

PROSPECTUS DATED 16 May 2007

UNITED PARCEL SERVICE, INC.
*(incorporated with limited liability under
the laws of the State of Delaware)*

£454,650,000

5.125 per cent. Notes due February 2050 (the "Notes")

The issue price of the £ 454,650,000 5.125 per cent. Notes due February 2050 of United Parcel Service, Inc. (the "**Issuer**") is 99.338 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 12 February 2050. The Notes are subject to redemption in whole at par, plus (if applicable) interest accrued to, but excluding, the date of redemption, at any time in the event of certain changes affecting taxation in Issuer's taxing jurisdiction. The Notes may also be redeemed at the option of the Issuer, in whole but not in part, at any time at the Early Redemption Amount (as defined herein).

The Notes will bear interest from 16 May 2007 at the rate of 5.125 per cent. per annum payable semi-annually in arrear on 12 February and 12 August each year commencing on 12 August 2007. Payments on the Notes will be made in Pounds Sterling without deduction for or on account of taxes imposed or levied by the Federal Law of the United States to the extent described under "Terms and Conditions of the Notes—Condition 6 (*Payment of Additional Amounts*)".

This Prospectus has been approved as a Prospectus by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC (the "**Prospectus Directive**"). Application has been made for the Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange's regulated market.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**"). The Notes are being offered outside the United States by the Managers in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury Regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder.

The Notes will be in bearer form and in the denomination of £50,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without

interest coupons, which will be deposited on or around 16 May 2007 (the "**Closing Date**") with a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain circumstances in whole, but not in part, for Notes in definitive form in the denomination of £50,000 each and with interest coupons attached. See "Summary of Provisions Relating to the Notes in Global Form".

Dealer Managers

DEUTSCHE BANK

GOLDMAN SACHS INTERNATIONAL

16 May 2007

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IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

The Dealer Managers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealer Managers as to the accuracy or completeness of the information contained in this Prospectus. The Dealer Managers do not accept any liability with respect to any holder of the Issuer's £500,000,000 5.50 per cent. Notes due 2031 ("**Existing Notes**") in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Dealer Managers.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Dealer Managers to inform themselves about and to observe any such restrictions.

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or its possessions or to U.S. persons or United States persons.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "£" or "**Pounds Sterling**" are to the lawful currency of the United Kingdom and references to "**US\$**" are to the lawful currency of the United States of America.

INFORMATION INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the Issuer's Annual Report on Form 10-K for the fiscal year ended 31 December 2006 (which includes the Issuer's audited consolidated financial statements as of and for the year ended 31 December 2006 and 2005, and for each of the three years in the period ended 31 December 2006) filed by the Issuer pursuant to the United States Securities Exchange Act of 1934 on 1 March 2007, as amended (including, for information purposes, the Issuer's Current Reports on Form 8-K for the periods ending 1 March 2007 (filed on 7 March 2007) and 25 April 2007 (filed on 26 April 2007)); and
- (b) the Issuer's Quarterly Report on Form 10-Q for the quarter ended 31 March 2007 (which includes the Issuer's unaudited consolidated financial statements as of and for the three months ended 31 March 2007) filed by the Issuer on 10 May 2007 pursuant to the United States Securities Exchange Act of 1934, as amended.

Any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Such documents will be made available, free of charge, during usual business hours at the specified offices of the Fiscal Agent and the Listing Agent in Luxembourg, unless such documents have been modified or superseded. Such documents will also be available to view on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The tables below set out the relevant page references for the Issuer's audited consolidated financial statements as of and for the year ended 31 December 2006 and 31 December 2005, as set out in the Issuer's Annual Report on Form 10-K for the year ended 31 December 2006 and for the Issuer's unaudited consolidated financial statements as of and for the three months ended 31 March 2007, as set out in the Issuer's Quarterly Report on form 10-Q for the quarter ended 31 March 2007.

Financial Statements for the financial years ended 31 December 2006 Page Reference and 31 December 2005

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Information contained in the documents incorporated by reference other than information listed in the table above is for information purposes only.

GENERAL DESCRIPTION OF THE NOTES

This summary must be read as an introduction to this Prospectus and any decision to exchange Existing Notes for the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this summary.

The Issuer:	United Parcel Service, Inc.
Fiscal Agent and Principal Paying Agent and Agent Bank:	Citibank, N.A.
Other Paying Agents:	Fortis Banque Luxembourg S.A.
The Notes:	£ 454,650,000 5.125 per cent. Notes due February 2050
Issue Price:	99.338 per cent. of the principal amount of the Notes.
Issue Date:	16 May 2007.
Use of Proceeds:	See "Use of Proceeds".
Interest:	The Notes will bear interest from 16 May 2007 at a rate of 5.125 per cent. per annum payable semi-annually in arrear on 12 February and 12 August in each year commencing 12 August 2007.
Status:	The Notes will be unsecured (subject to the limitations on secured indebtedness as provided in Condition 7 (<i>Limitation on Secured Indebtedness; Limitation on Sale and Leaseback Transactions</i>)) and unsubordinated and will rank <i>pari passu</i> with all other unsecured and unsubordinated indebtedness of the Issuer (subject to such mandatory exceptions as are from time to time applicable under U.S. law and New York law).
Form and Denomination:	The Notes will be issued in bearer form in the denomination of £50,000.
Final Redemption:	12 February 2050
Redemption:	The Notes cannot be redeemed prior to their stated maturity other than at par for certain tax reasons or following an event of default or at the option of the Issuer at the Early Redemption Amount (as defined in the Terms and Conditions).
Tax Redemption:	The Notes are subject to redemption at the option of the Issuer, in whole but not in part at par if certain events occur involving

United States withholding taxes or information reporting requirements. (See "Terms and Conditions of the Notes—Condition 4(b) (*Redemption for tax reasons*) and Condition 6 (*Payment of Additional Amounts*)).

Negative Pledge:

There are certain restrictions on the ability of the Issuer to issue secured debt so long as any of the Notes remains outstanding. See "Terms and Conditions of the Notes—Condition 7 (*Limitation on Secured Indebtedness; Limitation on Sale and Leaseback Transactions*)".

Rating:

The Notes are expected to be rated Aaa by Moody's Investors Service Limited ("**Moody's**") and AAA by Standard & Poor's Rating Services, a division of McGraw Hill Companies Inc. ("**S&P**").

Withholding Tax:

All payments with respect to principal and interest on the Notes will be made without withholding or deduction for or on account of any taxes or other charges imposed by any governmental authority or agency in the United States, except as provided in Condition 5(c) (*Payments subject to fiscal laws*) and Condition 6 (*Payment of Additional Amounts*).

Governing Law:

The Notes and the Agency Agreement will be governed by, and construed in accordance with, the laws of the State of New York, United States of America, without regard to its conflict of laws provisions.

Listing and Trading:

Applications have been made for the Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange's regulated market.

Clearing Systems:

Euroclear/Clearstream, Luxembourg.

Risk Factors:

Investing in the Notes involves risks. See "**Risk Factors**".

RISK FACTORS

Prospective investors should read the entire Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section. Investing in the Notes involves certain risks. Prospective investors should consider, among other things, the following:

Risks Relating To The Issuer

- The effect of general economic and other conditions in the markets in which we operate, both in the United States and internationally. Our operations in international markets are also affected by currency exchange and inflation risks.
- The impact of competition on a local, regional, national, and international basis. Our competitors include the postal services of the U.S. and other nations, various motor carriers, express companies, freight forwarders, air couriers and others. Our industry is undergoing rapid consolidation, and the combining entities are competing aggressively for business.
- The impact of complex and stringent aviation, transportation, environmental, labour, employment and other governmental laws and regulations, and the impact of new laws and regulations that may result from increased security concerns following the events of 11 September 2001. Our failure to comply with applicable laws, ordinances or regulations could result in substantial fines or possible revocation of our authority to conduct our operations.
- Strikes, work stoppages and slowdowns by our employees. Such actions may affect our ability to meet our customers needs, and customers may do more business with competitors if they believe that such actions may adversely affect our ability to provide service. We may face permanent loss of customers if we are unable to provide uninterrupted service. The terms of future collective bargaining agreements also may affect our competitive position and results of operations.
- Possible disruption of supplies, or an increase in the prices, of gasoline, diesel and jet fuel for our aircraft and delivery vehicles as a result of war or other factors. We require significant quantities of fuel and are exposed to the commodity price risk associated with variations in the market price for petroleum products.
- Cyclical and seasonal fluctuations in our operating results due to decreased demand for our services.

Risk Relating To The Notes

There is no active trading market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates,

the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange's regulated market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

Many Factors Affect the Trading Market and Value of the Notes

Many factors independent of the Issuer's creditworthiness may affect the trading market for, and trading value of, the Notes. These factors include: the time remaining to the maturity of the Notes; the outstanding amount of the Notes; and the level, direction and volatility of market interest rates generally. There may be a limited number of buyers when an investor decides to sell the Notes. This may affect the price such investor receives for the Notes or its ability to sell the Notes at all. Prospective investors should not purchase the Notes unless they understand and know that they can bear the related investment risks.

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of United States of America or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition the Conditions provide that the Notes are redeemable at the Issuer's option in certain other circumstances and accordingly the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Form of Notes

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Credit Rating

The Notes have been assigned a rating of "Aaa" by Moody's and "AAA" by S&P. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes. A credit rating may not fully reflect the potential impact of risks relating to the trading market for the Notes or other factors discussed herein.

The Notes May Not Be a Suitable Investment for All Investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information incorporated by reference herein or attached hereto, as the case may be;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form:

The £454,650,000 5.125 per cent. Notes due February 2050 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 14 (*Further Issues*) and forming a single series therewith) of United Parcel Service, Inc. (the "**Issuer**") are the subject of a fiscal agency agreement dated 16 May 2007 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. **Form, Denomination and Title**

The Notes are serially numbered and in the denomination of £50,000 with Coupons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

2. **Status**

The Notes constitute direct, unsecured (subject to the provisions of Condition 7 (*Limitation on Secured Indebtedness; Limitation on Sale and Leaseback Transactions*)), unsubordinated and general obligations of the Issuer and the Notes rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Issuer, currently outstanding or to be issued (subject to such mandatory exceptions as are from time to time applicable under U.S. and New York law).

3. **Interest**

The Notes bear interest from 16 May 2007 (the "**Issue Date**") at the rate of 5.125 per cent. per annum, (the "**Rate of Interest**") payable in arrear on 12 February and 12 August in each year (each, an "**Interest Payment Date**"). The first payment of interest shall be made on 12 August 2007 in respect of the period from (and including) the

Issue Date to (but excluding) such Interest Payment Date, all subject as provided in Condition 5 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on the first Interest Payment Date shall be £622.93 in respect of each Note of £50,000 denomination. The amount of interest payable on any other Interest Payment Date shall be £1281.25 in respect of each Note of £50,000 denomination. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the principal amount of such Note, multiplying the product by the Day Count Fraction and rounding the resulting figure to the nearest penny (half a penny being rounded upwards), where:

"Day Count Fraction" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the product of (1) the number of days in the Regular Period in which the relevant period falls and (2) two; and

"Regular Date" means 12 February and 12 August in any year; and

"Regular Period" means each period from (and including) any Regular Date to (but excluding) the next Regular Date.

4. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 12 February 2050, subject as provided in Condition 5 (*Payments*).
- (b) *Redemption for tax reasons:* The Issuer may redeem the Notes in whole but not in part at any time at par, together, if appropriate, with accrued interest to but excluding the date fixed for redemption, if the Issuer shall determine, based upon a written opinion of independent counsel selected by the Issuer that a substantial risk exists that the Issuer would be required to pay additional amounts, as provided in Condition 6 (*Payment of Additional Amounts*), on the occasion of the next payment due with respect to the Notes because of a Tax Law Change (as hereinafter defined). A **"Tax Law Change"** is (i) any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of the United States of America or of any political subdivision or taxing authority thereof or therein affecting taxation, (ii) any change in application or official interpretation of such laws, regulations or rulings,

(iii) any action which shall have been taken by any taxing authority, or any court of competent jurisdiction of the United States of America or any political subdivision or taxing authority thereof or therein, whether or not such action was taken or brought with respect to the Issuer, or (iv) any change, amendment, application, interpretation or execution of the laws of the United States of America (or any regulations or ruling promulgated thereunder) shall have been officially proposed, which change, amendment, action, application, interpretation or execution would have effect on or after the Issue Date of the Notes.

