

UNITED PARCEL SERVICE INC

Form 424B5

December 10, 2015

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Filed Pursuant to Rule 424(b)(5)  
Registration No: 333-192369

**CALCULATION OF REGISTRATION FEE**

|                                     | <b>Amount</b>     | <b>Proposed</b>       | <b>Proposed</b>       |                            |
|-------------------------------------|-------------------|-----------------------|-----------------------|----------------------------|
|                                     | <b>to be</b>      | <b>Maximum</b>        | <b>Maximum</b>        |                            |
|                                     | <b>Registered</b> | <b>Offering Price</b> | <b>Aggregate</b>      | <b>Amount of</b>           |
|                                     | <b>Registered</b> | <b>Per Unit</b>       | <b>Offering Price</b> | <b>Registration Fee(1)</b> |
| Floating Rate Senior Notes Due 2065 | \$39,582,000      | 100%                  | \$39,582,000          | \$3,985.91                 |

(1) Calculated in accordance with Rule 457(r) and Rule 456(b) of the Securities Act.

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**PROSPECTUS SUPPLEMENT**

**TO PROSPECTUS DATED NOVEMBER 15, 2013**

**\$39,582,000**

**UNITED PARCEL SERVICE, INC.**

**Floating Rate Senior Notes due 2065**

We will pay interest on the notes quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning on March 15, 2016, and on any maturity date. The interest rate on each original note was set on September 15, 2015 and will reset on March 15, June 15, September 15 and December 15 of each year, beginning on December 15, 2015, based on the 3-month LIBOR Rate less 0.30%. The stated maturity of the notes is September 15, 2065.

We have the option to redeem all or a portion of the notes beginning on September 15, 2045, at the redemption prices listed in this prospectus supplement plus accrued and unpaid interest to the redemption date.

The holders of the notes may require us to repay all or a portion of the notes on September 15 of every year, commencing September 15, 2016, through and including September 15, 2026 and thereafter on September 15 of every subsequent third year through and including September 15, 2062, at the repayment prices listed in this prospectus supplement plus accrued and unpaid interest to the repayment date.

If there is a tax event, we have the right to shorten the maturity of the notes to the extent needed so that the interest we pay on the notes will be deductible for United States Federal income tax purposes. On the new maturity date, we will pay 100% of the principal amount of the notes plus accrued and unpaid interest to the new maturity date.

The terms of the notes, other than their issue date and public offering price, will be identical to the terms of the \$57,726,000 principal amount of Floating Rate Senior Notes due 2065 offered and sold pursuant to our prospectus supplement dated September 14, 2015 and the prospectus accompanying that prospectus supplement and of the \$46,500,000 principal amount of Floating Rate Senior Notes due 2065 offered and sold pursuant to our prospectus supplement dated September 30, 2015 and the prospectus accompanying that prospectus supplement (collectively, the original notes). The notes offered by this prospectus supplement and the prospectus accompanying this prospectus supplement will have the same CUSIP number as the other notes of our series of Floating Rate Senior Notes due 2065 and will trade interchangeably with the other notes of that series immediately upon settlement. Upon consummation of this offering, the aggregate principal amount of our Floating Rate Senior Notes due 2065 will be \$143,808,000.

There is no established trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system.

*Investing in the notes involves risk. See Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference into this prospectus supplement.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.**

|                                   | Per Note | Total         |
|-----------------------------------|----------|---------------|
| Public Offering Price (1)         | 100.00%  | \$ 39,582,000 |
| Underwriting Discount             | 1.00%    | \$ 395,820    |
| Proceeds (before expenses) to UPS | 99.00%   | \$ 39,186,180 |

- (1) The public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from and including December 15, 2015 and must be paid by the purchasers if the notes are delivered after December 15, 2015.

We expect the notes to be delivered in book-entry form only through The Depository Trust Company on or about December 15, 2015.

**UBS INVESTMENT BANK**

**J.P. MORGAN**

**WELLS FARGO SECURITIES**

The date of this prospectus supplement is December 8, 2015.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus filed by us with the Securities and Exchange Commission (the "SEC"). We have not, and the underwriters have not, authorized anyone else to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer and sale is not permitted. You should not assume that the information in this prospectus supplement, the accompanying prospectus, any free writing prospectus or any document incorporated by reference is accurate as of any date other than the date of such document. Our business, financial condition, results of operations and prospects may have changed since those dates.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document has two parts. The first part consists of this prospectus supplement, which describes the specific terms of this offering and the notes offered hereby. The second part, the accompanying prospectus, provides more general information about securities which we may offer, some of which does not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Before purchasing any notes, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading "Incorporation of Certain Documents by Reference" in this prospectus supplement.

Unless otherwise indicated, all references in this prospectus supplement to "we," "our" or "UPS" refer to United Parcel Service, Inc., a Delaware corporation, and its consolidated subsidiaries.

**DESCRIPTION OF UPS**

We were founded in 1907 as a private messenger and delivery service in Seattle, Washington. Today, we are the world's largest package delivery company, a leader in the U.S. less-than-truckload industry and the premier provider of global supply chain management solutions. We deliver packages each business day for 1.6 million shipping customers to 8.2 million receivers in over 220 countries and territories. In 2014, we delivered an average of 18.0 million pieces per day worldwide, or a total of 4.6 billion packages. Total revenue in 2014 was \$58.2 billion.

We are a global leader in logistics, and we create value for our customers through solutions that lower costs, improve service and provide highly customizable supply chain control and visibility. Customers are attracted to our broad set of services that are delivered as promised through our integrated ground, air and ocean global network.

Our services and integrated network allow shippers to simplify their supply chains by using fewer carriers, and to adapt their transportation requirements and expenditures as their businesses evolve. Across our service portfolio, we also provide control and visibility of customers' inventories and supply chains via our UPS technology platform. The information flow from UPS technology drives improvements for our customers, as well as for UPS, in reliability, flexibility, productivity and efficiency.

Particularly over the last decade, we have significantly expanded the scope of our capabilities to include more than package delivery. Our logistics and distribution capabilities give companies the power to easily expand their businesses to new markets around the world. By leveraging our international infrastructure, we enable our customers to bridge time zones, cultures, distances and languages to keep the entire supply chain moving smoothly.

We serve the global market for logistics services, which include transportation, distribution, forwarding, ground freight, ocean freight and air freight, brokerage and financing. We have three reportable segments: U.S. Domestic Package, International Package and Supply Chain & Freight.

Our principal executive office is located at 55 Glenlake Parkway, N.E., Atlanta, Georgia 30328, telephone (404) 828-6000.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein include certain forward-looking statements within the meaning of the Private Securities Litigation

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Reform Act of 1995. Statements in the future tense, and all statements accompanied by terms such as believe, project, expect, estimate, assume, intend, anticipate, target, plan, and variations thereof and similar expressions are be forward-looking statements. We intend that all forward-looking statements we make will be subject to safe harbor protection of the federal securities laws pursuant to Section 27A of the Securities Act of 1933, as amended (the Securities Act ), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act ).

Our discussion and analysis in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein contain some forward-looking statements regarding our intent, belief and current expectations about our strategic direction, prospects and future results. Such statements give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made.

Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties include, but are not limited to those discussed in our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2014, which is available from the SEC. You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. We do not undertake any obligation to update forward-looking statements to reflect events, circumstances, changes in expectations, or the occurrence of unanticipated events after the date of those statements.

**USE OF PROCEEDS**

We estimate that the net proceeds to us from this offering will be approximately \$39.2 million, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds of this offering for general corporate purposes.

**RATIO OF EARNINGS TO FIXED CHARGES**

For purposes of calculating the ratio of earnings to fixed charges, earnings are defined as income before income taxes and fixed charges (excluding capitalized interest). Fixed charges include interest (whether capitalized or expensed), amortization of debt issuance costs and any discount or premium relating to any indebtedness (whether capitalized or expensed) and the portion of rent expense considered to represent interest.

The following table sets forth our consolidated ratio of earnings to fixed charges for each of the five years ended December 31, 2014 and the nine months ended September 30, 2015:

|                                    | Year Ended December 31, |       |      |       |      | Nine Months<br>Ended<br>September 30, |
|------------------------------------|-------------------------|-------|------|-------|------|---------------------------------------|
|                                    | 2010                    | 2011  | 2012 | 2013  | 2014 | 2015                                  |
| Ratio of earnings to fixed charges | 10.1x                   | 11.0x | 2.5x | 12.4x | 8.9x | 14.0x                                 |





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The table below sets forth our consolidated capitalization as of September 30, 2015 on an actual basis, as adjusted to give effect to the issuance and sale of our 500,000,000 Floating Rate Senior Notes due 2020 and 700,000,000 1.625% Senior Notes due 2025 and as further adjusted to give effect to the issuance and sale of the notes offered hereby and the application of the net proceeds from the sale of such notes. See Use of Proceeds.

