Teamster-UPS National
401(k) Tax Deferred Savings Plan

Summary Plan Description

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INTRODUCTION

As part of your overall savings and retirement planning, the Teamster-UPS National 401(k) Tax Deferred Savings Plan (the "Plan") offers you a way, in addition to your pension plan, Social Security and personal savings, to help increase your financial security.

A 401(k) plan is an effective and convenient way both to save and invest money over the long-term for your future. The Plan allows you to set aside a percentage of your earnings every pay period. The amount you set aside is called an elective deferral, or simply a deferral, since you are choosing not to receive it now, but rather to have it contributed to the Plan for investment and eventual payment to you after you reach age 59½, leave UPS, retire or qualify for and request a hardship or disability withdrawal.

The money you defer is invested in the core investment options and/or the self-managed account (SMA), as you direct. The Plan allows you to make deferrals on either a pre-tax, after-tax or Roth 401(k) basis. With pre-tax contributions, your money goes into your account before that money is taxed, and it grows tax deferred. This means you do not pay taxes on your pre-tax contributions and their earnings until they are withdrawn. With regular after-tax contributions, your money goes into your account after that money is taxed and any investment earnings are tax deferred. You can make withdrawals at any time but you'll pay taxes on these earnings upon withdrawal. With Roth 401(k) contributions, your money goes into your account after that money is taxed and as long as you keep that money in your 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 earnings.

UPS, the International Brotherhood of Teamsters and the Plan's Board of Trustees intend that the Plan will comply with all requirements for a qualified 401(k) savings plan based on all applicable sections of the Internal Revenue Code. The Plan is also subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). This summary plan description describes the way the Plan operates, and replaces and supersedes any other summary plan description previously issued to you for the Plan. Unless otherwise noted, this booklet describes the Plan as in effect on August 1, 2017.

In describing the Plan, we have tried to avoid using the technical language of the actual Plan document. **If there is a difference between this booklet and the formal documents governing the Plan, the formal documents will take precedence over this booklet.**

Information about your participation in the Plan can be obtained through the Plan website at **teamsterups401kplan.com** or the Plan Information Line at **800-537-0189**. As a participant, you will periodically receive other information that you may find helpful in understanding a 401(k) plan and in managing your account.

YOUR RESPONSIBILITIES AS A PARTICIPANT

As an active employee or while on a leave of absence, you should make sure that you keep your address current. You may do this through UPSers.com. Go to Edit My Profile, click on Personal Information and follow the prompts to change your address. If you are a former employee, you need to keep your address current with Prudential Retirement®, either by sending written notification or through the Plan Information Line. See "Change of Address" on page 25 for more details. You need to safeguard access to your User ID and Password used to access the Plan's website provided by Prudential Retirement. You should not allow anyone to use your User ID and Password on your behalf. The Plan is not responsible for any losses incurred as a result of someone using your User ID or Password.

You must review Plan communications, confirmation statements and quarterly statements as you are responsible for the information they provide. If you notice any discrepancies in your statements, it is your responsibility to inform the Plan as quickly as possible.

WHO CAN PARTICIPATE

The Plan was established on July 1, 1988 to permit participation by UPS employees who are represented by the International Brotherhood of Teamsters and other labor unions as approved by the Trustees. Eligibility for UPS employees who are represented for collective bargaining purposes by labor unions other than the Teamsters and whose participation is approved by the Trustees is governed by certain separate agreements between specific locals and UPS.

Generally, as an eligible employee, you may enroll in the Plan as soon as you become employed by UPS. Shortly after your employment date, you will be mailed directions on how to enroll.

Full-time employees hired, rehired, or transferred to an eligible job position will be automatically enrolled 90 days after their employment/transfer date at a 3% pre-tax deferral rate. The pre-tax deferral rate will increase by 1% each year until it reaches 10%. The contributions will be invested in the Plan's Qualified Default Investment Alternative which currently is the age-appropriate Bright Horizon Fund, based upon a retirement age of 60. You may actively enroll at any time prior to being automatically enrolled. By actively enrolling, you can choose your own contribution rate and investment options. You may decline enrollment at any time prior to being automatically enrolled by going to the Plan website, **teamsterups401kplan.com** or calling the Information Line at 800-537-0189.

Eligible employees may enroll immediately by accessing the Plan website, **teamsterups401kplan.com** and clicking on the link entitled "I'm Interested in joining the Teamster- UPS 401(k) Plan." Choose the "Plan Information" link to review the Plan's enrollment materials, select the "Enroll Now" link to begin the enrollment process and enter your Social Security Number, date of birth and ZIP code. You will choose a User ID (which will take the place of your Social Security Number when logging in to the website in the future) and a Password, and then establish security questions. Once your information is recognized you may choose your contribution percentages and make your investment selections.

UPS forwards eligibility information to Prudential Retirement, the Plan's recordkeeper, on a weekly basis. If your eligibility is not recognized when you first attempt to enroll, you will need to wait another week until the recordkeeper receives your information.

You may also enroll using the Plan Information Line at 800-537-0189. You will be prompted for your Social Security number and you will then establish a password. You may also request enrollment materials through the Information Line. participant service representatives (PSRs) are available to assist Monday through Friday from 8 a.m. to 9 p.m. ET, except for stock market holidays.

You will also need to designate a beneficiary(ies) for your Plan account. If you do not designate a beneficiary or your beneficiary predeceases you, your account will be paid out in accordance with the Plan terms. Beneficiary designations must be completed either through the Beneficiary Information section on the website or by speaking to a PSR on a recorded line. If you are married and designate someone other than your spouse as your primary beneficiary, you must do so using a beneficiary form with notarized consent from your spouse.

Forms may be printed from the Forms section of the website or requested through the Information Line. See "Designation of Beneficiary" on page 24 for more details.

Written confirmation of your enrollment and elections will be sent to your address of record following your enrollment online or through the Information Line. Your contributions will generally begin within two pay periods following completion of the enrollment process.

JOB TRANSFERS WITHIN UPS

If you transfer to a position with UPS not covered by a collective bargaining agreement or one which does not provide for your participation in this Plan, your contributions to the Plan will stop. You may thereafter continue to direct the investment of the funds you have in this Plan, but may no longer make contributions into your Plan account. Your account will be held as part of the Plan until your accounts are distributed to you.

RE-EMPLOYMENT

If you stop working for UPS and are then re-employed by UPS as an eligible employee, you may reenroll immediately. You may also be subject to auto-enrollment.

ELIGIBLE COMPENSATION

Pre-tax, Roth 401(k) and voluntary after-tax contributions to the Plan are based on your “eligible compensation,” which is generally your regular hourly wages and overtime pay before payroll deductions are made. Contributions cannot be made from any disability or workers' compensation payments. When you return to work and begin receiving regular payroll checks, your deferrals will resume.

PRE-TAX CONTRIBUTIONS

As a Plan participant, you may elect to contribute from 1 to 35% of your eligible pre-tax compensation (in increments of 1%) to the Plan on a pre-tax basis. This is called your deferral percentage. If you elect to also make Roth 401(k) contributions, please note that the combination of pre-tax and Roth 401(k) contributions may not exceed 35%. Your pre-tax contributions are subject to the annual maximum dollar limit under applicable law, as described below. In addition to the 1 to 35% deferral of your regular earnings, you may also elect to defer all or part of any option week pay, if you are entitled by the terms of your collective bargaining agreement to receive option week pay. If you choose to keep working rather than take your option week off, you can elect to defer 1 to 100% of your option week pay into the Plan. Option week pay may take several different forms. In some bargaining agreements, it is an additional week of vacation; in others, it is made up of a combination of five optional holidays and sick days.

The election to defer an option week bonus is not an annual election. Once you make an election regarding your option week pay, the percentage you elect to defer will remain in place until you make a change.

Because the same election process is used online or through the Information Line to elect to defer option week pay, you will need to monitor your elections.

Pre-tax contributions will be held in a separate pre-tax contribution account established on your behalf and will be invested in accordance with your investment directives on file with regard to your other money sources (such as Roth 401(k), after-tax or rollover) or you may choose to invest your pre-tax funds in separate investment options. Pre-tax contribution percentages may be elected on the Plan website, **teamsterups401kplan.com**, or by calling the Plan Information Line at 800-537-0189.

