

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2014</div> This Form is Open to Public Inspection
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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 PENSION PLAN</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>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>022</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1973</u></td> </tr> <tr> <td colspan="2">2b Employer Identification Number (EIN) <u>95-1732075</u></td> </tr> <tr> <td colspan="2">2c Plan Sponsor's telephone number <u>404-828-6000</u></td> </tr> <tr> <td colspan="2">2d Business code (see instructions) <u>484200</u></td> </tr> <tr> <td colspan="2" style="height: 40px;"></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>022</u>	1c Effective date of plan <u>01/01/1973</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>			
1b Three-digit plan number (PN) ▶	<u>022</u>												
1c Effective date of plan <u>01/01/1973</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	Filed with authorized/valid electronic signature.	10/15/2015	DAN DISMUKES
	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	
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:		3c Administrator's telephone number	
a Sponsor's name		4b EIN	
5 Total number of participants at the beginning of the plan year		4c PN	
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).		5 188688	
a(1) Total number of active participants at the beginning of the plan year		6a(1) 144184	
a(2) Total number of active participants at the end of the plan year		6a(2) 140121	
b Retired or separated participants receiving benefits		6b 9139	
c Other retired or separated participants entitled to future benefits.....		6c 38602	
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 187862	
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 1407	
f Total. Add lines 6d and 6e		6f 189269	
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 4915	
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: 1B 1D			
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)		9b Plan benefit arrangement (check all that apply)	
(1) ☐ Insurance		(1) ☐ Insurance	
(2) ☐ Code section 412(e)(3) insurance contracts		(2) ☐ Code section 412(e)(3) insurance contracts	
(3) ☒ Trust		(3) ☒ Trust	
(4) ☐ General assets of the sponsor		(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		b General Schedules	
(1) ☒ R (Retirement Plan Information)		(1) ☒ H (Financial Information)	
(2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary		(2) ☐ I (Financial Information – Small Plan)	
(3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		(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.

A Name of plan UPS PENSION PLAN	B Three-digit plan number (PN) 022
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF UNITED PARCEL SERVICE OF AMERICA, INC.	D Employer Identification Number (EIN) 95-1732075

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	4862454050	
b Actuarial value	2b	4783920959	
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	8218	723709404	723709404
b For terminated vested participants	36364	500885191	500885191
c For active participants	143711	2753850989	3152491259
d Total	188293	3978445584	4377085854
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	6.73%	
6 Target normal cost	6	184030829	

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>TIMOTHY HOPPIN, 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>14-07404</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)	338628071	364851269
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	190785807	0
9 Amount remaining (line 7 minus line 8)	147842264	364851269
10 Interest on line 9 using prior year's actual return of 7.75%	11457775	28275973
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 6.54%		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		0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	159300039	393127242

Part III Funding Percentages		
14 Funding target attainment percentage	14	96.67 %
15 Adjusted funding target attainment percentage	15	109.29 %
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	100.05 %
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	192000000	0			
			Totals ►	18(b)	192000000
				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	180872245
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 60
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	184030829	
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	184030829	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	121400000	0	121400000
36 Additional cash requirement (line 34 minus line 35).....	36	62630829	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	180872245	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	118241416	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	118241416	
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		

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider 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.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014		
A Name of plan UPS PENSION PLAN	B Three-digit plan number (PN) ▶	022
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)

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	594250	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	215376	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(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	169341	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	16285956	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	119696	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	86933	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: KELLEY ELLIOTT	b EIN: 23-1159360
c Position: SENIOR CONSULTANT	
d Address: 3500 LENOX ROAD SUITE 900 ATLANTA, GA 30326	e Telephone: 404-365-1600

Explanation: OUR ENROLLED ACTUARY HAS CHANGEED BECAUSE OF RE-ASSIGNMNET OF RESPONSIBILITIES WITHIN TOWERS WATSON

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 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 PENSION PLAN</u>		B Three-digit plan number (PN) <u>022</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		
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) Beginning of Year	(b) End of Year
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)	
c	General investments:		
	(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	3
	(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)	81
	(4) Corporate stocks (other than employer securities):		
	(A) Preferred	1c(4)(A)	
	(B) Common.....	1c(4)(B)	
	(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	4865621361	5465545089
	(12) Value of interest in 103-12 investment entities.....	1c(12)	
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	64308	302943
	(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	4865685669	5465848116

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	4865685669	5465848116
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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) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	192000000	
(B) Participants	2a(1)(B)		
(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)		192000000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	70	
(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)		70
(2) Dividends: (A) Preferred stock	2b(2)(A)	188	
(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)		188
(3) Rents	2b(3)		
(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)		504990397
(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		696990655

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	81056458	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		81056458
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)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	15765235	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		15765235
j Total expenses. Add all expense amounts in column (b) and enter total	2j		96821693

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		600168962
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		6515

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		500000
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)
UPS RETIREMENT PLAN	95-1732075	001

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

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>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).</div> <div>► File as an attachment to Form 5500.</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

<div>A Name of plan UPS PENSION PLAN</div>	<div>B Three-digit plan number (PN) ► 022</div>
<div>C Plan sponsor's name as shown on line 2a of Form 5500 UNITED PARCEL SERVICE OF AMERICA, INC.</div>	<div>D Employer Identification Number (EIN) 95-1732075</div>

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.....	362

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)
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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
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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
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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.
---------	--

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 Pension Plan

Employer ID No.: 95-1732075
Plan Number: 022

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 PENSION PLAN

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SUPPLEMENTAL SCHEDULE:	20
Form 5500, Schedule H, Part IV, Line 4i—Schedule of Assets (Held at End of Year) as of December 31, 2014	21
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 Board of Trustees of
the UPS Pension Plan:

We have audited the accompanying financial statements of the UPS Pension Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, and the related statements of changes in net assets available for 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

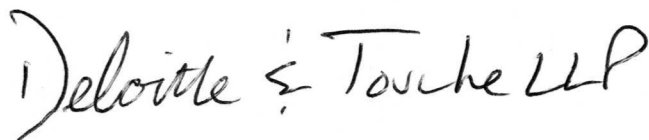
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the UPS Pension Plan as of December 31, 2014 and 2013, and the changes in its financial status for the years then ended, in accordance with accounting principles generally accepted 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 18% and 18%, 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 PENSION PLAN

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

	2014	2013
ASSETS:		
Investments—at fair value:		
Plan interest in the UPS Group Trust	\$ 5,465	\$ 4,865
Investments held outside the UPS Group Trust	<u>1</u>	<u>1</u>
Total investments	<u>5,466</u>	<u>4,866</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 5,466</u>	<u>\$ 4,866</u>

See notes to financial statements.

