

think you know UPS?



think again



global infrastructure



financial services



broadest product portfolio



supply chain management

investor information

Annual Meeting

The annual meeting of shareowners will be held at 9 a.m. on Friday, May 12, 2000, at the Hotel du Pont, 11th and Market Streets, Wilmington, Delaware 19801. Shareowners of record as of March 15, 2000, are entitled to vote at the meeting.

Securities Listing

United Parcel Service, Inc. Class B shares are listed on the New York Stock Exchange under the symbol "UPS."

Transfer Agent and Registrar

Account information and transactions are managed by First Union National Bank. Please direct notices of address changes or questions regarding account status, stock transfer, lost certificates or dividend payments to the transfer agent at the following addresses:

For U.S. mail:

United Parcel Service, Inc.
c/o First Union National Bank
P.O. Box 41784
Philadelphia, PA 19101-1784

For UPS Next Day Air:

United Parcel Service, Inc.
c/o First Union National Bank
Attn: Employee Shareholder Services
123 South Broad Street
Philadelphia, PA 19109-1199

Telephone:

888-663-8325
Calls from outside the United States:
215-985-8569

All Class A shareowners can obtain the most commonly used stock transaction forms from their manager, from UPS's internal Web site, or from First Union's Web site at www.firstunion.com/ess. Class B shareowners can also access forms from First Union's Web site. Additionally, shareowners may contact First Union by mail or telephone.

Investor Relations

UPS has an active investor relations program. You can contact the investor relations department at:

United Parcel Service, Inc.
55 Glenlake Parkway, NE
Atlanta, GA 30328
800-877-1503
404-828-6059

Form 10-K

A copy of the company's report to the Securities and Exchange Commission on Form 10-K may be obtained without charge by calling or writing to the investor relations department. It is also available through the Internet at www.sec.gov, the Web site for the Securities and Exchange Commission.

UPS's Web Site

The company maintains a comprehensive Web site at www.ups.com. Investor information is available in the investor relations section of the site.

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on-line services and support



integrated information systems



providing e-commerce solutions



world class technology

Yes, we're known the world over for package delivery

but we do more

a whole lot more



U.S. OPERATIONS

Featuring the industry's broadest product portfolio and largest customer base, UPS is known for its friendly drivers and familiar brown package cars. But UPS is also a technology-savvy company that understands the movement of information as well as the movement of goods. With more PCs than delivery vehicles, and one of the world's largest cellular networks, UPS does not just understand global commerce, it's helping to define it.



INTERNATIONAL OPERATIONS

UPS offers more guaranteed products and services to more locations in the world than anyone else in the industry. Through the years, UPS has built an extensive global infrastructure – with more than 500 aircraft, over 150,000 vehicles, and facilities located throughout the world. UPS also maintains the largest in-house customs brokerage operation in the express industry. Providing service in over 200 countries and territories, UPS is poised for continued expansion in global markets – its greatest growth opportunity.



LOGISTICS AND FINANCIAL SERVICES

Businesses, large and small, understand that a re-engineered supply chain can generate cost savings, improve customer care, strengthen the balance sheet, and offer a competitive advantage. UPS provides comprehensive business solutions to customers around the world through a unique blend of logistics and financial products and services linked to the physical movement of goods and the flow of funds and information.

UPS is the world's largest integrated package delivery company, transporting more than 3 billion parcels and documents annually. It is a recognized leader in e-commerce and one of the world's premier technology companies. The strength of and trust in the UPS brand are creating new opportunities in

logistics, supply chain management, and financial services – increasing value to customers. UPS is more than a transportation company. It is positioned to be the leader in offering total solutions to customers' global commerce needs.

MORE TIME-DEFINITE DELIVERY OPTIONS THAN ANYONE ELSE

Same-day

UPS Document ExchangeSM

Secure and convenient electronic delivery of critical business documents.

UPS SonicAir[®] BestFlightSM

Guaranteed delivery coast-to-coast for any package, any size, anytime.

One-day

UPS Next Day Air Early A.M.[®]

Guaranteed delivery of packages and documents by 8 a.m.

UPS Next Day Air[®]

Fast, reliable delivery to every address in the United States and Puerto Rico.

UPS Next Day Air Saver[®]

For those important shipments requiring next-day delivery, but not required in the morning.

Two-day

UPS 2nd Day Air A.M.[®]

Guaranteed delivery by noon on the second business day.

UPS 2nd Day Air[®]

An economical alternative for time-sensitive shipments throughout the United States and Puerto Rico.

Three-day

UPS 3 Day Select[®]

Guaranteed delivery within three business days in the 48 contiguous United States.

Day-Definite Delivery

UPS Guaranteed GroundSM

A prompt, low-cost option for all routine shipments to every address in the 48 contiguous United States.

FOR SHIPPING INTO AND OUT OF THE UNITED STATES

UPS Document Exchange

Secure and convenient electronic delivery of critical business documents.

UPS SonicAir BestFlight

Fast, guaranteed service for any package, any size, anytime to more than 180 countries and territories.

UPS Worldwide Express PlusSM

Guaranteed delivery by 8:30 a.m. on the second business day to more than 163 cities in 15 countries.

UPS Worldwide ExpressSM

Guaranteed door-to-door customs-cleared delivery for urgent international shipments.

UPS Worldwide ExpeditedSM

A guaranteed alternative for packages that don't require express service, but faster than traditional air freight.

UPS 3 Day Select from Canada

Guaranteed 3-day delivery from most Canadian locations to every address in the 48 contiguous United States.

UPS Standard

Time-definite delivery of routine shipments between Canada and the United States.

FOR SHIPPING AROUND THE WORLD

UPS provides import and export service in over 200 countries and territories and domestic service in key markets around the world.

PROVIDING SUPPLY CHAIN SOLUTIONS BEYOND PACKAGE DELIVERY

UPS Logistics Group

A wholly owned subsidiary of UPS offers four key service areas:

Supply Chain Management

Develops solutions to re-engineer and manage all or parts of global supply chains.

Transportation Services

Manages transportation networks, including multi-modal freight services and dedicated contract carriage, as well as small package networks.

Service Parts LogisticsSM

Provides comprehensive services for companies outsourcing their service parts and repair networks, including critical same-day delivery services.

Supply Chain Technologies

Offers supply chain management technology integration and Roadnet Technologies' leading routing, scheduling, and dispatching software.

Financial and Other Value-added Services

These companies offer services such as consulting, call center operation, equipment leasing, and e-commerce solutions.

UPS CapitalTM

Has a portfolio of financial products including C.O.D. services, accounts receivable financing, and equipment leasing.

UPS Professional Services

Provides global management consulting delivering strategic business solutions.

UPS Business Communications Services

Offers call center services and telecommunications consulting.

UPS e-Ventures

Identifies and rapidly develops new businesses adjacent to our core business that focus on e-commerce.

UPS e-Logistics

Currently being developed, will provide comprehensive turnkey supply chain management solutions for quick launch of e-businesses.

A Best-in-Class company moving commerce in the 21st century

think UPS

UPS enables global



Gateway® long ago moved from the Iowa farmhouse in which it was founded – and is now a Fortune 250 company with over 20,000 employees worldwide. But as Gateway expanded internationally,

it needed to maintain its reputation as a trusted partner – featuring products tailored to the needs of each customer. Looking to another powerful brand, UPS, it found a partner of its own.

commerce



The global leader in the package delivery industry

think UPS

Together, Gateway and UPS created a package distribution network that transcends the traditional pickup and delivery of packages. From customized delivery operations to innovative financial products, as Gateway's brand entered every market in the world, UPS was there to help it grow.

With its vast worldwide infrastructure, broad portfolio of shipment options, and supplemental services such as customs brokerage, UPS is Gateway's primary carrier for shipments worldwide. In the United States, where UPS reaches every address, UPS reduced Gateway's reliance on more costly air delivery services by creating a custom delivery network. Three primary distribution facilities supply computer systems to the network so 96 percent of the U.S. population can receive new computers and peripherals in two days via UPS ground delivery.

UPS's Global Reach

But UPS delivers more than computer systems to customers' homes. In fact, over 80 percent of the 13 million packages delivered by UPS every day are business-to-business. That's why Gateway also chose UPS to handle the movement of parts and emergency inventory stock-outs to its production facilities worldwide. These shipments from the United States to facilities in Australia, Ireland, Japan, Malaysia, and Singapore contain everything from motherboards to monitors.

UPS technology is present throughout the Gateway production process. UPS Maxi-Code allows high speed, automated sortation, while a UPS designed optimization model allows Gateway to balance production fluctuations at all facilities.



GATEWAY DISTRIBUTION FACILITY

the UPS network connects customers

Improving Cash Flow

Making commerce work effectively takes more than moving packages from one point to another. Each of the three pillars of commerce – the movement of goods, information, and funds – must move in one seamless flow.

Recognizing this, Gateway was the first to use a service offered by UPS Capital, a financial services subsidiary, called C.O.D. Direct DepositSM. Taking funds received from collect-on-delivery shipments and depositing them directly into Gateway's account has improved cash flow on this significant amount of revenue.



● GLOBAL DELIVERY OPTIONS

As Gateway has grown into a global company, UPS has been by its side. UPS people, like Thangadurai Manickam, ensure that customers in Malaysia receive the highest level of service.

and suppliers virtually anywhere

Virtual Solutions, Real Results

In 1999, more than 200 *Gateway Country* retail outlets adopted UPS Internet Shipping.

Eliminating handwritten pickup records, the move consolidates shipping information from each location, reducing paperwork, improving billing, and increasing the efficiency with which packages flow through the UPS system.

As Gateway has blossomed into a premier brand globally, UPS has provided the wings, the wheels, and the Web sites supporting that growth.

The creation of a custom ground network allows 96 percent of the U.S. population to receive their Gateway products in two days using UPS ground delivery.

● UPS CUSTOM GROUND NETWORK



the new economy's



Whether climbing a jagged wall of granite, snowshoeing through freshly fallen snow, or setting up camp in a remote location, there is no substitute for the right equipment. Nobody understands this better than the people at PlanetOutdoors.com.™

The on-line retailers of equipment for "human-powered" outdoor activities also know that to provide their customers with the best on-line shopping experience possible, they need the right equipment.

driving force



Delivering new technologies as well as packages

think UPS

Prior to its launch, PlanetOutdoors.com developed an e-commerce strategy that included shipment tracking for its customers and manifesting capabilities that worked within its unique system and business model. With UPS it found a partner whose technology could seamlessly integrate with its own and who could deliver its product.

it takes the right technology for

Whether ordering on-line or tracking a shipment, UPS functionality is at work. Companies large and small use UPS e-commerce solutions to enhance execution in the virtual world.

ON-LINE PACKAGE TRACKING



By incorporating UPS On Line Tools™

Tracking and Electronic Manifesting into its site, PlanetOutdoors empowers its customers to track their own merchandise directly from the PlanetOutdoors Web site – minimizing the company's tracking costs while creating opportunities for customer return visits to the site. And, of course, the merchandise ordered through PlanetOutdoors.com is delivered via one of UPS's many services.

Technology For Free

By adopting an open-systems strategy, businesses large and small can easily integrate UPS functionality such as tracking, pricing, service selection, address validation, determination of transit times, flexible billing options, and customized shipping rates into their own systems. Using technology in this way allows both UPS and its customers to improve business processes, reduce costs, and enhance customer service. Nearly 40,000 customers have licensed UPS OnLine Tools to enhance their e-commerce execution.



● A GLOBAL PORTFOLIO OF SERVICES

There's more to e-commerce than delivering packages ordered on-line to customers' houses. The majority of UPS shipments are business-to-business.

e-commerce strategies to work

Over 40 percent of tracking requests received by UPS originate from customer Web sites and operations – customers like PlanetOutdoors.com.

A Place To Do Business

UPS also provides global e-commerce solutions, such as package tracking, at its own Web site, www.ups.com. With 20 percent of its activity originating outside the United States, on an average day, [ups.com](http://www.ups.com) receives more than 25 million hits, over 2 million tracking requests, and 400,000 user sessions. Providing instant access to its services in nine languages, [ups.com](http://www.ups.com) is consistently regarded as one of the most effective business Web sites on the Internet.

All About Value

In an economy where the customer truly sets the rules, those best at using technology to provide the greatest value will prevail. When it comes to understanding e-commerce and its impact in a global economy, UPS delivers.

PlanetOutdoors.com is a trademark of PlanetOutdoors.com.

To meet the unique demands of e-commerce companies, UPS has a dedicated e-commerce sales force. UPS Account Manager David Atherton (right) has worked closely with PlanetOutdoors.com CEO David Secunda in understanding the unique needs of his business.



● DEDICATED E-COMMERCE SALES FORCE

- UPS Document Exchange™
- UPS SonicAir BestFlight™
- UPS Worldwide Express Plus™
- UPS Worldwide Express™
- UPS Worldwide Expedited™
- UPS Next Day Air Early A.M.*
- UPS Next Day Air®
- UPS Next Day Air Saver®
- UPS 2nd Day Air A.M.*
- UPS 2nd Day Air®
- UPS 3 Day Select®
- UPS Ground
- UPS Standard To Canada
- UPS 3 Day Select™ From Canada
- Customs and Brokerage Services
- UPS Internet Tools™
- www.ups.com™
- UPS Document Exchange™
- UPS SonicAir BestFlight™
- UPS Worldwide Express Plus™
- UPS Worldwide Express™
- UPS Worldwide Expedited™
- UPS Next Day Air Early A.M.*
- UPS Next Day Air®
- UPS Next Day Air Saver®
- UPS 2nd Day Air A.M.*
- UPS 2nd Day Air®
- UPS 3 Day Select®
- UPS Ground
- UPS Standard To Canada

redesigning the supply



For DaimlerChrysler™ and other automakers in the aftermarket auto parts business, timely and hassle-free delivery of parts to dealers enhances customer satisfaction. By redesigning its supply chain, DaimlerChrysler believed it could gain a competitive edge. So it sought to

make its network more predictable, allowing dealers to more accurately schedule repairs and meet service commitments. Together, UPS Logistics and DaimlerChrysler's Mopar® Division have streamlined the parts distribution process, filling orders quickly and reliably.

chain



Getting goods to market better, faster, and cheaper

think UPS

Together, the UPS Logistics Group and Mopar examined the entire parts distribution network to create a comprehensive supply chain and order fulfillment solution. Their goals were to improve service, establish a single point of contact between dealers and Mopar, and simplify the delivery of referral parts for dealers.

The UPS Logistics Group is now the single point provider for processing all of Mopar's critical referral parts shipments in the United States and Mexico by managing two newly created Order Consolidation Centers. The UPS Logistics Group provides DaimlerChrysler with the most effective solution for the multi-modal transportation of parts into and out of these centers. Inventory and oversized parts are consolidated and shipped to a dealer's regional distribution center for delivery by Mopar's

Dedicated Delivery System. More critical orders are consolidated and shipped via UPS using one-day ground or air delivery service, so dealers receive their critical parts in one shipment the next day.

Dealers also benefit from the creation of a dedicated call center. Any questions regarding the shipment of critical parts can be answered by dialing one dedicated phone number.

the most efficient supply chains

Critical parts are consolidated for shipment to dealers using UPS Next Day Air Service.



PACKAGE CONSOLIDATION

Systems support

As parts are processed, so too is the information related to them. The UPS Logistics Group and Mopar created a real-time information system providing:

- The Order Consolidation Centers with a pre-alert on arriving parts;
- Mopar and dealers full supply chain visibility;
- The UPS Logistics Group the ability to automatically bill at the end of each business day.

The result has been the successful redesign of the processes in the Mopar network. More importantly, dealer satisfaction scores have risen since the new system was implemented.



GUARANTEED OVERNIGHT DELIVERY

Metro Detroit District Service Provider Robert Price delivers critical repair parts shipped via UPS Next Day Air service. As a result of redesigning their parts supply chain, DaimlerChrysler dealers are better able to manage their repair schedules.

- UPS Document Exchange™
- UPS SonicAir BestFlight™
- UPS Worldwide Express Plus™
- UPS Worldwide Express™
- UPS Worldwide Expedited™
- UPS Next Day Air Early A.M.®
- UPS Next Day Air®
- UPS Next Day Air Saver®
- UPS 2nd Day Air A.M.®
- UPS 2nd Day Air®
- UPS 3 Day Select®
- UPS Ground
- UPS Standard To Canada
- UPS 3 Day Select™ From Canada
- Customs and Brokerage Services
- UPS Internet Tools™
- www.ups.com™
- UPS Document Exchange™
- UPS SonicAir BestFlight™
- UPS Worldwide Express Plus™
- UPS Worldwide Express™
- UPS Worldwide Expedited™
- UPS Next Day Air Early A.M.®
- UPS Next Day Air®

create a competitive advantage

The Logistics Opportunity

In today's global economy, connecting a widely distributed supply chain in an efficient and strategic manner is one of the final competitive frontiers for business. UPS creates a competitive edge by providing more than transport. Whether through warehousing, inventory control, reducing cycle times, or managing cost, UPS offers a unique combination of transportation solutions through the UPS network and other modes of transportation, as well as information integration and financial services for customers of any size.

Parts of all sizes and shapes are moved from Mopar's National Parts Distribution Centers to the Order Consolidation Centers via a fleet of UPS Logistics Group dedicated vehicles.

DEDICATED CONTRACT CARRIAGE SERVICE



Mopar is a registered trademark of Chrysler Corporation. DaimlerChrysler is a trademark of Oppenheim Aktiengesellschaft.

UPS celebrates new era with IPO



listing day festivities



the closing bell

November 10, 1999

As the bell at the New York Stock Exchange rang out, signaling the start of a new trading day, it also signaled the start of a new era at UPS. After more than 92 years as a privately held company, UPS went public.

It was quite a scene as Wall Street went "brown" for a day. Market Specialists donned UPS uniforms and on the street in front of the Exchange, examples of UPS technology and equipment captivated the attention of thousands of visitors.

By the time UPS employees rang the closing bell, the company had succeeded in launching the largest initial public offering in the history of the United States. For our public market debut, UPS sold 109.4 million shares of Class B Common Stock totaling \$5.47 billion.

Letter to shareowners

March 15, 2000

To our shareowners,

For a company that has become synonymous with the changing dynamics of global commerce, it's only fitting that UPS closed the century with yet another dramatic transformation. Our decision to become a public company in 1999 certainly marked another milestone in the history of our 92-year-old company. It was a decision rooted in the long-term vision of securing our place as the world's premier enabler of global commerce.

This strategic decision was well received by our new shareowners, and resulted in one of the most successful initial public offerings in U.S. history. To all of our new shareowners, I would like to express my warmest welcome to the UPS family.

As a public enterprise, UPS will leverage our financial strength to expand our international business and pursue new opportunities in the movement of goods, information, and funds. These opportunities come with the promise of complementing and growing our core package delivery business.

I should also point out that today's changing environment is nothing new to UPS. Transformation and reinvention are a way of life for us. Since our humble beginnings in a small basement office in Seattle, UPS has refined the art of changing to keep ahead of new market realities, new competitors, new technologies, and new models for conducting business and enabling commerce.

There are certain timeless values and philosophies that define our culture at UPS. Indeed, I believe the extraordinary dedication of our people, and the strong commitments we make to our customers, shareowners,



*Jim Kelly
Chairman and
Chief Executive Officer*

letter to shareowners continued

and communities are the primary reasons we have been able to grow our business for nearly a century.

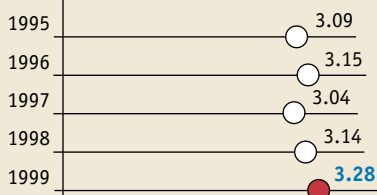
“UPS has refined the art of changing to keep ahead of new market realities.”

Our people and our values are also why we are now poised to enable our customers’ move into a new frontier of commerce as we begin the next century. At the same time, our company will perpetuate the values of broad-based employee ownership.

Our company took a bold step toward that frontier with a strong financial showing in 1999.

By all key measures, 1999 was a successful year for UPS. We experienced solid volume growth, especially in our international express services. We continued to manage our operations well in terms of service and cost, and we took aggressive steps in expanding our presence in the growing arenas of e-commerce, logistics management, and financial services.

Delivery Volume
(in billions of packages)



UPS reports results across three business segments – U.S.-domestic package operations, international package operations, and non-package operations. Revenue growth in 1999 for each of these segments increased over the previous year. Total revenue in 1999 grew 9.1 percent, to just over \$27 billion.

Our operating profit grew 29.1 percent, to \$3.99 billion. Net income was \$883 million, down from the previous year due to a second quarter charge against earnings of \$1.44 billion, the result of an adverse Tax Court decision.

In 1999, UPS delivered an average of 12.9 million packages a day to over 200 countries and territories, up 4.6 percent over 1998.

In the United States, we experienced solid growth across all product categories. Our continued success in logistics and e-commerce solutions contributed significantly to these results along with a strong holiday season where we were again the leading carrier of goods purchased over the Internet.

On the busiest day of the holiday season, our worldwide volume climbed to 18.7 million packages. Through our flexible and sound logistics network, we were able to help a number of customers cope with unexpected surges in demand, particularly those who rely heavily on Web-based orders.

UPS’s international operations also continued to surge ahead with the rapid globalization of the marketplace. Our export products experienced double-digit volume growth in 1999 and helped fuel international operating profit, which grew

to over \$250 million, compared to \$56 million the previous year.

Clearly, our international business is gaining momentum. Today, it accounts for \$3.7 billion in revenue, or about 14 percent of UPS's total revenue.

Non-package operations experienced significant improvement and financial gains. Revenue for this segment was over \$1 billion and operating profit improved to \$168 million. These are encouraging numbers for an area of the business that offers great growth opportunity, even though continued expansion will result in necessary start-up costs.

In just the past few years, profound changes have taken place in customer behavior. The end customer now enjoys the opportunity to become more informed and is better able to research and direct suppliers, and to ultimately have a strong voice in the functioning of the supply chain. It's a win-win model in which companies carry less inventory and have less capital outlay. Products get to customers faster, cash flow is maximized, and customer satisfaction increases. UPS is positioned to take advantage of all these trends.

Business-to-business e-commerce sales, in particular, have exploded from almost zero a few years ago to more than \$100 billion today, according to a study by Deloitte Consulting. Deloitte also projects that 91 percent of U.S. businesses will do their purchasing over the Internet by the end of 2001, a threefold increase from today.

This new dynamic commerce model is one that is driven by the combined forces of globalization,

Company recognition

- *Fortune magazine rates UPS as America's Most Admired in the mail, package, and freight delivery category (17 years)*
- *Fortune magazine rates UPS as World's Most Admired in the mail, package, and freight delivery category (2 years)*
- *Fortune magazine rates UPS as one of the 50 Best Companies for Asians, Blacks, and Hispanics*
- *Forbes magazine declares UPS as 1999 Company of the Year*
- *Equitrend survey ranks UPS as one of the top 10 brands of the 1990s*
- *PC Week's Fast Track 100 ranks UPS the number one "enterprise networking innovator"*

e-commerce, and integrated supply chains. It is further defined by speed, pressure to contain costs, and near-perfect service.

Through it all, UPS customers are leveraging the power of electronic connectivity. Managing information about a package along the entire supply chain is crucial in today's environment. We've

"We experienced solid volume growth, especially in our international express services."

taken several steps to make that information a productive tool for customers, including investing more than \$11 billion in information technology over the past 15 years. Innovative sorting and scanning technologies now allow UPS to capture detailed information – electronically – on about 75 percent of the packages flowing through our

Letter to shareowners continued

system each day. We expect that to increase to 90 percent by the end of the coming year.

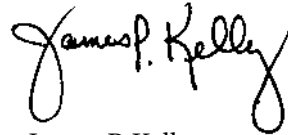
“Managing information about a package along the entire supply chain is crucial in today’s environment.”

Today, through a range of diversified businesses such as UPS Logistics Group, UPS Capital, UPS Service Parts Logistics, and UPS e-Ventures, we are able to offer our customers solutions at any point along the supply chain.

Before I close, I want to recognize an individual who had a major impact on our company. John Alden, our former vice chairman, recently concluded a 35-year career with UPS. That tenure included serving on the Management Committee for the past 14 years. During his career, John was responsible for overseeing marketing, sales, advertising, public relations, and strategic planning. John was also instrumental in the development and growth of the UPS Logistics Group.

Perhaps John will be best known as one of the main champions of the UPS brand, having introduced the first national advertising campaign to UPS nearly 20 years ago and then overseeing a host of innovative advertising and promotional initiatives, including UPS’s sponsorship of the Olympic Games. We wish John and his family the best in retirement.

Our integrated products, combined with our vast worldwide infrastructure, unmatched technology, and financial strength, create a dynamic formula for future growth. The demonstrated commitment of UPS people to meet our service, revenue, and cost goals, while they adhere to our principles of integrity, trust, and teamwork, will be what sets our company apart. These attributes will sustain and strengthen UPS’s role as we enable global commerce for our customers.

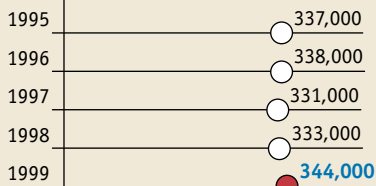


James P. Kelly

Chairman and Chief Executive Officer

Employees

(as of September 30)

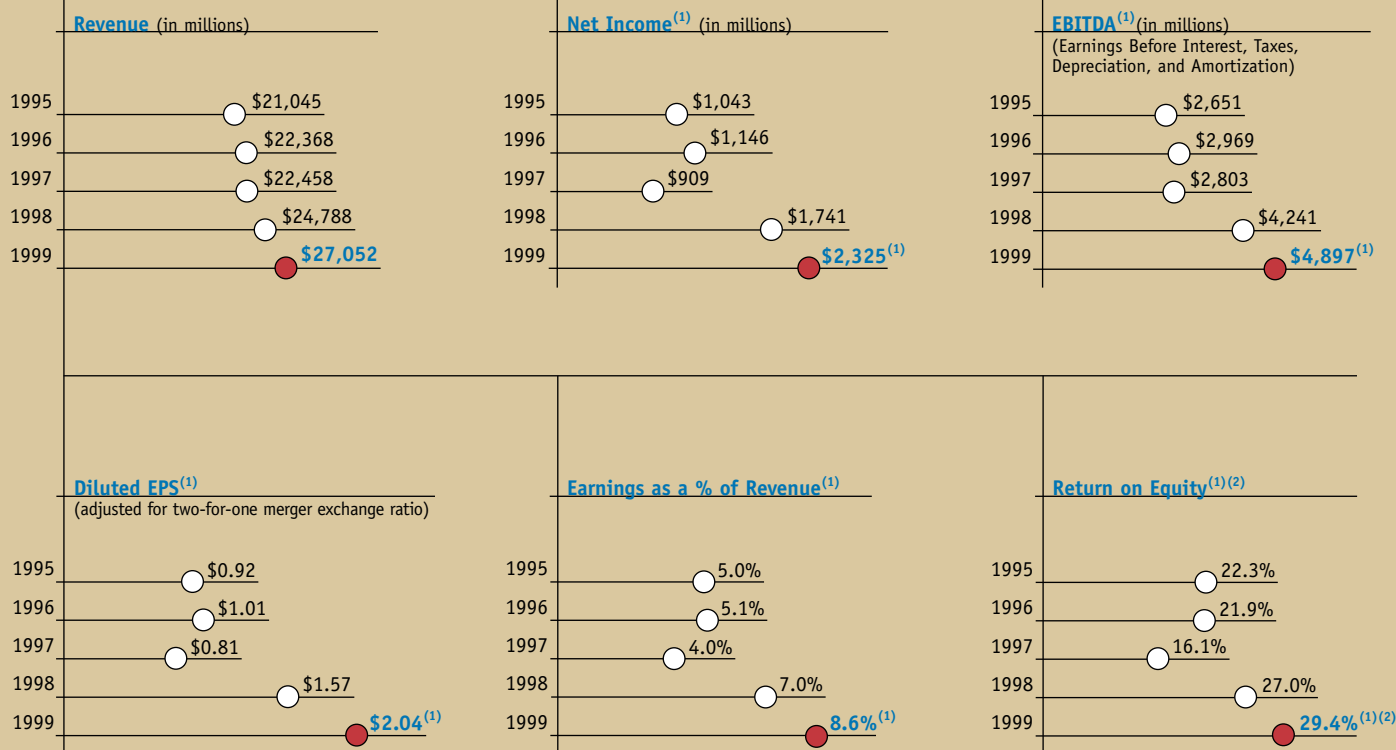


financial highlights

(in millions)	1999	1998	% Change	CAGR ⁽²⁾
Revenue	\$ 27,052	\$ 24,788	9.1%	6.7%
Operating Expenses	\$ 23,064	\$ 21,698	6.3%	5.1%
Net Income ⁽¹⁾	\$ 2,325 ⁽¹⁾	\$ 1,741	33.5%	19.8%
Assets	\$ 23,043	\$ 17,067	35.0%	-
Capital Expenditures	\$ 1,476	\$ 1,645	-10.3%	-
Long-Term Debt	\$ 1,912	\$ 2,191	-12.7%	-
Shareowners' Equity	\$ 12,474	\$ 7,173	73.9%	-

(1) Net income reported above excludes a \$1.442 billion tax assessment charge in 1999. Actual net income reported in 1999 was \$883 million.

(2) Compound Annual Growth Rate (CAGR) from 1994 to 1999.



(1) Amounts reported above exclude a \$1.442 billion tax assessment charge in 1999.

(2) Excluding \$5.266 billion net IPO proceeds in 1999.

board of directors



The directors are: (l.-r.), standing: Chuck Schaffer, Jack Rogers, Jim Kelly, Lea Soupata, Mike Eskew, Bob Clanin, Gary MacDougal, Ann Livermore, Bill Brown, Vic Pelson, Tom Weidemeyer, Bob Teeter. Sitting: Oz Nelson, John Alden, Joe Moderow.

Management Changes Announced

After 35 years of service, Vice Chairman John Alden announced his retirement from UPS and his resignation from the Board of Directors. John had served on the UPS Board of Directors since 1988.

Mike Eskew was named Executive Vice President. Formerly the head of the Engineering and Corporate Development groups, Mike has served on the UPS Board of Directors since 1998.

1999 directors

John W. Alden*
*Vice Chairman and
Senior Vice President*

William H. Brown III
*Senior Counsel to the law firm of
Schnader Harrison Segal & Lewis LLP*

Robert J. Clanin
Senior Vice President

Michael L. Eskew
Executive Vice President

James P. Kelly
Chairman and Chief Executive Officer

Ann M. Livermore
*Vice President
Hewlett-Packard Company*

Gary E. MacDougal
*Former Chairman and Chief Executive Officer
of Mark Controls Corporation*

Joseph R. Moderow
Senior Vice President

Kent C. Nelson
Former Chairman and Chief Executive Officer

Victor A. Pelson
*Senior Advisor
Warburg Dillon Read, LLC*

John W. Rogers
Former Chairman and Chief Executive Officer

Charles L. Schaffer
Senior Vice President

Lea N. Soupata
Senior Vice President

Robert M. Teeter
President of Coldwater Corporation

Thomas H. Weidemeyer
Senior Vice President

* - Retired February 2000

UPS officers

Officers and Management Committee

This committee has the responsibility for the overall day-to-day management of our business.

John J. Beystehner
*Senior Vice President
Worldwide Sales*

Robert J. Clanin
*Senior Vice President
Chief Financial Officer and Treasurer*

Calvin Darden
*Senior Vice President
U.S. Operations*

John A. Duffy
*Senior Vice President
Corporate Strategy*

Michael L. Eskew
Executive Vice President

James P. Kelly
Chairman and Chief Executive Officer

Kenneth W. Lacy
*Senior Vice President
Chief Information Officer*

Christopher D. Mahoney
*Senior Vice President
U.S. Operations*

Joseph R. Moderow
*Senior Vice President
Legal & Public Affairs and Secretary*

Joseph M. Pyne
*Senior Vice President
Corporate Development and Marketing*

Charles L. Schaffer
*Senior Vice President
Chief Operating Officer*

Lea N. Soupata
*Senior Vice President
Human Resources*

Ronald G. Wallace
*Senior Vice President and President,
International Operations*

Thomas H. Weidemeyer
*Senior Vice President
Transportation and Engineering
President, UPS Airlines*

Region Managers

Our operations are divided among regions, each headed by the following managers.

Charles A. Adams
Asia Pacific

Scott E. Corrigan
Canada

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