You should read the table together with our consolidated financial statements and the notes thereto incorporated by reference into this prospectus supplement and the accompanying prospectus.

|   | <b>As of September 30, 2015</b> |                    |                            |
|---|---------------------------------|--------------------|----------------------------|
|   | <b>Actual</b>                   | <b>As Adjusted</b> | <b>As Further Adjusted</b> |
|   | <b>(amounts in millions)</b>    |                    |                            |
| <b>Cash and Short-Term Investments</b>                    |                                 |                    |                            |
| Cash and Cash Equivalents                                 | \$ 3,441                        | \$ 3,441           | \$ 3,480                   |
| Marketable Securities                                     | 2,248                           | 2,248              | 2,248                      |
| <br>  |                                 |                    |                            |
| Total Cash and Marketable Securities                      | \$ 5,689                        | \$ 5,689           | \$ 5,728                   |
| <b>Debt Included in Current Liabilities:</b>              |                                 |                    |                            |
| Current maturities of Long-Term Debt and Commercial Paper | \$ 4,557                        | \$ 3,276           | \$ 3,276                   |
| <b>Debt Included in Long-Term Liabilities:</b>            |                                 |                    |                            |
| Long-Term Debt, excluding Current Installments            | 10,044                          | 11,334             | 11,374                     |
| <br>  |                                 |                    |                            |
| Total Debt  | \$ 14,601                       | \$ 14,610          | \$ 14,650                  |
| Shareowners' Equity                                       | 1,948                           | 1,948              | 1,948                      |
| <br>  |                                 |                    |                            |
| Total Debt and Shareowners' Equity                        | \$ 16,549                       | \$ 16,558          | \$ 16,598                  |

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**DESCRIPTION OF THE NOTES**

We are offering \$39,582,000 aggregate principal amount of Floating Rate Senior Notes due September 15, 2065. The notes will constitute a series of senior debt securities described in the accompanying prospectus. The following description supplements and, to the extent it is inconsistent with, replaces the description of the general terms and provisions contained in "Description of the Debt Securities" in the accompanying prospectus. Any capitalized terms that are defined in the accompanying prospectus have the same meanings in this section unless a different definition appears in this section.

The notes will be issued under the indenture dated as of August 26, 2003, as supplemented from time to time, entered into with The Bank of New York Mellon Trust Company, N.A. (as successor to Citibank N.A.), as trustee. We urge you to read the indenture, because the indenture and the terms included in the notes, not the summaries below and in the accompanying prospectus, define your rights. You may obtain a copy of the indenture from us without charge. See the section entitled "Where You Can Find More Information" in the accompanying prospectus.

**General**

The notes:

will mature on September 15, 2065,

will bear interest at a rate of three-month LIBOR (as defined) minus 0.30% per annum,

will be our unsecured and unsubordinated obligations, ranking equally with our other present and future outstanding unsecured and unsubordinated indebtedness,

will be issued in registered, book-entry form only,

will be issued in U.S. dollars in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof,

will be redeemable by us prior to the stated maturity at the times and prices described herein,

will be repayable at the option of the holders prior to the stated maturity at the times and prices described herein, and

will not be subject to any sinking fund.

The notes form a part of our series of Floating Rate Senior Notes due 2065. Notes of that series were first offered and sold by means of our prospectus supplement dated September 14, 2015 and the prospectus dated November 15, 2013

accompanying that prospectus supplement and again by means of our prospectus supplement dated September 30, 2015 and the prospectus dated November 15, 2013 accompanying that prospectus supplement. The notes offered hereby will have the same terms as such other notes of that series, other than their issue date and the public offering price at which the notes are sold by this prospectus supplement and the prospectus accompanying the prospectus supplement. The notes offered by means of this prospectus supplement and the accompanying prospectus will have the same CUSIP number as the other notes of our series of Floating Rate Senior Notes due 2065 and will trade interchangeably with the other notes of that series immediately upon settlement. The issuance of the notes being offered by this prospectus supplement and the accompanying prospectus will increase the aggregate principal amount of our Floating Rate Senior Notes due 2065 to \$143,808,000. We may issue additional notes which may be of the same series as the notes as described under Further Issues.

In some circumstances, we may elect to discharge our obligations on the notes through defeasance or covenant defeasance. See Description of the Debt Securities Defeasance and Covenant Defeasance in the accompanying prospectus for more information about how we may do this.

The indenture generally does not limit our ability to incur additional debt and does not contain financial or similar restrictive covenants, except as described in the accompanying prospectus under the caption Description of Debt Securities Additional Covenants.

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**Interest**

We will pay interest on the notes quarterly in arrears on March 15, June 15, September 15 and December 15 of each year and on any maturity date (each, an interest payment date), commencing March 15, 2016 and ending on any maturity date, to the persons in whose names the notes are registered at the close of business on March 1, June 1, September 1 or December 1, as applicable (in each case, whether or not a Business Day), immediately preceding the related interest payment date; *provided, however*, that interest payable on any maturity date shall be payable to the person to whom the principal of such notes shall be payable. Interest on the notes will be computed on the basis of the actual number of days elapsed over a 360-day year.

Notwithstanding anything to the contrary in this prospectus supplement, so long as the notes are in book-entry form, we will make payments of principal and interest through the trustee to The Depository Trust Company ( DTC ).

Interest payable on any interest payment date or maturity date shall be the amount of interest accrued from, and including, the immediately preceding interest payment date in respect of which interest has been paid or duly provided for (or from and including the original issue date, if no interest has been paid or duly provided for with respect to the notes) to, but excluding, such interest payment date or maturity date, as the case may be. If any interest payment date (other than the maturity date) is not a Business Day at the relevant place of payment, we will pay interest on the next day that is a Business Day at such place of payment as if payment were made on the date such payment was due, except that if such Business Day is in the immediately succeeding calendar month, such interest payment date (other than the maturity date) shall be the immediately preceding Business Day. If the maturity date of the notes is not a Business Day at the relevant place of payment, we will pay interest, if any, and principal and premium, if any, on the next day that is a Business Day at such place of payment as if payment were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the immediately succeeding Business Day.

Business Day means any day (1) that is not a Saturday or Sunday and that is not a day on which banking institutions are authorized or obligated by law or executive order to close in The City of New York and, for any place of payment outside of The City of New York, in such place of payment, and (2) that is also a London business day, which is a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

The term maturity, when used with respect to a note, means the date on which the principal of such note or an installment of principal becomes due and payable as therein provided or as provided in the indenture, whether at the stated maturity or by declaration of acceleration, call for redemption, repayment or otherwise.

*Rate of Interest*

The interest rate on the notes will be reset quarterly on March 15, June 15, September 15 and December 15 of each year, as applicable (each, an interest reset date). The notes will bear interest at a per annum rate equal to three-month LIBOR (as defined below) for the applicable interest reset period or initial interest period (each as defined below) minus 0.30% (30 basis points); provided, that the rate shall not be less than 0.00%. The interest rate for the initial interest period will be three-month LIBOR, determined as of two London business days prior to the original issue date, minus 0.30% per annum. The initial interest period will be the period from and including the original issue date to but excluding the initial interest reset date. Thereafter, each interest reset period will be the period from and including an interest reset date to but excluding the immediately succeeding interest reset date; *provided* that the final interest reset period for the notes will be the period from and including the interest reset date immediately preceding the maturity date of such notes to but excluding the maturity date.

If any interest reset date would otherwise be a day that is not a Business Day, the interest reset date will be postponed to the immediately succeeding day that is a Business Day, except that if that Business Day is in the immediately succeeding calendar month, the interest reset date shall be the immediately preceding Business Day.

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The interest rate in effect on each day will be (i) if that day is an interest reset date, the interest rate determined as of the interest determination date (as defined below) immediately preceding such interest reset date or (ii) if that day is not an interest reset date, the interest rate determined as of the interest determination date immediately preceding the most recent interest reset date or the original issue date, as the case may be.

*Interest Rate Determination*

The interest rate applicable to each interest reset period commencing on the related interest reset date, or the original issue date in the case of the initial interest period, will be the rate determined as of the applicable interest determination date. The interest determination date will be the second London business day immediately preceding the original issue date, in the case of the initial interest reset period, or thereafter the applicable interest reset date.

The Bank of New York Mellon Trust Company, N.A., or its successor appointed by us, will act as calculation agent. Three-month LIBOR will be determined by the calculation agent as of the applicable interest determination date in accordance with the following provisions:

(i) With respect to an interest determination date, LIBOR will be the rate for deposits in U.S. dollars having a maturity of three months commencing on the interest reset date that appears on the designated LIBOR page as of approximately 11:00 a.m., London time, on that interest determination date. If no rate appears, LIBOR, in respect of that interest determination date, will be determined as follows: the calculation agent shall request the principal London offices of each of four major reference banks (which may include affiliates of the underwriters) in the London interbank market, as selected and identified by us to provide the calculation agent with its offered quotation for deposits in U.S. dollars for the period of three months, commencing on the interest reset date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that interest determination date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then LIBOR on that interest determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then LIBOR on the interest determination date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on the interest determination date by three major banks (which may include affiliates of the underwriters) in The City of New York selected and identified by us for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time; provided, however, that if the banks selected and identified by us are not providing quotations in the manner described by this sentence, LIBOR for such interest determination date will be LIBOR determined with respect to the immediately preceding interest determination date.

(ii) The designated LIBOR page is the Reuters screen LIBOR01, or any successor service for the purpose of displaying the London interbank rates of major banks for U.S. dollars. The Reuters screen LIBOR01 is the display designated as the Reuters screen LIBOR01, or such other page as may replace the Reuters screen LIBOR01 on that service or such other service or services as may be nominated for the purpose of displaying London interbank offered rates for U.S. dollar deposits by ICE Benchmark Administration Limited (IBA) or its successor or such other entity assuming the responsibility of IBA or its successor in calculating the London Interbank Offered Rate in the event IBA or its successor no longer does so.