UPS PENSION PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In millions)

	2014	2013
NET ASSETS AVAILABLE FOR PENSION BENEFITS—Beginning of year	<u>\$ 4,866</u>	<u>\$ 4,597</u>
ADDITIONS:		
Employer Contributions	192	-
Net investment income—interest in UPS Group Trust investment income	<u>505</u>	<u>344</u>
Total additions	<u>697</u>	<u>344</u>
DEDUCTIONS:		
Benefits paid to Plan beneficiaries	81	66
Administrative expenses:		
Fees and commissions	1	1
Insurance premiums to Pension Benefit Guaranty Corporation	<u>15</u>	<u>8</u>
Total deductions	<u>97</u>	<u>75</u>
NET INCREASE	<u>600</u>	<u>269</u>
NET ASSETS AVAILABLE FOR PENSION BENEFITS—End of year	<u>\$ 5,466</u>	<u>\$ 4,866</u>

See notes to financial statements.

UPS PENSION 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 Pension 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 January 1, 1973, 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 certain employees of United Parcel Service of America, Inc. (UPS or the “Company”), and subsidiary companies, who are covered by a collective bargaining agreement, which provides for their participation in the Plan.

Contributions—Contributions to the Plan are made solely by UPS. UPS’s 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 \$192 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.

Eligibility—The current provisions of the Plan generally provide that an eligible employee automatically becomes a participant on January 1 or July 1 immediately following the date that the person meets both of the following requirements:

- a. The employee is at least 21 years old.
- b. The employee has completed at least 750 paid hours of service during the first 12 months of hire or during any calendar year thereafter.
- c. The part-time employee has completed at least 375 paid hours of service during the first 12 months of hire or during any calendar year thereafter.

Pension Benefits—Benefits are payable based on the years of vesting credit, as defined, as either single-life or joint annuity benefits, as follows:

- a. Upon completion of five years of vesting credit, the full benefit amount will be paid at normal retirement age, as defined by the Plan.
- b. Upon completion of 10 years of vesting credit, a reduced amount may be paid, provided that the participant is at least 50 years of age (55 years of age for some employee groups).
- c. Regardless of age, if an employee has completed at least 10 years of vesting credit and becomes totally and permanently disabled, a disability benefit amount will be paid.
- d. Upon completion of five years of vesting credit, a partial or full benefit amount may be paid as defined by the Plan in the event of a participant’s death.

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 of securities 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, 2015, 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 benefits, statements of changes in net assets available for 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 benefits, statements of changes in net assets available for 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:

- a. The lowest benefit in pay status for at least three years (or which would have been if the participant had retired that long ago)
- b. Other insured benefits
- c. Other noninsured, nonforfeitable benefits
- d. 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. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

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.

Benefits under the Plan are based on either (1) the higher of the regular pension benefit or service pension benefit for those employees whose benefit is calculated as a set dollar amount for each year of service provided; or (2) employees' average compensation during the highest five consecutive calendar years of pensionable pay during the 10-year period ending on the earlier of the participant's termination date, date of death, or Plan termination date.

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 blue collar 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 with blue collar adjustment
Discount rate	8.75 %	8.75 %
Average retirement age	60.4	59.6

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	\$ 2,610	\$ 2,282
Participants and/or beneficiaries currently receiving benefits	<u>585</u>	<u>480</u>
Total vested benefits	3,195	2,762
Nonvested benefits	<u>354</u>	<u>335</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 3,549</u>	<u>\$ 3,097</u>

The changes in the actuarial present values 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	\$ 2,739
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	120
Benefit payments	(66)
Actuarial loss	67
Decrease in the discount period	<u>237</u>
Actuarial present value of accumulated plan benefits—December 31, 2013	3,097
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	116
Benefit payments	(81)
Actuarial assumption changes*	82
Plan amendments**	43
Actuarial loss	24
Decrease in the discount period	<u>268</u>
Actuarial present value of accumulated plan benefits—December 31, 2014	<u>\$ 3,549</u>

* The impact of actuarial assumption changes on the present value of accumulated plan benefits is due to changes in the mortality rate assumption as discussed above.

** The Plan experienced increases in the present value of accumulated plan benefits due to a teamsters benefit enhancement through a plan amendment effective April 25, 2014.

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 as 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>\$ 5,465</u>	<u>\$ 4,865</u>
Plan's interest in Master Trust as a percentage of the total, rounded	<u>18 %</u>	<u>18 %</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>\$ 505</u>	<u>\$ 344</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.

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 totaling approximately \$169 and \$200 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, 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 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, 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	\$ 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	Cash Collateral Received	Net Amount
Credit default swaps	\$ 5	\$ -	\$ 5	\$ -	\$ -	\$ 5
Forward contracts	217	(210)	7	-	(3)	4
Futures contracts	23	(1)	22	-	-	22
Interest rate swaps	1	-	1	-	(1)	-
Securities lending	123	-	123	-	(123)	-
Repurchase agreements	178	-	178	(131)	(47)	-
Swaptions	2	(2)	-	-	-	-
Total financial instruments	<u>\$549</u>	<u>\$(213)</u>	<u>\$336</u>	<u>\$(131)</u>	<u>\$(174)</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	Cash Collateral Pledged	Net Amount
Forward contracts	\$210	\$(210)	\$ -	\$ -	\$ -	\$ -
Futures contracts	1	(1)	-	-	-	-
Interest rate swaps	1	-	1	(1)	-	-
Swaptions	3	(2)	1	-	(1)	-
Total financial instruments	<u>\$215</u>	<u>\$(213)</u>	<u>\$ 2</u>	<u>\$ (1)</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 June 17, 2015, 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 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

All 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 investment management and associated trustee/custodian services incurred to the trustee were \$169,342 and \$111,319 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 \$215,364 and \$188,986 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 Plan's net assets available for benefits per the financial statements agrees to the Form 5500 for the years ended December 31, 2014 and 2013.

