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

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) October 24, 2016**

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**United Parcel Service, Inc.**

(Exact name of registrant as specified in its charter)

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**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)

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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))
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**Item 8.01. Other Events.**

On October 19, 2016, United Parcel Service, Inc. (the “Company”) entered into an agreement (the “Euro Underwriting Agreement”) with the underwriters listed on Schedule II thereto (the “Euro Underwriters”), whereby the Company agreed to sell and the Euro Underwriters agreed to purchase from the Company, subject to and upon the terms and conditions set forth in the Euro Underwriting Agreement, €500,000,000 principal amount of 1.000% Senior Notes due 2028 (the “Euro Transaction”).

Concurrently with the Euro Transaction, the Company entered into an agreement (the “U.S. Underwriting Agreement”) with the underwriters listed on Schedule II thereto (the “U.S. Underwriters”), whereby the Company agreed to sell and the U.S. Underwriters agreed to purchase from the Company, subject to and upon the terms and conditions set forth in the U.S. Underwriting Agreement, \$500,000,000 principal amount of 2.400% Senior Notes due 2026 and \$500,000,000 principal amount of 3.400% Senior Notes due 2046 (the “U.S. Transaction” and, together with the Euro Transaction, the “Transactions”).

The Company intends to use the net proceeds of the Transactions for general corporate purposes, including the repayment of commercial paper.

Copies of the Euro Underwriting Agreement and U.S. Underwriting Agreement are attached hereto as Exhibit 1.1 and Exhibit 1.2, respectively, and are incorporated herein by reference. The foregoing summaries do not purport to be complete and are qualified in their entirety by reference to the Euro Underwriting Agreement and U.S. Underwriting Agreement, respectively.

The Company is filing this Current Report on Form 8-K so as to file with the Securities and Exchange Commission certain items related to the Transaction that are to be incorporated by reference into its Registration Statement on Form S-3ASR (Registration No. 333-214056).

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

- 1.1 Euro Underwriting Agreement
- 1.2 U.S. Underwriting Agreement
- 4.1 Form of 1.000% Senior Notes due 2028
- 4.2 Form of 2.400% Senior Notes due 2026
- 4.3 Form of 3.400% Senior Notes due 2046
- 4.4 Paying Agency Agreement, by and between the Company and The Bank of New York Mellon, London Branch
- 5.1 Opinion of King & Spalding LLP
- 23.1 Consent of King & Spalding LLP (included in Exhibit 5.1)

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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.

Date: October 24, 2016

UNITED PARCEL SERVICE, INC.

By: /s/ Richard N. Peretz

Name: Richard N. Peretz

Title: Senior Vice President, Chief Financial Officer and Treasurer

United Parcel Service, Inc.

1.000% Senior Notes due 2028

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Underwriting Agreement

October 19, 2016

**To the Representatives named in Schedule I  
of the several Underwriters named in Schedule II**

Ladies and Gentlemen:

United Parcel Service, Inc., a Delaware corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell to the firms named in Schedule II hereto (such firms constituting the "Underwriters") certain of its debt securities specified in Schedule III hereto (the "Designated Securities") to be issued under an indenture, dated as of August 26, 2003 (the "Indenture"). In connection with the issuance of the Designated Securities, the Company will enter into a paying and calculation agency agreement (the "Paying and Calculation Agency Agreement"), to be dated on or around October 24, 2016, between the Company and The Bank of New York Mellon, London Branch. The representative or representatives of the Underwriters, if any, specified in Schedule I hereto are hereinafter referred to as the "Representatives."

The Company has filed with the Securities and Exchange Commission (the "Commission") an automatic shelf registration statement on Form S-3 (File No. 333-214056), including the related preliminary prospectus or prospectuses, which registration statement became effective upon filing under Rule 462(e) of the rules and regulations of the Commission under the Securities Act of 1933, as amended (the "Act"). Such registration statement covers the registration of the Designated Securities under the Act. Promptly after the execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430B and Rule 424(b) under the Act. Any information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of and included in such registration statement pursuant to Rule 430B is referred to as "Rule 430B Information." Each prospectus used in connection with the offering of the Designated Securities that omitted Rule 430B Information is herein called a "preliminary prospectus." The term "Registration Statement," as of any time, means the registration statement as amended by any amendment thereto, registering the offer and sale of the Designated Securities, among other securities, in the form then filed by the Company with the Commission, including any document incorporated by reference therein and any prospectus, prospectus supplement and/or pricing supplement deemed or retroactively deemed to be a part thereof at such time that has not been superseded or modified. "Registration Statement" without reference to a time means such registration statement, as amended, as of the Applicable Time (as defined in Section 1(b) herein); for purposes of this definition, information contained in a form of prospectus, prospectus supplement or pricing supplement that is

retroactively deemed to be part of such registration statement, as amended, pursuant to Rule 430B or Rule 430C under the Act shall be considered to be included in such registration statement, as amended, as of the time specified in Rule 430B or 430C, as the case may be. The final prospectus in the form first furnished to the Underwriters for use in connection with the offering of the Designated Securities, including the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act at the time of the execution of this Agreement and any preliminary prospectuses that form a part thereof, is herein called the "Prospectus." For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

1. The Company represents and warrants to each of the Underwriters as of the date hereof, as of the Applicable Time and as of the Time of Delivery (as defined in Section 3 herein), and agrees with each of the Underwriters, that:

(a) (A) At the earliest time after 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 Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange 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) under the Act) made any offer relating to the Designated Securities in reliance on the exemption of Rule 163 and (D) at the date hereof, the Company was and is a "well-known seasoned issuer" as defined in Rule 405 under the Act, 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 Designated Securities, 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"; the Company has not received from the Commission any notice pursuant to Rule 401(g)(2) under the Act objecting to the use of the automatic shelf registration statement form; and at the earliest time after 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) under the Act) of the Designated Securities and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405.

(b) The Registration Statement became effective upon filing under Rule 462(e) under the Act on October 11, 2016, and any post-effective amendment thereto also became effective upon filing under Rule 462(e); no stop order suspending the effectiveness of the Registration Statement has been issued under the 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 has been complied with; and the Company is not the subject of a pending proceeding under Section 8A of the Act in connection with the offering of the Designated Securities.

Any offer that is a written communication relating to the Designated Securities 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) under the

Act) has been filed with the Commission in accordance with the exemption provided by 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 Act provided by Rule 163.

The term “Statutory Prospectus” as of any time means the prospectus relating to the Designated Securities that is included in the Registration Statement immediately prior to that time, including any document incorporated by reference therein and any preliminary or other prospectus deemed to be a part thereof.

The term “Issuer Free Writing Prospectus” means any “issuer free writing prospectus,” as defined in Rule 433 under the Act, relating to the Designated Securities that (i) is required to be filed with the Commission by the Company, (ii) is a “road show for an offering that is a written communication” within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission or (iii) is exempt from filing pursuant to Rule 433(d)(5)(i) because it contains a description of the Designated Securities 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).

The term “Issuer General Use Free Writing Prospectus” means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors, as evidenced by its being specified in Schedule V hereto.