All percentages resulting from any calculation of any interest rate for the notes will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts will be rounded to the nearest cent, with one-half cent being rounded upward. Any percentage resulting from any calculation of any interest rate for the notes less than 0.00% will be deemed to be 0.00% (or .0000).

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Promptly upon such determination, the calculation agent will notify us and the trustee (if the calculation agent is not the trustee) of the interest rate for the new interest reset period. Upon request of a holder of the notes, the calculation agent will provide to such holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next interest reset period.

All calculations made by the calculation agent for the purposes of calculating interest on the notes shall be conclusive and binding on the holders and us, absent manifest errors.

**Optional Redemption**

The notes may be redeemed at any time, at our option, in whole or in part, in amounts of \$1,000 or any multiple of \$1,000 in excess thereof, at the following redemption prices (in each case expressed as a percentage of the principal amount), if redeemed during the 12-month period beginning on September 15 of any of the following years:

| Year | Redemption Price |
|------|------------------|
| 2045 | 105.00%          |
| 2046 | 104.50%          |
| 2047 | 104.00%          |
| 2048 | 103.50%          |
| 2049 | 103.00%          |
| 2050 | 102.50%          |
| 2051 | 102.00%          |
| 2052 | 101.50%          |
| 2053 | 101.00%          |
| 2054 | 100.50%          |
| 2055 | 100.00%          |

and thereafter at 100% of the principal amount, in each case, together with any accrued and unpaid interest to the redemption date (subject to the right of holders of record on relevant record dates to receive interest due on an interest payment date).

We must mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. Unless we default in the payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions of the notes called for redemption.

In the event of any redemption of less than all the outstanding notes, the particular notes (or portions of notes in multiples of \$1,000) to be redeemed shall be selected by the trustee by the method the trustee considers fair and appropriate.



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The notes will be repayable at the option of the holder of the notes, in whole or in part, on the repayment dates and at the repayment prices (in each case expressed as a percentage of the principal amount) set forth in the following table:

| Date               | Redemption Price |
|--------------------|------------------|
| September 15, 2016 | 98.00%           |
| September 15, 2017 | 98.00%           |
| September 15, 2018 | 98.00%           |
| September 15, 2019 | 98.00%           |
| September 15, 2020 | 98.00%           |
| September 15, 2021 | 99.00%           |
| September 15, 2022 | 99.00%           |
| September 15, 2023 | 99.00%           |
| September 15, 2024 | 99.00%           |
| September 15, 2025 | 99.00%           |
| September 15, 2026 | 100.00%          |

and on September 15 of every third year thereafter at 100% of the principal amount, through and including September 15, 2062, in each case, together with any accrued and unpaid interest to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

In order for a note to be repaid, the paying agent must receive, at least 30 but not more than 60 calendar days before the optional repayment date, (1) the note with the form entitled *Option to Elect Repayment* on the reverse of the note duly completed or (2) a telegram, facsimile transmission or a letter from a member of a national securities exchange or a member of the Financial Industry Regulatory Authority, Inc. or a commercial bank or trust company in the United States which must set forth:

the name of the holder of the note;

the principal amount of the note;

the principal amount of the note to be repaid;

the certificate number or a description of the tenor and terms of the note;

a statement that the option to elect repayment is being exercised; and

a guarantee that the note is to be repaid.

These items, together with the duly completed form entitled **Option to Elect Repayment** on the reverse of the note, must be received by the paying agent not later than the fifth Business Day after the date of that telegram, facsimile transmission or letter. The repayment option may be exercised by the holder of a note for less than the entire principal amount of the note but, in that event, the principal amount of the note remaining outstanding after repayment must be in an authorized denomination.

### **Conditional Right to Shorten Maturity**

We intend to deduct interest paid on the notes for United States Federal income tax purposes. However, there have been proposed tax law changes in the past that, among other things, would have prohibited an issuer from deducting interest payments on debt instruments with a maturity of more than 40 years. While none of these proposals has become law, we cannot assure you that similar legislation affecting our ability to deduct interest paid on the notes will not be enacted in the future or that any such legislation would not have a retroactive effective date. As a result, we cannot assure you that a tax event (as defined below) will not occur.

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If a tax event occurs, we will have the right to shorten the maturity of the notes, without the consent of the holders of the notes, to the minimum extent required, in the opinion of nationally recognized independent tax counsel, so that, after shortening the maturity, interest paid on the notes will be deductible for United States Federal income tax purposes or, if that counsel cannot opine definitively as to such a minimum period, the minimum extent so required to maintain our interest deduction to the extent deductible under current law as determined in good faith by our board of directors, after receipt of an opinion of that counsel regarding the applicable legal standards. In that case, the amount payable on those notes on that new maturity date will be equal to 100% of the principal amount of those notes plus interest accrued on those notes to the date those notes mature on that new maturity date. We cannot assure you that we would not exercise our right to shorten the maturity of those notes if a tax event occurs or as to the period that the maturity would be shortened. If we elect to exercise our right to shorten the maturity of the notes when a tax event occurs, we will mail a notice to each holder of notes by first-class mail not more than 60 days after the occurrence of the tax event, stating the new maturity date of the notes. This notice shall be effective immediately upon mailing.

We believe that the notes should constitute indebtedness for United States Federal income tax purposes under current law and, in that case, an exercise of our right to shorten the maturity of the notes should not be a taxable event to holders for those purposes. Prospective investors should be aware, however, that our exercise of our right to shorten the maturity of the notes will be a taxable exchange to holders for United States Federal income tax purposes if the notes are treated as equity for United States Federal income tax purposes before the maturity is shortened, and debt after the maturity is shortened for those purposes.

Tax event means that we shall have received an opinion of nationally recognized independent tax counsel to the effect that, as a result of:

any amendment to, clarification of, or change (including any announced prospective amendment, clarification or change) in any law, or any regulation thereunder, of the United States;

any judicial decision, official administrative pronouncement, ruling, regulatory procedure, regulation, notice or announcement, including any notice or announcement of intent to adopt or promulgate any ruling, regulatory procedure or regulation (any of the foregoing, an administrative or judicial action );  
or

any amendment to, clarification of, or change in any official position with respect to, or any interpretation of, an administrative or judicial action or a law or regulation of the United States that differs from the previously generally accepted position or interpretation,

in each case, occurring on or after September 15, 2015, there is more than an insubstantial increase in the risk that interest paid by us on the notes is not, or will not be, deductible, in whole or in part, by us for United States Federal income tax purposes.

**Notes Used as Qualified Replacement Property**

Prospective investors seeking to treat the notes as qualified replacement property for purposes of section 1042 of the Internal Revenue Code of 1986, as amended (the Code ), should be aware that section 1042 requires the issuer to meet certain requirements in order for the notes to constitute qualified replacement property. In general, qualified replacement property is a security issued by a domestic operating corporation that did not, for the taxable year

preceding the taxable year in which such security was purchased, have passive investment income in excess of 25 percent of the gross receipts of such corporation for such preceding taxable year (the Passive Income Test ). For purposes of the Passive Income Test, where the issuing corporation is in control of one or more corporations or such issuing corporation is controlled by one or more other corporations, all such corporations are treated as one corporation (the Affiliated Group ) when computing the amount of passive investment income for purposes of section 1042.

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We believe that we qualify as a domestic operating corporation and that less than 25 percent of our Affiliated Group's gross receipts is passive investment income for the taxable year ended December 31, 2014. In making this determination, we have made certain assumptions and used procedures which we believe are reasonable. We cannot give any assurance as to whether we will continue to qualify as a domestic operating corporation or meet the Passive Income Test. It is, in addition, possible that the Internal Revenue Service may disagree with the manner in which we have calculated our Affiliated Group's gross receipts (including the characterization of those gross receipts) and passive investment income and the conclusions reached in this discussion. Prospective purchasers of the notes should consult with their own tax advisors with respect to these and other tax matters relating to the notes.

The notes are securities with no established trading market. No assurance can be given as to whether a trading market for the notes will develop or as to the liquidity of a trading market for the notes. The availability and liquidity of a trading market for the notes will also be affected by the degree to which purchasers treat the notes as qualified replacement property.

## **Further Issues**

We may from time to time, without notice to or the consent of the registered holders of notes, create and issue further notes ranking equally with the notes in all respects. Such further notes may be consolidated and form a single series with the notes and have the same terms as to ranking, redemption or otherwise as the notes (other than the issue date and public offering price of such further notes and, if applicable, the first payment of interest following the issue date of such further notes).

## **Book-Entry System**

Upon issuance, the notes will be issued in book-entry form through DTC. The notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Owners of beneficial interests in the notes will receive all payments relating to their debt securities in U.S. dollars. Clearstream and Euroclear may hold interests on behalf of holders of notes through the accounts that each of these systems maintains to facilitate the clearance and settlement of transactions involving the notes.

A description of DTC's procedures with respect to the notes is set forth in the section "Description of the Debt Securities Book-Entry, Delivery and Form of Debt Securities" in the accompanying prospectus.

## **Notices**

The trustee will mail notices by first class mail, postage prepaid, to each registered holder's address as it appears in the security register. The trustee will only mail these notices to the registered holder of the notes, and consequently holders of beneficial interests will not receive these notices unless we reissue the notes in fully certificated form.