* * * * *

SUPPLEMENTAL SCHEDULE

UPS PENSION PLAN

Employer ID No.: 95-1732075

Plan Number: 022

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 & Agency Cash 996085247	VAR RT 12/31/2049 DD 04/09/97	<u>\$302,943</u>	<u>\$302,943</u>
TOTAL INVESTMENTS HELD OUTSIDE OF MASTER TRUST		<u>\$302,943</u>	<u>\$302,943</u>

UPS Pension Plan

Employer ID No.: 95-1732075
Plan Number: 022

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 PENSION 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 Board of Trustees of
the UPS Pension Plan:

We have audited the accompanying financial statements of the UPS Pension Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, and the related statements of changes in net assets available for 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

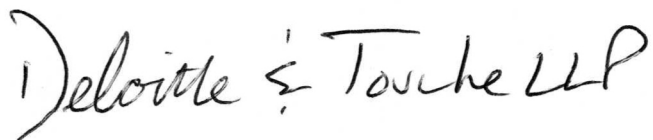
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the UPS Pension Plan as of December 31, 2014 and 2013, and the changes in its financial status for the years then ended, in accordance with accounting principles generally accepted 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 18% and 18%, 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 PENSION PLAN

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

	2014	2013
ASSETS:		
Investments—at fair value:		
Plan interest in the UPS Group Trust	\$ 5,465	\$ 4,865
Investments held outside the UPS Group Trust	<u>1</u>	<u>1</u>
Total investments	<u>5,466</u>	<u>4,866</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 5,466</u>	<u>\$ 4,866</u>

See notes to financial statements.

UPS PENSION PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In millions)

	2014	2013
NET ASSETS AVAILABLE FOR PENSION BENEFITS—Beginning of year	<u>\$ 4,866</u>	<u>\$ 4,597</u>
ADDITIONS:		
Employer Contributions	192	-
Net investment income—interest in UPS Group Trust investment income	<u>505</u>	<u>344</u>
Total additions	<u>697</u>	<u>344</u>
DEDUCTIONS:		
Benefits paid to Plan beneficiaries	81	66
Administrative expenses:		
Fees and commissions	1	1
Insurance premiums to Pension Benefit Guaranty Corporation	<u>15</u>	<u>8</u>
Total deductions	<u>97</u>	<u>75</u>
NET INCREASE	<u>600</u>	<u>269</u>
NET ASSETS AVAILABLE FOR PENSION BENEFITS—End of year	<u>\$ 5,466</u>	<u>\$ 4,866</u>

See notes to financial statements.

UPS PENSION 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 Pension 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 January 1, 1973, 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 certain employees of United Parcel Service of America, Inc. (UPS or the “Company”), and subsidiary companies, who are covered by a collective bargaining agreement, which provides for their participation in the Plan.

Contributions—Contributions to the Plan are made solely by UPS. UPS’s 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 \$192 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.

Eligibility—The current provisions of the Plan generally provide that an eligible employee automatically becomes a participant on January 1 or July 1 immediately following the date that the person meets both of the following requirements:

- a. The employee is at least 21 years old.
- b. The employee has completed at least 750 paid hours of service during the first 12 months of hire or during any calendar year thereafter.
- c. The part-time employee has completed at least 375 paid hours of service during the first 12 months of hire or during any calendar year thereafter.

Pension Benefits—Benefits are payable based on the years of vesting credit, as defined, as either single-life or joint annuity benefits, as follows:

- a. Upon completion of five years of vesting credit, the full benefit amount will be paid at normal retirement age, as defined by the Plan.
- b. Upon completion of 10 years of vesting credit, a reduced amount may be paid, provided that the participant is at least 50 years of age (55 years of age for some employee groups).
- c. Regardless of age, if an employee has completed at least 10 years of vesting credit and becomes totally and permanently disabled, a disability benefit amount will be paid.
- d. Upon completion of five years of vesting credit, a partial or full benefit amount may be paid as defined by the Plan in the event of a participant’s death.

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 of securities 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, 2015, 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 benefits, statements of changes in net assets available for 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 benefits, statements of changes in net assets available for 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:

- a. The lowest benefit in pay status for at least three years (or which would have been if the participant had retired that long ago)
- b. Other insured benefits
- c. Other noninsured, nonforfeitable benefits
- d. 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. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

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.

Benefits under the Plan are based on either (1) the higher of the regular pension benefit or service pension benefit for those employees whose benefit is calculated as a set dollar amount for each year of service provided; or (2) employees' average compensation during the highest five consecutive calendar years of pensionable pay during the 10-year period ending on the earlier of the participant's termination date, date of death, or Plan termination date.

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 blue collar 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 with blue collar adjustment
Discount rate	8.75 %	8.75 %
Average retirement age	60.4	59.6

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	\$ 2,610	\$ 2,282
Participants and/or beneficiaries currently receiving benefits	<u>585</u>	<u>480</u>
Total vested benefits	3,195	2,762
Nonvested benefits	<u>354</u>	<u>335</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 3,549</u>	<u>\$ 3,097</u>

The changes in the actuarial present values 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	\$ 2,739
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	120
Benefit payments	(66)
Actuarial loss	67
Decrease in the discount period	<u>237</u>
Actuarial present value of accumulated plan benefits—December 31, 2013	3,097
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	116
Benefit payments	(81)
Actuarial assumption changes*	82
Plan amendments**	43
Actuarial loss	24
Decrease in the discount period	<u>268</u>
Actuarial present value of accumulated plan benefits—December 31, 2014	<u>\$ 3,549</u>

* The impact of actuarial assumption changes on the present value of accumulated plan benefits is due to changes in the mortality rate assumption as discussed above.

** The Plan experienced increases in the present value of accumulated plan benefits due to a teamsters benefit enhancement through a plan amendment effective April 25, 2014.

