

UNITED PARCEL SERVICE INC

Form 424B5

November 08, 2010

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FILED PURSUANT TO RULE 424(B)(5)

REGISTRATION NO: 333-170435

**This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED NOVEMBER 8, 2010**

**PRELIMINARY PROSPECTUS SUPPLEMENT**

**TO PROSPECTUS DATED NOVEMBER 8, 2010**

**\$**

## **UNITED PARCEL SERVICE, INC.**

**% Senior Notes due , 2021**

**% Senior Notes due , 2040**

We are offering \$ of % Senior Notes due , 2021, which we refer to as the 2021 Notes and \$ of % Senior Notes due , 2040, which we refer to as the 2040 Notes. We refer to the 2021 Notes and the 2040 Notes collectively as the notes.

We will pay interest on the notes on and of each year beginning , 2011. The 2021 Notes will bear interest at a rate of % per year and the 2040 Notes will bear interest at a rate of % per year. We may redeem some or all of the notes at any time and from time to time at the applicable redemption prices described in this prospectus supplement.

The notes will be unsecured and will rank equally with our existing and future unsecured and unsubordinated debt.

The notes will not be listed on any securities exchange. There is currently no public market for the notes of either series.

	<b>Price to the Public</b>	<b>Underwriting Discounts and Commissions</b>	<b>Proceeds (Before Expenses) to UPS</b>
Per 2021 Note	%	%	%
Per 2040 Note	%	%	%
Combined Total	\$	\$	\$
Interest on the notes will accrue from November , 2010.			

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*Investing in the notes involves risk. See Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference into this prospectus supplement.*

**Neither the Securities and Exchange Commission (the SEC) 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.**

Delivery of the notes will be made in book-entry form only through the facilities of The Depository Trust Company (DTC) for the benefit of its direct and indirect participants, including Euroclear Bank S.A./N.V. (Euroclear) and Clearstream Banking, société anonyme (Clearstream), on or about November 1, 2010.

*Joint Book-Running Managers (2021 Notes)*

**J.P. MORGAN**

**MORGAN STANLEY**

**BARCLAYS CAPITAL**

**BNP PARIBAS**

**BOFA MERRILL LYNCH**

**CITI**

**UBS INVESTMENT BANK**

*Joint Book-Running Managers (2040 Notes)*

**J.P. MORGAN**

**MORGAN STANLEY**

**GOLDMAN, SACHS & CO.**

The date of this prospectus supplement is November 1, 2010

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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 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 are the world's largest package delivery company, a leader in the U.S. less-than-truckload industry, and a global leader in supply chain management. We were founded in 1907 as a private messenger and delivery service in Seattle, Washington. Today, we deliver packages each business day for 1.8 million shipping customers to 6.1 million consignees in over 200 countries and territories. In 2009, we delivered an average of 15.1 million pieces per day worldwide, or a total of 3.8 billion packages. Total revenue in 2009 was \$45.3 billion.

Our primary business is the time-definite delivery of packages and documents worldwide. The UPS service portfolio also includes global supply chain services and less-than-truckload transportation, primarily in the U.S. We report our operations in three segments: U.S. Domestic Package operations, International Package operations, and Supply Chain & Freight operations.

- U.S. Domestic Package operations include the time-definite delivery of letters, documents, and packages throughout the United States.
- International Package operations encompass delivery of letters, documents, and packages to more than 200 countries and territories worldwide, including shipments wholly outside the United States, as well as shipments from or to the United States with another country as the destination or origin point.
- Supply Chain & Freight is comprised of our forwarding and logistics operations, UPS Freight, and other related businesses. Our forwarding and logistics business provides services in more than 175 countries and territories worldwide, and includes supply chain design and management, freight distribution, customs brokerage, mail and consulting services. UPS Freight offers a variety of less-than-truckload and truckload services to customers in North America. Other business units within this segment include Mail Boxes, Etc. (the franchisor of Mail Boxes, Etc. and The UPS Store) and UPS Capital.

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 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 are expressions intended to be forward-looking statements. We intend that all forward-looking statements

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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, 2009, 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 \$ , after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds of this offering, together with \$ of cash on hand, to make early contributions to certain of our primary domestic pension plans that are otherwise payable over the next five years. Pending such use of the net proceeds, we may invest the proceeds in highly liquid short-term securities.

