

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2014
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or ☒ a single-employer plan; ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>UPS RETIREMENT PLAN</u>	1b Three-digit plan number (PN) ▶ <u>001</u> 1c Effective date of plan <u>09/01/1961</u>
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>UNITED PARCEL SERVICE OF AMERICA, INC.</u> <u>C/O TAX DEPARTMENT</u> <u>55 GLENLAKE PARKWAY NE</u> <u>ATLANTA, GA 30328</u>	2b Employer Identification Number (EIN) <u>95-1732075</u> 2c Plan Sponsor's telephone number <u>404-828-6000</u> 2d Business code (see instructions) <u>484200</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/15/2015</u>	<u>DAN DISMUKES</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number) (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN	
		4c PN	
5 Total number of participants at the beginning of the plan year		5	173866
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year		6a(1)	86803
a(2) Total number of active participants at the end of the plan year		6a(2)	90229
b Retired or separated participants receiving benefits		6b	28453
c Other retired or separated participants entitled to future benefits.....		6c	57982
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	176664
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	4037
f Total. Add lines 6d and 6e		6f	180701
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h	4425
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1D 1E			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III**Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).</div> <div>File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2014</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

Round off amounts to nearest dollar.
Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

<div>A Name of plan UPS RETIREMENT PLAN</div>	<div>B Three-digit plan number (PN) 001</div>
<div>C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF UNITED PARCEL SERVICE OF AMERICA, INC.</div>	<div>D Employer Identification Number (EIN) 95-1732075</div>

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2014			
2 Assets:			
a Market value	2a	17058135650	
b Actuarial value	2b	17058135650	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	30141	6216484932	6216484932
b For terminated vested participants	57601	1742608197	1742608197
c For active participants	86578	4934947795	6489704071
d Total	174320	12894040924	14448797200
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	☐		
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	6.59%	
6 Target normal cost	6	441796891	

Statement by Enrolled Actuary
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

<div>SIGN HERE</div>	<div>Signature of actuary</div> <div>KELLEY ELLIOTT, F.S.A., E.A.</div> <div>Type or print name of actuary</div> <div>TOWERS WATSON DELAWARE INC.</div> <div>Firm name</div> <div>3500 LENOX ROAD SUITE 900 ATLANTA, GA 30326-4238</div> <div>Address of the firm</div>	<div>10/12/2015</div> <div>Date</div> <div>14-07127</div> <div>Most recent enrollment number</div> <div>404-365-1600</div> <div>Telephone number (including area code)</div>
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	3019815442	1531563430
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	427266939	0
9 Amount remaining (line 7 minus line 8)	2592548503	1531563430
10 Interest on line 9 using prior year's actual return of 7.66%	198589215	117317759
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 6.41%		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections		
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	2791137718	1648881189

Part III Funding Percentages		
14 Funding target attainment percentage	14	87.32 %
15 Adjusted funding target attainment percentage	15	118.05 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	106.90 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/01/2014	200000000	0			
			Totals ►	18(b)	200000000
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	188635418
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If line 20a is "Yes," see instructions and complete the following table as applicable:		
Liquidity shortfall as of end of quarter of this plan year		
(1) 1st	(2) 2nd	(3) 3rd
0	0	0
		(4) 4th
		0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.99 %	2nd segment: 6.32 %	3rd segment: 6.99 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 59
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	441796891	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..	34	441796891	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	291700000	0	291700000
36 Additional cash requirement (line 34 minus line 35).....	36	150096891	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	188635418	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	38538527	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	38538527	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2014
		This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014		
A Name of plan UPS RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 UNITED PARCEL SERVICE OF AMERICA, INC.	D Employer Identification Number (EIN) 95-1732075	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

AETNA LIFE INSURANCE COMPANY

06-6033492

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65	NONE	1908187	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

UNITED HEALTHCARE INSURANCE

36-2739571

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65	NONE	1556287	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

AON CONSULTING

22-2232264

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65 16	NONE	1551030	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

THE PRUDENTIAL INSURANCE

22-1211670

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65	NONE	1319076	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

KAISER FOUNDATION HEALTH PLAN

94-1340523

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
36	NONE	1717763	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

XEROX CORPORATION

16-0468020

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
36	NONE	645131	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

THE BANK OF NEW YORK MELLON

13-5160382

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
18	NONE	608943	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

UNITED PARCEL SERVICE

95-1732075

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
36	PARTY IN INTEREST	583179	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

TOWERS WATSON DELAWARE

53-0181291

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
16	NONE	579168	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

VALUE OPTIONS

54-1414194

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65	NONE	217554	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

UNITED HEALTHCARE SERVICES

41-1289245

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65	NONE	138498	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

RR DONNELLEY

36-1004130

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
36	NONE	99794	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

DIRECT TECHNOLOGIES

58-2563032

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
36	NONE	69908	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

VISION SERVICE PLAN

36-3560825

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65	NONE	60128	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

ALERE WELLBEING

66-0291866

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65	NONE	31722	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection.
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For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
A Name of plan <u>UPS RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>UNITED PARCEL SERVICE OF AMERICA, INC.</u>	D Employer Identification Number (EIN) <u>95-1732075</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
---------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE:	<u>UPS GROUP TRUST PLAN</u>
--	-----------------------------

b Name of sponsor of entity listed in (a):	<u>UNITED PARCEL SERVICE OF AMERICA</u>
---	---

c EIN-PN <u>35-2371556-001</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>18662192006</u>
---------------------------------------	-------------------------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2014 This Form is Open to Public Inspection
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
A Name of plan <u>UPS RETIREMENT PLAN</u>		B Three-digit plan number (PN) ► <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>UNITED PARCEL SERVICE OF AMERICA, INC.</u>		D Employer Identification Number (EIN) <u>95-1732075</u>

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions.....	1b(1)		
	(2) Participant contributions.....	1b(2)		
	(3) Other.....	1b(3)	151923	141698
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	94	82
	(2) U.S. Government securities	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common.....	1c(4)(B)	36537	47834
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property).....	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans.....	1c(8)		
	(9) Value of interest in common/collective trusts	1c(9)		
	(10) Value of interest in pooled separate accounts	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)	17415346654	18662192006
	(12) Value of interest in 103-12 investment entities.....	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	6290033	4453703
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
	(15) Other.....	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	17421825241	18666835323

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	17421825241	18666835323
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	200000000	
(B) Participants	2a(1)(B)	5794160	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		205794160

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1729	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		1729

(2) Dividends: (A) Preferred stock	2b(2)(A)	1346	
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1346

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		1791133109
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1996930344

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	608681993	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)	122087073	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		730769066
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	1184	
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)	21150012	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		21151196
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		751920262

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		1245010082
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **DELOITTE & TOUCHE, LLC**

(2) EIN: **13-3891517**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
4c			
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
4d			
e Was this plan covered by a fidelity bond?	X		5000000
4e			
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f			
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4g			
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4h			
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i			
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
4j			
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k			
l Has the plan failed to provide any benefit when due under the plan?		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection.
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>UPS RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>UNITED PARCEL SERVICE OF AMERICA, INC.</u>	D Employer Identification Number (EIN) <u>95-1732075</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____ Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3 <u>3034</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	6a		
b Enter the amount contributed by the employer to the plan for this plan year.....	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?.....	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☒ Increase	☐ Decrease	☐ Both	☐ No
--	--	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

UPS Retirement Plan

Employer ID No.: 95-1732075
Plan Number: 001

Financial Statements as of and for the
Years Ended December 31, 2014 and 2013,
Supplemental Schedule as of December 31, 2014,
and Independent Auditors' Report

UPS RETIREMENT PLAN

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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.	

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
the UPS Retirement Plan:

We have audited the accompanying financial statements of the UPS Retirement Plan (the "Plan"), which comprise the statements of net assets available for pension benefits as of December 31, 2014 and 2013, and the related statements of changes in net assets available for pension benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

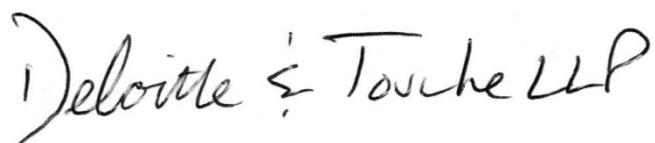
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the UPS Retirement Plan as of December 31, 2014 and 2013, and the changes in its financial status for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 5, 6, and 7 to the financial statements, as of December 31, 2014 and 2013, substantially all of the Plan's investments consist of an undivided interest in the UPS Group Trust. At December 31, 2014 and 2013, the Plan's undivided interest was approximately 61% and 63%, respectively, of total UPS Group Trust investments. At December 31, 2014 and 2013, the UPS Group Trust held assets valued at \$8.298 billion and \$6.979 billion, respectively (27% and 26% of total UPS Group Trust investments for 2014 and 2013, respectively), whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by fund managers, general partners, or other parties. Our opinion is not modified with respect to this matter.

Report on Supplemental Schedule

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2014, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedule is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

October 15, 2015

UPS RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PENSION BENEFITS AS OF DECEMBER 31, 2014 AND 2013 (In millions)

	2014	2013
ASSETS:		
Investments—at fair value:		
Plan interest in the UPS Group Trust	\$ 18,404	\$ 17,065
Investments held outside the UPS Group Trust	3	5
Assets held in 401(h) account	<u>260</u>	<u>352</u>
Total assets	18,667	17,422
LIABILITIES:		
Amounts related to obligation of 401(h) account	<u>260</u>	<u>352</u>
NET ASSETS AVAILABLE FOR PENSION BENEFITS	<u>\$ 18,407</u>	<u>\$ 17,070</u>

See notes to financial statements.

UPS RETIREMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PENSION BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In millions)

	2014	2013
NET ASSETS AVAILABLE FOR PENSION BENEFITS—Beginning of year	<u>\$ 17,070</u>	<u>\$ 16,417</u>
ADDITIONS:		
Employer contributions	200	-
Net investment income—interest in UPS Group Trust investment income	<u>1,761</u>	<u>1,219</u>
Total additions	<u>1,961</u>	<u>1,219</u>
DEDUCTIONS:		
Benefits paid to Plan beneficiaries	609	557
Administrative expenses:		
Fees and commissions	3	2
Insurance premiums to Pension Benefit Guaranty Corporation	<u>12</u>	<u>7</u>
Total deductions	<u>624</u>	<u>566</u>
NET INCREASE	<u>1,337</u>	<u>653</u>
NET ASSETS AVAILABLE FOR PENSION BENEFITS—End of year	<u><u>\$ 18,407</u></u>	<u><u>\$ 17,070</u></u>

See notes to financial statements.

UPS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

1. DESCRIPTION OF THE PLAN

The following description of the UPS Retirement Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General—The Plan was established on September 1, 1961, and has been amended periodically. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and is a noncontributory defined benefit pension plan for substantially all employees of United Parcel Service, Inc. (UPS or the “Company”), who are not members of a collective bargaining unit, or, if they are, whose bargaining unit agreement specifically provides for their participation in the Plan.

Contributions—Contributions to the Plan are made by UPS. UPS’ funding policy is to contribute amounts that will at least satisfy the minimum funding requirements of ERISA, but do not exceed the maximum tax-deductible requirements of the Internal Revenue Code (IRC) as provided by the Plan’s independent actuary. In accordance with this funding policy, UPS contributed \$200 million and \$0 million to the Plan for the years ended December 31, 2014 and 2013, respectively. UPS met the minimum funding requirements of ERISA for the years ended December 31, 2014 and 2013.

Participants in the Plan fall into three broad categories: final average compensation formula, pilots, and Portable Account Formula (PAF) participants. Each of these categories is described below:

	Final Average Compensation Formula	Pilots	Portable Account Formula
Eligibility for Participation	<ul style="list-style-type: none"> Hired before January 1, 2008 At least 21 years old Completed at least 750 paid hours of service during the first 12 months of hire or during any calendar year thereafter 	<ul style="list-style-type: none"> January 1 or July 1 following attainment of age 21 Completion of one vesting year 	<ul style="list-style-type: none"> All eligible employees, except pilots, hired, rehired, or newly eligible on or after January 1, 2008, immediately participate in the Plan.
Benefits and Vesting			
Normal Retirement	<ul style="list-style-type: none"> Benefits commence at age 65 	<ul style="list-style-type: none"> Benefits commence at age 65 	<ul style="list-style-type: none"> Benefits commence at age 65.

	Final Average Compensation Formula	Pilots	Portable Account Formula
	<ul style="list-style-type: none"> • Benefits are based upon years of service, age, and final average earnings • Single life as well as joint and survivor annuity options are available 	<ul style="list-style-type: none"> • Benefits are based upon rank, years of service, age, and final average earnings • Single life as well as joint and survivor annuity options are available 	<ul style="list-style-type: none"> • Participants receive annual compensation and interest credits while a participant in the Plan. • Annual compensation credits are a percentage of pensionable pay based on the sum of the participant's age plus vesting service. • The interest credit percentage is the annual rate of interest on the 30-year Treasury securities for the month of August preceding the applicable plan year, but not less than 2.5% per year. • Participants can take the PAF balance as a single lump sum or actuarially equivalent annuity.
Early Retirement for Active Participants	<ul style="list-style-type: none"> • Benefits are available at a reduced rate dependent upon the number of years of service and the actual age of the participant at retirement 	<ul style="list-style-type: none"> • Benefits are available at a reduced rate dependent upon the number of years of service and the actual age of the participant at retirement 	<ul style="list-style-type: none"> • Benefits are available to terminated employees as a lump sum or as an annuity. The annuity is determined by converting the PAF balance to the applicable single or joint annuity option.
Early Retirement for Terminated Deferred	<ul style="list-style-type: none"> • Benefits are determined as of termination date and are reduced by a certain percentage for each full or partial year that payments begin prior to Normal Retirement Age 	<ul style="list-style-type: none"> • Benefits are determined as of termination date and are reduced by a certain percentage for each full or partial year that payments begin prior to Normal Retirement Age 	<ul style="list-style-type: none"> • PAF balances are determined as of the end of each Plan Year or at benefit commencement date, whichever is earlier. Compensation credit and interest credit is granted in the termination year, as applicable. Additionally, interest credit is granted in subsequent years if the benefit is not distributed to the participant.

	Final Average Compensation Formula	Pilots	Portable Account Formula
Disability	<ul style="list-style-type: none"> For vested participants not covered under another UPS-sponsored disability plan, disability benefits are as follows: <ul style="list-style-type: none"> A. For disabilities occurring before eligibility for normal retirement, the benefit is \$9.60 per month times the number of years of benefit service to a maximum of 30 years and is payable until the disabled participant reaches normal retirement date, elects an early retirement benefit, or dies. B. For disabilities occurring after eligibility for normal retirement, the normal retirement benefit is paid instead of the disability benefit. 	<ul style="list-style-type: none"> The Plan does not provide a disability benefit for this group <ul style="list-style-type: none"> A. Service accrues after disability as if participant remained in active employment until normal retirement date (or early retirement date, if elected). Accrual ceases if participant obtains other gainful employment, recovers from disability, or retires. B. Final average earnings are based on compensation paid during active employment prior to becoming disabled. 	<ul style="list-style-type: none"> The Plan does not provide a disability benefit for this group
Preretirement Death Benefit	<ul style="list-style-type: none"> 50% of the benefit that would have been payable to the spouse or domestic partner, assuming early retirement on the date of death or 	<ul style="list-style-type: none"> 50% of the benefit that would have been payable to the spouse, assuming early retirement on the date of death or earliest 	<ul style="list-style-type: none"> The surviving spouse or domestic partner will be entitled to receive the PAF balance as a single lump sum or actuarially equivalent life annuity based on the surviving spouse's age at commencement

	Final Average Compensation Formula	Pilots	Portable Account Formula
	earliest retirement date if later and election of a 50% joint and survivor benefit	retirement date if later and election of a 50% joint and survivor benefit	
Vesting	<ul style="list-style-type: none"> • Completion of five years of service 	<ul style="list-style-type: none"> • Completion of one vesting year 	<ul style="list-style-type: none"> • Completion of three years of service

All benefits and compensation for any calendar year may not exceed the maximum limitation for that year as defined in the IRC. The Plan provides for increasing the dollar limits automatically as such changes become effective.