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 as 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>\$ 5,465</u>	<u>\$ 4,865</u>
Plan's interest in Master Trust as a percentage of the total, rounded	<u>18 %</u>	<u>18 %</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>\$ 505</u>	<u>\$ 344</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.

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 totaling approximately \$169 and \$200 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, 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 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, 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	\$ 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	Cash Collateral Received	Net Amount
Credit default swaps	\$ 5	\$ -	\$ 5	\$ -	\$ -	\$ 5
Forward contracts	217	(210)	7	-	(3)	4
Futures contracts	23	(1)	22	-	-	22
Interest rate swaps	1	-	1	-	(1)	-
Securities lending	123	-	123	-	(123)	-
Repurchase agreements	178	-	178	(131)	(47)	-
Swaptions	2	(2)	-	-	-	-
Total financial instruments	<u>\$549</u>	<u>\$(213)</u>	<u>\$336</u>	<u>\$(131)</u>	<u>\$(174)</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	Cash Collateral Pledged	Net Amount
Forward contracts	\$210	\$(210)	\$ -	\$ -	\$ -	\$ -
Futures contracts	1	(1)	-	-	-	-
Interest rate swaps	1	-	1	(1)	-	-
Swaptions	3	(2)	1	-	(1)	-
Total financial instruments	<u>\$215</u>	<u>\$(213)</u>	<u>\$ 2</u>	<u>\$ (1)</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 June 17, 2015, 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 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

All 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 investment management and associated trustee/custodian services incurred to the trustee were \$169,342 and \$111,319 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 \$215,364 and \$188,986 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 Plan's net assets available for benefits per the financial statements agrees to the Form 5500 for the years ended December 31, 2014 and 2013.

* * * * *

SUPPLEMENTAL SCHEDULE

UPS PENSION PLAN

Employer ID No.: 95-1732075

Plan Number: 022

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 & Agency Cash 996085247	VAR RT 12/31/2049 DD 04/09/97	<u>\$302,943</u>	<u>\$302,943</u>
TOTAL INVESTMENTS HELD OUTSIDE OF MASTER TRUST		<u>\$302,943</u>	<u>\$302,943</u>

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

EIN: 95-1732075/PN: 022

Schedule SB, Line 24 — Change in Assumptions

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

1. The assumed administrative expenses were changed from \$14,000,000 in 2013 to \$18,000,000 in 2014.

ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS PENSION PLAN
EIN: 95-1732075/PN: 022

Schedule SB, Line 26 — Schedule of Active Participant Data

Includes active participants and transfers (active employees no longer accruing benefits in the Pension Plan)

Attained Age		Total Years of Credited Service										Total
		<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	
<25	Count	71	10,496	2,099								12,666
	Average Compensation	26,520	28,216	36,060								29,631
25 to 29	Count	74	7,412	9,736	774							17,996
	Average Compensation	-	33,430	47,262	59,446							43,347
30 to 34	Count	82	5,842	7,142	4,346	273						17,685
	Average Compensation	29,005	38,394	57,488	63,032	64,702						54,585
35 to 39	Count	68	5,131	7,168	3,270	1,582	96					17,315
	Average Compensation	-	41,525	62,854	65,961	67,921	62,616					60,395
40 to 44	Count	121	5,350	9,894	3,953	1,648	852	100				21,918
	Average Compensation	33,816	43,880	64,239	67,100	70,328	69,271	66,818				63,857
45 to 49	Count	159	6,434	8,368	4,037	1,579	805	686	49			22,117
	Average Compensation	39,651	43,268	64,736	67,686	72,430	73,996	71,878	73,414			65,572
50 to 54	Count	86	4,755	6,275	3,554	1,713	852	671	381	96		18,383
	Average Compensation	54,472	43,971	64,775	68,079	70,712	73,971	71,464	73,167	75,097		66,780
55 to 59	Count	51	2,136	3,478	2,152	1,207	705	534	327	281	15	10,886
	Average Compensation	26,520	45,906	65,567	70,130	69,391	72,081	73,955	74,339	71,665	N/A	68,670
60 to 64	Count	11	445	1,028	933	492	277	232	107	108	34	3,667
	Average Compensation	N/A	47,499	62,400	67,747	68,601	77,186	76,928	88,179	82,244	75,267	71,057
65 to 69	Count	1	46	227	267	137	54	43	20	27	7	829
	Average Compensation	N/A	39,647	61,517	69,509	74,843	82,247	81,149	87,443	83,330	N/A	73,007
70 & up	Count		13	57	97	44	13	7	11	6	1	249
	Average Compensation		N/A	56,453	67,568	57,106	N/A	N/A	N/A	N/A	N/A	68,337
Total	Count	724	48,060	55,472	23,383	8,675	3,654	2,273	895	518	57	143,711
	Average Compensation	33,082	39,596	61,052	66,862	70,119	72,798	72,747	75,683	75,810	80,864	62,639

Average Age = 40.9

Average service = 8.0

*Average compensation is shown for Freight participants only (11,489 as of January 1, 2014)

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	United Parcel Service of America, INC.
EIN/PN	95-1732075/022
Plan Name	UPS Pension Plan
Valuation Date	January 1, 2014
Enrolled Actuary	Timothy Hoppin
Enrollment Number	14-07404

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 PENSION PLAN
EIN: 95-1732075/PN: 022
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 applied for funding	Yes
MAP-21 with HATFA 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	6.73%	4.75%

Annual rates of increase

Compensation:	3% for Freight Only
Statutory limits on compensation	N/A

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).
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ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS PENSION PLAN
EIN: 95-1732075/PN: 022
Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

Termination

Rates varying by age, service and employment type

Sample rates

Part-Time Teamsters

Years of Service

<u>Age</u>	<u>0-1</u>	<u>1-2</u>	<u>2-3</u>	<u>3-4</u>	<u>4-5</u>	<u>>5</u>
25	39.8%	39.8%	25.0%	19.2%	15.9%	9.8%
40	35.7%	35.7%	19.5%	15.2%	12.5%	3.9%
55	20.3%	20.3%	12.0%	7.0%	5.4%	2.8%
70	20.3%	20.3%	12.0%	7.0%	5.4%	2.8%

Freight

Years of Service

<u>Age</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>>5</u>
25	46.00%	20.00%	15.00%	13.00%	11.00%	9.00%
40	38.00%	13.00%	8.00%	8.00%	7.00%	4.00%
55	38.00%	12.00%	10.00%	9.00%	8.00%	8.00%

All Others

Years of Service

<u>Service</u>	<u>Rate</u>
0	15.0%
1	15.0%
2	10.0%
3	8.0%
4	7.0%
5	6.0%
6-9	5.0%
10-12	4.0%
13-14	3.0%
15-19	2.0%
20-24	1.5%
≥ 25	0.0%

Transfers without reciprocity agreements are assumed to terminate immediately and receive their benefits at normal retirement.

