



Your Future
Revolves
Around You.

UPS Savings Advantage

What is the UPS Savings Advantage?



The UPS Savings Advantage is the program name that describes both the UPS Savings Plan and the UPS Qualified Stock Ownership Plan (QSOP). The Savings Plan is a 401(k) plan, which provides you with the ability to defer a percentage of your pay on a pre-tax, Roth 401(k), after-tax, rollover and catch-up basis.

The Qualified Stock Ownership Plan (QSOP) contains SavingsPLUS, our company match made in shares of UPS class A common stock, as well as any shares of UPS stock you have purchased through the Savings Plan.

The SavingsPLUS match¹ is made quarterly in class A shares of UPS common stock. You may diversify your match shares at any time by transferring (selling) all or any part of your match shares from the QSOP to invest in UPS Savings Plan investment options. However, if

UPS SAVINGS ADVANTAGE

UPS SAVINGS PLAN

- Pre-tax contributions²
 - Up to 35 percent of pay or \$15,500 in 2008 (10 percent or \$8,000 in Puerto Rico)
- Roth 401(k) contributions²
 - Up to 35 percent of pay or \$15,500 in 2008 (not available in Puerto Rico)
- Regular after-tax contributions
 - Up to 5 percent of pay
- MIP cash award²
 - Up to 100 percent (pre-tax)
- Half month pay/discretionary day payout²
 - Up to 100 percent (pre-tax)
- Rollover contributions
- Catch-up contributions³ (for participants 50 or older by the end of the year)
 - Up to 10 percent of pay (maximum of \$5,000 in 2008; maximum of \$1,000 in Puerto Rico)

UPS QUALIFIED STOCK OWNERSHIP PLAN

- SavingsPLUS
 - The company match¹ made in class A shares of UPS common stock
- UPS Stock Account
 - Class A shares of UPS common stock purchased through reallocation of assets from the UPS Savings Plan

¹ For more information on the company match, please refer to page 5 and the match examples provided in the Summary Plan Description (SPD) on the CD affixed to the back cover of this booklet. Alternatively, you can review the SPD online at <http://upssavings.csplans.com>.

² Note: up to 35 percent of eligible pay can be contributed as pre-tax contributions or Roth 401(k) contributions, or any combination of the two (up to a maximum of \$15,500 in 2008). The maximum also applies to the MIP cash award and half month pay/discretionary day payout, if applicable.

³ Note: up to 10 percent of eligible pay for catch-up contributions can be made on a pre-tax or Roth 401(k) basis, or any combination of the two (up to a maximum of \$5,000 in 2008).

The future starts now.

you are an employee in Trading Groups 2, 3, or 4, you need to verify that the trading window is open before you make any transactions involving UPS Stock. All employees must comply with the UPS Insider Trading Compliance Program Guidelines.

Most goals start with the realization that there's something you want and you just have to figure out the best way to get it.

Your retirement is in your hands

Here's the reality. If you want a financially secure retirement, you have to take action. Social Security may not provide the money you'll need. And you're likely to live to a ripe old age so your savings will have to last longer. Finally, if there are two things in life you can count on, they're inflation and taxes—always eating away at the value of your savings. Did you just hear a voice saying, "I need to start saving for my future"? If you did, let's figure out the best way to do it.

The Plan's got it

The UPS Savings Advantage (the "Plan") offers unique benefits that make it the best place to save for your retirement.

Want a tax break now?

What if someone told you that for every pre-tax dollar you saved in your account, you'd get a quarter back to spend. For example, that means when you put \$10 in your piggy bank, you'd have an extra \$2.50 in your wallet. Sound too good to be true? It's not. That's what happens when you save in the Plan. Every dollar you contribute to the Plan on a pre-tax basis reduces your current taxable income. So you pay less in taxes. All earnings grow tax-deferred, too.

Want tax-free income?

Unlike pre-tax contributions, you pay taxes on Roth 401(k) contributions before they go into your account. As long as you leave the money in your Roth 401(k) account for at least five years and don't withdraw it before age 59½, you won't pay any more taxes on those contributions — or the earnings. As a result, Roth 401(k) contributions allow you to build a nest egg of tax-free income.



Want to save a little and end up with a lot?

Of course you do. And, by now, it will be no surprise that the Plan gives you just that opportunity through the magic of compounding. Earnings build on the money you contribute to the Plan as well as the earnings you've made from investments in the Plan.

Not sure how much you can afford to defer?

To see the effect pre-tax savings will have on your paycheck, visit UPSers.com; login to the site and click on "envision" in the "My Life and Career" tab. Click on the 401(k) Calculator article to access the link to the calculator. Select your payroll frequency (weekly, semi-monthly or monthly), then enter your tax filing status, state and salary. You can then model the effect of deferring pre-tax to the Savings Plan on your take-home pay, and how much you'd receive through the company match, by entering different deferral percentages. You'll be amazed what a difference pre-tax savings can make, and how much the company match can help your savings grow!

Don't forget...the Savings*PLUS* match is like giving yourself a raise, whether you save pre-tax or through Roth 401(k) contributions.

KEEP MORE MONEY™...AN EXAMPLE

	Pre-tax Contribution	No Pre-tax Contribution
Annual Eligible Income	\$36,000	\$36,000
Pre-tax Savings — 7%	- 2,520	- 0
Salary After Contribution	\$33,480	\$36,000
Taxes paid	-9,014	- 9,544
ANNUAL TAKE-HOME PAY	\$24,466	\$26,456

Your \$2,520 contribution saved you \$530 in taxes — and it only cost you \$1,990 from your take home pay!