401(h) Account—The Plan was amended on January 1, 1976, to include a medical benefit component in addition to the normal retirement benefits to fund a portion of the postretirement obligation for retirees and their beneficiaries in accordance with Section 401(h) of the IRC. A separate account has been established and maintained in the Plan for the net assets related to the medical benefit component (“401(h) account”). The related obligations for health and welfare benefits are not included in this Plan’s obligations, but are reflected as obligations in the financial statements of the UPS Retired Employees Health Care Plan. Plan participants reimburse the 401(h) account for certain health and welfare benefits received, which are not covered under the Plan. Participant reimbursements to the 401(h) account were \$5.8 million and \$5.8 million in 2014 and 2013, respectively. Certain of the Plan’s net assets are restricted to fund a portion of postretirement health benefits for retirees and their beneficiaries in accordance with IRC Section 401(h).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates—The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated plan benefits and changes therein at the date of the financial statements. Actual results could differ from those estimates.

Master Trust—As of December 31, 2014 and 2013, substantially all of the Plan’s investment assets are held in a trust account at Bank of New York Mellon (the “Trustee”) and consist of an undivided interest in an investment account of the UPS Group Trust (the “Master Trust”), a master trust established by the Company and administered by the Trustee (see Note 5).

Risks and Uncertainties—The Plan and the Master Trust utilize various investment securities, including common and preferred stocks, corporate debt instruments, U.S. government securities, money market funds, collective trust funds, registered investment companies, 103-12 investment entities, partnerships, joint ventures, and real estate. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk

associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the financial statements.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumption pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Investment Valuation and Income Recognition—Investments are stated at fair value. If available, quoted market prices are used to value investments. Certain investments' estimated fair value is based on unobservable inputs that are not corroborated by observable market data and are thus classified as Level 3. See further description in Notes 6 and 7. Purchases and sales are recorded on a trade-date basis. Interest is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Payment of Benefits—Benefit payments to participants are recorded upon distribution.

Expenses—Administrative expenses of the Plan are paid by the Plan, as provided in the Plan document.

Subsequent Events—For the year ended December 31, 2014, subsequent events were evaluated through October 15, 2014, the date the financial statements were issued.

New Accounting Standard—Recently adopted Accounting Standards.

ASU No. 2011-11—The financial statements reflect the prospective adoption of FASB ASU No. 2011-11, *Disclosures about Offsetting Assets and Liabilities*, as of the beginning of the year ended December 31, 2013. The ASU requires an entity to disclose both gross and net information about instruments and transactions eligible for offset in the statement of net assets available for benefits, as well as instruments and transactions subject to an enforceable master netting agreement (“MNA”) or similar agreement. *ASU 2011-11 was amended by Accounting Standards Update No. 2013-01*, limiting the scope of the offsetting disclosure requirements to derivative instruments, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions to the extent they are subject to an enforceable MNA or similar agreement. The Plan adopted the disclosure requirement on offsetting for the 2013 reporting year, and thus, will be reporting offsetting disclosures for periods ended December 31, 2014 and December 31, 2013 in Note 7.

New Accounting Standard Not Yet Effective

ASU No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). The new guidance is effective for nonpublic entities for reporting periods beginning after December 15, 2016 and early adoption is permitted. The update changes the disclosure requirement for reporting investments at fair value by removing the requirement to categorize investments for which fair value is measured using the net asset value per share practical expedient within the fair value hierarchy. These disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The Plan did not elect early adoption of this guidance. At this time, Plan management does not expect this new guidance to have a material effect on the Plan's statements of net assets available for pension benefits, statements of changes in net assets available for pension benefits, or the related footnote disclosures to the financial statements.

ASU No. 2015-12, II. Plan Investment Disclosures. The new guidance is effective for all entities for reporting periods beginning after December 15, 2015 and early adoption is permitted. The update simplifies the disclosure requirements by eliminating the disclosure of: significant investment strategies for an investment fund when using the NAV practical expedient, the net appreciation or depreciation in fair value of investment by general type, and the disclosure of individual investments with a value equal to or greater than 5% of net assets available for benefits. The Plan did not elect early adoption of this guidance. At this time, Plan management does not expect this new guidance to have a material effect on the Plan's statements of net assets available for pension benefits, statements of changes in net assets available for pension benefits, or the related footnote disclosures to the financial statements.

3. PLAN TERMINATION

Although it has not expressed any intention to do so, UPS has the right under the Plan, in certain circumstances, to discontinue its contributions at any time and subject to collective bargaining for represented employees to terminate the Plan.

In the event of termination of the Plan, the Plan assets shall be allocated in accordance with priorities specified in Section 4044 of ERISA. Generally, Section 4044 provides the following priorities:

- The lowest benefit in pay status for at least three years (or which would have been if the participant had retired that long ago)
- Other insured benefits
- Other noninsured and nonforfeitable benefits
- All other benefits

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivors' pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations.

Whether all participants receive their benefits, should the Plan terminate at some future time, will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits, the priority of those benefits to be paid, and may also depend on the level of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the existing assets and the PBGC guaranty, while other benefits may not be provided at all.

4. ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits is determined by an independent actuary. The amount results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts of interest) and the probability of payment (by means of decrements, such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations as of December 31, 2014 and 2013, are as follows:

	2014	2013
Mortality	The RP-2014 healthy mortality with improvement adjustment after 2007; mortality improvement converges to 0.5% in 2022 based on the RPEC_2014 model	The RP-2000 Combined Healthy Mortality for Males and Females projected to 2019 using Scale AA
Discount rate	8.75%	8.75%
Average retirement age	61.4	59.2

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The actuarial present values of the Plan's accumulated plan benefits as of December 31, 2014 and 2013, are as follows (in millions):

	2014	2013
Vested benefits:		
Other participants	\$ 5,239	\$ 4,972
Participants and/or beneficiaries currently receiving benefits	<u>5,176</u>	<u>4,667</u>
Total vested benefits	10,415	9,639
Nonvested benefits	<u>1,167</u>	<u>1,449</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 11,582</u>	<u>\$ 11,088</u>

The changes in the actuarial present value of the Plan's accumulated plan benefits for the years ended December 31, 2014 and 2013, are as follows (in millions):

Actuarial present value of accumulated plan benefits—December 31, 2012	\$ 10,447
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	311
Benefits paid	(557)
Decrease in the discount period	890
Actuarial gain	(4)
Plan amendments	<u>1</u>
Actuarial present value of accumulated plan benefits—December 31, 2013	11,088
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	333
Benefits paid	(609)
Decrease in the discount period	945
Actuarial loss	48
Actuarial Assumption changes*	(244)
Plan amendments	<u>21</u>
Actuarial present value of accumulated plan benefits—December 31, 2014	<u>\$ 11,582</u>

* The impact of actuarial assumption changes is primarily due to changes in the mortality rate assumption and updated retirement rates to reflect current patterns.

5. INTEREST IN MASTER TRUST

As of December 31, 2014 and 2013, substantially all of the Plan's investment assets are held in a trust account at the Trustee and consist of an undivided interest in an investment account of the Master Trust, a master trust established by the Company and administered by the Trustee. Use of the Master Trust permits the commingling of trust assets with the assets of the Plan for investment and administrative purposes. Although assets of multiple plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans. The net investment income and administrative expenses are allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans.

The fair value of net assets and investments of the Master Trust at December 31, 2014 and 2013, are summarized as follows (in millions):

	2014	2013
Investments:		
U.S. government securities	\$ 6,091	\$ 4,526
103-12 investment entities—hedge funds	347	333
Common and collective trusts	3,161	3,109
Common and preferred stock	7,793	7,615
Corporate debt instruments	3,677	2,909
Interest bearing cash	196	233
Derivative instruments and other investments	394	867
Partnerships, joint ventures, and real estate	7,944	6,608
Purchase options	53	44
Registered investment companies	<u>592</u>	<u>505</u>
Total investments	<u>30,248</u>	<u>26,749</u>
Unsettled securities transactions receivable (payable):		
Interest and dividends	58	61
Due from brokers	25	596
Other receivables	-	124
Accrued expenses	(1)	-
Other receivable (payable)	<u>(324)</u>	<u>(362)</u>
Total unsettled securities transactions receivable (payable)	<u>(242)</u>	<u>419</u>
Net assets of the Master Trust	<u>\$ 30,006</u>	<u>\$ 27,168</u>
Plan's interest in net assets of the Master Trust	<u>\$ 18,404</u>	<u>\$ 17,065</u>
Plan's interest in Master Trust as a percentage of the total, rounded	<u>61 %</u>	<u>63 %</u>

The net investment earnings of the Master Trust for the years ended December 31, 2014 and 2013, are summarized below (in millions):

	2014	2013
Dividend and interest income	\$ 388	\$ 374
Net appreciation in fair value of investments	<u>2,498</u>	<u>1,651</u>
Investment income of Master Trust	<u>\$ 2,886</u>	<u>\$ 2,025</u>
Plan's interest in investment income of Master Trust	<u>\$ 1,761</u>	<u>\$ 1,219</u>

6. INVESTMENTS

As of December 31, 2014 and 2013, the Plan's investments are presented at fair value, which has been determined based on the fair value of the underlying investments of the Master Trust.

Pension assets utilizing Level 1 inputs include fair values of equity investments, corporate debt instruments, and U.S. government securities that 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 held by the trustee in a commingled employee benefit trust fund. The investments in the commingled funds, including collective trust funds, are valued by taking the percentage owned by the respective plan in the underlying net asset value of the trust fund, which was determined in accordance with the paragraph above.

Certain investments' estimated fair value is based on unobservable inputs that are not corroborated by observable market data and are thus classified as Level 3. These investments include hedge funds, real estate investments, and private equity funds. The commingled funds are valued using net asset values, adjusted, as appropriate, for investment fund specific inputs determined to be significant to the valuation. Investments in hedge funds are valued using reported net asset values as of December 31. These assets are primarily invested in a portfolio of diversified, direct investments, and funds of hedge funds. Real estate investments and private equity funds are valued using fair values per the most recent partnership audited financial reports, adjusted, as appropriate, for any lag between the date of the financial reports and December 31. The real estate investments consist of U.S. and non-U.S. real estate investments and are broadly diversified. The fair values may, due to the inherent uncertainty of valuation for those alternative investments, differ significantly from the values that would have been used had a ready market for the alternative investments existed, and the differences could be material.

Approximately \$3,161 and \$3,109 million of the Master Trust assets are held in commingled stock funds that each hold U.S. and international public market securities for the years ended December 31, 2014 and 2013, respectively. The Master Trust held the right to liquidate its positions in these commingled stock funds at any time, subject only to a brief notification period. No unfunded commitment existed with respect to these commingled stock funds at December 31, 2014 and 2013.

The Master Trust holds approximately \$2,755 and \$2,593 million of its investments in limited partnership interests in various private equity and real estate funds as of December 31, 2014 and 2013, respectively. Limited provision exists for the redemption of these interests by the general partners that invest 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, 2014 and 2013, unfunded commitments to such limited partnerships totaling approximately \$1,010 and \$658 million, respectively, are expected to be contributed over the remaining investment period, typically ranging between three and six years.

As of December 31, 2014 and 2013, approximately \$4,372 and \$4,156 million of the Master Trust investments are held in 20 and 23 hedge funds, respectively, that pursue multiple strategies to diversify risk and reduce volatility. Most of the funds require two to three months' notice and allow redemptions either quarterly or semiannually while some allow for redemption after only a brief notification period with no restriction on redemption frequency. At December 31, 2014 and 2013, unfunded commitments to such hedge funds total approximately \$169 and \$200 million, respectively.

As of December 31, 2014 and 2013, none of the Master Trust's investments represented 5% or more of total Master Trust net assets available for benefits.

7. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows: Level 1, which refers to securities valued using unadjusted quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, a summary of the Master Trust investment assets at fair value (in millions) at December 31, 2014.

Master Trust Assets				
Fair Value Measurements at December 31, 2014*				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common and preferred stocks:				
Emerging markets	\$ 1,204	\$ -	\$ -	\$ 1,204
Fixed income	6	30	-	36
Global equity	2,848	-	-	2,848
International equity	1,086	-	-	1,086
Real estate	325	23	-	348
U.S. large cap	1,924	-	-	1,924
U.S. small cap	347	-	-	347
Total common and preferred stocks	7,740	53	-	7,793
Corporate debt instruments	-	3,669	8	3,677
U.S. government securities	5,477	614	-	6,091
Interest bearing cash	12	184	-	196
Registered investment companies:				
Emerging markets	223	-	-	223
Fixed income	-	84	-	84
Global equity	53	-	-	53
U.S. large cap	129	-	-	129
U.S. small cap	103	-	-	103
Total registered investment companies	508	84	-	592
Collective trust funds:				
Emerging markets	-	119	-	119
International equity	-	816	-	816
U.S. large cap	-	2,180	-	2,180
U.S. small cap	-	46	-	46
Total collective trust funds	-	3,161	-	3,161
Derivative instruments and other investments	22	372	-	394
Partnerships, joint ventures, and real estate:				
Emerging markets	-	-	25	25
Fixed income	-	-	1,138	1,138
Global equity	1	-	-	1
Hedge funds	-	-	4,025	4,025
Private equity	-	-	1,377	1,377
Real estate	-	-	1,378	1,378
Total partnerships, joint ventures, and real estate	1	-	7,943	7,944
103-12 investment entities—hedge funds	-	-	347	347
Purchase options	-	53	-	53
Total investments	\$ 13,760	\$ 8,190	\$ 8,298	\$ 30,248

The following table sets forth by level, within the fair value hierarchy, a summary of the Master Trust investment assets at fair value (in millions) at December 31, 2013.

Master Trust Assets				
Fair Value Measurements at December 31, 2013*				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common and preferred stocks:				
Emerging markets	\$ 1,175	\$ -	\$ -	\$ 1,175
Fixed income	15	27	-	42
Global equity	2,707	-	-	2,707
International equity	835	-	-	835
Real estate	303	-	-	303
U.S. large cap	2,088	-	-	2,088
U.S. small cap	465	-	-	465
Total common and preferred stocks	7,588	27	-	7,615
Corporate debt instruments	-	2,871	38	2,909
U.S. government securities	3,884	642	-	4,526
Interest-bearing cash	16	217	-	233
Registered investment companies:				
Emerging markets	247	-	-	247
Fixed income	-	96	-	96
Global equity	44	-	-	44
U.S. large cap	118	-	-	118
Total registered investment companies	409	96	-	505
Collective trust funds:				
Emerging markets	-	124	-	124
International equity	-	850	-	850
U.S. large cap	-	2,092	-	2,092
U.S. small cap	-	43	-	43
Total collective trust funds	-	3,109	-	3,109
Derivative instruments and other investments	13	854	-	867
Partnerships, joint ventures, and real estate:				
Hedge funds	-	-	3,823	3,823
Private equity	-	-	1,457	1,457
Real estate	-	-	1,136	1,136
Fixed income	-	-	192	192
Total partnerships, joint ventures, and real estate	-	-	6,608	6,608
103-12 investment entities—hedge funds	-	-	333	333
Purchase options	-	44	-	44
Total investments	\$ 11,910	\$ 7,860	\$ 6,979	\$ 26,749

* The Administrative Committee of the Master Trust establishes investment guidelines and strategies, and regularly monitors the performance of the funds and portfolio managers. The Master Trust's investment guidelines address the following items: governance, general investment beliefs and principles, investment objectives, specific investment goals, process for determining/maintaining the asset allocation policy, long-term asset allocation, rebalancing, investment restrictions/prohibited transactions (the use of derivatives and the use of leverage as types of investments are generally

prohibited), portfolio manager structure and diversification (which addresses limits on the amount of investments held by any one manager to minimize risk), portfolio manager selection criteria, plan evaluation, portfolio manager performance review and evaluation, and risk management (including various measures used to evaluate risk tolerance).