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

The term “Applicable Time” means 10:06 am (Eastern time) on October 24, 2016 or such other time as agreed by the Company and the Representatives.

(c) The documents incorporated by reference in the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents, when they became effective or were filed with the Commission, contained 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; and any further documents so filed and incorporated by reference in the Prospectus, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain 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 an Underwriter of Designated Securities through the Representatives expressly for use in the Prospectus as amended or supplemented relating to the Designated Securities or (ii) the Form T-1.

(d) The Registration Statement, as of its effective date or the date of any post-effective amendment thereto, conformed, and the Prospectus as of its issue date conformed, and any further amendments or supplements to the Registration Statement or the Prospectus as of their respective effective or issue dates will conform, in all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder; and (i) the Registration Statement and any amendment thereto, as of the applicable effective date of the Registration Statement or any such amendment, did 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, (ii) the Prospectus and any amendment or supplement thereto, as of the date of the Prospectus or any such amendment or supplement, will not contain any 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, and (iii) the Prospectus, as amended or supplemented, if applicable, at the Time of Delivery, will not contain any untrue statement of a material fact or omit to state a material fact necessary 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 an Underwriter of Designated Securities through the Representatives expressly for use in the Prospectus as amended or supplemented relating to the Designated Securities or (ii) the Form T-1.

(e) Each preliminary prospectus (including the prospectus or prospectuses filed as part of the Registration Statement or any amendment thereto) complied when so filed in all material respects with the rules and regulations under the Act and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(f) As of the Applicable Time, neither (i) the Issuer General Use Free Writing Prospectus(es) issued at or prior to the Applicable Time and the Statutory Prospectus at the Applicable Time, all considered together (collectively, the "General Disclosure Package"), nor (ii) any individual Issuer Limited Use Free Writing Prospectus, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; the representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement, the Prospectus or any Issuer Free Writing Prospectus made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives expressly for use therein.

(g) 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 Designated Securities, 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.

(h) 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) repurchases of common stock of the Company pursuant to previously announced stock repurchase programs, (ii) issuances or other transfers of capital stock in the ordinary course of business pursuant to the Company's employee benefit plans and (iii) conversions 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 any 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").

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own its properties and conduct its business as described in the General Disclosure Package and the Prospectus.

(j) This Agreement has been duly authorized, executed and delivered by the Company. The Designated Securities have been duly authorized, and, when executed, authenticated, issued, 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, entitled to the benefits provided by the Indenture; the Indenture and the Paying and Calculation Agency Agreement have each been duly authorized and the Indenture has been duly qualified under the Trust Indenture Act and, at the Time of Delivery, the Indenture and the Paying and Calculation Agency Agreement will each constitute 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; and the Indenture conforms, and the Designated Securities will conform, in all material respects to the descriptions thereof contained in the General Disclosure Package and the Prospectus.

(k) The issue and sale of the Designated Securities and the compliance by the Company with all of the provisions of the Designated Securities, the Indenture and this Agreement, and the consummation of the transactions herein and therein contemplated, will not conflict with or result in 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, except for such breaches, violations or defaults that would not result in a Material Adverse Change, 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 statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company; and no consent, approval, authorization, order, registration or qualification of or with any such court or



governmental agency or body is required for the issue and sale of the Designated Securities or the consummation by the Company of the transactions contemplated by this Agreement or the Indenture, except (i) where the failure to obtain any such consent, approval, authorization, order, registration or qualification would not result in a Material Adverse Change and (ii) for such consents, approvals, authorizations, orders, registrations or qualifications that have been, or will have been prior to the Time of Delivery, obtained under the Act and the Trust Indenture Act and or that may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Designated Securities by the Underwriters.

(l) The Company is not, and after giving effect to the offering and sale of the Designated Securities and the application of the proceeds thereof as described in the General Disclosure Package and the Prospectus, the Company will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended (the “1940 Act”).

(m) The financial statements included in the Registration Statement, the General Disclosure Package and the Prospectus, 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 statement of operations, stockholders’ equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; and said 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, present fairly in accordance with GAAP the information required to be stated therein. The interactive data in eXtensible Business Reporting Language (“XBRL”) incorporated by reference into the Registration Statement, the General Disclosure Package and the Prospectus present fairly in all material respects the information called for and is prepared in accordance with the Commission’s rules and guidelines applicable thereto.

(n) The Company and each of its subsidiaries maintain a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) of the Exchange Act) that complies with the requirements of the Exchange Act and that has been designed by, or under the supervision of, the Company’s principal executive and principal financial officers, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management’s general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) 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 (1) no material weakness in the Company’s internal control over financial reporting (whether or not remediated) and (2) 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.

(o) 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 Exchange 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.

2. The several Underwriters propose to offer the Designated Securities for sale upon the terms and conditions set forth in the General Disclosure Package. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price set forth in Schedule III, the aggregate principal amount of Designated Securities set forth in Schedule II opposite the name of such Underwriter, plus any additional principal amount of Designated Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 8 hereof.

3. The Designated Securities to be purchased by each Underwriter pursuant to this Agreement, in the form specified herein, and in such authorized denominations and registered in such names as the Representatives may request upon at least 48 hours' prior notice to the Company, shall be delivered by or on behalf of the Company to the Representatives for the account of such Underwriter, against payment by such Underwriter or on its behalf of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representatives at least 48 hours in advance or at such other place and time and date as the Representatives and the Company may agree upon in writing, such time and date being herein called the "Time of Delivery."

4. The Company agrees with each of the Underwriters of the Designated Securities:

(a) The Company will prepare the Prospectus in relation to the Designated Securities in a form reasonably approved by the Representatives and will file such Prospectus in accordance with the provisions of Rule 430B and Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement or, if applicable, such earlier time as may be required by Rule 424(b); the Company will make no further amendment or any supplement to the Registration Statement or the Prospectus as amended or supplemented after the date of this Agreement and prior to the Time of Delivery if the Representatives reasonably disapprove thereof promptly after reasonable notice thereof (*provided, however*, that (i) the Company may make any such further amendment or supplement which, in the opinion of counsel to the Company, is required by law, and (ii) the Company shall only be required to provide the Company's reports to be filed with the Commission pursuant to the Exchange Act to the Representatives on the business day prior to the date on which such filings are to be transmitted for filing with the Commission); the Company will advise the Representatives promptly of any such amendment or supplement after such Time of Delivery and furnish the Representatives with copies thereof; the Company will file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission

pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus for so long as the delivery of a prospectus is required in connection with the offering or sale of the Designated Securities; and during such same period the Company will advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed with the Commission, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus relating to the Designated Securities, of the suspension of the qualification of the Designated Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose or of any examination pursuant to Section 8(e) of the Act concerning the Registration Statement, if the Company becomes the subject of a proceeding under Section 8A of the Act in connection with the offering of the Designated Securities, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any prospectus relating to the Designated Securities or suspending any such qualification, the Company will promptly use its best efforts to obtain the withdrawal of such order.

(b) The Company promptly from time to time will take such action as the Representatives may reasonably request to qualify the Designated Securities for offering and sale under the securities laws of such jurisdictions as the Representatives reasonably may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Designated Securities, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction.