## **Governing Law**

The indenture and the notes for all purposes shall be governed by and construed in accordance with the laws of the State of New York.

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**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following summary describes the material U.S. Federal income and certain estate tax consequences to you of the purchase, beneficial ownership and disposition of notes. This summary deals only with holders that purchase notes in the initial offering at the issue price (i.e., the first price at which a substantial amount of notes is sold to investors) and that hold such notes as capital assets for U.S. Federal income tax purposes. This summary is for general information only and does not address all aspects of U.S. Federal income taxation that may be important to you in light of your particular circumstances, and it does not address state, local, foreign, alternative minimum or non-income tax considerations that may be applicable to you. This summary does not apply to you if you are a member of a class of holders subject to special rules, such as:

a dealer in securities or currencies;

a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;

a bank or financial institution;

an insurance company;

a tax-exempt organization;

a person that owns notes that are a hedge or that are hedged against interest rate risks;

a person that owns notes as part of a straddle or conversion transaction for tax purposes;

a person subject to alternative minimum tax;

a U.S. holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar; or

a U.S. expatriate, controlled foreign corporation, or passive foreign investment company.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the Code), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, or subject to differing interpretations, so as to result in U.S. Federal income tax consequences different from those summarized below.

If an entity classified as a partnership for U.S. Federal income tax purposes holds our notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership holding notes or a partner in a partnership holding notes, you should consult your tax advisor as to the particular U.S. Federal income tax consequences applicable to you.

If you are considering the purchase of notes, you should consult your own tax advisor concerning the particular U.S. Federal income and estate tax consequences to you of the purchase, beneficial ownership and disposition of notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction, including any state, local or non-U.S. tax consequences.

For purposes of this summary, a U.S. holder means a beneficial owner of a note that is any of the following for U.S. Federal income tax purposes:

an individual citizen or resident of the United States;

a corporation (or other entity classified as a corporation under U.S. Federal income tax laws) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;

an estate the income of which is subject to U.S. Federal income taxation regardless of its source; or

a trust if (1) its administration is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all of its substantial decisions, or (2) it has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

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A non-U.S. holder means a beneficial owner of a note that is not a U.S. holder and not a partnership for U.S. Federal income tax purposes.

## **Tax Classification of the Notes**

As mentioned previously, we believe the notes should constitute indebtedness for U.S. Federal income tax purposes under current law. The remainder of this discussion assumes such treatment.

## **U.S. Holders**

### ***Payments of Interest***

In general, interest on the notes will be taxable to you as ordinary income at the time it is received by you or accrued, in accordance with your regular method of accounting for U.S. Federal income tax purposes.

### ***Sale, Exchange, Retirement or Other Taxable Disposition of the Notes***

On the sale, exchange, retirement or other taxable disposition of a note:

you will generally recognize taxable gain or loss equal to the difference between (i) the amount of the cash and the fair market value of any property received by you on such sale, exchange, retirement or other disposition (except to the extent the amount is attributable to accrued interest income not previously included in income, which will be taxable as ordinary income) and (ii) your adjusted tax basis in the note;

your adjusted tax basis in the note will generally be equal to your cost for the note, reduced by any principal payments you previously received in respect of the note; and

your gain or loss will generally be capital gain or loss and will be long-term capital gain or loss if you held the note for more than one year at the time of such sale, exchange, retirement or other disposition. Long-term capital gains of non-corporate taxpayers are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

### ***Additional Tax on Net Investment Income***

U.S. holders who are individuals, estates or certain trusts generally will be subject to a 3.8% tax on the lesser of (1) the U.S. person's net investment income in the case of an individual or undistributed net investment income in the case of an estate or trust, in each case for the relevant taxable year and (2) the excess of the U.S. person's modified adjusted gross income in the case of an individual or adjusted gross income in the case of an estate or trust, in each case for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's tax return filing status). A U.S. holder's net investment income will generally include any income or gain recognized by the holder with respect to the notes, unless such income or gain is derived in the ordinary course of the conduct of the holder's trade or business (other than a trade or business that consists of certain passive or trading activities).

### ***Information Reporting and Backup Withholding***



Generally, if you are a non-corporate U.S. holder, payments on a note will be subject to information reporting. In addition, a non-corporate U.S. holder may be subject to a backup withholding tax on those payments if it fails to provide its accurate taxpayer identification number to us or our paying agent in the manner required, is notified by the Internal Revenue Service (the IRS ) that it has failed to report all interest and dividends required to be shown on its U.S. Federal income tax return, or otherwise fails to comply with applicable backup

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withholding tax rules. In addition, U.S. holders may be subject to information reporting and backup withholding tax with respect to the proceeds from a sale, exchange, retirement or other taxable disposition of a note.

Any amounts withheld from payments to you under the backup withholding tax rules may be allowed as a credit against your U.S. Federal income tax liability and may entitle you to a refund, provided the required information is timely furnished to the IRS.

## **Non-U.S. Holders**

### ***U.S. Federal Withholding Tax***

Subject to the discussion below under Information Reporting and Backup Withholding and Foreign Account Tax Compliance Act (FATCA), payments of principal and stated interest on a note will not be subject to U.S. Federal withholding tax, provided that:

you do not actually (or constructively) own 10% or more of the total combined voting power of all classes of our voting stock within the meaning of the Code and applicable Treasury regulations;

such interest is not effectively connected with your conduct of a U.S. trade or business; and

either (a) you provide your name and address on an IRS Form W-8BEN or W-8BEN-E (or other applicable form), and certify, under penalties of perjury, that you are not a U.S. person or (b) you hold your notes through certain foreign intermediaries and satisfy the certification requirements of applicable Treasury regulations.

Special certification and other rules apply to certain non-U.S. holders that are entities rather than individuals.

If you cannot satisfy the requirements described above, payments of interest made to you will be subject to U.S. Federal withholding tax at a 30% rate, unless you provide us or our paying agent with a properly executed (1) IRS Form W-8BEN or W-8BEN-E (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable tax treaty or (2) IRS Form W-8ECI (or other applicable form) stating that interest paid on a note is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States (as discussed below under U.S. Federal Income Tax ).

### ***U.S. Federal Income Tax***

If you are engaged in a trade or business in the United States and interest on the notes is effectively connected with the conduct of that trade or business (and the interest is attributable to a permanent establishment maintained by you in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. tax on a net income basis), you will be subject to U.S. Federal income tax on that interest on a net income basis (although exempt from the 30% withholding tax, provided you comply with certain certification and disclosure requirements discussed above in U.S. Federal Withholding Tax ) in the same manner as if you were a U.S. holder. In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of your effectively connect earnings and profits for the taxable year, subject to certain adjustments, unless you qualify for a lower rate under an applicable income tax treaty.

Any gain (other than any portion of the gain that represents accrued interest in which case the tax rules for interest as described above would apply to such portion) realized on the sale, exchange, retirement or other taxable disposition of a note generally will not be subject to U.S. Federal income or withholding tax unless:

the gain is effectively connected with your conduct of a trade or business in the United States (and, if applicable, attributable to a permanent establishment maintained by you in the United States), in which case if you are a foreign corporation the branch profits tax described above may also apply; or

you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met.

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### ***U.S. Federal Estate Tax***

If you are an individual who at death is not a U.S. citizen or resident (as specially defined for U.S. Federal estate tax purposes), your estate will not be subject to U.S. Federal estate tax on notes beneficially owned by you at the time of your death, provided that (1) you do not actually (or constructively) own 10% or more of the total combined voting power of all classes of our voting stock within the meaning of the Code and applicable Treasury regulations, and (2) interest on those notes would not have been, if received at the time of your death, effectively connected with the conduct by you of a trade or business in the United States.

### ***Information Reporting and Backup Withholding***

The amount of interest paid to you, and the amount of any tax withheld with respect to such interest, must be reported annually to the IRS and you. Copies of the information returns reporting the amount of such interest and the amount of any tax withheld may also be made available to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty.

In general, you will not be subject to backup withholding with respect to payments of interest on a note, provided that we do not have actual knowledge or reason to know that you are a United States person, as defined under the Code, and the certification requirements described in the last bullet point under **U.S. Federal Withholding Tax** above have been met.

In general, you will be subject to information reporting, and possibly backup withholding, with respect to the proceeds of the sale of a note within the United States or conducted through certain U.S.-related financial intermediaries, unless (i) the certification requirements described above have been met and the payor does not have actual knowledge or reason to know that you are a United States person, as defined under the Code, or (ii) you otherwise establish an exemption.

Any amounts withheld from payments to you under the backup withholding tax rules may be allowed as a credit against your U.S. Federal income tax liability and may entitle you to a refund, provided the required information is timely furnished to the IRS.

### **Foreign Account Tax Compliance Act (FATCA)**

Sections 1471 through 1474 of the Code, the treasury regulations promulgated thereunder and other governmental notices with respect thereto (collectively **FATCA**) could impose a withholding tax of 30% (**FATCA Withholding**) on interest income (including any amount treated as interest for U.S. Federal income tax purposes) and other periodic payments on the notes paid to you or any non-U.S. person or entity that receives such income (a **non-U.S. payee**) on your behalf, unless you and each non-U.S. payee in the payment chain comply with the applicable information reporting, account identification, withholding, certification and other FATCA-related requirements (including any intergovernmental agreement entered into by the United States and another applicable jurisdiction to facilitate the application and implementation of FATCA (an **IGA**)). In the case of a payee that is a non-U.S. financial institution (for example, a clearing system, custodian, nominee or broker), withholding generally will not be imposed if the financial institution complies with the requirements imposed by FATCA to collect and report (to the U.S. or another relevant taxing authority) substantial information regarding such institution's U.S. account holders (which would include some account holders that are non-U.S. entities but have U.S. owners). Other payees, including individuals, may be required to provide proof of tax residence or waivers of confidentiality laws and/or, in the case of non-U.S. entities, certification or information relating to their U.S. ownership.

