January 30, 2007

UPS Reports Solid 4th Quarter as Global Package Business Grows

2006 Earnings Climb 11.2%; International Profits Exceed $1.7 Billion

ATLANTA--(BUSINESS WIRE)--

Led by a strong performance in its international operations, UPS (NYSE: UPS) today reported net income of $1.13 billion and a 10% increase in diluted earnings per share to $1.04 for the fourth quarter ended Dec. 31, 2006.

For the full year of 2006, revenue rose almost 12%; operating profit increased 8%, and earnings per share climbed 11.2% to $3.86. The international business reached new heights, reporting more than $1.7 billion in operating profit. The company set a new record for package volume in 2006, delivering almost 4 billion packages or an average of 15.6 million per day.

"UPS had a very good year in 2006," said Chairman and CEO Mike Eskew. "We posted new highs in revenue, operating profit and earnings per share. We finished the year with a well-executed peak season, and strong execution will continue to be critical for us as we move forward in 2007."

Consolidated Results	4Q 2006	4Q 2005
Revenue	$ 12.6 B	$ 12.0 B
Operating profit	$ 1.8 B	$ 1.7 B
Operating margin	14.3 %	14.3 %
Average volume per day	17.3 M	16.8 M
Diluted earnings per share	$ 1.04	$ 0.95

The fourth quarter produced solid earnings growth despite a slowing U.S. economy. Consolidated average daily package volume rose 3.3%, or 558,000 additional packages each day. Pricing remained firm around the globe. Consolidated average revenue per piece increased 2%.

Cash Position

UPS ended 2006 with nearly $2 billion in cash and marketable securities. For the year, it also:

- Generated cash from operations of $5.7 billion.
- Purchased 32.6 million shares, reducing total shares outstanding by 2.5%.
- Paid $1.6 billion in dividends.
- Invested $3.1 billion in capital expenditures.

U.S. Package	4Q 2006	4Q 2005
Revenue	$ 8.13 B	$ 7.82 B
Operating profit	$ 1.30 B	$ 1.24 B
Operating margin	15.9 %	15.8 %
Average volume per day	15.4 M	14.9 M

Ground volume posted a healthy 3.6% increase in the quarter. Next Day Air(R) volume declined marginally and deferred volume was flat against strong prior-year results.

The company did an excellent job of executing on its holiday peak season plan, with deliveries exceeding 22 million on two days. Package delivery volume exceeded 20 million a day on seven days during the 2006 peak compared to five days the prior year.

International Package	4Q 2006	4Q 2005
Revenue	$ 2.44 B	$ 2.22 B
Operating profit	$ 514 M	$ 431 M
Operating margin	21.0 %	19.4 %
Average volume per day	2.0 M	1.8 M

Total international export volume grew 11.3%. Non-U.S. domestic package volume posted solid 4% growth as the company overlapped the effect of an acquisition.

During the quarter, UPS announced the expansion of its international shipping portfolio by providing three time-definite delivery options each day to the world's 30 largest markets, up from one or two daily options. These new delivery services make UPS's international delivery portfolio the most expansive in the industry and cover more than 80% of the world's GDP.

Supply Chain and Freight	4Q 2006	4Q 2005
Revenue	$ 2.06 B	$ 1.91 B
Operating profit (loss)	$ (1)M	$ 43 M
Operating margin	--	2.3 %

The Supply Chain and Freight segment improved from the third quarter, reflecting the positive impact of cost control measures taken in the fourth quarter. UPS Freight's performance was impacted by the general softening in the Less-Than-Truckload (LTL) environment.

Outlook

"We anticipate another good year in our global small package business despite a slowing U.S. economy," said Scott Davis, UPS's vice chairman and chief financial officer. "We also expect our Supply Chain and Freight segment to gain momentum as the year progresses."

Davis said he anticipates diluted earnings per share for the full year 2007 to increase 6-to-10%, or within a range of $4.10 to $4.25, compared to the $3.86 reported in 2006. For the first quarter of 2007, UPS is projecting diluted earnings per share in the range of $0.94 to $0.98 compared to the $0.89 reported in the prior-year period.