**Table of Contents****CAPITALIZATION**

The table below sets forth our consolidated capitalization as of September 30, 2010 on an actual basis and as adjusted to give effect to the issuance of the notes offered hereby and the application of the net proceeds from the sale of the 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 accompanying prospectus.

	<b>As of September 30, 2010</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(amounts in millions)</b>	
Cash and Short-Term Investments		
Cash and Cash Equivalents	\$ 3,020	\$
Marketable Securities	732	732
Total Cash and Marketable Securities	\$ 3,752	\$
Non-Current Pension and Postretirement Benefit Obligation	\$ 4,850	\$
Debt Included in Current Liabilities:		
Current maturities of Long-Term Debt and Commercial Paper	\$ 994	\$ 994
Debt Included in Long-Term Liabilities:		
Long-Term Debt, excluding Current Installments	8,648	
Total Debt	\$ 9,642	\$
Shareowners' Equity	8,526	8,526
Total Debt and Shareowners' Equity	\$ 18,168	\$

**DESCRIPTION OF THE NOTES**

We are offering \$ aggregate principal amount of our % Senior Notes due , 2021 and \$ aggregate principal amount of our % Senior Notes due , 2040. The 2021 and 2040 Notes will each 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.

Each series of notes will be issued under the indenture dated as of August 26, 2003 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 2021 Notes will mature on , 2021, and will bear interest at a rate of % per annum from , 2010, or from the most recent date to which interest has been paid or provided for, payable semi-annually in arrears to holders of record at the close of business on the and immediately preceding the interest payment date on and of each year, commencing , 2011.

The 2040 Notes will mature on , 2040, and will bear interest at a rate of % per annum from , 2010, or from the most recent date to which interest has been paid or provided for, payable semi-annually in arrears to holders of record at the close of business on the

and immediately preceding the interest payment date on and of each year, commencing  
, 2011.

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If any interest payment date, redemption date or the maturity date of any of the notes is not a business day, then payment of principal and interest will be made on the next succeeding business day. No interest will accrue on the amount payable for the period from the interest payment date, redemption date or maturity date, as the case may be, to the date payment is made. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The notes do not contain any sinking fund provisions.

In some circumstances, we may elect to discharge our obligations on a series of 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 notes will be issued only in registered form without coupons, in denominations of \$2,000 or integral multiples of \$1,000 in excess thereof. No service charge will be made for any registration of transfer or any exchange of notes, but we may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith.

The notes will be our unsecured and unsubordinated obligations ranking equally with our other outstanding unsecured and unsubordinated indebtedness. The indenture generally does not limit our ability to incur additional debt and does not contain financial or similar restrictive covenants.

## **Additional Notes**

We may issue additional notes that will be included in the series of the 2021 Notes or the 2040 Notes without the consent of the holders of those notes. Any additional notes, together with all other outstanding notes of that series, will be fungible for U.S. federal income tax purposes, will constitute a single series of debt securities under the indenture and will rank equally in all respects.

## **Optional Redemption**

We may, at our option, at any time and from time to time redeem all or any portion of the notes on not less than 30 nor more than 60 days prior notice mailed to the holders of the notes to be redeemed. Prior to \_\_\_\_\_, 2021 in the case of the 2021 Notes and prior to \_\_\_\_\_, 2040 in the case of the 2040 Notes, the notes will be redeemable at a redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed that would be due after the related redemption date but for such redemption (except that, if such redemption date is not an interest payment date, the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued thereon to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable discount rate for each series of notes, plus in each case accrued interest to the date of redemption. The discount rate for the 2021 Notes will be the Treasury Rate plus \_\_\_\_\_ basis points, and the discount rate for the 2040 Notes will be the Treasury Rate plus \_\_\_\_\_ basis points.

On or after \_\_\_\_\_, 2040, the 2040 Notes will be redeemable at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus in each case accrued interest to the date of redemption.

Comparable Treasury Issue means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the series of notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes of the relevant series.



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**Comparable Treasury Price** means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if we obtain fewer than four such Reference Treasury Dealer Quotations, the average of all Quotations obtained.

**Independent Investment Banker** means one of the Reference Treasury Dealers appointed by us.

**Reference Treasury Dealer** means J.P. Morgan Securities LLC and Morgan Stanley & Co. Incorporated and their respective successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by us, except that if any of the foregoing ceases to be a primary U.S. Government securities dealer in the United States (a **Primary Treasury Dealer**), we are required to designate as a substitute another nationally recognized investment banking firm that is a Primary Treasury Dealer.

