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 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2017

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

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.)
- ☒ 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
UPS RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 09/01/1961

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)

UNITED PARCEL SERVICE OF AMERICA, INC.

C/O TAX DEPARTMENT

55 GLENLAKE PARKWAY NE
ATLANTA, GA 30328

2b Employer Identification Number (EIN)
95-1732075

2c Plan Sponsor's telephone number
404-828-6000

2d Business code (see instructions)
484200

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.	10/10/2018	B.J. DORFMAN
	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

3a Plan administrator's name and address [X] Same as Plan Sponsor	**3b** Administrator's EIN	
	3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: **a** Sponsor's name **c** Plan Name	**4b** EIN **4d** PN	
5 Total number of participants at the beginning of the plan year	**5**	174265
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1) Total number of active participants at the beginning of the plan year	**6a(1)**	85916
a(2) Total number of active participants at the end of the plan year	**6a(2)**	78040
b Retired or separated participants receiving benefits	**6b**	34486
c Other retired or separated participants entitled to future benefits	**6c**	52144
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**	**6d**	164670
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	4786
f Total. Add lines **6d** and **6e**.	**6f**	169456
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	1886
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

1A 1D 1E

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	[ ] Insurance	**(1)**	[X] Insurance
(2)	[ ] Code section 412(e)(3) insurance contracts	**(2)**	[ ] Code section 412(e)(3) insurance contracts
(3)	[X] Trust	**(3)**	[X] 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

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [X] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] 0 **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [X] **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 2017 Form M-1 annual report. If the plan was not required to file the 2017 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_____

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department 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

2017

This Form is Open to Public Inspection

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

▶ **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 RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

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: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2017

2 Assets:

a Market value	**2a**	19383991130
b Actuarial value	**2b**	19383991130

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	37224	8168587799	8168587799
b For terminated vested participants	51633	1869337275	1869337275
c For active participants	85736	6422212210	7688987715
d Total	174593	16460137284	17726912789

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**	6.01 %
6 Target normal cost	**6**	524120508

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

Signature of actuary

10/02/2018
Date

TIMOTHY HOPPIN, F.S.A., E.A.
Type or print name of actuary

17-07404
Most recent enrollment number

TOWERS WATSON DELAWARE INC.
Firm name

404-224-5000
Telephone number (including area code)

FIVE CONCOURSE PARKWAY SUITE 1800
ATLANTA, GA 30328
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 [ ]

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)	2341635590	2139773729
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	335000000	0
9	Amount remaining (line 7 minus line 8)	2006635590	2139773729
10	Interest on line 9 using prior year's actual return of 6.16 %	123608752	131810062
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		1247820362
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 6.20%		56594862
b(2)	Interest on line 38b from prior year Schedule SB, using prior year's actual return		20636000
c	Total available at beginning of current plan year to add to prefunding balance		1325051224
d	Portion of (c) to be added to prefunding balance		800632765
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	2130244342	3072216556

Part III Funding Percentages

14	Funding target attainment percentage	14	80.00%
15	Adjusted funding target attainment percentage	15	109.34%
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	96.28%
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
12/19/2017	3000000000	0			
			Totals ► 18(b)	3000000000	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	2835432511

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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:	2nd segment:	3rd segment:	
4.16%	5.72%	6.48%	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	62

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**	524120508
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**	524120508

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	360000000	0	360000000

36 Additional cash requirement (line 34 minus line 35)	**36**	164120508
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	2835432511

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	2671312003
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	360000000
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**	0
43 Excess installment acceleration amount to be carried over to future plan years	**43**	0

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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.**	**2017** **This Form is Open to Public Inspection.**

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

A Name of plan
UPS RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
UNITED PARCEL SERVICE OF AMERICA, INC.

D Employer Identification Number (EIN)
95-1732075

Part I Service Provider Information (see instructions)

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)

AON CONSULTING

22-2232264

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
16 36	NONE	1980795	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

KAISER FOUNDATION HEALTH PLAN

94-1340523

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
53	NONE	1945658	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

AETNA LIFE INSURANCE

06-6033492

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65 53	NONE	1569474	Yes [ ] No [X]	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)

UNITED HEALTHCARE INSURANCE

36-2739571

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65	NONE	1274670	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

THE PRUDENTIAL INSURANCE

22-1211670

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
53	NONE	1001619	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

TOWERS WATSON DELAWARE

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?
16	NONE	853698	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

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

THE BANK OF NEW YORK MELLON

13-5160382

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
18	NONE	842234	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

XEROX CORPORATION

16-0468020

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
36	NONE	764004	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 65 73	PARTY IN INTEREST	473395	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)

CONDUENT INCORPORATED

81-2983623

(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	451576	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

BEACON HEALTH OPTIONS

54-1414194

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65	NONE	253788	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

UNITED HEALTHCARE SERVICES

41-1289245

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65	NONE	132625	Yes [ ] No [X]	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)

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?
53	NONE	107757	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

VISION SERVICE PLAN

06-1227840

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65	NONE	64193	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

DIRECT TECHNOLOGIES, INC

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	62372	Yes [ ] No [X]	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)

ALERE WELLBEING, INC

20-0231080

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
65 53	NONE	13300	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

PENSION BENEFIT INFORMATION

94-2856521

(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	7791	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

(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?
			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

(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

(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

(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

(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

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

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2017

This Form is Open to Public Inspection.

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

A Name of plan
UPS RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan or DFE 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 Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)

(Complete as many entries as needed to report all interests in DFEs)

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

b Name of sponsor of entity listed in (a): UNITED PARCEL SERVICE OF AMERICA

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)
35-2371556-001	M	21307117596

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)

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

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b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

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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)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

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.**

OMB No. 1210-0110

2017

This Form is Open to Public Inspection

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

A Name of plan
UPS RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
UNITED PARCEL SERVICE OF AMERICA, INC.

D Employer Identification Number (EIN)
95-1732075

Part I 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)	325000000	0
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	11490542	2117479
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	59206	1261040
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	573	508
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	18556271934	21307117596
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	67717904	3183953817
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(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	18960540159	24494450440
	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 through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	18960540159	24494450440

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)	3814000000	
	(B) Participants	2a(1)(B)	7789764	
	(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)		3821789764
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1835739	
	(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)		1835739
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(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)		0
	(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)		
(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		3823625503
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	788686720	
(2) To insurance carriers for the provision of benefits	2e(2)	148489645	
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		937176365
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)	72649626	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		72649626
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		1009825991
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		2813799512
l Transfers of assets:			
(1) To this plan	2l(1)		2720110769
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

(1) [X] 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 [X] 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:

		Yes	No	Amount
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.)	4a		X	
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.)	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.)	4c		X	
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.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		1000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
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?	4g		X	
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?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
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.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
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? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

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

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

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☒ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4069998. (See instructions.)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2017

This Form is Open to Public Inspection.

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

A Name of plan
UPS RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
UNITED PARCEL SERVICE OF AMERICA, INC.

D Employer Identification Number (EIN)
95-1732075

Part I 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** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): _____ _____

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3** 3455

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

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☒ **No** ☐ **N/A**

Part III Amendments

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

Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

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): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

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

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

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

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

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

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

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

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

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

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

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

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

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

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

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

UPS Retirement Plan

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

Financial Statements as of and for the
Years Ended December 31, 2017 and 2016,
Supplemental Schedule as of December 31, 2017,
and Independent Auditors' Report

UPS RETIREMENT PLAN

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

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INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
the UPS Retirement Plan:

We have audited the accompanying financial statements of the UPS Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2017 and 2016, 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 controls 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 auditors' 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.

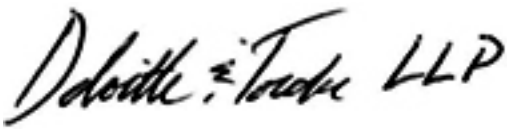
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the UPS Retirement Plan's net assets available for benefits as of December 31, 2017, and the changes therein for the year then ended and its financial status as of December 31, 2016, and the changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2017, 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 audits 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.



October 9, 2018

UPS RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PENSION BENEFITS
AS OF DECEMBER 31, 2017 AND 2016
(In millions)

	2017	2016
ASSETS:		
Investments—at fair value:		
Plan interest in the UPS Master Trust	$21,307	$18,551
Investments held outside the UPS Master Trust	3,001	58
Assets held in 401(h) account	183	15
Total investments	24,491	18,624
Interest and dividends	1	-
Contributions receivable	-	325
Pension Benefit Guaranty Corporation Premium receivable	2	12
Total assets	24,494	18,961
LIABILITIES—Amounts related to obligation of 401(h) account	183	15
NET ASSETS AVAILABLE FOR PENSION BENEFITS	$24,311	$18,946

See notes to financial statements.

UPS RETIREMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PENSION BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In millions)

	2017	2016
NET ASSETS AVAILABLE FOR PENSION BENEFITS—Beginning of year	$18,946	$18,060
ADDITIONS:		
Employer contributions	3,500	975
Change in the Plan's interest in UPS Master Trust	2,721	1,091
Total additions	6,221	2,066
DEDUCTIONS:		
Benefits paid to Plan beneficiaries	789	1,126
Administrative expenses:		
Fees and commissions	3	2
Insurance premiums to Pension Benefit Guaranty Corporation	64	52
Total deductions	856	1,180
NET INCREASE (DECREASE)	5,365	886
NET ASSETS AVAILABLE FOR PENSION BENEFITS—End of year	$24,311	$18,946

See notes to financial statements.

1. DESCRIPTION OF THE PLAN

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

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

Contributions—Contributions to the Plan are made by UPS. UPS' funding policy is to contribute amounts that will at least satisfy the minimum funding requirements of ERISA, but do not exceed the maximum tax-deductible requirements of the Internal Revenue Code (IRC) as provided by the Plan's independent actuary. In accordance with this funding policy, UPS contributed $3,500 million and $975 million to the Plan for the years ended December 31, 2017 and 2016, respectively. The 2016 amount included $325 million remitted on March 1, 2017 and is shown as contributions receivable in the statements of net assets available for benefits. UPS met the minimum funding requirements of ERISA for the years ended December 31, 2017 and 2016.

Closed Plan—The Plan was closed to new non-union participants effective July 1, 2016. The Company amended the UPS 401(k) Savings Plan so that employees who previously would have been eligible for participation in the Plan will, in addition to current benefits under the UPS 401(k) Savings Plan, begin receiving a UPS Retirement Contribution. For employees eligible to receive the retirement contribution, UPS will generally contribute 3% to 8% of eligible pay to the UPS 401(k) Savings Plan based on years of vesting service and business unit. Contributions will be made annually in cash to the accounts of participants who are employed on December 31 of each calendar year and become vested after the employee reaches three complete years of service from their original employment date.

On June 23, 2017, the Plan was amended to reflect the freeze in benefit accruals under the Plan effective January 1, 2023. The Company amended the UPS 401(k) Savings Plan so that non-union employees who currently participate in the UPS Retirement Plan will, in addition to current benefits under the UPS 401(k) Savings Plan, earn a UPS Retirement Contribution beginning January 1, 2023. UPS will contribute 5% to 8% of eligible compensation to the UPS 401(k) Savings Plan based on years of vesting service. The amendment also provides for transition contributions for certain participants.

Pilots—There are approximately 2,700 pilots covered by the Plan who are employed under a collective bargaining agreement with the Independent Pilots Association (IPA), which became amendable at the end of 2011. On August 31, 2016, the IPA members voted to

ratify a new five-year labor contract. Terms of the agreement became effective September 1, 2016, and run through September 1, 2021. Plan benefits have been increased by the new agreement for pilot terminations occurring after June 1, 2016.

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

	Final Average Compensation Formula	**Pilots**	**Portable Account Formula**
Eligibility for Participation	• Hired before January 1, 2008 • At least 21 years old • Completed at least 750 paid hours of service during the first 12 months of hire or during any calendar year thereafter	• January 1 or July 1 following attainment of age 21 • Completion of one vesting year	• All eligible employees, except pilots, hired, rehired, or newly eligible on or after January 1, 2008, but before July 1, 2016.
Benefits and Vesting			
Normal Retirement	• Benefits commence at age 65 • Benefits are based upon years of service, age, and final average earnings • Single life as well as joint and survivor annuity options are available	• Benefits commence at age 65 • Benefits are based upon rank, years of service, age, and final average earnings • Single life as well as joint and survivor annuity options are available	• Benefits commence at age 65. • Participants receive annual compensation and interest credits while a participant in the Plan. • Annual compensation credits are a percentage of pensionable pay based on the sum of the participant's age plus vesting service.

	Final Average Compensation Formula	Pilots	Portable Account Formula
Normal Retirement (Continued)			• The interest credit percentage is the annual rate of interest on the 30-year treasury securities for the month of August preceding the applicable Plan year, but not less than 2.5% per year. • Participants can take the PAF balance as a single lump sum or actuarially equivalent annuity.
Early Retirement for Active Participants	• Benefits are available at a reduced rate dependent upon the number of years of service and the actual age of the participant at retirement	• Benefits are available at a reduced rate dependent upon the number of years of service and the actual age of the participant at retirement	• Benefits are available to terminated employees as a lump sum or as an annuity. The annuity is determined by converting the PAF balance to the applicable single or joint annuity option.