ROTH 401(k) CONTRIBUTIONS

As a Plan participant, you may also elect to contribute from 1 to 35% of your eligible compensation (in increments of 1%) to the Plan on a Roth 401(k) basis. If you elect to also make pre-tax contributions, please note that the combination of pre-tax and Roth 401(k) contributions may not exceed 35%. Your Roth 401(k) contributions are subject to the annual maximum dollar limit under applicable law as described below.

Roth 401(k) contributions are not available in Puerto Rico.

Roth 401(k) contributions will be held in a separate Roth 401(k) contribution account established on your behalf and will be invested in accordance with your investment directives on file with regard to your other money sources (such as pre-tax, after-tax or rollover) or you may choose to invest your Roth 401(k) funds in separate investment options. Roth 401(k) contribution percentages may be elected on the Plan website, **teamsterups401kplan.com**, or by calling the Plan Information Line at 800-537-0189.

Generally, for earnings on Roth 401(k) contributions to be distributed tax free, you have to wait at least five years after making your first Roth 401(k) contribution before taking a withdrawal and your withdrawals must begin after you have reached age 59½, you have died or you have become disabled. If your withdrawal does not meet these qualifications, your accumulated Roth 401(k) earnings—but not your Roth 401(k) contributions—will be taxed, and may be subject to a 10% early distribution penalty if you have not reached age 59½.

ANNUAL MAXIMUM DOLLAR LIMIT

In determining how much you want to defer on either a pre-tax or Roth 401(k) basis, please note that you cannot defer more than the maximum dollar limit set each year by the Internal Revenue Service.

If you elect to make both pre-tax and Roth 401(k) contributions, please note that the combination of your annual pre-tax and Roth 401(k) contributions may not exceed the annual maximum set by the IRS. For 2017, the limit is $18,000 and it applies not only to your deferrals in this plan but for all 401(k) plans in which you participate. This dollar limit may be indexed each year for inflation. (See also the section entitled “Legal Limitations on Benefits” for other limits which may apply to you.)

CATCH-UP CONTRIBUTIONS

You are eligible to defer a catch-up contribution beginning in January of the year in which you will turn age 50. You may choose to defer from 1 to 35% of your eligible compensation on a pre-tax and/or Roth 401(k) basis, or any combination of the two, up to 35%. You may also defer up to 100% of your option week pay as a catch-up contribution on a pre-tax or Roth 401(k) basis.

The maximum catch-up contribution in 2017 is $6,000, after which it may be indexed each year for inflation. Puerto Rico participants are limited to a maximum pre-tax catch-up contribution of 1 to 35% of eligible compensation, up to $1,500 in 2017 and beyond.

Catch-up contributions are held with other pre-tax and/or Roth 401(k) contributions in a separate account and are invested in accordance with your other pre-tax and/or Roth 401(k) contributions.

You may elect catch-up contribution percentages on the Plan website at **teamsterups401kplan.com** or by calling the Plan Information Line at 800-537-0189.

AFTER-TAX CONTRIBUTIONS

In addition to your pre-tax and/or Roth 401(k) contributions, the Plan accepts voluntary after-tax contributions of up to 5% of your eligible compensation. After-tax contributions will be held in a separate after-tax contribution account established on your behalf and will be invested in accordance with your investment directives on file with regard to your other money sources (such as pre-tax, Roth 401(k) or rollover) or you may choose to invest your after-tax funds in separate investment options. After-tax contribution percentages may be elected on the Plan website, **teamsterups401kplan.com**, or by calling the Plan Information Line at 800-537-0189.

CHANGING YOUR CONTRIBUTION PERCENTAGE

You may increase or decrease your contribution percentage(s) at any time via the Plan website, **teamsterups401kplan.com**, or by calling the Plan Information Line at 800-537-0189.

CONTRIBUTION ACCELERATOR

This optional feature automatically increases your pre-tax or Roth 401(k) contributions by 1% each year up to a maximum of 10%. The increases take place at the same time each year, making them easy to plan for. Automatic increases will stop at 10%; however, you may change your contribution percentage at any time. If you are automatically enrolled, you will also automatically be signed up for the Contribution Rate Accelerator. You may turn off the Contribution Rate Accelerator at any time by using your account tools on the Plan website, **teamsterups401kplan.com**, or by calling the Plan Information Line at 800-537-0189.

ROLLOVERS FROM QUALIFIED PLANS

The Plan accepts pre-tax rollovers from other qualified plans after you enroll in the Plan. You may use this rollover feature at any time while you remain eligible to participate in the Plan or, if you cease to be an eligible employee because of a job transfer, and you continue to have an account balance in the Plan.

In addition, you may utilize the rollover feature following your termination of employment provided that your entire account balance has not been distributed from the Plan, or if your entire account balance is $1,000 or more on your termination date. If you receive a single lump sum or other eligible rollover distribution from another qualified retirement plan, you may instruct the trustee of that plan to transfer all or a portion of your distribution directly to the Plan. If you receive your eligible rollover distribution directly, you may roll over that distribution into the Plan provided you do so within 60 days of your receipt of the distribution.

You may also transfer any eligible rollover distributions held in a “conduit” individual retirement account (“IRA”) into the Plan by instructing your IRA trustee to transfer all or a portion of your account balance to the Plan. (A “conduit” IRA is an IRA that holds only the pre-tax assets previously distributed from a qualified plan or plans in which you were a participant, plus earnings on those assets. No other contributions may have been made to a conduit IRA.)

If you receive a distribution from your conduit IRA account directly, you may roll over those funds into the Plan, provided you do so within 60 days of your receipt of the distribution. Rollover contributions made to the Plan must be made in cash. The Plan cannot accept stock in a rollover contribution.

Your rollover contribution will be held in a separate rollover contribution account established on your behalf. It will be invested in accordance with the specific investment instructions you provide for your rollover contribution. You may also choose to invest your rollover funds in accordance with your other money sources (such as pre-tax or after-tax contributions).

You may obtain the forms needed for a rollover through the Forms section of the Plan website, **teamsterups401kplan.com** or by calling the Plan Information Line at 800-537-0189.

PARTICIPANT ACCOUNTS

Your contributions are credited to an individual account established and maintained for you as a Plan participant. If applicable, your account will include separate sub-accounts for your pre-tax contributions, Roth 401(k) contributions, after-tax contributions and rollover contributions.

Your pre-tax contributions, Roth 401(k) contributions and after-tax contributions will be deposited in the Plan as soon as practicable following each pay period, but generally no later than seven business days after you receive the paycheck from which the deduction was made. You can obtain information regarding your account balance at any time via the Plan website, **teamsterups401kplan.com**, or the Plan Information Line at 800-537-0189.

SUSPENSE ACCOUNTS

In certain cases the Plan Trustees may make use of suspense accounts in correcting contribution limit overages or under such other circumstances as they deem necessary.

VESTING

Your account is 100% vested at all times. This means that no matter how long you stay with UPS, you are entitled to the full value of your account when you leave.

INVESTMENTS

The Plan allows you to choose from a number of different investment options. The Plan has options for different types of investors—from target-date funds to core funds to a brokerage account (self-managed account) option. Please refer to the Fund Fact Sheets for details on each available investment option, including its principal objectives and risk and return characteristics. The Fund Fact Sheets are available on the Plan website, **teamsterups401kplan.com** or by calling the Plan Information Line at 800-537-0189.

Since the Trustees permit you to direct the investment of your Plan account among the different options, the Plan is intended to conform to the requirements of Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Based on this ERISA section, the Trustees and any other Plan investment fiduciaries may be relieved of any liability for losses that are the direct and necessary result of the investment instructions you give with respect to your Plan account. It is important that you make an informed decision regarding your investment options.

This booklet explains how to make your initial investment decision and how and when you can make investment changes. It also describes how you can obtain additional information regarding the investment opportunities described herein.

Unless noted otherwise, the Plan assesses no transaction fees or charges when you select from among the available investment options, or when you make investment changes. However, each individual investment option may charge certain fees.

Please note that the Plan's Trustees and investment managers provide information concerning the Plan's investment options, but do not make recommendations. You must make your own investment allocation decisions. You are strongly encouraged to review all of the disclosure materials relating to the investment options under the Plan before making an investment decision. You may wish to consult a professional investment advisor regarding your individual financial situation and which investment option or options may be best for you. Each option has a different combination of potential risk and reward characteristics. Fund information, expense information and current rates of return are also available on the Plan website, **teamsterups401kplan.com**, or you may call the Plan Information Line at 800-537-0189 to request this information. The choices you make should be based on your particular investment objectives including the degree of risk you are willing to tolerate.