Notice of intention to redeem Notes will be given at least once in accordance with Condition 15 (*Notices*) not less than 30 days nor more than 60 days prior to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the effective date of such change or amendment and that at the time notice of such redemption is given, such obligation to pay such additional amounts remains in effect and cannot be avoided by the Issuer taking reasonable measures available to it. From and after any redemption date, if monies for the redemption of Notes shall have been made available for redemption on such redemption date, such Notes shall cease to bear interest, if applicable, and the only right of the holders of such Notes and any Coupons appertaining thereto shall be to receive payment of their nominal amount and, if appropriate, all unpaid interest accrued to (but excluding) such redemption date.

- (c) *Redemption at the option of the Issuer:* The Notes may be redeemed at the option of the Issuer having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable), (in whole but not in part) at their Early Redemption Amount which for such purposes shall be determined on the basis of a price which shall be the higher of the following, together with interest accrued to (but excluding) the date of redemption (the "**Early Redemption Amount**"):

- (i) par; and
- (ii) that price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards) as reported to the Issuer by a financial adviser selected by the Issuer, at which the Gross Redemption Yield (as defined below) on the Notes, if they were to be purchased at such price on the third dealing day prior to the publication of the notice of redemption, would be equal to the Gross Redemption Yield on such dealing day of (i) 4.25 per cent. December 2055 Gilt plus 15 basis points or (ii) if such 4.25 per cent. December 2055 Gilt is no longer in issue, the Gross Redemption Yield of such United Kingdom government stock as the Issuer, with the advice of three brokers or market-makers operating in the gilt-edged market, shall determine to be appropriate

(based on the maturity of such government stock, the yield to maturity of such government stock and such other factors as such brokers and/or market-makers deem appropriate), on the basis of the middle market price of the Reference Gilt prevailing at 11.00 a.m., London Time, on such dealing day plus 15 basis points (such 4.25 per cent. December 2055 Gilt or, as the case may be, such other United Kingdom government stock, the "**Reference Stock**").

Any notice of redemption shall specify the date fixed for redemption and the Early Redemption Amount. Upon the expiry of any notice of redemption, the Issuer shall be bound to redeem the Notes at their Early Redemption Amount determined on the date specified for redemption in such notice.

The "**Gross Redemption Yield**" on the Notes and on the Reference Stock will be expressed as a percentage and will be calculated on the basis indicated by the United Kingdom Debt Management Office (DMO) in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One Price/Yield Formulae: Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" published on 8 June 1998 (as amended or updated from time to time).

Any reference in the Conditions to principal shall be deemed to include any sum payable as the Early Redemption Amount.

- (d) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled Redemption*), (b) (*Redemption at the option of the Issuer*) and (c) (*Redemption at the option of the Issuer*) above and Condition 6 (*Payment of Additional Amounts*) below.
- (e) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.
- (f) *Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

5. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States and its possessions by Pounds Sterling cheque drawn on, or by transfer to, a Pounds Sterling account maintained by the payee with a bank in London.

- (b) *Interest:* Payments of interest shall, subject to paragraph (f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States and its possessions in the manner described in paragraph (a) (*Principal*) above.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 6 (*Payment of Additional Amounts*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (d) *Deduction for unmatured Coupons:* If a Note is presented without all unmatured Coupons relating thereto then the amount of any missing unmatured Coupon (or, in the case of a partial payment, the same proportion of the amount of such missing unmatured Coupon as the partial payment made bears to the total amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid against surrender of the missing Coupon at any time before the expiration of five years after the Relevant Date (as defined in Condition 10 (*Prescription*)) with respect to such principal (whether or not such Coupon would otherwise have become void under Condition 10 (*Prescription*)).
- (e) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "*business day*" means, any day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation, London and New York.
- (f) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States and its possessions.
- (g) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (h) *Payments within the United States:*

Interest on the Notes is payable only outside the United States and its possessions, within the meaning of United States Treasury Regulation Section 1.163-5(c)(1)(ii)(A). No demand (other than a lawsuit) for payment on the

Notes may be made within the United States or its possessions, within the meaning of United States Treasury Regulation Section 1.163-5(c)(2)(v). No interest on the Notes shall be paid to an account maintained by the payee in the United States or mailed to an address in the United States unless the payee is described in United States Treasury Regulation Section 1.163-5(c)(2)(v)(B)(1) or (2).

Payments with respect to the Notes may be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction) only under the following conditions:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount owing with respect to the Notes in the manner provided above when due;
- (ii) payment of the full amount owing with respect to the Notes at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and
- (iii) such payment is then permitted under United States law and, in the sole opinion of the Issuer, will not result in the imposition of any tax withholding obligation, the payment of any amounts under Condition 6 (*Payment of Additional Amounts*), or any other adverse tax-related consequences to the Issuer.

6. Payment of Additional Amounts

The Issuer will, subject to certain limitations and exceptions (set forth below), pay to a Noteholder or Couponholder who is a Non-U.S. Holder (as defined below) such additional amounts as may be necessary so that every net payment of principal or interest with respect to the Notes or Coupons, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge required to be withheld by the Issuer or any Paying Agent with respect to such Noteholder or Couponholder by the United States or any political subdivision or taxing authority thereof or therein (collectively referred to as "*Taxes*"), will not be less than the amount provided for in the Notes or Coupons.

However, the Issuer shall not be required to make any payment of additional amounts for or on account of:

- (a) any Taxes that would not have been so imposed but for (i) the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or a person having a power over, such holder) and the United States or any political subdivision or taxing

authority thereof (a "***Taxing Jurisdiction***") including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or person having such a power) being or having been a citizen or resident or treated as a resident of, being or having been engaged in a trade or business in, or being or having been present therein or having or having had a permanent establishment in, a Taxing Jurisdiction, (ii) such holder's present or former status for United States tax purposes as a domestic or foreign personal holding company, a controlled foreign corporation, a passive foreign investment company, a foreign private foundation or a corporation that accumulates earnings to avoid United States federal income tax, or (iii) payment being made in the United States on a Note in accordance with the circumstances described in Condition 5(h) (*Payments within the United States*);

- (b) any Taxes imposed by reason of the holder (i) owning or having owned, directly or indirectly, actually or constructively, 10% or more of the total combined voting power of all classes of stock of the Issuer entitled to vote, (ii) receiving interest that is received by a bank on an extension of credit entered into in the ordinary course of its trade or business, or (iii) being a controlled foreign corporation for United States tax purposes that is related to the Issuer by actual or constructive stock ownership;
- (c) any Taxes that would not have been so imposed but for the presentation by the holder of such Note or Coupon for payment on a date more than 15 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- (d) any estate, inheritance, gift, sales, transfer, personal property, wealth, interest equalization or any similar Taxes;
- (e) any Taxes that are payable otherwise than by withholding from payment of principal of or interest on such Note or Coupon;
- (f) any Taxes that would not have been imposed but for the failure to comply with certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such Note or Coupon, if, without regard to any tax treaty, such compliance is required by statute or by regulation of the United States Treasury Department as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (g) any Taxes that would not be required to be withheld if made by a different Paying Agent;
- (h) any Taxes that are payable by a holder that is not the beneficial owner of such Note or Coupon or portion of either, or that is a foreign partnership, but only to the extent that a beneficial owner or member of the partnership would not have been entitled to the payment of any additional amounts had the beneficial

owner or member received directly its beneficial or distributive share of the payment;

- (i) any Taxes imposed on interest described in Section 871(h)(4)(A) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder;
- (j) any withholding or deduction that is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive or presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, or Coupon to another Paying Agent in a Member State of the European Union; or
- (k) any combination of items (a), (b), (c), (d), (e), (f), (g), (h), (i) and (j).

For purposes of the foregoing, the holding of or the receipt of any payment with respect to a Note shall not constitute a connection between the holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or a person having a power over, such holder if such holder is an estate, a trust, a partnership or a corporation) and the United States.

A "**Non-U.S. Holder**" is any Holder that is not, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation, partnership or other entity organized in or under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source. A "**Holder**" is a beneficial owner of a Note.

If the Issuer shall determine, based upon a written opinion of independent counsel selected by the Issuer, that any payment made outside the United States by the Issuer or any of its Paying Agents of the full amount of the next scheduled payment of either principal or interest due with respect to any Note or Coupon would be subject, under any present or future laws or regulations of the United States affecting taxation or otherwise, to any certification, information or other reporting requirements of any kind, the effect of which requirements is the disclosure to the Issuer, any of its Paying Agents or any governmental authority of the nationality, residence or identity (as distinguished from status as a Non-U.S. Holder) of a beneficial owner of such Note or Coupon who is a Non-U.S. Holder (other than such requirements which (i) would not be applicable to a payment made directly to the beneficial owner, (ii) would not be applicable to a payment made to a custodian, nominee or other agent of the beneficial owner, or which can be satisfied by such a custodian, nominee or other agent certifying to the effect that such beneficial owner is a Non-U.S. Holder, provided, however, in

each case that payment by such custodian, nominee or agent to such beneficial owner is not otherwise subject to any requirements referred to in this sentence, (iii) are applicable only to payment by a custodian, nominee or other agent of the beneficial owner to or on behalf of such beneficial owner, or (iv) would not be applicable to a payment made by at least one of the paying agents of the Issuer), the Issuer shall redeem the Notes as a whole but not in part at a redemption price equal to par together, if appropriate, with accrued interest to, but excluding, the date fixed for redemption, such redemption to take place on such date not later than one year after the publication of notice of such determination. If the Issuer becomes aware of an event that might give rise to such certification, information or other reporting requirements, the Issuer shall, as soon as practicable, solicit advice of independent counsel selected by the Issuer to establish whether such certification, information or other reporting requirements will apply and, if such requirements will, in the written opinion of such counsel, apply, the Issuer shall give prompt notice of such determination (a "***Tax Notice***") in accordance with Condition 15 (*Notices*) stating in such notice the effective date of such certification, information or other reporting requirements and, if applicable, the date by which the redemption shall take place. In the event the Notes are to be redeemed as described above, notice of such redemption will be given to Noteholders not more than 60 nor less than 30 days prior to the date fixed for such redemption. Notwithstanding the foregoing, the Issuer shall not redeem the Notes if the Issuer, based upon the written opinion of independent counsel selected by the Issuer, shall subsequently determine not less than 30 days prior to the date fixed for redemption that subsequent payments would not be subject to any such requirements, in which case the Issuer shall give prompt notice of such determination in accordance with Condition 15 (*Notices*) and any earlier redemption notice shall thereby be revoked and of no further effect.

