 that will be offset by cost savings in the U.S. small package business. Details will be provided during the 4<sup>th</sup> quarter earnings call.

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

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