	Final Average Compensation Formula	Pilots	Portable Account Formula
Early Retirement for Terminated Deferred	• Benefits are determined as of termination date and are reduced by a certain percentage for each full or partial year that payments begin prior to Normal Retirement Age	• Benefits are determined as of termination date and are reduced by a certain percentage for each full or partial year that payments begin prior to Normal Retirement Age	• PAF balances are determined as of the end of each Plan year or at benefit commencement date, whichever is earlier. Compensation credit and interest credit is granted in the termination year, as applicable. Additionally, interest credit is granted in subsequent years if the benefit is not distributed to the participant.

	Final Average Compensation Formula	Pilots	Portable Account Formula
Disability	• For vested participants not covered under another UPS-sponsored disability plan, disability benefits are as follows: A. For disabilities occurring before eligibility for normal retirement, the benefit is $9.60 per month times the number of years of benefit service to a maximum of 30 years and is payable until the disabled participant reaches normal retirement date, elects an early retirement benefit, or dies. B. For disabilities occurring after eligibility for normal retirement, the normal retirement benefit is paid instead of the disability benefit.	• The Plan does not provide a disability benefit for this group A. Service accrues after disability as if participant remained in active employment until normal retirement date (or early retirement date, if elected). Accrual ceases if participant obtains other gainful employment, recovers from disability, or retires. B. Final average earnings are based on compensation paid during active employment prior to becoming disabled.	• The Plan does not provide a disability benefit for this group

	Final Average Compensation Formula	Pilots	Portable Account Formula
Preretirement Death Benefit	• 50% of the benefit that would have been payable to the spouse or domestic partner, assuming early retirement on the date of death or earliest retirement date if later and election of a 50% joint and survivor benefit	• 50% of the benefit that would have been payable to the spouse, assuming early retirement on the date of death or earliest retirement date if later and election of a 50% joint and survivor benefit	• The surviving spouse or domestic partner will be entitled to receive the PAF balance as a single lump sum or actuarially equivalent life annuity based on the surviving spouse's age at commencement
Vesting	• Completion of five years of service	• Completion of one vesting year	• Completion of three years of service

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

Lump Sum Distribution—During the fourth quarter of 2016, certain plan participants and surviving spouses were offered the option to receive a one-time payment of their vested benefit. Approximately 9,300 participants accepted this option, accelerating $414 million in benefit payments during 2016 while reducing the number of participants who are due future payments from the plan.

401(h) Account—The Plan was amended on January 1, 1976, to include a medical benefit component in addition to the normal retirement benefits to fund a portion of the postretirement obligation for retirees and their beneficiaries in accordance with Section 401(h) of the Internal Revenue Code ("IRC"). A separate account has been established and maintained in the Plan for the net assets related to the medical benefit component ("401(h) account"). The related obligations for health and welfare benefits are not included in this Plan's obligations, but are reflected as obligations in the financial statements of the UPS Retired Employees Health Care Plan. Plan participants reimburse the 401(h) account for certain health and welfare benefits received, which are not covered under the Plan. Participant reimbursements to the 401(h) account were $7.8 million and $6.5 million in 2017 and 2016, respectively. Certain of the Plan's net assets are restricted to fund a portion of postretirement health benefits for retirees and their beneficiaries in accordance with IRC Section 401(h).

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Master Trust—As of December 31, 2017 and 2016, the majority of the Plan's investment assets are held in trust accounts 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 is reported based on certain assumptions 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 values are based on unobservable inputs that are not corroborated by observable market data and are thus classified as Level 3. Investments that do not have a readily determinable fair value, but which provide a net asset value ("NAV") (or its equivalent) developed consistent with Financial Accounting Standards Board ("FASB") measurement principles as of December 31, are valued using NAV as a practical expedient. These investments are not classified in Levels 1, 2, or 3 of the fair value hierarchy, but are included in the totals in the tables shown in Note 7. Purchases and sales are recorded on a trade-date basis. Interest is recorded on an 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, 2017, subsequent events were evaluated through October 9, 2018, the date the financial statements were available to be issued. Management has determined that there are no reportable subsequent events.

New Accounting Standards—In February 2017, the FASB issued Accounting Standards Update (ASU) 2017-06, Employee Benefit Plan Master Trust Reporting. The amendments in this ASU remove the requirement to disclose the percentage interest in the master trust for plans with divided interests and requires that all plans disclose the dollar amount of their interest in each of those general types of investments. This supplements the existing requirement to disclose the master trust's balances in each general type of investment. In addition, the ASU requires the disclosure of the master trust's other asset and liability balances and the dollar amount of the plan's interest in each of those balances. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Plan elected to early adopt ASU No. 2017-06 as of December 31, 2017, as permitted, and applied the provisions retrospectively, as required. The Plan presents the investment disclosures required by this new guidance in Note 5. There are no effects on the statements of net assets available for plan benefits or the changes therein.

3. PLAN TERMINATION

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

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

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

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

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

4. ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees

who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated plan benefits.

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

The significant actuarial assumptions used in the valuations as of December 31, 2017 and 2016, are as follows:

	2017	**2016**
Mortality	The RP-2014 healthy no collar mortality table with MP-2016 mortality improvements after 2007 assuming the long-term rate of mortality improvement phases down to 0.5% by 2022.	The RP-2014 healthy no-collar mortality table with MP-2016 mortality improvements after 2007 assuming the long-term rate of mortality improvement phases down to 0.5% by 2022.
Discount rate	7.20 %	8.75 %
Average retirement age	62.4	62.4

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, 2017 and 2016, are as follows (in millions):

	2017	**2016**
Vested benefits:		
Other participants	$ 7,823	$ 5,781
Participants and/or beneficiaries currently receiving benefits	7,213	5,975
Total vested benefits	15,036	11,756
Nonvested benefits	1,229	1,201
Total actuarial present value of accumulated plan benefits	$16,265	$12,957

The changes in the actuarial present value of the Plan's accumulated plan benefits for the years ended December 31, 2017 and 2016, are as follows (in millions):

Actuarial present value of accumulated plan benefits—December 31, 2015	$12,343
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	286
Benefits paid[1]	(1,126)
Decrease in the discount period	1,074
Actuarial loss	321
Actuarial Assumption changes[2]	(120)
Plan amendments[3]	179
Actuarial present value of accumulated plan benefits—December 31, 2016	12,957
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	392
Benefits paid	(789)
Decrease in the discount period	933
Actuarial loss	212
Actuarial Assumption changes[4]	2,560
Plan amendments	-
Actuarial present value of accumulated plan benefits—December 31, 2017	$16,265

[1] Reflects 9,339 lump sum elections made as part of the December 2016 lump sum opportunity.

[2] Reflects a decrease in the interest crediting rate from 3.30% to 2.87% and update of mortality improvement scale table from modified MP-2014 to modified MP-2016.

[3] Reflects negotiated benefit increases for the IPA contract ratified in 2016.

[4] Reflects update of ASC 960 interest rate from 8.75% to 7.20%, and a decrease in the interest crediting rate from 2.87% to 2.50%.

5. INTEREST IN MASTER TRUST

As of December 31, 2017 and 2016, the majority of the Plan's investment assets are held in trust accounts at the Trustee and consist of an undivided interest in an investment account of the Master Trust, a master trust established by the Company and administered by the Trustee. Use of the Master Trust permits the commingling of trust assets with the assets of the Plan for investment and administrative purposes. Although assets of multiple plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans. The net investment income and administrative expenses are allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans.

The fair value of net assets and investments of the Master Trust at December 31, 2017 and 2016, is summarized as follows (in millions):

	2017		2016	
	Retirement Plan	Group Trust	Retirement Plan	Group Trust
Investments:				
U.S. government securities	$ 4,429	$ 7,919	$ 3,672	$ 6,364
103-12 investment entities—hedge funds	241	431	244	423
Common and collective trusts	3,137	5,610	2,234	3,871
Common and preferred stock	5,383	9,625	4,634	8,031
Corporate debt instruments	2,327	4,162	2,976	5,157
Interest-bearing cash	41	74	88	153
Derivative instruments and other investments	312	558	98	170
Partnerships, joint ventures, and real estate	4,558	8,150	3,911	6,778
Registered investment companies	861	1,539	709	1,229
Total investments	21,289	38,068	18,566	32,176
Unsettled securities transactions receivable (payable):				
Interest and dividends	42	73	45	78
Due from brokers	83	149	50	86
Accrued expenses	(1)	(1)	(1)	(1)
Derivative instruments	(33)	(59)	(37)	(64)
Other receivables	30	54	-	-
Other payables	(103)	(186)	(72)	(125)
Total unsettled securities transactions receivable (payable)	18	30	(15)	(26)
Contributions receivable		-		791
Net assets	$ 21,307	$ 38,098	$ 18,551	$ 32,941
Net assets of the Master Trust-excluding contribution receivable		$ 38,098		$ 32,150
Plan's interest in Master Trust as a percentage of the total, rounded		56 %		58 %

The net investment earnings of the Master Trust for the years ended December 31, 2017 and 2016, are summarized below (in millions):

	2017	2016
Dividend and interest income	$ 502	$ 480
Net appreciation (depreciation) in fair value of investments	4,433	1,461
Master Trust administrative expenses	(106)	(106)
Investment income of Master Trust	$4,829	$1,835
Plan's interest in investment income of Master Trust	$2,721	$1,091

6. INVESTMENTS

As of December 31, 2017 and 2016, 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 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 ask 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, certain equity instruments 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 fair value of the underlying investments of the trust fund, which was determined in accordance with the paragraph above.

Certain investments' estimated fair values are based on unobservable inputs that are not corroborated by observable market data and are thus classified as Level 3. These investments include certain corporate debt instruments.

Investments that do not have a readily determinable fair value, and which provide a NAV (or its equivalent) developed consistent with FASB measurement principles, are valued using NAV as a practical expedient. These investments are not classified in Levels 1, 2, or 3 of the fair value hierarchy, but are included in the totals in tables shown in Note 7. These investments include fixed income, hedge funds, private equity, credit and real estate. Investments in hedge funds are valued using reported NAVs as of December 31. These assets are primarily invested in a portfolio of diversified, direct investments, and funds of hedge funds. Investments in fixed income, private equity, credit and real estate are valued using fair values per the most recent partnership audited financial statements, adjusted, as appropriate, for any activity between the date of the financial reports and December 31. These assets are invested in limited partnership interests in various private equity, private debt and real estate funds. 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 any differences could be material.

Approximately $5,610 million and $3,871 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, 2017 and 2016, 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, 2017 and 2016.

The Master Trust held approximately $5,299 million and $4,171 million of its investments in limited partnership interests in various private equity, credit and real estate funds as of December 31, 2017 and 2016, 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, 2017 and 2016, unfunded commitments to such limited partnerships totaling approximately $2,546 million and $1,908 million, respectively, are expected to be contributed over the remaining investment period, typically ranging between three and six years.

The Master Trust held certain investments in limited partnership interests in various fixed income funds as of December 31, 2017 and 2016. No unfunded commitments existed with respect to fixed income funds as of December 31, 2017 and 2016.

As of December 31, 2017 and 2016, approximately $2,922 million and $2,708 million of the Master Trust investments are held in 19 and 20 hedge funds, respectively, that pursue multiple strategies to diversify risk and reduce volatility. Most of the funds require between two and 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, 2017 and 2016, unfunded commitments to such hedge funds totaling approximately $0 million and $5 million, respectively, are expected to be contributed over the remaining investment period, typically ranging between two and four years.

As of December 31, 2017 and 2016, none of the Master Trust's investments represented 5% or more of total Master Trust net assets available for benefits.

As of December 31, 2017 and 2016, approximately $3,001 and $58 million, respectively, of Plan assets were held outside of the Master Trust. These amounts are held in interest-bearing cash.

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.

Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified as Levels 1, 2 or 3 in the below fair value hierarchy, but are included in the total.

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, 2017.

	Master Trust Assets Fair Value Measurements at December 31, 2017[2]			
	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	$ 1,635	$ -	$ -	$ 1,635
Fixed income	-	15	-	15
Global equity	2,343	-	-	2,343
International equity	2,826	-	-	2,826
Real estate	160	131	-	291
U.S. large cap	2,059	-	-	2,059
U.S. small cap	456	-	-	456
Total common and preferred stocks	9,479	146	-	9,625
Corporate debt instruments	-	4,153	9	4,162
U.S. government securities	7,539	380	-	7,919
Interest-bearing cash	23	51	-	74
Registered investment companies:				
Emerging markets	84	-	-	84
Global equity	1	-	-	1
International equity	24	-	-	24
U.S. large cap	1,429	-	-	1,429
U.S. small cap	-	-	-	-
Credit	1	-	-	1
Total registered investment companies	1,539	-	-	1,539
Collective trust funds:				
Emerging markets	-	903	-	903
Global equity	-	430		430
International equity	-	1,074	-	1,074
U.S. large cap	-	2,875	-	2,875
U.S. small cap	-	175	-	175
Hedge Funds	-	153	-	153
Total collective trust funds	-	5,610	-	5,610
Derivative instruments and other investments	21	537	-	558
Partnerships, joint ventures, and real estate:				
Fixed income	-	-	-	-
International equity	-	360	-	360
Hedge funds[1]	1	909	-	2,491
Private equity[1]	-	-	-	2,075
Credit[1]	-	245	-	1,596
Real estate[1]	-	-	-	1,628
Total partnerships, joint ventures, and real estate	1	1,514	-	8,150
103-12 investment entities—hedge funds[1]	-	-	-	431
Total investments	$18,602	$12,391	$ 9	$38,068

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, 2016.