The Master Trust's investment strategy is to invest the assets in accordance with applicable laws and regulations. The long-term primary objectives for our pension assets are to: (1) provide for a reasonable amount of long-term growth of capital, with prudent exposure to risk; and protect the assets from erosion of purchasing power; (2) provide investment results that meet or exceed the Plan's actuarially assumed long-term rate of return; and (3) match the duration of the liabilities and assets of the Plan to reduce the potential risk of large employer contributions being necessary in the future. The Plan strives to meet these objectives by employing portfolio managers to actively manage assets within the guidelines and strategies set forth by the Administrative Committee of the Plan. Performance of these managers is compared to applicable benchmarks.

Transfers between Levels—The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. The Plan's policy is to recognize transfers between levels at the actual date of the event. There were no such transfers between levels for the years ended December 31, 2014 and 2013.

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) (in millions) for the years ended December 31, 2014 and 2013:

	103-12 Investment Entities	Partnerships, Joint Ventures, and Real Estate	Corporate Debt Instruments	Total
Beginning balance—January 1, 2013	\$ 315	\$ 6,442	\$ 54	\$ 6,811
Actual return on assets:				
Assets held at end of year	14	277	-	291
Assets sold during the year	4	269	-	273
Purchases	89	2,015	50	2,154
Sales	(89)	(2,395)	(66)	(2,550)
Settlements	-	-	-	-
Transfers in and/or out of level 3	-	-	-	-
Ending balance—December 31, 2013	333	6,608	38	6,979
Actual return on assets:				
Assets held at end of year	14	253	-	267
Assets sold during the year	-	144	-	144
Purchases	-	2,571	20	2,591
Sales	-	(1,633)	(50)	(1,683)
Settlements	-	-	-	-
Transfers in and/or out of level 3	-	-	-	-
Ending balance—December 31, 2014	<u>\$ 347</u>	<u>\$ 7,943</u>	<u>\$ 8</u>	<u>\$ 8,298</u>

During the year ended December 31, 2014, investments in the Master Trust, including gains and losses, appreciated (depreciated) in fair value as follows (in millions):

	Investments—at Fair Value as Determined by Quoted Market Prices (Level 1)	Investments—at Estimated Fair Value (Levels 2 and 3)	Total
Common and preferred stocks	\$ 233	\$ (274)	\$ (41)
Corporate debt instruments	-	214	214
U.S. government securities	1,265	30	1,295
Interest-bearing cash	(80)	-	(80)
Registered investment companies	10	-	10
Collective trust funds	-	252	252
Derivative instruments and other investments	96	243	339
Partnerships, joint ventures, and real estate	-	495	495
103-12 investment entities	<u>-</u>	<u>14</u>	<u>14</u>
Total investments	<u>\$ 1,524</u>	<u>\$ 974</u>	<u>\$ 2,498</u>

During the year ended December 31, 2013, investments in the Master Trust, including gains and losses, (depreciated) appreciated in fair value as follows (in millions):

	Investments—at Fair Value as Determined by Quoted Market Prices (Level 1)	Investments—at Estimated Fair Value (Levels 2 and 3)	Total
Common and preferred stocks	\$ 1,424	\$ (198)	\$ 1,226
Corporate debt instruments	-	(183)	(183)
U.S. government securities	(694)	(25)	(719)
Interest-bearing cash	14	-	14
Registered investment companies	42	-	42
Collective trust funds	-	795	795
Derivative instruments and other investments	49	(266)	(217)
Partnerships, joint ventures, and real estate	-	675	675
103-12 investment entities	<u>-</u>	<u>18</u>	<u>18</u>
Total investments	<u>\$ 835</u>	<u>\$ 816</u>	<u>\$ 1,651</u>

The valuation methods as described in Note 6 may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The master trust is subject to master netting agreements, or netting arrangements, with certain counterparties. These agreements govern the terms of certain transactions, and reduce the counterparty

risk associated with relevant transactions by specifying offsetting mechanisms and collateral posting arrangements at pre-arranged exposure levels. Since different types of transactions have different mechanics and are sometimes traded out of different legal entities of a particular counterparty organization, each type of transaction may be covered by a different master netting arrangement possibly resulting in the need for multiple agreements with a single counterparty. Master netting agreements are specific to each different asset type; therefore, they allow the plan [master trust] to close out and net its total exposure to a specified counterparty in the event of a default with respect to any and all the transactions governed under a single agreement with the counterparty.

The following is a summary by counterparty of the master trust's net exposure to derivative assets and liabilities, by financial instrument type, available for offset and net of collateral under master agreements at December 31, 2014 (in millions):

	(i)	(ii)	(iii) = (i) - (ii)	(iv)	(v) = (iii) - (iv)
				Gross Amounts Not Offset in the Statement of Net Assets Available for Benefits	
Instrument Type	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Net Assets Available for Benefits	Net Amounts of Assets Presented in the Statement of Net Assets Available for Benefits	Financial Instruments	Net Amount
				Cash Collateral Received	
Credit Default Swaps	\$ 5	\$ -	\$ 5	\$ -	\$ 5
Forward Contracts	217	(210)	7	-	4
Futures Contracts	23	(1)	22	-	22
Interest Rate Swaps	1	-	1	-	-
Securities Lending	123	-	123	-	-
Repurchase agreements	178	-	178	(131)	-
Swaptions	2	(2)	-	-	-
Total financial instruments	<u>\$549</u>	<u>\$(213)</u>	<u>\$336</u>	<u>\$(131)</u>	<u>\$31</u>

	(i)	(ii)	(iii) = (i) - (ii)	(iv)	(v) = (iii) - (iv)
				Gross Amounts Not Offset in the Statement of Net Assets Available for Benefits	
Instrument Type	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Net Assets Available for Benefits	Net Amounts of Liabilities Presented in the Statement of Net Assets Available for Benefits	Financial Instruments	Net Amount
				Cash Collateral Pledged	
Forward Contracts	\$210	\$(210)	\$ -	\$ -	\$ -
Futures Contracts	1	(1)	-	-	-
Interest Rate Swaps	1	-	1	(1)	-
Swaptions	3	(2)	1	-	-
Total financial instruments	<u>\$215</u>	<u>\$(213)</u>	<u>\$ 2</u>	<u>\$ (1)</u>	<u>\$ -</u>

At December 31, 2014, the Master Trust held \$5 million in collateral under derivative instruments, \$131 million in collateral under securities lending agreements, and \$50 million under repurchase agreements. The Master Trust pledged collateral of \$11 million under derivative contracts at December 31, 2014.

The following is a summary by counterparty of the master trust's net exposure to derivative assets and liabilities, by financial instrument type, available for offset and net of collateral under master agreements at December 31, 2013 (in millions):

	(i)	(ii)	(iii) = (i) - (ii)	(iv)	(v) = (iii) - (iv)
				Gross Amounts Not Offset in the Statement of Net Assets Available for Benefits	
Instrument Type	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Net Assets Available for Benefits	Net Amounts of Assets Presented in the Statement of Net Assets Available for Benefits	Financial Instruments	Cash Collateral Received
Securities Lending	\$171	\$ -	\$171	\$ -	\$(171)
Repurchase agreements	292	-	292	-	(289)
Futures Contracts	19	(6)	13	-	-
Forward Contracts	4	-	4	-	-
Credit Default Swaps	3	-	3	-	-
Interest Rate Swaps	1	-	1	-	-
Total financial instruments	<u>\$490</u>	<u>\$ (6)</u>	<u>\$484</u>	<u>\$ -</u>	<u>\$(460)</u>

	(i)	(ii)	(iii) = (i) - (ii)	(iv)	(v) = (iii) - (iv)
				Gross Amounts Not Offset in the Statement of Net Assets Available for Benefits	
Instrument Type	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Net Assets Available for Benefits	Net Amounts of Liabilities Presented in the Statement of Net Assets Available for Benefits	Financial Instruments	Cash Collateral Pledged
Forward Contracts	\$30	\$ -	\$30	\$ -	\$ -
Futures Contracts	6	(6)	-	-	-
Swaptions	1	-	1	-	-
Total financial instruments	<u>\$37</u>	<u>\$ (6)</u>	<u>\$31</u>	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2013, the Master Trust held \$289 million in collateral under repurchase agreements and \$177 million in collateral under securities lending agreements. The Master Trust pledged collateral of \$62 million under future contracts at December 31, 2013.

8. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated February 21, 2013, that the Plan and related trust were designed in accordance with the applicable regulations of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter; however, the Company and the Plan management believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC, and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2014.

9. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Plan and Master Trust investments are managed by Bank of New York Mellon. Bank of New York Mellon is the trustee as defined by the Plan, and therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for the investment management and associated trustee/custodian services were \$588,013 and \$448,047 for the years ended December 31, 2014 and 2013, respectively.

United Parcel Service, Inc. provides accounting and administrative services to the Plan. United Parcel Service, Inc. is the Plan sponsor, and therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan, for administrative services were \$583,179 and \$648,892 for the years ended December 31, 2014 and 2013, respectively.

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

A reconciliation of amounts reported in the Plan's financial statements to amounts reported in the Form 5500 is required by ERISA. The following is a reconciliation of net assets available for pension benefits per the financial statements to the Form 5500 for the years ended December 31, 2014 and 2013.

	2014	2013
Net assets available for pension benefits per the financial statements	\$ 18,407	\$ 17,070
Net assets held in 401(h) account included as assets in the Form 5500	<u>260</u>	<u>352</u>
Net assets available for pension benefits per the Form 5500	<u>\$ 18,667</u>	<u>\$ 17,422</u>

The net assets of the 401(h) account included in the Form 5500 are not available to pay pension benefits, but can be used only to pay retiree health benefits.

The following is a reconciliation of the changes in net assets available for pension benefits per the financial statements to the Form 5500 (in millions):

	2014		
	Amounts per Financial Statements	401(h) Account	Amounts per Form 5500
Employee contributions	\$ -	\$ 6	\$ 6
Net appreciation in fair value of investments	1,761	31	1,792
Benefits paid to Plan beneficiaries	609	121	730
Benefits paid to insurance carrier	-	1	1
Administrative expenses	15	6	21
	2013		
	Amounts per Financial Statements	401(h) Account	Amounts per Form 5500
Employee contributions	\$ -	\$ 6	\$ 6
Net appreciation in fair value of investments	1,219	29	1,248
Benefits paid to Plan beneficiaries	558	121	679
Administrative expenses	9	7	16

* * * * *

SUPPLEMENTAL SCHEDULE

UPS RETIREMENT PLAN

Employer ID No.: 95-1732075

Plan Number: 001

FORM 5500, SCHEDULE H, PART IV, LINE 4i—SCHEDULE OF ASSETS (HELD AT YEAR END) AS OF DECEMBER 31, 2014

(a) Identity of Issuer, Borrower, Lessor, or Similar Party	(b) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	(c) Cost	(d) Current Value
REGISTERED INVESTMENT COMPANIES:			
Dreyfus Treas & Agence Cash 996085247	VAR RT 12/31/2049 DD 04/09/97	\$3,322,133	\$3,322,133
A-Mark Precious Metals Inc 00181T107		39,760	39,760
Spectrum Group International I 84763M201		<u>8,074</u>	<u>8,074</u>
TOTAL INVESTMENTS HELD OUTSIDE OF MASTER TRUST		<u><u>\$3,369,967</u></u>	<u><u>\$3,369,967</u></u>

UPS Retirement Plan

Employer ID No.: 95-1732075
Plan Number: 001

Financial Statements as of and for the
Years Ended December 31, 2014 and 2013,
Supplemental Schedule as of December 31, 2014,
and Independent Auditors' Report

UPS RETIREMENT PLAN

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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.	

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
the UPS Retirement Plan:

We have audited the accompanying financial statements of the UPS Retirement Plan (the "Plan"), which comprise the statements of net assets available for pension benefits as of December 31, 2014 and 2013, and the related statements of changes in net assets available for pension benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

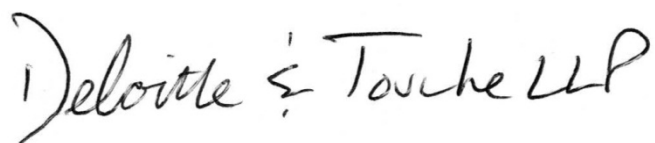
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the UPS Retirement Plan as of December 31, 2014 and 2013, and the changes in its financial status for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 5, 6, and 7 to the financial statements, as of December 31, 2014 and 2013, substantially all of the Plan's investments consist of an undivided interest in the UPS Group Trust. At December 31, 2014 and 2013, the Plan's undivided interest was approximately 61% and 63%, respectively, of total UPS Group Trust investments. At December 31, 2014 and 2013, the UPS Group Trust held assets valued at \$8.298 billion and \$6.979 billion, respectively (27% and 26% of total UPS Group Trust investments for 2014 and 2013, respectively), whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by fund managers, general partners, or other parties. Our opinion is not modified with respect to this matter.

Report on Supplemental Schedule

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2014, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedule is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

October 15, 2015

UPS RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PENSION BENEFITS AS OF DECEMBER 31, 2014 AND 2013 (In millions)

	2014	2013
ASSETS:		
Investments—at fair value:		
Plan interest in the UPS Group Trust	\$ 18,404	\$ 17,065
Investments held outside the UPS Group Trust	3	5
Assets held in 401(h) account	<u>260</u>	<u>352</u>
Total assets	18,667	17,422
LIABILITIES:		
Amounts related to obligation of 401(h) account	<u>260</u>	<u>352</u>
NET ASSETS AVAILABLE FOR PENSION BENEFITS	<u>\$ 18,407</u>	<u>\$ 17,070</u>

See notes to financial statements.

UPS RETIREMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PENSION BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In millions)

	2014	2013
NET ASSETS AVAILABLE FOR PENSION BENEFITS—Beginning of year	<u>\$ 17,070</u>	<u>\$ 16,417</u>
ADDITIONS:		
Employer contributions	200	-
Net investment income—interest in UPS Group Trust investment income	<u>1,761</u>	<u>1,219</u>
Total additions	<u>1,961</u>	<u>1,219</u>
DEDUCTIONS:		
Benefits paid to Plan beneficiaries	609	557
Administrative expenses:		
Fees and commissions	3	2
Insurance premiums to Pension Benefit Guaranty Corporation	<u>12</u>	<u>7</u>
Total deductions	<u>624</u>	<u>566</u>
NET INCREASE	<u>1,337</u>	<u>653</u>
NET ASSETS AVAILABLE FOR PENSION BENEFITS—End of year	<u><u>\$ 18,407</u></u>	<u><u>\$ 17,070</u></u>

See notes to financial statements.

UPS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

1. DESCRIPTION OF THE PLAN

The following description of the UPS Retirement Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General—The Plan was established on September 1, 1961, and has been amended periodically. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and is a noncontributory defined benefit pension plan for substantially all employees of United Parcel Service, Inc. (UPS or the “Company”), who are not members of a collective bargaining unit, or, if they are, whose bargaining unit agreement specifically provides for their participation in the Plan.

Contributions—Contributions to the Plan are made by UPS. UPS’ funding policy is to contribute amounts that will at least satisfy the minimum funding requirements of ERISA, but do not exceed the maximum tax-deductible requirements of the Internal Revenue Code (IRC) as provided by the Plan’s independent actuary. In accordance with this funding policy, UPS contributed \$200 million and \$0 million to the Plan for the years ended December 31, 2014 and 2013, respectively. UPS met the minimum funding requirements of ERISA for the years ended December 31, 2014 and 2013.

Participants in the Plan fall into three broad categories: final average compensation formula, pilots, and Portable Account Formula (PAF) participants. Each of these categories is described below:

	Final Average Compensation Formula	Pilots	Portable Account Formula
Eligibility for Participation	<ul style="list-style-type: none"> Hired before January 1, 2008 At least 21 years old Completed at least 750 paid hours of service during the first 12 months of hire or during any calendar year thereafter 	<ul style="list-style-type: none"> January 1 or July 1 following attainment of age 21 Completion of one vesting year 	<ul style="list-style-type: none"> All eligible employees, except pilots, hired, rehired, or newly eligible on or after January 1, 2008, immediately participate in the Plan.
Benefits and Vesting			
Normal Retirement	<ul style="list-style-type: none"> Benefits commence at age 65 	<ul style="list-style-type: none"> Benefits commence at age 65 	<ul style="list-style-type: none"> Benefits commence at age 65.