FATCA Withholding may be imposed at any point in a payment chain if a non-U.S. payee is not compliant with the applicable FATCA requirements. A payment chain may consist of a number of parties, including a paying agent, a clearing system, each of the clearing system's participants and a non-U.S. bank or

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broker through which you hold the notes. Accordingly, if you receive payments through a payment chain that includes one or more non-U.S. payees the payment could be subject to FATCA Withholding if any non-U.S. payee in the payment chain fails to comply with the FATCA requirements and is subject to withholding. This would be the case even if you would not otherwise have been directly subject to FATCA Withholding.

A number of countries have entered into, and other countries are expected to enter into IGAs. While the existence of an IGA will not eliminate the risk that the notes will be subject to FATCA Withholding, these agreements are expected to facilitate compliance with the FATCA requirements thereby reducing the likelihood that FATCA Withholding will occur for investors in (or investors that indirectly hold notes through financial institutions in) those countries.

FATCA Withholding could apply to all interest (including original issue discount, if any) and other periodic payments made on the notes. In addition, FATCA Withholding could apply to the gross proceeds payable upon the sale, exchange, redemption or maturity of the notes on or after January 1, 2019. Under the terms of the notes, we are not obligated to and we will not pay any additional amounts in respect of FATCA Withholding, so if FATCA Withholding applies, you will receive less than the amount that you would have otherwise received.

Depending on your circumstances, you may be entitled to a refund or credit in respect of some or all of any FATCA Withholding. However, even if you are entitled to have any such withholding refunded, the required procedures could be cumbersome and significantly delay your receipt of any withheld amounts.

You are strongly urged to consult your tax advisor regarding FATCA. You should also consult your bank or broker through which you would hold the notes about the likelihood that payments to it (for credit to you) may become subject to FATCA Withholding at some point in the payment chain.

**Table of Contents****UNDERWRITING**

We intend to offer the notes through the underwriters named below. Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters and the underwriters have severally agreed to purchase from us, the principal amount of the notes listed opposite their names below.

| <b>Underwriter</b>          | <b>Principal<br/>Amount of<br/>Notes</b> |
|-----------------------------|--|
| UBS Securities LLC          | \$ 37,272,000                            |
| J.P. Morgan Securities LLC  | 1,250,000                                |
| Wells Fargo Securities, LLC | 1,060,000                                |
| Total                       | \$ 39,582,000                            |

The underwriters have agreed to purchase all of the notes sold pursuant to the underwriting agreement if any of the notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the several underwriters may be required to make in respect of those liabilities.

The underwriters are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The expenses of the offering, not including the underwriting discount, are estimated to be \$730,000 and are payable by us.

**Commissions and Discounts**

The underwriters have advised us that they propose initially to offer the notes to the public at the public offering price on the cover page of this prospectus, and may offer the notes to dealers at that price less a concession not in excess of 0.60% of the principal amount of the notes. The underwriters may allow, and the dealers may reallow, a discount not in excess of 0.25% of the principal amount of the notes to the other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

**New Issues of Notes**

There is no established trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. We have been advised by the underwriters that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes or that active public markets for the notes will develop. If an active public trading market for the notes does not develop, the market prices and liquidity of the notes may be adversely affected.

We expect to deliver the notes against payment therefor on the fifth business day following the date of the pricing of the notes, which we refer to as T+5. Under Rule 15c6-1 of the Exchange Act, trades in the



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secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, investors who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the notes who wish to trade the notes on the date of pricing or the next succeeding business day should consult their own advisor.

## **Price Stabilization and Short Positions**

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market prices of the notes. Such transactions consist of bids or purchases to peg, fix or maintain the prices of the notes. If the underwriters create any short positions in the notes in connection with the offering, i.e., if they sell more notes than are on the cover page of this prospectus, the underwriters may reduce such short positions by purchasing notes in the open market. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the prices of the notes. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

## **Other Relationships**

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge, and certain other of those underwriter or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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**VALIDITY OF THE NOTES**

The validity of the notes will be passed upon by King & Spalding LLP. Certain legal matters relating to the notes will be passed upon for the underwriters by Gibson, Dunn & Crutcher LLP.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference into this prospectus supplement the information we file with it. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until our offering is completed; provided, however, that, other than as expressly stated herein, we are not incorporating by reference any information furnished (but not filed) under Item 2.02 or Item 7.01 of any Current Report on Form 8-K:

- (a) Annual Report on Form 10-K for the year ended December 31, 2014 (including the portions of our Proxy Statement on Schedule 14A, filed on March 24, 2015, incorporated by reference therein);
- (b) Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015, June 30, 2015 and September 30, 2015; and
- (c) Current Reports on Form 8-K and 8-K/A filed March 30, 2015, April 29, 2015 (Item 5.02 only) May 11, 2015, September 17, 2015, October 5, 2015 and November 20, 2015.

You may request a copy of these filings at no cost, by writing to or telephoning us at the following address:

United Parcel Service, Inc.  
55 Glenlake Parkway, N.E.  
Atlanta, Georgia 30328  
Attention: Corporate Secretary  
(404) 828-6000

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**PROSPECTUS**

**UNITED PARCEL SERVICE, INC.**

**DEBT SECURITIES**

**PREFERRED STOCK**

**CLASS B COMMON STOCK**

**WARRANTS**

We will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and any supplement carefully before you invest.

United Parcel Service, Inc.'s class B common stock is traded on the New York Stock Exchange under the trading symbol UPS.

We discuss risk factors relating to our company in filings we make with the Securities and Exchange Commission, including under "Risk Factors" and elsewhere in our most recently filed Annual Report on Form 10-K and in subsequent filings, which are incorporated by reference in this prospectus. The prospectus supplement relating to a particular offering of securities may discuss certain risks of investing in those securities. You should carefully consider these risk factors and risks before investing in any of our securities.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is November 15, 2013.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement we have filed with the Securities and Exchange Commission (the SEC) using a shelf registration process. Using this process, we may offer any combination of the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement and, if applicable, a pricing supplement that will describe the specific terms of the offering. The prospectus supplement and any pricing supplement may add to, update or change the information contained in this prospectus. Please carefully read this prospectus, the prospectus supplement and any applicable pricing supplement, in addition to the information contained in the documents we refer to under the heading **Where You Can Find More Information**.

Whenever references are made in this prospectus to information that will be included in a prospectus supplement, to the extent permitted by applicable law, rules or regulations, we may instead include such information or add, update or change the information contained in this prospectus by means of a post-effective amendment to the registration statement of which this prospectus is a part, through filings we make with the SEC that are incorporated by reference into this prospectus or by any other method as may then be permitted under applicable law, rules or regulations.

In this prospectus, unless otherwise specified, the terms **UPS**, **we**, **us** or **our** mean United Parcel Service, Inc. and its consolidated subsidiaries.

Unless otherwise stated, currency amounts in this prospectus and any prospectus supplement are stated in United States dollars, or \$.

**DESCRIPTION OF UPS**

We are the world's largest package delivery company, a leader in the U.S. less-than-truckload industry and the premier provider of global supply chain management solutions. We were founded in 1907 as a private messenger and delivery service in Seattle, Washington. We deliver packages each business day for 1.1 million shipping customers to 7.7 million consignees in over 220 countries and territories. In 2012, we delivered an average of 16.3 million pieces per day worldwide, or a total of 4.1 billion packages. Total revenue in 2012 was \$54.1 billion.

We are a global leader in logistics, and we create value for our customers through solutions that lower costs, improve service and provide highly customizable supply chain control and visibility. Customers are attracted to our broad set of services that are delivered as promised through our integrated ground, air and ocean global network.

Our services and integrated network allow shippers to simplify their supply chains by using fewer carriers, and to adapt their transportation requirements and expenditures as their businesses evolve. Across our service portfolio, we also provide control and visibility of customers' inventories and supply chains via our UPS technology platform. The information flow from UPS technology drives improvements for our customers, as well as for UPS, in reliability, flexibility, productivity and efficiency.

Particularly over the last decade, we have significantly expanded the scope of our capabilities to include more than package delivery. Our logistics and distribution capabilities give companies the power to easily expand their businesses to new markets around the world. By leveraging our international infrastructure, UPS enables our customers to bridge time zones, cultures, distances and languages to keep the entire supply chain moving smoothly. We serve the global market for logistics services, which include transportation, distribution, forwarding, ground,

ocean and air freight, brokerage and financing. Our technology seamlessly binds our service portfolio.