(c) Unless otherwise agreed to by the Representatives, prior to 3:00 p.m., New York City time, on the business day next succeeding the date of this Agreement and from time to time, the Company will furnish the Underwriters with written and electronic copies of the Prospectus as amended or supplemented in New York City in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the issue date of the Prospectus in connection with the offering or sale of the Designated Securities and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Registration Statement or the Prospectus, to notify the Representatives and upon their request to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many written and electronic copies as the Representatives may from time to time reasonably request of an amended Registration Statement or Prospectus or a supplement to the Registration Statement or Prospectus which will correct such statement or omission or effect such compliance.

(d) The Company will make generally available to its securityholders as soon as practicable, but in any event not later than 18 months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158).

(e) During the period beginning from the date hereof and continuing to and including the later of (i) the termination of trading restrictions for such Designated Securities, as notified to the Company by the Representatives and (ii) the Time of Delivery, the Company will not offer, sell, contract to sell or otherwise dispose of any debt securities of the Company which mature more than one year after the Time of Delivery and which are substantially similar to the Designated Securities, without the prior written consent of the Representatives.

(f) The Company shall pay the required Commission filing fees relating to the Designated Securities within the time period required by Rule 456(b)(1)(i) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act, and, if applicable, shall update 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).

(g) The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Designated Securities 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 subsection (h) below, the Underwriters are authorized to use the information with respect to the final terms of the Designated Securities in communications conveying information relating to the offering to investors. Any such free writing prospectus consented to by the Company and the Representatives 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.

(h) The Company will prepare a final term sheet containing only a description of the Designated Securities, in a form attached hereto as Schedule IV and approved by the Representatives, and will file such term sheet pursuant to Rule 433(d) within the time required by such rule (such term sheet, the "Final Term Sheet"); the Final Term Sheet is an Issuer General Use Free Writing Prospectus for purposes of this Agreement.

(i) The Company will use reasonable best efforts to list, subject to notice of issuance, the Designated Securities on the New York Stock Exchange.

(j) The Company acknowledges, accepts, and agrees that liabilities arising under this Agreement may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority and acknowledges, accepts, and agrees to be bound by:

(i) the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority in relation to any BRRD Liability of the Underwriters to the Company under this Agreement, that (without limitation) may include and result in any of the following, or some combination thereof:

- i. the reduction of all, or a portion, of the BRRD Liability or outstanding amounts due thereon;
- ii. the conversion of all, or a portion, of the BRRD Liability into shares, other securities or other obligations of the Underwriters or another person (and the issue to or conferral on the Company of such shares, securities or obligations);
- iii. the cancellation of the BRRD Liability; and
- iv. the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period;

(ii) the variation of the terms of this Agreement, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

(iii) As used in this Section 4(j), "Bail-in Legislation" means in relation to a member state of the European Economic Area which has implemented, or which at any time implements, the BRRD, the relevant implementing law, regulation, rule or requirement as described in the EU Bail-in Legislation Schedule from time to time; "Bail-in Powers" means any Write-down and Conversion Powers as defined in relation to the relevant Bail-in Legislation; "BRRD" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms; "EU Bail-in Legislation Schedule" means the document described as such, then in effect, and published by the Loan Market Association (or any successor person) from time to time at <http://www.lma.eu.com/pages.aspx?p=499>; "BRRD Liability" has the same meaning as in such laws, regulations, rules or requirements implementing the BRRD under the applicable Bail-in Legislation; and "Relevant Resolution Authority" means the resolution authority with the ability to exercise any Bail-in Powers in relation to the relevant Underwriter.

(iv) The Company acknowledges and accepts that this provision is exhaustive on the matters described herein to the exclusion of any other term of this Agreement or any other agreements, arrangements, or understanding between the Underwriters and the Company relating to the subject matter of this Agreement.

5. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Designated

Securities under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, the Statutory Prospectus, any General Use Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, any Indenture, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Designated Securities; (iii) all expenses in connection with the qualification of the Designated Securities for offering and sale under state securities laws as provided in Section 4(b) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any Blue Sky survey and the preparation of any Blue Sky Memorandum; (iv) any fees charged by securities rating services for rating the Designated Securities; (v) any filing fees incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, any required review by the Financial Industry Regulatory Authority of the terms of the sale of the Designated Securities; (vi) the cost of preparing the Designated Securities; (vii) the fees and expenses of any Trustee and any agent of any Trustee and the reasonable fees and disbursements of counsel for any Trustee in connection with any Indenture and the Designated Securities; (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Designated Securities, including without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of aircraft and other transportation chartered in connection with the road show; and (ix) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section 5. It is understood, however, that, except as provided in this Section 5, and Sections 7 and 10 hereof, the Underwriters will pay all of their own costs and expenses, including the fees and expenses of their counsel, transfer taxes on resale of any of the Designated Securities by them, and any advertising or roadshow expenses connected with any offers they may make.

6. The obligations of the Underwriters under this Agreement shall be subject, in the discretion of the Representatives, to the condition that all representations and warranties and other statements of the Company in this Agreement are, at and as of the Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Statutory Prospectus and the Prospectus as amended or supplemented shall each have been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing by the rules and regulations under the Act, without reliance on Rule 424(b)(8), and in accordance with Section 4(a) hereof; no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the Representatives' reasonable satisfaction.

(b) Counsel for the Underwriters shall have furnished to the Representatives such written opinion or opinions, dated the Time of Delivery, with respect to the valid existence of the Company, the validity of the Designated Securities, the Registration Statement, the General Disclosure Package, the Prospectus and such other related matters as the Representatives may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(c) The Company shall have paid the required Commission filing fees relating to the Designated Securities within the time period required by Rule 456(b)(1)(i) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act, 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).

(d) King & Spalding LLP, special counsel for the Company, shall have furnished to the Representatives their written opinion, dated the Time of Delivery, in form and substance reasonably satisfactory to the Representatives, to the effect that:

(i) The Company is a corporation validly existing and in good standing under the laws of the State of Delaware with the corporate power and authority under such laws to own its properties and conduct its business as described in the General Disclosure Package and the Prospectus.

(ii) The Indenture has been duly authorized, executed and delivered by the Company; the Indenture 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. The Indenture has been duly qualified under the Trust Indenture Act.

(iii) The Designated Securities have been duly authorized and, when executed, authenticated, issued and delivered in the manner provided for in the Indenture against payment therefor as provided in this Agreement, will (A) 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 and (B) be entitled to the benefits of the Indenture. The Designated Securities and the Indenture conform or will conform, as applicable, in all material respects to the descriptions thereof in the General Disclosure Package and the Prospectus.

(iv) The execution, delivery and performance of the Indenture and this Agreement by the Company, the issuance and sale of the Designated Securities by the Company and the consummation of the transactions contemplated herein and therein by the Company (a) do not and will not result in any violation of the certificate of incorporation or bylaws of the Company and (b) do not and will not result in a breach or violation by the Company of any of the terms and provisions of, or constitute a default by the Company under, any agreement or other instrument binding upon the Company or any Significant Subsidiary filed or incorporated by reference as an exhibit to the Registration Statement or the documents incorporated by reference therein. The Company has the corporate power and authority to issue and sell the Designated Securities as contemplated by this Agreement.