	Master Trust Assets Fair Value Measurements at December 31, 2016[2]			
	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	$ 1,191	$ -	$ -	$ 1,191
Fixed income	-	16	-	16
Global equity	2,540	-	-	2,540
International equity	1,817	-	-	1,817
Real estate	126	140	-	266
U.S. large cap	1,779	-	-	1,779
U.S. small cap	422	-	-	422
Total common and preferred stocks	7,875	156	-	8,031
Corporate debt instruments	-	5,157	-	5,157
U.S. government securities	6,001	363	-	6,364
Interest-bearing cash	12	141	-	153
Registered investment companies:				
Emerging markets	102	-	-	102
Global equity	55	-	-	55
International Equity	292	-	-	292
U.S. large cap	780	-	-	780
U.S. small cap	-	-	-	-
Total registered investment companies	1,229	-	-	1,229
Collective trust funds:				
Emerging markets	-	165	-	165
Global Equity	-	50	-	50
International equity	-	858	-	858
U.S. large cap	-	2,646	-	2,646
U.S. small cap	-	152	-	152
Total collective trust funds	-	3,871	-	3,871
Derivative instruments and other investments	-	170	-	170
Partnerships, joint ventures, and real estate:				
Fixed income[1]	-	-	-	321
Global equity	1	-	-	1
Hedge funds[1]	-	481	-	2,285
Private equity[1]	-	-	-	1,850
Credit[1]	-	303	-	813
Real estate[1]	-	-	-	1,508
Total partnerships, joint ventures, and real estate	1	784	-	6,778
103-12 investment entities—hedge funds[1]	-	-	-	423
Total investments	$ 15,118	$ 10,642	$ -	$ 32,176

[1] Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy but are included in the category totals.

[2] The Investment Committee of the Master Trust has established and instituted the Investment Policy Statement (IPS) to implement and monitor investment strategies and/or guidelines across asset classes. The Master Trust's IPS addresses the below items such as establishing appropriate governance provisions; defining investment objectives; determining strategic asset allocation; monitoring and reporting the investments on a regular basis; appointing/dismissing investment managers, custodians, consultants, advisors; risk management (including various measures used to evaluate risk tolerance); determining/defining the mandates for investment managers; rebalancing of assets; and determining investment restrictions/prohibited investments.

Pension assets are invested in accordance with applicable laws and regulations. The primary long-term investment objectives for pension assets are to: (1) provide for a reasonable amount of long-term growth of capital given prudent levels of risk exposure while minimizing permanent loss of capital; (2) generate investment results that meet or exceed the long-term rate of return assumption for the Plan; and (3) match the duration of the liabilities and assets of the Plan to reduce the need for large employer contributions in the future. The Master Trust meets these objectives by employing investment managers who are engaged to actively manage assets within the guidelines and strategies set forth by the Investment Committee of the Master Trust. Active managers are monitored regularly and their performance is compared to applicable benchmarks.

The following table presents a roll-forward from the beginning to ending balances of the fair value measurements using significant unobservable inputs (Level 3) (in millions) for the years ended December 31, 2017 and 2016:

	Corporate Debt Instruments
Beginning balance—January 1, 2016	$ 6
Actual return on assets:	
Assets held at end of year	-
Assets sold during the year	-
Purchases	-
Sales	(1)
Settlements	-
Transfers in and/or out of level 3	(5)
Ending balance—December 31, 2016	-
Actual return on assets:	
Assets held at end of year	-
Assets sold during the year	-
Purchases	10
Sales	(1)
Settlements	-
Transfers in and/or out of level 3	-
Ending balance—December 31, 2017	$ 9

The valuation methods as described in Note 6 may produce a fair value estimate 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 prearranged 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 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, 2017 (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	$ 6	$ -	$ 6	$ -	$ (7)	$ (1)
Forward contracts	9	(4)	5	-	-	5
Futures contracts	19	-	19	-	-	19
Interest rate swaps	-	-	-	-	-	-
Securities lending	256	-	256	(261)	-	(5)
Repurchase agreements	-	-	-	-	-	-
Swaptions	2	(2)	-	-	-	-
Total financial instruments	$ 292	$ (6)	$ 286	$ (261)	$ (7)	$ 18

	(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
Credit default swaps	$ -	$ -	$ -	$ -	$ (1)	$ (1)
Forward contracts	28	(4)	24	-	(37)	(13)
Futures contracts	-	-	-	-	(5)	(5)
Interest rate swaps	1	-	1	-	-	1
Securities lending	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-
Swaptions	3	(2)	1	-	-	1
Total financial instruments	$ 32	$ (6)	$ 26	$ -	$ (43)	$ (17)

At December 31, 2017, the Master Trust held $7 million in collateral under derivative instruments and $261 million in collateral under securities lending agreements. The Master Trust pledged collateral of $43 million under derivative contracts at December 31, 2017.

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, 2016 (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	31	(16)	15	-	-	15
Futures contracts	-	-	-	-	-	-
Interest rate swaps	1	(1)	-	-	-	-
Securities lending	203	-	203	(208)	-	(5)
Repurchase agreements	-	-	-	-	-	-
Swaptions	7	(7)	-	-	-	-
Total financial instruments	$247	$(24)	$223	$(208)	$ (5)	$ 10

	(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
Credit default swaps	$ 1	$ -	$ 1	$ -	$ (1)	$ -
Forward contracts	21	(16)	5	-	(4)	1
Futures contracts	1	-	1	-	(4)	(3)
Interest rate swaps	6	(1)	5	-	-	5
Securities lending	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-
Swaptions	8	(7)	1	-	(1)	-
Total financial instruments	$ 37	$(24)	$ 13	$ -	$(10)	$ 3

At December 31, 2016, the Master Trust held $5 million in collateral under derivative instruments and $208 million in collateral under securities lending agreements. The Master Trust pledged collateral of $10 million under derivative contracts at December 31, 2016.

8. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated October 15, 2015, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. The Plan has been amended since receiving the determination letter; however, the Company and the Plan management believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC, and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2014.

9. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Plan and Master Trust investments are managed by Bank of New York Mellon. Bank of New York Mellon is the trustee as defined by the Plan, and therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for the investment management and associated trustee/custodian services were $0.8 million and $0.7 million for the years ended December 31, 2017 and 2016, respectively.

The Plan Sponsor provides accounting and administrative services to the Plan. The Company is the Plan Sponsor, and therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for administrative services were $0.5 million and $0.5 million for the years ended December 31, 2017 and 2016, respectively.

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

A reconciliation of amounts reported in the Plan's financial statements to amounts reported in the Form 5500 is required by ERISA. The following is a reconciliation of net assets available for pension benefits per the financial statements to the Form 5500 for the years ended December 31, 2017 and 2016.

	2017	2016
Net assets available for pension benefits per the financial statements	$24,311	$18,946
Net assets held in 401(h) account included as assets in the Form 5500	183	15
Net assets available for pension benefits per the Form 5500	$24,494	$18,961

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

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

	2017		
	Amounts per Financial Statements	**401(h) Account**	**Amounts per Form 5500**
Employer contributions	$3,500	$314	$3,814
Employee contributions	-	8	8
Change in the Plan's Interest in the UPS Master Trust	2,721	-	2,721
Benefits paid to Plan beneficiaries	789	145	934
Benefits paid to insurance carrier	-	3	3
Administrative expenses	67	5	72

	2016		
	Amounts per Financial Statements	**401(h) Account**	**Amounts per Form 5500**
Employer contributions	$ 975	$ 20	$ 995
Employee contributions	-	6	6
Change in the Plan's Interest in the UPS Master Trust	1,091	4	1,095
Benefits paid to Plan beneficiaries	1,126	138	1,264
Benefits paid to insurance carrier	-	2	2
Administrative expenses	54	6	60

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SUPPLEMENTAL SCHEDULE

UPS RETIREMENT PLAN

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

FORM 5500, SCHEDULE H, PART IV, LINE 4i—SCHEDULE OF ASSETS (HELD AT YEAR END)
AS OF DECEMBER 31, 2017

(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 & AGY CSH CSH MG 996085247	VAR RT 12/31/2049 DD 04/09/97	$ 3,001,374,266	$ 3,001,374,266
TOTAL INVESTMENTS HELD OUTSIDE OF MASTER TRUST		$ 3,001,374,266	$ 3,001,374,266

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
EIN: 95-1732075/PN: 001
Schedule SB, Line 22 — Description of Weighted Average Retirement Age

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Sample Calculation of Retirement Age for Full-Time Managers with service less than 25 years

Retirement Age (1)	*Assumed Rate (2)*	*Participants At Beginning (3)*	*Participants Retiring: (2)x(3) (4)*	*(1)*(4) (5)*
55	0.0500	1,000.00	50.00	2,750.00
56	0.0500	950.00	47.50	2,660.00
57	0.0500	902.50	45.13	2,572.41
58	0.0500	857.37	42.87	2,486.46
59	0.0500	814.50	40.73	2,403.07
60	0.0500	773.77	38.69	2,321.40
61	0.0500	735.08	36.75	2,241.75
62	0.1000	698.33	69.83	4,329.46
63	0.1000	628.50	62.85	3,959.55
64	0.1000	565.65	56.57	3,620.48
65	0.2000	509.08	101.82	6,618.30
66	0.3000	407.26	122.18	8,063.88
67	0.5000	285.08	142.54	9,550.18
68	0.5000	142.54	71.27	4,846.36
69	1.0000	71.27	71.27	4,917.63
			1,000.00	63,340.93

63,340.93 / 1,000 = 63

Sample Calculation of Retirement Age for Full-Time Managers with 25 or more years of service

Retirement Age (1)	*Assumed Rate (2)*	*Participants At Beginning (3)*	*Participants Retiring: (2)x(3) (4)*	*(1)*(4) (5)*
55	0.2000	1,000.00	200.00	11,000.00
56	0.3000	800.00	240.00	13,440.00
57	0.1500	560.00	84.00	4,788.00
58	0.1500	476.00	71.40	4,141.20
59	0.1000	404.60	40.46	2,387.14
60	0.1000	364.14	36.41	2,184.60
61	0.1000	327.73	32.77	1,998.97
62	0.1500	294.96	44.24	2,742.88
63	0.1500	250.72	37.61	2,369.43
64	0.1500	213.11	31.97	2,046.08
65	0.2500	181.14	45.29	2,943.85
66	0.2500	135.85	33.96	2,241.36
67	1.0000	101.89	101.89	6,826.63
			1,000.00	59,110.14

59,110.14 / 1,000 = 59

Sample Calculation for Pilots

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
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Schedule SB, Line 22 — Description of Weighted Average Retirement Age

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Retirement Age (1)	*Assumed Rate (2)*	*Participants At Beginning (3)*	*Participants Retiring: (2)x(3) (4)*	*(1)*(4) (5)*
55	0.0300	1,000.00	30.00	1,650.00
56	0.0300	970.00	29.10	1,629.60
57	0.0300	940.90	28.23	1,609.11
58	0.0300	912.67	27.38	1,588.04
59	0.0300	885.29	26.56	1,567.04
60	0.1200	858.73	103.05	6,183.00
61	0.0300	755.68	22.67	1,382.87
62	0.0750	733.01	54.98	3,408.76
63	0.0750	678.03	50.85	3,203.55
64	0.0750	627.18	47.04	3,010.56
65	1.0000	580.14	580.14	37,709.10
			1,000.00	62,941.63

62,941.63 / 1,000 = 63

Sample Calculation of Retirement Age for All Other Employees

Retirement Age (1)	*Assumed Rate (2)*	*Participants At Beginning (3)*	*Participants Retiring: (2)x(3) (4)*	*(1)*(4) (5)*
55	0.0500	1,000.00	50.00	2,750.00
56	0.0500	950.00	47.50	2,660.00
57	0.0500	902.50	45.13	2,572.41
58	0.0500	857.37	42.87	2,486.46
59	0.0500	814.50	40.73	2,403.07
60	0.0500	773.77	38.69	2,321.40
61	0.0500	735.08	36.75	2,241.75
62	0.1000	698.33	69.83	4,329.46
63	0.1000	628.50	62.85	3,959.55
64	0.1000	565.65	56.57	3,620.48
65	0.2000	509.08	101.82	6,618.30
66	0.3000	407.26	122.18	8,063.88
67	0.5000	285.08	142.54	9,550.18
68	0.5000	142.54	71.27	4,846.36
69	1.0000	71.27	71.27	4,917.63
			1,000.00	63,340.93

63,340.93 / 1,000 = 63

Total Population Weighted Average Retirement Age: 62

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

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
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Schedule SB, Line 24 — Change in Assumptions

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

1. The interest crediting rate for PAF balances was updated to 2.87% from 3.30%.

2. For Pilots, the assumed years of service until promotion to the rank of Captain was updated from 15 years to 16 years, and the assumed rank upon retirement was shifted from 100% Captain to 90% Captain / 10% First Officer. The pilot termination decrements were updated based on experience review during 2016.