Please note that there may be an occasion when the Board of Trustees determines that it is necessary to add, change or remove an investment option. When this occurs, you will be provided with a written notice mailed to your last address on file with the Plan within a reasonable period of time before the effective date of the fund transfer. You will not only be informed of the change, but given an opportunity to act regarding your investments. In the event one of your investment options is removed or changed and in the absence of your taking action, the Board of Trustees may change your investments on your behalf. You can always change your investments at any time by using the Plan website, **teamsterups401kplan.com**, or calling the Plan Information Line at 800-537-0189.

AVAILABLE INFORMATION

In order to assist you in selecting from among the Plan's investment options, additional information is available to download from the Plan website at **teamsterups401kplan.com** or upon request by calling the Plan Information Line at 800-537-0189. The following information shall be provided to you, based on the latest information available to the Plan:

- a description of the investment options available under the Plan and a general description of the investment objectives, risk and return characteristics of such an investment
- identification of any designated investment managers
- an explanation of the circumstances under which you or your beneficiary(ies) may give investment instructions and an explanation of any specified limitations on such instructions under the terms of the Plan
- a description of any transaction fees and expenses which affect you, or your beneficiary(ies')'s, account balance in connection with the purchase or sale of interests in investment alternatives
- the name, address and phone number of the Plan fiduciary responsible for providing information
- in the case of an investment alternative which is subject to the Securities Act of 1933, a copy of the most recent prospectus provided to the Plan
- any materials provided to the Plan relating to the exercise of voting, tender or similar rights which are incidental to the investment in an investment alternative under the terms of the Plan

The following information is provided upon request, based on the latest information available to the Plan:

- a description of the annual operating expenses of each investment fund, such as investment management fees, administration fees and transaction costs, that affect the fund's rate of return expressed as a percentage of the average net assets of the particular investment fund
- copies of prospectuses, financial statements and reports relating to an investment alternative, to the extent such information is provided to the Plan
- a list of the assets that comprise the Government Short-Term Investment Fund, the S&P 500 Equity Index Fund, the S&P 400 Equity Index Fund, the International Index Fund, the Russell 2000 Index Fund, the Balanced Fund, and/or the Bright Horizon Funds and the value of each such asset (or the proportion of the fund that it comprises)
- a list of the contracts and other assets that comprise the Stable Value Fund, including the proportion of the total fund represented by such assets. This includes the name of the issuing bank or insurance company, and the term and rate of return on the contract
- information concerning the value of shares or units in designated investment alternatives under the Plan, as well as past and current investment performance of such alternatives, determined, net of expenses, on a reasonable and consistent basis

You can also review current and historical rates of return information with respect to all investment options, as well as information regarding the value of the investment alternatives in your own Plan account, through the Plan website, **teamsterups401kplan.com** or you may call the Plan Information Line at 800-537-0189.

MORNINGSTAR RETIREMENT SERVICES

The Plan has partnered with Morningstar Retirement Services to provide further information and education regarding your account. You may choose to utilize Morningstar's advice service to receive recommendations regarding your savings rate, asset allocation and fund selection. This service is offered at no fee. You may alternatively elect to have Morningstar Associates, LLC manage your account, in which case they will make investment decisions on your behalf. This service costs 0.20% of your total assets, calculated annually. For example, an annual fee of $200 would be assessed for a balance of $100,000 ($100,000 X 0.002). This fee is automatically deducted quarterly from your account.

INVESTMENT OPTIONS

Your pre-tax, Roth 401(k), after-tax contributions and any rollover contributions credited to your Plan account, may be invested in one or any combination of the funds below. Investment allocations must be made in 1% increments and you may also change your investment options at any time, if you wish, either by transferring your current account balance or redirecting your future contributions, or both. You may also utilize the rebalancing feature to automatically rebalance your account on a quarterly basis. To make your investment changes, use the Plan website, **teamsterups401kplan.com**, or call the Plan Information Line at 800-537-0189.

Please note the following:

- Your investment change or transfer request will be implemented as soon as practicable after Prudential Retirement, the Plan's recordkeeper, receives your request. Whether you use the Plan website or Plan Information Line, any changes you make will be confirmed by mail. However, implementation of your request will be subject to any limitations of the investment option you select. For example, no portion of your Plan account balance may be invested in the Government Short-Term Investment Fund or the Self-Managed Account that has, within the last 90 days, been invested in the Stable Value Fund.
- Account activity is updated and accounts are recalculated every business day. Any activity in your account—a change in investment elections or fund transfers—is posted to your account at the end of each business day. This means that you always have the convenience of knowing where your account stands at any given time.
- Any assets of the Plan awaiting investment under the investment options described below will be invested in cash and cash-equivalent interest-bearing securities. These short-term investments may only be in short-term obligations and deposits rated at least A1 by Standard & Poor's or P1 by Moody's at the time of acquisition.
- Any such short-term investments shall be accounted for as part of the investment fund from which the monies making up short-term investment are derived.
- In order to use the Self-Managed Account option, a minimum initial transfer of $2,500 is required. Subsequent transfers must be at least $1,000. Additionally, you must always retain 3% of your assets in your core investment funds immediately following each transfer into the Self-Managed Account. (Core investment funds include all of the Plan investment options other than your Self-Managed Account.)
- To better ensure that the International Index Fund continues to closely match the performance of the Morgan Stanley Capital International (MSCI) Europe, Australasia, Far East (EAFE) Index, the Plan will assess a 2% short-term trading fee for money transferred out of the International Index Fund and/or paid out as a distribution within 30 days of investment in the International Index Fund. The 2% redemption fee is assessed against the gross proceeds from the sales transaction and reinvested in the International Index Fund as income.

Government Short-Term Investment Fund

The goal of the Government Short-Term Investment Fund (GSTIF) is to produce as high a level of current income as is consistent with preserving capital and maintaining daily liquidity. To pursue this goal, the Fund invests in securities issued, backed, or fully guaranteed by the U.S. Government or its agencies, and repurchase agreements collateralized by U.S. Treasuries and agencies only. The Fund uses top down quantitative analysis to determine issue selection and yield curve positioning. The GSTIF is not guaranteed by the Board of Trustees or by the Federal Deposit Insurance Company (FDIC) or any other government agency.

Any portion of your account balance invested in the Stable Value Fund in the past 90 days will not be accepted for deposit in the GSTIF. This restriction is imposed by the issuers of contracts to the Stable Value Fund to protect the issuers and the contracts from withdrawals of funds due to sudden changes in interest rates.

The GSTIF is managed by BNY Mellon Cash Strategies (“CIS”), a division of The Dreyfus Corporation (“Dreyfus”). Dreyfus is a wholly owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”).

Stable Value Fund

Through active management, the Stable Value Fund seeks to provide a competitive rate of return that over time exceeds that of money market funds, while seeking to provide preservation of principal. The Fund's duration, or average maturity, is managed between 1.5–3.0 years.

The Stable Value Fund invests in traditional investment contracts (GICs) issued by major insurance companies and banks that pay interest for designated periods of time and repay the principal at the end of the contract period. GICs are backed by the general assets of the issuing entity and, therefore, depend on the issuer's financial well-being. This Fund also invests in synthetic investment contracts (synthetic GICs) which represent individual, active or indexed managed fixed income assets which are held by the plan within wrap contracts provided by a bank or an insurance company. The wrap issuer provides book value benefit responsiveness to plan participants and protects the participants from market volatility. The assets underlying the synthetic GICs must be obligations of the U.S. Government or its agencies or instrumentalities, short-term investments or debt securities of U.S. companies rated Aa3 by Moody's or AA- Standard & Poor's. Between 50 and 100% of the Stable Value Fund portfolio may be invested in investment contracts that are backed by these underlying assets. At any given time, up to 20% of the Stable Value Fund portfolio may also be invested by BNY Mellon in one or more short-term investment funds. These investments allow BNY Mellon to accumulate enough funds to provide a source of liquidity for benefit distributions and for participants wishing to transfer their monies into other investment options as well as purchase new investment contracts.

You should be aware that an insurance company's or bank's agreement to pay interest and principal on an investment contract is not guaranteed by the Board of Trustees or by the Federal Deposit Insurance Company (FDIC) or any other government agency.