Notwithstanding the foregoing, if and so long as the certification, information or other reporting requirements referred to in the preceding paragraph would be fully satisfied by payment of a withholding tax or similar charge, the Issuer may elect prior to publication of the Tax Notice to have the provisions described in this paragraph apply in lieu of the provisions described in the preceding paragraph, in which case the Tax Notice shall state the effective date of such certification, information or reporting requirements and that the Issuer has elected to pay additional amounts rather than redeem the Notes. In such event, the Issuer will pay as additional amounts such amounts as may be necessary so that every net payment made following the effective date of such certification, information or reporting requirements outside the United States by the Issuer or any of its Paying Agents of principal or interest due with respect to a Note or Coupon to a holder who certifies to the effect that the beneficial owner of such Note or Coupon is a Non-U.S. Holder (provided that such certification shall not have the effect of communicating to the Issuer or any of its Paying Agents or any governmental authority the nationality, residence or identity of the beneficial owner) after deduction or withholding for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge which (i) would not be applicable in the circumstances referred to in the second parenthetical clause of

the first sentence of the preceding paragraph, (ii) is imposed as a result of the fact that the Issuer or any of its Paying Agents has actual knowledge that the holder or beneficial owner of such Note or Coupon is not a Non-U.S. Holder but is within the category of persons, corporations or other entities described in clause (a)(i) of this Condition 6 (*Payment of Additional Amounts*), or (iii) is imposed as a result of presentation of such Note or Coupon for payment more than 15 days after the date on which such payment becomes due and payable or on which payment thereof is duly provided for, whichever occurs later), will not be less than the amount provided for in such Note or such Coupon to be then due and payable. In the event the Issuer elects to pay such additional amounts, the Issuer will have the right, at its sole option, at any time thereafter but subject to the provisions of the preceding paragraph, to redeem the Notes, as a whole but not in part at a redemption price equal to par, together, if appropriate, with accrued interest to the date fixed for redemption including any additional amounts required to be paid under this paragraph. If the Issuer has made the determination described in the preceding paragraph with respect to certification, information or other reporting requirements applicable to interest only and subsequently makes a determination in the manner and of the nature referred to in such preceding paragraph with respect to such requirements applicable to principal, the Issuer will redeem the Notes in the manner and on the terms described in the preceding paragraph (except as provided below), unless the Issuer elects to have the provisions of this paragraph apply rather than the provisions of the immediately preceding paragraph. If in such circumstances the Notes are to be redeemed, the Issuer will be obligated to pay additional amounts with respect to interest, if any, accrued to the date of redemption. If the Issuer has made the determination described in the preceding paragraph and subsequently makes a determination in the manner and of the nature referred to in such preceding paragraph that the level of withholding applicable to principal or interest has been increased, the Issuer will redeem the Notes in the manner and on the terms described in the preceding paragraph (except as provided below), unless the Issuer elects to have the provisions of this paragraph apply rather than the provisions of the immediately preceding paragraph. If in such circumstances the Notes are to be redeemed, the Issuer will be obligated to pay additional amounts with respect to the original level of withholding on principal and interest, if any, accrued to the date of redemption. If the Issuer elects to pay additional amounts pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then the Issuer shall redeem the Notes pursuant to the provisions of the preceding paragraph.

7. Limitation on Secured Indebtedness; Limitation on Sale and Leaseback Transactions

- (a) The Issuer 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 all the Notes shall be secured equally and ratably with (or prior to) such Secured Indebtedness (together with, if the Issuer shall so determine, any other Indebtedness of the Issuer or

such Restricted Subsidiary then existing or thereafter created which is not subordinate to the Notes) so long as such Secured Indebtedness shall be outstanding unless such Secured Indebtedness, when added to (a) the aggregate amount of all Secured Indebtedness then outstanding (not including in this computation Secured Indebtedness if the Notes are secured equally and ratably with (or prior to) such Secured Indebtedness and further not including in this computation any Secured Indebtedness which is concurrently being retired) and (b) the aggregate amount of all Attributable Debt then outstanding pursuant to Sale and Leaseback Transactions entered into by the Issuer after 6 June 1996, or entered into by a Restricted Subsidiary after 6 June 1996 or, if later, the date on which it became a Restricted Subsidiary (not including in this computation any Attributable Debt which is concurrently being retired), would not exceed 10% of Consolidated Net Tangible Assets.

- (b) The Issuer will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless (a) the sum of (i) the Attributable Debt to be outstanding pursuant to such Sale and Leaseback Transaction, (ii) all Attributable Debt then outstanding pursuant to all other Sale and Leaseback Transactions entered into by the Issuer after 6 June 1996, or entered into by a Restricted Subsidiary after 6 June 1996 or, if later, the date on which it became a Restricted Subsidiary, and (iii) the aggregate of all Secured Indebtedness then outstanding (not including in this computation Secured Indebtedness if the Notes 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 (i) the net proceeds to the Issuer or the Restricted Subsidiary of the sale of the Principal Property sold and leased back pursuant to such Sale and Leaseback Transaction and (ii) the amount of Attributable Debt to be outstanding pursuant to such Sale and Leaseback Transaction is applied to the retirement of Funded Debt of the Issuer or any Restricted Subsidiaries (other than Funded Debt which is subordinate to the Notes or which is owing to the Issuer or any Restricted Subsidiaries) within 180 days after the consummation of such Sale and Leaseback Transaction.

For the purposes of this Condition 7:

"Attributable Debt" means, as of the date of its determination, the present value (discounted semi-annually at an interest rate of 5 1/2% 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 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, such rental payments

shall be considered for purposes of this definition to be the lesser 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).

"Board of Directors" means either the board of directors of the Issuer or committee of that board duly authorized to act for it in respect hereof.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Issuer to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification.

"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 hereof, the amount of such obligation at any date shall be the capitalized amount thereof at such date, determined in accordance with such principles.

"Consolidated Net Tangible Assets" means at any date, the total assets appearing on the most recently prepared consolidated balance sheet of the Issuer and the Subsidiaries as of the end of a fiscal quarter of the Issuer, prepared in accordance with generally accepted accounting principles, less (a) all current liabilities as shown on such balance sheet and (b) intangible assets. **"Intangible assets"** means the value (net of any applicable reserves), as shown on or reflected in such balance sheet, of: (i) all trade names, trademarks, licenses, patents, copyrights and goodwill; (ii) organizational and development costs; (iii) deferred charges (other than prepaid items such as insurance, taxes, interest, commissions, rents and similar items and tangible assets being amortized); and (iv) unamortized debt discount and expense, less unamortized premium.

"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 business, 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.

"Interest Rate Protection Obligations" of any Person means the obligations of such Person pursuant to any arrangement with any other Person whereby, directly or

indirectly, such 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.

"Person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity.

"Principal Property" means any land, land improvements, buildings and associated factory, distribution, laboratory and office equipment (excluding any products marketed by the Issuer or any Subsidiary) 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 the Issuer 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 such determination, other than (i) any such 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 such facility or a *"related person"* as those terms are used in Section 103 of the Internal Revenue Code of 1986, as amended (the *"Code"*)) pursuant to the provisions of Section 103 of the Code (or any similar provision hereafter enacted) as in effect at the time of issuance of such obligations, (ii) any such facility which the Board of Directors may by Board Resolution declare is not of material importance to the Issuer and the Restricted Subsidiaries taken as a whole and (iii) any such facility, or portion thereof, owned or leased jointly or in common with one or more Persons other than the Issuer and any Subsidiary and in which the interest of the Issuer 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 (i) which has substantially all its property within the United States of America, (ii) which owns or is a lessee of any Principal Property, and (iii) in which the investment of the Issuer and all other Subsidiaries exceeds 0.50% of Consolidated Net Tangible Assets as of the date of such 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 instalment 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 the Issuer and the Subsidiaries or any of them, or (y) engaged in the business of financing the assets and operations of third parties, (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 6 June 1996, for the purpose of acquiring the stock or business or assets of any Person other than the Issuer 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 the Issuer or any Restricted Subsidiary; and (b) any other Subsidiary which is hereafter designated by the Board of Directors as a Restricted Subsidiary.

"Sale and Leaseback Transaction" means any arrangement with any Person providing for the leasing by the Issuer or any Restricted Subsidiary of any Principal Property (whether such Principal Property is now owned or hereafter acquired) that has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to such Person, other than (a) temporary leases for a term, including renewals at the option of the lessee, of not more than three years; (b) leases between the Issuer 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 which will result in such property becoming Principal Property), or the commencement of commercial operation of such Principal Property.

"Secured Indebtedness" means (a) Indebtedness of the Issuer or a Restricted Subsidiary which is secured by any Lien upon any Principal Property or Restricted Securities and (b) Indebtedness of the Issuer 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 the Issuer and the Restricted Subsidiaries outstanding on 6 June 1996, 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 which is secured by (A) purchase money Liens upon Principal Property acquired after 6 June 1996, or (B) Liens placed on Principal Property after 6 June 1996, during construction or improvement thereof (including any improvements on property which will result in such property becoming Principal Property) or place thereon within 180 days after the later of acquisition, completion of construction or improvement or the commencement of commercial operation of such Principal Property or improvement, or placed on Restricted Securities acquired after 6 June 1996, or (C) conditional sale agreements or other title retention agreements with respect to any Principal

Property or Restricted Securities acquired after 6 June 1996, if (in each case referred to in this subparagraph (b)) (x) such 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 such Principal Property or improvement or Restricted Securities and (y) such 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 such improvement is located; provided, however, that the amount by which the aggregate principal amount of Indebtedness secured by any such Lien or agreement exceeds the cost to the Issuer or such Restricted Subsidiary of the related acquisition, construction or improvement shall be considered to be "***Secured Indebtedness***";

- (c) Indebtedness which is secured by Liens on Principal Property or Restricted Securities, which Liens exist at the time of acquisition (by any manner whatsoever) of such Principal Property or Restricted Securities by the Issuer or a Restricted Subsidiary;
- (d) Indebtedness of Restricted Subsidiaries owing to the Issuer or any other Restricted Subsidiary and Indebtedness of the Issuer owing to any Restricted Subsidiary;
- (e) In the case of any corporation which becomes (by any manner whatsoever) a Restricted Subsidiary after 6 June 1996, Indebtedness which is secured by Liens upon, or conditional sale agreements or other title retention agreements with respect to, its property which constitutes Principal Property or Restricted Securities, which Liens exist at the time such corporation becomes a Restricted Subsidiary;
- (f) Guarantees by the Issuer of Secured Indebtedness and Attributable Debt of any Restricted Subsidiaries and guarantees by a Restricted Subsidiary of Secured Indebtedness and Attributable Debt of the Issuer and any other Restricted Subsidiaries;
- (g) Indebtedness arising from any Sale and Leaseback Transaction;
- (h) Indebtedness secured by Liens on property of the Issuer or a Restricted Subsidiary in favour 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 favour of any other country or any political subdivision thereof, if such 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 such Lien; provided, however, that the amount by which the aggregate principal amount of Indebtedness secured by any such Lien exceeds the cost to the Issuer or

such Restricted Subsidiary of the related acquisition or construction shall 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***" by sub paragraphs (a) through (h) above; provided, however, that no Lien securing, or conditional sale or title retention agreement with respect to, such Indebtedness shall extend to or cover any Principal Property or any Restricted Securities, other than such property which 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 such replacement, extension or renewal increases the principal amount of Indebtedness secured by such Lien or is in a principal amount in excess of the principal amount of Indebtedness excluded from the definition of "***Secured Indebtedness***" by sub paragraphs (a) through (i) above, the amount of such increase or excess shall be considered to be "***Secured Indebtedness***".

In no event shall the foregoing provisions be interpreted to mean or their operation to cause the same Indebtedness to be included more than once in the calculation of "***Secured Indebtedness***" as that term is used in this Prospectus.

"***Subsidiary***" means any corporation of which, at the time of determination, the Issuer and/or one or more Subsidiaries owns or controls directly or indirectly more than 50% of the shares of voting stock. "***Wholly owned***", when used with reference to a Subsidiary, means a Subsidiary of which all of the outstanding capital stock is owned by the Issuer or by one or more wholly owned Subsidiaries. "***Voting Stock***", when used with reference to a Subsidiary, means stock of the class or classes having general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such corporation provided that, for the purposes hereof, stock which carries only the right to vote conditionally on the happening of an event shall not be considered voting stock whether or not such event shall have happened.