This illustration is based on a participant whose filing status is married and lives in the state of Georgia in 2008. Taxes are approximate. The examples above do not constitute specific tax or investment advice.

 For more information on the company match, refer to page 5 or review the SPD on the CD affixed to the back cover of this booklet. Alternatively, you can review the SPD online at <http://upssavings.csplans.com>.

Come around to a new way of thinking.

The difference between reaching a goal and falling short is often just a matter of how much you want it. Give it your all now and you'll reap the rewards later.

How much should you save?

It's always a good idea to save as much as you can for your future. And fortunately there are easy ways to figure out how much money you'll need to retire well. Once you have enrolled, you can visit the Resource Center on the Plan Web site at <http://upssavings.csplans.com> to review additional resources and tools available to you.

Read on for more information on how to pick a savings amount.

Saving targets everyone can shoot for

Whether you're already in the Plan or just signing up today, there are a couple of questions you can ask yourself to see if you're doing everything you can to reach your goal.

Are you saving as much as you can?

Before you answer, consider this. In a recent study, over half the people surveyed who were not saving for retirement felt that they could manage saving \$20 per week.⁴ That adds up to \$1,040 a year before any return on those savings. Over 20 years, assuming an 8 percent return, you'd have an extra \$51,000. Now can you find that \$20? And, if you're already saving in the Plan, consider whether you can increase your savings by 1 percent or 2 percent more? Remember, saving a little extra could really add up to a lot by the time you retire.

Can you save the maximum amount allowed by the Plan?

If you can't max it out all at once, start a slow and steady climb. Increase your contribution by 1 percent this year. Then increase it again whenever you can, such as when you get a raise. You can also use the Contribution Rate Escalator to elect automatic future increases in your deferral contribution rate. To learn more or to set-up the Contribution Rate Escalator, go to the "Contributions" section on the Plan Web site and click on "Rate Escalator."



UPS matches your contribution

When you make pre-tax or Roth 401(k) contributions to the Plan, your company also chips in. That's called a "match" and it's something that's just too good to pass up.

If you were hired, rehired or transferred to an eligible job position on or after January 1, 2008, your pre-tax and Roth 401(k) contributions are matched — dollar for dollar — up to 3.5 percent of your eligible compensation. Here's an example of the Savings*PLUS* match, based on \$36,000 in annual eligible pay and a contribution rate of 7 percent (pre-tax and/or Roth 401(k)).

Quarter	Year to date Eligible Income	Pre-tax or Roth Deferrals (7%)	Savings <i>PLUS</i> Match
1	\$9,000	\$630	\$315
2	\$18,000	\$630	\$315
3	\$27,000	\$630	\$315
4	\$36,000	\$630	\$315

You saved \$2,520 Your match is \$1,260

Your total investment in the UPS Savings Advantage is \$3,780. Remember that chart on page 3? If you're saving on a pre-tax basis, that \$3,780 investment cost you only \$1,990 from your pay.

Can you afford not to be in the Plan?



More information on the company match⁵ is included in the SPD on the CD affixed to the back cover of this booklet. Alternatively, you can review the SPD online at <http://upssavings.csplans.com>.

⁵ The Savings*PLUS* match is made quarterly in class A shares of UPS common stock. You may diversify your match shares at any time by transferring (selling) all or any part of your match shares from the QSOP to invest in UPS Savings Plan investment options. However, if you are an employee in Trading Groups 2, 3, or 4, you need to verify that the trading window is open before you make any transactions involving UPS Stock. All employees must comply with the UPS Insider Trading Compliance Program Guidelines.

Contributions Options Guide

Three Routes to Long-Term Security

You can contribute to the UPS Savings Plan using any combination of three options. Here's a look at the benefits and restrictions of each contribution type.

CONTRIBUTION TYPE	PRE-TAX	ROTH 401(k)	REGULAR AFTER-TAX
CONTRIBUTION TAX TREATMENT	Contributions reduce taxable income dollar-for-dollar, which may lower the taxes you pay today	No current tax savings; contributions are taxed when made	No current tax savings; contributions are taxed when made
CONTRIBUTION LIMITS	<ul style="list-style-type: none">• 1-35% of eligible earnings• 1-100% of half month bonus/discretionary day payout• 1-100% of the MIP cash award• 1-10% for age 50 and over catch-up contribution• Totals not to exceed annual IRS limits*	<ul style="list-style-type: none">• 1-35% of eligible earnings• 1-100% of half month bonus/discretionary day payout• 1-10% for age 50 and over catch-up contribution• Totals not to exceed annual IRS limits*	<ul style="list-style-type: none">• 1-5% of eligible earnings
SAVINGSPLUS COMPANY MATCH	Yes, except for catch-up contributions	Yes, except for catch-up contributions	No
HARDSHIP LOANS PERMITTED	Yes; must meet Plan requirements for a hardship (excluding SMA balance)	No	After-tax funds may be withdrawn at any time
WITHDRAWAL TAX TREATMENT	Contributions and investment earnings are taxed as ordinary income for qualified withdrawals	Qualifying contributions and investment earnings may be withdrawn tax-free for qualified withdrawals	Contributions may be withdrawn tax-free at any time; investment earnings are taxed as ordinary income at withdrawal

* The combination of regular pre-tax contributions and Roth 401(k) contributions may not exceed \$15,500 in 2008 or any other IRS limits. The combination of regular catch-up contributions and Roth 401(k) catch-up contributions may not exceed \$5,000 in 2008. Roth 401(k) contributions are not available in Puerto Rico.

CONTRIBUTION TYPE	PRE-TAX	ROTH 401(k)	REGULAR AFTER-TAX
IN-SERVICE WITHDRAWAL REQUIREMENTS (ACTIVE EMPLOYEE)	Age 59½ or older for contributions and investment earnings	Age 59½ or older <i>plus</i> Roth 401(k) contributions must remain invested for at least a 5-taxable-year period, beginning with the year of your first Roth 401(k) contribution	No requirements
HARDSHIP WITHDRAWALS PERMITTED	Yes; must meet Plan requirements for a hardship	No	No
EARLY WITHDRAWAL PENALTIES	10% early withdrawal penalty plus ordinary income taxes on contributions and earnings received prior to age 55	10% early withdrawal penalty plus ordinary income taxes on earnings received prior to 59½ or held less than 5 years	None
ROLLOVERS PERMITTED WITH NO TAXES DUE	To an IRA or other employer qualified retirement plan, so long as that plan accepts 401(k) rollovers	To a Roth IRA or other employer qualified retirement plan, so long as that plan accepts Roth 401(k) rollovers	To an IRA or other employer qualified retirement plan, so long as that plan accepts 401(k) after-tax rollovers
ADVANTAGES	<ul style="list-style-type: none"> • Reduce current income taxes • Allows taxes on qualified withdrawals to be deferred until retirement 	<ul style="list-style-type: none"> • No taxes on qualified withdrawals • Allows for rollover to a Roth IRA where minimum distributions are not required in your lifetime 	<ul style="list-style-type: none"> • No taxes on withdrawals of contributions at any time

QUESTIONS AND ANSWERS on your contributions.

How much can I contribute?

Before you join the UPS Savings Advantage, you need to decide what percentage of your pay you want to contribute to the UPS Savings Plan and how your contribution is to be allocated among your choice of investment options.

Participants (except those living in Puerto Rico) may elect the following contributions:

- 1-35 percent of eligible pay on a pre-tax and/or Roth 401(k) basis, or any combination of the two
- 1-100 percent of a half month/discretionary day payout (if applicable) on a pre-tax and/or Roth 401(k) basis
- 1-100 percent of a MIP cash award (if applicable) on a pre-tax basis
- The 2008 limit for the above contributions, both pre-tax and Roth 401(k), is \$15,500
- In addition, you may make regular after-tax contributions from 1-5 percent of eligible pay

Participants living in Puerto Rico may elect the following contributions. (Please note that Roth 401(k) contributions are not available in Puerto Rico):

- 1-10 percent of eligible pay on a pre-tax basis
- 1-100 percent of a half month/discretionary day payout (if applicable) on a pre-tax basis
- 1-100 percent of a MIP cash award (if applicable) on a pre-tax basis
- The 2008 limit for the above contributions is \$8,000
- In addition, you may make regular after-tax contributions from 1-5 percent of eligible pay

The election to defer a MIP cash award is made on the Mellon Web site during the MIP election process, generally in October.

You can change your contribution amount at any time on the Plan Web site <http://upssavings.csplans.com>, or by calling the Information Line 1-800-541-6154.



Is there a way I can make up for additional contributions I've missed?

If you are age 50 or older by the end of 2008, you may be eligible for the 50+ Catch-up provision. This means you can save an additional \$5,000 in pre-tax and/or Roth 401(k) contributions in your Plan account in 2008 (\$1,000 in Puerto Rico) over and above the IRS limit of \$15,500 (\$8,000 in Puerto Rico) or the Plan limit (35 percent of eligible pay plus 100 percent of the half month/discretionary day payout/MIP cash award, if applicable). The maximum catch-up deferral percentage is 10 percent. The catch-up contribution is intended to help you save an additional amount on a pre-tax or Roth 401(k) basis. If your Plan savings are not at the IRS or Plan limit, the catch-up contribution may not be the right choice for you—you may want to consider raising your pre-tax or Roth 401(k) deferral percentage. Catch-up contributions are not matched.

DEFERRAL PERCENTAGE ELECTION

Pre-Tax _____

(1% - 35%)

(1% - 10% *in Puerto Rico*)

Roth 401(k) _____

(1% - 35%)

(Not available in Puerto Rico)

After-Tax _____

(1% - 5%)

Catch-up _____

(1% - 10%)

(\$1,000 in Puerto Rico)

Half-Month Pay/Discretionary Day Payout _____

(1% - 100%)

When am I vested?

Vesting is your ownership of the money in your account. You're always 100 percent vested in the Plan including the Savings*PLUS* company match and the investment earnings on those contributions.

Opportunities at every turn.

What you need to know about investing now

With the UPS Savings Advantage, you get to decide how to invest your savings and when to make changes to your accounts. So how do you go about making good choices? It may be easier than you think. Start by understanding your feelings about different types of risk and determining how long you have to invest. Over time, you can learn more about investing using the resources available through the Resource Center on the UPS Savings Advantage Web site at <http://upssavings.csplans.com>.

But, for now, let's stick to the basics.

