

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 30, 2008

United Parcel Service, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-15451
(Commission File Number)

58-2480149
(IRS Employer
Identification No.)

55 Glenlake Parkway, N.E., Atlanta, Georgia
(Address of principal executive offices)

30328
(Zip Code)

Registrant's telephone number, including area code (404) 828-6000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On May 30, 2008, United Parcel Service, Inc. (the "Company") entered into a Distribution Agreement, dated as of May 30, 2008 (the "Distribution Agreement"), with Merrill Lynch, Pierce, Fenner & Smith Incorporated, (the "Purchasing Agent"), with respect to the offer and sale by the Company of up to \$500,000,000 aggregate principal amount of notes (the "Notes") with maturities of 9 months or more from the date of issuance. As of May 30, 2008, the Company had sold an aggregate principal amount of \$267,429,000 of Notes. Accordingly, the Company may offer and sell up to an additional aggregate principal amount of \$232,571,000 of Notes under this program. The Notes will be issued pursuant to an Indenture, dated as of August 26, 2003 (the "Indenture") between the Company and The Bank of New York Trust Company, N.A., as successor to Citibank, N.A., as Trustee.

The Notes will have the maturity ranges, interest rates and other terms set forth in the prospectus filed by the Company with respect to the Notes on May 30, 2008, as it may be amended and supplemented from time to time by the Company in accordance with the Indenture, and the terms agreements between the Purchasing Agent and the Company. The Distribution Agreement sets forth, among other things, that the Purchasing Agent may purchase the Notes from the Company at the public offering price, less a discount, which will vary depending on the maturity of the Notes. The Distribution Agreement includes customary representations, warranties and covenants by the Company. It also provides for customary indemnification by each of the Company and the Purchasing Agent against certain liabilities arising out of or in connection with the sale of the Notes and customary contribution provisions in respect of those liabilities. The Company reserves the right, in its sole discretion, to suspend solicitation of offers to purchase Notes at any time for any period of time or permanently. In the ordinary course of their respective businesses, the Purchasing Agent and certain of its affiliates have engaged in the past, and may in the future engage, in investment banking and other commercial banking dealings and financial advisory services with us and our affiliates, including outstanding loan commitments to us and our affiliates, for which they have received customary fees and commissions.

The foregoing description of the material terms of the Distribution Agreement is qualified in its entirety by reference to the Distribution Agreement, which is attached hereto as Exhibit 10.1 to this report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits**

- 4.1 Form of Floating Rate Global Medium-Term Note.
- 4.2 Form of UPS Note (filed as exhibit 4.1 to the Current Report on Form 8-K filed September 12, 2003 and incorporated herein by reference).
- 5.1 Legal Opinion of King & Spalding LLP, dated May 30, 2008, as to the validity of the Notes.
- 10.1 Distribution Agreement, dated May 30, 2008, between the Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated.
- 23.1 Consent of King & Spalding LLP.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNITED PARCEL SERVICE, INC.

Date: May 30, 2008

By: /s/ Kurt P. Kuehn
Kurt P. Kuehn
Senior Vice President, Chief
Financial Officer and Treasurer

FLOATING RATE GLOBAL MEDIUM-TERM NOTE

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY (AS DEFINED IN THE INDENTURE) OR A NOMINEE THEREOF, THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY SECURITY AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS SECURITY WILL BE A GLOBAL SECURITY SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES.

CUSIP No. PRINCIPAL OR FACE AMOUNT
\$

UNITED PARCEL SERVICE, INC.
UPS NOTES
(Floating Rate)

The following summary of terms is subject to the information set forth herein.

Original Issue Date:
Stated Maturity Date:

Initial Interest Rate: %
Interest Payment Period:
Interest Payment Dates:

Calculation Agent:

Interest Calculation:

- Regular Floating Rate Note
- Inverse Floating Rate Note:
 - Fixed Interest Rate:
- Floating Rate/Fixed Rate Note:
 - Fixed Interest Rate:
 - Fixed Rate Commencement Date:
- Other Floating Rate Note
(See attached)

Interest Rate Basis:

- CD Rate
- CMS Rate
- CMT Rate
- Commercial Paper Rate
- CPI Adjustment Rate
- Eleventh District Cost of Funds Rate
- EURIBOR
- Federal Funds Rate
- LIBOR
- Prime Rate
- Treasury Rate
- Other (see attached)

If LIBOR:

Designated LIBOR Page:

- LIBOR01
- LIBOR02

If CMT:

Designated CMT Maturity Index:

Year(s)

Designated CMT Reuters Page:

- FRBCMT
- FEDCMT

If FEDCMT:

- Week
- Month

Spread (+/-):

Spread Multiplier:

Index Maturity:

Index Currency:

Maximum Interest Rate:

Minimum Interest Rate:

Initial Interest Reset Date:

Interest Calculation Period:

Interest Reset Dates:

Interest Determination Date:

Day Count Convention:

- 30/360
- Actual/360
- Actual/Actual

Redemption:

Redemption Date(s):

Notice of Redemption:

Repayment:

Optional Repayment Date(s):

Repayment Price:

Survivor's Option:

- Yes
- No

Original Issue Discount:

Total Amount of OID:

Yield to Maturity:

Initial Accrual Period:

Specified Currency:

Minimum Denominations:

Form of Note:

- Book-entry only
- Certificated

Addendum Attached:

- Yes
- No

Other Provisions:

UNITED PARCEL SERVICE, INC., a Delaware corporation (“Issuer” or the “Company,” which terms include any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of

DOLLARS, on the Stated Maturity Date specified above (except to the extent redeemed or repaid prior to the Stated Maturity Date), and to pay interest on the principal or face amount hereof as set forth above, at a rate per annum equal to the Initial Interest Rate specified above until the Initial Interest Reset Date specified above and thereafter at a rate per annum determined in accordance with the provisions hereof and any Addendum relating hereto depending upon the Interest Rate Basis or Bases, if any, and such other terms specified above, until the principal hereof is paid or duly made available for payment. Reference herein to “this Note,” “hereof,” “herein,” “as specified above” and comparable terms shall include an Addendum hereto if an Addendum is specified above.

The Company will pay interest monthly, quarterly, semi-annually, annually or such other period as specified above under “Interest Payment Period,” on each Interest Payment Date specified above, commencing on the first Interest Payment Date specified above next succeeding the Original Issue Date specified above, and on the Stated Maturity Date or any Redemption Date, Optional Repayment Date or the repayment date for the Survivor’s Option (if specified as so repayable at the option of the Holder on the face hereof or in an attached Addendum) (the date of each such Stated Maturity Date, Redemption Date, Optional Repayment Date, the repayment date for the Survivor’s Option and the date on which principal or an installment of principal is due and payable by declaration of acceleration or otherwise pursuant to the Indenture being referred to hereinafter as a “Maturity” with respect to principal payable on such date); provided, however, that if the Original Issue Date is between a Regular Record Date (as defined below) and the next succeeding Interest Payment Date, interest payments will commence on the second Interest Payment Date succeeding the Original Issue Date; and provided further, that if an Interest Payment Date (other than an Interest Payment Date at Maturity) would fall on a day that is not a Business Day (as defined below), such Interest Payment Date shall be the following day that is a Business Day (the “Following Business Day Convention”), except that in the case of a note as to which LIBOR or EURIBOR is an applicable Interest Rate Basis and such following Business Day falls in the next succeeding calendar month, the particular Interest Payment Date shall be the next preceding day that is a Business Day (the “Modified Following Business Day Convention”). Except as provided above, interest payments will be made on the Interest Payment Dates shown above. Unless otherwise specified above, the “Regular Record Date” shall be the date 15 calendar days (whether or not a Business Day) prior to the applicable Interest Payment Date. Interest on this Note will accrue from and including the Original Issue Date specified above, at the rates determined from time to time as specified herein, until the principal hereof has been paid or made available for payment. If the Maturity falls on a day which is not a Business Day as defined below, the payment of principal, premium, if any, or interest due on such Maturity will be paid on the next succeeding Business Day with the same force and effect as if made on such Maturity and no interest shall accrue with respect to such payment for the period from and after such Maturity. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will as provided in the Indenture be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such Interest Payment Date; provided, that payment of interest due at maturity will be made to the person to whom payment of the principal of this Note will be made. Any such interest which is payable, but not punctually paid or duly provided for on any Interest Payment Date (herein called “Defaulted Interest”), shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and may be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to the Holder of this Note not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in the Indenture. “Special Record Date” means, in respect of Defaulted Interest, such date as shall be determined by the Company.

This Note will be denominated in U.S. dollars and payments of principal, premium and interest, if any, on this Note will be made in U.S. dollars or in such coin or currency of the United States as at the time of payment is legal tender for payments of public and private debts.

Payment of the principal of, premium, if any, and interest on this Note will be made at the Office or Agency of the Company maintained by the Company for such purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, provided, however, that payment of principal (and premium, if any) shall be made only on presentment and surrender hereof.

Unless the certificate of authentication hereon has been executed by or on behalf of The Bank of New York Trust Company, N.A., the Trustee for this Note under the Indenture, or its successor thereunder, by the manual signature of one of its authorized officers, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

This Note is one of a duly authorized series of Securities (hereinafter called the "Securities") of the Company designated as its Medium-Term Notes (the "Notes"). The Notes are issued and to be issued under an Indenture dated as of August 26, 2003 (herein called the "Indenture") between the Company and The Bank of New York Trust Company, N.A. (as successor to Citibank, N.A.), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the Company, the Trustee (as defined below) and the Holders of the Notes and the terms upon which the Notes are to be authenticated and delivered. The Bank of New York Trust Company, N.A. shall act as Trustee with respect to the Notes (herein called the "Trustee," which term includes any successor Trustee with respect to the Notes under the Indenture). The terms of individual Notes may vary with respect to interest rates or interest rate formulas, issue dates, maturity, redemption, repayment, currency of payment and otherwise. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to \$500,000,000.

Except as otherwise provided in the Indenture, the Notes will be issued in global form only registered in the name of The Depository Trust Company ("DTC") or its nominee. The Notes will not be issued in definitive form, except as otherwise provided in the Indenture, and ownership of the Notes shall be maintained in book entry form by DTC for the accounts of participating organizations of DTC ("DTC Participants").

This Note is not subject to any sinking fund and, unless otherwise provided above in accordance with the provisions of the following paragraphs, is not redeemable or repayable prior to the Stated Maturity Date.

If no Redemption Date is set forth above, this Note may not be redeemed prior to the Stated Maturity Date. If so provided above, this Note may be redeemed by the Company on any Redemption Date specified above in whole or part in increments of \$1,000 (unless specified otherwise in an Addendum attached hereto, and provided that any remaining principal hereof shall be at least \$1,000) at the option of the Company at the applicable Redemption Price (as defined below) together with accrued interest hereon at the applicable rate payable to the applicable Redemption Date upon notice by first-class mail, mailed not less than 30 days nor more than 60 days prior to the Redemption Date specified in such notice. In the event of redemption of this Note in part only, a new Note for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the surrender hereof.

Unless otherwise specified in an Addendum attached hereto, the "Redemption Price" shall be 100% of the principal amount of this Note.

Unless otherwise specified in an Addendum attached hereto, this Note is not subject to repayment at the option of the Holder other than pursuant to the Survivor's Option (as defined below). If this Note shall be repayable at the option of the Holder as specified in an attached Addendum hereto, unless otherwise specified in such Addendum, on any Optional Repayment Date, this Note shall be repayable in whole or in part in increments of \$1,000 (unless specified otherwise in an Addendum attached hereto, and provided that any remaining principal hereof shall be at least \$1,000) at the option of the Holder hereof at the applicable Repayment Price set forth on the face hereof, together with interest thereon payable to the date of repayment. If specified as repayable at the option of the Holder in such Addendum, for this Note to be repaid in whole or in part at the option of the Holder hereof, this Note and a statement that the option to elect repayment is being exercised thereby must be received by the Trustee at its Corporate Trust Office, or such

address which the Company shall from time to time notify the Holders of the Notes, not more than 45 nor less than 30 days prior to the related Optional Repayment Date or such other time as is specified in an Addendum attached hereto. Exercise of such repayment option by the Holder hereof shall be irrevocable.

If so specified on the face hereof, the holder of this Security shall have the option to elect repayment of this Security in the event of the death of the beneficial owner of this Security (the "Survivor's Option"). The provisions of this section ("Survivor's Option") shall apply only if the Survivor's Option is so specified on the face of this Security. If the Survivor's Option is so specified, the Company shall, at its option, repay or purchase this Security (or portion thereof) properly tendered for repayment by or on behalf of the person (the "Representative") that has authority to act on behalf of the deceased owner of the beneficial interest in this Security under the laws of the appropriate jurisdiction (including, without limitation, the personal representative, executor, surviving joint tenant or surviving tenant by the entirety of such deceased beneficial owner) at a price equal to the sum of 100% of the principal amount of this Security (or, if this is a zero-coupon Security, the amortized face amount of this Security on the date of such repayment), and accrued and unpaid interest, if any, to the date of such repayment, subject to the following limitations. The Survivor's Option may not be exercised until twelve (12) months following the Original Issue Date. In addition, the Company may, in its sole discretion, limit the aggregate principal amount of Securities (or portions thereof) as to which exercises of the Survivor's Option shall be accepted in any calendar year (the "Annual Put Limitation") to the greater of one percent (1%) of the outstanding aggregate principal amount of Securities as of December 31 of the most recently completed year, or \$1,000,000. The Company may limit to \$200,000, or such greater amount as the Company in its sole discretion may determine for any calendar year, the aggregate principal amount of Securities (or portions thereof) as to which exercise of the Survivor's Option will be accepted in such calendar year with respect to any individual deceased owner or beneficial interests in Securities with the Survivor's Option (the "Individual Put Limitation"). The Company shall not make principal repayments pursuant to exercise of the Survivor's Option in amounts that are less than \$1,000, and in the event that the limitations described in the preceding sentence would result in the partial repayment of this Security, the principal amount of this Security remaining outstanding after repayment must be at least \$1,000 (the minimum Authorized Denomination). Except as provided in the immediately succeeding paragraph, exercise of the Survivor's Option shall be irrevocable.

