

EXHIBIT INDEX

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Press Release dated July 22, 2004.

FOR IMMEDIATE RELEASE

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UPS 2ND QUARTER EARNINGS CLIMB OVER 18%
AS PACKAGE BUSINESS GROWS WORLDWIDE

COMPANY RAISES FULL-YEAR EARNINGS EXPECTATIONS

ATLANTA, July 22, 2004 - UPS (NYSE:UPS) today reported an 18.2% gain in net income for the second quarter on a 7.8% increase in revenue with strong growth in its global small package business. In addition, the company raised its future guidance and expects full year 2004 earnings growth to approach 20%.

Previously, the company's guidance called for 2004 earnings at the upper end of a 12-to-18% range.

In the second quarter, total average daily package volume worldwide rose to 13.6 million, a net gain of 550,000 packages per day compared to the prior-year period. Average daily ground volume within the United States climbed almost 5%. International export volume increased 13% with double-digit growth in all regions of the world, led by China with a gain of almost 70%.

"Our global small package business is vibrant and growing," said Scott Davis, UPS's chief financial officer. "This strong growth is being fueled by our integrated customer technologies, expanded supply chain capabilities and superior service and reliability."

For the three months ended June 30, consolidated revenue totaled \$8.87 billion, up 7.8% from the \$8.23 billion reported during the prior-year period. Consolidated operating profit jumped 21.3% to \$1.31 billion. Net income totaled \$818 million. Earnings per diluted share were \$0.72, up 18% from the \$0.61 reported for the second quarter of 2003.

Operating profit and net income for the period a year ago were impacted by a pre-tax loss from the sale of the company's Mail Technologies unit, which was more than offset by a related tax benefit. Adjusting for that prior year reduction in operating profit of \$24 million and net income benefit of \$14 million, operating profit for the current period rose 18.7% and net income rose 20.6%. Earnings per diluted share rose 20% from the adjusted \$0.60 per share reported last year.

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For the six months ended June 30, consolidated revenues totaled \$17.79 billion, an increase of 9.5% compared to the prior-year period. Operating profit totaled \$2.53 billion, a gain of 24.8% compared to the period in 2003. Net income increased 21% to \$1.58 billion over the earlier period. In addition to the impact of the sale of Mail Technologies, the company's results for the first six months of 2003 were affected by a first quarter write-down in marketable securities, and a reduction to income tax expense resulting from the resolution of various tax matters with the IRS. Adjusting for the impact of these items, operating profit for the first six months of 2004 rose 23.3% and net income improved by 24.1%.

Second quarter highlights by company segments included:

- [X] International package revenues climbed almost 18% to \$1.61 billion as average daily package volume rose 8.5%. Asia export volume increased 17% and U.S. export volume grew an industry-leading 12%. Operating profit soared 72% to \$272 million. This unit now contributes more than 20% of UPS's total operating profit.
- [X] U.S. package revenue rose 5.8% to \$6.48 billion. Operating profit climbed 7.2% to \$892 million and operating margin improved 20 basis points to 13.8%, the highest in two years. Average daily ground volume in the U.S. showed a strong 4.9% gain, contributing to a total domestic volume increase of 3.8%. Next Day Air(R) package volume saw robust growth that actually exceeded the growth rate of ground volume, offsetting

the decline in air letter volume stemming from the unusually high mortgage refinancing activity last year. Average revenue per piece rose for all products, with the overall U.S. average revenue per piece increasing 2%.

[X] Revenue for the non-package segment grew 6.4% to \$778 million, while operating profit climbed 62%. Excluding the loss from the 2003 sale of the Mail Technologies business, operating profit increased 28.1%. Revenue for UPS Supply Chain Solutions, the largest unit in the non-package segment, increased 7.2% to \$568 million.

Several developments during the second quarter positioned the company well for future growth. The United States and China agreed to significantly expand aviation rights, unique customer services were developed or enhanced with eBay, Yahoo! Small Business and Toshiba, and UPS Supply Chain Solutions launched a service to help businesses recycle or dispose of unwanted electronics.