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Transfer

The following rates were assumed for part-time Teamsters as the rate of transfer to a position within UPS, which does not provide for active participation in this plan. If the assumed transfer occurred when the employee had 3 years of service, the employee was assumed to stay until vested. If the assumed transfer occurred before the employee had earned 3 years of service, it was assumed the employee would not stay to become vested.

Representative Transfer Rates

Part-Time Teamsters

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	7.00%	5.35%
40	4.50%	2.75%
55	1.80%	0.80%

Disability incidence

None assumed

Disability mortality

Not applicable

Retirement

Representative Retirement Rates

Rates varying by age and service:

Part-Time Teamsters and other non-Freight

<u>Age</u>	<u>< 25 yrs of svc</u>	<u>≥ 25 yrs of svc</u>
50-51	2.00%	5.00%
52-54	2.50%	5.00%
55-58	2.50%	10.00%
59	3.50%	10.00%
60	3.50%	20.00%
61	4.50%	25.00%
62-64	6.00%	30.00%
65	30.00%	30.00%
66-67	20.00%	25.00%
68-69	15.00%	25.00%
≥70	100.00%	100.00%

Freight

<u>Age</u>	<u>Rate</u>
55-61	5.00%
62-64	20.00%
65	25.00%
66	30.00%
67+	100%

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Transfers

<u>Age</u>	<u>< 30 yrs of svc</u>	<u>≥ 30 yrs of svc</u>
50-54	2.00%	15.00%
55-59	3.00%	15.00%
60	3.00%	20.00%
61	3.00%	25.00%
62-64	15.00%	30.00%
65-69	50.00%	50.00%
≥70	100.00%	100.00%

Benefit service	It is assumed that all part-time and full-time participants accrue a full year of service each year.
Benefit commencement date for deferred vesteds	For all groups except Freight, active employees who terminate in the future and employees who are currently deferred vested are assumed to commence benefit payments at age 62. For Freight, age 63 or current age if later.
Form of payment	100% of single participants elect a life annuity For all groups except Freight: 50% of married participants elect a life annuity and 50% of married participants elect a 50% joint and survivor annuity For Freight Only: 30% of married participants elect a life annuity and 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).
Percent married	75%
Spouse age	Wife three years younger than husband
Plan compensation	Estimated plan compensation for upcoming year: <ul style="list-style-type: none"> ▶ For union Freight participants, prior year actual plan compensation, increased by 3.00% ▶ For all other participants, not applicable
Administrative expenses	\$18,000,000
Reciprocity load for Teamsters	Benefits attributable to reciprocity for current transfers are valued explicitly. For active participants assumed to transfer out at a future date, a load is applied to their liability based on participants assumed to be eligible for reciprocity (i.e. those that transfer to the IBT plan or a multi-employer plan recognizing reciprocity agreements).

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits

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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.
Actuarial value of assets	<p>Average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings. The average asset value must be within 10% of fair value, including contributions receivable.</p> <p>The method of computing the actuarial value of assets complies with the rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a bias to produce an actuarial value of assets that is below the market value of assets.</p>
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 required to be valued that were not.
Change in assumptions and methods since prior valuation	<p>The segment rates used to calculate the funding target and target normal cost were updated.</p> <p>The required mortality table used to calculate the funding target and normal cost was updated to include an additional year of projected mortality improvements.</p> <p>Assumed administrative expenses were changed from \$14,000,000 in 2013 to \$18,000,000 in 2014.</p>
Data Sources	<p>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. Assumptions and estimates were made by Towers Watson actuaries when data were 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.</p>

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1. Applicable to Non-Freight participants

Plan Provisions

Covered Employees	All employees who have attained age 21 and who have worked at least 750 hours (1,000 for employees of UPS Aviation Technologies (IIMorrow) and St. Thomas) during a calendar year and further provided that they are covered by a collective bargaining agreement which provides for coverage under the UPS Pension Plan.
Participation Date	All predecessor Plan participants on December 31, 1975 who are employees on January 1, 1976 became plan participants on January 1, 1976. Menlo Worldwide forwarding employees who were participants in the Menlo Worldwide Forwarding, Inc. Hourly Employees' Pension Plan became eligible to participate in the UPS Pension Plan on December 19, 2004. All other employees become eligible to participate on the January 1 or July 1 immediately following attainment of age 21 and completion of a 12-month period of employment during which 750 hours of service (1,000 hours for employees of UPS Aviation Technologies (IIMorrow) and St. Thomas) are completed.

Definitions

Vesting service	One year for each calendar year in which an employee completes 750 hours of service (1,000 hours for employees of UPS Aviation Technologies (IIMorrow) and St. Thomas).
Benefit service	One year for each calendar year in which an employee completes at least 1,500 hours of service (1,800 hours for employees of UPS Aviation Technologies (IIMorrow), St. Thomas, and Menlo Worldwide Forwarding). Part-time Teamsters actively employed on or after August 1, 1999 receive one year for each calendar year with 750 hours (including years before August 1, 1999) with partial credit for fewer hours. The 2002 Teamsters contract extended the 750 hour rule to former part-time Teamsters who are currently working for UPS and have transferred to a Teamster multi-employer plan.
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. For full-time members of Detroit Local 243 (hired prior to October 23, 1997) and Local 698, attainment of age 60 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 60.)
Actuarial Equivalence	6% and 1983 Group Annuity Mortality (GAM): Male table for participants; Female table for beneficiaries

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Pension benefit

Maximum of (1) and (2)

(1) Regular pension benefit is the amount shown in table below, reduced proportionately for service less than maximum service years.