Each Security with the Survivor's Option (or portion thereof) that is tendered pursuant to a valid exercise of the Survivor's Option shall be accepted promptly in the order all such Securities are tendered, except for any Security (or portion thereof) the acceptance of which would contravene (i) the Annual Put Limitation, if applied, or (ii) the Individual Put Limitation, if applied, with respect to the relevant individual deceased owner of beneficial interests therein. If, as of the end of any calendar year, the aggregate principal amount of Securities (or portions thereof) that have been accepted pursuant to exercise of the Survivor's Option during such year has not exceeded the Annual Put Limitation, if applied, for such year, any exercise(s) of the Survivor's Option with respect to Securities (or portions thereof) not accepted during such calendar year because such acceptance would have contravened the Individual Put Limitation, if applied, with respect to an individual deceased owner of beneficial interests therein shall be accepted in the order all such Securities (or portions thereof) were tendered, to the extent that any such exercise would not trigger the Annual Put Limitation for such calendar year. This Security (or any portion hereof) accepted for payment pursuant to exercise of the Survivor's Option shall be repaid no later than the first January 15 or June 15 that occurs at least 20 calendar days after the date of such acceptance. If such date is not a Business Day, payment will be made on the next succeeding Business Day. This Security (or any portion hereof) tendered for repayment that is not accepted in any calendar year due to the application of the Annual Put Limitation shall be deemed to be tendered in the following calendar year in the order in which all Securities subject to the Survivor's Option (or portions thereof) were originally tendered, unless any such Security (or portion thereof) is withdrawn by the Representative for the deceased owner prior to its repayment. Other than as described in the immediately preceding sentence, Securities delivered upon exercise of the Survivor's Option may not be withdrawn. In the event that this Security (or any portion hereof) tendered for repayment pursuant to the valid exercise of the Survivor's Option is not accepted, the Trustee shall deliver a notice by first-class mail to the holder hereof at its last known address as indicated in the Register that states the reason this Security (or portion hereof) has not been accepted for payment.

Subject to the foregoing, in order for a Survivor's Option to be validly exercised with respect to this Security (or portion hereof), the Trustee must receive from the Representative of the deceased owner (i) a written request for repayment signed by the Representative, and such signature must be guaranteed by a member firm of a registered national securities exchange or of The Financial Industry Regulatory Authority or a commercial bank or trust company having an office or correspondent in the United States, (ii) tender of this Security (or portion to be repaid hereof) to the Trustee, (iii) appropriate evidence satisfactory to the Trustee that (A) the Representative has authority to act on behalf of the deceased beneficial owner, (B) the death of such beneficial owner has occurred and (C) the deceased was the owner of a beneficial interest in this Security at the time of death, (iv) if applicable, a properly executed assignment or endorsement, and (v) if the beneficial interest in this Security is held by a nominee of the deceased beneficial owner, a certificate satisfactory to the Trustee from such nominee attesting to the deceased's ownership of a beneficial interest in this Security. Subject to the Company's right hereunder to limit the principal amount of Securities as to which exercises of the Survivor's Option shall be accepted in any one calendar year due to the Annual Put Limitation or the Individual Put Limitation, all questions as to the eligibility or validity of any exercise of the Survivor's Option will be determined by the Trustee, in its sole discretion, which determination shall be final and binding on all parties.

The death of a person owning this Security in joint tenancy or tenancy by the entirety with another or others shall be deemed the death of the holder of this Security, and the entire principal amount of this Security so held shall be subject to repayment, together with interest accrued thereon to the repayment date. The death of a person owning this Security by tenancy in common shall be deemed the death of a holder of this Security only with respect to the deceased holder's interest in this Security so held by tenancy in common; except that in the event this Security is held by a husband and wife as tenants in common, the death of either shall be deemed the death of the holder of this Security, and the entire principal amount of this Security shall be subject to repayment. The death of a person who, during his or her lifetime, was entitled to substantially all of the beneficial interests of ownership of this Security shall be deemed the death of the holder thereof for the purpose of this provision, regardless of the registered holder, if such beneficial interest can be established to the satisfaction of the Trustee. Such beneficial interest shall be deemed to exist in typical cases of nominee ownership, ownership under the Uniform Gifts to Minors Act, community property or other joint ownership arrangements between a husband and wife and trust arrangements where one person has substantially all of the beneficial ownership interest in this Security during his or her lifetime.

For so long as this Security is a Global Security, the Depository or its nominee shall be the holder of this Security and shall be the only entity that can exercise the Survivor's Option for the beneficial holders of this Security. To exercise the Survivor's Option with respect to this Security, the Representative must provide to the broker or other entity through which the beneficial interest in this Security is held by the deceased owner (i) the documents described in clauses (i) and (iii) of the second preceding paragraph and (ii) instructions to such broker or other entity to notify the Depository of such Representative's desire to obtain repayment pursuant to exercise of the Survivor's Option. Such broker or other entity shall provide to the Trustee (i) the documents received from the Representative referred to in clause (i) of the preceding sentence and (ii) a certificate satisfactory to the Trustee from such broker or other entity stating that it represents the deceased beneficial owner. Such broker or other entity shall be responsible for disbursing any payments it receives pursuant to exercise of the Survivor's Option to the appropriate Representative.

In the event of redemption or repayment of this Security or the exercise of the Survivor's Option in part only, the principal amount of this Security shall be reduced.

The interest rate borne by this Note shall be determined as follows:

1. If this Note is designated as a Regular Floating Rate Note above, then, except as described below, this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis shown above (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described

above. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified above; provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate.

2. If this Note is designated as a Floating Rate/Fixed Rate Note above, then, except as described below, this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis shown above (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described above. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified above; provided, however, that (i) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate; and (ii) unless specified above, the interest rate in effect commencing on, and including, the Fixed Rate Commencement Date to the Maturity shall be the Fixed Interest Rate, if such a rate is specified above, or if no such Fixed Interest Rate is so specified, the interest rate in effect hereon on the day immediately preceding the Fixed Rate Commencement Date.

3. If this Note is designated as an Inverse Floating Rate Note above, then, except as described below, this Note will bear interest equal to the Fixed Interest Rate indicated above minus the rate determined by reference to the applicable Interest Rate Basis shown above (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described above; provided, however, that the interest rate hereon will not be less than zero percent, unless otherwise specified in an Addendum. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Rate Reset Date specified above; provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

4. Notwithstanding the foregoing, if this Note is designated above as having an Addendum attached, the Note shall bear interest in accordance with the terms described in such Addendum. If interest on this Note is to be calculated in accordance with the terms of an attached Addendum, unless otherwise specified in such Addendum, commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Rate Reset Date specified above; provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

Except as provided above, the interest rate in effect on each day shall be (a) if such day is an Interest Reset Date, the interest rate determined on the applicable Interest Determination Date (as defined below) immediately preceding such Interest Reset Date or (b) if such day is not an Interest Reset Date, the interest rate determined on the Interest Determination Date immediately preceding the most recent Interest Reset Date. Each Interest Rate Basis shall be the rate determined in accordance with the applicable provision below.

If any Interest Reset Date (which term includes the term Initial Interest Reset Date unless the context otherwise requires) would otherwise be a day that is not a Business Day, such Interest Reset Date shall follow the Following Business Day Convention, except that in the case of a note as to which LIBOR or EURIBOR is an applicable Interest Rate Basis and the next succeeding Business Day falls in the next succeeding calendar month, such Interest Reset Date shall follow the Modified Following Business Day Convention.

Unless otherwise specified above, interest payable on this Note on any Interest Payment Date shall be the amount of interest accrued from and including the next preceding Interest Payment Date in respect of which interest has been paid or made available for payment (or from and including the Original Issue Date specified above, if no interest has been paid or made available for payment), to but excluding the related Interest Payment Date; provided, however, that the interest payments on Maturity will include interest accrued to but excluding such Maturity.

Unless specified otherwise in an Addendum attached hereto, this Note will accrue interest on an “Actual/360” basis, an “Actual/Actual” basis, or a “30/360” basis, in each case from the period from the Original Issue Date to the date of Maturity, unless specified otherwise in an Addendum attached hereto. If this Note is calculated on an Actual/360 basis or an Actual/Actual basis (as specified above), accrued interest for each Interest Calculation Period, as defined below, will be calculated by multiplying:

- (1) the face amount of this Note by
- (2) the applicable interest rate and by
- (3) the actual number of days in the related Interest Calculation Period

and dividing the resulting product by 360 or 365, as applicable; or with respect to an Actual/Actual basis Note, if any portion of the related Interest Calculation Period falls in a leap year, the product of (1) and (2) above will be multiplied by the sum of:

- the actual number of days in that portion of the related Interest Calculation Period falling in a leap year divided by 366, and
- the actual number of days in that portion of the related Interest Calculation Period falling in a non-leap year divided by 365.

If this Note is calculated on a 30/360 basis (as specified above), accrued interest for an Interest Calculation Period will be computed on the basis of a 360-day year of twelve 30-day months, irrespective of how many days are actually in such Interest Calculation Period. Unless otherwise specified above and/or in an Addendum attached hereto, if this Note accrues interest on a 30/360 basis, if any Interest Payment Date or the Maturity falls on a day that is not a Business Day, the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue on the amount payable for the period from and after such Interest Payment Date or Maturity, as the case may be.

As used herein, “Interest Calculation Period” means with respect to any period, the period from and including the most recent Interest Reset Date (or from and including the Original Issue Date in the case of the Initial Interest Reset Date), to but excluding the next succeeding Interest Reset Date for which accrued interest is being calculated, or the Maturity, as the case may be. Unless otherwise specified above, interest with respect to Notes for which the interest rate is calculated with reference to two or more Interest Rate Bases will be calculated in the same manner as if only one of the applicable Interest Rate Bases applied.

Unless otherwise specified above and/or in an attached Addendum hereto, the “Interest Reset Date” for Notes that reset as follows will be: if daily, each Business Day; if weekly, the Wednesday of each week, with the exception of weekly reset floating rate notes as to which the Treasury Rate is an applicable Interest Rate Basis, which will reset the Tuesday of each week; if monthly, the third Wednesday of each month, with the exception of monthly reset floating rate notes as to which the Eleventh District Cost of Funds Rate Notes is an applicable Interest Rate Basis, which will reset on the first calendar day of the month; if quarterly, the third Wednesday of March, June, September and December of each year; if semiannually, the third Wednesday of the two months specified above and/or in an attached Addendum hereto; and if annually, the third Wednesday of the month specified above and/or in an attached Addendum hereto; provided, however, that, for Floating Rate/Fixed Rate Notes, the interest rate will not reset after the Fixed Rate Commencement Date.

Unless otherwise specified above, the “Interest Determination Date” with respect to the CD Rate and the Commercial Paper Rate will be the second Business Day preceding the applicable Interest Reset Date; the “Interest Determination Date” with respect to the Prime Rate will be the Business Day immediately preceding the applicable Interest Reset Date; the “Interest

Determination Date” with respect to the CPI Adjustment Rate shall be the fifth business day preceding the applicable Interest Reset Date; the “Interest Determination Date” with respect to the CMT Rate and the CMS Rate will be the second U.S. Government Securities Business Day immediately preceding the applicable Interest Reset Date; the “Interest Determination Date” for the Federal Funds Rate will be the applicable Interest Reset Date; the “Interest Determination Date” with respect to LIBOR shall be the second London Banking Day (as defined below) preceding the applicable Interest Reset Date; the “Interest Determination Date” with respect to EURIBOR shall be the second TARGET Business Day immediately preceding the applicable Interest Reset Date; the “Interest Determination Date” with respect to the Eleventh District Cost of Funds Rate shall be the last Business Day of the month immediately preceding the applicable Interest Reset Date on which the Federal Home Loan Bank of San Francisco publishes the Index (as defined below); the “Interest Determination Date” with respect to the Treasury Rate will be the day in the week in which the related Interest Reset Date falls on which day Treasury Bills (as defined below) are normally auctioned (Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday) or if no auction is held for a particular week, the first Business Day of that week; provided, however, that if an auction is held on the Friday of the week preceding the related Interest Reset Date, the related Interest Determination Date shall be such preceding Friday; provided, further, that if the Interest Determination Date would otherwise fall on an Interest Reset Date, then such Interest Reset Date will be postponed to the next succeeding Business Day. If the interest rate of this Note is determined with reference to two or more Interest Rate Bases, the Interest Determination Date pertaining to this Note will be the most recent Business Day which is at least two Business Days prior to such Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis shall be determined and compared on such date, and the applicable interest rate shall take effect on the related Interest Reset Date.

Unless otherwise specified above, the “Calculation Date” pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if such day is not a Business Day, the next succeeding Business Day, or (ii) the Business Day preceding the applicable Interest Payment Date or date of Maturity, as the case may be. All calculations on this Note shall be made by the Calculation Agent specified above or such successor thereto as is duly appointed by the Company.

Unless specified otherwise in the Addendum attached hereto, all percentages resulting from any calculation on this Note will be rounded to the nearest thousandth of a percentage point, with five one ten-thousandths of a percentage point rounded upwards (e.g., 9.8765% (or .098765) would be rounded to 9.877% (or .09877)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upward).

As used herein, “Business Day” means:

1. for Notes for which neither LIBOR, EURIBOR, CMT Rate nor the CMS Rate is an applicable Interest Rate Basis: any day other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York (a “New York Business Day”);
2. for Notes for which LIBOR is an applicable Interest Rate Basis: a day that is both (x) a day on which commercial banks are open for business, including dealings in the designated Index Currency (as defined below), in London (a “London Banking Day”) and (y) a New York Business Day;
3. for Notes for which the CMT Rate or the CMS Rate is an applicable Interest Rate Basis: any day except for a Saturday, Sunday or a day on which the Securities Industry and the Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities (a “U.S. Government Securities Business Day”); and
4. for Notes for which EURIBOR is an applicable Interest Rate Basis: a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system is open (a “TARGET Business Day”).

“Index Currency” means the currency for which LIBOR will be calculated as specified above. If no currency is specified, the Index Currency will be U.S. dollars.

