

Notice of Endangered Status  
for  
**UNITED PARCEL SERVICE, INC. - LOCAL 177, IBT MULTIEMPLOYER  
RETIREMENT PLAN**

To: All Participants, Beneficiaries, Participating Unions and Contributing Employers

As you may know, the Pension Protection Act of 2006 (PPA) has added requirements for measuring the financial health of multiemployer plans such as the United Parcel Service, Inc.- Local 177, IBT Multiemployer Retirement Plan (the "Fund" or "Plan").

Starting with the 2008 plan year, the PPA requires that a Pension Fund's actuary determine annually the Fund's status under these new rules and to certify that status to the IRS and the Board of Trustees as plan sponsor. It is important to note that if the Fund's status for a plan year is in "endangered" ("yellow zone") or "critical" ("red zone") status, the Trustees must notify all Plan participants in writing of this certification and take corrective action to restore the financial health of the Plan.

Yellow Zone Status

This letter serves as notice that as of March 28, 2008, our Fund's actuary determined and certified that the Fund is in "endangered" status for the 2008 plan year. This determination was made because, based on the PPA's new funding measures, the Fund is currently less than 80% funded. While "endangered" is a label that the law requires us to use, the Fund is, in fact, meeting its funding goals and is expected to continue doing so into the future.

The PPA also requires that any pension fund in the yellow zone adopt a "Funding Improvement Plan" (FIP). The FIP is an action plan, to be proposed to the bargaining parties, which based on reasonably anticipated experience and under reasonable actuarial assumptions is designed to significantly increase a plan's funding percentage and to avoid any accumulated funding deficiency. The FIP will be developed by late this fall and a notice describing it will be provided to the bargaining parties shortly after that.

Funding Improvement Plan

The Collective Bargaining Agreement (CBA) between United Parcel Service and I.B.T. Local 177 for the period from August 1, 2008 through July 31, 2013, provides that sufficient annual contributions will be made to the Fund to fund the benefits that participants are earning and we expect that the Plan's funding percentage will continue to improve, in line with the requirements of the PPA.

The Board does not expect that any other changes will be needed to meet the PPA's requirement for a FIP, while the CBA is in effect. Please note that the PPA requires that our Plan's funding

status be reviewed and certified annually and notices like this one, explaining the outcome, will be sent each year until our Plan is no longer in the “yellow zone.” Likewise, the FIP will also be updated on an annual basis. While our goal is to remain on track with the Plan’s funding schedule noted above, there are several variables beyond our control which our advisors will monitor yearly, including market volatility and changes in plan participation.

We understand that legally required notices like this one can create anxiety and concern about the Fund’s future. The Board of Trustees remains confident that the Fund will continue to provide our participants and their families with secure retirement benefits.

In the event you have questions or would like additional information, you may contact the Board of Trustees, or Jarett Hinson, Administrative Secretary of the Plan in writing at United Parcel Service, Inc.-Local 177, IBT Multiemployer Retirement Plan, 55 Glenlake Parkway, NE, Atlanta, GA 30328, by phone at (800) 643-4442, or via email at [retirementdept@ups.com](mailto:retirementdept@ups.com).

Sincerely,

The Board of Trustees

cc: US Department of Labor  
US Pension Benefit Guaranty Corporation