"We're encouraged by the opportunities we see for our company around the globe," Davis added. "We're operating a healthy business in a vital industry, and we believe our long-term strategy of providing supply chain solutions to our customers is right on target."

UPS, which celebrates its 100th anniversary in 2007, is the world's largest package delivery company and a global leader in supply chain services, offering an extensive range of options for synchronizing the movement of goods, information and funds. Headquartered in Atlanta, Ga., UPS serves more than 200 countries and territories worldwide. UPS's stock trades on the New York Stock Exchange (UPS) and the company can be found on the Web at UPS.com. To get UPS news direct, visit pressroom.ups.com/RSS.

EDITOR'S NOTE: UPS Chairman and CEO Mike Eskew and Vice Chairman and CFO Scott Davis will discuss fourth quarter and 2006 results with investors and analysts during a conference call at 8:30 a.m. EST today. That call is open to listeners through a live Webcast. To access the call, go to www.shareholder.com/UPS and click on "Earnings Webcast."

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.

United Parcel Service, Inc.
Selected Financial Data - Fourth Quarter
(unaudited)

	Three Months Ended December 31,		Change	
(amounts in millions, except per share data)	2006	2005	$	%
Statement of Income Data:				
Revenue:				
U.S. Domestic Package	$8,129	$7,824	$305	3.9%

International Package	2,444	2,220	224	10.1%
Supply Chain & Freight	2,055	1,910	145	7.6%
Total revenue	12,628	11,954	674	5.6%
Operating expenses:				
Compensation and benefits	6,504	6,128	376	6.1%
Other	4,315	4,115	200	4.9%
Total operating expenses	10,819	10,243	576	5.6%
Operating profit (loss):				
U.S. Domestic Package	1,296	1,237	59	4.8%
International Package	514	431	83	19.3%
Supply Chain & Freight	(1)	43	(44)	-102.3%
Total operating profit	1,809	1,711	98	5.7%
Other income (expense):				
Investment income	15	8	7	87.5%
Interest expense	(55)	(52)	(3)	5.8%
Total other income (expense)	(40)	(44)	4	-9.1%
Income before income taxes	1,769	1,667	102	6.1%
Income taxes	641	618	23	3.7%
Net income	$1,128	$1,049	$79	7.5%
Net income as a percentage of revenue	8.9%	8.8%		
Per share amounts				
Basic earnings per share	$1.05	$0.95	$0.10	10.5%
Diluted earnings per share	$1.04	$0.95	$0.09	9.5%
Weighted-average shares outstanding				
Basic	1,076	1,103		
Diluted	1,081	1,107		

Certain prior year amounts have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.
Selected Operating Data - Fourth Quarter
(unaudited)

	Three Months Ended December 31,		Change	
	2006	2005	$/ #	%
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	$1,724	$1,716	$8	0.5%

Deferred	977	969	8	0.8%
Ground	5,428	5,139	289	5.6%
Total U.S. Domestic Package	8,129	7,824	305	3.9%
International Package:				
Domestic	529	474	55	11.6%
Export	1,757	1,590	167	10.5%
Cargo	158	156	2	1.3%
Total International Package	2,444	2,220	224	10.1%
Supply Chain & Freight:				
Forwarding and Logistics	1,479	1,333	146	11.0%
Freight	468	483	(15)	-3.1%
Other	108	94	14	14.9%
Total Supply Chain & Freight	2,055	1,910	145	7.6%
Consolidated	$12,628	$11,954	$674	5.6%
Consolidated volume (in millions)	1,074	1,039	35	3.3%
Operating weekdays	62	62		
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,337	1,351	(14)	-1.0%
Deferred	1,201	1,200	1	0.1%
Ground	12,821	12,374	447	3.6%
Total U.S. Domestic Package	15,359	14,925	434	2.9%
International Package:				
Domestic	1,196	1,150	46	4.0%
Export	768	690	78	11.3%
Total International Package	1,964	1,840	124	6.7%
Consolidated	17,323	16,765	558	3.3%
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	$20.80	$20.49	$0.31	1.5%
Deferred	13.12	13.02	0.10	0.8%
Ground	6.83	6.70	0.13	1.9%
Total U.S. Domestic Package	8.54	8.46	0.08	0.9%
International Package:				
Domestic	7.13	6.65	0.48	7.2%
Export	36.90	37.17	(0.27)	-0.7%
Total International Package	18.77	18.09	0.68	3.8%
Consolidated	$9.70	$9.51	$0.19	2.0%