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We have three reportable segments: U.S. Domestic Package, International Package and Supply Chain & Freight. Our global small package operations provide time-definite delivery services for express letters, documents, small packages and palletized freight via air and ground services. We provide domestic delivery services within 56 countries and export services to more than 220 countries and territories around the world. We handle packages that weigh up to 150 pounds and are up to 165 inches in combined length and girth as well as palletized shipments weighing greater than 150 pounds. All our package services are supported by numerous shipping, visibility and billing technologies. The Supply Chain & Freight segment consists of our forwarding and logistics services, our UPS Freight business, and our financial offerings through UPS Capital. We manage supply chains in over 195 countries and territories, with approximately 35 million square feet of distribution space worldwide. Supply chain complexity creates demand for a global service offering that incorporates transportation, distribution and international trade and brokerage services, with financial and information services.

Our principal executive office is located at 55 Glenlake Parkway, N.E., Atlanta, Georgia 30328, telephone (404) 828-6000.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. These SEC filings are available to the public from the SEC's web site at [www.sec.gov](http://www.sec.gov) or from our web site at [www.ups.com](http://www.ups.com). However, the information on our web site does not constitute a part of this prospectus. To receive copies of public records not posted to the SEC's web site at prescribed rates, you may complete an online form at <http://www.sec.gov>, send a fax to (202) 772-9337 or submit a written request to the SEC, Office of FOIA/PA Operations, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on their public reference room.

The SEC allows us to incorporate by reference into this prospectus the information in other documents that we file with it. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference in this prospectus the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act) until all the securities offered by this prospectus have been issued, as described in this prospectus; provided, however, that we are not incorporating by reference any information furnished (but not filed) under Item 2.02 or Item 7.01 of any Current Report on Form 8-K:

- a. Annual Report on Form 10-K for the year ended December 31, 2012 (including the portions of our Proxy Statement on Schedule 14A, filed on March 18, 2013, incorporated by reference therein);
- b. Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013;
- c. Current Reports on Form 8-K filed January 28, 2013, February 19, 2013, March 29, 2013, May 7, 2013, June 27, 2013, July 2, 2013 and July 12, 2013; and

- d. the description of UPS's class B common stock, \$.01 par value per share, set forth in the registration statement on Form 8-A filed on November 4, 1999 with the SEC pursuant to Section 12 of the Exchange Act, including any amendment or report filed with the SEC for the purpose of updating this description.



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You may request a copy of these filings at no cost, by writing to or telephoning us at the following address:

United Parcel Service, Inc.

55 Glenlake Parkway, N.E.

Atlanta, Georgia 30328

Attention: Investor Relations

(404) 828-6000

**You should rely only on the information incorporated by reference or provided in this prospectus, any prospectus supplement or any pricing supplement. We have not authorized anyone else to provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus, any prospectus supplement or any pricing supplement is accurate as of any date other than the date on the front of the document or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.**

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated by reference herein may contain statements, estimates or projections that constitute forward-looking statements as defined under U.S. federal securities laws. The words believe, project, expect, estimate, assume, intend, anticipate, target, plan, and variations thereof and similar expressions are used to identify forward-looking statements. These statements include statements regarding our intent, belief and current expectations about our strategic direction, prospects, future results and other matters. These forward-looking statements are based on beliefs and assumptions of our management, and involve certain risks and uncertainties which could cause actual results to differ materially from those contained in any forward-looking statement. Such risks and uncertainties include, but are not limited to:

general economic conditions, both in the U.S. and internationally;

significant competition we face on a local, regional, national, and international basis;

changes in our relationships with our significant customers;

complex and stringent aviation, transportation, environmental, security, labor, employment, and other governmental laws and regulations

increased security requirements as a result of concerns about global terrorism and homeland security;

concern over global climate change or by legal, regulatory or market responses to such potential change;

strikes, work stoppages and slowdowns by our employees;

changing prices of energy, including gasoline, diesel and jet fuel, and interruptions in supplies of these commodities;

changes in exchange rates or interest rates;

maintaining our brand image and corporate reputation;

a significant privacy breach involving the storage and transmission of proprietary information or confidential data or major disruptions to our technology infrastructure;

severe weather or other natural or manmade disasters;

correctly forecasting our future capital investment needs;

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risks related to doing business internationally, including in emerging markets;

possible substantial write-downs of the carrying value of our assets due to changes in markets and our business plans;

significant employee health and retiree health and pension benefit costs;

exposure to claims and lawsuits;

failure to realize the anticipated benefits of acquisitions, joint ventures or strategic alliances;

increased insurance and claims expenses; and

other risks discussed in our Annual Report on Form 10-K for the year ended December 31, 2012 and other filings with the SEC, which filings are available from the SEC.

Management believes these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements. Forward-looking statements speak only as of the date they are made, and management undertakes no obligation to update publicly any of them in light of new information or future events.

**Table of Contents****USE OF PROCEEDS**

Unless we otherwise specify in the applicable prospectus supplement, the net proceeds we receive from the sale of the securities offered by this prospectus and the accompanying prospectus supplement will be used for general corporate purposes. General corporate purposes may include the repayment of debt, investments in or extensions of credit to our subsidiaries, financing working capital needs, funding capital expenditures, or the financing of possible acquisitions or business expansion. The net proceeds may be invested temporarily or applied to repay short-term debt until they are used for their stated purpose.

**RATIO OF EARNINGS TO FIXED CHARGES**

For purposes of calculating the ratio of earnings to fixed charges, earnings are defined as income before income taxes and fixed charges (excluding capitalized interest). Fixed charges include interest (whether capitalized or expensed), amortization of debt issuance costs and any discount or premium relating to any indebtedness (whether capitalized or expensed) and the portion of rent expense considered to represent interest.

The following table sets forth our consolidated ratio of earnings to fixed charges.

|   | <b>Nine Months<br/>Ended<br/>September 30,</b> | <b>Year Ended December 31,</b> |             |             |             |             |
|---|--|--------------------------------|-------------|-------------|-------------|-------------|
|   | <b>2013</b>                                    | <b>2012</b>                    | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> |
| <b>Ratio of earnings to fixed charges</b> | <b>12.3</b>                                    | <b>2.5</b>                     | <b>11.0</b> | <b>10.1</b> | <b>5.4</b>  | <b>2.6</b>  |

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**DESCRIPTION OF THE DEBT SECURITIES**

**Description of Debt Securities**

We will issue the debt securities under an indenture, dated as of August 26, 2003, between us and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor to Citibank, N.A., which acts as trustee. We have summarized the material provisions of the indenture below. The indenture has been filed as an exhibit to the registration statement on Form S-3 (No. 333-108272), filed with the SEC on August 27, 2003, and you should read the indenture for provisions that may be important to you. In the summary below, we have included references to section numbers of the indenture so that you can easily locate these provisions. Capitalized terms used in the summary have the meaning specified in the indenture. You can obtain copies of the indenture by following the directions described under the caption **Where You Can Find More Information**.

**General**

The indenture does not limit the aggregate principal amount of debt securities that we may issue and provides that we may issue debt securities from time to time in one or more series, in each case with the same or various maturities, at par or at a discount. We may issue additional debt securities of a particular series without the consent of the holders of the debt securities of such series outstanding at the time of the issuance. Any such additional debt securities, together with all other outstanding debt securities of that series, will constitute a single series of debt securities under the indenture. The indenture also generally does not limit our ability to incur additional debt and does not contain financial or similar restrictive covenants. The debt securities will be unsecured and will rank equally with all of our other senior debt and senior to our subordinated debt, if any.

Unless we inform you otherwise in a prospectus supplement, the indenture does not contain any debt covenants or other provisions that would protect holders of the debt securities in the event we participate in a highly leveraged or other transaction that may adversely affect our creditworthiness.

A prospectus supplement relating to a series of debt securities being offered will include specific terms relating to the offering. These terms will include some or all of the following:

the title of the debt securities;

any limit on the aggregate principal amount of the debt securities;

the person or entity to whom any interest on the debt securities will be payable;

the date or dates on which the principal, premium, if any, or other form or type of consideration to be paid upon maturity on the debt securities, which we call the maturity consideration, will be payable or the method of determining maturity dates;

the rate or rates at which the debt securities will bear interest, if any, or any method by which the rate or rates will be determined, the date or dates from which any interest will accrue, the interest payment dates on which any interest will be payable and the regular record date for any interest on any interest payment date;

any redemption dates, prices, rights, obligations and restrictions on the debt securities;

any mandatory or optional sinking fund, purchase fund or similar provisions;

whether payments of principal of or any premium or interest will be determined by an index, formula or other method and the manner in which these amounts will be determined;

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the currency or currency unit in which principal and interest will be paid if other than U.S. dollars and whether the holder may elect payment to be made in a different currency;

the portion of the principal amount of the debt securities payable upon the acceleration of the maturity of the debt securities if other than the full principal amount;

if the principal amount payable at the stated maturity of the debt securities will not be determinable as of any one or more dates prior to the stated maturity, the amount that will be deemed to be the principal amount of the debt securities as of any such date for any purpose, including the principal amount of the debt securities that will be due and payable upon any maturity other than the stated maturity or that will be deemed to be outstanding as of any date prior to the stated maturity;

whether the debt securities will be defeasible, in whole or any specified part, and whether some of our covenants will be defeasible and, if other than by a resolution of our board of directors or executive committee, the manner in which any election by us to defease the debt securities or covenants will be evidenced;

whether the debt securities will be issued in permanent global form and the circumstances under which the permanent global debt security may be exchanged;

whether, and the terms and conditions relating to when, we may satisfy some of our obligations with respect to the debt securities with regard to payment upon maturity, or any redemption or required repurchase or in connection with any exchange provisions by delivering to the holders securities (whether or not issued by, or the obligations of, us), cash or a combination of cash, securities and/or property;

any conversion or exchange provisions;

any terms for the attachment to the debt securities of warrants, options or other rights to purchase or sell our securities;

any deletion of, addition to or change in the Events of Default and any change in the right of the trustee or the requisite holders of the debt securities to declare the principal amount due and payable;

any deletion of, addition to or change in the covenants that apply to the debt securities;

terms relating to the delivery of debt securities if they are to be issued upon the exercise of warrants;

whether and on what terms we will pay additional amounts to holders of the debt securities that are not U.S. persons for any tax assessment or governmental charge withheld or deducted and, if so, whether and on what terms we will have the option to redeem the debt securities rather than pay the additional amounts;

additional terms with respect to book-entry procedures; and

any other material terms of the debt securities not specified in this prospectus. (Section 3.01)