	Final Average Compensation Formula	Pilots	Portable Account Formula
	<ul style="list-style-type: none"> • Benefits are based upon years of service, age, and final average earnings • Single life as well as joint and survivor annuity options are available 	<ul style="list-style-type: none"> • Benefits are based upon rank, years of service, age, and final average earnings • Single life as well as joint and survivor annuity options are available 	<ul style="list-style-type: none"> • Participants receive annual compensation and interest credits while a participant in the Plan. • Annual compensation credits are a percentage of pensionable pay based on the sum of the participant's age plus vesting service. • The interest credit percentage is the annual rate of interest on the 30-year Treasury securities for the month of August preceding the applicable plan year, but not less than 2.5% per year. • Participants can take the PAF balance as a single lump sum or actuarially equivalent annuity.
Early Retirement for Active Participants	<ul style="list-style-type: none"> • Benefits are available at a reduced rate dependent upon the number of years of service and the actual age of the participant at retirement 	<ul style="list-style-type: none"> • Benefits are available at a reduced rate dependent upon the number of years of service and the actual age of the participant at retirement 	<ul style="list-style-type: none"> • Benefits are available to terminated employees as a lump sum or as an annuity. The annuity is determined by converting the PAF balance to the applicable single or joint annuity option.
Early Retirement for Terminated Deferred	<ul style="list-style-type: none"> • Benefits are determined as of termination date and are reduced by a certain percentage for each full or partial year that payments begin prior to Normal Retirement Age 	<ul style="list-style-type: none"> • Benefits are determined as of termination date and are reduced by a certain percentage for each full or partial year that payments begin prior to Normal Retirement Age 	<ul style="list-style-type: none"> • PAF balances are determined as of the end of each Plan Year or at benefit commencement date, whichever is earlier. Compensation credit and interest credit is granted in the termination year, as applicable. Additionally, interest credit is granted in subsequent years if the benefit is not distributed to the participant.

	Final Average Compensation Formula	Pilots	Portable Account Formula
Disability	<ul style="list-style-type: none"> For vested participants not covered under another UPS-sponsored disability plan, disability benefits are as follows: <ul style="list-style-type: none"> A. For disabilities occurring before eligibility for normal retirement, the benefit is \$9.60 per month times the number of years of benefit service to a maximum of 30 years and is payable until the disabled participant reaches normal retirement date, elects an early retirement benefit, or dies. B. For disabilities occurring after eligibility for normal retirement, the normal retirement benefit is paid instead of the disability benefit. 	<ul style="list-style-type: none"> The Plan does not provide a disability benefit for this group <ul style="list-style-type: none"> A. Service accrues after disability as if participant remained in active employment until normal retirement date (or early retirement date, if elected). Accrual ceases if participant obtains other gainful employment, recovers from disability, or retires. B. Final average earnings are based on compensation paid during active employment prior to becoming disabled. 	<ul style="list-style-type: none"> The Plan does not provide a disability benefit for this group
Preretirement Death Benefit	<ul style="list-style-type: none"> 50% of the benefit that would have been payable to the spouse or domestic partner, assuming early retirement on the date of death or 	<ul style="list-style-type: none"> 50% of the benefit that would have been payable to the spouse, assuming early retirement on the date of death or earliest 	<ul style="list-style-type: none"> The surviving spouse or domestic partner will be entitled to receive the PAF balance as a single lump sum or actuarially equivalent life annuity based on the surviving spouse's age at commencement

	Final Average Compensation Formula	Pilots	Portable Account Formula
	earliest retirement date if later and election of a 50% joint and survivor benefit	retirement date if later and election of a 50% joint and survivor benefit	
Vesting	<ul style="list-style-type: none"> Completion of five years of service 	<ul style="list-style-type: none"> Completion of one vesting year 	<ul style="list-style-type: none"> Completion of three years of service

All benefits and compensation for any calendar year may not exceed the maximum limitation for that year as defined in the IRC. The Plan provides for increasing the dollar limits automatically as such changes become effective.

401(h) Account—The Plan was amended on January 1, 1976, to include a medical benefit component in addition to the normal retirement benefits to fund a portion of the postretirement obligation for retirees and their beneficiaries in accordance with Section 401(h) of the IRC. A separate account has been established and maintained in the Plan for the net assets related to the medical benefit component (“401(h) account”). The related obligations for health and welfare benefits are not included in this Plan’s obligations, but are reflected as obligations in the financial statements of the UPS Retired Employees Health Care Plan. Plan participants reimburse the 401(h) account for certain health and welfare benefits received, which are not covered under the Plan. Participant reimbursements to the 401(h) account were \$5.8 million and \$5.8 million in 2014 and 2013, respectively. Certain of the Plan’s net assets are restricted to fund a portion of postretirement health benefits for retirees and their beneficiaries in accordance with IRC Section 401(h).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates—The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated plan benefits and changes therein at the date of the financial statements. Actual results could differ from those estimates.

Master Trust—As of December 31, 2014 and 2013, substantially all of the Plan’s investment assets are held in a trust account at Bank of New York Mellon (the “Trustee”) and consist of an undivided interest in an investment account of the UPS Group Trust (the “Master Trust”), a master trust established by the Company and administered by the Trustee (see Note 5).

Risks and Uncertainties—The Plan and the Master Trust utilize various investment securities, including common and preferred stocks, corporate debt instruments, U.S. government securities, money market funds, collective trust funds, registered investment companies, 103-12 investment entities, partnerships, joint ventures, and real estate. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk

associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the financial statements.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumption pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Investment Valuation and Income Recognition—Investments are stated at fair value. If available, quoted market prices are used to value investments. Certain investments' estimated fair value is based on unobservable inputs that are not corroborated by observable market data and are thus classified as Level 3. See further description in Notes 6 and 7. Purchases and sales are recorded on a trade-date basis. Interest is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Payment of Benefits—Benefit payments to participants are recorded upon distribution.

Expenses—Administrative expenses of the Plan are paid by the Plan, as provided in the Plan document.

Subsequent Events—For the year ended December 31, 2014, subsequent events were evaluated through October 15, 2014, the date the financial statements were issued.

New Accounting Standard—Recently adopted Accounting Standards.

ASU No. 2011-11—The financial statements reflect the prospective adoption of FASB ASU No. 2011-11, *Disclosures about Offsetting Assets and Liabilities*, as of the beginning of the year ended December 31, 2013. The ASU requires an entity to disclose both gross and net information about instruments and transactions eligible for offset in the statement of net assets available for benefits, as well as instruments and transactions subject to an enforceable master netting agreement (“MNA”) or similar agreement. *ASU 2011-11 was amended by Accounting Standards Update No. 2013-01*, limiting the scope of the offsetting disclosure requirements to derivative instruments, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions to the extent they are subject to an enforceable MNA or similar agreement. The Plan adopted the disclosure requirement on offsetting for the 2013 reporting year, and thus, will be reporting offsetting disclosures for periods ended December 31, 2014 and December 31, 2013 in Note 7.

New Accounting Standard Not Yet Effective

ASU No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). The new guidance is effective for nonpublic entities for reporting periods beginning after December 15, 2016 and early adoption is permitted. The update changes the disclosure requirement for reporting investments at fair value by removing the requirement to categorize investments for which fair value is measured using the net asset value per share practical expedient within the fair value hierarchy. These disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The Plan did not elect early adoption of this guidance. At this time, Plan management does not expect this new guidance to have a material effect on the Plan's statements of net assets available for pension benefits, statements of changes in net assets available for pension benefits, or the related footnote disclosures to the financial statements.

ASU No. 2015-12, II. Plan Investment Disclosures. The new guidance is effective for all entities for reporting periods beginning after December 15, 2015 and early adoption is permitted. The update simplifies the disclosure requirements by eliminating the disclosure of: significant investment strategies for an investment fund when using the NAV practical expedient, the net appreciation or depreciation in fair value of investment by general type, and the disclosure of individual investments with a value equal to or greater than 5% of net assets available for benefits. The Plan did not elect early adoption of this guidance. At this time, Plan management does not expect this new guidance to have a material effect on the Plan's statements of net assets available for pension benefits, statements of changes in net assets available for pension benefits, or the related footnote disclosures to the financial statements.

3. PLAN TERMINATION

Although it has not expressed any intention to do so, UPS has the right under the Plan, in certain circumstances, to discontinue its contributions at any time and subject to collective bargaining for represented employees to terminate the Plan.

In the event of termination of the Plan, the Plan assets shall be allocated in accordance with priorities specified in Section 4044 of ERISA. Generally, Section 4044 provides the following priorities:

- The lowest benefit in pay status for at least three years (or which would have been if the participant had retired that long ago)
- Other insured benefits
- Other noninsured and nonforfeitable benefits
- All other benefits

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivors' pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations.

Whether all participants receive their benefits, should the Plan terminate at some future time, will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits, the priority of those benefits to be paid, and may also depend on the level of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the existing assets and the PBGC guaranty, while other benefits may not be provided at all.

4. ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits is determined by an independent actuary. The amount results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts of interest) and the probability of payment (by means of decrements, such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations as of December 31, 2014 and 2013, are as follows:

	2014	2013
Mortality	The RP-2014 healthy mortality with improvement adjustment after 2007; mortality improvement converges to 0.5% in 2022 based on the RPEC_2014 model	The RP-2000 Combined Healthy Mortality for Males and Females projected to 2019 using Scale AA
Discount rate	8.75%	8.75%
Average retirement age	61.4	59.2

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The actuarial present values of the Plan's accumulated plan benefits as of December 31, 2014 and 2013, are as follows (in millions):

	2014	2013
Vested benefits:		
Other participants	\$ 5,239	\$ 4,972
Participants and/or beneficiaries currently receiving benefits	<u>5,176</u>	<u>4,667</u>
Total vested benefits	10,415	9,639
Nonvested benefits	<u>1,167</u>	<u>1,449</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 11,582</u>	<u>\$ 11,088</u>

The changes in the actuarial present value of the Plan's accumulated plan benefits for the years ended December 31, 2014 and 2013, are as follows (in millions):

Actuarial present value of accumulated plan benefits—December 31, 2012	\$ 10,447
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	311
Benefits paid	(557)
Decrease in the discount period	890
Actuarial gain	(4)
Plan amendments	<u>1</u>
Actuarial present value of accumulated plan benefits—December 31, 2013	11,088
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	333
Benefits paid	(609)
Decrease in the discount period	945
Actuarial loss	48
Actuarial Assumption changes*	(244)
Plan amendments	<u>21</u>
Actuarial present value of accumulated plan benefits—December 31, 2014	<u>\$ 11,582</u>

* The impact of actuarial assumption changes is primarily due to changes in the mortality rate assumption and updated retirement rates to reflect current patterns.

5. INTEREST IN MASTER TRUST

As of December 31, 2014 and 2013, substantially all of the Plan's investment assets are held in a trust account at the Trustee and consist of an undivided interest in an investment account of the Master Trust, a master trust established by the Company and administered by the Trustee. Use of the Master Trust permits the commingling of trust assets with the assets of the Plan for investment and administrative purposes. Although assets of multiple plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans. The net investment income and administrative expenses are allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans.

The fair value of net assets and investments of the Master Trust at December 31, 2014 and 2013, are summarized as follows (in millions):

	2014	2013
Investments:		
U.S. government securities	\$ 6,091	\$ 4,526
103-12 investment entities—hedge funds	347	333
Common and collective trusts	3,161	3,109
Common and preferred stock	7,793	7,615
Corporate debt instruments	3,677	2,909
Interest bearing cash	196	233
Derivative instruments and other investments	394	867
Partnerships, joint ventures, and real estate	7,944	6,608
Purchase options	53	44
Registered investment companies	<u>592</u>	<u>505</u>
Total investments	<u>30,248</u>	<u>26,749</u>
Unsettled securities transactions receivable (payable):		
Interest and dividends	58	61
Due from brokers	25	596
Other receivables	-	124
Accrued expenses	(1)	-
Other receivable (payable)	<u>(324)</u>	<u>(362)</u>
Total unsettled securities transactions receivable (payable)	<u>(242)</u>	<u>419</u>
Net assets of the Master Trust	<u>\$ 30,006</u>	<u>\$ 27,168</u>
Plan's interest in net assets of the Master Trust	<u>\$ 18,404</u>	<u>\$ 17,065</u>
Plan's interest in Master Trust as a percentage of the total, rounded	<u>61 %</u>	<u>63 %</u>

The net investment earnings of the Master Trust for the years ended December 31, 2014 and 2013, are summarized below (in millions):

	2014	2013
Dividend and interest income	\$ 388	\$ 374
Net appreciation in fair value of investments	<u>2,498</u>	<u>1,651</u>
Investment income of Master Trust	<u>\$ 2,886</u>	<u>\$ 2,025</u>
Plan's interest in investment income of Master Trust	<u>\$ 1,761</u>	<u>\$ 1,219</u>

6. INVESTMENTS

As of December 31, 2014 and 2013, the Plan's investments are presented at fair value, which has been determined based on the fair value of the underlying investments of the Master Trust.

Pension assets utilizing Level 1 inputs include fair values of equity investments, corporate debt instruments, and U.S. government securities that 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 held by the trustee in a commingled employee benefit trust fund. The investments in the commingled funds, including collective trust funds, are valued by taking the percentage owned by the respective plan in the underlying net asset value of the trust fund, which was determined in accordance with the paragraph above.

Certain investments' estimated fair value is based on unobservable inputs that are not corroborated by observable market data and are thus classified as Level 3. These investments include hedge funds, real estate investments, and private equity funds. The commingled funds are valued using net asset values, adjusted, as appropriate, for investment fund specific inputs determined to be significant to the valuation. Investments in hedge funds are valued using reported net asset values as of December 31. These assets are primarily invested in a portfolio of diversified, direct investments, and funds of hedge funds. Real estate investments and private equity funds are valued using fair values per the most recent partnership audited financial reports, adjusted, as appropriate, for any lag between the date of the financial reports and December 31. The real estate investments consist of U.S. and non-U.S. real estate investments and are broadly diversified. The fair values may, due to the inherent uncertainty of valuation for those alternative investments, differ significantly from the values that would have been used had a ready market for the alternative investments existed, and the differences could be material.

Approximately \$3,161 and \$3,109 million of the Master Trust assets are held in commingled stock funds that each hold U.S. and international public market securities for the years ended December 31, 2014 and 2013, respectively. The Master Trust held the right to liquidate its positions in these commingled stock funds at any time, subject only to a brief notification period. No unfunded commitment existed with respect to these commingled stock funds at December 31, 2014 and 2013.

The Master Trust holds approximately \$2,755 and \$2,593 million of its investments in limited partnership interests in various private equity and real estate funds as of December 31, 2014 and 2013, respectively. Limited provision exists for the redemption of these interests by the general partners that invest 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, 2014 and 2013, unfunded commitments to such limited partnerships totaling approximately \$1,010 and \$658 million, respectively, are expected to be contributed over the remaining investment period, typically ranging between three and six years.

As of December 31, 2014 and 2013, approximately \$4,372 and \$4,156 million of the Master Trust investments are held in 20 and 23 hedge funds, respectively, that pursue multiple strategies to diversify risk and reduce volatility. Most of the funds require two to three months' notice and allow redemptions either quarterly or semiannually while some allow for redemption after only a brief notification period with no restriction on redemption frequency. At December 31, 2014 and 2013, unfunded commitments to such hedge funds total approximately \$169 and \$200 million, respectively.

As of December 31, 2014 and 2013, none of the Master Trust's investments represented 5% or more of total Master Trust net assets available for benefits.

7. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows: Level 1, which refers to securities valued using unadjusted quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, a summary of the Master Trust investment assets at fair value (in millions) at December 31, 2014.

Master Trust Assets				
Fair Value Measurements at December 31, 2014*				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common and preferred stocks:				
Emerging markets	\$ 1,204	\$ -	\$ -	\$ 1,204
Fixed income	6	30	-	36
Global equity	2,848	-	-	2,848
International equity	1,086	-	-	1,086
Real estate	325	23	-	348
U.S. large cap	1,924	-	-	1,924
U.S. small cap	347	-	-	347
Total common and preferred stocks	7,740	53	-	7,793
Corporate debt instruments	-	3,669	8	3,677
U.S. government securities	5,477	614	-	6,091
Interest bearing cash	12	184	-	196
Registered investment companies:				
Emerging markets	223	-	-	223
Fixed income	-	84	-	84
Global equity	53	-	-	53
U.S. large cap	129	-	-	129
U.S. small cap	103	-	-	103
Total registered investment companies	508	84	-	592
Collective trust funds:				
Emerging markets	-	119	-	119
International equity	-	816	-	816
U.S. large cap	-	2,180	-	2,180
U.S. small cap	-	46	-	46
Total collective trust funds	-	3,161	-	3,161
Derivative instruments and other investments	22	372	-	394
Partnerships, joint ventures, and real estate:				
Emerging markets	-	-	25	25
Fixed income	-	-	1,138	1,138
Global equity	1	-	-	1
Hedge funds	-	-	4,025	4,025
Private equity	-	-	1,377	1,377
Real estate	-	-	1,378	1,378
Total partnerships, joint ventures, and real estate	1	-	7,943	7,944
103-12 investment entities—hedge funds	-	-	347	347
Purchase options	-	53	-	53
Total investments	\$ 13,760	\$ 8,190	\$ 8,298	\$ 30,248

The following table sets forth by level, within the fair value hierarchy, a summary of the Master Trust investment assets at fair value (in millions) at December 31, 2013.

Master Trust Assets				
Fair Value Measurements at December 31, 2013*				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common and preferred stocks:				
Emerging markets	\$ 1,175	\$ -	\$ -	\$ 1,175
Fixed income	15	27	-	42
Global equity	2,707	-	-	2,707
International equity	835	-	-	835
Real estate	303	-	-	303
U.S. large cap	2,088	-	-	2,088
U.S. small cap	465	-	-	465
Total common and preferred stocks	7,588	27	-	7,615
Corporate debt instruments	-	2,871	38	2,909
U.S. government securities	3,884	642	-	4,526
Interest-bearing cash	16	217	-	233
Registered investment companies:				
Emerging markets	247	-	-	247
Fixed income	-	96	-	96
Global equity	44	-	-	44
U.S. large cap	118	-	-	118
Total registered investment companies	409	96	-	505
Collective trust funds:				
Emerging markets	-	124	-	124
International equity	-	850	-	850
U.S. large cap	-	2,092	-	2,092
U.S. small cap	-	43	-	43
Total collective trust funds	-	3,109	-	3,109
Derivative instruments and other investments	13	854	-	867
Partnerships, joint ventures, and real estate:				
Hedge funds	-	-	3,823	3,823
Private equity	-	-	1,457	1,457
Real estate	-	-	1,136	1,136
Fixed income	-	-	192	192
Total partnerships, joint ventures, and real estate	-	-	6,608	6,608
103-12 investment entities—hedge funds	-	-	333	333
Purchase options	-	44	-	44
Total investments	\$ 11,910	\$ 7,860	\$ 6,979	\$ 26,749

* The Administrative Committee of the Master Trust establishes investment guidelines and strategies, and regularly monitors the performance of the funds and portfolio managers. The Master Trust's investment guidelines address the following items: governance, general investment beliefs and principles, investment objectives, specific investment goals, process for determining/maintaining the asset allocation policy, long-term asset allocation, rebalancing, investment restrictions/prohibited transactions (the use of derivatives and the use of leverage as types of investments are generally

prohibited), portfolio manager structure and diversification (which addresses limits on the amount of investments held by any one manager to minimize risk), portfolio manager selection criteria, plan evaluation, portfolio manager performance review and evaluation, and risk management (including various measures used to evaluate risk tolerance).

The Master Trust's investment strategy is to invest the assets in accordance with applicable laws and regulations. The long-term primary objectives for our pension assets are to: (1) provide for a reasonable amount of long-term growth of capital, with prudent exposure to risk; and protect the assets from erosion of purchasing power; (2) provide investment results that meet or exceed the Plan's actuarially assumed long-term rate of return; and (3) match the duration of the liabilities and assets of the Plan to reduce the potential risk of large employer contributions being necessary in the future. The Plan strives to meet these objectives by employing portfolio managers to actively manage assets within the guidelines and strategies set forth by the Administrative Committee of the Plan. Performance of these managers is compared to applicable benchmarks.

Transfers between Levels—The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. The Plan's policy is to recognize transfers between levels at the actual date of the event. There were no such transfers between levels for the years ended December 31, 2014 and 2013.

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) (in millions) for the years ended December 31, 2014 and 2013:

	103-12 Investment Entities	Partnerships, Joint Ventures, and Real Estate	Corporate Debt Instruments	Total
Beginning balance—January 1, 2013	\$ 315	\$ 6,442	\$ 54	\$ 6,811
Actual return on assets:				
Assets held at end of year	14	277	-	291
Assets sold during the year	4	269	-	273
Purchases	89	2,015	50	2,154
Sales	(89)	(2,395)	(66)	(2,550)
Settlements	-	-	-	-
Transfers in and/or out of level 3	-	-	-	-
Ending balance—December 31, 2013	333	6,608	38	6,979
Actual return on assets:				
Assets held at end of year	14	253	-	267
Assets sold during the year	-	144	-	144
Purchases	-	2,571	20	2,591
Sales	-	(1,633)	(50)	(1,683)
Settlements	-	-	-	-
Transfers in and/or out of level 3	-	-	-	-
Ending balance—December 31, 2014	<u>\$ 347</u>	<u>\$ 7,943</u>	<u>\$ 8</u>	<u>\$ 8,298</u>

During the year ended December 31, 2014, investments in the Master Trust, including gains and losses, appreciated (depreciated) in fair value as follows (in millions):

	Investments—at Fair Value as Determined by Quoted Market Prices (Level 1)	Investments—at Estimated Fair Value (Levels 2 and 3)	Total
Common and preferred stocks	\$ 233	\$ (274)	\$ (41)
Corporate debt instruments	-	214	214
U.S. government securities	1,265	30	1,295
Interest-bearing cash	(80)	-	(80)
Registered investment companies	10	-	10
Collective trust funds	-	252	252
Derivative instruments and other investments	96	243	339
Partnerships, joint ventures, and real estate	-	495	495
103-12 investment entities	<u>-</u>	<u>14</u>	<u>14</u>
Total investments	<u>\$ 1,524</u>	<u>\$ 974</u>	<u>\$ 2,498</u>

During the year ended December 31, 2013, investments in the Master Trust, including gains and losses, (depreciated) appreciated in fair value as follows (in millions):

	Investments—at Fair Value as Determined by Quoted Market Prices (Level 1)	Investments—at Estimated Fair Value (Levels 2 and 3)	Total
Common and preferred stocks	\$ 1,424	\$ (198)	\$ 1,226
Corporate debt instruments	-	(183)	(183)
U.S. government securities	(694)	(25)	(719)
Interest-bearing cash	14	-	14
Registered investment companies	42	-	42
Collective trust funds	-	795	795
Derivative instruments and other investments	49	(266)	(217)
Partnerships, joint ventures, and real estate	-	675	675
103-12 investment entities	<u>-</u>	<u>18</u>	<u>18</u>
Total investments	<u>\$ 835</u>	<u>\$ 816</u>	<u>\$ 1,651</u>

The valuation methods as described in Note 6 may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The master trust is subject to master netting agreements, or netting arrangements, with certain counterparties. These agreements govern the terms of certain transactions, and reduce the counterparty

risk associated with relevant transactions by specifying offsetting mechanisms and collateral posting arrangements at pre-arranged exposure levels. Since different types of transactions have different mechanics and are sometimes traded out of different legal entities of a particular counterparty organization, each type of transaction may be covered by a different master netting arrangement possibly resulting in the need for multiple agreements with a single counterparty. Master netting agreements are specific to each different asset type; therefore, they allow the plan [master trust] to close out and net its total exposure to a specified counterparty in the event of a default with respect to any and all the transactions governed under a single agreement with the counterparty.

The following is a summary by counterparty of the master trust's net exposure to derivative assets and liabilities, by financial instrument type, available for offset and net of collateral under master agreements at December 31, 2014 (in millions):

	(i)	(ii)	(iii) = (i) - (ii)	(iv)	(v) = (iii) - (iv)
				Gross Amounts Not Offset in the Statement of Net Assets Available for Benefits	
Instrument Type	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Net Assets Available for Benefits	Net Amounts of Assets Presented in the Statement of Net Assets Available for Benefits	Financial Instruments	Net Amount
				Cash Collateral Received	
Credit Default Swaps	\$ 5	\$ -	\$ 5	\$ -	\$ 5
Forward Contracts	217	(210)	7	-	4
Futures Contracts	23	(1)	22	-	22
Interest Rate Swaps	1	-	1	-	-
Securities Lending	123	-	123	-	-
Repurchase agreements	178	-	178	(131)	-
Swaptions	2	(2)	-	-	-
Total financial instruments	<u>\$549</u>	<u>\$(213)</u>	<u>\$336</u>	<u>\$(131)</u>	<u>\$31</u>

	(i)	(ii)	(iii) = (i) - (ii)	(iv)	(v) = (iii) - (iv)
				Gross Amounts Not Offset in the Statement of Net Assets Available for Benefits	
Instrument Type	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Net Assets Available for Benefits	Net Amounts of Liabilities Presented in the Statement of Net Assets Available for Benefits	Financial Instruments	Net Amount
				Cash Collateral Pledged	
Forward Contracts	\$210	\$(210)	\$ -	\$ -	\$ -
Futures Contracts	1	(1)	-	-	-
Interest Rate Swaps	1	-	1	(1)	-
Swaptions	3	(2)	1	-	-
Total financial instruments	<u>\$215</u>	<u>\$(213)</u>	<u>\$ 2</u>	<u>\$ (1)</u>	<u>\$ -</u>

At December 31, 2014, the Master Trust held \$5 million in collateral under derivative instruments, \$131 million in collateral under securities lending agreements, and \$50 million under repurchase agreements. The Master Trust pledged collateral of \$11 million under derivative contracts at December 31, 2014.

The following is a summary by counterparty of the master trust's net exposure to derivative assets and liabilities, by financial instrument type, available for offset and net of collateral under master agreements at December 31, 2013 (in millions):

	(i)	(ii)	(iii) = (i) - (ii)	(iv)	(v) = (iii) - (iv)
				Gross Amounts Not Offset in the Statement of Net Assets Available for Benefits	
Instrument Type	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Net Assets Available for Benefits	Net Amounts of Assets Presented in the Statement of Net Assets Available for Benefits	Financial Instruments	Net Amount
Securities Lending	\$171	\$ -	\$171	\$ -	\$ -
Repurchase agreements	292	-	292	-	3
Futures Contracts	19	(6)	13	-	13
Forward Contracts	4	-	4	-	4
Credit Default Swaps	3	-	3	-	3
Interest Rate Swaps	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total financial instruments	<u>\$490</u>	<u>\$ (6)</u>	<u>\$484</u>	<u>\$ -</u>	<u>\$24</u>

	(i)	(ii)	(iii) = (i) - (ii)	(iv)	(v) = (iii) - (iv)
				Gross Amounts Not Offset in the Statement of Net Assets Available for Benefits	
Instrument Type	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Net Assets Available for Benefits	Net Amounts of Liabilities Presented in the Statement of Net Assets Available for Benefits	Financial Instruments	Net Amount
Forward Contracts	\$30	\$ -	\$30	\$ -	\$30
Futures Contracts	6	(6)	-	-	-
Swaptions	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total financial instruments	<u>\$37</u>	<u>\$ (6)</u>	<u>\$31</u>	<u>\$ -</u>	<u>\$31</u>

At December 31, 2013, the Master Trust held \$289 million in collateral under repurchase agreements and \$177 million in collateral under securities lending agreements. The Master Trust pledged collateral of \$62 million under future contracts at December 31, 2013.

8. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated February 21, 2013, that the Plan and related trust were designed in accordance with the applicable regulations of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter; however, the Company and the Plan management believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC, and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2014.

9. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Plan and Master Trust investments are managed by Bank of New York Mellon. Bank of New York Mellon is the trustee as defined by the Plan, and therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for the investment management and associated trustee/custodian services were \$588,013 and \$448,047 for the years ended December 31, 2014 and 2013, respectively.

United Parcel Service, Inc. provides accounting and administrative services to the Plan. United Parcel Service, Inc. is the Plan sponsor, and therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan, for administrative services were \$583,179 and \$648,892 for the years ended December 31, 2014 and 2013, respectively.

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

A reconciliation of amounts reported in the Plan's financial statements to amounts reported in the Form 5500 is required by ERISA. The following is a reconciliation of net assets available for pension benefits per the financial statements to the Form 5500 for the years ended December 31, 2014 and 2013.

	2014	2013
Net assets available for pension benefits per the financial statements	\$ 18,407	\$ 17,070
Net assets held in 401(h) account included as assets in the Form 5500	<u>260</u>	<u>352</u>
Net assets available for pension benefits per the Form 5500	<u>\$ 18,667</u>	<u>\$ 17,422</u>

The net assets of the 401(h) account included in the Form 5500 are not available to pay pension benefits, but can be used only to pay retiree health benefits.

The following is a reconciliation of the changes in net assets available for pension benefits per the financial statements to the Form 5500 (in millions):

	2014		
	Amounts per Financial Statements	401(h) Account	Amounts per Form 5500
Employee contributions	\$ -	\$ 6	\$ 6
Net appreciation in fair value of investments	1,761	31	1,792
Benefits paid to Plan beneficiaries	609	121	730
Benefits paid to insurance carrier	-	1	1
Administrative expenses	15	6	21

	2013		
	Amounts per Financial Statements	401(h) Account	Amounts per Form 5500
Employee contributions	\$ -	\$ 6	\$ 6
Net appreciation in fair value of investments	1,219	29	1,248
Benefits paid to Plan beneficiaries	558	121	679
Administrative expenses	9	7	16

* * * * *

SUPPLEMENTAL SCHEDULE

UPS RETIREMENT PLAN

Employer ID No.: 95-1732075

Plan Number: 001

FORM 5500, SCHEDULE H, PART IV, LINE 4i—SCHEDULE OF ASSETS (HELD AT YEAR END) AS OF DECEMBER 31, 2014

(a) Identity of Issuer, Borrower, Lessor, or Similar Party	(b) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	(c) Cost	(d) Current Value
REGISTERED INVESTMENT COMPANIES:			
Dreyfus Treas & Agence Cash 996085247	VAR RT 12/31/2049 DD 04/09/97	\$3,322,133	\$3,322,133
A-Mark Precious Metals Inc 00181T107		39,760	39,760
Spectrum Group International I 84763M201		<u>8,074</u>	<u>8,074</u>
TOTAL INVESTMENTS HELD OUTSIDE OF MASTER TRUST		<u><u>\$3,369,967</u></u>	<u><u>\$3,369,967</u></u>

**ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN**

EIN: 95-1732075/PN: 001

Schedule SB, Line 24 — Change in Assumptions

The following non-prescribed assumptions were changed from the prior valuation:

1. Assumed administrative expenses were changed from \$17,000,000 in 2013 to \$20,000,000 in 2014.
2. Part-time employees (other than those accruing Portable Account Formula benefits) are assumed to earn 0.7 years of benefit service per year based upon review of historical hours.

**ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN**

EIN: 95-1732075/PN: 001

Schedule SB, Line 26 — Schedule of Active Participant Data

		Completed Years of Benefit Service										Total
Attained Age		<1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	Count	0	6,175	447								6,622
	Average Earnings		25,521	31,744								25,941
	Average PAF Balance		1,675	5,719								1,931
25 to 29	Count	0	4,634	4,703	327							9,664
	Average Earnings		32,699	38,296	51,830							36,070
	Average PAF Balance		2,488	6,413	12,138							3,856
30 to 34	Count	0	2,760	3,880	3,529	202						10,371
	Average Earnings		40,480	49,546	58,539	67,153						50,537
	Average PAF Balance		2,818	8,108	10,659	18,497						4,931
35 to 39	Count	0	2,011	2,409	2,789	2,113	66					9,388
	Average Earnings		43,981	57,153	65,259	75,872	98,262					61,242
	Average PAF Balance		3,159	9,849	12,858	13,522	15,762					5,740
40 to 44	Count	0	1,968	2,505	2,322	2,403	2,159	89				11,446
	Average Earnings		47,996	70,715	72,771	77,341	93,403	94,310				73,080
	Average PAF Balance		3,700	10,353	11,166	14,657	20,208	9,784				6,336
45 to 49	Count	0	1,701	2,274	2,104	1,885	3,151	2,890	41			14,046
	Average Earnings		47,816	76,115	78,388	90,965	98,467	109,667	105,934			87,026
	Average PAF Balance		3,505	10,706	10,610	15,502	23,176	22,762				6,201
50 to 54	Count	0	1,212	1,644	1,871	1,682	2,083	3,075	1,632	157		13,356
	Average Earnings		46,085	67,817	72,329	98,469	101,361	110,993	124,499	117,028		93,014
	Average PAF Balance		3,860	12,286	11,783	18,468	16,176	23,408	31,100			6,918
55 to 59	Count	0	727	1,132	1,253	1,013	1,091	1,073	865	601	14	7,769
	Average Earnings		45,697	57,503	67,419	77,559	94,032	112,385	109,763	119,242		84,036
	Average PAF Balance		4,374	12,597	9,508	13,592	20,974	25,334	37,739			7,150
60 to 64	Count	0	356	553	704	450	445	334	108	129	36	3,115
	Average Earnings		41,974	52,476	59,600	80,604	82,172	123,453	88,388	95,146	100,645	72,371
	Average PAF Balance		4,565	13,000	11,733	25,119	4,764					7,064
65 to 70	Count	0	89	188	198	81	70	36	8	6	9	685
	Average Earnings		40,107	48,947	52,002	66,150	78,818	83,476				57,063
	Average PAF Balance		6,991	15,844	16,563							9,996
70 & up	Count	0	11	24	44	22	12	2	1			116
	Average Earnings			35,936	32,460	47,569						38,589
	Average PAF Balance											4,034
Total	Total Count	0	21,644	19,759	15,141	9,851	9,077	7,499	2,655	893	59	86,578
	Total Average Earnings		36,638	55,171	66,900	83,045	96,372	110,905	117,801	115,269	104,567	67,482
	Total Average PAF Balance		2,609	8,259	11,386	14,916	19,770	22,424	34,419			4,334

Average Age: 42.0 Average Service: 12.5

Average PAF balance amount based on balances greater than zero.

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	United Parcel Service of America, INC.
EIN/PN	95-1732075/001
Plan Name	UPS Retirement Plan
Valuation Date	January 1, 2014
Enrolled Actuary	Kelley Elliott
Enrollment Number	14-07127

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan.

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN

EIN: 95-1732075/PN: 001

Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

Economic Assumptions

Interest rate basis:

- | | |
|--|-----------------|
| ▶ Applicable month | September 2013 |
| ▶ Yield curve basis | 3-segment rates |
| ▶ MAP-21 with HATFA extension applied for funding | Yes |
| ▶ MAP-21 with HATFA extension applied for benefit restrictions | Yes |

Interest rates:

- | | Reflecting
Corridors | Not Reflecting
Corridors |
|---------------------------|-------------------------|-----------------------------|
| ▶ First segment rate | 4.99% | 1.37% |
| ▶ Second segment rate | 6.32% | 4.05% |
| ▶ Third segment rate | 6.99% | 5.06% |
| ▶ Effective interest rate | 6.59% | 4.53% |

Annual rates of increase

- | | |
|--|--------|
| ▶ Compensation: | |
| • Non-Pilots | 4.50% |
| • Pilots (annual increase) | 3.00% |
| • Pilots (increase upon promotion from First Officer to Captain after 15 years of service) | 40.00% |
| ▶ Future Social Security wage bases | 3.75% |
| ▶ Statutory limits on compensation | N/A |
| ▶ Portable Account Formula Interest Crediting Rate | 4.50% |

Demographic Assumptions

Healthy Mortality

Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustment, projected to 2029 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2021 using Scale AA).

**ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN**

EIN: 95-1732075/PN: 001

Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

Termination

Rates varying by age, service and employment type

Representative Termination Rates

Full-Time Management Years of Service						
<u>Age</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5 or more</u>
25	20.00%	20.00%	16.00%	15.00%	13.00%	9.00%
40	20.00%	16.00%	15.00%	13.00%	10.00%	4.00%
55	20.00%	17.00%	11.00%	9.00%	8.00%	5.00%
55	38.00%	12.00%	10.00%	9.00%	8.00%	8.00%

Pilots	
<u>Age</u>	<u>Rate</u>
25	1.00%
40	0.80%
55	0.00%

All Others Years of Service						
<u>Age</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5 or more</u>
25	30.00%	30.00%	26.00%	22.00%	19.00%	15.00%
40	30.00%	30.00%	22.00%	18.00%	14.00%	5.00%
55	30.00%	30.00%	18.00%	14.00%	11.00%	8.00%

Disability

Rates varying by age

Pilots

None

All Others Sample Rates		
<u>Age</u>	<u>Male</u>	<u>Female</u>
30	0.04%	0.06%
40	0.05%	0.07%
55	0.23%	0.34%
60	0.46%	0.69%

Disability mortality

Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2028 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2020 using Scale AA).

ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN

EIN: 95-1732075/PN: 001

Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

Retirement

Rates varying by age, service and employment type

Full-Time Management

<u>Age</u>	<u>< 25 yrs of svc</u>	<u>≥ 25 yrs of svc</u>
55	7.50%	30.00%
56	7.50%	35.00%
57-58	7.50%	20.00%
59	10.00%	20.00%
60-61	12.00%	20.00%
62	15.00%	20.00%
63-64	18.75%	25.00%
65	20.00%	100.00%
66	30.00%	100.00%
67+	100.00%	100.00%

Pilots

<u>Age</u>	<u>Rate</u>
55-59	3.00%
60	12.00%
61	3.00%
62-64	7.50%
65+	100.00%

All Others

<u>Age</u>	<u>Rate</u>
55-59	10.00%
60-61	12.00%
62-64	20.00%
65	25.00%
66	30.00%
67+	100.00%

**ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN**

EIN: 95-1732075/PN: 001

Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

Benefit commencement date for deferred vested and actives	<u>Non-PAF Benefits</u> The later of age 63 and current age. For participants who terminated prior to 1992 and for pilots, the later of age 60 or current age. <u>PAF Benefits</u> Assumed to commence immediately.
Form of payment	<u>Non-PAF Benefits</u> 100% of single participants elect a life annuity 30% of married participants elect a life annuity 70% of married participants elect a 50% joint and survivor annuity Actuarial Equivalence as defined by the UPS Retirement Plan is used to convert to optional forms of payment (when applicable) <u>PAF Benefits</u> 100% assumed to elect a lump sum Actuarial Equivalence as defined by the UPS Retirement Plan is used to convert to optional forms of payment (when applicable)
Percent married	75%
Spouse age	Wife 3 years younger than husband
Plan compensation	Estimated plan compensation for 2013 and future years: <ul style="list-style-type: none">▶ For participants not in the Management Incentive Plan, (MIP/IMIP) prior year actual pensionable earnings, increased by 4.50%.▶ For participants in the MIP/IMIP, base pay as of January 1, 2014 plus long-term estimate of MIP/IMIP performance incentive awards (including ownership incentive awards), based on individual MIP/IMIP performance award targets (limited by the legacy MIP percentages defined by the plan). MIP awards in the near term reflect current expectations.
Administrative expenses	\$20,000,000
Benefit offsets	Estimated benefits from other pension plans to which UPS contributes are offset for employees who have prior service in United Parcel Service, Inc. New York and United Parcel Service, Inc. Ohio. Where sufficient data does not exist, the benefit offset is assumed to be \$0. In all such cases, total benefit service is used to calculate Retirement Plan benefits.

**ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN**

EIN: 95-1732075/PN: 001

Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year. Part-time employees (other than those accruing Portable Account Formula benefits) are assumed to earn 0.7 years of benefit service per year based upon review of historical hours.
Actuarial value of assets	Market value of assets
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with UPS and is not aware of any significant benefits that should have been valued and were not.

Change in Methods and Assumptions Since Prior Year

The segment rates used to calculate the funding target and target normal cost were updated.

The required mortality table used to calculate the funding target and normal cost was updated to include an additional year of projected mortality improvements.

Assumed administrative expenses were changed from \$17,000,000 in 2013 to \$20,000,000 in 2014.

Part-time employees (other than those accruing Portable Account Formula benefits) are assumed to earn 0.7 years of benefit service per year based upon review of historical hours.

Data Sources

Towers Watson used asset data supplied by UPS. UPS furnished participant data as of January 1, 2014 and the dates and amounts of the contributions paid in 2014. Data were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the company, the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date. Assumptions and estimates were made by Towers Watson actuaries when data was not available, and UPS confirmed the appropriateness of these assumptions and estimates. Towers Watson is not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
EIN: 95-1732075/PN: 001
Schedule SB, Part V — Summary of Plan Provisions

1. Applicable to UPS Grandfathered and RPA Participants

Plan Provisions

Covered Employees	All employees of adopting employers provided they are not currently accruing benefits under any other non-governmental pension or profit sharing plan (except the UPS Savings Plan) to which UPS makes contributions; and further provided that they are not covered by a collective bargaining agreement unless the agreement provides for coverage under the UPS Retirement Plan.
Participation Date	All Predecessor Plan participants on December 31, 1975 who are employees on January 1, 1976 become plan participants on January 1, 1976. All other employees become eligible to participate immediately following attainment of age 21 and completion of a 12-month period of employment during which 750 hours of service are completed.

Definitions

Vesting service	One year for each calendar year in which an employee completes 750 hours of service.
Benefit service	One year for each calendar year in which an employee completes at least 1,500 hours of service. Partial credit is given if at least 125 hours of service are completed.
Alternative points	For benefit service prior to January 1, 2001, 20 points per year of benefit service. For benefit service on or after January 1, 2001, see the attached schedule.
Alternative-Plus points	For benefit service prior to January 1, 2001, 5 points per year of benefit service. For benefit service on or after January 1, 2001, see the attached schedule.
Integrated points	For benefit service prior to January 1, 2001, 12 points per year of benefit service. For benefit service on or after January 1, 2001, see the attached schedule.
Integrated-Plus points	For benefit service prior to January 1, 2001, 4 points per year of benefit service. For benefit service on or after January 1, 2001, see the attached schedule.
Compensation	<p>Basic salary or wages plus overtime pay, certain incentive and bonus pay, and deferrals to the UPS Deferred Compensation Plan, Section 401(k) and Section 125 deferrals, and eligible MIP compensation, limited as required by Section 401(a)(17) of the Internal Revenue Code.</p> <p>Eligible MIP compensation is equal to MIP/IMIP ownership incentive awards plus MIP/IMIP performance incentive awards times the legacy MIP percentage. Legacy MIP percentage is defined for each job group as the current MIP/IMIP target over the legacy MIP/IMIP target (prior to inclusion of long-term incentives). For the purpose the MIP/IMIP awards considered includes the value of the restricted stock unit portion of the award (as of the award date) even if not vested.</p>

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Final average earnings	The average of the highest five consecutive calendar years of compensation during the ten-year period ending on the earlier of the participant's termination date or date of death or plan termination date.
Grandfathered participant	A participant who performed an hour of service as an employee on or before December 31, 2000 and was employed by an employer who adopted the plan on or before December 31, 2000.
Social Security benefit	The estimated Primary Insurance Amount payable at the age at which unreduced Primary Insurance Amounts are available under the Social Security Act in effect on the earlier of his normal retirement date or the date of termination, assuming in the case of early retirement or termination before normal retirement date that compensation continued unchanged until normal retirement date.
Normal retirement date (NRD)	First of month coinciding with or next following the attainment of age 65 with five years of vesting service or participation. If a participant prior to January 1, 1989, first of the month coinciding with or next following the attainment of age 65.
Actuarial Equivalence	6% and 1983 Group Annuity Mortality (GAM) : male table for participants; female table for beneficiaries. Grandfathered participants receive a protected minimum conversion factor based on form of payment.
Pension benefit	<p>For grandfathered participants, larger of (1), (2), (3) and (4). Otherwise, the larger of (3) and (4).</p> <p>(1) 58.33% of final average earnings (FAE) less 58.33% of the Social Security benefit (SSB), reduced proportionately for years of benefit service less than 35.</p> <p>(2) 2% of final average earnings up to:</p> <p style="padding-left: 40px;">(a) \$48,000 if year of birth is 1957 or later</p> <p style="padding-left: 40px;">(b) \$54,000 if year of birth is 1951 to 1956</p> <p style="padding-left: 40px;">(c) \$60,000 if year of birth is 1950 or earlier</p> <p style="padding-left: 40px;">Plus 0.5% of final average earnings in excess of the above breakpoints; multiplied by benefit service up to 35 years.</p> <p>(3) Alternative Points multiplied by 1% of final average earnings up to \$48,000 plus Alternative-Plus Points multiplied by 1% of final average earnings in excess of \$48,000, with the result divided by 10</p> <p>(4) Integrated Points multiplied by 1% of final average earnings plus Integrated-Plus Points multiplied by 1% of final average earnings in excess of the Social Security wage base, with the result divided by 10</p>
Preretirement spouse benefit	50% of the benefit that would have been payable to the participant, assuming early retirement on the date of death or earliest retirement date if later and election of a 50% joint and survivor benefit.

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Disability benefit	<p>For participants who become disabled before eligibility for early or normal retirement and are not eligible for Long Term Disability (LTD), \$9.60 per month times benefit service up to 30 years, payable until the participant's early retirement date at which time the participant receives an early retirement benefit.</p> <p>For participants who became disabled before eligibility for early or normal retirement and are eligible for LTD, they will continue to accrue benefit service to the earlier of their normal retirement date and the date at which they recover from disability. All other employees receive an early retirement benefit accrued on the date of disability.</p> <p>For disabilities occurring after eligibility for early or normal retirement, the benefit payable is the early or normal retirement benefit as applicable.</p>
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Eligibility for Benefits

Normal retirement	Retirement on NRD.
Early retirement	Attaining age 55 and completion of ten years of vesting service but not later than NRD.
Postponed retirement	Retire after NRD.
Disability retirement	Completion of ten or more years of vesting service, disabled and qualify for Social Security disability benefits.
Deferred vested	Terminate for reasons other than death, retirement or disability after completing five years of vesting service.
Preretirement spouse benefit	Die while a member of the plan, married, and vested, but before benefit commencement.

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Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD.
Early retirement	<p>Pension benefit for formulas (1) and (2) is reduced by $\frac{1}{4}\%$ (3% annually) for each month that retirement precedes age 65. If participant has 25 years of benefit service at date of early retirement, pension benefit determined under formula (1) is reduced by $\frac{1}{4}\%$ (3% annually) for each month that retirement precedes age 60, and the pension benefit determined under formula (2) is unreduced.</p> <p>Pension benefit for formulas (3) and (4) is reduced $\frac{1}{2}\%$ (6% annually) for each month that retirement precedes age 65. If participant has at least 20 but less than 25 years of benefit service at date of early retirement, pension benefit under formulas (3) and (4) is reduced $\frac{1}{4}\%$ (3% annually) for each month that retirement precedes age 65.</p> <p>If participant has 25 years of benefit service at date of early retirement, pension benefit under formula (3) is unreduced and the pension benefit under formula (4) is reduced $\frac{1}{4}\%$ (3% annually) for each month that retirement precedes age 60.</p>
Postponed retirement	Pension benefit determined as of actual retirement date.
Disability retirement	Disability benefit, provided no benefit is payable from the plan while the participant is receiving short or long term disability.
Termination with deferred vested benefit	Generally, pension benefit determined as of termination date, reduced by $\frac{1}{2}\%$ (6% annually) for each month that payment begins before age 65.
Death with preretirement spouse benefits	Preretirement spouse benefit is payable to eligible surviving spouse.

Other Plan Provisions

Forms of payment	<p>Actuarially equivalent 50% joint and survivor annuity if married on date payments commence; life annuity if single.</p> <p>Lump sum if present value is less than \$5,000.</p> <p>Optional forms (actuarial equivalent to normal form):</p> <ul style="list-style-type: none">– 10-year certain and continuous annuity– 100% joint and survivor annuity– 75% joint and survivor annuity– Life annuity if married
Maximum on benefits and pay	<p>All benefits and compensation for any calendar year may not exceed the maximum limitation for that year as defined in the Internal revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.</p>

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Changes in Benefits Valued Since Prior Year

The compensation limit for qualified plans under 401(a)(17) was increased from \$255,000 in 2013 to \$260,000 in 2014.

The benefit limit for qualified defined benefit plans under 415(b) was increased from \$205,000 in 2013 to \$210,000 in 2014.

Effective January 1, 2012, Section 5.6 of the UPS Retirement Plan was amended to expand eligibility for the special service rule that applies to the preretirement death benefit. Previously, only participants with at least 25 Years of Service were eligible for the special service rule which resulted in more favorable early retirement factors applicable in the case of death prior to retirement. The amendment expanded eligibility to any participant who dies prior to retirement with at least 10 Years of Service.

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UPS Retirement Plan RPA Account Balance Formulas — Points Schedule

Company Name	Adopting Employer by 12/31/2000	Alternative Points Schedule	Alternative-Plus Points Schedule	Integrated Points Schedule	Integrated-Plus Points Schedule
Trailer Conditioners, Inc.	Yes	20	5	12	4
United Parcel Service Co.	Yes	20	5	12	4
United Parcel Service General Services Co.	Yes	20	5	12	4
UPS Fuel Services, Inc. (f/k/a UPS Aviation Services, Inc.)	Yes	20	5	12	4
UPS International General Services Co.	Yes	20	5	12	4
UPS Procurement Services Corporation	Yes	20	5	12	4
UPS Worldwide Forwarding, Inc.	Yes	20	5	12	4
United Parcel Service, Inc. (Ohio)	Yes	20	5	12	4
BT Realty Holdings, Inc.	Yes	20	5	12	4
United Parcel Service, Inc. (NY)	Yes	20	5	12	4
BT Realty Holdings II, Inc.	Yes	20	5	12	4
UPS Latin America, Inc.	Yes	20	5	12	4
UPS	No	20	5	12	4
Global Innovations Inc.	No	20	5	12	4
Market Drivers Inc.	No	20	5	12	4
UPS Capital Corporation	Yes	12	5	8	4
UPS Capital Insurance Agency, Inc. (f/k/a Glenlake Insurance Agency, Inc.)	Yes	12	5	8	4
UPS Capital Insurance Agency, Inc. of California (f/k/a Glenlake Insurance Agency, Inc. of CA)	Yes	12	5	8	4
UPS Capital Business Credit	No	12	5	8	4
FBC UPS Capital Bus. Credit NJ	No	12	5	8	4
Pax Logistics International, Ltd.	Yes	5	4	4	4
UPS Logistics Technologies, Inc. (f/k/a Roadnet)	Yes	5	4	4	4
UPS Supply Chain Management, Inc. (f/k/a UPS World Wide Logistics)	Yes	5	4	4	4
Diversified Trimodal, Inc. (d/b/a Martrac)	Yes	5	4	4	4
Worldwide Dedicated Services, Inc.	Yes	5	4	4	4
UPS Aviation Technologies, Inc. (f/k/a II Morrow)	Yes	5	4	4	4
UPS Customhouse Brokerage	Yes	5	4	4	4
UPS Supply Chain Management Nevada, Inc. (f/k/a WWL - Nevada)	No	5	4	4	4
UPS Supply Chain Management Tristate, Inc. (f/k/a WWL - Tristate)	No	5	4	4	4
UPS Service Parts Logistics, Inc. (f/k/a SonicAir)	No	5	4	4	4
UPS Logistics Group Americas, Inc. (Comlasa)	No	5	4	4	4
UPS Telecommunications, Inc. (MicroAge)	No	5	4	4	4
Fritz US	No	5	4	4	4
UPS Consulting, Inc.	No	5	4	4	4
ConnectShip, Inc.	No	5	4	4	4
Iship	No	5	4	4	4
UPS Logistics Group Puerto Rico	No	5	4	4	4
UPS Autogistics	No	5	4	4	4

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Company Name	Adopting Employer by 12/31/2000	Alternative Points Schedule	Alternative-Plus Points Schedule	Integrated Points Schedule	Integrated-Plus Points Schedule
Logistics Domestic	No	5	4	4	4
UPS Mail Technologies (f/k/a/ Mail 2000 Inc.)	No	5	4	4	4
UPS Mailboxes Inc.	No	5	4	4	4
UPS Expedited Mail Services, Inc. (f.k.a. Region Mail Express)	No	5	4	4	4
UPS Supply Chain Solutions	No	5	4	4	4
UPS Global Forwarding Services, Inc (a.k.a. Unistar US, never adopted Plan; employees covered by Plan once merged with Fritz)	No	5	4	4	4
UPS Trade Management Services	No	5	4	4	4
UPS Cartage Services US	No	5	4	4	4
UPS Cartage Services Latin America	No	5	4	4	4
SCS Forwarding US (f.k.a. Menlo Forwarding)	No	5	4	4	4

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2. Applicable to Freight participants (including Grandfathered Overnite)

Plan Provisions

Covered Employees	<p>All employees of UPS Ground Freight, Inc. and any affiliated company that adopts the plan, except:</p> <ul style="list-style-type: none">▶ Employees covered by a collective bargaining agreement▶ Employees currently accruing benefits under any other non-governmental pension or profit sharing plan (except the UPS Savings Plan) to which UPS makes contributions.▶ Any person while assigned to the company's Special Services Division (SSD) or OMC Logistics who first became an employee on or after September 1, 2002, or who was rehired on/after September 1, 2002 without retaining credit for prior vesting and credited service▶ Employees who are classified as "work at home customer service employees"▶ Any leased employee▶ Any employee covered under a collective bargaining agreement that does not provide for plan participation▶ Any non-resident alien who is not receiving U.S. pay from the company
Participation Date	<p>The first day of the month following attainment of 21 and completion of a 12-month period of employment in which the employee completes 750 hours of service.</p>

Definitions

Vesting service	<p>For service on and after January 1, 2006, vesting service is calculated as described for non-Freight (RPA) participants. Service prior to January 1, 2006 is calculated in accordance with the prior plan.</p>
Benefit service	<p>For service on and after January 1, 2006, benefit service is calculated as described for non-Freight (RPA) participants. Service prior to January 1, 2006 is calculated in accordance with the prior plan. Benefit service is limited to an overall cap of 30 years.</p>
Grandfathered Overnite participant	<p>A participant in the Overnite Retirement Plan on December 31, 2005.</p>
Compensation	<p>Compensation on and after January 1, 2006 is determined as described for non-Freight (RPA) participants. Compensation pay prior to January 1, 2006 is calculated in accordance with the prior plan.</p>
Final average pay	<p>Final average pay on and after January 1, 2006 is determined as described for non-Freight (RPA) participants. Final average pay for determination dates prior to January 1, 2006 is calculated in accordance with the prior plan.</p>
Normal retirement date (NRD)	<p>For a grandfathered Overnite participant, first of the month coinciding with or next following the attainment of age 65.</p>

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	For a non-grandfathered Overnite participant, first of month coinciding with or next following the attainment of 65 with five years of vesting service or participation.
Actuarial Equivalence	6% and 1983 Group Annuity Mortality (GAM): male table for participants; female table for beneficiaries. Grandfathered Overnite participants receive the greater of the above or an optional form factor determined by an interest rate of 7% and the UP 1984 Unisex Pension Mortality Table.
Pension benefit	1.725% of final average earnings multiplied by benefit service up to 30 years
Preretirement spouse benefit	Same as non-Freight (RPA) participants.
Disability benefit	<p>For participants who become disabled before eligibility for early or normal retirement but on or before June 30, 2006, accrued benefit using service projected to age 65, payable until age 65. At age 65, the disability benefit is the normal retirement benefit based on service through age 65.</p> <p>For participants who become disabled before eligibility for early or normal retirement but after July 1, 2006:</p> <ul style="list-style-type: none"> ▶ If not eligible for Long Term Disability (LTD), \$9.60 per month times benefit service up to 30 years, payable until the participant's early retirement date at which time the participant receives an early retirement benefit. ▶ If eligible for LTD, they will continue to accrue benefit service to the earlier of their normal retirement date and the date at which they recover from disability. All other employees receive an early retirement benefit accrued on the date of disability. <p>For disabilities occurring after eligibility for early or normal retirement after July 1, 2006, the benefit payable is early or normal retirement benefit as applicable.</p>

Eligibility for Benefits

Normal retirement	Retirement on NRD
Early retirement	Attaining age 55 and completion of ten years of vesting service but not later than NRD
Postponed retirement	Retire after NRD
Disability retirement	Completion of ten or more years of vesting service, disabled and qualify for Social Security disability benefits
Deferred vested	Terminate for reasons other than death, retirement or disability after completing five years of vesting service
Preretirement spouse benefit	Die while a member of the plan, married, and having attained five years of vesting service, but before benefit commencement

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Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD
Early retirement	<p>For participants who have attained age 55 but not age 60 and have less than 30 years of benefit service, pension benefit is reduced by 0.4167% (5% annually) for each month that retirement precedes age 65.</p> <p>If participant has 30 years of benefit service at date of early retirement, pension benefit is unreduced.</p> <p>For participants who have attained age 60 and have less than 25 years of benefit service, pension benefit is reduced by 0.25% (3% annually) for each month that retirement precedes age 65. If participant has attained age 60 and 25 years of benefit service at date of early retirement, pension benefit is unreduced.</p>
Postponed retirement	Pension benefit determined as of actual retirement date
Disability retirement	Disability benefit, provided no benefit is payable from the plan while the participant is receiving short or long term disability.
Termination with deferred vested benefit	Pension benefit determined as of termination date is payable beginning at Normal Retirement Date. May commence as early as age 55 if completed 10 years of vesting service. Reduction in benefit for early commencement the same as the Early retirement benefit above.
Death with preretirement spouse benefits	Preretirement spouse benefit is payable to eligible surviving spouse.

Other Plan Provisions

Forms of payment	<p>Actuarially equivalent 50% joint and survivor annuity if married on date payments commence; life annuity if single.</p> <p>Lump sum if present value is less than \$5,000.</p> <p>Optional forms (actuarial equivalent to normal form):</p> <ul style="list-style-type: none">▶ 50% joint and survivor annuity (non-spouse beneficiary)▶ 100% joint and survivor annuity▶ 75% joint and survivor annuity▶ Social Security level Income at age 62 or age 65 (only available to grandfathered participants) <p>Disabled retirees prior to July 1, 2006 are not eligible for the 100% joint and survivor annuity or the Social Security level income options.</p>
Maximum on benefits and pay	All benefits and compensation for any calendar year may not exceed the maximum limitation for that year as defined in the Internal revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.

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Changes in Benefits Valued Since Prior Year

The compensation limit for qualified plans under 401(a)(17) was increased from \$255,000 in 2013 to \$260,000 in 2014.

The benefit limit for qualified defined benefit plans under 415(b) was increased from \$205,000 in 2013 to \$210,000 in 2014.

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Applicable to Grandfathered Motor Cargo

Plan Provisions

Covered Employees	<p>All prior employees of Motor Cargo except:</p> <ul style="list-style-type: none">▶ Any leased employee▶ Any “reclassified” employee (independent contractors and outsourced employees)▶ Any employee covered by a collective bargaining agreement <p>Motor Cargo Distribution Services has not adopted the plan.</p>
Participation Date	<p>The first day of the month following attainment of age 21 and completion of a 12-month period of employment in which the employee completes 750 hours of service.</p>

Definitions

Vesting service	<p>For service on and after January 1, 2006, vesting service is calculated as described for non-Freight (RPA) participants. Service prior to January 1, 2006 is calculated in accordance with the prior plan.</p>
Benefit service	<p>For service on and after January 1, 2006, benefit service is calculated as described for non-Freight (RPA) participants. Service prior to January 1, 2006 is calculated in accordance with the prior plan.</p> <p>Benefit service is subject to all overall maximum of 30 years. However, once a participant reaches 30 years in total including service with Motor Cargo and service as a UPS employee, future years of service as a UPS employee will replace years of service earned as a Motor Cargo employee.</p>
Compensation	<p>Compensation on and after January 1, 2006 is determined as described for non-Freight (RPA) participants.</p>
Final average earnings	<p>The average of the highest five consecutive calendar years of compensation during the ten-year period ending on the earlier of the participant’s termination date or date of death or plan termination date.</p>
Grandfathered Motor Cargo participant	<p>A participant in the Motor Cargo Pension Plan on December 31, 2005 unless subject to a collective bargaining agreement.</p>
Normal retirement date (NRD)	<p>For a grandfathered Motor Cargo participant, first of month coinciding with or next following the attainment of age 65.</p> <p>For a non-grandfathered Motor Cargo participant, first of month coinciding with or next following the attainment of age 65 with five years of vesting service or participation.</p>
Actuarial Equivalence	<p>6% and 1983 Group Annuity Mortality (GAM): male table for participants; female table for beneficiaries. Grandfathered Motor Cargo participants receive the greater of the above or an optional form factor determined by an interest rate of 8% and the UP 1984 Unisex Pension Mortality Table.</p>

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Pension benefit	Sum of (1), (2) and (3): (1) Accrued benefit as of December 31, 1988; (2) For service after 1988 and before 2006: Monthly amount per year of benefit service, based <table><tr><th><u>Hours of service in a plan year</u></th><th><u>Monthly benefit</u></th></tr><tr><td>1,800 or more</td><td>\$20</td></tr><tr><td>1,600 – 1,799</td><td>18</td></tr><tr><td>1,400 – 1,599</td><td>16</td></tr><tr><td>1,200 – 1,399</td><td>14</td></tr><tr><td>1,000 – 1,199</td><td>12</td></tr><tr><td>Less than 1,000</td><td>0</td></tr></table> (3) 1.725% of final average earnings multiplied by benefit service earned after 2005. Total benefit service is limited to 30 years, as described above in benefit service.	<u>Hours of service in a plan year</u>	<u>Monthly benefit</u>	1,800 or more	\$20	1,600 – 1,799	18	1,400 – 1,599	16	1,200 – 1,399	14	1,000 – 1,199	12	Less than 1,000	0
<u>Hours of service in a plan year</u>	<u>Monthly benefit</u>														
1,800 or more	\$20														
1,600 – 1,799	18														
1,400 – 1,599	16														
1,200 – 1,399	14														
1,000 – 1,199	12														
Less than 1,000	0														
Preretirement spouse benefit	50% of the benefit that would have been payable to the participant, assuming early retirement on the date of death or earliest retirement date if later and election of a 50% joint and survivor benefit.														
Regular death benefit	Lump sum present value of accrued benefit														
Disability benefit	<p>For participants who become disabled before eligibility for early or normal retirement but on or before June 30, 2006, disability benefit is 55% of the vested accrued benefit.</p> <p>For participants who become disabled before eligibility for early or normal retirement but after July 1, 2006:</p> <ul style="list-style-type: none">▶ If not eligible for LTD, \$9.60 per month times benefit service up to 30 years, payable until the participant's early retirement date at which time the participant receives an early retirement benefit.▶ If eligible for LTD, they will continue to accrue benefit service to the earlier of their normal retirement date and the date at which they recover from disability. All other employees receive an early retirement benefit accrued on the date of disability. <p>For disabilities occurring after eligibility for early or normal retirement after July 1, 2006, the benefit payable is early or normal retirement benefit as applicable.</p>														

Eligibility for Benefits

Normal retirement	NRD. Participant is not required to retire to commence normal retirement benefits.
Early retirement	Attainment of age 55 and completion of five years of vesting service but not later than NRD.
Postponed retirement	Retire after NRD

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Disability retirement	Completion of five or more years of vesting service, terminate prior to age 55 due to disability (and qualify for Social Security disability benefits)
Deferred vested	Terminate for reasons other than death, retirement or disability after completing five years of vesting service.
Preretirement spouse benefit	Die while a participant of the plan, married, and having attained five years of vesting service (no service requirement if active participant at time of death), but before benefit commencement.
Regular death benefit	Die while a participant of the plan

Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD
Early retirement	<p>Pension benefit for formulas (1) and (2) is reduced by 0.375% (4.5% annually) for each month that retirement precedes age 65.</p> <p>Pension benefit for formula (3) is reduced as follows:</p> <ul style="list-style-type: none"> ▶ Attained age 55, but not 60 with less than 30 years of benefit service, pension benefit is reduced by 0.4167% (5% annually) for each month prior to 65. ▶ Attained age 55, but not 60 with at least 30 years of benefit service, pension benefit is unreduced. ▶ Attained age 60, with less than 25 years of benefit service, pension benefit is reduced by 0.25% (3% annually) for each month prior to 65. ▶ Attained age 60, with at least 25 years of benefit service, pension benefit is unreduced.
Postponed retirement	Pension benefit determined as of actual retirement date
Disability retirement	Disability benefit, provided no benefit is payable from the plan while the participant is receiving short or long term disability.
Termination with deferred vested benefit	Pension benefit determined as of termination date is payable beginning at NRD. May commence as early as age 55. Pension benefit for formulas (1) and (2) reduced by 0.375% (4.5% annually) for each month that retirement precedes age 65. Pension benefit for formula (3) is reduced by 0.4167% (5% annually) for each month that payment begins before age 65.
Death	Preretirement spouse benefit is payable to eligible surviving spouse. Regular death benefit is payable to beneficiary. The regular death benefit is first offset by the value of the preretirement spouse benefit. The remaining amount, if any, is payable to the participant's beneficiary.