BNY Mellon, the investment manager of the Stable Value Fund, carefully selects the insurance companies and banks that issue traditional investment contracts that make up this Fund. In accordance with investment guidelines adopted by the Board of Trustees, investment contracts will be made with an insurance company or bank that has over $5 billion in assets and a Standard & Poor's (S&P) credit rating of AA- or better or a Moody's credit rating of Aa3 or better. Moreover, the Plan's investment guidelines provide that no more than 10% of the portfolio of this Fund can be committed to traditional investment contracts issued by any one insurance company or bank.

The Board of Trustees retains the discretion to modify the investment guidelines for the Stable Value Fund portfolio from time to time. Although in most cases the transfer of monies from the Stable Value Fund into the Plan's other investment funds can be accomplished quickly, direct transfers of monies from the Stable Value Fund to the Government Short-Term Investment Fund and the Self-Managed Account Option will not be permitted due to the contractual restrictions negotiated by the insurance companies and banks to protect them from withdrawals of funds due to sudden changes in interest rates. If you wish to transfer all or part of your present account balance from the Stable Value Fund to these investment options, you must first move these amounts to one of the other funds for at least 90 days.

Bond Market Index Fund

The Fund seeks to track the performance of the Barclays Capital U.S. Aggregate Index. To pursue its goal, the Fund invests primarily in government, corporate, mortgage-backed and asset-backed securities. The Fund invests in a well-diversified portfolio that is representative of the broad domestic bond market. Financial futures may be used to provide liquidity for cash flows, to obtain exposure, to hedge or for other purposes that facilitate meeting the fund’s objective.

While complete replication of the Index is not possible, a stratified sampling approach is employed to build a portfolio whose broad characteristics replicate those of the Index. Individual security holdings may differ from the Index, but tracking error is continually monitored as the Bond Market Index Fund seeks to ensure that investors are receiving the Index returns. There are many factors that may affect the Bond Market Index Fund's performance. This Fund's yield and unit price change daily based on changes in interest rates and market conditions and in response to other economic, political or financial developments. The Fund’s investments have varying levels of sensitivity to changes in interest rates. In general, the price of a debt security can fall when interest rates rise and can rise when interest rates fall. Securities with longer maturities and mortgage securities can be more sensitive to interest rate changes.

The Bond Market Index Fund is a pooled investment fund managed by The Bank of New York Mellon.

Balanced Fund (Equity and Fixed Income)

The Fund has a target asset allocation of 50% equity and 50% fixed income invested in a mix of securities that together are designed to track the performance of the S&P 500 Index and the Barclays Capital U.S. Aggregate Index. The Fund will be managed to approximate this target portfolio mix. The Fund will be rebalanced monthly or more often when justified by significant activity or changes in the market values of the investments, to bring the Fund back to its target mix. However, these percentages may fluctuate away from the target weights between rebalancing.

The Balanced Fund consists of pooled investment funds managed by The Bank of New York Mellon.

Standard & Poor's (S&P) 500 Equity Index Fund

The Fund seeks to track the performance of the S&P 500 Index. To pursue its goal, the Fund invests in all 500 stocks in the S&P 500 Index in proportion to their weighting in the Index. The strategy of investing in the same stocks as the Index minimizes the need for trading and therefore may reduce certain expenses. Derivatives (i.e., financial futures) may be used to gain exposure, to provide liquidity for cash flows, to equitize dividend accruals, or for other purposes that facilitate meeting the Fund's objective.

The S&P 500 Fund is a pooled investment fund managed by The Bank of New York Mellon.

Standard & Poor's (S&P) 400 Midcap Index Fund

The Fund seeks to track the performance of the S&P 400 Index. To pursue its goal, the Fund invests in all 400 stocks in the S&P 400 Index in proportion to their weighting in the Index. The strategy of investing in the same stocks as the Index minimizes the need for trading and therefore may reduce certain expenses. Derivatives (i.e., financial futures) may be used to gain exposure, to provide liquidity for cash flows, to equitize dividend accruals, or for other purposes that facilitate meeting the Fund’s objective.

The S&P 400 Fund is a pooled investment fund managed by The Bank of New York Mellon.

Russell 2000 Index Fund

The Fund seeks to track the performance of the Russell 2000 Index. To pursue its goal, the Fund may invest in securities and a combination of other investments that together are designed to track the performance of the Russell 2000 Index. The strategy of investing in the same stocks as the Index minimizes the need for trading and therefore may reduce certain expenses. Derivatives (i.e., financial futures) may be used to obtain exposure, to provide liquidity for cash flows, to hedge dividend accruals or for other purposes that facilitate meeting the Fund's objective.

The Russell 2000 Index Fund is a pooled investment fund managed by The Bank of New York Mellon.

International Index Fund

The Fund seeks to track the performance of the Morgan Stanley Capital International Europe, Australasia, Far East Index (MSCI EAFE Index). To pursue its goal, the assets of the Fund may be invested in securities, and a combination of other investments, that together are designed to track the performance of the MSCI EAFE Index. Equity exposure may be obtained through purchases of foreign or domestic stocks, Global Depository Receipts or American Depository Receipts. The Fund may use over-the-counter foreign currency forward contracts to maintain the approximate currency exposure of the MSCI EAFE Index. Derivatives (i.e. financial futures, currency contracts) may be used to gain exposure, to provide liquidity for cash flows, to equitize dividend accruals, or for other purposes that facilitate meeting the Fund's objective.

To better ensure that the International Fund continues to closely match the performance of the MSCI EAFE Index, the Plan will assess a 2% short-term trading fee for money transferred out of the International Index Fund and/or paid out as a distribution within 30 days of investment in the International Index Fund. The 2% redemption fee is assessed against the gross proceeds from the sales transaction. This short-term trading fee will only apply to a sale of the International Index Fund due to a transfer request and/or a distribution. For this purpose, units held longest will be liquidated first and units held the shortest will be liquidated last. The redemption fees assessed are reinvested into the International Trust Fund for the benefit of all participants in the Plan with balances in the International Index Fund. This fee is designed to offset market impact and other costs associated with fluctuations in the International Index caused by short-term shareholder trading.

The 30-day period is determined by the actual trade date. The initial trade date is considered day one. Transactions initiated after the 4 p.m. ET stock market close on a business day will have a trade date of the following business day.

For example, if you request a transaction on a Thursday at 1 p.m. ET, your transaction will be trade-dated on Thursday. If you request the transaction at 4:01 p.m. ET on Thursday, the transaction will be trade-dated on Friday. Transactions initiated after 4 p.m. ET on Fridays or business days prior to stock market holidays will be trade-dated on the next business day.

Example 1:

Maria has a balance in the International Index Fund of $900, all of which has been in the International Index Fund for 60 days. She transfers $1,000 into the International Index Fund on Monday, August 1, 2011 at 2 p.m. ET. On Tuesday, August 30, 2011, she transfers out her entire balance at 10 a.m. ET.

Balance	Transfer*	Days Held	Fee
$1,900	$900	90 days	None
	$1,000	30 days	$20

Example 2:

John has a balance in the International Index Fund of $500, all of which has been in the International Index Fund for 60 days. He transfers $600 into the International Index Fund on Sunday, July 17, 2011. The actual trade date is Monday, July 18, 2011. On Tuesday, August 16, 2011, he transfers out $700 at 6 p.m. ET; the trade date is Wednesday, August 17, 2011.

Balance	Transfer*	Days Held	Fee
$1,100	$500	91 days	None
	$200	31 days	None

Example 3:

Samantha transfers $2,000 into the International Index Fund on Friday, March 4, 2011 at 7:30 p.m. ET. The trade date is Monday, March 7, 2011. She transfers $2,000 out of the International Index Fund on Sunday, April 3, 2011; the trade date is Monday, April 4, 2011.

Balance	Transfer*	Days Held	Fee
$2,000	$2,000	29 days	$40

Example 4:

Alex has a balance of $3,000 in the International Index Fund, all of which has been in the Fund for 10 days. He transfers $4,000 into the International Index Fund on Friday, August 5, 2011 at 3 p.m. ET. He transfers $6,000 out of the International Index Fund on Saturday, September 3, 2011 at 9 a.m. ET; the trade date is Tuesday, September 6, 2011 (Due to the Labor Day Holiday on Monday, September 5).

Balance	Transfer*	Days Held	Fee
$7,000	$3,000	43 days	None
	$3,000	33 days	None

*The transfer amount is assumed to be the gross proceeds from the sale of the units out of the International Index Fund.