<u>Employee Group</u>	<u>Maximum Service</u>	<u>Monthly Benefit for Maximum Service</u>
Part-time Teamsters (effective 8/1/08 for those active on or after 8/1/02)	35	\$2,100
UPS Aviation Technologies (II Morrow) non-exempt (frozen effective 12/31/00)	25	1,100
Detroit Local 243 (full-time clerical)	25	3,000
Detroit Local 698 (full-time)	35	3,500
Detroit Local 698 (part-time)	35	1,750
St. Thomas	25	775
Ohio Local 98 (part-time)	25	1,500
Ohio Local 98 (full-time)	25	2,000
Ohio Rider (full-time)	25	2,250
Louisville Local 2727 (part-time)	35	1,925
Puerto Rico Local 901 (full-time)	30	2,300
Challenge Air	35	1,750
Local 89 (six-hour employees)	35	3,045
Dispatchers Local 545 (\$4,725 maximum if date of birth before 1/1/1958)	35	4,025
Menlo Worldwide Forwarding	None	\$100 times Benefit Service

Effective January 1, 2008, Puerto Rico full-time transferred to the IBT plan, freezing the monthly benefit accrued as of January 1, 2008 in the UPS Pension Plan.

With respect to each Part-time Teamster who was active on or after August 1, 2002 who accrued at least one hour of service on or after August 1, 2008, the monthly benefit is \$55 multiplied by years of service credit completed prior to January 1, 2008 plus \$60 multiplied by years of service credit completed after January 1, 2008, subject to a maximum of 35 years.

With respect to each Local 89 six-hour employee who was active on or after August 1, 2002 who accrued at least one hour of service on or after August 1, 2008, the monthly benefit is \$80 multiplied by years of service credit completed prior to January 1, 2008 plus \$87 multiplied by years of service credit completed after January 1, 2008, subject to a maximum of 35 years.

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Pension benefit cont'd

(2) Service pension benefit is the amount shown in table below, and is only available after completing 30 years of service.

<u>Employee Group</u>	<u>30-Year Monthly Benefit</u>
Part-time Teamsters (effective 8/1/08 for those active on or after 8/1/02)	\$1,650
UPS Aviation Technologies (IIMorrow) non-exempt (frozen effective 12/31/00)	826
Detroit Local 243 (full-time clerical)	2,250
Detroit Local 698 (full-time)	2,000
Detroit Local 698 (part-time)	1,000
St. Thomas	580
Ohio Local 98 (full-time)	1,500
Ohio Local 98 (part-time)	1,125
Ohio Rider (full-time)	2,250
Louisville Local 2727 (part-time)	N/A
Puerto Rico Local 901 (full-time)	2,300
Challenge Air	1,500
Local 89 (six-hour employees)	N/A
Dispatchers Local 545 (\$4,050 if date of birth before 1/1/1958)	3,450
Menlo Worldwide Forwarding	N/A

Effective January 1, 2008, Puerto Rico Local 901 transferred to the IBT plan, freezing the monthly benefit accrued as of January 1, 2008 in the UPS Pension Plan. Based on service through the date of the transfer, Puerto Rico Local 901 could receive at any age \$1,800 per month with 25 years of service.

A part-time Teamster participant at any age with 35 years of service may receive \$1,925 per month, \$1,375 per month at age 60 with 25 years, or \$1,125 per month with 25 years at any age. Louisville Local 2727 will not have a service benefit.

Detroit Local 698 is eligible for unreduced benefits after reaching 30 years of service and age 55. Full-time participants will receive \$100 times years of service (maximum of 35). Part-time participants will receive \$50 times years of service (maximum of 35).

Challenge Air may receive at any age \$1,750 per month with 35 years of service and \$1,000 per month with 25 years of service.

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Eligibility for Benefits

Normal retirement	Retirement on NRD
Service retirement	Service benefits are available after completing years of benefit service required for special pension. When reciprocity agreements exist, a prorated service benefit may also become available for Teamsters if their total benefit service in all Teamsters plans in which UPS participates is enough to meet the service requirements for these special benefits.
Early retirement	<p>For Ohio Rider, Dispatchers Local 545 and Menlo Worldwide Forwarding: attainment of age 55 and completion of at least 10 years of vesting service.</p> <p>For all other groups: attainment of age 50 and completion of 10 years of vesting service but not later than NRD.</p>
Postponed retirement	Retire after NRD
Disability retirement	Completion of 10 or more years of vesting service and total and permanent disability
Terminated deferred	Terminate for reasons other than death, retirement or disability after completing five years of vesting service. This includes participants who remain active with UPS, transfer to a different UPS-sponsored plan, and terminate after completing five years of vesting service.
Reciprocity	For Teamster participants who transfer from the Pension Plan to another Teamster plan in which UPS participates, the benefit service earned in the new plan will be counted towards eligibility for the service retirement benefits offered by the Pension Plan.
Preretirement spouse benefit	Die while a member of the plan, married, vested or after retirement or vested termination date but before benefit commencement
Lump sum death	Die while a member of the plan, vested, and no preretirement spouse coverage

Benefits Paid Upon the Following Events

Normal retirement	Pension benefit determined as of NRD
Early retirement	<p>Regular pension benefit is reduced 6% annually (5% for Metro Detroit Local 243) for each month that retirement precedes Normal Retirement Date with the following exceptions:</p> <p>Detroit Local 698 (full-time and part-time) benefits are reduced 5% annually for each month that retirement precedes age 57.</p> <p>Ohio Rider benefits are reduced 3% per year that retirement precedes normal retirement date, but there is no reduction after reaching 25 years of service.</p> <p>Local 545 Dispatchers benefits are reduced 3% annually for each month that retirement precedes Normal Retirement Date.</p> <p>Menlo Local 344 benefits are reduced 9% per year for the first three years that retirement precedes age 65, and then 5% for each additional year. Menlo benefits for participants in other locals are unreduced at age 62, with reductions varying by age for ages earlier than 62.</p>