Understanding and addressing risk

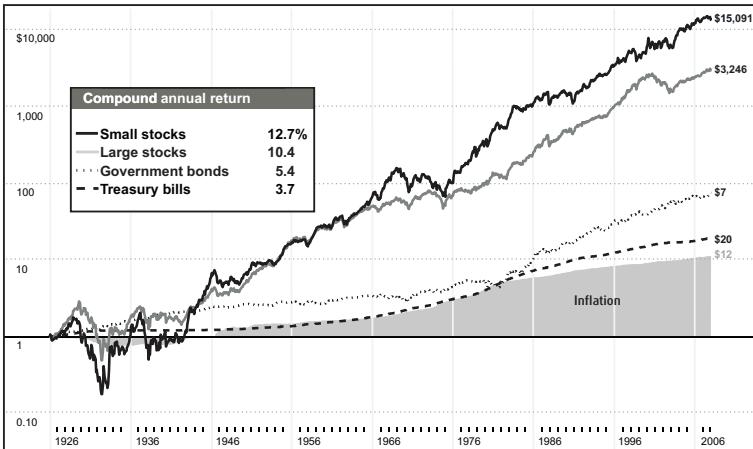
When you hear the term “risk” while talking about investments, you probably think of how much the value of an investment goes up or down over time. That is known as market risk. But there is a second kind of risk—the risk that you won’t end up with enough money to support yourself in retirement. This is called retirement shortfall risk and, for most people, it’s the biggest risk of all. Whether you are more concerned with market risk or retirement shortfall risk, here are a number of things you should know to invest wisely.

Look to the past

While you can’t predict the future performance of investments, you can look to the past to see how different types of investments have performed relative to each other. The chart on the next page compares the return of stocks, bonds and short-term investments over the past 80 years. Stocks have produced the highest returns but with the most market risk or short-term fluctuations in value. Short-term investments have produced the lowest returns with lower market risk, and bonds are in-between. Now, which type of investment has been most effective over time at minimizing the risk of not having enough money at retirement? That’s right, it’s stocks. While they may experience more short-term ups and downs, they have the best long-term track record against retirement shortfall risk.



Stocks and Bonds Have Outpaced Inflation Over the Long-Term



Hypothetical value of \$1 invested at year-end 1926. Assumes reinvestment of income and no transaction costs or taxes. Past performance is no guarantee of future results. Source: ©2008 Morningstar. All rights reserved. Used with permission. 3/31/08.

Mix it up

OK, so you're ready to put all of your money in stocks? Not so fast. You may want to follow a time-tested strategy called diversification. Diversification means spreading your money over different types of investments. Since investments tend to rise and fall in value at different times and for different reasons, a diversified mix helps smooth out the ups and downs. Diversification can also help you reduce the risk of being hurt by the poor performance of any single investment. For more information about diversification, please see page 15.

Know the time

So how do you apply all these ideas to your situation? The one factor that ties everything together is time. Specifically, how much time you have before you need your money. The more time you have, the less you have to worry about short-term market risk and the more you can focus on long-term growth potential. Put another way, you can add more stocks to your diversified mix. Determining your time horizon is easy. Just subtract your current age from the age you need your money. For example, if you're currently 35 and want to take money out of the Plan when you're 65, your time horizon is at least 30 years.

QUESTIONS AND ANSWERS on your investment options.

What are my investment choices?

The Savings Plan gives you a lot of flexibility to mix and match investment options. To get a feel for how the options relate to one another, it's helpful to divide them into three main categories: Target Date Funds, Core Funds, and other options.

TARGET DATE FUNDS	CORE FUNDS	OTHER OPTIONS
Bright Horizon Income Fund	<u>Short-Term</u> Government Short-Term Investment Fund	UPS class A common stock ⁸
Bright Horizon 2010 Fund	Stable Value Fund ⁶	Self-Managed Account
Bright Horizon 2015 Fund		
Bright Horizon 2020 Fund	<u>Bond</u>	
Bright Horizon 2025 Fund	Bond Market Index Fund	
Bright Horizon 2030 Fund	<u>Stock/Bond</u>	
Bright Horizon 2035 Fund	Balanced Fund	
Bright Horizon 2040 Fund	<u>Stock</u>	
Bright Horizon 2045 Fund	S&P 500 Equity Index Fund	
Bright Horizon 2050 Fund	S&P 400 Midcap Index Fund Russell 2000 Index Fund EAFE International Index Fund ⁷	

For more information on each of the funds, review the fund fact sheets on the CD affixed to the back of the booklet, or on the Plan Web site (<http://upssavings.csplans.com>).

⁶ Money cannot be transferred directly from the Stable Value Fund to the Government Short-Term Investment Fund, the Bright Horizon Income Fund, or the Self-Managed Account.

⁷ The UPS Savings Plan will assess a 2% short-term trading fee for money transferred out of the EAFE International Index Fund and/or paid out as a distribution within 30 days of investment in the Fund.

⁸ If you are an employee in Trading Groups 2, 3, or 4, you need to verify that the trading window is open before you make any transactions involving UPS Stock and all employees must comply with the UPS Insider Trading Compliance Program Guidelines.



What are the Bright Horizon Funds?

Target Date Funds—or the Bright Horizon Funds⁹—are for investors who want to take a simple, hands-off approach to the retirement savings process. When you invest in a Bright Horizon Fund, you're letting professional fund managers decide when and how to gradually change your investing strategy over time. All you have to do is pick the fund with the date closest to when you expect to begin using your money. It's the simplest way to ensure that your investments become more conservative as you get older.

<i>Your Birth Year</i>	<i>Target Date Fund</i>
1900-1947	Bright Horizon Income Fund
1948-1952	Bright Horizon 2010 Fund
1953-1957	Bright Horizon 2015 Fund
1958-1962	Bright Horizon 2020 Fund
1963-1967	Bright Horizon 2025 Fund
1968-1972	Bright Horizon 2030 Fund
1973-1977	Bright Horizon 2035 Fund
1978-1982	Bright Horizon 2040 Fund
1983-1987	Bright Horizon 2045 Fund
1988 and later	Bright Horizon 2050 Fund

For many investors, picking a Bright Horizon Fund and simply moving 100 percent of their money into that one option may be the right way to go. It's certainly the easiest. And because each of the Bright Horizon Funds is well diversified across many types of investments, choosing one is similar to investing in multiple core funds. As each of the Bright Horizon Funds mature, any assets remaining in the Fund will be added to the Bright Horizon Income Fund.