Determination of CD Rate. If an Interest Rate Basis for this Note is the CD Rate, as indicated above, the CD Rate shall be determined on the applicable Interest Determination Date (a “CD Rate Interest Determination Date”), as the rate on such CD Rate Interest Determination Date for negotiable United States dollar certificates of deposit having the Index Maturity specified above as published in H.15 (519) (as defined below) under the caption “CDs (secondary market)”; or, if such rate is not so published by 3:00

P.M., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be the rate for negotiable United States dollar certificates of deposit of the Index Maturity specified above as published in H.15 Daily Update (as defined below), or other recognized electronic source used for the purpose of displaying the applicable rate, under the caption "CDs (Secondary Market)". If the rate in the preceding sentence is not so published by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on the applicable CD Rate Interest Determination Date will be the rate calculated by the Calculation Agent as the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on the applicable CD Rate Interest Determination Date of three leading nonbank dealers in negotiable United States dollar certificates of deposit in the City of New York selected by the Calculation Agent for negotiable United States dollar certificates of deposit of major United States money market banks for negotiable certificates of deposits with a remaining maturity closest to the Index Maturity specified above in an amount that is representative for a single transaction in that market at that time; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as set forth above, the CD Rate determined on the applicable CD Rate Interest Determination Date shall be the CD Rate in effect on such CD Rate Interest Determination Date.

"H.15(519)" means the weekly statistical release published by the Board of Governors of the Federal Reserve System and available on their website at www.federalreserve.gov/releases/h15/update/h15upd.htm, or any successor site or publication.

"H.15 Daily Update" means the daily update of H.15(519), published by the Board of Governors of the Federal Reserve System and available on their website at www.federalreserve.gov/releases/h15/update/h15upd.htm, or any successor site or publication.

Determination of CMS Rate. If an Interest Rate Basis for this Note is the CMS Rate, the CMS rate shall be determined on the related Interest Determination Date (a "CMS Rate Interest Determination Date") for U.S. dollar swaps having the Index Maturity specified above, expressed as a percentage, which appears on the Reuters Screen ISDAFIX3 Page as of 3:00 P.M., New York City time. If the rate referred to above is no longer displayed on the relevant page, then the CMS Rate for the applicable CMS Rate Interest Determination Date will be a percentage determined on the basis of the mid-market semi-annual swap rate quotations provided by the three leading primary United States government securities dealers in the City of New York (each, a "Reference Dealer"), which may include the purchasing agent and its affiliates selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent after eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest at approximately 11:00 A.M. New York City time, and, for this purpose, the semi-annual swap rate means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. Dollar interest rate swap transaction with a term equal to the Index Maturity specified above commencing on the Interest Reset Date and in a principal amount that is representative for a single transaction in that market at that time, with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA with a designated maturity of three months. If fewer than three Reference Dealers selected by the Calculation Agent are quoting as mentioned in the preceding sentence, the CMS Rate will be the rate in effect on the applicable CMS Interest Determination Date.

Determination of CMT Rate. If an Interest Rate Basis for this Note is the CMT Rate, the CMT rate shall be determined on the related Interest Determination Date (a "CMT Rate Interest Determination Date"), as follows:

If "Reuters Page FRBCMT" is specified above, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the Designated CMT Maturity Index specified above as published in H.15(519) opposite the caption "Treasury constant maturities", as the yield is displayed on Reuters (or any successor service) on page FRBCMT (or any other page as may replace such page on such service), on the CMT Rate Interest Determination Date.

The following procedures will be followed if the CMT Rate does not appear on the Reuters Page FRBCMT as described above:

(1) then the CMT Rate for the applicable CMT Rate Interest Determination Date will be the percentage equal to the yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index and for the particular Interest Determination Date as published in H.15(519) opposite the caption "Treasury constant maturities".

(2) If the rate referred to in clause (1) does not appear in H.15(519), the rate on the particular CMT Rate Interest Determination Date for the period of the particular Designated CMT Maturity Index as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519).

(3) If the rate referred to in clause (2) above is not so published, on the related Calculation Date, then the CMT Rate for the applicable CMT Rate Interest Determination Date will be calculated by the Calculation Agent as a yield to maturity, based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on the applicable CMT Rate Interest Determination Date of the Reference Dealers which may include the Purchasing Agent and its affiliates, selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for the United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than the Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time.

(4) If three or four and not five of the Reference Dealers are quoting as referred to in clause (3) above, then the CMT Rate for the applicable CMT Rate Interest Determination Date will be calculated by the Calculation Agent as the arithmetic mean of the bid prices obtained and neither the highest nor lowest of the quotes will be eliminated.

(5) If the Calculation Agent cannot obtain three applicable quotations as referred to in clause (4) above, the CMT Rate for the applicable CMT Rate Interest Determination Date will be calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on the applicable CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent after eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest for United States Treasury securities with an original maturity of the number of years that is the next highest to the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in that market at that time.

(6) If three or four and not five of the Reference Dealers are quoting as referred to in clause (5) above, then the CMT Rate for the applicable CMT Rate Interest Determination Date will be calculated by the Calculation Agent as the arithmetic mean of the bid prices obtained and neither the highest nor lowest of the quotes will be eliminated.

(7) If fewer than three Reference Dealers selected by the Calculation Agent are quoting as mentioned in clause (5) above, the CMT Rate will be the rate in effect on the applicable CMT Rate Interest Determination Date.

(8) If two United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to the Designated CMT Maturity Index, the quotations for the United States Treasury securities with the shorter original remaining term to maturity will be used.

If "Reuters Page FEDCMT" is specified above, the percentage equal to the one-week or one-month, as specified above, average yield for United States Treasury securities at "constant maturity" having the Designated CMT Maturity Index, as published in H.15(519) opposite the caption "Treasury constant maturities", as the yield displayed on Reuters on page FEDCMT (or any other page as may replace such page on such service), for the week or one-month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls.

The following procedures will be followed if the CMT Rate does not appear on Reuters Page FEDCMT as described above:

(1) then the CMT Rate for the applicable Interest Determination Date will be the percentage equal to the one-week or one-month, as applicable, average yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index for the week or the month, as applicable, preceding such CMT Rate Interest Determination Date as published in H.15(519) opposite the caption "Treasury constant maturities".

(2) If the rate referred to in clause (1) does not appear in H.15(519), the one-week or one-month, as applicable, average yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls.

(3) If the rate referred to in clause (2) above is not so published, on the related Calculation Date, then the CMT Rate for the applicable CMT Rate Interest Determination Date will be calculated by the Calculation Agent as a yield to maturity, based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on the applicable Interest Determination Date of three Reference Dealers, selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for the United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than the Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time.

(4) If three or four and not five of the Reference Dealers are quoting as referred to in clause (3) above, then the CMT Rate for the applicable CMT Rate Interest Determination Date will be calculated by the Calculation Agent as the arithmetic mean of the bid prices obtained and neither the highest nor lowest of the quotes will be eliminated.

(5) If the Calculation Agent cannot obtain three applicable Treasury Note quotations as referred to in clause (4) above, the CMT Rate for the applicable CMT Rate Interest Determination Date will be calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on the applicable CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent after eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) for United States Treasury securities with an original maturity of the number of years that is the next highest to the Designated CMT Maturity Index and a remaining term to maturity closest to the Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in that market at that time.

(6) If three or four and not five of the Reference Dealers are quoting as referred to in clause (5) above, then the CMT Rate for the applicable Interest Determination Date will be calculated by the Calculation Agent as the arithmetic mean of the bid prices obtained and neither the highest nor lowest of the quotes will be eliminated.

(7) If fewer than three Reference Dealers selected by the Calculation Agent are quoting as mentioned in clause (5) above, the CMT Rate will be the rate in effect on the applicable Interest Determination Date.

(8) If two United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to the Designated CMT Maturity Index, quotations for the United States Treasury securities with the shorter original remaining term to maturity will be used.

“Designated CMT Maturity Index” means the original period to maturity of the U.S. Treasury securities, either 1, 2, 3, 5, 7, 10, 20 or 30 years, specified above with respect to which the CMT Rate will be calculated.

Determination of Commercial Paper Rate. If an Interest Rate Basis for this Note is the Commercial Paper Rate, as indicated above, the Commercial Paper Rate shall be determined on the applicable Interest Determination Date (a “Commercial Paper Rate Interest Determination Date”), as the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified above as published in H.15 (519) under the heading “Commercial Paper - Nonfinancial”. If such rate is not published by 3:00 P.M., New York City time, on the related Calculation Date, then the Commercial Paper Rate will be the Money Market Yield on the applicable Commercial Paper Interest Determination Date of the rate for commercial paper having the Index Maturity specified above published in H.15 Daily Update, or other recognized electronic source for the purpose of displaying the applicable rate under the caption “Commercial Paper—Nonfinancial”. If the rate in the preceding sentence is not published by 3:00 P.M., New York City time, on the related Calculation Date in either H.15 (519) or H.15 Daily Update, then the Commercial Paper Rate for the applicable Commercial Paper Rate Interest Determination Date shall be calculated by the Calculation Agent as the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of United States dollar commercial paper in the City of New York, which may include the purchasing agent and its affiliates, selected by the Calculation Agent for commercial paper having the Index Maturity specified above placed for industrial issuers whose bond rating is “Aa,” or the equivalent, from a nationally recognized securities rating organization; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined on the applicable Commercial Paper Rate Interest Determination Date shall be the rate in effect on such Commercial Paper Rate Interest Determination Date.

“Money Market Yield” shall be a yield (expressed as a percentage rounded upwards to the nearest one hundred-thousandth of a percentage point) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where “D” refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal and “M” refers to the actual number of days in the interest period for which interest is being calculated.

Determination of CPI Adjustment Rate. If an interest rate basis for this note is the CPI Adjustment Rate, as indicated above, the CPI Adjustment Rate shall be determined on the applicable Interest Determination Date (a “CPI Adjustment Rate Interest Determination Date”) as the percentage obtained by deducting CPI(t-12) (defined below) from CPI(t) (defined below), and dividing the result by CPI(t-12). “CPI(t)” means the Index Level of the CPI reported on Bloomberg CPURNSA or any successor service by 3:00 PM on the applicable CPI Adjustment Rate Interest Determination Date as the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers (“CPI”) published in the calendar month immediately preceding the applicable Interest Determination Date by the Bureau of Labor Statistics of the U.S. Department of Labor (“BLS”) as the CPI for the second calendar month preceding the CPI Adjustment Rate Interest Determination Date. “CPI(t-12)” means the Index Level of CPI for the calendar month that is 12 calendar months prior to the calendar month of the Index Level of CPI used for purposes of CPI(t). If the CPI for the second calendar month preceding the applicable CPI Adjustment Rate Interest Determination Date is not reported on Bloomberg CPURNSA or any successor service by 3:00 PM on the CPI Adjustment Rate Interest Determination Date, but has otherwise been published by the BLS, the Calculation Agent will determine the CPI as published by the BLS for such second calendar month preceding the applicable CPI Adjustment Rate Interest Determination Date using such other source as on its face, and after consultation with the Company, appears to accurately set forth the CPI, as published by the BLS.

In calculating CPI(t) and CPI(t-12) on the applicable CPI Adjustment Rate Interest Determination Date, the Calculation Agent will use the most recently available Index Level of the CPI for the applicable second month preceding the applicable CPI Adjustment

Rate Interest Determination Date, even if such Index Level has been adjusted from a prior reported value for the relevant month. However, if a value of CPI(t) or CPI(t-12) used by the Calculation Agent on any CPI Adjustment Rate Interest Determination Date to determine the interest rate on the Notes of this series (an "Initial CPI") is subsequently revised by the BLS, the Calculation Agent will continue to use the Initial CPI, and the interest rate determined will not be revised. If the CPI is rebased to a different year or period, the base reference period for the purposes of calculations relating to the CPI Adjustment Rate will continue to be the 1982-1984 reference period as long as the 1982-1984 CPI continues to be published; or

If, while Floating Rate Notes bearing interest at the CPI Adjustment Rate are outstanding, the CPI is discontinued or, in the opinion of the BLS, as evidenced by a public release, which opinion is concurred with by the Company, substantially altered, the applicable substitute index for such Floating Rate Notes will be that chosen by the Secretary of the Treasury for the Department of Treasury's Inflation-Linked Treasuries as described at 62 Federal Register 846-874 (January 6, 1997), and the procedures described in above will be adapted by the Calculation Agent as directed by the Company in accordance with general market practice at the time for calculating an interest rate based on changes in such substitute index, provided that the procedure for determining the resulting interest rate is administratively acceptable to the Calculation Agent.

If, while Floating Rate Notes bearing interest at the CPI Adjustment Rate are outstanding, the CPI is discontinued or, in the opinion of the BLS, as evidenced by a public release, which opinion is concurred with by the Company, substantially altered, and if at such time or thereafter no Inflation-Linked Treasuries are outstanding, at such time as no Inflation-Linked Treasuries are outstanding the applicable substitute index for such Floating Rate Notes will be determined by the Calculation Agent as directed by the Company in accordance with general market practice at the time, and the procedures described above will be adapted by the Calculation Agent as directed by the Company in accordance with general market practice at the time for calculating an interest rate based on changes in such substitute index, provided that the procedure for determining the resulting interest rate is administratively acceptable to the Calculation Agent.

Determination of Eleventh District Cost of Funds Rate. If an Interest Rate Basis for this Note is the Eleventh District Cost of Funds Rate, as indicated above, the Eleventh District Cost of Funds Rate shall be determined on the applicable Interest Determination Date (an "Eleventh District Cost of Funds Rate Interest Determination Date"), and shall be the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which the applicable Eleventh District Cost of Funds Rate Interest Determination Date falls as set forth under the caption "11th Dist COFI" on the display on Reuters or any successor service on Reuters Page COFI/ARMS or any other page as may replace the specified page on that service ("Reuters Page COFI/ARMS") as of 11:00 a.m., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on Reuters Page COFI/ARMS on the applicable Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate for such Eleventh District Cost of Funds Rate Interest Determination Date will be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the Federal Home Loan Bank of San Francisco as the cost of funds for the calendar month immediately preceding for the applicable Eleventh District Cost of Funds Rate Interest Determination Date; if the Federal Home Loan Bank of San Francisco fails to announce the Index on or before the applicable Eleventh District Cost of Funds Rate Interest Determination Date for the calendar month immediately preceding such applicable Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate for such Eleventh District Cost of Funds Rate Interest Determination Date will be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

Determination of EURIBOR. If an interest rate basis for this note is EURIBOR, as indicated above, EURIBOR shall be determined on the applicable Interest Determination Date (a "EURIBOR Interest Determination Date") as the rate for deposits in euro as sponsored, calculated and published jointly by the European Banking Federation and ACI The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity

specified above, commencing on the applicable EURIBOR Interest Determination Date, as that rate appears on Reuters on page EURIBOR01 or any other page as may replace such page on such services as of 11:00 a.m., Brussels time, on such EURIBOR Interest Determination Date.

The following procedure will be followed if EURIBOR cannot be determined as described above: EURIBOR will be determined on the basis of the rates, at approximately 11:00 a.m., Brussels time, on such EURIBOR Interest Determination Date, at which deposits of the following kind are offered to prime banks in the Euro-zone interbank market by the principal Euro-zone office of each of four major reference banks (which may include the Purchasing Agent or its Affiliates) in the Euro-zone interbank market, as selected by the Calculation Agent: euro deposits having such EURIBOR Index Maturity, beginning on such EURIBOR Interest Reset Date, and in a principal amount not less than the equivalent of U.S. 1,000,000 in euros that is representative for a single transaction in euro in such market at such time. The Calculation Agent will request that the principal euro-zone office of each of these banks provide a quotation of its rate. If at least two quotations are provided, EURIBOR for such EURIBOR Interest Determination Date will be the arithmetic mean of the quotations.

If fewer than two quotations are provided as described above, EURIBOR for such EURIBOR Interest Determination Date will be the arithmetic mean of the rates for loans of the following kind to leading Euro-zone banks quoted, at approximately 11:00 a.m., Brussels time on that Interest Determination Date, by four major banks (which may include the Purchasing Agent and its affiliates) in the Euro-zone selected by the Calculation Agent: loans of euro having such EURIBOR Index Maturity, beginning on such EURIBOR Interest Reset Date, and in a principal amount not less than the equivalent of U.S. 1,000,000 in euros that is representative for a single transaction in euro in such market at such time.

If the banks selected by the Calculation Agent are not quoting as described above, EURIBOR for the new interest period will be EURIBOR in effect for the prior interest period. If the initial base rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

“Euro-zone means the region comprised of member states of the European Union that have adopted the single currency in accordance with the Treaty on European Union signed at Maastricht on February 7, 1992.

Determination of Federal Funds Rate. If an Interest Rate Basis for this Note is the Federal Funds Rate, as indicated above, the Federal Funds Rate shall be determined on the applicable Interest Determination Date (a “Federal Funds Rate Interest Determination Date”), as the rate with respect to such Federal Funds Rate Interest Determination Date for United States dollar federal funds as published in H.15 (519) under the heading “Federal Funds (Effective)” as displayed on Reuters or any successor service on Reuters Page FEDFUNDS1 or any other page as may replace the applicable page on that service (“Reuters Page FEDFUNDS1”) or, if such rate does not appear on Reuters Page FEDFUNDS1 or is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Federal Funds Rate for the applicable Federal Funds Rate Interest Determination Date will be the rate with respect to the applicable Federal Funds Rate Interest Determination Date for United States dollar federal funds published in H.15 Daily Update, or other recognized electronic source for the purpose of displaying the applicable rate under the heading “Federal Funds (Effective).” If the rate in the preceding sentence is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Federal Funds Rate for the applicable Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in The City of New York, which may include the purchasing agent and its affiliates, selected by the Calculation Agent prior to 9:00 A.M., New York City time on the business day following the Federal Funds Rate Interest Determination Date; provided, however, that if the brokers selected as aforesaid by the Calculation Agent are not quoting as mentioned above, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date shall be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

Determination of LIBOR. If an Interest Rate Basis for this Note is LIBOR, as indicated above, LIBOR will be determined on the applicable Interest Determination Date (a "LIBOR Interest Determination Date") as follows:

(1) the rate for deposits in the Index Currency for a period of the Index Maturity specified above, commencing on the applicable Interest Reset Date, that appears on the Designated LIBOR Page (as defined below) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date; or

(2) if no rate appears on the Designated LIBOR Page as specified in clause (1) above, the Calculation Agent will request the principal London offices of each of four major reference banks (which may include the Purchasing Agent and its affiliates) in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Index Currency for the period of the Index Maturity specified above, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Index Currency in market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations;

(3) if fewer than two offered quotations referred to in clause (2) are provided as requested, the rate calculated by the Calculation Agent as the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on the particular LIBOR Interest Determination Date by three major banks (which may include the Purchasing Agent and its affiliates), in that Principal LIBOR Financial Center selected by the Calculation Agent for loans in the Index Currency to leading European banks, having the particular Index Maturity specified above and in a principal amount that is representative for a single transaction in the Index Currency in that market at that time; or

(4) if the banks so selected by the Calculation Agent are not quoting as mentioned in clause (3), LIBOR in effect on the particular LIBOR Interest Determination Date; provided that if no LIBOR is then in effect, the interest rate for the next Interest Calculation Period will be the Initial Interest Rate.

"Index Currency" means the currency specified above as to which LIBOR shall be calculated.

"Designated LIBOR Page" means the display on Reuters on page LIBOR01 or LIBOR02, as specified above or any other page as may replace such page on such service, for the purpose of displaying the London interbank rates of major banks (which may include the Purchasing Agent and its affiliates) for the Index Currency.

"Principal Financial Center" means (i) the capital city of the country issuing the Index Currency, or (ii) the capital city of the country to which the Index Currency, if applicable, relates, except, in each case, that with respect to the U.S. Dollars, Australian Dollars, Canadian Dollars, Euro, New Zealand Dollars, South African Rand and Swiss Francs, the "Principal Financial Center" shall be The City of New York.

Determination of Prime Rate. If an Interest Rate Basis for this Note is the Prime Rate, as indicated above, the Prime Rate shall be determined on the applicable Interest Determination Date (a "Prime Rate Interest Determination Date") as the rate on such Prime Rate Interest Determination Date published in H.15(519) under the heading "Bank Prime Loan." If such rate is not so published by 3:00 p.m., New York City time, on the related Calculation Date, the Prime Rate for the applicable Prime Rate Interest Determination Date will be the rate on such Prime Rate Interest Determination Date published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate under the caption "Bank Prime Loan." If the rate referred to in the preceding sentence is not so published by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate for the applicable Prime Rate Interest Determination Date shall be the rate calculated by the Calculation Agent as the arithmetic mean of the rates of interest publicly announced by the banks that appear on the Reuters Screen US PRIME 1 Page (as defined below) as the particular bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date, so long as at least four rates appear on the page. If fewer than four rates described in the preceding sentence appear in Reuters Screen US PRIME 1 by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate for the applicable Prime Rate Interest Determination Date will be the rate calculated by the Calculation Agent as the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by three major banks, which may include the purchasing agent and its affiliates, in The City of New York selected by the Calculation Agent; provided, however, that if the banks selected as aforesaid are not quoting as mentioned in this sentence, the Prime Rate for the applicable Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen US PRIME1 Page" means the display designated as the "US PRIME 1" page on the Reuters Monitor Money Rates Service or such other page as may replace the US PRIME 1 page on that service or any successor service for the purpose of displaying prime rates or base lending rates of major United States banks.

Determination of Treasury Rate. If an Interest Rate Basis for this Note is the Treasury Rate, as specified above, the Treasury Rate shall be determined on the applicable Interest Determination Date (a "Treasury Rate Interest Determination Date") as the rate from the auction held on the applicable Treasury Interest Rate Determination Date ("Auction") of direct obligations of the United States ("Treasury bills") having the Index Maturity specified above under the caption "INVEST RATE" on the display on Reuters or any successor service on Reuters Page USAUCTION10 or any other page as may replace that page on that service ("Reuters Page USAUCTION10") or Reuters Page USAUCTION11 or any other page that may replace that page on that service ("Reuters Page USAUCTION11"). If such rate is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Treasury Rate for the applicable Treasury Rate Interest Determination Date will be the Bond Equivalent Yield of the auction rate of the applicable Treasury Bills announced by the United States Department of the Treasury. If the rate described in the preceding sentence is not announced by the United States Department of the Treasury, or if the Auction is not held, the Treasury Rate for the applicable Treasury Rate Interest Determination Date will be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified above published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market." If the rate described in the preceding sentence is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Treasury Rate for the applicable Treasury Rate Interest Determination Date will be the rate on the applicable Treasury Rate Interest Determination Date of the applicable Treasury Bills as published in H.15 Daily Update, or other recognized

electronic source used for the purpose of displaying the applicable rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market." If the rate described in the preceding sentence is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Treasury Rate for the applicable Treasury Rate Interest Determination Date will be the rate on such Treasury Rate Interest Determination Date calculated by the Calculation Agent as the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on the applicable Treasury Rate Interest Determination Date, of three primary United States government securities dealers, which may include the purchasing agent and its affiliates, selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified above; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

"Bond Equivalent Yield" means a yield calculated in accordance with the following formula and expressed as a percentage:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the interest period for which interest is being calculated.

Any provision contained herein with respect to the determination of an Interest Rate Basis, the specification of Interest Rate Basis, calculation of the Interest Rate applicable to this Note, its payment dates or any other matter relating hereto may be modified as specified in an Addendum relating hereto and references herein to "this Note," "hereof," "herein," "as specified above" or similar language of like import shall also be references to any such Addendum.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified above. The Calculation Agent shall calculate the interest rate hereon in accordance with the foregoing on or before each Calculation Date. The interest rate on this Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

At the request of the Holder hereof, the Calculation Agent shall provide to the Holder hereof the interest rate hereon then in effect and, if determined, the interest rate which shall become effective as of the next Interest Reset Date.

If an Event of Default with respect to the Notes shall occur and be continuing, the principal of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected thereby at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Outstanding Securities of each series affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all the Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the time, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note may be registered on the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or by its attorney duly authorized in writing, and thereupon one or more new Notes of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable in registered form without coupons in denominations of \$1,000 and integral multiples thereof (unless specified otherwise in the Addendum attached hereto). As provided in the Indenture and subject to certain limitations therein set forth, the Notes are exchangeable for a like aggregate principal amount of Notes as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed, manually or in facsimile, and an imprint or facsimile of its corporate seal to be imprinted hereon.

UNITED PARCEL SERVICE, INC.

By: _____

Attest:

By: _____

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK TRUST COMPANY, N.A.
as Trustee

By: _____
Authorized Officer

Dated: _____

ASSIGNMENT/TRANSFER FORM

FOR VALUE RECEIVED the undersigned registered Holder hereby sell(s), assign(s) and transfer(s) unto

(insert Taxpayer Identification No.)

(Please print or typewrite name and address including postal zip code of assignee)

the within Security and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said Security on the books of
[] with full power of substitution in the premises.

Dated: _____

NOTICE: The signature of the registered Holder to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.

KING & SPALDING

King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036-4003
Phone: (212) 556-2100
Fax: (212) 556-2222
www.kslaw.com

May 30, 2008

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

Re: United Parcel Service, Inc. - UPS Notes

Ladies and Gentlemen:

We have acted as counsel for United Parcel Service, Inc., a Delaware corporation (the "Company"), in connection with the transactions contemplated by the Distribution Agreement dated May 30, 2008 (the "Distribution Agreement") among the Purchasing Agent named therein and the Company, pursuant to which the Purchasing Agent may solicit from time to time offers to purchase up to \$500,000,000 aggregate principal amount of UPS Notes (the "Notes") registered under the Securities Act of 1933, as amended, and issued pursuant to the Indenture dated as of August 26, 2003 between the Company and The Bank of New York Trust Company, N.A., as successor to Citibank, N.A., as Trustee (the "Indenture"). Capitalized terms used in this opinion and not otherwise defined herein shall have the meanings given to such terms in the Distribution Agreement.

We have reviewed such matters of law and examined original, certified, conformed or photographic copies of such other documents, records, agreements and certificates as we have deemed necessary as a basis for the opinions hereinafter expressed. In such review we have assumed the genuineness of signatures on all documents submitted to us as originals and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and, as to certificates of public officials, we have assumed the same to be accurate and to have been given properly. We have relied, as to the matters set forth therein, on certificates of public officials.

We have assumed that the Indenture is a valid, binding and enforceable agreement of the Trustee. We have also assumed the genuineness of all signatures on the Indenture and the Notes.

As to certain matters of fact material to this opinion, we have relied to the extent we deemed appropriate, without independent verification, upon (i) certificates of officers of the Company and (ii) the representations and warranties of the Company contained in the

Distribution Agreement. This opinion is limited in all respects to the federal laws of the United States of America, the laws of the State of New York and the Delaware General Corporation Law, and no opinion is expressed with respect to the laws of any other jurisdiction or any effect that such laws may have on the opinions expressed herein. This opinion is limited to the matters stated herein, and no opinion is implied or may be inferred beyond the matters expressly stated herein.

Based upon the foregoing, and subject to the assumptions, qualifications and limitations set forth herein, we are of the opinion that the Notes have been duly authorized and, when the terms thereof have been established in accordance with the Indenture and when executed, authenticated, issued and delivered in the manner provided for in the Indenture against payment therefor in the manner provided for in the Distribution Agreement, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject as to enforcement of remedies, to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of creditors generally and to the effect of general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

This opinion is delivered in connection with the transactions contemplated by the Distribution Agreement, may be relied upon only by you in connection therewith, may not be relied upon by you for any other purpose or by anyone else for any purpose, and may not be quoted, published or otherwise disseminated without our prior written consent.

This opinion is given as of the date hereof, and we assume no obligation to update this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in any laws or regulations that may hereafter occur.

Very truly yours,

/s/ King & Spalding LLP

UNITED PARCEL SERVICE, INC.

\$500,000,000

UPS Notes

Due Nine Months or More From Date of Issue

DISTRIBUTION AGREEMENT

May 30, 2008

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower, 15th Floor
New York, New York 10080

Dear Sirs:

United Parcel Service, Inc., a Delaware corporation (the "Company"), confirms its agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Purchasing Agent") with respect to the issue and sale by the Company of its UPS Notes Due Nine Months or More From Date of Issue (the "Notes"). The Notes are to be issued pursuant to an Indenture, dated as of August 26, 2003, as amended or modified from time to time (the "Indenture"), between the Company and The Bank of New York Trust Company, N.A. (as successor to Citibank, N.A.), as trustee (the "Trustee"). As of the date hereof, the Company has authorized the issuance and sale of up to U.S.\$500,000,000 aggregate initial offering price of the Notes to or through the Purchasing Agent pursuant to the terms of this Agreement. It is understood, however, that the Company may from time to time authorize the issuance of additional Notes and that such additional Notes may be sold to or through the Purchasing Agent pursuant to the terms of this Agreement, all as though the issuance of such Notes were authorized as of the date hereof.

This Agreement specifies the terms and conditions on which the Notes may be sold by the Company (i) to the Purchasing Agent as principal for resale and (ii) directly to investors and other purchasers through the Purchasing Agent as an agent of the Company in soliciting offers for the purchase of the Notes.

The Company has filed with the Securities and Exchange Commission (the "Commission") an automatic shelf registration statement on Form S-3 (No. 333-147737) providing for the registration of the sale of certain securities of the Company, including the Notes, under the Securities Act of 1933, as amended (the "1933 Act"), and the offering thereof from time to time in accordance with Rule 415 of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"), and the Company has filed such post-effective amendments thereto as may be required prior to any acceptance by the Company of an offer for the purchase of Notes. Such registration statement became effective upon filing with the

Commission pursuant to Section 462(e) of the 1933 Act Regulations (“Rule 462(e)”) and the Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended (the “1939 Act”). Such registration statement (as so amended from time to time prior to any acceptance by the Company of an offer for the purchase of Notes) is referred to herein as the “Registration Statement”; and the final prospectus and all applicable amendments or supplements thereto (including the final prospectus supplement and pricing supplement relating to such offer of Notes), in the form first furnished or otherwise made available to the Purchasing Agent for use in connection with such offer of Notes, are collectively referred to herein as the “Prospectus”. A “preliminary prospectus” shall be deemed to refer to any prospectus, prospectus supplement and/or pricing supplement used before the acceptance by the Company of an offer for a purchase of Notes which omitted information to be included upon pricing in a form of prospectus filed with the Commission pursuant to Rule 424(b) of the 1933 Act Regulations (“Rule 424(b)”). Notwithstanding the foregoing, all references to the “Registration Statement”, the “Prospectus” and any preliminary prospectus shall also be deemed to include all documents incorporated therein by reference pursuant to the Securities Exchange Act of 1934, as amended (the “1934 Act”), prior to any acceptance by the Company of an offer for the purchase of Notes. For purposes of this Agreement, all references to the Registration Statement, the Prospectus or any preliminary prospectus or to any amendment or supplement thereto shall be deemed to include any copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system (“EDGAR”).

All references in this Agreement to financial statements and schedules and other information which is “disclosed”, “contained”, “included” or “stated” (or other references of like import) in the Registration Statement, the Prospectus or any preliminary prospectus shall be deemed to include all such financial statements and schedules and other information which are incorporated by reference in or otherwise deemed by the 1933 Act Regulations to be part of or included in the Registration Statement, the Prospectus or a preliminary prospectus, as the case may be, prior to any acceptance by the Company of an offer for the purchase of Notes; and all references in this Agreement to amendments or supplements to the Registration Statement, the Prospectus or any preliminary prospectus shall be deemed to include information which is incorporated by reference in or otherwise deemed by the 1933 Act Regulations to be part of or included in the Registration Statement, the Prospectus or such preliminary prospectus, as the case may be, at or after any acceptance by the Company of an offer for the purchase of Notes.

SECTION 1. Appointment as Purchasing Agent.

(a) Appointment. Subject to the terms and conditions stated herein and subject to the reservation by the Company of the right to sell Notes directly on its own behalf, the Company hereby agrees that the Notes will be sold exclusively to or through the Purchasing Agent pursuant to the terms of this Agreement. The Company agrees that it will not appoint any other agents to act on its behalf, or to assist it, in the placement of the Notes.

(b) Sale of Notes. The Company shall not sell or approve the solicitation of offers for the purchase of Notes in excess of the amount which shall be authorized by the Company from time to time or in excess of the aggregate initial offering price of Notes registered pursuant to the Registration Statement. The Purchasing Agent shall have no responsibility for maintaining

records with respect to the aggregate initial offering price of Notes sold, or of otherwise monitoring the availability of Notes for sale, under the Registration Statement.

(c) Purchases as Principal. The Purchasing Agent shall not have any obligation to purchase Notes from the Company as principal. However, absent an agreement between the Purchasing Agent and the Company for the Purchasing Agent to act as an agent for the Company, the Purchasing Agent shall be deemed to be acting as principal in connection with any offering of Notes by the Company. Accordingly, the Purchasing Agent may agree from time to time to purchase Notes from the Company as principal for resale to investors and other purchasers determined by such Purchasing Agent. Any purchase of Notes from the Company by the Purchasing Agent as principal shall be made in accordance with Section 3(a) hereof.

(d) Solicitations as Agent. If agreed upon between the Purchasing Agent and the Company, the Purchasing Agent, acting solely as an agent for the Company and not as principal, will solicit offers for the purchase of Notes. The Purchasing Agent will communicate to the Company, orally, each offer for the purchase of Notes solicited by it on an agency basis other than those offers rejected by the Purchasing Agent. The Purchasing Agent shall have the right, in its discretion reasonably exercised, to reject any offer for the purchase of Notes, in whole or in part, and any such rejection shall not be deemed a breach of its agreement contained herein. The Company may accept or reject any offer for the purchase of Notes, in whole or in part. The Purchasing Agent shall make reasonable efforts to assist the Company in obtaining performance by each purchaser whose offer for the purchase of Notes has been solicited by it on an agency basis and accepted by the Company. The Purchasing Agent shall not have any liability to the Company in the event that any such purchase is not consummated for any reason other than to repay the Company any commission paid to the Purchasing Agent with respect thereto. If the Company shall default on its obligation to deliver Notes to a purchaser whose offer has been solicited by the Purchasing Agent on an agency basis and accepted by the Company, the Company shall hold the Purchasing Agent harmless against any loss, claim or damage arising from or as a result of such default by the Company.

(e) Reliance. The Company and the Purchasing Agent agree that any Notes purchased from the Company by the Purchasing Agent as principal shall be purchased, and any Notes the placement of which the Purchasing Agent arranges as an agent of the Company shall be placed by the Purchasing Agent, in reliance on the representations, warranties, covenants and agreements of the Company contained herein and on the terms and conditions and in the manner provided herein.

SECTION 2. Representations and Warranties.

(a) The Company represents and warrants to the Purchasing Agent as of the date hereof, as of the time of each acceptance by the Company of an offer for the purchase of Notes (whether to the Purchasing Agent as principal or through the Purchasing Agent as agent) (each such time being an "Applicable Time" unless otherwise agreed in writing by the Company and the Purchasing Agent in connection with such Notes), as of the date of each delivery of Notes (whether to the Purchasing Agent as principal or through the Purchasing Agent as agent) (the date of each such delivery to the Purchasing Agent as principal is referred to herein as a "Settlement Date"), and as of any time that the Registration Statement or the Prospectus shall be

amended or supplemented (each of the times referenced above is referred to herein as a “Representation Date”), as follows:

(i) Due Incorporation and Good Standing of the Company. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware with corporate power and authority to own its properties and to conduct its business as described in the Prospectus.

(ii) Status as a Well-Known Seasoned Issuer. (A) At the time of filing of the Registration Statement, (B) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the 1933 Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the 1934 Act or form of prospectus), (C) at the time the Company or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c) of the 1933 Act Regulations) made any offer relating to the Notes in reliance on the exemption of Rule 163 of the 1933 Act Regulations and (D) at the date hereof, the Company was and is a “well-known seasoned issuer”, as defined in Rule 405 of the 1933 Act Regulations (“Rule 405”), including not having been and not being an “ineligible issuer” as defined in Rule 405; the Registration Statement is an “automatic shelf registration statement”, as defined in Rule 405, and the Notes, since their registration on the Registration Statement, have been and remain eligible for registration by the Company on a Rule 405 “automatic shelf registration statement”; and the Company has not received from the Commission any notice pursuant to Rule 401(g)(2) of the 1933 Act Regulations objecting to the use of the automatic shelf registration statement form.

At the time of filing of the Registration Statement, at the earliest time thereafter that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the 1933 Act Regulations) of the Notes and at the date hereof, the Company was not and is not an “ineligible issuer”, as defined in Rule 405.

(iii) Registration Statement, Prospectus and Disclosure at Applicable Time. The Registration Statement became effective upon filing with the Commission under Rule 462(e) on November 30, 2007, and any post-effective amendment thereto also became effective upon filing with the Commission under Rule 462(e). No stop order suspending the effectiveness of the Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information relating to the Registration Statement has been complied with; the Company is not the subject of a pending proceeding under Section 8A of the 1933 Act in connection with the offering of Notes; the Indenture has been duly qualified under the 1939 Act; at the respective times that the Registration Statement and any post-effective amendment thereto (including the filing of the Company’s most recent Annual Report on Form 10-K with the Commission (the “Annual Report on Form 10-K”)) became effective, at each deemed effective date with respect to an offering of Notes pursuant to Rule 430B(f)(2) of the 1933 Act Regulations and at each Representation Date, the Registration Statement and any post-effective amendments thereto complied and will comply in all material respects with the

requirements of the 1933 Act and the 1933 Act Regulations and the 1939 Act and the rules and regulations of the Commission under the 1939 Act (the “1939 Act Regulations”) and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; the Prospectus, each preliminary prospectus and any other prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations; each preliminary prospectus and the Prospectus delivered to the Purchasing Agent for use in connection with the offering of Notes are identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T; and at the date hereof, at the date of the Prospectus and each amendment or supplement thereto and at each Representation Date, neither the Prospectus nor any amendment or supplement thereto included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Any offer that is a written communication relating to the Notes made prior to the filing of the Registration Statement by the Company or any person acting on its behalf (within the meaning, for this paragraph only, of Rule 163(c) of the 1933 Act Regulations) has been filed with the Commission in accordance with the exemption provided by Rule 163 of the 1933 Act Regulations (“Rule 163”) and otherwise complied with the requirements of Rule 163, including, without limitation, the legending requirement, to qualify such offer for the exemption from Section 5(c) of the 1933 Act provided by Rule 163.

As of the Applicable Time with respect to the offering of any Notes, neither (x) the Issuer General Use Free Writing Prospectus(es) (as defined below) issued at or prior to the Applicable Time, the Statutory Prospectus (as defined below) furnished or otherwise made available to the Purchasing Agent by the Company for use at the Applicable Time and the applicable Final Term Sheet (as defined in Section 4(b) hereof), if any, relating to the particular offering of Notes, all considered together (collectively, the “General Disclosure Package”), nor (y) any individual Issuer Limited Use Free Writing Prospectus, when considered together with the General Disclosure Package, included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

As used in this subsection and elsewhere in this Agreement:

“Issuer Free Writing Prospectus” means any “issuer free writing prospectus”, as defined in Rule 433 of the 1933 Act Regulations (“Rule 433”), relating to the Notes that (i) is required to be filed with the Commission by the Company or (ii) is exempt from filing pursuant to Rule 433(d)(5)(i) because it contains a description of the Notes or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company’s records pursuant to Rule 433(g).

“Issuer General Use Free Writing Prospectus” means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors.

“Issuer Limited Use Free Writing Prospectus” means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

“Statutory Prospectus” means (i) the prospectus relating to various securities of the Company, including the Notes, that is included in the Registration Statement and (ii) the prospectus supplement relating to the Notes generally and any preliminary pricing supplement relating to any particular offering of Notes.

Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Notes or until any earlier date that the Company notified or notifies the Purchasing Agent as described in Section 4(f), did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, including any document incorporated by reference therein and any preliminary or other prospectus deemed to be a part thereof that has not been superseded or modified.

The representations and warranties in this subsection shall not apply to (i) statements in or omissions from the Registration Statement, the Prospectus or any preliminary prospectus made in reliance upon and in conformity with written information furnished to the Company by the Purchasing Agent through its representatives expressly for use therein or (ii) the Form T-1.

(iv) Incorporated Documents. The documents incorporated or deemed to be incorporated by reference in the Prospectus or any preliminary prospectus or any amendment or supplement thereto, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations or the 1934 Act and the rules and regulations of the Commission under the 1934 Act (the “1934 Act Regulations”), as applicable, and, when read together with the other information contained therein, (a) at the time the Registration Statement became effective, (b) at the time the Prospectus was first used, (c) at the date hereof and (d) at each Representation Date, did not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to (i) any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Purchasing Agent of the Notes through its representatives expressly for use in the Prospectus or (ii) the Form T-1.

(v) Financial Statements. The financial statements of the Company included in the Registration Statement, the General Disclosure Package or the Prospectus or any amendment or supplement thereto, together with the related schedules and notes, present fairly the financial position of the Company and its consolidated subsidiaries at the dates indicated and the results of operations and statements of stockholders’ equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; such

financial statements have been prepared in conformity with generally accepted accounting principles (“GAAP”) applied on a consistent basis throughout the periods involved; the supporting schedules, if any, included in the Registration Statement, the General Disclosure Package or the Prospectus or any amendment or supplement thereto present fairly in accordance with GAAP the information required to be stated therein.

(vi) Due Authorization. This Agreement has been duly authorized, executed and delivered by the Company; the Indenture has been duly authorized, executed and delivered by the Company and duly qualified under the 1939 Act and constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, subject, as to enforcement of remedies, to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of creditors generally and to the effect of general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and except further as enforcement thereof may be limited by requirements that a claim with respect to any debt securities issued under the Indenture that are payable in a foreign currency (or a foreign currency judgment in respect of such claim) be converted into U.S. dollars at a rate of exchange prevailing on a date determined pursuant to applicable law or by governmental authority to limit, delay or prohibit the making of payments outside the United States; the Notes have been duly authorized and, when executed, issued, authenticated, delivered and paid for pursuant to this Agreement and authenticated by the Trustee, will have been duly executed, authenticated, issued and delivered and will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject, as to enforcement of remedies, to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of creditors generally and to the effect of general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law); and each holder of Notes will be entitled to the benefits of the Indenture.

(vii) Capitalization. Since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package and the Prospectus, except as otherwise stated therein, there has not been any change in the capital stock (other than changes due to (i) the repurchase of common stock of the Company pursuant to previously announced stock repurchase programs, (ii) the issuance or other transfer of capital stock in the ordinary course of business pursuant to the Company’s employee benefit plans or (iii) the conversion of shares of the Company’s class A common stock into shares of the Company’s class B common stock) or a material increase in the long-term debt of the Company and its subsidiaries taken as a whole or a material adverse change or any development involving a prospective material adverse change, in or affecting the business, financial condition, stockholders’ equity or results of operations of the Company and its subsidiaries taken as a whole (a “Material Adverse Change”).

(viii) Descriptions of the Indenture and the Notes. The Indenture conforms and the Notes will conform in all material respects to the descriptions thereof contained in the General Disclosure Package and the Prospectus and any amendment or supplement thereto.

(ix) Absence of Conflicts. The consummation of the transactions contemplated in this Agreement, the Indenture, the General Disclosure Package, the Prospectus or the Notes (including the issuance and sale of the Notes) and the compliance by the Company with its obligations hereunder and thereunder will not conflict with or constitute a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party that is material to the Company and its subsidiaries taken as a whole, nor will such action result in any violation of the provisions of the Restated Certificate of Incorporation or By-laws of the Company or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company, except for such breaches, violations or defaults that would not result in a Material Adverse Change.

(x) No Filings, Regulatory Approvals etc. No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is required for the issuance and sale of the Notes or the consummation by the Company of the transactions contemplated by this Agreement, the General Disclosure Package, the Prospectus or the Indenture, except for such approvals, authorizations, consents, licenses, registrations, qualifications, orders or decrees that have been, or will have been previously, obtained under the 1933 Act and the 1939 Act or that may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Purchasing Agent.

(xi) Investment Company Act. The Company is not, and upon the issuance and sale of the Notes as herein contemplated and the application of the proceeds therefrom as described in the General Disclosure Package or the Prospectus will not be, required to register as an “investment company” within the meaning of the Investment Company Act of 1940, as amended (the “1940 Act”).

(xii) Accounting Controls and Disclosure Controls. (A) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (1) transactions are executed in accordance with management’s general or specific authorization; (2) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (3) access to assets is permitted only in accordance with management’s general or specific authorization; and (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, since the end of the Company’s most recent audited fiscal year, there has been (I) no material weakness in the Company’s internal control over financial reporting (whether or not remediated) and (II) no change in the Company’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

(B) The Company and its consolidated subsidiaries employ disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and is accumulated and communicated to the Company's management, including its principal executive officer or officers and principal financial officer or officers, as appropriate, to allow timely decisions regarding disclosure.

(b) Additional Certifications. Any certificate signed by any officer of the Company or any of its subsidiaries and delivered to the Purchasing Agent or to counsel for the Purchasing Agent in connection with an offering of Notes to the Purchasing Agent as principal or through the Purchasing Agent as agent shall be deemed a representation and warranty by the Company to the Purchasing Agent as to the matters covered thereby on the date of such certificate and, unless subsequently amended or supplemented, at each Representation Date subsequent thereto.

SECTION 3. Purchases as Principal; Solicitations as Agent.

(a) Purchases as Principal. Purchases of Notes from the Company by the Purchasing Agent as principal shall be made in accordance with terms agreed upon between the Purchasing Agent and the Company (which terms, unless otherwise agreed, shall, to the extent applicable, include those terms specified in Exhibit A hereto and shall be agreed upon orally, with written confirmation prepared by the Purchasing Agent and mailed to the Company). The Purchasing Agent's commitment to purchase Notes as principal shall be deemed to have been made on the basis of the representations and warranties of the Company herein contained and shall be subject to the terms and conditions herein set forth. Unless the context otherwise requires, references herein to "this Agreement" shall include the applicable agreement of the Purchasing Agent to purchase Notes from the Company as principal. Each purchase of Notes, unless otherwise agreed, shall be at a discount from the principal amount of each such Note equivalent to the applicable commission set forth in Schedule A hereto. The Purchasing Agent may engage the services of any broker or dealer in connection with the resale of the Notes purchased by it as principal, provided that the Purchasing Agent, on a periodic basis, will provide the Company with a list of those brokers and dealers so engaged. The Purchasing Agent may allow all or any portion of the discount received by it in connection with such purchases to any broker or dealer, provided that such allowance does not exceed the designated reallowance portion. At the time of each purchase of Notes from the Company by the Purchasing Agent as principal, the Purchasing Agent shall specify the requirements for the officers' certificate, opinion of counsel and comfort letter pursuant to Sections 7(b), 7(c) and 7(d) hereof.

(b) Solicitations as Agent. On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, when agreed by the Company and the Purchasing Agent, the Purchasing Agent, as an agent of the Company, will use its reasonable best efforts to solicit offers for the purchase of Notes upon the terms set forth in the Prospectus. The Purchasing Agent may engage the services of any broker or dealer with respect to solicitations of offers to purchase Notes, provided that the Purchasing Agent, on a periodic basis, will provide the Company with a list of those brokers and dealers so engaged. All Notes sold through the Purchasing Agent as agent will be sold at 100% of their principal amount unless otherwise agreed upon between the Company and the Purchasing Agent.

The Company reserves the right, in its sole discretion, to suspend solicitation of offers for the purchase of Notes through the Purchasing Agent, as an agent of the Company, commencing at any time for any period of time or permanently. As soon as practicable after receipt of instructions from the Company, the Purchasing Agent will as soon as practicable, but in any event no later than one business day after receipt of such instructions, suspend solicitation of offers for the purchase of Notes from the Company until such time as the Company has advised the Purchasing Agent that such solicitation may be resumed. In addition, the Company reserves the right to sell, and may solicit and accept offers to purchase, up to \$50,000,000 aggregate principal amount of Notes directly on its own behalf in up to ten separate transactions, and in the case of any such sale not resulting from a solicitation made by the Purchasing Agent, no commission as described in the following paragraph, will be payable with respect to such sale.

The Company agrees to pay the Purchasing Agent, as consideration for soliciting offers to purchase Notes as an agent of the Company, a commission, in the form of a discount, equal to the applicable percentage of the principal amount of each Note sold by the Company as a result of any such solicitation made by the Purchasing Agent, as set forth in Schedule A hereto.

(c) Administrative Procedures. For each offering of Notes, the purchase price, interest rate or formula, maturity date and other terms of the Notes specified in Exhibit A hereto (as applicable) shall be agreed upon between the Company and the Purchasing Agent and specified in the applicable pricing supplement to be prepared by the Company based on the term sheet provided by the Purchasing Agent in connection with such offering. Except as otherwise specified in the applicable pricing supplement, the Notes will be issued in denominations of U.S. \$1,000 or any larger amount that is an integral multiple of U.S. \$1,000. Administrative procedures with respect to the issuance and sale of the Notes (the "Procedures") shall be agreed upon from time to time among the Company, the Purchasing Agent and the Trustee. The Purchasing Agent and the Company agree to perform, and the Company agrees to cause the Trustee to agree to perform, their respective duties and obligations specifically provided to be performed by them in the Procedures.

SECTION 4. Covenants of the Company.

The Company covenants and agrees with the Purchasing Agent as follows:

(a) Notice of Certain Events. The Company will notify the Purchasing Agent immediately, and confirm such notice in writing, of (i) the effectiveness of any post-effective amendment to the Registration Statement or any new registration statement relating to the Notes or the filing of any amendment or supplement to any preliminary prospectus or the Prospectus (other than any amendment or supplement thereto providing solely for the determination of the variable terms of the Notes or relating solely to the offering of securities other than the Notes), (ii) the receipt of any comments from the Commission relating to the Registration Statement, any new registration statement relating to the Notes or any amendment or supplement to any preliminary prospectus or the Prospectus, (iii) any request by the Commission for any amendment to the Registration Statement or the filing of any new registration statement or any amendment or supplement to any preliminary prospectus or the Prospectus or any document incorporated by reference therein or otherwise deemed to be a part thereof or for additional information, (iv) the issuance by the Commission of any stop order suspending the effectiveness

of the Registration Statement or such new registration statement or of any order preventing or suspending the use of any preliminary prospectus or the Prospectus or any amendment or supplement thereto, or of the initiation of any proceedings for that purpose of any examination pursuant to Section 8(e) of the 1933 Act in connection with any offering of Notes, (v) if the Company becomes the subject of a proceeding under Section 8A of the 1933 Act in connection with any offering of Notes or (vi) any change in the rating assigned by any “nationally recognized statistical rating organization” (as defined for purposes of Rule 436(g) under the 1933 Act Regulations) to the Medium-Term Notes Program under which the Notes are issued (the “Program”) or any debt securities (including the Notes) of the Company, or the public announcement by any such nationally recognized statistical rating organization that it has under surveillance or review, with possible negative implications, its rating of the Program or any such securities, or the withdrawal by any such nationally recognized statistical rating organization of its rating of the Program or any such debt securities. The Company will effect all filings required under Rule 424(b), in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus (including, without limitation, any pricing supplement) transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus (including, without limitation, any pricing supplement). The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment. The Company shall pay the required Commission filing fees relating to the Notes within the time required by Rule 456(b)(1) (i) of the 1933 Act Regulations without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) of the 1933 Act Regulations (including, if applicable, by updating the “Calculation of Registration Fee” table in accordance with Rule 456(b)(1)(ii) either in a post-effective amendment to the Registration Statement or on the cover page of a prospectus filed pursuant to Rule 424(b)).

(b) Filing or Use of Amendments Except in respect of filings referred to in the immediately succeeding sentence, the Company will give the Purchasing Agent advance notice of its intention to file or prepare any additional registration statement with respect to the registration of additional Notes, any amendment to the Registration Statement or any amendment or supplement to any preliminary prospectus, to the prospectus included in the Registration Statement at the time it became effective or to the Prospectus (other than an amendment or supplement thereto providing solely for the determination of the variable terms of the Notes or relating solely to the offering of securities other than the Notes), whether pursuant to the 1933 Act, the 1934 Act or otherwise, will furnish to the Purchasing Agent copies of any such document a reasonable amount of time prior to such proposed filing or use, as the case may be. The Company will give the Purchasing Agent notice of any filings made pursuant to the 1934 Act or 1934 Act Regulations within 48 hours prior to the Applicable Time; the Company will give the Purchasing Agent notice of its intention to make any such filing from the Applicable Time to the Settlement Time and will furnish the Purchasing Agent with copies of any such documents a reasonable amount of time prior to such proposed filing, as the case may be. Unless otherwise notified by the Purchasing Agent, the Company will prepare a final term sheet (the “Final Term Sheet”) reflecting the final terms of the Notes and the offering thereof, as specified in Exhibit A hereto (as applicable), and the Company shall file such Final Term Sheet as an “issuer free writing prospectus” pursuant to Rule 433 prior to the close of business within two days following the date such final terms are established.

(c) Delivery of the Registration Statement. The Company has furnished to the Purchasing Agent and to counsel for the Purchasing Agent, without charge, signed and conformed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated or deemed to be incorporated by reference therein) and signed and conformed copies of all consents and certificates of experts. The Registration Statement and each amendment thereto furnished to the Purchasing Agent will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) Delivery of each preliminary prospectus and the Prospectus. The Company will deliver to the Purchasing Agent, without charge, as many copies of each preliminary prospectus as the Purchasing Agent may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to the Purchasing Agent, without charge, such number of copies of the Prospectus and each amendment or supplement thereto, if any, as the Purchasing Agent may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Purchasing Agent will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) Preparation of Pricing Supplements. The Company will prepare, with respect to any Notes to be sold to or through the Purchasing Agent pursuant to this Agreement, a final pricing supplement with respect to such Notes, the form of which is attached hereto as Exhibit B. The Company will deliver such pricing supplement no later than 11:00 a.m., New York City time, on the business day following the date of the Company's acceptance of the offer for the purchase of such Notes and will file such pricing supplement pursuant to Rule 424(b) in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)). The Company shall pay the required Commission filing fees relating to such Notes within the time required by Rule 456(b)(1)(i) of the 1933 Act Regulations without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) of the 1933 Act Regulations and, if applicable, shall have updated the "Calculation of Registration Fee" table in accordance with Rule 456(b)(1)(ii) either in a post-effective amendment to the Registration Statement or on the cover page of a prospectus filed pursuant to Rule 424(b).

(f) Revisions of Prospectus — Material Changes. Except as otherwise provided in subsection (j) of this Section 4, if at any time during the term of this Agreement any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Purchasing Agent or counsel for the Company, to amend the Registration Statement in order that the Registration Statement will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or to amend or supplement the General Disclosure Package or the Prospectus in order that the same will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time the same is conveyed or delivered (or but for the exemption in Rule 172 under the 1933 Act Regulations ("Rule 172") would be required to be delivered), respectively, to a purchaser, or if it shall be necessary, in the opinion of either such counsel, to amend the Registration Statement or to file a new registration statement or amend or supplement

the General Disclosure Package or the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company shall give immediate notice, confirmed in writing, to the Purchasing Agent to cease the solicitation of offers for the purchase of Notes in its capacity as agent and to cease sales of any Notes it may then own as principal, and the Company will promptly prepare and file with the Commission, subject to Section 4(b) hereof, such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the General Disclosure Package and the Prospectus comply with such requirements, the Company will use its reasonable best efforts to have such amendment or new registration statement declared effective as soon as practicable (if it is not an automatic shelf registration statement with respect to the Notes) and the Company will furnish to the Purchasing Agent, without charge, such number of copies of such amendment, supplement or new registration statement as the Purchasing Agent may reasonably request. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement (or any other registration statement relating to the Notes) or the Prospectus or any preliminary prospectus or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, the Company will promptly notify the Purchasing Agent and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission. In addition, the Company will comply with the 1933 Act, the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations so as to permit the completion of the distribution of each offering of Notes.

(g) Prospectus Revisions — Periodic Financial Information Except as otherwise provided in subsection (j) of this Section 4, on or prior to the date on which there shall be released to the general public interim financial statement information related to the Company with respect to each of the first three quarters of any fiscal year or preliminary financial statement information with respect to any fiscal year, the Company shall cause the Registration Statement, the General Disclosure Package and the Prospectus to be amended or supplemented to include financial information with respect thereto and corresponding information for the comparable period of the preceding fiscal year, as well as such other information and explanations as shall be necessary for an understanding thereof or as shall be required by the 1933 Act or the 1933 Act Regulations.

(h) Prospectus Revisions — Audited Financial Information Except as otherwise provided in subsection (j) of this Section 4, on or prior to the date on which there shall be released to the general public financial information included in or derived from the audited consolidated financial statements of the Company for the preceding fiscal year, the Company shall cause the Registration Statement, the General Disclosure Package and the Prospectus to be amended or supplemented to include such audited consolidated financial statements and the report or reports, and consent or consents to such inclusion, of the independent accountants with respect thereto, as well as such other information and explanations as shall be necessary for an understanding of such consolidated financial statements or as shall be required by the 1933 Act or the 1933 Act Regulations.

(i) Earnings Statements. The Company will make generally available to its securityholders as soon as practicable an earnings statement of the Company and its subsidiaries (which need not be audited) complying with last paragraph of Section 11(a) of the 1933 Act and the rules and regulations of the Commission promulgated thereunder (including, at the option of the Company, Rule 158).

(j) Suspension of Certain Obligations. The Company shall not be required to comply with the provisions of subsections (f), (g) or (h) of this Section 4 during any period from the time (i) the Purchasing Agent shall have suspended solicitation of offers for the purchase of Notes in its capacity as agent pursuant to a request from the Company and (ii) the Purchasing Agent shall not then hold any Notes purchased from the Company as principal, as the case may be, until the time the Company shall determine that solicitation of offers for the purchase of Notes should be resumed or the Purchasing Agent shall subsequently purchase Notes from the Company as principal.

(k) Issuer Free Writing Prospectuses. The Company represents and agrees that, unless it obtains the prior consent of the Purchasing Agent, and the Purchasing Agent represents and agrees that, unless it obtains the prior consent of the Company, it has not made and will not make any offer relating to the Notes that would constitute an “issuer free writing prospectus”, as defined in Rule 433, or that would otherwise constitute a “free writing prospectus,” as defined in Rule 405, required to be filed with the Commission; provided, however, that prior to the preparation of the Final Term Sheet in accordance with Section 4(b), the Purchasing Agent is authorized to use the information with respect to the final terms of the applicable Notes and the offering thereof in communications conveying information relating to such offering of Notes to investors. The Final Term Sheet and any free writing prospectus consented to by the Company and the Purchasing Agent is hereinafter referred to as a “Permitted Free Writing Prospectus”. The Company represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an “issuer free writing prospectus”, as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping. Any Permitted Free Writing Prospectus shall be considered to be an Issuer General Use Free Writing Prospectus unless otherwise agreed to by the Company and the Purchasing Agent.

SECTION 5. Conditions of Purchasing Agent’s Obligations.

The obligations of the Purchasing Agent to purchase Notes from the Company as principal, the obligations of the Purchasing Agent to solicit offers for the purchase of Notes as an agent of the Company and the obligations of any purchasers of Notes sold through the Purchasing Agent as an agent of the Company, will be subject to the accuracy of the representations and warranties on the part of the Company herein contained or contained in any certificate of an officer of the Company or any of its subsidiaries delivered pursuant to the provisions hereof, to the performance and observance by the Company of its covenants and other obligations hereunder, and to the following additional conditions precedent:

(a) Effectiveness of Registration Statement. The Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall

have been instituted or shall be pending or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Purchasing Agent.

(b) Legal Opinions. On the date hereof, the Purchasing Agent shall have received the following legal opinions, dated as of the date hereof and in form and substance satisfactory to the Purchasing Agent:

(1) Opinion of Counsel for the Company. The favorable opinion of King & Spalding LLP, special counsel for the Company, to the effect set forth in Exhibit C hereto and to such further effect as the Purchasing Agent may reasonably request.

(2) Opinion of a Legal Department Representative of the Company. The favorable opinion of a Legal Department Representative of the Company, to the effect set forth in Exhibit D hereto and to such further effect as the Purchasing Agent may reasonably request.

(3) Opinion of Counsel for the Purchasing Agent. The favorable opinion of Gibson, Dunn & Crutcher LLP, counsel for the Purchasing Agent.

(c) Officer's Certificate. On the date hereof, there shall not have been, since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, any event or occurrence that results or would result in a Material Adverse Change, and the Purchasing Agent shall have received a certificate of an executive officer of the Company, dated as of the date hereof, to the effect that (i) there has been no Material Adverse Change, (ii) the representations and warranties of the Company herein contained are true and correct with the same force and effect as though expressly made at and as of the date of such certificate, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the date of such certificate, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted, are pending or, to the best of such executive officer's knowledge, are threatened by the Commission.

(d) Comfort Letter of Deloitte & Touche LLP. On the date hereof, the Purchasing Agent shall have received from Deloitte & Touche LLP a letter dated such date, in form and substance satisfactory to the Purchasing Agent, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(e) Additional Documents. On the date hereof, the Purchasing Agent and counsel to the Purchasing Agent shall have been furnished with such documents and opinions as such counsel may reasonably require for the purpose of enabling such counsel to pass upon the issuance and sale of Notes as herein contemplated and related proceedings, or in order to evidence the accuracy of any of the representations and warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and

sale of Notes as herein contemplated shall be satisfactory in form and substance to the Purchasing Agent and to counsel to the Purchasing Agent.

If any condition specified in this Section 5 shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Purchasing Agent by notice to the Company at any time and any such termination shall be without liability of any party to any other party except as provided in Section 10 hereof and except that Sections 8, 9, 11, 14, 15, 16 and 17 hereof shall survive any such termination and remain in full force and effect.

SECTION 6. Delivery of and Payment for Notes Sold through the Purchasing Agent as Agent

Delivery of Notes sold through the Purchasing Agent as an agent of the Company shall be made by the Company to the Purchasing Agent for the account of any purchaser only against payment therefor in immediately available funds. In the event that a purchaser shall fail either to accept delivery of or to make payment for a Note on the date fixed for settlement, the Purchasing Agent shall promptly notify the Company and deliver such Note to the Company and, if the Purchasing Agent has theretofore paid the Company for such Note, the Company will promptly return such funds to the Purchasing Agent. If such failure shall have occurred for any reason other than default by the Purchasing Agent in the performance of its obligations hereunder, the Company will reimburse the Purchasing Agent on an equitable basis for its loss of the use of the funds for the period such funds were credited to the Company's account.

SECTION 7. Additional Covenants of the Company.

The Company further covenants and agrees with the Purchasing Agent as follows:

(a) **Reaffirmation of Representations and Warranties.** Each acceptance by the Company of an offer for the purchase of Notes (whether to the Purchasing Agent as principal or through the Purchasing Agent as agent), and each delivery of Notes (whether to the Purchasing Agent as principal or through the Purchasing Agent as agent), shall be deemed to be an affirmation that the representations and warranties of the Company herein contained and contained in any certificate theretofore delivered by the Company to the Purchasing Agent pursuant hereto are true and correct at the time of such acceptance or sale, as the case may be, and an undertaking that such representations and warranties will be true and correct at the time of delivery to the Purchasing Agent or to the purchaser or its agent, as the case may be, of the Notes relating to such acceptance or sale, as the case may be, as though made at and as of each such time (it being understood that such representations and warranties shall relate to the Registration Statement, the General Disclosure Package and the Prospectus as amended and supplemented to each such time).

(b) **Subsequent Delivery of Certificates.** Each time that (i) the Registration Statement or the Prospectus shall be amended or supplemented (other than by an amendment or supplement providing solely for the determination of the variable terms of the Notes or relating solely to the offering of securities other than the Notes), (ii) (if required in connection with the purchase of Notes from the Company by the Purchasing Agent as principal) the Company sells Notes to the Purchasing Agent as principal or (iii) the Company sells Notes in a form not previously certified to the Purchasing Agent by the Company, the Company shall furnish or cause to be furnished to

the Purchasing Agent forthwith a certificate dated the date of filing with the Commission or the date of effectiveness of such amendment or supplement, as applicable, or the date of such sale, as the case may be, in form satisfactory to the Purchasing Agent to the effect that the statements contained in the certificate referred to in Section 5(c) hereof which were last furnished to the Purchasing Agent are true and correct at the time of the filing or effectiveness of such amendment or supplement, as applicable, or the time of such sale, as the case may be, as though made at and as of such time (except that such statements shall be deemed to relate to the Registration Statement, the General Disclosure Package and the Prospectus as amended and supplemented to such time) or, in lieu of such certificate, a certificate of the same tenor as the certificate referred to in Section 5(c) hereof, modified as necessary to relate to the Registration Statement, the General Disclosure Package and the Prospectus as amended and supplemented to the time of delivery of such certificate (it being understood that, in the case of clause (ii) above, any such certificate shall also include a certification that there has been no event or occurrence that results or would result in a Material Adverse Change since the date of the agreement by the Purchasing Agent to purchase Notes from the Company as principal).

(c) Subsequent Delivery of Legal Opinions. Each time that (i) the Registration Statement, the General Disclosure Package or the Prospectus shall be amended or supplemented (other than by an amendment or supplement providing solely for the determination of the variable terms of the Notes or relating solely to the offering of securities other than the Notes), (ii) (if required in connection with the purchase of Notes from the Company by the Purchasing Agent as principal) the Company sells Notes to the Purchasing Agent as principal or (iii) the Company sells Notes in a form not previously certified to the Purchasing Agent by the Company, the Company shall furnish or cause to be furnished forthwith to the Purchasing Agent and to counsel to the Purchasing Agent the written opinions of King & Spalding LLP, special counsel to the Company, and a representative of the Legal Department of the Company, or other counsel satisfactory to the Purchasing Agent, dated the date of filing with the Commission or the date of effectiveness of such amendment or supplement, as applicable, or the date of such sale, as the case may be, in form and substance satisfactory to the Purchasing Agent, of the same tenor as the opinion referred to in Sections 5(b)(1) and 5(b)(2) hereof, but modified, as necessary, to relate to the Registration Statement, the General Disclosure Package and the Prospectus as amended and supplemented to the time of delivery of such opinion or, in lieu of such opinion, counsel last furnishing such opinion to the Purchasing Agent shall furnish the Purchasing Agent with a letter substantially to the effect that the Purchasing Agent may rely on such last opinion to the same extent as though it was dated the date of such letter authorizing reliance (except that statements in such last opinion shall be deemed to relate to the Registration Statement, the General Disclosure Package and the Prospectus as amended and supplemented to the time of delivery of such letter authorizing reliance).

(d) Subsequent Delivery of Comfort Letters. Each time that (i) the Registration Statement, the General Disclosure Package or the Prospectus shall be amended or supplemented to include additional financial information (other than by an amendment or supplement relating solely to the issuance and/or offering of securities other than the Notes) or (ii) (if required in connection with the purchase of Notes from the Company by the Purchasing Agent as principal) the Company sells Notes to the Purchasing Agent as principal, the Company shall cause Deloitte & Touche LLP forthwith to furnish to the Purchasing Agent a letter, dated the date of filing with the Commission or the date of effectiveness of such amendment or supplement, as applicable, or

the date of such sale, as the case may be, in form satisfactory to the Purchasing Agent, of the same tenor as the letter referred to in Section 5(d) hereof but modified to relate to the Registration Statement, the General Disclosure Package and the Prospectus as amended and supplemented to the date of such letter.

SECTION 8. Indemnification.

(a) Indemnification of the Purchasing Agent. The Company agrees to indemnify and hold harmless the Purchasing Agent and each person, if any, who controls the Purchasing Agent within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of an untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus, any Issuer Free Writing Prospectus, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(ii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Purchasing Agent), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) above;

provided, however, that this indemnity does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Purchasing Agent expressly for use in the Registration Statement (or any amendment thereto) or any preliminary prospectus, any Issuer Free Writing Prospectus, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto).

(b) Indemnification of Company, Directors and Officers. The Purchasing Agent severally agrees to indemnify and hold harmless the Company, its directors and officers and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 8(a) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or any preliminary prospectus, any Issuer Free Writing Prospectus, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to

the Company by the Purchasing Agent expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus, such Issuer Free Writing Prospectus, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto).

(c) Actions Against Parties: Notification Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 8(a) hereof, counsel to the indemnified parties shall be selected by the Purchasing Agent and, in the case of parties indemnified pursuant to Section 8(b) hereof, counsel to the indemnified shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 8 for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnified party or parties shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such proceeding or the indemnifying party shall not have, within a reasonable period of time in light of the circumstances, employed counsel to defend such proceeding or such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from, additional to or in conflict with those available to such indemnifying party (in which case such indemnifying party shall not have the right to direct the defense of such proceeding on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne by such indemnifying party and paid as incurred. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 8 or 9 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

SECTION 9. Contribution.

If the indemnification provided for in Section 8 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Purchasing Agent, on the other hand, from the offering of the Notes that were the subject of the claim for indemnification or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Purchasing Agent, on the other hand, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company, on the one hand, and the Purchasing Agent, on the other hand, in connection with the offering of the Notes that were the subject of the claim for indemnification shall be deemed to be in the same respective proportion as the total net proceeds from the offering of such Notes (before deducting expenses) received by the Company and bear to the total discount or commission received by the Purchasing Agent, as the case may be.

The relative fault of the Company, on the one hand, and the Purchasing Agent, on the other hand, shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Purchasing Agent and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Purchasing Agent agree that it would not be just and equitable if contribution pursuant to this Section 9 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 9. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 9 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any applicable untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 9, (i) the Purchasing Agent shall not be required to contribute any amount in excess of the amount by which the total discount or commission received by the Purchasing Agent in connection with the offering of the Notes that were the subject of the claim for indemnification exceeds the amount of any damages which the Purchasing Agent has otherwise been required to pay by reason of any applicable untrue or alleged untrue statement or omission or alleged omission and (ii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 9, each person, if any, who controls the Purchasing Agent within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Purchasing Agent, and each director of the Company, each officer of the Company and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, and each officer and director of such person shall have the same rights to contribution as the Company.

SECTION 10. Payment of Expenses.

The Company will pay all expenses incident to the performance of its obligations under this Agreement, including:

- (a) The preparation, filing, printing and delivery (physical and electronic) of the Registration Statement as originally filed and all amendments thereto and any preliminary prospectus, any Issuer Free Writing Prospectus, the General Disclosure Package and the Prospectus and any amendments or supplements thereto;
- (b) The preparation, printing and delivery of this Agreement and the Indenture;
- (c) The preparation, issuance and delivery of the Notes, including any fees and expenses relating to the eligibility and issuance of Notes in book-entry form and the cost of obtaining CUSIP or other identification numbers for the Notes;
- (d) The fees and disbursements of the Company's accountants, counsel and other advisors or agents (including any calculation agent) and of the Trustee and its counsel;
- (e) The reasonable fees and disbursements of counsel to the Purchasing Agent incurred in connection with the establishment of the Program and incurred from time to time in connection with the transactions contemplated hereby;
- (f) The fees charged by "nationally recognized statistical rating organizations" (as defined for purposes of Rule 436(g) under the 1933 Act Regulations) for the rating of the Program and the Notes;
- (g) The fees and expenses incurred in connection with any listing of Notes on a securities exchange;
- (h) The filing fees incident to, and the reasonable fees and disbursements of counsel to the Purchasing Agent in connection with, the review, if any, by the Financial Industry Regulatory Authority;
- (i) Any advertising and other out-of-pocket expenses of the Purchasing Agent incurred with the prior approval of the Company; and
- (j) The reasonable costs and expenses (including, without limitation, any damages or other amounts payable in connection with legal or contractual liability) associated with the reforming of any contracts for sale of the Notes made by the Purchasing Agent caused by a breach of the representation contained in Section 2(a)(iv).

SECTION 11. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries submitted pursuant hereto or thereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Purchasing Agent or any controlling person of the Purchasing Agent, or by or on behalf of the Company, and shall survive each delivery of and payment for the Notes.

SECTION 12. Termination.

(a) Termination of this Agreement. This Agreement (excluding any agreement by the Purchasing Agent to purchase Notes from the Company as principal) may be terminated for any reason, at any time by either the Company or the Purchasing Agent, upon the giving of 10 business days' prior written notice of such termination to the other party hereto.

(b) Termination of Agreement to Purchase Notes as Principal. The Purchasing Agent may terminate any agreement by the Purchasing Agent to purchase Notes from the Company as principal, immediately upon notice to the Company, at any time on or prior to the Settlement Date relating thereto, if (i) there has been, since the date of such agreement or since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, any event or occurrence that results or would result in a Material Adverse Change, or (ii) there has occurred any material adverse change in the financial markets in the United States, or any outbreak of hostilities or escalation thereof in which the United States or any country in whose currency any of such Notes are denominated is involved, or other substantial national or international calamity or emergency, in each case the effect of which is such as to make it, in the judgment of the Purchasing Agent, impracticable or inadvisable to market such Notes or enforce contracts for the sale of such Notes, or (iii) a banking moratorium has been declared by either Federal or New York authorities, or (iv) the rating assigned by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the 1933 Act Regulations) to the Program or any debt securities (including the Notes) of the Company as of the date of such agreement shall have been lowered or withdrawn since that date or if any such rating organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Program or any such debt securities, or (v) there shall have come to the attention of the Purchasing Agent any facts that would cause the Purchasing Agent to believe that the Prospectus, at the time it was delivered (or but for the exemption in Rule 172 would have been required to be delivered) to a purchaser of such Notes, included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time of such delivery, not misleading.

(c) General. In the event of any such termination, neither party will have any liability to the other party hereto, except that (i) the Purchasing Agent shall be entitled to any commissions earned in accordance with the third paragraph of Section 3(b) hereof, (ii) if at the time of termination (a) the Purchasing Agent shall own any Notes purchased by it from the Company as principal or (b) an offer to purchase any of the Notes has been accepted by the Company but the time of delivery to the purchaser or his agent of such Notes relating thereto has not occurred, the covenants set forth in Sections 4 and 7 hereof shall remain in effect until such Notes are so resold

or delivered, as the case may be, and (iii) the covenant set forth in Section 4(i) hereof, the provisions of Section 10 hereof, the indemnity and contribution agreements set forth in Sections 8 and 9 hereof, and the provisions of Sections 11, 14, 15, 16 and 17 hereof shall remain in effect.

SECTION 13. Notices.

Unless otherwise provided herein, all notices required under the terms and provisions hereof shall be in writing, either delivered by hand, by mail or by telex, telecopier or telegram, and any such notice shall be effective when received at the address specified below.

If to the Company:

United Parcel Service, Inc.
55 Glenlake Parkway, N.E.
Atlanta, Georgia 30328
Attention: Secretary Legal Department
Telecopy No.: (404) 828-6912

If to the Purchasing Agent:

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower – 15th Floor
New York, New York 10080
Attention: MTN Product Management Group
Telecopy No.: (212) 449-2234

or at such other address as such party may designate from time to time by notice duly given in accordance with the terms of this Section 13.

SECTION 14. Parties.

This Agreement shall inure to the benefit of and be binding upon the Purchasing Agent and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons, officers and directors referred to in Sections 8 and 9 hereof and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their respective successors, and said controlling persons, officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Notes shall be deemed to be a successor by reason merely of such purchase.

SECTION 15. No Advisory or Fiduciary Relationship.

The Company acknowledges and agrees that (i) the offer and sale of the Notes pursuant to this Agreement, including the determination of the initial public offering price of the Notes and any related discounts and commissions, are arm's-length commercial transactions between the Company, on the one hand, and the Purchasing Agent, on the other hand, (ii) in connection with the offerings contemplated hereby and the process leading to such transaction, the Purchasing Agent is and has been acting solely as a principal and is not as the agent (except to the extent expressly set forth herein) or fiduciary of the Company or its stockholders, creditors, employees or any other party, (iii) the Purchasing Agent has not assumed and will not assume an advisory or fiduciary responsibility in favor of the Company or any of its affiliates with respect to the offerings contemplated hereby or the process leading thereto (irrespective of whether the Purchasing Agent has advised or is currently advising the Company on other matters) and the Purchasing Agent does not have any obligation to the Company or any of its affiliates with respect to any offering contemplated hereby except the obligations expressly set forth in this Agreement, (iv) the Purchasing Agent and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company and its affiliates, and (v) the Purchasing Agent has not provided any legal, accounting, regulatory or tax advice with respect to the offerings contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

SECTION 16. Integration.

This Agreement supersedes all prior agreements and understanding (whether written or oral) between the Company and the Purchasing Agent with respect to the subject matter hereof.

SECTION 17. GOVERNING LAW; FORUM.

THIS AGREEMENT AND ALL THE RIGHTS AND OBLIGATIONS OF THE PARTIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. ANY SUIT, ACTION OR PROCEEDING BROUGHT BY THE COMPANY AGAINST THE PURCHASING AGENT IN CONNECTION WITH OR ARISING UNDER THIS AGREEMENT SHALL BE BROUGHT SOLELY IN THE STATE OR FEDERAL COURT OF APPROPRIATE JURISDICTION LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK.

SECTION 18. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 19. Counterparts.

This Agreement may be executed in one or more counterparts and, if executed in more than one counterpart, the executed counterparts hereof shall constitute a single instrument.

If the foregoing is in accordance with the Purchasing Agent's understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this Distribution Agreement, along with all counterparts, will become a binding agreement between the Purchasing Agent and the Company in accordance with its terms.

Very truly yours,

UNITED PARCEL SERVICE, INC.

By: /s/ Joseph B. Amsbary, Jr.

Name: Joseph B. Amsbary, Jr.

Title: Authorized Officer

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: /s/ Scott Primrose
Authorized Signatory

SCHEDULE A

The Company shall pay the Purchasing Agent, on a discount basis, a commission for the sale of each Note equal to the principal amount of such Note multiplied by the appropriate percentage set forth below.

MATURITY RANGES

PERCENT OF
PRINCIPAL AMOUNT

Form of Final Term Sheet

United Parcel Service, Inc.

UPS Notes

With Maturities of 9 Months or More from Date of Issue

Filed Under Rule 424(b)(2)
Registration Statement No. []
Pricing Supplement Number []
Date of Pricing Supplement []
(To: Prospectus Dated [], as supplemented by
Prospectus Supplement Dated [])

Offering Dates: [] through []
Trade Date: [] @ 12:00 PM ET
Issue Date: []
Minimum Denomination/Increments: \$1,000.00/\$1,000.00

CUSIP Number:
Series Number:
Stated Maturity Date:
Initial Interest Rate:
Interest Payment Frequency:
Interest Payment Dates:
Initial Interest Reset Date:
Interest Reset Dates:

Base Rate: [] CD Rate [] EURIBOR
[] Commercial Paper Rate [] Federal Funds Rate
[] Constant Maturity Swap Rate [] LIBOR
[] Constant Maturity Treasury Rate [] Treasury Rate
[] CPI Adjustment Rate [] Prime Rate
[] Eleventh District Cost of Funds Rate [] Other (see attached)
If LIBOR [] LIBOR01 [] LIBOR02
[] Index Currency

If Constant Maturity Treasury Rate Telerate Page [] FRBCMT [] FEDCMT
If FEDCMT [] Weekly Average [] Monthly Average
Designated CMT Maturity Index:

Regular Floating Rate Note: [] Yes [] No
Inverse Floating Rate Note: [] Yes [] No

Floating Rate/Fixed Rate Note: Yes No

If yes: Fixed Rate:
Fixed Rate Commencement Date:

Maximum Interest Rate:
Minimum Interest Rate:
Index Maturity:
Spread (+/-):
Spread Multiplier:
Computation of Interest:

Price to Public:
Agent's Discount:
Day Count Convention:

30/360
 Actual/360
 Actual/Actual

Optional Redemption:

Yes No

Optional Redemption Date(s):
Initial Redemption Percentage:
Annual Percentage Reduction:
Redemption may be:

In whole only.
 In whole or in part.

The Survivor's Option:

is is not available.

Annual Put Limitation:
Individual Put Limitation:
Series Put Limitation:

Special Tax Considerations:

Form of Pricing Supplement

United Parcel Service, Inc.

UPS Notes

With Maturities of 9 Months or More from Date of Issue

Filed Under Rule 433
 Registration Statement No. []
 Dated []
 Pricing Supplement as of []
 (To: Prospectus Dated [], as supplemented by Prospectus Supplement Dated [])

Offering Dates: [] through []
 Trade Date: [] @ 12:00 PM ET
 Issue Date: []
 Minimum Denomination/Increments: \$1,000.00/\$1,000.00

CUSIP Number:
 Series Number:
 Stated Maturity Date:
 Initial Interest Rate:
 Interest Payment Frequency:
 Interest Payment Dates:
 Initial Interest Reset Date:
 Interest Reset Dates:

Base Rate:

<input type="checkbox"/> CD Rate	<input type="checkbox"/> EURIBOR
<input type="checkbox"/> Commercial Paper Rate	<input type="checkbox"/> Federal Funds Rate
<input type="checkbox"/> Constant Maturity Swap Rate	<input type="checkbox"/> LIBOR
<input type="checkbox"/> Constant Maturity Treasury Rate	<input type="checkbox"/> Treasury Rate
<input type="checkbox"/> CPI Adjustment Rate	<input type="checkbox"/> Prime Rate
<input type="checkbox"/> Eleventh District Cost of Funds Rate	<input type="checkbox"/> Other (see attached)

If LIBOR

<input type="checkbox"/> LIBOR01	<input type="checkbox"/> LIBOR02
<input type="checkbox"/> Index Currency	

If Constant Maturity Treasury Rate

<input type="checkbox"/> FEDCMT	<input type="checkbox"/> FRBCMT	<input type="checkbox"/> FEDCMT
Designated CMT Maturity Index:	<input type="checkbox"/> Weekly Average	<input type="checkbox"/> Monthly Average

Regular Floating Rate Note: Yes No
Inverse Floating Rate Note: Yes No
Floating Rate/Fixed Rate Note: Yes No

If yes: Fixed Rate:
Fixed Rate Commencement Date:

Maximum Interest Rate:
Minimum Interest Rate:
Index Maturity:
Spread (+/-):
Spread Multiplier:
Computation of Interest:

Price to Public:
Agent's Discount:
Day Count Convention:

30/360
 Actual/360
 Actual/Actual

Optional Redemption:

Yes No

Optional Redemption Date(s):
Initial Redemption Percentage:
Annual Percentage Reduction:
Redemption may be:

In whole only.
 In whole or in part.

The Survivor's Option:

is is not available.

Annual Put Limitation:
Individual Put Limitation:
Series Put Limitation:

Special Tax Considerations:

KING & SPALDING

King & Spalding LLP
1185 Avenue of the Americas
New York, New York 10036-4003
www.kslaw.com

May 30, 2008

United Parcel Service, Inc.
55 Glenlake Parkway
Atlanta, GA 30328

Re: United Parcel Service, Inc. - UPS Notes

Ladies and Gentlemen:

Reference is made to our legal opinion, dated May 30, 2008, regarding the validity of the notes (the "Notes") to be issued by United Parcel Service, Inc. (the "Company") pursuant to its Indenture, dated as of August 26, 2003, between the Company and The Bank of New York Trust Company, N.A., as successor to Citibank, N.A., as trustee. We hereby consent to the filing of such opinion as an exhibit to the Company's Current Report on Form 8-K, filed on the date hereof, and thereby incorporated by reference into the Company's Registration Statement on Form S-3 (file no. 333-147737) relating to the offer and sale of the Notes by the Company.

Very truly yours,

/s/ King & Spalding LLP