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Other Plan Provisions

Forms of payment	<p>Actuarially equivalent 50% joint and survivor annuity if married on date payments commence; life annuity if single.</p> <p>Lump sum if present value is less than \$5,000.</p> <p>Optional forms (actuarial equivalent to normal form):</p> <ul style="list-style-type: none">▶ 5-year certain and continuous annuity▶ 10-year certain and continuous annuity▶ 50% or 75% joint and survivor annuity (non-spouse beneficiary)▶ 100% joint and survivor annuity
Maximum on benefits and pay	<p>All benefits and compensation for any calendar year may not exceed the maximum limitation for that year as defined in the Internal revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.</p>

Changes in Benefits Valued Since Prior Year

The compensation limit for qualified plans under 401(a)(17) was increased from \$255,000 in 2013 to \$260,000 in 2014.

The benefit limit for qualified defined benefit plans under 415(b) was increased from \$205,000 in 2013 to \$210,000 in 2014.

ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
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Schedule SB, Part V — Summary of Plan Provisions

3. Applicable to Pilots

Plan Provisions

Covered Employees	Employed as a crewmember (i.e., flight engineer, second officer, first officer or captain) and represented by the Independent Pilots Association (IPA), and not covered by any other UPS-sponsored defined benefit plan
Participation Date	If crewmember was (a) an eligible employee on seniority list on March 17, 1998 and (b) age 21 with one vesting year as of March 17, 1998, participation date is March 17, 1998. For all others, participation date is the January 1 or July 1 following attainment of age 21 and completion of one vesting year.

Definitions

Vesting year	First 12 months of employment (if crewmember completes 750 hours of service), or a calendar year in which crewmember completes 750 hours of service. Vesting years are counted from initial hire date with UPS.
Normal retirement date (NRD)	Attainment of age 60 and one vesting year
Actuarial Equivalence	7% and 1983 Group Annuity Mortality (GAM): male table for participants; female table for beneficiaries.
Compensation	Compensation reported on Form W-2, including any amounts deferred under Sections 125, 129 or 401(k) of the Internal Revenue Code (IRC). Limited each year by the annual compensation limit.
Annual compensation limit	Compensation is limited to the minimum of \$300,000 and the IRS pay limit for qualified plans
Final average earnings (FAE)	Average of highest five completed calendar years of compensation in last ten complete calendar years of covered employment. For postponed retirement, FAE is the greater of FAE as if retired at age 60 or FAE at postponed retirement date.

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Service credit

Service is credited under the plan for covered employment after 1987.

For plan years prior to January 1, 2004, eligible participants will be credited with a full year of service for each calendar year in which he or she worked at least one hour in Covered Employment.

For plan years beginning on or after January 1, 2004, years and months of service credit will be determined according to the following schedule:

<u>Hours of Covered Employment in Each Calendar Year</u>	<u>Months of Service Credit</u>
Less than 81	0
81 – 162	3
163 – 243	4
244 – 324	5
325 – 405	6
406 – 487	7
488 – 568	8
569 – 649	9
650 – 730	10
731 – 812	11
813 or more	12

Eligibility for Benefits

Normal retirement	First of month coincident with or following attainment of NRD
Early retirement	First of month coincident with or following attainment of age 55 and five vesting years, but not later than NRD
Postponed retirement	Retire after NRD
Deferred vested	Terminate for reasons other than death, disability or retirement after completing one vesting year.
Preretirement spouse benefit	Die while an active plan participant, married and vested, or after retirement or vested termination but before benefit commencement
Disability	Loss of license after completion of probationary period

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Benefits Paid Upon the Following Events

Normal retirement	<p>1.0% of final average earnings times years and months of service credit (maximum 30 years).</p> <p>For participants reaching their Normal Retirement Age prior to January 1, 2014, their Normal Retirement benefit will not be less than a dollar amount equal to (1) times (2):</p> <p>(1) \$3,000 if highest rank attained is Captain; \$2,400 if highest rank attained is First Officer or Flight Engineer; or \$2,100 if highest rank attained is Second Officer;</p> <p>(2) Years and months of service credit (maximum 30 years)</p>
Early retirement	<p>Same benefit as for normal retirement, based on final average earnings and service credit at early retirement. Benefit is actuarially reduced if benefits commence prior to normal retirement.</p>
Postponed retirement	<p>Same benefit as for normal retirement but using service credit at actual termination. The FAE used is the greater of FAE at actual retirement or FAE at age 60.</p>
Death with preretirement spouse benefit	<p>Benefit payable to surviving spouse equal to 50% of benefit that would have been payable to the participant, assuming the participant terminated on his date of death and commenced benefits in the form of a 50% joint and survivor annuity.</p>
Disability	<p>Benefit payable is same as for normal retirement except:</p> <ul style="list-style-type: none">▶ Service accrues after disability as if participant remained in active employment until normal retirement date (or early retirement date, if elected). Accrual ceases if participant obtains other gainful employment, recovers from disability or retires.▶ FAE is based on compensation paid during active employment prior to becoming disabled.
Termination with deferred vested benefit	<p>Same benefit as for normal retirement, based on final average earnings and service credit at termination. Benefit is actuarially reduced if benefits commence prior to normal retirement.</p>

Other Plan Provisions

Forms of payment	<p>Actuarially equivalent 50% joint and survivor annuity if married on date payments commence; life annuity if single.</p> <p>Optional forms (actuarial equivalent to normal form):</p> <ul style="list-style-type: none">▶ Single life annuity (for married participants)▶ 50%, 66⅔%, 75% and 100% joint and survivor annuity▶ Life annuity with certain period (5, 10, 15 or 20 years)▶ Level income option at age 62 or age 65
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ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
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Changes in Benefits Valued Since Prior Year

The compensation limit for qualified plans under 401(a)(17) was increased from \$255,000 in 2013 to \$260,000 for 2014.

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4. Applicable to Portable Account Formula (PAF) participants

Plan Provisions

Covered Employees	All eligible employees hired, rehired or transferred into the Retirement Plan as an employee on or after January 1, 2008 (excluding newly hired pilots).
Participation Date	Immediate upon hire, rehire or transfer.

Definitions

Vesting service	One year for each calendar year in which an employee completes 750 hours of service.
Compensation	<p>Basic salary or wages plus overtime pay, certain incentive and bonus pay, and deferrals to the UPS Deferred Compensation Plan, Section 401(k) and Section 125 deferrals, and eligible MIP compensation, limited as required by Section 401(a)(17) of the Internal Revenue Code.</p> <p>Eligible MIP compensation is equal to MIP/IMIP ownership incentive awards plus MIP/IMIP performance incentive awards times the legacy MIP percentage is defined for each job group as the current MIP/IMIP target over the legacy MIP/IMIP target (prior to inclusion of long-term incentives). For the purpose the MIP/IMIP awards considered includes the value of the restricted stock unit portion of the award (as of the award date) even if not vested.</p>
PAF balance	The sum of annual compensation credits plus interest credits.
Normal retirement date (NRD)	First of month coinciding with or next following the attainment of age 65 with five years of vesting service or participation. If a participant prior to January 1, 1989, first of the month coinciding with or next following the attainment of age 65.
Pension benefit	The PAF balance as a single lump sum or actuarially equivalent annuity.
Preretirement spouse benefit	The surviving spouse will be entitled to receive the PAF balance as a single lump sum or an actuarially equivalent life annuity based on the surviving spouse's age at commencement.
Annual compensation credits	A percentage of pensionable pay (depending on Employer Company Group), based on the sum of the participant's age plus vesting service, as of January 1 of any plan year and the employer companies group as follows:

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<u>Age + Vesting Service</u>	<u>Employer Company Group A Compensation Credit</u>	<u>Employer Company Group B Compensation Credit</u>
Under 35	5.0%	2.5%
35-54	6.0%	3.0%
55-74	7.0%	4.0%
75 or more	8.0%	5.0%

Groups A and B are defined in the attached exhibit.

Interest credit	Interest Credits are applied at the end of the plan year to the January 1 PAF balance based on the interest credit percentage in effect for the plan year.
Interest credit percentage	The annual rate of interest on 30-year Treasury securities for the month of August preceding the applicable Plan Year, but not less than 2.5% per year.

Eligibility for Benefits

Normal retirement	Retirement on NRD.
Postponed retirement	Retirement after NRD.
Deferred vested	Termination for reasons other than death or retirement after completing three years of vesting service but before early retirement.
Preretirement spouse benefit	Die while a member of the plan, married, and vested, but before benefit commencement.

Other Plan Provisions

Forms of payment	<p>Lump sum or actuarially equivalent 50% joint and survivor annuity if married on date payments commence; actuarially equivalent life annuity if single.</p> <p>Optional forms (actuarial equivalent to normal form):</p> <ul style="list-style-type: none">▶ 10-year certain and continuous annuity▶ 75% joint and survivor annuity▶ 100% joint and survivor annuity▶ Life annuity if married
Maximum on benefits and pay	All benefits and compensation for any calendar year may not exceed the maximum limitation for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.

ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
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Changes in Benefits Valued Since Prior Year

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Company Name
Group A
Trailer Conditioners, Inc.
United Parcel Service Co.
United Parcel Service General Services Co.
UPS Fuel Services, Inc. (UPS Aviation Services, Inc. prior to January 1, 2003)
UPS International General Services Co.
UPS Procurement Services Corporation
UPS Worldwide Forwarding, Inc.
United Parcel Service, Inc. (Ohio)
BT Realty Holdings, Inc.
United Parcel Service, Inc. (NY)
BT Realty Holdings II, Inc.
UPS Latin America, Inc.
United Parcel Service of America, Inc
UPS Capital Corporation
UPS Capital Insurance Agency, Inc. (Glenlake Insurance Agency, Inc. prior to August 12, 2002)
UPS Capital Insurance Agency, Inc. of California (Glenlake Insurance Agency, Inc. of CA prior to August 13, 2002)
UPS Ground Freight, Inc. (formerly Overnite Transportation Company (for periods before May 1, 2006) or Motor Cargo Industries, Inc.
Group B
Pax Logistics International, Ltd.
UPS Logistics Technologies, Inc. (f/k/a Roadnet Technologies, Inc.)
UPS Supply Chain Management, Inc. (f/k/a UPS World Wide Logistics)
UPS Supply Chain Management, Inc. (including Diversified Trimodal, Inc. d/b/a Martrac)
Worldwide Dedicated Services, Inc.
UPS Customhouse Brokerage

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>UPS RETIREMENT PLAN</u> C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>UNITED PARCEL SERVICE OF AMERICA, INC.</u>	B Three-digit plan number (PN) <u>001</u> D Employer Identification Number (EIN) <u>95-1732075</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information				
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2014</u>				
2 Assets:		2a	17,058,135,650	
		2b	17,058,135,650	
3 Funding target/participant count breakdown		(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment.....		30,141	6,216,484,932	6,216,484,932
b For terminated vested participants.....		57,601	1,742,608,197	1,742,608,197
c For active participants.....		86,578	4,934,947,795	6,489,704,071
d Total.....		174,320	12,894,040,924	14,448,797,200
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐				
a Funding target disregarding prescribed at-risk assumptions		4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor		4b		
5 Effective interest rate		5	6.59 %	
6 Target normal cost		6	441,796,891	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>KELLEY ELLIOTT</u> Signature of actuary <u>KELLEY ELLIOTT, F.S.A., E.A.</u> Type or print name of actuary <u>TOWERS WATSON DELAWARE INC.</u> Firm name <u>3500 LENOX ROAD SUITE 900</u> Address of the firm <u>ATLANTA GA 30326-4238</u>	<u>10/10/15</u> Date <u>14-07127</u> Most recent enrollment number <u>(404) 365-1600</u> Telephone number (including area code)
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2014
v. 140124

Part II Beginning of Year Carryover and Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	3,019,815,442	1,531,563,430
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	427,266,939	0
9	Amount remaining (line 7 minus line 8)	2,592,548,503	1,531,563,430
10	Interest on line 9 using prior year's actual return of <u>7.66%</u>	198589215	117317759
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.41%</u>		0
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	2,791,137,718	1648881189

Part III Funding Percentages			
14	Funding target attainment percentage	14	87.32 %
15	Adjusted funding target attainment percentage	15	118.05 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	106.90 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/01/2014	200,000,000	0			
Totals ▶			18(b)	200,000,000	18(c)
					0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 188,635,418
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If line 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost**21** Discount rate:**a** Segment rates:1st segment:
4.99 %2nd segment:
6.32 %3rd segment:
6.99 %☐ N/A, full yield curve used**b** Applicable month (enter code).....**21b**

4

22 Weighted average retirement age**22**

59

23 Mortality table(s) (see instructions)☐ Prescribed - combined☒ Prescribed - separate☐ Substitute**Part VI Miscellaneous Items****24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.....☒ Yes ☐ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.....☐ Yes ☒ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....☒ Yes ☐ No**27** If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....**27****Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years****28** Unpaid minimum required contributions for all prior years**28**

0

29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....**29**

0

30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)**30**

0

Part VIII Minimum Required Contribution For Current Year**31** Target normal cost and excess assets (see instructions):**a** Target normal cost (line 6)**31a**

441,796,891

b Excess assets, if applicable, but not greater than line 31a**31b**

0

32 Amortization installments:

Outstanding Balance

Installment

a Net shortfall amortization installment

0

0

b Waiver amortization installment.....

0

0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount.....**33****34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33).....**34**

441,796,891

Carryover balance

Prefunding balance

Total balance

35 Balances elected for use to offset funding requirement.....

291,700,000

0

291,700,000

36 Additional cash requirement (line 34 minus line 35)**36**

150,096,891

37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....**37**

188,635,418

38 Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36)**38a**

38,538,527

b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances**38b**

38,538,527

39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)**39**

0

40 Unpaid minimum required contributions for all years**40**

0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)**41** If an election was made to use PRA 2010 funding relief for this plan:**a** Schedule elected☐ 2 plus 7 years☐ 15 years**b** Eligible plan year(s) for which the election in line 41a was made☐ 2008☐ 2009☐ 2010☐ 2011**42** Amount of acceleration adjustment**42****43** Excess installment acceleration amount to be carried over to future plan years.....**43**