The International Index Fund is a pooled investment fund managed by The Bank of New York Mellon.

REIT Index Fund

The fund typically invests in all securities in the Dow Jones U.S. Select REIT Index in proportion to their weighting in the Index. As such, the Fund seeks to maintain sector and security weightings that closely match the Index. This replication process seeks to achieve low turnover, accurate tracking and low costs. The Fund invests primarily in publicly traded shares of real estate investment trusts (REITs). A REIT is a company that owns and manages real estate properties such as apartments, office buildings, retail malls and shopping centers, hotels and industrial buildings. REITs generate income from rentals or lease payments and offer the potential for growth from property appreciation and the potential for capital gains from the sale of properties.

The REIT Index Fund is a pooled investment fund managed by The Bank of New York Mellon.

Bright Horizon Funds

Bright Horizon 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055, 2060 Funds

Each Bright Horizon Fund invests in a combination of stocks and bonds, and allocates their assets among these securities according to a predetermined asset allocation strategy. On an annual basis, each Fund shifts assets to a more conservative strategy as its target year gets closer.

Over time, the stock portion of each Fund decreases and the bond portion increases. Six years after its target date, each Fund will be invested in its most conservative mix of cash, bond and stock investments and will maintain this target allocation indefinitely. The underlying investment of each Fund is currently comprised primarily from a combination of other funds offered in the Plan. Each of the Bright Horizon Funds is diversified across a number of different asset classes and choosing just one is similar to investing in several different core funds.

The chart below shows the asset allocation of each Bright Horizon Fund. As the target date approaches, the funds' allocations become more conservative, investing more in fixed income and less in equities. Note how the funds with the highest percentage of equities are the ones with the longest investment time horizons.

The Bright Horizon Funds are designed so that your fund will have a certain amount of exposure to equities (31% of the Bright Horizon Income Fund's assets) for the remainder of the time that the assets remain in the plan following your retirement. This is intended to help participants maintain sufficient assets for their lifetime which could last for 30-40 years following retirement and to also help offset any risk imposed by inflation. However, there is no guarantee that investing in this fund will not result in losses, included near or after your retirement date and there is no guarantee that such an investment will provide adequate retirement income. If you would prefer a more conservative approach and have less of your Plan assets invested in equities, then you should consider other investment options when you approach your retirement age. The Bright Horizon Funds, like most of the other Plan investment options utilize what is often referred to as a passive investment strategy which means that each of the underlying funds tries to achieve the return associated with its respective benchmark and is not actively managed to exceed any particular benchmark. It is expected that such an approach will result in lower investment management fees while providing adequate risk-adjusted returns. Each Bright Horizon Fund seeks to achieve its objective by investing in a set of underlying BNY Mellon Capital collective trust funds representing various asset classes.

Bright Horizon Retirement Income Fund

The Fund invests in a combination of stocks and bonds, and allocates its assets among these securities according to a predetermined asset allocation strategy. It will maintain a conservative mix of cash, bond and stock investments indefinitely. The underlying investments of the Fund are currently comprised primarily from a combination of other funds offered in the Plan. Six years after each of the other Bright Horizon Funds has met its target date, their assets will automatically transfer to the Bright Horizon Income Fund.

The Bright Horizon Funds are investment funds managed by The Bank of New York Mellon.

Self-Managed Account

The Self-Managed Account (SMA) is a brokerage option in the Plan offered by Dreyfus Brokerage Services for experienced investors who want to invest a portion of their account in stocks, bonds or mutual funds of their choice. Unlike the other investment options that are managed (either actively or passively) by a professional manager, the SMA is managed by you. You may invest in any securities listed on any of the major U.S. securities exchanges: New York Stock Exchange (NYSE), American Stock Exchange (AMEX) and the National Association of Securities Dealers Automated Quotations System (NASDAQ); fixed income securities such as U.S. Government securities, mortgage-backed securities and corporate bonds; over 8,000 mutual funds from over 250 fund families, including load funds and no-load funds (with or without a transaction fee). Voting rights related to the investments in your SMA will be passed through to you.

Licensed registered representatives from Dreyfus Brokerage Services, a division of MBSC Securities Corporation, and a registered broker/dealer and member of FINRA, will execute your orders and answer questions about trading in your SMA. Dreyfus representatives are available Monday through Friday, 8 a.m. to 6 p.m. ET, except stock market holidays.

You may also use the Plan website, **teamsterups401kplan.com**. The site has a link to the Dreyfus online system which allows you to enter orders for your SMA directly via the internet. Or, you may use the Plan Information Line. You may not invest your SMA in foreign stocks, non-listed limited partnerships, commodities, futures, options, tax-free bonds and tax-free bond funds, or precious metals. Additionally, you may not engage in short selling (selling securities that are not held in your SMA) or trading on margin (borrowing money using securities in your SMA as collateral). Further, the amount in your SMA will not be available for loans or withdrawals. If you wish to increase the amount available for hardship loans or withdrawals, you may transfer funds from your SMA to the core funds.

In order to invest in an SMA, you must have a total account value of at least $7,500. The initial transfer into your SMA must be at least $2,500. Once the initial transfer to an SMA has been made, there is a $1,000 minimum for subsequent transfers to your SMA. Additionally, you must always maintain 3% of your assets in your core investment funds following each transfer of funds into the SMA. Direct transfers from the Stable Value Fund into the SMA are not permitted. If you wish to transfer all or part of your present account balance in this fund to an

SMA, you must first move these amounts to one of the other funds for a period of 90 days.

All trading fees will be deducted from your account. Eligible distributions from the SMA account may be received as an in-kind distribution of the actual securities held in your SMA account or as cash. An enrollment application for an SMA is available in the Forms section of the Plan website, **teamsterups401kplan.com**, or may be requested through the Plan Information Line at 800-537-0189.

HARDSHIP LOANS

You may borrow up to 50% of your account balance in the Plan (excluding your SMA and any portion of your Roth 401(k) account) for any of the purposes listed below. However, the maximum hardship loan amount may not exceed $50,000, reduced by the highest outstanding loan balance across any UPS-sponsored defined contribution plan during the 12-month period ending on the day before the loan is made.

Application for a hardship loan may be made only for the following purposes:

- Purchase of your principal residence.
- Payment of tuition and related educational fees, including room and board expenses, for the next 12 months of post-secondary education for yourself, your spouse or dependents. Post-secondary education is education which is neither part of, nor leads to, obtaining a high school diploma.
- Payment of unreimbursed medical expenses incurred in connection with medical care for yourself, your spouse or any of your dependents. You may also borrow from the Plan in order to obtain funds necessary to secure unreimbursed medical care for yourself, your spouse or any of your dependents.
- Payment to prevent eviction from, or foreclosure on, your principal residence.
- Payment of expenses in connection with the adoption of a child.
- 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.
- Unexpected costs or expenses creating an immediate and heavy financial need that cannot reasonably be satisfied through any other means. The minimum amount due must meet or exceed $2,500.

The minimum loan amount is $1,000. If you have an SMA and you wish to increase the amount you have available for a hardship loan, you may transfer funds from your SMA to your core funds.

Interest charged on a Plan hardship loan is 1% above the prime rate as published in *The Wall Street Journal* on the last business day of the quarter preceding the quarter in which the loan application is made. The interest rate will remain fixed for the term of the loan. The maximum loan term is five years in the case of a non-residential loan and 20 years in the case of a residential loan. A loan may be repaid without penalty at any time. There is a $75 non-refundable loan application fee for each loan application requested. The fee is deducted from your account. An annual loan fee of $25 per loan will be deducted from your account each year a loan is outstanding. This fee will be deducted quarterly. You may apply for a second loan while a first loan is outstanding, provided that repayment on the first loan is being made in a timely manner. No more than two loans may be outstanding at any one time. A loan will be defaulted if you are 90 days in arrears. If a loan is defaulted, it will be treated as a distribution from the Plan and you will be responsible for any applicable taxes or penalties. You may not receive another loan from the Plan, unless the defaulted loan is repaid (it will, however, still be considered as a distribution).