**Reference Treasury Dealer Quotations** means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us (and provided to the trustee) by such Reference Treasury Dealer as of 3:30 p.m., New York City time, on the third business day immediately preceding the redemption date.

**Treasury Rate** means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third business day immediately preceding the redemption date) of the applicable Comparable Treasury Issue, assuming a price for such Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the applicable Comparable Treasury Price for such redemption date.

On and after any redemption date, interest will cease to accrue on the notes called for redemption. Prior to any redemption date, we are required to deposit with a paying agent money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on the redemption date. If we are redeeming less than all the notes of a series, the trustee under the indenture must select the notes to be redeemed by such method as the trustee deems fair and appropriate in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances.

**Book-Entry System**

Upon issuance, each series of 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.

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

The following summary describes certain U.S. federal income and estate tax consequences to you of the purchase, beneficial ownership and disposition of notes as of the date hereof. 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;
- 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.**

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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:

- a citizen or resident of the United States;
- a corporation (or other entity classified as a corporation) 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.

### **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***

For taxable years beginning after December 31, 2012, non-corporate U.S. persons generally will be subject to a 3.8% tax on the lesser of (1) the U.S. person's net investment income for the relevant taxable year and (2) the excess of the U.S. person's modified adjusted gross income 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 made 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 withholding tax rules. Non-corporate U.S. holders may also 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.

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

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

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;
- you are not a controlled foreign corporation that is related to us through stock ownership;
- you are not a bank whose receipt of interest on the notes is described in section 881(c)(3)(A) of the Code;
- 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 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 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 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

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- 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.

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We intend to offer the notes through the underwriters. J.P. Morgan Securities LLC and Morgan Stanley & Co. Incorporated are acting as representatives of 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 severally have agreed to purchase from us, the principal amount of the notes listed opposite their names below.

<b>Underwriter</b>	<b>Principal Amount of 2021 Notes</b>	<b>Principal Amount of 2040 Notes</b>
J.P. Morgan Securities LLC	\$	\$
Morgan Stanley & Co. Incorporated		
Barclays Capital Inc.		
BNP Paribas Securities Corp.		
Citigroup Global Markets Inc.		
Goldman, Sachs & Co.		
Merrill Lynch, Pierce, Fenner & Smith Incorporated		
UBS Securities LLC		
<b>Total</b>	<b>\$</b>	<b>\$</b>

The underwriters have agreed to purchase all of the notes sold pursuant to the underwriting agreement if any of these 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.

**Commissions and Discounts**

The underwriters have advised us that they propose initially to offer the notes to the public at the public offering prices on the cover page of this prospectus, and may offer the notes to dealers at that price less a concession not in excess of % of the principal amount of the 2021 Notes and % of the principal amount of the 2040 Notes. The underwriters may allow, and the dealers may reallow, a discount not in excess of % of the principal amount of the 2021 Notes and % of the principal amount of the 2040 Notes to the other dealers. After the initial public offering, the public offering prices, concessions and discounts may be changed.

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

**New Issues of Notes**

The notes are new issues of securities with no established trading market. We do not intend to apply for listing of the notes on any national 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





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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 active public trading markets for the notes do not develop, the market prices and liquidity of the notes may be adversely affected.

### **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 to the underwriters 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.

### **Selling Restrictions**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- (d) in any other circumstances which do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of notes to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

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Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

The notes have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and each underwriter has agreed that it will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Each underwriter has represented and agreed that (i) it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any notes in Korea or to, or for the account or benefit of, any resident of Korea, or to others for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted by applicable Korean laws and regulations, including the Securities and Exchange Law and the Foreign Exchange Transaction Law of Korea; and (ii) it will ensure that any securities dealer to whom it sells notes will agree that it will not re-offer or resell any notes, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted by applicable Korean laws and regulations, or to any dealer who does not so represent and agree.

This offering does not constitute a public offer of the notes, whether by way of sale or subscription, in the People's Republic of China. This prospectus supplement and the accompanying prospectus may not be circulated or distributed in the People's Republic of China and the notes may not be offered or sold directly or indirectly to any resident of the People's Republic of China, or offered or sold to any person for re-offering or resale directl