3. Assumed administrative expenses were changed from $60,000,000 in 2016 to $64,000,000 in 2017.

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
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Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

Actuarial Assumptions and Methods

Economic Assumptions

Interest rate basis:

► Applicable month	September 2016
► Yield curve basis	3-segment rates

Interest rates:	Reflecting Corridors	Not Reflecting Corridors
► First segment rate	4.16%	1.52%
► Second segment rate	5.72%	3.80%
► Third segment rate	6.48%	4.79%
► Effective interest rate	6.01%	4.25%

Annual rates of increase

► Compensation:	
• Non-Pilots	4.50%
• Pilots (annual increase)	3.00%
• Pilots (increase upon promotion from First Officer to Captain after 16 years of service)	40.00%
► Future Social Security wage bases	3.75%
► Statutory limits on compensation	N/A
► Portable Account Formula Interest Crediting Rate	2.87%

Demographic Assumptions

Healthy Mortality	Separate rates for non-annuitants (based on RP-2000 “Employees” table without collar or amount adjustment, projected to 2032 using Scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2024 using Scale AA).

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
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Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

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Termination

Rates varying by age, service and employment type

Representative Termination Rates

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

Pilots	
Age	*Rate*
25	1.00%
40	0.80%
45	0.40%
50	0.60%
55	0.00%

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

Disability

Rates varying by age

Pilots

None

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

Disability mortality

Separate rates for non-annuitants (based on RP-2000 “Employees” table without collar or amount adjustments, projected to 2032 using Scale AA) and annuitants (based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2024 using Scale AA).

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
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Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

Retirement

Rates varying by age, service and employment type

Full-Time Management

Age	*< 25 yrs of svc*	*≥ 25 yrs of svc*
55	5.00%	20.00%
56	5.00%	30.00%
57-58	5.00%	15.00%
59-61	5.00%	10.00%
62-64	10.00%	15.00%
65	20.00%	25.00%
66	30.00%	25.00%
67-68	50.00%	100.00%
69+	100.00%	100.00%

Pilots

Age	*Rate*
55-59	3.00%
60	12.00%
61	3.00%
62-64	7.50%
65+	100.00%

All Others

Age	*Rate*
55-61	5.00%
62-64	10.00%
65	20.00%
66	30.00%
67-68	50.00%
69+	100.00%

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
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Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

Benefit commencement date for deferred vested and actives	Non-PAF Benefits The later of age 63 and current age. For participants who terminated prior to 1992 and for pilots, the later of age 60 or current age. 90% of Pilots are assumed to retire as Captains, with the remaining 10% of the Pilot population assumed to retire as First Officers. PAF Benefits Assumed to commence immediately.
Form of payment	Non-PAF Benefits 100% of single participants elect a life annuity 30% of married participants elect a life annuity 70% of married participants elect a 50% joint and survivor annuity Actuarial Equivalence as defined by the UPS Retirement Plan is used to convert to optional forms of payment (when applicable) PAF Benefits 100% assumed to elect a lump sum Actuarial Equivalence as defined by the UPS Retirement Plan is used to convert to optional forms of payment (when applicable)
Percent married	75%
Spouse age	Wife 3 years younger than husband
Plan compensation	Estimated plan compensation for 2017 and future years: ▶ For participants not in the Management Incentive Plan, (MIP/IMIP) prior year actual pensionable earnings, increased by 4.50%. ▶ For participants in the MIP/IMIP, base pay as of January 1, 2017 plus long-term estimate of MIP/IMIP performance incentive awards (including ownership incentive awards), based on individual MIP/IMIP performance award targets (limited by the legacy MIP percentages defined by the plan). MIP awards in the near term reflect current expectations.
Administrative expenses	$64,000,000
Benefit offsets	Estimated benefits from other pension plans to which UPS contributes are offset for employees who have prior service in United Parcel Service, Inc. New York and United Parcel Service, Inc. Ohio. Where sufficient data does not exist, the benefit offset is assumed to be $0. In all such cases, total benefit service is used to calculate Retirement Plan benefits.
Service accruals	Part-time employees (other than those accruing Portable Account Formula benefits) are assumed to earn 0.7 years of benefit service per year based upon review of historical hours.

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
EIN: 95-1732075/PN: 001
Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

Assumptions Rationale - Significant Economic Assumptions

PAF Interest Credit Rate	The plan credits interest to cash balance accounts using the 30-year Treasury rate for the month of August preceding the applicable plan year, with a minimum interest credit rate of 2.50%. Our long term estimate of the 30-year Treasury rate is 2.87%, based on guidance from UPS to reflect linkage to the year-end discount rate used for company financial reporting. The rate was determined as the maximum of the 2.50% minimum interest crediting rate and the UPS Retirement Plan discount rate as of December 31, 2016 less 150bps. The 150bps spread is a long-term assumption and was chosen based on the combination of the Willis Towers Watson capital market assumed normative spread between 30-year corporate Aa bonds and the 30-year Treasury rate and the additional spread between the Retirement Plan discount rate chosen and a comparable corporate bond index rate. This assumption will remain consistent from year-to-year unless financial indicators are significantly different.
Rates of increase in:	
• Compensation	Assumed compensation increases are based on a combination of assumed future (i) cost-of-living increases (CPI), (ii) productivity increases and (iii) promotional increases. CPI increases assumed are as described below. Productivity increases are consistent with the assumed real increases in NAW described below (i.e., increases in assumed NAW less increases in assumed CPI). A flat rate of 4.5% is assumed. This assumption is comprised of three components: assumed inflation (CPI) of 2.75%, real wage growth of 1% to 1.25% and merit/promotion increases of 0.5% to 0.75%. Assumed compensation increases are reviewed annually by Willis Towers Watson and UPS. Actual compensation increases are reviewed annually and compared to the assumed increase of 4.5% (total compensation for non-MIP participants and base compensation for MIP participants). Generally, increases for the total population have been in line with the assumption. However, there are years where losses or gains result from increases different than expected. Some of these losses or gains are driven by economic factors such as changes in hours worked for the hourly non-union population. Despite these losses or gains, UPS's long-term expectation of merit/promotional and overall compensation increases remains at 0.5% to 0.75% and 4.5% annually, respectively. Non-union participants may be eligible for the Management Incentive Plan (MIP/IMIP) in addition to base compensation. For those eligible for these payments, future payouts are assumed to be made as a percentage of target payout based on past experience and an expectation from the company about future payments. For union participants with pay-related benefits (pilots), annual compensation increase assumptions are linked to increases negotiated in the current collective bargaining agreements. This is an annual increase of 3.0%.

	In addition, for pilots, a 40% increase in compensation is assumed upon reaching 16 years of service. This is the assumed duration for a pilot to be promoted from First Officer to Captain. Both the 16 year service period and the 40% increase have been determined based upon a review of experience for pilots from 2012 through 2014 and plan sponsor expectations. The resulting compensation increase assumptions are composite rates that reflect both current conditions and future expectations.
• National average wages (NAW) (e.g., Social Security wage bases)	The National Average Wage (NAW) increase assumption is used to project the Social Security Wage Base (SSWB) and Social Security Primary Insurance Amounts (SSPIA) to future dates. For certain UPS Retirement Plan participants, their benefits are integrated with Social Security via either the SSWB or the SSPIA. The assumed NAW of 3.75% is based on assumed CPI as shown above, plus assumed increases in real wages (the portion of GDP increases that becomes part of wages). Such assumed future increases in real wages are based on forecasts by economists, a combination of historical averages and a combination of recent rates and an expectation that future rates will be higher than current rates. The NAW assumed increases are consistent with those reflected in the non-union compensation increase assumption.
• CPI	The assumed CPI increase of 2.75% is reviewed annually and set based on Willis Towers Watson's annual capital market assumptions. The October 1, 2016 Willis Towers Watson capital market assumptions (neutral model) indicate that the normative, nominal price inflation is expected to be 2.5%. In addition, the 20-year average annual rate of projected price inflation is 2.80%. These price inflation indicators have been consistent in the Towers Watson neutral model back to January 1, 2012 (ranging from 2.69% to 2.80%). As these indicators change, UPS and Willis Towers Watson assess the need to potentially change the inflation assumption. The practice has been to leave this assumption consistent from year-to-year unless financial indicators are significantly different. In addition, the inflation (CPI) assumption is used implicitly in the determination of the NAW increase assumption, non-union compensation increase assumption, and PAF interest crediting rate assumption.

Plan-related expenses	As required by regulations, plan-related expenses are calculated by estimating the expenses to be paid from the trust during the coming year (including, for example, expected PBGC premiums and actuarial, accounting, legal, administration and trustee fees to be paid from the trust).

Assumptions Rationale – Significant Demographic Assumptions

Healthy Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
Disabled Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
Termination	Termination rates were based on an experience study conducted in 2012, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.
Disability	Disability rates were based on an experience study conducted in 2012. Annual consideration is given to whether any conditions have changed that would be expected to produce different results in the future.
Retirement	Retirement rates were based on an experience study conducted in 2012 and were further updated in 2014 based on additional experience during 2012 and 2013 and updated future participant behavior expectations. Annual consideration is given to whether any conditions have changed that would be expected to produce different results in the future.
Form of payment and percent married	The combined percent married and form of payment assumptions were based on an experience study conducted in 2012.

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
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Schedule SB, Part V — Statement of Actuarial Assumptions and Methods

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year
Actuarial value of assets	Market value of assets
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued. Willis Towers Watson has reviewed the plan provisions with UPS and is not aware of any significant benefits that should have been valued and were not.

Change in Methods and Assumptions Since Prior Year

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

The interest crediting rate for PAF balances was updated to 2.87% from 3.30%.

For Pilots, the assumed years of service until promotion to the rank of Captain was updated from 15 years to 16 years, and the assumed rank upon retirement was shifted from 100% Captain to 90% Captain / 10% First Officer. The Pilot termination decrements were updated based on experience review during 2016.

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

Assumed administrative expenses were changed from $60,000,000 in 2016 to $64,000,000 in 2017.

Data Sources

Willis Towers Watson used asset data supplied by UPS. UPS furnished participant data as of January 1, 2017 and the dates and amounts of the contributions paid in 2017. Data were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the company, the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date. Assumptions and estimates were made by Willis Towers Watson actuaries when data was not available, and UPS confirmed the appropriateness of these assumptions and estimates. Willis Towers Watson is not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
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Schedule SB, Line 26 — Schedule of Active Participant Data

		Completed Years of Benefit Service										
Attained Age		**<1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 & up**	**Total**
Under 25	Count	430	6,235	291								6,956
	Average Earnings	25,856	30,742	39,182								30,793
25 to 29	Count	300	5,484	3,201	383							9,368
	Average Earnings	31,749	39,267	47,565	58,857							42,663
30 to 34	Count	188	2,977	2,584	3,310	301						9,360
	Average Earnings	35,848	45,489	55,500	64,049	72,153						55,480
35 to 39	Count	217	2,297	1,648	2,801	2,681	142					9,786
	Average Earnings	41,606	50,220	60,582	68,629	80,307	97,717					65,975
40 to 44	Count	185	1,782	1,358	1,798	2,485	1,739	88				9,435
	Average Earnings	45,004	52,590	66,555	74,953	81,510	92,498	111,984				74,240
45 to 49	Count	176	1,672	1,598	1,816	2,304	2,212	2,683	141			12,602
	Average Earnings	43,600	55,172	73,845	82,267	90,506	96,724	110,833	116,986			87,578
50 to 54	Count	174	1,241	1,181	1,578	2,035	1,762	3,367	2,606	61		14,005
	Average Earnings	42,254	52,855	70,776	77,738	91,640	112,933	117,489	125,620	130,996		99,652
55 to 59	Count	127	799	662	1,258	1,551	1,206	1,495	1,306	695	46	9,145
	Average Earnings	37,210	51,812	55,981	69,308	82,099	108,851	124,350	120,692	130,725	110,515	94,964
60 to 64	Count	59	390	348	721	800	469	635	195	237	133	3,987
	Average Earnings	36,693	46,105	54,247	62,326	77,084	94,306	138,540	94,993	101,076	123,534	84,459
65 to 69	Count	19	98	102	233	201	90	68	21	17	21	870
	Average Earnings		42,435	46,747	61,329	64,074	78,971	90,908	88,807		117,843	64,186
70 & up	Count	7	28	30	59	68	18	10	1		1	222
	Average Earnings		38,817	36,125	41,548	48,006						43,211
Total	Total Count	1,882	23,003	13,003	13,957	12,426	7,638	8,346	4,270	1,010	201	85,736
	Total Average Earnings	35,799	42,341	58,500	70,393	83,674	100,957	117,835	122,228	123,178	119,534	72,888