8. **Consolidation, Merger or Sale of Assets**

The Issuer shall not consolidate with or merge with or into any other Person or convey, transfer or lease all or substantially all of its properties and assets substantially as an entirety to any Person unless:

- (a) either (i) the Issuer shall be the continuing corporation or (ii) the Person (if other than the Issuer) formed by such consolidation or into which the Issuer is merged or the Person which acquires by conveyance, transfer, or lease, the properties

and assets of the Issuer substantially as an entirety shall be a corporation, partnership or trust, 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 in form satisfactory to the Agent, the due and punctual payment of the principal of and any premium and interest on all the Notes and the performance of every covenant herein on the part of the Issuer to be performed or observed;

- (b) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the Issuer or any Subsidiary in connection with or as a result of such transaction as having been incurred at the time of such transaction), no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and
- (c) the Issuer or such Person has delivered to the Fiscal Agent an Officers' Certificate and an opinion of counsel (as to which opinion, counsel may rely on the Officer's Certificate as to factual matters), each stating that such consolidation, merger, conveyance, transfer or lease comply with this Condition and that all conditions precedent herein provided for, or relating to, such transaction have been complied with.

Upon any such consolidation or merger or any conveyance, transfer or lease of the properties and assets of the Issuer substantially as an entirety, the successor Person formed by such consolidation, or into which the Issuer is merged or the successor Person to which such conveyance, transfer or lease is made, shall succeed to, and be substituted for, and may exercise every right and power of the Issuer under the Notes and the Agency Agreement with the same effect as if such successor had been named as the Issuer herein; and thereafter, except in the case of a lease, the Issuer shall be discharged from all obligations and covenants under the Agency Agreement and the Notes.

9. Default and Acceleration

- (a) In the event of:
 - (i) a default in the payment of the principal of, or premium (if any), on any Note when it becomes due and payable, by declaration or otherwise; or
 - (ii) a default in the payment of any interest on any Note when it becomes due and payable, and continuance of such default for a period of 30 days; or
 - (iii) a default in the performance, or breach, of any covenant or warranty of the Issuer contained in these Terms and Conditions (other than a default in the performance, or breach of a covenant or warranty specifically dealt with elsewhere in this Section and continuance of such default or breach for a period of 60 days after written notice of such default has

been given, by registered or certified mail, to the Issuer and the Agent by the Noteholders of at least 25% in principal amount of the outstanding Notes specifying such default or breach and stating that such notice is a "Notice of an Event of Default" hereunder; or

- (iv) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Issuer in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Issuer a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Issuer under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or
- (v) the commencement by the Issuer of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Issuer in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Issuer in furtherance of any such action; or
- (vi) the due acceleration of outstanding indebtedness of the Issuer or any Restricted Subsidiary in a principal amount in excess of U.S.\$100,000,000 under the terms of instrument under which such indebtedness was issued, if such acceleration is not annulled within 30 days after written notice is given;

then the holders of not less than 25% in aggregate principal amount of the outstanding Notes of the Issuer may, at their option, declare the principal of the Notes and the interest, if any, accrued thereon to be due and payable immediately by written notice to

the Issuer and the Fiscal Agent at its main office in London, and unless all such defaults shall have been cured by the Issuer prior to receipt of such written notice, the principal of this Note and the interest, if any, accrued hereon shall become and be immediately due and payable. If an Event of Default specified in subparagraphs (iv) and (v) occurs with respect to the Notes at the time outstanding, the principal amount of all the Notes shall automatically, and without any declaration or other action on the part of any Noteholder, become immediately due and payable.

At any time after such a declaration of acceleration with respect to the Notes has been made and before a judgment or decree for payment of the money due with respect to any Note has been obtained by any Noteholder, such declaration and its consequences may be rescinded and annulled upon the written consent of holders of a majority in aggregate principal amount of such Notes then outstanding, or by resolution adopted by a majority in aggregate principal amount of such Notes outstanding present or represented at a meeting of holders of such Notes at which a quorum is present, as provided in the Agency Agreement, if:

- (i) the Issuer has paid or deposited with the Agent a sum sufficient to pay:
 - (1) all overdue amounts of interest on such Notes;
 - (2) the principal of such Notes which has become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Notes;
 - (3) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Notes; and
 - (4) all sums paid or advanced by the Paying Agents and the reasonable compensation, expenses, disbursements and advances of the Fiscal Agent, the Paying Agent and their counsel; or
- (ii) all Events of Default with respect to such Notes, other than the non-payment of the principal of such Notes which has become due solely by such declaration of acceleration, have been cured or waived as provided in paragraph (b) below.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

- (b) Any default by the Issuer, other than the events described in paragraph (a)(i) or (a)(ii) above or with respect to a covenant or provision which cannot be modified and amended without the written consent of the holders of all outstanding Notes of the Issuer, may be waived by the written consent of holders of a majority in aggregate principal amount of the Notes then outstanding affected thereby, or by resolution adopted by a majority in aggregate principal amount of such Notes then outstanding present or

represented at a meeting of holders of such Notes affected thereby at which a quorum is present, as provided in the Agency Agreement.

10. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within five years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

As used herein, the "**Relevant Date**" means:

- (a) the date on which such payment first becomes due; or
- (b) if the full amount of the monies payable has not been received by the Agent on or prior to such due date, the date on which, the full amount of such monies having been so received, notice to that effect shall have been given to the Noteholders in accordance with Condition 15 (*Notices*).

11. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent having its Specified Office in London, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. **Paying Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent, (b) a paying agent in London and (c) a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

13. **Meetings, Modifications and Waivers**

Schedule 3 of the Agency Agreement contains provisions which set out the process for modification of the Terms and Conditions of the Notes. Modifications of the Terms and Conditions of the Notes may be carried out by Extraordinary Resolution (as that term is defined in the agency agreement) ("**Extraordinary Resolution**"). The quorum for any meeting convened to consider modification of the Terms and Conditions of the Notes shall be one or more Eligible Persons (as that term is defined in the Agency Agreement ("**Eligible Persons**") present and holding or representing in the aggregate not less than 50 per cent. in principal amount of the Notes for the time being outstanding *provided, that* at any meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by Extraordinary Resolution):

- (a) modification of the maturity date or the Notes or reduction or cancellation of the principal amount payable at maturity; or
- (b) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the rate of interest in respect of the Notes; or
- (c) modification of the currency in which payments under the Notes are to be made; or
- (d) modification of the majority required to pass an Extraordinary Resolution; or
- (e) sanctioning any scheme or proposal described in paragraph 19(f) of Schedule 3 of the Agency Agreement; or
- (f) alteration of this proviso or the proviso to paragraph 9 of Schedule 3 of the Agency Agreement,

the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than two-thirds in principal amount of the Notes for the time being outstanding.

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders to any modification to any of the provisions of the Agency Agreement or the Notes which is of a formal, minor or technical nature or is made to correct a manifest error. Any such modification shall be binding on all the Noteholders and Couponholders and, if the Fiscal Agent so requires, shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15 (*Notices*).

New Notes so modified as to conform, in the opinion of the Fiscal Agent and the Issuer, to any modification contained in any such amendment may be prepared by the Issuer, authenticated by the Fiscal Agent and delivered in exchange for the Notes then outstanding.

For the purposes of this Condition 13 and Condition 9 (*Default and Acceleration*) the term "**outstanding**" means, in relation to the Notes, all Notes issued under the Agency Agreement other than (i) those which have been redeemed in full in accordance with the Agency Agreement or these Terms and Conditions, (ii) those for which the date for redemption in accordance with the Agency Agreement and these Terms and Conditions has occurred and the redemption monies wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under these Terms and Conditions after such date) have been duly paid to the Fiscal Agent as provided in the Agency Agreement (and, where appropriate, notice has been given to the Noteholders in accordance with Condition 15 (*Notices*)) and remain available for payment against presentation of the Notes, (iii) those which have become void under Condition 10 (*Prescription*), (iv) those which have been purchased and cancelled as provided in Condition 4 (*Redemption and Purchase*), (v) those mutilated or defaced notes which have been surrendered in exchange for replacement Notes pursuant to Condition 11 (*Replacement of Notes and Coupons*), (vi) (for the purposes only of determining how many Notes are outstanding and without prejudice to their status for any other purpose) those Notes alleged to have been lost, stolen or destroyed and with respect to which replacement Notes have been issued pursuant to Condition 11 (*Replacement of Notes and Coupons*), (vii) temporary global Notes to the extent that they shall have been duly exchanged for permanent global Notes and permanent global Notes to the extent that they shall have been duly exchanged for definitive Notes, in each case pursuant to their respective provisions and (viii) temporary global notes and permanent global notes which have become void in accordance with their terms; *provided, however, that* for each of the following purposes, namely (i) the right to attend and vote at any meeting of the Noteholders or any of them; and (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of paragraphs 4, 7 and 8 of Schedule 3 to the Agency Agreement, those Notes (if any) which are for the time being held by any person, the Issuer or any of its respective Subsidiaries for the benefit of the Issuer or any of its respective Subsidiaries shall (unless and until ceasing to be so held) be deemed not to be outstanding.

14. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. Such further issues may not be fungible with the original Notes for U.S. Federal income tax purposes.

15. **Notices**

Notices to the Noteholders shall be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times* in London) and published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu), or, if such publication in the *Financial Times* and the *d'Wort* is not

practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

16. **Governing Law**

The Agency Agreement, the Subscription Agreement, the Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of the State of New York, United States of America, without regard to its provisions regarding conflict of laws.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common depositary for Euroclear and Clearstream, Luxembourg.

The Notes are not intended to be held in a manner which would allow Eurosystem eligibility.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in denominations of £50,000 at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 (*Default and Acceleration*) occurs or (c) at any time upon 90 days' written notice from any of the Clearing Systems acting on instructions from any holder of any interest in the Permanent Global Note. No Definitive Note delivered in exchange for the Permanent Global Note will be mailed or otherwise delivered to any location in the United States of America in connection with such exchange.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note, the Notes will be tradeable only in the minimum authorised denomination of £50,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary

Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

Notices: Notwithstanding Condition 15 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 15 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *d'Wort* or published on the website of the Luxembourg Stock Exchange (www.bourse.lu)).

DESCRIPTION OF THE ISSUER

Overview

United Parcel Service, Inc. ("**UPS**", the "**Issuer**" or "**we**") is a corporation organized under the laws of the State of Delaware, incorporated on 15 April 1999. The registration number of UPS is 3070406. UPS is the ultimate holding company of a group of operating and other companies in the United States and other countries around the World through which it carries on its business. The class B stock of UPS is listed on the New York Stock Exchange under the symbol "UPS". Its class A stock is not listed on a national securities exchange or traded in an organised over-the-counter market, but each share of class A stock is convertible into one share of class B common stock. So far as the Issuer is aware, it is not directly or indirectly controlled by any other person. The registered office and principal executive office of UPS is 55 Glenlake Parkway, N.E., Atlanta, Georgia 30328, telephone +1 404 828 6000.

UPS is the world's largest package delivery company 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 2006, we delivered an average of 15.6 million pieces per day worldwide. In addition, our supply chain solutions capabilities are available to clients in over 175 countries and territories.

Total revenue in 2006 was over \$47.5 billion. Although our primary business is the time-definite delivery of packages and documents, we have extended our capabilities in recent years to encompass the broader spectrum of services known as supply chain solutions, such as freight forwarding, customs brokerage, fulfilment, returns, financial transactions and even repairs. We are also a leading provider of less-than-truckload ("**LTL**") transportation services. We have established a global transportation infrastructure and a comprehensive portfolio of services and integrated solutions. We support these services with advanced operational and customer-facing technology. Our supply chain solutions provide visibility into moving inventory across the global supply chain.

We believe the future is bright for this industry, for the following reasons:

- Globalization of trade is a worldwide economic reality, which we believe will continue to expand as trade barriers are eliminated and large consumer markets, in particular China, India and Europe, experience economic expansion.
- We believe package shipments will continue to increase as a result of just-in-time inventory management, the increased use of the Internet for ordering goods and direct-to-consumer business models. UPS is enhancing its ability

to be a “warehouse in motion” for inventory on the move. The company is also an industry leader in the delivery of goods purchased over the Internet.

- We believe the drive toward outsourcing supply chain management will continue, as customers increasingly view effective management of their supply chains as a strategic advantage rather than a cost center.

Our vision for the future is to synchronize the world of commerce, managing the complexities of our customers’ supply chain needs. Our goal is to develop business solutions that create value and competitive advantages for any size customers through product differentiation, better customer service and improved cash flow.

Competitive Strengths

Our competitive strengths include:

Global Reach and Scale

We believe that our integrated global ground and air network is the most extensive in the industry. It is the only network that handles all levels of service (express, ground, domestic, international, commercial, residential) through one integrated pickup and delivery service system.

We operate a ground fleet of approximately 101,000 vehicles, ranging from custom-built package cars to large tractors and trailers, and utilize approximately 600 airplanes. In the contiguous U.S., we reach all business and residential addresses. We are the eighth largest airline in the world. Our primary air hub is in Louisville, KY. Regional air hubs are located in Columbia, SC; Dallas, TX; Hartford, CT; Ontario, CA; Philadelphia, PA; and Rockford, IL. Our largest international air hub is in Cologne, Germany, with other regional hubs in Hong Kong, Singapore, Taiwan, Miami, FL and Pampanga, Philippines.

From the beginnings in Germany 30 years ago, our European network has grown significantly and now fully supports air and ground shipments throughout the continent. We believe we have the most comprehensive integrated delivery and information services portfolio of any carrier in Europe. In other regions of the world, we rely on both our own and local service providers’ capabilities to meet our service commitments.

Through more than two dozen alliances with Asian delivery companies that supplement company-owned operations, we currently serve more than 40 Asia Pacific countries and territories. Two of the fastest growing economies in the world, China and India, are among our most promising opportunities.

Our Canadian operations include both intra-Canada and import/export capabilities. We deliver to all addresses throughout Canada. We are also the largest air cargo carrier and a leading logistics provider in Latin America and the Caribbean.

Technology

We are a global leader in developing technology that helps our customers optimize their business processes to lower costs, improve service and increase efficiency. We have a strong global capability as a mover of electronic information. We currently collect electronic data on 97% of the packages that move through our U.S. system each day - more than any of our competitors.

In 2003, we announced plans to re-engineer our package pickup and delivery processes, which we believe will result in gains in efficiency, reliability and flexibility. Once the new technology is deployed in our package sorting facilities, we anticipate achieving savings through productivity improvements as well as in reduced fuel usage. By the end of 2006 we had deployed this technology for use by almost 74% of our drivers.

Technology powers virtually every service we offer and every operation we perform. Our technology initiatives are driven by our customers' needs. We offer a variety of on-line service options that enable our customers to integrate UPS functionality into their own businesses not only to conveniently send, manage and track their shipments, but to provide their customers with better information services. We provide the infrastructure for an Internet presence that extends to tens of thousands of customers who have integrated UPS tools directly into their own web sites.

Broad, Flexible Range of Services and Integrated Solutions

Our portfolio of services enables customers to choose the delivery option that is most appropriate for their requirements. Substantially all of our U.S. small package delivery services are guaranteed.

Our express air services are integrated with our vast ground delivery system - one system handling all products. This integrated air and ground network enhances efficiency, improves productivity and asset utilization, and provides us with the flexibility to transport packages using the most reliable and cost-effective transportation mode or combination of modes. Our sophisticated engineering systems allow us to optimize our network efficiency and asset utilization on a daily basis. This unique, integrated global business model creates consistent and superior returns - by far the best in our industry.

Increasingly, our customers benefit from business solutions that integrate many UPS services in addition to package delivery. We offer over 60 supply chain services - such as freight forwarding, customs brokerage, order fulfilment, and returns management - that help improve efficiency of the supply chain management process.

Customer Relationships

We focus on building and maintaining long-term customer relationships. Thousands of customers access us daily through UPS On-Call PickupSM for air and ground delivery services. In addition, there are approximately 150,000 domestic and international

access points to UPS. These include: nearly 40,000 branded drop-boxes, more than 1,000 UPS Customer Centers, over 5,800 independently owned and operated The UPS Store® and Mail Boxes Etc®. locations worldwide (over 4,400 in the U.S.), more than 2,400 Alliance partner locations, in excess of 15,000 Authorized Shipping Outlets and commercial counters - along with more than 85,000 UPS drivers who can accept packages given to them.

We place significant value on the quality of our customer relationships, and we conduct comprehensive research to monitor customer perceptions. Since 1993, we have conducted telephone interviews with shipping decision-makers virtually every business day to determine their satisfaction with small package carriers and perception of performance on 19 service factors. Results from this survey for 2006 continue to show high levels of customer satisfaction.

Brand Equity

We have built a leading and trusted brand in our industry - a brand that stands for quality service, reliability and product innovation. The distinctive appearance of our vehicles and the friendliness and helpfulness of our drivers are major contributors to our brand equity.

Distinctive Culture

We believe that the dedication of our employees results in large part from our distinctive “employee-owner” concept. Our employee stock ownership tradition dates from 1927, when our founders, who believed that employee stock ownership was a vital foundation for successful business, first offered stock to employees. To facilitate employee stock ownership, we maintain several stock-based compensation programs.

Our long-standing policy of “promotion from within” complements our tradition of employee ownership, and this policy makes it generally unnecessary for us to hire managers and executive officers from outside UPS. The vast majority of our management team began their careers as full-time or part-time hourly UPS employees, and has spent their entire careers with us. Our chief executive officer and many of our executive officers have more than 30 years of service with UPS and have accumulated a meaningful ownership stake in our company. Therefore, our executive officers have a strong incentive to effectively manage UPS, which benefits all our shareowners.

Financial Strength

Our balance sheet reflects financial strength that few companies can match. As of December 31, 2006, we had a balance of cash, cash equivalents, marketable securities and short-term investments of approximately \$1,983 billion and shareowners’ equity of \$15,482 billion. Long-term debt was \$3,133 billion. We carry long-term debt ratings of AAA/Aaa from Standard & Poor’s and Moody’s, respectively, reflecting our low use of debt and strong capacity to service our obligations. Our financial strength gives us the resources to achieve global scale and to make investments in technology,

transportation equipment and buildings as well as to pursue strategic opportunities which will facilitate our growth.

Growth Strategy

Our growth strategy takes advantage of our competitive strengths while maintaining our focus on meeting or exceeding our customers' requirements. The principal components of our growth strategy are:

Build on Our Leadership Position in Our U.S. Business

We believe that our tradition of reliable package delivery service, our experienced and dedicated employees and our unmatched integrated air and ground network provide us with the advantages of reputation, service quality and economies of scale that differentiate us from our competitors. Our strategy is to increase domestic revenue through cross-selling our existing and new services to our large and diverse customer base, to limit the rate of expense growth and to employ technology-driven efficiencies to increase operating profit.

Continued International Expansion

We have built a strong international presence through significant investments over several decades. The international package delivery market continues to grow at a faster rate than that of the U.S. We will use our worldwide infrastructure and broad product portfolio to grow high-margin premium services and to implement cost, process and technology improvements in our international operations. Both Europe and Asia offer significant opportunities for growth.

Europe is our largest region outside the United States - accounting for approximately half of our international revenue.

In early 2006, to accommodate growth opportunities across the whole of Europe, we completed the expansion of our automated package sorting hub at the Cologne/Bonn airport in Germany. The expansion doubled the hub's original sorting capacity to 110,000 packages per hour, largely through the deployment of new automation technology.

Growth in Asia will be driven by global demand, leading to improved demographic and economic trends throughout the region, with specific emphasis on China and India. We continue to invest in infrastructure and technology in Asia. In 2002, we opened a new intra-Asia hub at Clark Air Force Base in Pampanga, Philippines to enable future growth in the region. This hub allows us to compete more effectively in the Asian express market and improve our service between Europe and Asia.

In 2003, we received from the U.S. Department of Transportation the authority to expand service to and through Hong Kong, including permanent authority to fly from Hong Kong to other cities, specifically to our Cologne hub in Europe. We continue our development efforts in the fast-growing China market.

In 2004, the U.S. Department of Transportation authorized us to significantly expand our air operations in China with the award of 12 new frequencies, which tripled our access to China.

In 2005, we announced expansion plans to triple the intra-Asia hub's sorting capacity from 2,500 packages to 7,500 packages per hour. In the same year, UPS became the first U.S. airline to launch non-stop service between the U.S. and Guangzhou, which lies strategically in one of China's fastest growing manufacturing regions. We also launched express delivery service for customers within China.

In 2006, we added another three daily flights between Shanghai, China and the U.S., and another new flight between Qingdao, China and Incheon, Korea. We also began direct air service between Shanghai and Cologne with five flights per week. Those flights are supporting international express volume into and out of China, which has seen dramatic growth in recent quarters. To continue our expansion, we plan to develop a new air hub in Shanghai. We also added two weekly flights between the U.S. and Australia.

Our Americas international gateway in Miami, Florida is the focal point for trade between Latin America and the U.S. This gateway complements our operations in Florida and Latin America, and represents our commitment to the Americas market. We believe that there is long-term potential for us to expand our service offerings in Latin America and in 2006, UPS de Mexico enhanced territory coverage by expanding to nine additional cities across Mexico. UPS de Mexico is now able to offer improved service and broader coverage to our customers in Mexico.

Provide Comprehensive Supply Chain Solutions

In today's global economy, entire industries have outsourced all or part of their supply chains to streamline and gain efficiencies, to strengthen their balance sheets, to support new business models and to improve service. Companies' global supply chains are growing increasingly complex. This is creating further demand for a global service offering that incorporates transportation, distribution and international trade services with financial and information services. We believe that we are well positioned to capitalize on this growth for the following reasons:

- We manage supply chains for large and small companies in over 175 countries and territories, with about 35 million square feet of distribution space and over 900 facilities worldwide.
- We focus on supply chain redesign, freight forwarding, international trade services and management-based solutions for our customers rather than solely on more traditional asset-based logistics such as warehouses and vehicle fleets.
- We provide a broad range of transportation solutions to customers worldwide, including air, ocean and ground freight, as well as customs brokerage and

trade and materials management. We provide standardized service, information technology systems and specialized distribution facilities and services adapted to the unique supply chains of specific industries such as healthcare, technology, and consumer/retail.

- We offer a portfolio of financial services that provides customers with short-term and long-term financing, secured lending, working capital, government guaranteed lending, letters of credit, global trade financing, credit cards and equipment leasing.

Leverage Our Leading-Edge Technology

Our goal is to provide our customers with easy-to-use, flexible technology offerings that streamline their shipment processing and integrate critical transportation information into their business processes, helping them create supply chain efficiencies, improve their cash flows and better serve their customers. Our leading-edge technology has enabled our e-commerce partners to utilize UPS capabilities within their products by integrating UPS shipping and visibility functionality.

Pursue Strategic Acquisitions and Global Alliances

Strategic acquisitions and global alliances play a significant role in spurring growth. We look for opportunities that:

- complement our global package business;
- build our global brand;
- enhance our technological capabilities or service offerings;
- lower our costs; or
- expand our geographic presence.

Products and Services

Domestic Package Products and Services

Throughout our history, we have been engaged in the delivery of packages travelling by ground transportation. We expanded this service gradually, and today our standard ground service is available to every address in the 48 contiguous United States. With the addition of Hawaii and Alaska, we were the first to reach every address in all 50 states. We handle packages that weigh up to 150 pounds and are up to 165 inches in combined length and girth. We offer same-day pickup of air and ground packages. In 2006, we made the most significant upgrade ever to our U.S. ground package delivery network, accelerating the transit times for more than a half-million packages nationwide by one day or more.

In addition to our standard ground delivery product, UPS Hundredweight Service® offers guaranteed, time-definite service to customers sending multiple package shipments having a combined weight of 200 pounds or more, or air shipments totalling 100 pounds or more, addressed to one recipient.

We provide domestic air delivery throughout the United States. UPS Next Day Air® offers guaranteed next business day delivery by 10:30 a.m. to 75% of the United States population and delivery by noon to areas covering an additional 15% of the population. We offer Saturday delivery for UPS Next Day Air shipments for an additional fee. In 2006, we accelerated the guaranteed commit time for our UPS 2nd Day Air A.M.® delivery service to 10:30 a.m. from 12 p.m. and added a Saturday delivery option for UPS 2nd Day Air®.

Additional products and services, such as UPS CampusShip, Consignee Billing, Quantum View Manage, Delivery Confirmation and UPS ReturnsSM, are available to customers who require customized package distribution solutions.

International Package Products and Services

We deliver international shipments to more than 200 countries and territories worldwide, and we provide delivery within one to two business days to the world's major business centers. We offer a complete portfolio of import, export and domestic services. This portfolio includes guaranteed early morning, morning and noon delivery to major cities around the world, as well as scheduled day-definite air and ground services. We offer worldwide customs clearance service for any mode of transportation.

In January 2007, we had the largest service expansion of our international shipping portfolio in more than a decade. UPS began offering customers three, rather than two, daily time-definite delivery options to and from the world's most active trading markets, giving customers the flexibility they need to manage their businesses. The changes expand the number of early morning, morning and afternoon commit times UPS offers for urgent deliveries to and from cities throughout the world.

We classify our service as export (packages that cross national borders) and domestic (packages that stay within a single country's boundaries). We have a portfolio of domestic services in 23 major countries throughout the world.

The Trade Direct portfolio of ocean and air services integrates our small package and supply chain solutions capabilities to provide additional value to our international customers. In essence, the Trade Direct service consolidates individually labelled packages or pallets into one movement across borders. When the goods arrive in the destination country, packages are deconsolidated and entered into the UPS system for delivery, often eliminating the receiving, sorting and handling necessary in distribution centers. This service significantly cuts the supply chain cycle from point of origin to consignee. It also provides our customers with faster time to market, reduced costs, increased visibility and better management of their global supply chain. In 2006, we

completed the rollout of Trade Direct air and ocean services to facilitate export shipments from the U.S. and Canada to Europe, and introduced Trade Direct service inbound to Japan. Previously in 2005, we had launched Trade Direct services outbound from Europe to the U.S., as well as inbound from Asia to Europe.

Mexico and Canada are also important to our international business. We developed the UPS Trade DirectSM Cross Border service to manage package movements between the U.S. and these countries. This service combines our small package, freight and brokerage capabilities to create an integrated, streamlined and economical door-to-door solution for customers with complex cross-border distribution needs. We are also the only carrier to offer guaranteed 8:00 a.m. next day delivery to most major metropolitan cities in Canada.

Starting on January 2, 2007, UPS introduced UPS Standard service support for the shipping of dangerous goods/hazardous materials, becoming the only carrier to offer a small package ground service for dangerous goods between Canada and the United States.

Supply Chain & Freight Services

UPS Supply Chain Solutions, which comprises our freight forwarding and logistics businesses, meets customers' supply chain needs by selecting the most appropriate solution from a portfolio of over 60 services. Among these are:

- *Transportation and Freight Forwarding:* air, ocean, rail and ground freight for all size shipments utilizing UPS and other carriers, and multimodal transportation network management.
- *Logistics and Distribution:* supply chain management, distribution center design, planning and management, order fulfilment, inventory management, receiving and shipping, service parts logistics, reverse logistics and cross docking.
- *International Trade Management:* freight forwarding, full-service customs brokerage and international trade consulting.
- *Consulting Services:* strategic supply chain design and re-engineering.

Asset-based lending, global trade finance and export-import lending services are available through UPS CapitalSM.

In 2005, we expanded our LTL transportation services with the acquisition of Overnite Corp., which offers a full range of regional, inter-regional and long-haul LTL services in all 50 states, Canada, Puerto Rico, Guam, the Virgin Islands and Mexico. Overnite Corp. was rebranded as UPS Freight in 2006. UPS Freight provides LTL services through a network of owned and leased service centers and carrier partnerships. UPS Freight transports a variety of products, including fabricated metal products, health care products, chemicals, textiles, machinery, furniture and fixtures, electronics, paper

products and general commodities, including consumer goods, packaged food stuffs, industrial equipment and auto parts. UPS Freight also provides our customers with truckload and dedicated truckload transportation solutions.

Visibility and Technology Solutions

Customers trust UPS with their goods and reputation. Our technology strategy is to provide our customers with the convenience of tools right on their computer or at one of our shipping outlets. We provide a variety of UPS technology solutions that support automated shipping and tracking:

- *UPS WorldShip®* helps shippers streamline their shipping activities by processing shipments, printing address labels, tracking packages and providing management reports, all from a desktop computer. Our technology allows us to connect to a company's order management and fulfillment software, eliminating the need for the company to perform many time consuming tasks, such as re-keying orders.
- *UPS CampusShip®* is a Web-based, UPS-hosted distributed shipping solution that allows employees of companies with multiple facilities and decentralized workforces to easily process and ship packages with UPS from their computer desktops. At the same time, the system gives transportation and mailroom decision-makers centralized control over shipping procedures and costs.
- *UPS Internet Shipping* is a quick and convenient way to ship packages using the web without installing additional software.
- *UPS Online®* Host Access provides electronic connectivity between UPS and the shipper's host computer system, linking UPS shipping information directly to all parts of the customer's organization.
- *UPS Ready®* encompasses electronic solutions provided by third-party vendors that benefit customers who want to automate their small package shipping and tracking processes.
- *Quantum View®* is a suite of three visibility services (Quantum View Manage, Quantum View Data and Quantum View Notify) that give businesses and their customers detailed, timely information about the status of their UPS outbound and inbound shipments. The services can be used separately or together, depending on customer needs.
- *Flex® Global View* provides UPS Supply Chain Solutions customers supply chain visibility of multimodal (air, ocean, ground and rail—freight or UPS small package) transportation, purchase order, customer and inventory management data via the Internet. Like Quantum View, Flex Global View provides customers proactive notification of events they deem important in

their daily business operations—from notification of an item held in Customs to confirmation that a critical shipment is en route to their location.

- *UPS TradeAbilitySM* is a software tool that helps customers navigate the complex process of international shipping by identifying harmonized tariff codes, generating landed cost estimates, and locating up-to-date compliance information.
- *UPS TradeSenseTM* is a suite of trade management software (including TradeAbility) that provides a neutral technology platform that customers can leverage to manage global trade data and requirements. The software helps automate import-export transactions, enabling businesses to streamline their operations, boost efficiencies, enhance compliance, and send and receive trade information in a collaborative environment.
- *UPS Billing Analysis Tool* is downloadable technology that allows customers to manipulate UPS Billing Data to analyze and allocate shipping costs. The tool is available in 36 countries and 21 languages, as well as the converted currencies of the customer's choosing. It provides a variety of expense summaries and subtotals, which can be arranged by the customer's cost codes, by UPS service, shipping method, and more.

UPS.com processes over 15 million package tracking transactions daily. A growing number of those tracking requests now come from customers in those countries that have wireless access to UPS tracking information. Package tracking, pickup requests, rate quotes, account opening, wireless registration, drop-off locator, transit times and supply ordering services are all available at the customer's desktop or laptop. The site also displays full domestic and international service information and allows customers to process outbound shipments as well as return labels for their customers.

Businesses in a number of countries also can download UPS OnLine ToolsSM, to their own websites for direct use by their customers. This allows users to access the information they need without leaving our customers' websites.

Sales and Marketing

The UPS worldwide sales organization includes both our traditional U.S. domestic and international small package delivery business and our Supply Chain & Freight business. This field sales organization consists primarily of locally-based account executives assigned to our individual operating units. For our largest multi-shipping site customers, we manage sales through an organization of regionally-based account managers, reporting directly to our corporate office.

Our sales force also includes specialized groups that work together with our general sales organization to support the sale of customer technology solutions, international

package delivery, LTL and freight transportation, and warehousing and distribution services.

Our worldwide marketing organization also supports both our traditional U.S. domestic and international small package delivery business and our Supply Chain & Freight business. Our corporate marketing function is engaged in market and customer research, brand management, rate-making and revenue management policy, new product development, product portfolio management, marketing alliances and e-commerce, including the non-technical aspects of our web presence. Advertising, public relations, and most formal marketing communications are centrally developed and controlled.

In addition to our corporate marketing group, field-based marketing personnel are assigned to our individual operating units, and are primarily engaged in business planning, bid preparation and revenue management activities. These local marketing teams support the execution of corporate initiatives while also managing limited promotional and public relations activities pertinent to their local markets.

Employees

As of December 31, 2006, we had approximately 428,000 employees.

We have received numerous awards and wide recognition as an employer-of-choice, including the following:

- In February 2006, we were rated “America’s Most Admired” company in our industry in a FORTUNE magazine survey, as well as ranked in the Top 20 among all American companies. We achieved Top 10 rankings for “people management” and “management quality”.
- In 2006, we were ranked in the Top 10 companies in *The Wall Street Journal/Harris Interactive* Corporate Reputation Study.
- In February 2007, we were ranked eighth overall among 25 companies recognized in Business Week’s first-ever ranking of “Customer Service Champs”.
- In 2006, UPS was recognized by *Hispanic Business Magazine* as one of the top companies in the world for Hispanics in the workforce. Overall, 50 companies were chosen based on their efforts to hire and retain those of Hispanic descent in their organization.

In August 2005, *Black Professionals Magazine* named UPS to its “Top 25 Companies for African Americans” list, based on workforce diversity initiatives.

- In September 2006, UPS ranked ninth in a survey of 152 brands ranked for corporate citizenship. Public relations firm GolinHarris interviewed 5,000 Americans, who rated 152 brands for the GolinHarris Corporate Citizenship Index (CCI).
- UPS was recognized in 2006 as one of America's most supportive companies of both black and Hispanic engineering students by two independent surveys. The fourth annual survey by U.S. Black Engineer and Information Technology magazine named UPS as a private sector organization supportive of historically black engineering schools in the United States. A second survey, conducted by Hispanic Engineer and Information Technology magazine, ranked UPS in the top five private sector organizations supportive of engineering schools at America's Hispanic Serving Institutions.

As of December 31, 2006, we had approximately 246,000 employees employed under a national master agreement and various supplemental agreements with local unions affiliated with the International Brotherhood of Teamsters ("**Teamsters**"). These agreements run through July 31, 2008. In the third quarter of 2006, we began formal negotiations with the Teamsters on a new agreement. We have approximately 2,800 pilots who are employed under a collective bargaining agreement with the Independent Pilots Association ("**IPA**"). On June 30, 2006, UPS and the IPA announced a tentative agreement on a new labor contract, which was ratified in the third quarter. This new contract becomes amendable at the end of 2011. Our airline mechanics are covered by a collective bargaining agreement with Teamsters Local 2727, which became amendable on November 1, 2006. We began formal negotiations with Teamsters Local 2727 on October 2, 2006. In addition, the majority of our ground mechanics who are not employed under agreements with the Teamsters are employed under collective bargaining agreements with the International Association of Machinists and Aerospace Workers. These agreements run through July 31, 2009.

We believe that our relations with our employees are good. Every year we survey all our employees to determine their level of job satisfaction. Areas of concern receive management attention as we strive to keep UPS the employer of choice among our employees.

Competition

We are the largest package delivery company in the world, in terms of both revenue and volume. We offer a broad array of services in the package delivery industry and, therefore, compete with many different companies and services on a local, regional, national and international basis. Our competitors include the postal services of the United States and other nations, various motor carriers, express companies, freight forwarders, air couriers and others.