Loan repayments must be made through payroll deductions while you are actively employed. If you are on an approved leave of absence (other than a military leave) or you have been discharged and have a pending grievance related to that discharge, you may continue payments on your loan by sending a bank check or money order (no personal checks), made payable to the Teamster-UPS National 401(k) Tax Deferred Savings Plan, to Prudential Retirement in the exact amount of your loan payment or any multiples thereof, for deposit into your Plan account. In the case of an approved leave of absence your loan payments may also be suspended for up to

12 months of your leave. If you choose to suspend your loan payments, upon your return to work the loan will be reamortized using the original interest rate and your original pay-off date. Please note that this will cause your loan payment to increase, sometimes substantially. If you do not return to work after 12 months, your loan will be reamortized and you will be required to make payments directly to Prudential Retirement, or your loan will be defaulted.

If you are on a military leave of absence, your loan will be suspended for the length of the military leave, unless you choose to make payments by bank check or money order. Your loan will accrue the lesser of the original interest rate or 6% during the length of your leave. Upon your return to work, the loan will be reamortized. The term of your loan will be extended by the length of your military leave once you return to active employment.

If a loan payment is not received by payroll deduction (for example, if you do not receive a paycheck for one or more pay periods), you are responsible to make the loan payment to Prudential Retirement directly by bank check or money order. Prudential Retirement will notify you if a loan payment is missed. When you no longer work for UPS, a loan must be repaid or it is treated as a distribution from your account. Hardship loans may be modeled or requested on the Plan website, **teamsterups401kplan.com**, or by calling the Plan Information Line at 800-537-0189.

WITHDRAWALS AND DISTRIBUTIONS

Lump Sum Distribution upon Separation from Service

Thirty (30) days after you retire or leave UPS, you may request a lump sum distribution of your entire account balance by accessing the Plan website, **teamsterups401kplan.com**, or through the Plan Information Line at 800-537-0189. Generally, your distribution will be processed within three business days after your request is received.

If your Plan balance is less than $1,000 on your termination date and you do not request a distribution within 60 days, your account balance will automatically be distributed to you in the form of cash at your last known address. If your account balance on your termination date is equal to or greater than $1,000, you may leave your account balance in the Plan even after you reach age 70½ when Required Minimum Distributions must begin. However, no further contributions (other than rollovers) to your account will be permitted.

In the event of your death before you have received a distribution of your full account balance, your remaining account balance will be paid to your designated beneficiary(ies) as soon as practicable after the plan administrator is notified of your death. See the section of the SPD titled “Designation of Beneficiary” for additional information.

You should carefully review your distribution options under the Plan. This should include a review of how you intend to use the funds, both in the short-term and long-term. The Plan offers a platform for investing that includes low administrative and investment management fees that are usually far below retail products. In addition, the Plan’s Bright Horizon Funds are designed to provide an investment allocation strategy extending beyond your retirement date. Finally, the installment payment options described later provide a variety of distribution patterns that may meet your needs without your taking a complete distribution from the Plan.

Partial Distribution upon Separation from Service

Thirty (30) days after you retire or leave UPS, you may request a partial distribution of your account balance in the Plan by accessing the Plan website, **teamsterups401kplan.com**, or by calling the Plan Information Line at 800-537-0189. Generally, your distribution will be processed within three business days after your request is received.

Installment Payments upon Separation from Service

You are eligible to elect to receive installment payments from the Plan following separation from service at any time (excluding SMA, if any). Installments are processed on the 15th calendar day of each month. If the 15th calendar day falls on a weekend or holiday, the systematic payment will be paid out on the following business day. You may elect to receive the payment wired to your bank account at no cost. However, if you choose to receive a paper check for installments there will be a one-time set-up fee.

You may choose the number of payments you want to receive monthly, quarterly, semi-annually or annually. The period over which you receive the payments is determined by the payment method, payment frequency and the value of your account balance. You may start receiving installment payments at any time as long as your account balance is $1,500 or more (excluding SMA, if any), but systematic changes (excluding address and name changes) may only be made once a year. You may stop payments at any time.

The amount of the installment payment that you receive will be determined each pay frequency by dividing the value of your Plan account (excluding your SMA, if any) by the number of payment cycles remaining in the installment period; or you may elect a specific dollar amount to be distributed (excluding SMA, if any).

Once you reach age 70½, the Plan will begin calculating your Required Minimum Distributions which must be paid to you annually, taking into account any other distributions you may have received during each year.

Should you die prior to completion of your installment payments, your systematic payments would stop and normal beneficiary processing would occur.

You may request an installment distribution payment through the Plan Information Line at 800-537-0189.

IN-SERVICE WITHDRAWALS

When you have reached age 59½, you may withdraw all or part of your account balance even if you are still working for UPS.

You may withdraw all or a portion of your after-tax contribution and rollover contributions plus earnings at any time. In-service withdrawals can be requested through the Plan's website, **teamsterups401kplan.com**, or by calling the Plan Information Line at 800-537-0189. Generally, your distribution will be processed within three business days after your request is received. For distributions by check and for rollover distributions, the fee is $10.

Hardship Withdrawals

Prior to age 59½, you may withdraw a portion of your account balance (other than investment earnings on your pre-tax contributions and any portion of your Roth 401(k) account) in the event of a financial hardship. You may withdraw up to the amount necessary to meet your financial hardship, including amounts necessary to pay anticipated federal, state or local income taxes or penalties on your withdrawal.

Financial hardship is defined by federal law as financial need arising from the following specific causes:

- Payment of unreimbursed medical expenses incurred in connection with medical care for yourself, your spouse or any of your dependents, and amounts necessary for those individuals to obtain medical care.
- Payment of tuition and related educational fees, including room and board expenses, for the next 12 months of post-secondary education for you, your spouse, your children or other dependents.
- Costs of purchasing your principal residence, or of preventing eviction from, or foreclosure of, your principal residence.
- 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.

To withdraw a portion of your account balance to satisfy your financial need, the law requires that you must first exhaust all available Plan loan options (unless the loan would further increase the hardship). If you take a hardship withdrawal from the Plan, you will be temporarily restricted from making contributions to the Plan for a period of six months. You will be notified by Prudential Retirement when you may begin contributing to the Plan again.

A hardship withdrawal package is available in the Forms section of the Plan website, **teamsterups401kplan.com**, or may be requested by calling the Plan Information Line at 800-537-0189. A $10 check fee will be deducted from your account.

Hardship withdrawals are not eligible for rollover. You will be liable for payment of income taxes on the taxable portion of the distribution. You may elect to have federal tax withheld by the Plan at the time of the distribution or you may waive this option. If you elect to have federal tax withheld by the Plan at the time of the distribution, 10% of the distribution will be automatically withheld for federal and state income taxes, if applicable. You may elect to have up to 35% of federal tax withheld from the taxable portion of the distribution. Please note that a 10% federal income tax penalty on early distributions, in addition to any income tax, may also apply to a hardship distribution.

DISTRIBUTIONS ON ACCOUNT OF DISABILITY

Prior to age 59½, you may withdraw all or any portion of your account if you have been absent from work for more than 52 weeks on account of a disability and the disability continues up to the time you make the withdrawal from the Plan. For these purposes, a disability means a medically determinable physical or mental impairment as a result of which you are disabled and qualify for disability benefits under: 1) the U.S. Social Security Act; 2) a long-term disability plan that UPS makes contributions to on your behalf; or 3) workers compensation laws.

Request for disability distributions may be sent to the Teamster-UPS National 401(k) Tax Deferred Savings Plan, c/o Prudential Retirement, PO Box 5640, Scranton, PA 18505. Please include documentation of disability, as described above.

TAX CONSEQUENCES OF A DISTRIBUTION

Generally, before you receive a distribution from the Plan, you will receive a notice describing the tax consequences and informing you of the Plan's obligation to withhold 20% from your distribution (other than a hardship withdrawal) for federal income taxes. You do not have to pay federal income tax on the amount of your distribution transferred directly (called a “direct rollover”) to:

- An individual retirement account or annuity
- A qualified employer-sponsored retirement plan that accepts rollover contributions. Any direct rollover election you choose to make must be received by the plan administrator prior to the date of your distribution

If you are under age 59½ at the time of the distribution, you may also be required to pay a 10% federal excise tax on the full taxable amount of the distribution in addition to any other taxes you may owe. You will be responsible for payment of the 10% federal excise tax as well as any other taxes.