We may sell the debt securities, including original issue discount securities, at a substantial discount below their principal amount. Original issue discount securities bear no interest or bear interest at below market



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rates. We may describe special United States federal income tax considerations, if any, applicable to the debt securities sold at an original issue discount in the applicable prospectus supplement. In addition, we may describe special United States federal income tax or other considerations, if any, applicable to the debt securities that are sold for any foreign currency or currency unit or if any payments on the debt securities are payable in any foreign currency or currency unit, in the applicable prospectus supplement. We encourage you to consult with your own competent tax and financial advisors on these important matters.

## **Consolidation, Merger and Sale of Assets**

We may not consolidate with or merge with or into any other Person or convey, transfer or lease all or substantially all of our properties and assets substantially as an entirety to any Person unless:

either we are the continuing corporation or the Person formed by any consolidation or into which we are merged or the Person that acquires by conveyance, transfer, or lease all or substantially all of our properties and assets shall be:

organized and validly existing under the laws of the United States of America, any State thereof or the District of Columbia; and

shall expressly assume all of our obligations under the debt securities and the indenture;

immediately after giving effect to such transaction, no Event of Default, and no event that, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

we or such Person has delivered to the trustee an officer's certificate and an opinion of counsel stating that such consolidation, merger, conveyance, transfer or lease and any supplemental indenture required in connection with such transaction comply with the applicable provisions of the indenture and that all conditions precedent in the indenture provided for or relating to such transaction have been satisfied.

Upon any consolidation or merger or any conveyance, transfer or lease of all or substantially all of our properties and assets in accordance with these provisions, the successor Person formed by a consolidation, or into which we are merged or the successor Person to which any conveyance, transfer or lease is made, shall succeed to, and be substituted for, and may exercise every right and power of ours under the debt securities and the indenture with the same effect as if that successor had been named as us therein; and thereafter, except in the case of a lease, we shall be discharged from all obligations and covenants under the debt securities and indenture. (Sections 8.01 and 8.02)

## **Additional Covenants**

Although the indenture generally does not contain financial or similar restrictive covenants, unless otherwise specified in the applicable prospectus supplement, the debt securities will contain the additional covenants described below that

are not contained in the indenture.

***Limitation on Secured Indebtedness***

We will not create, assume, incur or guarantee, and will not permit any Restricted Subsidiary to create, assume, incur or guarantee, any Secured Indebtedness without making provision whereby the debt securities shall be secured equally and ratably with, or prior to, such Secured Indebtedness, together with, if we shall so

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determine, any other Indebtedness of us or any Restricted Subsidiary then existing or thereafter created that is not subordinate to the debt securities, so long as the Secured Indebtedness shall be outstanding, unless the Secured Indebtedness, when added to:

the aggregate amount of all Secured Indebtedness then outstanding (not including in this computation Secured Indebtedness if the debt securities are secured equally and ratably with (or prior to) such Secured Indebtedness and further not including in this computation any Secured Indebtedness that is concurrently being retired); and

the aggregate amount of all Attributable Debt then outstanding pursuant to Sale and Leaseback Transactions entered into by us after January 26, 1999, or entered into by a Restricted Subsidiary after January 26, 1999 or, if later, the date on which it became a Restricted Subsidiary (not including in this computation any Attributable Debt that is concurrently being retired);  
would not exceed 10% of Consolidated Net Tangible Assets.

***Limitation on Sale and Lease Back Transactions***

We will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless (a) the sum of:

the Attributable Debt to be outstanding pursuant to such Sale and Leaseback Transaction;

all Attributable Debt then outstanding pursuant to all other Sale and Leaseback Transactions entered into by us after January 26, 1999, or entered into by a Restricted Subsidiary after January 26, 1999 or, if later, the date on which it became a Restricted Subsidiary; and

the aggregate of all Secured Indebtedness then outstanding (not including in this computation Secured Indebtedness if the debt securities are secured equally and ratably with (or prior to) such Secured Indebtedness);  
would not exceed 10% of Consolidated Net Tangible Assets, or (b) an amount equal to the greater of:

the net proceeds to us or the Restricted Subsidiary of the sale of the Principal Property sold and leased back pursuant to such Sale and Leaseback Transaction; and

the amount of Attributable Debt to be outstanding pursuant to such Sale and Leaseback Transaction; is applied to the retirement of Funded Debt of us or any Restricted Subsidiaries (other than Funded Debt that is subordinate to the debt securities or is owing to us or any Restricted Subsidiaries or is scheduled to mature within one year after consummation of such Sale and Leaseback Transaction) within 180 days after the consummation of such

Sale and Leaseback Transaction.

***Definitions***

As used in this prospectus, the following definitions apply:

*Attributable Debt* means, as of the date of its determination, the present value (discounted semi-annually at an interest rate of 7.0% per annum) of the obligation of a lessee for rental payments pursuant to any Sale and Leaseback Transaction (reduced by the amount of the rental obligations of any sublessee of all or part of the same property) during the remaining term of such Sale and Leaseback Transaction (including any period for which the lease relating thereto has been extended), such rental payments not to include amounts payable by the

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lessee for maintenance and repairs, insurance, taxes, assessments and similar charges and for contingent rents (such as those based on sales). In the case of any Sale and Leaseback Transaction in which the lease is terminable by the lessee upon the payment of a penalty, the rental payments shall be considered for purposes of this definition to be the lesser of the discounted values of:

- a. the rental payments to be paid under such Sale and Leaseback Transaction until the first date (after the date of such determination) upon which it may be so terminated plus the then applicable penalty upon such termination; and
- b. the rental payments required to be paid during the remaining term of such Sale and Leaseback Transaction (assuming such termination provision is not exercised).

*Capitalized Lease Obligation* means any obligation to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real or personal property that is required to be classified and accounted for as a capital lease obligation under generally accepted accounting principles, and, for the purposes of the debt securities, the amount of such obligation at any date shall be the capitalized amount thereof at the applicable date, determined in accordance with such principles.

*Consolidated Net Tangible Assets* means at any date, the total assets appearing on our most recently prepared consolidated balance sheet as of the end of our fiscal quarter, prepared in accordance with generally accepted accounting principles, less all current liabilities as shown on such balance sheet and Intangible Assets.

*Funded Debt* means any indebtedness maturing by its terms more than one year from its date of issue, including any indebtedness renewable or extendable at the option of the obligor to a date later than one year from its original date of issue.

*Indebtedness* means

a. any liability of any Person:

1. for borrowed money, or under any reimbursement obligation relating to a letter of credit; or
2. evidenced by a bond, note, debenture or similar instrument, including a purchase money obligation, given in connection with the acquisition of any businesses, properties or assets of any kind or with services incurred in connection with capital expenditures, other than a trade payable or a current liability arising in the ordinary course of business; or
3. for the payment of money relating to a Capitalized Lease Obligation; or
4. for Interest Rate Protection Obligations;

b. any liability of others described in the preceding clause (a) that the Person has guaranteed or that is otherwise its legal liability; and

c. any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b) above.

*Intangible Assets* means at any date the value (net of any applicable reserves), as shown on or reflected in our most recently prepared consolidated balance sheet, prepared in accordance with generally accepted accounting principles,

of:

a. all trade names, trademarks, licenses, patents, copyrights and goodwill;

b. organizational and development costs;

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c. deferred charges (other than prepaid items such as insurance, taxes, interest, commissions, rents and similar items and tangible assets being amortized); and

d. unamortized debt discount and expense, less unamortized premium.

*Interest Rate Protection Obligations* of any Person means the obligations of that Person pursuant to any arrangement with any other Person whereby, directly or indirectly, that Person is entitled to receive from time to time periodic payments calculated by applying a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such Person calculated by applying a floating rate of interest on the same notional amount.

*Liens* means any mortgage, lien, pledge, security interest, charge or encumbrance.

*Principal Property* means any land, land improvements, buildings and associated factory, distribution, laboratory and office equipment (excluding any motor vehicles, aircraft, mobile materials handling equipment, data processing equipment and rolling stock) constituting a distribution facility, operating facility, manufacturing facility, development facility, warehouse facility, service facility or office facility (including any portion thereof), which facility

a. is owned by or leased to us or any Restricted Subsidiary,

b. is located within the United States, and

c. has an acquisition cost plus capitalized improvements in excess of 0.50% of Consolidated Net Tangible Assets as of the date of that determination, other than:

1. any facility, or portion thereof, which has been financed by obligations issued by or on behalf of a State, a Territory or a possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, the interest on which is excludable from gross income of the holders thereof (other than a substantial user of the related facility or a related Person as those terms are used in Section 103 of the Internal Revenue Code) pursuant to the provisions of Section 103 of the Internal Revenue Code (or any similar provision hereafter enacted) as in effect at the time of issuance of the obligations;
2. any facility that our board of directors may by resolution declare is not of material importance to us and the Restricted Subsidiaries taken as a whole; and
3. any facility, or portion thereof, owned or leased jointly or in common with one or more Persons other than us and any Subsidiary and in which the interest of us and all Subsidiaries does not exceed 50%.

