

## Domestic

## UPS® Simple Rate

To determine the rate for a UPS Simple Rate shipment, refer to the applicable chart below:

## UPS Simple Rate for Shipments Between the 48 Contiguous States

UPS Simple Rate Size	UPS® Ground	UPS 3 Day Select®	UPS 2nd Day Air®	UPS Next Day Air Saver®
Extra Small	\$8.80	\$14.65	\$17.70	\$25.75
Small	11.50	17.70	21.10	32.75
Medium	13.90	25.20	27.00	36.80
Large	18.40	33.75	48.15	55.15
Extra Large	22.85	42.40	62.40	71.40

**Notes:**

- The following surcharges do not apply to UPS Simple Rate shipments: Residential Surcharge, Delivery Area Surcharge, Delivery Area Surcharge Extended and fuel surcharges. Fees for other charges and value-added services set forth on pages 112-125 apply to UPS Simple Rate shipments.
- To determine which ZIP Codes are included in metro Alaska and Hawaii and remote Alaska and Hawaii, enter your origin ZIP Code and download a zone chart at: [ups.com/us/en/shipping/daily-rates.page](https://www.ups.com/us/en/shipping/daily-rates.page).
- The common box dimensions and example products listed below are provided by way of example only. All UPS Simple Rate shipments must conform to the terms, conditions, restrictions and prohibitions applicable to UPS Simple Rate.

## UPS Simple Rate for Shipments from the 48 Contiguous States to Metro Alaska and Hawaii

UPS Simple Rate Size	UPS Ground	UPS 2nd Day Air
Extra Small	\$31.80	\$35.15
Small	34.20	37.70
Medium	42.25	46.10
Large	54.90	59.05
Extra Large	67.70	71.90


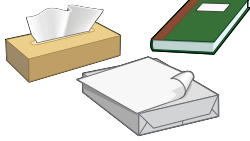
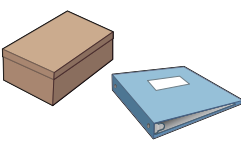
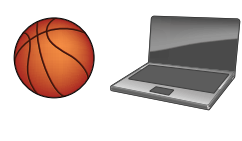

## UPS Simple Rate for Shipments from the 48 Contiguous States to Remote Alaska and Hawaii

UPS Simple Rate Size	UPS Ground	UPS 2nd Day Air
Extra Small	\$41.70	\$65.35
Small	43.85	70.65
Medium	52.35	79.60
Large	64.10	92.55
Extra Large	77.85	109.85

## Common Box Dimensions by UPS Simple Rate Size

UPS Simple Rate Size	Extra Small	Small	Medium	Large	Extra Large
Cubic Inch Range	1-100	101-250	251-650	651-1,050	1,051-1,728
Common Box Dimensions	8 x 6 x 2 6 x 4 x 4 11 x 9 x 1 4 x 4 x 4	8 x 6 x 5 12 x 9 x 2 9 x 7 x 3 6 x 6 x 6	13 x 11 x 2 12 x 9 x 6 13 x 12 x 4 8 x 8 x 8	12 x 12 x 7 15 x 11 x 6 14 x 10 x 7 10 x 10 x 10	16 x 12 x 9 12 x 10 x 9 18 x 12 x 6 12 x 12 x 12

## Example Products by UPS Simple Rate Size

Extra Small	Small	Medium	Large	Extra Large
1-100 Cubic Inches	101-250	251-650	651-1,050	1,051-1,728
 <p>Accessories Small Electronics T-shirt / Coffee Mug</p>	 <p>Hardcover Book Tissue Box Ream of Paper</p>	 <p>Shoebox Three-Inch Three-Ring Binder</p>	 <p>Regulation Basketball 14-Inch Laptop</p>	 <p>Small Appliances Tennis Racket</p>

# Originating Within the U.S. 48 Contiguous States Air Freight

Weight Breaks (Lbs.)	Destination U.S. 48							Destination			Destination Canada			
								AK/HI Metro	PR	AK/HI Extended				

UPS Next Day Air® Freight												
Guaranteed next-business-day delivery by 12:00 p.m. or 5:00 p.m., depending on destination, to most major metropolitan areas within and between the 48 contiguous states, Puerto Rico and Canada (excluding intra-Canada). For UPS zone information, refer to the 48 Contiguous States Zone Charts at <a href="https://www.ups.com/rates">ups.com/rates</a> for UPS Next Day Air® service.											For UPS zone information, refer to pages 33-37 for UPS Worldwide Express® service.	
Zones	102	103	104	105	106	107	108	125			81	82
151-499	\$1.51	\$2.51	\$4.55	\$6.42	\$6.52	\$7.99	\$8.82	For Next Business Day Service to AK/HI Metro, UPS Next Day Air® Freight NGS is available.	\$7.25	For Next Business Day Service to AK/HI Extended, UPS Next Day Air Freight NGS is available.	\$6.22	\$6.60
500-999	1.45	2.40	3.95	6.00	6.11	7.97	8.65		7.22		6.19	6.58
1,000-1,999	1.40	2.28	3.66	5.76	6.01	7.94	8.33		6.77		5.80	6.17
2,000 or More	1.31	2.23	3.30	4.92	5.74	7.61	7.80		6.75		5.78	6.15
Minimum Charge	150.18	249.56	375.57	472.77	502.78	524.37	585.58		1,089.38		624.07	683.59

UPS 2nd Day Air® Freight												
Guaranteed delivery by 12:00 p.m. or 5:00 p.m. on the second business day, depending on destination, to most major metropolitan areas within and between the 48 contiguous states, Puerto Rico and Canada (excluding intra-Canada). For UPS zone information, refer to the 48 Contiguous States Zone Charts at <a href="https://www.ups.com/rates">ups.com/rates</a> for UPS 2nd Day Air® service.											For UPS zone information, refer to pages 33-37 for UPS Worldwide Expedited® service.	
Zones	202	203	204	205	206	207	208	225			71	72
151-499	\$1.46	\$2.42	\$3.05	\$3.18	\$4.73	\$6.33	\$7.43	For Second Business Day Service to AK/HI Metro, UPS 2nd Day Air® Freight NGS is available.	\$5.17	For Second Business Day Service to AK/HI Extended, UPS 2nd Day Air Freight NGS is available.	\$4.46	\$4.67
500-999	1.42	2.27	2.86	3.11	4.59	6.11	6.98		5.15		4.44	4.66
1,000-1,999	1.29	2.22	2.73	3.07	4.45	6.04	6.76		4.81		4.12	4.32
2,000 or More	1.24	2.08	2.70	2.76	4.00	5.22	6.00		4.79		4.10	4.31
Minimum Charge	145.43	235.88	292.16	356.92	402.18	481.60	520.78		721.52		482.91	511.07

UPS 3 Day Freight®																
Guaranteed day-definite delivery within three to four business days by 5:00 p.m. to most major metropolitan areas within and between the 48 contiguous states and Canada. For UPS zone information, refer to the 48 Contiguous States Zone Charts at <a href="https://www.ups.com/rates">ups.com/rates</a> for UPS 3 Day Select® service.											For UPS zone information, refer to pages 33-37 for UPS® Standard to Canada.					
Zones	302	303	304	305	306	307	308				51	52	53	54	55	56
151-499	\$1.23	\$2.13	\$2.61	\$2.85	\$4.06	\$5.09	\$5.89	For Services to AK/HI Metro, UPS Next Day Air Freight NGS and UPS 2nd Day Air Freight NGS are available.		For Services to AK/HI Extended, UPS Next Day Air Freight NGS and UPS 2nd Day Air Freight NGS are available.	\$1.79	\$2.29	\$2.67	\$3.28	\$3.64	\$4.02
500-999	1.11	1.99	2.57	2.77	3.79	4.96	5.78		1.76		2.25	2.63	3.20	3.53	3.92	
1,000-1,999	1.08	1.86	2.37	2.69	3.69	4.67	5.68		1.71		2.15	2.55	3.11	3.41	3.78	
2,000 or More	0.98	1.82	2.36	2.53	3.50	4.62	5.49		1.65		2.07	2.43	2.98	3.31	3.64	
Minimum Charge	127.97	128.96	152.87	162.87	184.48	210.53	237.33		236.53		302.18	355.24	434.09	478.18	530.24	

For guarantee details, service availability, delivery time commitments, to request a pickup or to view the "UPS Air Freight Terms and Conditions of Contract for UPS Air Freight Services in the United States, Canada and International," visit [ups-scs.com/terms](https://www.ups-scs.com/terms).

## Notes:

- Door-to-door delivery for shipments of more than 150 pounds.
- All of the rates above are per pound and minimum charges are per shipment unless otherwise specified.
- A.M., P.M., B1, B2 and B3 points are defined by the current version of UPS Supply Chain Solutions® Quick Zip program, available at [forwarding.ups-scs.com/quickzip](https://forwarding.ups-scs.com/quickzip). UPS Supply Chain Solutions service points are subject to change without prior notice.

# Originating Within the U.S. 48 Contiguous States Air Freight

Weight Breaks (Lbs.)	Destination U.S. 48			Destination			Destination Canada					
				AK/HI Metro	PR	AK/HI Extended						

UPS Next Day Air® Freight NGS												
Delivery the next business day by 12:00 p.m. or 5:00 p.m., depending on destination to most areas within and between all 50 states, Puerto Rico and Canada. For UPS zone information, refer to the 48 Contiguous States Zone Charts at <a href="https://www.ups.com/rates">ups.com/rates</a> for UPS Next Day Air® service.											For UPS zone information, refer to pages 33-37 for UPS Worldwide Express® service.	
Zones	102	103	104	105	106	107	108	124	125	126	81	82
151-499	\$1.49	\$2.39	\$4.29	\$6.08	\$6.17	\$7.56	\$8.35	\$9.14	\$6.85	\$9.59	\$5.88	\$6.25
500-999	1.43	2.27	3.74	5.69	5.79	7.55	8.19	8.86	6.81	9.27	5.85	6.22
1,000-1,999	1.37	2.16	3.60	5.66	5.68	7.53	7.88	8.51	6.40	9.21	5.49	5.85
2,000 or More	1.29	2.12	3.24	4.82	5.63	7.19	7.37	8.41	6.35	9.03	5.45	5.82
Minimum Charge	137.26	235.95	355.09	446.98	475.34	495.75	553.63	1,045.41	1,029.94	1,145.28	590.02	646.30

UPS 2nd Day Air® Freight NGS												
Delivery by 12:00 p.m. or 5:00 p.m. on the second business day, depending on destination to major areas within and between the 50 states, Puerto Rico and Canada. For UPS zone information, refer to the 48 Contiguous States Zone Charts at <a href="https://www.ups.com/rates">ups.com/rates</a> for UPS 2nd Day Air® service.											For UPS zone information, refer to pages 33-37 for UPS Worldwide Expedited® service.	
Zones	202	203	204	205	206	207	208	224	225	226	71	72
151-499	\$1.35	\$2.24	\$2.83	\$2.96	\$4.42	\$5.93	\$6.96	\$7.91	\$5.13	\$8.49	\$4.20	\$4.40
500-999	1.31	2.11	2.66	2.90	4.29	5.72	6.53	7.83	5.10	8.31	4.17	4.38
1,000-1,999	1.18	2.06	2.54	2.85	4.16	5.65	6.33	7.44	4.75	8.18	3.89	4.07
2,000 or More	1.14	1.91	2.51	2.57	3.74	4.90	5.62	7.12	4.72	8.15	3.85	4.05
Minimum Charge	136.97	222.14	275.15	336.15	378.77	453.57	490.47	908.59	679.55	962.47	454.82	481.33

UPS 3 Day Freight® NGS																	
Day-definite delivery within three to four business days by 5:00 p.m. to most areas within and between the 48 contiguous states and Canada. For UPS zone information, refer to the 48 Contiguous States Zone Charts at <a href="https://www.ups.com/rates">ups.com/rates</a> for UPS 3 Day Select® service.											For UPS zone information, refer to pages 33-37 for UPS® Standard to Canada.						
Zones	302	303	304	305	306	307	308	For Services to AK and HI, UPS Next Day Air Freight NGS and UPS 2nd Day Air Freight NGS are available.				51	52	53	54	55	56
151-499	\$1.15	\$2.00	\$2.46	\$2.68	\$3.84	\$4.80	\$5.55					\$1.69	\$2.18	\$2.52	\$3.11	\$3.45	\$3.82
500-999	1.03	1.86	2.41	2.60	3.58	4.69	5.46					1.67	2.15	2.50	3.04	3.35	3.72
1,000-1,999	0.99	1.75	2.22	2.53	3.48	4.40	5.36					1.63	2.03	2.43	2.97	3.24	3.59
2,000 or More	0.94	1.69	2.21	2.39	3.30	4.36	5.17					1.57	1.98	2.31	2.83	3.13	3.45
Minimum Charge	121.21	122.15	144.79	154.27	174.75	199.42	224.79	224.03	286.22	336.48	411.15	452.92	502.24				

For service availability, delivery time commitments, to request a pickup or to view the "UPS Air Freight Terms and Conditions of Contract for UPS Air Freight Services in the United States, Canada and International," visit [ups-scs.com/terms](https://www.ups-scs.com/terms).

#### Notes:

- Door-to-door delivery for shipments of more than 150 pounds.
- All of the rates above are per pound and minimum charges are per shipment unless otherwise specified.
- A.M., P.M., B1, B2 and B3 points are defined by the current version of UPS Supply Chain Solutions® Quick Zip program, available at [forwarding.ups-scs.com/quickzip](https://forwarding.ups-scs.com/quickzip). UPS Supply Chain Solutions service points are subject to change without prior notice.

## Export Shipment Pricing

### UPS Worldwide Express Plus<sup>®</sup>, UPS Worldwide Express<sup>®</sup>, UPS Worldwide Express Freight<sup>®</sup> Midday, UPS Worldwide Express Freight<sup>®</sup>, UPS Worldwide Saver<sup>®</sup>, UPS Worldwide Expedited<sup>®</sup> and UPS<sup>®</sup> Standard

Shipment pricing is advantageous because rates are based on the total weight of a shipment, not the sum of the rates for each package in a shipment.

#### What Qualifies

1. The shipment consists of multiple packages, using the same service, shipped on the same day to a single consignee.
2. For shipments processed with WorldShip<sup>®</sup> or UPS CampusShip<sup>®</sup> shipping systems, [ups.com](https://www.ups.com) shipping, the UPS<sup>®</sup> Developer Kit or a UPS Ready<sup>®</sup> solution that supports full international service, or a UPS Worldwide Services Waybill. **Note:** For shipments processed with UPS Developer Kit – Shipping API, in order to obtain the best rate, customers are responsible for aggregating shipments for shipment pricing prior to requesting labels (UPS Developer Kit – Shipping API does not run End of Day).

#### What Does Not Qualify

Shipment pricing does not apply to UPS Express<sup>®</sup> Envelopes, UPS Express<sup>®</sup> Paks, the UPS<sup>®</sup> 10 KG Box, the UPS<sup>®</sup> 25 KG Box or packages recorded in a UPS Shipping Record book; they are each considered separate shipments.

#### Rates

Rates are based on the total billable weight of all packages in the shipment. Compare each package's actual weight to its dimensional weight. The greater of the two is the billable weight and should be used to calculate the rate. For multiple-package shipments, total the billable weight of all packages in the shipment. Refer to pages 16-17 for instructions on calculating dimensional and billable weight.

If the payer of the shipping charges is located in the origin country, the shipment will be charged the export rate (Origin Country Export Rates). When the payer of the shipping charges is located in the destination country,

the shipment will be charged the import rate (Destination Country Import Rates). If the destination country does not have import rates, the shipment will be charged the export rate (Origin Country Export Rates). When the payer of the shipping charges is located in a third country (neither origin nor destination country), the shipment will be charged the Origin Country Export Rates, except as otherwise agreed to by UPS and the contracting party.

For shipments weighing 150 pounds or less, locate the rate for the total weight of the shipment on the appropriate rate chart.

For shipments weighing more than 150 pounds, multiply the total weight (rounded to the next whole pound) by the appropriate price per pound. The amount billed will be the result of this calculation or the minimum rate shown, whichever is greater.

For a multiple-package UPS Standard shipment, the minimum charge will be based on an average weight of 15 pounds per package.

#### Customs Brokerage

For UPS Worldwide Express Plus, UPS Worldwide Express, UPS Worldwide

Express Freight Midday, UPS Worldwide Express Freight, UPS Worldwide Saver, UPS Worldwide Expedited and UPS<sup>®</sup> Standard to Mexico, rates include routine, in-house, customs clearance by UPS Supply Chain Solutions. Additional charges will apply if customs clearance is performed by customs brokerage offices other than those designated by UPS for clearing the services listed above.

Customs clearance for the services listed is provided by the UPS Supply Chain Solutions customs brokerage offices designated by UPS for handling package customs clearance. Other UPS Supply Chain Solutions customs brokerage offices charge fees for clearance of packages and freight.

For UPS<sup>®</sup> Standard to Canada, charges for customs clearance are not included in the rate. UPS will provide Customs Brokerage Services, unless otherwise specified by the importer. Customs brokerage charges, duties and taxes will be billed to the importer, unless otherwise indicated by the shipper. Canada brokerage rates are available at [ups.com/ca/en/shipping/zones-and-rates/customs-clearance.page](https://www.ups.com/ca/en/shipping/zones-and-rates/customs-clearance.page).

#### Useful Information – International Shipping

<b>Import/Export Support</b> Information on international shipping and trade	Visit <a href="https://www.ups.com/international">ups.com/international</a>
<b>Shipping Forms</b> Import/export documents	Visit <a href="https://www.ups.com/intl_forms">ups.com/intl_forms</a>
<b>UPS Paperless<sup>®</sup> Invoice</b> Send Commercial Invoices and other customs documents electronically, saving time and paper	Visit <a href="https://www.ups.com/paperlessinvoice">ups.com/paperlessinvoice</a>
<b>UPS TradeAbility<sup>®</sup> Services</b> Harmonizer, landed cost and compliance tools	Visit <a href="https://www.ups.com/tradeability">ups.com/tradeability</a>
<b>International Customer Service</b> Assistance with international shipments	Call 1-800-782-7892

## Export

## UPS Worldwide Express®

## UPS Worldwide Express Plus®

Guaranteed delivery by 8:30 a.m., 9:00 a.m. or 11:00 a.m. to major cities in 59 countries and territories. Delivery is guaranteed on the next business day to Canada, on the second business day to Europe and Latin America and on the second or third business day to Asia. Rates include door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions®. Add \$40.00 to the appropriate UPS Worldwide Express rate for each UPS Worldwide Express Plus shipment.

## UPS Worldwide Express

Guaranteed delivery by 10:30 a.m., 12:00 p.m. or 2:00 p.m. to 140 countries and territories. Delivery is guaranteed on the next business day to Canada and for documents to Mexico, the second business day to Europe and Latin America and the second or third business day to Asia. Rates include door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions.

Zones	81	82	84	901	902	903	904	905	906	907	908	909	911	912	913	920	921
Letter*	\$49.02	\$50.48	\$53.14	\$66.99	\$62.02	\$73.20	\$78.93	\$77.53	\$99.51	\$140.40	\$149.90	\$64.48	\$78.38	\$74.67	\$65.78	\$58.25	\$71.02
Pak 1 Lbs.**	81.32	84.95	72.70	90.77	81.42	102.07	106.28	101.68	116.12	159.83	156.99	85.28	104.33	100.16	87.89	77.23	87.36
Pak 2 Lbs.**	89.28	93.59	76.33	95.93	90.44	104.83	115.71	108.43	155.79	189.64	187.38	93.13	121.47	110.00	97.21	87.59	117.02
10 KG Box†	160.51	180.68	194.97	248.86	250.78	287.58	309.01	307.67	416.60	402.78	417.69	247.20	302.25	290.55	259.94	218.91	318.30
25 KG Box†	252.27	280.82	307.83	372.55	378.38	439.95	520.09	548.05	697.00	773.97	739.42	384.20	472.97	478.39	415.89	372.32	551.22
1 Lbs.	92.97	101.32	93.63	113.82	108.23	135.15	123.08	118.11	146.03	182.02	189.95	104.90	127.92	121.57	109.21	102.81	110.58
2	102.26	111.76	105.60	129.29	116.76	159.46	150.35	137.02	175.63	207.33	209.57	119.26	144.92	139.67	125.66	109.30	134.41
3	114.63	122.03	117.46	150.20	127.95	177.77	172.70	158.97	205.45	249.90	238.32	141.06	161.64	157.31	144.01	121.56	144.60
4	126.49	134.32	132.02	174.52	143.72	202.11	200.45	181.19	242.03	291.73	283.25	164.00	177.70	177.46	167.67	136.53	163.13
5	141.33	161.83	150.47	203.63	162.10	219.02	226.06	215.35	266.26	323.77	317.86	198.97	215.55	215.42	210.99	153.99	182.36
6	146.01	169.49	168.82	216.35	176.01	236.66	247.41	226.79	300.81	343.04	338.11	210.65	236.66	235.44	221.48	167.22	212.35
7	149.05	173.59	179.81	228.81	188.45	259.44	269.30	246.86	334.15	368.92	377.23	223.45	257.58	260.35	233.46	180.77	235.71
8	153.42	176.09	188.96	238.84	199.35	277.64	290.04	274.92	397.79	386.73	403.91	234.29	283.94	275.17	240.38	191.22	257.94
9	154.52	179.88	190.39	239.86	200.38	283.49	294.99	279.23	404.10	393.62	419.40	235.40	292.35	277.70	243.24	194.06	287.93
10	155.58	180.99	193.93	241.37	203.68	286.20	304.87	280.31	405.46	395.28	427.69	236.80	293.73	278.64	244.36	197.26	302.32
11	159.23	183.12	200.09	243.71	213.48	289.25	308.38	291.40	421.29	401.84	428.68	245.17	298.64	286.92	250.20	202.81	318.08
12	161.10	185.09	206.85	251.53	222.38	293.56	314.18	296.48	424.38	414.32	444.51	252.29	308.67	293.00	254.81	211.26	341.00
13	197.32	231.28	244.44	291.88	233.61	340.33	382.61	352.53	514.28	491.39	535.02	308.47	353.72	360.34	303.62	221.93	356.19
14	212.28	243.32	271.21	326.02	244.01	375.85	433.24	382.80	553.04	552.52	594.95	331.98	428.77	401.67	324.48	231.82	370.62
15	220.52	251.51	290.27	337.24	270.83	398.94	462.81	441.36	581.79	598.99	602.48	344.01	439.45	421.39	342.43	257.29	392.02
16	228.72	257.93	291.31	349.78	286.71	413.62	481.48	448.19	650.74	682.65	653.90	357.78	456.63	443.32	359.74	273.71	410.71
17	235.30	265.48	292.41	356.38	288.69	415.27	495.68	449.17	655.97	691.00	697.68	369.81	458.61	454.03	360.67	275.58	426.03
18	239.68	266.58	293.52	357.36	290.48	416.38	497.08	450.15	678.93	711.98	735.10	371.74	459.60	455.15	361.74	277.31	436.25
19	240.72	269.30	294.62	358.34	309.83	417.42	498.15	451.13	688.02	749.65	737.11	372.87	460.58	456.26	362.83	295.78	454.91
20	241.74	270.39	295.72	359.32	321.36	418.48	499.20	452.12	689.39	758.26	740.72	373.98	461.57	457.30	363.94	306.78	469.53
21	242.77	271.48	296.79	360.29	324.99	419.53	500.26	452.20	690.42	759.31	741.71	375.02	462.55	458.38	372.65	310.25	476.55
22	243.80	272.54	297.86	361.27	326.14	420.55	501.32	453.18	691.43	760.34	742.70	376.06	463.54	459.47	381.78	311.35	490.64
23	244.84	273.60	298.93	362.25	331.81	421.58	502.38	454.16	692.46	761.74	750.85	377.10	464.52	460.56	391.72	316.76	501.54
24	247.12	276.05	302.07	367.77	334.30	423.84	504.76	474.29	711.36	762.72	791.15	378.93	474.94	461.55	393.21	319.13	516.50
25	249.37	278.43	306.03	372.03	341.52	435.11	512.83	484.22	720.64	766.81	809.17	386.84	484.80	471.10	397.83	326.03	533.02

\*The Letter rate applies only to documents, correspondence and electronic media shipments of no commercial value that do not exceed eight ounces sent in a UPS Express® Envelope.

\*\*UPS Express® Pak rates apply to shipments weighing two pounds or less, with a customs value of less than \$100.00 and UPS Express Pak is selected at the time of shipping.

†Shipments exceeding the maximum weights (10 KG/22 pounds and 25 KG/55 pounds) will be charged the regular UPS Worldwide Express Plus or UPS Worldwide Express rate. Available only when the shipper is paying the shipping charges.

**Note:** For additional information, refer to page 26.

## Export

## UPS Worldwide Express®

Zones	81	82	84	901	902	903	904	905	906	907	908	909	911	912	913	920	921
26 Lbs.	\$303.87	\$347.99	\$353.97	\$482.20	\$369.20	\$574.02	\$652.92	\$580.87	\$854.18	\$921.40	\$829.43	\$490.42	\$594.56	\$600.37	\$465.14	\$352.45	\$550.42
27	323.52	363.02	395.89	519.14	376.77	595.96	677.49	622.47	919.52	1,044.10	1,027.86	517.81	657.01	637.29	516.28	359.68	557.72
28	334.71	377.90	415.56	534.06	377.94	598.17	702.56	626.80	926.05	1,091.66	1,053.49	533.00	663.33	648.92	527.90	360.79	571.81
29	340.94	382.38	417.55	544.03	379.12	601.46	722.67	679.49	967.69	1,119.38	1,056.06	534.25	665.33	680.20	528.90	361.92	585.88
30	347.67	385.74	418.65	555.45	387.93	634.62	725.55	696.19	975.30	1,125.16	1,058.52	538.77	667.78	683.92	545.98	370.33	598.81
31	356.00	399.39	419.76	567.21	401.15	641.72	767.75	702.74	977.59	1,126.34	1,062.48	557.07	716.85	706.25	568.69	377.37	614.46
32	363.34	406.05	420.74	570.28	418.78	645.19	790.90	703.72	982.32	1,128.92	1,063.90	588.46	744.21	721.30	580.75	393.96	628.56
33	370.70	414.20	443.90	600.69	427.85	656.19	809.00	719.68	1,055.08	1,146.78	1,120.01	600.00	746.95	724.18	600.02	402.49	642.33
34	378.05	420.87	447.46	608.55	443.56	657.36	826.53	736.62	1,062.38	1,152.92	1,125.62	609.77	750.09	745.86	609.45	417.27	655.83
35	384.27	427.54	448.49	629.39	445.47	676.65	844.63	738.53	1,125.39	1,227.45	1,126.81	611.03	813.23	754.73	610.58	419.07	676.74
36	384.94	430.46	449.66	645.05	483.21	679.30	858.22	739.51	1,165.75	1,234.64	1,150.74	612.20	819.54	804.76	623.65	454.57	683.26
37	397.29	442.23	450.77	647.59	510.14	681.97	890.11	740.50	1,183.46	1,236.14	1,172.94	648.76	820.52	816.27	648.64	479.91	698.24
38	402.41	448.32	451.89	649.28	512.86	703.16	917.46	769.40	1,197.88	1,237.28	1,175.17	660.09	826.05	819.91	660.38	482.46	712.16
39	409.73	454.25	459.69	685.60	523.37	712.23	936.66	783.23	1,198.86	1,238.40	1,185.85	672.47	827.40	854.33	672.43	492.35	725.51
40	417.10	461.83	460.80	699.01	524.53	745.14	938.30	784.64	1,199.85	1,239.56	1,236.16	674.27	828.53	855.67	681.53	493.44	740.30
41	424.47	464.70	465.39	711.03	534.51	748.45	956.35	812.25	1,200.84	1,240.82	1,317.39	694.23	872.00	858.32	683.09	510.26	755.39
42	431.25	474.92	485.37	720.34	536.76	752.56	974.55	828.43	1,218.53	1,242.01	1,338.93	705.19	891.70	897.15	705.30	512.41	769.76
43	436.93	483.72	497.49	734.73	537.92	798.56	992.59	830.26	1,226.72	1,324.55	1,387.73	716.72	929.24	909.56	717.20	513.52	796.67
44	443.17	491.13	501.43	744.47	547.46	842.78	1,011.09	866.80	1,227.71	1,358.05	1,392.62	727.60	941.61	927.90	727.49	522.63	802.64
45	449.95	497.09	504.90	755.90	549.32	864.02	1,029.31	933.87	1,228.69	1,362.20	1,398.95	739.17	943.31	947.11	739.10	524.40	825.28
46	455.05	507.97	523.42	767.75	586.24	871.38	1,052.00	940.57	1,229.68	1,445.29	1,525.47	746.86	977.34	955.59	746.78	559.66	840.56
47	461.83	513.06	532.17	781.12	589.94	878.58	1,065.54	992.09	1,230.68	1,508.73	1,538.19	759.04	980.78	968.85	759.40	563.18	857.92
48	468.03	522.49	539.14	792.79	591.12	905.21	1,083.74	997.25	1,242.90	1,515.10	1,539.47	770.57	981.76	984.50	769.14	564.31	875.32
49	473.14	527.72	541.31	804.07	613.61	907.90	1,101.36	1,013.35	1,246.93	1,585.73	1,540.58	782.75	982.75	985.78	782.56	585.77	892.55
50	479.94	535.37	546.05	805.13	615.89	910.05	1,118.07	1,016.49	1,268.14	1,592.81	1,541.70	793.83	984.94	987.13	793.71	587.95	910.35
52	491.62	545.85	549.08	829.63	658.11	955.22	1,161.88	1,077.51	1,430.94	1,597.97	1,594.11	807.77	1,063.55	995.45	807.76	628.24	919.32
54	499.18	552.53	576.59	847.45	665.77	976.00	1,183.90	1,084.21	1,440.59	1,601.42	1,599.84	821.77	1,109.59	1,046.19	819.30	635.58	949.21
56	509.29	563.12	587.14	873.89	693.06	994.01	1,226.51	1,087.45	1,507.78	1,678.40	1,612.98	847.40	1,124.88	1,083.76	846.18	661.62	977.49
58	519.97	573.57	598.49	900.35	720.34	1,003.87	1,270.03	1,090.67	1,565.69	1,767.37	1,626.10	873.03	1,140.16	1,121.19	874.77	687.66	1,008.80
60	535.94	586.37	601.52	930.05	723.84	1,077.13	1,324.36	1,095.85	1,578.69	1,824.46	1,708.84	906.79	1,262.22	1,207.37	907.20	691.01	1,039.27
62	546.11	597.25	615.02	941.22	765.56	1,093.29	1,367.70	1,141.34	1,581.91	1,831.36	1,712.96	930.55	1,266.19	1,231.08	937.05	730.82	1,070.74
64	556.34	606.11	618.05	982.22	770.13	1,096.69	1,411.67	1,204.69	1,585.15	1,834.81	1,746.66	954.30	1,269.54	1,270.34	957.30	735.19	1,104.86
66	563.71	615.99	628.19	1,007.21	776.07	1,100.11	1,445.82	1,209.29	1,663.04	1,838.24	1,750.24	978.04	1,331.92	1,283.43	976.21	740.86	1,134.53
68	574.87	626.43	656.43	1,033.05	828.58	1,160.03	1,460.92	1,283.09	1,805.67	1,841.27	1,905.57	1,001.77	1,335.35	1,293.89	1,012.65	790.99	1,174.28
70	586.34	638.01	666.18	1,057.57	832.10	1,176.53	1,530.84	1,298.00	1,818.72	1,867.27	1,922.39	1,025.48	1,338.37	1,330.25	1,028.79	794.35	1,205.06

Note: For additional information, refer to page 26.

## Export

## UPS Worldwide Express®

Zones	81	82	84	901	902	903	904	905	906	907	908	909	911	912	913	920	921
72 Lbs.	\$592.56	\$641.64	\$669.60	\$1,080.17	\$864.07	\$1,227.91	\$1,570.40	\$1,371.97	\$1,821.74	\$1,909.67	\$1,968.87	\$1,032.89	\$1,393.10	\$1,350.73	\$1,037.46	\$824.87	\$1,238.29
74	600.54	657.07	672.63	1,104.36	867.69	1,272.73	1,600.45	1,380.65	1,827.16	1,982.93	2,016.44	1,071.03	1,427.66	1,373.65	1,050.06	828.32	1,272.50
76	616.91	667.38	675.66	1,107.57	931.06	1,284.52	1,607.55	1,478.18	1,957.67	2,047.35	2,019.86	1,094.74	1,467.45	1,420.10	1,098.01	875.88	1,303.85
78	622.56	676.07	692.89	1,138.65	937.71	1,288.82	1,648.69	1,481.42	1,961.08	2,055.96	2,033.01	1,118.48	1,471.49	1,506.58	1,121.97	882.13	1,337.70
80	629.87	684.51	699.28	1,155.29	943.57	1,351.88	1,663.36	1,509.78	1,982.68	2,065.40	2,051.27	1,142.17	1,474.52	1,535.46	1,148.26	887.64	1,361.06
82	636.29	692.92	726.44	1,189.88	947.06	1,355.29	1,666.59	1,513.02	1,985.71	2,068.96	2,089.77	1,145.43	1,478.58	1,549.88	1,151.76	890.93	1,367.20
84	642.04	701.20	733.61	1,215.50	1,011.78	1,358.70	1,747.22	1,516.24	1,988.73	2,105.60	2,092.81	1,148.69	1,557.11	1,552.96	1,169.02	951.81	1,400.74
86	649.24	707.40	737.24	1,234.40	1,018.88	1,361.71	1,777.27	1,544.66	1,991.76	2,124.33	2,217.96	1,203.92	1,562.22	1,556.03	1,203.51	958.49	1,428.72
88	656.43	719.99	740.68	1,258.31	1,022.70	1,401.81	1,807.14	1,547.89	1,994.79	2,174.00	2,299.61	1,206.97	1,656.22	1,559.11	1,223.68	962.08	1,460.61
90	663.64	726.34	758.39	1,267.08	1,037.89	1,459.63	1,836.90	1,632.24	1,997.82	2,177.03	2,363.89	1,238.84	1,673.53	1,562.18	1,243.97	976.37	1,494.27
92	670.80	734.15	767.78	1,284.45	1,059.97	1,468.54	1,867.10	1,655.25	2,000.84	2,191.29	2,370.70	1,257.39	1,676.73	1,565.26	1,264.10	997.15	1,527.27
94	678.00	742.31	770.81	1,311.36	1,076.56	1,566.05	1,889.74	1,725.02	2,003.87	2,324.63	2,374.15	1,279.98	1,759.94	1,568.34	1,278.76	1,012.75	1,557.01
96	683.38	744.58	773.84	1,319.36	1,107.10	1,598.75	1,910.16	1,739.12	2,006.90	2,513.20	2,494.89	1,304.89	1,771.18	1,610.47	1,304.61	1,056.87	1,583.73
98	685.87	747.87	777.19	1,322.43	1,130.29	1,601.76	1,919.40	1,742.13	2,009.93	2,597.66	2,508.92	1,307.94	1,774.20	1,620.18	1,313.63	1,063.31	1,612.03
100	695.73	754.35	780.53	1,325.60	1,182.39	1,605.24	1,922.60	1,836.23	2,150.97	2,678.85	2,890.88	1,311.31	1,777.23	1,623.53	1,325.66	1,128.84	1,617.83
105	727.72	788.81	811.23	1,390.77	1,266.16	1,688.67	2,006.34	1,910.75	2,258.52	2,812.79	3,032.56	1,372.84	1,852.03	1,709.92	1,390.76	1,191.12	1,681.32
110	762.37	826.36	849.67	1,456.99	1,326.44	1,768.15	2,101.89	2,001.73	2,366.07	2,946.73	3,176.83	1,438.20	1,940.24	1,791.36	1,455.86	1,247.83	1,694.85
115	797.03	863.92	887.51	1,523.23	1,386.73	1,848.18	2,197.43	2,092.71	2,473.62	3,080.67	3,318.09	1,503.58	2,028.43	1,872.77	1,520.71	1,304.54	1,748.43
120	831.68	901.49	926.05	1,589.44	1,447.02	1,928.54	2,292.98	2,183.71	2,581.15	3,214.62	3,459.04	1,568.96	2,116.61	1,954.20	1,585.43	1,361.26	1,818.25
125	866.33	939.04	963.67	1,655.68	1,507.31	2,008.13	2,388.51	2,274.70	2,688.71	3,348.56	3,599.77	1,634.31	2,204.81	2,035.62	1,651.29	1,417.97	1,888.53
130	899.71	976.60	1,008.42	1,721.90	1,567.61	2,087.51	2,484.04	2,365.68	2,796.25	3,482.50	3,743.61	1,699.69	2,292.99	2,117.05	1,717.27	1,474.70	1,939.52
135	934.29	1,014.16	1,047.02	1,788.12	1,627.90	2,167.62	2,579.59	2,456.67	2,903.80	3,616.45	3,884.06	1,765.06	2,381.18	2,198.47	1,791.07	1,531.42	1,988.93
140	968.75	1,051.72	1,085.72	1,854.35	1,688.19	2,245.90	2,675.12	2,547.66	3,011.36	3,750.39	4,027.77	1,830.43	2,469.39	2,279.89	1,857.36	1,588.13	2,054.18
145	1,002.55	1,089.28	1,124.46	1,920.58	1,748.48	2,325.00	2,770.67	2,638.64	3,118.89	3,884.32	4,167.79	1,895.81	2,557.57	2,361.31	1,923.66	1,644.85	2,120.12
150	1,036.83	1,126.84	1,163.16	1,986.81	1,808.77	2,415.36	2,866.21	2,729.62	3,226.45	4,018.26	4,311.38	1,961.19	2,645.75	2,442.75	1,989.97	1,701.57	2,185.64

Determining the Rate

## Shipments of More Than 150 Pounds (non-pallet)

Zones	81	82	84	901	902	903	904	905	906	907	908	909	911	912	913	920	921
Price Per Pound	\$6.92	\$7.52	\$7.76	\$13.25	\$12.06	\$16.11	\$19.11	\$18.20	\$21.51	\$26.79	\$28.75	\$13.08	\$17.64	\$16.29	\$13.27	\$11.35	\$14.58
Minimum Rate	1,036.83	1,126.84	1,163.16	1,986.81	1,808.77	2,415.36	2,866.21	2,729.62	3,226.45	4,018.26	4,311.38	1,961.19	2,645.75	2,442.75	1,989.97	1,701.57	2,185.64

**Note:** For additional information, refer to page 26.

## Export

## UPS Worldwide Express Freight® Midday

Guaranteed delivery by 12:00 p.m. or 2:00 p.m. to 39 countries and territories. Delivery is guaranteed on the next business day to Canada, the second business day to Europe and Latin America and within two to three business days to Asia. Rates include door-to-door and non door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions® for palletized shipments of more than 150 pounds.

## Door-to-Door

Zones	481	482	484	401	402	403	404	405
151-999 Lbs. (Price per Lb.)	\$7.69	\$8.18	\$8.40	\$15.41	\$12.65	\$15.88	\$22.39	\$19.73
1,000 Lbs. or More (Price per Lb.)	7.15	7.65	7.86	14.41	11.71	14.85	20.94	18.44
Minimum Rate	1,161.19	1,235.18	1,268.40	2,326.91	1,910.15	2,397.88	3,380.89	2,979.23

Zones	406	407	408	409	411	412	413	420	421
151-999 Lbs. (Price per Lb.)	\$23.53	\$29.57	\$32.34	\$13.80	\$17.04	\$17.81	\$14.30	\$12.65	\$16.12
1,000 Lbs. or More (Price per Lb.)	21.88	27.35	30.24	12.90	15.84	16.66	13.37	11.71	14.99
Minimum Rate	3,553.03	4,465.07	4,883.34	2,083.80	2,573.04	2,689.31	2,159.30	1,910.15	2,434.12

Non Door-to-Door: Drop-off, Hold at Location,  
Drop-off and Hold at Location

Zones	481	482	484	401	402	403	404	405
151-999 Lbs. (Price per Lb.)	\$6.87	\$7.35	\$7.59	\$14.54	\$11.85	\$15.08	\$21.51	\$18.93
1,000 Lbs. or More (Price per Lb.)	6.33	6.82	7.05	13.54	10.91	14.04	20.06	17.64
Minimum Rate	1,037.37	1,109.85	1,146.09	2,195.54	1,789.35	2,277.08	3,248.01	2,858.43

Zones	406	407	408	409	411	412	413	420	421
151-999 Lbs. (Price per Lb.)	\$22.75	\$28.76	\$31.53	\$12.96	\$16.24	\$16.97	\$13.48	\$11.85	\$15.32
1,000 Lbs. or More (Price per Lb.)	21.10	26.54	29.43	12.06	15.04	15.82	12.55	10.91	14.19
Minimum Rate	3,435.25	4,342.76	4,761.03	1,956.96	2,452.24	2,562.47	2,035.48	1,789.35	2,313.32

## Notes:

- Door-to-door refers to shipments picked up and delivered to addresses designated by the shipper.
- Drop-off refers to shipments that are dropped off at a UPS Worldwide Express Freight Center and delivered to a designated address.
- Hold at Location refers to shipments picked up at a designated address and held at a UPS Worldwide Express Freight Center for pickup.
- Drop-off and Hold at Location refers to shipments that are dropped off and held at a UPS Worldwide Express Freight Center for pickup.
- For UPS Worldwide Express Freight Midday shipments, additional charges may apply to larger pallets. Pallets exceeding maximum size or weight restrictions (which vary by origin and destination) as set forth at [ups.com/assets/resources/media/wwef\\_max\\_dim.pdf](https://www.ups.com/assets/resources/media/wwef_max_dim.pdf) require prior authorization. Refer to page [124](#) for more information.
- For additional information, refer to page [26](#).



## Export

UPS Worldwide Express Freight<sup>®</sup>

Guaranteed delivery by end of day to 76 countries and territories. Delivery is guaranteed on the next business day to Canada, the second business day to Europe and Latin America and within two to three business days to Asia. Rates include door-to-door and non door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions for palletized shipments of more than 150 pounds.

## Door-to-Door

Zones	481	482	484	401	402	403	404	405
151-999 Lbs. (Price per Lb.)	\$6.52	\$6.93	\$7.30	\$12.33	\$11.00	\$13.81	\$17.91	\$17.16
1,000 Lbs. or More (Price per Lb.)	6.06	6.48	6.83	11.53	10.18	12.91	16.75	16.04
Minimum Rate	984.52	1,046.43	1,102.30	1,861.83	1,661.00	2,085.31	2,704.41	2,591.16

Zones	406	407	408	409	411	412	413	420	421
151-999 Lbs. (Price per Lb.)	\$21.01	\$25.71	\$28.12	\$11.50	\$14.82	\$14.84	\$12.12	\$11.00	\$14.02
1,000 Lbs. or More (Price per Lb.)	19.54	23.78	26.29	10.75	13.78	13.88	11.33	10.18	13.04
Minimum Rate	3,172.51	3,882.21	4,246.12	1,736.50	2,237.82	2,240.84	1,830.12	1,661.00	2,117.02

Non Door-to-Door: Drop-off, Hold at Location,  
Drop-off and Hold at Location

Zones	481	482	484	401	402	403	404	405
151-999 Lbs. (Price per Lb.)	\$5.82	\$6.23	\$6.60	\$11.63	\$10.30	\$13.11	\$17.21	\$16.46
1,000 Lbs. or More (Price per Lb.)	5.36	5.78	6.13	10.83	9.48	12.21	16.05	15.34
Minimum Rate	878.82	940.73	996.60	1,756.13	1,555.30	1,979.61	2,598.71	2,485.46

Zones	406	407	408	409	411	412	413	420	421
151-999 Lbs. (Price per Lb.)	\$20.31	\$25.01	\$27.42	\$10.80	\$14.12	\$14.14	\$11.42	\$10.30	\$13.32
1,000 Lbs. or More (Price per Lb.)	18.84	23.08	25.59	10.05	13.08	13.18	10.63	9.48	12.34
Minimum Rate	3,066.81	3,776.51	4,140.42	1,630.80	2,132.12	2,135.14	1,724.42	1,555.30	2,011.32

## Notes:

- Door-to-door refers to shipments picked up and delivered to addresses designated by the shipper.
- Drop-off refers to shipments that are dropped off at a UPS Worldwide Express Freight Center and delivered to a designated address.
- Hold at Location refers to shipments picked up at a designated address and held at a UPS Worldwide Express Freight Center for pickup.
- Drop-off and Hold at Location refers to shipments that are dropped off and held at a UPS Worldwide Express Freight Center for pickup.
- For UPS Worldwide Express Freight shipments, additional charges may apply to larger pallets. Pallets exceeding maximum size or weight restrictions (which vary by origin and destination) as set forth at [ups.com/media/en/wwef\\_max\\_dim.pdf](https://www.ups.com/media/en/wwef_max_dim.pdf) require prior authorization. Refer to page 124 for more information.
- For additional information, refer to page 26.

## Export

## UPS Worldwide Saver®

Guaranteed delivery by end of business day to more than 220 countries and territories. Delivery is guaranteed on the next business day to Canada and for documents to Mexico, the second business day to Europe and Latin America and within two to three business days to Asia. Rates include door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions.

Zones	481	482	484	401	402	403	404	405	406	407	408	409	411	412	413	420	421
Letter*	\$48.27	\$49.73	\$51.84	\$66.24	\$59.52	\$72.11	\$77.15	\$76.15	\$97.55	\$138.05	\$146.96	\$63.15	\$77.22	\$73.20	\$62.94	\$56.55	\$68.28
Pak 1 Lbs.**	80.51	83.69	70.92	90.02	78.92	100.56	103.89	99.88	113.84	156.69	153.16	83.52	102.28	98.19	84.10	74.98	84.00
Pak 2 Lbs.**	88.39	92.20	74.46	95.16	87.80	103.28	113.10	106.51	152.73	185.92	183.70	91.21	118.85	107.42	93.02	83.41	112.51
10 KG Box†	154.33	173.73	187.47	239.28	241.13	276.51	297.12	295.83	400.57	387.28	401.62	237.69	290.62	279.37	249.94	210.49	306.05
25 KG Box†	242.56	270.01	295.99	358.22	363.82	423.02	500.08	526.97	670.19	744.20	710.98	369.42	454.77	459.99	399.89	358.00	530.01
1 Lbs.	92.04	99.82	92.70	112.91	105.07	133.15	120.66	116.02	143.73	178.97	186.22	102.84	125.41	119.18	106.54	99.81	104.32
2	101.24	110.10	104.24	127.04	113.35	157.10	147.40	134.59	172.86	203.86	205.46	116.92	142.77	136.57	122.59	107.68	129.24
3	112.91	120.22	115.95	147.25	124.22	175.14	169.31	155.54	202.21	245.72	233.64	137.86	159.25	153.57	140.49	118.01	139.03
4	124.35	132.15	130.32	171.11	139.53	199.12	196.31	177.10	236.30	286.85	277.69	159.82	175.07	172.28	163.58	132.55	156.85
5	138.95	157.58	148.53	199.64	157.37	215.78	221.41	210.51	262.06	318.35	311.62	193.92	209.30	208.96	206.85	149.50	175.34
6	143.54	164.42	164.24	211.32	170.88	233.16	242.31	221.68	296.07	337.30	331.48	206.51	230.69	228.39	217.13	162.34	204.18
7	147.23	168.38	175.36	223.49	182.96	255.60	263.75	241.31	328.88	362.75	369.83	219.06	249.25	252.55	228.88	173.81	226.64
8	151.90	173.48	186.53	233.29	193.54	273.53	284.06	270.05	391.52	380.26	395.99	228.91	274.65	266.93	235.66	183.86	248.01
9	152.99	177.22	187.94	234.36	194.54	279.30	289.20	274.29	397.73	389.72	411.17	229.92	288.02	269.39	238.47	184.81	276.85
10	154.03	178.31	191.44	238.32	197.74	281.97	298.89	275.35	399.07	391.36	419.30	232.15	289.38	271.76	239.56	187.86	290.69
11	157.65	181.66	197.52	241.77	207.26	284.97	302.33	286.24	414.65	397.86	420.27	240.36	292.78	281.29	244.09	196.90	305.84
12	159.50	183.62	204.19	249.53	215.90	289.22	308.01	292.96	417.69	410.21	435.79	247.34	302.61	286.97	248.59	205.10	327.88
13	195.36	227.86	241.30	284.81	226.80	335.30	375.10	346.29	506.18	476.66	524.52	298.07	346.78	349.55	296.21	215.46	342.49
14	210.17	239.72	267.72	323.43	236.90	370.29	424.74	376.03	544.33	543.28	583.28	324.51	422.43	392.25	316.56	225.06	356.36
15	218.33	247.79	286.54	334.56	262.94	393.04	453.73	433.55	572.62	588.97	590.66	336.27	430.83	411.51	334.07	249.79	376.94
16	226.45	255.88	288.42	346.31	279.71	409.52	472.03	442.87	640.49	671.23	641.07	349.73	447.67	432.92	349.94	265.73	394.91
17	232.97	263.37	289.51	353.55	281.64	411.15	485.96	443.84	645.63	679.44	684.00	361.49	451.83	444.69	351.87	267.55	409.64
18	237.77	264.46	290.61	354.52	283.39	412.25	487.33	444.81	668.23	700.07	720.68	364.45	452.80	445.78	352.91	269.23	419.47
19	238.80	267.16	291.70	355.49	302.27	413.28	488.38	445.78	677.18	737.11	722.65	365.55	453.77	446.87	353.98	287.16	437.41
20	239.82	268.24	292.79	356.46	313.52	414.33	489.41	446.75	678.53	745.58	726.19	366.64	454.74	447.89	355.06	297.84	451.47
21	240.84	269.32	293.85	357.43	317.06	415.37	490.45	447.72	679.54	746.61	727.16	367.66	455.71	448.95	363.56	301.21	458.22
22	241.86	270.37	294.91	358.40	318.18	416.38	491.49	448.69	680.54	747.63	728.13	368.68	456.68	450.01	372.46	302.28	471.76
23	242.89	271.42	295.97	359.37	323.71	417.40	492.52	449.66	681.55	749.00	736.12	369.70	457.65	451.08	382.16	307.53	482.25
24	245.15	273.85	299.07	364.85	326.14	419.64	494.86	469.59	700.15	749.97	783.31	371.50	467.92	452.05	383.61	309.83	496.63
25	247.39	276.22	303.00	368.34	333.19	430.80	502.77	478.47	709.29	753.99	801.15	379.25	475.29	461.41	388.12	316.53	512.51

\*The Letter rate applies only to documents, correspondence and electronic media shipments of no commercial value that do not exceed eight ounces sent in a UPS Express® Envelope.

\*\*UPS Express® Pak rates apply to shipments weighing two pounds or less, with a customs value of less than \$100.00 and UPS Express Pak is selected at the time of shipping.

†Shipments exceeding the maximum weights (10 KG/22 pounds and 25 KG/55 pounds) will be charged the regular UPS Worldwide Saver rate. Available only when the shipper is paying the shipping charges.

**Note:** For additional information, refer to page 26.

## Export

## UPS Worldwide Saver®

Zones	481	482	484	401	402	403	404	405	406	407	408	409	411	412	413	420	421
26 Lbs.	\$301.11	\$343.52	\$350.46	\$478.37	\$360.19	\$568.33	\$640.74	\$573.98	\$840.72	\$905.99	\$821.21	\$479.39	\$585.77	\$581.75	\$453.79	\$342.18	\$529.25
27	320.64	355.29	391.97	514.00	367.58	590.05	664.85	615.08	905.03	1,026.64	1,007.70	506.16	647.30	617.52	502.21	349.20	536.26
28	331.84	373.05	411.44	528.77	368.72	592.24	689.46	619.36	911.46	1,073.41	1,032.83	521.01	653.52	628.79	513.52	350.28	549.81
29	338.04	377.47	413.41	538.64	369.87	595.50	709.19	671.43	952.45	1,100.66	1,035.35	522.23	655.49	659.10	514.49	351.37	563.34
30	344.66	382.67	414.50	549.95	378.46	628.33	712.02	687.93	959.94	1,106.35	1,037.76	526.65	657.91	662.71	531.10	359.54	575.77
31	352.86	394.26	415.60	561.59	391.36	635.36	753.43	694.40	962.19	1,107.51	1,041.64	544.54	706.25	684.35	553.20	371.79	590.82
32	360.21	400.83	416.57	564.63	408.56	638.80	776.15	695.37	966.85	1,110.04	1,043.03	575.22	733.21	698.93	564.93	388.13	604.38
33	367.54	408.88	439.50	594.74	417.41	649.69	793.91	711.14	1,038.46	1,135.42	1,098.04	586.51	735.91	701.72	583.67	396.54	617.62
34	374.86	415.46	443.02	602.52	432.74	650.85	811.11	727.88	1,045.64	1,141.50	1,103.54	596.06	739.00	722.73	592.85	411.10	630.60
35	380.91	422.05	444.04	623.15	434.60	669.95	828.88	729.77	1,107.66	1,206.93	1,104.71	597.29	801.21	731.32	593.94	412.87	650.71
36	381.88	427.04	445.20	638.66	471.42	672.57	842.21	730.74	1,147.39	1,214.00	1,128.17	598.43	807.42	779.80	606.66	447.85	656.98
37	393.72	436.55	446.30	641.17	497.69	675.21	873.51	731.71	1,164.82	1,215.47	1,149.94	634.17	808.39	790.95	630.97	472.81	671.38
38	399.02	442.56	447.41	642.85	500.35	696.19	900.35	760.27	1,179.01	1,216.59	1,152.12	645.24	813.84	794.48	642.39	475.33	684.76
39	406.07	448.42	455.13	672.15	510.60	705.17	919.19	773.94	1,179.98	1,217.69	1,162.59	657.35	815.17	827.83	654.11	485.07	697.60
40	413.42	455.90	456.23	685.30	511.73	737.76	920.80	775.33	1,180.95	1,218.83	1,211.92	661.04	816.28	829.13	662.96	486.14	711.82
41	420.75	458.73	460.78	697.08	521.47	741.03	938.51	802.61	1,181.92	1,220.07	1,291.55	678.62	859.11	831.70	664.48	495.39	726.33
42	427.51	468.82	480.56	706.21	523.66	745.10	956.37	818.60	1,199.34	1,221.24	1,312.67	689.33	878.52	869.33	686.08	497.48	740.15
43	432.98	477.51	489.17	720.32	524.80	790.65	974.08	820.41	1,207.40	1,302.40	1,360.51	700.60	915.50	881.35	697.66	498.56	766.02
44	439.31	484.82	493.04	729.87	534.10	834.43	992.23	856.52	1,208.37	1,335.34	1,365.31	711.24	927.69	899.12	707.67	507.40	771.76
45	445.94	490.71	499.90	741.07	535.92	855.46	1,010.11	922.79	1,209.34	1,339.42	1,371.51	722.55	929.36	917.74	718.96	509.12	793.53
46	451.11	501.45	514.67	752.69	571.94	862.75	1,032.38	929.41	1,210.31	1,421.13	1,495.55	730.06	962.89	925.95	726.43	543.35	808.23
47	457.72	506.47	523.27	765.80	575.55	869.88	1,045.67	980.32	1,211.29	1,483.51	1,508.02	741.97	966.28	938.80	738.71	546.77	824.92
48	463.91	515.78	530.12	777.24	576.70	896.24	1,063.53	985.42	1,223.32	1,489.77	1,509.28	753.24	967.25	953.97	748.19	547.87	841.65
49	469.08	520.94	535.95	788.30	598.64	898.91	1,080.82	1,001.33	1,233.36	1,559.22	1,510.37	765.15	968.22	955.21	761.24	568.70	858.22
50	475.85	528.49	536.92	789.34	600.86	901.03	1,097.22	1,004.43	1,254.34	1,566.18	1,511.47	775.98	970.38	956.52	772.09	570.82	875.33
52	487.71	538.84	539.90	821.41	642.05	945.76	1,140.21	1,066.84	1,415.37	1,571.25	1,562.85	789.60	1,047.83	964.58	785.75	609.94	883.96
54	495.21	545.43	566.95	839.05	649.53	966.33	1,161.82	1,073.47	1,424.91	1,574.65	1,568.47	803.29	1,093.19	1,013.75	796.98	617.06	912.70
56	505.24	555.89	577.32	865.23	676.15	984.16	1,203.64	1,076.68	1,491.37	1,650.34	1,581.35	828.34	1,108.25	1,050.15	823.13	642.34	939.89
58	515.84	566.20	588.48	891.43	702.77	993.93	1,246.34	1,079.87	1,533.88	1,737.82	1,594.21	853.40	1,123.31	1,086.42	850.94	667.63	970.00
60	531.22	578.84	591.46	920.84	706.18	1,066.46	1,299.66	1,085.00	1,561.51	1,793.96	1,675.33	886.40	1,243.56	1,169.93	882.49	670.88	999.29
62	541.28	589.58	608.93	931.90	746.88	1,082.46	1,342.19	1,130.03	1,564.69	1,800.74	1,679.37	909.62	1,247.47	1,192.90	918.67	709.53	1,029.55
64	551.36	598.33	611.93	972.49	751.34	1,085.83	1,385.34	1,192.76	1,567.90	1,804.13	1,712.41	932.84	1,250.77	1,230.94	938.52	713.77	1,062.36
66	558.69	608.08	621.97	997.23	757.14	1,089.21	1,418.86	1,197.31	1,644.94	1,807.51	1,715.92	956.05	1,312.23	1,243.63	957.06	719.28	1,090.89
68	570.30	618.39	645.45	1,022.82	808.37	1,148.54	1,429.89	1,270.38	1,777.23	1,810.49	1,868.20	979.24	1,315.61	1,253.76	985.06	767.95	1,129.11
70	581.29	629.82	655.04	1,047.09	811.80	1,164.88	1,502.29	1,285.14	1,790.07	1,836.05	1,884.69	1,002.42	1,318.59	1,289.00	1,008.61	771.21	1,158.71

Note: For additional information, refer to page 26.

## Export

## UPS Worldwide Saver®

Zones	481	482	484	401	402	403	404	405	406	407	408	409	411	412	413	420	421
72 Lbs.	\$587.19	\$633.40	\$658.40	\$1,069.47	\$842.99	\$1,215.75	\$1,541.11	\$1,358.38	\$1,793.05	\$1,877.74	\$1,930.26	\$1,009.66	\$1,372.51	\$1,308.84	\$1,017.11	\$800.84	\$1,190.66
74	595.16	648.63	661.38	1,093.42	846.52	1,260.12	1,570.60	1,366.98	1,798.38	1,949.78	1,976.90	1,046.95	1,406.56	1,341.45	1,029.47	804.19	1,223.55
76	611.35	658.81	664.36	1,096.60	908.35	1,271.80	1,577.57	1,463.54	1,926.84	2,013.12	1,980.25	1,070.12	1,445.76	1,376.06	1,076.48	862.93	1,253.70
78	616.96	667.39	686.02	1,127.37	914.83	1,276.05	1,617.94	1,466.75	1,930.19	2,021.59	1,993.14	1,093.33	1,449.74	1,459.86	1,099.97	869.09	1,286.25
80	624.15	675.72	692.35	1,146.12	920.55	1,338.49	1,632.34	1,494.83	1,951.45	2,030.87	2,011.04	1,116.49	1,452.72	1,487.84	1,125.74	874.52	1,308.71
82	630.62	684.02	714.29	1,178.09	923.96	1,341.87	1,635.51	1,498.03	1,954.43	2,034.37	2,048.79	1,119.67	1,456.72	1,501.82	1,129.17	877.76	1,314.61
84	636.38	692.20	721.34	1,203.46	987.10	1,345.24	1,714.64	1,501.22	1,957.41	2,070.40	2,051.77	1,122.86	1,534.09	1,504.80	1,137.17	937.74	1,346.86
86	643.42	698.32	724.91	1,222.17	994.02	1,348.22	1,744.13	1,529.36	1,960.39	2,088.82	2,174.47	1,176.85	1,539.13	1,507.78	1,179.91	944.32	1,373.76
88	650.61	710.75	728.29	1,245.85	997.75	1,387.93	1,773.44	1,532.56	1,963.37	2,137.65	2,254.51	1,179.83	1,631.74	1,510.76	1,199.68	947.86	1,404.43
90	657.81	717.01	745.71	1,254.53	1,012.57	1,445.17	1,802.64	1,616.07	1,966.35	2,140.63	2,317.53	1,210.98	1,648.79	1,513.74	1,219.57	961.94	1,436.79
92	664.72	724.72	754.94	1,271.73	1,034.11	1,454.00	1,832.28	1,619.05	1,969.33	2,154.66	2,324.21	1,229.12	1,651.95	1,516.72	1,239.31	982.41	1,468.52
94	671.91	732.78	757.92	1,298.37	1,050.30	1,550.54	1,854.50	1,707.94	1,972.31	2,285.77	2,327.59	1,251.20	1,733.93	1,519.70	1,253.68	997.78	1,497.12
96	677.31	738.67	760.90	1,308.88	1,080.09	1,582.92	1,874.54	1,721.90	1,975.29	2,471.18	2,445.97	1,275.55	1,745.00	1,577.34	1,279.02	1,026.08	1,522.81
98	680.42	741.93	764.19	1,311.93	1,102.72	1,585.90	1,883.61	1,724.88	1,978.27	2,554.23	2,459.72	1,278.53	1,747.98	1,586.85	1,287.87	1,047.59	1,550.02
100	690.20	748.36	767.48	1,315.07	1,170.68	1,589.34	1,886.75	1,818.04	2,117.09	2,634.07	2,862.25	1,281.82	1,750.96	1,590.13	1,299.66	1,112.15	1,555.60
105	721.94	782.54	803.19	1,377.00	1,235.27	1,671.95	1,968.93	1,891.83	2,222.95	2,765.77	3,002.53	1,345.92	1,824.66	1,674.75	1,363.49	1,173.51	1,616.65
110	756.31	819.80	841.25	1,442.56	1,294.08	1,750.64	2,062.69	1,981.91	2,328.80	2,897.47	3,145.37	1,410.00	1,911.56	1,754.51	1,427.31	1,229.38	1,629.66
115	790.70	857.06	878.72	1,508.14	1,352.90	1,829.88	2,156.45	2,071.99	2,434.66	3,029.17	3,285.23	1,474.09	1,998.45	1,834.25	1,490.89	1,285.26	1,681.18
120	825.07	894.33	916.88	1,573.70	1,411.72	1,909.44	2,250.22	2,162.08	2,540.50	3,160.88	3,424.79	1,538.19	2,085.33	1,914.00	1,554.34	1,341.14	1,748.31
125	859.45	931.58	954.12	1,639.28	1,470.54	1,988.24	2,343.97	2,252.17	2,646.36	3,292.58	3,564.12	1,602.26	2,172.22	1,993.75	1,618.91	1,397.01	1,815.89
130	892.56	968.84	991.56	1,704.85	1,529.37	2,066.84	2,437.72	2,342.25	2,752.21	3,424.28	3,706.54	1,666.36	2,259.10	2,073.50	1,683.59	1,452.90	1,864.92
135	926.87	1,006.11	1,029.51	1,770.41	1,588.19	2,146.15	2,531.49	2,432.34	2,858.07	3,555.99	3,845.60	1,730.45	2,345.99	2,153.25	1,755.95	1,508.78	1,912.43
140	961.06	1,043.37	1,067.57	1,835.99	1,647.01	2,223.66	2,625.24	2,522.43	2,963.93	3,687.69	3,987.89	1,794.53	2,432.89	2,232.99	1,820.94	1,564.66	1,975.17
145	994.59	1,080.63	1,105.66	1,901.56	1,705.83	2,301.98	2,719.00	2,612.51	3,069.77	3,819.39	4,126.52	1,858.63	2,519.77	2,312.74	1,885.94	1,620.54	2,038.57
150	1,028.60	1,117.89	1,143.71	1,967.13	1,764.65	2,391.44	2,812.76	2,702.59	3,175.63	3,951.09	4,268.69	1,922.73	2,606.65	2,392.50	1,950.95	1,676.42	2,101.57

## Shipments of More Than 150 Pounds

Zones	481	482	484	401	402	403	404	405	406	407	408	409	411	412	413	420	421
Price Per Pound	\$6.86	\$7.46	\$7.63	\$13.12	\$11.77	\$15.95	\$18.76	\$18.02	\$21.18	\$26.35	\$28.46	\$12.82	\$17.38	\$15.95	\$13.01	\$11.18	\$14.02
Minimum Rate	1,028.60	1,117.89	1,143.71	1,967.13	1,764.65	2,391.44	2,812.76	2,702.59	3,175.63	3,951.09	4,268.69	1,922.73	2,606.65	2,392.50	1,950.95	1,676.42	2,101.57

**Note:** For additional information, refer to page [26](#).

## Export

## UPS Worldwide Expedited®

Guaranteed delivery by end of business day to more than 220 countries and territories. Delivery is guaranteed in two business days to Canada, three business days to Mexico, three to four business days to Europe and four to five business days to Asia and Latin America. Rates include door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions.

Zones	71	72	74	601/631	602/632	603/633	604/634	605/635	606/636	607/637	608/638	609/639	611/641	612/642	613/643	620	621
1 Lbs.	\$86.91	\$93.49	\$82.27	\$103.96	\$89.08	\$117.04	\$114.42	\$109.05	\$135.65	\$126.30	\$114.42	\$96.60	\$113.55	\$111.22	\$97.22	\$85.58	\$94.49
2	93.46	102.72	91.52	121.44	102.35	136.74	140.68	127.48	162.18	158.09	148.08	109.79	126.54	129.22	115.23	98.85	116.39
3	100.65	112.04	104.70	142.02	114.27	153.80	158.95	144.51	183.09	189.32	167.73	131.41	149.95	146.09	131.34	110.77	130.06
4	107.37	122.04	110.44	160.51	126.08	169.65	175.20	163.59	213.72	236.00	214.35	147.62	158.87	160.78	148.22	122.58	145.61
5	122.43	141.24	128.31	190.32	137.74	201.16	200.36	188.61	235.01	266.10	242.79	177.73	179.79	181.29	174.65	134.24	157.52
6	126.81	144.80	134.78	202.73	153.86	213.78	217.26	206.34	274.84	299.24	281.92	191.69	197.74	197.51	188.44	150.36	188.79
7	131.77	150.39	150.11	213.43	164.73	229.95	239.02	224.48	297.26	332.20	295.22	196.06	218.73	221.32	192.29	161.23	196.37
8	137.83	155.47	162.47	218.59	168.99	250.37	255.85	241.76	338.34	341.79	329.86	204.16	239.55	229.79	197.59	165.49	224.69
9	139.10	163.06	163.24	225.95	177.06	256.74	273.48	255.26	365.41	376.27	378.76	207.58	258.25	242.44	222.63	173.56	239.31
10	143.33	165.79	166.30	228.05	180.46	260.42	274.34	256.03	370.66	377.04	379.82	220.88	266.83	260.00	224.70	176.96	254.48
11	146.66	168.15	185.30	230.38	187.22	262.72	277.83	259.89	385.48	377.81	390.36	224.72	274.61	263.97	227.97	183.72	259.07
12	148.20	170.98	186.07	232.41	192.63	266.31	283.16	262.35	392.45	382.77	394.41	225.49	281.11	264.74	231.97	189.13	273.27
13	159.70	196.08	196.55	261.64	203.88	300.44	352.37	306.79	457.28	417.57	429.72	250.78	298.31	315.12	273.92	200.38	297.88
14	165.16	202.19	197.39	280.73	210.77	330.45	375.13	334.98	488.22	479.16	509.45	252.97	343.45	326.58	277.55	207.27	311.64
15	170.60	212.82	203.48	286.40	225.16	335.40	391.10	355.43	500.15	541.06	510.22	269.58	391.55	334.05	281.30	221.66	313.90
16	178.58	217.61	206.01	312.81	236.03	350.91	415.80	385.03	520.32	556.88	510.99	287.71	400.98	360.10	284.98	232.53	334.04
17	179.97	218.48	216.46	314.25	241.82	358.47	426.42	390.21	544.94	569.66	511.76	302.17	407.35	374.90	291.73	238.32	355.78
18	184.71	223.59	221.16	319.06	251.57	364.62	429.80	401.09	581.42	593.14	560.95	304.15	420.93	380.41	315.84	248.07	366.76
19	189.40	229.10	242.12	320.18	259.96	381.12	453.74	423.43	602.65	620.79	572.15	320.21	428.08	392.83	329.02	256.46	378.47
20	194.12	234.57	249.43	325.48	268.40	383.17	455.72	424.82	604.63	656.24	606.07	331.45	428.86	421.17	329.29	264.90	390.84
21	214.48	254.21	250.20	339.99	278.16	386.94	463.44	426.49	629.54	697.11	681.97	340.26	429.64	423.23	329.31	274.66	403.41
22	219.56	254.98	251.38	340.76	286.74	387.71	464.31	427.26	641.71	700.76	690.57	341.03	430.42	425.13	349.00	283.24	414.94
23	224.03	256.32	257.44	341.53	292.41	388.51	466.44	428.03	642.48	715.88	698.74	341.80	431.19	426.06	355.57	288.91	419.40
24	232.70	257.15	265.82	346.90	295.36	394.94	469.38	430.25	648.07	716.65	699.51	342.57	438.10	429.04	358.04	291.86	426.58
25	233.47	261.68	266.62	349.22	299.05	405.13	473.48	434.89	651.81	723.56	721.81	349.32	442.30	433.30	359.31	295.55	444.17
26	257.06	288.41	277.14	448.24	318.81	518.32	582.78	521.64	713.45	797.52	747.83	429.18	550.65	523.16	408.66	315.31	461.26
27	262.16	313.86	277.99	459.78	332.17	540.27	611.61	531.91	732.26	812.54	822.36	457.22	595.26	553.11	416.87	328.67	461.40
28	271.97	316.19	285.60	471.70	333.04	551.20	636.85	583.63	744.36	857.94	823.13	457.99	616.53	556.65	418.86	329.54	478.09
29	276.10	317.17	293.50	481.73	337.10	565.58	667.78	604.29	782.91	916.86	841.03	464.63	619.05	620.88	447.70	333.60	494.63
30	276.97	329.12	303.41	482.60	342.42	578.78	673.36	605.94	789.09	921.35	841.95	465.40	619.88	621.94	475.67	338.92	506.66
31	282.43	330.34	307.28	492.84	353.79	597.27	706.73	621.03	839.75	922.22	857.42	472.44	633.71	634.61	485.19	350.29	522.34
32	288.54	343.53	308.05	493.61	367.00	598.14	709.23	627.09	856.80	923.10	858.26	489.45	636.69	635.49	511.39	363.50	536.69
33	294.64	349.71	308.82	494.38	373.91	605.67	721.69	634.58	864.17	942.91	859.09	491.03	671.13	654.79	519.77	370.41	543.36
34	300.75	350.60	311.76	495.70	379.83	607.43	735.46	636.15	865.79	955.95	859.92	534.02	694.93	656.72	520.24	376.33	550.48
35	306.89	356.04	312.60	496.59	386.72	614.50	755.20	637.20	868.03	959.17	860.74	543.94	708.09	658.97	523.21	383.22	564.76

Note: For additional information, refer to page 26.

## Export

## UPS Worldwide Expedited®

Zones	71	72	74	601/631	602/632	603/633	604/634	605/635	606/636	607/637	608/638	609/639	611/641	612/642	613/643	620	621
36 Lbs.	\$312.98	\$362.34	\$314.29	\$497.44	\$392.71	\$626.91	\$777.27	\$638.05	\$869.07	\$973.04	\$861.57	\$544.90	\$720.36	\$703.64	\$558.04	\$389.21	\$568.48
37	319.03	369.22	320.14	498.32	398.65	630.82	779.48	638.87	876.38	1,002.66	862.38	553.92	721.46	739.88	560.15	395.15	582.24
38	325.16	376.08	320.98	510.54	405.48	645.77	805.22	650.24	932.35	1,028.02	920.58	577.43	728.41	753.80	580.43	401.98	596.87
39	331.28	382.93	323.99	544.05	412.72	657.90	827.80	696.98	952.18	1,028.79	927.01	579.75	729.44	756.78	584.61	409.22	606.17
40	337.42	393.31	324.83	546.38	419.92	688.95	830.83	735.56	960.95	1,060.78	928.81	580.63	732.15	759.26	586.11	416.42	611.29
41	343.54	394.37	325.67	557.16	425.48	691.00	851.90	742.64	961.87	1,076.19	941.08	595.59	770.75	779.90	600.68	419.10	620.72
42	349.72	400.06	326.64	558.77	429.75	692.73	854.01	751.35	968.30	1,170.20	1,013.05	597.22	785.12	782.00	603.70	423.30	632.30
43	355.87	407.48	329.01	566.95	435.67	732.21	881.79	762.35	975.98	1,200.99	1,088.25	612.26	843.48	784.02	614.64	429.14	645.47
44	362.04	413.17	331.34	590.16	441.15	767.97	893.86	773.27	1,001.04	1,217.32	1,096.24	613.03	844.25	824.07	617.06	434.53	657.01
45	368.24	418.92	344.48	592.48	446.64	769.94	911.23	801.04	1,004.80	1,219.73	1,129.89	613.80	845.02	842.87	639.18	439.94	670.78
46	374.38	424.08	349.29	595.27	453.04	770.83	912.97	810.81	1,006.84	1,221.80	1,157.16	614.57	845.79	844.77	642.77	446.25	683.99
47	384.59	430.35	350.06	596.14	467.74	789.07	913.86	811.65	1,020.64	1,272.61	1,159.14	618.43	879.61	845.85	650.24	460.72	697.84
48	385.62	440.23	350.83	596.91	471.33	802.83	925.44	817.96	1,073.56	1,329.91	1,161.22	619.20	882.31	853.50	653.95	464.26	712.32
49	390.13	441.26	353.22	600.15	472.15	803.71	953.58	853.64	1,106.23	1,340.60	1,202.76	645.68	908.57	854.39	656.19	465.07	726.01
50	395.21	446.96	354.06	608.99	475.95	805.15	956.40	857.65	1,107.23	1,346.40	1,206.92	649.63	909.34	855.27	657.11	468.81	740.77
52	413.00	462.97	361.20	617.80	493.83	820.64	980.20	885.56	1,146.72	1,349.30	1,285.13	660.73	910.63	868.72	682.00	486.43	756.06
54	416.82	468.60	364.33	638.23	499.87	833.09	1,000.55	886.85	1,161.09	1,406.16	1,286.42	662.02	950.81	870.01	690.46	492.38	783.38
56	426.46	479.14	376.76	654.60	511.38	842.99	1,026.46	968.51	1,162.47	1,413.75	1,287.71	700.09	952.24	875.76	706.97	503.71	811.63
58	436.11	489.67	379.50	679.83	522.47	853.55	1,052.43	982.91	1,163.84	1,415.24	1,289.00	716.85	960.01	878.26	725.29	514.64	840.07
60	445.91	513.31	380.91	702.05	532.13	864.50	1,054.59	995.03	1,165.22	1,416.72	1,290.29	728.30	980.55	891.28	749.88	524.15	868.47
62	456.02	522.70	392.70	703.50	543.58	884.42	1,073.05	1,007.73	1,174.43	1,418.17	1,291.58	746.15	981.84	893.00	770.18	535.43	897.05
64	474.98	528.10	396.75	704.97	560.96	891.07	1,080.33	1,009.07	1,175.81	1,487.05	1,311.28	747.44	1,023.25	897.20	776.47	552.55	924.69
66	480.76	533.25	403.53	708.26	567.18	972.49	1,087.84	1,010.36	1,177.19	1,497.12	1,312.57	778.53	1,037.38	901.44	793.20	558.67	952.29
68	486.27	542.95	410.33	733.52	578.57	973.98	1,095.32	1,011.65	1,197.55	1,498.50	1,343.67	779.82	1,047.66	905.69	804.99	569.89	980.74
70	487.56	552.94	417.02	753.90	590.14	975.46	1,102.83	1,049.83	1,238.94	1,499.89	1,373.20	785.56	1,050.83	909.93	816.66	581.28	1,008.65
72	501.98	562.79	423.82	782.81	602.35	977.11	1,110.29	1,059.24	1,284.53	1,501.26	1,374.49	798.74	1,153.45	912.29	828.28	593.31	1,036.50
74	523.36	576.54	430.59	784.34	613.13	978.59	1,117.78	1,060.53	1,285.82	1,502.64	1,424.69	816.14	1,154.74	918.40	839.90	603.94	1,064.41
76	529.66	578.48	437.31	785.89	624.59	980.08	1,125.27	1,061.82	1,287.11	1,504.02	1,476.46	868.36	1,161.88	922.70	851.55	615.22	1,092.52
78	533.97	579.82	444.10	787.18	635.15	1,025.52	1,132.74	1,091.69	1,288.40	1,505.39	1,481.85	882.21	1,163.38	923.99	863.15	625.62	1,120.37
80	538.31	581.16	454.59	790.61	644.51	1,026.81	1,140.25	1,093.05	1,382.71	1,511.96	1,483.35	896.07	1,164.88	928.86	874.77	634.84	1,147.56
82	542.63	582.50	463.69	792.73	661.55	1,028.10	1,147.75	1,108.06	1,384.00	1,523.60	1,484.78	898.51	1,168.91	930.15	886.40	651.62	1,169.84
84	546.96	583.84	465.11	794.02	663.24	1,029.39	1,155.24	1,109.35	1,385.29	1,631.73	1,486.07	899.80	1,170.40	931.44	898.02	653.29	1,191.76
86	551.17	585.18	483.47	806.48	672.59	1,030.68	1,162.71	1,123.01	1,386.58	1,633.02	1,490.84	937.65	1,171.91	932.73	909.62	662.50	1,201.68
88	552.46	586.52	494.82	826.70	682.02	1,031.97	1,167.24	1,124.35	1,387.87	1,634.31	1,492.22	943.81	1,231.49	934.02	921.28	671.79	1,231.48
90	553.75	587.86	496.25	836.95	698.59	1,033.26	1,168.53	1,125.99	1,389.16	1,646.96	1,496.15	945.10	1,246.63	935.31	923.98	688.11	1,258.60

Note: For additional information, refer to page 26.