Generally, for the distribution of earnings on Roth 401(k) contributions to be distributed tax-free, you have to wait at least five years after making your first Roth 401(k) contribution before taking a withdrawal and your withdrawals must begin after you have reached age 59½, you have died, or have become disabled. If your withdrawal does not meet these qualifications, your accumulated Roth 401(k) earnings—but not your Roth 401(k) contributions—will be taxed, and may be subject to a 10% early distribution penalty if you have not reached age 59½.

In certain circumstances, the 10% federal excise tax on distributions may not apply. You should consult with your tax advisor to determine if the 10% federal excise tax will apply to your distribution. For example, the 10% federal excise tax does not apply to payments made to you after you separate from service with UPS after the year you reach age 55.

Finally, if you take a partial distribution from the Plan and have an after-tax account balance in the Plan, a pro-rata portion of the distribution will be treated as a return of your after-tax contribution and will not be taxable to you.

A pro-rata portion of the earnings on your after-tax account will also be distributed and will be considered taxable income to you if you do not roll over the distribution. Please note that the tax rules governing distributions from qualified retirement plans are complex. As a result, you should read the Special Tax Notice included as the Appendix of this booklet. A separate copy of the Special Tax Notice will be provided to you when you request a distribution. It is recommended that you consult a tax advisor before you make any elections with respect to your Plan benefits.

QUALIFIED DOMESTIC RELATIONS ORDERS

A benefit from the Plan may be assigned by a Qualified Domestic Relations Order ("QDRO") of a court relating to alimony, child support or marital property rights. Among other things, the QDRO must be signed by the Court and authorize distribution to an Alternate Payee or Payees, and be reviewed and accepted under the terms of the Plan. The Trustees have developed a set of procedures and a model QDRO form in the event there is a need to direct a QDRO to the Plan. You and your spouse or former spouse may obtain, without charge, a copy of the QDRO procedures and the model QDRO form from the Teamster-UPS National 401(k) Tax Deferred Savings Plan, c/o UPS Corporate Retirement, 55 Glenlake Parkway, NE, Atlanta, GA 30328.

Upon learning that a QDRO has been received or is forthcoming with respect to your account, the Plan will place a hold on all distributions or loans from your Plan account until payment of amounts due under the QDRO have been made or is advised that a QDRO will not, in fact, be submitted to the Plan. If no order is submitted, the hold will be removed after 12 months.

TEAMSTER-UPS NATIONAL 401(k) TAX DEFERRED SAVINGS PLAN WEBSITE

Most Plan transactions can be accomplished over the Internet via the Plan website at **teamsterups401kplan.com**.

You can use the website to:

- Enroll in the Plan
- Change your contribution rate
- Reset your password or obtain a password reminder
- Change your investment elections and transfer your investment balances
- Obtain account balances and loan status
- Review fund information and performance
- Review fund benchmarks
- Print available forms
- Model and request a hardship loan
- View your statement
- Request a distribution
- Set up automatic account rebalancing
- Select the Contribution Accelerator feature
- Review and change your beneficiary(ies)

The website also includes Plan news and contains a Financial Resource Center to assist you in achieving your savings goals.

TEAMSTER-UPS NATIONAL 401(k) TAX DEFERRED SAVINGS PLAN INFORMATION LINE

Most Plan transactions can be accomplished by calling the Information Line at **800-537-0189**. You can use the Information Line to:

- Enroll in the Plan
- Change your contribution rate
- Reset your password or obtain a password reminder
- Change your investment elections and transfer your investment balances
- Obtain account balances and loan status
- Review fund information and performance
- Request available forms and Plan Information
- Model and request a hardship loan
- Request a distribution
- Set up automatic account rebalancing
- Select the Contribution Accelerator feature
- Request a beneficiary form if you are married and designating someone other than your spouse as your beneficiary

The automated phone system is generally available 24 hours a day, seven days a week. PSRs are available to assist you with Plan questions and transactions from 8 a.m. to 9 p.m. ET, Monday through Friday, except for stock market holidays.

LEGAL LIMITATIONS ON BENEFITS

No Plan benefit may be assigned or pledged as collateral or security for a loan (other than a hardship loan from this Plan), nor may any benefit be subject to your debts or to other legal obligations other than, in limited circumstances, a lien for federal taxes. However, a benefit may be assigned by a QDRO of a court relating to alimony, child support or marital property rights (please see the section entitled Qualified Domestic Relations Orders for more information).

Contributions to the Plan, as well as the other retirement plans in which you may participate, are subject to maximum limitations imposed by the Internal Revenue Code and its regulations. As described in the section entitled "Pre-Tax Contributions" and "Roth 401(k) Contributions" there is a maximum annual amount you can contribute to the Plan on a pre-tax and/or Roth 401(k) basis. If your pre-tax and/or Roth 401(k) contributions exceed this annual limit, the excess amount (together with any attributable income) will be returned to you. If your annual compensation causes you to be classified as highly compensated under Internal Revenue Service rules, the IRS places limits on the amount of pre-tax contributions, Roth 401(k) contributions and after-tax contributions that may be made on your behalf to the Plan. These limits are intended to ensure a balanced mix of participation among all eligible employees. If the IRS limits are exceeded, it may be necessary to make a corrective distribution at the end of the Plan year to those highly compensated employees who exceed the limits.

In the event you have excess pre-tax deferrals, the Plan will first automatically recharacterize those deferrals as catch-up contributions, to the extent that you are eligible to make catch-up contributions and the catch-up contribution limits are not exceeded, then as after-tax contributions so you may leave them in the Plan, provided that by doing so the limits on voluntary after-tax contributions are not exceeded. Any excess amounts that cannot be recharacterized will be returned to you.

The Internal Revenue Code (IRC) also imposes restrictions on the total amount that may be credited on your behalf for all retirement plans (including this Plan) in which you participate as a UPS employee. You will be notified if you are affected by these restrictions.

CLAIMS PROCEDURES

All grievances, complaints or claims concerning any aspect of the operation or administration of the Plan, including a claim for benefits must be directed to the Board of Trustees. A participant, beneficiary or authorized representative of a person making such a claim is called a claimant. Each claim for benefits must be filed with the Board of Trustees, in writing, within 12 months of the date benefit payments were requested to begin or the date of the action, or inaction, causing the claim for benefits.

Within 90 days after the receipt of your claim, the Board of Trustees (or the committee designated for such purpose) will notify you of its decision, unless special circumstances require an extension of time. If an extension of time is required, the Board of Trustees will notify you of the extension in writing before the end of the first 90-day period. In no event may the extension be longer than 90 days from the end of the initial 90-day period. The extension notice will indicate the special circumstances requiring the extension of time and the date by which you can expect to receive a decision.

If the claimant is denied a benefit from the Plan, in whole or in part, the Board of Trustees will provide the claimant with written notice setting forth the following:

- the reason(s) for the denial; the Plan provisions upon which the denial is based
- an explanation of what additional information or material, if any, is needed to perfect the claim and why such information or material is needed
- a description of the Plan's appeals procedures and the applicable time limits
- a statement of the right to bring civil action under ERISA Section 502(a) following an adverse determination on appeal

A claimant may appeal the Board of Trustees' decision by submitting a written request for review by the Board of Trustees within 60 days after the claimant receives written notification denying the claim. Any such request should be accompanied by documents, records or other information in support of the appeal. In addition, the claimant may have reasonable access to, and copies of, all documents, records and other information relevant to the claim, free of charge.

The Board of Trustees will review all relevant material, including any issues or comments submitted in writing by the claimant (regardless of whether such information was submitted or considered in the initial benefit determination), and will render a decision on the claim within 60 days after it receives the claimant's written request for review. If special circumstances require an extension of time, the Board of Trustees will notify the claimant in writing of the extension and indicate the date the review of the appeal is expected to conclude. The Board of Trustees will render a decision no later than 120 days after it receives the request. The decision of the Board of Trustees will be in writing and include: 1) specific reasons for the decision; 2) specific references to the pertinent Plan provisions on which the decision is based; 3) a statement that the claimant may request copies of all relevant documents, records and other information; and 4) a statement of the right to bring an action under ERISA Section 502(a).

If a claim for benefits is denied, the claimant cannot bring a lawsuit to recover benefits under the Plan unless the claimant has timely exercised all appeal rights available under the Plan's administrative claims procedure for a denied claim and the appeal(s) seeking benefits has been denied by the Board of Trustees.

ACCOUNT STATEMENTS

You will receive quarterly statements for your Plan account that will include information on investment performance and Plan expenses. Statements may be viewed at any time on the Plan website, **teamsterups401kplan.com**.