*Restricted Securities* means any shares of the capital stock or Indebtedness of any Restricted Subsidiary.

*Restricted Subsidiary* means

a. any Subsidiary:

1. which has substantially all its property within the United States of America;
2. which owns or is a lessee of any Principal Property; and



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3. in which the investment of us and all other Subsidiaries exceeds 0.50% of Consolidated Net Tangible Assets as of the date of the determination; provided, however, that the term Restricted Subsidiary shall not include:
- A. any Subsidiary (x) primarily engaged in the business of purchasing, holding, collecting, servicing or otherwise dealing in and with installment sales contracts, leases, trust receipts, mortgages, commercial paper or other financing instruments, and any collateral or agreements relating thereto, including in the business, individually or through partnerships, of financing, whether through long- or short-term borrowings, pledges, discounts or otherwise, the sales, leasing or other operations of us and the Subsidiaries or any of them, or (y) engaged in the business of financing the assets and operations of third parties, and (z) in any case, not, except as incidental to such financing business, engaged in owning, leasing or operating any property which, but for this proviso, would qualify as Principal Property; or
  - B. any Subsidiary acquired or organized after January 26, 1999, for the purpose of acquiring the stock or business or assets of any Person other than us or any Restricted Subsidiary, whether by merger, consolidation, acquisition of stock or assets or similar transaction analogous in purpose or effect, so long as such Subsidiary does not acquire by merger, consolidation, acquisition of stock or assets or similar transaction analogous in purpose or effect all or any substantial part of the business or assets of us or any Restricted Subsidiary; and

b. any other Subsidiary that is hereafter designated by our board of directors as a Restricted Subsidiary.

*Sale and Leaseback Transaction* means any arrangement with any Person providing for the leasing by UPS or any Restricted Subsidiary of any Principal Property (whether the Principal Property is now owned or hereafter acquired) that has been or is to be sold or transferred by us or a Restricted Subsidiary to any Person, other than:

- a. leases for a term, including renewals at the option of the lessee, of not more than three years;
- b. leases between us and a Restricted Subsidiary or between Restricted Subsidiaries; and
- c. leases of Principal Property executed by the time of, or within 180 days after the latest of, the acquisition, the completion of construction or improvement (including any improvements on property that will result in the property becoming Principal Property), or the commencement of commercial operation of the Principal Property.

*Secured Indebtedness* means Indebtedness of us or a Restricted Subsidiary that is secured by any Lien upon any Principal Property or Restricted Securities, and Indebtedness of us or a Restricted Subsidiary in respect of any conditional sale or other title retention agreement covering Principal Property or Restricted Securities; but Secured Indebtedness shall not include any of the following:

a. Indebtedness of us and the Restricted Subsidiaries outstanding on January 26, 1999, secured by then-existing Liens upon, or incurred in connection with conditional sales agreements or other title retention agreements with respect to Principal Property or Restricted Securities;

b. Indebtedness that is secured by:

1. purchase money Liens upon Principal Property acquired after January 26, 1999, or
2. Liens placed on Principal Property after January 26, 1999, during construction or improvement thereof (including any improvements on property which will result in

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the property becoming Principal Property) or placed thereon within 180 days after the later of acquisition, completion of construction or improvement or the commencement of commercial operation of the Principal Property or improvement, or placed on Restricted Securities acquired after January 26, 1999, or

3. conditional sale agreements or other title retention agreements with respect to any Principal Property or Restricted Securities acquired after January 26, 1999, if (in each case referred to in this subparagraph (b)) (x) the related Lien or agreement secures all or any part of the Indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of construction of the Principal Property or improvement or Restricted Securities and (y) the related Lien or agreement does not extend to any Principal Property or Restricted Securities other than the Principal Property so acquired or the Principal Property, or portion thereof, on which the property so constructed or any improvement is located; provided, however, that the amount by which the aggregate principal amount of Indebtedness secured by any Lien or agreement exceeds the cost to us or the Restricted Subsidiary of the related acquisition, construction or improvement will be considered to be Secured Indebtedness;
- c. Indebtedness that is secured by Liens on Principal Property or Restricted Securities, which Liens exist at the time of acquisition (by any manner whatsoever) of the Principal Property or Restricted Securities by UPS or a Restricted Subsidiary;
- d. Indebtedness of Restricted Subsidiaries owing to us or any other Restricted Subsidiary and Indebtedness of us owing to any Restricted Subsidiary;
- e. In the case of any corporation that becomes (by any manner whatsoever) a Restricted Subsidiary after January 26, 1999, Indebtedness that is secured by Liens upon, or conditional sale agreements or other title retention agreements with respect to, its property that constitutes Principal Property or Restricted Securities, which Liens exist at the time the related corporation becomes a Restricted Subsidiary;
- f. Guarantees by us of Secured Indebtedness and Attributable Debt of any Restricted Subsidiaries and guarantees by a Restricted Subsidiary of Secured Indebtedness and Attributable Debt of us and any other Restricted Subsidiaries;
- g. Indebtedness arising from any Sale and Leaseback Transaction;
- h. Indebtedness secured by Liens on property of us or a Restricted Subsidiary in favor of the United States of America, any State, Territory or possession thereof, or the District of Columbia, or any department, agency or instrumentality or political subdivision of the United States of America or any State, Territory or possession thereof, or the District of Columbia, or in favor of any other country or

any political subdivision thereof, if the related Indebtedness was incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to the Lien; provided, however, that the amount by which the aggregate principal amount of Indebtedness secured by any Lien exceeds the cost to UPS or the Restricted Subsidiary of the related acquisition or construction will be considered to be Secured Indebtedness ;

- i. Indebtedness secured by Liens on aircraft, airframes or aircraft engines, aeronautic equipment or computers and electronic data processing equipment; and
- j. The replacement, extension or renewal, or successive replacements, extensions or renewals, of any Indebtedness, in whole or in part, excluded from the definition of Secured Indebtedness

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by subparagraphs (a) through (i) above; provided, however, that no Lien securing, or conditional sale or title retention agreement with respect to, the Indebtedness will extend to or cover any Principal Property or any Restricted Securities, other than the property that secured the Indebtedness so replaced, extended or renewed, plus improvements on or to any such Principal Property, provided further, however, that to the extent that replacement, extension or renewal increases the principal amount of Indebtedness secured by the Lien or is in a principal amount in excess of the principal amount of Indebtedness excluded from the definition of Secured Indebtedness by subparagraphs (a) through (i) above, the amount of the increase or excess will be considered to be Secured Indebtedness.

In no event shall the foregoing provisions be interpreted to mean that the same Indebtedness is included more than once in the calculation of Secured Indebtedness as that term is used in the debt securities.

**Events of Default**

The indenture defines an Event of Default with respect to any series of debt securities as any one of the following events:

1. failure to pay any interest on the debt securities of that series when due, continued for 30 days;
2. failure to pay any principal of or premium on the debt securities of that series when due, whether at the stated maturity or by declaration of acceleration, call for redemption or otherwise;
3. failure to deposit any sinking fund payment when due on the debt securities of that series;
4. failure to perform or the breach of any covenant or warranty in the indenture applicable to the debt securities of that series, continued for 60 days after written notice as provided in the indenture; or
5. certain events involving our bankruptcy, insolvency or reorganization. (Section 5.01)

If an Event of Default occurs and is continuing with respect to the debt securities of any series, other than an Event of Default referred to in clause (5) above, either the trustee or the holders of 25% in principal amount, or if the debt securities are not payable at maturity for a fixed principal amount, 25% of the aggregate issue price, of the outstanding debt securities of that series, each series acting as a separate class, may declare the principal of the debt securities of that series, or an other amount or property, as may be provided for in the debt securities of that series, to be due and payable. If an Event of Default described in clause (5) above with respect to the debt securities of any series at the time outstanding shall occur, the principal amount of all the debt securities of that series, or such other amount or property, as may be provided for in the debt securities of that series (or, in the case of any original issue discount security, such portion of the principal as may be specified in its terms) will automatically, and without any action by the trustee or any holder, become immediately due and payable. (Section 5.02). The holders of not less than a majority in aggregate principal amount of the outstanding debt securities of a series may, on behalf of all holders of debt securities of the series, waive any past default under the indenture with respect to the debt securities of the series, except a default in the delivery or payment of the maturity consideration or interest on any debt security of the series, and default in respect of a covenant or provision of the indenture that cannot be modified or amended without the

consent of the holder of each outstanding debt security of the affected series. (Section 5.13)

Subject to the provisions of the indenture relating to the duties of the trustee in case an Event of Default shall occur and be continuing, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or discretion of any of the holders, unless the holders shall have offered to the trustee security or indemnity satisfactory to the trustee. (Section 6.03). Subject to such provisions for the indemnification

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of the trustee, the holders of a majority in aggregate principal amount of the outstanding debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the debt securities of that series. (