## Export

UPS Worldwide Expedited<sup>®</sup>

Zones	71	72	74	601/631	602/632	603/633	604/634	605/635	606/636	607/637	608/638	609/639	611/641	612/642	613/643	620	621
92 Lbs.	\$559.40	\$589.19	\$501.04	\$849.33	\$700.71	\$1,034.55	\$1,169.82	\$1,139.00	\$1,390.45	\$1,658.96	\$1,580.49	\$946.39	\$1,252.86	\$936.60	\$933.10	\$690.20	\$1,285.64
94	562.77	590.53	502.63	862.29	713.69	1,035.84	1,171.11	1,140.29	1,391.74	1,660.37	1,592.70	947.68	1,254.23	937.89	933.90	702.99	1,312.55
96	564.56	591.87	513.51	869.15	719.47	1,037.13	1,172.40	1,141.75	1,393.03	1,661.89	1,595.23	953.96	1,255.54	939.18	938.13	708.68	1,327.19
98	565.97	593.21	530.68	870.51	728.90	1,038.42	1,178.65	1,144.62	1,394.32	1,663.34	1,596.52	955.26	1,256.91	940.47	940.57	717.97	1,329.00
100	567.37	594.55	575.09	876.23	806.33	1,039.71	1,180.03	1,159.57	1,418.06	1,748.74	1,662.47	956.57	1,358.61	941.76	959.58	794.24	1,389.62
105	593.78	608.89	590.67	909.09	829.25	1,080.65	1,238.06	1,217.49	1,531.95	1,818.78	1,738.84	1,047.90	1,413.73	976.75	978.57	814.33	1,436.21
110	622.07	637.89	618.79	952.27	868.74	1,132.11	1,297.01	1,275.29	1,604.90	1,905.38	1,821.64	1,097.81	1,481.05	1,023.26	1,025.28	853.10	1,446.65
115	650.34	666.89	646.91	995.64	908.23	1,183.57	1,355.97	1,323.65	1,677.85	1,991.99	1,904.44	1,147.69	1,548.38	1,069.78	1,073.76	891.88	1,508.07
120	678.62	695.87	675.04	1,038.80	947.71	1,235.03	1,414.92	1,378.78	1,750.80	2,078.59	1,987.24	1,197.60	1,615.69	1,116.28	1,119.25	930.65	1,568.66
125	706.89	724.87	703.17	1,082.17	987.20	1,286.49	1,473.88	1,449.39	1,823.75	2,165.19	2,070.04	1,247.50	1,683.02	1,162.80	1,163.96	969.43	1,617.43
130	735.17	753.87	731.30	1,125.33	1,026.69	1,337.95	1,532.83	1,473.51	1,896.70	2,251.81	2,152.86	1,297.40	1,750.34	1,209.31	1,212.95	1,008.21	1,666.23
135	763.45	782.85	759.42	1,168.71	1,066.18	1,389.41	1,591.79	1,513.95	1,969.65	2,338.42	2,235.66	1,347.29	1,764.24	1,255.83	1,257.69	1,046.99	1,712.08
140	791.72	811.85	787.55	1,211.86	1,105.67	1,440.87	1,650.74	1,559.54	2,042.60	2,425.03	2,318.45	1,397.20	1,820.63	1,302.33	1,303.14	1,085.77	1,770.59
145	820.00	840.85	815.68	1,254.82	1,145.15	1,490.20	1,709.70	1,571.38	2,115.55	2,511.63	2,401.25	1,447.09	1,882.40	1,348.85	1,352.34	1,124.53	1,828.14
150	848.27	869.85	843.80	1,295.94	1,184.65	1,543.77	1,768.64	1,580.99	2,188.50	2,598.23	2,484.05	1,497.00	1,943.96	1,395.36	1,396.70	1,163.32	1,884.89

## Shipments of More Than 150 Pounds

Zones	71	72	74	601/631	602/632	603/633	604/634	605/635	606/636	607/637	608/638	609/639	611/641	612/642	613/643	620	621
Price Per Pound	\$5.66	\$5.80	\$5.63	\$8.64	\$7.90	\$10.30	\$11.80	\$10.54	\$14.59	\$17.33	\$16.57	\$9.98	\$12.96	\$9.31	\$9.32	\$7.76	\$12.57
Minimum Rate	848.27	869.85	843.80	1,295.94	1,184.65	1,543.77	1,768.64	1,580.99	2,188.50	2,598.23	2,484.05	1,497.00	1,943.96	1,395.36	1,396.70	1,163.32	1,884.89

**Note:** For additional information, refer to page 26.

## Export

## UPS® Standard to Canada\*

Guaranteed delivery to all Canadian provinces by end of day within two to seven business days. Rates include door-to-door delivery. Customs clearance is not included. For rates, see [ups.com/cacustomsclearance](https://www.ups.com/cacustomsclearance). UPS will provide Customs Brokerage Services by UPS Supply Chain Solutions unless a different broker is specified. Customs Brokerage charges will be billed to the importer unless otherwise indicated by the shipper.

Zones	51	52	53	54	55	56
1 Lbs.	\$22.58	\$22.85	\$23.14	\$35.84	\$36.34	\$36.77
2	24.42	24.70	25.02	37.69	38.22	38.67
3	25.19	25.47	25.89	39.51	40.07	40.55
4	26.97	27.29	27.64	41.65	42.23	42.73
5	28.60	28.93	29.31	42.24	42.78	43.36
6	30.06	30.41	30.80	44.24	44.86	45.39
7	31.44	31.81	32.21	44.94	45.57	46.11
8	32.88	33.26	33.69	46.55	47.20	47.77
9	34.24	34.64	35.07	47.17	47.83	48.39
10	35.67	36.08	36.54	48.70	49.38	49.97
11	36.27	36.84	37.31	50.58	51.30	51.90
12	37.47	38.10	38.59	51.98	52.70	53.33
13	38.97	39.63	40.13	53.27	54.39	55.05
14	39.54	40.20	40.70	53.90	55.01	55.66
15	40.10	40.77	41.43	54.65	55.56	56.21
16	41.43	42.13	42.83	56.54	57.33	58.28
17	42.53	43.24	43.90	58.13	58.94	60.02
18	44.06	44.79	45.40	59.86	60.71	61.65
19	45.44	46.19	46.82	61.60	62.46	63.53
20	46.56	47.33	48.11	63.28	64.17	65.17
21	47.94	48.48	49.61	65.00	65.93	66.72
22	49.37	49.95	51.10	66.90	67.84	68.72
23	50.58	51.18	52.18	68.57	69.53	70.36
24	51.89	52.50	53.42	70.22	71.22	72.09
25	52.90	53.52	54.34	71.91	72.93	73.79
26	54.15	54.77	55.68	73.91	74.95	75.84
27	55.67	56.32	57.17	75.71	76.78	77.68
28	57.00	57.67	58.53	77.59	78.67	79.61
29	58.33	59.00	59.97	79.38	80.51	81.45
30	59.64	60.34	61.44	81.19	82.34	83.32
31	60.59	61.48	62.86	82.99	84.32	85.31
32	61.90	62.80	64.15	84.83	86.20	87.22
33	63.43	64.37	65.65	86.65	88.04	89.09
34	64.63	65.57	66.85	88.46	89.87	90.94
35	65.88	66.84	68.58	89.64	91.09	92.70

\*Visit [ups.com/holidays](https://www.ups.com/holidays) for time in transit changes effective during the holiday season.

**Notes:**

- For additional information, refer to pages 26 and 76.
- For a multiple-package shipment, the minimum charge will be based on an average weight of 15 pounds per package.



## Export

## UPS® Standard to Canada\*

Zones	51	52	53	54	55	56
36 Lbs.	\$67.07	\$68.04	\$69.40	\$91.72	\$93.21	\$94.30
37	68.59	69.60	70.95	93.58	95.08	96.21
38	69.83	70.86	72.42	95.19	96.71	97.99
39	71.42	72.47	73.78	96.72	98.26	99.43
40	72.62	73.68	75.22	98.57	100.17	101.36
41	73.88	74.97	76.42	100.25	101.86	103.07
42	75.06	76.16	77.69	101.73	103.38	104.59
43	76.46	77.58	79.11	103.46	105.13	106.37
44	77.43	78.57	80.03	104.79	106.48	107.74
45	78.89	80.05	81.52	106.74	108.45	109.74
46	80.16	81.34	83.00	108.26	110.01	111.31
47	81.40	82.59	84.28	109.93	111.69	113.03
48	82.47	83.67	85.44	111.59	113.39	114.72
49	83.85	85.07	86.62	113.13	114.96	116.33
50	85.24	86.47	88.11	114.94	116.78	118.17
52	87.83	89.12	90.72	117.35	119.23	121.78
54	90.27	91.60	93.25	119.61	121.54	124.34
56	92.38	93.73	95.43	122.08	124.13	127.86
58	98.69	102.02	104.65	124.56	127.43	131.19
60	100.73	103.36	105.69	126.75	129.69	133.80
62	101.88	104.40	106.73	129.50	132.52	137.26
64	102.92	105.43	107.76	131.90	134.08	139.19
66	103.96	106.47	108.80	134.05	137.00	142.25
68	105.00	107.50	109.83	136.45	138.63	145.56
70	106.04	108.53	110.87	139.19	141.44	147.90
72	107.07	109.56	111.90	142.37	143.73	152.77
74	108.11	110.60	112.94	145.06	146.44	156.86
76	109.15	111.63	113.97	148.43	149.84	160.97
78	110.19	112.67	115.01	149.48	150.99	163.79
80	111.23	113.70	116.04	152.84	154.30	167.73
82	112.27	114.74	117.08	155.67	157.15	171.00
84	113.31	115.77	118.11	158.44	159.94	174.20
86	114.35	116.81	119.15	161.99	163.53	177.29
88	115.39	117.85	120.19	164.67	166.23	180.61
90	116.42	118.88	121.22	167.29	168.89	183.64

\*Visit [ups.com/holidays](https://www.ups.com/holidays) for time in transit changes effective during the holiday season.

**Note:** For additional information, refer to pages [26](#) and [76](#).

## Export

## UPS® Standard to Canada\*

Zones	51	52	53	54	55	56
92 Lbs.	\$117.46	\$119.92	\$122.26	\$170.43	\$172.06	\$186.97
94	118.50	120.95	123.29	173.12	174.78	190.00
96	119.54	121.99	125.02	176.03	177.71	193.13
98	120.58	123.02	127.55	179.11	180.82	196.11
100	121.62	124.06	130.15	181.66	183.40	199.43
105	122.66	125.09	132.72	182.71	185.29	205.12
110	123.66	126.63	137.48	186.06	193.20	213.26
115	124.66	132.04	143.08	193.38	201.39	222.00
120	127.75	136.28	149.52	200.70	209.19	230.52
125	130.73	141.47	155.13	208.03	217.26	238.87
130	133.42	145.13	161.28	215.42	224.29	246.25
135	136.30	149.27	167.11	221.30	229.11	253.06
140	139.12	152.55	172.09	228.39	236.12	261.09
145	141.79	156.23	176.83	238.39	242.65	266.75
150	144.71	159.55	181.79	243.29	247.67	270.19

## Shipments of More Than 150 Pounds

Zones	51	52	53	54	55	56
Shipments of 151 to 199 Pounds						
Price Per Pound	\$0.97	\$1.07	\$1.22	\$1.63	\$1.66	\$1.81
Minimum Rate	144.71	159.55	181.79	243.29	247.67	270.19
Shipments of 200 to 499 Pounds						
Price Per Pound	\$0.96	\$1.02	\$1.15	\$1.53	\$1.60	\$1.74
Minimum Rate	193.03	212.93	242.78	324.37	330.34	360.19
Shipments of 500 Pounds or More						
Price Per Pound	\$0.81	\$0.96	\$1.12	\$1.42	\$1.49	\$1.69
Minimum Rate	479.04	508.98	573.85	763.47	798.40	868.26

\*Visit [ups.com/holidays](https://www.ups.com/holidays) for time in transit changes effective during the holiday season.

**Note:** For additional information, refer to pages [26](#) and [76](#).

## Export

## UPS® Standard to Mexico\*

Guaranteed delivery to all of Mexico by end of day within four to eight business days. Rates include routine, in-house, customs clearance. Customs clearance by UPS Supply Chain Solutions is required.\*\*

Zones	32	33	34	35	36	37	38
1 Lbs.	\$54.98	\$55.40	\$56.68	\$57.17	\$57.65	\$57.90	\$58.03
2	58.65	59.72	60.22	61.12	61.23	61.64	61.74
3	62.85	64.44	64.77	65.17	65.28	66.28	66.35
4	66.20	66.52	66.94	67.34	67.64	69.66	69.85
5	66.53	68.04	68.49	69.67	70.64	72.14	72.26
6	70.65	70.85	71.24	72.55	75.02	75.03	75.04
7	72.17	72.42	72.88	74.12	75.08	76.99	77.21
8	72.37	73.91	74.16	75.62	76.68	81.36	81.70
9	75.00	76.69	76.78	77.24	79.24	82.48	84.68
10	76.99	78.63	78.75	79.23	81.16	84.34	86.60
11	80.62	80.78	81.02	82.67	84.99	88.29	90.48
12	81.42	83.19	83.33	83.73	85.65	88.70	91.00
13	83.60	85.36	85.57	86.00	87.87	90.91	93.23
14	87.38	87.60	87.87	88.16	89.98	94.95	95.72
15	87.91	89.96	90.18	91.63	92.75	96.02	98.87
16	88.43	90.57	90.95	92.23	93.77	99.11	100.21
17	90.58	92.89	93.18	94.71	96.69	101.31	103.33
18	91.46	94.17	94.41	95.22	98.23	101.90	105.27
19	91.67	94.48	94.89	95.71	98.50	102.23	105.83
20	92.55	94.65	95.06	99.03	100.23	104.02	107.92
21	97.65	99.18	99.49	99.70	103.34	107.28	111.32
22	100.61	102.30	102.79	105.38	106.63	110.81	115.13
23	103.04	104.82	105.35	108.06	109.63	113.79	118.36
24	105.53	107.23	108.10	110.85	112.47	117.00	121.64
25	105.75	107.65	108.43	113.26	115.02	119.54	124.67
26	110.17	112.30	113.16	115.68	117.43	124.31	127.78
27	112.21	114.40	114.95	115.91	119.92	124.97	130.56
28	113.56	116.57	117.62	120.35	126.04	128.88	133.57
29	113.73	117.64	119.61	120.50	126.44	130.11	136.86
30	114.07	118.26	120.37	120.80	127.06	130.72	137.72
31	114.27	118.71	120.43	120.95	127.38	131.23	138.11
32	114.88	118.85	121.27	121.81	127.97	133.45	140.48
33	116.98	121.25	123.72	125.89	130.72	136.26	143.61
34	118.70	121.41	125.67	126.59	132.96	138.65	146.28
35	120.70	126.03	127.81	128.76	135.34	141.20	149.02

\*Visit [ups.com/holidays](https://www.ups.com/holidays) for time in transit changes effective during the holiday season.

\*\*In cases where the shipment cannot be imported, the shipment will be automatically returned to the exporter.

**Notes:**

- For additional information, refer to pages [26](#) and [76](#).
- For a multiple-package shipment, the minimum charge will be based on an average weight of 15 pounds per package.

## Export

## UPS® Standard to Mexico\*

Zones	32	33	34	35	36	37	38
36 Lbs.	\$122.79	\$128.13	\$130.30	\$133.73	\$137.91	\$143.87	\$151.94
37	128.58	131.58	133.96	137.22	140.85	146.36	153.66
38	132.12	135.10	137.44	139.74	144.36	149.88	157.21
39	133.41	136.66	138.08	140.25	146.64	152.15	159.44
40	133.63	137.58	138.75	142.13	148.29	153.89	161.24
41	135.92	141.85	143.97	144.37	150.73	156.37	163.74
42	138.19	143.36	144.36	146.61	152.96	158.56	165.70
43	139.50	143.76	144.76	150.79	154.31	159.86	167.12
44	141.62	145.54	148.59	151.85	155.11	160.71	168.05
45	142.49	146.78	148.96	152.24	155.60	161.21	168.57
46	144.86	146.96	150.07	152.40	156.63	162.27	169.49
47	147.06	150.03	152.42	152.72	158.89	164.50	171.72
48	147.20	151.42	153.62	154.90	161.09	166.72	173.98
49	148.82	151.79	154.00	156.97	163.23	168.78	176.00
50	150.42	153.38	155.64	158.68	164.79	170.43	177.61
52	153.89	156.39	159.81	161.72	168.61	173.18	180.39
54	158.72	161.80	165.71	167.22	173.97	175.73	181.04
56	163.15	165.31	170.52	171.12	179.23	179.94	186.71
58	164.79	167.23	171.47	173.17	181.76	184.25	191.01
60	168.48	171.16	173.70	177.20	182.59	188.20	195.04
62	172.06	174.87	177.35	180.79	187.83	191.78	198.61
64	178.18	180.49	181.17	184.47	190.81	198.27	204.26
66	178.56	181.27	183.98	188.02	191.46	201.72	207.73
68	181.83	184.73	187.44	191.45	194.76	204.99	211.15
70	185.58	188.23	193.01	195.03	198.19	208.56	214.58
72	189.11	191.73	194.70	198.45	201.75	211.99	217.89
74	193.65	198.86	199.42	202.00	204.95	215.43	221.30
76	194.60	199.30	200.17	205.27	208.32	220.02	225.18
78	196.65	199.40	206.66	208.84	213.43	222.05	227.25
80	198.34	201.09	207.77	209.29	215.27	223.86	229.10

\*Visit [ups.com/holidays](https://www.ups.com/holidays) for time in transit changes effective during the holiday season.

**Note:** For additional information, refer to pages [26](#) and [76](#).

## Export

## UPS® Standard to Mexico\*

Zones	32	33	34	35	36	37	38
82 Lbs.	\$200.59	\$203.20	\$208.73	\$211.23	\$217.16	\$225.79	\$230.87
84	203.86	206.60	209.18	214.52	220.41	228.79	234.02
86	207.30	213.16	215.26	218.70	223.66	232.16	237.24
88	210.50	213.32	215.85	220.80	226.74	235.18	240.21
90	213.79	216.56	219.20	224.04	229.92	238.70	243.30
92	216.26	224.25	224.51	226.59	232.21	241.02	245.80
94	219.89	225.48	227.91	229.76	235.35	244.10	248.89
96	222.86	225.78	228.32	232.33	237.67	246.41	251.18
98	225.83	227.83	230.95	234.70	239.89	248.56	253.58
100	229.30	230.68	234.23	237.49	242.65	251.36	256.43
105	238.03	239.74	242.78	245.89	250.84	259.47	264.46
110	247.55	248.95	251.31	254.28	259.17	268.00	273.26
115	254.64	256.21	258.82	261.41	266.44	275.37	280.62
120	261.95	263.62	266.17	268.46	273.78	282.88	288.23
125	269.48	270.96	273.78	275.59	280.90	290.03	295.47
130	276.75	278.54	281.33	282.92	288.06	297.35	302.81
135	284.04	286.24	289.07	290.06	295.28	304.51	309.86
140	291.57	294.10	296.91	297.71	302.79	311.71	317.34
145	299.60	302.36	305.40	305.59	310.59	319.48	325.27
150	307.38	310.72	313.81	314.89	318.56	327.27	333.11

## Shipments of More Than 150 Pounds

Zones	32	33	34	35	36	37	38
Shipments of 151 to 199 Pounds							
Price Per Pound	\$2.05	\$2.08	\$2.10	\$2.10	\$2.13	\$2.19	\$2.23
Minimum Rate	307.38	310.72	313.81	314.89	318.56	327.27	333.11
Shipments of 200 Pounds or More							
Price Per Pound	\$1.99	\$2.02	\$2.04	\$2.04	\$2.07	\$2.12	\$2.16
Minimum Rate	407.95	413.92	417.90	417.90	423.87	435.81	443.77

\*Visit [ups.com/holidays](https://www.ups.com/holidays) for time in transit changes effective during the holiday season.

**Note:** For additional information, refer to pages [26](#) and [76](#).

# Import Shipment Pricing

## UPS Worldwide Express Plus<sup>®</sup>, UPS Worldwide Express NA1<sup>®</sup>, UPS Worldwide Express<sup>®</sup>, UPS Worldwide Express Freight<sup>®</sup> Midday, UPS Worldwide Express Freight<sup>®</sup>, UPS Worldwide Saver<sup>®</sup>, UPS Worldwide Expedited<sup>®</sup>, UPS 3 Day Select<sup>®</sup> from Canada and UPS<sup>®</sup> Standard

Shipment pricing is advantageous because rates are based on the total weight of a shipment, not the sum of the rates for each package in a shipment.

### What Qualifies

1. The shipment consists of multiple packages, using the same service, shipped on the same day to a single consignee.
2. For shipments processed with WorldShip<sup>®</sup> or UPS CampusShip<sup>®</sup> shipping systems, [ups.com](https://www.ups.com) shipping, the UPS<sup>®</sup> Developer Kit or a UPS Ready<sup>®</sup> solution that supports full international service or a UPS Worldwide Services Waybill. **Note:** For shipments processed with UPS Developer Kit – Shipping API, in order to obtain the best rate, customers are responsible for aggregating shipments for shipment pricing prior to requesting labels (UPS Developer Kit – Shipping API does not run End of Day).

### What Does Not Qualify

Shipment pricing does not apply to UPS Express<sup>®</sup> Envelopes, the UPS<sup>®</sup> 10 KG Box or the UPS<sup>®</sup> 25 KG Box; they are each considered separate shipments.

### Rates

Rates are based on the total billable weight of all packages in the shipment. Compare each package's actual weight to its dimensional weight. The greater of the two is the billable weight and should be used to calculate the rate. For multiple-package shipments, total the billable weight of all packages in the shipment. Refer to pages [16-17](#) for instructions on calculating dimensional weight.

If the payer of the shipping charges is located in the origin country, the shipment will be charged the export rate (Origin Country Export Rates). When

the payer of the shipping charges is located in the destination country, the shipment will be charged the import rate (Destination Country Import Rates). If the destination country does not have import rates, the shipment will be charged the export rate (Origin Country Export Rates). When the payer of the shipping charges is located in a third country (neither origin nor destination country), the shipment will be charged the Origin Country Export Rates, except as otherwise agreed to by UPS and the contracting party.

Unless otherwise specified at the time of shipping, shipping charges are billed to the shipper. In the event of non-payment by consignee or third party, the charges are billed to the shipper. Refer to page [114](#) for more information on billing options.

For shipments weighing 150 pounds or less, locate the rate for the total weight of the shipment on the appropriate rate chart.

To determine the rate for a shipment weighing more than 150 pounds, multiply the total weight (rounded to the next whole pound) by the appropriate price per pound as shown under the shipment weight designations above 150 pounds. The amount billed will be the result of this calculation or the minimum rate shown, whichever is greater.

For a multiple-package UPS Standard shipment, the minimum charge will be based on an average weight of 15 pounds per package.

All rates for UPS international services, except UPS<sup>®</sup> Standard from Canada, include routine, in-house, customs brokerage. For more information on customs brokerage for import shipments, refer to pages [134-136](#).

### Useful Information – International Shipping

<b>Import/Export Support</b> Information on international shipping and trade	Visit <a href="https://www.ups.com/international">ups.com/international</a>
<b>Shipping Forms</b> Import/export documents	Visit <a href="https://www.ups.com/intl_forms">ups.com/intl_forms</a>
<b>UPS Paperless<sup>®</sup> Invoice</b> Send Commercial Invoices and other customs documents electronically, saving time and paper	Visit <a href="https://www.ups.com/paperlessinvoice">ups.com/paperlessinvoice</a>
<b>UPS TradeAbility<sup>®</sup> Services</b> Harmonizer, landed cost and compliance tools	Visit <a href="https://www.ups.com/tradeability">ups.com/tradeability</a>
<b>International Customer Service</b> Assistance with international shipments	Call 1-800-782-7892
<b>UPS Import Control<sup>®</sup> Services</b> Take control of your imports	Visit <a href="#">UPS Import Control<sup>®</sup></a>

## Import

# UPS Worldwide Express®

### UPS Worldwide Express Plus®

Guaranteed delivery as early as 8:00 a.m. or 8:30 a.m. on the next business day from Canada and one to two business days from Asia, Europe and Latin America. Delivery from all valid UPS origins. Rates include door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions® Add \$40.00 to the appropriate UPS Worldwide Express rate for each UPS Worldwide Express Plus shipment.

### UPS Worldwide Express NA1®

Overnight delivery to the U.S., Canada and Latin America from select cities in Germany, the United Kingdom and the Netherlands. Guaranteed delivery by 10:30 a.m. or 12 p.m. where UPS Worldwide Express service is available or end of day if UPS Worldwide Saver® is the only available service to the destination postal code. UPS Worldwide Express rates apply, which include door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions. Service requires an early pickup at origin.

### UPS Worldwide Express

Guaranteed delivery as early as 10:30 a.m., 12:00 p.m. or 2:00 p.m. from all valid UPS origins. Delivery is guaranteed on the next business day from Canada and Mexico and one to two business days from Asia, Europe and Latin America. Rates include door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions.

### Letter/Document

Zones	91	94	951	952	953	954	955	956	957	958	959	961	962	963	970	971
Letter*	\$56.32	\$56.52	\$97.48	\$82.31	\$104.80	\$78.98	\$113.42	\$79.44	\$97.20	\$106.53	\$81.44	\$91.04	\$70.61	\$81.44	\$77.44	\$74.58
1 Lbs.	82.11	60.73	113.49	91.62	135.21	99.49	133.39	90.46	122.64	133.92	102.96	99.10	87.95	103.07	89.61	89.44
2	83.65	61.37	116.32	94.47	137.51	105.54	168.73	114.11	146.71	169.24	107.86	120.80	96.48	115.83	92.09	112.83
3	113.57	85.77	172.47	146.95	200.82	157.70	279.46	167.08	212.19	266.36	162.72	165.27	156.38	162.72	137.20	147.61
4	124.84	92.81	194.47	161.83	222.76	178.03	322.03	192.02	236.97	320.16	184.33	187.76	180.35	184.33	155.67	169.50
5	136.20	100.39	217.36	176.72	244.70	198.89	364.57	220.06	269.85	349.87	201.20	218.73	198.12	201.20	167.77	190.78
6	150.89	106.85	234.81	193.80	270.20	217.48	405.29	244.06	294.43	390.74	217.88	236.93	219.39	217.88	185.93	206.44
7	158.20	115.00	249.55	208.50	291.34	236.31	447.15	265.32	320.66	437.18	236.37	261.01	240.12	236.37	201.03	226.30
8	169.18	118.72	265.58	222.94	310.00	255.98	496.06	289.60	346.21	483.95	255.34	278.19	259.42	255.34	213.97	242.30
9	179.67	124.66	277.71	237.43	331.65	275.68	527.44	311.24	368.21	525.60	275.14	299.97	279.08	275.14	228.08	262.01
10	190.46	129.24	285.60	251.91	351.54	283.05	548.94	323.52	394.85	571.04	284.40	316.89	292.04	284.40	242.14	265.93

### Non-document

Zones	91	94	951	952	953	954	955	956	957	958	959	961	962	963	970	971
1 Lbs.	\$95.78	\$71.02	\$163.23	\$114.60	\$176.53	\$133.73	\$200.79	\$126.26	\$169.58	\$189.30	\$135.39	\$146.63	\$125.03	\$135.39	\$106.73	\$114.04
2	108.41	79.60	186.25	137.34	201.81	156.75	240.26	151.47	197.67	227.94	154.49	171.93	144.23	155.74	128.37	132.28
3	120.87	88.96	204.39	153.38	222.68	181.17	291.32	174.09	236.41	283.02	180.04	194.14	163.93	180.04	143.14	151.10
4	132.58	96.24	228.83	169.22	255.27	207.15	335.91	200.27	272.28	326.17	198.64	216.21	183.28	198.64	158.18	171.00
5	144.30	104.11	248.29	185.34	275.74	228.53	380.29	227.46	299.85	362.47	216.89	238.48	201.25	216.89	172.93	193.67
6	156.53	110.82	264.47	199.16	293.39	251.71	422.74	251.57	324.64	402.93	235.12	256.20	221.89	235.12	190.48	209.77
7	164.02	118.72	279.30	214.40	311.06	275.03	466.41	276.57	349.43	453.28	250.43	275.21	242.40	250.43	201.14	229.36
8	175.11	123.13	293.88	230.12	335.01	297.58	517.42	298.52	375.05	493.08	267.37	303.09	262.88	267.37	215.29	245.71
9	185.96	129.27	306.99	244.27	356.54	317.51	550.16	321.03	399.75	539.81	287.07	322.16	283.41	287.07	231.61	265.30
10	197.49	133.62	313.62	259.58	379.25	319.70	563.26	333.52	426.98	592.08	296.37	334.50	301.28	296.37	243.52	269.24

\*The Letter rate applies only to documents, correspondence and electronic media shipments of no commercial value that do not exceed eight ounces sent in a UPS Express® Envelope.

**Note:** For additional information, refer to page 26.

## Import

## UPS Worldwide Express®

## Non-document

Zones	91	94	951	952	953	954	955	956	957	958	959	961	962	963	970	971
11 Lbs.	\$208.83	\$137.15	\$314.29	\$261.51	\$388.63	\$322.00	\$574.83	\$336.57	\$450.22	\$593.76	\$297.04	\$346.60	\$302.86	\$297.04	\$245.18	\$272.71
12	213.75	137.45	316.72	263.45	393.24	330.38	581.83	339.40	465.49	602.52	299.94	349.72	313.16	304.32	253.50	274.88
13	224.89	156.01	363.49	302.20	452.29	389.99	700.19	394.07	500.34	689.21	350.57	393.04	361.85	350.57	283.00	311.12
14	237.42	162.57	376.99	316.27	463.80	411.43	733.72	410.99	524.21	707.04	371.88	410.44	388.95	371.88	292.87	329.87
15	245.67	166.17	389.10	330.35	482.77	433.92	766.51	435.48	547.55	741.00	387.04	429.53	409.03	387.04	308.77	346.02
16	252.54	174.08	402.63	343.85	502.55	448.12	795.25	450.11	574.07	783.43	398.70	436.91	434.01	398.70	321.35	366.11
17	261.46	179.65	414.77	357.29	522.36	468.00	826.57	457.43	597.40	808.56	414.17	452.98	440.21	414.17	334.03	379.38
18	268.88	188.23	426.92	370.79	542.16	484.52	853.14	474.97	619.65	837.17	421.93	472.08	472.93	421.93	343.30	397.44
19	276.59	189.71	439.08	384.28	574.88	502.72	888.64	487.21	643.55	862.22	439.02	486.84	492.96	439.02	355.60	412.21
20	285.08	193.65	449.61	397.76	581.77	516.09	911.06	499.44	660.60	871.18	447.62	504.15	514.88	447.62	368.16	428.37
21	290.49	199.13	457.05	411.10	615.41	521.20	911.46	505.36	689.13	919.29	456.82	506.61	532.46	456.82	383.87	435.13
22	297.62	203.19	460.89	421.70	621.38	521.66	913.04	508.91	712.18	933.59	457.09	509.10	539.06	457.09	393.88	436.83
23	304.67	203.59	461.14	422.30	635.45	522.22	916.23	513.27	729.66	934.16	479.67	519.85	539.40	479.67	394.32	448.08
24	308.78	203.84	461.39	423.01	636.86	525.39	916.58	513.78	752.31	934.78	479.94	521.71	541.62	479.94	404.37	460.85
25	310.44	205.77	464.35	425.35	641.96	539.74	923.49	517.21	762.03	956.07	483.60	525.38	554.33	485.41	406.15	463.37
26	323.54	229.83	521.07	468.15	697.46	622.65	1,061.67	563.59	799.30	1,026.59	516.97	589.20	618.28	516.97	437.13	497.25
27	328.94	240.69	534.89	489.31	716.50	669.49	1,084.90	599.63	820.82	1,062.62	527.70	606.43	640.81	527.70	457.39	530.07
28	336.08	247.07	546.77	502.23	752.44	675.32	1,108.10	613.49	841.38	1,071.45	538.35	619.16	656.90	538.35	469.42	542.80
29	342.43	253.48	556.62	515.11	771.81	693.30	1,140.91	635.13	859.95	1,118.81	554.74	633.08	680.62	554.74	481.32	555.56
30	349.05	255.04	568.44	528.04	773.76	704.96	1,162.76	648.40	878.12	1,136.39	566.81	646.26	691.55	566.81	493.35	567.76
31	355.55	262.81	580.23	539.78	786.26	720.52	1,182.77	654.94	894.15	1,142.10	578.69	660.59	694.39	578.69	504.44	579.41
32	361.82	268.59	589.93	551.53	817.29	727.33	1,208.87	677.67	907.90	1,143.88	584.22	677.10	721.23	584.22	515.43	591.63
33	367.06	270.74	597.47	553.39	822.71	762.84	1,231.92	690.37	921.37	1,179.09	595.23	688.13	731.77	595.23	517.15	601.50
34	372.36	275.96	607.15	574.34	824.32	766.84	1,247.21	694.51	933.80	1,211.22	607.75	699.00	753.77	607.75	536.76	613.57
35	377.59	284.11	618.16	579.16	856.26	787.26	1,270.37	707.80	944.77	1,256.20	616.59	707.85	776.59	616.59	541.13	623.44
36	382.85	288.89	628.61	598.49	865.78	811.56	1,293.56	721.16	955.84	1,262.45	621.68	725.93	793.08	621.68	559.33	637.16
37	388.96	294.81	638.45	610.24	866.77	829.26	1,319.51	734.44	966.54	1,269.16	632.56	738.67	795.47	632.56	570.32	649.63
38	389.58	300.32	648.20	621.54	885.88	854.52	1,339.92	749.20	978.41	1,290.35	661.35	752.73	810.33	661.35	580.76	660.47
39	398.60	305.70	657.87	625.61	887.80	872.84	1,368.65	762.55	989.63	1,308.22	685.89	772.29	832.99	685.89	584.62	672.14
40	403.84	310.89	667.57	634.11	900.49	890.38	1,390.82	782.01	1,000.46	1,340.46	696.88	786.48	840.01	696.88	592.62	683.52
41	408.60	313.77	677.06	656.37	932.82	908.28	1,411.19	795.43	1,021.71	1,362.92	713.05	796.25	858.12	713.05	612.87	694.61
42	413.41	321.62	686.49	668.43	944.52	921.43	1,433.39	814.24	1,032.66	1,389.31	728.71	808.07	869.74	728.71	624.67	706.16
43	421.67	327.11	695.93	669.28	952.69	961.19	1,456.34	823.04	1,044.94	1,405.87	737.01	821.49	884.59	737.01	624.94	717.68
44	423.04	332.33	705.36	688.48	953.50	970.42	1,475.52	835.74	1,055.48	1,414.43	762.17	834.61	887.21	762.17	643.81	728.35
45	427.88	338.26	714.88	690.05	957.56	971.74	1,500.81	840.41	1,067.50	1,442.68	767.81	848.37	939.49	767.81	644.32	740.02
46	432.69	343.33	724.32	701.69	987.59	997.87	1,531.12	862.97	1,088.09	1,490.79	768.30	855.62	946.22	768.30	657.96	749.88
47	437.52	348.84	731.10	725.72	994.06	1,010.57	1,560.23	866.85	1,100.37	1,495.60	768.63	868.42	947.44	768.63	682.78	760.32
48	442.32	350.10	743.21	731.55	995.43	1,039.71	1,582.62	880.08	1,111.98	1,497.83	769.45	893.16	971.25	769.45	684.44	772.51
49	444.60	358.16	744.41	747.30	1,022.71	1,051.65	1,606.00	893.28	1,122.82	1,542.25	785.52	895.53	973.64	785.52	694.46	781.84
50	445.20	363.10	745.63	753.01	1,025.44	1,069.53	1,627.05	906.51	1,135.11	1,614.22	797.29	910.97	988.52	797.29	696.41	793.76

Note: For additional information, refer to page 26.



## Import

## UPS Worldwide Express®

## Non-document

Zones	91	94	951	952	953	954	955	956	957	958	959	961	962	963	970	971
52 Lbs.	\$459.12	\$380.14	\$791.75	\$780.86	\$1,077.57	\$1,111.38	\$1,673.67	\$946.32	\$1,166.33	\$1,684.03	\$839.31	\$948.14	\$1,063.41	\$839.31	\$722.16	\$810.64
54	463.24	381.24	797.03	803.62	1,080.63	1,141.15	1,725.72	958.83	1,194.54	1,732.21	870.97	976.25	1,083.00	870.97	744.42	833.39
56	477.77	393.20	815.90	825.34	1,093.29	1,171.71	1,771.01	990.58	1,221.92	1,734.27	881.68	1,002.91	1,105.06	881.68	772.33	855.60
58	492.58	405.14	834.77	847.06	1,105.92	1,202.27	1,817.11	1,025.56	1,248.09	1,736.33	914.57	1,029.70	1,127.13	914.57	792.56	877.54
60	494.95	417.03	853.54	868.85	1,150.82	1,249.54	1,857.39	1,037.27	1,273.62	1,746.63	950.37	1,053.62	1,200.77	950.37	812.95	899.65
62	513.74	430.10	879.61	876.20	1,154.98	1,283.27	1,903.65	1,075.35	1,299.39	1,808.33	984.55	1,079.72	1,235.09	984.55	818.13	922.67
64	525.47	449.42	892.36	919.93	1,172.93	1,321.50	1,949.54	1,096.72	1,327.04	1,870.05	1,009.44	1,110.27	1,257.96	1,009.44	858.97	945.29
66	536.02	456.66	918.64	922.26	1,222.46	1,352.29	2,012.35	1,115.48	1,352.34	1,919.11	1,011.38	1,136.92	1,282.25	1,011.38	861.14	951.62
68	538.13	480.48	928.02	938.93	1,226.14	1,382.59	2,042.94	1,146.25	1,378.33	1,921.75	1,012.28	1,163.88	1,354.09	1,012.28	876.71	969.97
70	555.47	493.90	945.89	959.82	1,257.52	1,409.41	2,098.58	1,178.64	1,404.11	1,963.36	1,077.21	1,190.52	1,380.23	1,077.21	896.21	1,011.81
72	569.73	507.26	986.94	996.29	1,261.31	1,445.98	2,138.25	1,211.19	1,431.37	2,026.44	1,114.38	1,224.12	1,382.49	1,114.38	932.07	1,054.03
74	580.85	519.01	988.56	1,001.69	1,308.58	1,481.65	2,226.56	1,233.30	1,455.39	2,072.49	1,122.06	1,242.94	1,420.11	1,122.06	935.30	1,073.94
76	591.85	525.51	996.06	1,038.80	1,324.87	1,516.11	2,273.34	1,241.56	1,488.42	2,116.49	1,146.95	1,281.78	1,496.52	1,146.95	971.89	1,079.98
78	603.36	534.95	1,022.10	1,055.05	1,327.63	1,550.54	2,297.83	1,265.32	1,510.03	2,219.83	1,181.68	1,326.41	1,530.99	1,181.68	985.12	1,088.77
80	604.85	548.01	1,036.26	1,083.48	1,375.62	1,585.10	2,345.67	1,286.60	1,536.35	2,272.69	1,207.67	1,346.96	1,536.78	1,207.67	1,011.68	1,111.39
82	610.09	567.53	1,056.87	1,101.99	1,385.94	1,620.22	2,401.85	1,310.73	1,565.64	2,310.62	1,223.76	1,368.96	1,583.83	1,223.76	1,029.65	1,133.88
84	619.18	575.59	1,073.67	1,110.79	1,412.29	1,650.66	2,447.72	1,324.45	1,592.00	2,368.52	1,258.31	1,386.68	1,587.20	1,258.31	1,037.16	1,155.29
86	630.40	598.78	1,086.48	1,130.23	1,424.98	1,670.52	2,453.69	1,328.19	1,619.97	2,414.61	1,296.66	1,409.73	1,634.30	1,296.66	1,055.34	1,177.50
88	639.08	599.44	1,113.17	1,150.50	1,444.50	1,671.23	2,497.66	1,334.49	1,653.83	2,418.87	1,297.31	1,426.55	1,667.83	1,297.31	1,074.24	1,199.30
90	647.16	605.91	1,141.55	1,152.18	1,446.47	1,681.51	2,558.01	1,347.97	1,680.29	2,483.17	1,323.26	1,454.39	1,722.69	1,323.26	1,075.83	1,217.12
92	656.89	618.03	1,150.95	1,163.05	1,447.06	1,695.65	2,590.51	1,387.61	1,681.93	2,493.98	1,365.77	1,493.28	1,732.14	1,365.77	1,085.99	1,234.68
94	665.85	620.14	1,157.75	1,177.43	1,447.74	1,709.09	2,604.22	1,401.36	1,719.69	2,499.06	1,381.40	1,503.56	1,747.33	1,381.40	1,105.18	1,252.78
96	674.56	640.28	1,171.91	1,192.96	1,452.63	1,719.54	2,653.05	1,415.21	1,754.25	2,615.02	1,384.15	1,520.37	1,764.26	1,384.15	1,113.90	1,275.55
98	685.34	646.19	1,194.02	1,203.13	1,454.81	1,720.96	2,704.62	1,416.83	1,776.56	2,624.68	1,399.17	1,531.99	1,786.99	1,399.17	1,153.85	1,295.98
100	696.26	677.07	1,227.07	1,303.07	1,523.52	1,721.45	2,741.82	1,456.07	1,812.59	2,627.02	1,433.07	1,578.60	1,796.61	1,433.07	1,172.56	1,317.03
105	728.31	732.37	1,288.50	1,364.84	1,600.28	1,850.63	2,883.96	1,525.84	1,907.61	2,757.63	1,527.99	1,657.92	1,894.78	1,527.99	1,256.22	1,371.54
110	761.07	767.24	1,349.85	1,429.84	1,674.78	1,938.75	3,015.61	1,598.30	1,995.54	2,886.10	1,585.63	1,732.78	1,985.00	1,585.63	1,344.60	1,425.10
115	797.15	802.12	1,411.20	1,494.82	1,750.33	2,026.87	3,149.19	1,669.92	2,064.07	3,014.83	1,673.48	1,809.79	2,075.23	1,673.48	1,401.78	1,485.62
120	828.12	836.99	1,472.56	1,559.81	1,822.41	2,101.86	3,285.24	1,741.53	2,132.99	3,142.93	1,737.44	1,897.91	2,165.18	1,737.44	1,462.65	1,549.29
125	859.00	871.85	1,533.91	1,624.80	1,895.57	2,188.94	3,425.34	1,811.61	2,202.75	3,272.98	1,808.55	1,990.21	2,254.40	1,808.55	1,523.26	1,608.34
130	889.59	906.74	1,595.26	1,689.78	1,980.79	2,272.00	3,559.83	1,884.07	2,271.28	3,402.50	1,875.59	2,062.92	2,329.65	1,875.59	1,583.98	1,665.58
135	921.54	941.60	1,656.62	1,754.77	2,051.79	2,355.88	3,695.05	1,955.12	2,339.26	3,532.57	1,938.85	2,138.59	2,394.49	1,938.85	1,644.73	1,724.76
140	951.44	976.48	1,717.97	1,819.77	2,121.47	2,440.32	3,830.13	2,027.03	2,426.34	3,661.56	2,006.89	2,207.04	2,466.47	2,006.89	1,705.08	1,784.62
145	982.90	1,011.34	1,779.32	1,884.76	2,193.67	2,525.73	3,964.10	2,099.90	2,494.72	3,790.70	2,076.78	2,275.65	2,545.55	2,076.78	1,765.94	1,842.94
150	1,031.65	1,041.86	1,840.68	1,949.75	2,264.43	2,609.20	4,098.20	2,172.63	2,563.39	3,916.54	2,135.49	2,353.21	2,624.80	2,135.49	1,816.99	1,903.63

## Shipments of More Than 150 Pounds (non-pallet)

Zones	91	94	951	952	953	954	955	956	957	958	959	961	962	963	970	971
Price Per Pound	\$6.88	\$6.95	\$12.28	\$13.00	\$15.10	\$17.40	\$27.33	\$14.49	\$17.09	\$26.12	\$14.24	\$15.69	\$17.50	\$14.24	\$12.12	\$12.70
Minimum Rate	1,031.65	1,041.86	1,840.68	1,949.75	2,264.43	2,609.20	4,098.20	2,172.63	2,563.39	3,916.54	2,135.49	2,353.21	2,624.80	2,135.49	1,816.99	1,903.63

Note: For additional information, refer to page 26.

## Import

# UPS Worldwide Express Freight® Midday

Guaranteed delivery by 12:00 p.m. or 2:00 p.m. from 81 countries and territories. Delivery is guaranteed on the next business day to Canada, the second business day to Europe and Latin America, and within two to three business days to Asia. Rates include door-to-door and non door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions® for palletized shipments of more than 150 pounds.

### Door-to-Door

Zones	491	494	451	452	453	454	455
151-999 Lbs. (Price per Lb.)	\$7.87	\$8.20	\$14.44	\$15.10	\$17.77	\$19.73	\$28.75
1,000 Lbs. or More (Price per Lb.)	7.48	7.90	13.91	14.54	17.12	18.99	27.03
Minimum Rate	1,188.37	1,238.20	2,180.44	2,280.10	2,683.27	2,979.23	4,341.25

Zones	456	457	458	459	461	462	463	470	471
151-999 Lbs. (Price per Lb.)	\$16.05	\$18.87	\$29.21	\$16.75	\$17.84	\$19.90	\$16.75	\$14.13	\$15.11
1,000 Lbs. or More (Price per Lb.)	15.61	17.39	27.51	16.10	17.32	18.89	16.14	13.58	14.52
Minimum Rate	2,423.55	2,849.37	4,410.71	2,529.25	2,693.84	3,004.90	2,529.25	2,133.63	2,281.61

### Non Door-to-Door: Drop-off, Hold at Location, Drop-off and Hold at Location

Zones	491	494	451	452	453	454	455
151-999 Lbs. (Price per Lb.)	\$7.55	\$7.61	\$13.50	\$13.72	\$16.92	\$18.34	\$26.84
1,000 Lbs. or More (Price per Lb.)	7.17	7.32	13.00	13.20	16.30	17.63	25.22
Minimum Rate	1,140.05	1,149.11	2,038.50	2,071.72	2,554.92	2,769.34	4,052.84

Zones	456	457	458	459	461	462	463	470	471
151-999 Lbs. (Price per Lb.)	\$14.89	\$18.01	\$27.30	\$15.64	\$16.16	\$18.43	\$16.00	\$12.81	\$13.95
1,000 Lbs. or More (Price per Lb.)	14.48	16.56	25.70	15.03	15.68	17.47	15.41	12.31	13.39
Minimum Rate	2,248.39	2,719.51	4,122.30	2,361.64	2,440.16	2,782.93	2,416.00	1,934.31	2,106.45

#### Notes:

- Door-to-door refers to shipments picked up and delivered to addresses designated by the shipper.
- Drop-off refers to shipments that are dropped off at a UPS Worldwide Express Freight Center and delivered to a designated address.
- Hold at Location refers to shipments picked up at a designated address and held at a UPS Worldwide Express Freight Center for pickup.
- Drop-off and Hold at Location refers to shipments that are dropped off and held at a UPS Worldwide Express Freight Center for pickup.
- For UPS Worldwide Express Freight Midday shipments, additional charges may apply to larger pallets. Pallets exceeding maximum size or weight restrictions (which vary by origin and destination) as set forth at [ups.com/assets/resources/media/wwef\\_max\\_dim.pdf](https://www.ups.com/assets/resources/media/wwef_max_dim.pdf) require prior authorization. Refer to page 124 for more information.
- For additional information, refer to page 26.

## Import

## UPS Worldwide Express Freight®

Guaranteed delivery by end of day from 76 and to 81 countries and territories. Delivery is guaranteed on the next business day from Canada and Mexico and one to two business days from Asia, Europe and Latin America. Rates include door-to-door and non door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions® for palletized shipments of more than 150 pounds.

## Door-to-Door

Zones	491	494	451	452	453	454	455
151-999 Lbs. (Price per Lb.)	\$6.85	\$6.56	\$12.03	\$12.58	\$14.81	\$16.44	\$26.14
1,000 Lbs. or More (Price per Lb.)	6.51	6.32	11.59	12.11	14.27	15.82	24.58
Minimum Rate	1,033.28	990.56	1,816.53	1,899.58	2,236.31	2,482.44	3,947.14

Zones	456	457	458	459	461	462	463	470	471
151-999 Lbs. (Price per Lb.)	\$13.96	\$16.41	\$25.40	\$13.40	\$14.87	\$15.92	\$13.40	\$12.29	\$13.14
1,000 Lbs. or More (Price per Lb.)	13.58	15.12	23.92	12.88	14.44	15.11	12.91	11.82	12.63
Minimum Rate	2,107.96	2,477.91	3,835.40	2,023.40	2,245.37	2,403.92	2,023.40	1,855.40	1,984.07

Non Door-to-Door: Drop-off, Hold at Location,  
Drop-off and Hold at Location

Zones	491	494	451	452	453	454	455
151-999 Lbs. (Price per Lb.)	\$6.57	\$6.09	\$11.25	\$11.43	\$14.10	\$15.28	\$24.40
1,000 Lbs. or More (Price per Lb.)	6.24	5.86	10.83	11.00	13.58	14.69	22.93
Minimum Rate	991.00	919.59	1,698.75	1,725.93	2,129.10	2,307.28	3,684.40

Zones	456	457	458	459	461	462	463	470	471
151-999 Lbs. (Price per Lb.)	\$12.95	\$15.66	\$23.74	\$12.51	\$13.47	\$14.74	\$12.80	\$11.14	\$12.13
1,000 Lbs. or More (Price per Lb.)	12.59	14.40	22.35	12.02	13.07	13.97	12.33	10.71	11.64
Minimum Rate	1,955.45	2,364.66	3,584.74	1,889.01	2,033.97	2,225.74	1,932.80	1,681.75	1,831.56

## Notes:

- Door-to-door refers to shipments picked up and delivered to addresses designated by the shipper.
- Drop-off refers to shipments that are dropped off at a UPS Worldwide Express Freight Center and delivered to a designated address.
- Hold at Location refers to shipments picked up at a designated address and held at a UPS Worldwide Express Freight Center for pickup.
- Drop-off and Hold at Location refers to shipments that are dropped off and held at a UPS Worldwide Express Freight Center for pickup.
- For UPS Worldwide Express Freight shipments, additional charges may apply to larger pallets. Pallets exceeding maximum size or weight restrictions (which vary by origin and destination) as set forth at [ups.com/assets/resources/media/wwef\\_max\\_dim.pdf](https://www.ups.com/assets/resources/media/wwef_max_dim.pdf) require prior authorization. Refer to page 124 for more information.
- For additional information, refer to page 26.

## Import

## UPS Worldwide Saver®

Guaranteed delivery by end of day from more than 185 countries and territories. Delivery is guaranteed on the next business day from Canada and Mexico and one to two business days from Asia, Europe and Latin America. Rates include door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions®.

## Letter/Document

Zones	491	494	451	452	453	454	455	456	457	458	459	461	462	463	470	471
Letter*	\$54.75	\$55.42	\$95.11	\$79.91	\$101.74	\$76.31	\$112.23	\$77.12	\$91.79	\$101.63	\$75.51	\$87.87	\$68.80	\$76.43	\$73.74	\$70.59
1 Lbs.	76.59	58.68	110.27	88.62	130.32	95.70	123.42	88.38	115.78	121.79	100.68	95.23	81.68	100.68	83.13	84.06
2	79.95	59.29	111.90	90.29	132.47	97.35	153.09	111.51	138.69	153.32	103.79	117.27	90.35	112.22	87.29	102.87
3	110.25	82.87	168.25	144.06	196.88	152.28	273.97	163.80	208.04	259.86	157.05	160.45	148.27	157.05	128.69	137.27
4	121.20	89.66	189.73	158.65	218.38	171.96	315.70	188.25	232.32	312.35	177.90	182.28	170.98	177.90	146.40	161.10
5	132.23	96.98	212.05	173.24	239.90	192.12	357.42	215.74	264.56	341.06	194.23	212.35	187.84	194.23	159.37	181.67
6	143.05	103.23	229.07	189.99	264.90	210.74	397.33	239.27	288.65	379.13	213.00	230.02	207.22	213.00	178.66	197.31
7	153.58	111.10	243.46	204.41	285.62	230.49	438.38	260.12	314.37	426.50	231.14	253.41	226.75	231.14	193.92	215.85
8	163.96	114.71	259.10	218.56	303.91	249.52	486.33	283.91	339.42	472.14	249.69	270.08	245.19	249.69	204.27	230.97
9	174.43	120.43	270.93	232.77	325.15	268.98	517.10	305.13	361.00	512.77	269.05	291.22	264.44	269.05	219.55	249.75
10	184.91	124.86	278.63	246.95	344.65	275.96	538.18	317.17	387.10	557.10	278.04	307.66	276.79	278.04	235.04	250.17

## Non-document

Zones	491	494	451	452	453	454	455	456	457	458	459	461	462	463	470	471
1 Lbs.	\$90.52	\$68.95	\$158.28	\$109.43	\$173.06	\$129.74	\$194.72	\$122.41	\$164.73	\$184.68	\$127.10	\$137.87	\$118.72	\$130.53	\$100.12	\$105.07
2	102.53	77.28	180.61	131.11	197.84	153.38	232.83	146.97	191.69	222.37	149.24	162.53	135.75	149.24	119.16	124.85
3	114.31	86.36	198.20	146.43	218.31	177.29	282.33	168.80	228.61	273.27	170.73	183.42	154.58	170.73	134.31	142.96
4	125.66	93.43	221.92	161.55	250.26	200.80	325.78	193.94	262.17	315.34	188.75	204.30	172.63	188.75	148.01	162.41
5	137.11	101.07	240.80	176.96	270.33	223.62	368.67	220.62	288.66	353.62	205.60	223.94	189.82	205.60	163.30	184.56
6	148.32	107.59	256.48	191.00	287.64	246.30	410.01	244.56	312.51	393.09	224.29	237.20	209.48	224.29	181.81	199.81
7	159.24	115.26	270.87	205.49	304.96	269.12	452.37	268.47	336.48	442.22	239.24	260.30	228.51	239.24	194.50	218.65
8	170.00	119.54	285.02	219.71	328.44	288.42	496.76	289.89	362.06	475.87	254.60	284.08	247.54	254.60	205.26	234.32
9	180.54	125.50	297.73	234.01	349.54	307.83	533.60	311.55	386.03	525.85	273.45	302.09	266.80	273.45	222.83	252.87
10	191.73	129.72	304.16	248.26	371.81	309.86	541.99	323.85	412.28	577.64	281.84	315.72	281.79	281.84	235.25	253.85
11	201.96	130.59	306.38	252.31	381.01	314.44	551.79	326.76	434.86	579.28	282.32	320.55	286.45	285.46	237.28	254.35
12	203.97	131.77	308.75	254.17	383.99	322.62	562.23	329.50	448.80	583.89	289.58	326.25	297.27	295.05	244.53	262.12
13	217.48	151.47	354.36	291.57	443.41	380.86	673.12	382.59	483.27	662.92	335.02	374.09	342.54	335.02	271.43	296.56
14	229.61	157.83	367.51	305.15	454.70	398.71	705.35	399.02	506.27	689.78	354.42	388.62	361.03	354.42	282.22	314.18
15	237.59	161.33	379.32	318.74	473.31	420.58	736.74	420.02	528.73	722.92	366.57	408.31	379.73	366.57	298.84	330.07
16	244.23	169.01	392.51	331.75	492.70	434.30	763.39	434.10	554.41	750.81	379.79	415.93	402.62	379.79	311.37	349.02
17	252.86	174.41	404.35	344.73	512.12	453.58	793.45	444.02	576.88	780.35	391.96	427.06	416.59	391.96	322.92	361.82
18	260.03	182.74	416.20	357.77	531.54	469.75	818.96	458.79	594.92	805.19	400.32	446.41	439.18	400.32	330.52	379.18
19	267.49	184.17	428.04	370.78	563.60	487.14	854.10	469.92	616.89	835.11	413.02	463.45	457.67	413.02	342.63	393.16
20	275.70	188.01	438.32	383.79	570.36	500.20	874.57	484.14	635.30	849.93	425.26	476.51	478.02	425.26	354.82	408.50

\*The Letter rate applies only to documents, correspondence and electronic media shipments of no commercial value that do not exceed eight ounces sent in a UPS Express® Envelope.

**Note:** For additional information, refer to page 26.

# Import

## UPS Worldwide Saver®

### Non-document

Zones	491	494	451	452	453	454	455	456	457	458	459	461	462	463	470	471
21 Lbs.	\$280.92	\$193.33	\$443.00	\$396.75	\$603.35	\$500.56	\$876.12	\$490.40	\$665.53	\$880.63	\$431.33	\$477.84	\$488.76	\$431.33	\$371.73	\$415.25
22	287.83	197.26	449.31	406.89	609.19	501.53	877.79	490.64	675.69	910.81	433.92	482.07	492.00	438.78	380.59	416.73
23	294.64	197.66	449.56	407.90	622.98	508.95	879.53	493.49	691.86	911.38	434.74	482.30	501.23	452.66	381.44	423.33
24	298.62	197.90	449.80	408.15	624.36	513.01	880.08	498.82	708.03	911.91	434.97	482.83	504.66	463.11	390.47	439.50
25	300.23	199.35	452.68	410.40	627.20	526.99	886.50	502.14	710.15	920.89	439.91	486.78	516.15	470.65	391.45	441.85
26	312.90	223.14	507.99	453.70	683.79	609.24	1,019.16	547.17	752.30	1,001.55	487.82	553.79	581.75	489.94	422.41	465.66
27	318.12	233.66	521.46	472.13	702.44	635.01	1,041.45	582.15	759.25	1,027.93	502.32	573.98	597.77	502.78	440.20	491.79
28	325.03	239.87	533.05	484.60	737.69	651.28	1,063.72	595.61	793.98	1,045.31	512.74	586.47	612.89	515.42	451.36	503.77
29	331.17	246.10	542.65	497.03	756.68	668.50	1,096.64	612.11	807.62	1,071.97	524.26	599.04	634.25	526.80	462.26	515.78
30	337.58	247.61	554.18	509.50	758.58	685.71	1,117.84	624.84	812.24	1,097.07	535.23	611.57	645.07	537.87	472.08	527.10
31	343.85	255.15	565.67	520.83	770.84	694.63	1,135.41	635.87	836.84	1,114.24	548.63	624.09	660.16	548.63	481.49	537.75
32	349.93	260.77	575.13	532.17	801.25	711.67	1,162.33	652.67	862.91	1,115.98	560.48	636.60	672.73	560.48	491.98	549.09
33	354.99	262.85	582.49	533.97	806.57	732.37	1,182.59	668.48	868.44	1,150.33	570.68	649.14	682.86	570.68	496.00	558.01
34	360.11	267.93	591.92	554.19	808.15	743.72	1,197.27	674.28	869.69	1,181.68	582.33	661.68	703.16	582.33	514.53	569.44
35	365.17	275.82	602.65	558.83	839.46	760.71	1,219.49	687.18	894.36	1,203.57	588.44	670.51	728.54	588.44	516.67	578.62
36	370.26	280.47	612.84	577.48	848.81	783.91	1,241.76	700.15	902.02	1,225.60	596.77	686.75	740.54	596.77	538.24	591.57
37	376.17	286.22	622.44	588.82	849.77	799.00	1,271.01	713.04	918.17	1,238.19	607.21	699.58	742.02	607.21	548.73	603.05
38	376.76	291.57	631.94	599.74	868.50	816.60	1,286.27	727.38	934.35	1,258.86	625.26	713.19	755.91	625.26	557.23	613.04
39	385.49	296.78	641.37	603.65	870.39	832.38	1,315.76	740.33	955.63	1,276.31	633.98	724.30	776.08	633.98	559.84	623.55
40	390.55	301.84	650.83	611.87	882.84	848.72	1,337.24	757.84	966.23	1,307.76	643.36	736.82	783.42	643.36	566.96	634.33
41	395.17	304.63	660.08	636.09	914.52	864.92	1,358.74	771.00	986.86	1,329.66	657.85	745.94	800.51	657.85	587.88	644.73
42	399.81	312.25	669.28	644.98	925.99	881.42	1,380.37	784.14	997.32	1,355.41	661.15	758.40	811.33	661.15	599.98	655.51
43	407.80	317.59	678.48	645.91	934.01	909.66	1,402.82	797.16	1,009.11	1,360.71	685.11	770.84	825.09	685.11	600.14	666.31
44	409.13	322.64	687.68	664.33	934.81	920.47	1,420.16	811.40	1,019.40	1,379.93	712.32	779.70	838.99	712.32	616.25	676.41
45	413.81	328.40	696.95	666.18	938.78	937.64	1,445.38	815.93	1,031.21	1,407.50	722.86	784.69	872.90	722.86	617.57	686.66
46	418.46	333.33	706.16	677.08	968.22	953.98	1,474.15	837.83	1,051.04	1,454.42	727.48	803.75	882.51	727.48	629.31	695.85
47	423.13	338.67	712.77	700.27	974.57	971.29	1,502.54	841.59	1,062.81	1,459.12	731.25	815.40	883.60	731.25	651.60	705.69
48	427.77	339.90	724.59	702.59	975.91	982.20	1,523.57	854.44	1,074.08	1,461.29	737.24	826.12	905.90	737.24	653.57	717.01
49	429.98	347.72	725.76	722.39	1,002.65	999.70	1,546.75	867.27	1,084.54	1,504.64	745.34	837.08	912.17	745.34	662.76	725.78
50	430.55	352.52	726.94	729.55	1,005.33	1,016.22	1,566.57	880.10	1,096.18	1,574.85	758.36	848.56	921.28	758.36	663.90	736.82
52	448.27	362.01	765.32	754.42	1,037.03	1,049.57	1,594.38	905.46	1,126.59	1,578.82	784.47	894.81	967.46	784.47	689.20	752.61
54	449.46	373.76	781.04	775.44	1,059.44	1,083.84	1,639.05	930.90	1,153.64	1,675.49	813.84	912.25	1,006.18	813.84	708.63	773.38
56	462.34	385.49	799.53	796.40	1,071.84	1,116.32	1,695.77	961.72	1,180.33	1,690.86	836.87	937.30	1,030.76	836.87	739.82	794.01
58	475.20	397.20	818.02	817.35	1,084.24	1,148.26	1,746.86	987.74	1,205.37	1,692.87	845.37	962.35	1,051.46	845.37	758.52	814.78
60	476.49	408.85	836.41	838.39	1,128.24	1,180.24	1,763.57	1,007.06	1,230.04	1,702.91	887.91	974.55	1,108.75	887.91	778.04	835.03

Note: For additional information, refer to page 26.

# Import

## UPS Worldwide Saver®

### Non-document

Zones	491	494	451	452	453	454	455	456	457	458	459	461	462	463	470	471
62 Lbs.	\$493.81	\$421.66	\$861.97	\$848.86	\$1,132.33	\$1,212.19	\$1,807.79	\$1,035.71	\$1,255.08	\$1,763.07	\$920.18	\$998.69	\$1,143.16	\$920.18	\$783.37	\$856.47
64	502.83	440.61	874.46	888.03	1,149.93	1,248.98	1,877.14	1,059.23	1,281.75	1,823.24	943.39	1,046.51	1,167.53	943.39	817.17	877.64
66	511.89	447.70	900.22	893.63	1,198.49	1,278.02	1,894.88	1,077.11	1,306.16	1,871.07	963.90	1,053.58	1,190.31	963.90	819.72	883.45
68	514.90	464.68	909.40	909.62	1,202.09	1,306.37	1,954.02	1,104.79	1,331.16	1,873.65	971.75	1,087.67	1,246.25	971.75	835.29	900.68
70	526.45	478.09	926.92	929.90	1,232.86	1,331.60	2,012.37	1,134.88	1,356.10	1,914.22	1,030.00	1,122.29	1,275.63	1,030.00	854.84	939.14
72	540.18	490.95	961.67	961.37	1,236.58	1,366.16	2,022.10	1,166.31	1,382.49	1,975.73	1,041.31	1,149.68	1,298.00	1,041.31	889.80	978.51
74	550.66	502.74	968.73	970.50	1,282.91	1,399.49	2,119.76	1,196.11	1,405.53	2,020.63	1,062.06	1,173.05	1,332.12	1,062.06	893.16	997.14
76	561.14	515.20	976.09	1,002.39	1,298.88	1,432.38	2,138.46	1,201.71	1,445.06	2,063.53	1,087.85	1,214.29	1,372.12	1,087.85	928.26	1,002.52
78	571.85	524.45	1,001.61	1,022.22	1,301.59	1,464.91	2,199.91	1,218.50	1,458.45	2,164.28	1,089.82	1,256.54	1,403.78	1,089.82	937.77	1,010.78
80	572.47	537.26	1,015.49	1,049.84	1,348.65	1,497.25	2,251.76	1,249.11	1,483.77	2,192.12	1,154.39	1,274.09	1,434.93	1,154.39	966.85	1,031.95
82	586.06	554.50	1,035.69	1,063.36	1,358.76	1,530.45	2,258.75	1,262.26	1,509.48	2,229.07	1,171.41	1,293.18	1,466.64	1,171.41	986.07	1,052.57
84	597.44	564.30	1,052.15	1,075.52	1,384.59	1,561.30	2,317.34	1,275.57	1,534.82	2,293.95	1,199.25	1,307.28	1,468.80	1,199.25	1,004.75	1,072.55
86	608.36	578.88	1,064.71	1,094.02	1,397.03	1,600.68	2,319.38	1,288.57	1,561.61	2,339.59	1,219.52	1,333.22	1,509.57	1,219.52	1,023.90	1,093.20
88	619.59	585.60	1,090.86	1,114.85	1,416.18	1,613.08	2,359.05	1,295.62	1,587.06	2,358.35	1,235.17	1,333.79	1,530.98	1,235.17	1,042.44	1,113.54
90	630.39	594.03	1,112.20	1,115.91	1,418.11	1,628.37	2,415.92	1,308.71	1,612.65	2,421.05	1,250.10	1,369.84	1,577.58	1,250.10	1,043.75	1,130.14
92	641.65	605.90	1,127.87	1,122.91	1,418.69	1,637.68	2,445.39	1,347.20	1,614.14	2,431.58	1,289.16	1,381.24	1,597.76	1,289.16	1,053.87	1,146.05
94	651.81	607.97	1,134.55	1,136.17	1,419.36	1,647.54	2,447.91	1,360.53	1,650.46	2,436.52	1,305.72	1,404.69	1,607.64	1,305.72	1,071.73	1,163.33
96	662.84	627.72	1,148.42	1,155.72	1,424.14	1,657.68	2,497.38	1,373.98	1,683.65	2,544.24	1,309.05	1,415.55	1,629.45	1,309.05	1,080.65	1,184.21
98	673.38	633.51	1,170.09	1,160.96	1,426.28	1,659.97	2,563.93	1,375.56	1,705.05	2,550.53	1,341.07	1,417.04	1,647.06	1,341.07	1,104.96	1,203.22
100	683.56	662.61	1,202.46	1,257.41	1,493.63	1,676.42	2,613.20	1,408.08	1,739.68	2,555.25	1,370.63	1,495.46	1,672.73	1,370.63	1,126.15	1,222.80
105	713.74	703.76	1,262.61	1,320.27	1,568.90	1,760.01	2,743.87	1,469.52	1,830.65	2,682.20	1,441.16	1,570.70	1,741.22	1,441.16	1,206.19	1,273.32
110	744.31	737.27	1,322.73	1,383.16	1,641.93	1,841.18	2,874.53	1,539.37	1,915.19	2,807.25	1,494.82	1,641.38	1,821.52	1,494.82	1,291.47	1,323.02
115	775.79	770.78	1,382.85	1,446.02	1,716.01	1,924.38	3,005.19	1,608.22	1,980.93	2,932.44	1,574.53	1,714.39	1,894.47	1,574.53	1,347.48	1,379.17
120	806.04	801.76	1,442.97	1,508.89	1,786.68	1,992.36	3,135.85	1,677.38	2,047.24	3,057.10	1,626.92	1,797.91	1,966.77	1,626.92	1,405.64	1,438.45
125	835.92	829.53	1,503.10	1,571.76	1,858.40	2,074.90	3,266.50	1,744.83	2,114.07	3,183.62	1,693.33	1,885.09	2,049.23	1,693.33	1,459.08	1,493.43
130	865.97	859.26	1,563.22	1,634.63	1,941.94	2,147.08	3,397.17	1,814.28	2,179.95	3,309.63	1,756.16	1,954.19	2,113.17	1,756.16	1,514.00	1,546.61
135	896.82	890.60	1,623.34	1,697.50	2,011.55	2,226.09	3,527.83	1,883.01	2,245.02	3,436.17	1,815.46	2,025.92	2,176.43	1,815.46	1,567.74	1,601.45
140	926.12	923.18	1,683.46	1,760.37	2,079.86	2,306.01	3,658.49	1,952.29	2,328.79	3,561.61	1,878.89	2,090.75	2,239.53	1,878.89	1,625.48	1,657.32
145	956.63	955.89	1,743.58	1,823.25	2,150.66	2,386.65	3,789.15	2,022.27	2,394.38	3,687.08	1,944.63	2,155.72	2,311.47	1,944.63	1,680.15	1,711.08
150	986.52	982.95	1,803.69	1,886.11	2,220.03	2,465.63	3,919.80	2,092.54	2,460.22	3,809.45	2,009.15	2,229.22	2,387.59	2,009.15	1,730.37	1,767.50

### Shipments of More Than 150 Pounds

Zones	491	494	451	452	453	454	455	456	457	458	459	461	462	463	470	471
Price Per Pound	\$6.58	\$6.56	\$12.03	\$12.58	\$14.81	\$16.44	\$26.14	\$13.96	\$16.41	\$25.40	\$13.40	\$14.87	\$15.92	\$13.40	\$11.54	\$11.79
Minimum Rate	986.52	982.95	1,803.69	1,886.11	2,220.03	2,465.63	3,919.80	2,092.54	2,460.22	3,809.45	2,009.15	2,229.22	2,387.59	2,009.15	1,730.37	1,767.50

**Note:** For additional information, refer to page 26.

## Import

## UPS Worldwide Expedited®

Guaranteed delivery by end of business day from more than 80 countries and territories. Delivery is guaranteed in two business days from Canada, two to three business days from Mexico and four to five business days from Asia, Europe and Latin America. Rates include door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions®

Zones	61	64	651/681	652/682	653/683	654/684	655/685	656/686	657/687	658/688	659/689	661/691	662/692	663/693	670	671
1 Lbs.	\$81.22	\$59.86	\$143.41	\$92.12	\$162.47	\$108.77	\$140.28	\$112.22	\$140.85	\$171.91	\$112.30	\$110.82	\$103.84	\$115.77	\$87.17	\$93.56
2	91.70	67.35	163.03	110.36	185.47	128.63	176.88	135.00	172.36	205.99	132.98	128.97	119.58	132.98	103.76	114.10
3	102.40	75.05	179.13	123.18	204.71	148.52	208.88	157.20	198.66	239.54	150.61	145.48	135.87	150.61	116.96	126.44
4	111.90	81.98	200.91	137.19	227.99	171.63	236.99	183.14	229.76	276.49	163.04	162.06	151.85	163.04	128.87	144.35
5	120.70	88.78	217.00	150.13	250.37	187.52	264.38	201.93	252.92	329.78	181.37	175.53	166.89	181.37	142.19	158.45
6	130.16	96.19	232.29	163.70	270.34	213.75	291.15	228.01	273.90	366.72	187.50	193.41	186.99	187.50	154.93	170.97
7	138.56	99.58	245.28	175.09	285.94	229.28	312.60	250.83	294.80	383.86	211.44	213.31	204.03	211.44	168.94	186.92
8	146.86	105.91	258.06	187.16	304.31	246.67	335.76	265.31	317.29	437.07	227.88	223.32	221.49	227.88	181.31	200.50
9	155.59	109.18	270.38	196.60	324.82	263.25	355.77	285.08	338.35	506.08	240.07	240.30	238.94	240.07	190.40	215.16
10	164.02	119.83	282.14	210.70	344.88	279.86	384.52	310.72	361.02	553.48	255.40	252.61	255.67	255.40	204.34	227.80
11	169.62	120.50	295.60	220.13	364.09	295.19	398.01	319.83	379.54	562.79	270.83	259.10	272.83	270.83	213.19	238.54
12	174.05	127.45	305.22	229.12	367.32	306.67	430.51	325.07	399.47	566.04	285.97	273.05	274.35	285.97	224.63	242.97
13	180.11	132.34	319.21	244.96	402.16	330.60	455.53	349.75	421.70	627.23	298.80	286.60	304.36	298.80	235.76	260.40
14	185.03	138.86	331.05	254.04	419.04	345.87	481.04	371.68	442.09	627.73	310.99	296.62	320.66	310.99	246.06	275.87
15	189.86	140.24	340.99	267.49	442.55	356.59	496.70	386.96	461.65	686.24	323.67	305.18	337.31	323.67	259.60	289.83
16	194.00	146.21	353.58	278.79	460.45	369.30	519.90	387.52	483.95	741.07	336.21	321.58	355.65	336.21	270.45	304.71
17	197.97	150.44	363.58	286.74	478.43	402.29	541.46	401.28	503.50	758.90	346.08	331.07	369.60	346.08	277.14	316.35
18	203.76	159.25	374.95	303.24	489.58	407.75	561.71	412.27	522.74	783.31	355.90	341.72	386.18	355.90	291.84	325.81
19	205.74	163.33	385.57	311.37	516.01	426.95	581.79	435.69	537.59	791.35	363.65	361.13	402.87	363.65	302.06	345.22
20	209.48	168.51	394.90	319.43	535.98	438.62	603.64	444.60	557.12	791.85	373.40	365.77	419.08	373.40	308.66	358.70
21	214.38	172.91	405.86	330.30	551.08	453.95	622.42	457.32	584.13	793.72	381.71	369.80	441.48	381.71	317.08	370.63
22	220.76	177.68	416.40	344.31	567.55	469.25	651.05	477.61	603.44	806.88	391.40	389.46	457.51	391.40	332.95	381.73
23	226.52	180.58	425.29	353.53	591.51	488.26	674.96	487.46	613.39	858.37	414.23	408.89	475.77	414.23	341.47	390.92
24	229.82	187.24	437.20	366.84	603.33	499.72	684.60	489.19	637.22	883.31	422.56	409.39	486.48	422.56	352.69	400.90
25	231.24	193.38	446.65	372.41	605.80	513.69	688.48	492.73	652.54	893.93	426.24	415.43	501.98	432.24	363.44	403.96
26	235.40	200.57	456.33	388.95	639.79	535.82	702.59	518.86	676.87	920.59	436.13	430.55	516.52	437.81	373.50	423.50
27	239.56	207.16	468.39	400.35	658.20	543.36	719.27	522.95	694.70	958.11	446.01	445.53	530.88	452.55	382.37	430.77
28	247.03	211.58	478.77	410.64	678.18	558.16	737.20	551.21	711.92	958.61	449.80	459.16	542.50	465.11	392.07	441.27
29	247.78	214.09	486.46	417.85	695.56	573.38	754.48	557.78	726.88	959.11	459.52	460.02	556.77	477.36	401.53	451.80
30	251.92	219.97	496.77	423.42	716.34	587.81	769.98	572.26	736.66	968.01	473.76	461.51	573.20	488.49	409.95	461.72
31	256.66	225.44	508.04	437.30	729.66	602.59	788.54	591.13	756.96	987.44	480.27	473.09	587.84	498.83	418.23	471.04
32	259.52	230.27	516.54	451.23	741.72	624.55	810.84	593.03	768.81	987.94	500.92	487.25	598.54	506.17	427.35	480.97
33	263.31	232.59	523.14	460.48	753.35	630.86	824.13	608.14	780.06	1,010.46	507.01	499.64	611.46	514.08	438.56	488.76
34	270.65	236.25	531.58	470.10	771.36	647.05	836.33	616.09	790.11	1,085.91	507.89	503.11	629.86	520.90	447.42	498.81
35	271.40	240.71	541.22	480.98	772.99	671.88	858.70	627.70	799.53	1,108.02	520.07	518.57	647.33	528.96	454.67	506.83

Note: For additional information, refer to page 26.

## Import

UPS Worldwide Expedited<sup>®</sup>

Zones	61	64	651/681	652/682	653/683	654/684	655/685	656/686	657/687	658/688	659/689	661/691	662/692	663/693	670	671
36 Lbs.	\$274.67	\$247.48	\$550.39	\$491.04	\$786.15	\$688.73	\$863.33	\$645.11	\$808.87	\$1,112.26	\$524.27	\$533.53	\$649.17	\$536.52	\$467.53	\$518.19
37	279.62	252.97	559.10	499.49	799.02	707.94	877.62	657.20	817.86	1,128.02	538.58	542.08	666.58	546.82	476.63	528.22
38	282.26	257.39	567.60	511.22	804.93	716.23	891.28	675.10	828.16	1,140.58	547.85	563.86	673.38	555.08	484.34	536.96
39	289.14	263.57	576.10	520.88	821.17	721.10	904.97	678.12	837.64	1,149.21	559.33	574.45	689.37	563.05	492.65	546.18
40	289.84	265.60	584.60	530.12	837.45	754.08	918.42	689.75	846.91	1,157.70	560.99	574.95	695.91	572.56	501.29	555.64
41	293.97	270.02	592.07	539.00	856.02	765.40	939.99	706.47	859.94	1,177.09	570.92	594.31	709.12	580.26	511.46	564.71
42	303.80	274.80	598.42	545.47	867.29	768.36	958.94	719.61	863.34	1,197.62	586.40	604.74	720.21	586.40	521.14	574.18
43	305.98	279.94	606.93	558.00	875.08	780.34	969.31	723.29	875.70	1,217.80	606.98	605.24	732.77	606.98	529.44	583.62
44	306.54	283.61	619.13	568.24	885.73	793.17	975.38	724.44	884.79	1,240.96	617.57	605.74	747.26	617.57	537.51	584.12
45	310.42	286.74	621.76	574.03	893.16	794.69	987.32	747.01	893.90	1,272.19	618.81	609.64	763.66	618.81	546.04	601.47
46	314.54	291.88	635.17	578.24	900.25	824.81	1,008.11	768.72	906.66	1,282.42	641.29	616.75	773.44	641.29	550.54	609.51
47	319.27	297.67	640.59	589.84	908.84	842.71	1,022.32	770.91	914.43	1,301.88	645.85	630.04	783.34	645.85	559.39	618.12
48	327.25	302.64	648.20	607.93	909.73	844.52	1,037.90	782.72	923.89	1,319.29	646.42	643.32	798.33	646.42	574.78	628.06
49	328.06	308.42	654.27	612.02	915.96	852.82	1,049.35	794.07	933.12	1,332.20	656.79	643.87	807.21	656.79	582.34	635.73
50	332.77	313.43	658.85	612.52	923.79	884.01	1,058.90	821.77	946.25	1,364.67	666.52	650.64	815.93	666.52	582.84	645.43
52	341.06	325.42	678.64	639.85	941.07	911.92	1,071.29	835.57	968.80	1,370.75	687.56	671.54	858.35	687.56	607.38	659.24
54	348.15	335.22	686.64	660.97	975.10	925.50	1,081.87	836.67	988.43	1,383.99	716.17	702.01	890.42	716.17	625.70	677.43
56	356.03	347.68	701.51	675.83	991.19	964.08	1,090.96	868.10	993.89	1,421.39	733.76	719.75	918.01	733.76	642.64	695.50
58	363.92	358.95	716.38	692.06	999.07	1,002.66	1,123.25	899.51	1,004.38	1,458.85	751.37	740.92	942.33	751.37	658.87	713.71
60	375.19	370.77	736.28	715.37	1,022.26	1,037.22	1,134.15	925.26	1,030.93	1,617.22	777.99	753.39	974.66	777.99	675.82	731.43
62	384.26	382.61	755.89	727.98	1,040.55	1,066.61	1,157.96	950.84	1,065.93	1,638.03	787.14	791.11	999.26	787.14	688.51	748.88
64	393.25	394.40	766.84	752.89	1,066.23	1,100.59	1,170.06	980.49	1,080.43	1,710.61	823.87	808.23	1,015.39	823.87	706.98	761.38
66	401.48	405.13	788.17	769.27	1,091.05	1,129.86	1,181.20	1,002.59	1,095.29	1,714.02	856.90	837.07	1,035.04	856.90	721.36	773.84
68	416.96	417.66	796.02	784.57	1,121.54	1,130.45	1,194.64	1,012.20	1,118.13	1,714.52	862.18	847.53	1,066.21	862.18	738.54	790.73
70	425.99	429.26	811.93	802.21	1,132.84	1,131.47	1,206.49	1,054.57	1,129.33	1,715.02	896.50	874.22	1,094.70	896.50	755.84	822.63
72	435.90	439.45	829.58	802.71	1,164.44	1,208.19	1,218.45	1,078.38	1,136.06	1,742.78	908.82	891.23	1,099.13	908.82	756.34	846.26
74	438.90	449.45	846.43	837.51	1,170.34	1,221.35	1,231.81	1,083.21	1,151.92	1,781.62	919.99	904.26	1,124.59	919.99	789.71	869.61
76	445.90	461.62	862.23	838.01	1,171.21	1,234.07	1,243.96	1,083.79	1,152.56	1,784.23	966.66	928.81	1,154.32	966.66	790.21	878.15
78	456.14	472.56	873.50	858.85	1,194.01	1,266.62	1,256.49	1,084.36	1,173.82	1,842.24	988.93	945.88	1,179.81	988.93	807.61	885.37
80	457.42	482.92	887.00	865.02	1,225.05	1,297.62	1,268.58	1,087.51	1,195.24	1,897.89	1,010.12	987.24	1,206.71	1,010.12	816.41	903.91

**Note:** For additional information, refer to page [26](#).



## Import

## UPS Worldwide Expedited®

Zones	61	64	651/681	652/682	653/683	654/684	655/685	656/686	657/687	658/688	659/689	661/691	662/692	663/693	670	671
82 Lbs.	\$465.09	\$495.03	\$901.53	\$880.11	\$1,233.26	\$1,329.97	\$1,281.32	\$1,098.21	\$1,206.74	\$1,916.03	\$1,023.29	\$1,010.28	\$1,236.31	\$1,023.29	\$832.64	\$921.99
84	475.92	496.11	908.89	887.36	1,234.01	1,361.67	1,294.00	1,119.71	1,218.20	1,921.32	1,033.85	1,026.28	1,242.30	1,033.85	849.33	939.47
86	479.72	502.19	927.72	928.12	1,242.57	1,393.60	1,306.35	1,142.62	1,229.58	1,950.86	1,058.42	1,050.19	1,271.20	1,058.42	889.72	957.55
88	487.38	503.67	935.34	944.87	1,250.95	1,414.55	1,318.84	1,146.84	1,241.14	1,995.29	1,084.36	1,066.01	1,291.15	1,084.36	906.27	975.39
90	495.33	528.09	939.70	945.37	1,254.47	1,433.72	1,331.96	1,173.67	1,252.26	2,022.56	1,100.91	1,072.61	1,319.40	1,100.91	906.77	989.92
92	498.13	528.64	954.71	947.69	1,257.95	1,434.28	1,344.17	1,174.35	1,262.91	2,066.57	1,101.46	1,085.66	1,341.38	1,101.46	913.93	1,003.81
94	505.05	547.50	967.35	952.62	1,265.75	1,434.84	1,356.11	1,195.13	1,274.28	2,108.51	1,114.51	1,108.76	1,360.91	1,114.51	916.12	1,018.55
96	513.89	557.87	969.04	969.46	1,269.38	1,435.34	1,368.05	1,221.93	1,285.57	2,132.33	1,123.26	1,131.81	1,386.88	1,123.26	931.24	1,030.16
98	531.65	560.01	978.76	971.33	1,270.38	1,435.84	1,394.22	1,223.87	1,294.66	2,175.36	1,136.02	1,158.62	1,413.80	1,136.02	931.74	1,043.71
100	533.29	563.87	992.20	1,017.25	1,281.56	1,454.46	1,407.37	1,248.06	1,307.05	2,413.38	1,145.96	1,171.45	1,440.33	1,145.96	957.92	1,063.50
105	559.96	593.20	1,041.83	1,072.20	1,336.55	1,504.11	1,472.16	1,310.46	1,345.22	2,534.06	1,187.88	1,223.51	1,519.35	1,187.88	1,018.30	1,098.80
110	586.62	621.23	1,090.55	1,121.23	1,406.29	1,571.31	1,503.12	1,372.88	1,371.77	2,654.40	1,240.41	1,272.49	1,582.83	1,240.41	1,051.84	1,134.99
115	613.29	648.88	1,128.43	1,170.21	1,464.48	1,642.74	1,545.02	1,435.27	1,410.21	2,774.50	1,296.79	1,327.57	1,651.66	1,296.79	1,089.34	1,175.93
120	639.96	675.47	1,160.52	1,220.28	1,522.57	1,714.16	1,588.92	1,497.68	1,437.17	2,892.42	1,353.17	1,361.77	1,716.37	1,353.17	1,146.21	1,219.25
125	666.60	703.64	1,220.72	1,270.74	1,582.98	1,785.57	1,631.63	1,560.08	1,462.85	3,012.90	1,407.81	1,390.81	1,786.97	1,407.81	1,191.88	1,260.57
130	693.27	734.52	1,273.00	1,320.79	1,651.17	1,857.00	1,674.36	1,622.47	1,502.91	3,130.44	1,439.18	1,419.28	1,822.56	1,439.18	1,238.84	1,300.02
135	719.94	760.67	1,316.63	1,371.57	1,695.77	1,928.42	1,703.20	1,684.88	1,528.53	3,250.86	1,468.85	1,448.53	1,878.66	1,468.85	1,285.20	1,345.58
140	746.16	790.21	1,344.74	1,423.37	1,724.57	1,981.27	1,735.95	1,747.28	1,568.83	3,367.92	1,471.74	1,451.39	1,941.02	1,471.74	1,319.67	1,382.32
145	772.75	817.57	1,380.47	1,475.22	1,775.31	2,025.28	1,765.23	1,809.69	1,619.69	3,488.26	1,500.93	1,480.22	1,980.55	1,500.93	1,349.79	1,412.99
150	799.26	843.77	1,418.11	1,526.13	1,803.57	2,071.29	1,796.01	1,872.09	1,647.75	3,601.69	1,528.48	1,508.64	2,047.24	1,528.48	1,379.94	1,444.25

## Shipments of More Than 150 Pounds

Zones	61	64	651/681	652/682	653/683	654/684	655/685	656/686	657/687	658/688	659/689	661/691	662/692	663/693	670	671
Price Per Pound	\$5.33	\$5.63	\$9.46	\$10.18	\$12.03	\$13.81	\$11.98	\$12.49	\$10.99	\$24.02	\$10.19	\$10.06	\$13.65	\$10.19	\$9.20	\$9.63
Minimum Rate	799.26	843.77	1,418.11	1,526.13	1,803.57	2,071.29	1,796.01	1,872.09	1,647.75	3,601.69	1,528.48	1,508.64	2,047.24	1,528.48	1,379.94	1,444.25

**Note:** For additional information, refer to page 26.

## Import

## UPS 3 Day Select® from Canada

Guaranteed delivery by the end of the third business day to the 48 contiguous states from all Canadian provinces. Rates include door-to-door delivery with routine, in-house customs clearance by UPS Supply Chain Solutions®

Zones	475	476	477
1 Lbs.	\$49.58	\$49.79	\$51.25
2	53.30	54.31	56.54
3	56.87	58.94	61.59
4	59.84	63.39	66.90
5	63.32	68.15	71.57
6	67.00	72.78	76.87
7	69.94	77.41	82.10
8	73.60	81.73	87.26
9	77.00	86.25	92.39
10	80.51	90.53	97.02
11	83.76	94.09	101.35
12	86.81	97.59	105.55
13	90.29	100.88	109.45
14	93.42	104.31	113.43
15	96.84	107.38	116.90
16	100.09	110.39	120.58
17	103.07	113.63	123.99
18	106.22	116.82	127.66
19	109.20	119.52	131.03
20	112.26	122.30	134.38
21	115.21	124.53	137.02
22	117.91	126.74	139.14
23	122.90	128.77	141.47
24	125.45	131.05	143.32
25	128.27	133.05	145.44
26	130.91	135.27	147.31
27	134.84	137.43	149.35
28	137.49	139.41	151.38
29	139.96	141.47	153.33
30	142.51	143.81	155.53
31	144.83	145.67	160.71
32	147.07	147.71	162.98
33	149.57	149.75	165.09
34	151.42	151.87	167.22
35	152.63	153.84	172.07

Zones	475	476	477
36 Lbs.	\$154.95	\$155.96	\$174.36
37	156.62	158.19	175.63
38	157.88	160.16	178.47
39	159.55	162.32	180.54
40	161.83	164.82	182.84
41	162.87	167.23	184.96
42	165.30	169.29	187.15
43	166.72	171.27	189.19
44	168.46	173.69	190.58
45	170.25	175.31	193.38
46	171.27	177.49	195.23
47	173.06	179.55	197.36
48	175.53	181.40	199.75
49	176.65	183.47	201.73
50	178.92	185.14	203.98
52	182.60	189.67	207.95
54	183.58	193.78	212.15
56	188.87	197.94	216.74
58	192.47	202.05	220.86
60	196.92	205.43	225.35
62	199.93	210.56	229.58
64	203.50	214.55	233.91
66	207.04	218.88	238.13
68	211.29	222.99	242.31
70	214.97	226.97	246.72
72	218.66	231.13	251.16
74	222.21	235.24	255.08
76	225.81	239.16	259.63
78	229.27	243.31	263.68
80	233.01	247.55	270.45
82	236.34	251.53	272.35
84	240.00	255.55	276.54
86	242.80	259.86	280.56
88	247.00	263.78	284.63
90	250.72	267.81	288.78

Zones	475	476	477
92 Lbs.	\$254.25	\$271.98	\$292.91
94	257.67	276.15	297.09
96	261.07	280.02	301.18
98	264.59	284.56	305.05
100	268.22	288.72	309.10
105	277.49	298.77	325.75
110	286.68	309.21	341.83
115	295.92	319.77	357.88
120	305.03	330.10	373.69
125	313.01	340.48	389.67
130	322.03	350.73	405.49
135	332.31	361.11	421.63
140	341.43	371.44	437.35
145	350.55	381.82	453.37
150	360.04	392.38	469.40

## Shipments of More Than 150 Pounds

Zones	475	476	477
Price Per Pound	\$2.41	\$2.62	\$3.13
Minimum Rate	360.04	392.38	469.40

Note: For additional information, refer to page 26.

## Import

## UPS® Standard from Canada\*

Guaranteed delivery by end of day to the 48 contiguous states within two to seven business days from all Canadian provinces. Rates include door-to-door delivery. Customs clearance is not included. See pages 135-136 for U.S. Entry Preparation rates. UPS will provide Customs Brokerage Services by UPS Supply Chain Solutions® unless a different broker is specified. Charges will be billed to the importer unless otherwise indicated by the shipper. Saturday Delivery available in select areas.

Zones	376	378	380
1 Lbs.	\$26.20	\$26.67	\$27.52
2	27.52	27.88	29.27
3	28.57	29.15	30.96
4	29.27	30.61	32.97
5	30.42	32.00	34.41
6	31.28	32.59	36.11
7	32.13	33.57	37.81
8	33.14	35.02	39.57
9	33.82	36.42	41.26
10	34.90	37.76	43.08
11	35.01	38.53	44.17
12	35.68	39.98	45.92
13	36.24	41.45	47.49
14	36.59	42.66	49.20
15	37.01	43.98	50.88
16	37.91	45.08	52.34
17	38.92	46.22	54.16
18	39.98	47.44	55.61
19	40.69	48.59	57.36
20	41.31	49.50	59.12
21	43.47	52.14	62.11
22	43.96	52.82	63.66
23	45.01	54.25	65.33
24	45.71	55.17	66.88
25	46.50	56.24	68.61
26	47.38	57.30	70.34
27	48.19	58.59	71.89
28	50.18	60.59	74.76
29	50.28	60.90	75.29
30	51.47	62.48	77.35

Zones	376	378	380
31 Lbs.	\$52.21	\$62.94	\$79.06
32	53.47	64.19	80.77
33	54.15	65.30	82.44
34	55.88	67.12	84.99
35	56.30	67.30	85.72
36	57.24	68.66	87.59
37	58.24	70.35	89.03
38	59.30	71.97	90.83
39	60.70	74.40	93.51
40	61.23	75.19	94.18
41	62.26	76.69	95.87
42	64.26	79.55	99.42
43	64.87	80.67	100.29
44	65.30	81.42	100.97
45	66.69	83.87	103.17
46	67.16	84.40	104.19
47	67.98	85.90	105.63
48	69.77	88.43	108.51
49	70.03	88.88	108.81
50	71.14	90.30	109.94
52	73.26	93.47	113.53
54	75.44	96.83	117.11
56	77.73	99.80	120.72
58	79.89	102.86	124.12
60	82.13	105.92	127.41
62	84.30	108.76	130.81
64	86.67	111.70	134.10
66	88.89	114.42	137.76
68	92.54	119.52	143.89
70	94.85	122.13	146.92

\*Visit [ups.com/holidays](https://www.ups.com/holidays) for time in transit changes effective during the holiday season.

**Notes:**

- For additional information, refer to pages 26 and 94.
- For a multiple-package shipment, the minimum charge will be based on an average weight of 15 pounds per package.

## Import

## UPS® Standard from Canada\*

Zones	376	378	380
72 Lbs.	\$96.95	\$125.05	\$150.64
74	98.63	126.93	153.39
76	100.81	129.66	157.19
78	102.96	132.82	161.17
80	103.78	133.94	162.67
82	105.09	135.94	165.40
84	108.74	140.79	171.37
86	109.05	141.11	172.24
88	112.47	144.45	176.83
90	112.96	146.13	179.07
92	114.77	148.38	182.64
94	116.89	150.43	186.05
96	119.29	152.72	189.34
98	122.47	157.44	195.86
100	122.58	157.51	196.03
105	125.31	159.86	201.26
110	128.91	162.73	206.18
115	132.21	165.57	211.07
120	135.49	168.25	216.12
125	138.55	170.98	221.20
130	141.60	173.78	226.13
135	144.75	176.98	231.10
140	147.62	179.67	236.24
145	150.78	182.45	241.03
150	153.59	185.14	246.09

## Shipments of More Than 150 Pounds

Zones	376	378	380
Price Per Pound	\$1.02	\$1.23	\$1.64
Minimum Rate	153.59	185.14	246.09

\*Visit [ups.com/holidays](https://www.ups.com/holidays) for time in transit changes effective during the holiday season.

**Note:** For additional information, refer to pages [26](#) and [94](#).

## Import

## UPS® Standard from Mexico\*

Guaranteed delivery by end of day to the 48 contiguous states within three to seven business days from all of Mexico. Rates include routine, in-house customs clearance by UPS Supply Chain Solutions®. Saturday Delivery available in select areas.

Zones	362	363	364	365	366	367	368
1 Lbs.	\$45.54	\$45.89	\$46.26	\$47.06	\$47.56	\$47.90	\$48.43
2	51.76	52.34	52.57	53.90	54.47	54.87	55.16
3	57.87	58.33	58.55	59.76	59.99	60.57	61.21
4	63.33	63.73	64.02	65.45	66.03	67.19	68.04
5	69.78	70.19	70.45	71.47	74.15	74.61	74.99
6	75.47	75.82	76.25	77.51	80.26	80.83	81.15
7	78.82	79.39	79.66	79.77	83.63	84.21	85.09
8	81.27	81.73	82.17	83.52	86.14	89.82	91.00
9	84.30	84.84	85.26	86.73	89.29	92.80	95.48
10	86.12	86.47	86.95	88.31	90.94	94.42	97.13
11	88.64	89.04	89.42	90.82	93.40	96.95	99.64
12	90.74	91.09	91.46	92.80	95.43	99.05	101.68
13	92.72	93.07	93.61	94.86	97.48	101.03	103.67
14	95.06	95.64	96.19	97.24	100.05	103.32	106.31
15	97.86	98.51	98.94	100.10	103.49	107.00	110.33
16	99.62	100.37	100.75	102.14	105.95	109.87	113.25
17	102.03	103.07	103.32	104.95	108.98	112.89	116.75
18	103.70	104.94	105.25	107.22	111.39	115.64	119.68
19	105.80	107.45	107.88	109.87	114.42	118.74	123.07
20	107.11	108.96	109.59	111.79	116.34	120.91	125.46
21	107.64	109.50	109.98	112.33	116.94	121.45	126.16
22	109.32	111.43	111.96	114.54	119.40	124.12	129.20
23	111.71	113.82	114.42	117.16	122.19	127.03	132.25
24	114.36	116.68	117.23	120.26	125.51	130.49	135.98
25	116.74	119.03	119.61	122.77	128.33	133.35	139.32
26	118.55	120.90	122.00	125.15	130.95	136.03	142.40
27	120.84	123.11	124.23	127.67	133.87	139.08	145.68
28	122.99	125.57	126.80	130.32	136.63	142.05	148.96
29	125.69	128.20	129.55	133.11	139.79	145.27	152.58
30	127.45	130.02	130.78	134.40	141.36	146.91	154.55
31	128.26	130.88	132.76	136.50	143.81	149.47	157.49
32	129.96	132.23	134.16	137.90	145.50	151.23	159.29
33	131.00	133.94	135.79	139.95	147.43	153.33	161.69
34	133.28	136.43	138.43	142.64	150.23	156.38	165.13
35	135.98	139.30	141.36	145.73	153.63	159.76	168.71

\*Visit [ups.com/holidays](https://www.ups.com/holidays) for time in transit changes effective during the holiday season.

**Notes:**

- For additional information, refer to pages [26](#) and [94](#).
- For a multiple-package shipment, the minimum charge will be based on an average weight of 15 pounds per package.

## Import

## UPS® Standard from Mexico\*

Zones	362	363	364	365	366	367	368
36 Lbs.	\$136.48	\$139.80	\$141.86	\$146.23	\$154.13	\$160.26	\$169.21
37	140.97	144.32	146.45	150.75	158.35	164.27	172.34
38	143.62	147.07	149.24	153.28	161.23	166.98	175.05
39	146.16	149.54	151.56	155.86	163.60	169.46	177.52
40	148.23	151.39	153.56	157.81	165.61	171.30	179.59
41	150.87	154.15	156.26	160.39	168.25	174.24	182.23
42	153.80	157.26	159.30	163.56	171.24	177.17	185.28
43	155.99	159.44	161.60	165.75	173.72	179.42	187.87
44	158.00	160.36	162.52	166.77	174.76	180.50	188.72
45	158.53	161.63	163.79	168.09	175.90	181.76	189.99
46	160.08	163.36	165.56	169.70	177.64	183.62	191.79
47	160.61	163.89	166.09	170.23	178.43	184.20	192.47
48	162.72	166.06	168.21	172.29	180.04	185.86	194.02
49	165.96	169.12	171.19	175.50	183.16	189.03	197.06
50	168.38	171.53	173.73	177.98	185.69	191.57	199.65
52	172.63	175.96	178.49	183.49	191.22	197.03	205.06
54	179.89	183.27	185.74	190.66	198.40	204.22	212.36
56	187.88	191.16	193.72	198.59	206.47	212.16	220.23
58	193.00	196.28	198.77	203.76	211.53	217.22	225.34
60	198.23	201.40	203.94	208.87	216.72	222.41	230.42
62	203.24	206.57	209.00	213.94	221.84	227.54	235.58
64	207.27	210.56	213.53	219.10	227.82	236.11	243.24
66	212.29	215.62	218.59	224.27	233.01	241.23	248.30
68	217.47	220.69	223.65	229.44	238.13	246.23	253.42
70	222.69	225.92	228.76	234.50	243.30	251.41	258.63
72	227.76	230.98	233.86	239.56	248.30	256.54	263.76
74	233.01	236.22	239.10	244.73	253.56	261.72	268.87
76	236.39	239.68	242.61	249.84	258.68	268.56	274.86
78	241.58	245.02	247.82	255.36	264.07	274.03	280.50
80	242.72	246.06	248.85	256.32	265.17	275.01	281.36
82	246.64	249.97	252.77	260.12	268.97	278.88	285.10
84	251.76	254.98	257.82	265.29	273.92	283.87	290.15
86	257.00	260.34	262.98	270.33	279.22	289.00	295.33
88	262.12	265.34	268.23	275.57	284.17	294.23	300.51
90	267.29	270.75	273.39	280.74	289.45	299.70	305.50

\*Visit [ups.com/holidays](https://ups.com/holidays) for time in transit changes effective during the holiday season.

**Note:** For additional information, refer to pages [26](#) and [94](#).

## Import

## UPS® Standard from Mexico\*

Zones	362	363	364	365	366	367	368
92 Lbs.	\$273.01	\$276.22	\$278.89	\$285.85	\$294.40	\$304.60	\$310.63
94	278.75	281.69	284.54	291.02	299.35	309.54	315.62
96	284.10	287.04	289.98	296.14	304.25	314.32	320.51
98	289.00	291.35	294.58	300.33	308.33	318.64	324.89
100	293.95	295.73	299.34	304.63	312.71	323.01	329.42
105	295.05	296.87	300.04	305.16	313.69	323.82	329.95
110	304.66	306.26	308.31	312.97	320.48	330.49	336.72
115	315.59	317.72	319.98	324.23	331.93	342.24	348.58
120	328.65	330.33	332.95	336.92	344.87	355.58	362.09
125	333.20	335.10	337.72	341.17	349.25	359.73	366.16
130	345.12	347.47	350.06	353.24	361.35	371.93	378.53
135	356.97	359.79	362.59	365.18	373.37	383.79	390.78
140	360.14	363.06	365.75	367.76	375.84	385.91	392.73
145	375.97	379.35	382.24	383.79	391.96	402.04	409.17
150	389.43	393.34	396.36	397.47	405.61	415.62	422.92

## Shipments of More Than 150 Pounds

Zones	362	363	364	365	366	367	368
Shipments of 151 to 199 Pounds							
Price Per Pound	\$2.60	\$2.63	\$2.65	\$2.65	\$2.71	\$2.78	\$2.82
Minimum Rate	389.43	393.34	396.36	397.47	405.61	415.62	422.92
Shipments of 200 Pounds or More							
Price Per Pound	\$2.49	\$2.49	\$2.49	\$2.51	\$2.56	\$2.62	\$2.68
Minimum Rate	516.64	521.83	525.84	527.30	538.10	551.39	561.08

\*Visit [ups.com/holidays](https://www.ups.com/holidays) for time in transit changes effective during the holiday season.

**Note:** For additional information, refer to pages [26](#) and [94](#).

# Value-Added Services

Value-added services are available for the UPS services indicated. For additional information and rates, refer to pages [114-119](#).

	Domestic							International							Page				
	UPS Next Day Air® Early	UPS Next Day Air®	UPS Next Day Air Saver®	UPS 2nd Day Air A.M.®	UPS 2nd Day Air®	UPS 3 Day Select®	UPS® Ground	UPS® Ground with Freight Pricing	UPS Worldwide Express Plus®	UPS Worldwide Express NA1®	UPS Worldwide Express®	UPS Worldwide Express Freight® Midday	UPS Worldwide Express Freight®	UPS Worldwide Saver®	UPS Worldwide Expedited®	UPS 3 Day Select® from Canada	UPS® Standard to/from Canada	UPS® Standard to/from Mexico	
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Hold for Pickup	●	●	●	●	●	●	●	●											116
UPS My Choice® for Business	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	117
UPS My Choice®	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	117
Proof of Delivery (P.O.D.)	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	118
Saturday Delivery*	●	●		●	●	●	●	●	●	●	●	●	●			●	●	●	118
Shipper Release	●	●	●	●	●	●	●	●											121
Signature Required		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	118
<b>International Shipping</b>																			
Billing Options									●	●	●	●	●	●	●	●	●	●	114
Certificate of Origin									●	●	●	●	●	●	●	●	●	●	114
Currency Conversion Rate									●	●	●	●	●	●	●	●	●	●	115
Electronic Export Information (E.E.I.)									●	●	●	●	●	●	●	●	●	●	116
UPS Import Control®									●	●	●	●	●	●	●	●	●	●	116
Non-Resident Importer (NRI)									●	●	●	●	●	●	●	●	●	●	118
World Ease®									●	●	●	●	●	●	●	●	●	●	121
<b>Pickup</b>																			
Daily On-Route Pickup	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	120
Daily Pickup	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	120
Day-Specific Pickup	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	120
Saturday Air Processing Fee (Saturday Pickup)	●	●	●	●	●														120
Saturday Export Processing Fee								●	●				●						120
Saturday Stop Charge** – UPS Smart Pickup®	●	●	●	●	●	●	●	●											120
Saturday Stop Charge** – Scheduled Pickup	●	●	●	●	●	●	●	●											120
Saturday Stop Charge** – UPS On-Call Pickup®	●	●	●	●	●	●	●	●											120
UPS On-Call Pickup®	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	118
UPS Smart Pickup®	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	120
<b>Returns***</b>																			
1 UPS Pickup Attempt Label	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	119
3 UPS Pickup Attempts Label	●	●		●	●	●	●	●	●	●			●	●	●	●	●	●	119
UPS Authorized Return Service®		●		●	●	●	●	●											119
Electronic Return Label	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	119
Print and Mail Return Label	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	119
Print Return Label	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	119
Returns and The UPS Store®	●	●		●	●	●	●	●	●	●	●			●	●	●	●	●	119
UPS Returns® Exchange	●	●		●	●	●	●	●	●	●	●			●	●	●	●	●	119
<b>Additional Options</b>																			
Branded Tracking from UPS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	114
UPS carbon neutral	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	114
Declared Value for Carriage	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	115
UPS® Premier	●	●	●																118
Ship to a UPS Access Point® Location	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	118
Third Party Billing Service	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	121

\*Saturday Delivery is only available for UPS 3 Day Select, UPS Ground, UPS Ground with Freight Pricing, UPS Standard from Canada and UPS Standard from Mexico services in select areas. Saturday Delivery is not available for UPS Standard to Canada or UPS Standard to Mexico services.

\*\*Saturday Pickup is only available for UPS 3 Day Select, UPS Ground and UPS Ground with Freight Pricing services in select areas.

\*\*\*UPS Returns® Service options for UPS® Simple Rate are limited to UPS Print Return Label Service only.



# Other Charges

Additional charges may apply to your shipment. For additional information and rates, refer to pages [122-125](#).

	Domestic										International								Page
	UPS Next Day Air® Early	UPS Next Day Air®	UPS Next Day Air Saver®	UPS 2nd Day Air A.M.®	UPS 2nd Day Air®	UPS 3 Day Select®	UPS® Ground	UPS® Ground with Freight Pricing	UPS Worldwide Express Plus®	UPS Worldwide Express NA1®	UPS Worldwide Express®	UPS Worldwide Express Freight® Midday	UPS Worldwide Express Freight®	UPS Worldwide Express Saver®	UPS Worldwide Expedited®	UPS 3 Day Select® from Canada	UPS® Standard to/from Canada	UPS® Standard to/from Mexico	
<b>Additional Handling</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">122</a>
<b>Address Correction</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">122</a>
<b>Chargeback for Consignee Billing Shipments</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">122</a>
<b>Dangerous Goods</b>																			
– International Dangerous Goods									●	●	●	●	●	●	●	●	●	●	<a href="#">123</a>
– Hazardous Materials	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">123</a>
– Dry Ice	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">123</a>
<b>Delivery Area Surcharge</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">122</a>
<b>Delivery Reattempt</b>											●	●							<a href="#">122</a>
<b>Destination Outside Service Area</b>	●																		<a href="#">122</a>
<b>Extended Area Surcharge</b>									●	●	●	●	●	●	●	●	●	●	<a href="#">123</a>
<b>Large Package Surcharge</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">123</a>
<b>Missing PLD Fee</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">124</a>
<b>Missing/Invalid Account Number or Refusal Fee</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">124</a>
<b>UPS On-Call Pickup® Area Surcharge</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">124</a>
<b>Over Maximum Limits</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">124</a>
<b>Oversize Pallet Handling Surcharge</b>											●	●							<a href="#">124</a>
<b>Package Tracking, Tracing and Refund Requests</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">124</a>
<b>Pickup Area Surcharge</b>											●	●							<a href="#">124</a>
<b>Prohibited Item Fee</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">124</a>
<b>Rebill Fee</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">124</a>
<b>Remote Area Surcharge</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">125</a>
<b>Residential Surcharge</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">125</a>
<b>Shipping Charge Correction Audit Fee*</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">125</a>
<b>Special Handling of Undeliverable Shipments</b>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	<a href="#">125</a>
<b>Undeliverable Shipment Surcharge</b>									●	●	●	●	●	●	●	●	●	●	<a href="#">125</a>

\*Shipping Charge Correction Audit Fee does not apply to import shipments.

**Notes:**

- Peak Surcharges also apply to certain packages tendered during Peak Periods. See [ups.com/peaksurcharges](https://www.ups.com/peaksurcharges) for details.
- The following surcharges do not apply to UPS® Simple Rate shipments: Delivery Area Surcharge, Delivery Area Surcharge Extended, Residential Surcharge and fuel surcharges. All other charges apply to UPS Simple Rate shipments.

# Domestic, Export and Import Value-Added Services

## PACKAGE

Unless otherwise noted, UPS rates are per package for domestic services and per shipment for international services.

Available Options	Description	Fee
<b>Billing Options</b>	<ul style="list-style-type: none"> <li>– If the duties or the duties and taxes are billed outside the destination country, a Duty and Tax Forwarding Charge will be applied.</li> <li>– UPS can bill shipping charges to the shipper, the receiver or a third party to and from most countries. Check your UPS Shipping System or contact UPS for service availability.</li> </ul>	\$15.00
<b>Branded Tracking from UPS</b>	<ul style="list-style-type: none"> <li>– A turn-key solution that merges UPS® tracking with your company's branding to help re-engage customers and promote sales.</li> <li>– Create a custom shipment tracking page that looks like your website but is hosted by UPS.</li> <li>– Easy to set up and start quickly.</li> <li>– Learn more at <a href="https://solutions.ups.com/ups-branded-tracking-lp.html">solutions.ups.com/ups-branded-tracking-lp.html</a>.</li> </ul>	Contractual service
<b>UPS carbon neutral</b>	<ul style="list-style-type: none"> <li>– UPS calculates the CO<sub>2</sub> emissions associated with the transport of your package and purchases carbon offsets to balance out the CO<sub>2</sub> impact.</li> <li>– Available to shippers using a UPS automated shipping system.</li> <li>– The shipping label will include a carbon neutral indicator. Also, if you select e-mail notifications, your recipient will receive a UPS carbon neutral branded e-mail.</li> <li>– Learn more at <a href="https://ups.com/carbonneutral">ups.com/carbonneutral</a>.</li> </ul>	Per package charge: – UPS Domestic Air Services and UPS 3 Day Select®: \$0.20 – UPS® Ground and UPS® Standard: \$0.05 – UPS International Air Services and UPS 3 Day Select® from Canada: \$0.75 Per pallet charge: – UPS Worldwide Express Freight® Services: \$20.00
<b>Certificate of Origin</b>	<ul style="list-style-type: none"> <li>– Can be prepared by UPS on behalf of the shipper for exported goods manufactured and originating within the U.S.</li> </ul>	\$10.00
Collect on Delivery (C.O.D.) Services	<ul style="list-style-type: none"> <li>– UPS will attempt to collect the amount shown on C.O.D. tag or package label, then send payment to you. If payment cannot be collected after three attempts, the package will be returned.</li> <li>– C.O.D. service is available for packages shipped throughout the U.S. and Puerto Rico.</li> <li>– Also available for imports from Canada where the fee would apply per package.</li> <li>– Business or personal checks are accepted as payment. Currency is not accepted for payment.</li> <li>– C.O.D. service is not available when using a UPS 3 Day Select or UPS Ground shipping document. Refer to page 22 for an explanation of these documents.</li> </ul>	
<b>UPS C.O.D.</b>	To request a C.O.D. electronically: <ul style="list-style-type: none"> <li>– Service is available by using a UPS automated shipping system.</li> <li>– The shipping system will produce a barcoded address label that contains all C.O.D. information.</li> </ul> To request a C.O.D. using a manual tag: <ul style="list-style-type: none"> <li>– Type or print an address label and attach it to the top of the package.</li> <li>– Complete the UPS C.O.D. tag per the instructions on the tag and specify the exact amount due.</li> <li>– Attach C.O.D. tag to each package requiring collection, covering the address label.</li> <li>– Retain the "Shipper Receipt" portion for your records.</li> </ul>	\$16.50
<b>C.O.D. Direct®*</b>	<ul style="list-style-type: none"> <li>– Receive C.O.D. payments generally within six business days of package delivery.</li> <li>– Direct electronic transfer of funds into your designated accounts; timely alert of non-sufficient funds.</li> <li>– Receive daily reports of payments received, net deposits to accounts and total returned items.</li> <li>– Must have minimum annual 50 C.O.D. packages to qualify.</li> <li>– No additional fee beyond the C.O.D. rate. Please contact your account representative or call 1-877-263-8772 for details.</li> </ul>	Contractual service
<b>C.O.D. Automatic®*</b>	<ul style="list-style-type: none"> <li>– Receive advanced C.O.D. funds in as few as two days after package delivery.</li> <li>– Direct electronic transfer of funds into your designated accounts; timely alert of non-sufficient funds.</li> <li>– Receive daily reports of payments received, net deposits to accounts and total returned items.</li> <li>– Online access to statement history, check images and downloadable transaction details.</li> <li>– Must have minimum annual C.O.D. remittances of \$30,000.00 and at least 100 C.O.D. packages to qualify.</li> <li>– Please contact your account representative or call 1-877-263-8772 for details.</li> </ul>	Contractual service
<b>Delayed Deposit for C.O.D. Direct and C.O.D. Automatic*</b>	<ul style="list-style-type: none"> <li>– Additional feature of C.O.D. Direct and C.O.D. Automatic services.</li> <li>– Eliminates manual handling of checks held for delayed deposits by electronically scheduling future deposits directly into your designated accounts; includes online, self-service capabilities.</li> <li>– Please contact your account representative or call 1-877-263-8772 for details.</li> </ul>	Contractual service

\*Visit [upscapital.com/cod](https://upscapital.com/cod) or call 1-877-263-8772 for more information.

### Notes:

- The value-added services listed are available for UPS domestic, international package, UPS Worldwide Express Freight® Midday and UPS Worldwide Express Freight services unless otherwise noted on page 112.
- Fuel surcharges apply to value-added services associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups.com](https://ups.com).

# Domestic, Export and Import Value-Added Services

## PACKAGE

Unless otherwise noted, UPS rates are per package for domestic services and per shipment for international services.

Available Options	Description	Fee
Collect on Delivery (C.O.D.) Services (cont.) <b>C.O.D. Secure**</b>	<ul style="list-style-type: none"> <li>– Receive all the benefits of C.O.D. Automatic® service, along with protection for returned C.O.D. checks up to a specified limit.</li> <li>– UPS Capital® handles/manages the collections process on bad checks.</li> <li>– Must have minimum annual C.O.D. remittances of \$50,000.00 and at least 50 C.O.D. packages to qualify.</li> <li>– Please contact your account representative or call 1-877-263-8772 for details.</li> </ul>	Contractual service
<b>Currency Conversion Rate</b>	– Charges to a payer's account in a foreign currency will be converted to the payer's currency using a weekly exchange rate secured through major money center banks.	0.75% of currency amount converted
<b>Declared Value for Carriage</b>	<ul style="list-style-type: none"> <li>– UPS's liability for loss or damage for each domestic package or international shipment, or to each pallet in a UPS Worldwide Express Freight® Middyay or UPS Worldwide Express Freight® shipment is limited to \$100.00 without a declaration of value.</li> <li>– The maximum declared value is \$50,000.00 per package/\$100,000.00 per pallet shipped via UPS Worldwide Express Freight Middyay and UPS Worldwide Express Freight services. UPS's liability for loss or damage can be increased up to \$50,000.00 per package or \$100,000.00 per pallet by making a declaration of value for an additional charge (subject to terms and conditions). Certain domestic packages are eligible for the enhanced maximum declared value of \$70,000.00, subject to restrictions set forth in the "UPS Tariff/Terms and Conditions of Service – United States" available at <a href="https://www.ups.com/terms">ups.com/terms</a> and also set forth in "Maximum Declared Values" on page 8.</li> <li>– Declarations of value from \$100.01 to \$300.00 are subject to a charge of \$3.45. Declarations of value over \$300.00 incur a charge for each \$100.00 (or portion of \$100.00) of the total value declared, including the first \$100.00. For example, a declaration of \$950.00 value incurs a charge of \$11.50 (10 times \$1.15).</li> <li>– For international shipments with a declared value of more than \$50,000.00, multiply the total declared value by the rate to determine the declared value charge for the shipment.</li> <li>– For packages tendered to a UPS driver with a declared value amount of more than \$1,000.00, the shipper must retain a high-value shipment summary signed by the driver. The UPS Shipping System provides this form when the shipping label is requested.</li> <li>– Declared value charges can be included in charges billed to receivers or third parties.</li> </ul>	<ul style="list-style-type: none"> <li>– Value from \$100.01 to \$300.00 \$3.45</li> <li>– Value over \$300.00, charge for each \$100.00 (or portion of \$100.00) of the total value declared (from \$0.00 to total value declared) \$1.15</li> <li>– For international shipments with a declared value of more than \$50,000.00: \$0.009 times the declared value</li> </ul>
Delivery Change Options	– In addition to Delivery Change Option fees, additional transportation charges and all applicable surcharges may apply. Refer to the "UPS Tariff/Terms and Conditions of Service – United States" available at <a href="https://www.ups.com/terms">ups.com/terms</a> for more information.	
<b>UPS Delivery Intercept®</b>	<ul style="list-style-type: none"> <li>– As a shipper, after you tender your package to UPS, you can request that UPS return the package to you**, reroute the package to a new address**, have the package available at Will Call for pickup or have the package delivered on a future date. When the package is tracked, the status of the UPS Delivery Intercept request will be displayed.</li> <li>– Shippers can make a UPS Delivery Intercept request through the Shipping History with WorldShip® or UPS CampusShip® shipping systems, <a href="https://www.ups.com">ups.com</a> shipping, Quantum View Manage® or UPS tracking on <a href="https://www.ups.com">ups.com</a>. A UPS Delivery Intercept request can also be made by calling 1-800-PICK-UPS® (1-800-742-5877).</li> </ul>	UPS Delivery Intercept: <ul style="list-style-type: none"> <li>– \$17.60 for web requests</li> <li>– \$24.90 for phone requests</li> <li>– No charge for Will Call</li> </ul>
<b>Delivery Change Request</b>	<ul style="list-style-type: none"> <li>– For domestic packages and import shipments only. After the first delivery attempt has occurred, consignees may, via the tracking application on <a href="https://www.ups.com">ups.com</a> or by calling 1-800-PICK-UPS® (1-800-742-5877), request the following Delivery Change Requests for a package or pallet: Return to sender**, Hold for future delivery, Change a domestic package's delivery location** (but not a pallet's), Deliver** eligible domestic packages to a UPS Access Point® location, Redeliver to the original address a package that was taken to a UPS Access Point location, and Request that UPS hold a package for Will Call at a UPS Customer Center.</li> <li>– A UPS InfoNotice® number is required to change the destination delivery address.</li> </ul>	Delivery Change Requests for a package or pallet: <ul style="list-style-type: none"> <li>– Return to sender** - Free</li> <li>– Hold for future delivery - \$11.99</li> <li>– Change a domestic package's delivery location** (but not a pallet's) - \$16.99</li> <li>– Deliver** eligible domestic packages to a UPS Access Point location - \$7.99</li> <li>– Redeliver to the original address a package that UPS elected to deliver to a UPS Access Point location without your request - Free</li> <li>– Request that UPS hold a package for Will Call or Same Day Will Call at a UPS Customer Center - \$7.99</li> </ul>
<b>UPS Delivery Confirmation</b>	<ul style="list-style-type: none"> <li>– Confirmation of delivery is sent by mail, and includes the delivery date, either the name of the recipient or the package disposition, and in the event of a return, the reason for the return.</li> <li>– Similar information, including the ability to view a signature, is available for no charge when you track your package at <a href="https://www.ups.com">ups.com</a>.</li> </ul>	\$2.00

\*Visit [upscapital.com/cod](https://www.ups.com/cod) or call 1-877-263-8772 for more information.

\*\*Additional transportation fees and all applicable surcharges may apply. For requests to return to the sender, any such fees will be assessed to the shipper. Refer to the "UPS Tariff/Terms and Conditions of Service – United States" available at [ups.com/terms](https://www.ups.com/terms) for more information.

### Notes:

- The value-added services listed are available for UPS domestic, international package, UPS Worldwide Express Freight Middyay and UPS Worldwide Express Freight services unless otherwise noted on page 112.
- Fuel surcharges apply to value-added services associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups.com](https://www.ups.com).

# Domestic, Export and Import Value-Added Services

## PACKAGE

Unless otherwise noted, UPS rates are per package for domestic services and per shipment for international services.

Available Options	Description	Fee
<b>Direct Delivery Only</b>	<ul style="list-style-type: none"> <li>– Except for shipper requests, where available, the package may not be re-routed, re-directed or delivered to an alternate address (except requests to hold for Will Call at UPS Customer Centers).</li> <li>– Delivery pursuant to UPS's driver release and Shipper Release procedures is still available. Signature on delivery and delivery to the person specified as the receiver not required.</li> <li>– Available for residential and commercial delivery.</li> </ul>	\$2.00
<b>Electronic Export Information (E.E.I.)</b> formerly known as Shipper's Export Declaration (S.E.D.)	<ul style="list-style-type: none"> <li>– UPS can file E.E.I. on your behalf when all required data is provided with the proper Power of Attorney.</li> <li>– Providing E.E.I. as part of a shipment using WorldShip®, UPS CampusShip® or <a href="http://ups.com">ups.com</a> shipping systems ensures that UPS has all the information to file E.E.I. in a timely manner.</li> <li>– File E.E.I. free of charge at <a href="http://cbp.gov/ace">cbp.gov/ace</a>, the U.S. Government website designed for U.S. export shippers.</li> </ul>	\$15.00
<b>Hold at Location</b>	<ul style="list-style-type: none"> <li>– For UPS Worldwide Express Freight® Midday or UPS Worldwide Express Freight® shipments, the shipper may request that UPS hold a shipment at a UPS Worldwide Express Freight Center location for pickup. For each such shipment, the shipper will complete an address label showing the words "Hold for Pickup," the consignee's name, telephone number, the name of a contact person and the full address of the consignee (designated UPS Worldwide Express Freight Center address not required).</li> </ul>	No charge
<b>Hold for Pickup</b>	<ul style="list-style-type: none"> <li>– UPS will deliver the package to a selected UPS Customer Center and call the recipient for pickup, usually by 8:30 a.m. on the scheduled day of delivery.</li> <li>– Recipient will be required to present a government-issued photo ID.</li> <li>– If a recipient's representative is picking up the package, a letter on company letterhead authorizing release or a company ID may be required.</li> <li>– Packages not picked up within five business days will be returned to the shipper.</li> <li>– Hold for Pickup service is not available for Saturday Delivery.</li> <li>– For each package, customers must prepare a label including the words "Hold for Pickup," the recipient's name and telephone number and the full address of the UPS Customer Center.</li> <li>– Apply a UPS Hold for Pickup label above the address label on the package. Labels can be ordered from <a href="http://ups.com">ups.com</a>.</li> <li>– Visit <a href="http://ups.com">ups.com</a> for the most convenient UPS Hold for Pickup location.</li> </ul>	No charge
<b>UPS Import Control®</b>		
<b>Print Label</b>	– You generate the label(s) and distribute to your customer, who applies it to the shipment.	\$1.05 per label
<b>Electronic Label</b>	– UPS e-mails the label(s) upon request to your customer, who then prints and applies the label(s) to the shipment.	\$1.05 per label
<b>Print and Mail Label</b>	– UPS prints the label(s) upon request and mails it to your customer, who then applies the label(s) to the shipment.	\$2.25 per label
<b>1 UPS Pickup Attempt Label</b>	– UPS delivers a shipping label to your customer and collects the shipment. If the shipment cannot be picked up on the first attempt, UPS will leave the label at the pickup location.	\$6.00 per label
<b>3 UPS Pickup Attempts Label*</b>	– UPS delivers a shipping label to your customer and collects the shipment. If the shipment cannot be picked up on the first attempt, UPS will only make two more pickup attempts over the next two business days.	\$8.20 per label
<b>Invoice Removal</b>	– UPS removes the commercial invoice prior to delivery, which keeps merchandise values confidential from the final consignee.	\$20.00 per shipment

### GENERAL INFORMATION REGARDING UPS IMPORT CONTROL

- Importers initiate UPS shipments from another country, delivering to themselves or an alternate location.
- Allows importers to use a UPS automated shipping system or their own system to generate labels and commercial invoices, which can be forwarded to a supplier/exporter in another country by e-mail, mail or via a UPS driver with a pickup dispatch.
- Includes import document preparation, pickup, customs clearance, visibility and delivery.
- Facilitates pickup/delivery in over 145 countries and territories; varies by country; transportation charges based upon the scheduled delivery date.
- Exporter will be responsible for meeting export/import documentation requirements; to facilitate export, exporter may receive an Instruction Sheet with every label delivered to them.
- Shipments containing certain items including, but not limited to, Hazardous Materials or Dangerous Goods requiring shipping papers are not allowed in UPS Import Control shipments.
- Transportation charges for return packages are billed after entering the UPS system.
- Print and Mail Label, 1 UPS Pickup Attempt Label and 3 UPS Pickup Attempts Label accessorials are billed at the time of request. Print Label and Electronic Label fees are billed after the package enters the UPS system.
- Regulations and requirements for documentation for individual commodities vary from country to country. See [ups.com](http://ups.com) for country-specific rules.
- Shipments with a package or pallet valued greater than \$1,000.00 (or local equivalent) must include a high-value shipment summary from the exporter with the labels and must be signed by the driver.

\*Not available for UPS Worldwide Express Freight Services.

#### Notes:

- The value-added services listed are available for UPS domestic, international package, UPS Worldwide Express Freight Midday and UPS Worldwide Express Freight services unless otherwise noted on page [112](#).
- Fuel surcharges apply to value-added services associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups.com](http://ups.com).



# Domestic, Export and Import Value-Added Services

## PACKAGE

Unless otherwise noted, UPS rates are per package for domestic services and per shipment for international services.

Available Options	Description	Fee
<b>Non-Resident Importer (NRI)</b>	<ul style="list-style-type: none"> <li>– Applicable when shipping to Canada via UPS Air or UPS® Ground shipments.</li> <li>– A Non-Resident Importer is a shipper in the U.S. who acts as the importer of record to the Canadian government.</li> <li>– An NRI account allows you to pay the duties, taxes and brokerage charges for shipments to Canada, simplifying the experience for your consignee.</li> <li>– Shipper files the Power of Attorney (clearance authorization) with UPS for clearance of goods in Canada and is responsible for the payment of all Canadian duties, taxes and brokerage fees.</li> <li>– UPS will automatically charge all Canadian duties, taxes and brokerage fees to the shipper's NRI brokerage account.</li> <li>– Consignee is not involved in the customs clearance process.</li> <li>– Shipper undertakes all importing responsibilities as required by Canadian law.</li> <li>– Shipper must maintain records on all importation into Canada for a period of time prescribed by the Canadian government (for U.S. NRI account holders, that period is six years).</li> <li>– NRI option can be utilized on UPS Air or UPS Ground shipments.</li> <li>– Contact your UPS representative if you would like to set up an NRI account.</li> </ul>	No charge
<b>UPS On-Call Pickup®</b>	<ul style="list-style-type: none"> <li>– With one pickup request, UPS will pick up all of your packages – Air, International, UPS 3 Day Select® and Ground services at your office or home.</li> <li>– Schedule a same-day or future-day pickup via <a href="https://www.ups.com">ups.com</a>.</li> <li>– At <a href="https://www.ups.com">ups.com</a>, send an e-mail confirmation of your pickup request to multiple addresses, modify your pickup request or cancel the request.</li> <li>– Fees are applied per pickup request regardless of the number of packages being picked up.</li> </ul> <p><b>UPS Worldwide Express Freight® MIDDAY and UPS Worldwide Express Freight®</b></p> <ul style="list-style-type: none"> <li>– Pickup or drop-off must be scheduled for each UPS Worldwide Express Freight MIDDAY and UPS Worldwide Express Freight shipment via WorldShip® shipping system or UPS CampusShip® shipping systems, <a href="https://www.ups.com">ups.com</a> shipping, a UPS Ready® solution, UPS® Developer Kit, <a href="https://www.ups.com">ups.com</a> or by calling 1-800-782-7892.</li> <li>– UPS Worldwide Express Freight MIDDAY and UPS Worldwide Express Freight pickups cannot be combined with Air, International or UPS 3 Day Select services package pickup.</li> </ul>	<p><b>Package</b></p> <ul style="list-style-type: none"> <li>– Same-Day Pickup: \$6.90</li> <li>– Future-Day Pickup: \$5.80</li> <li>– Residential and area surcharges may apply</li> </ul> <p><b>UPS Worldwide Express Freight Services</b></p> <p>No charge</p>
<b>UPS® Premier</b>	<ul style="list-style-type: none"> <li>– Proactive monitoring and intervention service for UPS Next Day Air®, UPS Next Day Air® Early, and UPS Next Day Air Saver® shipments.</li> <li>– UPS provides 24-hour-a-day, seven-day-a-week support for these shipments.</li> <li>– Intervention is available for these shipments to help ensure service commitments and shipment integrity.</li> <li>– Ideal for customers shipping critical high-value, time- or temperature-sensitive products that require an additional layer of protection.</li> </ul>	Contractual service
<b>Proof of Delivery (P.O.D.)</b>	<ul style="list-style-type: none"> <li>– Proof of Delivery of a shipment can be requested after the shipment has been delivered by calling 1-800-PICK-UPS® (1-800-742-5877).</li> <li>– Proof of Delivery includes the time of delivery, full delivery address and the name and signature of the person who accepted your shipment, if available.</li> <li>– Information can be provided via e-mail, fax or mail and is subject to a charge which will be assessed to the shipper.</li> <li>– Similar information is available for no charge when you track your shipment at <a href="https://www.ups.com">ups.com</a>.</li> </ul>	\$3.00 per package
<b>Saturday Delivery</b>	<ul style="list-style-type: none"> <li>– For time-critical shipments, UPS offers the convenience of Saturday Delivery in select locations.</li> <li>– UPS Next Day Air® Early shipments are typically guaranteed one hour later than the guaranteed weekday delivery time to many UPS Next Day Air Early destinations.</li> <li>– UPS Next Day Air shipments are typically guaranteed an hour and a half later than the guaranteed weekday delivery time.</li> <li>– UPS 2nd Day Air® shipments are guaranteed by end of day.</li> <li>– UPS Worldwide Express Plus®, UPS Worldwide Express NA1® and UPS Worldwide Express services available to/from select locations.</li> <li>– UPS 3 Day Select and UPS Ground shipments to commercial delivery addresses within Saturday Ground Service Territories are guaranteed by end of day, if Saturday Delivery is requested by the shipper at the time of shipping. Commercial consignees in Saturday Ground Service Territories also are eligible to receive deliveries for UPS 3 Day Select, UPS Ground, UPS Ground with Freight Pricing, UPS® Standard from Canada and UPS® Standard from Mexico services on Saturday, if the consignee has a Saturday Scheduled Pickup and has opted in to receive such deliveries, but not by request.</li> <li>– UPS 3 Day Select, UPS Ground, UPS Ground with Freight Pricing, UPS® Standard from Canada and UPS® Standard from Mexico services are available to residential addresses within Saturday Ground Service Territories, but not by request.</li> <li>– Where Saturday Delivery is requested for UPS Air and international services, each package or pallet must have a Saturday Delivery routing label. A Saturday Delivery routing label is not required for UPS 3 Day Select, UPS Ground, UPS Ground with Freight Pricing, UPS Standard from Canada and UPS Standard from Mexico services.</li> <li>– Availability of Saturday Delivery may vary based on location of delivery address. Refer to <a href="https://www.ups.com">ups.com</a> for delivery areas.</li> </ul>	<p><b>UPS Ground Commercial and UPS 3 Day Select Commercial</b></p> <p>\$4.00</p> <p><b>UPS Ground with Freight Pricing Commercial</b></p> <p>\$4.00 per shipment</p> <p><b>UPS Air and International Services</b></p> <p>\$16.00</p> <p><b>UPS Worldwide Express Freight</b></p> <p>\$200.00</p>
<b>Ship to a UPS Access Point® Location*</b>	<p><b>Ship to a UPS Access Point Location Service:</b></p> <ul style="list-style-type: none"> <li>– Available to all shippers with a valid UPS small package account number.</li> <li>– Available with all UPS small package shipping services** and most value-added services.</li> <li>– Shippers can integrate a UPS Locator into their e-commerce platforms, allowing their customers to select the UPS Access Point delivery location that is most convenient for them.</li> <li>– Only shippers with an approved UPS agreement for transportation of wine may ship wine to a UPS Access Point location, subject to limitations set forth at <a href="https://www.ups.com/wine">ups.com/wine</a>.</li> <li>– For more information, go to <a href="https://www.ups.com/media/en/ShiptoUPSAccessPointlocation_US_EN.pdf">ups.com/media/en/ShiptoUPSAccessPointlocation_US_EN.pdf</a>.</li> </ul> <p><b>Additional Service Options for Ship to a UPS Access Point Location:</b></p> <ul style="list-style-type: none"> <li>– Deliver to Addressee Only – For added security, the shipment may only be picked up by the person identified on the shipping label (pickup by any third party is not permitted).</li> <li>– Package Release Code – For combined flexibility and security, enter a four- to six-digit numerical code when preparing a shipment and provide the code to the person you want to pick it up. The code is known only to you and the person you provide it to.</li> </ul>	<p><b>Ship to a UPS Access Point Location Service</b></p> <p>\$2.99</p> <p><b>Deliver to Addressee Only</b></p> <p>\$4.90 per shipment</p> <p><b>Package Release Code</b></p> <p>No additional charge</p>
<b>Signature Required and Adult Signature Required</b>	<ul style="list-style-type: none"> <li>– UPS will obtain the necessary signature upon delivery. For Signature Required packages only, UPS may obtain, at its discretion, an electronic authorization to release the package without a signature upon delivery.</li> </ul>	Signature Required: \$5.55 Adult Signature Required: \$6.70

\*For more information and restrictions on UPS Access Point Location, refer to page 24, Pickup and Drop-off Availability.

\*\*Not available for UPS Worldwide Express Freight Services.

### Notes:

– The value-added services listed are available for UPS domestic, international package, UPS Worldwide Express Freight MIDDAY and UPS Worldwide Express Freight services unless otherwise noted on page 112.

– Fuel surcharges apply to value-added services associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups.com](https://www.ups.com).

## DAILY RATES

# Domestic, Export and Import Value-Added Services

## UPS RETURNS® FOR PACKAGE

Available Options	Description	Fee
<b>STANDARD RETURNS SOLUTIONS</b>		
<b>UPS Authorized Return Service®</b>	<ul style="list-style-type: none"> <li>– UPS preprints these return labels and provides to you for distribution.</li> <li>– You may include these return labels within an outbound shipment or distribute the label separately.</li> <li>– For domestic return shipments only.</li> </ul>	Contractual service
<b>UPS Mail Innovations® Returns*</b>	<ul style="list-style-type: none"> <li>– Return packages through the United States Postal Service.</li> <li>– Features include easy-to-use label, thousands of drop off locations and detailed tracking through <a href="https://www.ups.com">ups.com</a>.</li> </ul>	Contractual service
<b>Electronic Return Label</b>	<ul style="list-style-type: none"> <li>– UPS electronically provides a return label to your customer through a variety of formats, including e-mail, UPS tracking results or with a mobile barcode on a mobile device.</li> <li>– Request that UPS transmit a return label to your customer.</li> <li>– Pre-authorize your customer's return packages when they meet parameters agreed upon by you and UPS within the UPS Returns Manager portal. Once implemented, your customer obtains their return label through the portal; the shipper is responsible for payment of return charges and fees regardless of when the package is tendered.</li> </ul>	\$1.05 per label
<b>Print and Mail Return Label</b>	<ul style="list-style-type: none"> <li>– UPS prints the return label upon your request and sends it to your customer, via First-Class Mail, who then applies the label to the package.</li> </ul>	\$2.25 per label
<b>Print Return Label</b>	<ul style="list-style-type: none"> <li>– You print the return label and include it in an outbound shipment or distribute separately to your customer, who then applies the label to the package.</li> </ul>	\$1.05 per label
<b>PREMIUM RETURNS SOLUTIONS</b>		
<b>1 UPS Pickup Attempt Label</b>	<ul style="list-style-type: none"> <li>– UPS delivers a return shipping label to your customer and collects the item for return. If the package cannot be picked up on the first attempt, UPS will leave the return label at the pickup location.</li> <li>– Pickup attempt date is not guaranteed.</li> </ul>	\$6.00 per label
<b>3 UPS Pickup Attempts Label</b>	<ul style="list-style-type: none"> <li>– UPS delivers a return shipping label to your customer and collects the item for return. If the package cannot be picked up on the first attempt, UPS will only make two more pickup attempts over the next two business days.</li> <li>– Pickup attempt date is not guaranteed.</li> </ul>	\$8.20 per label
<b>UPS Returns® Exchange</b>	<ul style="list-style-type: none"> <li>– UPS delivers a replacement item and picks up a like item for return during the same visit.</li> <li>– The new item is unpacked by the driver and customer; then using the delivery packaging, the old item is repacked for return to the shipper.</li> <li>– Replacement item won't be delivered until consignee provides the item for return to the driver.</li> <li>– Text and e-mail notifications are available to notify your customer of the upcoming exchange.</li> <li>– The outbound and return package tracking numbers are linked for round-trip visibility.</li> </ul>	Contractual service \$15.00 (or local equivalent) per exchange
<b>CUSTOM RETURNS SOLUTIONS</b>		
<b>Customized Returns</b>	<ul style="list-style-type: none"> <li>– UPS can customize existing returns capabilities to address a customer's specific returns needs.</li> </ul>	Contractual service
<b>Returns and The UPS Store®</b>	<ul style="list-style-type: none"> <li>– The UPS Store locations provide product return and exchange programs that can be tailored to large customer returns needs and that leverage The UPS Store retail network of nearly 5,000 locations to improve your client's returns experience.</li> </ul>	Contractual service

### GENERAL INFORMATION REGARDING UPS RETURNS SERVICES

- Return packages must be UPS-compatible, conforming to UPS packaging guidelines and fall within UPS size and weight limits.
- Shipments containing certain items including, but not limited to, Hazardous Materials or Dangerous Goods requiring shipping papers are not allowed in UPS Returns Services.
- Transportation charges for return packages are billed after the package enters the UPS system.
- UPS Returns Print and Mail Label, 1 UPS Pickup Attempt Label, 3 UPS Pickup Attempts Label and UPS Returns Exchange accessorials fees are billed at the time of request.
- UPS Returns Print Return Label and Electronic Return Label fees are billed after the package enters the UPS system.
- UPS Automated Shipping Systems will allow you to produce a commercial invoice along with the label for international returns shipments.
- UPS Returns Services facilitate the pickup of return shipments and their delivery in over 145 countries and territories. Specific details may vary by country.
- The exporter will be responsible for meeting export/import documentation requirements, regardless of who processes a shipment.
- Regulations and requirements for documentation for individual commodities vary from country to country. See Export and Import rules on [ups.com](https://www.ups.com) for country-specific rules.
- Refer to the "UPS Tariff/Terms and Conditions of Service – United States" available at [ups.com/terms](https://www.ups.com/terms) for limits on actual and declared value for UPS Returns Services shipments.
- UPS provides third-country returns (where the international shipment is to be returned to a country other than the exporter's or processing party's country) only as a contractual service.
- UPS Returns® Service options for UPS® Simple Rate are limited to UPS Print Return Label Service only.

\*Provided by UPS Mail Innovations. For more information, visit [ups.com/mireturns](https://www.ups.com/mireturns).

#### Notes:

- The value-added services listed are available for UPS domestic, international package, UPS Worldwide Express Freight® Midday and UPS Worldwide Express Freight services unless otherwise noted on page 112.
- Fuel surcharges apply to value-added services associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups.com](https://www.ups.com).

# Domestic, Export and Import Value-Added Services

## PACKAGE

Unless otherwise noted, UPS rates are per package for domestic services and per shipment for international services.

Available Options	Description	Fee												
<b>Saturday Air Processing Fee</b>	<ul style="list-style-type: none"> <li>Formerly referred to as Saturday Pickup.</li> <li>UPS Next Day Air® packages will be delivered the next business day, and UPS 2nd Day Air® packages will be delivered within two business days.</li> <li>Available in select locations for UPS Next Day Air® Early.</li> <li>Includes UPS Air Services and UPS Hundredweight Service® Air Services packages tendered to UPS on Saturday, including packages dropped off at retail locations.</li> <li>If a Saturday pickup is scheduled but nothing is shipped, the Saturday Air Processing Fee will be assessed.</li> <li>Additional pickup fees will apply for UPS On-Call Pickup® service.</li> </ul>	\$16.00												
<b>Saturday Export Processing Fee</b>	<ul style="list-style-type: none"> <li>UPS Worldwide Express Plus®, UPS Worldwide Express® and UPS Worldwide Saver® shipments picked up on Saturday will be delivered one day sooner than shipments picked up on Monday.</li> <li>Available to select destination countries.</li> <li>Includes UPS Worldwide Express Plus, UPS Worldwide Express and UPS Worldwide Saver shipments tendered to UPS on Saturday, including shipments dropped off at retail locations.</li> <li>If a Saturday pickup is scheduled but nothing is shipped, the Saturday Export Processing Fee will be assessed.</li> <li>Additional pickup fees will apply for UPS On-Call Pickup service.</li> </ul>	\$16.00 per shipment												
<b>Saturday Stop Charge</b>	<ul style="list-style-type: none"> <li>Saturday pickup is available for UPS 3 Day Select®, UPS® Ground and UPS Ground with Freight Pricing services in Saturday Ground Service Territories.</li> <li>A Saturday Stop Charge that varies depending on the pickup service selected will apply any time a pickup is requested in addition to any applicable Saturday Air Processing Fee(s) or Saturday Export Processing Fee(s).</li> <li>In Saturday Ground Service Territories, if a Saturday pickup is scheduled but nothing is shipped, the Saturday Stop Charge will be assessed (in lieu of the Saturday Air Processing Fee or Saturday Export Processing Fee).</li> </ul>													
<b>UPS Smart Pickup®</b>	<ul style="list-style-type: none"> <li>When you process a shipment using WorldShip® or UPS CampusShip® shipping systems, or <a href="https://www.ups.com">ups.com</a> shipping on Saturday, the system automatically notifies a UPS driver to make a UPS Smart Pickup service request.</li> <li>In Saturday Ground Service Territories, a UPS Smart Pickup Saturday Stop Charge will apply at any time a UPS Smart Pickup request is made for Saturday pickup.</li> </ul>	\$6.00 per stop												
<b>Scheduled Pickup</b>	<ul style="list-style-type: none"> <li>A UPS driver automatically stops at your location once each Saturday, as scheduled.</li> <li>In Saturday Ground Service Territories, a Saturday Stop Charge – Scheduled Pickup will apply any time a Saturday pickup is requested.</li> <li>When paying for a Saturday Stop Charge – Scheduled Pickup, customers in Saturday Ground Service Territories may opt in to receive eligible deliveries on Saturday.</li> </ul>	\$9.00 per stop												
<b>UPS On-Call Pickup</b>	<ul style="list-style-type: none"> <li>Schedule a same-day or future-day Saturday pickup via <a href="https://www.ups.com">ups.com</a>.</li> <li>In Saturday Ground Service Territories, a UPS On-Call Pickup Saturday Stop Charge in addition to the applicable UPS On-Call Pickup Charge will apply any time a Saturday pickup is requested.</li> </ul>	\$3.20 per stop UPS On-Call Pickup Fees will also apply. Refer to page 118 for UPS On-Call Pickup details.												
<b>Scheduled Pickup Options</b>	<ul style="list-style-type: none"> <li>One UPS driver will pick up all of your packages – Air, International, UPS 3 Day Select and Ground Services. That can mean a lower carbon footprint for UPS and you.</li> <li>Scheduled pickup options are restricted to Monday-Friday pickups. For Saturday options, refer to the section above.</li> <li>For more information, visit <a href="https://www.ups.com/pickupoptions">ups.com/pickupoptions</a>.</li> <li>Scheduled pickup options are not available for UPS Worldwide Express Freight® Midday and UPS Worldwide Express Freight® shipments. Pickups for UPS Worldwide Express Freight Midday and UPS Worldwide Express Freight services must be requested using WorldShip® or UPS CampusShip shipping systems, <a href="https://www.ups.com">ups.com</a> shipping, a UPS Ready® solution, UPS® Developer Kit, <a href="https://www.ups.com">ups.com</a> or by calling 1-800-782-7892.</li> </ul>													
<b>UPS Smart Pickup**</b>	<ul style="list-style-type: none"> <li>Automatically arrange a pickup only when you have packages to ship.</li> <li>When you process a shipment using WorldShip or UPS CampusShip shipping systems, or <a href="https://www.ups.com">ups.com</a> shipping, the system automatically notifies a UPS driver to make a UPS Smart Pickup service request that same day.</li> </ul>	\$15.45 per week												
<b>Day-Specific Pickup*</b>	<ul style="list-style-type: none"> <li>A UPS driver automatically stops at your location Monday through Friday. You decide which days are best for your business.</li> <li>The weekly service fee will vary based on the number of pickup days selected.</li> </ul>	<p style="text-align: right;"><b>Weekly Billing Total:</b> <b>\$0.00-\$74.99    \$75.00 or more</b></p> <table> <tr> <td>Day-Specific Pickup</td> <td></td> <td></td> </tr> <tr> <td>– 1-2 days</td> <td>\$15.45</td> <td>\$15.45</td> </tr> <tr> <td>– 3 days</td> <td>\$24.30</td> <td>\$15.45</td> </tr> <tr> <td>– 4 days</td> <td>\$31.00</td> <td>\$15.50</td> </tr> </table>	Day-Specific Pickup			– 1-2 days	\$15.45	\$15.45	– 3 days	\$24.30	\$15.45	– 4 days	\$31.00	\$15.50
Day-Specific Pickup														
– 1-2 days	\$15.45	\$15.45												
– 3 days	\$24.30	\$15.45												
– 4 days	\$31.00	\$15.50												
<b>Daily On-Route Pickup</b>	<ul style="list-style-type: none"> <li>A UPS driver makes a pickup at your location once each business day while making deliveries in your area, even if there are no packages delivered to your location.</li> </ul>	Daily On-Route Pickup    \$31.00    \$15.50												
<b>Daily Pickup*</b>	<ul style="list-style-type: none"> <li>A UPS driver automatically stops at your location once each business day, as scheduled.</li> </ul>	Daily Pickup    \$33.00    \$16.50												

\*Customers who select this Scheduled Pickup option receive one UPS On-Call Pickup request for Air, International or UPS 3 Day Select packages per day at no extra charge for shipments tendered after their Scheduled Pickup time. (For Day-Specific Pickup, the total number of free UPS On-Call Pickup requests for the week will not exceed the number of selected pickup days.)

### Notes:

- The value-added services listed are available for UPS domestic, international package, UPS Worldwide Express Freight Midday and UPS Worldwide Express Freight® services unless otherwise noted on page 112.
- Fuel surcharges apply to value-added services associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups.com](https://www.ups.com).

## DAILY RATES



## Domestic, Export and Import Value-Added Services

### PACKAGE

Unless otherwise noted, UPS rates are per package for domestic services and per shipment for international services.

Available Options	Description	Fee
<b>Shipper Release</b>	– Have UPS deliver your package without requiring the recipient's signature.	No charge
<b>Third Party Billing Service</b>	<ul style="list-style-type: none"> <li>– A fee applies to any shipment billed to a Third Party (regardless of the country of origin or destination of the shipment) and will be charged to the payer.</li> <li>– Based upon all charges, including transportation and accessorials. Excludes duties and taxes assessed by government authorities.</li> <li>– Does not apply to UPS Returns® Services or UPS Import Control® shipments.</li> <li>– UPS® Simple Rate does not qualify for Third Party Billing service.</li> </ul>	5.0% of total charges
<b>World Ease®</b>	<ul style="list-style-type: none"> <li>– Simplifies customs clearance and reduces cost by grouping several shipments destined for one country or the entire European Union into a single shipment.</li> <li>– Available to and from over 75 countries and territories.</li> <li>– Multiple shipments travel together until customs clearance. Transit times may vary from traditional single-shipment transit times.</li> <li>– Call 1-800-782-7892 for more information.</li> </ul>	Contractual service

#### Notes:

- The value-added services listed are available for UPS domestic, international package, UPS Worldwide Express Freight® Midday and UPS Worldwide Express Freight services unless otherwise noted on page [112](#).
- Fuel surcharges apply to value-added services associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups.com](https://www.ups.com).

# Domestic, Export and Import Other Charges

## PACKAGE

Unless otherwise noted, UPS rates are per package for domestic services and per shipment for international services.

Charges	Description	Fee																								
<b>Additional Handling</b>	<ul style="list-style-type: none"> <li>– An Additional Handling charge will be assessed for any package that requires special handling, as determined by UPS in its sole discretion, including, but not limited to:               <ul style="list-style-type: none"> <li>• <b>Weight:</b> <ul style="list-style-type: none"> <li>- Domestic: Any package with an actual weight of more than 50 pounds.</li> <li>- Each package in a shipment where the average weight per package is greater than 50 pounds and the weight for each package is not specified on the source document or the UPS automated shipping system used.</li> <li>- International: Any package with an actual weight of more than 70 pounds.</li> <li>- Each package in a shipment where the average weight per package is greater than 70 pounds and the weight for each package is not specified on the source document or the UPS automated shipping system used.</li> </ul> </li> <li>• <b>Length plus girth:</b> Any package with its length (longest side of the package) plus girth [(2 x width) + (2 x height)] combined exceeding 105 inches.</li> <li>• <b>Length:</b> Any package with the longest side exceeding 48 inches.</li> <li>• <b>Width:</b> Any package with its second-longest side exceeding 30 inches.</li> <li>• <b>Packaging:</b> <ul style="list-style-type: none"> <li>- Any article that is not fully encased in a corrugated cardboard shipping container, including tires.</li> <li>- Any package with an outer shipping container not made of corrugated cardboard, including but not limited to canvas, leather, metal, wood, hard plastic, soft plastic (e.g., plastic bag) or expanded polystyrene foam (e.g., styrofoam).</li> <li>- Any article that is encased in a soft-sided pack (e.g., poly bags and bubble mailers) that exceeds 18 inches along its longest side or 14 inches along its second-longest side or 6 inches in height.</li> <li>- Any package with an outer shipping container covered in shrink wrap or stretch wrap.</li> <li>- Any package bound with metal, plastic or cloth banding, or that has wheels, casters, handles or straps (including packages where the outer surface area is loosely wrapped or where the contents protrude outside the container surface).</li> <li>- Any cylindrical-like item, including but not limited to barrels, buckets, cans, drums, mailing tubes or pails.</li> <li>- Any package routed through UPS's irregular package sortation process, including but not limited to packages 1 inch or less in height.</li> <li>- Any other package that requires special handling, as determined by UPS in its sole discretion.</li> </ul> </li> </ul> </li> <li>– Applies per package for both domestic and international services.</li> <li>– For a package that meets multiple criteria listed above, only one Additional Handling charge will be assessed, in the following order: Weight, Length plus girth, Length, Width, Packaging.</li> <li>– An Additional Handling charge will not be assessed when a Large Package Surcharge is applied.</li> </ul>	<p><i>Effective through April 10, 2021</i></p> <p><b>Domestic</b></p> <ul style="list-style-type: none"> <li>– Weight \$25.50</li> <li>– Length + girth \$16.00</li> <li>– Length \$16.00</li> <li>– Width \$16.00</li> <li>– Packaging \$15.25</li> </ul> <p><b>International</b> \$16.00</p> <p><i>Effective April 11, 2021**</i></p> <table border="1"> <thead> <tr> <th>Domestic</th> <th>Zone 2</th> <th>Zones 3-4</th> <th>Zones 5+</th> </tr> </thead> <tbody> <tr> <td>– Weight</td> <td>\$24.00</td> <td>\$25.50</td> <td>\$27.00</td> </tr> <tr> <td>– Length + girth</td> <td>\$15.00</td> <td>\$16.00</td> <td>\$18.00</td> </tr> <tr> <td>– Length</td> <td>\$15.00</td> <td>\$16.00</td> <td>\$18.00</td> </tr> <tr> <td>– Width</td> <td>\$15.00</td> <td>\$16.00</td> <td>\$18.00</td> </tr> <tr> <td>– Packaging</td> <td>\$14.00</td> <td>\$15.00</td> <td>\$16.00</td> </tr> </tbody> </table> <p><b>International</b> \$16.00</p>	Domestic	Zone 2	Zones 3-4	Zones 5+	– Weight	\$24.00	\$25.50	\$27.00	– Length + girth	\$15.00	\$16.00	\$18.00	– Length	\$15.00	\$16.00	\$18.00	– Width	\$15.00	\$16.00	\$18.00	– Packaging	\$14.00	\$15.00	\$16.00
Domestic	Zone 2	Zones 3-4	Zones 5+																							
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– Packaging	\$14.00	\$15.00	\$16.00																							
<b>Address Correction</b>	<ul style="list-style-type: none"> <li>– If any shipment has an incorrect or incomplete address, UPS will make reasonable efforts to secure the correct or complete address and will make available to the shipper the correct address. UPS may also correct or complete an address based on information obtained from the shipper or consignee. An Address Correction charge will be assessed to the shipper for an address correction or completion.</li> <li>– An address validated by UPS may be incorrect or incomplete for purposes of completing delivery, and may be corrected by UPS.</li> </ul>	<p><b>Package and UPS Worldwide Express Freight Services</b></p> <p>\$18.00</p> <p><b>UPS® Ground with Freight Pricing</b></p> <p>\$18.00 per package up to a maximum of \$126.00 per shipment.</p>																								
<b>Chargeback for Consignee Billing Shipments</b>	<ul style="list-style-type: none"> <li>– In the event of non-payment by the consignee or third party, the original shipper will be billed a refusal fee in addition to the shipping charges.</li> </ul>	\$18.00																								
<b>Delivery Area Surcharge</b>	<ul style="list-style-type: none"> <li>– A surcharge applies to each package delivered to certain ZIP Codes within the 48 contiguous states. For Alaska and Hawaii, refer to page 125 for the Remote Area Surcharge.</li> <li>– Refer to the Area Surcharge Listing at <a href="https://www.ups.com/rates">ups.com/rates</a> for a listing of applicable ZIP Codes.</li> <li>– Delivery Area Surcharge does not apply to UPS Ground with Freight Pricing or UPS® Simple Rate shipments.</li> </ul>	<table border="1"> <thead> <tr> <th></th> <th>Ground</th> <th>Air*</th> </tr> </thead> <tbody> <tr> <td>– Commercial</td> <td>\$3.10</td> <td>\$3.25</td> </tr> <tr> <td>– Residential</td> <td>\$4.30</td> <td>\$4.70</td> </tr> <tr> <td>– Commercial Extended</td> <td>\$3.70</td> <td>\$3.85</td> </tr> <tr> <td>– Residential Extended</td> <td>\$5.90</td> <td>\$5.90</td> </tr> </tbody> </table> <p>Import:</p> <ul style="list-style-type: none"> <li>– Delivery Area Surcharge: \$3.25</li> <li>– Delivery Area Surcharge Extended: \$3.85</li> </ul>		Ground	Air*	– Commercial	\$3.10	\$3.25	– Residential	\$4.30	\$4.70	– Commercial Extended	\$3.70	\$3.85	– Residential Extended	\$5.90	\$5.90									
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<b>Delivery Reattempt</b>	<ul style="list-style-type: none"> <li>– For UPS Worldwide Express Freight® Midday and UPS Worldwide Express Freight shipments, one delivery attempt is included in the rate.</li> <li>– Additional delivery attempts may have additional charges.</li> </ul>	\$60.00																								
<b>Destination Outside Service Area</b>	<ul style="list-style-type: none"> <li>– If delivery of a UPS Next Day Air® Early package is requested to a destination outside the UPS Next Day Air Early service area, UPS reserves the right to assess an additional fee.</li> </ul>	\$10.00																								

\*UPS 3 Day Select® packages receive the charge listed for UPS Air Services.

\*\*Effective April 11, 2021 for non-Hundredweight service packages, and effective July 11, 2021 for Hundredweight service packages.

### Notes:

– The other charges listed are available for UPS domestic, international package, UPS Worldwide Express Freight Midday and UPS Worldwide Express Freight services unless otherwise noted on page 113.

– Fuel surcharges apply to other charges associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups.com](https://www.ups.com).

## DAILY RATES

# Domestic, Export and Import Other Charges

## PACKAGE

Unless otherwise noted, UPS rates are per package for domestic services and per shipment for international services.

Charges	Description	Fee																																															
<b>Dry Ice</b>	<ul style="list-style-type: none"> <li>Most non-Dangerous Goods shipments containing dry ice are accepted, without requiring the shipper to enter into the UPS Dangerous Goods Agreement (contract).</li> <li>Prepare and process these packages through WorldShip® or UPS CampusShip® shipping systems, UPS® Developer Kit or an approved UPS Ready® solution.</li> <li>The IATA "Shipper's Declaration for Dangerous Goods" is not required for domestic shipments of non-Dangerous Goods packed in dry ice. Title 49 C.F.R. Shipping Papers are only required for non-medical shipments containing more than 5.5 pounds of dry ice.</li> <li>International dry ice shipping is available on a contractual basis only.</li> <li>For more information, visit <a href="https://www.ups.com">ups.com</a> or call the Hazardous Materials Support Center at 1-800-554-9964.</li> </ul>	\$6.15 per package																																															
<b>Extended Area Surcharge</b>	<ul style="list-style-type: none"> <li>An Extended Area Surcharge applies to shipments for some international origins and destinations.</li> <li>Visit <a href="https://www.ups.com/rates">ups.com/rates</a> or call 1-800-782-7892 to determine if a particular origin or destination is classified as an Extended Area.</li> </ul>	Greater of \$42.00 per shipment or \$0.42 per lb.																																															
<b>Dangerous Goods (Hazardous Materials)</b>	<ul style="list-style-type: none"> <li>UPS accepts Hazardous Materials only from customers with a UPS Dangerous Goods Agreement (contract) in effect and a Scheduled Pickup account, and then for transport only within and between all 50 states and Puerto Rico.</li> <li>Materials prepared in accordance with Title 49 C.F.R. 173.4 Small Quantities for highway and rail, 173.4a Excepted Quantities, and 173.4b de minimis exceptions; and Excepted Quantities, as defined in the International Air Transport Association (IATA) 2.7, may be shipped without a Hazardous Materials contract in the 50 states and Puerto Rico.</li> <li>International Dangerous Goods (IDG) shipments requiring "Shipper's Declaration for Dangerous Goods," as defined under the International Civil Aviation Organization (ICAO) and published in the International Air Transport Association (IATA) "Dangerous Goods Regulations," are accepted for transportation only as a contractual service.</li> <li>Excepted Quantities require a contract for International Dangerous Goods (IDG) service but are not subject to the additional International Dangerous Goods (IDG) charge.</li> <li>UPS accepts International Dangerous Goods (IDG) only for transportation within and between defined international service areas. For valid countries and territories, see <a href="https://www.ups.com/approvedcountries">ups.com/approvedcountries</a>.</li> <li>Domestic Air*, International Air* and UPS Worldwide Express Freight Services Dangerous Goods are rated based on the class of the commodity being shipped. If a package or shipment contains any Accessible Dangerous Goods commodities or the shipper fails to identify the class of the commodity, the Accessible charge will apply. <ul style="list-style-type: none"> <li><b>Accessible Dangerous Goods:</b> Class 1.4 Explosives, Class 2.1 Flammable Gas, Class 2.2 Non-Flammable Gas in Cargo Aircraft Only (CAO) quantities, Class 3 Flammable Liquid, Class 4 Flammable Solid, Dangerous When Wet, Class 5 Oxidizers and Organic Peroxides, and Class 8 Corrosives.</li> <li><b>Inaccessible Dangerous Goods:</b> Class 2.2 Non-Flammable Gas in Passenger (PAX) and Limited (LQ) quantities, Class 6 Toxic and Infectious Substances, Class 7 Radioactive Material and Class 9 Miscellaneous Dangerous Substances.</li> </ul> </li> <li>For additional information, call the Hazardous Materials Support Center at 1-800-554-9964.</li> <li>Hazardous Materials are not accepted for transportation using UPS® Simple Rate, UPS Ground with Freight Pricing or UPS Worldwide Expedited® Ground Freight.</li> </ul>	<p><b>Package</b></p> <ul style="list-style-type: none"> <li>UPS® Ground: \$39.00</li> <li>UPS® Standard to/from Canada: the greater of \$46.40 per shipment or \$5.27 per Dangerous Goods package</li> </ul> <p><b>Domestic and International Air Services</b></p> <p><b>Accessible Dangerous Goods</b></p> <ul style="list-style-type: none"> <li>UPS Domestic Air Services*: \$115.00 per package</li> <li>UPS International Air Services*: the greater of \$171.00 per shipment or \$20.53 per Dangerous Goods package</li> <li>UPS Worldwide Express Freight Services: the greater of \$171.00 per shipment or \$0.93 per lb.</li> </ul> <p><b>Inaccessible Dangerous Goods</b></p> <ul style="list-style-type: none"> <li>UPS Domestic Air Services*: \$54.50 per package</li> <li>UPS International Air Services*: the greater of \$85.50 per shipment or \$10.26 per Dangerous Goods package</li> <li>UPS Worldwide Express Freight Services: the greater of \$85.50 per shipment or \$0.47 per lb.</li> </ul>																																															
<b>Large Package Surcharge</b>	<ul style="list-style-type: none"> <li>For domestic shipments, a package is considered a "Large Package" when its length (longest side of the package) plus girth [(2 x width) + (2 x height)] combined exceeds 130 inches or its length exceeds 96 inches.</li> <li>For international shipments, a package is considered a "Large Package" when its length (longest side of the package) plus girth [(2 x width) + (2 x height)] combined exceeds 130 inches.</li> <li>With the exception of UPS Ground with Freight Pricing packages, Large Packages are subject to a minimum billable weight of 90 pounds.</li> <li>Applies per package for both domestic and international services.</li> <li>For a domestic package that meets both criteria listed above, only the Large Package Surcharge applicable when length plus girth combined exceeds 130 inches will be assessed.</li> <li>An Additional Handling charge will not be assessed when a Large Package Surcharge is applied.</li> </ul>	<p><i>Effective through April 10, 2021</i></p> <table border="1"> <thead> <tr> <th></th> <th>Length + Girth &gt;130"</th> <th>Length &gt;96"</th> </tr> </thead> <tbody> <tr> <td><b>Domestic</b></td> <td></td> <td></td> </tr> <tr> <td>– Commercial</td> <td>\$105.00</td> <td>\$105.00</td> </tr> <tr> <td>– Residential</td> <td>\$130.00</td> <td>\$130.00</td> </tr> <tr> <td><b>International</b></td> <td colspan="2">\$105.00</td> </tr> </tbody> </table> <p><i>Effective April 11, 2021**</i></p> <table border="1"> <thead> <tr> <th></th> <th>Zone 2</th> <th>Zones 3-4</th> <th>Zones 5+</th> </tr> </thead> <tbody> <tr> <td><b>Commercial</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>– Length + girth &gt;130"</td> <td>\$100.00</td> <td>\$105.00</td> <td>\$120.00</td> </tr> <tr> <td>– Length &gt;96"</td> <td>\$100.00</td> <td>\$105.00</td> <td>\$120.00</td> </tr> <tr> <td><b>Residential</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>– Length + girth &gt;130"</td> <td>\$125.00</td> <td>\$130.00</td> <td>\$145.00</td> </tr> <tr> <td>– Length &gt;96"</td> <td>\$125.00</td> <td>\$130.00</td> <td>\$145.00</td> </tr> <tr> <td><b>International</b></td> <td colspan="3">\$105.00</td> </tr> </tbody> </table>		Length + Girth >130"	Length >96"	<b>Domestic</b>			– Commercial	\$105.00	\$105.00	– Residential	\$130.00	\$130.00	<b>International</b>	\$105.00			Zone 2	Zones 3-4	Zones 5+	<b>Commercial</b>				– Length + girth >130"	\$100.00	\$105.00	\$120.00	– Length >96"	\$100.00	\$105.00	\$120.00	<b>Residential</b>				– Length + girth >130"	\$125.00	\$130.00	\$145.00	– Length >96"	\$125.00	\$130.00	\$145.00	<b>International</b>	\$105.00		
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\*UPS 3 Day Select® shipments receive the charge listed for UPS Domestic Air Services. UPS 3 Day Select® from Canada receives the charge listed for UPS International Air Services. References to "Domestic and International Air" in this section include UPS 3 Day Select Services.

\*\*Effective April 11, 2021 for non-Hundredweight service packages and effective July 11, 2021 for Hundredweight service packages.

### Notes:

– The other charges listed are available for UPS domestic, international package, UPS Worldwide Express Freight® Midday and UPS Worldwide Express Freight services unless otherwise noted on page [113](#).

– Fuel surcharges apply to other charges associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups.com](https://www.ups.com).

# Domestic, Export and Import Other Charges

## PACKAGE

Unless otherwise noted, UPS rates are per package for domestic services and per shipment for international services.

Charges	Description	Fee
<b>Missing PLD Fee</b>	<ul style="list-style-type: none"> <li>– A processing fee will be charged when the shipper does not provide all applicable Package Level Detail (PLD) information to UPS prior to delivery.</li> <li>– Applies per package for both domestic and international services.</li> </ul>	\$2.00 per package
<b>Missing/Invalid Account Number or Refusal Fee</b>	<ul style="list-style-type: none"> <li>– A processing fee will be charged for a missing or invalid account number when the account number is missing, the account number is not the correct number for the bill-to party, the account number is for a receiver or third party who fails to pay the shipping charges or the package is shipped to an unauthorized consignee.</li> </ul>	\$18.00
<b>UPS On-Call Pickup® Area Surcharge</b>	<ul style="list-style-type: none"> <li>– A surcharge applies to each residential UPS On-Call Pickup request at certain ZIP Codes within the 48 contiguous states.</li> <li>– Refer to the Area Surcharge Listing at <a href="https://ups.com/rates">ups.com/rates</a> for a listing of applicable ZIP Codes.</li> <li>– Does not apply to UPS On-Call Pickup requests made at commercial addresses.</li> </ul>	<ul style="list-style-type: none"> <li>– Residential: \$4.30</li> <li>– Extended Residential: \$5.90</li> </ul>
<b>Over Maximum Limits</b>	<ul style="list-style-type: none"> <li>– Packages with an actual weight of more than 150 pounds, or that exceed 108 inches in length or exceed a total of 165 inches in length plus girth [(2 x width) + (2 x height)] combined, as measured to determine their billable weight, are not accepted for transportation.</li> <li>– If found in the UPS system, they are subject to additional charges. UPS reserves the right in its sole and unlimited discretion to return such packages to the shipper at the shipper's expense.</li> <li>– Refer to the "UPS Tariff/Terms and Conditions of Service – United States" available at <a href="https://ups.com/terms">ups.com/terms</a> for more information.</li> </ul>	\$920.00 per package
<b>Oversize Pallet Handling Surcharge</b>	<ul style="list-style-type: none"> <li>– UPS Worldwide Express Freight® Midday and UPS Worldwide Express Freight® pallets that exceed maximum size or weight restrictions (which vary by origin and destination) as set forth at <a href="https://ups.com/assets/resources/media/wwef_max_dim.pdf">ups.com/assets/resources/media/wwef_max_dim.pdf</a> require prior approval and are subject to an Oversize Pallet Handling Surcharge.</li> </ul>	\$920.00 per pallet
<b>Package Tracking, Tracing and Refund Requests</b>	<ul style="list-style-type: none"> <li>– Shipper may be assessed a charge per request for excessive tracking, tracing and refund requests.</li> </ul>	\$3.00
<b>Peak Surcharges</b>	<ul style="list-style-type: none"> <li>– One or more Peak Surcharges will apply to certain packages tendered during a Peak Period. Details are available at <a href="https://ups.com/peaksurcharges">ups.com/peaksurcharges</a>.</li> <li>– Refer to the "UPS Tariff/Terms and Conditions of Service – United States" available at <a href="https://ups.com/terms">ups.com/terms</a> for more information.</li> </ul>	Refer to <a href="https://ups.com/peaksurcharges">ups.com/peaksurcharges</a>
<b>Pickup Area Surcharge</b>	<ul style="list-style-type: none"> <li>– A surcharge applies to each UPS Worldwide Express Freight Midday or UPS Worldwide Express Freight U.S. export shipment picked up from certain ZIP Codes within the 48 contiguous states.</li> <li>– Refer to the Area Surcharge Listing at <a href="https://ups.com/rates">ups.com/rates</a> or call 1-800-782-7892 for a listing of applicable ZIP Codes.</li> </ul>	Greater of \$42.00 per shipment or \$0.42 per lb.
<b>Prohibited Item Fee</b>	<ul style="list-style-type: none"> <li>– Packages containing prohibited articles or restricted articles not in compliance with all UPS policies and procedures and applicable laws and regulations are subject to additional charges if found in the UPS system.</li> <li>– Such charges apply in addition to all other applicable charges.</li> <li>– UPS reserves the right in its sole and unlimited discretion to dispose of such packages, submit such packages to governmental authorities or return such packages to the shipper solely at the shipper's risk and expense.</li> <li>– Refer to the "UPS Tariff/Terms and Conditions of Service – United States" available at <a href="https://ups.com/terms">ups.com/terms</a> for more information.</li> </ul>	\$150.00 per package
<b>Rebill Fee</b>	<ul style="list-style-type: none"> <li>– A fee will be assessed for each request to change the billing account for a shipment.</li> </ul>	\$18.00 per request

### Notes:

- The other charges listed are available for UPS domestic, international package, UPS Worldwide Express Freight Midday and UPS Worldwide Express Freight services unless otherwise noted on page 113.
- Fuel surcharges apply to other charges associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups.com](https://ups.com).

# Domestic, Export and Import Other Charges

## PACKAGE

Unless otherwise noted, UPS rates are per package for domestic services and per shipment for international services.

Charges	Description	Fee
<b>Remote Area Surcharge</b>	<ul style="list-style-type: none"> <li>– A Remote Area Surcharge applies to deliveries to certain ZIP Codes within Alaska and Hawaii and select origins and destinations.</li> <li>– Applies to any UPS On-Call Pickup® request made within certain ZIP Codes within Alaska and Hawaii.</li> <li>– Refer to the Area Surcharge Listing at <a href="https://ups.com/rates">ups.com/rates</a> for a listing of applicable ZIP Codes.</li> <li>– Applies to UPS® Simple Rate shipments.</li> </ul>	<p><b>Package</b></p> <ul style="list-style-type: none"> <li>– Alaska: \$32.50</li> <li>– Hawaii: \$10.65</li> <li>– Non-U.S. origins and destinations: Greater of \$42.00 per shipment or \$0.42 per lb.</li> </ul> <p><b>UPS Worldwide Express Freight® Services</b></p> <ul style="list-style-type: none"> <li>– Alaska/Hawaii: Greater of \$42.00 per shipment or \$0.42 per lb.</li> <li>– Non-U.S. origins and destinations: Greater of \$42.00 per shipment or \$0.42 per lb.</li> </ul>
<b>Residential Surcharge</b>	<ul style="list-style-type: none"> <li>– A surcharge will apply (in addition to all applicable Area Surcharges) to any delivery to, or a UPS On-Call Pickup request from, a location that is a home, including a business operating out of a home.</li> <li>– UPS® Ground service fee applies to UPS On-Call Pickup requests made at a residential address.</li> <li>– Refer to the “UPS Tariff/Terms and Conditions of Service – United States” available at <a href="https://ups.com/terms">ups.com/terms</a> for more information.</li> <li>– Residential Surcharge does not apply to UPS Simple Rate shipments.</li> </ul>	<p><b>Package</b></p> <ul style="list-style-type: none"> <li>– UPS Domestic and International Air Services, UPS 3 Day Select® and UPS 3 Day Select® from Canada: \$5.00</li> <li>– UPS Ground services \$4.45</li> <li>– UPS® Standard services \$4.80</li> <li>– UPS Ground with Freight Pricing: \$43.20 per shipment</li> </ul> <p><b>UPS Worldwide Express Freight Services</b></p> <ul style="list-style-type: none"> <li>– \$160.00</li> </ul>
<b>Shipping Charge Correction Audit Fee</b>	<ul style="list-style-type: none"> <li>– An audit fee will be assessed when the average shipping charge correction during an invoice week is greater than \$2.00 per package subject to a shipping charge correction.</li> <li>– The fee will be calculated per account number, based on shipping charge corrections billed to the account number during the applicable invoice period.</li> <li>– Shipping Charge Correction Audit Fee does not apply to import shipments.</li> </ul>	<p>Greater of:</p> <ul style="list-style-type: none"> <li>– \$1.00 per package subject to a shipping charge correction during the applicable invoice period; or</li> <li>– 6% of the total amount of shipping charge corrections during the applicable invoice period</li> </ul>
<b>Special Handling of Undeliverable Shipments</b>	<ul style="list-style-type: none"> <li>– Domestic packages refused by the consignee, or which are undeliverable for any reason, will be returned to the shipper at the shipper’s expense.</li> <li>– Return service level will be UPS 3 Day Select for Air Services and UPS Ground for UPS Ground shipments at the applicable rate. Packages in UPS Ground with Freight Pricing shipments will be charged at the applicable rate for single-piece UPS Ground service. All applicable surcharges apply to any return.</li> <li>– The UPS Service Guarantee does not apply to undeliverable packages returned to the shipper.</li> </ul>	<ul style="list-style-type: none"> <li>– UPS Air Services and UPS 3 Day Select: applicable UPS 3 Day Select rate</li> <li>– UPS Ground and UPS Ground with Freight Pricing: applicable UPS Ground rate</li> <li>– All applicable surcharges apply</li> </ul>
<b>Undeliverable Shipment Surcharge</b>	<ul style="list-style-type: none"> <li>– For all international shipments refused by the consignee, or which are undeliverable for any reason, UPS will contact the shipper for further instructions.*</li> <li>– Forwarding costs, return transportation charges, all applicable surcharges, duties, taxes and a return surcharge apply to any return, at the shipper’s expense.</li> <li>– The UPS Service Guarantee does not apply to undeliverable packages returned to the shipper.</li> </ul>	<p>Applicable costs plus \$10.00 per undeliverable shipment</p>

\*For UPS® Standard to Mexico shipments, in cases where the shipment cannot be imported, the shipment will be automatically returned to the exporter.

### Notes:

- The other charges listed are available for UPS domestic, international package, UPS Worldwide Express Freight® Midday and UPS Worldwide Express Freight services unless otherwise noted on page [113](#).
- Fuel surcharges apply to other charges associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups.com](https://ups.com).

# Value-Added Services

## FREIGHT

Value-added services are available for the UPS services indicated. For additional information and rates, refer to the pages listed in the "Page" column at right.

	Air Freight						UPS Freight® LTL (Less-Than-Truckload)				Freight Between the U.S. and Mexico		Page				
	UPS Next Day Air® Freight	UPS Next Day Air® Freight NGS	UPS 2nd Day Air® Freight	UPS 2nd Day Air® Freight NGS	UPS 3 Day Freight®	UPS 3 Day Freight® NGS	LTL	LTL Guaranteed	LTL Guaranteed A.M.	LTL Urgent	UPS® Standard LTL	UPS Worldwide Expedited® Ground Freight	Air Freight	UPS Freight LTL	UPS Standard LTL	UPS Worldwide Expedited Ground Freight	
<b>Delivery Instructions and Notification</b>																	
Collect on Delivery (C.O.D.) Services							•			•	•			<a href="#">130</a>	<a href="#">130</a>		
Hold at Destination Airport for Pickup (HAPU)	•	•	•	•	•	•						•	<a href="#">128</a>				<a href="#">132</a>
Proof of Delivery (P.O.D.)	•	•	•	•	•	•	•	•	•	•	•	•	<a href="#">128</a>	<a href="#">130</a>	<a href="#">130</a>		<a href="#">132</a>
Saturday Delivery	•	•	•	•	•	•							<a href="#">128</a>				
Saturday, Sunday or Holiday Delivery							•			•	•			<a href="#">130</a>	<a href="#">130</a>		
<b>International Shipping</b>																	
Certificate of Origin	•	•	•	•	•	•						•	<a href="#">128</a>				<a href="#">132</a>
<b>Pickup</b>																	
Saturday Pickup	•	•											<a href="#">128</a>				
Saturday, Sunday or Holiday Pickup							•			•	•			<a href="#">130</a>	<a href="#">130</a>		
<b>Additional Options</b>																	
Declared Value for Carriage	•	•	•	•	•	•	•	•	•	•	•	•	<a href="#">128</a>	<a href="#">130</a>	<a href="#">130</a>		<a href="#">132</a>

**Note:** For information on additional charges that may apply to your Coyote Logistics® shipments, please call 1-877-626-9683 or visit [coyote.com](http://coyote.com).

# Other Charges

## FREIGHT

Additional charges may apply to your shipment. For additional information and rates for the UPS services indicated, refer to the pages listed in the “Page” column at right.

	Air Freight						UPS Freight® LTL (Less-Than-Truckload)				Freight Between the U.S. and Mexico		Page			
	UPS Next Day Air® Freight	UPS Next Day Air® Freight NGS	UPS 2nd Day Air® Freight	UPS 2nd Day Air® Freight NGS	UPS 3 Day Freight®	UPS 3 Day Freight® NGS	LTL	LTL Guaranteed	LTL Guaranteed A.M.	LTL Urgent	UPS® Standard LTL	UPS Worldwide Expedited® Ground Freight	Air Freight	UPS Freight LTL	UPS Standard LTL	UPS Worldwide Expedited Ground Freight
Address Correction	•	•	•	•	•	•					•	<a href="#">129</a>				<a href="#">133</a>
Chargeback for Consignee Billed Shipments	•	•	•	•	•	•					•	<a href="#">129</a>				<a href="#">133</a>
Corrected Bill of Lading							•	•	•	•			<a href="#">131</a>	<a href="#">131</a>		
Dangerous Goods		•										<a href="#">129</a>				
Detention of Vehicle	•	•	•	•	•	•	•	•	•	•	•		<a href="#">131</a>	<a href="#">131</a>	<a href="#">133</a>	
Hazardous Materials							•		•	•			<a href="#">131</a>	<a href="#">131</a>		
Inside Delivery and Inside Pickup							•		•	•			<a href="#">131</a>	<a href="#">131</a>		
Liftgate Services	•	•	•	•	•	•	•		•	•	•	<a href="#">129</a>	<a href="#">131</a>	<a href="#">131</a>	<a href="#">133</a>	
Missing/Invalid Account Number or Refusal Fee	•	•	•	•	•	•					•	<a href="#">129</a>				<a href="#">133</a>
Non-Conforming Freight	•	•	•	•	•	•					•	<a href="#">129</a>				<a href="#">133</a>
Notification Prior to Delivery							•		•	•			<a href="#">131</a>	<a href="#">131</a>		
Oversize	•	•	•	•	•	•	•		•	•	•	<a href="#">129</a>	<a href="#">131</a>	<a href="#">131</a>	<a href="#">133</a>	
Payer Rebilling Fee	•	•	•	•	•	•					•	<a href="#">129</a>				<a href="#">133</a>
Redelivery	•	•	•	•	•	•	•	•	•	•	•	<a href="#">129</a>	<a href="#">131</a>	<a href="#">131</a>	<a href="#">133</a>	
Residential Delivery/Pickup		•		•		•	•		•	•	•	<a href="#">129</a>	<a href="#">131</a>	<a href="#">131</a>	<a href="#">133</a>	
Storage							•	•	•	•			<a href="#">131</a>	<a href="#">131</a>		
Truck Waiting Time	•	•	•	•	•	•					•	<a href="#">129</a>				<a href="#">133</a>

**Note:** For information on additional charges that may apply to your Coyote Logistics® shipments, please call 1-877-626-9683 or visit [coyote.com](http://coyote.com).

## Within and Between the U.S., Canada and Puerto Rico

# Value-Added Services

### AIR FREIGHT

Available Options	Description	Fee
<b>Certificate of Origin</b>	– Can be prepared by UPS on behalf of the shipper for exported goods manufactured and originating within the U.S.	\$25.00
<b>Declared Value for Carriage</b>	– UPS's liability for all losses is limited to \$50.00 per shipment or \$0.50 per pound, whichever is greater. – Shipper may declare a value in excess of these limits, subject to maximum allowable values for an additional charge. – For more information, refer to the "UPS Air Freight Terms and Conditions of Contract for UPS Air Freight Services in the United States, Canada and International" at <a href="https://ups-scs.com/terms">ups-scs.com/terms</a> .	– \$1.10 per \$100.00 – Minimum of \$115.00
<b>Hold at Destination Airport for Pickup (HAPU)</b>	– Freight is to be held at the carrier's destination location for pickup by the recipient. – HAPU requires a consignee name and phone number. – All services will be billed door-to-door.	No charge
<b>Proof of Delivery (P.O.D.)</b>	– Contact your local service center to request Proof of Delivery. To locate your local service center, call 1-800-443-6379.	\$10.00
<b>Saturday Delivery</b>	– Saturday Delivery may be selected by the shipper where available to A.M. points only. – Shipments delivered on Saturday must be picked up on Friday.	\$33.00 per 100 lbs.: \$210.00 minimum in U.S., Canada and Puerto Rico
<b>Saturday Pickup</b>	– Saturday Pickup may be selected by the shipper where available to A.M. points only.	\$33.00 per 100 lbs.: \$210.00 minimum in U.S., Canada and Puerto Rico

#### Notes:

- The value-added services listed are available for UPS Air Freight services unless otherwise noted on page [126](#).
- Fuel surcharges apply to value-added services associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups-scs.com/surcharges](https://ups-scs.com/surcharges).



# Within and Between the U.S., Canada and Puerto Rico

## Other Charges

### AIR FREIGHT

Charges	Description	Fee
<b>Address Correction</b>	<ul style="list-style-type: none"> <li>– If any shipment has an incorrect or incomplete address, UPS will make reasonable efforts to secure the correct or complete address and will provide the shipper with the correct address. UPS may also correct or complete an address based on information obtained from the shipper or consignee. An Address Correction charge will be assessed to the shipper for an address correction or completion.</li> <li>– An address validated by UPS may be incorrect or incomplete for purposes of completing delivery and may be corrected by UPS.</li> </ul>	\$84.00
<b>Chargeback for Consignee Billed Shipments</b>	<ul style="list-style-type: none"> <li>– In the event of non-payment by the consignee or third party, the original shipper will be billed a refusal fee in addition to the shipping charges.</li> </ul>	\$25.00
<b>Dangerous Goods</b>	<ul style="list-style-type: none"> <li>– Dangerous Goods can be shipped via UPS Next Day Air® Freight NGS only.</li> <li>– Non-conforming freight may be subject to service delays.</li> </ul>	\$0.49 per lb.; \$113.00 minimum
<b>Liftgate Services</b>	<ul style="list-style-type: none"> <li>– Liftgate equipment on trailers is available for customers who do not have a shipping or receiving dock and cannot load or unload their shipment without liftgate assistance.</li> <li>– Liftgate service must be requested, as not all trailers are equipped with liftgate devices.</li> </ul>	<ul style="list-style-type: none"> <li>– Origin: \$9.26 per 100 lbs.; \$137.00 minimum; \$451.00 maximum</li> <li>– Destination: \$9.26 per 100 lbs.; \$137.00 minimum; \$451.00 maximum</li> </ul>
<b>Missing/Invalid Account Number or Refusal Fee</b>	<ul style="list-style-type: none"> <li>– A processing fee will be charged for a missing or invalid account number when the account number is missing, the account number is not the correct number for the bill-to party, the account number is for a receiver or third party who fails to pay the shipping charges or the package is shipped to an unauthorized consignee.</li> </ul>	\$25.00
<b>Non-Conforming Freight</b>	<ul style="list-style-type: none"> <li>– Shipments that are unusually shaped, non-stackable, difficult to handle or require special handling in transit (to prevent damage to the shipment, the other shipments it may come in contact with or the equipment).</li> <li>– Non-conforming freight may be subject to service delays and additional charges.</li> </ul>	30% of Air Freight charges; \$245.00 minimum
<b>Oversize</b>	<ul style="list-style-type: none"> <li>– Oversize fees will be charged to shipments that exceed 120 inches in length, 83 inches in width and 60 inches in height.</li> </ul>	Cubic Dimensional Weight and % of transportation charge for the greater of: <ul style="list-style-type: none"> <li>– 20% if length + girth &gt; 200"</li> <li>– 30% if a dimension ≥ 60"</li> <li>– Minimum \$185.00 when a dimension &gt; 120"</li> </ul>
<b>Payer Rebilling Fee</b>	<ul style="list-style-type: none"> <li>– A payer rebilling fee will be assessed for each request to change the billing instructions for a shipment.</li> </ul>	\$25.00
<b>Redelivery</b>	<ul style="list-style-type: none"> <li>– If more than one delivery attempt is made.</li> </ul>	\$0.077 per lb.; \$70.50 minimum
<b>Residential Delivery/Pickup</b>	<ul style="list-style-type: none"> <li>– Fee assessed for pickup from or delivery to a home address, including a business operating out of a home that does not have an entrance open to the public.</li> </ul>	\$160.00 per shipment
<b>Truck Waiting Time</b>	<ul style="list-style-type: none"> <li>– If the driver is required to wait more than 15 minutes for either a pickup or delivery, charges based on waiting time will be computed by multiplying the hourly rate by the time involved.</li> </ul>	<ul style="list-style-type: none"> <li>– \$65.00 per hour</li> <li>– \$47.00 per vehicle for each 15 minutes or fraction thereof shall be made for the time consumed for the delay, subject to a minimum charge of \$83.50</li> <li>– \$128.00 per vehicle for each 24-hour period or fraction thereof, excluding non-business days</li> </ul>

#### Notes:

- The other charges listed are available for UPS Air Freight services unless otherwise noted on page 127.
- Fuel surcharges apply to other charges associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups-scs.com/surcharges](https://ups-scs.com/surcharges).

## Within the U.S. and Between the U.S., Canada and Mexico

# Value-Added Services

UPS FREIGHT® LTL (LESS-THAN-TRUCKLOAD)

Available Options	Description
<b>Collect on Delivery (C.O.D.)</b>	– C.O.D. is accepted on your behalf when requested.
<b>Declared Value for Carriage</b>	<ul style="list-style-type: none"> <li>– UPS's liability for losses is determined by several criteria, including origin and destination of the shipment, the actual invoice value of the commodities lost, damaged or destroyed, the amount determined from the applicable limited liability provisions of the National Motor Freight Classification (NMFC), and the limits provided by contract, if applicable, or the UPS Freight® 102 Series Tariff.</li> <li>– Shipper may declare a value in excess of these limits, subject to maximum allowable values for an additional charge.</li> <li>– For more information, refer to the UPS Freight 102 Series Tariff at <a href="https://www.upsfreight.com/tariff">upsfreight.com/tariff</a> Item 166.</li> </ul>
<b>Proof of Delivery (P.O.D.)</b>	<ul style="list-style-type: none"> <li>– Proof of Delivery includes the time of delivery, full delivery address and the name and signature of the person who accepted your shipment, if available.</li> <li>– Information can be provided via Tracking on <a href="https://www.ups.com">ups.com</a> when logged in, Quantum View Manage® tracking, UPS Billing Center, My LTL Freight, e-mail, fax or mail.</li> </ul>
<b>Saturday, Sunday or Holiday Delivery</b>	– Delivery service is available on non-business days such as Saturdays, Sundays and holidays upon request.
<b>Saturday, Sunday or Holiday Pickup</b>	– Pickup service is available on non-business days such as Saturdays, Sundays and holidays upon request.

**Notes:**

- The value-added services listed are available for UPS Freight LTL and UPS® Standard LTL services unless otherwise noted on page [126](#).
- The list of value-added services listed above is not a comprehensive list of all value-added services available. For a complete list of value-added services, fees and current fuel surcharges, where applicable, visit [upsfreight.com](https://www.upsfreight.com) and refer to the UPS Freight Rules Tariff for Less-Than-Truckload transportation. For full details and updates, refer to [upsfreight.com/tariff](https://www.upsfreight.com/tariff).

## Within the U.S. and Between the U.S., Canada and Mexico

# Other Charges

UPS FREIGHT® LTL (LESS-THAN-TRUCKLOAD)

Charges	Description
<b>Corrected Bill of Lading</b>	– When information on a shipping document must be corrected.
<b>Detention of Vehicle</b>	– Detention of Vehicle fees apply (with power and without power) upon expiration of the applicable free time allowed.
<b>Hazardous Materials</b>	– UPS Freight® accepts Hazardous Materials for Ground Transportation within the 48 contiguous states under the D.O.T. Code of Federal Regulations, as outlined in Title 49, Parts 100-185 on Transportation (49 C.F.R.).
<b>Inside Delivery and Inside Pickup</b>	– For shipments that require the driver to deliver or pick up at points beyond the area immediately accessible to the loading dock.
<b>Liftgate Services</b>	– Liftgate equipment on trailers is available for customers who do not have a shipping or receiving dock and cannot load or unload their shipment without liftgate assistance. – Liftgate service must be requested, as not all trailers are equipped with liftgate devices.
<b>Notification Prior to Delivery</b>	– When recipient must be contacted in advance of arrival.
<b>Oversize</b>	– Shipments containing one or more articles with any single dimension that equals or exceeds the applicable length threshold shall be subject to a charge.
<b>Redelivery</b>	– If more than one delivery attempt is made, a fee applies if redelivery is needed after UPS Freight attempts to deliver during committed delivery time.
<b>Residential Delivery/Pickup</b>	– A surcharge will apply to any delivery or pickup to or from a location that is a home, including a business operating out of a home.
<b>Storage</b>	– A fee is assessed if UPS Freight is unable to deliver a shipment during committed delivery times and must store the shipment at a UPS Freight facility.

#### Notes:

- The other charges listed are available for UPS Freight LTL and UPS® Standard LTL services unless otherwise noted on page [127](#).
- The list of other charges listed above is not a comprehensive list of all other charges that may apply. For a complete list of other charges, fees and current fuel surcharges, where applicable, visit [upsfreight.com](https://www.upsfreight.com) and refer to the UPS Freight Rules Tariff for Less-Than-Truckload transportation. For full details and updates, refer to [upsfreight.com/tariff](https://www.upsfreight.com/tariff).

## Freight Between the U.S. and Mexico

# Value-Added Services

UPS WORLDWIDE EXPEDITED® GROUND FREIGHT

Available Options	Description	Fee
<b>Certificate of Origin</b>	– Can be prepared by UPS on behalf of the shipper for exported goods manufactured and originating within the U.S.	\$25.00
<b>Declared Value for Carriage</b>	– UPS's liability for all losses is limited to \$50.00 per shipment or \$0.50 per pound, whichever is greater. – Shipper may declare a value in excess of these limits, subject to maximum allowable values for an additional charge. – For more information, refer to the "UPS Air Freight Terms and Conditions of Contract for UPS Air Freight Services in the United States, Canada and International" at <a href="https://ups-scs.com/terms">ups-scs.com/terms</a> .	– \$1.10 per \$100.00 – Minimum of \$115.00
<b>Hold at Destination Airport for Pickup (HAPU)</b>	– Freight is to be held at the carrier's destination location for pickup by the recipient. – HAPU requires a consignee name and phone number. – All services will be billed door-to-door.	No charge
<b>Proof of Delivery (P.O.D.)</b>	– Contact your local service center to request Proof of Delivery. To locate your local service center call 1-800-443-6379.	\$10.00

**Notes:**

- Fuel surcharges apply to value-added services associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups-scs.com/surcharges](https://ups-scs.com/surcharges).
- The value-added services listed are available for UPS Worldwide Expedited Ground Freight services unless otherwise noted on page [126](#).
- UPS Worldwide Expedited Ground Freight is governed by the "UPS Air Freight Terms of Contract for UPS Air Freight Services in the United States, Canada and International" at [ups-scs.com/terms](https://ups-scs.com/terms).

## Freight Between the U.S. and Mexico

# Other Charges

### UPS WORLDWIDE EXPEDITED® GROUND FREIGHT

Charges	Description	Fee
<b>Address Correction</b>	<ul style="list-style-type: none"> <li>– If any shipment has an incorrect or incomplete address, UPS will make reasonable efforts to secure the correct or complete address and will provide the shipper with the correct address. UPS may also correct or complete an address based on information obtained from the shipper or consignee. An Address Correction charge will be assessed to the shipper for an address correction or completion.</li> <li>– An address validated by UPS may be incorrect or incomplete for purposes of completing delivery, and may be corrected by UPS.</li> </ul>	\$84.00
<b>Chargeback for Consignee Billed Shipments</b>	– In the event of non-payment by the consignee or third party, the original shipper will be billed a refusal fee in addition to the shipping charges.	\$25.00
<b>Detention of Vehicle</b>	– Detention of Vehicle fees apply (with power and without power) upon expiration of the applicable free time allowed.	\$65.00
<b>Liftgate Services</b>		
<b>Origin</b>	– Fee assessed for pickup that requires a vehicle equipped with a mechanical lifting device.	<ul style="list-style-type: none"> <li>– \$9.26 per 100 lbs.</li> <li>– \$137.00 minimum</li> <li>– \$451.00 maximum</li> </ul>
<b>Destination</b>	– Fee assessed for delivery that requires a vehicle equipped with a mechanical lifting device.	<ul style="list-style-type: none"> <li>– \$9.26 per 100 lbs.</li> <li>– \$137.00 minimum</li> <li>– \$451.00 maximum</li> </ul>
<b>Missing/Invalid Account Number or Refusal Fee</b>	– A processing fee will be charged for a missing or invalid account number when the account number is missing, the account number is not the correct number for the bill-to party, the account number is for a receiver or third party who fails to pay the shipping charges or the package is shipped to an unauthorized consignee.	\$25.00
<b>Non-Conforming Freight</b>	<ul style="list-style-type: none"> <li>– Shipments that are unusually shaped, non-stackable, difficult to handle or require special handling in transit (to prevent damage to the shipment, the other shipments it may come in contact with or the equipment).</li> <li>– Non-conforming freight may be subject to service delays and additional charges.</li> </ul>	<ul style="list-style-type: none"> <li>30% of Air Freight charges</li> <li>\$245.00 minimum</li> </ul>
<b>Oversize</b>	– Oversize fees will be charged to shipments that exceed 120 inches in length, 83 inches in width and 60 inches in height.	<ul style="list-style-type: none"> <li>Cubic Dimensional Weight and % of transportation charge for the greater of: <ul style="list-style-type: none"> <li>– 20% if length + girth &gt; 200"</li> <li>– 30% if a dimension ≥ 60"</li> <li>– Minimum \$185.00 when a dimension &gt; 120"</li> </ul> </li> </ul>
<b>Payer Rebilling Fee</b>	– A payer rebilling fee will be assessed for each request to change the billing instructions for a shipment.	\$25.00
<b>Redelivery</b>	– If more than one delivery attempt is made.	\$0.077 per lb.; \$70.50 minimum
<b>Residential Delivery/Pickup</b>	– A surcharge will apply to any delivery to a location that is a home, including a business operating out of a home.	\$160.00 per shipment
<b>Truck Waiting Time</b>	– If the driver is required to wait more than 15 minutes for either a pickup or delivery, charges based on waiting time will be computed by multiplying the hourly rate by the time involved.	<ul style="list-style-type: none"> <li>– \$65.00 per hour</li> <li>– \$47.00 per vehicle for each 15 minutes or fraction thereof shall be made for the time consumed for the delay, subject to a minimum charge of \$83.50</li> <li>– \$128.00 per vehicle for each 24-hour period or fraction thereof, excluding non-business days</li> </ul>

#### Notes:

- Fuel surcharges apply to other charges associated with pickup, transport and delivery. For current fuel surcharges, where applicable, visit [ups-scs.com/surcharges](https://www.ups.com/surcharges).
- The other charges listed are available for UPS Worldwide Expedited Ground Freight services unless otherwise noted on page 127.
- UPS Worldwide Expedited Ground Freight is governed by the "UPS Air Freight Terms of Contract for UPS Air Freight Services in the United States, Canada and International" at [ups-scs.com/terms](https://www.ups.com/terms).

# Customs Brokerage

## PACKAGE

The following applies per shipment for imports into the U.S.:

- All UPS Worldwide Express Plus®, UPS Worldwide Express NA1®, UPS Worldwide Express®, UPS Worldwide Express Freight® Midday, UPS Worldwide Express Freight®, UPS Worldwide Saver®, UPS Worldwide Expedited®, UPS 3 Day Select® from Canada and UPS® Standard to/from Mexico rates include routine customs clearance. Routine customs clearance is built into your rates when you use UPS to perform the customs clearance for any of these services.
- Additional services such as parts database management, customer-specific classification directives, special operating plans, assigned rating team, custom reporting and other value-added services are part of our Customized Brokerage Services

and subject to a customs entry fee and/or other charges. Please see Customized Brokerage Services in the Special Services section below for more information.

- UPS also provides services designed to facilitate movements of your UPS® Standard shipments to and from Canada (see brokerage rates into Canada at [ups.com/rates/ca](https://ups.com/rates/ca)) and other non-routine services that include formal entry clearance, live entry clearance, temporary import bonds and duty drawbacks. In addition, UPS can provide customs clearance for other ocean, air freight, truck and rail U.S. imports. The importer is responsible for all brokerage fees, including duties and taxes. See charts on the following pages for more information.
- The UPS Service Guarantee does not apply when customs clearance is performed by brokerage offices other

than those designated by UPS, or if a service delay is the result of certain events beyond our control, such as a government agency hold.

- Customs clearance for services specified here is provided by the UPS Supply Chain Solutions® customs brokerage offices designated by UPS for handling package customs clearance. Other UPS Supply Chain Solutions customs brokerage offices charge fees for clearance of packages and freight. Customs clearance and brokerage services are subject to the Customs Brokerage and Freight Forwarding Terms and Conditions/ U.S. located at [ups-scs.com/tools/terms.html](https://ups-scs.com/tools/terms.html).

For more information on any of our Customs Brokerage Services, call 1-800-782-7892.

## UPS Broker of Choice®

With UPS Broker of Choice service, importers select their own alternate customs broker for customs clearance of their UPS international shipments. This service is available for all UPS international shipments, except for UPS® Standard service.

This contractual, fee-based service allows the importer to utilize UPS for international shipping needs, with an alternate broker providing customs clearance. The importer may use UPS Broker of Choice service for specific

commodities or product lines, while continuing to utilize UPS brokerage expertise for others.

UPS technology makes shipment information and documentation (e.g., the commercial invoice) available to the designated broker at the time of export. This enables customs clearance in a timely manner.

### Importers have two options:

1. UPS Broker of Choice OnSite keeps shipments in UPS's possession while the

importer's customs broker completes customs clearance procedures prior to UPS completing delivery of the shipment.

2. UPS Broker of Choice OffSite moves shipments in-bond directly to a customs-controlled (bonded) warehouse (at the importer's direction), where the importer's customs broker completes the customs clearance procedures. The UPS transport is completed upon delivery of the shipment to the warehouse. Refer to page [137](#) for fees.

**Note:** For information on UPS Customs Brokerage Services for your freight needs, including the Customs Brokerage and Freight Forwarding Terms and Conditions, please visit [ups-scs.com](https://ups-scs.com).

# Customs Brokerage

## PACKAGE

### UPS® FTZ Facilitator

With UPS FTZ Facilitator service, importers and exporters have the ability to use UPS to transport international shipments in-bond to and from a global Free/Foreign Trade Zone (FTZ). This service is available for all UPS international shipments, except for UPS® Standard service.

This contractual, fee-based service allows the shipment of goods to and from an FTZ, while retaining the benefits of UPS's transportation network. Using UPS as a single source enables

importers and exporters to increase visibility and tracking, and reduce the chance for errors and costs associated with utilizing multiple transportation providers.

UPS technology enables shipment information and documentation (e.g., the commercial invoice) available to the customer, customer's broker and FTZ operator at the time of export. This enables prompt processing of the FTZ entry.

Importers will choose UPS FTZ Facilitator import service to direct shipments to be delivered in-bond to a designated FTZ rather than being cleared through customs.

Exporters will choose UPS FTZ Facilitator export service to ship goods in-bond from an FTZ to an international destination. Refer to page [137](#) for fees.

## Entry Preparation Charges for Importing into the United States

All rates and values are shown in U.S. funds. Rates are per shipment and do not include applicable taxes.

Value for Duty	UPS Worldwide Express Plus® UPS Worldwide Express NA1® UPS Worldwide Express® UPS Worldwide Express Freight® Midday UPS Worldwide Express Freight® UPS Worldwide Saver® UPS Worldwide Expedited® UPS 3 Day Select® from Canada UPS® Standard from Mexico	UPS® Standard from Canada*
\$0.00 to \$800.00**	No Charge***	No Charge††
\$800.01† to \$1,250.00	No Charge***	\$28.75
\$1,250.01 to \$2,500.00	No Charge***	\$40.50
Each Additional \$1,000.00 or Part Thereof	No Charge***	\$1.95

\*When UPS Supply Chain Solutions® is designated as the customs broker on the commercial invoice for the product listed above, the UPS Service Guarantee applies to your shipment, subject to its terms set forth in the applicable "UPS Tariff/Terms and Conditions of Service – United States" available at [ups.com/terms](https://www.ups.com/terms). The UPS Service Guarantee does not apply when customs clearance is performed by customs brokerage offices other than those designated by UPS for clearing the products listed above. Call 1-800-782-7892 for more information.

\*\*\$800.00 or current de minimis requirements set forth by law, if different.

\*\*\*For UPS Worldwide Express Plus, UPS Worldwide Express NA1, UPS Worldwide Express, UPS Worldwide Express Freight Midday, UPS Worldwide Express Freight, UPS Worldwide Saver, UPS Worldwide Expedited, UPS 3 Day Select from Canada and UPS Standard from Mexico service levels, routine customs clearance (for entries up to three entry lines) is included at no additional cost. Additional charges will apply if customs clearance is performed by customs brokerage offices other than those designated by UPS for clearing the products listed above.

†\$800.01 or \$0.01 higher than current de minimis requirement set forth by law, if different.

††An Entry Preparation Charge will apply on any UPS Standard from Canada shipment below de minimis value requiring an entry, at the fee amount published for goods valued between \$800.01 and \$1,250.00.

# Customs Brokerage

## PACKAGE

The Customs Brokerage information below applies to all UPS international package and UPS Worldwide Express Freight® services, unless otherwise noted.

Service	Explanation	Fee
<b>BONDS (CONTRACT ONLY)</b>		
<b>Continuous Transaction Bond</b>	<ul style="list-style-type: none"> <li>– One-year import bond for all entries made in a single year with up to \$50,000.00 coverage.</li> <li>– Required under special circumstances.</li> </ul>	\$525.00
<b>In-Transit Bond (IT Bond)</b>	– Allows a shipment to be transported under U.S. Customs and Border Protection supervision until it is formally entered into the customs territory of the U.S. and duty is paid, or until it is exported from the U.S.	\$85.00
<b>Single Entry Bond (SEB)</b>	<ul style="list-style-type: none"> <li>– One-time import bond issued to ensure compliance with U.S. laws and regulations.</li> <li>– When an SEB is necessary, UPS will contact the importer prior to customs clearance.</li> </ul>	\$4.50 per \$1,000.00 (minimum \$45.00)
<b>SPECIAL ENTRIES</b>		
<b>Additional Consignee or Invoice</b>	– A fee applies if the shipment has more than one consignee or one commercial invoice.	\$2.10 per consignee or invoice
<b>Complex Entries</b>	<ul style="list-style-type: none"> <li>– Usually requires a formal entry and may require an additional day of customs clearance.</li> <li>– A Complex Entry fee will be applied to the following:               <ul style="list-style-type: none"> <li>• A live entry that is required by U.S. Customs and Border Protection (CBP) when an export license (visa) is mandated for import into the U.S.</li> <li>• If the commodity and country of origin require Antidumping/Countervailing Duties. Antidumping/Countervailing Duty entries help U.S. companies compete with foreign industries and require additional information for U.S. Customs and Border Protection.</li> <li>• Any imported goods, goods returned and goods previously imported that require additional U.S. Customs and Border Protection documentation to substantiate the duty-free claim.</li> <li>• Goods with additional licensing requirements.</li> <li>• When the customer requests UPS to file a single entry for a non-restricted commodity which normally qualifies for clearance under a consolidated manifest (Title 19 C.F.R. 128).</li> </ul> </li> </ul>	\$25.00
<b>Duty Drawbacks</b>	– The preparation of a refund request for part or all of customs duty or domestic tax paid on imported merchandise that was subsequently manufactured into a different article or re-exported.	\$90.00 minimum*
<b>Entry-Line Charge After First Three Lines</b>	– A fee applies when more than three entry lines are entered.	\$3.20/line
<b>Entry Type 86 Processing</b>	– A fee applies when the customer requests UPS to file a single entry under Entry Type 86 for a shipment which normally qualifies for clearance under a consolidated manifest (Title 19 C.F.R. 128.24(e)).	\$11.00
<b>Fish and Wildlife (F&amp;W) Entry Preparation</b>	– Fish and Wildlife Service is a government agency that requires the filing of certain documents and permits, and conducts inspections of products that contain wildlife or plant species that fall under the F&W jurisdiction. A fee of \$25.00 will be assessed for UPS preparing and submitting the Fish and Wildlife USFWS Form 3-177.	\$25.00**
<b>Foreign Trade Zone (FTZ) Entry</b>	– These types of entries are non-routine and must be requested by the importer to UPS Supply Chain Solutions. For more information, refer to UPS® FTZ Facilitator service on pages <a href="#">135</a> and <a href="#">137</a> .	Upon request

\*Additional charges may apply.

\*\*All fees charged by any government agency or other third party, if any, will be billed in addition to the listed fees.



# Customs Brokerage

## PACKAGE

The Customs Brokerage information below applies to all UPS international package and UPS Worldwide Express Freight® services, unless otherwise noted.

Service	Explanation	Fee
<b>SPECIAL ENTRIES (CONTINUED)</b>		
<b>Partner Government Agency (PGA) Clearance</b>	<ul style="list-style-type: none"> <li>Government agencies work with U.S. Customs and Border Protection on regulating and controlling commodities coming into the U.S. from other countries.</li> <li>Special documents must be submitted to these agencies for shipments that contain controlled commodities.</li> <li>Agencies include the Food and Drug Administration (FDA), Department of Agriculture (USDA) and the Federal Communications Commission (FCC), among others.</li> </ul>	\$25.00*
<b>Prior Notice for Food and Food Products</b>	<ul style="list-style-type: none"> <li>A fee applies if you want UPS to provide Prior Notice to the U.S. Food and Drug Administration (FDA) for food and food products imported into or moving through the U.S. This advance notice is required by the Bioterrorism Preparedness and Response Act of 2002. For import shipments, the Prior Notice fee is in addition to the existing FDA Clearance fee for regulated food and food products.</li> </ul>	\$12.00
<b>Temporary Import Under Bond</b>	<ul style="list-style-type: none"> <li>Special customs entry for merchandise to be brought into the country exempt of duty, provided the merchandise exits the country within a certain amount of time and under U.S. Customs and Border Protection supervision.</li> </ul>	\$95.00
<b>UPS Broker of Choice®</b>	<ul style="list-style-type: none"> <li>Enables an importer to use an alternate customs broker for imported shipments, providing advanced visibility of shipment documents to the selected alternate broker, clearance while in UPS's possession (OnSite), with UPS completing delivery or after UPS has delivered to a designated bonded warehouse (OffSite).</li> </ul>	\$55.00 (OnSite)/\$55.00 (OffSite) OffSite will also include a separate In-Transit Bond fee
<b>UPS® FTZ Facilitator</b>	<ul style="list-style-type: none"> <li>Facilitates the bonded movement from the first port of arrival to the FTZ location, providing advanced visibility of shipment documents to the importer or FTZ operator; also available for international shipments originating in FTZ.</li> </ul>	\$80.00
<b>Warehouse Entry</b>	<ul style="list-style-type: none"> <li>Fee assessed to the customer when a request is made by the importer to file a warehouse entry.</li> <li>These types of entries are non-routine and must be requested by the importer to UPS Supply Chain Solutions.</li> </ul>	\$132.50
<b>OTHER SERVICES</b>		
<b>Customized Brokerage Services</b>	<ul style="list-style-type: none"> <li>UPS can provide additional customized brokerage services to meet your specific importing and compliance needs.</li> <li>Examples of these contractual, fee-based services include customized reports, shipment pre-alerts, classification confirmations and others.</li> <li>The fees for these customized services depend on the types of services requested.</li> </ul>	Upon request
<b>Customs Entry Packets</b>	<ul style="list-style-type: none"> <li>Entry and payment documentation for shipments that have been through the U.S. Customs and Border Protection payment and review process.</li> <li>Request by the shipper, consignee and/or third party for import clearance documentation which could include, but is not limited to, records previously supplied to the broker by the shipper/consignee or copies of any import clearance documentation.</li> </ul>	\$2.00 per packet or shipment
<b>Disbursement Fee</b>	<ul style="list-style-type: none"> <li>Customers are responsible for payment of duty and taxes.</li> <li>Fee of 2% (minimum \$12.00) of the amount paid or processed by UPS on behalf of the customer will be charged.</li> </ul>	2% of Duty/Tax (minimum \$12.00)
<b>Duty</b>	<ul style="list-style-type: none"> <li>Fee imposed by U.S. Customs and Border Protection on imported merchandise.</li> </ul>	Based on the value and/or gross weight; it differs according to the commodity

\*All fees charged by any government agency or other third party, if any, will be billed in addition to the listed fees.

# Customs Brokerage

## PACKAGE

The Customs Brokerage information below applies to all UPS international package and UPS Worldwide Express Freight® services, unless otherwise noted.

Service	Explanation	Fee
<b>OTHER SERVICES (CONTINUED)</b>		
<b>Formal Entry</b>	– Required for shipments valued at more than \$2,500.00 (U.S.) or for shipments containing specific commodities designated by U.S. Customs and Border Protection.	See Complex Entries on page <a href="#">136</a>
<b>Marking Notice Processing</b>	– Special documents must be filed for a shipment not properly marked with the country of origin. – Customs Power of Attorney must also be completed and on file with brokerage before the shipment can be forwarded to the consignee for proper marking.	\$80.00
<b>Merchandise Processing Fee</b>	– A non-refundable fee charged by U.S. Customs and Border Protection for administrative expenses for processing certain imported shipments. The fee will not apply if the goods qualify under applicable free trade agreements.  For Air shipments: – Applicable only for formal entries (customs value more than \$2,500.49 or as required by regulation).  For Ground shipments: – Applicable for both informal and formal entries.	Based on the value of merchandise; minimum and maximum fees may apply
<b>Overtime/Special Handling Service (Hourly Rate)</b>	– When additional, non-routine activities/services are required, selected services may be performed by UPS. – Services offered include (but are not limited to) manipulations, labeling, inventory, auditing, customized reports, spreadsheets, key entry, general order processing, etc. – UPS reserves the right to charge in one-hour increments, rounded up to the next hour. – Please contact a brokerage specialist if there is a need for additional clearance services.	\$53.00 per hour*
<b>Post Entry Services</b>	– Protest: Request from an importer to recoup the overpayment of duty to U.S. Customs and Border Protection due to a description discrepancy or misclassification on the customs entry. – Post Summary Correction: Request from an importer to obtain corrections to an entry filed with U.S. Customs and Border Protection prior to liquidation. – Voluntary Tender: Request from an importer to submit additional duties owed to U.S. Customs and Border Protection, where submission is initiated by the customer.	\$95.00 / \$120.00**
<b>Pre-Release Notification</b>	– This fee applies when customer contact is required prior to releasing the shipment.	\$14.00 per shipment
<b>Transportation Handling</b>	– Assessed when shipments are removed from the UPS system, at the request of the importer, to be forwarded to another broker for clearance. – Shipments are transferred from the UPS-bonded facility to the designated bonded agent's facility. – A bonded carrier or cartman must be used to transfer goods in-bond from UPS to another carrier based on approval to move the goods from U.S. Customs and Border Protection. – Transfer may be denied by UPS Supply Chain Solutions® Customs Brokerage Services.	\$30.00
<b>United States-Mexico-Canada Agreement (USMCA) Processing</b>	– Special processing to ensure that the required USMCA documentation on a shipment is complete to allow any applicable reduced tariff.	\$21.25
<b>Warehouse Storage – Air/Ground – Per Day After Two Days</b>	– Assessed when shipments remain in the UPS warehouse after the two free days regardless of the customs broker.	\$20.00 + \$0.04 per lb. per day

\*All fees charged by any government agency or other third party, if any, will be billed in addition to the listed fees.

\*\*Complex post entry services include, but are not limited to, protests and complex post summary corrections (i.e., tariff exclusions and multiple tariff lines).

# How To Use This Guide

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## **Section 1** CHOOSING A SERVICE PAGES [3-9](#)

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## **Section 2** PREPARING A SHIPMENT PAGES [10-24](#)

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## **Section 3** DETERMINING THE RATE PAGES [25-138](#)

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## **Section 4**

### TRACKING AND PAYMENT

Convenient and up-to-the-minute ways to track shipments are reviewed, as well as an explanation of the UPS invoice, its presentation and various billing and payment options.

- Track your shipment as it moves through the UPS system from drop-off or pickup to completed delivery. Pages [140-141](#)
  - Choose to review your invoice in a variety of electronic formats or as a paper summary. Page [142](#)
  - Select from a number of payment plans that offer weekly and monthly options. Page [143](#)
  - Review solutions for managing your invoice and tips on how to avoid additional charges. Page [144](#)
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# Track Your Shipment

## Convenient Ways to Track Shipments

Method	Description
<b>UPS® Mobile App*</b>	– Track your package and freight shipments anytime and anywhere directly from your mobile device. Visit <a href="https://ups.com/mobile">ups.com/mobile</a> to learn more or to download the app.
<a href="https://coyote.com">coyote.com</a>	Provides direct access for customers to create, view, track and settle their own loads, and for carriers to find, accept and update loads. – Network map includes filters to provide a focused, filtered view and ability to hover over lane to see lane information. – Customizable load board allows users to add or remove columns to view the most valuable information. – Streamlined accounting features allow for uploading paperwork, viewing invoices and checking accounting status. – Call 1-877-626-9683 or <a href="https://coyote.com/technology">coyote.com/technology</a> for more information.
<b>CoyoteHOWL®</b>	– CoyoteHOWL® mobile app allows shippers to easily connect with their Coyote reps and access shipments, documents and business trends right from their mobile phones. It offers ability to receive load updates via push notifications and provides shippers free, on-the-go visibility 24/7. – Visit <a href="https://noexcuses.coyote.com/CoyoteHOWL">noexcuses.coyote.com/CoyoteHOWL</a> to learn more.
<b>Flex® Global View</b>	– Query status and receive e-mail alerts on Air Freight, Ocean Freight and UPS Worldwide Expedited® Ground Freight shipment exceptions, warehouse inventory and backorders, purchase orders and fulfillment, as well as customs brokerage entries and clearance. – Search by multiple customer reference types, trade lanes, purchase orders, waybills, bills of lading and ocean containers; receive standard and customized reports in PDF, Excel or text formats. – Contact your UPS representative or visit <a href="https://ups.com">ups.com</a> for more information on <a href="#">Flex Global View</a> .
<b>UPS InfoNotice® Number</b>	– Number assigned by UPS that links all shipments for a delivery attempt together (patent pending). For detailed information on each shipment, go to <a href="https://ups.com">ups.com</a> or call 1-800-833-9943.
<a href="https://upsfreight.com">upsfreight.com</a>	– Track UPS Freight® LTL shipments directly from the <a href="https://upsfreight.com">upsfreight.com</a> homepage using your PRO Number. You can also track using your Bill of Lading or Purchase Order numbers.
<b>UPS My Choice®**</b>	– Provides recipients with proactive delivery alerts via text,** e-mail or UPS® Mobile App push notification the day before delivery and the morning of delivery. Confirmation of delivery and delivery schedule updates are available.
<b>UPS My Choice® for Business</b>	– A new web-based tool designed to give commercial and home-based businesses better control and visibility into their shipments, allowing them to easily manage their UPS services from a customizable dashboard: <ul style="list-style-type: none"> <li>• At-a-glance view of all inbound and outbound shipments with interactive dashboards to easily track shipments</li> <li>• View estimated delivery windows to prepare incoming shipments</li> <li>• Filter by date, shipment characteristics or accounts with updates from label creation to delivery</li> <li>• View current shipment status to provide more accurate timing to customers and help resolve any issues</li> <li>• Set notifications preferences to get automatic status alerts, including for the day before and day of delivery</li> <li>• Enable additional users within your organization to access important visibility information</li> <li>• Learn more and enroll any time at: <a href="https://ups.com/mychoiceforbusiness">ups.com/mychoiceforbusiness</a></li> </ul>
<b>PRO Number</b>	– Number automatically assigned to your LTL shipment by UPS Freight® to identify and locate the shipment.
<b>Quantum View® Data*</b>	– An information service that provides package status updates via data files hourly (or as often as requested), when new information is available, about UPS shipments you ship/receive and shipments billed to your UPS account. Files are available in CSV, Flat File (TXT), XML and EDI formats for integration into your software applications and databases. – Contact your UPS representative or visit <a href="https://ups.com/quantumview">ups.com/quantumview</a> for more information.
<b>Quantum View Manage®</b>	– Allows you to receive proactive package and freight shipment status information via a user-friendly web interface without having to provide a tracking number. View information about UPS shipments you ship, receive or bill to your UPS account. – Create custom views of shipping information, filter information and results, search by criteria you choose, set alerts, e-mail interested parties with shipping information and download data. – For importers: provides additional inbound solutions to expedite clearance delays, automate customs compliance processes, audit post-clearance shipments prior to the payment of duties, contact UPS Customs Brokerage representatives and archive trade documents. – Contact your UPS representative or visit <a href="https://ups.com/quantumview">ups.com/quantumview</a> for more information.
<b>Quantum View Notify®</b>	– Sends proactive e-mail notifications of key package and freight shipment events to as many as five e-mail addresses per request or two SMS recipients when requested in UPS.com tracking or Quantum View Manage. – Choose any combination of three critical shipment notifications for a particular shipment: when shipping information is received by UPS, when the shipment is delivered and when there is an exception which results in a change in the scheduled day of delivery. – Can be requested at the time a shipment is processed in WorldShip® or UPS CampusShip® shipping systems, the UPS App, the UPS® Developer Kit, <a href="https://ups.com">ups.com</a> shipping and a UPS Ready® solution approved to use this service. – Can also be selected post-shipment at Tracking on <a href="https://ups.com">ups.com</a> and Quantum View Manage tracking. – Contact your UPS representative or visit <a href="https://ups.com/quantumview">ups.com/quantumview</a> for more information. – If UPS carbon neutral is also selected, e-mail notifications will be on a UPS carbon neutral branded template highlighting that the shipment is carbon neutral.
<b>Reference Number</b>	– Number you can assign when you ship to help you identify your shipment. Reference number can contain any combination of letters and numbers up to 35 characters.
<b>Text Message</b>	– Track your package shipment via text messaging. Visit <a href="https://ups.com/mobile">ups.com/mobile</a> to get started.

\*Not available for UPS Worldwide Express Freight® Services.

\*\*Your carrier's standard message and data rates may apply.

# Track Your Shipment

## Convenient Ways to Track Shipments (continued)

Method	Description
<b>Tracking Number</b>	– Number automatically assigned to your shipment by UPS to identify and locate the shipment as it travels through the UPS system.
<a href="http://ups.com">ups.com</a>	– Track your package and freight shipments directly from the <a href="http://ups.com">ups.com</a> homepage or click on the Tracking menu to track up to 25 different tracking or UPS InfoNotice® numbers; you can also track by using your own reference numbers.
<b>Within Your Business</b>	– Integrate the Tracking Application Programming Interface (API), one of the UPS Developer Kit APIs, into your business applications or onto your website; use a tracking or reference number to track your package and freight shipments.

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### Proof of Delivery (P.O.D.)

Service	Description
<b>Proof of Delivery (P.O.D.)</b>	– Proof of Delivery of a shipment via e-mail, fax or mail is subject to a charge which will be assessed to the shipper. Refer to page 118 for charges and details.
<b>UPS Delivery Confirmation (Domestic)</b>	– Confirmation of delivery for domestic package will be mailed to the shipper. Delivery Confirmation mailings will no longer be included with Signature Required or Adult Signature Required services. Refer to page 115 for charges and details.
<b>Signature Tracking®</b>	– Web-based enhanced shipment tracking for instant access to Proof of Delivery information, including a digital signature image and full delivery address. – Available at no charge. – Sign up at <a href="http://ups.com/myups/login">ups.com/myups/login</a> . Once logged in, select Tracking from the Services menu and then choose Signature Tracking from the menu of services on the right side of the page.

### Manage Your Claims

Now you can efficiently and conveniently manage your package claims online. From this website you can:

- Report a problem
- Provide claim documentation
- Check the status of a claim
- Receive key status updates via e-mail
- View and download claim history
- Initiate a claim dispute
- Access information about minimizing specific packaging problems that can result in lost or damaged packages
- Contact UPS with questions

You can access the claim site by:

- Visiting [Claims Support](#)
- Going to the Customer Service section under the Support tab on [ups.com](http://ups.com)

Plus, the ability to manage your claims has been integrated into systems you already use:

- Tracking on [ups.com](http://ups.com): If there is a problem with your package, you will see a link under “File a Claim” on the detailed tracking result page. This link will allow you to report a lost or damaged package or missing C.O.D.

- Quantum View Manage® tracking: If you are a subscriber, you will see a link on the Shipment Progress page to “report a lost or damaged package.”

For UPS Worldwide Express Freight® Midday and UPS Worldwide Express Freight® claims, call 1-800-782-7892.

# Reviewing Your Invoice

## Viewing, Downloading, Paying and Managing Your Invoice

UPS offers a number of options for viewing, downloading, paying and managing your invoice. You may want to consider one of our information-rich electronic invoice formats, designed to help your company allocate and reconcile UPS charges more effectively. To learn more or enroll in these options, visit [ups.com/billing](https://ups.com/billing).

Solutions	Description	Benefits
<b>UPS Billing Center</b>	<ul style="list-style-type: none"> <li>– A secure, easy-to-use website that allows you to view, pay and request adjustments to your invoice online.</li> <li>– Provides invoices electronically through online reporting, customized reports or downloading a file of your invoice similar to UPS Billing Data in PDF, CSV (32 and 250 elements) or XML formats.</li> <li>– To learn more, visit <a href="https://ups.com/billing">ups.com/billing</a>.</li> </ul>	<ul style="list-style-type: none"> <li>– An electronic alternative to receiving paper bills for package and freight services, including Brokerage and UPS Mail Innovations® service.</li> <li>– Receive invoices faster.</li> <li>– Set up/arrange to have payments sent electronically, eliminating the printing and mailing of checks.</li> <li>– Access to supporting brokerage documents (e.g., Commercial Invoice) for U.S. import shipments.</li> <li>– Create/download summary or detailed reports to improve cost allocation for package shipments.*</li> <li>– Print as much or as little of the invoices as needed.</li> <li>– Electronic filing of invoices saves time and space.</li> </ul>
<b>UPS Billing Data</b>	<ul style="list-style-type: none"> <li>– UPS Billing Data is a detailed electronic billing file that can be received in a CSV, XML or EDI 210 format.</li> <li>– To learn more, visit <a href="https://ups.com/billing">ups.com/billing</a>.</li> </ul>	<ul style="list-style-type: none"> <li>– An electronic alternative to receiving paper bills for package and freight services.</li> <li>– Receive invoices faster.</li> <li>– Allows the integration of UPS billing information into accounting and other business applications.</li> <li>– Facilitates faster and easier invoice reconciliation, cost allocation and accounts payable processes.</li> </ul>
<b>UPS PDF Invoice</b>	<ul style="list-style-type: none"> <li>– The electronic document is an exact copy of your paper bill and is available for domestic, export, import and LTL bills.</li> <li>– When your bill is ready, UPS will send you an e-mail that directs you to <a href="https://ups.com">ups.com</a> to receive your invoice.</li> </ul>	<ul style="list-style-type: none"> <li>– Able to view up to 52 weeks of PDF invoices.</li> <li>– Easy record-keeping and allows you to view your statements faster.</li> </ul>
<b>UPS Paper Bill</b>	<ul style="list-style-type: none"> <li>– Receive a summary or detailed paper bill sent via the U.S. Mail.</li> </ul>	<ul style="list-style-type: none"> <li>– Does not require a computer to review shipping charges.</li> </ul>
<a href="https://coyote.com">coyote.com</a>	<ul style="list-style-type: none"> <li>– Provides direct access for customers to create, view, track and settle their own loads, and for carriers to find, accept and update loads.</li> <li>– Call 1-877-626-9683 or <a href="https://coyote.com/technology">coyote.com/technology</a> for more information.</li> </ul>	<ul style="list-style-type: none"> <li>– Network map includes filters to provide a focused, filtered view and ability to hover over lane to see lane information.</li> <li>– Customizable load board allows users to add or remove columns to view the most valuable information.</li> <li>– Streamlined accounting features allow for uploading paperwork, viewing invoices and checking accounting status.</li> <li>– Simplified tracking allows you to flag and track high-priority shipments, export entire load activity for easy viewing and mark specific commodities to quickly view all related shipments.</li> </ul>

\*Not available for Air Freight, Ocean Freight and UPS Worldwide Expedited® Ground Freight.

# Reviewing Your Invoice

## PACKAGE

### UPS Billing and Payment Schedules

Schedules	Description
<b>Billed Weekly/Pay Weekly</b>	<ul style="list-style-type: none"> <li>– Receive an invoice weekly and pay weekly.</li> <li>– Payment is due within the terms stated on the invoice.</li> <li>– A late payment fee will be assessed on balances that are past due.</li> <li>– Payment can be made by Electronic Funds Transfer, credit card or check.</li> <li>– Electronic Payment options are available via the UPS Billing Center.</li> </ul>
<b>Billed Weekly/Pay Monthly</b>	<ul style="list-style-type: none"> <li>– Receive an invoice weekly but pay only once a month.</li> <li>– A prepayment equal to four weeks' average shipping charges must be made and will remain on account with UPS.</li> <li>– Payment is due within the terms stated on the invoice.</li> <li>– A late payment fee will be assessed on balances that are past due.</li> <li>– Payment can be made by Electronic Funds Transfer or check.</li> <li>– Electronic Payment options are available via the UPS Billing Center.</li> </ul>
<b>Billed Monthly/Pay Monthly*</b>	<ul style="list-style-type: none"> <li>– Receive an invoice monthly and pay monthly.</li> <li>– A prepayment equal to four weeks' average shipping charges must be made and will remain on account with UPS.</li> <li>– To avoid a prepayment, a Credit Extension Fee can be charged based on your annual shipping charges and is subject to change annually.</li> <li>– Establishing an Electronic Funds Transfer payment option allows you to avoid a prepayment and the Credit Extension Fee.</li> <li>– Payment is due within the terms stated on the invoice.</li> <li>– A late payment fee will be assessed on balances that are past due.</li> <li>– Payment can be made by Electronic Funds Transfer or check.</li> <li>– Electronic Payment options are available via the UPS Billing Center.</li> </ul>

\*Monthly billing is limited to customers with average shipping charges of \$200.00 or less per week. To be eligible for the Credit Extension Plan, you must use UPS transportation services solely for business, commercial or agricultural purposes. The first-year fee is \$45.00. The fee for each following year will be based on yearly revenue. If the yearly revenue is under \$15,600.00, the fee will be \$45.00. If the yearly revenue exceeds \$15,600.00, the fee will be the actual yearly revenue multiplied by .0163.

#### Notes:

- UPS reserves the right to approve billing and payment schedules and payment methods requested.
- The “UPS Tariff/Terms and Conditions of Service – United States” available at [ups.com/terms](https://www.ups.com/terms) contains provisions for a late payment fee on past-due balances (including, without limitation, any previously assessed, but unpaid, late payment fees).
- The shipper should check with its bank to ensure that there are no fees for electronic transactions.

# Reviewing Your Invoice

## Solutions for Managing Your Invoice

UPS offers a variety of options to help you manage your shipping costs by allowing you to determine who pays what portion of the shipping charges.

## UPS Billing/Payer Options

Options	Description
<b>PACKAGE, AIR FREIGHT, LESS-THAN-TRUCKLOAD AND UPS WORLDWIDE EXPEDITED® GROUND FREIGHT</b>	
<b>Bill Shipper (Prepaid)</b>	– Shipper's UPS account is billed for shipping charges.
<b>Bill Receiver (Freight Collect)</b>	– Receiver's UPS account is billed for shipping charges.
<b>Bill Third Party</b>	– A third party's UPS account is billed for shipping charges.
<b>INTERNATIONAL PACKAGE</b>	
<b>Free Domicile</b>	– The shipper pays all costs of delivery, including customs clearance fees, directly to the door of the consignee.
<b>Split Duty and Tax</b>	– Shipper's UPS account is billed for shipping charges and duties. – Receiver's UPS account is billed for all taxes.
<b>AIR FREIGHT AND UPS WORLDWIDE EXPEDITED GROUND FREIGHT</b>	
<b>Shipper's Check Received</b>	
– Delivery Duties Paid (DDP)*	Fees vary by country and seller's charges.
– Delivery Duties Unpaid (DDU)*	Importer is responsible for fees that vary by country.

*\*For a quoted price, the seller/exporter clears the goods for export and is responsible for making them available to the buyer at the named place of destination cleared for import, but not unloading them from the transport vehicle.*

### Notes:

- For international shipments, the above billing options can be used in combination with one another, allowing the shipper, receiver or third party to be billed for all or part of the shipping charges. International shipping charges typically include the cost of transportation, duties, brokerage fees and taxes.
- Unless otherwise specified at the time of shipping, shipping charges are billed to the shipper. In the event of non-payment by the consignee or third party, the charges are billed to the shipper.

## Managing Inbound Charges

Control who can and cannot bill shipping charges to your UPS account number. There are two convenient ways to manage this process. Select the option that is appropriate for your business needs.

– Allow any shipper to bill shipping charges to your UPS account number, except for certain shippers you wish to exclude.

– Allow only certain shippers to bill shipping charges to your UPS account and exclude all others.

To begin controlling your inbound charges, go to [ups.com/billing](https://www.ups.com/billing).

## Consolidated Payment Plans

A Consolidated Payment Plan offers a convenient way to aggregate UPS invoices for multiple UPS account numbers into a single invoice for payment.

Consolidated Payment Plans can be created for UPS domestic, export and import invoices.

To learn more about Consolidated Payment Plans, call 1-800-PICK-UPS® (1-800-542-5877).

## Managing Additional Charges

Additional charges can occur when shipments are not processed properly.

Tips for avoiding these charges may be found at [ups.com/avoidcharges](https://www.ups.com/avoidcharges).



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## 2019 Annual Report



# *Accelerating Forward >>>*

**CUSTOMER FIRST. PEOPLE LED. INNOVATION DRIVEN.**



YEAR FOUNDED: **1907**

**2285** DAILY FLIGHT SEGMENTS

WORLDWIDE OPERATING FACILITIES: **MORE THAN 2,500**

ALTERNATIVE FUEL VEHICLES: **MORE THAN 10,000**

**OVER 40,000** UPS ACCESS POINT LOCATIONS

2019 DELIVERY VOLUME: **5.5 BILLION** PACKAGES AND DOCUMENTS

**MORE THAN 125,000** VEHICLES IN DELIVERY FLEET

UPS MY CHOICE<sup>®</sup> MEMBERS: **67 MILLION**

ONLINE TRACKING: **295 MILLION** PER DAY

**11.5 MILLION** CUSTOMERS

EMPLOYEES: **495,000**

## FINANCIAL HIGHLIGHTS

(in millions except per-share amounts)

	2019	2018	2017
Revenue	\$74,094	\$71,861	\$66,585
Operating expenses	66,296	64,837	59,056
Net income	4,440	4,791	4,905
Adjusted net income*	6,543	6,301	5,254
Diluted earnings per share	5.11	5.51	5.61
Adjusted diluted earnings per share*	7.53	7.24	6.00
Dividends declared per share	3.84	3.64	3.32
Assets	57,857	50,016	45,574
Long-term debt	21,818	19,931	20,278
Shareowners' equity	3,283	3,037	1,024
Capital expenditures <sup>1</sup>	6,380	6,283	5,227
Cash and marketable securities	5,741	5,035	4,069

## KEY METRICS

	2019	2018	2017
Return on Assets (GAAP)	8.2%	10.0%	11.4%
Return on Assets (Adjusted)*	12.3%	13.3%	12.1%
Dividend Yield	3.3%	3.7%	2.6%

## FREE CASH FLOW

(millions of dollars)

	2019	2018	2017
Net cash from operations	\$8,639	\$12,711	\$1,479
Capital expenditures <sup>1</sup>	(6,380)	(6,283)	(5,227)
Proceeds from disposals of PP&E	65	37	24
Net change in finance receivables	13	4	5
Other investing activities	(75)	1	1
Free cash flow <sup>2</sup>	2,262	6,470	(3,718)
Discretionary pension contributions	2,000	-	7,291
Adjusted free cash flow excluding discretionary pension contributions	4,262	6,470	3,573

\*See reconciliation of Non-GAAP financial measures on page A1.

<sup>1</sup>Adjusted capital expenditures including principal repayments of finance lease obligations were \$6.520 and \$6.623 billion in 2019 and 2018, respectively.

<sup>2</sup>Adjusted free cash flow including principal repayments of finance lease obligations was \$4.122 and \$6.130 billion in 2019 and 2018, respectively.



## *Dear Fellow Shareowner,*

### **2019 was a year of momentum for UPS.**

We reached several important turning points in our transformation as we accelerate forward and progress to become the fastest, most technology-enabled company in our industry. Our global integrated network provided UPS and our customers great flexibility to respond to the fast pace of change in the market. Our innovative services and solutions helped our customers compete and grow, especially the small and medium-sized businesses (SMBs) we serve. And our people led us forward, delivering great service and fostering a culture of continuous transformation.

2019 also marked a significant milestone in UPS history. We celebrated the 20th anniversary of our initial public offering, the largest U.S. IPO on the New York Stock Exchange in the 20th century. Even 20 years ago, UPS recognized the need to transform to facilitate growth. The IPO strengthened our ability to grow, invest and make strategic acquisitions in markets around the world. It also laid the groundwork for the integrated Smart Global Logistics Network we operate today.

Our integrated network continues to expand and strengthen, and is powered by next-generation technology that is also enabling our enterprise-wide transformation. Technology is improving efficiency, creating additional flexibility, and increasing speed and scalability. It is the backbone of our industry-leading, data-driven solutions like UPS My Choice for Business and our Digital Access Program. It is the force that is enabling us to meet the growing demand of global B2B and B2C e-commerce. And it is the connective tissue that integrates UPS physical assets with our increasingly digital world.

Such innovations make it easier for customers to connect with UPS, access our services and enjoy more control over their inbound and outbound shipments. Our network is more responsive to the changing pickup and delivery conditions, thanks to our expanded use of route optimization and navigation software. Importantly, these actions and investments enable us to operate more sustainably. When coupled with our alternative fuel and alternative fleet solutions, we are reducing our environmental impact, the benefits of which will create long-term value for all stakeholders.

We are investing to increase efficiency and to create new capabilities that will generate high-quality volume growth. We launched more new solutions in 2019 than at any other time in recent history. The impacts of our transformation are becoming more visible in our operating performance, even as we invest in new capabilities. We achieved this success due to the creativity and commitment of our 495,000 UPSers around the world.

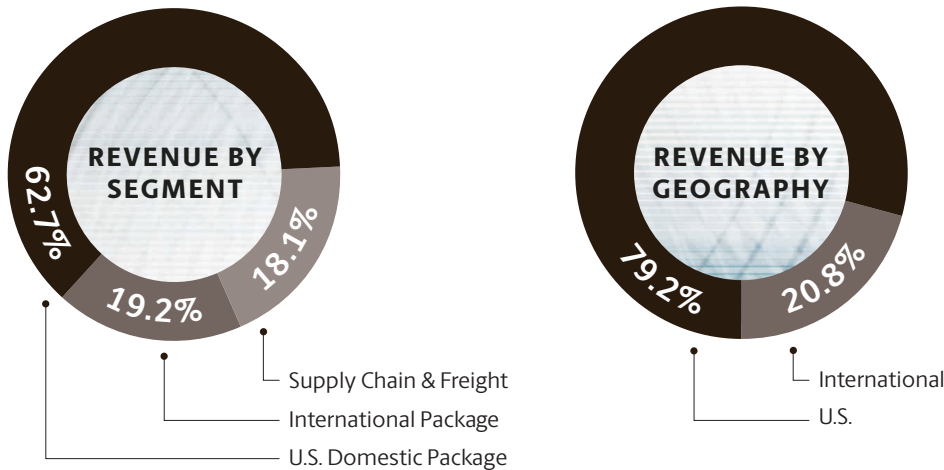
CUSTOMER FIRST. PEOPLE LED. INNOVATION DRIVEN.

## Accelerating DELIVERIES

Speed of delivery is becoming increasingly important to consumers and is a critical competitive differentiator for many of our customers, both large and small. In 2019, we took advantage of the structural shift to faster next-day delivery, leveraging the strength of our expanding automated network to successfully absorb a 22% surge in next-day air volume, while strengthening our position as the e-commerce shipper of choice.

The rapid movement toward next-day and seven-day delivery in the U.S. provides tremendous near-term growth opportunities and we are taking aggressive steps forward to continue speeding up our network to help all customers adapt, especially SMBs. For example, we are improving time-in-transit for 80% of our customers, doubling the amount of volume we handle on Saturdays and launching Sunday delivery. These actions are enabling UPS to take advantage of today's opportunities, while continuing to diversify our growing customer base and generate long-term profitable growth.

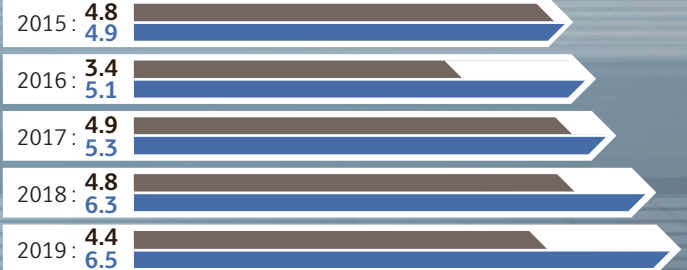
In 2019, we forged new paths to accelerate deliveries, creating innovative solutions for our customers. We achieved a milestone in commercial drone aviation when the Federal Aviation Administration (FAA) certified UPS with the first full Part 135 Standard to operate a drone airline at WakeMed, moving lab samples across its vast hospital campus. Working in partnership with the FAA on approvals, we tested similar services at other hospitals and medical campuses, proving drone solutions can accelerate deliveries and provide shortened time-in-transit, helping healthcare professionals better serve their patients. We are continuing to work with the FAA to expand our drone capabilities, as well as create new, breakthrough solutions to serve the evolving needs of our customers.



### REVENUE (in billions of dollars)



### NET INCOME (in billions of dollars)



■ Adjusted\*

\*See reconciliation of Non-GAAP financial measures on page A1.

## *Accelerating* EFFICIENCIES

We made great strides expanding capacity and automating our Smart Global Logistics Network. Across the U.S., increased automation and improved efficiency drove unit costs down in 2019, helping fuel positive operating leverage and profit growth in the year. Adjusted operating margins expanded 50 basis points\*†, an indication that our strategy and investments are improving the fundamentals of the business.

As we move through our transformation and open more automated facilities, we remain confident that we will achieve our goal of a 30% to 35% increase in efficiency. The investments we are making are creating a more nimble, more competitive UPS, to better serve customers today and well into the future.

Here are some highlights for the year:

- >>> We added 11 high-capacity aircraft to our global fleet, the largest annual addition to date, in our multi-year fleet expansion program.
- >>> We opened 20 new or retrofitted automated facilities, adding nearly five million square feet and about 400,000 pieces per hour of automated sort capacity. Combined with 2018, we have opened a total of 41 facilities with 10 million square feet and approximately 800,000 pieces per hour of additional sort capacity.
- >>> We pulled forward efforts to accelerate the U.S. ground network, widening the reach of our next-day ground capabilities and speeding up transit times in key lanes.
- >>> In Europe, we opened a highly-automated superhub in Eindhoven, the Netherlands, a strategic location to connect Western European businesses to our Smart Global Logistics Network and facilitate market access around the world.
- >>> In Asia, time-in-transit improvements and the expansion of our Shenzhen, China air hub are enabling UPS to take advantage of regional growth.
- >>> We made wide-spread technology investments to expand our use of cloud infrastructure, improve cash flow management, and enhance procurement practices — all of which contributed to positive operating leverage.
- >>> We advanced the development of ORION 3.0, our proprietary route optimization and navigation technology that dynamically adjusts and recalculates driver routes based on the remaining packages and pickup requests on the route, together with changing traffic conditions and other factors. Deployment in 2020 is on schedule.

The investments we are making are strengthening our core business. Our integrated network is running exceptionally well, generating new levels of efficiency and flexibility. We continually adjust our network to align capacity with changes in market demand around the world, which results in a lower cost structure and positive operating leverage.

\*See reconciliation of Non-GAAP financial measures on page A1.

†One basis point equals one-hundredth of a percentage point.



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# Accelerating GROWTH

In addition to creating greater efficiency and agility in the network, our transformation program is funding reinvestment in new state-of-the-art, customer-focused services and solutions. Our program is enabling UPS to pursue the best market opportunities for diversified revenue growth and long-term financial returns. These growth opportunities constitute our four Strategic Growth Initiatives:

## >>> Small and Medium-sized Businesses (SMBs)

- We increased the number and variety of retail partners in our UPS Access Point network significantly in 2019, expanding the network to approximately 21,000 locations in the U.S. and 40,000 globally. Ninety percent of U.S. consumers will find a UPS Access Point location within five miles of their home, offering a new level of package pickup and drop-off convenience.
- We launched UPS My Choice for Business, giving small businesses unprecedented visibility and control over their inbound and outbound shipments.

## >>> B2B and B2C e-Commerce

- We introduced the UPS Digital Access Program creating preferred relationships and embedding UPS technology directly into leading marketplaces and digital platforms such as Stamps.com, which many SMBs already use. Retail is becoming increasingly integrated across all digital channels as SMBs leverage tools to access larger pools of potential customers than they could have reached on their own. UPS's footprint touches all aspects of the e-commerce ecosystem, from demand generation and shipping to visibility and returns.
- UPS now enables customers to tender shipments later for next-day ground delivery to 98% of the U.S. population. UPS Extended Hours Pickup for next-day ground delivery solidifies our market leading position in both next-day air and ground coverage.
- We expanded Saturday pickups and deliveries to help our customers deliver to consumers faster. And, in 2020 we expect to double the amount of Saturday volume we handled in 2019, and will continue to phase in Sunday delivery.

## >>> International Growth Markets

- B2B and B2C businesses that export to key e-commerce destinations around the world now have a more affordable way to ship with UPS Worldwide Economy. This deferred service provides economical and efficient international options for small businesses shipping lightweight and less-expensive products.
- Customers are now able to reach more destinations with the expansion of our Express services. Postal codes across 40 countries in Europe, Asia, Latin America, Africa and the Middle East were added, significantly expanding the footprint of our time- and day-definite guaranteed international services.

## >>> Healthcare and Life Sciences

- Healthcare and life sciences customers often need a higher level of visibility and security for their most-critical shipments. To meet those needs, we created UPS Premier (next-generation, on-package sensor technology) which enables advanced package tracking and contingency actions for critical shipments.
- Additionally, we connected all of our global healthcare and life sciences businesses under a single, dedicated UPS Healthcare unit. Wes Wheeler, a healthcare professional with deep experience, leads the unit which supports operations and includes a combined workforce of more than 5,000 employees from Marken, Polar Speed, and all 114 UPS healthcare facilities.



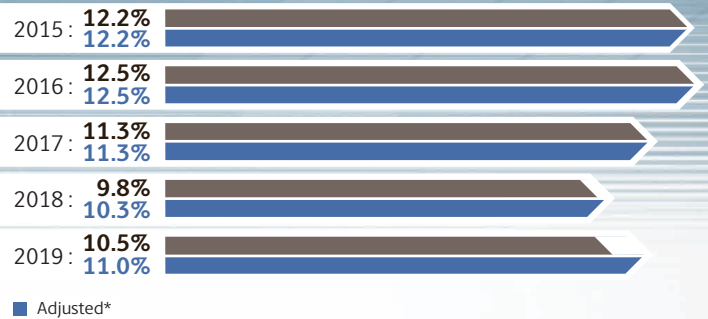
We are moving quickly and intelligently to provide our customers new levels of speed, visibility, control and market access while creating new revenue streams for UPS. And our solutions are taking hold: in 2019, we grew consolidated volume 5.8%, while expanding our operating margins in all three segments. We outpaced the market in U.S. air growth with double-digit volume increases in Next Day Air and our deferred services. Looking forward, we see many opportunities to accelerate high-quality, high-margin volume growth.



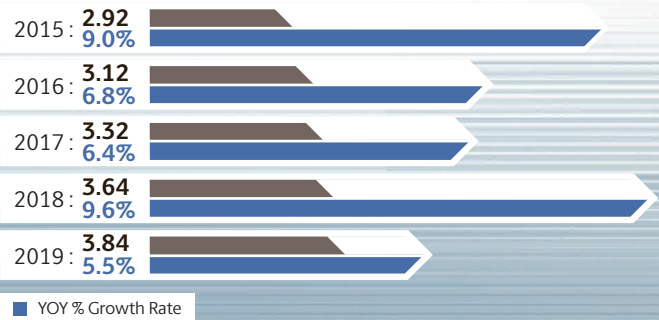
**DILUTED EARNINGS PER SHARE** (in dollars)



**OPERATING MARGIN** (percent)



**DIVIDENDS DECLARED** (dollars per share)



**SHARE REPURCHASE EXPENDITURES** (in billions of dollars)



\*See reconciliation of Non-GAAP financial measures on page A1.

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## Accelerating EXECUTION

Our financial results demonstrate that our investments and strong execution are having an impact on the fundamentals of the business. Both top- and bottom-line results improved in 2019 due to increased demand for our services and new cost efficiencies in our network.

For the company, consolidated revenue grew 3.1% to \$74 billion and adjusted operating profit grew 10.4% to \$8.2 billion\*.

Globally, we delivered more than 5.5 billion packages, a nearly 6% increase over 2018, driven by B2B and B2C volume growth in the U.S., which helped offset softness in global trade, particularly during the second half of the year.

In U.S. Domestic, revenue grew 6.7% to \$46.5 billion with volume growth across all products. Adjusted operating profit grew 12.7% to \$4.4 billion\* and we generated a margin of 9.4%\*, or 50 basis points higher than in 2018.

The International segment reported \$14.2 billion in revenue, a decrease of 1.5% due to the dynamic macro environment. Adjusted operating profit rose 6.7% to \$2.8 billion\* and margins expanded, primarily driven by strong execution, cost management and innovative services with a focus on SMB market opportunities.

The Supply Chain and Freight segment delivered another year of strong results, with an 11.2%\* increase in adjusted operating profit and healthy margin expansion. The diversity of our portfolio, coupled with our continued focus on SMBs, helped offset softer business conditions in certain business units.

Once again, UPS generated excellent cash flow — enabling us to invest in our network while rewarding shareowners. We invested \$6.5 billion\* in adjusted capital expenditures and returned \$4.3 billion to shareowners, with \$1 billion of share buybacks and \$3.3 billion in dividends, a per-share increase of 5.5% over the prior year.

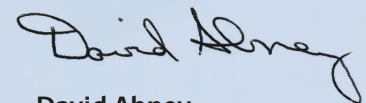
Executing our strategies for the long-term benefits all stakeholders — our shareowners, customers, employees, suppliers, and the communities we serve. Operating more sustainably is a core principle of our strategy and business operations. We pursue efficiency at every turn and deploy advanced technology to optimize resources and reduce our environmental impact. We are proud to have been named to the Dow Jones Sustainability World Index for the seventh consecutive year and the Dow Jones Sustainability North America Index for the 15th straight year. Plus, *Corporate Responsibility Magazine* named UPS to its “100 Best Corporate Citizens” annual listing for the 10th straight year.

\*See reconciliation of Non-GAAP financial measures on page A1.



## *Accelerating* FORWARD

We are making significant progress in our transformation. Through the investments we are making today, our network — powered by next-generation advanced technologies — will become even more efficient and flexible. And as we look ahead, we will continue to introduce innovative solutions to help all of our customers grow. We are accelerating our strategies to take advantage of the tremendous growth prospects in the market today. Our actions will open new opportunities for our people and create additional value for our customers and shareowners in the near-term and well into the coming decade.



**David Abney**

*UPS Chairman and  
Chief Executive Officer*



## MANAGEMENT COMMITTEE



**DAVID P. ABNEY**  
UPS Chairman and Chief  
Executive Officer



**PHILIPPE GILBERT**  
President, Supply  
Chain Solutions



**JUAN PEREZ**  
Chief Information and  
Engineering Officer



**KEVIN WARREN**  
Chief Marketing Officer



**NORMAN M.  
BROTHERS, JR.**  
Senior Vice President,  
General Counsel and  
Corporate Secretary



**KATE GUTMANN**  
Chief Sales and  
Solutions Officer



**SCOTT PRICE**  
Chief Strategy and  
Transformation Officer



**GEORGE WILLIS**  
President, U.S. Operations



**NANDO CESARONE**  
President,  
UPS International



**BRIAN NEWMAN**  
Chief Financial Officer



**CHARLENE THOMAS**  
Chief Human  
Resources Officer

## UPS BOARD OF DIRECTORS

**DAVID P. ABNEY**  
Chairman and Chief  
Executive Officer,  
United Parcel Service, Inc.  
*Director since 2014*

**WILLIAM R. JOHNSON**  
Former Chairman, President  
and Chief Executive Officer,  
H.J. Heinz Company  
*Director since 2009*

**FRANCK J. MOISON**  
Former Vice Chairman,  
Colgate-Palmolive Company  
*Director since 2017*

**JOHN T. STANKEY**  
President and Chief Operating  
Officer, AT&T Inc. and CEO,  
Warner Media LLC  
*Director since 2014*

**RODNEY C. ADKINS**  
Former Senior Vice  
President, International  
Business Machines  
*Director since 2013*

**ANN M. LIVERMORE**  
Former Executive Vice  
President, Hewlett-  
Packard Company  
*Director since 1997*

**CLARK T. RANDT, JR.**  
Former U.S. Ambassador  
to the People's Republic  
of China  
*Director since 2010*

**CAROL B. TOMÉ**  
Former Chief Financial Officer  
and Executive Vice President —  
Corporate Services,  
The Home Depot, Inc.  
*Director since 2003*

**MICHAEL J. BURNS**  
Former Chairman, President  
and Chief Executive Officer,  
Dana Corporation  
*Director since 2005*

**RUDY H.P. MARKHAM**  
Former Financial Director,  
Unilever  
*Director since 2007*

**CHRISTIANA SMITH SHI**  
Former President,  
Direct-to-Consumer,  
Nike, Inc.  
*Director since 2018*

**KEVIN WARSH**  
Former Member of the Board  
of Governors of the Federal  
Reserve System, Distinguished  
Visiting Fellow, Hoover  
Institution, Stanford University  
*Director since 2012*

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019  
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-15451



**United Parcel Service, Inc.**  
(Exact name of registrant as specified in its charter)

Delaware

*(State or Other Jurisdiction of  
Incorporation or Organization)*

55 Glenlake Parkway, N.E. Atlanta, Georgia  
*(Address of Principal Executive Offices)*

58-2480149

*(I.R.S. Employer  
Identification No.)*

30328  
*(Zip Code)*

(404) 828-6000

*(Registrant's telephone number, including area code)*

**Securities registered pursuant to Section 12(b) of the Act:**

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class B common stock, par value \$.01 per share	UPS	New York Stock Exchange
Floating-Rate Senior Notes due 2020	UPS20A	New York Stock Exchange
1.625% Senior Notes due 2025	UPS25	New York Stock Exchange
1% Senior Notes due 2028	UPS28	New York Stock Exchange
0.375% Senior Notes due 2023	UPS23A	New York Stock Exchange
1.500% Senior Notes due 2032	UPS32	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act:**

Class A common stock, par value \$.01 per share

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the class B common stock held by non-affiliates of the registrant was \$72,097,367,231 as of June 30, 2019. The registrant's class A common stock is not listed on a national securities exchange or traded in an organized over-the-counter market, but each share of the registrant's class A common stock is convertible into one share of the registrant's class B common stock.

As of February 6, 2020, there were 156,399,660 outstanding shares of class A common stock and 702,088,016 outstanding shares of class B common stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement for its annual meeting of shareowners scheduled for May 14, 2020 are incorporated by reference into Part III of this report.

**UNITED PARCEL SERVICE, INC.**  
**ANNUAL REPORT ON FORM 10-K**  
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## PART I

### Cautionary Statement About Forward-Looking Statements

This report, our Annual Report to Shareowners and our other filings with the Securities and Exchange Commission (“SEC”) contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than those of current or historical fact, and all statements accompanied by terms such as “believe,” “project,” “expect,” “estimate,” “assume,” “intend,” “anticipate,” “target,” “plan” and variations thereof and similar terms, are intended to be forward-looking statements. Forward-looking statements are made subject to the safe harbor protections of the federal securities laws pursuant to Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

From time to time, we also include written or oral forward-looking statements in other publicly disclosed materials. Such statements relate to our intent, belief and current expectations about our strategic direction, prospects and future results, and give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made.

Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties are described in Part I, “Item 1A. Risk Factors” and may also be described from time to time in our future reports filed with the SEC. You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. We do not undertake any obligation to update forward-looking statements to reflect events, circumstances, changes in expectations or the occurrence of unanticipated events after the date of those statements.

### Item 1. *Business*

#### Overview

United Parcel Service, Inc. (“UPS”) was founded in 1907 as a private messenger and delivery service in Seattle, Washington. Today, we are the world’s largest package delivery company, a leader in the U.S. less-than-truckload industry and a premier provider of global supply chain management solutions. The global market for these services includes transportation, distribution, contract logistics, ground freight, ocean freight, air freight, customs brokerage, insurance and financing.

We operate one of the largest airlines in the world, as well as the world’s largest fleet of alternative-powered vehicles. We deliver packages each business day for 1.6 million shipping customers to 9.9 million delivery customers in over 220 countries and territories. In 2019, we delivered an average of 21.9 million pieces per day, or a total of 5.5 billion packages. Total revenue in 2019 was \$74.094 billion.

We have three reporting segments: U.S. Domestic Package and International Package, which together we refer to as our global small package operations, and Supply Chain & Freight, all of which are described below.

#### Strategy

Our strategy is to provide advanced logistics solutions made possible by a broad portfolio of differentiated services and capabilities integrated into our customers’ businesses. This strategy, supported by our efficient global multimodal network, enables us to deliver value to, and build lasting relationships with, our customers.

Customers are able to leverage our broad portfolio of logistics capabilities comprised of: our extensive presence in North America, Europe, Middle East, Africa, Asia Pacific and Latin America; our reliability; and our industry-leading technologies and solutions.

We offer a full range of industry-leading products, services and capabilities across a growing geographical and industry footprint. Achieving our objectives has required new methods and innovative approaches to develop and implement logistics services that address customer needs for speed to market, visibility, reliability and greater control. Recent examples include:

- the acquisition or creation of platform-based offerings such as UPS e-fulfillment and Ware2Go;
- specialized healthcare solutions such as UPS Premier, which offers prioritized handling and visibility for critical healthcare shipments;
- a full range of global customs brokerage and shipment insurance services; and
- offerings such as UPS My Choice for business that give small- and medium-sized businesses ("SMBs") greater control, visibility and data access to improve their customer service.

We monitor global trade, economic, geopolitical, regulatory and environmental factors, as well as other factors impacting the business environment. We quickly implement measures to convert risk to opportunity and help our customers adjust their supply chains to a fast-moving world. We have a long history of joint ventures and partnerships that provide operational flexibility and the ability to acquire new capabilities as we build scale, and we also forge new marketplace alliances to stay at the cutting edge of business. For example, our Digital Access Program makes it easier for SMBs to use our services by embedding our shipping solutions directly into leading e-commerce platforms.

We are a disciplined and focused business that purposefully reinvests capital to achieve both long-term strategic benefits and favorable returns. In September 2018, we communicated our commitment to continuous transformation and to invest to modernize our business and operations through state-of-the art technology. We see transformation as an ongoing commitment to enhance quality and efficiency as we deliver innovative capabilities and services. Our strategic investments are primarily focused in areas we believe will drive growth and lasting profit potential:

- services and solutions for SMBs;
- international growth markets;
- global Business to Consumer ("B2C") and Business to Business ("B2B") e-commerce;
- healthcare and life-sciences logistics; and
- operational improvements to drive greater productivity and the use of automation to enhance the efficiency of our network.

In recent periods, we have added approximately ten million square feet of highly automated capacity in more than forty new and remodeled facilities globally. We have also continued to implement numerous new technologies to help control the network and ensure resources are in the right place at the right time.

## **Products and Services; Reporting Segments**

### ***Global Small Package***

Our global small package operations provide time-definite delivery services for express letters, documents, small packages and palletized freight via air and ground services. These services are supported by numerous shipping, visibility and billing technologies.

All types of service (air, ground, domestic, international, commercial and residential) are managed through a single, global integrated pickup and delivery network. We combine all packages within our network, unless dictated by specific service commitments. This enables one UPS driver to pick up customers' shipments for any services at a scheduled time each day. Our integrated network uniquely provides operational and capital efficiencies that have less of an impact on the environment than single service network designs.



We handle packages up to 108 inches in length that weigh up to 150 pounds and are up to 165 inches in combined length and girth, as well as palletized shipments weighing more than 150 pounds. We offer same-day pickup of air and ground packages seven days a week. Our global network offers approximately 150,000 entry points where customers can tender a package to us at a location or time convenient to them. This integrated network includes UPS drivers who can accept packages, UPS drop boxes, UPS Access Point locations, The UPS Store locations, authorized shipping outlets and commercial counters, alliance locations and customer centers attached to UPS facilities. The UPS Access Point network, which includes local small businesses, national retailers and self-serve lockers, allows consumers to ship or redirect packages to an alternate delivery location or drop off pre-labeled packages, including returns. We have expanded the UPS Access Point network to total approximately 21,000 locations within the U.S. and 40,000 globally.

We have developed a robust portfolio of returns services in more than 145 countries resulting from the continued growth of online and mobile shopping that has increased our customers' need for efficient and reliable returns. This portfolio provides a range of cost-effective label options and a broad network of consumer drop points, as well as a selection of returns technologies that promote efficiency and a friction-free consumer experience. These options include solutions such as UPS Returns, as well as more-specialized services such as UPS Returns Exchange. Our technologies, such as UPS Returns Manager promote systems integration, customer ease of use and visibility of inbound merchandise, which help reduce costs and improve efficiency in our customers' reverse logistics processes.

Our global air operations are centered at our Worldport hub in Louisville, Kentucky. Our U.S. regional air hubs in Dallas, Texas; Ontario, California; Philadelphia, Pennsylvania and Rockford, Illinois support Worldport. Our European air hub is located in Cologne, Germany, and we maintain Asia Pacific air hubs in Shanghai, China; Shenzhen, China and Hong Kong. Our regional air hub in Canada is located in Hamilton, Ontario and our regional air hub for Latin America and the Caribbean is in Miami, Florida. This network design creates cost-effective package processing in our most technology-enabled facilities, which allows us to use fewer, larger and more fuel-efficient aircraft.

#### *U.S. Domestic Package Reporting Segment*

We are a leader in time-definite, guaranteed small package delivery services in the United States. We offer a full spectrum of U.S. domestic guaranteed air and ground package transportation services, and our U.S. ground fleet serves all business and residential zip codes in the contiguous United States.

- UPS's Air portfolio offers options enabling customers to specify a time-of-day guarantee for their delivery (e.g. by 8:00 A.M., 10:30 A.M., noon, end of day, etc.), while selecting from same day, next day, two day and three day delivery alternatives.
- Customers can also leverage our extensive ground network to ship using our day-definite guaranteed Ground service. We deliver more ground packages in the U.S. than any other carrier, with average daily package volume of 15 million, most within one to three business days.
- We offer UPS SurePost, an economy residential ground service for customers with non-urgent, lightweight residential shipments. UPS SurePost is a residential ground service that combines the consistency and reliability of the UPS ground network with final delivery often provided by the U.S. Postal Service.

#### *International Package Reporting Segment*

Our International Package reporting segment consists of our small package operations in Europe, Asia Pacific, Canada, Latin America and the Indian sub-continent, Middle East and Africa ("ISMEA"). We offer a wide selection of guaranteed day- and time-definite international shipping services. We offer more guaranteed time-definite express options (Express Plus, Express and Express Saver) than any other carrier.

In recent years we have continued the expansion of our Express time-definite portfolio, with certain products now reaching as many as 220 countries and territories. For international package shipments that do not require Express services, UPS Worldwide Expedited offers a reliable, deferred, guaranteed day-definite service option. The service is now available from more than 80 origin countries to more than 220 countries and territories. For cross-border ground package delivery, we offer UPS Standard delivery services within Europe, between the U.S. and Canada and between the U.S. and Mexico.

By expanding our time-definite services, we are better able to offer customers the services they need in the places they do business. For businesses with time-sensitive shipments, these upgrades can help replenish inventories quicker, improve time to market and meet urgent delivery requirements.

Europe, our largest region outside of the U.S., accounts for approximately half of our international small package segment revenue and is one of the primary drivers of our growth. We continue to make major European infrastructure investments, including new hubs in London, Paris and Eindhoven, the Netherlands.

Asia Pacific also remains a strategic market due to growth rates in intra-Asia trade. To capitalize on these opportunities, we have continued to bring faster time-in-transit to customers focused on intra-Asia trade and reduced transit times from Asia to the U.S. and Europe. Through added flight frequencies, we now provide our customers the ability to ship next day to more places in the U.S. and Europe - guaranteed - than any other express carrier. We serve more than 40 Asia Pacific countries and territories through more than two dozen alliances with local delivery companies that supplement our owned operations. For example, our joint venture with SF Express combines SF's extensive Chinese network with UPS's delivery capabilities in the U.S. and Europe, increasing our market presence and providing Chinese enterprises with greater global access. In addition, improvements to time-in-transit for UPS Express Saver and UPS Worldwide Expedited services to Shanghai have resulted in faster delivery by a full day to 185 postal codes for packages coming from Europe.

International high-growth markets remain one of our strategic imperatives. Our direct flight from the U.S. to Dubai has improved time-in-transit to key destinations in ISMEA for shippers throughout the U.S., Canada and the Americas. Markets like India also provide opportunities for growth. In support of this, we acquired full ownership of our express services unit in 2018. The unit helps Indian businesses, large and small, connect with global markets via the UPS network. This follows the opening of two integrated logistics facilities in Hyderabad and Ahmedabad from where customers are provided a 48-hour delivery timeline to markets in the U.S. and Europe. In addition to these upgrades, we have added Saturday delivery to seven countries in ISMEA and expanded Express Services to India, the Middle East and other international high-growth markets ahead of Expo 2020 in Dubai, offering greater flexibility and competitiveness.

### ***Supply Chain & Freight***

Supply Chain & Freight consists of our forwarding, truckload brokerage, logistics, UPS Freight, UPS Capital and other businesses. Supply chain complexity creates demand for a global service offering that incorporates transportation, distribution and international trade and brokerage services, with complementary financial and information services. Outsourcing non-core logistics activity is a strategy more companies are pursuing. With increased competition and growth opportunities in new markets, businesses require flexible and responsive supply chains to support their strategies. We meet this demand by offering a broad array of supply chain services in more than 200 countries and territories.

#### *Forwarding*

We are one of the largest U.S. domestic air freight carriers and among the top international air freight forwarders globally. We offer a portfolio of guaranteed and non-guaranteed global air freight services. Additionally, as one of the world's leading non-vessel operating common carriers, we provide ocean freight full-container load, less-than-container load and multimodal transportation services between most major ports around the world.

#### *Truckload Brokerage*

Our acquisition of Coyote Logistics, LLC, a U.S.-based third party logistics provider, in 2015 has resulted in synergies in the areas of purchased transportation, backhaul utilization, technology systems and industry best practices. Coyote's access to our fleet, combined with its broad carrier network, has created a customized capacity solution for all markets, customers and situations. In addition, Coyote provides access to UPS services (such as air freight, customs brokerage and global freight forwarding) for its customer base.

Our acquisition of Freightex, a U.K.-based freight brokerage firm, in 2017 added a full scale truckload brokerage and transportation management solution to our European portfolio, creating a single-source solution for shippers throughout Europe with freight ranging from parcel to full truckload. In 2018, Freightex was rebranded as Coyote Logistics to further leverage the centralized technology and business models with the market knowledge, talent and established customer and carrier bases already in Europe. Coyote Logistics's European division complements our North American truckload brokerage business, as many international shippers know and trust the Coyote truckload product.

#### *Logistics*

We provide value-added fulfillment and transportation management services to customers through our global network of owned and leased distribution centers and field stocking locations. We leverage a global network of more than 1,000 facilities in more than 100 countries to ensure products and parts are in the right place at the right time.

Our distribution centers are strategically located near UPS air and ground transportation hubs for rapid delivery to consumer and business markets. In 2019, we expanded our network to support new business growth by adding 2 million square feet of distribution capacity. We also continued to expand our cloud-based transportation and warehouse management platforms, driving higher operational efficiency and improved customer service. The result has been better visibility, more rapid onboarding of customers and improved flexibility and response times.

With the strategic focus of serving the unique, priority-handling needs of healthcare and life sciences customers, U.S. healthcare warehouse and distribution space will total approximately 5 million square feet in 2020. Key features in the new facilities include climate controls and validated coolers and freezers for customer products requiring strict temperature-controlled environments.

In 2019, we expanded our e-commerce solutions for SMBs worldwide, offering streamlined fulfillment and shipping services to consumers in the U.S. and Canada. We launched the UPS eFulfillment program to help sellers quickly and easily manage multiple marketplaces. The program, which is compatible with over 20 e-commerce marketplaces, includes a technology platform and physical fulfillment services, such as storage, order processing, packaging and shipping.

UPS Post Sales, our service parts logistics solution, relies on a global network of over 950 central and field stocking sites to provide same and next-day spare parts delivery, enabling customers to get critical equipment back up and running. This solution focuses on customers within the high tech, industrial manufacturing, automotive, healthcare and aerospace sectors. More specific to the healthcare industry, UPS has an implantable medical device solution leveraging 36 field stocking sites, which helps ensure surgical kits and devices arrive safely and on time at hospital and surgery centers. Implantable medical device firms benefit from outsourcing and optimizing their supply chain with UPS, which drives down costs and increases control and service levels.

Also in 2019, UPS announced an expansion of foreign trade zone ("FTZ") management services in the U.S.. Since our acquisition of Zone Solutions in 2017, we have developed a comprehensive FTZ solution that helps clients manage the end-to-end process, from dealing with customers to inventory control. The integration of FTZ services with our logistics network means UPS can designate any of our 42 U.S. distribution centers as a FTZ, allowing customers to take advantage of the program's benefits. The strategic utilization of the FTZ program provides opportunities for duty elimination and duty deferral.

#### *UPS Freight*

UPS Freight offers regional, inter-regional and long-haul less-than-truckload ("LTL") services in all 50 states, Canada, Puerto Rico, Guam, the U.S. Virgin Islands and Mexico. UPS Freight provides reliable LTL service backed by a day-definite, on-time guarantee at no additional cost. UPS Freight also provides dedicated contract carriage truckload services. User friendly shipping, visibility and billing technology offerings, including UPS WorldShip, Quantum View and UPS Billing Center, allow freight customers to create electronic bills of lading, monitor shipment progress and reconcile shipping charges.

#### *Customs Brokerage*

We are among the world's largest customs brokers by both the number of shipments processed annually and by the number of dedicated brokerage employees worldwide. In addition to customs clearance services, we provide product classification, trade management, duty drawback and consulting services through STTAS, a UPS company.

#### *UPS Capital*

UPS Capital provides financial, insurance and payment services to support all aspects of the order-to-cash cycle and help protect companies from risk in their supply chains. Services are available in 22 countries and territories. UPS Capital also offers insured transportation of high value goods including loose gemstones, finished jewelry and wristwatches.

## People

The strength of UPS is our people, working together with a common purpose. We have more than 495,000 employees (excluding temporary seasonal employees), of which 413,000 are in the U.S. and 82,000 are located internationally. Our global workforce includes approximately 87,000 management employees (40% of whom are part-time) and 408,000 hourly employees (49% of whom are part-time).

For information regarding employees employed under collective bargaining agreements, see note 6 to the audited, consolidated financial statements.

## Customers

As described below, we believe that our focus on building and maintaining long-term customer relationships is a competitive strength of UPS. We serve 1.6 million shipping customers and more than 9.9 million delivery customers daily. For the year ended December 31, 2019, one customer, Amazon.com, Inc. and its affiliates, represented approximately 11.6% of our consolidated revenues, substantially all of which was within our U.S. Domestic Package segment. For additional information on our customers, see "Risk Factors - Changes in our relationships with any of our significant customers, including the loss or reduction in business from one or more of them, could have a material adverse effect on us" and note 13 to the audited, consolidated financial statements.

## Competition

We offer a broad array of services in the package and freight delivery industry and compete with many local, regional, national and international logistics providers. We believe our strategy, network and competitive strengths position us well to compete in the marketplace. For additional information on our competitive environment, see "Risk Factors - Our industry is rapidly evolving. We expect to continue to face significant competition, which could adversely affect us".

## Competitive Strengths

Our competitive strengths include:

*Efficient Multimodal Network.* We believe that our integrated global air and ground network is the most extensive in the industry. We provide all types of package services (air, ground, domestic, international, commercial and residential) through a single pickup and delivery network. We also have extensive air freight, ocean freight, ground freight and logistics networks that provide additional capabilities in the global transportation and logistics market. Our sophisticated engineering systems allow us to optimize our network efficiency and asset utilization.

*Global Presence.* We serve more than 220 countries and territories. We have a significant presence in all of the world's major economies.

*Cutting-Edge Technology.* Technology powers virtually every service we offer and every operation we perform. We are a global leader in developing technology that helps our customers enhance their shipping and logistics business processes to lower costs, improve service and increase efficiency. We offer a variety of online service options that enable our customers to integrate UPS functionality into their own businesses to send, manage and track their shipments conveniently, and also to provide their customers with better information services. We provide the infrastructure for an internet presence that extends to tens of thousands of customers who have integrated UPS tools directly into their own websites.

*Broad Portfolio of Services.* Our portfolio of services helps customers choose the delivery option that is most appropriate for their requirements. Increasingly, our customers benefit from business solutions that integrate many UPS services beyond package delivery. For example, our supply chain services – such as freight forwarding, truckload brokerage, customs brokerage, order fulfillment and returns management – help improve the efficiency of the entire supply chain management process.

*Customer Relationships.* We focus on building and maintaining long-term customer relationships. We serve 1.6 million shipping customers daily and deliver packages to more than 9.9 million delivery customers daily. Cross selling small package and supply chain services across our customer base is an important growth mechanism for UPS.

*Brand Equity.* We have built a leading and trusted brand that stands for quality, reliability and service innovation. The distinctive appearance of our vehicles and the professional courtesy of our drivers are major contributors to our brand equity.

*Distinctive Culture.* We believe that the dedication of our employees comes in large part from our distinctive “employee-owner” concept. Our employee stock ownership tradition dates back to 1927, when our founders, who believed that employee stock ownership was a vital foundation for successful business, created our first stock ownership program.

*Financial Strength.* Our financial strength allows us to achieve global scale; to invest in employee development, technology, transportation equipment and facilities; to pursue strategic opportunities that facilitate our growth; to service our obligations and to return value to our shareowners.

## **Government Regulation**

We are subject to numerous laws and regulations in the countries in which we operate. Key laws and regulations are summarized below.

### *Air Operations*

The U.S. Department of Transportation (“DOT”), the Federal Aviation Administration (“FAA”) and the U.S. Department of Homeland Security, through the Transportation Security Administration (“TSA”), have regulatory authority over our air transportation services. The Federal Aviation Act of 1958, as amended, is the statutory basis for DOT and FAA authority and the Aviation and Transportation Security Act of 2001, as amended, is the basis for TSA aviation security authority.

The DOT’s authority primarily relates to economic aspects of air transportation, such as operations, authority, insurance requirements, pricing, non-competitive practices, interlocking relations and cooperative agreements. The DOT also regulates, subject to the authority of the President of the United States, international routes, fares, rates and practices and is authorized to investigate and take action against discriminatory treatment of U.S. air carriers abroad. International operating rights for U.S. airlines are usually subject to bilateral agreements between the U.S. and foreign governments or, in the absence of such agreements, by principles of reciprocity. We are also subject to current and potential aviation regulations imposed by governments in other countries in which we operate, including registration and license requirements and security regulations. We have international route operating rights granted by the DOT and we may apply for additional authorities when those operating rights are available and are required for the efficient operation of our international network. The efficiency and flexibility of our international air transportation network is dependent on DOT and foreign government regulations and operating restrictions.

The FAA’s authority primarily relates to safety aspects of air transportation, including certification, aircraft operating procedures, transportation of hazardous materials, record keeping standards and maintenance activities and personnel. In 1988, the FAA granted us an operating certificate, which remains in effect so long as we meet the safety and operational requirements of the applicable FAA regulations. In addition, we are subject to non-U.S. government regulation of aviation rights involving non-U.S. jurisdictions and non-U.S. customs regulation.

UPS's aircraft maintenance programs and procedures, including aircraft inspection and repair at periodic intervals, are approved for all aircraft under FAA regulations. The future cost of repairs pursuant to these programs may fluctuate according to aircraft condition, age and the enactment of additional FAA regulatory requirements.

The TSA regulates various security aspects of air cargo transportation in a manner consistent with the TSA mission statement to “protect the Nation’s transportation systems to ensure freedom of movement for people and commerce.” Our airport and off-airport locations, as well as our personnel, facilities and procedures involved in air cargo transportation must comply with TSA regulations.

UPS Airlines, along with a number of other U.S. domestic airlines, participates in the Civil Reserve Air Fleet (“CRAF”) program. Our participation in the CRAF program allows the U.S. Department of Defense (“DOD”) to requisition specified UPS Airlines aircraft for military use during a national defense emergency. The DOD is required to compensate us for the use of aircraft under the CRAF program. In addition, participation in CRAF entitles us to bid for other U.S. Government opportunities including small package and air freight.

### *Ground Operations*

Our ground transportation of packages in the U.S. is subject to regulation by the DOT and its agency, the Federal Motor Carrier Safety Administration (the “FMCSA”). Ground transportation also falls under state jurisdiction with respect to the regulation of operations, safety and insurance. Our ground transportation of hazardous materials in the U.S. is subject to regulation by the DOT's Pipeline and Hazardous Materials Safety Administration. We also must comply with safety and fitness regulations promulgated by the FMCSA, including those relating to drug and alcohol testing and hours of service for drivers. We are subject to similar regulation in many non-U.S. jurisdictions.

The Postal Reorganization Act of 1970 created the U.S. Postal Service as an independent establishment of the executive branch of the federal government, and created the Postal Rate Commission, an independent agency, to recommend postal rates. The Postal Accountability and Enhancement Act of 2006 amended the 1970 Act to give the re-named Postal Regulatory Commission revised oversight authority over many aspects of the Postal Service, including postal rates, product offerings and service standards. We sometimes participate in proceedings before the Postal Regulatory Commission in an attempt to secure fair postal rates for competitive services.

Our ground operations are also subject to compliance with various cargo-security and transportation regulations issued by the U.S. Department of Homeland Security, including regulation by the TSA.

#### *Customs*

We are subject to the customs laws regarding the import and export of shipments in the countries in which we operate, including those related to the filing of documents on behalf of client importers and exporters. Our activities in the U.S., including customs brokerage and freight forwarding, are subject to regulation by the Bureau of Customs and Border Protection, the TSA, the U.S. Federal Maritime Commission and the DOT. Our international operations are subject to similar regulatory structures in their respective jurisdictions.

#### *Environmental*

We are subject to federal, state and local environmental laws and regulations across all of our business units. These laws and regulations cover a variety of processes, including, but not limited to: properly storing, handling and disposing of waste materials; appropriately managing waste water and stormwater; monitoring and maintaining the integrity of underground storage tanks; complying with laws regarding clean air, including those governing emissions; protecting against and appropriately responding to spills and releases and communicating the presence of reportable quantities of hazardous materials to local responders. We have established site- and activity-specific environmental compliance and pollution prevention programs to address our environmental responsibilities and remain compliant. In addition, we have created numerous programs which seek to minimize waste and prevent pollution within our operations.

Pursuant to the Federal Aviation Act, the FAA, with the assistance of the Environmental Protection Agency is authorized to establish standards governing aircraft noise. Our aircraft fleet is in compliance with current noise standards of the federal aviation regulations. Our international operations are also subject to noise regulations in certain countries in which we operate.

#### *Communications and Data Protection*

Because of our extensive use of radio and other communication facilities in our aircraft and ground transportation operations, we are subject to the Federal Communications Act of 1934, as amended. In addition, the Federal Communications Commission regulates and licenses our activities pertaining to satellite communications. There has recently been increased regulatory and enforcement focus on data protection in the U.S. (at both the state and federal level) and in other countries. For example, the European Union ("E.U.") General Data Protection Regulation ("GDPR"), which became effective in May 2018, greatly increases the jurisdictional reach of E.U. law and increases the requirements related to personal data, including individual notice and opt-out preferences and public disclosure of significant data breaches. Additionally, violations of the GDPR can result in significant fines. Other governments have enacted or are enacting similar data protection laws, and are considering data localization laws that would govern the use of data outside of their respective jurisdictions.

#### **Where You Can Find More Information**

We maintain a website at [www.ups.com](http://www.ups.com). Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed with or furnished to the SEC pursuant to Section 13(a) of the Securities Exchange Act of 1934 are made available free of charge through our investor relations website at [www.investors.ups.com](http://www.investors.ups.com) under the heading "Financials - SEC Filings" as soon as reasonably practical after we electronically file or furnish the reports to the SEC. We have a written Code of Business Conduct that applies to all of our directors, officers and employees, including our principal executive and financial officers. It is available under the heading "ESG"- Governance Documents" on our investor relations website. In the event that we make changes in, or provide waivers from, the provisions of the Code of Business Conduct that the SEC requires us to disclose, we intend to disclose these events within four business days following the date of the amendment or waiver in that section of our investor relations website.

Our Corporate Governance Guidelines and the Charters for our Audit Committee, Compensation Committee, Executive Committee, Risk Committee and Nominating and Corporate Governance Committee are also available under the heading "ESG- Governance Documents" on our investor relations website.

Our sustainability report, which describes our activities that support our commitment to acting responsibly and contributing to society, is available at [www.sustainability.ups.com](http://www.sustainability.ups.com).

We provide the addresses to our internet sites solely for information. We do not intend for any addresses to be active links or to otherwise incorporate the contents of any website into this or any other report we file with the SEC.

**Item 1A. Risk Factors**

Our business, financial condition and results are subject to numerous risks and uncertainties. In connection with any investment decision, you should carefully consider the following significant factors, which could materially affect us, including impacting our business, financial condition, results of operations, stock price or credit rating, as well as our reputation. You should read these risk factors in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 and our Consolidated Financial Statements and related notes in Item 8. These risks are not the only ones we face. We could also be affected by other events, factors or uncertainties that are unknown to us, or that we do not currently consider to be significant risks.

***Changes in general economic conditions, in the U.S. and internationally, may adversely affect us.***

We conduct operations in over 220 countries and territories. Our operations are subject to cyclicity affecting national and international economies in general, as well as the local economic environments in which we operate. The factors that result in general economic changes are beyond our control, and it may be difficult for us to adjust our business model to mitigate the impact of these factors. In particular, our business is affected by levels of industrial production, consumer spending and retail activity and we could be materially affected by adverse developments in these aspects of the economy. In addition, there remains substantial economic uncertainty arising from the United Kingdom’s decision to leave the European Union. The U.K. and the E.U. continue to negotiate the future relationship between themselves, which could take several years to finalize. The outcome of these negotiations could result in, among other things, transportation delays, fewer goods being transported globally, additional volatility in currency exchange rates and further regulations relating to, among other things, trade, aviation and the transport of goods. Any of the foregoing could materially adversely affect us.

***Our industry is rapidly evolving. We expect to continue to face significant competition, which could adversely affect us.***

Our industry is rapidly evolving, including demand for faster deliveries and increased visibility into shipments. We expect continued significant competition on a local, regional, national and international basis. Our competitors include the postal services of the U.S. and other nations, various motor carriers, express companies, freight forwarders, air couriers, large transportation and e-commerce companies that are making significant investments in their capabilities, and start ups and other companies that combine technologies with crowdsourcing to focus on local market needs, some of whom may currently be our customers. Competition may also come from other sources in the future, including as new technologies are developed. Competitors have cost and organizational structures that differ from ours and from time to time may offer services or pricing terms that we may not be willing or able to offer. Additionally, to remain competitive, from time to time we may have to raise prices and our customers may not be willing to accept these higher prices. If we are unable to timely and appropriately respond to competitive pressures, we could be adversely affected.

Continued transportation industry consolidation may further increase competition. As a result of consolidation, competitors may increase their market share, improve their financial capacity and strengthen their competitive positions. Business combinations could also result in competitors providing a wider variety of services and products at competitive prices, which could adversely affect us.

***Changes in our relationships with any of our significant customers, including the loss or reduction in business from one or more of them, could have a material adverse effect on us.***

For the year ended December 31, 2019, one customer, Amazon.com and its affiliates, accounted for 11.6% of our consolidated revenues. Some of our other significant customers can account for a relatively significant portion of our revenues in a particular quarter or year. These customers can impact our revenues based on factors such as: customer product launches; e-commerce or other industry trends, such as the seasonality associated with the fourth quarter holiday season; business combinations and the overall growth of a customer's underlying business; as well as any disruptions to their businesses. These customers could choose to divert all or a portion of their business with us to one of our competitors, demand pricing concessions for our services, require us to provide enhanced services that increase our costs, or develop their own shipping and distribution capabilities. In addition, certain of our significant customer contracts include termination rights of either party upon the occurrence of certain events or without cause upon advance notice to the other party. If all or a portion of our business relationships with one or more significant customers were to terminate or be canceled it could materially adversely affect us.



***Our business is subject to complex and stringent laws, regulations and policies which could increase our operating costs.***

We are subject to complex and stringent aviation, transportation, environmental, security, labor, employment, safety, privacy and data protection and other governmental laws, regulations and policies, both in the U.S. and in other countries in which we operate. In addition, we are impacted by laws, regulations and policies that affect global trade, including tariff and trade policies, export requirements, taxes, monetary policies and other restrictions and charges. Recently, trade discussions between the U.S. and various of its trading partners have been fluid, and existing and future trade agreements are and are expected to continue to be subject to a number of uncertainties, including the imposition of new tariffs or adjustments and changes to the products covered by existing tariffs. The impact of new laws, regulations and policies or decisions or interpretations by authorities applying those laws and regulations, cannot be predicted. Compliance with any new laws or regulations may increase our operating costs or require significant capital expenditures. Any failure to comply with applicable laws, regulations or policies in the U.S. or in any of the other countries in which we operate could result in substantial fines or possible revocation of our authority to conduct our operations, which could adversely affect us.

***Increased security requirements impose substantial costs on us and we could be the target of an attack or have a security breach, which could materially adversely affect us.***

As a result of concerns about global terrorism and homeland security, governments around the world have adopted or may adopt stricter security requirements that will result in increased operating costs for businesses in the transportation industry. These requirements may change periodically as a result of regulatory and legislative requirements and in response to evolving threats. We cannot determine the effect that any new requirements will have on our cost structure or our operating results, and new rules or other future security requirements may increase our costs of operations and reduce operating efficiencies. Regardless of our compliance with security requirements or the steps we take to secure our facilities or fleet, we could also be the target of an attack or security breaches could occur, which could materially adversely affect us.

***Increasingly stringent regulations related to climate change could materially increase our operating costs.***

Regulation of greenhouse gas ("GHG") emissions exposes our transportation and logistics businesses to potentially significant new taxes, fees and other costs. Compliance with such regulation, and any increased or additional regulation, or the associated costs is further complicated by the fact that various countries and regions are following different approaches to the regulation of climate change.

For example, in 2009 the European Commission approved the extension to the airline industry of the European Union Emissions Trading Scheme ("ETS") for GHG emissions. Under this decision, all of our flights operating within the European Union are covered by the ETS requirements, and we are required annually to purchase emission allowances in an amount exceeding the number of free allowances allocated to us under the ETS. Similarly, in 2016, the International Civil Aviation Organization ("ICAO") passed a resolution adopting the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), which is a global, market-based emissions offset program to encourage carbon-neutral growth beyond 2020. A pilot phase is scheduled to begin in 2021 in which countries may voluntarily participate, and full mandatory participation is scheduled to begin in 2027. ICAO continues to develop details regarding implementation, but compliance with CORSIA will increase our operating costs.

In the U.S., Congress in the past several years has considered various bills that would regulate GHG emissions, but these bills so far have not received sufficient Congressional support for enactment. Nevertheless, some form of federal climate change legislation is possible in the future. Even in the absence of such legislation, the Environmental Protection Agency ("EPA"), spurred by judicial interpretation of the Clean Air Act, could determine to regulate GHG emissions, especially aircraft or diesel engine emissions, and this could impose substantial costs on us.

In November 2019, the U.S. began the process to withdraw from the Paris climate accord, an agreement among 196 countries to reduce GHG emissions. The effect of that withdrawal on future U.S. policy regarding GHG emissions, on CORSIA and on other GHG regulation is uncertain. Nevertheless, the extent to which other countries implement that agreement could have an adverse direct or indirect effect on us.

We may face additional regulations regarding GHG emissions internationally and in the United States. Potential costs to us of increased regulation regarding GHG emissions, especially aircraft or diesel engine emissions, include an increase in the cost of the fuel and other energy we purchase and capital costs associated with updating or replacing our aircraft or vehicles prematurely. We cannot predict the impact any future regulation would have on our cost structure or our operating results. It is possible that such regulation could significantly increase our operating costs and that we may not be willing or able to pass such costs along to our customers. Moreover, even without such regulation, increased awareness and any adverse publicity in the global marketplace about the GHGs emitted by companies in the airline and transportation industries could harm our reputation and reduce customer demand for our services, especially our air services.

***Strikes, work stoppages and slowdowns by our employees could adversely affect us.***

Many of our U.S. employees are employed under a national master agreement and various supplemental agreements with local unions affiliated with the Teamsters. Our airline pilots, airline mechanics, ground mechanics and certain other employees are employed under other collective bargaining agreements. In addition, some of our international employees are employed under collective bargaining or similar agreements. Strikes, work stoppages or slowdowns by our employees could adversely affect our ability to meet our customers' needs. As a result, customers may reduce their business or stop doing business with us if they believe that such actions or threatened actions may adversely affect our ability to provide services. We may face a permanent loss of customers if we are unable to provide uninterrupted service, and this could materially adversely affect us. The terms of future collective bargaining agreements also may affect our competitive position and results of operations.

***We are exposed to the effects of changing fuel and energy prices, including gasoline, diesel and jet fuel, and interruptions in supplies of these commodities.***

Changing fuel and energy costs have a significant impact on our operations. We require significant quantities of fuel for our aircraft and delivery vehicles and are exposed to the risks associated with variations in the market price for petroleum products, including gasoline, diesel and jet fuel. We mitigate our exposure to changing fuel prices through our indexed fuel surcharges and through hedging transactions from time to time. If we are unable to maintain or increase our fuel surcharges, higher fuel costs could adversely impact our operating results. Even if we are able to offset changes in fuel costs with surcharges, high fuel surcharges may result in a mix shift from our higher-yielding air products to lower-yielding ground products or an overall reduction in volume. There can also be no assurance that hedging transactions will be effective to protect us from changes in fuel prices. Moreover, we could experience a disruption in energy supplies as a result of war, actions by producers or other factors beyond our control, which could have a material adverse effect on us.

***Changes in exchange rates or interest rates may have a material adverse effect on us.***

We conduct business across the globe with a significant portion of our revenue derived from operations outside the United States. Our operations in international markets are affected by changes in the exchange rates for local currencies, and in particular the Euro, British Pound Sterling, Canadian Dollar, Chinese Renminbi and Hong Kong Dollar.

We are exposed to changes in interest rates, primarily on our short-term debt and that portion of our long-term debt that carries floating interest rates. The impact of a 100-basis-point change in interest rates affecting our debt is discussed in the "Quantitative and Qualitative Disclosures about Market Risk" section of this report. Additionally, changes in interest rates impact the valuation of our pension and postretirement benefit obligations and the related benefit cost recognized in the income statement. The impact of changes in interest rates on our pension and postretirement benefit obligations and costs is discussed further in the "Critical Accounting Policies and Estimates" section of this report.

We monitor and manage our exposures to changes in currency exchange rates and interest rates, and use derivative instruments to mitigate the impact of changes in these rates on our financial position and results of operations; however, changes in exchange rates and interest rates cannot always be predicted or hedged and may have a material adverse effect on us.

***The proposed phase out of the London Interbank Offer Rate ("LIBOR") could have an adverse effect on us.***

Certain of our debt and other financial instruments have interest rates tied to LIBOR. The head of the United Kingdom Financial Conduct Authority has announced the desire to phase out the use of LIBOR by the end of 2021. There is currently no definitive information regarding the future utilization of LIBOR or any particular replacement rate. As such, the potential effect of any such event on our cost of capital cannot be determined. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on extensions of credit held by us and could have a material adverse effect on us.

***Failure to maintain our brand image and corporate reputation could adversely impact us.***

Our success depends in part on our ability to maintain the image of the UPS brand and our reputation for providing excellent service to our customers. Service quality issues, actual or perceived, even when false or unfounded, could tarnish the image of our brand and may cause customers to use other companies. Also, adverse publicity surrounding labor relations, environmental concerns, security matters, political activities and similar matters, or attempts to connect our company to such issues, either in the United States or other countries in which we operate, could negatively affect our overall reputation and use of our services by customers. Social media accelerates and amplifies the scope of negative publicity, and makes responding to negative claims more difficult. Damage to our reputation and loss of brand equity could reduce demand for our services and thus have a material adverse effect on us, and could require additional resources to rebuild our reputation and restore the value of our brand.

***A significant data breach or IT system disruption could materially adversely affect us, including requiring us to increase spending on data and system security.***

We rely heavily on information technology networks and systems, including the Internet and a number of internally-developed systems and applications, to manage or support a wide variety of important business processes and activities throughout our operations. For example, we rely on information technology to receive package level information in advance of physical receipt of packages, to track items that move through our delivery systems, to efficiently plan deliveries, to execute billing processes, and to track and report financial and operational data. Our franchised center locations and businesses we have acquired also are reliant on the use of information technology systems to manage their business processes and activities.

In addition, the provision of service to our customers and the operation of our networks and systems involve the collection, storage and transmission of significant amounts of proprietary information and sensitive or confidential data, including personal information of customers, employees and others. To conduct our operations, we regularly move data across national borders, and consequently we are subject to a variety of continuously evolving and developing laws and regulations in the United States and abroad regarding privacy, data protection and data security. The scope of the laws that may be applicable to us is often uncertain and may be conflicting, particularly with respect to foreign laws. For example, the European Union's General Data Protection Regulation ("GDPR"), which greatly increases the jurisdictional reach of European Union law and adds a broad array of requirements for handling personal data, including the public disclosure of significant data breaches, became effective in May 2018. Other countries have enacted or are enacting data localization laws that require data to stay within their borders. All of these evolving compliance and operational requirements impose significant costs that are likely to increase over time.

Our information technology systems (as well as those of our franchisees and acquired businesses) are susceptible to damage, disruptions or shutdowns due to programming errors, defects or other vulnerabilities, power outages, hardware failures, computer viruses, cyber-attacks, ransomware attacks, malware attacks, theft, misconduct by employees or other insiders, telecommunications failures, misuse, human errors or other catastrophic events. Hackers, foreign governments, cyber-terrorists and cyber-criminals, acting individually or in coordinated groups, may launch distributed denial of service attacks or other coordinated attacks that may cause service outages, gain inappropriate or block legitimate access to systems or information, or result in other interruptions in our business. In addition, the foregoing breaches in security could expose us, our customers and franchisees, or the individuals affected, to a risk of loss, disclosure or misuse of proprietary information and sensitive or confidential data, including personal information of customers, employees and others. The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently, may be difficult to detect and often are not recognized until launched against a target. As a result, we may be unable to anticipate these techniques or to implement adequate measures to prevent any of the events described above.

We also depend on and interact with the information technology networks and systems of third-parties for many aspects of our business operations, including our customers, and franchisees and service providers such as cloud service providers and third-party delivery services. These third parties may have access to information we maintain about our company, operations, customers, employees and vendors, or operating systems that are critical to or can significantly impact our business operations. Like us, these third parties are subject to risks imposed by data breaches and IT systems disruptions like those described above, and other events or actions that could damage, disrupt or close down their networks or systems. Security processes, protocols and standards that we have implemented and contractual provisions requiring security measures that we may have sought to impose on such third-parties may not be sufficient or effective at preventing such events. These events could result in unauthorized access to, or disruptions or denials of access to, misuse or disclosure of, information or systems that are important to our business, including proprietary information, sensitive or confidential data, and other information about our operations, customers, employees and suppliers, including personal information.

Any of these events that impact our information technology networks or systems, or those of acquired businesses, franchisees, customers, service providers or other third-parties, could result in disruptions in our operations, the loss of existing or potential customers, damage to our brand and reputation, regulatory scrutiny, and litigation and potential liability for us. Among other consequences, our customers' confidence in our ability to protect data and systems and to provide services consistent with their expectations could be impacted, further disrupting our operations. Similarly, an actual or alleged failure to comply with applicable U.S. or foreign data protection regulations or other data protection standards may expose us to litigation, fines, sanctions or other penalties.

We have invested and continue to invest in technology security initiatives, information technology risk management and disaster recovery plans. The cost and operational consequences of implementing, maintaining and enhancing further data or system protection measures could increase significantly to overcome increasingly intense, complex and sophisticated global cyber threats. Despite our best efforts, we are not fully insulated from data breaches and system disruptions. Although to date we are unaware of a data breach or system disruption, including a cyber-attack, that has been material to us, we cannot provide any assurances that such events and impacts will not be material in the future, and our efforts to deter, identify, mitigate and/or eliminate future breaches may require significant additional effort and expense and may not be successful.

***Severe weather or other natural or manmade disasters could adversely affect us.***

Severe weather conditions and other natural or manmade disasters, including storms, floods, fires, earthquakes, epidemics, pandemics, conflicts, unrest, or terrorist attacks, may disrupt our business and result in decreased revenues. Customers may reduce shipments, or our costs to operate our business may increase, either of which could have a material adverse effect on us. Any such event affecting one of our major facilities could result in a significant interruption in or disruption of our business.

***We make significant capital investments in our business of which a significant portion is tied to projected volume levels.***

We require significant capital investments in our business consisting of aircraft, vehicles, technology, facilities and sorting and other types of equipment. These investments support both our existing business and anticipated growth. Forecasting projected volume involves many factors which are subject to uncertainty, such as general economic trends, changes in governmental regulation and competition. If we do not accurately forecast our future capital investment needs, we could have excess capacity or insufficient capacity, either of which would negatively affect our revenues and profitability. In addition to forecasting our capital investment requirements, we adjust other elements of our operations and cost structure in response to adverse economic conditions; however, these adjustments may not be sufficient to allow us to maintain our operating margins.

***Economic, political, social developments and other risks associated with international operations could adversely affect us.***

We have significant international operations. As a result, we are continually exposed to changing economic, political and social developments that are beyond our control. Emerging markets are typically more volatile than those in the developed world, and any broad-based downturn in these markets could reduce our revenues and adversely affect our business, financial position and results of operations. We are subject to many laws governing our international operations, including those that prohibit improper payments to government officials and commercial customers, and restrict where we can do business, our shipments to certain countries and the information that we can provide to non-U.S. governments. Our failure to manage and anticipate these and other risks associated with our international operations could materially adversely affect us.

***We are subject to changes in markets and our business plans that have resulted, and may in the future result, in substantial write-downs of the carrying value of our assets, thereby reducing our net income.***

Our regular review of the carrying value of our assets has resulted, from time to time, in significant impairments, and we may in the future be required to recognize additional impairment charges. Changes in business strategy, government regulations, or economic or market conditions have resulted and may result in further substantial impairments of our intangible, fixed or other assets at any time in the future. In addition, we have been and may be required in the future to recognize increased depreciation and amortization charges if we determine that the useful lives of our fixed assets or intangible assets are shorter than we originally estimated. Such changes have in the past, and may in the future, reduce our net income.

***Employee health and retiree health and pension benefit costs represent a significant expense to us; further cost increases could materially and adversely affect us.***

Our expenses relating to employee health and retiree health and pension benefits are significant. In recent years, we have experienced significant increases in some of these costs, largely as a result of economic factors beyond our control, including, in particular, ongoing increases in healthcare costs well in excess of the rate of inflation and historically low discount rates that we use to value our benefit plan obligations. Continually increasing healthcare costs, volatility in investment returns and discount rates, as well as changes in laws, regulations and assumptions used to calculate retiree health and pension benefit expenses, may adversely affect our business, financial position, results of operations or require significant contributions to our benefit plans. Our national master agreement with the Teamsters includes provisions that are designed to mitigate certain of these healthcare expenses, but there can be no assurance that our efforts will be successful or that the failure or success of these efforts will not materially adversely affect us.

We participate in a number of trustee-managed multiemployer pension and health and welfare plans for employees covered under collective bargaining agreements. As part of the overall collective bargaining process for wage and benefit levels, we have agreed to contribute certain amounts to the multiemployer benefit plans during the contract period. The multiemployer benefit plans set benefit levels and are responsible for benefit delivery to participants. Future contribution amounts to multiemployer benefit plans will be determined only through collective bargaining, and we have no additional legal or constructive obligation to increase contributions beyond the agreed-upon amounts. However, in future collective bargaining negotiations, we could agree to make significantly higher future contributions to improve the funded status of one or more of these plans. The funded status of these multiemployer plans is impacted by various factors, including investment performance, healthcare inflation, changes in demographics and changes in participant benefit levels. At this time, we are unable to determine the amount of additional future contributions, if any, or whether any material adverse effect on us could result from our participation in these plans.

In addition to our on-going multiemployer pension plan obligations, we may have significant additional exposure with respect to benefits earned in the Central States Pension Fund (the "CSPF"). For additional information on our potential additional liabilities related to the CSPF, see note 5 to the audited, consolidated financial statements.

***We may have additional tax liabilities.***

We are subject to income taxes in the U.S. and many foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. For example, compliance with the 2017 United States Tax Cuts and Jobs Act (the "Tax Act") may require the collection of information not regularly produced within our company and the exercise of significant judgment in accounting for its provisions. Many aspects of the Tax Act remain unclear and may not be clarified for some time. In addition, many state jurisdictions continue to issue guidance on the state treatment of certain aspects of the Tax Act. As regulations and guidance evolve with respect to the Tax Act, our results may differ from previous estimates and may materially affect our tax rates and our financial position.

We are regularly under audit by tax authorities in different jurisdictions. Economic and political pressures to increase tax revenue in various jurisdictions may make resolving tax disputes more difficult. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation in the jurisdictions where we are subject to taxation could be materially different from our historical income tax provisions and accruals. In addition, changes in U.S. federal and state or international tax laws applicable to corporate multinationals, other fundamental law changes currently being considered by many countries, and changes in taxing jurisdictions' administrative interpretations, decisions, policies and positions may materially adversely impact our tax expense and cash flows.

***We may be subject to various claims and lawsuits that could result in significant expenditures.***

The nature of our business exposes us to the potential for various claims and litigation related to labor and employment, personal injury, property damage, business practices, environmental liability and other matters. Any material litigation or a catastrophic accident or series of accidents could result in significant expenditures and have a material adverse effect on us.

***Our inability to effectively integrate acquired operations and realize the anticipated benefits of acquisitions, joint ventures or strategic alliances could adversely affect us.***

As part of our business strategy, we may acquire businesses and form joint ventures or strategic alliances. Whether we realize the anticipated benefits from these transactions depends, in part, upon the successful integration between the businesses involved, the performance of the underlying operations, capabilities or technologies and the management of the acquired operations. Accordingly, our financial results could be materially adversely affected by our failure to effectively integrate the acquired operations, unanticipated performance issues or transaction-related charges.

***Insurance and claims expenses could have a material adverse effect on us.***

We have a combination of both self-insurance and high-deductible insurance programs for the risks arising out of the services we provide and the nature of our global operations, including claims exposure resulting from cargo loss, personal injury, property damage, aircraft and related liabilities, business interruption and workers' compensation. Workers' compensation, automobile and general liabilities are determined using actuarial estimates of the aggregate liability for claims incurred and an estimate of incurred but not reported claims, on an undiscounted basis. Our accruals for insurance reserves reflect certain actuarial assumptions and management judgments, which are subject to a high degree of variability. If the number or severity of claims for which we are retaining risk increases, our financial condition and results of operations could be adversely affected. If we lose our ability to self-insure these risks, our insurance costs could materially increase and we may find it difficult to obtain adequate levels of insurance coverage.

**Item 1B. *Unresolved Staff Comments***

None.

**Item 2. *Properties*****Operating Facilities**

We own our headquarters, which is located in Atlanta, Georgia and consists of approximately 745,000 square feet of space in an office campus, and our UPS Supply Chain Solutions group's headquarters, which is located in Alpharetta, Georgia and consists of approximately 310,000 square feet of office space. Our information technology headquarters is located in Parsippany, New Jersey, consisting of about 200,000 square feet of owned office space.

Our primary information technology operations are consolidated in a 444,000 square foot owned facility in New Jersey. We also own a 175,000 square foot facility in Georgia, which serves as a backup to the main information technology operations facility in New Jersey.

We own or lease over 1,000 package operating facilities in the U.S., with approximately 80 million square feet of floor space. These facilities have vehicles and drivers stationed for the pick-up and delivery of packages, and capacity to sort and transfer packages. Our larger facilities also service our vehicles and equipment, and employ specialized mechanical installations for the sorting and handling of packages. We own or lease approximately 800 facilities that support our international package operations, with approximately 24 million square feet of space.

Our aircraft are operated in a hub and spoke pattern in the U.S., with our principal air hub, Worldport, located in Louisville, Kentucky. The Worldport facility consists of over 5 million square feet and includes high-speed conveyor and computer control systems. For additional information on our air hubs, see "Item 1 - Business - Products and Services; Reporting Segments - Global Small Package".

Our major air hub in Europe is located in Cologne, Germany, and we operate three air hubs in Asia in Shanghai, China; Shenzhen, China; and Hong Kong.

We own or lease more than 500 facilities, with approximately 38 million square feet of floor space that support our freight forwarding and logistics operations. We own and operate a logistics campus consisting of approximately 4 million square feet in Louisville, Kentucky.

We own or lease approximately 200 UPS Freight service centers with approximately 6 million square feet of floor space. The main offices of UPS Freight in Richmond, Virginia, consist of approximately 217,000 square feet of office space.

**Fleet***Aircraft*

The following table shows information about our aircraft fleet as of December 31, 2019:

<b>Description</b>	<b>Owned &amp; Finance Leases</b>	<b>Operating Leases &amp; Chartered From Others</b>	<b>On Order</b>	<b>Under Option</b>
Boeing 757-200	75	—	—	—
Boeing 767-200	—	—	—	—
Boeing 767-300	64	2	8	—
Boeing 767-300BCF	3	—	1	—
Boeing 767-300BDSF	2	—	2	—
Airbus A300-600	52	—	—	—
Boeing MD-11	37	—	5	—
Boeing 747-400F	11	—	—	—
Boeing 747-400BCF	2	—	—	—
Boeing 747-8F	15	—	13	—
Other	—	309	—	—
Total	261	311	29	—

*Vehicles*

We operate a global ground fleet of approximately 125,000 package cars, vans, tractors and motorcycles. Our ground support fleet consists of 36,000 pieces of equipment designed specifically to support our aircraft fleet, ranging from non-powered container dollies and racks to powered aircraft main deck loaders and cargo tractors. We also have 52,000 containers used to transport cargo in our aircraft.

**Item 3. Legal Proceedings**

See note 5 to the audited, consolidated financial statements for a discussion of pension related matters and note 9 to the audited, consolidated financial statements for a discussion of judicial proceedings and other matters arising from the conduct of our business activities.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Information about our Executive Officers**

The information under the heading "Information about our Executive Officers" in Item 10 hereof is incorporated by reference into this Part 1.



**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our class A common stock is not listed on a national securities exchange or traded in an organized over-the-counter market, but each share of our class A common stock is convertible into one share of our class B common stock. Our class B common stock is listed on the New York Stock Exchange under the symbol "UPS".

As of February 7, 2020, there were 155,914 and 19,196 shareowners of record of class A and class B common stock, respectively.

Our practice has been to pay dividends on a quarterly basis. The declaration of dividends is subject to the discretion of the Board of Directors and will depend on various factors, including our net income, financial condition, cash requirements, future prospects and other relevant factors.

On February 13, 2020, our Board declared a dividend of \$1.01 per share, which is payable on March 10, 2020 to shareowners of record on February 25, 2020. This represents a 5.2% increase from the previous \$0.96 per share quarterly dividend paid in December 2019.

A summary of repurchases of our class A and class B common stock during the fourth quarter of 2019 is as follows (in millions, except per share amounts):

	<b>Total Number of Shares Purchased<sup>(1)</sup></b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Program</b>	<b>Average Price Paid Per Share</b>	<b>Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (as of month-end)</b>
October 1—October 31	0.8	0.8	\$ 115.96	\$ 2,495
November 1—November 30	0.6	0.6	121.81	2,416
December 1—December 31	0.7	0.7	117.99	2,334
Total October 1—December 31	<u>2.1</u>	<u>2.1</u>	<u>\$ 118.59</u>	

<sup>(1)</sup> Includes shares repurchased through our publicly announced share repurchase program and shares tendered to pay the exercise price and tax withholding on employee stock awards.

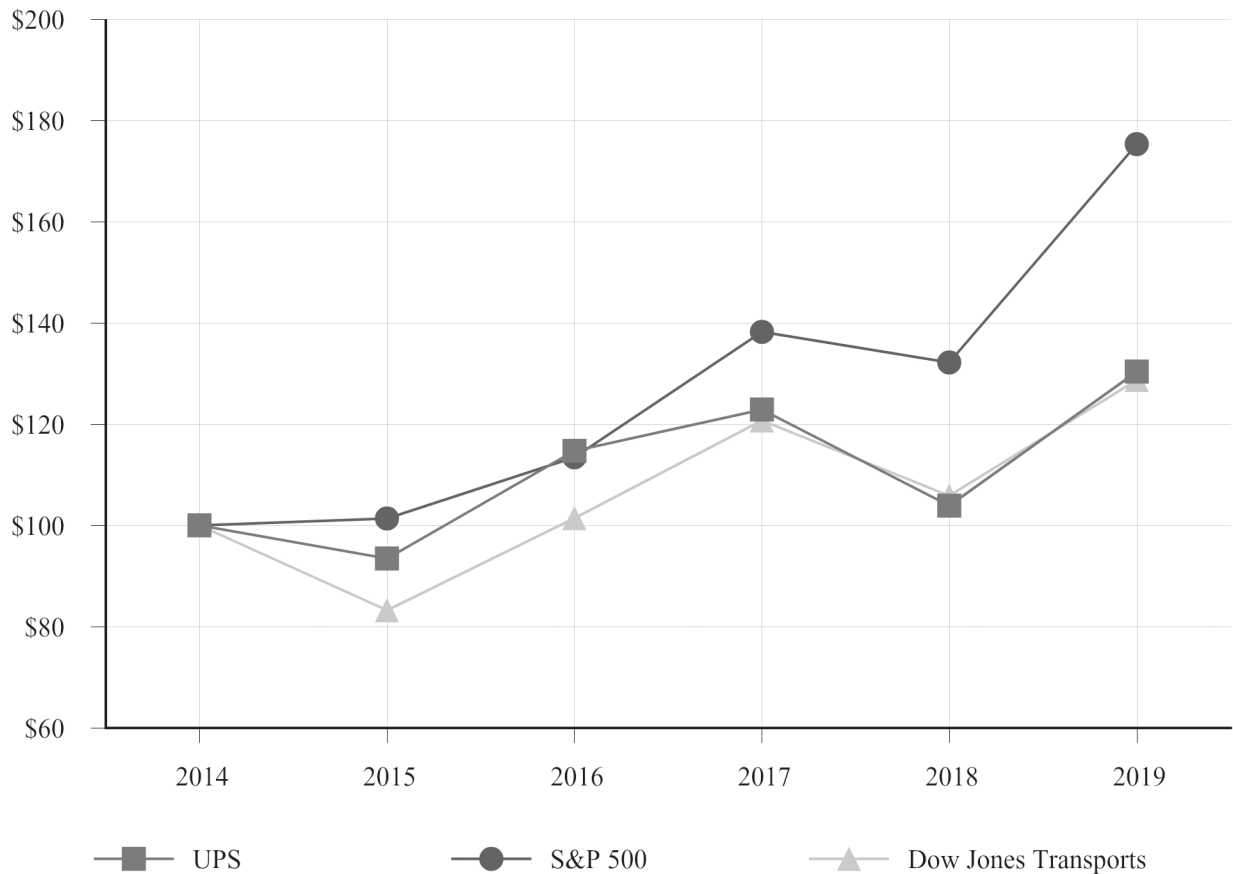
In May 2016, the Board of Directors approved a share repurchase authorization of \$8.0 billion for shares of class A and class B common stock. We anticipate repurchasing approximately \$1.0 billion of shares in 2020. For additional information on our share repurchase activities, see note 11 to the audited, consolidated financial statements included in this report.

### Shareowner Return Performance Graph

The following performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that the Company specifically incorporates such information by reference into such filing.

The following graph shows a five-year comparison of cumulative total shareowners’ returns for our class B common stock, the Standard & Poor’s 500 Index and the Dow Jones Transportation Average. The comparison of the total cumulative return on investment, which is the change in the stock price plus reinvested dividends for each of the quarterly periods, assumes that \$100 was invested on December 31, 2014 in the Standard & Poor’s 500 Index, the Dow Jones Transportation Average and our class B common stock.

### Comparison of Five-Year Cumulative Total Return



	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
United Parcel Service, Inc.	\$ 100.00	\$ 93.50	\$ 114.74	\$ 122.93	\$ 103.90	\$ 130.39
Standard & Poor’s 500 Index	\$ 100.00	\$ 101.37	\$ 113.49	\$ 138.26	\$ 132.19	\$ 175.30
Dow Jones Transportation Average	\$ 100.00	\$ 83.24	\$ 101.44	\$ 120.73	\$ 105.85	\$ 128.76

For information regarding our equity compensation plans, see Item 12 of this report.

**Item 6. Selected Financial Data**

The following table sets forth selected financial data for each of the five years in the period ended December 31, 2019 (in millions, except per share amounts). This financial data should be read together with our consolidated financial statements and related notes, Management's Discussion and Analysis of Financial Condition and Results of Operations, including the *Supplemental Information - Items Affecting Comparability* section, and other financial data appearing elsewhere in this report.

	Years Ended December 31,				
	2019	2018	2017	2016	2015
<b>Selected Income Statement Data</b>					
<b>Revenue:</b>					
U.S. Domestic Package	\$ 46,493	\$ 43,593	\$ 40,761	\$ 38,284	\$ 36,744
International Package	14,220	14,442	13,342	12,346	12,142
Supply Chain & Freight	13,381	13,826	12,482	10,980	10,300
Total Revenue	74,094	71,861	66,585	61,610	59,186
<b>Operating Expenses:</b>					
Compensation and benefits	38,908	37,235	34,577	32,534	31,448
Other	27,388	27,602	24,479	21,388	20,495
Total Operating Expenses	66,296	64,837	59,056	53,922	51,943
<b>Operating Profit:</b>					
U.S. Domestic Package	4,164	3,643	4,303	4,628	4,427
International Package	2,657	2,529	2,429	2,417	2,123
Supply Chain and Freight	977	852	797	643	693
Total Operating Profit	7,798	7,024	7,529	7,688	7,243
<b>Other Income and (Expense):</b>					
Investment income (expense) and other	(1,493)	(400)	61	(2,186)	435
Interest expense	(653)	(605)	(453)	(381)	(341)
<b>Income Before Income Taxes</b>	<b>5,652</b>	<b>6,019</b>	<b>7,137</b>	<b>5,121</b>	<b>7,337</b>
<b>Income Tax Expense</b>	<b>1,212</b>	<b>1,228</b>	<b>2,232</b>	<b>1,699</b>	<b>2,497</b>
<b>Net Income</b>	<b>\$ 4,440</b>	<b>\$ 4,791</b>	<b>\$ 4,905</b>	<b>\$ 3,422</b>	<b>\$ 4,840</b>
<b>Per Share Amounts:</b>					
Basic Earnings Per Share	\$ 5.14	\$ 5.53	\$ 5.63	\$ 3.88	\$ 5.37
Diluted Earnings Per Share	\$ 5.11	\$ 5.51	\$ 5.61	\$ 3.86	\$ 5.34
Dividends Declared Per Share	\$ 3.84	\$ 3.64	\$ 3.32	\$ 3.12	\$ 2.92
<b>Weighted Average Shares Outstanding:</b>					
Basic	864	866	871	883	901
Diluted	869	870	875	887	906

	As of December 31,				
	2019	2018	2017	2016	2015
<b>Selected Balance Sheet Data:</b>					
Cash and marketable securities	\$ 5,741	\$ 5,035	\$ 4,069	\$ 4,567	\$ 4,726
Total assets	57,857	50,016	45,574	40,545	38,497
Long-term debt	21,818	19,931	20,278	12,394	11,316
Shareowners' equity	3,283	3,037	1,024	430	2,501

This table reflects the impact of the adoption of new accounting standards in 2018 and 2019. Refer to note 1 to the audited, consolidated financial statements.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations****Overview**

Highlights of our annual results follow:

	Year Ended December 31,		\$ Change	% Change
	2019	2018	2019/2018	2019/2018
Revenue (in millions)	\$ 74,094	\$ 71,861	\$ 2,233	3.1 %
Operating Expenses (in millions)	66,296	64,837	1,459	2.3 %
Operating Profit (in millions)	\$ 7,798	\$ 7,024	\$ 774	11.0 %
Operating Margin	10.5%	9.8%		
Net Income (in millions)	\$ 4,440	\$ 4,791	\$ (351)	(7.3)%
Basic Earnings Per Share	\$ 5.14	\$ 5.53	\$ (0.39)	(7.1)%
Diluted Earnings Per Share	\$ 5.11	\$ 5.51	\$ (0.40)	(7.3)%
Average Daily Package Volume (in thousands)	21,880	20,677		5.8 %
Average Revenue Per Piece	\$ 10.87	\$ 10.98	\$ (0.11)	(1.0)%

- Consolidated revenue increased 3.1%.
- Average daily package volume increased 5.8% primarily driven by our U.S. Domestic Package segment, which experienced growth from SMBs as well as several large customers, led by our largest customer, Amazon.
- Average revenue per piece is dependent upon base rates, customer and product mix, average billable weight per piece, fuel surcharge rates and currency. Average revenue per piece decreased as a result of changes in customer and product mix, and lower average billable weight per piece in our U.S. Domestic Package segment. Currency movements negatively impacted revenue per piece in our International Package segment.
- Operating profit and operating margin increased with growth and margin expansion in all segments.
- We reported net income of \$4.440 billion and diluted earnings per share of \$5.11. Adjusted diluted earnings per share was \$7.53 after adjusting for the after-tax impacts of the following:
  - transformation strategy costs of \$196 million;
  - legal contingencies and expenses of \$91 million; and
  - pension mark-to-market losses recognized outside of a 10% corridor of \$1.816 billion.

*2018 compared to 2017*

See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* of the Company's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission on February 21, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS

## Supplemental Information - Items Affecting Comparability

We supplement the reporting of our financial information determined under generally accepted accounting principles in the United States ("GAAP") with certain non-GAAP financial measures including, as applicable, "adjusted" compensation and benefits, operating expenses, operating profit, operating margin, other income and (expense), income before income taxes, income tax expense, effective tax rate, net income and earnings per share. Adjusted financial measures may exclude the impact of period over period exchange rate changes and hedging activities, amounts related to mark-to-market gains or losses, recognition of contingencies and transformation strategy costs, as described below. We believe that these adjusted financial measures provide meaningful information to assist investors and analysts in understanding our financial results and assessing our prospects for future performance. We believe these adjusted financial measures are important indicators of our recurring results of operations because they exclude items that may not be indicative of, or are unrelated to, our underlying operating results, and provide a useful baseline for analyzing trends in our underlying businesses. Additionally, these adjusted financial measures are used internally by management for the determination of incentive compensation awards, business unit operating performance analysis and business unit resource allocation.

Non-GAAP financial measures should be considered in addition to, and not as an alternative for, our reported results prepared in accordance with GAAP. Our non-GAAP financial information does not represent a comprehensive basis of accounting. Therefore, our non-GAAP financial information may not be comparable to similarly titled measures reported by other companies.

The year over year comparisons of our financial results are affected by the following items (in millions):

Non-GAAP Adjustments	Year Ended December 31,	
	2019	2018
<b>Operating Expenses:</b>		
Transformation Strategy Costs	\$ 255	\$ 360
Legal Contingencies and Expenses	97	—
<b>Total Adjustments to Operating Expenses</b>	<b>\$ 352</b>	<b>\$ 360</b>
<b>Other Income and (Expense):</b>		
Defined Benefit Plans Mark-to-Market Charges	\$ 2,387	\$ 1,627
<b>Total Adjustments to Other Income and (Expense)</b>	<b>\$ 2,387</b>	<b>\$ 1,627</b>
<b>Total Adjustments to Income Before Income Taxes</b>	<b>\$ 2,739</b>	<b>\$ 1,987</b>
Income Tax Benefit from the Mark-to-Market Charges	\$ (571)	\$ (390)
Income Tax Benefit from Transformation Strategy Costs	(59)	(87)
Income Tax Benefit from Legal Contingencies and Expenses	(6)	—
<b>Total Adjustments to Income Tax Expense</b>	<b>\$ (636)</b>	<b>\$ (477)</b>
<b>Total Adjustments to Net Income</b>	<b>\$ 2,103</b>	<b>\$ 1,510</b>

These items have been excluded from comparisons of "adjusted" Compensation and benefits, Operating Expenses, Operating Profit, Operating Margin, Other Income and (Expense), Income Tax Expense and effective tax rate in the discussion that follows. The income tax benefit from transformation strategy costs, legal contingencies and expenses and the mark-to-market charges are calculated by multiplying the statutory tax rates applicable in each tax jurisdiction, including the U.S. federal jurisdiction and various U.S. state and non-U.S. jurisdictions, by the tax deductible adjustments. The blended average of the effective tax rates in 2019 and 2018 were 23.2% and 24.0%, respectively.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS***Impact of Changes in Foreign Currency Exchange Rates and Hedging Activities*

We supplement the reporting of our revenue, revenue per piece and operating profit with non-GAAP measures that exclude the period over period impact of foreign currency exchange rate changes and hedging activities.

Currency-neutral revenue, revenue per piece and operating profit are calculated by dividing current period reported U.S. dollar revenue, revenue per piece and operating profit by the current period average exchange rates to derive current period local currency revenue, revenue per piece and operating profit. The derived amounts are then multiplied by the average foreign exchange rates used to translate the comparable results for each month in the prior year period (including the period over period impact of foreign currency hedging activities). The difference between the current period reported U.S. dollar revenue, revenue per piece and operating profit and the derived current period U.S. dollar revenue, revenue per piece and operating profit is the period over period impact of currency fluctuations.

*Transformation Strategy Costs*

We supplement the presentation of our operating profit, operating margin, income before income taxes, net income and earnings per share with similar non-GAAP measures that exclude the impact of costs related to restructuring programs, including transformation strategy costs. For information regarding transformation strategy costs, see note 17 to the audited, consolidated financial statements.

*Costs Related to Legal Contingencies and Expenses*

We supplement the presentation of our operating profit, operating margin, income before income taxes, net income and earnings per share with similar non-GAAP measures that exclude the impact of costs related to certain of our legal contingencies and expenses. For information regarding legal contingencies and expenses, see note 9 to the audited, consolidated financial statements.

*Defined Benefit Plans Mark-to-Market Charges*

We recognize changes in the fair value of plan assets and net actuarial gains and losses in excess of a 10% corridor for our pension and postretirement defined benefit plans immediately as part of net periodic benefit cost other than service cost. We supplement the presentation of our income before income taxes, net income and earnings per share with "adjusted" measures that exclude the impact of the portion of net periodic benefit cost other than service cost represented by the gains and losses recognized in excess of the 10% corridor and the related income tax effects. We believe excluding these mark-to-market impacts from our adjusted results provides important supplemental information to remove the volatility caused by short-term changes in market interest rates, equity prices and similar factors.

This adjusted net periodic benefit cost (\$754 million in 2019 and \$615 million in 2018) utilizes the expected return on plan assets (7.68% in 2019 and 2018) and the discount rate used to determine net periodic benefit cost (4.45% in 2019 and 3.81% in 2018). The unadjusted net periodic benefit cost reflects the actual return on plan assets (17.57% in 2019 and -2.38% in 2018) and the discount rate used to measure the projected benefit obligation at the December 31 measurement date (3.55% in 2019 and 4.45% in 2018).

We recognized pre-tax mark-to-market losses outside of a 10% corridor related to the remeasurement of our pension and postretirement defined benefit plans' assets and liabilities in "Other Income and (Expense)" of \$2.387 and \$1.627 billion for 2019 and 2018, respectively. In October 2019, we refined the bond matching approach used to determine the discount rate for our U.S. pension and postretirement plans by implementing advances in technology and modeling techniques. This refinement decreased the projected benefit obligation on our consolidated balance sheet by approximately \$900 million as of December 31, 2019, decreased the pre-tax mark-to-market charge by approximately \$810 million and increased net income by \$616 million, or \$0.71 per share on a basic and diluted basis. This change did not have an impact on adjusted net income or adjusted earnings per share.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

The table below indicates the amounts associated with each component of the pre-tax mark-to-market losses, as well as the weighted-average actuarial assumptions used to determine our net periodic benefit cost, for each year:

<b>Components of mark-to-market gain (loss) (in millions):</b>	<b>Year Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Discount rates	\$ (5,670)	\$ 845
Return on assets	3,850	(1,057)
Demographic and other assumption changes	(24)	(22)
Coordinating benefits attributable to the Central States Pension Fund	(543)	(1,393)
Total mark-to-market gain (loss)	<u>\$ (2,387)</u>	<u>\$ (1,627)</u>

<b>Weighted-average actuarial assumptions used to determine net periodic benefit cost:</b>	<b>Year Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Expected rate of return on plan assets	7.68%	7.68 %
Actual rate of return on plan assets	17.57%	(2.38)%
Discount rate used for net periodic benefit cost	4.45%	3.81 %
Discount rate at measurement date	3.55%	4.45 %

The pre-tax mark-to-market losses for the years ended December 31, 2019 and 2018, respectively, were comprised of the following components:

2019 - \$2.387 billion pre-tax mark-to-market loss:

- *Return on Assets* (\$3.850 billion pre-tax gain): In 2019, the actual rate of return on plan assets was higher than our expected rate of return, primarily due to strong global equity and U.S. bond markets.
- *Coordinating benefits attributable to the Central States Pension Fund* (\$543 million pre-tax loss): This represents our current best estimate of the additional potential coordinating benefits that may be required to be paid related to the Central States Pension Fund.
- *Discount Rates* (\$5.670 billion pre-tax loss): The weighted-average discount rate for our pension and postretirement medical plans decreased from 4.45% at December 31, 2018 to 3.55% at December 31, 2019, primarily due to both a decline in U.S. treasury yields and a decrease in credit spreads on AA-rated corporate bonds in 2019.
- *Demographic and Other Assumption Changes* (\$24 million pre-tax loss): This represents the difference between actual and estimated participant data and demographic factors, including items such as healthcare cost trends, compensation rate increases and rates of termination, retirement and mortality.

2018 - \$1.627 billion pre-tax mark-to-market loss:

- *Return on Assets* (\$1.057 billion pre-tax loss): In 2018, the actual rate of return on plan assets was lower than our expected rate of return, primarily due to weak global equity markets.
- *Coordinating benefits attributable to the Central States Pension Fund* (\$1.393 billion pre-tax loss): This represented our then-current best estimate of potential coordinating benefits that may be required to be paid related to the Central States Pension Fund.
- *Discount Rates* (\$845 million pre-tax gain): The weighted-average discount rate for our pension and postretirement medical plans increased from 3.81% at December 31, 2017 to 4.45% at December 31, 2018, primarily due to both an increase in U.S. treasury yields and an increase in credit spreads on AA-rated corporate bonds in 2018.
- *Demographic and Other Assumption Changes* (\$22 million pre-tax loss): This represents the difference between actual and estimated participant data and demographic factors, including items such as healthcare cost trends, compensation rate increases and rates of termination, retirement and mortality.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS***Expense Allocations*

Certain operating expenses are allocated between our reporting segments using activity-based costing methods. These activity-based costing methods require us to make estimates that impact the amount of each expense category that is attributed to each segment. Changes in these estimates will directly impact the amount of expense allocated to each segment, and therefore the operating profit of each reporting segment. Our allocation methodologies are refined periodically, as necessary, to reflect changes in our businesses. There were no significant changes in our expense allocation methodologies during 2019, 2018 or 2017.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS

## U.S. Domestic Package Operations

	Year Ended December 31,		\$ Change	% Change
	2019	2018	2019/2018	2019/2018
<b>Average Daily Package Volume (in thousands):</b>				
Next Day Air	1,889	1,542		22.5 %
Deferred	1,622	1,432		13.3 %
Ground	15,176	14,498		4.7 %
Total Average Daily Package Volume	18,687	17,472		7.0 %
<b>Average Revenue Per Piece:</b>				
Next Day Air	\$ 17.74	\$ 19.53	\$ (1.79)	(9.2)%
Deferred	12.62	13.12	(0.50)	(3.8)%
Ground	8.55	8.51	0.04	0.5 %
Total Average Revenue Per Piece	\$ 9.83	\$ 9.86	\$ (0.03)	(0.3)%
<b>Operating Days in Period</b>	253	253		
<b>Revenue (in millions):</b>				
Next Day Air	\$ 8,479	\$ 7,618	\$ 861	11.3 %
Deferred	5,180	4,752	428	9.0 %
Ground	32,834	31,223	1,611	5.2 %
Total Revenue	\$ 46,493	\$ 43,593	\$ 2,900	6.7 %
<b>Operating Expenses (in millions):</b>				
Operating Expenses	\$ 42,329	\$ 39,950	\$ 2,379	6.0 %
Transformation Strategy Costs	(108)	(235)	127	(54.0)%
Legal Contingencies and Expenses	(97)	—	(97)	N/M
Adjusted Operating Expenses	\$ 42,124	\$ 39,715	\$ 2,409	6.1 %
<b>Operating Profit (in millions) and Operating Margin:</b>				
Operating Profit	\$ 4,164	\$ 3,643	\$ 521	14.3 %
Adjusted Operating Profit	\$ 4,369	\$ 3,878	\$ 491	12.7 %
Operating Margin	9.0%	8.4%		
Adjusted Operating Margin	9.4%	8.9%		

**Revenue**

The change in overall revenue was due to the following factors for the year ended December 31, 2019 versus 2018:

	Volume	Rates / Product Mix	Fuel Surcharge	Total Revenue Change
<b>Revenue Change Drivers:</b>				
2019/2018	7.0%	(0.6)%	0.3%	6.7%

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### *Volume*

*2019 compared to 2018*

Our overall volume increased across all products, led by strong growth in our Next Day Air and Deferred driven by the structural shift to faster delivery in retail and e-commerce, and from additional customer volume. We experienced growth from a number of large customers and SMBs, with volume growth led by our largest customer, Amazon. This growth was enabled by our on-going investment in automated facilities and other transformation initiatives.

Business-to-consumer shipments, which represented approximately 54% of the total U.S. Domestic Package average daily volume, grew 11.3% for the year driven by the growth in e-commerce and retail. Volume grew across all products, with particularly strong growth in our Air products. Business-to-business shipments increased 2.2% for the year with volume increases in both air and ground services.

Within our Air products, overall average daily volume increased in both Next Day Air and Deferred. Strong air volume growth continued primarily in residential Next Day Air and Second Day package products, as consumers and businesses continue to demand faster delivery options, which we expect will persist. This growth was slightly offset by declines in Next Day Air letter and Second Day letter volume due to shifts in customer preferences.

We experienced year over year growth in both residential and commercial ground products. Growth in residential ground volume was driven by changes in customer mix resulting from the continued growth in e-commerce, while growth in commercial ground products was primarily driven by an increase in retail return services.

### *Rates and Product Mix*

*2019 compared to 2018*

Overall revenue per piece decreased due to customer and product mix and fuel surcharge rates, partially offset by changes in base rates.

Revenue per piece for ground and air products was positively impacted by a base rate increase on December 26, 2018. UPS Ground and UPS Air services rates increased an average net 4.9%.

Revenue per piece for our Next Day Air and Deferred products decreased primarily due to a shift in customer and product mix and a decrease in average billable weight per piece, which was partially offset by the increase in base rates.

Revenue per piece for our ground products increased primarily due to base rate increases and customer and product mix, partially offset by a decrease in average billable weight per piece.

### *Fuel Surcharges*

We apply a fuel surcharge on our domestic air and ground services. The air fuel surcharge is based on the U.S. Department of Energy's ("DOE") Gulf Coast spot price for a gallon of kerosene-type jet fuel, while the ground fuel surcharge is based on the DOE's On-Highway Diesel Fuel Price. Based on published rates, the average fuel surcharge rates for domestic air and ground products were as follows:

	Year Ended December 31,		% Point Change
	2019	2018	2019/2018
Next Day Air / Deferred	7.3%	7.7%	(0.4)%
Ground	7.2%	7.0%	0.2 %

Effective April 2, 2018, we created separate fuel surcharges for Domestic Air shipments and International Air export shipments. These surcharges are based on the U.S. Gulf Coast Jet Fuel price and are adjusted weekly. In June and October 2018, ground fuel surcharge rates were raised for all thresholds, and in October and December 2018, Domestic Air fuel surcharge rates were increased for all thresholds. Ground surcharges continue to be based on the national U.S. Average On-Highway Diesel Fuel price and adjusted weekly.

While fluctuations in fuel surcharges can be significant from period to period, fuel surcharges represent one of the many individual components of our pricing structure that impact our overall revenue and yield. Additional components include the mix of products sold, the base price and any additional charges or discounts on these services.

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Revenue per piece for ground products was positively impacted by fuel surcharge rate increases during 2018, while fuel surcharge rates for air products decreased slightly for the year.

Total domestic fuel surcharge revenue increased by \$140 million for the year as a result of increases in package volume and shifts in product mix, partially offset by lower fuel surcharge rates on our Air products.

***Operating Expenses***

*2019 compared to 2018*

Operating expenses, and operating expenses excluding the impact of transformation strategy costs and legal contingencies and expenses, increased largely due to pickup and delivery costs (up \$1.385 billion), costs of operating our domestic integrated air and ground network (up \$631 million), costs of package sorting (up \$301 million) and other indirect operating costs (up \$92 million).

In order to manage costs, we continually adjust our air and ground network to better match higher volume levels. In addition, we continue to deploy and utilize technology to increase package sorting and delivery productivity by reducing manual touchpoints. The growth in pickup and delivery and network operational costs was impacted by several factors:

- Higher employee compensation and benefit costs largely resulting from:
  - volume growth, which resulted in an increase in average daily union labor hours of 4.7%;
  - union pay rate and benefit increases; and
  - growth in the overall size of the workforce due to facility expansions.

We incurred higher employee benefit expenses due to additional headcount, contractual contribution rate increases to union multiemployer plans and changes in benefit eligibility for certain union employees. These increases were slightly offset by lower pension expense for our company-sponsored plans due to higher discount rates used to measure the projected benefit obligations which reduced service costs, and lower premiums due to improved funded status.

- We incurred slightly lower fuel expense for the year, driven by declines in fuel prices and higher alternative fuel tax credits in 2019 due to the passage of additional legislation. These reductions were partially offset by increased network volume, which resulted in higher fuel usage. Aircraft block hours increased 10.3%, daily package delivery stops increased 10.9% and daily delivery miles increased 7.9%.
- Lower costs for outside contract carriers were the result of retaining additional volume within our network.

Total cost per piece, which includes transformation strategy costs and legal contingencies and expenses, decreased 0.9% for the year. Excluding the year over year impact of transformation strategy costs and legal contingencies and expenses, adjusted cost per piece decreased 0.8% for the year. Year over year cost per piece decreased due to the incremental impact of our new automated facilities and other transformation initiatives.

***Operating Profit and Margin***

*2019 compared to 2018*

Operating profit increased \$521 million with operating margins increasing 60 basis points to 9.0%. Excluding the year over year impact of transformation strategy costs and legal contingencies and expenses, adjusted operating profit increased \$491 million with operating margins increasing 50 basis points to 9.4%. Operating profit increased as a result of the items described above.

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## International Package Operations

	Year Ended December 31,		\$ Change	% Change
	2019	2018	2019/2018	2019/2018
<b>Average Daily Package Volume (in thousands):</b>				
Domestic	1,721	1,723		(0.1)%
Export	1,472	1,482		(0.7)%
Total Average Daily Package Volume	3,193	3,205		(0.4)%
<b>Average Revenue Per Piece:</b>				
Domestic	\$ 6.51	\$ 6.59	\$ (0.08)	(1.2)%
Export	29.10	29.27	(0.17)	(0.6)%
Total Average Revenue Per Piece	\$ 16.93	\$ 17.08	\$ (0.15)	(0.9)%
<b>Operating Days in Period</b>	253	253		
<b>Revenue (in millions):</b>				
Domestic	\$ 2,836	\$ 2,874	\$ (38)	(1.3)%
Export	10,837	10,973	(136)	(1.2)%
Cargo & Other	547	595	(48)	(8.1)%
Total Revenue	\$ 14,220	\$ 14,442	\$ (222)	(1.5)%
<b>Operating Expenses (in millions):</b>				
Operating Expenses	\$ 11,563	\$ 11,913	\$ (350)	(2.9)%
Transformation Strategy Costs	(122)	(76)	(46)	60.5 %
Adjusted Operating Expenses	\$ 11,441	\$ 11,837	\$ (396)	(3.3)%
<b>Operating Profit (in millions) and Operating Margin:</b>				
Operating Profit	\$ 2,657	\$ 2,529	\$ 128	5.1 %
Adjusted Operating Profit	\$ 2,779	\$ 2,605	\$ 174	6.7 %
Operating Margin	18.7%	17.5%		
Adjusted Operating Margin	19.5%	18.0%		
<b>Currency Translation Benefit / (Cost)—(in millions)*:</b>				
Revenue			\$ (232)	
Operating Expenses			302	
Operating Profit			\$ 70	

\* Net of currency hedging; amount represents the change compared to the prior year.

**Revenue**

The change in overall revenue was due to the following factors for the year ended December 31, 2019 versus 2018:

	Volume	Rates / Product Mix	Fuel Surcharge	Currency	Total Revenue Change
<b>Revenue Change Drivers:</b>					
2019/2018	(0.4)%	0.4%	0.1%	(1.6)%	(1.5)%

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS*****Volume****2019 compared to 2018*

Our overall average daily volume decreased slightly due to weak demand from several sectors including high tech, manufacturing, professional services, automotive and government, partially offset by higher demand in healthcare, retail and other sectors.

Export volume decreased slightly in 2019. European export volume declined across all trade lanes, while Intra-European volume grew slightly. Total U.S. export volume decreased, with declines in the Europe and Asia trade lanes partially offset by growth in the U.S. to Americas and U.S. to ISMEA trade lanes. Asia exports grew in all major trade lanes, with the exception of the United States. Export volume for the year was strongest in our non-premium Transborder Standard product, offset by declines in our premium Worldwide and Transborder Express services.

Domestic volume also decreased slightly for the year as growth in several domestic markets was more than offset by challenging economic conditions, particularly in the United Kingdom and other European countries. Additionally, a postal strike in Canada in 2018 drove additional domestic volume which did not repeat in 2019.

***Rates and Product Mix****2019 compared to 2018*

On December 26, 2018, we implemented an average 4.9% net increase in base and accessorial rates for international shipments originating in the United States. Rate changes for shipments originating outside the U.S. are made throughout the year and vary by geographic market. On August 26, 2019, we implemented a 1.0% increase in International Air-Import fuel surcharge.

Total average revenue per piece decreased in 2019 due entirely to a 170 basis point decrease from currency. Excluding the impact of currency, revenue per piece increased 0.8% due to increases in base rates, partially offset by declines in fuel surcharge indices.

Domestic revenue per piece decreased 120 basis points, driven entirely by a 390 basis point decrease from currency. Excluding the impact of currency, revenue per piece increased 2.7% due to base rate increases.

Export revenue per piece decreased 60 basis points, also driven entirely by a 110 basis point decrease from currency. Excluding the impact of currency, revenue per piece increased 0.5% as the trend toward our lower priced non-premium services was more than offset by base rate increases.

***Fuel Surcharges***

We apply fuel surcharges on our international air and ground services. The fuel surcharge for international air products originating inside or outside the United States is largely indexed to the DOE's Gulf Coast spot price for a gallon of kerosene-type jet fuel. Fuel surcharges for ground products originating outside the United States are indexed to fuel prices in the region or country where the shipments originate.

While fluctuations in fuel surcharges can be significant from period to period, fuel surcharges represent one of the many individual components of our pricing structure that impact our overall revenue and yield. Additional components include the mix of products sold, the base price and any additional charges or discounts on these services.

Total international fuel surcharge revenue decreased by \$33 million in 2019, primarily due to decreases in fuel surcharge indices and decreases in volume.

***Operating Expenses****2019 compared to 2018*

Operating expenses, and operating expenses excluding the year over year impact of transformation strategy costs, decreased for 2019. These decreases are the results of effective management of network capacity and cost in response to lower volumes within our air, ground and local pickup and delivery networks, combined with lower fuel prices and currency exchange rate movements.

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In addition to variability in usage and market prices, the manner in which we purchase fuel also influences the net impact of fuel on our results. The majority of our contracts for fuel purchases utilize index-based pricing formulas plus or minus a fixed locational/supplier differential. While many of the indices are aligned, each index may fluctuate at a different pace, driving variability in the prices paid for fuel. Because of this, our operating results may be affected should the market price of fuel suddenly change by a significant amount or change by amounts that do not result in an adjustment in our fuel surcharges, which can affect our earnings either positively or negatively in the short-term.

The cost of operating our integrated international air and ground network decreased \$130 million for 2019. The decrease in network costs was primarily driven by a 2.1% decrease in aircraft block hours, due in large part to our ability to adjust our global air network to match capacity with demand, and lower package volume for the year, together with lower fuel prices. Pickup and delivery costs decreased \$105 million in 2019. The remaining decrease in operating expenses was driven by a \$40 million gain from the sale of surplus property in Canada, as well as decreases in the costs of package sorting and other indirect operating costs.

***Operating Profit and Margin***

*2019 compared to 2018*

Operating profit increased \$128 million for the year, with operating margin increasing 120 basis points to 18.7%. Excluding the year over year impact of transformation strategy costs, adjusted operating profit increased, with adjusted operating margin up 150 basis points to 19.5%. Operating profit increased as a result of the items described above.

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## Supply Chain &amp; Freight Operations

	Year Ended December 31,		\$ Change	% Change
	2019	2018	2019/2018	2019/2018
<b>Freight LTL Statistics:</b>				
Revenue (in millions)	\$ 2,679	\$ 2,706	\$ (27)	(1.0)%
Revenue Per Hundredweight	\$ 26.54	\$ 25.52	\$ 1.02	4.0 %
Shipments (in thousands)	9,281	9,720		(4.5)%
Shipments Per Day (in thousands)	36.7	38.4		(4.5)%
Gross Weight Hauled (in millions of lbs)	10,096	10,605		(4.8)%
Weight Per Shipment (in lbs)	1,088	1,091		(0.3)%
Operating Days in Period	253	253		
<b>Revenue (in millions):</b>				
Forwarding	\$ 5,867	\$ 6,580	\$ (713)	(10.8)%
Logistics	3,435	3,234	201	6.2 %
Freight	3,265	3,218	47	1.5 %
Other	814	794	20	2.5 %
Total Revenue	\$ 13,381	\$ 13,826	\$ (445)	(3.2)%
<b>Operating Expenses (in millions):</b>				
Operating Expenses	\$ 12,404	\$ 12,974	\$ (570)	(4.4)%
Transformation Strategy Costs	(25)	(49)	24	(49.0)%
Adjusted Operating Expenses	\$ 12,379	\$ 12,925	\$ (546)	(4.2)%
<b>Operating Profit (in millions) and Operating Margins:</b>				
Operating Profit	\$ 977	\$ 852	\$ 125	14.7 %
Adjusted Operating Profit	\$ 1,002	\$ 901	\$ 101	11.2 %
Operating Margin	7.3%	6.2%		
Adjusted Operating Margin	7.5%	6.5%		
<b>Currency Translation Benefit / (Cost)—(in millions)*:</b>				
Revenue			\$ (75)	
Operating Expenses			67	
Operating Profit			\$ (8)	

\* Amount represents the change compared to the prior year.

	Year Ended December 31,		\$ Change	% Change
	2019	2018	2019/2018	2019/2018
<b>Transformation Strategy Costs (in millions):</b>				
Forwarding	\$ 12	\$ 16	\$ (4)	(25.0)%
Logistics	13	22	(9)	(40.9)%
Freight	—	6	(6)	(100.0)%
Other	—	5	(5)	(100.0)%
Total Transformation Strategy Costs	\$ 25	\$ 49	\$ (24)	(49.0)%

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
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Total revenue for the Supply Chain & Freight segment decreased \$445 million in 2019 compared with 2018.

Forwarding revenue decreased primarily due to an overall decline in market demand that was impacted by global trade uncertainties. This led to lower volume and declines in market rates in our international air and ocean freight forwarding businesses. In addition, excess capacity in the truckload brokerage market depressed rates, contributing to the year over year decrease in revenue. These decreases were partially offset by yield management initiatives in our air and ocean freight businesses.

Logistics revenue increased as we experienced growth in the healthcare, mail services, retail and manufacturing sectors.

Overall UPS Freight revenue increased, as declines in LTL tonnage and shipment volume which were largely attributable to market demand and the residual impacts of the fourth quarter 2018 network disruption were more than offset by yield management initiatives and volume growth in our Ground Freight Pricing product.

***Operating Expenses****2019 compared to 2018*

Total operating expenses for the Supply Chain & Freight segment, and operating expenses excluding the year over year impact of transformation strategy costs, decreased in 2019 compared with 2018.

Forwarding operating expenses decreased \$685 million largely due to reductions in purchased transportation. Purchased transportation expense decreased \$655 million primarily due to lower tonnage and declines in market rates in our international air and ocean freight forwarding businesses as well as a decrease in volume and market rates in truckload brokerage. Cost management initiatives in our freight forwarding businesses also contributed to the reduction in operating expenses.

Logistics operating expenses increased \$172 million, primarily due to increases in purchased transportation driven by increased volume and rates, particularly in our mail services business. Additionally, business investments in healthcare quality assurance and technology increased costs.

UPS Freight operating expenses decreased \$54 million. Decreases in costs associated with operating our linehaul network (\$49 million) and decreases in pickup and delivery costs (\$40 million) were driven by lower expenses from outside transportation carriers as a result of a decline in tonnage, lower fuel surcharges and the residual impacts of the fourth quarter 2018 network disruption. These decreases were offset by increases in transportation expense for our Ground Freight Pricing product due to higher volume. Cost management initiatives and production improvements largely contributed to the overall reduction in operating expenses.

***Operating Profit and Margin****2019 compared to 2018*

Total operating profit for the Supply Chain & Freight segment increased \$125 million in 2019 compared with 2018. Excluding the year over year impact of transformation strategy costs, adjusted operating profit increased \$101 million. Operating margin increased 110 basis points to 7.3%, while the adjusted operating margin increased 100 basis points to 7.5%. Operating profit and margin were impacted by the items described above.



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## Consolidated Operating Expenses

	Year Ended December 31,		\$ Change	% Change
	2019	2018	2019/2018	2019/2018
<b>Operating Expenses (in millions):</b>				
Compensation and Benefits:	\$ 38,908	\$ 37,235	\$ 1,673	4.5 %
Transformation Strategy Costs	(166)	(262)	96	(36.6)%
Adjusted Compensation and Benefits	38,742	36,973	1,769	4.8 %
Repairs and Maintenance	1,838	1,732	106	6.1 %
Depreciation and Amortization	2,360	2,207	153	6.9 %
Purchased Transportation	12,590	13,409	(819)	(6.1)%
Fuel	3,289	3,427	(138)	(4.0)%
Other Occupancy	1,392	1,362	30	2.2 %
Other Expenses	5,919	5,465	454	8.3 %
Total Other Expenses	27,388	27,602	(214)	(0.8)%
Other Transformation Strategy Costs	(89)	(98)	9	(9.2)%
Legal Contingencies and Expenses	(97)	—	(97)	N/M
Adjusted Total Other Expenses	\$ 27,202	\$ 27,504	\$ (302)	(1.1)%
Total Operating Expenses	\$ 66,296	\$ 64,837	\$ 1,459	2.3 %
Adjusted Total Operating Expenses	\$ 65,944	\$ 64,477	\$ 1,467	2.3 %
Currency Translation Cost / (Benefit)*			\$ (369)	
	Year Ended December 31,		\$ Change	% Change
	2019	2018	2019/2018	2019/2018
<b>Adjustments to Operating Expenses (in millions):</b>				
Transformation Strategy Costs:				
Compensation	\$ 21	\$ —	\$ 21	N/M
Benefits	145	262	(117)	(44.7)%
Depreciation and Amortization	3	12	(9)	(75.0)%
Other Occupancy	8	—	8	N/M
Other Expenses	78	86	(8)	(9.3)%
Total Transformation Strategy Costs	\$ 255	\$ 360	\$ (105)	(29.2)%
Legal Contingencies and Expenses:				
Other Expenses	\$ 97	\$ —	\$ 97	N/M
Total Adjustments to Operating Expenses	\$ 352	\$ 360	\$ (8)	(2.2)%

**Compensation and Benefits***2019 compared to 2018*

Total compensation and benefits, and total compensation and benefits excluding the year over year impact of transformation strategy costs, increased for 2019.

Total compensation costs increased \$1.028 billion or 4.6%. Excluding the year over year impact of transformation strategy costs, adjusted compensation increased \$1.007 billion largely due to higher U.S. Domestic direct labor costs. These costs increased as a result of additional headcount, driven by U.S. Domestic average daily volume growth that resulted in an increase in average daily union hours of 4.7%. Contractual union wage increases also contributed to the increase in compensation for hourly employees.

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Benefits costs increased \$645 million. Excluding the year over year impact of transformation strategy costs, adjusted benefits costs increased \$762 million due to the following:

- Health and welfare costs increased \$570 million, driven by higher contributions to multiemployer plans due to contractual rate increases, an overall increase in the size of the workforce and changes in eligibility for certain union employees.
- Pension and retirement benefits increased \$18 million. The impacts of contractually-mandated contribution increases to multiemployer plans, as well as an increase in the size of the overall workforce, were substantially offset by lower service cost for company-sponsored plans as a result of higher discount rates.
- Vacation, excused absence, payroll taxes and other expenses increased \$211 million, primarily driven by salary increases and growth in the overall size of the workforce.
- Workers' compensation expense decreased \$37 million as we experienced more favorable actuarial adjustments. We evaluate the total range of actuarial outcomes when estimating losses that will ultimately occur. See note 1 to the audited, consolidated financial statements for a further description of this policy.

***Repairs and Maintenance***

*2019 compared to 2018*

The increase in repairs and maintenance expense was driven by maintenance of our aircraft, routine repairs to buildings and facilities and maintenance of our other transportation equipment, due to additional investments we have made in recent periods.

***Depreciation and Amortization***

*2019 compared to 2018*

We evaluate the useful lives of all our property, plant and equipment based on our usage, maintenance and replacement policies, and taking into account physical and economic factors that may affect the useful lives of the assets. See note 1 to the audited, consolidated financial statements for a further description of the policy.

For 2019, depreciation expense increased \$365 million, and net income decreased by \$287 million, or \$0.33 per share on a basic and diluted basis, as a result of investments in property, plant and equipment, net of disposals and assets becoming fully depreciated. Depreciation expense decreased \$212 million, and net income increased \$167 million, or \$0.19 per share on a basic and diluted basis, as a result of lengthening our estimated useful lives for various asset categories in the latter half of 2018. The combined effect of the foregoing was a net increase in depreciation expense of \$153 million and a decrease in net income of \$120 million, or \$0.14 per share on a basic and diluted basis, for the year.

***Purchased Transportation***

*2019 compared to 2018*

The decrease in purchased transportation expense charged to us by third-party air, rail, ocean and truck carriers was primarily driven by the following factors:

- Expense in our Freight Forwarding and Logistics business decreased \$530 million due to decreases in both market rates and volume in our air and ocean freight forwarding businesses. Our truckload brokerage business also experienced declines in rates, primarily driven by market overcapacity. These decreases were partially offset by increases due to volume growth and rate increases in our mail services business.
- U.S. Domestic Package expense decreased \$186 million primarily due to lower overall usage of third-party transportation carriers.
- International Package expense decreased \$100 million primarily due to favorable currency exchange rate movements.
- Other purchased transportation expense decreased \$3 million due to changes in the number of leased and chartered aircraft and lower fuel surcharges passed on to us by outside carriers.

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***Fuel***

*2019 compared to 2018*

The decrease in fuel expense was driven by lower jet fuel, diesel and gasoline prices as well as higher alternative fuel tax credits as a result of legislation passed in 2019. These decreases were partially offset by higher consumption due to additional aircraft block hours and vehicle miles driven by higher U.S. Domestic package volume.

***Other Occupancy***

*2019 compared to 2018*

The increase in other occupancy expense and other occupancy expense excluding the year over year impact of transformation strategy costs was primarily driven by additional operating facilities coming into service.

***Other Expenses***

*2019 compared to 2018*

Other expenses, and other expenses excluding the year over year impact of transformation strategy costs and legal contingencies and expenses, increased for 2019. The increase was attributable to various items, including adjustments to reserves for self-insured automobile liability claims, bad debt expense, technology equipment and software licenses, professional service fees and advertising. These increases were partially offset by a \$40 million gain on the sale of surplus property in Canada and lower travel and entertainment expenses.

**Other Income and (Expense)**

The following table sets forth investment income (expense) and other and interest expense for the years ended December 31, 2019 and 2018 (in millions):

	Year Ended December 31,		\$ Change	% Change
	2019	2018	2019/2018	2019/2018
Investment Income (Expense) and Other	\$ (1,493)	\$ (400)	\$ (1,093)	273.3 %
Defined Benefit Plans Mark-to-Market Charges	2,387	1,627	760	46.7 %
Adjusted Investment Income (Expense) and Other	\$ 894	\$ 1,227	\$ (333)	(27.1)%
Interest Expense	(653)	(605)	(48)	7.9 %
Total Other Income and (Expense)	\$ (2,146)	\$ (1,005)	\$ (1,141)	113.5 %
Adjusted Other Income and (Expense)	\$ 241	\$ 622	\$ (381)	(61.3)%

***Investment Income (Expense) and Other***

*2019 compared to 2018*

Investment income (expense) and other for the period increased \$1.093 billion, which included a \$760 million increase in mark-to-market pension charges. Excluding the impact of the defined benefit plan mark-to-market charges, adjusted investment income (expense) and other for the period, which includes expected investment returns on pension assets, net of interest cost on projected benefit obligations, prior service cost and investment income, decreased \$333 million. Expected returns on plan assets decreased as a result of the lower asset base driven by negative asset returns in 2018, partially offset by the effects of higher discretionary contributions in 2019. Pension interest cost increased with higher year-end discount rates, ongoing plan growth and an increase in the projected benefit obligation as a result of the 2018 year-end measurement of our plans. Investment income increased as a result of higher yields on invested assets, higher overall investment balances and foreign currency exchange rate movements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
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2019 compared to 2018

Interest expense increased primarily due to higher average outstanding debt balances and higher effective interest rates, combined with lower capitalized interest for 2019.

**Income Tax Expense**

The following table sets forth income tax expense and our effective tax rate for the years ended December 31, 2019 and 2018 (in millions):

	Year Ended December 31,		\$ Change 2019/2018	% Change 2019/2018
	2019	2018		
<b>Income Tax Expense:</b>	\$ 1,212	\$ 1,228	\$ (16)	(1.3)%
Income Tax Impact of:				
Defined Benefit Plans Mark-to-Market Charges	571	390	181	46.4 %
Transformation Strategy Costs	59	87	(28)	(32.2)%
Legal Contingencies and Expenses	6	—	6	N/M
Adjusted Income Tax Expense	\$ 1,848	\$ 1,705	\$ 143	8.4 %
<b>Effective Tax Rate</b>	21.4%	20.4%		
<b>Adjusted Effective Tax Rate</b>	22.0%	21.3%		

For additional information on income tax expense and our effective tax rate, see note 14 to the audited, consolidated financial statements.

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**Liquidity and Capital Resources**

As of December 31, 2019, we had \$5.741 billion in cash, cash equivalents and marketable securities. We believe that our current cash position, access to commercial paper programs and debt capital markets and cash flow generated from operations should be adequate not only for operating requirements, but also to enable us to complete our capital expenditure programs, transformation strategy and to fund dividend payments, share repurchases, pension contributions and long-term debt payments through the next several years. We regularly evaluate opportunities to optimize our capital structure, including through issuances of debt or equity to refinance existing debt and to fund ongoing cash needs.

*Cash Flows From Operating Activities*

The following is a summary of the significant sources (uses) of cash from operating activities (in millions):

	<b>2019</b>	<b>2018</b>
Net Income	\$ 4,440	\$ 4,791
Non-cash operating activities <sup>(1)</sup>	6,405	6,048
Pension and postretirement benefit plan contributions (company-sponsored plans)	(2,362)	(186)
Hedge margin receivables and payables	171	482
Income tax receivables and payables	599	469
Changes in working capital and other non-current assets and liabilities	(634)	1,091
Other operating activities	20	16
Net cash from operating activities	<u>\$ 8,639</u>	<u>\$ 12,711</u>

<sup>(1)</sup> Represents depreciation and amortization, gains and losses on derivative transactions and foreign exchange, deferred income taxes, provisions for uncollectible accounts receivable, amortization on operating lease assets, pension and postretirement benefit expense, stock compensation expense and other non-cash items.

Cash from operating activities remained strong throughout 2018 and 2019. Most of the variability in operating cash flows during this period related to funding company-sponsored pension and postretirement benefit plans (and related cash tax deductions). Except for discretionary or accelerated fundings of our plans, contributions to our company-sponsored pension plans have largely varied in accordance with minimum funding requirements. We made discretionary contributions to our three primary, company-sponsored U.S. pension plans totaling \$2.0 billion in 2019. No discretionary contributions were made in 2018. The remaining contributions in 2018 and 2019 were to our international pension plans and U.S. postretirement medical benefit plans.

Operating cash flows were impacted by changes in our working capital management whereby certain payments from the fourth quarter of 2018 shifted into the first quarter of 2019. In addition, accelerated growth in the business lifted overall working capital demand. The net hedge margin collateral received from our derivative counterparties was \$171 and \$482 million during 2019 and 2018, respectively, due to the change in net fair value of the derivative contracts used in our currency and interest rate hedging programs. Cash payments for income taxes were \$514 million and \$2 million for 2019 and 2018, respectively, primarily due to timing of deductions related to pension contributions.

As of December 31, 2019, our total worldwide holdings of cash, cash equivalents and marketable securities were \$5.741 billion, of which approximately \$2.564 billion was held by foreign subsidiaries. The amount of cash, cash equivalents and marketable securities held by our U.S. and foreign subsidiaries fluctuates throughout the year due to a variety of factors, including the timing of cash receipts and disbursements in the normal course of business. Cash provided by operating activities in the U.S. continues to be our primary source of funds to finance domestic operating needs, capital expenditures, share repurchases, pension contributions and dividend payments to shareowners. All cash, cash equivalents and marketable securities held by foreign subsidiaries are generally available for distribution to the U.S. without any U.S. federal income taxes. Any such distributions may be subject to foreign withholding and U.S. state taxes. When amounts earned by foreign subsidiaries are expected to be indefinitely reinvested, no accrual for taxes is provided.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
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*Cash Flows From Investing Activities*

Our primary sources (uses) of cash for investing activities were as follows (amounts in millions):

	<b>2019</b>	<b>2018</b>
Net cash used in investing activities	\$ (6,061)	\$ (6,330)
<b>Capital Expenditures:</b>		
Buildings, facilities and plant equipment	\$ (2,729)	\$ (3,147)
Aircraft and parts	(1,890)	(1,496)
Vehicles	(987)	(931)
Information technology	(774)	(709)
Total Capital Expenditures <sup>(1)</sup> :	\$ (6,380)	\$ (6,283)
Capital Expenditures as a % of revenue	8.6%	8.7%
<b>Other Investing Activities:</b>		
Proceeds from disposals of property, plant and equipment	\$ 65	\$ 37
Net change in finance receivables	\$ 13	\$ 4
Net (purchases), sales and maturities of marketable securities	\$ 322	\$ (87)
Cash paid for business acquisitions, net of cash and cash equivalents acquired	\$ (6)	\$ (2)
Other investing activities	\$ (75)	\$ 1

<sup>(1)</sup>In addition to capital expenditures of \$6.380 and \$6.283 billion in 2019 and 2018, respectively, there were capital expenditures relating to the principal repayments of finance lease obligations of \$140 and \$340 million. These are included in cash flows from financing activities.

We have commitments for the purchase of aircraft, vehicles, equipment and real estate to provide for the replacement of existing capacity and anticipated future growth. We generally fund our capital expenditures with cash from operations. Future capital spending for anticipated growth and replacement assets will depend on a variety of factors, including economic and industry conditions. In 2017 we began a multi-year investment program in our smart global logistics network which impacts all asset categories, with the largest investments in buildings, facilities and plant equipment. This investment program will continue in 2020, and we anticipate that our capital expenditures will be approximately \$6.5 to \$7.0 billion.

Capital expenditures on buildings, facilities and plant equipment decreased in 2019 compared to 2018 in our U.S. and international package businesses, as we completed several facility automation and capacity expansion projects in 2018. Capital spending on aircraft increased in 2019 compared 2018 due to a net increase in contract deposits on open aircraft orders and final payments associated with the delivery of aircraft. Capital spending on information technology increased in 2019 compared to 2018 due to continuing development of technology enabled solutions and capitalized software projects. Capital spending on vehicles increased in 2019 relative to 2018, largely due to the timing of vehicle replacements and expansion of the overall fleet to support volume growth.

Proceeds from the disposal of property, plant and equipment were largely attributable to the sale of an international property in 2019 and disposal of equipment in 2018. The net change in finance receivables was due to reductions in our finance portfolios in 2019 compared with 2018. Purchases and sales of marketable securities are largely determined by liquidity needs and the periodic rebalancing of investment types, and will fluctuate from period to period.

Cash paid for business acquisitions in 2019 and 2018 related to our acquisition of area franchise rights for The UPS Store, as well as other, small acquisitions in our International Small Package and Logistics business units in 2019. Other investing activities are impacted by changes in our non-current investments and various other items.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS*Cash Flows From Financing Activities*

Our primary sources (uses) of cash for financing activities were as follows (amounts in millions, except per share data):

	2019	2018
Net cash used in financing activities	\$ (1,727)	\$ (5,692)
<b>Share Repurchases:</b>		
Cash expended for shares repurchased	\$ (1,004)	\$ (1,011)
Number of shares repurchased	(9.1)	(8.9)
Shares outstanding at period end	857	858
Percent increase (decrease) in shares outstanding	(0.1)%	(0.1)%
<b>Dividends:</b>		
Dividends declared per share	\$ 3.84	\$ 3.64
Cash expended for dividend payments	\$ (3,194)	\$ (3,011)
<b>Borrowings:</b>		
Net borrowings (repayments) of debt principal	\$ 2,419	\$ (1,622)
<b>Other Financing Activities:</b>		
Cash received for common stock issuances	\$ 218	\$ 240
Other financing activities	\$ (166)	\$ (288)
<b>Capitalization:</b>		
Total debt outstanding at year end	\$ 25,238	\$ 22,736
Total shareowners' equity at year end	3,283	3,037
Total capitalization	\$ 28,521	\$ 25,773

For the years ended December 31, 2019 and 2018, we repurchased a total of 9.1 and 8.9 million shares of class A and class B common stock for \$1.005 and \$1.000 billion, respectively (\$1.004 and \$1.011 billion in repurchases for 2019 and 2018, respectively, are reported on the cash flow statement due to the timing of settlements). For additional information on our share repurchase activities, see note 11 to the audited, consolidated financial statements.

For the years ended December 31, 2019 and 2018, dividends reported within shareowners' equity include \$147 and \$178 million, respectively, of non-cash dividends that were settled in shares of class A common stock.

The declaration of dividends is subject to the discretion of the Board of Directors and depends on various factors, including our net income, financial condition, cash requirements, future prospects and other relevant factors. We expect to continue the practice of paying regular cash dividends. In February 2020, we increased our quarterly dividend payment from \$0.96 to \$1.01 per share, a 5.2% increase.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

Issuances of debt in 2019 consisted of fixed-rate senior notes totaling \$3.0 billion and commercial paper. In 2018, issuances of debt consisted primarily of commercial paper. The following is a summary of debt issuances in 2019 (in millions):

	<u>Principal Amount in USD</u>
<b>2019</b>	
Fixed-rate senior notes:	
2.200% senior notes	\$ 400
2.500% senior notes	400
3.400% senior notes (multiple issuances)	1,450
4.250% senior notes	750
Total	<u>\$ 3,000</u>

Repayments of debt in 2019 and 2018 consisted primarily of our \$1.0 billion 5.125% fixed-rate senior notes that matured in April 2019 and our \$750 million 5.50% fixed-rate senior notes that matured in January 2018. The remaining repayments of debt during the period included paydowns of commercial paper and scheduled principal payments on our finance lease obligations. We consider the overall fixed and floating interest rate mix of our portfolio and the related overall cost of borrowing when planning for future issuances and non-scheduled repayments of debt.

The amount of commercial paper outstanding fluctuates throughout the year based on daily liquidity needs. The following is a summary of our commercial paper program (in millions):

	<u>Functional currency outstanding balance at year end</u>	<u>Outstanding balance at year end (\$)</u>	<u>Average balance outstanding</u>	<u>Average balance outstanding (\$)</u>	<u>Average interest rate</u>
<b>2019</b>					
USD	\$ 2,172	\$ 2,172	\$ 1,665	\$ 1,665	2.24 %
EUR	€ 949	\$ 1,062	€ 903	\$ 1,011	(0.39)%
Total		<u>\$ 3,234</u>			

	<u>Functional currency outstanding balance at year end</u>	<u>Outstanding balance at year end (\$)</u>	<u>Average balance outstanding</u>	<u>Average balance outstanding (\$)</u>	<u>Average interest rate</u>
<b>2018</b>					
USD	\$ 1,968	\$ 1,968	\$ 2,137	\$ 2,137	1.81 %
EUR	€ 606	\$ 694	€ 360	\$ 425	(0.38)%
Total		<u>\$ 2,662</u>			

The variation in cash received from common stock issuances was primarily due to the amount of stock option exercises by employees in 2018 and 2019.

Other financing activities includes cash used to repurchase shares from employees sold to satisfy tax withholding obligations on vested stock awards of \$180 and \$259 million in 2019 and 2018, respectively. Net cash inflows from premium payments and settlements of capped call options for the purchase of UPS class B shares were \$21 and \$34 million in 2019 and 2018, respectively.

*Sources of Credit*

See note 8 to the audited, consolidated financial statements for a discussion of our available credit and debt covenants.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### *Guarantees and Other Off-Balance Sheet Arrangements*

Except as disclosed in note 8 to the audited, consolidated financial statements, we do not have guarantees or other off-balance sheet financing arrangements, including variable interest entities, which we believe could have a material impact on financial condition or liquidity.

### *Contractual Commitments*

We have contractual obligations and commitments in the form of finance leases, operating leases, debt obligations, purchase commitments and certain other liabilities. We intend to satisfy these obligations primarily through the use of cash flow from operations. The following table summarizes the expected cash outflow to satisfy our contractual obligations and commitments as of December 31, 2019 (in millions):

Commitment Type	2020	2021	2022	2023	2024	After 2024	Total
Finance Leases	\$ 199	44	39	37	35	259	\$ 613
Operating Leases	619	536	451	360	256	1,267	3,489
Debt Principal	4,232	2,551	2,001	2,284	1,474	12,349	24,891
Debt Interest	749	661	601	521	481	6,522	9,535
Purchase Commitments <sup>(1)</sup>	3,569	1,982	966	323	261	201	7,302
Tax Act Repatriation Liability	—	—	—	13	49	61	123
Pension Funding	1,180	—	—	—	—	—	1,180
Total	<u>\$ 10,548</u>	<u>\$ 5,774</u>	<u>\$ 4,058</u>	<u>\$ 3,538</u>	<u>\$ 2,556</u>	<u>\$ 20,659</u>	<u>\$ 47,133</u>

<sup>(1)</sup> Purchase commitments includes amounts due under aircraft leases that we entered into in 2019 and our January 29, 2020 announced commitment to purchase 10,000 electric vehicles.

Our finance lease obligations relate primarily to leases on aircraft and real estate. Finance leases and operating leases are discussed further in note 10 to the audited, consolidated financial statements. Purchase commitments, as well as our debt principal obligations, are discussed further in note 8 to the audited, consolidated financial statements. The amount of interest on our debt was calculated as the contractual interest payments due on our fixed-rate debt and variable rate debt based on interest rates as of December 31, 2019. The calculations of debt interest take into account the effect of interest rate swap agreements. For debt denominated in a foreign currency, the U.S. Dollar equivalent principal amount of the debt at the end of the year was used as the basis to calculate future interest payments.

Purchase commitments represent contractual agreements to purchase assets, goods or services that are legally binding, including contracts for aircraft, construction of new or expanded facilities and orders for technology equipment and vehicles. As of December 31, 2019, we had firm commitments to lease three used and purchase eight new Boeing 767-300 aircraft, to be delivered between 2020 and 2021 and to purchase 13 new Boeing 747-8F aircraft to be delivered between 2020 and 2022. We also had a firm commitment to purchase five Boeing MD-11 aircraft to be delivered between 2020 and 2021. We paid the full purchase price for these MD-11 aircraft in December 2019; therefore these amounts are not included in the table above.

On December 22, 2017, the United States enacted into law the Tax Act requiring a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries. Companies may elect to pay the tax over eight years based on an installment schedule outlined in the Tax Act but are required under current Internal Revenue Service guidance to offset certain overpayments of tax against the liability. We made this election and have reflected our remaining transition tax due by year as a contractual obligation.

There are no anticipated required minimum cash contributions to our qualified U.S. pension plans (these plans are discussed further in note 5 to the audited, consolidated financial statements). The amount of any minimum funding requirement, as applicable, for these plans could change significantly in future periods depending on many factors, including future plan asset returns, discount rates, other actuarial assumptions and changes to pension plan funding regulations. A decline in discount rates or a sustained significant decline in equity or bond returns could result in our domestic pension plans being subject to significantly higher minimum funding requirements. Actual contributions made in future years could materially differ and consequently required minimum contributions beyond 2020 cannot be reasonably estimated.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

As discussed in note 6 to the audited, consolidated financial statements, we are not currently subject to any minimum contributions or surcharges with respect to the multiemployer pension and health and welfare plans in which we participate. Contribution rates to these multiemployer pension and health and welfare plans are established through the collective bargaining process. As we are not subject to any minimum contribution levels, we have not included any amounts in the contractual commitments table with respect to these multiemployer plans.

The table above does not include approximately \$228 million of liabilities for uncertain tax positions because we are uncertain if or when such amounts will ultimately be settled in cash. Uncertain tax positions are further discussed in note 14 to the audited, consolidated financial statements.

As of December 31, 2019, we had outstanding letters of credit totaling approximately \$1.267 billion issued in connection with our self-insurance reserves and other routine business requirements. We also issue surety bonds as an alternative to letters of credit in certain instances, and as of December 31, 2019, we had \$1.327 billion of surety bonds written. As of December 31, 2019, we had unfunded loan commitments totaling \$131 million associated with UPS Capital.

We believe that funds from operations and borrowing programs will provide adequate sources of liquidity and capital resources to meet our expected long-term needs for the operation of our business, including anticipated capital expenditures, transformation strategy and pension contributions for the foreseeable future.

*Contingencies*

See note 5 to the audited, consolidated financial statements for a discussion of pension related matters and note 9 for a discussion of judicial proceedings and other matters arising from the conduct of our business activities.

**Collective Bargaining Agreements***Status of Collective Bargaining Agreements*

See note 6 to the audited, consolidated financial statements for a discussion of the status of collective bargaining agreements.

*Multiemployer Benefit Plans*

We contribute to a number of multiemployer pension and health and welfare plans under the terms of collective bargaining agreements that cover our union represented employees. Our current collective bargaining agreements set forth the annual contribution increases allotted to the plans that we participate in, and we are in compliance with these contribution rates. These limitations will remain in effect throughout the terms of the existing collective bargaining agreements.

**New Accounting Pronouncements***Recently Adopted Accounting Standards*

See note 1 to the audited, consolidated financial statements for a discussion of recently adopted accounting standards.

*Accounting Standards Issued But Not Yet Effective*

See note 1 to the audited, consolidated financial statements for a discussion of accounting standards issued, but not yet effective.

**Rate Adjustments**

Effective December 29, 2019, the rates and accessorial charges for UPS Ground, UPS Air and International services increased by an average net 4.9%. UPS Air Freight rates within and between the U.S., Canada and Puerto Rico increased an average net 4.2%. Density-based UPS Freight non-contractual LTL rates using Tariff 580 increased an average net 3.9%.

These rate changes are customary and occur on an annual basis. Rate changes for shipments originating outside the U.S. are made throughout the year and vary by geographic market.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS****Critical Accounting Policies and Estimates**

This discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which are prepared in accordance with GAAP. As indicated in note 1 to the audited, consolidated financial statements, the amounts of assets, liabilities, revenue and expenses reported in our financial statements are affected by estimates and judgments that are necessary to comply with GAAP. We base our estimates on prior experience and assumptions and third-party input that we consider reasonable to our circumstances. Actual results could differ materially from our estimates, which would affect the related amounts reported in our consolidated financial statements. While estimates and judgments are applied in arriving at many reported amounts, we believe that the following critical accounting policies involve a higher degree of judgment and complexity.

**Contingencies**

As discussed in note 9 to the audited, consolidated financial statements, we are involved in various legal proceedings and subject to various contingencies. The events that may impact our contingent liabilities are often unique and generally are not predictable. At the time a contingency is identified, we consider all relevant facts as part of our evaluation. We record a liability for a loss when the loss is probable of occurring and reasonably estimable. Events may arise that were not anticipated and the outcome of a contingency may result in a loss to us that differs from our previously estimated liability. This difference could be material. Income taxes and self-insurance are discussed below. Except as disclosed in note 9 to the audited, consolidated financial statements, other contingent losses that were probable and estimable were not material to our financial position or results of operations as of, or for the year ended, December 31, 2019. In addition, we have certain contingent liabilities that have not been recognized as of, or for the year ended, December 31, 2019, because a loss was not reasonably estimable.

**Goodwill and Intangible Impairment**

We test goodwill for impairment in each of our reporting units on an annual basis. Our U.S. Domestic Package segment is a reporting unit. In our International Package reporting segment, we have the following reporting units: Europe, Asia, Americas and ISMEA. In our Supply Chain & Freight segment we have the following reporting units: Forwarding, Logistics, UPS Mail Innovations, UPS Freight, The UPS Store, UPS Capital, Marken and Coyote Logistics. Our annual goodwill impairment testing date is July 1<sup>st</sup> for each reporting unit owned at the testing date. In assessing goodwill for impairment, we initially evaluate qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment is not conclusive and it is necessary to calculate the fair value of a reporting unit, then we utilize a two-step process to test goodwill for impairment. First, a comparison of the fair value of the applicable reporting unit with the aggregate carrying value, including goodwill, is performed. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, we perform the second step of the goodwill impairment test to determine the amount of impairment loss. The second step includes comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill.

We primarily determine the fair value of our reporting units using a discounted cash flow ("DCF") model and supplement this with observable valuation multiples for comparable companies, as appropriate. The completion of the DCF model requires that we make a number of significant assumptions to produce an estimate of future cash flows. These assumptions include projections of future revenue, costs, capital expenditures and working capital changes, as well as assumptions about the estimated cost of capital and other relevant variables. The projections that we use in our DCF model are updated annually and will change over time based on the historical performance and changing business conditions for each of our reporting units. The determination of whether goodwill is impaired involves a significant level of judgment in these assumptions, and changes in our business strategy, government regulations, or economic or market conditions could significantly impact these judgments. We routinely monitor market conditions and other factors to determine if interim impairment tests are necessary. If impairment indicators are present in future periods, the resulting impairment charges could have a material impact on our results of operations.

None of the reporting units incurred any goodwill impairment charges in 2019 or 2018. Changes in our forecasts could cause carrying values of our reporting units to exceed their fair values in future periods, potentially resulting in a goodwill impairment charge. During the year, management monitored the actual performance of the business relative to the fair value assumptions used during our annual goodwill impairment test. For the periods presented, no triggering events were identified that required an interim impairment test. Based on most recent tests, the fair value of all our reporting units exceed their carrying value.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

A trade name with a carrying value of \$200 million and licenses with a carrying value of \$4 million as of December 31, 2019 are considered to be indefinite-lived intangibles, and therefore are not amortized. Impairment tests for indefinite-lived intangibles are performed on an annual basis. We determined that the income approach, specifically the relief from royalty method, is the most appropriate valuation method for the trade name. The estimated fair value of the trade name is compared to the carrying value of the asset. If the carrying value of the trade name exceeds its estimated fair value, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds its fair value. This valuation approach requires that we make a number of assumptions to estimate fair value. These assumptions include projections of future revenues, market royalty rates, tax rates, discount rates and other relevant variables. The projections we use in the model are updated annually and will change over time based on the historical performance and changing business conditions.

All of our remaining recorded intangible assets are deemed to be finite-lived intangibles, and are amortized over their estimated useful lives. Impairment tests for these intangible assets are only performed when a triggering event occurs that indicates that the carrying value of the intangible may not be recoverable based on the undiscounted future cash flows of the intangible. If the carrying amount of the intangible is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on a DCF model. If impairment indicators are present in future periods, the resulting impairment charges could have a material impact on our results of operations. Impairments of finite-lived intangible assets were \$2 and \$12 million in 2019 and 2018, respectively. There were no impairments of indefinite-lived intangible assets in 2019 or 2018.

***Self-Insurance Accruals***

We self-insure costs associated with workers' compensation claims, automobile liability, health and welfare and general business liabilities, up to certain limits. Insurance reserves are established for estimates of the loss that we will ultimately incur on reported claims, as well as loss estimates for claims that have been incurred but not yet reported. Recorded balances are based on third-party actuarial estimates, which incorporate historical loss experience and judgments about the present and expected cost per claim. Trends in actual experience are a significant factor in the determination of our reserves.

Workers' compensation, automobile liability and general liability insurance claims may take several years to completely settle. Consequently, actuarial estimates are required to project the ultimate cost that will be incurred to fully resolve a claim. A number of factors can affect the actual cost of a claim, including the length of time the claim remains open, trends in healthcare costs, the results of any related litigation and with respect to workers' compensation claims and changes in legislation. Furthermore, claims may emerge in a future year for events that occurred in a prior year at a rate that differs from actuarial projections. All of these factors can result in revisions to actuarial projections and produce a material difference between estimated and actual operating results. Based on our historical experience, during 2019 we changed our self-insurance reserves from the central estimate to the low end of the actuarial range of losses. We believe our estimated reserves for such claims are adequate; actual experience in claim frequency and/or severity could materially differ from our estimates and affect our results of operations. For additional information on our self-insurance reserves, refer to note 1 of the audited, consolidated financial statements.

We sponsor a number of health and welfare insurance plans for our employees. Liabilities and expenses related to these plans are based on estimates of, among other things, the number of employees and eligible dependents covered under the plans, anticipated medical usage by participants and overall trends in medical costs and inflation. We believe our estimates are reasonable/appropriate. Actual experience may differ from these estimates and, therefore, produce a material difference between estimated and actual operating results.

***Pension and Postretirement Medical Benefits***

Our pension and other postretirement benefit costs are calculated using various actuarial assumptions and methodologies. These assumptions include discount rates, healthcare cost trend rates, inflation, compensation increase rates, expected returns on plan assets, mortality rates and other factors. The assumptions utilized in recording the obligations under our plans represent our best estimates, and we believe that they are reasonable, based on information as to historical experience and performance as well as other factors that might cause future expectations to differ from past trends.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Differences in actual experience or changes in assumptions may affect our pension and other postretirement obligations and future expenses. The primary factors contributing to actuarial gains and losses each year are (1) changes in the discount rate used to value pension and postretirement benefit obligations as of the measurement date, (2) differences between the expected and the actual return on plan assets, (3) changes in demographic assumptions including mortality, (4) participant experience different from demographic assumptions and (5) changes in coordinating benefits with plans not sponsored by UPS. In October 2019, we refined the bond matching approach used to determine the discount rate for our U.S. pension and postretirement plans by implementing advances in technology and modeling techniques. This refinement decreased the projected benefit obligation on our consolidated balance sheet by approximately \$900 million as of December 31, 2019, decreased the pre-tax mark-to-market charge by approximately \$810 million and increased net income by \$616 million, or \$0.71 per share on a basic and diluted basis.

We recognize changes in the fair value of plan assets and net actuarial gains or losses in excess of a corridor (defined as 10% of the greater of the fair value of plan assets or the plans' projected benefit obligations) in pension expense annually at December 31st each year. The remaining components of pension expense (herein referred to as "ongoing net periodic benefit cost"), primarily service and interest costs and the expected return on plan assets, are reported on a quarterly basis.

The following sensitivity analysis shows the impact of a 25 basis point change in the assumed discount rate and return on assets for our pension and postretirement benefit plans, and the resulting increase/(decrease) on our obligations and expense as of, and for the year ended, December 31, 2019 (in millions).

<b>Pension Plans</b>	<b>25 Basis Point Increase</b>	<b>25 Basis Point Decrease</b>
<i>Discount Rate:</i>		
Effect on ongoing net periodic benefit cost	\$ (37)	\$ 38
Effect on net periodic benefit cost for amounts recognized outside the 10% corridor	(1,390)	2,043
Effect on projected benefit obligation	(2,156)	2,294
<i>Return on Assets:</i>		
Effect on ongoing net periodic benefit cost <sup>(1)</sup>	(100)	100
Effect on net periodic benefit cost for amounts recognized outside the 10% corridor <sup>(2)</sup>	(100)	100
<b>Postretirement Medical Plans</b>		
<i>Discount Rate:</i>		
Effect on ongoing net periodic benefit cost	3	(3)
Effect on net periodic benefit cost for amounts recognized outside the 10% corridor	(37)	48
Effect on accumulated postretirement benefit obligation	(55)	65
<i>Healthcare Cost Trend Rate:</i>		
Effect on ongoing net periodic benefit cost	1	(1)
Effect on net periodic benefit cost for amounts recognized outside the 10% corridor	4	(5)
Effect on accumulated postretirement benefit obligation	14	(16)

<sup>(1)</sup> Amount calculated based on 25 basis point increase / decrease in the expected return on assets.

<sup>(2)</sup> Amount calculated based on 25 basis point increase / decrease in the actual return on assets.

Refer to note 5 to the audited, consolidated financial statements for information on our potential liability for coordinating benefits related to the Central States Pension Fund.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS*****Depreciation, Residual Value and Impairment of Fixed Assets***

As of December 31, 2019, we had \$30.482 billion of net fixed assets, the most significant category of which is aircraft. In accounting for fixed assets, we make estimates of the expected useful lives, the expected residual values and the potential for impairment based on the fair values of the assets and the cash flows which they generate.

In estimating the lives and expected residual values of aircraft, we rely upon actual experience with the same or similar aircraft types. Revisions to these estimates could be caused by changes to our maintenance programs, changes in the utilization of the aircraft, governmental regulations on aging aircraft and changing market prices of new and used aircraft of the same or similar types. We periodically evaluate these estimates and assumptions, and adjust them as necessary. Adjustments are accounted for on a prospective basis through depreciation expense. In 2019, we revised our estimates of the useful lives and residual values for certain airframes, engines and related rotatable parts. This change increased the useful lives of certain fleet types and reduced the useful lives and residual values of the majority of our used aircraft. The net impact to 2019 depreciation expense was not material. In estimating cash flows, we project future volume levels for our different air products in all geographic regions in which we do business. Adverse changes in these volume forecasts, or a shortfall of our actual volume compared with our projections, could result in our current aircraft capacity exceeding current or projected demand. This situation could lead to an excess of a particular aircraft, resulting in an aircraft impairment charge or a reduction of the expected life of an aircraft (thus resulting in increased depreciation expense).

We evaluate the useful lives of our property, plant and equipment based on our usage, maintenance and replacement policies, and taking into account physical and economic factors that may affect the useful lives of the assets. As part of our ongoing investment in transformation in 2018, we revised our estimates of useful lives for building improvements, vehicles and plant equipment based on our current assessment of these factors. In general, these changes in estimate had the effect of lengthening the useful lives of vehicles, building improvements and plant equipment, and were applied prospectively beginning in 2018 through depreciation expense. See "Consolidated Operating Expenses" of this "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the discussion of the impacts to "Depreciation and Amortization." See note 1 to the audited, consolidated financial statements for a discussion of our accounting policies and note 4 for a discussion of the change in estimated useful lives.

We review long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market values, discounted cash flows or external appraisals, as appropriate. We review long-lived assets for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. The circumstances that would indicate potential impairment may include, but are not limited to, a significant change in the extent to which an asset is utilized and operating or cash flow losses associated with the use of the asset.

There were no impairment charges on our property, plant and equipment during 2019 or 2018.

***Fair Value Measurements***

In the normal course of business, we hold and issue financial instruments that contain elements of market risk, including derivatives, marketable securities, finance receivables, pension assets, other investments and debt. Certain of these financial instruments are required to be recorded at fair value, principally derivatives, marketable securities, pension assets and certain other investments. Fair values are based on listed market prices, when such prices are available. To the extent that listed market prices are not available, fair value is determined based on other relevant factors, including dealer price quotations. If listed market prices or other relevant factors are not available, inputs are developed from unobservable data reflecting our own assumptions and include situations where there is little or no market activity for the asset or liability. Certain financial instruments, including over-the-counter derivative instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlations, time value, credit spreads and yield curve volatility factors. Changes in the fixed income, foreign exchange and commodity markets will impact our estimates of fair value in the future, potentially affecting our results of operations. A quantitative sensitivity analysis of our exposure to changes in commodity prices, foreign currency exchange rates and interest rates is presented in the "Quantitative and Qualitative Disclosures about Market Risk" section of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

Certain non-financial assets and liabilities are measured at fair value on a nonrecurring basis, including property, plant, and equipment, goodwill and intangible assets. These assets are not measured at fair value on a recurring basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of an impairment.

For acquisitions, we allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired customers, technology and trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. As a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

***Income Taxes***

We make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of income by legal entity and jurisdiction, tax credits, benefits and deductions, and in the calculation of deferred tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes, as well as tax, interest and penalties related to uncertain tax positions. Significant changes to these estimates may result in an increase or decrease to our tax provision in a subsequent period.

We assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, we must increase our provision for taxes by recording a valuation allowance against the deferred tax assets that we estimate will not ultimately be recoverable. We believe that we will ultimately recover a substantial majority of the deferred tax assets recorded on our consolidated balance sheets. However, should there be a change in our ability to recover our deferred tax assets, our tax provision would increase in the period in which we determined that the recovery was not likely.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. Once it is determined that the position meets the recognition threshold, the second step requires us to estimate and measure the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement. The difference between the amount of recognizable tax benefit and the total amount of tax benefit from positions filed or to be filed with the tax authorities is recorded as a liability for uncertain tax benefits. It is inherently difficult and subjective to estimate such amounts, as we have to determine the probability of various possible outcomes. We reevaluate uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Such a change in recognition or measurement could result in the recognition of a tax benefit or an additional charge to the tax provision.

See note 14 to the audited consolidated financial statements for a discussion of impacts of the Tax Act.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS****Item 7A. *Quantitative and Qualitative Disclosures about Market Risk***

We are exposed to market risk from changes in certain commodity prices, foreign currency exchange rates, interest rates and equity prices. All of these market risks arise in the normal course of business, as we do not engage in speculative trading activities. In order to manage the risk arising from these exposures, we utilize a variety of commodity, foreign exchange and interest rate forward contracts, options and swaps. A discussion of our accounting policies for derivative instruments and further disclosures are provided in note 1 to the audited, consolidated financial statements.

*Commodity Price Risk*

We are exposed to changes in the prices of refined fuels, principally jet-A, diesel and unleaded gasoline, as well as changes in the price of natural gas and other alternative fuels. Currently, the fuel surcharges that we apply to our domestic and international package and LTL services are the primary means of reducing the risk of adverse fuel price changes. In order to mitigate the impact of fuel surcharges imposed on us by outside carriers, we regularly adjust the rates we charge for our freight brokerage, inter-modal and truckload services. The majority of our contracts for fuel purchases utilize index-based pricing formulas plus or minus a fixed locational/supplier differential. While many of the indices are aligned, each index may fluctuate at a different pace, driving variability in the prices paid for fuel. Because of this, our operating results may be affected should the market price of fuel suddenly change by a significant amount or change by amounts that do not result in an adjustment in our fuel surcharges, which can significantly affect our earnings either positively or negatively in the short-term. Additionally, we periodically use a combination of option, forward and futures contracts to provide partial protection from changing fuel and energy prices. As of December 31, 2019 and 2018, however, we had no commodity contracts outstanding.

*Foreign Currency Exchange Risk*

We have foreign currency risks related to our revenue, operating expenses and financing transactions in currencies other than the local currencies in which we operate. We are exposed to currency risk from the potential changes in functional currency values of our foreign currency-denominated assets, liabilities and cash flows. Our most significant foreign currency exposures relate to the Euro, British Pound Sterling, Canadian Dollar, Chinese Renminbi and Hong Kong Dollar. We use forwards as well as a combination of purchased and written options to hedge forecasted cash flow currency exposures. These derivative instruments generally cover forecasted foreign currency exposures for periods of 12 to 48 months. We also utilize forward contracts to hedge portions of our anticipated cash settlements of intercompany transactions and interest payments on certain debt subject to foreign currency remeasurement.

*Interest Rate Risk*

We have issued debt instruments, including debt associated with finance leases, that accrue expense at fixed and floating rates of interest. We use a combination of interest rate swaps as part of our program to manage the fixed and floating interest rate mix of our total debt portfolio and related overall cost of borrowing. The notional amount, interest payment and maturity dates of the swaps match the terms of the associated debt. We also utilize forward starting swaps and similar instruments to lock in all or a portion of the borrowing cost of anticipated debt issuances. Our floating-rate debt and interest rate swaps subject us to risk resulting from changes in short-term (primarily LIBOR) interest rates. For a discussion of the risks associated with the anticipated cessation of LIBOR, see Item 1A. Risk Factors - "The proposed phase out of the London Interbank Offer Rate ("LIBOR") could have an adverse effect on us".

We also are subject to interest rate risk with respect to our pension and postretirement benefit obligations, as changes in interest rates will effectively increase or decrease our liabilities associated with these benefit plans, which also results in changes to the amount of pension and postretirement benefit expense recognized in future periods.

We have investments in debt securities, as well as cash-equivalent instruments, some of which accrue income at variable rates of interest. Additionally, we hold a portfolio of finance receivables that accrue income at fixed and floating rates of interest.



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

*Sensitivity Analysis*

The following analysis provides quantitative information regarding our exposure to foreign currency exchange risk, interest rate risk and equity price risk embedded in our existing financial instruments. We utilize valuation models to evaluate the sensitivity of the fair value of financial instruments with exposure to market risk that assume instantaneous, parallel shifts in exchange rates, interest rate yield curves and commodity and equity prices. For options and instruments with non-linear returns, models appropriate to the instrument are utilized to determine the impact of market shifts.

There are certain limitations inherent in the sensitivity analyses presented, primarily due to the assumption that exchange rates change in a parallel fashion and that interest rates change instantaneously. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled. While this is our best estimate of the impact of the specified interest rate scenarios, these estimates should not be viewed as forecasts. We adjust the fixed and floating interest rate mix of our interest rate sensitive assets and liabilities in response to changes in market conditions. Additionally, changes in the fair value of foreign currency derivatives and commodity derivatives are offset by changes in the cash flows of the underlying hedged foreign currency and commodity transactions.

(in millions)	Shock-Test Result As of December 31,	
	2019	2018
<b>Change in Fair Value:</b>		
Currency Derivatives <sup>(1)</sup>	\$ (786)	\$ (743)
<b>Change in Annual Interest Expense:</b>		
Variable Rate Debt <sup>(2)</sup>	\$ 64	\$ 58
Interest Rate Derivatives <sup>(2)</sup>	\$ 37	\$ 47
<b>Change in Annual Interest Income:</b>		
Marketable Securities <sup>(3)</sup>	\$ —	\$ 1

<sup>(1)</sup> The potential change in fair value from a hypothetical 10% weakening of the U.S. Dollar against local currency exchange rates across all maturities.

<sup>(2)</sup> The potential change in annual interest expense resulting from a hypothetical 100 basis point increase in short-term interest rates, applied to our variable rate debt and swap instruments (excluding hedges of anticipated debt issuances).

<sup>(3)</sup> The potential change in interest income resulting from a hypothetical 100 basis point increase in short-term interest rates, applied to our variable rate investment holdings.

The sensitivity of our pension and postretirement benefit obligations to changes in interest rates is quantified in “Critical Accounting Policies and Estimates”. The sensitivity in the fair value and interest income of our finance receivables due to changes in interest rates was not material as of December 31, 2019 and 2018.

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## Report of Independent Registered Public Accounting Firm

To the Shareowners and Board of Directors of  
United Parcel Service, Inc.  
Atlanta, Georgia

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of United Parcel Service, Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 20, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for leases due to the adoption of Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases (Topic 842)*. This change has been applied on a modified retrospective basis effective on January 1, 2019.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

***Central States Pension Fund coordinating benefit obligation assumptions - Refer to Note 5, Company-Sponsored Employee Benefit Plans (Actuarial Assumptions - Central States Pension Fund), to the financial statements***

*Critical Audit Matter Description*

The Company was a contributing employer to the Central States Pension Fund (“CSPF”) until 2007 when it withdrew and fully funded its allocable share of unvested benefits. The Company agreed to provide coordinating benefits in the UPS/IBT Full Time Employee Pension Plan (“UPS/IBT Plan”) to CSPF participants whose last employer was the Company and who had not retired as of January 1, 2008 (the “UPS Transfer Group”) if the CSPF were to lawfully reduce benefits consistent with the terms of its withdrawal agreement with the Company. The CSPF has asserted that, absent legislative reform, it will become insolvent in 2025. If the CSPF were to become insolvent consistent with that assertion, the Company may be required to provide coordinating benefits through the UPS/IBT Plan to the UPS Transfer Group.

Under accounting standards generally accepted in the United States of America (“GAAP”), the Company is required to determine its best estimate of the eventual outcome of this matter and is prohibited from anticipating potential changes in law in making that best estimate. The Company considered potential outcomes based on the existing legislative framework, including the eventual insolvency of the CSPF or an approved application to reduce benefits under the U.S. Multiemployer Pension Reform Act (“MPRA”). As the Company cannot consider a legislative solution when making its best estimate of its projected benefit obligation, the Company believes the trustees of the CSPF (the “Trustees”) would be more likely to pursue an application to reduce benefits under the MPRA than they would be to allow the insolvency of the CSPF.

Based upon this possible outcome, the Company developed assumptions related to 1) the order in which benefits would be reduced to groups of participants under MPRA, 2) whether CSPF can reduce benefits to the UPS Transfer Group under MPRA without the Company’s consent, 3) the timing and effective date of a MPRA application, and 4) the actuarial assumptions associated with the timing of future CSPF cash flows. Based on the Company’s deterministic cash flow projection, management recorded a projected benefit obligation of \$2.6 billion for the CSPF coordinating benefits at December 31, 2019. Given that the passage of time or changes in actuarial assumptions could reduce or eliminate the effectiveness of a MPRA application in the future, it is reasonably possible that, at the next measurement date, the projected benefit obligation could increase by approximately \$2.2 billion, resulting in a total obligation for the CSPF coordinating benefits of \$4.8 billion. The Company also developed disclosures of the risks and uncertainties associated with this matter.

The assumptions require significant management judgment and the following audit considerations:

1. Auditing management’s conclusion that the CSPF benefits to the UPS Transfer Group cannot be reduced without first exhausting benefit reductions to the other CSPF participants is challenging because there appears to be multiple legal interpretations of the benefit reduction provisions of MPRA and those provisions have not yet been litigated.
2. Auditing management’s conclusion that the CSPF could not reduce benefits to the UPS Transfer Group without the Company’s consent requires judgment because the agreement between CSPF and the Company requiring such consent was made before the passage of MPRA and has not yet been litigated.
3. Auditing management’s assumptions related to the timing and effective date of a MPRA application is subjective.
4. Auditing the actuarial assumptions used to estimate the timing and present value of future CSPF cash flows is challenging because the underlying data is limited to information made publicly available by the CSPF.
5. Auditing the sufficiency of the Company’s disclosure of this matter in the footnotes to the financial statements is challenging due to the number of uncertainties associated with the potential obligation.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures to address the Company’s assumptions used to measure its potential obligation to pay for CSPF coordinating benefits to the UPS Transfer Group (the “Coordinating Benefits”) included the following, among others:

- We tested the effectiveness of controls over Coordinating Benefits assumptions, including those over the determination of the accounting model, the key legal positions relevant to determining its Coordinating Benefits obligation, the other actuarial assumptions used to project the potential Coordinating Benefits obligation; and the related financial statement disclosures.

- With the assistance of professionals in our firm having expertise in pension accounting, we evaluated the Company's conclusions regarding the accounting model applied to the Coordinating Benefits obligation through consideration of possible alternatives under GAAP.
- We evaluated the Company's assumptions used in determining the most likely outcome of the CSPF matter under the existing legislative framework. In order to evaluate the Company's expectation that the Trustees would pursue another benefit suspension in order to avoid insolvency, we obtained evidence regarding the fiduciary responsibilities of the Trustees to govern the CSPF in a manner that continues to provide benefits to participants and their beneficiaries.
- We evaluated the Company's conclusion that 1) the CSPF could not reduce benefits to the UPS Transfer Group under MPRA without first exhausting benefit reductions to the other CSPF participants and 2) the CSPF could not reduce benefits without obtaining the Company's consent based on the terms of an agreement between the CSPF and the Company. Specifically, we examined letters from internal and external counsel describing both counsel's conclusion that those positions are more likely than not to be sustained if they were to be litigated. With the assistance of professionals in our firm having expertise in legal matters, we also evaluated whether the legal arguments supporting this assertion had substantive legal basis.
- With the assistance of our actuarial specialists, we tested the underlying data and actuarial model used by management to estimate the potential obligation to provide Coordinating Benefits, including consideration of (1) the expected timing of CSPF benefit reductions; (2) the discount rate; (3) the projected contributions and benefit payments; and (4) the expected return on CSPF assets. Further, because the data used by management is limited to publicly available CSPF information, we considered whether other available sources of data may yield a more precise estimate.
- We compared the Company's footnote disclosure relating to this matter to the information communicated between management and the Company's audit committee to evaluate whether significant uncertainties had been omitted from the disclosure.

***Valuation of U.S. hedge fund, risk parity, private debt, private equity and real estate investments - Refer to Note 5, Company-Sponsored Employee Benefit Plans (Fair Value Measurements), to the financial statements***

*Critical Audit Matter Description*

The Company's U.S. pension and postretirement medical benefit plans (the "U.S. Plans") held hedge fund, risk parity, private debt, private equity and real estate investments valued at \$7.6 billion as of December 31, 2019.

The Company determines the reported values of the U.S. Plans' investments in hedge, risk parity, private debt, private equity and real estate funds primarily based on the estimated net asset value ("NAV") of the fund. In order to estimate NAV, the Company evaluates audited and unaudited financial reports from fund managers, and makes adjustments, as appropriate, for investment activity between the date of the financial reports and December 31<sup>st</sup>. These investments are not actively traded, and their values can only be estimated using these subjective assumptions.

Auditing the estimated NAV of these hedge fund, risk parity, private debt, private equity and real estate instruments requires a high degree of auditor judgment and subjectivity to evaluate the completeness, reliability and relevance of the inputs used by management.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the inputs used by management to estimate the NAV of the U.S. Plans' hedge fund, risk parity, private debt, private equity and real estate investments included the following, among others:

- We tested the effectiveness of controls, including those related to the reliability of values reported by fund managers, the relevance of asset class benchmark returns, and the completeness and accuracy of unobservable inputs related to the underlying assets of the funds.

- For certain investments, we confirmed directly with the respective fund manager its preliminary estimate of the fund's NAV as of December 31, 2019.
- We evaluated the Company's ability to accurately estimate NAV for these funds by comparing each fund's recorded valuation as of its most recent fiscal year end to the audited fund financial statements (which are received in arrears of the Company's reporting timetable).

***Revenue - Refer to Note 2, Revenue Recognition, to the financial statements***

*Critical Audit Matter Description*

Approximately 80 percent of the Company's revenues are from its global small package operations that provide time-definite delivery services for express letters, documents, small packages and palletized freight via air and ground services. The Company's global small package revenues are comprised of a significant volume of low-dollar transactions sourced from systems that were primarily developed by the Company. The processing of transactions, including the recording of them, is highly automated and based on contractual terms with the Company's customers.

Auditing global small package revenue required a significant extent of effort and the involvement of professionals with expertise in information technology ("IT") necessary for us to identify, test, and evaluate the Company's systems, software applications, and automated controls.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the Company's systems to process global small package revenue transactions included the following, among others:

- With the assistance of our IT specialists, we:
  - Identified the significant systems used to process global small package revenue transactions and tested the effectiveness of the general IT controls over each of these systems, including testing of user access controls, change management controls, and IT operations controls.
  - Tested the effectiveness of system interface controls and automated controls within the global small package revenue stream, as well as the controls designed to ensure the accuracy and completeness of revenue. We tested the effectiveness of controls over the relevant global small package revenue business processes, including those in place to reconcile the various systems to the Company's general ledger.
- We performed analytical procedures to evaluate the Company's recorded revenue and evaluate trends.
- For a sample of customers, we read the Company's contract with the customer and evaluated the Company's pattern of revenue recognition for the customer. In addition, we evaluated the accuracy of the Company's recorded global small package revenue for a sample of customer invoices.

/s/ Deloitte & Touche LLP

Atlanta, Georgia  
February 20, 2020

We have served as the Company's auditor since 1969.

**UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In millions)

	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 5,238	\$ 4,225
Marketable securities	503	810
Accounts receivable, net	9,552	8,958
Current income taxes receivable	382	940
Other current assets	1,428	1,277
Total Current Assets	17,103	16,210
Property, Plant and Equipment, Net	30,482	26,576
Operating Lease Right-Of-Use Assets	2,856	—
Goodwill	3,813	3,811
Intangible Assets, Net	2,167	2,075
Investments and Restricted Cash	24	170
Deferred Income Tax Assets	330	141
Other Non-Current Assets	1,082	1,033
Total Assets	<u>\$ 57,857</u>	<u>\$ 50,016</u>
<b>LIABILITIES AND SHAREOWNERS' EQUITY</b>		
Current Liabilities:		
Current maturities of long-term debt and commercial paper	\$ 3,420	\$ 2,805
Current maturities of operating leases	538	—
Accounts payable	5,555	5,188
Accrued wages and withholdings	2,552	3,047
Self-insurance reserves	914	810
Accrued group welfare and retirement plan contributions	793	715
Other current liabilities	1,641	1,522
Total Current Liabilities	15,413	14,087
Long-Term Debt and Finance Leases	21,818	19,931
Non-Current Operating Leases	2,391	—
Pension and Postretirement Benefit Obligations	10,601	8,347
Deferred Income Tax Liabilities	1,632	1,619
Self-Insurance Reserves	1,282	1,571
Other Non-Current Liabilities	1,437	1,424
Shareowners' Equity:		
Class A common stock (156 and 163 shares issued in 2019 and 2018)	2	2
Class B common stock (701 and 696 shares issued in 2019 and 2018)	7	7
Additional paid-in capital	150	—
Retained earnings	9,105	8,006
Accumulated other comprehensive loss	(5,997)	(4,994)
Deferred compensation obligations	26	32
Less: Treasury stock (0.4 shares in 2019 and 0.6 shares in 2018)	(26)	(32)
Total Equity for Controlling Interests	3,267	3,021
Noncontrolling Interests	16	16
Total Shareowners' Equity	<u>3,283</u>	<u>3,037</u>
Total Liabilities and Shareowners' Equity	<u>\$ 57,857</u>	<u>\$ 50,016</u>

See notes to audited, consolidated financial statements.

**UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES**  
**STATEMENTS OF CONSOLIDATED INCOME**  
(In millions, except per share amounts)

	Years Ended December 31,		
	2019	2018	2017
Revenue	\$ 74,094	\$ 71,861	\$ 66,585
Operating Expenses:			
Compensation and benefits	38,908	37,235	34,577
Repairs and maintenance	1,838	1,732	1,601
Depreciation and amortization	2,360	2,207	2,282
Purchased transportation	12,590	13,409	11,696
Fuel	3,289	3,427	2,690
Other occupancy	1,392	1,362	1,155
Other expenses	5,919	5,465	5,055
Total Operating Expenses	66,296	64,837	59,056
Operating Profit	7,798	7,024	7,529
Other Income and (Expense):			
Investment income (expense) and other	(1,493)	(400)	61
Interest expense	(653)	(605)	(453)
Total Other Income and (Expense)	(2,146)	(1,005)	(392)
Income Before Income Taxes	5,652	6,019	7,137
Income Tax Expense	1,212	1,228	2,232
Net Income	<u>\$ 4,440</u>	<u>\$ 4,791</u>	<u>\$ 4,905</u>
Basic Earnings Per Share	<u>\$ 5.14</u>	<u>\$ 5.53</u>	<u>\$ 5.63</u>
Diluted Earnings Per Share	<u>\$ 5.11</u>	<u>\$ 5.51</u>	<u>\$ 5.61</u>

**STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)**  
(In millions)

	Years Ended December 31,		
	2019	2018	2017
Net Income	\$ 4,440	\$ 4,791	\$ 4,905
Change in foreign currency translation adjustment, net of tax	48	(149)	86
Change in unrealized gain (loss) on marketable securities, net of tax	6	—	(1)
Change in unrealized gain (loss) on cash flow hedges, net of tax	72	485	(321)
Change in unrecognized pension and postretirement benefit costs, net of tax	(1,129)	272	(148)
Comprehensive Income (Loss)	<u>\$ 3,437</u>	<u>\$ 5,399</u>	<u>\$ 4,521</u>

See notes to audited, consolidated financial statements.



**UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES**  
**STATEMENTS OF CONSOLIDATED CASH FLOWS**  
(In millions)

	Years Ended December 31,		
	2019	2018	2017
<b>Cash Flows From Operating Activities:</b>			
Net income	\$ 4,440	\$ 4,791	\$ 4,905
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	2,360	2,207	2,282
Pension and postretirement benefit expense	3,141	2,242	1,643
Pension and postretirement benefit contributions	(2,362)	(186)	(7,794)
Self-insurance reserves	(185)	(86)	—
Deferred tax (benefit) expense	100	758	1,224
Stock compensation expense	915	634	584
Other (gains) losses	74	293	37
Changes in assets and liabilities, net of effects of business acquisitions:			
Accounts receivable	(717)	(421)	(1,022)
Other assets	698	754	(984)
Accounts payable	419	1,034	599
Accrued wages and withholdings	(446)	505	200
Other liabilities	182	170	(243)
Other operating activities	20	16	48
Net cash from operating activities	<u>8,639</u>	<u>12,711</u>	<u>1,479</u>
<b>Cash Flows From Investing Activities:</b>			
Capital expenditures	(6,380)	(6,283)	(5,227)
Proceeds from disposals of property, plant and equipment	65	37	24
Purchases of marketable securities	(561)	(973)	(1,630)
Sales and maturities of marketable securities	883	886	1,990
Net change in finance receivables	13	4	5
Cash paid for business acquisitions, net of cash and cash equivalents acquired	(6)	(2)	(134)
Other investing activities	(75)	1	1
Net cash (used in) investing activities	<u>(6,061)</u>	<u>(6,330)</u>	<u>(4,971)</u>
<b>Cash Flows From Financing Activities:</b>			
Net change in short-term debt	310	63	(250)
Proceeds from long-term borrowings	5,205	1,202	12,016
Repayments of long-term borrowings	(3,096)	(2,887)	(3,939)
Purchases of common stock	(1,004)	(1,011)	(1,813)
Issuances of common stock	218	240	247
Dividends	(3,194)	(3,011)	(2,771)
Other financing activities	(166)	(288)	(203)
Net cash (used in)/from financing activities	<u>(1,727)</u>	<u>(5,692)</u>	<u>3,287</u>
<b>Effect Of Exchange Rate Changes On Cash, Cash Equivalents and Restricted Cash</b>	<u>20</u>	<u>(91)</u>	<u>53</u>
<b>Net Increase (Decrease) In Cash, Cash Equivalents and Restricted Cash</b>	<u>871</u>	<u>598</u>	<u>(152)</u>
<b>Cash, Cash Equivalents and Restricted Cash:</b>			
Beginning of period	4,367	3,769	3,921
End of period	<u>\$ 5,238</u>	<u>\$ 4,367</u>	<u>\$ 3,769</u>
<b>Cash Paid During The Period For:</b>			
Interest (net of amount capitalized)	<u>\$ 628</u>	<u>\$ 595</u>	<u>\$ 428</u>
Income taxes (net of refunds and overpayments)	<u>\$ 514</u>	<u>\$ 2</u>	<u>\$ 1,559</u>

See notes to audited, consolidated financial statements.

**UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF ACCOUNTING POLICIES**

*Basis of Financial Statements and Business Activities*

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”), and include the accounts of United Parcel Service, Inc., and all of its consolidated subsidiaries (collectively “UPS” or the “Company”). All intercompany balances and transactions have been eliminated.

We provide transportation services, primarily domestic and international letter and package delivery. Through our Supply Chain & Freight subsidiaries, we are also a global provider of specialized transportation, logistics and financial services.

*Use of Estimates*

The preparation of our consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses and the disclosure of contingencies. Estimates have been prepared on the basis of the most current and best information, and actual results could differ materially from those estimates.

*Revenue Recognition*

*U.S. Domestic and International Package Operations*—Revenue is recognized over time as we perform the services in the contract.

*Forwarding*—Freight forwarding revenue and the expense related to the transportation of freight are recognized over time as we perform the services. Truckload brokerage revenue and related transportation costs are recognized over time as we perform the services. Customs brokerage revenue is recognized upon completing documents necessary for customs entry purposes.

*Logistics*—In our Logistics business we have a right to consideration from customers in an amount that corresponds directly with the value to the customers of our performance completed to date, and as such we recognize revenue in the amount to which we have a right to invoice the customer.

*UPS Freight*—Revenue is recognized over time as we perform the services in the contract.

*Financial Services*—Income on loans and direct finance leases is recognized on the effective interest method. Accrual of interest income is suspended at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days delinquent. Income on operating leases is recognized on the straight-line method over the terms of the underlying leases.

*Principal vs. Agent Considerations*—We utilize independent contractors and third-party carriers in the performance of some transportation services. GAAP requires us to evaluate whether our businesses themselves promise to transfer services to the customer (as the principal) or to arrange for services to be provided by another party (as the agent) using a control model. Based on our evaluation of the control model, we determined that all of our major businesses act as the principal rather than the agent within their revenue arrangements. Revenue and the associated purchased transportation costs are reported on a gross basis within our statements of consolidated income.

Refer to note 2 for further discussion of our revenue recognition policies.

*Cash and Cash Equivalents*

Cash and cash equivalents consist of highly liquid investments that are readily convertible into cash. We consider securities with maturities of three months or less, when purchased, to be cash equivalents. The carrying amount of these securities approximates fair value because of the short-term maturity of these instruments.

### *Investments*

Debt securities are either classified as trading or available-for-sale securities and are carried at fair value. Unrealized gains and losses on trading securities are reported as investment income (expense) and other on the statements of consolidated income. Unrealized gains and losses on available-for-sale securities are reported as accumulated other comprehensive income (“AOCI”), a separate component of shareowners’ equity. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion is included in investment income (expense) and other, along with interest and dividends. The cost of securities sold is based on the specific identification method; realized gains and losses resulting from such sales are included in investment income (expense) and other.

We periodically review our available-for-sale investments for indications of other-than-temporary impairment considering many factors, including the extent and duration to which a security’s fair value has been less than its cost, overall economic and market conditions and the financial condition and specific prospects for the issuer. Impairment of available-for-sale securities results in a charge to income when a market decline below cost is other-than-temporary.

### *Inventories*

Fuel and other materials and supplies inventories are recognized as inventory when purchased, and then charged to expense when used in our operations. Jet fuel, diesel and unleaded gasoline inventories are valued at the lower of average cost or net realizable value. Total inventories were \$511 and \$421 million as of December 31, 2019 and 2018, respectively, and are included in “Other current assets” on the consolidated balance sheets.

### *Property, Plant and Equipment*

Property, plant and equipment are carried at cost. We evaluate the useful lives of our property, plant and equipment based on our usage, maintenance and replacement policies, and taking into account physical and economic factors that may affect the useful lives of the assets. As part of our ongoing investment in transformation in 2018, we revised our estimates of useful lives for building improvements, vehicles and plant equipment based on our current assessment of these factors. In 2019, we revised our estimates of useful lives and residual values for certain airframes, engines and related rotatable parts. The changes in estimate had the effect of lengthening the useful lives of building improvements, vehicles, plant equipment and certain aircraft, and reduced the useful lives and residual values of the majority of our used aircraft.

Depreciation and amortization are provided by the straight-line method over the estimated useful lives of the assets, which are as follows:

- Aircraft: 12 to 40 years
- Buildings: 20 to 40 years
- Leasehold Improvements: lesser of asset useful life or lease term
- Plant Equipment: 3 to 20 years
- Technology Equipment: 3 to 5 years
- Vehicles: 6 to 15 years

For substantially all of our aircraft, the costs of major airframe and engine overhauls, as well as routine maintenance and repairs, are charged to expense as incurred.

Interest incurred during the construction period of certain property, plant and equipment is capitalized until the underlying assets are placed in service, at which time amortization of the capitalized interest begins, straight-line, over the estimated useful lives of the related assets. Capitalized interest was \$91 and \$97 million in 2019 and 2018, respectively.

We review long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on its undiscounted future cash flows. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market values, discounted cash flows or external appraisals, as appropriate. We review long-lived assets for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

### *Leased Assets*

For a discussion of our accounting policies related to leased assets, refer to note 10.

### *Goodwill and Intangible Assets*

Costs of purchased businesses in excess of net identifiable assets acquired (goodwill), and indefinite-lived intangible assets are tested for impairment at least annually, unless changes in circumstances indicate an impairment may have occurred sooner. We are required to test goodwill on a reporting unit basis. A reporting unit is the operating segment unless, for businesses within that operating segment, discrete financial information is prepared and regularly reviewed by management, in which case such a component business is the reporting unit.

In assessing goodwill for impairment, we initially evaluate qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We consider several factors, including macroeconomic conditions, industry and market conditions, overall financial performance of the reporting unit, changes in management, strategy or customers and relevant reporting unit-specific events such as a change in the carrying amount of net assets, a more likely than not expectation of selling or disposing of all, or a portion of, a reporting unit, and the testing for recoverability of a significant asset group within a reporting unit. If this qualitative assessment results in a conclusion that it is more likely than not that the fair value of a reporting unit exceeds the carrying value, then no further testing is performed for that reporting unit.

If the qualitative assessment is not conclusive and it is necessary to calculate the fair value of a reporting unit, then we utilize a two-step process to test goodwill for impairment. First, a comparison of the fair value of the applicable reporting unit with the aggregate carrying value, including goodwill, is performed. If the carrying amount of a reporting unit exceeds its calculated fair value, then the second step is performed, and an impairment charge is recognized for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. We primarily determine the fair value of our reporting units using a discounted cash flow model and supplement this with observable valuation multiples for comparable companies, as appropriate.

A trade name with a carrying value of \$200 million and licenses with a carrying value of \$4 million as of December 31, 2019 are considered to be indefinite-lived intangibles, and therefore are not amortized. Indefinite-lived intangible assets are reviewed for impairment at least annually. We determined that the income approach, specifically the relief from royalty method, is the most appropriate valuation method to estimate the fair value of the trade name. The estimated fair value of the trade name is compared to the carrying value of the asset. If the carrying value of the trade name exceeds its estimated fair value, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds its fair value.

Finite-lived intangible assets, including trademarks, licenses, patents, customer lists, non-compete agreements and franchise rights are amortized on a straight-line basis over the estimated useful lives of the assets, which range from 2 to 22 years. Capitalized software is generally amortized over 7 years.

### *Self-Insurance Accruals*

We self-insure costs associated with workers' compensation claims, automobile liability, health and welfare and general business liabilities, up to certain limits. Insurance reserves are established for estimates of the loss that we will ultimately incur on reported claims, as well as estimates of claims that have been incurred but not yet reported. The expected ultimate cost for claims incurred is estimated based upon historical loss experience and judgments about the present and expected levels of cost per claim. Trends in actual experience are a significant factor in the determination of our reserves.

Workers' compensation, automobile liability and general liability insurance claims may take several years to completely settle. Consequently, actuarial estimates are required to project the ultimate cost that will be incurred to fully resolve a claim. A number of factors can affect the actual cost of a claim, including the length of time the claim remains open, trends in healthcare costs, the results of any related litigation and with respect to workers' compensation claims, changes in legislation. Furthermore, claims may emerge in a future year for events that occurred in a prior year at a rate that differs from actuarial projections. All of these factors can result in revisions to actuarial projections and produce a material difference between estimated and actual operating results. Based on our historical experience, during 2019 we changed our self-insurance reserves from the central estimate to the low end of the actuarial range of losses. The principal result of this change was a decrease in expense of \$94 million and an increase in net income of \$72 million, or \$0.08 per share on a basic and diluted basis. We believe our estimated reserves for such claims are adequate, but actual experience in claim frequency and/or severity could materially differ from our estimates and affect our results of operations.

We sponsor a number of health and welfare insurance plans for our employees. These liabilities and related expenses are based on estimates of the number of employees and eligible dependents covered under the plans, anticipated medical usage by participants and overall trends in medical costs and inflation.

### *Pension and Postretirement Benefits*

We incur certain employment-related expenses associated with pension and postretirement medical benefits. These pension and postretirement medical benefit costs for company-sponsored benefit plans are calculated using various actuarial assumptions and methodologies, including discount rates, expected returns on plan assets, healthcare cost trend rates, inflation, compensation increase rates, mortality rates and coordination of benefits with plans not sponsored by UPS. Actuarial assumptions are reviewed on an annual basis, unless circumstances require an interim remeasurement of any of our plans.

We recognize changes in the fair value of plan assets and net actuarial gains or losses in excess of a corridor (defined as 10% of the greater of the fair value of plan assets or the plan's projected benefit obligation) in net periodic benefit cost other than service cost annually at December 31st each year. The remaining components of pension expense, primarily service and interest costs and the expected return on plan assets, are recorded on a quarterly basis.

For eligible employees hired after July 1, 2016, UPS contributes annually to a defined contribution plan. We recognize expense for the required contribution quarterly, and we recognize a liability for any contributions due and unpaid (included in "Other current liabilities").

During June 2017, we amended the UPS Retirement Plan and Excess Coordinating Plan to cease accrual of additional benefits for future service for non-union participants effective January 1, 2023. We remeasured plan assets and pension benefit obligations for the affected pension plans as of June 30, 2017 to recognize the impact of this change.

We participate in a number of trustee-managed multiemployer pension and health and welfare plans for employees covered under collective bargaining agreements. Our contributions to these plans are determined in accordance with the respective collective bargaining agreements. We recognize expense for the contractually required contribution for each period, and we recognize a liability for any contributions due and unpaid within "Other current liabilities".

### *Income Taxes*

Income taxes are accounted for on an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. In estimating future tax consequences, we generally consider all expected future events other than proposed changes in the tax law or rates. Valuation allowances are provided if it is more likely than not that a deferred tax asset will not be realized.

We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. Once it is determined that the position meets the recognition threshold, the second step requires us to estimate and measure the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement. The difference between the amount of recognizable tax benefit and the total amount of tax benefit from positions filed or to be filed with the tax authorities is recorded as a liability for uncertain tax benefits. It is inherently difficult and subjective to estimate such amounts, as we have to determine the probability of various possible outcomes. We reevaluate uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Such a change in recognition or measurement could result in the recognition of a tax benefit or an additional charge to the tax provision.

In January 2018, the Financial Accounting Standards Board ("FASB") released guidance on the accounting for tax on the Global Intangible Low-Taxed Income ("GILTI") provisions of the Tax Cuts and Jobs Act (the "Tax Act"). The GILTI provisions impose U.S. tax on certain foreign income in excess of a deemed return on tangible assets of foreign corporations. The guidance indicates that either accounting for deferred taxes related to GILTI inclusions or treating any taxes on GILTI inclusions as period costs are both acceptable methods subject to an accounting policy election. We elect to treat any potential GILTI inclusions as period costs.

### *Foreign Currency Translation and Remeasurement*

We translate the results of operations of our foreign subsidiaries using average exchange rates during each period, whereas balance sheet accounts are translated using exchange rates at the end of each period. Balance sheet currency translation adjustments are recorded in AOCI. Pre-tax foreign currency transaction gains (losses) from remeasurement, net of hedging, included in investment income (expense) and other were \$(6), \$(19) and \$3 million in 2019, 2018 and 2017, respectively.

### *Stock-Based Compensation*

All share-based awards to employees are measured based on their fair values and expensed over the period during which an employee is required to provide service in exchange for the award (the vesting period), less estimated forfeitures. We have issued employee share-based awards under the UPS Incentive Compensation Plan that are subject to specific vesting conditions, including service conditions, where the awards cliff vest or vest ratably over a one, three, or five year period (the "nominal vesting period") or at the date the employee retires (as defined by the plan), if earlier. Compensation cost is generally recognized immediately for awards granted to retirement-eligible employees, or over the period from the grant date to the date retirement eligibility is achieved, if that is expected to occur during the nominal vesting period. We estimate forfeiture rates based on historical rates of forfeitures for awards with similar characteristics, historical rates of employee turnover and the nature and terms of the vesting conditions of the awards. We reevaluate our forfeiture rates on an annual basis.

### *Fair Value Measurements*

Our financial assets and liabilities measured at fair value on a recurring basis have been categorized based upon a fair value hierarchy. Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities. Level 2 inputs are based on other observable market data, such as quoted prices for similar assets and liabilities, and inputs other than quoted prices that are observable, such as interest rates and yield curves. Level 3 inputs are developed from unobservable data reflecting our own assumptions, and include situations where there is little or no market activity for the asset or liability.

Certain non-financial assets and liabilities are measured at fair value on a nonrecurring basis, including property, plant, and equipment, goodwill and intangible assets. These assets are subject to fair value adjustments in certain circumstances, such as when there is evidence of an impairment. A general description of the valuation methodologies used for assets and liabilities measured at fair value, including the general classification of such assets and liabilities pursuant to the valuation hierarchy, is included in each footnote with fair value measurements present.

For acquisitions, we allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets, including but are not limited to, future expected cash flows from acquired customers, acquired technology and trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

### *Derivative Instruments*

We recognize all derivative instruments as assets or liabilities in the consolidated balance sheets at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the derivative, based upon the exposure being hedged, as a cash flow hedge, a fair value hedge or a hedge of a net investment in a foreign operation.

A cash flow hedge refers to hedging the exposure to variability in expected future cash flows that is attributable to a particular risk. For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative instrument is reported as a component of AOCI, and reclassified into earnings in the same period during which the hedged transaction affects earnings.

A fair value hedge refers to hedging the exposure to changes in the fair value of an existing asset or liability in the consolidated balance sheets that is attributable to a particular risk. For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative instrument is recognized in the statements of consolidated income during the current period, as well as the offsetting gain or loss on the hedged item.

A net investment hedge refers to the use of cross currency swaps, forward contracts or foreign currency denominated debt to hedge portions of net investments in foreign operations. For hedges that meet the hedge accounting requirements, the net gains or losses attributable to changes in spot exchange rates are recorded in the foreign currency translation adjustment within AOCI, and are recorded in the income statement when the hedged item affects earnings.

### *Adoption of New Accounting Standards*

In May 2014, the FASB issued an accounting standards update ("ASU") that changes the revenue recognition for companies that enter into contracts with customers to transfer goods or services ("*Revenue from Contracts with Customers*"). The standard is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner depicting the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. The FASB also issued a number of updates to this standard. Effective January 1, 2018, we adopted the requirements of this ASU using the full retrospective method. See note 2 for disclosures required by this ASU.

In January 2016, the FASB issued an ASU which addresses certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. We adopted this standard on January 1, 2018. The adoption of this ASU did not have a material impact on our consolidated financial position, results of operations or cash flows.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize a right-of-use asset and lease liability on their balance sheet for all leases with terms beyond twelve months. The new standard also requires enhanced disclosures that provide more transparency and information to financial statement users about lease portfolios. Effective January 1, 2019, we adopted the requirements of this ASU using the modified retrospective approach. We elected the transition package of practical expedients permitted within the standard. As a result, we did not reassess initial direct costs, lease classification, or whether our contracts contain or are leases. We also made an accounting policy election to not recognize right-of-use assets and liabilities for leases with an original lease term of twelve months or less, unless the leases include options to renew or purchase the underlying asset that are reasonably certain to be exercised.

The adoption on January 1, 2019 resulted in the recognition of right-of-use assets for operating leases of approximately \$2.65 billion and operating lease liabilities of approximately \$2.70 billion. The consolidated financial statements for the year ended December 31, 2019 are presented under the new standard, while comparative periods presented have not been adjusted and continue to be reported in accordance with the previous standard. See note 10 for additional disclosures required by this ASU.

In August 2016, the FASB issued an ASU that addressed the classification and presentation of specific cash flow matters. The guidance also clarified how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. The guidance was applied retrospectively. We adopted this standard on January 1, 2018. This standard did not have a material impact on our statements of consolidated cash flows.

In November 2016, the FASB issued an ASU intended to reduce diversity in practice by adding or clarifying guidance on classification and presentation of changes in restricted cash on the statement of cash flows ("*Restricted Cash*"). Effective January 1, 2018, we adopted the requirements of this ASU retrospectively. As a result of this update, restricted cash is included within cash and cash equivalents on our statements of consolidated cash flows.

In March 2017, the FASB issued an ASU to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost ("*Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*"). The update requires employers to report the current service cost component in the same line item as other compensation costs arising from services rendered by employees during the period. The other components of net periodic benefit cost are required to be presented separately from service cost and outside of income from operations. Effective January 1, 2018, we adopted the requirements of this ASU retrospectively, as required. As a result of this update, the net amount of interest cost, prior service cost and expected return on plan assets is now presented as other income.

In March 2017, the FASB issued an ASU requiring the premium on callable debt securities to be amortized to the earliest call date. We adopted this standard on January 1, 2019. It did not have a material impact on our consolidated financial position, results of operations or cash flows.

In May 2017, the FASB issued an ASU to provide clarity and reduce complexity on when to apply modification accounting to existing share-based payment awards. We adopted this standard on January 1, 2018. This ASU did not have a material impact on our consolidated financial position, results of operations or cash flows.

In August 2017, the FASB issued an ASU to enhance recognition of the economic results of hedging activities in the financial statements. In addition, the update made certain targeted improvements to simplify the application of hedge accounting guidance and increase transparency regarding the scope and results of hedging activities. We adopted this standard on January 1, 2019. It did not have a material impact on our consolidated financial position, results of operations or cash flows but did require additional disclosures. See note 16 for disclosures required by this ASU.

In February 2018, the FASB issued an ASU that allows a reclassification from AOCI to retained earnings for stranded tax effects resulting from the Tax Act. Effective January 1, 2018, we early adopted this ASU and elected to reclassify the income tax effects of the Tax Act from AOCI to retained earnings. This resulted in a \$735 million increase to retained earnings and a \$735 million decrease to AOCI. Our current accounting policy for releasing income tax effects from other comprehensive income is based on a portfolio approach.

In August 2018, the FASB issued an ASU that modifies the disclosure requirements for employers that sponsor defined benefit pension and postretirement plans. The update eliminates the disclosures for amounts in AOCI expected to be recognized as components of net periodic cost over the next fiscal year and the effects of a one percentage point change in the assumed healthcare cost trend rate. The update adds disclosure requirements to include the weighted-average interest crediting rates for cash balance plans and a narrative description of the significant gains and losses related to changes in the benefit obligation for the period. We early adopted this standard for the year ended December 31, 2018 with retrospective application. The adoption of this ASU did not have a material impact on our consolidated financial position, results of operations or cash flows.

We have recast our consolidated financial statements from amounts previously reported due to the adoption of new revenue recognition, pension and restricted cash standards. The unaudited consolidated statements of operations, which reflect the adoption of the new ASUs, are as follows (in millions):

	Twelve months ended December 31, 2017				
	As Previously Reported	Adjustments (a)	Adjustments (b)	Adjustments (c)	As Recast
Revenue	\$ 65,872	\$ 713	\$ —	\$ —	\$ 66,585
Operating Expenses:					
Compensation and benefits	34,588	—	(11)	—	34,577
Repairs and maintenance	1,600	1	—	—	1,601
Depreciation and amortization	2,282	—	—	—	2,282
Purchased transportation	10,989	707	—	—	11,696
Fuel	2,690	—	—	—	2,690
Other occupancy	1,155	—	—	—	1,155
Other expenses	5,039	16	—	—	5,055
Total Operating Expenses	58,343	724	(11)	—	59,056
Operating Profit	7,529	(11)	11	—	7,529
Other Income and (Expense):					
Investment income (expense) and other	72	—	(11)	—	61
Interest expense	(453)	—	—	—	(453)
Total Other Income and (Expense)	(381)	—	(11)	—	(392)
Income Before Income Taxes	7,148	(11)	—	—	7,137
Income Tax Expense (Benefit)	2,238	(6)	—	—	2,232
Net Income	\$ 4,910	\$ (5)	\$ —	\$ —	\$ 4,905
Basic Earnings Per Share	\$ 5.64	\$ (0.01)	\$ —	\$ —	\$ 5.63
Diluted Earnings Per Share	\$ 5.61	\$ —	\$ —	\$ —	\$ 5.61

(a) Recast to reflect the adoption of *Revenue from Contracts with Customers*.

(b) Recast to reflect the adoption of *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*.

(c) Recast to reflect the adoption of *Restricted Cash*.



The unaudited impacted consolidated statement of cash flows line items, which reflect the adoption of the new ASUs, are as follows (in millions):

	Twelve Months Ended December 31, 2017				
	As Previously Reported	Adjustments (a)	Adjustments (b)	Adjustments (c)	As Recast
Net Income	\$ 4,910	\$ (5)	\$ —	\$ —	\$ 4,905
Adjustments to reconcile net income to net cash from operating activities:					
Deferred tax (benefit) expense	1,230	(6)	—	—	1,224
Other assets	(982)	(2)	—	—	(984)
Accounts payable	592	7	—	—	599
Accrued wages and withholdings	193	7	—	—	200
Other liabilities	(241)	(2)	—	—	(243)
Other operating activities	47	1	—	—	48
Cash flows from operating activities	1,479	—	—	—	1,479
Purchase of marketable securities	(1,634)	—	—	4	(1,630)
Net cash used in investing activities	(4,975)	—	—	4	(4,971)
Net decrease in cash, cash equivalents and restricted cash	(156)	—	—	4	(152)
Cash, cash equivalents and restricted cash at the beginning of period	3,476	—	—	445	3,921
Cash, cash equivalents and restricted cash at the end of period	\$ 3,320	\$ —	\$ —	\$ 449	\$ 3,769

(a) Recast to reflect the adoption of *Revenue from Contracts with Customers*.

(b) Recast to reflect the adoption of *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*.

(c) Recast to reflect the adoption of *Restricted Cash*.

Other accounting pronouncements adopted during the periods covered by the consolidated financial statements did not have a material impact on our consolidated financial position, results of operations or cash flows.

#### *Accounting Standards Issued But Not Yet Effective*

In June 2016, the FASB issued an ASU introducing an expected credit loss methodology for the measurement of financial assets not accounted for at fair value. The methodology replaces the probable, incurred loss model for those assets. The standard will be effective for us in the first quarter of 2020. We are substantially complete with our evaluation of the adoption on our consolidated financial statements and internal controls over financial reporting. This adoption will not have a material impact on our consolidated financial position, results of operations or cash flows. We will update our process for calculating our allowance for doubtful accounts to include reasonable and supportable forecasts that could affect expected collectability.

In January 2017, the FASB issued an ASU to simplify the accounting for goodwill impairment. The update removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Under this ASU, goodwill impairment will be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The standard will be effective for us in the first quarter of 2020. We do not expect this ASU to have a material impact on our consolidated financial position, results of operations or cash flows.

In December 2019, the FASB issued an ASU to simplify the accounting for income taxes. The update removes certain exceptions to the general income tax principles. The standard will be effective for us in the first quarter of 2021. We are evaluating the impact of its adoption on our consolidated financial statements and internal control over financial reporting environment, but do not expect this ASU to have a material impact on our consolidated financial position, results of operations or cash flows.

Other accounting pronouncements issued, but not effective until after December 31, 2019, are not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

**NOTE 2. REVENUE RECOGNITION***Revenue Recognition*

Substantially all of our revenues are from contracts associated with the pick-up, transportation and delivery of packages and freight (“transportation services”), whether carried out or arranged by UPS, either domestically or internationally, which generally occurs over a short period of time. Additionally, we provide value-added logistics services to customers, both domestically and internationally, through our global network of company-owned and leased distribution centers and field stocking locations.

*Disaggregation of Revenue*

	Year Ended December 31,		
	2019	2018	2017
<b>Revenue:</b>			
Next Day Air	\$ 8,479	\$ 7,618	\$ 7,088
Deferred	5,180	4,752	4,422
Ground	32,834	31,223	29,251
U.S. Domestic Package	\$ 46,493	\$ 43,593	\$ 40,761
Domestic	\$ 2,836	\$ 2,874	\$ 2,646
Export	10,837	10,973	10,170
Cargo & Other	547	595	526
International Package	\$ 14,220	\$ 14,442	\$ 13,342
Forwarding	\$ 5,867	\$ 6,580	\$ 5,674
Logistics	3,435	3,234	3,017
Freight	3,265	3,218	3,000
Other	814	794	791
Supply Chain & Freight	\$ 13,381	\$ 13,826	\$ 12,482
Consolidated revenue	<u>\$ 74,094</u>	<u>\$ 71,861</u>	<u>\$ 66,585</u>

We account for a contract when both parties have approved the contract and are committed to perform their obligations, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

*Performance Obligations*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the basis of revenue recognition in accordance with GAAP. To determine the proper revenue recognition method for contracts, we evaluate whether two or more contracts should be combined and accounted for as a single contract, and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires judgment, and the decision to combine a group of contracts or to separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. Within most of our contracts, the customer contracts with us to provide distinct services, such as transportation services. The vast majority of our contracts with customers for transportation services include only one performance obligation; the transportation services themselves. However, if a contract is separated into more than one performance obligation, we allocate the total transaction price to each performance obligation based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. We frequently sell standard transportation services with observable standalone sales prices. In these instances, the observable standalone sales are used to determine the standalone selling price.

In certain business units, such as Logistics, we sell customized, customer-specific solutions in which we provide a significant service of integrating a complex set of tasks and components into a single capability (even if that single capability results in the delivery of multiple units). Hence, the entire contract is accounted for as one performance obligation. In these cases we typically use the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

#### *Satisfaction of Performance Obligations*

We generally recognize revenue over time as we perform the services in the contract because of the continuous transfer of control to the customer. Our customers receive the benefit of our services as the goods are transported from one location to another. Further, if we were unable to complete delivery to the final location, another entity would not need to reperform the transportation service already performed.

As control transfers over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. We use the cost-to-cost measure of progress for our package delivery contracts because it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including ancillary or accessorial fees and reductions for estimated customer incentives, are recorded proportionally as costs are incurred. Costs to fulfill include labor and other direct costs and an allocation of indirect costs. For our freight and freight forwarding contracts, an output method of progress based on time-in-transit is utilized as the timing of costs incurred does not best depict the transfer of control to the customer. In our Logistics business we have a right to consideration from customers in an amount that corresponds directly with the value to the customers of our performance completed to date, and as such we recognize revenue in the amount to which we have a right to invoice the customer.

#### *Variable Consideration*

It is common for our contracts to contain customer incentives, guaranteed service refunds or other provisions that can either increase or decrease the transaction price. These variable amounts are generally dependent upon achievement of certain incentive tiers or performance metrics. We estimate variable consideration at the most likely amount to which we expect to be entitled. We include estimated amounts of revenue, which may be reduced by incentives or other contract provisions, in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based on an assessment of anticipated customer spending and all information (historical, current and forecasted) that is reasonably available to us.

#### *Contract Modifications*

Contracts are often modified to account for changes in the rates we charge our customers or to add additional distinct services. We consider contract modifications to exist when the modification either creates new, or changes the existing, enforceable rights and obligations. Contract modifications that add additional distinct goods or services are treated as separate contracts. Contract modifications that do not add distinct goods or services typically change the price of existing services. These contract modifications are accounted for prospectively as the remaining performance obligations are distinct.

#### *Payment Terms*

Under the typical payment terms of our customer contracts, the customer pays at periodic intervals (i.e. every 14 days, 30 days, 45 days, etc.) for shipments included on invoices received. Invoices are generated each week on the week-ending day, which is Saturday for the majority of our U.S. Domestic Package business, but could be another day depending on the business unit or the specific agreement with the customer. It is not customary business practice to extend payment terms past 90 days, and as such, we do not have a practice of including a significant financing component within our contracts with customers.

### *Principal vs. Agent Considerations*

In our transportation businesses, we utilize independent contractors and third-party carriers in the performance of some transportation services. GAAP requires us to evaluate, using a control model, whether our businesses themselves promise to transfer services to the customer (as the principal) or to arrange for services to be provided by another party (as the agent). Based on our evaluation of the control model, we determined that all of our major businesses act as the principal rather than the agent within their revenue arrangements. Revenue and the associated purchased transportation costs are both reported on a gross basis within our statements of consolidated income.

### *Accounts Receivable, Net*

Accounts receivable, net, include amounts billed and currently due from customers. The amounts due are stated at their net estimated realizable value. Losses on accounts receivable are recognized when they are incurred, which requires us to make our best estimate of the probable losses inherent in our customer receivables at each balance sheet date. These estimates require consideration of historical loss experience, adjusted for current conditions, trends in customer payment frequency, and judgments about the probable effects of relevant observable data, including present economic conditions and the financial health of specific customers and market sectors. Our risk management process includes standards and policies for reviewing major account exposures and concentrations of risk.

Our total allowance for doubtful accounts as of December 31, 2019 and 2018 was \$93 and \$94 million, respectively. Our total provision for doubtful accounts charged to expense before recoveries during the years ended December 31, 2019 and 2018 was \$194 and \$118 million, respectively.

### *Contract Assets and Liabilities*

Contract assets include billed and unbilled amounts resulting from in-transit packages, as we have an unconditional right to payment only once all performance obligations have been completed (i.e. packages have been delivered), and our right to payment is not solely based on the passage of time. Amounts may not exceed their net realizable value. Contract assets are generally classified as current and the full balance is converted each quarter based on the short-term nature of the transactions.

Contract liabilities consist of advance payments and billings in excess of revenue as well as deferred revenue. Advance payments and billings in excess of revenue represent payments received from our customers that will be earned over the contract term. Deferred revenue represents the amount of consideration due from customers related to in-transit shipments that has not yet been recognized as revenue based on our selected measure of progress. We classify advance payments and billings in excess of revenue as either current or long-term, depending on the period over which the advance payment will be earned. We classify deferred revenue as current based on the timing of when we expect to recognize revenue, which typically occurs within a short window after period-end. The full balance of deferred revenue is converted each quarter based on the short-term nature of the transactions. Our contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. In order to determine revenue recognized in the period from contract liabilities, we first allocate revenue to the individual contract liability balance outstanding at the beginning of the period until the revenue exceeds that deferred revenue balance.

Contract assets related to in-transit packages were \$272 and \$234 million at December 31, 2019 and 2018, respectively, net of deferred revenue related to in-transit packages of \$264 and \$236 million at December 31, 2019 and 2018, respectively. Contract assets are included within "Other current assets" in the consolidated balance sheets. Short-term contract liabilities related to advanced payments from customers were \$7 and \$5 million at December 31, 2019 and 2018, respectively. Short-term contract liabilities are included within "Other current liabilities" in the consolidated balance sheets. Long-term contract liabilities related to advanced payments from customers were \$26 million at December 31, 2019 and December 31, 2018. Long-term contract liabilities are included within "Other Non-Current Liabilities" in the consolidated balance sheets.

**NOTE 3. INVESTMENTS AND RESTRICTED CASH**

The following is a summary of marketable securities classified as trading and available-for-sale at December 31, 2019 and 2018 (in millions):

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>2019</b>				
Current trading marketable securities:				
Corporate debt securities	\$ 112	\$ —	\$ —	\$ 112
Equity securities	2	—	—	2
Total trading marketable securities	<u>114</u>	<u>—</u>	<u>—</u>	<u>114</u>
Current available-for-sale securities:				
U.S. government and agency debt securities	191	2	—	193
Mortgage and asset-backed debt securities	46	1	—	47
Corporate debt securities	130	3	—	133
Non-U.S. government debt securities	16	—	—	16
Total available-for-sale marketable securities	<u>383</u>	<u>6</u>	<u>—</u>	<u>389</u>
Total current marketable securities	<u>\$ 497</u>	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ 503</u>
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>
<b>2018</b>				
Current trading marketable securities:				
Corporate debt securities	\$ 137	\$ —	\$ —	\$ 137
Equity securities	2	—	—	2
Total trading marketable securities	<u>139</u>	<u>—</u>	<u>—</u>	<u>139</u>
Current available-for-sale securities:				
U.S. government and agency debt securities	297	1	(1)	297
Mortgage and asset-backed debt securities	82	—	(1)	81
Corporate debt securities	275	—	(2)	273
Non-U.S. government debt securities	20	—	—	20
Total available-for-sale marketable securities	<u>674</u>	<u>1</u>	<u>(4)</u>	<u>671</u>
Total current marketable securities	<u>\$ 813</u>	<u>\$ 1</u>	<u>\$ (4)</u>	<u>\$ 810</u>

Total current marketable securities that were pledged as collateral for our self-insurance requirements had an estimated fair value of \$389 and \$587 million at December 31, 2019 and 2018, respectively.

The gross realized gains on sales of available-for-sale securities totaled \$8 million in 2019. There were no gross realized gains on sales of available-for-sale securities in 2018 or 2017. The gross realized losses on sales of available-for-sale securities totaled \$2, \$4 and \$2 million in 2019, 2018 and 2017, respectively.

There were no material impairment losses recognized on marketable securities during 2019, 2018 or 2017.

*Investment Other-Than-Temporary Impairments*

We have concluded that no material other-than-temporary impairment losses existed as of December 31, 2019. In making this determination, we considered the financial condition and prospects of each issuer, the magnitude of the losses compared with the investments' cost, the probability that we will be unable to collect all amounts due according to the contractual terms of the security, the credit rating of the security and our ability and intent to hold these investments until the anticipated recovery in market value occurs.

*Unrealized Losses*

The following table presents the age of gross unrealized losses and fair value by investment category for all securities in a loss position as of December 31, 2019 (in millions):

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government and agency debt securities	\$ 42	\$ —	\$ —	\$ —	\$ 42	\$ —
Mortgage and asset-backed debt securities	3	—	5	—	8	—
Corporate debt securities	6	—	2	—	8	—
Non-U.S. government debt securities	9	—	2	—	11	—
Total marketable securities	\$ 60	\$ —	\$ 9	\$ —	\$ 69	\$ —

The unrealized losses for the corporate debt securities, mortgage and asset-backed debt securities, and U.S. government and agency debt securities are primarily due to changes in market interest rates. We have both the intent and ability to hold these securities for a time necessary to recover the cost basis.

*Maturity Information*

The amortized cost and estimated fair value of marketable securities at December 31, 2019, by contractual maturity, are shown below (in millions). Actual maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations with or without prepayment penalties.

	Cost	Estimated Fair Value
Due in one year or less	\$ 118	\$ 118
Due after one year through three years	328	332
Due after three years through five years	6	6
Due after five years	43	45
	495	501
Equity securities	2	2
	\$ 497	\$ 503

*Non-Current Investments and Restricted Cash*

Non-current investments and restricted cash are primarily associated with our self-insurance obligations. We entered into an escrow agreement with an insurance carrier to guarantee these obligations. This agreement requires us to provide collateral to the insurance carrier, which is invested in various marketable securities and cash equivalents. Collateral provided is reflected in "Cash, Cash Equivalents and Restricted Cash" in the statements of consolidated cash flows. In 2019 we liquidated our investment balance associated with this agreement and pledged the required collateral with a surety bond. At December 31, 2019 and 2018, we had \$0 and \$142 million, respectively, in restricted cash. For additional information on surety bonds written at December 31, 2019, see note 8.

We held a \$21 and \$19 million investment in a variable life insurance policy to fund benefits for the UPS Excess Coordinating Benefit Plan at December 31, 2019 and 2018, respectively. The quarterly change in investment fair value is recognized in "Investment income (expense) and other" in the statements of consolidated income. Additionally, we held escrowed cash related to the acquisition and disposition of certain assets of \$3 and \$9 million at December 31, 2019 and 2018, respectively. These amounts are classified as "Investments and Restricted Cash" in the consolidated balance sheets.

A reconciliation of cash and cash equivalents and restricted cash from the consolidated balance sheets to the statements of consolidated cash flows is shown below (in millions):

	December 31, 2019	December 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 5,238	\$ 4,225	\$ 3,320
Restricted cash	\$ —	\$ 142	\$ 449
Total cash, cash equivalents and restricted cash	<u>\$ 5,238</u>	<u>\$ 4,367</u>	<u>\$ 3,769</u>

#### *Fair Value Measurements*

Marketable securities valued utilizing Level 1 inputs include active exchange-traded equity securities and equity index funds, and most U.S. government debt securities, as these securities all have quoted prices in active markets. Marketable securities valued utilizing Level 2 inputs include asset-backed securities, corporate bonds and municipal bonds. These securities are valued using market corroborated pricing, matrix pricing or other models that utilize observable inputs such as yield curves.

We maintain holdings in certain investment partnerships that are measured at fair value utilizing Level 3 inputs (classified as "Other non-current investments" in the tables below, and as "Other Non-Current Assets" in the consolidated balance sheets). These partnership holdings do not have quoted prices, nor can they be valued using inputs based on observable market data. These investments are valued internally using a discounted cash flow model with two significant inputs: (1) the after-tax cash flow projections for each partnership, and (2) a risk-adjusted discount rate consistent with the duration of the expected cash flows for each partnership. The weighted-average discount rates used to value these investments were 7.40% and 8.16% as of December 31, 2019 and 2018, respectively. These inputs, and the resulting fair values, are updated on a quarterly basis.

The following table presents information about our investments measured at fair value on a recurring basis as of December 31, 2019 and 2018, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value (in millions):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>2019</b>				
Marketable Securities:				
U.S. government and agency debt securities	\$ 193	\$ —	\$ —	\$ 193
Mortgage and asset-backed debt securities	—	47	—	47
Corporate debt securities	—	245	—	245
Equity securities	—	2	—	2
Non-U.S. government debt securities	—	16	—	16
Total marketable securities	193	310	—	503
Other non-current investments	21	—	1	22
Total	\$ 214	\$ 310	\$ 1	\$ 525
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>2018</b>				
Marketable Securities:				
U.S. government and agency debt securities	\$ 297	\$ —	\$ —	\$ 297
Mortgage and asset-backed debt securities	—	81	—	81
Corporate debt securities	—	410	—	410
Equity securities	—	2	—	2
Non-U.S. government debt securities	—	20	—	20
Total marketable securities	297	513	—	810
Other non-current investments	19	—	2	21
Total	\$ 316	\$ 513	\$ 2	\$ 831

There were no transfers of investments between Level 1 and Level 2 during the years ended December 31, 2019 or 2018.



**NOTE 4. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, including both owned assets as well as assets subject to finance leases, consists of the following as of December 31, 2019 and 2018 (in millions):

	<b>2019</b>	<b>2018</b>
Vehicles	\$ 10,613	\$ 9,820
Aircraft	19,045	17,499
Land	2,087	2,000
Buildings	5,046	4,808
Building and leasehold improvements	4,898	4,323
Plant equipment	13,849	11,833
Technology equipment	2,206	2,093
Construction-in-progress	1,983	2,112
	<u>59,727</u>	<u>54,488</u>
Less: Accumulated depreciation and amortization	(29,245)	(27,912)
	<u>\$ 30,482</u>	<u>\$ 26,576</u>

As part of our ongoing investment in transformation, in 2018 we made prospective revisions to our estimates of useful lives for building improvements, vehicles and plant equipment which in general had the effect of lengthening the useful lives of these categories.

For 2019, depreciation expense increased \$365 million, and net income decreased by \$287 million, or \$0.33 per share on a basic and diluted basis, as a result of investments in property, plant and equipment, net of disposals and assets becoming fully depreciated. Depreciation expense decreased \$212 million, and net income increased \$167 million, or \$0.19 per share on a basic and diluted basis, as a result of lengthening our estimated useful lives for various asset categories in the latter half of 2018. The combined effect of the foregoing was a net increase in depreciation expense of \$153 million and a decrease in net income of \$120 million, or \$0.14 per share on a basic and diluted basis, for 2019.

For 2018, this resulted in a decrease in depreciation expense and an increase in operating income of \$286 million and an increase to net income of \$228 million or \$0.26 per share on a basic and diluted basis. Separately, capital investments in additional property, plant and equipment, net of disposals and fully-depreciated assets, resulted in an increase in depreciation expense of \$257 million and a decrease to net income of \$205 million or \$0.24 per share on a basic and diluted basis in 2018. Combining both impacts resulted in a net decrease of \$29 million to depreciation expense, and an increase to net income of \$23 million or \$0.03 per share on both a basic and diluted basis in 2018.

We monitor our aircraft fleet utilization in light of current and projected volume levels, aircraft fuel prices and other factors. Additionally, we monitor our other property, plant and equipment categories for any indicators that the carrying value of the assets may not be recoverable. No impairment charges on property, plant and equipment were recorded in 2019 or 2018.

**NOTE 5. COMPANY SPONSORED EMPLOYEE BENEFIT PLANS**

We sponsor various retirement and pension plans, including defined benefit and defined contribution plans which cover our employees worldwide.

*U.S. Pension Benefits*

In the U.S. we maintain the following single-employer defined benefit pension plans: the UPS Retirement Plan, the UPS Pension Plan, the UPS/IBT Full-Time Employee Pension Plan and the UPS Excess Coordinating Benefit Plan, a non-qualified plan.

The UPS Retirement Plan is noncontributory and includes substantially all eligible employees of participating domestic subsidiaries hired prior to July 1, 2016 who are not members of a collective bargaining unit, as well as certain employees covered by a collective bargaining agreement. This plan generally provides for retirement benefits based on average compensation earned by employees prior to retirement. Benefits payable under this plan are subject to maximum compensation limits and the annual benefit limits for a tax-qualified defined benefit plan as prescribed by the Internal Revenue Service ("IRS").

The UPS Pension Plan is noncontributory and includes certain eligible employees of participating domestic subsidiaries and members of collective bargaining units that elect to participate in the plan. This plan generally provides for retirement benefits based on service credits earned by employees prior to retirement.

The UPS/IBT Full Time Employee Pension Plan is noncontributory and includes employees that were previously members of the Central States Pension Fund ("CSPF"), a multiemployer pension plan, in addition to other eligible employees who are covered under certain collective bargaining agreements. This plan generally provides for retirement benefits based on service credits earned by employees prior to retirement.

The UPS Excess Coordinating Benefit Plan is a non-qualified plan that provides benefits to certain participants in the UPS Retirement Plan, hired prior to July 1, 2016, for amounts that exceed the benefit limits described above.

In the year ended December 31, 2017, we amended the UPS Retirement Plan and the UPS Excess Coordinating Benefit Plan to cease accruals of additional benefits for future service and compensation for non-union participants effective January 1, 2023. We remeasured plan assets and pension benefit obligations for the affected pension plans as of June 30, 2017, resulting in a net actuarial gain of \$569 million. This reflected a curtailment gain of \$1.525 billion resulting from the benefit plan changes that was partially offset by net actuarial losses of \$956 million, driven by a reduction of approximately 32 basis points in the discount rate compared to December 31, 2016, offset by actual asset returns approximately 275 basis points above our expected return as of the remeasurement date. The net curtailment gain reduced the actuarial loss recorded in AOCI in the equity section of the consolidated balance sheets. As actuarial losses were within the corridor (defined as 10% of the greater of the fair value of plan assets and the plan's projected benefit obligation), there was no impact to the statement of consolidated income as a result of this remeasurement.

During the fourth quarter of 2019, certain former U.S. employees were offered the option to receive a one-time payment of their vested pension benefit. Approximately 18,800 former employees accepted this option, accelerating \$820 million in benefit payments during 2019 while reducing the number of participants who are due future payments from U.S. pension plans. As the cost of these settlements did not exceed the plans' service cost and interest cost for the year, the impact of the settlement was not recognized in earnings.

*International Pension Benefits*

We also sponsor various defined benefit plans covering certain of our international employees. The majority of our international obligations are for defined benefit plans in Canada and the United Kingdom. In addition, many of our international employees are covered by government-sponsored retirement and pension plans. We are not directly responsible for providing benefits to participants of government-sponsored plans.

*U.S. Postretirement Medical Benefits*

We also sponsor postretirement medical plans in the U.S. that provide healthcare benefits to our non-union retirees, as well as select union retirees who meet certain eligibility requirements and who are not otherwise covered by multiemployer plans. Generally, this includes employees with at least 10 years of service who have reached age 55 and employees who are eligible for postretirement medical benefits from a Company-sponsored plan pursuant to collective bargaining agreements. We have the right to modify or terminate certain of these plans. These benefits have been provided to certain retirees on a noncontributory basis; however, in many cases, retirees are required to contribute all or a portion of the total cost of the coverage.

*Defined Contribution Plans*

We also sponsor a defined contribution plan for employees not covered under collective bargaining agreements, and several smaller defined contribution plans for certain employees covered under collective bargaining agreements. The Company matches, in shares of UPS common stock or cash, a portion of the participating employees' contributions. Matching contributions charged to expense were \$130, \$127 and \$119 million for 2019, 2018 and 2017, respectively.

In addition to current benefits under the UPS 401(k) Savings Plan, non-union employees hired after July 1, 2016, receive a retirement contribution. UPS contributes 3% to 8% of eligible pay to the UPS 401(k) Savings Plan based on years of vesting service and business unit. Contributions under this plan are subject to maximum compensation and contribution limits for a tax-qualified defined contribution plan as prescribed by the IRS. Contributions charged to expense were \$67, \$28 and \$23 million for 2019, 2018 and 2017 respectively.

Effective June 23, 2017, the Company amended the UPS 401(k) Savings Plan so that non-union employees who currently participate in the UPS Retirement Plan will, in addition to current benefits under the UPS 401(k) Savings Plan, earn a retirement contribution beginning January 1, 2023. UPS will contribute 5% to 8% of eligible compensation to the UPS 401(k) Savings Plan based on years of vesting service. The amendment also provides for transition contributions for certain participants. There was no impact to the statement of consolidated income for 2019, 2018 and 2017 as a result of this change.

The UPS Restoration Savings Plan is a non-qualified plan that provides benefits to certain participants in the UPS 401(k) Savings Plan for amounts that exceed the benefit limits described above.

Contributions are also made to defined contribution money purchase plans under certain collective bargaining agreements. Amounts charged to expense were \$97, \$92 and \$91 million for 2019, 2018 and 2017, respectively.

*Net Periodic Benefit Cost*

Information about net periodic benefit cost for the company-sponsored pension and postretirement defined benefit plans is as follows (in millions):

	U.S. Pension Benefits			U.S. Postretirement Medical Benefits			International Pension Benefits		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
<b>Net Periodic Benefit Cost:</b>									
Service cost	\$ 1,439	\$ 1,661	\$ 1,543	\$ 23	\$ 29	\$ 29	\$ 57	\$ 62	\$ 60
Interest cost	2,067	1,799	1,813	108	104	112	47	45	40
Expected return on assets	(3,130)	(3,201)	(2,883)	(8)	(8)	(7)	(76)	(77)	(66)
Amortization of prior service cost	218	193	192	7	7	7	2	1	1
Actuarial (gain) loss	2,296	1,603	729	37	—	53	54	24	18
Curtailment and settlement loss	—	—	—	—	—	—	—	—	2
Net periodic benefit cost	<u>\$ 2,890</u>	<u>\$ 2,055</u>	<u>\$ 1,394</u>	<u>\$ 167</u>	<u>\$ 132</u>	<u>\$ 194</u>	<u>\$ 84</u>	<u>\$ 55</u>	<u>\$ 55</u>

*Actuarial Assumptions*

The table below provides the weighted-average actuarial assumptions used to determine the net periodic benefit cost.