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"The breadth of solutions we bring to our customers is a unique competitive advantage," Davis said. "It is allowing us to deepen our relationships with customers, which is producing bottom-line benefits to all three segments of our business."

Davis said the company projects third quarter earnings to increase over last year to the range of \$0.69 to \$0.72 per diluted share and expects full year 2004 earnings growth approaching 20%, compared with last year's adjusted earnings per share of \$2.44.

UPS 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 (NYSE) and the company can be found on the Web at UPS.com.

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EDITOR'S NOTE: UPS CFO Scott Davis will discuss second quarter results with investors and analysts during a conference call later today at 10:00 a.m. EDT. That conference call is open to listeners through a live Webcast. To access the call, go to www.shareholder.com/UPS and click on "Earnings Webcast."

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, 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 plan.

In the second quarter of 2003, we recorded a \$24 million pre-tax loss and a \$38 million tax benefit on the sale of our Mail Technologies business. In the first quarter of 2003, we incurred a \$58 million pre-tax impairment charge related to the Company's investment in S&P 500 equity portfolios and benefited from a \$55 million reduction to income tax expense due to the resolution of various tax issues with the Internal Revenue Service. We presented operating profit, 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. We believe it is useful to present operating profit, net income and earnings per share excluding the impact of the sale of Mail Technologies as this sale has minimal implications on future financial performance. We believe it is useful to present net income and earnings per share excluding the impact of the impairment charge because the Company has been significantly reducing the size of its equity portfolio investments and such investments are not a core business of the Company. We also believe it is useful to present net income and earnings per share excluding the impact of the resolution of the tax issues because the underlying matters that produced the tax benefits were unique and, as resolved, have no bearing on future anticipated tax expense.

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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 accompanying 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.

UNITED PARCEL SERVICE, INC.
SELECTED FINANCIAL DATA - SECOND QUARTER

<TABLE>
<CAPTION>

VS. ADJUSTED)	QUARTER ENDED JUNE 30,			CHANGE 2Q 2004		
	2003	2003	2003	2Q 2003 (AS		
---	2004	AS REPORTED	ADJUSTMENTS	AS ADJUSTED	\$	%
---	<C>	<C>	<C>	<C>	<C>	<C>
(financial data in millions, except per share amounts)						
STATEMENT OF INCOME DATA:						
Revenue:						
U.S. domestic package 5.8%	\$ 6,480	\$ 6,124	\$ --	\$ 6,124	\$ 356	
International package 17.7%	1,613	1,371	--	1,371	242	
Non-package 6.4%	778	731	--	731	47	
Total revenue 7.8%	8,871	8,226	--	8,226	645	
Operating expenses:						
Compensation and benefits 6.8%	5,079	4,754	--	4,754	325	
Other 4.8%	2,482	2,392	(24) (a)	2,368	114	
Total operating expenses 6.2%	7,561	7,146	(24)	7,122	439	
Operating profit:						
U.S. domestic package 7.2%	892	832	--	832	60	
International package 72.2%	272	158	--	158	114	
Non-package 28.1%	146	90	24 (a)	114	32	
Total operating profit 18.7%	1,310	1,080	24	1,104	206	
Other income (expense):						
Investment income 40.0%	14	10	--	10	4	
Interest expense 7.9%	(35)	(38)	--	(38)	3	-

Total other income (expense) 25.0%	(21)	(28)	--	(28)	7	-
Income before income taxes 19.8%	1,289	1,052	24	1,076	213	
Income taxes 18.3%	471	360	38 (a)	398	73	
Net income 20.6%	----- \$ 818 -----	----- \$ 692 -----	----- \$ (14) -----	----- \$ 678 -----	----- \$ 140 -----	
Net income as a percentage of revenue	9.2%	8.4%		8.2%		
Per share amounts						
Basic earnings per share	\$ 0.73	\$ 0.61		\$ 0.60		
Diluted earnings per share	\$ 0.72	\$ 0.61		\$ 0.60		
Weighted average shares outstanding						
Basic	1,128	1,127		1,127		
Diluted	1,137	1,136		1,136		

</TABLE>

(a) The Company recognized a \$24 million pre-tax loss and a \$38 million tax benefit from the sale of its former Mail Technologies unit.

