

ANNUAL FUNDING NOTICE  
for the  
UPS Pension Plan

Introduction

This notice includes important information about the funding status of your single employer pension plan ("the Plan"). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning January 1, 2018 and ending December 31, 2018 ("Plan Year").

How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the "funding target attainment percentage". The Plan divides its Net Plan Assets by Plan Liabilities to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan's Funding Target Attainment Percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also shows you how the percentage was calculated.

Funding Target Attainment Percentage			
	2018	2017	2016
1. Valuation Date	January 1, 2018	January 1, 2017	January 1, 2016
2. Plan Assets			
a. Total Plan Assets	\$8,286,008,948	\$7,299,877,571	\$6,335,721,263
b. Funding Standard Carryover Balance	\$0	\$0	\$0
c. Prefunding Balance	\$1,896,025,022	\$1,087,668,019	\$1,137,720,893
d. Net Plan Assets = (a) – (b) – (c)	\$6,389,983,926	\$6,212,209,552	\$5,198,000,370
3. Plan Liabilities	\$6,660,711,187	\$5,988,410,344	\$5,552,756,635
4. Funding Target Attainment Percentage = (2d)/(3)	95.93%	103.73%	93.61%

Plan Assets and Credit Balances

The chart above shows certain "credit balances" called the Funding Standard Carryover Balance and Prefunding Balance. A plan might have a credit balance, for example, if in a prior year an employer contributed money to the plan above the minimum level required by law. Generally, an employer may credit the excess money toward the minimum level of contributions required by law that it must make in future years. Plans must subtract these credit balances from Total Plan Assets to calculate their Funding Target Attainment Percentage.

Plan Liabilities

Plan Liabilities in line 3 of the chart above are estimates of the amount of assets the Plan needs on the