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Service retirement	The service pension benefit determined under formula (2) is unreduced.
Postponed retirement	Pension benefit determined as of actual retirement date
Transfer with a deferred benefit	<p>Pension benefit determined as of actual termination date based on service in the Pension Plan. Accrued benefit is payable at NRD.</p> <p>If a Teamster is eligible for reciprocity, he will be eligible to immediately receive an amount equal to the greater of his accrued pension benefit (reduced for early retirement, if applicable) or the product of a) and b):</p> <ul style="list-style-type: none">a) the unreduced service benefit offered by the Pension Plan,b) ratio of the benefit service accrued in the Pension Plan to the total service required to receive that service benefit
Disability retirement	Greater of early retirement benefit (if eligible) or accrued benefit that would be payable at age 60, based on service up to 20 years, payable after 6 months of disability.
Termination with deferred vested benefit	Pension benefit determined as of termination date, reduced as for early retirement if paid before NRD
Death with preretirement spouse benefits	Preretirement spouse benefit is payable
Death with lump sum benefits	Lump sum benefit of \$100 times Benefit Service is payable

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:</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	All benefits for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.

Changes in Benefits Valued Since Prior Year

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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2. Applicable to Freight participants (UEPLAN)

Plan Provisions

Covered Employees	Employees of UPS Ground Freight, Inc. covered by the UPS Freight Agreement Covering Over-The-Road and Local Cartage Operations, executed on January 16, 2008 and ending on July 31, 2013.
Participation Date	The later of: <ol style="list-style-type: none">(1) 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; and(2) The date that his or her group (i.e. service center or local) was recognized by the Employer as covered by the UPS Freight Agreement Covering Over-The-Road and Local Cartage Operations.

Definitions

Vesting service	Vesting service is one year for each calendar year in which an employee completes 750 hours
Benefit service	One year for each calendar year in which an employee completes at least 1,500 hours of service with partial credit for fewer hours (including service provided for in the UPS Retirement Plan)
Grandfathered Overnite participant	A participant in the Overnite Retirement Plan on December 31, 2005
Compensation	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 including the value of management incentive awards granted by the UPS Incentive Compensation Plan (even if not vested), limited as required by Section 401(a)(17) of the Internal Revenue Code
Final average pay	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.
Normal retirement date (NRD)	For a grandfathered Overnite participant, first of the month coinciding with or next following the attainment of age 65. 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 and 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 pay multiplied by benefit service up to 30 years less the benefit accrued in the UPS Retirement Plan.
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 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, \$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. 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> <p>For disabilities occurring after eligibility for early or normal retirement after July 1, 2006, 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
Terminated deferred	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

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.

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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 is the same as early retirement benefit.
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>Optional forms:</p> <ul style="list-style-type: none">▶ 50% joint and survivor annuity (non-spouse beneficiary)▶ 75% joint and survivor annuity▶ 100% 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.

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. These updated limits have been revised as of January 1, 2014 for valuation purposes.

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3. Applicable to Grandfathered Motor Cargo participants (UBPLAN)

Plan Provisions

Covered Employees	<p>All prior employees of Motor Cargo covered by a collective bargaining agreement, except:</p> <ul style="list-style-type: none">▪ Any leased employee▪ Any “reclassified” employee (independent contractors and outsourced employees) <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, 2008, vesting service is calculated as described for non-Freight participants. Service prior to January 1, 2008 is calculated in accordance with the prior plan.</p>
Benefit service	<p>For service on and after January 1, 2008, benefit service is calculated as described for non-Freight participants. Service prior to January 1, 2008 is calculated in accordance with the prior plan.</p> <p>Benefit service is subject to an 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>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 including the value of management incentive awards granted by the UPS Incentive Compensation Plan, limited as required by Section 401(a)(17) of the Internal Revenue Code.</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.</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 and 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	<p>Sum of (1), (2), (3) and (4):</p> <p>(1) Accrued benefit as of December 31, 1988;</p> <p>(2) For service after 1988 and before 2006: Monthly amount per year of benefit service, based</p> <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> <p>(3) For service after 2005 and before 2008: \$20 per month per year of benefit service.</p> <p>(4) 1.725% of final average earnings multiplied by benefit service earned after 2007.</p> <p>Total benefit service is limited to 30 years, as described above in benefit service.</p>	<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 December 31, 2007, 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 January 1, 2008, \$9.60 per month times benefit service completed prior to disability 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 disabilities occurring after eligibility for early or normal retirement after January 1, 2008, 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

ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS PENSION PLAN
EIN: 95-1732075/PN: 022
Schedule SB, Part V — Summary of Plan Provisions

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
Terminated deferred	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), (2) and (3) is reduced by 0.375% (4.5% annually) for each month that retirement precedes age 65.</p> <p>Pension benefit for formula (4) 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), (2) and (3) reduced by 0.375% (4.5% annually) for each month that retirement precedes age 65. Pension benefit for formula (4) is reduced by as defined above for early retirement.
Death	<p>Preretirement spouse benefit is payable to eligible surviving spouse.</p> <p>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.</p>

ATTACHMENT TO 2014 FORM 5500, SCHEDULE SB
UPS PENSION PLAN
EIN: 95-1732075/PN: 022
Schedule SB, Part V — Summary of Plan Provisions

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:</p> <ul style="list-style-type: none">▶ 5-year certain and continuous annuity▶ 10-year certain and continuous annuity▶ 50% joint and survivor annuity (non-spouse beneficiary)▶ 75% joint and survivor annuity▶ 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 \$210,000 in 2013 to \$205,000 in 2014. These updated limits have been revised as of January 1, 2013 for valuation purposes.