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

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UNITED PARCEL SERVICE, INC.
SELECTED OPERATING DATA - SECOND QUARTER

<TABLE>
<CAPTION>

	QUARTER ENDED JUNE 30,		CHANGE	
	2004	2003	\$	%
	<C>	<C>	<C>	<C>
<S>				
REVENUE (IN MILLIONS):				
U.S. domestic package:				
Next day air	\$ 1,492	\$ 1,387	\$ 105	7.6%
Deferred	734	716	18	2.5%
Ground	4,254	4,021	233	5.8%
	-----	-----	-----	-----
Total U.S. domestic package	6,480	6,124	356	5.8%
International package:				
Domestic	318	274	44	16.1%
Export	1,183	992	191	19.3%
Cargo	112	105	7	6.7%
	-----	-----	-----	-----
Total International package	1,613	1,371	242	17.7%
Non-package:				
UPS Supply Chain Solutions	568	530	38	7.2%
Other	210	201	9	4.5%
	-----	-----	-----	-----
Total Non-package	778	731	47	6.4%
	-----	-----	-----	-----
Consolidated	\$ 8,871	\$ 8,226	\$ 645	7.8%
	=====	=====	=====	=====
Memo: Gross revenue				
UPS Supply Chain Solutions	\$ 1,172	\$ 1,068	\$ 104	9.7%
Consolidated volume (in millions)	869	833	36	4.2%
Operating weekdays	64	64		
AVERAGE DAILY PACKAGE VOLUME (IN THOUSANDS):				
U.S. domestic package:				
Next day air	1,181	1,179	2	0.2%
Deferred	832	862	(30)	-3.5%
Ground	10,252	9,776	476	4.9%
	-----	-----	-----	-----
Total U.S. domestic package	12,265	11,817	448	3.8%
International package:				
Domestic	784	742	42	5.7%
Export	521	461	60	13.0%
	-----	-----	-----	-----

Total International package	1,305	1,203	102	8.5%
	-----	-----	-----	
Consolidated	13,570	13,020	550	4.2%
	=====	=====	=====	
AVERAGE REVENUE PER PIECE:				
U.S. domestic package:				
Next day air	\$ 19.74	\$ 18.38	\$ 1.36	7.4%
Deferred	13.78	12.98	0.80	6.2%
Ground	6.48	6.43	0.05	0.8%
Total U.S. domestic package	8.26	8.10	0.16	2.0%
International package:				
Domestic	6.34	5.77	0.57	9.9%
Export	35.48	33.62	1.86	5.5%
Total International package	17.97	16.44	1.53	9.3%
Consolidated	\$ 9.19	\$ 8.87	\$ 0.32	3.6%
	=====	=====	=====	

</TABLE>

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

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UNITED PARCEL SERVICE, INC.
SELECTED FINANCIAL DATA - YEAR-TO-DATE

<TABLE>
<CAPTION>

SIX MONTHS ENDED JUNE 30,

CHANGE 2004 VS.

2003 (AS ADJUSTED)	SIX MONTHS ENDED JUNE 30,				----
-----	2004	2003 AS REPORTED	2003 ADJUSTMENTS	2003 AS ADJUSTED	\$
%	-----	-----	-----	-----	---
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
(financial data in millions, except per share amounts)					
STATEMENT OF INCOME DATA:					
Revenue:					
U.S. domestic package	\$ 13,020	\$ 12,144	\$ --	\$ 12,144	\$
876 7.2%					
International package	3,232	2,673	--	2,673	
559 20.9%					
Non-package	1,538	1,424	--	1,424	
114 8.0%					
-----					---
Total revenue	17,790	16,241	--	16,241	
1,549 9.5%					
Operating expenses:					
Compensation and benefits	10,247	9,462	--	9,462	
785 8.3%					
Other	5,016	4,754	(24) (a)	4,730	
286 6.0%					
-----					---
Total operating expenses	15,263	14,216	(24)	14,192	
1,071 7.5%					
Operating profit:					
U.S. domestic package	1,723	1,536	--	1,536	
187 12.2%					
International package	541	292	--	292	
249 85.3%					
Non-package	263	197	24 (a)	221	
42 19.0%					
-----					---
Total operating profit	2,527	2,025	24	2,049	
478 23.3%					
Other income (expense):					
Investment income (loss)	31	(28)	58 (b)	30	
1 3.3%					