Additionally, if you invest in the SMA option, you will receive a separate statement summarizing your SMA investments and activity on a monthly basis if you have activity, or on a quarterly basis if you do not have any activity.

PLAN EXPENSES

Investment management fees and asset custody expenses incurred in connection with managing the Plan's investments are charged against investment returns. Additionally, certain expenses incurred in administering the Plan are charged to participants' accounts on a per capita basis, for example, the cost of providing access to your account through the Plan website and Information Line and the cost of PSRs, as well as the printing and mailing expenses for Plan communications.

The amount of expenses charged to your account is set forth in your quarterly statement. You may also view expenses charged to your account in the Transaction History section on the Plan website, **teamsterups401kplan.com**. Participants with SMAs pay all fees associated with those accounts. UPS pays recordkeeping charges for the Plan.

Included with your quarterly statement following the fourth quarter is an outline of investment management and asset custody expenses, as well as the annual administrative fee. Information regarding all fees can be found in the annual fee disclosure notice on the Plan website, **teamsterups401kplan.com** or may be requested through the Plan Information Line at 800-537-0189.

The cumulative effect of fees and expenses can substantially reduce the growth of your retirement savings. Visit the Department of Labor's Web site for an example showing the long-term effect of fees and expenses at http://www.dol.gov/ebsa/publications/401k employee.html. Fees and expenses are only one of many factors to consider when you decide to invest in an option. You may also want to think about whether an investment in a particular option, along with your other investments, will help you achieve your financial goals.

CHANGE OF ADDRESS

If you no longer work for UPS and have not received a distribution from the Plan, you should notify Prudential Retirement, the Plan recordkeeper, in writing promptly regarding any change in address. This notification should be sent to:

Teamster-UPS National 401(k) Tax Deferred Savings Plan
Prudential Retirement
PO Box 5640
Scranton, PA 18505

You may also change your address by speaking to a PSR on a recorded line at 800-537-0189. PSRs are available to assist you during the regular business hours of 8 a.m. to 9 p.m. ET, Monday through Friday, excluding stock market holidays.

As an active employee or while on a leave of absence, you should make sure that you keep your address current. If you move, go to UPSers.com, select Edit My Profile, click on Personal Information and follow the prompts to change your address.

DESIGNATION OF BENEFICIARY

When you enroll in the Plan, you designate your beneficiary(ies) for your Plan account. Beneficiaries may be designated on the Plan website, **teamsterups401kplan.com** or by speaking to a PSR on a recorded line at 800-537-0189. PSRs are available to assist you during the regular business hours of 8 a.m. to 9 p.m. ET, Monday through Friday, excluding stock market holidays. If you are married, your spouse will automatically be your designated beneficiary. If you are married and wish to designate someone other than your spouse as your primary beneficiary, you must complete a beneficiary designation form with your spouse's notarized consent. The form is available on the Plan website or may be requested through the Plan Information Line. Generally, you may change your beneficiary designation at any time.

If you fail to designate a beneficiary or if a designated beneficiary does not survive you, payment will be made to your spouse. If you have no spouse or if your spouse does not survive you, payment will be made to your estate. If the person designated as your beneficiary is your spouse and you become divorced, payments will be made to your former spouse unless:

- you later designate another person in his or her place
- you remarry—in which case your prior designation will be null and void and your new spouse will be treated as your designated beneficiary

PLAN ADMINISTRATION

All contributions and earnings are held in a trust fund. Bank of New York Mellon serves as the custodian. Prudential Retirement serves as the plan administrator and recordkeeper. The Plan is jointly administered by the Board of Trustees, five members of which are appointed by UPS and five are appointed by the International Brotherhood of Teamsters. The responsibility of the Board of Trustees of the Plan is to act in the best interest of Plan participants at all times. The Board of Trustees has the exclusive power and discretion to interpret the Plan document, and to decide all matters arising in its administration and operation, including questions pertaining to eligibility for, and the amount of, benefits to be paid by the Plan. Any such interpretation or decision will, subject to the claims procedure described in this booklet, be conclusive and binding on all interested persons. Such interpretations or decisions will, consistent with the Plan's terms and conditions, be applied in a uniform manner to all similarly situated participants and beneficiaries.

The Plan is intended to comply with all requirements for a qualified retirement plan based on all applicable sections of the Internal Revenue Code (including section 401(a) which allows participants to make contributions on a tax-deferred basis, provides for trust earnings to accrue on a tax-deferred basis and permits UPS to deduct the contributions you elect to have made on your behalf to the Plan).

PENSION BENEFIT GUARANTY CORPORATION

Benefits under the Plan are not guaranteed by the Pension Benefit Guaranty Corporation or any other federal agency.

AMENDMENT AND TERMINATION

The Plan has been established with the intent of being maintained indefinitely. There is no intention to terminate the Plan at this time. However, the Board of Trustees has the right to amend or terminate the Plan at any time.

WHERE TO GO IF YOU HAVE QUESTIONS

In describing the Plan, we have tried to avoid using the legal words and phrases that are in the actual Plan document. If, in our efforts to make things clear, we have inadvertently omitted or misstated any of the Plan's provisions, the Plan document will be the final authority. If you have any questions, please contact the plan administrator at the following address:

Teamster-UPS National 401(k) Tax Deferred Savings Plan
Prudential Retirement
PO Box 5640
Scranton, PA 18505
Toll-free 800-537-0189

YOUR ERISA RIGHTS

As a participant in the Teamster-UPS National 401(k) Tax Deferred Savings Plan, you are entitled to certain rights and protections under the ERISA. ERISA provides all Plan participants the right to:

- Examine, without charge, at the Board of Trustees' office and at other specified locations, such as your Human Resources office or Union Local office, all documents governing the Plan, including collective bargaining agreements, insurance contracts and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- Obtain, upon written request to Prudential Retirement or the Board of Trustees, copies of documents governing the operation of the Plan, including insurance contracts, a copy of the latest annual report (Form 5500 Series) and updated summary plan description. The Board of Trustees may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
- Obtain a statement telling you whether you have a right to receive a benefit from the Plan and if so, the value of your account balance. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide this statement free of charge.
- In addition to creating rights for Plan participants, ERISA imposes duties on the people who are responsible for the operation of the Plan. The people who operate your Plan, called fiduciaries, have a duty to do so prudently and in the best interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, the Board of Trustees or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or from exercising your ERISA rights. If your claim for a benefit from this Plan is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to this decision without charge, and to appeal any denial, all within certain time schedules.
- Under ERISA, there are steps you can take to enforce these rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such case, the court may require the Board of Trustees to provide the requested materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Board of Trustees. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court after you have exhausted the claims appeal procedures described in this summary plan description and in the Plan document. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in a federal court. If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay the costs and fees. Any legal process related to this Plan should be directed to: Board of Trustees, Teamster-UPS National 401(k) Tax Deferred Savings Plan, 55 Glenlake Parkway, NE Atlanta, GA 30328.

Legal process may also be served on the plan administrator at the address shown in the General Information section of this booklet.

If you have any questions about your Plan, you should contact Prudential Retirement or the Board of Trustees. If you have any questions about this statement or about your rights under ERISA, or if you need assistance obtaining the documents from the Board of Trustees, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration. Unless pre-empted by federal law, the Plan shall be governed by the laws of the state of Georgia.

GENERAL INFORMATION

Name of Plan: Teamster-UPS National 401(k) Tax Deferred Savings Plan

Plan Number: 003

Type of Plan: Defined Contribution 401(k) Plan

Plan Effective Date: July 1, 1988

Plan Year: January 1 through December 31

Plan Valuation Date: December 31 of each year, or more frequently as required

Employer:

United Parcel Service of America, Inc. 55 Glenlake Parkway, N.E. Atlanta, GA 30328 404-828-6000

Employer Identification Number (EIN): 95-1732075

Type of Administration: Prudential Retirement provides administrative and recordkeeping services to the Plan

Board of Trustees:

Board of Trustees
Teamster-UPS National 401(k)
Tax Deferred Savings Plan
c/o Prudential Retirement
PO Box 5640
Scranton, PA 18505

Plan Administrator and Plan Sponsor:

Teamster-UPS National 401(k)
Tax Deferred Savings Plan
Prudential Retirement
PO Box 5640
Scranton, PA 18505
Toll-free 800-537-0189

Board of Trustees: