


**UNITED PARCEL SERVICE, INC. - LOCAL 177 I.B.T.
MULTI-EMPLOYER RETIREMENT PLAN**

May 3, 2013

To: U.S. Department of Labor
Employee Benefits Security Administration

From: Jarett Hinson 
Plan Administrator

Subject: Notice of Critical Status for United Parcel Service, Inc. – Local 177 I.B.T. Multi-Employer Retirement Plan

EIN: 131426500 PN-419

Enclosed is the 2013 Notice of Critical Status for the United Parcel Service, Inc. – Local 177 I.B.T. Multi-Employer Retirement Plan. Should you have any questions regarding the notice, please contact me at 404.828.8989. Thank you.

EBSA/PUBLIC DISCLOSURE
2013 MAY - 8 PM 4: 23

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Brian McCabe

**UNITED PARCEL SERVICE, INC. - LOCAL 177 I.B.T.
MULTI-EMPLOYER RETIREMENT PLAN**

Notice of Critical Status

for

**UNITED PARCEL SERVICE, INC. - LOCAL 177, IBT MULTI-EMPLOYER RETIREMENT
PLAN**

To: All Participants, Beneficiaries, Participating Unions and Contributing Employers of the United Parcel Service, Inc. – Local 177, I.B.T. Retirement Plan (the “Fund” or “Plan”)

As you may know, the Pension Protection Act of 2006 (PPA) has added requirements for measuring the financial health of multiemployer plans such as ours.

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 of the Plan (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 Board of Trustees must notify all plan participants in writing of this certification and take corrective action to restore the financial health of the fund.

Red Zone Status

The Fund’s actuary determined and certified as of March 29, 2013 that the Fund is in “Critical” status for the plan year beginning January 1, 2013. The Plan is considered to be in Critical status because it has funding or liquidity problems, or both. More, specifically, the Plan’s actuary determined that the Plan had a funding deficiency within four years. This means that contributions were not high enough to meet government standards for funding promised benefits plus those that participants are currently earning.

Rehabilitation Plan and Possibility of Reduction in Benefits

The PPA requires that any pension fund in the red zone adopt a “Rehabilitation Plan” designed to enable the Plan to improve its funded position to meet statutory funding requirements over time. In addition to revising the plan’s formula for future benefit accruals and making similar changes,

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the law permits pension plans in the red zone to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any Rehabilitation Plan that the Plan may adopt: pre-retirement death benefits (other than qualified joint and survivor annuities), 120-month guarantees, disability benefits not yet in pay status, and similar benefits. In November 2012, based on the advice of the Plan's actuary, the Trustees determined that no changes were required to the Rehabilitation Plan in 2012. As required by law, the Trustees will continue to watch the situation carefully and will update the Rehabilitation Plan in the future, if necessary.

If the Trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2010. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of April 30, 2010, the plan is not permitted to pay lump sum benefits or any other payment in excess of the monthly amount paid under a single life annuity while it is in critical status.

Employer Surcharge

The law requires that all contributing employers pay to the Fund a surcharge to help correct the Fund's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status, until the employer agrees to a collective bargaining agreement that implements one of the schedules in the Rehabilitation Plan.

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 Plan Administrator in writing at 55 Glenlake Parkway, N.E., Atlanta, GA 30328, or by phone at 1-800-643-4442.

Sincerely,
The Board of Trustees

cc: US Department of Labor
US Pension Benefit Guaranty Corporation