Interest expense (11) 17.5%	(74)	(63)	--	(63)	
-----	-----	-----	-----	-----	---
Total other income (expense) (10) 30.3%	(43)	(91)	58	(33)	
Income before income taxes 468 23.2%	2,484	1,934	82	2,016	
Income taxes 162 21.7%	907	631	114 (a), (b), (c)	745	
-----	-----	-----	-----	-----	---
Net income 306 24.1%	\$ 1,577	\$ 1,303	\$ (32)	\$ 1,271	\$
=====	=====	=====	=====	=====	
Net income as a percentage of revenue	8.9%	8.0%		7.8%	
Per share amounts					
Basic earnings per share	\$ 1.40	\$ 1.16		\$ 1.13	
Diluted earnings per share	\$ 1.39	\$ 1.15		\$ 1.12	
Weighted average shares outstanding					
Basic	1,129	1,126		1,126	
Diluted	1,138	1,136		1,136	

</TABLE>

- (a) The Company recognized a \$24 million pre-tax loss and a \$38 million tax benefit from the sale of its former Mail Technologies unit in the second quarter of 2003.
- (b) The Company recognized a \$58 million investment impairment charge (\$37 million after tax) during the first quarter of 2003.
- (c) The Company recognized a \$55 million credit to tax expense for the resolution of various tax contingencies in the first quarter of 2003.

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

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UNITED PARCEL SERVICE, INC.
SELECTED OPERATING DATA - YEAR-TO-DATE

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30,		CHANGE	
	2004	2003	\$	%
<S>	<C>	<C>	<C>	<C>
REVENUE (IN MILLIONS):				
U.S. domestic package:				
Next day air	\$ 2,962	\$ 2,740	\$ 222	8.1%
Deferred	1,498	1,414	84	5.9%
Ground	8,560	7,990	570	7.1%
Total U.S. domestic package	13,020	12,144	876	7.2%
International package:				
Domestic	654	540	114	21.1%
Export	2,364	1,932	432	22.4%
Cargo	214	201	13	6.5%
Total International package	3,232	2,673	559	20.9%
Non-package:				
UPS Supply Chain Solutions	1,131	1,030	101	9.8%
Other	407	394	13	3.3%
Total Non-package	1,538	1,424	114	8.0%
Consolidated	\$17,790	\$16,241	\$ 1,549	9.5%
	=====	=====	=====	
Memo: Gross revenue				
UPS Supply Chain Solutions	\$ 2,299	\$ 2,077	\$ 222	10.7%
Consolidated volume (in millions)	1,751	1,659	92	5.5%

Operating weekdays	128	127		
AVERAGE DAILY PACKAGE VOLUME (IN THOUSANDS):				
U.S. domestic package:				
Next day air	1,175	1,157	18	1.6%
Deferred	863	853	10	1.2%
Ground	10,322	9,828	494	5.0%
	-----	-----	-----	
Total U.S. domestic package	12,360	11,838	522	4.4%
International package:				
Domestic	797	759	38	5.0%
Export	519	466	53	11.4%
	-----	-----	-----	
Total International package	1,316	1,225	91	7.4%
	-----	-----	-----	
Consolidated	13,676	13,063	613	4.7%
	=====	=====	=====	
AVERAGE REVENUE PER PIECE:				
U.S. domestic package:				
Next day air	\$ 19.69	\$ 18.65	\$ 1.04	5.6%
Deferred	13.56	13.05	0.51	3.9%
Ground	6.48	6.40	0.08	1.3%
Total U.S. domestic package	8.23	8.08	0.15	1.9%
International package:				
Domestic	6.41	5.60	0.81	14.5%
Export	35.59	32.65	2.94	9.0%
Total International package	17.92	15.89	2.03	12.8%
Consolidated	\$ 9.16	\$ 8.81	\$ 0.35	4.0%
	=====	=====	=====	

</TABLE>

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