Average Age: **42.8** **Average Service:** **13.0**

All monetary amounts shown in US Dollars

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
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Schedule SB, Line 26 — Schedule of Active Participant Data

		Completed Years of Benefit Service										
Attained Age		**<1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 & up**	**Total**
Under 25	Count	426	6,234	291								6,951
	Average PAF Balance	736	2,594	7,052								2,667
25 to 29	Count	293	5,474	3,067	102							8,936
	Average PAF Balance	998	3,671	9,740	15,000							5,795
30 to 34	Count	179	2,820	2,210	603	10						5,822
	Average PAF Balance	1,086	4,108	13,076	16,908							8,776
35 to 39	Count	143	1,906	1,194	365	121						3,729
	Average PAF Balance	1,340	4,635	15,645	17,822	22,893						9,917
40 to 44	Count	115	1,382	845	186	113	57					2,698
	Average PAF Balance	1,537	4,865	15,988	18,334	22,170	29,847					10,388
45 to 49	Count	94	1,153	748	145	78	77	38				2,333
	Average PAF Balance	1,465	4,802	17,272	18,391	21,681	30,760	34,094				11,409
50 to 54	Count	102	848	597	90	37	34	35	7			1,750
	Average PAF Balance	1,754	5,150	18,635	16,646	23,194	26,074	33,111				11,595
55 to 59	Count	58	544	401	70	16	9	13	3	1		1,115
	Average PAF Balance	1,668	6,349	18,527	18,346							12,304
60 to 64	Count	19	270	221	25	4	5	2		1		547
	Average PAF Balance		6,221	21,157	17,113							13,123
65 to 69	Count	11	55	69	4	1		1				141
	Average PAF Balance		5,882	21,123								13,562
70 & up	Count	1	16	16			1					34
	Average PAF Balance											11,532
Total	Total Count	1,441	20,702	9,659	1,590	380	183	89	10	2		34,056
	Total Average PAF Balance	1,130	3,809	13,556	17,352	22,550	29,280	34,774				7,533

Average Age: 42.8 **Average Service: 13.0**

Average PAF balance amount based on balances greater than zero.

All monetary amounts shown in US Dollars

ATTACHMENT TO 2017 FORM 5500, SCHEDULE SB
UPS RETIREMENT PLAN
EIN: 95-1732075/PN: 001
Schedule SB, Part V — Summary of Plan Provisions

1. Applicable to UPS Grandfathered and RPA Participants

Plan Provisions

Covered Employees	Employees of adopting employers who were hired, rehired or transferred into the Retirement Plan prior to January 1, 2008, provided they are not currently accruing benefits under any other non-governmental pension or profit sharing plan (except the UPS Savings Plan) to which UPS makes contributions; and further provided that they are not covered by a collective bargaining agreement unless the agreement provides for coverage under the UPS Retirement Plan.
Participation Date	All Predecessor Plan participants on December 31, 1975 who are employees on January 1, 1976 become plan participants on January 1, 1976. All other employees become eligible to participate immediately following attainment of age 21 and completion of a 12-month period of employment during which 750 hours of service are completed.

Definitions

Vesting service	One year for each calendar year in which an employee completes 750 hours of service.
Benefit service	One year for each calendar year in which an employee completes at least 1,500 hours of service. Partial credit is given if at least 125 hours of service are completed.
Alternative points	For Grandfathered Participants, 20 points per year of benefit service. For non-Grandfathered Participants, benefit service prior to January 1, 2001, 20 points per year of benefit service. For benefit service on or after January 1, 2001, see the attached schedule.
Alternative-Plus points	For Grandfathered Participants, 5 points per year of benefit service. For non-Grandfathered Participants, benefit service prior to January 1, 2001, 5 points per year of benefit service. For benefit service on or after January 1, 2001, see the attached schedule.
Integrated points	For Grandfathered Participants, 12 points per year of benefit service. For non-Grandfathered Participants, benefit service prior to January 1, 2001, 12 points per year of benefit service. For benefit service on or after January 1, 2001, see the attached schedule.
Integrated-Plus points	For Grandfathered Participants, 4 points per year of benefit service. For non-Grandfathered Participants, benefit service prior to January 1, 2001, 4 points per year of benefit service. For benefit service on or after January 1, 2001, see the attached schedule.

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Schedule SB, Part V — Summary of Plan Provisions

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 eligible MIP compensation, limited as required by Section 401(a)(17) of the Internal Revenue Code. Eligible MIP compensation is equal to MIP/IMIP ownership incentive awards plus MIP/IMIP performance incentive awards times the legacy MIP percentage. Legacy MIP percentage is defined for each job group as the current MIP/IMIP target over the legacy MIP/IMIP target (prior to inclusion of long-term incentives). MIP/IMIP awards considered include value of the restricted stock unit portion of the award even if not vested.
Final average earnings	The average of the highest five consecutive calendar years of compensation during the ten-year period ending on the earlier of the participant's termination date or date of death or plan termination date.
Grandfathered Participant	A participant who performed an hour of service as an employee on or before December 31, 2000 and was employed by an employer who adopted the plan on or before December 31, 2000.
Social Security benefit	The estimated Primary Insurance Amount payable at the age at which unreduced Primary Insurance Amounts are available under the Social Security Act in effect on the earlier of his normal retirement date or the date of termination, assuming in the case of early retirement or termination before normal retirement date that compensation continued unchanged until normal retirement date.
Normal retirement date (NRD)	First of month coinciding with or next following the attainment of age 65 with five years of vesting service or participation. If a participant prior to January 1, 1989, first of the month coinciding with or next following the attainment of age 65.
Actuarial Equivalence	6% and 1983 Group Annuity Mortality (GAM): male table for participants; female table for beneficiaries. Grandfathered participants receive a protected minimum conversion factor based on form of payment.
Pension benefit	For Grandfathered Participants, larger of (1), (2), (3) and (4). Otherwise, the larger of (3) and (4). (1) 58.33% of final average earnings (FAE) less 58.33% of the Social Security benefit (SSB), reduced proportionately for years of benefit service less than 35. (2) 2% of final average earnings up to: (a) $48,000 if year of birth is 1957 or later (b) $54,000 if year of birth is 1951 to 1956 (c) $60,000 if year of birth is 1950 or earlier Plus 0.5% of final average earnings in excess of the above breakpoints; multiplied by benefit service up to 35 years. (3) Alternative Points multiplied by 1% of final average earnings up to $48,000 plus Alternative-Plus Points multiplied by 1% of final average earnings in excess of $48,000, with the result divided by 10

(4) Integrated Points multiplied by 1% of final average earnings plus Integrated-Plus Points multiplied by 1% of final average earnings in excess of the Social Security wage base, with the result divided by 10

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

Eligibility for Benefits

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

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Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD.
Early retirement	Pension benefit for formulas (1) and (2) is reduced by ¼% (3% annually) for each month that retirement precedes age 65. If participant has 25 years of benefit service at date of early retirement, pension benefit determined under formula (1) is reduced by ¼% (3% annually) for each month that retirement precedes age 60, and the pension benefit determined under formula (2) is unreduced. Pension benefit for formulas (3) and (4) is reduced ½% (6% annually) for each month that retirement precedes age 65. If participant has at least 20 but less than 25 years of benefit service at date of early retirement, pension benefit under formulas (3) and (4) is reduced ¼% (3% annually) for each month that retirement precedes age 65. If participant has 25 years of benefit service at date of early retirement, pension benefit under formula (3) is unreduced and the pension benefit under formula (4) is reduced ¼% (3% annually) for each month that retirement precedes age 60.
Postponed retirement	Pension benefit determined as of actual retirement date.
Disability retirement	Disability benefit, provided no benefit is payable from the plan while the participant is receiving short or long term disability.
Termination with deferred vested benefit	Generally, pension benefit determined as of termination date, reduced by ½% (6% annually) for each month that payment begins before age 65.
Death with preretirement spouse benefits	Preretirement spouse benefit is payable to eligible surviving spouse.

Other Plan Provisions

Forms of payment	Actuarially equivalent 50% joint and survivor annuity if married on date payments commence; life annuity if single. Lump sum if present value is less than $5,000. Optional forms (actuarial equivalent to normal form): ▸ 10-year certain and continuous annuity ▸ 100% joint and survivor annuity ▸ 75% joint and survivor annuity ▸ Life annuity if married
Maximum on benefits and pay	All benefits and compensation for any calendar year may not exceed the maximum limitation for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.

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Changes in Benefits Valued Since Prior Year

None.

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UPS Retirement Plan RPA Account Balance Formulas — Points Schedule Applicable to Non-Grandfathered Participants

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

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

2. Applicable to Freight participants (including Grandfathered Overnite)

Plan Provisions

Covered Employees	All employees of UPS Ground Freight, Inc. and any affiliated company that adopts the plan who were hired, rehired or transferred into the Retirement Plan prior to January 1, 2008, except: ▸ Employees covered by a collective bargaining agreement ▸ Employees currently accruing benefits under any other non-governmental pension or profit sharing plan (except the UPS Savings Plan) to which UPS makes contributions. ▸ Any person while assigned to the company's Special Services Division (SSD) or OMC Logistics who first became an employee on or after September 1, 2002, or who was rehired on/after September 1, 2002 without retaining credit for prior vesting and credited service ▸ Employees who are classified as "work at home customer service employees" ▸ Any leased employee ▸ Any non-resident alien who is not receiving U.S. pay from the company
Participation Date	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.

Definitions

Vesting service	For service on and after January 1, 2006, vesting service is calculated as described for non-Freight (RPA) participants. Service prior to January 1, 2006 is calculated in accordance with the prior plan.
Benefit service	For service on and after January 1, 2006, benefit service is calculated as described for non-Freight (RPA) participants. Service prior to January 1, 2006 is calculated in accordance with the prior plan. Benefit service is limited to an overall cap of 30 years.
Grandfathered Overnite participant	A participant in the Overnite Retirement Plan on December 31, 2005.
Compensation	Compensation on and after January 1, 2006 is determined as described for non-Freight (RPA) participants. Compensation pay prior to January 1, 2006 is calculated in accordance with the prior plan.
Final average pay	Final average pay on and after January 1, 2006 is determined as described for non-Freight (RPA) participants. Final average pay for determination dates prior to January 1, 2006 is calculated in accordance with the prior plan.

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 or an optional form factor determined by an interest rate of 7% and the UP 1984 Unisex Pension Mortality Table.
Pension benefit	1.725% of final average earnings multiplied by benefit service up to 30 years
Preretirement spouse benefit	Same as non-Freight (RPA) participants.
Disability benefit	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. For participants who become disabled before eligibility for early or normal retirement but after July 1, 2006: ▸ If not eligible for Long Term Disability (LTD), $9.60 per month times benefit service up to 30 years, payable until the participant's early retirement date at which time the participant receives an early retirement benefit. ▸ If eligible for LTD, they will continue to accrue benefit service to the earlier of their normal retirement date and the date at which they recover from disability. All other employees receive an early retirement benefit accrued on the date of disability. 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.

Eligibility for Benefits

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

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Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD
Early retirement	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. If participant has 30 years of benefit service at date of early retirement, pension benefit is unreduced. 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.
Postponed retirement	Pension benefit determined as of actual retirement date
Disability retirement	Disability benefit, provided no benefit is payable from the plan while the participant is receiving short or long term disability.
Termination with deferred vested benefit	Pension benefit determined as of termination date is payable beginning at Normal Retirement Date. May commence as early as age 55 if completed 10 years of vesting service. Reduction in benefit for early commencement the same as the Early retirement benefit above.
Death with preretirement spouse benefits	Preretirement spouse benefit is payable to eligible surviving spouse.

Other Plan Provisions

Forms of payment	Actuarially equivalent 50% joint and survivor annuity if married on date payments commence; life annuity if single. Lump sum if present value is less than $5,000. Optional forms (actuarial equivalent to normal form): ▸ 50% joint and survivor annuity (non-spouse beneficiary) ▸ 100% joint and survivor annuity ▸ 75% joint and survivor annuity ▸ Social Security level Income at age 62 or age 65 (only available to grandfathered participants) Disabled retirees prior to July 1, 2006 are not eligible for the 100% joint and survivor annuity or the Social Security level income options.
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

None.

3. Applicable to Grandfathered Motor Cargo

Plan Provisions	
Covered Employees	All prior employees of Motor Cargo who were hired, rehired or transferred into the Retirement Plan prior to January 1, 2008 except: ▸ Any leased employee ▸ Any "reclassified" employee (independent contractors and outsourced employees) ▸ Any employee covered by a collective bargaining agreement Motor Cargo Distribution Services has not adopted the plan.
Participation Date	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.
Definitions	
Vesting service	For service on and after January 1, 2006, vesting service is calculated as described for non-Freight (RPA) participants. Service prior to January 1, 2006 is calculated in accordance with the prior plan.
Benefit service	For service on and after January 1, 2006, benefit service is calculated as described for non-Freight (RPA) participants. Service prior to January 1, 2006 is calculated in accordance with the prior plan. Benefit service is subject to all overall maximum of 30 years. However, once a participant reaches 30 years in total including service with Motor Cargo and service as a UPS employee, future years of service as a UPS employee will replace years of service earned as a Motor Cargo employee.
Compensation	Compensation on and after January 1, 2006 is determined as described for non-Freight (RPA) participants.
Final average earnings	The average of the highest five consecutive calendar years of compensation during the ten-year period ending on the earlier of the participant's termination date or date of death or plan termination date.
Grandfathered Motor Cargo participant	A participant in the Motor Cargo Pension Plan on December 31, 2005 unless subject to a collective bargaining agreement.
Normal retirement date (NRD)	For a grandfathered Motor Cargo participant, first of month coinciding with or next following the attainment of age 65. 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.