We believe one increasingly important element of competition is a carrier's ability to integrate its distribution and information systems with its customers' systems to provide transportation solutions at competitive prices. We rely on our vast infrastructure and

service portfolio to attract and maintain customers. As we expand our supply chain solutions service offerings, we compete with a number of participants in the supply chain, financial services and information technology industries.

Government Regulation

The U.S. Department of Homeland Security, through the Transportation Security Administration ("TSA"), the U.S. Department of Transportation ("DOT") and the Federal Aviation Administration ("FAA"), regulates air transportation services.

The TSA regulates various security aspects of air cargo transportation in a manner consistent with the TSA mission statement to “protect[s] the Nation’s transportation systems to ensure freedom of movement for people and commerce.”

The DOT’s authority primarily relates to economic aspects of air transportation, such as discriminatory pricing, non-competitive practices, interlocking relations and cooperative agreements. The DOT also regulates, subject to the authority of the President of the United States, international routes, fares, rates and practices, and is authorized to investigate and take action against discriminatory treatment of U.S. air carriers abroad. We are subject to U.S. customs laws and related DOT regulations regarding the import and export of shipments to and from the U.S. In addition, our customs brokerage entities are subject to those same laws and regulations as they relate to the filing of documents on behalf of client importers and exporters.

The FAA’s authority primarily relates to safety aspects of air transportation, including aircraft standards and maintenance, personnel and ground facilities. In 1988, the FAA granted us an operating certificate, which remains in effect so long as we meet the operational requirements of federal aviation regulations.

FAA regulations mandate an aircraft corrosion control program, and aircraft inspection and repair at periodic intervals specified by approved programs and procedures, for all aircraft. Our total expenditures under these programs for 2006 were \$ 18 million. The future cost of repairs pursuant to these programs may fluctuate. All mandated repairs have been completed, or are scheduled to be completed, within the timeframes specified by the FAA.

Our ground transportation of packages in the U.S. is subject to the DOT’s jurisdiction with respect to the regulation of routes and to both the DOT’s and the states’ jurisdiction with respect to the regulation of safety, insurance and hazardous materials.

We are subject to similar regulation in many non-U.S. jurisdictions. In addition, we are subject to non-U.S. government regulation of aviation rights to and beyond non-U.S. jurisdictions, and non-U.S. customs regulation.

The Postal Reorganization Act of 1970 created the U.S. Postal Service as an independent establishment of the executive branch of the federal government, and vested the power to recommend domestic postal rates in a regulatory body, the Postal

Rate Commission. We participate in the proceedings before the Postal Rate Commission in an attempt to secure fair postal rates for competitive services.

We are subject to numerous other laws and regulations in connection with our non-package businesses, including customs regulations, Food and Drug Administration regulation of our transportation of pharmaceuticals and state and federal lending regulations.

Executive Officers

Name and Office	Age	Principal Occupation and Employment for the Last Five Years
David P. Abney Senior Vice President, Chief Operating Officer, and President - UPS Airlines	51	Senior Vice President, Chief Operating Officer and President, UPS Airlines (2007 - present), Senior Vice President and President, UPS International (2003 - 2007), UPS/Fritz Companies Integration Manager (2001 - 2002).
David A. Barnes Senior Vice President and Chief Information Officer	51	Senior Vice President and Chief Information Officer (2005 - present), Corporate IS Portfolio Coordinator (2001 - 2004).
D. Scott Davis Vice Chairman and Chief Financial Officer	55	Vice Chairman (2007 - present), Senior Vice President (2001 - 2007), Chief Financial Officer and Treasurer (2001 - present), Director (2006 - present).
Michael L. Eskew Chairman and Chief Executive Officer	57	Chairman and Chief Executive Officer (2002 - present), Vice Chairman (2000 - 2001), Executive Vice President (1999 - 2001), Director (1998 - present).
Alan Gershenhorn Senior Vice President and President, UPS International	48	Senior Vice President and President, UPS International (2007 - present), President, UPS Supply Chain Solutions - Asia and Europe (2005 - 2007), President, UPS Supply Chain Solutions - Shared Services (2004 - 2005), President, United Parcel Service Canada, Ltd. (2001 - 2004).
Allen E. Hill Senior Vice President	51	Senior Vice President, Human Resources (2007 - present), Senior Vice President, Human Resources and Public Affairs (2006 - 2007), Senior Vice President, General Counsel and Corporate Secretary (2004 - 2006), Corporate Legal Department Manager (1995 - 2004).

Name and Office	Age	Principal Occupation and Employment for the Last Five Years
Kurt P. Kuehn Senior Vice President	52	Senior Vice President, Worldwide Sales and Marketing (2004 - present), Vice President, Investor Relations (1999 - 2003).
Teri P. McClure Senior Vice President and Secretary	43	Senior Vice President, General Counsel and Corporate Secretary (2006 - present), Corporate Legal Department Manager (2005 - 2006), Compliance Department Manager (2004 - 2005), District Manager (2003 - 2005), and Vice President (1999 - 2003).
John J. McDevitt Senior Vice President	48	Senior Vice President, Global Transportation Services (2005 - present), Senior Vice President, Strategic Integration (2003 - 2005), Air Region Manager (2000 - 2002).
Christine M. Owens Senior Vice President	51	Senior Vice President, Corporate Communications and Brand Management (2005 -present), Corporate Transportation Group Manager (2004 - 2005), Region Manager (1997-2004).
Robert E. Stoffel Senior Vice President	51	Senior Vice President, Engineering, Strategy and Supply Chain Distribution (2007 -present), Senior Vice President of Supply Chain Group (2004 - 2007), President, UPS Supply Chain Solutions, Inc. (2002 - 2003), Vice President, UPS Logistics Group, Inc. (2000 - 2002).
James F. Winestock Senior Vice President	55	Senior Vice President, U.S. Operations (2004 - present), Region Manager (1998 -2003).

The business address for all of the Executive Officers described above is 55 Glenlake Parkway, N.E., Atlanta, Georgia 30328.

So far as the Issuer is aware, there are no potential conflicts of interest between the duties to the Issuer of the persons named above and their private interests and/or other duties.

Operating Facilities

We own our headquarters, which are located in Atlanta, Georgia and consist of about 735,000 square feet of office space on an office campus, and our UPS Supply Chain Solutions group's headquarters, which are located in Alpharetta, Georgia and consist of about 310,000 square feet of office space.

We also own our 27 principal U.S. package operating facilities, which have floor spaces that range from about 310,000 to 693,000 square feet. In addition, we have a 1.9 million square foot operating facility near Chicago, Illinois, which is designed to streamline shipments between East Coast and West Coast destinations, and we own or lease over 1,600 additional smaller package operating facilities in the U.S. The smaller of these facilities have vehicles and drivers stationed for the pickup of packages and facilities for the sorting, transfer and delivery of packages. The larger of these facilities also service our vehicles and equipment and employ specialized mechanical installations for the sorting and handling of packages.

We own or lease almost 600 facilities that support our international package operations and over 900 facilities that support our freight forwarding and logistics operations. Our freight forwarding and logistics operations maintain facilities with about 35 million square feet of floor space. We own and operate a logistics campus consisting of approximately 3.5 million square feet in Louisville, Kentucky.

UPS Freight operates over 200 service centers with a total of 5.5 million square feet of floor space. UPS Freight owns 141 of these service centers, while the remainder are occupied under operating lease agreements. The main offices of UPS Freight are located in Richmond, Virginia and consist of about 240,000 square feet of office space.

Our aircraft are operated in a hub and spokes pattern in the U.S. Our principal air hub in the U.S., known as Worldport, is located in Louisville, KY. The Worldport facility consists of over 3.5 million square feet and the site includes approximately 596 acres. We are able to sort over 300,000 packages per hour in the Worldport facility. We also have regional air hubs in Columbia, SC; Dallas, TX; Hartford, CT; Ontario, CA; Philadelphia, PA; and Rockford, IL. These hubs house facilities for the sorting, transfer and delivery of packages. Our European air hub is located in Cologne, Germany, and our Asia-Pacific air hub is located in Taipei, Taiwan. Our intra-Asia air hub is located at Clark Air Force Base in Pampanga, Philippines, our regional air hub in Canada is located in Hamilton, Ontario, and our regional air hub for Latin America and the Caribbean is in Miami, FL.

In 2006, we announced a major expansion to our Worldport facility that will increase the sorting capacity over the next five years by 60 percent to 487,000 packages per hour. The expansion involves the addition of three aircraft load / unload wings to the hub building, followed by the installation of high-speed conveyor and computer control systems. The overall size of the Worldport facility will increase by 1.1 million square feet to 5.1 million square feet, and the facility will be able to accommodate the Airbus

A380-800 and Boeing 747-400 aircraft currently on order. The expansion will cost over \$1 billion and is expected to be completed by 2010.

In 2006, we closed the former Menlo Worldwide Forwarding air freight facility in Dayton, OH, and integrated the former Menlo Worldwide Forwarding air freight business into other UPS facilities, including a new facility in Louisville consisting of approximately 715,000 square feet and five new regional air freight facilities in Ontario, CA; Rockford, IL; Dallas, TX; Philadelphia, PA; and Columbia, SC that have a combined square footage of 269,000.

Our primary information technology operations are consolidated in a 435,000 square foot owned facility, the Ramapo Ridge facility, which is located on a 39-acre site in Mahwah, New Jersey. We also own a 175,000 square foot facility located on a 25-acre site in Alpharetta, Georgia, which serves as a backup to the main information technology operations facility in New Jersey. This facility provides production functions and backup capacity in the event that a power outage or other disaster incapacitates the main data center. It also helps us to meet our internal communication needs.

We believe that our facilities are adequate to support our current operations.

Fleet

Aircraft

The following table shows information about our aircraft fleet as of December 31, 2006, including the Boeing 767-300 order discussed further below:

Description	Owned and Capital Leases	Short-term Leased or Chartered From Others	On Order	Under Option
McDonnell-Douglas DC-8-71	20	-	-	-
McDonnell-Douglas DC-8-73	26	-	-	-
Boeing 727-100	29	-	-	-
Boeing 727-200	2	-	-	-
Boeing 747-100	7	-	-	-
Boeing 747-200	4	-	-	-
Boeing 747-400F	-	-	8	-
Boeing 747-400BCF	-	-	2	-
Boeing 757-200	75	-	-	-
Boeing 767-300	32	-	-	-
Boeing 767-300ER	-	-	27	-
Boeing MD-11	34	-	4	-
Airbus A300-600	53	-	-	-
Airbus A380-800	-	-	10	10
Other	-	325	-	-
Total	<u>282</u>	<u>325</u>	<u>51</u>	<u>10</u>

We maintain an inventory of spare engines and parts for each aircraft.

All of the aircraft we own meet Stage III federal noise regulations and can operate at airports that have aircraft noise restrictions. We became the first major airline to successfully operate a 100% Stage III fleet more than three years in advance of the date required by federal regulations.

During 2006, we took delivery of 13 Boeing MD-11 aircraft and six Airbus A300-600 aircraft. We have firm commitments to purchase four Boeing MD-11 aircraft, and we expect to take delivery of these aircraft during 2007. In February 2007, we announced an order for 27 Boeing 767-300ER freighters to be delivered between 2009 and 2012 (this order is reflected in the table above). We also have firm commitments to purchase eight Boeing 747-400F aircraft scheduled for delivery during 2007 and 2008, and two Boeing 747-400BCF aircraft scheduled for delivery during 2008.

In addition, we currently have a firm commitment to purchase 10 Airbus A380-800 freighter aircraft and options to purchase 10 additional A380-800 aircraft. In February

2007, we announced that we had signed an agreement with Airbus to set out a timetable for deciding the status of this previous order. The agreement specifies changed delivery dates for the A380-800 and provides for possible termination of the original purchase agreement by either party later in 2007. The revised delivery schedule specifies the delivery dates for the 10 Airbus A380-800's on order as being between 2012 and 2013, whereas we were originally scheduled to take delivery of the Airbus A380-800 aircraft between 2009 and 2012. The signing of this agreement will have no material impact on our results of operations or financial condition.