Certain prior year amounts have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.
Selected Financial Data - Year to Date
(unaudited)

Twelve Months Ended

	December 31,		Change	
	2006	2005	$	%
(amounts in millions, except per share data)				
Statement of Income Data:				
Revenue:				
U.S. Domestic Package	$30,456	$28,610	$1,846	6.5%
International Package	9,089	7,977	1,112	13.9%
Supply Chain & Freight	8,002	5,994	2,008	33.5%
Total revenue	47,547	42,581	4,966	11.7%
Operating expenses:				
Compensation and benefits	24,421	22,517	1,904	8.5%
Other	16,491	13,921	2,570	18.5%
Total operating expenses	40,912	36,438	4,474	12.3%
Operating profit:				
U.S. Domestic Package	4,923	4,493	430	9.6%
International Package	1,710	1,494	216	14.5%
Supply Chain & Freight	2	156	(154)	-98.7%
Total operating profit	6,635	6,143	492	8.0%
Other income (expense):				
Investment income	86	104	(18)	-17.3%
Interest expense	(211)	(172)	(39)	22.7%
Total other income (expense)	(125)	(68)	(57)	83.8%
Income before income taxes	6,510	6,075	435	7.2%
Income taxes	2,308	2,205	103	4.7%
Net income	$4,202	$3,870	$332	8.6%
Net income as a percentage of revenue	8.8%	9.1%		
Per share amounts				
Basic earnings per share	$3.87	$3.48	$0.39	11.2%
Diluted earnings per share	$3.86	$3.47	$0.39	11.2%
Weighted-average shares outstanding				
Basic	1,085	1,113		
Diluted	1,089	1,116		

Certain prior year amounts have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.
Selected Operating Data - Year to Date
(unaudited)

	Twelve Months Ended December 31,		Change	
	2006	2005	$/ #	%
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	$6,778	$6,381	$397	6.2%
Deferred	3,424	3,258	166	5.1%
Ground	20,254	18,971	1,283	6.8%
Total U.S. Domestic Package	30,456	28,610	1,846	6.5%
International Package:				
Domestic	1,950	1,588	362	22.8%
Export	6,554	5,856	698	11.9%
Cargo	585	533	52	9.8%
Total International Package	9,089	7,977	1,112	13.9%
Supply Chain & Freight:				
Forwarding and Logistics	5,681	4,859	822	16.9%
Freight	1,952	797	1,155	144.9%
Other	369	338	31	9.2%
Total Supply Chain & Freight	8,002	5,994	2,008	33.5%
Consolidated	$47,547	$42,581	$4,966	11.7%
Consolidated volume (in millions)	3,945	3,746	199	5.3%
Operating weekdays	253	254		
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,267	1,228	39	3.2%
Deferred	993	946	47	5.0%
Ground	11,537	11,044	493	4.5%
Total U.S. Domestic Package	13,797	13,218	579	4.4%
International Package:				
Domestic	1,108	916	192	21.0%
Export	689	616	73	11.9%
Total International Package	1,797	1,532	265	17.3%
Consolidated	15,594	14,750	844	5.7%
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	$21.14	$20.46	$0.68	3.3%
Deferred	13.63	13.56	0.07	0.5%
Ground	6.94	6.76	0.18	2.7%
Total U.S. Domestic				

Package	8.73	8.52	0.21	2.5%
International Package:				
Domestic	6.96	6.83	0.13	1.9%
Export	37.60	37.43	0.17	0.5%
Total International Package	18.70	19.13	(0.43)	-2.2%
Consolidated	$9.88	$9.62	$0.26	2.7%

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Source: UPS