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Actuarial Equivalence	6% and 1983 Group Annuity Mortality (GAM): male table for participants; female table for beneficiaries. Grandfathered Motor Cargo participants receive the greater of the above or an optional form factor determined by an interest rate of 8% and the UP 1984 Unisex Pension Mortality Table.
Pension benefit	Sum of (1), (2) and (3): (1) Accrued benefit as of December 31, 1988; (2) For service after 1988 and before 2006: Monthly amount per year of benefit service, based

Hours of service in a plan year	Monthly benefit
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

(3) 1.725% of final average earnings multiplied by benefit service earned after 2005.

Total benefit service is limited to 30 years, as described above in benefit service.

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	For participants who become disabled before eligibility for early or normal retirement but on or before June 30, 2006, disability benefit is 55% of the vested accrued benefit. For participants who become disabled before eligibility for early or normal retirement but after July 1, 2006: ▸ If not eligible for LTD, $9.60 per month times benefit service up to 30 years, payable until the participant's early retirement date at which time the participant receives an early retirement benefit. ▸ If eligible for LTD, they will continue to accrue benefit service to the earlier of their normal retirement date and the date at which they recover from disability. All other employees receive an early retirement benefit accrued on the date of disability. 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.

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

Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD
Early retirement	Pension benefit for formulas (1) and (2) is reduced by 0.375% (4.5% annually) for each month that retirement precedes age 65. Pension benefit for formula (3) is reduced as follows: ▸ Attained age 55, but not 60 with less than 30 years of benefit service, pension benefit is reduced by 0.4167% (5% annually) for each month prior to 65. ▸ Attained age 55, but not 60 with at least 30 years of benefit service, pension benefit is unreduced. ▸ Attained age 60, with less than 25 years of benefit service, pension benefit is reduced by 0.25% (3% annually) for each month prior to 65. ▸ Attained age 60, with at least 25 years of benefit service, pension benefit is unreduced.
Postponed retirement	Pension benefit determined as of actual retirement date
Disability retirement	Disability benefit, provided no benefit is payable from the plan while the participant is receiving short or long term disability.
Termination with deferred vested benefit	Pension benefit determined as of termination date is payable beginning at NRD. May commence as early as age 55. Pension benefit for formulas (1) and (2) reduced by 0.375% (4.5% annually) for each month that retirement precedes age 65. Pension benefit for formula (3) is reduced by 0.4167% (5% annually) for each month that payment begins before age 65.

Death	Preretirement spouse benefit is payable to eligible surviving spouse. Regular death benefit is payable to beneficiary. The regular death benefit is first offset by the value of the preretirement spouse benefit. The remaining amount, if any, is payable to the participant's beneficiary.

Other Plan Provisions

Forms of payment	Actuarially equivalent 50% joint and survivor annuity if married on date payments commence; life annuity if single. Lump sum if present value is less than $5,000. Optional forms (actuarial equivalent to normal form): ► 5-year certain and continuous annuity ► 10-year certain and continuous annuity ► 50% or 75% joint and survivor annuity (non-spouse beneficiary) ► 100% joint and survivor annuity
Maximum on benefits and pay	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

None.

4. Applicable to Pilots

Plan Provisions	
Covered Employees	Employed as a crewmember (i.e., flight engineer, second officer, first officer or captain) and represented by the Independent Pilots Association (IPA), and not covered by any other UPS-sponsored defined benefit plan
Participation Date	If crewmember was (a) an eligible employee on seniority list on March 17, 1998 and (b) age 21 with one vesting year as of March 17, 1998, participation date is March 17, 1998. For all others, participation date is the January 1 or July 1 following attainment of age 21 and completion of one vesting year.
Definitions	
Vesting year	First 12 months of employment (if crewmember completes 750 hours of service), or a calendar year in which crewmember completes 750 hours of service. Vesting years are counted from initial hire date with UPS.
Normal retirement date (NRD)	Attainment of age 60 and one vesting year
Actuarial Equivalence	7% and 1983 Group Annuity Mortality (GAM) : male table for participants; female table for beneficiaries.
Compensation	Compensation reported on Form W-2, including any amounts deferred under Sections 125, 129 or 401(k) of the Internal Revenue Code (IRC). Limited each year by the annual compensation limit.
Annual compensation limit	Compensation is limited to the minimum of $300,000 and the IRS pay limit for qualified plans
Final average earnings (FAE)	Average of highest five completed calendar years of compensation in last ten complete calendar years of covered employment. For postponed retirement, FAE is the greater of FAE as if retired at age 60 or FAE at postponed retirement date.
Service credit	Service is credited under the plan for covered employment after 1987. For plan years prior to January 1, 2004, eligible participants will be credited with a full year of service for each calendar year in which he or she worked at least one hour in Covered Employment. For plan years beginning on or after January 1, 2004, years and months of service credit will be determined according to the following schedule:

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

Eligibility for Benefits

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

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Benefits Paid Upon the Following Events

Normal retirement	1.0% of final average earnings times years and months of service credit (maximum 30 years). For participants reaching their Normal Retirement Age prior to January 1, 2022, their Normal Retirement benefit will not be less than a dollar amount equal to (1) times (2): (1) $4,000 if highest rank attained is Captain; $3,200 if highest rank attained is First Officer, Flight Engineer or Second Officer (2) Years and months of service credit (maximum 30 years) For participants who terminate during the calendar year of 2020, the multipliers in (1) increase to $4,100 for Captains and $3,280 for all others. For participants who terminate on or after January 1, 2021, the multipliers in (1) increase to $4,200 for Captains and $3,360 for all others.
Early retirement	Same benefit as for normal retirement, based on final average earnings and service credit at early retirement. Benefit is actuarially reduced if benefits commence prior to normal retirement.
Postponed retirement	Same benefit as for normal retirement but using service credit at actual termination. The FAE used is the greater of FAE at actual retirement or FAE at age 60.
Death with preretirement spouse benefit	Benefit payable to surviving spouse equal to 50% of benefit that would have been payable to the participant, assuming the participant terminated on his date of death and commenced benefits in the form of a 50% joint and survivor annuity.
Disability	Benefit payable is same as for normal retirement except: ▸ Service accrues after disability as if participant remained in active employment until normal retirement date (or early retirement date, if elected). Accrual ceases if participant obtains other gainful employment, recovers from disability or retires. ▸ FAE is based on compensation paid during active employment prior to becoming disabled.
Termination with deferred vested benefit	Same benefit as for normal retirement, based on final average earnings and service credit at termination. Benefit is actuarially reduced if benefits commence prior to normal retirement.

Other Plan Provisions

Forms of payment	Actuarially equivalent 50% joint and survivor annuity if married on date payments commence; life annuity if single. Optional forms (actuarial equivalent to normal form): ▸ Single life annuity (for married participants) ▸ 50%, 66⅔%, 75% and 100% joint and survivor annuity ▸ Life annuity with certain period (5, 10, 15 or 20 years) ▸ Level income option at age 62 or age 65

Changes in Benefits Valued Since Prior Year

Effective January 1, 2017, the minimum benefit multipliers for Pilots have been updated through January 1, 2022.

5. Applicable to Portable Account Formula (PAF) participants

Plan Provisions

Covered Employees	Eligible employees (excluding pilots) hired, rehired or transferred into the Retirement Plan after December 31, 2007 and before July 1, 2016. As of July, 1 2016, the UPS Retirement Plan was closed to new entrants (aside from Pilots).
Participation Date	Immediate upon hire, rehire or transfer.

Definitions

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

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

Groups A and B are defined in the attached exhibit.

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

Eligibility for Benefits

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

Other Plan Provisions

Forms of payment	Lump sum or actuarially equivalent 50% joint and survivor annuity if married on date payments commence; actuarially equivalent life annuity if single. Optional forms (actuarial equivalent to normal form): ► 10-year certain and continuous annuity ► 75% joint and survivor annuity ► 100% joint and survivor annuity ► Life annuity if married
Maximum on benefits and pay	All benefits and compensation for any calendar year may not exceed the maximum limitation for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective.

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As of July 1, 2016, the UPS Retirement Plan was closed to new entrants (aside from Pilots).

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

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department 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

2017

This Form is Open to Public Inspection

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

▶ **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 RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

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: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2017

2 Assets:

a Market value	**2a**	19,383,991,130
b Actuarial value	**2b**	19,383,991,130

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	37,224	8,168,587,799	8,168,587,799
b For terminated vested participants	51,633	1,869,337,275	1,869,337,275
c For active participants	85,736	6,422,212,210	7,688,987,715
d Total	174,593	16,460,137,284	17,726,912,789

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**	6.01%
6 Target normal cost	**6**	524,120,508

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

TH — Signature of actuary

10/2/18 — Date

TIMOTHY HOPPIN, F.S.A., E.A. — Type or print name of actuary

1707404 — Most recent enrollment number

TOWERS WATSON DELAWARE INC. — Firm name

404-224-5000 — Telephone number (including area code)

FIVE CONCOURSE PARKWAY SUITE 1800

ATLANTA GA 30328 — 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 [ ]

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)	2,341,635,590	2,139,773,729
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	335,000,000	0
9	Amount remaining (line 7 minus line 8)	2,006,635,590	2,139,773,729
10	Interest on line 9 using prior year's actual return of 6.16%	123,608,752	131,810,062
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		1,247,820,362
	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 6.20%		56,594,862
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		20,636,000
	c Total available at beginning of current plan year to add to prefunding balance		1,325,051,224
	d Portion of (c) to be added to prefunding balance		800,632,765
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	2,130,244,342	3,072,216,556

Part III Funding Percentages

14	Funding target attainment percentage	14	80.00%
15	Adjusted funding target attainment percentage	15	109.34%
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	96.28%
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
12/19/2017	3,000,000,000				
			Totals ► 18(b)	3,000,000,000	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	2,835,432,511

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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:	2nd segment:	3rd segment:	☐ N/A, full yield curve used
4.16 %	5.72 %	6.48%	

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	62

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**	524,120,508
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**	524,120,508

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	360,000,000	0	360,000,000

36 Additional cash requirement (line 34 minus line 35)	**36**	164,120,508
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	2,835,432,511
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	**38a**	2,671,312,003
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	360,000,000
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**	0
43 Excess installment acceleration amount to be carried over to future plan years	**43**	0

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	United Parcel Service of America, INC.
EIN/PN	95-1732075/001
Plan Name	UPS Retirement Plan
Valuation Date	January 1, 2017
Enrolled Actuary	Timothy Hoppin
Enrollment Number	17-07404

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, subject to the following conditions:

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.

UPS Retirement Plan

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

Financial Statements as of and for the
Years Ended December 31, 2017 and 2016,
Supplemental Schedule as of December 31, 2017,
and Independent Auditors' Report

UPS RETIREMENT PLAN

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

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191 Peachtree Street NE
Suite 2000
Atlanta, GA 30303-1943
USA

Tel: +1 404 631 2000
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
the UPS Retirement Plan:

We have audited the accompanying financial statements of the UPS Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2017 and 2016, 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 controls 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 auditors' 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.

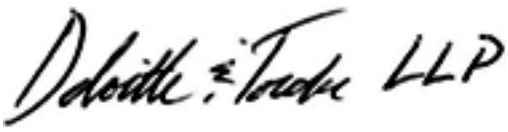
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the UPS Retirement Plan's net assets available for benefits as of December 31, 2017, and the changes therein for the year then ended and its financial status as of December 31, 2016, and the changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2017, 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 audits 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.



October 9, 2018

UPS RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PENSION BENEFITS
AS OF DECEMBER 31, 2017 AND 2016
(In millions)

	2017	2016
ASSETS:		
Investments—at fair value:		
Plan interest in the UPS Master Trust	$21,307	$18,551
Investments held outside the UPS Master Trust	3,001	58
Assets held in 401(h) account	183	15
Total investments	24,491	18,624
Interest and dividends	1	-
Contributions receivable	-	325
Pension Benefit Guaranty Corporation Premium receivable	2	12
Total assets	24,494	18,961
LIABILITIES—Amounts related to obligation of 401(h) account	183	15
NET ASSETS AVAILABLE FOR PENSION BENEFITS	$24,311	$18,946

See notes to financial statements.

UPS RETIREMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PENSION BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In millions)

	2017	2016
NET ASSETS AVAILABLE FOR PENSION BENEFITS—Beginning of year	$18,946	$18,060
ADDITIONS:		
Employer contributions	3,500	975
Change in the Plan's interest in UPS Master Trust	2,721	1,091
Total additions	6,221	2,066
DEDUCTIONS:		
Benefits paid to Plan beneficiaries	789	1,126
Administrative expenses:		
Fees and commissions	3	2
Insurance premiums to Pension Benefit Guaranty Corporation	64	52
Total deductions	856	1,180
NET INCREASE (DECREASE)	5,365	886
NET ASSETS AVAILABLE FOR PENSION BENEFITS—End of year	$24,311	$18,946

See notes to financial statements.

1. DESCRIPTION OF THE PLAN

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

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

Contributions—Contributions to the Plan are made by UPS. UPS' funding policy is to contribute amounts that will at least satisfy the minimum funding requirements of ERISA, but do not exceed the maximum tax-deductible requirements of the Internal Revenue Code (IRC) as provided by the Plan's independent actuary. In accordance with this funding policy, UPS contributed $3,500 million and $975 million to the Plan for the years ended December 31, 2017 and 2016, respectively. The 2016 amount included $325 million remitted on March 1, 2017 and is shown as contributions receivable in the statements of net assets available for benefits. UPS met the minimum funding requirements of ERISA for the years ended December 31, 2017 and 2016.

Closed Plan—The Plan was closed to new non-union participants effective July 1, 2016. The Company amended the UPS 401(k) Savings Plan so that employees who previously would have been eligible for participation in the Plan will, in addition to current benefits under the UPS 401(k) Savings Plan, begin receiving a UPS Retirement Contribution. For employees eligible to receive the retirement contribution, UPS will generally contribute 3% to 8% of eligible pay to the UPS 401(k) Savings Plan based on years of vesting service and business unit. Contributions will be made annually in cash to the accounts of participants who are employed on December 31 of each calendar year and become vested after the employee reaches three complete years of service from their original employment date.

On June 23, 2017, the Plan was amended to reflect the freeze in benefit accruals under the Plan effective January 1, 2023. The Company amended the UPS 401(k) Savings Plan so that non-union employees who currently participate in the UPS Retirement Plan will, in addition to current benefits under the UPS 401(k) Savings Plan, earn a UPS Retirement Contribution beginning January 1, 2023. UPS will contribute 5% to 8% of eligible compensation to the UPS 401(k) Savings Plan based on years of vesting service. The amendment also provides for transition contributions for certain participants.

Pilots—There are approximately 2,700 pilots covered by the Plan who are employed under a collective bargaining agreement with the Independent Pilots Association (IPA), which became amendable at the end of 2011. On August 31, 2016, the IPA members voted to

ratify a new five-year labor contract. Terms of the agreement became effective September 1, 2016, and run through September 1, 2021. Plan benefits have been increased by the new agreement for pilot terminations occurring after June 1, 2016.

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

	Final Average Compensation Formula	**Pilots**	**Portable Account Formula**
Eligibility for Participation	• Hired before January 1, 2008 • At least 21 years old • Completed at least 750 paid hours of service during the first 12 months of hire or during any calendar year thereafter	• January 1 or July 1 following attainment of age 21 • Completion of one vesting year	• All eligible employees, except pilots, hired, rehired, or newly eligible on or after January 1, 2008, but before July 1, 2016.
Benefits and Vesting			
Normal Retirement	• Benefits commence at age 65 • Benefits are based upon years of service, age, and final average earnings • Single life as well as joint and survivor annuity options are available	• Benefits commence at age 65 • Benefits are based upon rank, years of service, age, and final average earnings • Single life as well as joint and survivor annuity options are available	• Benefits commence at age 65. • Participants receive annual compensation and interest credits while a participant in the Plan. • Annual compensation credits are a percentage of pensionable pay based on the sum of the participant's age plus vesting service.

	Final Average Compensation Formula	Pilots	Portable Account Formula
Normal Retirement (Continued)			• The interest credit percentage is the annual rate of interest on the 30-year treasury securities for the month of August preceding the applicable Plan year, but not less than 2.5% per year. • Participants can take the PAF balance as a single lump sum or actuarially equivalent annuity.
Early Retirement for Active Participants	• Benefits are available at a reduced rate dependent upon the number of years of service and the actual age of the participant at retirement	• Benefits are available at a reduced rate dependent upon the number of years of service and the actual age of the participant at retirement	• Benefits are available to terminated employees as a lump sum or as an annuity. The annuity is determined by converting the PAF balance to the applicable single or joint annuity option.

	Final Average Compensation Formula	Pilots	Portable Account Formula
Early Retirement for Terminated Deferred	• Benefits are determined as of termination date and are reduced by a certain percentage for each full or partial year that payments begin prior to Normal Retirement Age	• Benefits are determined as of termination date and are reduced by a certain percentage for each full or partial year that payments begin prior to Normal Retirement Age	• PAF balances are determined as of the end of each Plan year or at benefit commencement date, whichever is earlier. Compensation credit and interest credit is granted in the termination year, as applicable. Additionally, interest credit is granted in subsequent years if the benefit is not distributed to the participant.

	Final Average Compensation Formula	Pilots	Portable Account Formula
Disability	• For vested participants not covered under another UPS-sponsored disability plan, disability benefits are as follows: A. For disabilities occurring before eligibility for normal retirement, the benefit is $9.60 per month times the number of years of benefit service to a maximum of 30 years and is payable until the disabled participant reaches normal retirement date, elects an early retirement benefit, or dies. B. For disabilities occurring after eligibility for normal retirement, the normal retirement benefit is paid instead of the disability benefit.	• The Plan does not provide a disability benefit for this group A. Service accrues after disability as if participant remained in active employment until normal retirement date (or early retirement date, if elected). Accrual ceases if participant obtains other gainful employment, recovers from disability, or retires. B. Final average earnings are based on compensation paid during active employment prior to becoming disabled.	• The Plan does not provide a disability benefit for this group

	Final Average Compensation Formula	Pilots	Portable Account Formula
Preretirement Death Benefit	• 50% of the benefit that would have been payable to the spouse or domestic partner, assuming early retirement on the date of death or earliest retirement date if later and election of a 50% joint and survivor benefit	• 50% of the benefit that would have been payable to the spouse, assuming early retirement on the date of death or earliest retirement date if later and election of a 50% joint and survivor benefit	• The surviving spouse or domestic partner will be entitled to receive the PAF balance as a single lump sum or actuarially equivalent life annuity based on the surviving spouse's age at commencement
Vesting	• Completion of five years of service	• Completion of one vesting year	• Completion of three years of service

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

Lump Sum Distribution—During the fourth quarter of 2016, certain plan participants and surviving spouses were offered the option to receive a one-time payment of their vested benefit. Approximately 9,300 participants accepted this option, accelerating $414 million in benefit payments during 2016 while reducing the number of participants who are due future payments from the plan.

401(h) Account—The Plan was amended on January 1, 1976, to include a medical benefit component in addition to the normal retirement benefits to fund a portion of the postretirement obligation for retirees and their beneficiaries in accordance with Section 401(h) of the Internal Revenue Code ("IRC"). A separate account has been established and maintained in the Plan for the net assets related to the medical benefit component ("401(h) account"). The related obligations for health and welfare benefits are not included in this Plan's obligations, but are reflected as obligations in the financial statements of the UPS Retired Employees Health Care Plan. Plan participants reimburse the 401(h) account for certain health and welfare benefits received, which are not covered under the Plan. Participant reimbursements to the 401(h) account were $7.8 million and $6.5 million in 2017 and 2016, respectively. Certain of the Plan's net assets are restricted to fund a portion of postretirement health benefits for retirees and their beneficiaries in accordance with IRC Section 401(h).

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Master Trust—As of December 31, 2017 and 2016, the majority of the Plan's investment assets are held in trust accounts 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 is reported based on certain assumptions 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 values are based on unobservable inputs that are not corroborated by observable market data and are thus classified as Level 3. Investments that do not have a readily determinable fair value, but which provide a net asset value ("NAV") (or its equivalent) developed consistent with Financial Accounting Standards Board ("FASB") measurement principles as of December 31, are valued using NAV as a practical expedient. These investments are not classified in Levels 1, 2, or 3 of the fair value hierarchy, but are included in the totals in the tables shown in Note 7. Purchases and sales are recorded on a trade-date basis. Interest is recorded on an 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, 2017, subsequent events were evaluated through October 9, 2018, the date the financial statements were available to be issued. Management has determined that there are no reportable subsequent events.

New Accounting Standards—In February 2017, the FASB issued Accounting Standards Update (ASU) 2017-06, Employee Benefit Plan Master Trust Reporting. The amendments in this ASU remove the requirement to disclose the percentage interest in the master trust for plans with divided interests and requires that all plans disclose the dollar amount of their interest in each of those general types of investments. This supplements the existing requirement to disclose the master trust's balances in each general type of investment. In addition, the ASU requires the disclosure of the master trust's other asset and liability balances and the dollar amount of the plan's interest in each of those balances. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Plan elected to early adopt ASU No. 2017-06 as of December 31, 2017, as permitted, and applied the provisions retrospectively, as required. The Plan presents the investment disclosures required by this new guidance in Note 5. There are no effects on the statements of net assets available for plan benefits or the changes therein.

3. PLAN TERMINATION

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

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

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

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

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

4. ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees

who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated plan benefits.

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

The significant actuarial assumptions used in the valuations as of December 31, 2017 and 2016, are as follows:

	2017	**2016**
Mortality	The RP-2014 healthy no collar mortality table with MP-2016 mortality improvements after 2007 assuming the long-term rate of mortality improvement phases down to 0.5% by 2022.	The RP-2014 healthy no-collar mortality table with MP-2016 mortality improvements after 2007 assuming the long-term rate of mortality improvement phases down to 0.5% by 2022.
Discount rate	7.20 %	8.75 %
Average retirement age	62.4	62.4

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, 2017 and 2016, are as follows (in millions):

	2017	**2016**
Vested benefits:		
Other participants	$ 7,823	$ 5,781
Participants and/or beneficiaries currently receiving benefits	7,213	5,975
Total vested benefits	15,036	11,756
Nonvested benefits	1,229	1,201
Total actuarial present value of accumulated plan benefits	$16,265	$12,957

The changes in the actuarial present value of the Plan's accumulated plan benefits for the years ended December 31, 2017 and 2016, are as follows (in millions):

Actuarial present value of accumulated plan benefits—December 31, 2015	$12,343
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	286
Benefits paid[1]	(1,126)
Decrease in the discount period	1,074
Actuarial loss	321
Actuarial Assumption changes[2]	(120)
Plan amendments[3]	179
Actuarial present value of accumulated plan benefits—December 31, 2016	12,957
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	392
Benefits paid	(789)
Decrease in the discount period	933
Actuarial loss	212
Actuarial Assumption changes[4]	2,560
Plan amendments	-
Actuarial present value of accumulated plan benefits—December 31, 2017	$16,265

[1] Reflects 9,339 lump sum elections made as part of the December 2016 lump sum opportunity.

[2] Reflects a decrease in the interest crediting rate from 3.30% to 2.87% and update of mortality improvement scale table from modified MP-2014 to modified MP-2016.

[3] Reflects negotiated benefit increases for the IPA contract ratified in 2016.

[4] Reflects update of ASC 960 interest rate from 8.75% to 7.20%, and a decrease in the interest crediting rate from 2.87% to 2.50%.

5. INTEREST IN MASTER TRUST

As of December 31, 2017 and 2016, the majority of the Plan's investment assets are held in trust accounts at the Trustee and consist of an undivided interest in an investment account of the Master Trust, a master trust established by the Company and administered by the Trustee. Use of the Master Trust permits the commingling of trust assets with the assets of the Plan for investment and administrative purposes. Although assets of multiple plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans. The net investment income and administrative expenses are allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans.

The fair value of net assets and investments of the Master Trust at December 31, 2017 and 2016, is summarized as follows (in millions):

	2017		2016	
	Retirement Plan	Group Trust	Retirement Plan	Group Trust
Investments:				
U.S. government securities	$ 4,429	$ 7,919	$ 3,672	$ 6,364
103-12 investment entities—hedge funds	241	431	244	423
Common and collective trusts	3,137	5,610	2,234	3,871
Common and preferred stock	5,383	9,625	4,634	8,031
Corporate debt instruments	2,327	4,162	2,976	5,157
Interest-bearing cash	41	74	88	153
Derivative instruments and other investments	312	558	98	170
Partnerships, joint ventures, and real estate	4,558	8,150	3,911	6,778
Registered investment companies	861	1,539	709	1,229
Total investments	21,289	38,068	18,566	32,176
Unsettled securities transactions receivable (payable):				
Interest and dividends	42	73	45	78
Due from brokers	83	149	50	86
Accrued expenses	(1)	(1)	(1)	(1)
Derivative instruments	(33)	(59)	(37)	(64)
Other receivables	30	54	-	-
Other payables	(103)	(186)	(72)	(125)
Total unsettled securities transactions receivable (payable)	18	30	(15)	(26)
Contributions receivable		-		791
Net assets	$ 21,307	$ 38,098	$ 18,551	$ 32,941
Net assets of the Master Trust-excluding contribution receivable		$ 38,098		$ 32,150
Plan's interest in Master Trust as a percentage of the total, rounded		56 %		58 %

The net investment earnings of the Master Trust for the years ended December 31, 2017 and 2016, are summarized below (in millions):

	2017	2016
Dividend and interest income	$ 502	$ 480
Net appreciation (depreciation) in fair value of investments	4,433	1,461
Master Trust administrative expenses	(106)	(106)
Investment income of Master Trust	$4,829	$1,835
Plan's interest in investment income of Master Trust	$2,721	$1,091

6. INVESTMENTS

As of December 31, 2017 and 2016, 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 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 ask 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, certain equity instruments 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 fair value of the underlying investments of the trust fund, which was determined in accordance with the paragraph above.

Certain investments' estimated fair values are based on unobservable inputs that are not corroborated by observable market data and are thus classified as Level 3. These investments include certain corporate debt instruments.

Investments that do not have a readily determinable fair value, and which provide a NAV (or its equivalent) developed consistent with FASB measurement principles, are valued using NAV as a practical expedient. These investments are not classified in Levels 1, 2, or 3 of the fair value hierarchy, but are included in the totals in tables shown in Note 7. These investments include fixed income, hedge funds, private equity, credit and real estate. Investments in hedge funds are valued using reported NAVs as of December 31. These assets are primarily invested in a portfolio of diversified, direct investments, and funds of hedge funds. Investments in fixed income, private equity, credit and real estate are valued using fair values per the most recent partnership audited financial statements, adjusted, as appropriate, for any activity between the date of the financial reports and December 31. These assets are invested in limited partnership interests in various private equity, private debt and real estate funds. 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 any differences could be material.

Approximately $5,610 million and $3,871 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, 2017 and 2016, 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, 2017 and 2016.

The Master Trust held approximately $5,299 million and $4,171 million of its investments in limited partnership interests in various private equity, credit and real estate funds as of December 31, 2017 and 2016, 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, 2017 and 2016, unfunded commitments to such limited partnerships totaling approximately $2,546 million and $1,908 million, respectively, are expected to be contributed over the remaining investment period, typically ranging between three and six years.

The Master Trust held certain investments in limited partnership interests in various fixed income funds as of December 31, 2017 and 2016. No unfunded commitments existed with respect to fixed income funds as of December 31, 2017 and 2016.

As of December 31, 2017 and 2016, approximately $2,922 million and $2,708 million of the Master Trust investments are held in 19 and 20 hedge funds, respectively, that pursue multiple strategies to diversify risk and reduce volatility. Most of the funds require between two and 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, 2017 and 2016, unfunded commitments to such hedge funds totaling approximately $0 million and $5 million, respectively, are expected to be contributed over the remaining investment period, typically ranging between two and four years.

As of December 31, 2017 and 2016, none of the Master Trust's investments represented 5% or more of total Master Trust net assets available for benefits.

As of December 31, 2017 and 2016, approximately $3,001 and $58 million, respectively, of Plan assets were held outside of the Master Trust. These amounts are held in interest-bearing cash.

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.

Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified as Levels 1, 2 or 3 in the below fair value hierarchy, but are included in the total.

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, 2017.

	Master Trust Assets Fair Value Measurements at December 31, 2017[2]			
	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	$ 1,635	$ -	$ -	$ 1,635
Fixed income	-	15	-	15
Global equity	2,343	-	-	2,343
International equity	2,826	-	-	2,826
Real estate	160	131	-	291
U.S. large cap	2,059	-	-	2,059
U.S. small cap	456	-	-	456
Total common and preferred stocks	9,479	146	-	9,625
Corporate debt instruments	-	4,153	9	4,162
U.S. government securities	7,539	380	-	7,919
Interest-bearing cash	23	51	-	74
Registered investment companies:				
Emerging markets	84	-	-	84
Global equity	1	-	-	1
International equity	24	-	-	24
U.S. large cap	1,429	-	-	1,429
U.S. small cap	-	-	-	-
Credit	1	-	-	1
Total registered investment companies	1,539	-	-	1,539
Collective trust funds:				
Emerging markets	-	903	-	903
Global equity	-	430		430
International equity	-	1,074	-	1,074
U.S. large cap	-	2,875	-	2,875
U.S. small cap	-	175	-	175
Hedge Funds	-	153	-	153
Total collective trust funds	-	5,610	-	5,610
Derivative instruments and other investments	21	537	-	558
Partnerships, joint ventures, and real estate:				
Fixed income	-	-	-	-
International equity	-	360	-	360
Hedge funds[1]	1	909	-	2,491
Private equity[1]	-	-	-	2,075
Credit[1]	-	245	-	1,596
Real estate[1]	-	-	-	1,628
Total partnerships, joint ventures, and real estate	1	1,514	-	8,150
103-12 investment entities—hedge funds[1]	-	-	-	431
Total investments	$18,602	$12,391	$ 9	$38,068

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, 2016.

	Master Trust Assets Fair Value Measurements at December 31, 2016[2]			
	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	$ 1,191	$ -	$ -	$ 1,191
Fixed income	-	16	-	16
Global equity	2,540	-	-	2,540
International equity	1,817	-	-	1,817
Real estate	126	140	-	266
U.S. large cap	1,779	-	-	1,779
U.S. small cap	422	-	-	422
Total common and preferred stocks	7,875	156	-	8,031
Corporate debt instruments	-	5,157	-	5,157
U.S. government securities	6,001	363	-	6,364
Interest-bearing cash	12	141	-	153
Registered investment companies:				
Emerging markets	102	-	-	102
Global equity	55	-	-	55
International Equity	292	-	-	292
U.S. large cap	780	-	-	780
U.S. small cap	-	-	-	-
Total registered investment companies	1,229	-	-	1,229
Collective trust funds:				
Emerging markets	-	165	-	165
Global Equity	-	50	-	50
International equity	-	858	-	858
U.S. large cap	-	2,646	-	2,646
U.S. small cap	-	152	-	152
Total collective trust funds	-	3,871	-	3,871
Derivative instruments and other investments	-	170	-	170
Partnerships, joint ventures, and real estate:				
Fixed income[1]	-	-	-	321
Global equity	1	-	-	1
Hedge funds[1]	-	481	-	2,285
Private equity[1]	-	-	-	1,850
Credit[1]	-	303	-	813
Real estate[1]	-	-	-	1,508
Total partnerships, joint ventures, and real estate	1	784	-	6,778
103-12 investment entities—hedge funds[1]	-	-	-	423
Total investments	$ 15,118	$ 10,642	$ -	$ 32,176

[1] Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy but are included in the category totals.

[2] The Investment Committee of the Master Trust has established and instituted the Investment Policy Statement (IPS) to implement and monitor investment strategies and/or guidelines across asset classes. The Master Trust's IPS addresses the below items such as establishing appropriate governance provisions; defining investment objectives; determining strategic asset allocation; monitoring and reporting the investments on a regular basis; appointing/dismissing investment managers, custodians, consultants, advisors; risk management (including various measures used to evaluate risk tolerance); determining/defining the mandates for investment managers; rebalancing of assets; and determining investment restrictions/prohibited investments.

Pension assets are invested in accordance with applicable laws and regulations. The primary long-term investment objectives for pension assets are to: (1) provide for a reasonable amount of long-term growth of capital given prudent levels of risk exposure while minimizing permanent loss of capital; (2) generate investment results that meet or exceed the long-term rate of return assumption for the Plan; and (3) match the duration of the liabilities and assets of the Plan to reduce the need for large employer contributions in the future. The Master Trust meets these objectives by employing investment managers who are engaged to actively manage assets within the guidelines and strategies set forth by the Investment Committee of the Master Trust. Active managers are monitored regularly and their performance is compared to applicable benchmarks.

The following table presents a roll-forward from the beginning to ending balances of the fair value measurements using significant unobservable inputs (Level 3) (in millions) for the years ended December 31, 2017 and 2016:

	Corporate Debt Instruments
Beginning balance—January 1, 2016	$ 6
Actual return on assets:	
Assets held at end of year	-
Assets sold during the year	-
Purchases	-
Sales	(1)
Settlements	-
Transfers in and/or out of level 3	(5)
Ending balance—December 31, 2016	-
Actual return on assets:	
Assets held at end of year	-
Assets sold during the year	-
Purchases	10
Sales	(1)
Settlements	-
Transfers in and/or out of level 3	-
Ending balance—December 31, 2017	$ 9

The valuation methods as described in Note 6 may produce a fair value estimate 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 prearranged 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 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, 2017 (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	$ 6	$ -	$ 6	$ -	$ (7)	$ (1)
Forward contracts	9	(4)	5	-	-	5
Futures contracts	19	-	19	-	-	19
Interest rate swaps	-	-	-	-	-	-
Securities lending	256	-	256	(261)	-	(5)
Repurchase agreements	-	-	-	-	-	-
Swaptions	2	(2)	-	-	-	-
Total financial instruments	$ 292	$ (6)	$ 286	$ (261)	$ (7)	$ 18

	(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
Credit default swaps	$ -	$ -	$ -	$ -	$ (1)	$ (1)
Forward contracts	28	(4)	24	-	(37)	(13)
Futures contracts	-	-	-	-	(5)	(5)
Interest rate swaps	1	-	1	-	-	1
Securities lending	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-
Swaptions	3	(2)	1	-	-	1
Total financial instruments	$ 32	$ (6)	$ 26	$ -	$ (43)	$ (17)

At December 31, 2017, the Master Trust held $7 million in collateral under derivative instruments and $261 million in collateral under securities lending agreements. The Master Trust pledged collateral of $43 million under derivative contracts at December 31, 2017.

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, 2016 (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	31	(16)	15	-	-	15
Futures contracts	-	-	-	-	-	-
Interest rate swaps	1	(1)	-	-	-	-
Securities lending	203	-	203	(208)	-	(5)
Repurchase agreements	-	-	-	-	-	-
Swaptions	7	(7)	-	-	-	-
Total financial instruments	$247	$(24)	$223	$(208)	$ (5)	$ 10

	(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
Credit default swaps	$ 1	$ -	$ 1	$ -	$ (1)	$ -
Forward contracts	21	(16)	5	-	(4)	1
Futures contracts	1	-	1	-	(4)	(3)
Interest rate swaps	6	(1)	5	-	-	5
Securities lending	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-
Swaptions	8	(7)	1	-	(1)	-
Total financial instruments	$ 37	$(24)	$ 13	$ -	$(10)	$ 3

At December 31, 2016, the Master Trust held $5 million in collateral under derivative instruments and $208 million in collateral under securities lending agreements. The Master Trust pledged collateral of $10 million under derivative contracts at December 31, 2016.

8. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated October 15, 2015, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. The Plan has been amended since receiving the determination letter; however, the Company and the Plan management believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC, and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2014.

9. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Plan and Master Trust investments are managed by Bank of New York Mellon. Bank of New York Mellon is the trustee as defined by the Plan, and therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for the investment management and associated trustee/custodian services were $0.8 million and $0.7 million for the years ended December 31, 2017 and 2016, respectively.

The Plan Sponsor provides accounting and administrative services to the Plan. The Company is the Plan Sponsor, and therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for administrative services were $0.5 million and $0.5 million for the years ended December 31, 2017 and 2016, respectively.

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

A reconciliation of amounts reported in the Plan's financial statements to amounts reported in the Form 5500 is required by ERISA. The following is a reconciliation of net assets available for pension benefits per the financial statements to the Form 5500 for the years ended December 31, 2017 and 2016.

	2017	2016
Net assets available for pension benefits per the financial statements	$24,311	$18,946
Net assets held in 401(h) account included as assets in the Form 5500	183	15
Net assets available for pension benefits per the Form 5500	$24,494	$18,961

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

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

	2017		
	Amounts per Financial Statements	**401(h) Account**	**Amounts per Form 5500**
Employer contributions	$3,500	$314	$3,814
Employee contributions	-	8	8
Change in the Plan's Interest in the UPS Master Trust	2,721	-	2,721
Benefits paid to Plan beneficiaries	789	145	934
Benefits paid to insurance carrier	-	3	3
Administrative expenses	67	5	72

	2016		
	Amounts per Financial Statements	**401(h) Account**	**Amounts per Form 5500**
Employer contributions	$ 975	$ 20	$ 995
Employee contributions	-	6	6
Change in the Plan's Interest in the UPS Master Trust	1,091	4	1,095
Benefits paid to Plan beneficiaries	1,126	138	1,264
Benefits paid to insurance carrier	-	2	2
Administrative expenses	54	6	60

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SUPPLEMENTAL SCHEDULE

UPS RETIREMENT PLAN

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

FORM 5500, SCHEDULE H, PART IV, LINE 4i—SCHEDULE OF ASSETS (HELD AT YEAR END)
AS OF DECEMBER 31, 2017

(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 & AGY CSH CSH MG 996085247	VAR RT 12/31/2049 DD 04/09/97	$ 3,001,374,266	$ 3,001,374,266
TOTAL INVESTMENTS HELD OUTSIDE OF MASTER TRUST		$ 3,001,374,266	$ 3,001,374,266