(v) The execution, delivery and performance of the Indenture, this Agreement and the issuance and sale of the Designated Securities by the Company and the consummation of the transactions contemplated herein and therein by the Company do not and will not result in a violation of any existing material law, rule or regulation applicable to the Company.

(vi) No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required to be obtained by the Company for the issuance, sale and delivery of the Designated Securities by the Company or for the consummation by the Company of the transactions contemplated by this Agreement, except such as have been obtained and made under the Act and the Trust Indenture Act and such as may be required under state securities laws.

(vii) This Agreement has been duly authorized, executed and delivered by the Company.

(viii) The Registration Statement has become effective under the Act, and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending under the Act; and the Registration Statement, as of its effective date, and the Prospectus, as amended or supplemented as of its issue date and the Time of Delivery, complied as to form in all material respects with the requirements of the Act, the Trust Indenture Act and the Rules and Regulations (in each case other than the financial statements and notes thereto, the financial statement schedules and other financial data and Form T-1 included or incorporated by reference therein).

(ix) The Company is not required, and upon the issuance and sale of the Designated Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus will not be required, to register as an "investment company" under the 1940 Act.

(x) Each document filed pursuant to the Exchange Act, and incorporated by reference in the Prospectus, when such document was filed with the Commission, complied as to form in all material respects with the Exchange Act and the rules and regulations thereunder (in each case other than the financial statements and notes thereto, the financial statement schedules and other financial data included or incorporated by reference therein).

In addition, such counsel shall state that, in its capacity as counsel for the Company, it has rendered legal advice and assistance in connection with the Company's preparation of the Registration Statement, the General Disclosure Package and the Prospectus. Rendering such assistance included, among other things, discussions and inquiries concerning various legal matters, the review of certain documents, and participating in conferences with officers and other representatives of the Company, representatives of the Company's independent auditors and representatives of the Underwriters and their counsel during which the contents of the Registration Statement, the General Disclosure Package and the Prospectus and related matters were discussed and reviewed. Such counsel shall state that although it is not passing upon and does do not assume any responsibility for the accuracy, completeness or fairness of



the statements contained in the Registration Statement, the General Disclosure Package or the Prospectus as amended or supplemented, except as set forth in subsection (d) (iii) above, on the basis of the information that was developed in the course of the performance of the services referred to above, nothing has come to its attention that causes it to believe that (a) any part of the Registration Statement, when such part became effective, contained an untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading (b) that the General Disclosure Package, as of the Applicable Time, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, or (c) the Prospectus or any further amendment or supplement thereto made by the Company, as of the issue date thereof and as of the Time of Delivery, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that, with respect to clauses (a), (b) and (c), such counsel does not express a belief with respect to the financial statements and notes thereto and the financial statement schedules and other financial data included or incorporated by reference therein or omitted therefrom, and with respect to clause (a), such counsel does not express a belief with respect to the Form T-1.

(e) A representative of the Legal Department of the Company satisfactory to the Representatives shall have furnished to the Representatives his or her written opinion, dated the Time of Delivery, in form and substance reasonably satisfactory to the Representatives, to the effect that:

(i) The Company is duly qualified to do business as a foreign corporation in good standing in each jurisdiction in which it owns or leases material properties or in which the conduct of its business requires such qualification and in which the failure to be so qualified would result in a Material Adverse Change.

(ii) Each subsidiary of the Company that is a "significant subsidiary," as defined in Rule 1-02(w) of Regulation S-X under the Act (each a "Significant Subsidiary"), has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the General Disclosure Package and the Prospectus and is duly qualified to transact business as a foreign corporation and is in good standing in each jurisdiction in which it owns or leases substantial properties or in which the conduct of its business requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not result in a Material Adverse Change.

(iii) The statements in (a) the documents incorporated by reference into the General Disclosure Package or the Prospectus under the captions "Government Regulation" and "Legal Proceedings" in the Company's most recently filed Annual Report on Form 10-K and Part II, Item 1 of the Company's subsequently filed Quarterly Reports on Form 10-Q, if any (or comparable paragraphs under the caption "Liquidity and Capital Resources" in Part I, Item 2 of such Quarterly Reports or Form 10-Q, as the case may be), and (b) the Registration Statement

under Item 15, insofar as such statements purport to constitute summaries of the documents (or provisions thereof), statutes (or provisions thereof) or legal proceedings referred to therein, fairly present the information required to be described with respect to such documents (or provisions thereof), statutes (or provisions thereof) or legal proceedings and accurately summarize in all material respects such documents (or provisions thereof), statutes (or provisions thereof) or legal proceedings.

(iv) To the knowledge of such counsel, (a) there are no legal or governmental proceedings pending or threatened to which the Company or any Significant Subsidiary is a party, or to which any of the properties of the Company or any Significant Subsidiary is subject, that are required to be described in the Registration Statement, the General Disclosure Package or the Prospectus and are not so described, and (b) there are no statutes, regulations or contracts that are required to be described in the Registration Statement, the General Disclosure Package or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(v) The execution, delivery and performance of the Indenture, this Agreement and the issuance and sale of the Designated Securities by the Company and the consummation of the transactions contemplated herein and therein by the Company do not and will not result in a violation of any material judgment, order, writ, injunction or decree known to such counsel of any governmental authority or court having jurisdiction over the Company.

(f) As of the date hereof, the Representatives shall have received from Deloitte & Touche LLP a letter dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the other Underwriters 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.

At the Time of Delivery, the Representatives shall have received from Deloitte & Touche LLP a letter, dated as of the Time of Delivery, to the effect that they reaffirm the statements made in the letter furnished pursuant to the first paragraph of this subsection (f), except that the specified date referred to shall be a date not more than three business days prior to the Time of Delivery.

(g) Since the execution and delivery of this Agreement, neither the Company nor any of its subsidiaries shall have sustained any loss or interference with its business from any calamity, labor dispute or court or governmental action, order or decree, other than as set forth in or contemplated by the Registration Statement, the General Disclosure Package and the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), and there shall not have been any change in the capital stock (other than changes due to (i) repurchases of common stock of the Company pursuant to previously announced stock repurchase programs, (ii) issuances or other transfers of capital stock in the ordinary course of business pursuant to the Company's employee benefit plans and (iii) conversions 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 any change, or any development reasonably likely to result in a change, in or affecting the business, financial condition, stockholders' equity or results of

operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the General Disclosure Package or the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement) reviewed by the Representatives at the time of execution and delivery of this Agreement, the effect of which in any such case is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Designated Securities on the terms and in the manner contemplated in the General Disclosure Package.

(h) On or after the date of this Agreement (i) no downgrading shall have occurred in the rating accorded the Company's debt securities or preferred stock by any "nationally recognized statistical rating organization" registered with the SEC pursuant to Section 15E of the Exchange Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities or preferred stock.

(i) On or after the date of this Agreement there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any material adverse change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Designated Securities on the terms and in the manner contemplated in the General Disclosure Package.

(j) The Company shall have complied with the provisions of Section 4(c) hereof.

(k) The Company shall have furnished or caused to be furnished to the Representatives at the Time of Delivery a certificate or certificates of officers of the Company satisfactory to the Representatives as to the accuracy of the representations and warranties of the Company herein at and as of the Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to the Time of Delivery, as to the matters set forth in subsections (a) and (h) of this Section 6 and as to such other matters as the Representatives may reasonably request.

(l) The Representatives shall have received an executed copy of the Paying and Calculation Agency Agreement.

7. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Statutory Prospectus, the Prospectus, or any amendment or supplement thereto, or the General Disclosure Package or any Issuer Free Writing Prospectus, or any amendment or supplement thereto or any related preliminary prospectus, relating to the Designated Securities, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or

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necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any of such documents in reliance upon and in conformity with written information furnished to the Company by such Underwriter of Designated Securities through the Representatives expressly for use therein relating to the Designated Securities.

(b) Each Underwriter will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, described in the indemnity contained in subsection (a) of this Section 7, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, the Statutory Prospectus or the Prospectus, or any amendment or supplement thereto or any related preliminary prospectus, including any pricing supplement, relating to the Designated Securities, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it 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 to any indemnified party otherwise than under such subsection.

In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall 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 such subsection 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

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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 (it being understood, however, that such indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to any local counsel) in any one proceeding or series of related proceedings in the same jurisdiction representing the indemnified parties who are parties to such proceeding).

No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action 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.

(d) If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Designated Securities to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters of the Designated Securities on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and such Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from such offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by such Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or such Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the applicable

Designated Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Underwriters of Designated Securities in this subsection (d) to contribute are several in proportion to their respective underwriting obligations with respect to the Designated Securities and not joint.

(e) The obligations of the Company under this Section 7 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 7 shall be several in proportion to their respective underwriting obligations with respect to the Designated Securities and not joint and in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

8. (a) If any Underwriter shall default in its obligation to purchase the Designated Securities which it has agreed to purchase under this Agreement, the Representatives may in their discretion arrange for themselves or another party or other parties to purchase such Designated Securities on the terms contained herein. If within 36 hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Designated Securities, then the Company shall be entitled to a further period of 36 hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Designated Securities on such terms. In the event that, within the respective prescribed period, the Representatives notify the Company that they have so arranged for the purchase of such Designated Securities, or the Company notifies the Representatives that it has so arranged for the purchase of such Designated Securities, the Representatives or the Company shall have the right to postpone the Time of Delivery for such Designated Securities for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Statutory Prospectus or the Prospectus as amended or supplemented, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement, the Statutory Prospectus or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section 8 with like effect as if such person had originally been a party to this Agreement.

(b) If, after giving effect to any arrangements for the purchase of the Designated Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of such Designated Securities which remains unpurchased does not exceed one-eleventh of the aggregate principal amount of the Designated Securities, then the Company shall have the right to require each non-defaulting Underwriter to purchase the principal amount of Designated Securities which such Underwriter agreed to purchase pursuant to this Agreement and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the principal amount of Designated Securities which such Underwriter agreed to purchase pursuant to this Agreement) of the Designated Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Designated Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of Designated Securities which remains unpurchased exceeds one-eleventh of the aggregate principal amount of the Designated Securities, as referred to in subsection (b) above, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Designated Securities of a defaulting Underwriter or Underwriters, then this Agreement relating to such Designated Securities shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 5 hereof and the indemnity and contribution agreements in Section 7 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

9. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Designated Securities.

10. If this Agreement shall be terminated pursuant to Section 8 hereof, the Company shall not then be under any liability to any Underwriter with respect to the Designated Securities except as provided in Sections 5 and 7 hereof; but, if for any other reason Designated Securities are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through the Representatives for all out-of-pocket expenses approved in writing by the Representatives, including the reasonable fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of such Designated Securities, but the Company shall then be under no further liability to any Underwriter with respect to such Designated Securities except as provided in Sections 5 and 7 hereof.

11. In all dealings hereunder, the Representatives of the Underwriters of Designated Securities shall act on behalf of each of such Underwriters, and any such action taken by such Representatives shall be binding upon such Underwriters. The parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by such Representatives jointly or by such of the Representatives, if any, as may be designated for such purpose in Schedule I to this Agreement. The execution of this Agreement by each Underwriter constitutes agreement to, and acceptance of, this Section 11.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to the address of the Representatives as set forth in Schedule I to this Agreement; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Registration Statement: Attention: Secretary; provided, however, that any notice to an Underwriter pursuant to Section 7(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company by the Representatives upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

12. The Company acknowledges and agrees that (a) the purchase and sale of the Designated Securities pursuant to this Agreement, including the determination of the public offering price of the Designated Securities and any related discounts and commissions, is an arms-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other hand, (b) in connection with the offering contemplated hereby and the process leading to such transaction each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company, or its stockholders, creditors, employees or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) and no Underwriter has any obligation to the Company with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (d) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

13. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

14. As between the Underwriters, the execution of this Agreement by all parties hereto will constitute acceptance by each Underwriter of the ICMA Agreement Among Managers New York Version 1 (the "Agreement Among Managers") subject to any amendment notified to such Underwriter in writing at any time prior to the execution of this Agreement. For purposes of the Agreement Among Managers, references to the "Managers" shall be deemed to refer to the Underwriters, references to the "Lead Manager" shall be deemed to refer to the Representatives, and references to "Settlement Lead Manager" shall be deemed to refer to J.P. Morgan Securities plc. As applicable to the Underwriters, Clause 3 of the Agreement Among Managers shall be deemed to be deleted in its entirety and replaced with Section 8 of this Agreement.

15. The Company hereby authorizes J.P. Morgan Securities plc in its role as stabilizing manager (the "Stabilizing Manager") to make adequate public disclosure regarding stabilization of the information required in relation to such stabilization by Regulation (EU) 596/2014 of the European Parliament. The Stabilizing Manager for its own account may, to the extent permitted by applicable laws and directives, over-allot and effect transactions with a view to supporting the market price of the Designated Securities at a level higher than that which might otherwise prevail, but in doing so the Stabilizing Manager shall act as principal and not as agent of the Company and any loss resulting from over-allotment and stabilization shall be borne, and any profit arising therefrom shall be beneficially retained, by the Stabilizing Manager. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake any stabilization action. Nothing contained in this paragraph shall be construed so as to require the Company to issue in excess of the aggregate principal amount of Designated Securities specified in Schedule II hereto. Such stabilization, if commenced, may be discontinued at any time and shall be conducted by the Stabilizing Manager in accordance with all applicable laws and directives.



16. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than United States dollars, the parties hereto agree, to the fullest extent permitted by law, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Underwriters could purchase United States dollars with such other currency in The City of New York on the business day preceding that on which final judgment is given. The obligation of the Company with respect to any sum due from it to any Underwriter or any person controlling any Underwriter shall, notwithstanding any judgment in a currency other than United States dollars, not be discharged until the first business day following receipt by such Underwriter or controlling person of such Underwriter of any sum in such other currency, and only to the extent that such Underwriter or controlling person of such Underwriter may in accordance with normal banking procedures purchase United States dollars with such other currency. If the United States dollars so purchased are less than the sum originally due to such Underwriter or controlling person of such Underwriter hereunder, the Company agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Underwriter or controlling person of such Underwriter against such loss. If the United States dollars so purchased are greater than the sum originally due to such Underwriter or controlling person of such Underwriter hereunder, such Underwriter or controlling person of such Underwriter agrees to pay to the Company an amount equal to the excess of the dollars so purchased over the sum originally due to such Underwriter or controlling person of such Underwriter hereunder.