What are the Core Funds?

The Core Funds are aimed at investors who are comfortable creating their own mix of investments from a focused menu of choices. By covering all the major asset classes, the core funds allow you to mix and match investments to create a personalized, well-diversified portfolio to suit your individual risk tolerance and goals. Notice that within the Core Fund category, you see four types of investments, called asset classes: Short-Term, Bond, Stock/Bond, and Stock. These asset classes, and the funds under them, are listed from most conservative to most aggressive starting from the top.

⁹ The Bright Horizon Funds are a series of pre-mixed funds and are tied to a different maturity date, as indicated by each fund's name.

QUESTIONS AND ANSWERS on your investment options. (continued)

What are my other options?

UPS Class A Common Stock: You may choose to invest funds from your Savings Plan account in class A shares of UPS common stock by requesting a transfer from your Savings Plan balance to the Qualified Stock Ownership Plan (QSOP).

If you are an employee in Trading Groups 2, 3, or 4, you need to verify that the trading window is open before you make any transactions involving UPS Stock. All employees must comply with the UPS Insider Trading Compliance Program Guidelines.

The Self-Managed Account: This option is appropriate for experienced investors who are willing to take on more risk and know how to research and select from thousands of exchange-traded stocks or bonds and over 9,000 different mutual funds. You can invest all but \$5,000 of your vested account balance in the SMA following the first transfer and you must transfer money from your core Plan investment options into your SMA account. You need to transfer a minimum of \$2,500 to open the account, and subsequent transfers must be a minimum of \$1,000.

To open your SMA, log on to the Plan Web site to download an application or call the Information Line and request the SMA package.

Once your SMA is established, all trades may be made online via the SMA Web site at <http://www.maxxinvest.com/citistreet>, or via a State Street Global Markets Brokerage representative or touchtone trading by calling 1-877-505-6279. A fee schedule is included in the SMA application package.

If you are an employee in Trading Group 2,3, or 4, you need to verify that the trading window is open before you make any transactions involving UPS stock and all employees must comply with the UPS Insider Trading Compliance Program Guidelines.



What type of investor are you?

On the next page is an Investor Questionnaire that will help determine your risk/reward profile so you can choose appropriate investments. Retirement investing is all about putting money aside today so you can have money to live on in your 60s, 70s, and beyond. No matter when you start saving for retirement, you may need to make changes to your investment strategy every so often so keep this questionnaire and use it again in the future to determine if your savings strategy has changed.

An Important Message about Investing for Retirement & Diversification

To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or another particular security, to perform poorly.

If you invest more than 20 percent of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk. In deciding how to invest your retirement savings, you should take into account all of your assets, including any retirement savings outside of the Plan. No single approach is right for everyone because, among other factors, individuals have different financial goals, different time horizons for meeting their goals, and tolerances for risk. It is also important to periodically review your investment portfolio, your investment objectives, and the investment options under the Plan to help ensure that your retirement savings will meet your retirement goals. Visit the Plan Web site or www.dol.gov/ebsa/investing/html for more information on individual investing and diversification.

An investment strategy tailored to you.

Step 1

Choose the percentage you want to invest in each asset class listed here. How you divide up your investment is up to you, but make sure it totals 100 percent.

Step 2

Select the investment options that correspond with the asset classes you have chosen. Make sure your total investment options equal 100 percent.

ASSET CLASS

TARGET DATE FUNDS _____ %

INVESTMENT OPTIONS

Bright Horizon Income Fund	_____ %
Bright Horizon 2010 Fund	_____ %
Bright Horizon 2015 Fund	_____ %
Bright Horizon 2020 Fund	_____ %
Bright Horizon 2025 Fund	_____ %
Bright Horizon 2030 Fund	_____ %
Bright Horizon 2035 Fund	_____ %
Bright Horizon 2040 Fund	_____ %
Bright Horizon 2045 Fund	_____ %
Bright Horizon 2050 Fund	_____ %

CORE FUNDS _____ %

Short-Term	Govt. Short-Term Investment Fund	_____ %
	Stable Value Fund	_____ %

<u>Bond</u>	Bond Market Index Fund	_____ %
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<u>Stock/Bond</u>	Balanced Fund	_____ %
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<u>Stock</u>	S&P 500 Equity Index Fund	_____ %
	S&P 400 Midcap Index Fund	_____ %
	Russell 2000 Index Fund	_____ %
	EAFE International Index Fund	_____ %

TOTAL _____ 100%

TOTAL _____ 100%

Join the circle.



Sometimes the hardest part of reaching a goal is to get going. Once you have momentum, the whole process becomes easier and a lot more fun!

When can I join the Plan and how?

FOR EMPLOYEES HIRED, REHIRED, OR TRANSFERRED TO AN ELIGIBLE JOB POSITION BEFORE 1/1/08 (*turn to page 19*)

FOR EMPLOYEES HIRED, REHIRED, OR TRANSFERRED TO AN ELIGIBLE JOB POSITION ON OR AFTER 1/1/08

You can enroll in the Plan at any time (see enrollment instructions on the following page). However, if you do not actively make an election within 90 days of your hire, rehire or transfer to an eligible job position date (either actively enroll or decline enrollment), you will be automatically enrolled as a SmartStart Saver in the Plan at a 3 percent pre-tax contribution rate. This 3 percent pre-tax contribution rate will automatically increase by 1 percent annually until your contribution reaches 6 percent.

Your contributions will be invested in the Bright Horizon Fund nearest to the year in which you turn age 60 as described in the chart to the right.

Once you become a SmartStart Saver, you can change your contribution and/or investment elections, or stop making contributions, at any time. If you make a change in your contribution rate and/or your investment elections, the automatic contribution rate escalation of 1 percent annually will be “shut off” and you will need to re-elect if you wish to have your contributions automatically increased.

<i>Your Birth Year</i>	<i>Target Date Fund</i>
1900-1947	Bright Horizon Income Fund
1948-1952	Bright Horizon 2010 Fund
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1958-1962	Bright Horizon 2020 Fund
1963-1967	Bright Horizon 2025 Fund
1968-1972	Bright Horizon 2030 Fund
1973-1977	Bright Horizon 2035 Fund
1978-1982	Bright Horizon 2040 Fund
1983-1987	Bright Horizon 2045 Fund
1988 and later	Bright Horizon 2050 Fund

Join the circle. (continued)

If you wish to actively enroll at a different contribution rate or invest in another investment option(s), you can do so in one of two ways:

PINless Enrollment through the Plan Web site at <http://upssavings.csplans.com>: Visit the Login page and click on the “PINless Enrollment” link in the Updates & Notices section. Enroll in the Plan using your Social Security Number, date of birth and home address.

After you access the enrollment section, you will be prompted to choose the amount you wish to save per pay period and how you wish to invest your contributions. Be sure to review the Plan enrollment materials on the site to help you make your decisions.

Enroll with PIN*: You may also enroll using your PIN by logging into the Plan Web site or by calling the Information Line at 1-800-541-6154.

* Your PIN will be issued to you under separate cover by CitiStreet.

As part of the enrollment process you should designate a beneficiary—the person(s) who will receive the money in your account in the event of your death. Since the Savings Plan and QSOP are separate plans, you should designate a beneficiary for each. They can be the same person(s) or they may be different for each plan. If you are actively enrolling without your PIN, you may complete the beneficiary designation on that site if you are naming the same person(s) as your beneficiary in both plans.

However, if you are designating different beneficiaries for the Savings Plan and QSOP (or making a change), you must do so through the Plan Web site using your Employee ID or Social Security Number and PIN. Go to the “Personal Information” section of the Plan Web site and click on “Beneficiary Information.” You may also call the Information Line at 1-800-541-6154 and designate your beneficiary for each plan by speaking to a Participant Service Representative on a recorded line.

Please note: If you are married and are naming someone other than your spouse as your primary beneficiary, your spouse must provide notarized consent. In such case, you must complete a paper Beneficiary Designation Form. You may print the Beneficiary Designation Form from the “Forms” section of the Plan Web site, or request one by calling the Information Line.



If you wish to opt out of SmartStart Enrollment, you may do so by visiting the Plan Web site login page and clicking on the “PINless Enrollment” link in the Updates and Notices section. Select “Click here to opt out of SmartStart Enrollment” and then click “Submit”. You may also opt out of the Plan by calling the Information Line and speaking with a Participant Service Representative on a recorded line (you will need your PIN to do so).

FOR EMPLOYEES HIRED, REHIRED, OR TRANSFERRED TO AN ELIGIBLE JOB POSITION BEFORE 1/1/08

You can enroll at any time upon employment with UPS. Enrolling is easy. You can enroll online at <http://upssavings.csplans.com> with or without your Personal Identification Number (PIN).

- Click on the “PINless Enrollment” link on the login page.
- You can also activate your account on the Plan Web site using your Social Security Number or Employee ID and PIN.
- You will need your PIN for future access to your account. If you forget it, simply request a PIN reminder on the login page.

After you access the enrollment section of the site, you will be prompted to choose the amount you want to save per pay period and how you want to invest your contributions. Be sure to review the Plan enrollment materials on the site to help you make your decisions.

Alternatively, you can enroll in the Plan through the Plan Web site or over the telephone at 1-800-541-6154 with your Social Security Number or Employee ID and PIN.

- Simply choose the amount you want to save per pay period and how you want to invest your contributions.
- If you don’t have your PIN, call and request a PIN reminder. You can also request enrollment materials to review.

As part of the enrollment process you should designate a beneficiary—the person(s) who will receive the money in your account in the event of your death. Since the Savings Plan and the QSOP are separate plans, you should designate a beneficiary for each. They can be the same person(s) or they may be different for each plan.

Join the circle. (continued)

If you are enrolling online without your PIN, you may complete the beneficiary designation on that site if you are naming the same person(s) as your beneficiary in both plans.

However, if you are designating different beneficiaries for the Savings Plan and QSOP (or making a change), you must do so through the Plan Web site using your Employee ID or Social Security Number and PIN. Go to the “Personal Information” section of the site and click on “Beneficiary Information.” You may also call the Information Line at 1-800-541-6154 and designate your beneficiary for each plan by speaking to a Participant Service Representative on a recorded line.

Please note: If you are married and are naming someone other than your spouse as your primary beneficiary, your spouse must provide notarized consent. In such case, you must complete a paper Beneficiary Designation Form. You may print the Beneficiary Designation Form from the “Forms” section of the Plan Web site, or request one by calling the Information Line.

QUESTIONS AND ANSWERS on managing your account.



How often will I receive account statements?

Each quarter you will receive an easy-to-read statement that summarizes your account status, including your account balance, investment elections and value of each investment. You can also generate an online statement at any time by logging on to the Plan Web site and visiting the “My Account” section and clicking on “Statement.”

How can I access my account?

Most Plan transactions and information requests can be made on the Plan Web site or by calling the Information Line.

Plan Web site: <http://upssavings.csplans.com>

With the Plan Web site, you can enroll in the Plan, get account information, get Plan-specific information, and perform account transactions 24 hours a day. It also provides a wide range of interactive tools to help you learn more about saving and investing.

Plan Information Line: 1-800-541-6154

The Information Line is a toll-free, automated telephone system that allows you to enroll in the Plan, get account information, and perform account transactions 24 hours a day. Participant Service Representatives are also available to help with your questions and transactions Monday through Friday, 7:30 a.m. to 5:00 p.m. Eastern Time, except on stock market holidays.

What is my PIN and how do I get it?

You will be mailed a PIN as soon as administratively possible upon employment. Although you don't need it to enroll in the Plan, you must use it (along with your Social Security Number or Employee ID) to access your account once you've enrolled. You can request a PIN reminder and/or change your PIN to one that is easy for you to remember through the Plan Web site or the Information Line.

QUESTIONS AND ANSWERS on managing your account. (continued)

Can I make changes to how much I contribute to the Plan?

Yes, you can change how much you contribute to the Plan at any time. Contribution changes are transmitted to UPS payroll on a weekly basis.

Please note: If you a SmartStart Saver and make a change to your contribution rate, the annual automatic one percent increase will automatically "shut off."

Can I make changes to how I invest in the Plan?

Yes, you can make changes to your future investments and transfer your existing balances between investment options at any time. Transfers must be made in 1% increments.

Investment changes made prior to 4:00 p.m. ET are processed the same day. Those made after 4:00 p.m. ET will be processed the next business day.

If you are an employee in Trading Groups 2, 3, or 4, you need to verify that the trading window is open before you make any transactions involving UPS Stock and all employees must comply with the UPS Insider Trading Compliance Program Guidelines.

Can I borrow money from my account?

Yes, the Hardship Loan feature allows you to borrow from your account (except for the SavingsPLUS match funds and your Roth 401(k) balance) and pay yourself back with interest through after-tax payroll deductions. The interest rate for loans is the prime rate as quoted in *The Wall Street Journal* (as of the last business day of the preceding month) plus 1 percent. You may borrow up to 50 percent of your account balance with a minimum loan of \$1,000 and a maximum of \$50,000¹⁰ for the following reasons only:

- Purchase of a primary residence.
- Post-secondary education expenses.
- To prevent eviction from or foreclosure on your primary residence.
- Unreimbursed medical expenses.
- Payment for burial or funeral expenses for your deceased parent, spouse, children or other dependents.



- Expenses for the repair of the damage to your principal residence that would qualify for the casualty deduction for federal income tax purposes.
- Adoption-related expenses.

Two loans may be outstanding at any time. You can model and request a loan on the Plan Web site or by calling the Information Line. You will receive paperwork that you'll need to sign and return in order to complete the transaction. Call the Information Line at 1-800-541-6154 for more information about loans and their effect on your account.

Can I withdraw money from my account?

Yes, the following types of withdrawals are available. However, you may not make a withdrawal from your Savings*PLUS* or Roth 401(k) account, or from investment earnings.

Hardship Withdrawals can be taken for the following reasons only:

- Purchase of a primary residence.
- Post-secondary education expenses.
- To prevent eviction from or foreclosure on your primary residence.
- Unreimbursed medical expenses.
- Payment for burial or funeral expenses for your deceased parent, spouse, children or other dependents.
- Expenses for the repair of the damage to your principal residence that would qualify for the casualty deduction for federal income tax purposes.

You must first exhaust all other loan and withdrawal possibilities before requesting a Hardship Withdrawal. A Hardship Withdrawal package can be downloaded from the Plan Web site, or you can call the Information Line at 1-800-541-6154 for more information or to request a withdrawal.

Age 59½ Withdrawals can be taken from your pre-tax balances and pre-tax investment earnings. At age 59½ you may also request distributions from your Roth 401(k) account. As long as you have held your Roth 401(k) account for at least 5 years (a “qualified distribution”), your investment earnings will be tax-free. You may request an Age 59½ Withdrawal through the Plan Web site or the Information Line.

QUESTIONS AND ANSWERS

on managing your account. (continued)

You may withdraw all or a portion of your after-tax contributions and rollover contributions plus earnings at any time.

Withdrawals from the Plan may be subject to 20 percent federal tax withholding. Employee pre-tax contributions that are part of a Hardship Withdrawal are not subject to the 20 percent withholding. If you are less than age 59½, federal income taxes may apply, state and local taxes may apply, and a 10 percent early withdrawal penalty may apply.

What happens to my money if I leave UPS?

If your combined balance in the Savings Plan and the QSOP is less than \$1,000, you have the following options 30 days after you terminate:

- Take the money in cash and/or UPS Stock (in-kind), called a lump sum distribution.
- Request a partial distribution (although all of your funds must be distributed from the Plan no later than 90 days following the date you leave UPS).
- Roll over cash to an IRA, another qualified plan, 403(b) plan, governmental 457 plan, if the plan accepts rollover money from other plans; or roll over UPS Stock (in-kind) to an IRA which can hold class A shares of UPS common stock.

If you do not choose one of the options above, your account balance will be automatically paid to you as a cash lump sum distribution.