	U.S. Pension Benefits			U.S. Postretirement Medical Benefits			International Pension Benefits		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Discount rate	4.50%	3.84%	4.41%	4.51%	3.82%	4.23%	2.94%	2.78%	2.75%
Rate of compensation increase	4.25%	4.25%	4.27%	N/A	N/A	N/A	3.24%	3.22%	3.17%
Expected return on assets	7.75%	7.75%	8.75%	7.20%	7.20%	8.75%	5.69%	5.76%	5.65%
Cash balance interest credit rate	2.98%	2.50%	2.91%	N/A	N/A	N/A	3.17%	3.07%	2.65%

The table below provides the weighted-average actuarial assumptions used to determine the benefit obligations of our plans.

	U.S. Pension Benefits		U.S. Postretirement Medical Benefits		International Pension Benefits	
	2019	2018	2019	2018	2019	2018
Discount rate	3.60%	4.50%	3.59%	4.51%	2.21%	2.94%
Rate of compensation increase	4.22%	4.25%	N/A	N/A	3.00%	3.24%
Cash balance interest credit rate	2.50%	2.98%	N/A	N/A	2.59%	3.17%

A discount rate is used to determine the present value of our future benefit obligations. To determine the discount rate for our U.S. pension and postretirement benefit plans, we use a bond matching approach to select specific bonds that would satisfy our projected benefit payments. We believe the bond matching approach reflects the process we would employ to settle our pension and postretirement benefit obligations. In October 2019, we refined our bond matching approach by implementing advances in technology and modeling techniques. This refinement decreased the projected benefit obligation on our consolidated balance sheet for our U.S. pension and postretirement plans by approximately \$900 million as of December 31, 2019. Additionally, we estimate that this refinement in method decreased our pre-tax mark-to-market charge by approximately \$810 million and increased net income by \$616 million, or \$0.71 per share on a basic and diluted basis. For our international plans, the discount rate is determined by matching the expected cash flows of a sample plan of similar duration to a yield curve based on long-term, high quality fixed income debt instruments available as of the measurement date. These assumptions are updated each measurement date, which is typically annually.

As of December 31, 2019, the impact of each basis point change in the discount rate on the projected benefit obligation of our pension and postretirement medical benefit plans is as follows (in millions):

	Increase (Decrease) in the Projected Benefit Obligation			
	Pension Benefits		Postretirement Medical Benefits	
One basis point increase in discount rate	\$	(86)	\$	(2)
One basis point decrease in discount rate		92		3

The Society of Actuaries ("SOA") published mortality tables and improvement scales are used in developing the best estimate of mortality for U.S. plans. In October 2019, the SOA published updated mortality tables and an updated improvement scale, both of which reduced expected mortality improvements from previously published tables and improvement scale. Based on our perspective of future longevity, we updated the mortality assumptions to incorporate these updated tables and improvement scale for purposes of measuring pension and other postretirement benefit obligations.

Assumptions for the expected return on plan assets are used to determine a component of net periodic benefit cost for the year. The assumption for our U.S. plans is developed using a long-term projection of returns for each asset class. Our asset allocation targets are reviewed and, if necessary, updated taking into consideration plan changes, funded status and actual performance. The expected return for each asset class is a function of passive, long-term capital market assumptions and excess returns generated from active management. The capital market assumptions used are provided by independent investment advisors, while excess return assumptions are supported by historical performance, fund mandates and investment expectations.

For plans outside the U.S., consideration is given to local market expectations of long-term returns. Strategic asset allocations are determined by plan, based on the nature of liabilities and considering the demographic composition of the plan participants.

#### *Actuarial Assumptions - Central States Pension Fund*

UPS was a contributing employer to the CSPF until 2007 when we withdrew from the CSPF and fully funded our allocable share of unfunded vested benefits by paying a \$6.1 billion withdrawal liability. Under a collective bargaining agreement with the International Brotherhood of Teamsters (“IBT”), UPS agreed to provide coordinating benefits in the UPS/IBT Full Time Employee Pension Plan (“UPS/IBT Plan”) for UPS participants whose last employer was UPS and who had not retired as of January 1, 2008 (“the UPS Transfer Group”) in the event that benefits are lawfully reduced by the CSPF in the future consistent with the terms of our withdrawal agreement with the CSPF. Under our withdrawal agreement with the CSPF, benefits to the UPS Transfer Group cannot be reduced without our consent and can only be reduced in accordance with applicable law.

In December 2014, Congress passed the Multiemployer Pension Reform Act (“MPRA”). This change in law for the first time permitted multiemployer pension plans to reduce benefit payments to retirees, subject to specific guidelines in the statute and government approval. In September 2015, the CSPF submitted a proposed pension benefit reduction plan to the U.S. Department of the Treasury (“Treasury”). In May 2016, Treasury rejected the proposed plan submitted by the CSPF. In the first quarter of 2018, Congress established a Joint Select Committee to develop a recommendation to improve the solvency of multiemployer plans and the Pension Benefit Guaranty Corporation (“PBGC”) before a November 30, 2018 deadline. While the Committee’s efforts failed to meet its deadline, the Committee made significant progress towards finding solutions that will address the long term solvency of multiemployer pension plans. In the third quarter of 2019, the U.S. House of Representatives passed the Rehabilitation for Multiemployer Pensions Act of 2019 to provide assistance to critical and declining multiemployer pension plans. This bill is now with the U.S. Senate for consideration. UPS will continue to work with all stakeholders, including legislators and regulators, to implement an acceptable solution.

The CSPF has said that it believes a legislative solution to its funded status is necessary or that it will become insolvent in 2025, and we expect that the CSPF will continue to explore options to avoid insolvency. Numerous factors could affect the CSPF’s funded status and UPS’s potential obligation to pay coordinating benefits under the UPS/IBT Plan. Any obligation to pay coordinating benefits will be subject to a number of significant uncertainties, including whether the CSPF submits a revised MPRA filing and the terms thereof, or whether it otherwise seeks federal government assistance, as well as the terms of any applicable legislation, the extent to which benefits are paid by the PBGC and our ability to successfully defend legal positions we may take in the future under the MPRA, including the suspension ordering provisions, our withdrawal agreement and other applicable law.

We account for the potential obligation to pay coordinating benefits to the UPS Transfer Group under Accounting Standards Codification Topic 715- Compensation- Retirement Benefits (“ASC 715”), which requires us to provide a best estimate of various actuarial assumptions, including the eventual outcome of this matter, in measuring our pension benefit obligation at the December 31st measurement date. While we currently believe the most likely outcome to this matter and the broader systemic problems facing multiemployer pension plans is intervention by the federal government, ASC 715 does not permit anticipation of changes in law in making a best estimate of pension liabilities.

As such, our best estimate of the next most likely outcome at the December 31, 2019 measurement date is that the CSPF will submit and implement another benefit reduction plan under the MPRA during 2020. We believe any MPRA filing would be designed to forestall insolvency by reducing benefits to participants other than the UPS Transfer Group to the maximum extent permitted, and then reducing benefits to the UPS Transfer Group by a lesser amount.

We evaluated this outcome using a deterministic cash flow projection, reflecting updated estimated CSPF cash flows and investment earnings, the lack of legislative action and the absence of a MPRA filing by the CSPF in 2019. As a result, at the December 31, 2019 measurement date, the best estimate of our projected benefit obligation for coordinating benefits that may be required to be directly provided by the UPS/IBT Plan to the UPS Transfer Group is \$2.6 billion.

The future value of this estimate will be influenced by the terms and timing of any MPRA filing, changes in our discount rate, rate of return on assets and other actuarial assumptions, presumed solvency of the PBGC, as well as potential solutions resulting from federal government intervention. Any such event may result in a decrease or an increase in the best estimate of our projected benefit obligation. If the uncertainties are not resolved, it is reasonably possible that our projected benefit obligation could increase by approximately \$2.2 billion, resulting in a total obligation for coordinating benefits of approximately \$4.8 billion. If a future change in law occurs, it may be a significant event requiring an interim remeasurement of the UPS/IBT Plan at the date the law is enacted. We will continue to assess the impact of these uncertainties on our projected benefit obligation in accordance with ASC 715.

*Other Actuarial Assumptions*

Healthcare cost trends are used to project future postretirement medical benefits payable from our plans. For 2019 U.S. plan obligations, future postretirement medical benefit costs were forecasted assuming an initial annual rate of increase of 6.5%, decreasing to 4.5% by the year 2024 and with consistent annual increases at that ultimate level thereafter.

*Funded Status*

The following table discloses the funded status of our plans and the amounts recognized in our consolidated balance sheets as of December 31st (in millions):

	U.S. Pension Benefits		U.S. Postretirement Medical Benefits		International Pension Benefits	
	2019	2018	2019	2018	2019	2018
<b>Funded Status:</b>						
Fair value of plan assets	\$ 46,172	\$ 39,554	\$ 37	\$ 26	\$ 1,558	\$ 1,284
Benefit obligation	(54,039)	(45,333)	(2,616)	(2,510)	(1,906)	(1,552)
Funded status recognized at December 31	<u>\$ (7,867)</u>	<u>\$ (5,779)</u>	<u>\$ (2,579)</u>	<u>\$ (2,484)</u>	<u>\$ (348)</u>	<u>\$ (268)</u>
<b>Funded Status Recognized in our Balance Sheet:</b>						
Other non-current assets	\$ —	\$ —	\$ —	\$ —	\$ 34	\$ 35
Other current liabilities	(22)	(20)	(200)	(195)	(5)	(4)
Pension and postretirement benefit obligations	(7,845)	(5,759)	(2,379)	(2,289)	(377)	(299)
Net liability at December 31	<u>\$ (7,867)</u>	<u>\$ (5,779)</u>	<u>\$ (2,579)</u>	<u>\$ (2,484)</u>	<u>\$ (348)</u>	<u>\$ (268)</u>
<b>Amounts Recognized in AOCI:</b>						
Unrecognized net prior service cost	\$ (800)	\$ (1,018)	\$ (16)	\$ (21)	\$ (12)	\$ (14)
Unrecognized net actuarial gain (loss)	(5,404)	(3,967)	(240)	(32)	(162)	(100)
Gross unrecognized cost at December 31	(6,204)	(4,985)	(256)	(53)	(174)	(114)
Deferred tax assets (liabilities) at December 31	1,497	1,205	62	13	40	28
Net unrecognized cost at December 31	<u>\$ (4,707)</u>	<u>\$ (3,780)</u>	<u>\$ (194)</u>	<u>\$ (40)</u>	<u>\$ (134)</u>	<u>\$ (86)</u>

The accumulated benefit obligation for our pension plans as of the measurement dates in 2019 and 2018 was \$57.553 and \$45.704 billion, respectively.

Benefit payments under the pension plans include \$27 and \$23 million paid from employer assets in 2019 and 2018, respectively. Benefit payments (net of participant contributions) under the postretirement medical benefit plans include \$82 and \$87 million paid from employer assets in 2019 and 2018, respectively. Such benefit payments from employer assets are also categorized as employer contributions.

At December 31, 2019 and 2018, the projected benefit obligation, the accumulated benefit obligation and the fair value of plan assets for pension plans with benefit obligations in excess of plan assets were as follows (in millions):

	Projected Benefit Obligation Exceeds the Fair Value of Plan Assets		Accumulated Benefit Obligation Exceeds the Fair Value of Plan Assets	
	2019	2018	2019	2018
<b>U.S. Pension Benefits:</b>				
Projected benefit obligation	\$ 54,039	\$ 45,333	\$ 54,039	\$ 45,333
Accumulated benefit obligation	53,194	44,284	53,194	44,284
Fair value of plan assets	46,172	39,554	46,172	39,554
<b>International Pension Benefits:</b>				
Projected benefit obligation	\$ 1,319	\$ 630	\$ 1,319	\$ 630
Accumulated benefit obligation	1,210	539	1,210	539
Fair value of plan assets	948	339	948	339

The accumulated postretirement benefit obligation presented in the funded status table exceeds plan assets for all U.S. postretirement medical benefit plans.

*Benefit Obligations and Fair Value of Plan Assets*

The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of plan assets as of the respective measurement dates in each year (in millions).

	U.S. Pension Benefits		U.S. Postretirement Medical Benefits		International Pension Benefits	
	2019	2018	2019	2018	2019	2018
<b>Benefit Obligations:</b>						
Projected benefit obligation at beginning of year	\$ 45,333	\$ 45,847	\$ 2,510	\$ 2,792	\$ 1,552	\$ 1,651
Service cost	1,439	1,661	23	29	57	62
Interest cost	2,067	1,799	108	104	47	45
Gross benefits paid	(2,394)	(1,390)	(288)	(263)	(40)	(33)
Plan participants' contributions	—	—	30	26	3	3
Plan amendments	—	331	—	—	1	13
Actuarial (gain)/loss	7,594	(2,915)	233	(178)	213	(81)
Foreign currency exchange rate changes	—	—	—	—	47	(110)
Curtailments and settlements	—	—	—	—	(2)	(1)
Other	—	—	—	—	28	3
Projected benefit obligation at end of year	\$ 54,039	\$ 45,333	\$ 2,616	\$ 2,510	\$ 1,906	\$ 1,552

	U.S. Pension Benefits		U.S. Postretirement Medical Benefits		International Pension Benefits	
	2019	2018	2019	2018	2019	2018
<b>Fair Value of Plan Assets:</b>						
Fair value of plan assets at beginning of year	\$ 39,554	\$ 41,932	\$ 26	\$ 183	\$ 1,284	\$ 1,333
Actual return on plan assets	6,991	(1,007)	(5)	(7)	171	(6)
Employer contributions	2,021	19	274	87	67	80
Plan participants' contributions	—	—	30	26	3	3
Gross benefits paid	(2,394)	(1,390)	(288)	(263)	(40)	(33)
Foreign currency exchange rate changes	—	—	—	—	49	(92)
Curtailments and settlements	—	—	—	—	(2)	(1)
Other	—	—	—	—	26	—
Fair value of plan assets at end of year	\$ 46,172	\$ 39,554	\$ 37	\$ 26	\$ 1,558	\$ 1,284

2019 - \$8.040 billion pre-tax actuarial loss related to benefit obligation:

- *Discount Rates* (\$7.477 billion pre-tax loss): The weighted-average discount rate for our pension and postretirement medical plans decreased from 4.45% at December 31, 2018 to 3.55% at December 31, 2019, primarily due to both a decline in U.S. treasury yields and a decrease in credit spreads on AA-rated corporate bonds in 2019. This was partially offset by a refinement to our bond matching approach from advances in technology and modeling techniques.
- *Coordinating benefits attributable to the Central States Pension Fund* (\$603 million pre-tax loss): This represents our current best estimate of the additional potential coordinating benefits that may be required to be paid related to the Central States Pension Fund before taking into account the impact of the change in discount rates.
- *Demographic and Assumption Changes* (\$40 million pre-tax gain): This represents the difference between actual and estimated participant data and demographic factors, including items such as healthcare cost trends, compensation changes, rates of termination, retirement, mortality and other changes.



2018 - \$3.174 billion pre-tax actuarial gain related to benefit obligation:

- *Discount Rates* (\$4.829 billion pre-tax gain): The weighted-average discount rate for our pension and postretirement medical plans increased from 3.81% at December 31, 2017 to 4.45% at December 31, 2018, primarily due to both an increase in U.S. treasury yields and an increase in credit spreads on AA-rated corporate bonds in 2018.
- *Coordinating benefits attributable to the Central States Pension Fund* (\$1.550 billion pre-tax loss): This represents our current best estimate of potential coordinating benefits that may be required to be paid related to the Central States Pension Fund.
- *Demographic and Assumption Changes* (\$105 million pre-tax loss): This represents the difference between actual and estimated participant data and demographic factors, including items such as healthcare cost trends, compensation rate increases and rates of termination, retirement and mortality.

*Pension and Postretirement Plan Assets*

Under the governance of plan trustees, the Investment Committee establishes investment guidelines and strategies and regularly monitors the performance of investments and investment managers. The investment guidelines address items such as establishing appropriate governance provisions; defining investment objectives; determining strategic asset allocation; monitoring and reporting the investments on a regular basis; appointing/dismissing investment managers, custodians, consultants and advisors; risk management; determining/defining the mandates for investment managers; rebalancing of assets and determining investment restrictions/prohibited investments.

Pension assets are invested in accordance with applicable laws and regulations. The primary long-term investment objectives for pension assets are to: (1) provide for a reasonable amount of long-term growth of capital given prudent levels of risk exposure while minimizing permanent loss of capital; (2) generate investment results that meet or exceed the long-term rate of return assumption for the plans and (3) match the duration of the liabilities and assets of the plans to reduce the need for large employer contributions in the future. In furtherance of these objectives, investment managers are engaged to actively manage assets within the guidelines and strategies set forth by the Investment Committee. Active managers are monitored regularly and their performance is compared to applicable benchmarks.

*Fair Value Measurements*

Pension assets valued utilizing Level 1 inputs include equity investments, corporate debt instruments and U.S. government securities. Fair values were determined by closing prices for those securities traded on national stock exchanges, while securities traded in the over-the-counter market and listed securities for which no sale was reported on the valuation date are valued at the mean between the last reported bid and asked prices.

Level 2 assets include certain bonds that are valued based on yields currently available on comparable securities of other issues with similar credit ratings; mortgage-backed securities that are valued based on cash flow and yield models using acceptable modeling and pricing conventions; and certain investments that are pooled with other investments in a commingled fund. We value our investments in commingled funds by taking the percentage ownership of the underlying assets, each of which has a readily determinable fair value.

Fair value estimates for certain investments are based on unobservable inputs that are not corroborated by observable market data and are thus classified as Level 3.

Investments that do not have a readily determinable fair value, and which provide a net asset value ("NAV") or its equivalent developed consistent with FASB measurement principles, are valued using NAV as a practical expedient. These investments are not classified in Levels 1, 2, or 3 of the fair value hierarchy but instead included within the subtotals by asset category. Such investments include hedge funds, risk parity funds, real estate investments, private debt and private equity funds. Investments in hedge funds and risk parity funds are valued using the reported NAV as of December 31st. Real estate investments, private debt and private equity funds are valued at NAV per the most recent partnership audited financial reports, and adjusted, as appropriate, for investment activity between the date of the financial reports and December 31st. Due to the inherent limitations in obtaining a readily determinable fair value measurement for alternative investments, the fair values reported may differ from the values that would have been used had readily available market information for the alternative investments existed. These investments are described further below:

- Hedge Funds: Plan assets are invested in hedge funds that pursue multiple strategies to diversify risk and reduce volatility. Most of these hedge funds allow redemptions either quarterly or semi-annually after a two to three month notice period, while others allow for redemption after only a brief notification period with no restriction on redemption frequency. No unfunded commitments existed with respect to hedge funds as of December 31, 2019.
- Risk Parity Funds: Plan assets are invested in risk parity strategies in order to provide diversification and balance risk/return objectives. These strategies reflect a multi-asset class balanced risk approach generally consisting of equity, interest rates, credit and commodities. These funds allow for monthly redemptions with only a brief notification period. No unfunded commitments existed with respect to risk parity funds as of December 31, 2019.
- Real Estate, Private Debt and Private Equity Funds: Plan assets are invested in limited partnership interests in various private equity, private debt and real estate funds. Limited provision exists for the redemption of these interests by the limited partners that invest in these funds until the end of the term of the partnerships, typically ranging between 10 and 15 years from the date of inception. An active secondary market exists for similar partnership interests, although no particular value (discount or premium) can be guaranteed. At December 31, 2019, unfunded commitments to such limited partnerships totaling approximately \$2.241 billion are expected to be contributed over the remaining investment period, typically ranging between three and six years.

The fair values of U.S. and international pension and postretirement benefit plan assets by asset category as of December 31, 2019 are presented below (in millions), as well as the percentage that each category comprises of our total plan assets and the respective target allocations.

	Total Assets <sup>(1)</sup>	Level 1	Level 2	Level 3	Percentage of Plan Assets	Target Allocation
<b>Asset Category (U.S. Plans):</b>						
Cash and cash equivalents	\$ 964	\$ 818	\$ 146	\$ —	2.1%	1-5
Equity Securities:						
U.S. Large Cap	6,607	2,889	3,718	—		
U.S. Small Cap	505	376	129	—		
Emerging Markets	2,039	1,523	516	—		
Global Equity	2,892	2,553	339	—		
International Equity	4,591	2,499	2,092	—		
Total Equity Securities	16,634	9,840	6,794	—	36.0	25-55
Fixed Income Securities:						
U.S. Government Securities	14,077	12,980	1,097	—		
Corporate Bonds	5,051	—	5,051	—		
Global Bonds	50	—	50	—		
Municipal Bonds	24	—	24	—		
Total Fixed Income Securities	19,202	12,980	6,222	—	41.5	35-55
Other Investments:						
Hedge Funds	3,273	—	1,380	—	7.1	5-15
Private Equity	3,030	—	—	—	6.6	1-10
Private Debt	772	—	—	—	1.7	1-10
Real Estate	1,940	149	74	—	4.2	1-10
Structured Products <sup>(2)</sup>	153	—	153	—	0.3	1-5
Risk Parity Funds	241	—	—	—	0.5	1-10
Total U.S. Plan Assets	\$ 46,209	\$ 23,787	\$ 14,769	\$ —	100.0%	
<b>Asset Category (International Plans):</b>						
Cash and cash equivalents	\$ 72	\$ 32	\$ 40	\$ —	4.6	1-10
Equity Securities:						
Local Markets Equity	209	—	209	—		
U.S. Equity	47	—	47	—		
Emerging Markets	33	33	—	—		
International / Global Equity	441	179	262	—		
Total Equity Securities	730	212	518	—	46.8	30-60
Fixed Income Securities:						
Local Government Bonds	94	—	94	—		
Corporate Bonds	177	20	157	—		
Global Bonds	110	110	—	—		
Total Fixed Income Securities	381	130	251	—	24.5	25-45
Other Investments:						
Real Estate	128	—	80	—	8.2	5-10
Other	247	—	218	12	15.9	1-20
Total International Plan Assets	\$ 1,558	\$ 374	\$ 1,107	\$ 12	100.0%	
Total Plan Assets	\$ 47,767	\$ 24,161	\$ 15,876	\$ 12		

<sup>(1)</sup> Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy but are included in the category totals.

<sup>(2)</sup> Represents mortgage and asset-backed securities.

The fair values of U.S. and international pension and postretirement benefit plan assets by asset category as of December 31, 2018 are presented below (in millions), as well as the percentage that each category comprises of our total plan assets and the respective target allocations.

Asset Category (U.S. Plans):	Total Assets <sup>(1)</sup>	Level 1	Level 2	Level 3	Percentage of Plan Assets	Target Allocation
Cash and cash equivalents	\$ 157	\$ 108	\$ 49	\$ —	0.4%	1-5
Equity Securities:						
U.S. Large Cap	5,276	2,155	3,121	—		
U.S. Small Cap	542	386	156	—		
Emerging Markets	1,859	1,436	423	—		
Global Equity	2,320	2,056	264	—		
International Equity	3,670	2,189	1,481	—		
Total Equity Securities	13,667	8,222	5,445	—	34.5	25-55
Fixed Income Securities:						
U.S. Government Securities	12,295	11,922	373	—		
Corporate Bonds	4,303	—	4,301	2		
Global Bonds	55	—	55	—		
Municipal Bonds	16	—	16	—		
Total Fixed Income Securities	16,669	11,922	4,745	2	42.1	35-55
Other Investments:						
Hedge Funds	3,154	—	1,185	—	8.0	5-15
Private Equity	2,763	—	—	—	7.0	1-10
Private Debt	836	—	178	—	2.1	1-10
Real Estate	1,989	152	53	—	5.0	1-10
Structured Products <sup>(2)</sup>	138	—	138	—	0.4	1-5
Risk Parity Funds	207	—	—	—	0.5	1-10
Total U.S. Plan Assets	\$ 39,580	\$ 20,404	\$ 11,793	\$ 2	100.0%	
Asset Category (International Plans):						
Cash and cash equivalents	\$ 45	\$ 4	\$ 41	—	3.5	1-10
Equity Securities:						
Local Markets Equity	171	—	171	—		
U.S. Equity	34	—	34	—		
Emerging Markets	33	33	—	—		
International / Global Equity	348	150	198	—		
Total Equity Securities	586	183	403	—	45.6	30-60
Fixed Income Securities:						
Local Government Bonds	102	24	78	—		
Corporate Bonds	195	54	141	—		
Global Bonds	27	27	—	—		
Total Fixed Income Securities	324	105	219	—	25.2	25-45
Other Investments:						
Real Estate	121	—	76	—	9.4	5-10
Other	208	—	191	4	16.3	1-20
Total International Plan Assets	\$ 1,284	\$ 292	\$ 930	\$ 4	100.0%	
Total Plan Assets	\$ 40,864	\$ 20,696	\$ 12,723	\$ 6		

<sup>(1)</sup> Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy but are included in the category totals.

<sup>(2)</sup> Represents mortgage and asset-backed securities.

The following table presents the changes in the Level 3 instruments measured on a recurring basis for the years ended December 31, 2019 and 2018 (in millions).

	Corporate Bonds	Other	Total
Balance on January 1, 2018	\$ 8	\$ —	\$ 8
Actual Return on Assets:			
Assets Held at End of Year	—	—	—
Assets Sold During the Year	(7)	—	(7)
Purchases	11	9	20
Sales	(10)	(5)	(15)
Transfers Into (Out of) Level 3	—	—	—
Balance on December 31, 2018	\$ 2	\$ 4	\$ 6
Actual Return on Assets:			
Assets Held at End of Year	—	1	1
Assets Sold During the Year	(4)	—	(4)
Purchases	4	7	11
Sales	(2)	—	(2)
Transfers Into (Out of) Level 3	—	—	—
Balance on December 31, 2019	\$ —	\$ 12	\$ 12

There were no shares of UPS class A or B common stock directly held in plan assets as of December 31, 2019 or December 31, 2018.

#### Expected Cash Flows

Information about expected cash flows for the pension and postretirement benefit plans is as follows (in millions):

	U.S. Pension Benefits	U.S. Postretirement Medical Benefits	International Pension Benefits
<b>Expected Employer Contributions:</b>			
2020 to plan trusts	\$ 1,000	\$ 186	\$ 62
2020 to plan participants	21	11	5
2020	\$ 1,645	\$ 241	\$ 32
2021	1,802	225	36
2022	1,942	215	41
2023	2,085	206	46
2024	2,230	196	52
2025 - 2029	13,293	857	353

Our funding policy for U.S. plans is to contribute amounts annually that are at least equal to the amounts required by applicable laws and regulations, or to directly fund payments to plan participants, as applicable. International plans will be funded in accordance with local regulations. Additional discretionary contributions may be made when deemed appropriate to meet the long-term obligations of the plans. Expected benefit payments for pensions will be primarily paid from plan trusts. Expected benefit payments for postretirement medical benefits will be paid from plan trusts and corporate assets.

**NOTE 6. MULTIEMPLOYER EMPLOYEE BENEFIT PLANS**

We contribute to a number of multiemployer defined benefit plans under the terms of collective bargaining agreements that cover our union-represented employees. These plans generally provide for retirement, death and/or termination benefits for eligible employees within the applicable collective bargaining units, based on specific eligibility/participation requirements, vesting periods and benefit formulas. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If we negotiate to cease participating in a multiemployer plan, we may be required to pay that plan an amount based on our allocable share of its underfunded status, referred to as a "withdrawal liability". However, cessation of participation in a multiemployer plan and subsequent payment of any withdrawal liability is subject to the collective bargaining process.
- If any of the multiemployer pension plans in which we participate enter critical status, and our contributions are not sufficient to satisfy any rehabilitation plan funding schedule, we could be required under the Pension Protection Act of 2006 to make additional surcharge contributions to the multiemployer pension plan in the amount of five to ten percent of the existing contributions required by our labor agreement. Such surcharges would cease upon the ratification of a new collective bargaining agreement, and could not recur unless a plan re-entered critical status at a later date.

The discussion that follows sets forth the financial impact on our results of operations and cash flows for the years ended December 31, 2019, 2018 and 2017, from our participation in multiemployer benefit plans. As part of the overall collective bargaining process for wage and benefit levels, we have agreed to contribute certain amounts to the multiemployer benefit plans during the contract period. The multiemployer benefit plans set benefit levels and are responsible for benefit delivery to participants. Future contribution amounts to multiemployer benefit plans are determined only through collective bargaining, and we have no additional legal or constructive obligation to increase contributions beyond the agreed-upon amounts (except potential surcharges under the Pension Protection Act of 2006 as described above).

The number of employees covered by our multiemployer pension plans has remained consistent over the past three years, and there have been no significant changes that affect the comparability of 2019, 2018 and 2017 contributions. We recognize expense for the contractually-required contribution for each period, and we recognize a liability for any contributions due and unpaid at the end of a reporting period.

***Status of Collective Bargaining Agreements***

As of December 31, 2019, we had approximately 290,000 employees employed under a national master agreement and various supplemental agreements with local unions affiliated with the Teamsters. The current National Master Agreement ("NMA") was ratified on April 28, 2019, and runs through July 31, 2023. Most of the economic provisions of the NMA are retroactive to August 1, 2018, which is the effective date of the NMA. The UPS Freight business unit national master agreement was ratified on November 11, 2018.

We have approximately 2,900 pilots who are employed under a collective bargaining agreement with the Independent Pilots Association ("IPA"), which becomes amendable on September 1, 2021. On February 10, 2020, the Company and the IPA reached a tentative agreement on a two-year contract extension. Upon ratification, the extension will go into effect on September 1, 2021 and become amendable September 1, 2023.

We have approximately 1,500 airline mechanics who are covered by a collective bargaining agreement with Teamsters Local 2727 which becomes amendable November 1, 2023. In addition, approximately 3,300 of our auto and maintenance mechanics who are not employed under agreements with the Teamsters are employed under collective bargaining agreements with the International Association of Machinists and Aerospace Workers ("IAM"). On May 2, 2019, the IAM ratified a new collective bargaining agreement which runs through July 31, 2024.

### Multiemployer Pension Plans

The following table outlines our participation in multiemployer pension plans for the periods ended December 31, 2019, 2018 and 2017, and sets forth our calendar year contributions and accruals for each plan. The “EIN/Pension Plan Number” column provides the Employer Identification Number (“EIN”) and the three-digit plan number. The most recent Pension Protection Act zone status available in 2019 and 2018 relates to the plans’ two most recent fiscal year ends. The zone status is based on information that we received from the plans’ administrators and is certified by each plan’s actuary. Plans certified in the red zone are generally less than 65% funded; plans certified in the orange zone are both less than 80% funded and have an accumulated funding deficiency, or are expected to have a deficiency in any of the next six plan years; plans certified in the yellow zone are less than 80% funded; and plans certified in the green zone are at least 80% funded. The “FIP/RP Status Pending/Implemented” column indicates whether a financial improvement plan (“FIP”) for yellow/orange zone plans, or a rehabilitation plan (“RP”) for red zone plans, is either pending or has been implemented. As of December 31, 2019, all plans that have either a FIP or RP requirement have had the respective plan implemented.

Our collectively-bargained contributions satisfy the requirements of all implemented FIPs and RPs and do not currently require the payment of any surcharges. In addition, minimum contributions outside of the agreed upon contractual rates are not required. For the plans detailed in the following table, the expiration date of the associated collective bargaining agreements is July 31, 2023, with the exception of the Automotive Industries Pension Plan, the Automotive Machinists Pension Trust and the IAM National Pension Fund / National Pension Plan, which have a July 31, 2024 expiration date. For all plans detailed in the following table, we provided more than 5% of the total plan contributions from all employers for 2019, 2018 and 2017 (as disclosed in the annual filing with the Department of Labor for each respective plan).

Certain plans have been aggregated in the “all other multiemployer pension plans” line in the following table, as the contributions to each of these individual plans are not material.

Pension Fund	EIN / Pension Plan Number	Pension Protection Act Zone Status		FIP / RP Status Pending / Implemented	(in millions) UPS Contributions and Accruals			Surcharge Imposed
		2019	2018		2019	2018	2017	
Central Pennsylvania Teamsters Defined Benefit Plan	23-6262789-001	Green	Green	No	48	44	40	No
Employer-Teamsters Local Nos. 175 & 505 Pension Trust Fund	55-6021850-001	Red	Red	Yes/Implemented	14	13	12	No
Hagerstown Motor Carriers and Teamsters Pension Fund	52-6045424-001	Red	Red	Yes/Implemented	10	9	8	No
I.A.M. National Pension Fund / National Pension Plan	51-6031295-002	Green	Green	No	41	38	35	No
International Brotherhood of Teamsters Union Local No. 710 Pension Fund	36-2377656-001	Green	Green	No	142	129	118	No
Local 705, International Brotherhood of Teamsters Pension Plan	36-6492502-001	Yellow	Yellow	Yes/Implemented	113	104	93	No
Local 804 I.B.T. & Local 447 I.A.M.—UPS Multiemployer Retirement Plan	51-6117726-001	Yellow	Yellow	Yes/Implemented	112	116	110	No
Milwaukee Drivers Pension Trust Fund	39-6045229-001	Green	Green	No	48	42	38	No
New England Teamsters & Trucking Industry Pension Fund	04-6372430-001	Red	Red	Yes/Implemented	120	121	114	No
New York State Teamsters Conference Pension and Retirement Fund	16-6063585-074	Red	Red	Yes/Implemented	119	108	100	No
Teamster Pension Fund of Philadelphia and Vicinity	23-1511735-001	Yellow	Yellow	Yes/Implemented	74	66	60	No
Teamsters Joint Council No. 83 of Virginia Pension Fund	54-6097996-001	Green	Green	No	75	69	64	No
Teamsters Local 639—Employers Pension Trust	53-0237142-001	Green	Green	No	68	61	55	No
Teamsters Negotiated Pension Plan	43-6196083-001	Green	Green	No	37	34	32	No
Truck Drivers and Helpers Local Union No. 355 Retirement Pension Plan	52-6043608-001	Green	Green	No	24	22	20	No
United Parcel Service, Inc.—Local 177, I.B.T. Multiemployer Retirement Plan	13-1426500-419	Red	Red	Yes/Implemented	100	95	88	No
Western Conference of Teamsters Pension Plan	91-6145047-001	Green	Green	No	939	868	772	No
Western Pennsylvania Teamsters and Employers Pension Fund	25-6029946-001	Red	Red	Yes/Implemented	34	31	30	No
All Other Multiemployer Pension Plans					102	72	81	
Total Contributions					<u>\$2,220</u>	<u>\$2,042</u>	<u>\$1,870</u>	

*Agreement with the New England Teamsters and Trucking Industry Pension Fund*

In 2012, we reached an agreement with the New England Teamsters and Trucking Industry Pension Fund ("NETTI Fund"), a multiemployer pension plan in which UPS is a participant, to restructure the pension liabilities for approximately 10,200 UPS employees represented by the Teamsters. As of December 31, 2019 and 2018, we had \$845 and \$852 million, respectively, recognized in "Other Non-Current Liabilities" as well as \$7 million as of December 31, 2019 and 2018 recorded in "Other current liabilities" on our consolidated balance sheets representing the remaining balance of the NETTI Fund withdrawal liability. This liability is payable in equal monthly installments over a remaining term of approximately 43 years. Based on the borrowing rates currently available to the Company for long-term financing of a similar maturity, the fair value of the NETTI Fund withdrawal liability as of December 31, 2019 and 2018 was \$929 and \$832 million, respectively. We utilized Level 2 inputs in the fair value hierarchy of valuation techniques to determine the fair value of this liability.

**Multiemployer Health and Welfare Plans**

We also contribute to a number of multiemployer health and welfare plans covering both active and retired employees. Healthcare benefits are provided to participants who meet certain eligibility requirements as covered under the applicable collective bargaining unit. The following table sets forth our calendar year plan contributions and accruals. Certain plans have been aggregated in the "all other multiemployer health and welfare plans" line, as the contributions to each of these individual plans are not material.

<b>Health and Welfare Fund</b>	<b>(in millions)</b>		
	<b>UPS Contributions and Accruals</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Bay Area Delivery Drivers	37	40	37
Central Pennsylvania Teamsters Health & Pension Fund	31	29	27
Central States, South East & South West Areas Health and Welfare Fund	2,899	2,530	2,366
Delta Health Systems—East Bay Drayage Drivers	30	30	29
Joint Council #83 Health & Welfare Fund	45	40	37
Local 804 Welfare Trust Fund	101	90	84
Milwaukee Drivers Pension Trust Fund—Milwaukee Drivers Health and Welfare Trust Fund	48	43	38
New York State Teamsters Health & Hospital Fund	71	62	59
Northern California General Teamsters (DELTA)	157	153	132
Northern New England Benefit Trust	59	54	50
Oregon / Teamster Employers Trust	51	43	38
Teamsters 170 Health & Welfare Fund	19	18	17
Teamsters Benefit Trust	47	48	46
Teamsters Local 251 Health & Insurance Plan	18	17	15
Teamsters Local 638 Health Fund	53	48	43
Teamsters Local 639—Employers Health & Pension Trust Funds	32	29	27
Teamsters Local 671 Health Services & Insurance Plan	20	19	17
Teamsters Union 25 Health Services & Insurance Plan	59	56	52
Teamsters Western Region & Local 177 Health Care Plan	769	656	605
Truck Drivers and Helpers Local 355 Baltimore Area Health & Welfare Fund	19	18	16
Utah-Idaho Teamsters Security Fund	37	32	29
Washington Teamsters Welfare Trust	67	57	52
All Other Multiemployer Health and Welfare Plans	141	156	156
<b>Total Contributions</b>	<b>\$ 4,810</b>	<b>\$ 4,268</b>	<b>\$ 3,972</b>



**NOTE 7. GOODWILL AND INTANGIBLE ASSETS**

The following table indicates the allocation of goodwill by segment (in millions):

	U.S. Domestic Package	International Package	Supply Chain & Freight	Consolidated
Balance on January 1, 2018	\$ 715	\$ 435	\$ 2,722	\$ 3,872
Acquired	—	—	—	—
Currency / Other	—	(18)	(43)	(61)
Balance on December 31, 2018	\$ 715	\$ 417	\$ 2,679	\$ 3,811
Acquired	—	2	3	5
Currency / Other	—	(3)	—	(3)
Balance on December 31, 2019	\$ 715	\$ 416	\$ 2,682	\$ 3,813

*2019 Goodwill Activity*

The goodwill acquired in the International Package segment is related to our January 2019 acquisition of Transmodal Services Private Limited in India. The goodwill acquired in the Supply Chain & Freight segment is primarily due to July 2019 acquisitions by Marken in Europe.

The remaining change in goodwill for the International Package segment was due to immaterial purchase accounting adjustments and the impact of changes in the value of the U.S. Dollar on the translation of non-U.S. Dollar goodwill balances.

*2018 Goodwill Activity*

The change in goodwill for both the Supply Chain & Freight and the International Package segments was due to immaterial purchase accounting adjustments and the impact of changes in the value of the U.S. Dollar on the translation of non-U.S. Dollar goodwill balances.

*Goodwill Impairment*

We completed our annual goodwill impairment evaluation, as of July 1st, on a reporting unit basis. For the periods presented, no triggering events were identified that required an interim impairment test.

U.S. Domestic Package is our largest reporting segment and reporting unit. In our International Package reporting segment, we have the following reporting units: Europe, Asia, Americas and ISMEA. In our Supply Chain & Freight segment we have the following reporting units: Forwarding, Logistics, UPS Mail Innovations, UPS Freight, The UPS Store, UPS Capital, Marken and Coyote.

In assessing our goodwill for impairment, we initially evaluate qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment is not conclusive and it is necessary to calculate the fair value of a reporting unit, then we utilize a two-step process to test goodwill for impairment. First, a comparison of the fair value of the applicable reporting unit with the aggregate carrying value, including goodwill, is performed. We primarily determine the fair value of our reporting units using a discounted cash flow model, and supplement this with observable valuation multiples for comparable companies, as applicable. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, we perform the second step of the goodwill impairment test to determine the amount of impairment loss. The second step includes comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill.

In 2019, we utilized a qualitative assessment to determine that it was more likely than not that the reporting unit fair value exceeded the carrying value for U.S. Domestic Package, Forwarding, Logistics, Coyote, UPS Mail Innovations and The UPS Store. For the remaining reporting units owned at the annual goodwill impairment testing date, we utilized the two-step process to test goodwill for impairment. We did not have any goodwill impairment charges in 2019, 2018 or 2017. Cumulatively, our Supply Chain & Freight segment has recorded \$622 million of goodwill impairment charges, while our International and U.S. Domestic Package segments have not recorded any goodwill impairment charges.

*Intangible Assets*

The following is a summary of intangible assets at December 31, 2019 and 2018 (in millions):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Weighted-Average Amortization Period (in years)
<b>December 31, 2019</b>				
Capitalized software	\$ 4,125	\$ (2,704)	\$ 1,421	6.9
Licenses	117	(64)	53	3.9
Franchise rights	146	(109)	37	20.0
Customer relationships	730	(282)	448	10.6
Trade name	200	—	200	N/A
Trademarks, patents and other	29	(21)	8	7.7
Total Intangible Assets	<u>\$ 5,347</u>	<u>\$ (3,180)</u>	<u>\$ 2,167</u>	<u>7.7</u>
<b>December 31, 2018</b>				
Capitalized software	\$ 3,693	\$ (2,478)	\$ 1,215	
Licenses	117	(36)	81	
Franchise rights	145	(105)	40	
Customer relationships	736	(217)	519	
Trade name	200	—	200	
Trademarks, patents and other	52	(31)	20	
Total Intangible Assets	<u>\$ 4,943</u>	<u>\$ (2,867)</u>	<u>\$ 2,075</u>	

A trade name and licenses with carrying values of \$200 and \$4 million, respectively, as of December 31, 2019 are deemed to be indefinite-lived intangible assets, and therefore are not amortized. Impairment tests for indefinite-lived intangible assets are performed on an annual basis. All of our other recorded intangible assets are deemed to be finite-lived intangibles, and are thus amortized over their estimated useful lives. Impairment tests for these intangible assets are only performed when a triggering event occurs that may indicate that the carrying value of the intangible may not be recoverable. Impairments of finite-lived intangible assets were \$2 and \$12 million in 2019 and 2018, respectively.

Amortization of intangible assets was \$377, \$339 and \$287 million during 2019, 2018 and 2017, respectively. Expected amortization of finite-lived intangible assets recorded as of December 31, 2019 for the next five years is as follows (in millions): 2020—\$481; 2021—\$403; 2022—\$332; 2023—\$276; 2024—\$220. Amortization expense in future periods will be affected by business acquisitions, software development, licensing agreements, franchise rights purchased and other factors.

**NOTE 8. DEBT AND FINANCING ARRANGEMENTS**

The carrying value of our outstanding debt obligations, as of December 31, 2019 and 2018 consists of the following (in millions):

	Principal Amount	Maturity	Carrying Value	
			2019	2018
Commercial paper	\$ 3,243	2020	\$ 3,234	\$ 2,662
Fixed-rate senior notes:				
5.125% senior notes	1,000	2019	—	998
3.125% senior notes	1,500	2021	1,524	1,492
2.050% senior notes	700	2021	699	698
2.450% senior notes	1,000	2022	1,003	1,023
2.350% senior notes	600	2022	598	597
2.500% senior notes	1,000	2023	995	994
2.800% senior notes	500	2024	497	496
2.200% senior notes	400	2024	398	—
2.400% senior notes	500	2026	498	498
3.050% senior notes	1,000	2027	992	991
3.400% senior notes	750	2029	745	—
2.500% senior notes	400	2029	397	—
6.200% senior notes	1,500	2038	1,483	1,482
4.875% senior notes	500	2040	490	490
3.625% senior notes	375	2042	368	368
3.400% senior notes	500	2046	491	491
3.750% senior notes	1,150	2047	1,136	1,136
4.250% senior notes	750	2049	742	—
3.400% senior notes	700	2049	688	—
Floating-rate senior notes:				
Floating-rate senior notes	350	2021	349	349
Floating-rate senior notes	400	2022	399	399
Floating-rate senior notes	500	2023	499	499
Floating-rate senior notes	1,041	2049-2067	1,028	1,029
8.375% Debentures:				
8.375% debentures	424	2020	426	419
8.375% debentures	276	2030	281	274
Pound Sterling Notes:				
5.500% notes	87	2031	86	84
5.125% notes	597	2050	566	546
Euro Senior Notes:				
0.375% senior notes	783	2023	779	797
1.625% senior notes	783	2025	779	798
1.000% senior notes	560	2028	556	570
1.500% senior notes	560	2032	556	569
Floating-rate senior notes	560	2020	559	572
Canadian senior notes:				
2.125% senior notes	573	2024	571	548
Finance lease obligations	498	2020 – 2210	498	534
Facility notes and bonds	320	2029 – 2045	320	320
Other debt	8	2020 – 2025	8	13
Total debt	\$ 26,388		25,238	22,736
Less: current maturities			(3,420)	(2,805)
Long-term debt			\$ 21,818	\$ 19,931

### *Commercial Paper*

We are authorized to borrow up to \$10.0 billion under a U.S. commercial paper program and €5.0 billion (in a variety of currencies) under a European commercial paper program. We had the following amounts outstanding under these programs as of December 31, 2019: \$2.172 billion with an average interest rate of 1.90% and €949 million (\$1.062 billion) with an average interest rate of -0.44%. As of December 31, 2019, we have classified the entire commercial paper balance as a current liability on our consolidated balance sheets. The amount of commercial paper outstanding under these programs in 2020 is expected to fluctuate.

### *Debt Classification*

We have classified both our 8.375% debentures due April 2020 with a principal balance of \$424 million, and our €500 million (\$560 million) floating-rate senior notes due July 2020, as long-term debt based on our intent and ability to refinance the debt as of December 31, 2019. We have classified certain floating-rate senior notes that are puttable by the note holders as long-term debt due to our intent and ability to refinance the debt if the put option is exercised by the note holders.

### *Debt Issuances*

On March 15, 2019 we issued two series of notes, both in the principal amounts of \$750 million. These fixed-rate notes bear interest at 3.40% and 4.25% and will mature on March 15, 2029 and March 15, 2049, respectively. Interest on the fixed-rate senior notes is payable semi-annually, beginning September 2019. The 3.40% fixed-rate senior notes are callable at our option at a redemption price equal to the greater of 100% of the principal amount, or the sum of the present values of remaining scheduled payments of principal and interest due from the redemption date until three months prior to maturity, discounted to the redemption date on a semi-annual basis at the discount rate of the Treasury Rate plus 15 basis points, plus accrued and unpaid interest. The 4.25% fixed-rate senior notes are callable at our option at a redemption price equal to the greater of 100% of the principal amount, or the sum of the present values of remaining scheduled payments of principal and interest due from the redemption date until six months prior to maturity discounted to the redemption date on a semi-annual basis at the discount rate of the Treasury Rate plus 20 basis points, plus accrued and unpaid interest.

On August 16, 2019 we issued three series of notes, two with principal amounts of \$400 million and one in the principal amount of \$700 million. These notes bear interest at 2.20%, 2.50% and 3.40%, respectively, and will mature on September 1, 2024, September 1, 2029 and September 1, 2049, respectively. Interest on the notes is payable semi-annually, beginning March 2020. The 2.20% senior notes are callable at our option at a redemption price equal to the greater of 100% of the principal amount, or the sum of the present values of scheduled payments of principal and interest due from the redemption date until one month prior to maturity, discounted to the redemption date on a semi-annual basis at the discount rate of the Treasury Rate plus 10 basis points, plus accrued and unpaid interest. The 2.50% senior notes are callable at our option at a redemption price equal to the greater of 100% of the principal amount, or the sum of the present values of scheduled payments of principal and interest due from the redemption date until three months prior to maturity discounted to the redemption date on a semi-annual basis at the discount rate of the Treasury Rate plus 15 basis points, plus accrued and unpaid interest. The 3.40% senior notes are callable at our option at a redemption price equal to the greater of 100% of the principal amount, or the sum of the present values of scheduled payments of principal and interest due from the redemption date until six months prior to maturity, discounted to the redemption date on a semi-annual basis at the discount rate of the Treasury Rate plus 20 basis points, plus accrued and unpaid interest.

### Fixed-Rate Senior Notes

All of our fixed-rate notes pay interest semi-annually, and allow for redemption by UPS at any time by paying the greater of the principal amount or a “make-whole” amount, plus accrued interest. We subsequently entered into interest rate swaps on several of these notes, which effectively converted the fixed interest rates on the notes to variable LIBOR-based interest rates. The average interest rate payable on the notes where fixed interest rates were swapped to variable-based interest rates, including the impact of the interest rate swaps, for 2019 and 2018 were as follows:

	Principal Value	Maturity	Average Effective Interest Rate	
			2019	2018
5.50% senior notes	\$ 750	2018	—%	3.63%
5.125% senior notes	1,000	2019	4.48%	3.99%
3.125% senior notes	1,500	2021	2.59%	2.32%
2.45% senior notes	1,000	2022	3.03%	2.77%

On April 1, 2019, our \$1.00 billion 5.125% senior notes matured and were repaid in full.

### 8.375% Debentures

The 8.375% debentures consist of two separate tranches, as follows:

- \$276 million of the debentures have a maturity of April 1, 2030. These debentures have an 8.375% interest rate until April 1, 2020, and, thereafter, the interest rate will be 7.62% for the final 10 years. These debentures are redeemable in whole or in part at our option at any time. The redemption price is equal to the greater of 100% of the principal amount and accrued interest, or the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption (at a benchmark treasury yield plus five basis points) plus accrued interest.
- \$424 million of the debentures have a maturity of April 1, 2020. These debentures are not subject to redemption prior to maturity.

Interest is payable semi-annually in April and October for both tranches and neither tranche is subject to sinking fund requirements. We subsequently entered into interest rate swaps on the 2020 debentures, which effectively converted the fixed interest rates on the debentures to variable LIBOR-based interest rates. The average interest rate payable on the 2020 debentures, including the impact of the interest rate swaps, for 2019 and 2018 was 7.20% and 6.93%, respectively.

### Floating-Rate Senior Notes

The floating-rate senior notes, with principal amounts totaling \$1.041 billion, bear interest at either one or three-month LIBOR, less a spread ranging from 30 to 45 basis points. The average interest rate for 2019 and 2018 was 2.05% and 1.76%, respectively. These notes are callable at various times after 30 years at a stated percentage of par value, and putable by the note holders at various times after one year at a stated percentage of par value. The notes have maturities ranging from 2049 through 2067. We classified the floating-rate senior notes that are putable by the note holder as long-term liabilities, due to our intent and ability to refinance the debt if the put option is exercised by the note holder.

The remaining three floating-rate senior notes in the principal amounts of \$350, \$400, and \$500 million, bear interest at three-month LIBOR, plus a spread ranging from 15 to 45 basis points. The average interest rate for 2019 and 2018 was 2.82% and 2.50%, respectively. These notes are not callable. The notes have maturities ranging from 2021 through 2023.

### Finance Lease Obligations

We have certain property, plant and equipment subject to finance leases. For additional information on finance lease obligations, see note 10.

### *Facility Notes and Bonds*

We have entered into agreements with certain municipalities or related entities to finance the construction of, or improvements to, facilities that support our operations in the United States. These facilities are located around airport properties in Louisville, Kentucky; Dallas, Texas; and Philadelphia, Pennsylvania. Under these arrangements, we enter into a lease or loan agreement that covers the debt service obligations on the bonds issued by these entities, as follows:

- Bonds with a principal balance of \$149 million issued by the Louisville Regional Airport Authority associated with our Worldport facility in Louisville, Kentucky. The bonds, which are due in January 2029, bear interest at a variable rate, and the average interest rates for 2019 and 2018 were 1.49% and 1.43%, respectively.
- Bonds with a principal balance of \$42 million and due in November 2036 issued by the Louisville Regional Airport Authority associated with our air freight facility in Louisville, Kentucky. The bonds bear interest at a variable rate, and the average interest rates for 2019 and 2018 were 1.49% and 1.39%, respectively.
- Bonds with a principal balance of \$29 million issued by the Dallas / Fort Worth International Airport Facility Improvement Corporation associated with our Dallas, Texas airport facilities. The bonds are due in May 2032 and bear interest at a variable rate, however the variable cash flows on the obligation have been swapped to a fixed 5.11%.
- Bonds with a principal balance of \$100 million issued by the Delaware County, Pennsylvania Industrial Development Authority associated with our Philadelphia, Pennsylvania airport facilities. These bonds, which are due September 2045, bear interest at a variable rate. The average interest rate for 2019 and 2018 was 1.48% and 1.35%, respectively.

### *Pound Sterling Notes*

The Pound Sterling notes consist of two separate tranches, as follows:

- Notes with a principal amount of £66 million accrue interest at a 5.50% fixed rate, and are due in February 2031. These notes are not callable.
- Notes with a principal amount of £455 million accrue interest at a 5.125% fixed rate, and are due in February 2050. These notes are callable at our option at a redemption price equal to the greater of 100% of the principal amount and accrued interest, or the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption at a benchmark U.K. government bond yield plus 15 basis points, plus accrued interest.

### *Canadian Dollar Senior Notes*

The Canadian Dollar notes consist of a single series as follows:

- Notes in the principal amount of C\$750 million, which bear interest at a 2.125% fixed interest rate and mature in May 2024. Interest on the notes is payable semi-annually. The notes are callable at our option, in whole or in part at the Government of Canada yield plus 21.5 basis points, and on or after the par call date, at par value.

### *Euro Senior Notes*

The Euro notes consist of four separate issuances, as follows:

- Notes in the principal amount of €500 million accrue interest at a 1% fixed rate and are due in November 2028. Interest is payable annually on the notes. These notes are callable at our option at a redemption price equal to the greater of 100% of the principal amount, or the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption at a benchmark comparable German government bond yield plus 15 basis points, plus accrued interest.
- Notes with a principal amount of €500 million accrue interest at a variable rate equal to three-month EURIBOR plus 43 basis points and are due in July 2020. Interest is payable quarterly on the notes. These notes are not callable. The notes bear interest at a variable rate, and the average interest rates for 2019 and 2018 were 0.08% and 0.11%, respectively.

- Notes with a principal amount of €700 million accrue interest at a 1.625% fixed rate and are due in November 2025. Interest is payable annually on the notes. These notes are callable at our option at a redemption price equal to the greater of 100% of the principal amount, or the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption at a benchmark German government bond yield plus 20 basis points, plus accrued interest.
- Notes with principal amounts of €700 million and €500 million accrue interest at 0.375% and 1.500% fixed rates, respectively, and are due in November 2023 and November 2032, respectively. Interest on these notes is payable annually. The notes are callable at our option at a redemption price equal to the greater of 100% of the principal amount, or the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption at a benchmark comparable government bond yield plus 10 and 20 basis points, respectively, plus accrued interest.

*Contractual Commitments*

The following table sets forth the aggregate annual principal payments due under our long-term debt and the aggregate amounts expected to be spent for purchase commitments (in millions).

<b>Year</b>	<b>Debt Principal</b>	<b>Purchase Commitments<sup>(1)</sup></b>
2020	\$ 4,232	3,569
2021	2,551	1,982
2022	2,001	966
2023	2,284	323
2024	1,474	261
After 2024	12,349	201
<b>Total</b>	<b>\$ 24,891</b>	<b>\$ 7,302</b>

<sup>(1)</sup> Purchase commitments includes amounts due under aircraft leases that we entered into in 2019 and our January 29, 2020 announced commitment to purchase 10,000 electric vehicles.

As of December 31, 2019, we had outstanding letters of credit totaling approximately \$1.267 billion issued in connection with our self-insurance reserves and other routine business requirements. We also issue surety bonds as an alternative to letters of credit in certain instances, and as of December 31, 2019, we had \$1.327 billion of surety bonds written.

*Sources of Credit*

We maintain two credit agreements with a consortium of banks. One of these agreements provides revolving credit facilities of \$2.0 billion, and expires on December 8, 2020. Generally, amounts outstanding under this facility bear interest at a periodic fixed rate equal to LIBOR for the applicable interest period and currency denomination, plus an applicable margin. Alternatively, a fluctuating rate of interest equal to the highest of (1) the rate of interest last quoted by The Wall Street Journal as the prime rate in the United States; (2) the Federal Funds effective rate plus 0.50%; and (3) LIBOR for a one month interest period plus 1.00%, plus an applicable margin, may be used at our discretion. In each case, the applicable margin for advances bearing interest based on LIBOR is a percentage determined by quotations from Markit Group Ltd. for our 1-year credit default swap spread, subject to a minimum rate of 0.25% and a maximum rate of 1.00%. The applicable margin for advances bearing interest based on the prime rate is 1.00% below the applicable margin for LIBOR advances (but not lower than 0.00%). We are also able to request advances under this facility based on competitive bids for the applicable interest rate. There were no amounts outstanding under this facility as of December 31, 2019.

The second agreement provides revolving credit facilities of \$2.5 billion, and expires on December 11, 2023. Generally, amounts outstanding under this facility bear interest at a periodic fixed rate equal to LIBOR for the applicable interest period and currency denomination, plus an applicable margin. Alternatively, a fluctuating rate of interest equal to the highest of (1) the rate of interest last quoted by The Wall Street Journal as the prime rate in the United States; (2) the Federal Funds effective rate plus 0.50%; and (3) LIBOR for a one month interest period plus 1.00%, plus an applicable margin, may be used at our discretion. In each case, the applicable margin for advances bearing interest based on LIBOR is a percentage determined by quotations from Markit Group Ltd. for our 1-year credit default swap spread, interpolated for a period from the date of determination of such credit default swap spread in connection with a new interest period until the latest maturity date of this facility then in effect (but not less than a period of one year). The minimum applicable margin rate is 0.10% and the maximum applicable margin rate is 0.75% per annum. The applicable margin for advances bearing interest based on the prime rate is 1.00% below the applicable margin for LIBOR advances (but not less than 0.00%). We are also able to request advances under this facility based on competitive bids. There were no amounts outstanding under this facility as of December 31, 2019.

#### *Debt Covenants*

Our existing debt instruments and credit facilities subject us to certain financial covenants. As of December 31, 2019 and for all prior periods presented, we have satisfied these financial covenants. These covenants limit the amount of secured indebtedness that we may incur, and limit the amount of attributable debt in sale-leaseback transactions, to 10% of net tangible assets. As of December 31, 2019, 10% of net tangible assets is equivalent to \$3.646 billion; however, we have no covered sale-leaseback transactions or secured indebtedness outstanding. We do not expect these covenants to have a material impact on our financial condition or liquidity.

#### *Fair Value of Debt*

Based on the borrowing rates currently available to the Company for long-term debt with similar terms and maturities, the fair value of long-term debt, including current maturities, is approximately \$26.949 and \$23.293 billion as of December 31, 2019 and 2018, respectively. We utilized Level 2 inputs in the fair value hierarchy of valuation techniques to determine the fair value of all of our debt instruments.



**NOTE 9. LEGAL PROCEEDINGS AND CONTINGENCIES**

We are involved in a number of judicial proceedings and other matters arising from the conduct of our business.

Although there can be no assurance as to the ultimate outcome, we have generally denied, or believe we have a meritorious defense and will deny, liability in all pending matters, including (except as otherwise noted herein) the matters described below, and we intend to vigorously defend each matter. We accrue amounts associated with legal proceedings when and to the extent a loss becomes probable and can be reasonably estimated. The actual costs of resolving legal proceedings may be substantially higher or lower than the amounts accrued on those claims.

For matters as to which we are not able to estimate a possible loss or range of losses, we are not able to determine whether any such loss will have a material adverse effect on our business, financial condition, results of operations or liquidity. For matters in this category, we have indicated in the descriptions that follow the reasons that we are unable to estimate the possible loss or range of losses.

*Judicial Proceedings*

In February 2015, the State and City of New York filed suit against UPS in the U.S. District Court for the Southern District of New York, arising from alleged shipments of cigarettes to New York State and City residents. The complaint asserted claims under various federal and state laws. The complaint also included a claim that UPS violated the Assurance of Discontinuance it entered into with the New York Attorney General in 2005 concerning cigarette deliveries. On March 24, 2017, the District Court issued an opinion and order finding liability against UPS on each of the plaintiffs' causes of action. On May 25, 2017, the District Court issued a corrected opinion and order on liability and an order awarding the plaintiffs damages of \$9 million and penalties of \$238 million. Following an appeal, on November 7, 2019, the U.S. Court of Appeals for the Second Circuit issued an order awarding the plaintiffs damages of \$19 million and penalties of \$79 million. An accrual of \$100 million with respect to this matter is included on our consolidated balance sheets at December 31, 2019. We estimate that the amount of losses could be up to \$247 million, plus interest; however, the amount of penalties ultimately payable, if any, is subject to a variety of complex factors and potential outcomes that could be determined in future legal proceedings, which would include a petition for a writ of certiorari with the U.S. Supreme Court.

We are a defendant in a number of lawsuits filed in state and federal courts containing various class action allegations under state wage-and-hour laws. At this time, we do not believe that any loss associated with any matter would have a material adverse effect on our financial condition, results of operations or liquidity. One of these matters, Hughes v. UPS Supply Chain Solutions, Inc. and United Parcel Service, Inc. had previously been certified as a class action in Kentucky state court. In the second quarter of 2019, the court granted our motion for judgment on the pleadings related to the wage-and-hour claims. The plaintiffs have appealed this decision.

*Other Matters*

In October 2015, the Department of Justice ("DOJ") informed us of an industry-wide inquiry into the transportation of mail under the United States Postal Service ("USPS") International Commercial Air contracts. In October 2017, we received a Civil Investigative Demand seeking certain information relating to our contracts. The DOJ has indicated it is investigating potential violations of the False Claims Act or other statutes. We are cooperating with the DOJ. We are unable to predict what action, if any, might be taken in the future by any government authorities as a result of their investigation. Accordingly, at this time, we are not able to estimate a possible loss or range of losses that may result from this matter or to determine whether such loss, if any, would have a material adverse effect on our financial condition, results of operations or liquidity.

In August 2016, Spain's National Markets and Competition Commission ("CNMC") announced an investigation into 10 companies in the commercial delivery and parcel industry, including UPS, related to alleged nonaggression agreements to allocate customers. In May 2017, UPS received a Statement of Objections issued by the CNMC. In July 2017, UPS received a Proposed Decision from the CNMC. On March 8, 2018, the CNMC adopted a final decision, finding an infringement and imposing a fine on UPS of €19 million. UPS appealed the decision and in September 2018, obtained a suspension of the implementation of the decision (including payment of the fine). The appeal is pending. There are multiple factors that prevent us from being able to estimate a possible loss or range of losses that may result from this matter or to determine whether such loss, if any, would have a material adverse effect on our financial condition, results of operations or liquidity including: (1) we are vigorously defending ourselves and believe that we have a number of meritorious legal defenses; and (2) there are unresolved questions of law and fact that could be important to the ultimate resolution of this matter.

In February 2018, the Turkish Competition Authority ("Authority") opened an investigation into nine companies in the small package industry, including UPS, related to alleged customer allocations in violation of Turkish competition law. In April 2018, the Authority consolidated this investigation with two other investigations involving similar allegations. The consolidated investigation involves over 30 companies. In January 2020, the Authority held a hearing and announced a summary decision, finding an infringement and imposing an immaterial fine on UPS. We do not believe that any loss associated with this matter will have a material adverse effect on our financial condition, results of operations or liquidity.

We are a party in various other matters that arose in the normal course of business. We do not believe that the eventual resolution of these other matters (either individually or in the aggregate), including any reasonably possible losses in excess of current accruals, will have a material adverse effect on our financial condition, results of operations or liquidity.

**NOTE 10. LEASES**

We adopted ASU 2016-02, *Leases (Topic 842)*, on January 1, 2019. The standard requires lessees to recognize a right-of-use ("ROU") asset and lease liability for all leases. Some of our leases contain both lease and non-lease components, which we have elected to treat as a single lease component. We have also elected not to recognize leases that have an original lease term, including reasonably certain renewal or purchase options, of twelve months or less in our consolidated balance sheets for all classes of underlying assets. Lease costs for short-term leases are recognized on a straight-line basis over the lease term. We elected the package of transition practical expedients for existing contracts, which allowed us to carry forward our historical assessments of whether contracts are, or contain, leases, lease classification and determination of initial direct costs.

We lease property and equipment under finance and operating leases. We have finance and operating leases for package centers, airport facilities, warehouses, corporate office space, aircraft, aircraft engines, information technology equipment (primarily mainframes, servers and copiers), vehicles and various other equipment used in operating our business. Certain leases for real estate and aircraft contain options to purchase, extend or terminate the lease. Determining the lease term and amount of lease payments to include in the calculation of the ROU asset and lease liability for leases containing options requires the use of judgment to determine whether the exercise of an option is reasonably certain, and if the optional period and payments should be included in the calculation of the associated ROU asset and liability. In making this determination, we consider all relevant economic factors that would compel us to exercise or not exercise an option.

When our leases contain future payments that are dependent on an index or rate, such as the consumer price index, we initially measure the lease liability and ROU asset using the index or rate at the commencement date. In subsequent periods, lease payments dependent on an index or rate are not remeasured. Rather, changes to payments due to a change in an index or rate are recognized in our statements of consolidated income in the period of the change.

When available, we use the rate implicit in the lease to discount lease payments; however, the rate implicit in the lease is not readily determinable for substantially all of our leases. For these leases, we use an estimate of our incremental borrowing rate to discount lease payments based on information available at lease commencement. The incremental borrowing rate is derived using multiple inputs including our credit rating, the impact of full collateralization, lease term and denominated currency. The remaining lease terms vary from 1 month to 190 years.

*Aircraft*

In addition to the aircraft that we own, we have leases for 342 aircraft. Of these leased aircraft, 31 are classified as finance leases, 14 are classified as operating leases and the remaining 297 are classified as short-term leases. A majority of the obligations associated with the aircraft classified as finance leases have been legally defeased. Most of our long-term aircraft operating leases are operated by a third party to handle package and cargo volume in geographic regions where, due to government regulations, we are restricted from operating an airline.

In order to meet customers' needs, we charter aircraft to handle package and cargo volume on certain international trade lanes and domestic routes. Due to the nature of these agreements, primarily being that either party can cancel the agreement with short notice, we have classified these as short-term leases. Additionally, all of the lease payments associated with these charter agreements are variable in nature based on the number of hours flown.

*Real Estate*

We have operating and finance leases for package centers, airport facilities, warehouses, corporate office space and expansion facilities utilized during peak shipping periods. Many of our leases contain charges for common area maintenance or other miscellaneous expenses that are updated based on landlord estimates. Due to this variability, the cash flows associated with these charges are not included in the minimum lease payments used in determining the ROU asset and associated lease liability.

Some of our real estate leases contain options to renew or extend the lease or terminate the lease before the expiration date. These options are factored into the determination of the lease term and lease payments when their exercise is considered to be reasonably certain.

We also enter into real estate leases that contain lease incentives, such as tenant improvement allowances or move-in allowances, that are received or receivable at lease commencement. These incentives reduce lease payments for classification purposes and reduce the initial ROU asset. When lease incentives are receivable at lease commencement, they also reduce the initial lease liability.

From time to time, we enter into leases with the intention of purchasing the property, either through purchase options with a fixed price or a purchase agreement negotiated contemporaneously with the lease agreement. We classify these leases as finance leases and include the purchase date and purchase price in the lease term and lease payments, respectively, when the option to exercise or purchase is reasonably certain.

#### *Transportation and other equipment*

We enter into both long-term and short-term leases for transportation equipment to supplement our capacity or meet contractual demands. Some of these assets are leased on a month-to-month basis and the leases can be terminated without penalty. The lease term for these types of leases is determined by the length of the underlying customer contract or based on the judgment of the business unit. We also enter into multi-year leases for trailers to increase capacity during periods of high demand, which are typically only used for 90-120 days during the year. These leases are treated as short-term as the cumulative right-of-use is less than 12 months over the term of the contract.

The remainder of our leases are primarily related to equipment used in our air operations, vehicles required to meet capacity needs during periods of higher demand for our shipping services, technology equipment and office equipment used in our facilities.

Some of our transportation and technology equipment leases require us to make additional lease payments based on the underlying usage of the assets. Due to the variable nature of these costs, these are expensed as incurred and are not included in the ROU asset and lease liability.

The components of lease expense for the year ended December 31, 2019 are as follows (in millions):

	<b>Year Ended December 31,</b>	
	<b>2019</b>	
Operating lease costs	\$	643
Finance lease costs:		
Amortization of assets	\$	73
Interest on lease liabilities		19
Total finance lease costs		92
Variable lease costs		206
Short-term lease costs		1,122
Total lease costs	\$	2,063

Supplemental information related to leases and location within our consolidated balance sheets are as follows (in millions, except lease term and discount rate):

	<u>December 31, 2019</u>
<b>Operating Leases:</b>	
Operating lease right-of-use assets	\$ 2,856
Current maturities of operating leases	\$ 538
Non-current operating leases	2,391
Total operating lease liabilities	<u>\$ 2,929</u>
<b>Finance Leases:</b>	
Aircraft	\$ 2,087
Buildings	272
Vehicles, plant equipment, technology equipment and other	27
Accumulated amortization	(884)
Property, plant and equipment, net	<u>\$ 1,502</u>
Current maturities of long-term debt, commercial paper and finance leases	\$ 181
Long-term debt and finance leases	317
Total finance lease liabilities	<u>\$ 498</u>
Weighted average remaining lease term (in years):	
Operating leases	9.7
Finance leases	8.9
Weighted average discount rate:	
Operating leases	2.78%
Finance leases	4.03%

Supplemental cash flow information related to leases is as follows (in millions):

	<u>Year Ended December 31,</u> <u>2019</u>
Cash paid for amounts included in measurement of liabilities:	
Operating cash flows from operating leases	\$ 620
Operating cash flows from finance leases	19
Financing cash flows from finance leases	140
Right-of-use assets obtained in exchange for lease liabilities:	
Operating leases	\$ 810
Finance leases	\$ 110

Maturities of lease liabilities as of December 31, 2019 are as follows (in millions):

	Finance Leases	Operating Leases
2020	\$ 199	\$ 619
2021	44	536
2022	39	451
2023	37	360
2024	35	256
Thereafter	259	1,267
Total lease payments	613	3,489
Less: Imputed interest	(115)	(560)
Total lease obligations	498	2,929
Less: Current obligations	(181)	(538)
Long-term lease obligations	\$ 317	\$ 2,391

As of December 31, 2019, we have additional leases which have not commenced. These leases will commence when we are granted access to the property, such as when leasehold improvements are completed by the lessor or a certificate of occupancy is obtained. These leases will commence in 2020.

*Disclosures related to periods prior to adoption of the new lease standard*

Rent expense related to our operating leases was \$959 and \$804 million for 2018 and 2017, respectively. The following table sets forth the aggregate minimum lease payments under capital and operating leases as of December 31, 2018 (in millions):

	Capital Leases	Operating Leases
2019	\$ 158	\$ 578
2020	95	477
2021	42	399
2022	39	325
2023	36	262
After 2023	293	926
Total lease payments	663	2,967
Less: Imputed interest	(129)	
Total lease obligations	534	
Less: Current obligations	(140)	
Long-term lease obligations	\$ 394	

**NOTE 11. SHAREOWNERS' EQUITY**

*Capital Stock, Additional Paid-In Capital and Retained Earnings*

We maintain two classes of common stock, which are distinguished from each other by their respective voting rights. Class A shares of UPS are entitled to 10 votes per share, whereas class B shares are entitled to one vote per share. Class A shares are primarily held by UPS employees and retirees, as well as trusts and descendants of the Company's founders, and these shares are fully convertible into class B shares at any time. Class B shares are publicly traded on the New York Stock Exchange ("NYSE") under the symbol "UPS". Class A and B shares both have a \$0.01 par value, and as of December 31, 2019, there were 4.6 billion class A shares and 5.6 billion class B shares authorized to be issued. Additionally, there are 200 million preferred shares authorized to be issued, with a par value of \$0.01 per share. As of December 31, 2019, no preferred shares had been issued.

The following is a rollforward of our common stock, additional paid-in capital, retained earnings and non-controlling interests accounts for the year ended December 31, 2019, 2018 and 2017 (in millions, except per share amounts):

Year Ended December 31:	2019		2018		2017	
	Shares	Dollars	Shares	Dollars	Shares	Dollars
<b>Class A Common Stock:</b>						
Balance at beginning of year	163	\$ 2	173	\$ 2	180	\$ 2
Common stock purchases	(3)	—	(3)	—	(4)	—
Stock award plans	5	—	3	—	4	—
Common stock issuances	3	—	4	—	3	—
Conversions of class A to class B common stock	(12)	—	(14)	—	(10)	—
Class A shares issued at end of year	<u>156</u>	<u>\$ 2</u>	<u>163</u>	<u>\$ 2</u>	<u>173</u>	<u>\$ 2</u>
<b>Class B Common Stock:</b>						
Balance at beginning of year	696	\$ 7	687	\$ 7	689	\$ 7
Common stock purchases	(7)	—	(5)	—	(12)	—
Conversions of class A to class B common stock	12	—	14	—	10	—
Class B shares issued at end of year	<u>701</u>	<u>\$ 7</u>	<u>696</u>	<u>\$ 7</u>	<u>687</u>	<u>\$ 7</u>
<b>Additional Paid-In Capital:</b>						
Balance at beginning of year		\$ —		\$ —		\$ —
Stock award plans		778		419		396
Common stock purchases		(1,005)		(859)		(813)
Common stock issuances		356		406		363
Option premiums received (paid)		21		34		54
Balance at end of year		<u>\$ 150</u>		<u>\$ —</u>		<u>\$ —</u>
<b>Retained Earnings:</b>						
Balance at beginning of year		\$ 8,006		\$ 5,852		\$ 4,880
Net income attributable to controlling interests		4,440		4,791		4,905
Dividends (\$3.84, \$3.64, and \$3.32 per share) <sup>(1)</sup>		(3,341)		(3,189)		(2,928)
Common stock purchases		—		(141)		(1,003)
Reclassification from AOCI pursuant to the early adoption of ASU 2018-02		—		735		—
Other		—		(42)		(2)
Balance at end of year		<u>\$ 9,105</u>		<u>\$ 8,006</u>		<u>\$ 5,852</u>
<b>Non-Controlling Interests</b>						
Balance at beginning of year		\$ 16		\$ 30		\$ 24
Change in non-controlling interests		—		(14)		6
Balance at end of year		<u>\$ 16</u>		<u>\$ 16</u>		<u>\$ 30</u>

<sup>(1)</sup> The dividend per share amount is the same for both class A and class B common stock. Dividends include \$147, \$178 and \$157 million for 2019, 2018 and 2017, respectively, that were settled in shares of class A common stock.

In May 2016, the Board of Directors approved a share repurchase authorization of \$8.0 billion for shares of class A and class B common stock, which has no expiration date. As of December 31, 2019, we had 2.334 billion of this share repurchase authorization available.

Share repurchases may be in the form of accelerated share repurchase programs, open market purchases or other such methods as we deem appropriate. The timing of share repurchases will depend upon market conditions. Unless terminated earlier by the Board, the program will expire when we have purchased all shares authorized for repurchase under the program.

For the years ended December 31, 2019, 2018 and 2017, we repurchased a total of 9.1, 8.9 and 16.1 million shares of class A and class B common stock for \$1.005, \$1.000 and \$1.816 billion, respectively (\$1.004, \$1.011 and \$1.813 billion in repurchases for 2019, 2018 and 2017, respectively, are reported on the cash flow statement due to the timing of settlements).

From time to time, we enter into share repurchase programs with large financial institutions to assist in our buyback of company stock. These programs may allow us to repurchase our shares at a price below the weighted average UPS share price for a given period. We did not enter into any such program during the years ended December 31, 2019, 2018 or 2017.

In order to lower the average cost of acquiring shares in our ongoing share repurchase program, we periodically enter into structured repurchase agreements involving the use of capped call options for the purchase of UPS class B shares. We pay a fixed sum of cash upon execution of each agreement in exchange for the right to receive either a pre-determined amount of cash or stock. Upon expiration of each agreement, if the closing market price of our common stock is above the pre-determined price, we will have our initial investment returned with a premium in either cash or shares (at our election). If the closing market price of our common stock is at or below the pre-determined price, we will receive the number of shares specified in the agreement. We received net premiums of \$21, \$34 and \$54 million during the years ended December 31, 2019, 2018 and 2017, respectively, related to entering into and settling capped call options for the purchase of class B shares. As of December 31, 2019, we had no capped call options outstanding.