17. Each Underwriter agrees to pay the portion of such expenses represented by such Underwriter's pro rata share (based on the proportion that the principal amount of Securities set forth opposite each Underwriter's name in Schedule II bears to the aggregate principal amount of Securities set forth opposite the names of all Underwriters) of the Securities (with respect to each Underwriter, the "Pro Rata Expenses"). Notwithstanding anything contained in the International Capital Market Association Primary Market Handbook, each Underwriter hereby agrees that the Settlement Lead Manager may allocate the Pro Rata Expenses to the account of such Underwriter for settlement of accounts (including payment of such Underwriter's fees by the Settlement Lead Manager) as soon as practicable but in any case no later than 90 days following the Applicable Time.

18. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 7 and 9 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Designated Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

19. Time shall be of the essence of this Agreement. As used herein, "business day" shall mean any day (i) other than a day on which banks are permitted or required to be closed in New York City or the City of London, and (ii) that is a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, operates.

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**20. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.**

21. This Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

22. The Company is authorized, subject to applicable law, to disclose any and all aspects of this potential transaction that are necessary to support any U.S. federal income tax benefits expected to be claimed with respect to such transaction, and all materials of any kind (including tax opinions and other tax analyses) related to those benefits, without the Underwriters imposing any limitation of any kind.

*[Signature page follows]*

If the foregoing is in accordance with your understanding, please sign and return to us four counterparts hereof, and upon acceptance hereof by you, on behalf of each of the Underwriters, this Agreement shall constitute a binding agreement between each of the Underwriters and the Company. It is understood that your acceptance of this Agreement on behalf of each of the Underwriters is or will be pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on the part of the Representatives as to the authority of the signers thereof.

Very truly yours,

United Parcel Service, Inc.

By: /s/ Richard N. Peretz

Name: Richard N. Peretz

Title: Senior Vice President, Chief Financial Officer and  
Treasurer

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

Barclays Bank PLC

By: /s/ Sean White  
Name: Sean White  
Title: Legal UK & Europe Authorised to Sign

BNP Paribas

By: /s/ Benedict Foster  
Name: Benedict Foster  
Title: Authorized Signatory

By: /s/ Hugh Pryse-Davies  
Name: Hugh Pryse-Davies  
Title: Duly Authorised Signatory

J.P. Morgan Securities plc

By: /s/ Nick Darrant  
Name: Nick Darrant  
Title: Executive Director

Société Générale

By: /s/ Andrew Menzies  
Name: Andrew Menzies  
Title: Managing Director

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

Lloyds Bank plc

By: /s/ Michael Kammerlander  
Name: Michael Kammerlander  
Title: Director

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

Standard Chartered Bank

By: /s/ Salman Ansari

Name: Salman Ansari

Title: Regional Head, Capital Markets

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

BNY Mellon Capital Markets, LLC

By: /s/ Phil Benedict

Name: Phil Benedict

Title: Managing Director

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

Commerzbank Aktiengesellschaft

By: /s/ Volker Happel

Name: Volker Happel

Title: Abteilungsdirektor

By: /s/ Wolfgang Reichel

Name: Wolfgang Reichel

Title: Syndikus

[Signature Page to Underwriting Agreement]



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Accepted as of the date hereof:

Fifth Third Securities, Inc.

By: /s/ Ricardo Valeriano

Name: Ricardo Valeriano

Title: Managing Director

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

HSBC Bank plc

By: /s/ Stuart King

Name: Stuart King

Title: Managing Director

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

ING Bank N.V., Belgian Branch

By: /s/ Patrick Wuytens

Name: Patrick Wuytens

Title: Managing Director

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

Mizuho International plc

By: /s/ Guy Reid

Name: Guy Reid

Title: Managing Director

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

MUFG Securities EMEA Inc.

By: /s/ Richard Testa

Name: Richard Testa

Title: Managing Director

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

The Williams Capital Group, L.P.

By: /s/ Jonathan Levin

Name: Jonathan Levin

Title: Principal

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

U.S. Bancorp Investments, Inc.

By: /s/ Chris Cicoletti

Name: Chris Cicoletti

Title: Managing Director

[Signature Page to Underwriting Agreement]

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**SCHEDULE I**

**Representatives of the Several Underwriters:**

**Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
Attention: Debt Syndicate  
Tel: +44(0)20 7773 9098  
Fax: +44(0)20 7516 7548**

**BNP Paribas  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom  
Attention: Fixed Income Syndicate  
Fax: +44 (0) 20 7595 2555  
Telephone: +44 (0) 20 7595 8222**

**J.P. Morgan Securities plc  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom  
Attention: Head of Debt Syndicate and Head of Debt Capital Markets Group, Legal  
Fax: +44 203 493 0682**

**Société Générale  
10 Bishops Square  
London E1 6EG  
United Kingdom  
Attention: Syndicate Desk GLFI/SYN/CAP/BND**



**SCHEDULE II**

| <b>Underwriter</b>               | <b>Principal<br/>Amount of<br/>1,000% Senior<br/>Notes due 2028<br/>to be<br/>Purchased</b> |
|----------------------------------|---|
| Barclays Bank PLC                | € 92,500,000  |
| BNP Paribas                      | € 92,500,000  |
| J.P. Morgan Securities plc       | € 92,500,000  |
| Société Générale                 | € 92,500,000  |
| Lloyds Bank plc                  | € 42,500,000  |
| Standard Chartered Bank          | € 42,500,000  |
| BNY Mellon Capital Markets, LLC  | € 5,000,000   |
| Commerzbank Aktiengesellschaft   | € 5,000,000   |
| Fifth Third Securities, Inc.     | € 5,000,000   |
| HSBC Bank plc                    | € 5,000,000   |
| ING Bank N.V., Belgian Branch    | € 5,000,000   |
| Mizuho International plc         | € 5,000,000   |
| MUFG Securities EMEA plc         | € 5,000,000   |
| The Williams Capital Group, L.P. | € 5,000,000   |
| U.S. Bancorp Investments, Inc.   | € 5,000,000   |
| Total                            | <u>€ 500,000,000</u>  |

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**SCHEDULE III**

**United Parcel Service, Inc.**

**1.000% Senior Notes due 2028 (the “Senior Notes”)**

The initial public offering price of the Senior Notes shall be 99.853% of the principal amount thereof, plus accrued interest, if any, from the date of issuance.

The purchase price to be paid by the Underwriters for the Senior Notes shall be 99.378% of the principal amount thereof, plus accrued interest, if any, from the date of issuance.