If your combined account balance is \$1,000 or greater, you have the following options 30 days after you terminate:

- Leave your money in the Plan until age 70%.
- Take the money in cash and/or as UPS stock (in-kind), called a lump sum distribution.
- Take the money in monthly installments from the Savings Plan, if your account has a balance of at least \$20,000 in the core investment options. The installments must be completed by your 70th birthday.
- Request a partial distribution.
- Roll over cash to an IRA, another qualified plan, 403(b) plan, governmental 457 plan, if the plan accepts rollover money from other plans; or roll over UPS Stock (in-kind) to an IRA which can hold class A shares of UPS common stock.



Pre-tax distributions from the Plan may be subject to 20 percent federal tax withholding and a 10 percent penalty may apply.

- A Roth 401(k) distribution is not considered qualified unless you receive it after age 59½ having held the account for 5 or more years. If it is received prior to either of these, earnings will be subject to a 10 percent early withdrawal penalty plus ordinary income taxes.

Please note: The rules governing distribution provisions in this Plan may be different than the distribution provision rules in other plans. A plan's withholding rules for distributions may apply to rollover money from other qualified plans, 403(b) plans and 457 plans. Prior to rolling money over, you may want to confirm with the plan receiving the money of any changes that may affect the distribution options of the rolled in money.

What fees are associated with the Plan?

There are certain fees associated with the UPS Savings Plan, just as there are with all employer-sponsored retirement plans. Participants pay some of these fees and UPS pays others. You should know how the various fees are applied, how much you are paying, and how fees may affect your investment decisions. There are three main Plan fees paid by all participants:

- Investment management fees
- Trust custody fees
- Administrative fees

In addition, you may be charged individual service transaction fees when requesting a particular Plan service or if you have a Self-Managed Account.

See the Plan Fees overview on the CD affixed to the inside back cover of this booklet for more details.



UPS Savings Advantage Web Site

<http://upssavings.csplans.com>

Step 1: Log on to <http://upssavings.csplans.com>;

Step 2: Enter your Employee ID or Social Security Number and PIN and click login;

Step 3: Click on one of the following options:

- | | | |
|------------------------|--------------------|-------------------|
| • My Account | • Plan Investments | • Forms |
| • Personal Information | • Plan Information | • Resource Center |

Enrolling in the Plan is easy.

- If you do not have your PIN, you may enroll by selecting “PINless Enrollment” on the login page, or
- Enter your Social Security Number or Employee ID and PIN and follow the instructions provided on the system.

Here's what you can do on the Plan Web site:

My Account	Plan Information	Resource Center
<p>View your account details online 24 hours a day, 7 days a week.</p> <ul style="list-style-type: none">• Balances• Statement• Manage Investments• Loans• Withdrawals• Transaction History• Account Activity• Pending Transactions	<p>Find out the benefits of your Plan.</p> <ul style="list-style-type: none">• What's New• Plan Highlights• Participant Service• Frequently Asked Questions (FAQs)• Publications• Processing Fees <p>Plan Investments</p> <ul style="list-style-type: none">• Fund Performance• Fund Prices• Fund Information	<p>Put together a savings and investment strategy using tools in the Resource Center.</p> <ul style="list-style-type: none">• Welcome• Calculators• Featured Content• Retirement• Investing• Personal Finance• Quarterly News

Please note: Both the Plan Web site and Information Line are confidential and require your Employee ID or Social Security Number and a PIN to access information or perform transactions. If you need to request a PIN reminder, you can do so through the Plan Web site or Information Line.

If you have questions, please call a Participant Service Representative at 1-800-541-6154. Participant Service Representatives are available weekdays from 7:30 a.m. to 5:00 p.m. Eastern Time (except stock market holidays).

UPS Savings Advantage Information Line

1-800-541-6154

Step 1: Dial 1-800-541-6154;

Step 2: Enter Employee ID or Social Security Number;

Step 3: Enter PIN;

Step 4: Select UPS Savings Plan;

Step 5: Choose from the following options:

1 Account Balances, Fund Performance and Fund Prices

2 Contribution Percentages and Investment Fund Elections

3 Fund Transfers

4 Request Forms and Literature

5 Other Options

1 Withdrawal Information

2 Loans and Loan Modeling

3 Change PIN

4 Self-Managed Account (SMA)

Enrolling in the Plan is easy.

- Enter your Employee ID or Social Security Number and PIN and follow the instructions provided on the system.
- If you don't have your PIN, request a PIN reminder.

With the Information Line, you have 24-hour access to your account. You can get current account and investment information, and you can initiate transactions.

UPS Savings Advantage Hearing Impaired Information Line: 1-800-579-5708

Please note: Both the Plan Web site and Information Line are confidential and require your Employee ID or Social Security Number and a PIN to access information or perform transactions. If you need to request a PIN reminder, you can do so through the Plan Web site or Information Line.

If you have questions, please call a Participant Service Representative at 1-800-541-6154. Participant Service Representatives are available weekdays from 7:30 a.m. to 5:00 p.m. Eastern Time (except stock market holidays).

UPS Savings Advantage CD Contents

On the opposite page you'll find a CD containing the following information about the UPS Savings Advantage:

- 1. Summary Plan Description for the UPS Savings Plan and the UPS Qualified Stock Ownership Plan and a Prospectus for the UPS Qualified Stock Ownership Plan**
- 2. Fund Fact Sheets**
- 3. Investment Performance Returns**
- 4. Plan Fees**

Please note: You will need Adobe Acrobat Reader® to view the files. You can download free software at www.adobe.com.

If you do not have access to a CD drive, you can review the Summary Plan Description and Plan Information on the Plan Web site. Alternatively, you can call the Information Line and request to have it sent to you.