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

EIN: 95-1732075/PN: 022

Schedule SB, Line 22 - Description of Weighted Average Retirement Age

Sample Calculation of Retirement Age For Part-Time Teamster Employees with 25 or more years of Service

<i>Retirement Age (1)</i>	<i>Assumed Rate (2)</i>	<i>Participants At Beginning (3)</i>	<i>Participants Retiring: (2)x(3) (4)</i>	<i>(1)x(4) (5)</i>
50	0.05	1,000.00	50.00	2,500.00
51	0.05	950.00	47.50	2,422.50
52	0.05	902.50	45.13	2,346.76
53	0.05	857.37	42.87	2,272.11
54	0.05	814.50	40.73	2,199.42
55	0.10	773.77	77.38	4,255.90
56	0.10	696.39	69.64	3,899.84
57	0.10	626.75	62.68	3,572.76
58	0.10	564.07	56.41	3,271.78
59	0.10	507.66	50.77	2,995.43
60	0.20	456.89	91.38	5,482.80
61	0.25	365.51	91.38	5,574.18
62	0.30	274.13	82.24	5,098.88
63	0.30	191.89	57.57	3,626.91
64	0.30	134.32	40.30	2,579.20
65	0.30	94.02	28.21	1,833.65
66	0.25	65.81	16.45	1,085.70
67	0.25	49.36	12.34	826.78
68	0.25	37.02	9.26	629.68
69	0.25	27.76	6.94	478.86
70	1.00	20.82	<u>20.82</u>	<u>1,457.40</u>
			1,000.00	58,410.54
58,410.54 / 1,000 = 58				

Sample Calculation of Retirement Age For Part-Time Teamster Employees with less than 25 years of Service

<i>Retirement Age (1)</i>	<i>Assumed Rate (2)</i>	<i>Participants At Beginning (3)</i>	<i>Participants Retiring: (2)x(3) (4)</i>	<i>(1)x(4) (5)</i>
50	0.02	1,000.00	20.00	1,000.00
51	0.02	980.00	19.60	999.60
52	0.025	960.40	24.01	1,248.52
53	0.025	936.39	23.41	1,240.73
54	0.025	912.98	22.82	1,232.28
55	0.025	890.16	22.25	1,223.75
56	0.025	867.91	21.70	1,215.20
57	0.025	846.21	21.16	1,206.12
58	0.025	825.05	20.63	1,196.54
59	0.035	804.42	28.15	1,660.85
60	0.035	776.27	27.17	1,630.20
61	0.045	749.10	33.71	2,056.31
62	0.06	715.39	42.92	2,661.04
63	0.06	672.47	40.35	2,542.05
64	0.06	632.12	37.93	2,427.52
65	0.3	594.19	178.26	11,586.90
66	0.2	415.93	83.19	5,490.54
67	0.2	332.74	66.55	4,458.85
68	0.15	266.19	39.93	2,715.24
69	0.15	226.26	33.94	2,341.86
70	1	192.32	<u>192.32</u>	<u>13,462.40</u>
			1,000.00	63,596.50
63,596.50 / 1,000 = 64				

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

EIN: 95-1732075/PN: 022

Schedule SB, Line 22 - Description of Weighted Average Retirement Age

Sample Calculation for Freight Employees

<i>Retirement Age (1)</i>	<i>Assumed Rate (2)</i>	<i>Participants At Beginning (3)</i>	<i>Participants Retiring: (2)x(3) (4)</i>	<i>(1)*(4) (5)</i>
55	0.05	1,000.00	50.00	2,750.00
56	0.05	950.00	47.50	2,660.00
57	0.05	902.50	45.13	2,572.41
58	0.05	857.37	42.87	2,486.46
59	0.05	814.50	40.73	2,403.07
60	0.05	773.77	38.69	2,321.40
61	0.05	735.08	36.75	2,241.75
62	0.2	698.33	139.67	8,659.54
63	0.2	558.66	111.73	7,038.99
64	0.2	446.93	89.39	5,720.96
65	0.25	357.54	89.39	5,810.35
66	0.3	268.15	80.45	5,309.70
67	1	187.70	<u>187.70</u>	<u>12,575.90</u>
			1,000.00	62,550.53
62,550.53 / 1,000 = 63				

Assumed retirement age is age 65 for other employees with less than 30 years of service.

Upon reaching 30 years of service, retirement incidence is 25% per year until Normal Retirement Date.

The weighting for the average retirement age is based on head count.

Total Population weighted average retirement age: = 8,559,934 / 143,711 = 60

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**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**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 PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>022</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>	D Employer Identification Number (EIN) <u>95-1732075</u>

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other **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:			
a Market value	2a	<u>4,862,454,050</u>	
b Actuarial value	2b	<u>4,783,920,959</u>	
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.....	<u>8,218</u>	<u>723,709,404</u>	<u>723,709,404</u>
b For terminated vested participants.....	<u>36,364</u>	<u>500,885,191</u>	<u>500,885,191</u>
c For active participants.....	<u>143,711</u>	<u>2,753,850,989</u>	<u>3,152,491,259</u>
d Total.....	<u>188,293</u>	<u>3,978,445,584</u>	<u>4,377,085,854</u>
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	<u>6.73 %</u>	
6 Target normal cost	6	<u>184,030,829</u>	

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>TH</u>	<u>10/12/15</u>
	Signature of actuary	Date
<u>TIMOTHY HOPPIN, F.S.A., E.A.</u>	Type or print name of actuary	<u>14-07404</u>
		Most recent enrollment number
<u>TOWERS WATSON DELAWARE INC.</u>	Firm name	<u>(404) 365-1600</u>
		Telephone number (including area code)
<u>3500 LENOX ROAD SUITE 900</u>		
<u>ATLANTA</u>	<u>GA 30326-4238</u>	
	Address of the firm	

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)	338,628,071	364,851,269
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	190,785,807	0
9 Amount remaining (line 7 minus line 8)	147,842,264	364,851,269
10 Interest on line 9 using prior year's actual return of <u>7.75%</u>	11457775	28275973
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>6.54%</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		0
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	159,300,039	393127242

Part III Funding Percentages

14 Funding target attainment percentage	14	96.67 %
15 Adjusted funding target attainment percentage	15	109.29 %
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	100.05 %
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	192,000,000	0			
Totals ▶			18(b)	192,000,000	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 180,872,245
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	(4) 4th
0	0	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**

60

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**

184,030,829

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**

184,030,829

Carryover balance

Prefunding balance

Total balance

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

121,400,000

0

121,400,000

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

62,630,829

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

180,872,245

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

118,241,416

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

118,241,416

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**