SCHEDULE IV

Registration Statement  
No. 333-214056  
October 19, 2016

**United Parcel Service, Inc.**

FINAL TERM SHEET

|  |  |
|--|--|
| Security Offered:                          | 1.000% Senior Notes due 2028 (the "2028 Notes")  |
| Issuer:                                    | United Parcel Service, Inc. (the "Company")  |
| Expected Ratings:                          | A1/A+  |
| Principal Amount:                          | €500,000,000   |
| Trade Date:                                | October 19, 2016   |
| Settlement Date:                           | October 24, 2016 (T+3)   |
| Maturity Date:                             | November 15, 2028  |
| Price to Public:                           | 99.853%  |
| Net Proceeds to Company (before expenses): | €496,890,000   |
| Benchmark Security:                        | DBR 0.000% due August 15, 2026   |
| Benchmark Security Price and Yield:        | 99.725; 0.028%   |
| Spread to Benchmark Security:              | +98.5 basis points   |
| Mid-Swap Yield:                            | 0.563%   |
| Spread to Mid-Swap Yield:                  | +45 basis points   |
| Re-offer Yield:                            | 1.013%   |
| Coupon (Interest Rate):                    | 1.000%   |
| Record Dates:                              | November 1, beginning November 1, 2017 or, if the notes are represented by one or more global notes, the close of business on the business day immediately preceding the related Interest Payment Date.  |
| Interest Payment Dates:                    | Annually on November 15, beginning November 15, 2017 (long first coupon)   |
| Minimum Denominations:                     | The 2028 Notes will be issued in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.  |
| Optional Redemption:                       | The 2028 Notes will be redeemable at the Company's option at any time prior to August 15, 2028 (three months prior to their maturity), as a whole or in part, at the greater of (i) 100% of the principal amount of such 2028 Notes and (ii) the sum of the present values of remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) on such 2028 Notes discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the Comparable Government Bond Rate plus 0.15% (15 basis points), plus accrued interest to the redemption date. |

The 2028 Notes will be redeemable at the Company's option at any time on or after August 15, 2028 (three months prior to their maturity), at a redemption price equal to 100% of the principal amount of such 2028 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

CUSIP: 911312 AX4  
ISIN: XS1405767515  
Common Code: 140576751  
Listing: The Company intends to apply to list the 2028 Notes on the New York Stock Exchange.  
Day Count Convention: ACTUAL/ACTUAL (ICMA)  
Form: Clearstream/Euroclear, Book-Entry  
Law: New York  
Joint Book-Running Managers: Barclays Bank PLC  
BNP Paribas  
J.P. Morgan Securities plc  
Société Générale  
Lloyds Bank plc  
Standard Chartered Bank  
Co-Managers: BNY Mellon Capital Markets, LLC  
Commerzbank Aktiengesellschaft  
Fifth Third Securities, Inc.  
HSBC Bank plc  
ING Bank N.V., Belgian Branch  
Mizuho International plc  
MUFG Securities EMEA plc  
U.S. Bancorp Investments, Inc.  
The Williams Capital Group, L.P.

To the extent any underwriter that is not a U.S. registered broker-dealer intends to effect sales of notes in the United States, it will do so through one or more U.S. registered broker-dealers in accordance with the applicable U.S. securities laws and regulations. Standard Chartered Bank will not effect any offers or sales of any notes in the United States unless it is through one or more U.S. registered broker-dealers as permitted by the regulations of FINRA.

**Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.**

**The Issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Issuer has filed with the SEC for more complete information about the Issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Website at [www.sec.gov](http://www.sec.gov).**

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**Alternatively, the Issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by contacting Barclays Bank PLC toll-free at 1-888-603-5847; BNP Paribas toll-free at 1-800-854-5674; J.P. Morgan Securities plc by telephone collect at +44-207-134-2468; or Société Générale by telephone collect at +44-20-7676-7618.**

ANY DISCLAIMERS OR OTHER NOTICES THAT MAY APPEAR BELOW ARE NOT APPLICABLE TO THIS COMMUNICATION AND SHOULD BE DISREGARDED. SUCH DISCLAIMERS OR OTHER NOTICES WERE AUTOMATICALLY GENERATED AS A RESULT OF THIS COMMUNICATION BEING SENT VIA BLOOMBERG OR ANOTHER EMAIL SYSTEM.

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**SCHEDULE V**

**Issuer General Use Free Writing Prospectuses**

Final Term Sheet dated October 19, 2016 with respect to the 1.000% Senior Notes due 2028 filed with the Commission pursuant to Rule 433 of the Act.

United Parcel Service, Inc.

2.400% Senior Notes due 2026

3.400% Senior Notes due 2046

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Underwriting Agreement

October 19, 2016

**To the Representatives named in Schedule I  
of the several Underwriters named in Schedule II**

Ladies and Gentlemen:

United Parcel Service, Inc., a Delaware corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell to the firms named in Schedule II hereto (such firms constituting the "Underwriters") certain of its debt securities specified in Schedule III hereto (the "Designated Securities") to be issued under an indenture, dated as of August 26, 2003 (the "Indenture"). The representative or representatives of the Underwriters, if any, specified in Schedule I hereto are hereinafter referred to as the "Representatives."

The Company has filed with the Securities and Exchange Commission (the "Commission") an automatic shelf registration statement on Form S-3 (File No. 333-214056), including the related preliminary prospectus or prospectuses, which registration statement became effective upon filing under Rule 462(e) of the rules and regulations of the Commission under the Securities Act of 1933, as amended (the "Act"). Such registration statement covers the registration of the Designated Securities under the Act. Promptly after the execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430B and Rule 424(b) under the Act. Any information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of and included in such registration statement pursuant to Rule 430B is referred to as "Rule 430B Information." Each prospectus used in connection with the offering of the Designated Securities that omitted Rule 430B Information is herein called a "preliminary prospectus." The term "Registration Statement," as of any time, means the registration statement as amended by any amendment thereto, registering the offer and sale of the Designated Securities, among other securities, in the form then filed by the Company with the Commission, including any document incorporated by reference therein and any prospectus, prospectus supplement and/or pricing supplement deemed or retroactively deemed to be a part thereof at such time that has not been superseded or modified. "Registration Statement" without reference to a time means such registration statement, as amended, as of the Applicable Time (as defined in Section 1(b) herein); for purposes of this definition, information contained in a form of prospectus, prospectus supplement or pricing supplement that is retroactively deemed to be part of such registration statement, as amended, pursuant to Rule 430B or Rule 430C under the Act shall be considered to be included in such registration

statement, as amended, as of the time specified in Rule 430B or 430C, as the case may be. The final prospectus in the form first furnished to the Underwriters for use in connection with the offering of the Designated Securities, including the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act at the time of the execution of this Agreement and any preliminary prospectuses that form a part thereof, is herein called the "Prospectus." For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

1. The Company represents and warrants to each of the Underwriters as of the date hereof, as of the Applicable Time and as of the Time of Delivery (as defined in Section 3 herein), and agrees with each of the Underwriters, that:

(a) (A) At the earliest time after 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 Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange 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) under the Act) made any offer relating to the Designated Securities in reliance on the exemption of Rule 163 and (D) at the date hereof, the Company was and is a "well-known seasoned issuer" as defined in Rule 405 under the Act, 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 Designated Securities, 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"; the Company has not received from the Commission any notice pursuant to Rule 401(g)(2) under the Act objecting to the use of the automatic shelf registration statement form; and at the earliest time after 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) under the Act) of the Designated Securities and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405.

