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**UPS INTERNATIONAL PROFIT REBOUNDS**

***Updates 2012 EPS Guidance; Expects $4.55 to $4.65***

ATLANTA, USA, Oct. 23, 2012 – UPS (NYSE:UPS) today announced third quarter 2012 adjusted diluted earnings per share of $1.06. The International segment led the way with its highest third quarter in history generating $449 million in operating profit, up 7.7% over the prior-year period. UPS updated its full-year 2012 guidance for adjusted diluted earnings per share to a range of $4.55 to $4.65, reflecting greater confidence in fourth quarter execution.

On a reported basis, third quarter 2012 earnings per share were $0.48. In August, the company announced a decision to restructure pension liabilities for certain employees. As a result, UPS recorded an after-tax, non-cash charge of $559 million during the quarter.

“Our results were achieved in an environment of slowing global trade and changing market dynamics,” said Scott Davis, UPS chairman and CEO. “This not only highlights the flexibility of our business model; it illustrates the breadth of the UPS product portfolio in meeting the needs of customers.”

**Adjusted**

**Consolidated Results 3Q 2012 3Q 2012 3Q 2011**

Revenue $13.07 B $13.17 B

Operating profit $0.77 B $1.66 B $1.67 B

Operating margin 5.9 % 12.7 % 12.7 %

Average volume per day 15.5 M 15.1 M

Diluted earnings per share $0.48 $1.06 $1.09

During the quarter, UPS delivered 15.5 million packages per day, a 2.9% increase over the prior-year period.

**Cash Position**

For the nine months ending Sept. 30, UPS generated free cash flow in excess of $3.6 billion. The company repurchased 18.5 million shares for approximately $1.4 billion and paid dividends totaling $1.6 billion, a 9.6% increase per share over the prior year.

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Capitalizing on credit market conditions, during the quarter UPS issued $1.75 billion of debt. Proceeds will be used to pay notes that mature in January 2013. The company ended the period with $9.0 billion in cash and marketable securities. The primary uses of these funds will be the acquisition of TNT Express and debt repayment.

**Adjusted**

**U.S. Domestic Package 3Q 2012 3Q 2012 3Q 2011**

Revenue $7.86 B $7.77 B

Operating profit $129 M $1,025 M $1,046 M

Operating margin 1.6 % 13.0 % 13.5 %

Average volume per day 13.2 M 12.7 M

U.S. Domestic revenue increased $94 million over the prior-year period, driven by a 3.7% gain in daily package volume. Adjusted operating profit declined $21 million, impacted negatively by one less operating day and the timing of the fuel surcharge.

On a reported basis, operating profit was $129 million as a result of the pension restructuring previously mentioned.

Rapid e-commerce growth drove gains in daily volume, with Ground and Deferred up 3.0% and 9.3%, respectively. Next Day Air volume expanded 5.7% over the prior-year period, as retailers continued to utilize UPS Next Day Air Saver® to differentiate their offerings.

Base rate improvements were more than offset by lower fuel surcharges, and changes in product and customer mix. Consequently, revenue per package declined 0.8% from the same quarter last year.

**International Package 3Q 2012 3Q 2011**

Revenue $2.94 B $3.06 B

Operating profit $449 M $417 M

Operating margin 15.3 % 13.6 %

Average volume per day 2.3 M 2.3 M

The International segment produced operating profit of $449 million, its highest third quarter ever. Operating margin was up 170 basis points over the prior-year period to 15.3%. Export package growth, network changes and currency translation contributed to this improvement.

Revenue declined 3.7%, as the impact from lower fuel surcharges and currency exceeded the benefit from the 1.2% growth in daily Export volume.

For the first time in several quarters, Asia exhibited growth in Export package volume, benefitting from product launches and easier comparisons. Although the rate of growth in Europe has slowed, it remained positive.

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**Supply Chain & Freight 3Q 2012 3Q 2011**

Revenue $2.27 B $2.34 B

Operating profit $188 M $203 M

Operating margin 8.3 % 8.7 %

Operating margin for the Supply Chain and Freight segment remained strong at 8.3%. Operating profit was down $15 million, as declines in Forwarding were partially offset by improvement in UPS Freight.

The Freight Forwarding unit was pressured by overcapacity in the market, especially out of Asia. Revenue decreased as lower yields offset modest tonnage gains.

Although the Distribution unit experienced strong revenue growth, investments in healthcare capabilities and infrastructure weighed on margin expansion. Recently, UPS opened three new healthcare distribution facilities in Sydney, Australia and in Shanghai and Hangzhou, China.

UPS Freight revenue increased 3.6% as shipments per day were up slightly. LTL revenue per hundredweight and gross weight hauled improved over the prior year period, resulting in operating margin expansion.

**Outlook**

“UPS performance this quarter reflects the ability of our global network to adapt to soft macro conditions,” said Kurt Kuehn, UPS chief financial officer.

“While there is some uncertainty around the magnitude of the holiday shopping season, we are confident in UPS’s ability to deliver,” Kuehn continued. “As a result, we enhanced our guidance by narrowing the range, maintaining our previous midpoint. We anticipate 2012 adjusted diluted earnings per share to be within a range of $4.55 to $4.65, an increase of 5%-to-7% over 2011 adjusted results.”

UPS (NYSE:UPS) is a global leader in logistics, offering a broad range of solutions for the transportation of packages and freight, including innovative delivery options for the global consumer market; the facilitation of international trade, and the deployment of advanced technology to more efficiently manage the world of business. Headquartered in Atlanta, UPS serves more than 220 countries and territories worldwide. The company can be found on the Web at UPS.com and its corporate blog can be found at blog.ups.com. To get UPS news direct, visit [pressroom.ups.com/RSS](http://www.pressroom.ups.com/rss).

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Except for historical information contained herein, the statements made in this release constitute forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US 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, changes 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 US Securities and Exchange Commission, which discussions are incorporated herein by reference.