Vehicles

We operate a ground fleet of approximately 101,000 package cars, vans, tractors and motorcycles. Our ground support fleet consists of over 26,000 pieces of equipment designed specifically to support our aircraft fleet, ranging from non-powered container dollies and racks to powered aircraft main deck loaders and cargo tractors. We also have about 41,000 containers used to transport cargo in our aircraft.

Safety

We promote safety throughout our operations. Our Automotive Fleet Safety Program is built with the following components:

- *Selection.* Five out of every six drivers come from our part-time ranks. Therefore, many of our new drivers are familiar with our philosophies, policies, practices and training programs.
- *Training.* Training is the cornerstone of our Fleet Safety Program. Our approach starts with training the trainer. All trainers are certified to ensure that they have the skills and motivation to effectively train novice drivers. A new driver's employment includes extensive classroom and on-line training as well as on-road training, followed by three safety training rides integrated into his or her training cycle.
- *Responsibility.* Our operations managers are responsible for their drivers' safety records. We investigate every accident. If we determine that an accident could have been prevented, we retrain the driver.
- *Preventive Maintenance.* An integral part of our Fleet Safety Program is a comprehensive Preventive Maintenance Program. Our fleet is tracked by computer to ensure that each vehicle is serviced before a breakdown or accident is likely to occur.
- *Honor Plan.* A well-defined safe driver honor plan recognizes and rewards our drivers when they achieve success. We have over 4,200 drivers who have driven for 25 years or more without an avoidable accident.

Our workplace safety program is built upon a comprehensive health and safety process. The foundation of this process is our employee-management health and safety committees. The workplace safety process focuses on employee conditioning and safety-related habits. Our employee co-chaired health and safety committees complete comprehensive facility audits and injury analyses, and recommend facility and work process changes.

Legal Proceedings

We are a defendant in a number of lawsuits filed in state and federal courts containing various class-action allegations under state wage-and-hour laws. In one of these cases, *Marlo v. UPS*, which has been certified as a class action in a California federal court, plaintiffs allege that they improperly were denied overtime, and seek penalties for missed meal and rest periods, and interest and attorneys' fees. Plaintiffs purport to represent a class of 1,200 full-time supervisors. The court granted summary judgment in favour of UPS on all claims and plaintiffs have appealed. We have denied any liability with respect to these claims and intend to vigorously defend ourselves in this case. At this time, we have not determined the amount of any liability that may result from this matter or whether such liability, if any, would have a material adverse effect on our financial condition, results of operations, or liquidity.

In another case, *Cornn v. UPS*, which has been certified as a class action in a California federal court, plaintiffs allege that they were improperly denied wages and/or overtime and meal and rest periods. Plaintiffs purport to represent a class of approximately 23,600 drivers and seek back wages, penalties, interest and attorneys' fees. UPS has agreed in principle to settle this matter in full for a total payment of \$87 million. On December 6, 2006, the court granted tentative approval of the settlement.

We are named as a defendant in four putative class action lawsuits filed in federal courts, alleging a conspiracy relating to certain surcharges by a number of air cargo carriers. We are not named as a defendant in at least eighty-six related cases that make similar allegations. These cases have been consolidated in a Multi-District Litigation proceeding pending in the United States District Court for the Eastern District of New York. UPS was not included as a defendant in the amended consolidated complaint on which the Multi-District Litigation is proceeding. In addition, in July 2006, we were named as a defendant in a comparable lawsuit filed in the Ontario (Canada) Superior Court of Justice. We intend to vigorously defend ourselves in these cases.

We are a defendant in various other lawsuits that arose in the normal course of business. We believe that the eventual resolution of these cases will not have a material adverse effect on our financial condition, results of operations, or liquidity.

TAXATION

General

The discussion of taxation under the headings "United States Federal Income Taxes" and "EU Savings Directive" in this section is only an indication of certain tax implications under the laws of those jurisdictions as they may affect investors and does not constitute tax advice. The Issuer makes no representations as to the completeness of the information set forth below. **Potential investors are strongly advised to consult with their own professional advisors on the tax implications of investing in the Notes.**

United States Federal Income Tax

The following is a summary based on present law of certain U.S. federal income tax considerations for prospective purchasers of the Notes. It addresses only Non-U.S. Holders that buy in the original offering at the original offering price and hold Notes as capital assets. The discussion does not consider the circumstances of particular purchasers, some of which (such as banks, insurance companies, regulated investment companies, securities traders and dealers, tax-exempt organizations or persons holding the Notes as part of a hedge, straddle, conversion, integrated or constructive sale transaction) are subject to special tax regimes. The discussion is a general summary. It is not a substitute for tax advice. The discussion below assumes that the Notes will be characterized as debt, rather than equity, for U.S. federal income tax purposes.

THE STATEMENTS ABOUT U.S. FEDERAL TAX CONSIDERATIONS ARE MADE TO SUPPORT THE MARKETING OF THE NOTES. NO TAXPAYER CAN RELY ON THEM TO AVOID TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE NOTES UNDER THE LAWS OF LUXEMBOURG, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS, AND ANY OTHER JURISDICTIONS WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, a "Holder" is a beneficial owner of a Note and a "Non-U.S. Holder" is any Holder that is not for U.S. federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity organized in or under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

U.S. Taxation of the Notes

Interest paid to a Non-U.S. Holder and original issue discount ("**OID**"), if any, will not be subject to U.S. withholding tax, provided that:

- (i) the Non-U.S. Holder does not actually or constructively own 10 percent or more of the combined voting power of all classes of the Issuer's voting stock;

- (ii) the Non-U.S. Holder is not a controlled foreign corporation related to the Issuer through stock ownership;
- (iii) the Non-U.S. Holder is not a bank receiving interest on the Note on an extension of credit entered into in the ordinary course of its trade or business; and
- (iv) the Global Notes are offered, sold and delivered in compliance with U.S. tax law restrictions on issuance of bearer Notes and payments on the Notes are made in accordance with certain required procedures described above under “Terms and Conditions of the Notes”.

A Non-U.S. Holder that satisfies the requirements described above will not be required to disclose its nationality, residence, or identity to the Issuer, a Paying Agent, or any U.S. governmental authority in order to receive payments on the Note from the Issuer or a Paying Agent outside the United States (although the beneficial owner of an interest in the Temporary Global Note will be required to provide a certification as to non-U.S. beneficial ownership to Euroclear or Clearstream, Luxembourg in order to receive a beneficial interest in a Permanent Global Note or Definitive Note and coupons and interest thereon or to receive payment on its beneficial interest in a Temporary Global Note).

If a Non-U.S. Holder cannot satisfy the requirements described above, payments of premium, if any, and interest (including OID) made to such Holder will be subject to a 30 percent withholding tax unless the beneficial owner of the Note provides the Issuer or its Paying Agent, as the case may be, with a properly executed (1) U.S. Internal Revenue Service Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of a tax treaty or (2) U.S. Internal Revenue Service Form W-8ECI stating that interest paid on the Note is not subject to withholding tax because such interest is effectively connected income.

If the Non-U.S. Holder is an entity treated as a partnership or trust for U.S. federal income tax purposes, interest paid to it may be subject to U.S. withholding tax unless all of its partners or beneficiaries can satisfy the conditions for exemption.

Interest paid to a Non-U.S. Holder will also not be subject to U.S. net income tax unless the interest is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (and, if a treaty applies, is attributable to a permanent establishment or a fixed base).

Gain realized by a Non-U.S. Holder on the disposition of a Note will not be subject to U.S. tax unless (i) the gain is effectively connected with the Holder's conduct of a U.S. trade or business (and, if a treaty applies, is attributable to a permanent establishment or a fixed base) or (ii) the Holder is an individual present in the United States for at least 183 days during the taxable year of disposition and certain other conditions are met.

The exchange of the Temporary Global Note for the Permanent Global Note will not be a taxable event.

U.S. Information Reporting and Backup Withholding

Payments of principal and interest on the Notes generally will not be subject to United States information reporting or backup withholding.

Proceeds from the sale or other disposition of a Note will not be subject to United States information reporting unless the sale is effected through a U.S. office of a broker or through another middleman with certain connections to the United States. Any amount withheld may be credited against a holder's U.S. federal income tax liability or refunded to the extent it exceeds the holder's liability.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Notes has been authorised by a resolution of the Executive Committee of the Board of Directors of the Issuer dated 27 April 2007.

Legal and Arbitration Proceedings

2. Save as disclosed on page 56 of this Prospectus, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

Significant/Material Change

3. Since 31 December 2006 there has been no material adverse change in the prospects of the Issuer and its Subsidiaries nor any significant change in the financial or trading position of the Issuer and its Subsidiaries.

Auditors

4. The consolidated financial statements of United Parcel Service, Inc. and subsidiaries (the “**Company**”) as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006, and management's report on the effectiveness of internal control over financial reporting as of December 31, 2006, incorporated by reference in this Exchange Offer Memorandum from the Company's Annual Report on Form 10-K for the year ended December 31, 2006 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm registered with the Public Company Accounting Oversight Board (United States), as stated in their reports, which are incorporated by reference herein (which reports (1) express an unqualified opinion on the consolidated financial statements and include an explanatory paragraph relating to the Company's change in accounting for share-based payments to conform with Statement of Financial Accounting Standards No. 123 (revised 2004) “Share-Based Payment” on January 1, 2006 and pensions and postretirement benefits to conform with Statement of Financial Accounting Standards No. 158 “Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (an amendment of FASB Statements No. 87, 88, 106, and 132 (R))” on December 31, 2006), (2) express an unqualified opinion on management's assessment regarding the effectiveness of internal control over financial reporting, and (3) express an unqualified opinion on the effectiveness of internal control over financial reporting).

Documents on Display

5. Copies of the following documents may be inspected during normal business hours at the offices of the Fiscal Agent and the Paying Agent in Luxembourg at the addresses

specified on the last page of this Prospectus for 12 months from the date of this Prospectus:

- (a) the Issuer's Certificate of Incorporation and Bylaws of the Issuer;
- (b) the Fiscal Agency Agreement;
- (c) the audited consolidated financial statements of the Issuer for the years ended 31 December 2005 and 31 December 2006; and
- (d) the unaudited consolidated financial statements for the Issuer for the three months ending 31 March 2007.

Material Contracts

- 6. No material contracts (being contracts that are not entered into in the ordinary course of business) have been entered into by the Issuer or a member of the Group that are, or may be, material and contain provisions under which the Issuer or any member of the Group has an obligation or entitlement which is, or may be, material to the ability of the Issuer to meet its obligations in respect of the Notes.

Yield

- 7. On the basis of the issue price of the Notes of 99.338 per cent. of their principal amount, the gross real yield of the Notes is 5.164 per cent. on a semi-annual basis.

Legend Concerning US Persons

- 8. The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "ANY UNITED STATES PERSON (AS DEFINED IN SECTION 7701(A)(30) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE")) WHO HOLDS THIS OBLIGATION, DIRECTLY OR INDIRECTLY, WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE CODE."

ISIN and Common Code

- 9. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS0301197546 and the common code is 030119754.

Expenses in relation to Listing and Trading

- 10. Expenses relating to admission of the Notes to the official list and trading on the Luxembourg Stock Exchange's regulated market are estimated to be Euro 6,100.

**PRINCIPAL EXECUTIVE OFFICE OF THE
ISSUER**

United Parcel Service, Inc.
55 Glenlake Parkway, N.E.
Atlanta, Georgia 30328

FISCAL AGENT AND PRINCIPAL PAYING AGENT

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registered as a branch in the UK at:
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

PAYING AGENT

Fortis Banque Luxembourg S.A.
50 Avenue John F. Kennedy
L-2951 Luxembourg
Luxembourg

LISTING AGENT

Fortis Banque Luxembourg S.A.
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