(b) The Registration Statement became effective upon filing under Rule 462(e) under the Act on October 11, 2016, and any post-effective amendment thereto also became effective upon filing under Rule 462(e); no stop order suspending the effectiveness of the Registration Statement has been issued under the 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 has been complied with; and the Company is not the subject of a pending proceeding under Section 8A of the Act in connection with the offering of the Designated Securities.

Any offer that is a written communication relating to the Designated Securities 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) under the Act) has been filed with the Commission in accordance with the exemption provided by 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 Act provided by Rule 163.



The term “Statutory Prospectus” as of any time means the prospectus relating to the Designated Securities that is included in the Registration Statement immediately prior to that time, including any document incorporated by reference therein and any preliminary or other prospectus deemed to be a part thereof.

The term “Issuer Free Writing Prospectus” means any “issuer free writing prospectus,” as defined in Rule 433 under the Act, relating to the Designated Securities that (i) is required to be filed with the Commission by the Company, (ii) is a “road show for an offering that is a written communication” within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission or (iii) is exempt from filing pursuant to Rule 433(d)(5)(i) because it contains a description of the Designated Securities 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).

The term “Issuer General Use Free Writing Prospectus” means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors, as evidenced by its being specified in Schedule V hereto.

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

The term “Applicable Time” means 5:30 pm (Eastern time) on October 19, 2016 or such other time as agreed by the Company and the Representatives.

(c) The documents incorporated by reference in the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents, when they became effective or were filed with the Commission, contained 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; and any further documents so filed and incorporated by reference in the Prospectus, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain 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 an Underwriter of Designated Securities through the Representatives expressly for use in the Prospectus as amended or supplemented relating to the Designated Securities or (ii) the Form T-1.

(d) The Registration Statement, as of its effective date or the date of any post-effective amendment thereto, conformed, and the Prospectus as of its issue date conformed, and any further amendments or supplements to the Registration Statement or the Prospectus as of their respective effective or issue dates will conform, in all

material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder; and (i) the Registration Statement and any amendment thereto, as of the applicable effective date of the Registration Statement or any such amendment, did 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, (ii) the Prospectus and any amendment or supplement thereto, as of the date of the Prospectus or any such amendment or supplement, will not contain any 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, and (iii) the Prospectus, as amended or supplemented, if applicable, at the Time of Delivery, will not contain any untrue statement of a material fact or omit to state a material fact necessary 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 an Underwriter of Designated Securities through the Representatives expressly for use in the Prospectus as amended or supplemented relating to the Designated Securities or (ii) the Form T-1.

(e) Each preliminary prospectus (including the prospectus or prospectuses filed as part of the Registration Statement or any amendment thereto) complied when so filed in all material respects with the rules and regulations under the Act and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(f) As of the Applicable Time, neither (i) the Issuer General Use Free Writing Prospectus(es) issued at or prior to the Applicable Time and the Statutory Prospectus at the Applicable Time, all considered together (collectively, the "General Disclosure Package"), nor (ii) any individual Issuer Limited Use Free Writing Prospectus, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; the representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement, the Prospectus or any Issuer Free Writing Prospectus made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives expressly for use therein.

(g) 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 Designated Securities, 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.

(h) 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) repurchases of common stock of the Company pursuant to previously announced stock repurchase programs, (ii) issuances or other transfers of capital stock in the ordinary course of business pursuant to the Company's employee benefit plans and (iii) conversions 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 any 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").

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own its properties and conduct its business as described in the General Disclosure Package and the Prospectus.

(j) This Agreement has been duly authorized, executed and delivered by the Company. The Designated Securities have been duly authorized, and, when executed, authenticated, issued, 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, entitled to the benefits provided by the Indenture; the Indenture has been duly authorized and duly qualified under the Trust Indenture Act and, at the Time of Delivery, the Indenture will constitute 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; and the Indenture conforms, and the Designated Securities will conform, in all material respects to the descriptions thereof contained in the General Disclosure Package and the Prospectus.

(k) The issue and sale of the Designated Securities and the compliance by the Company with all of the provisions of the Designated Securities, the Indenture and this Agreement, and the consummation of the transactions herein and therein contemplated, will not conflict with or result in 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, except for such breaches, violations or defaults that would not result in a Material Adverse Change, 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 statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Designated Securities or the consummation by the Company of the transactions contemplated by this Agreement or the Indenture, except (i) where the failure to obtain any such consent,

approval, authorization, order, registration or qualification would not result in a Material Adverse Change and (ii) for such consents, approvals, authorizations, orders, registrations or qualifications that have been, or will have been prior to the Time of Delivery, obtained under the Act and the Trust Indenture Act and or that may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Designated Securities by the Underwriters.

(l) The Company is not, and after giving effect to the offering and sale of the Designated Securities and the application of the proceeds thereof as described in the General Disclosure Package and the Prospectus, the Company will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended (the “1940 Act”).

(m) The financial statements included in the Registration Statement, the General Disclosure Package and the Prospectus, 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 statement of operations, stockholders’ equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; and said 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, present fairly in accordance with GAAP the information required to be stated therein. The interactive data in eXtensible Business Reporting Language (“XBRL”) incorporated by reference into the Registration Statement, the General Disclosure Package and the Prospectus present fairly in all material respects the information called for and is prepared in accordance with the Commission’s rules and guidelines applicable thereto.

(n) The Company and each of its subsidiaries maintain a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) of the Exchange Act) that complies with the requirements of the Exchange Act and that has been designed by, or under the supervision of, the Company’s principal executive and principal financial officers, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management’s general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) 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 (1) no material weakness in the Company’s internal control over financial reporting (whether or not remediated) and (2) 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.

(o) 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 Exchange 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.

2. The several Underwriters propose to offer the Designated Securities for sale upon the terms and conditions set forth in the General Disclosure Package. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price set forth in Schedule III, the aggregate principal amount of Designated Securities set forth in Schedule II opposite the name of such Underwriter, plus any additional principal amount of Designated Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 8 hereof.

3. The Designated Securities to be purchased by each Underwriter pursuant to this Agreement, in the form specified herein, and in such authorized denominations and registered in such names as the Representatives may request upon at least 48 hours' prior notice to the Company, shall be delivered by or on behalf of the Company to the Representatives for the account of such Underwriter, against payment by such Underwriter or on its behalf of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representatives at least 48 hours in advance or at such other place and time and date as the Representatives and the Company may agree upon in writing, such time and date being herein called the "Time of Delivery."

4. The Company agrees with each of the Underwriters of the Designated Securities:

(a) The Company will prepare the Prospectus in relation to the Designated Securities in a form reasonably approved by the Representatives and will file such Prospectus in accordance with the provisions of Rule 430B and Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement or, if applicable, such earlier time as may be required by Rule 424(b); the Company will make no further amendment or any supplement to the Registration Statement or the Prospectus as amended or supplemented after the date of this Agreement and prior to the Time of Delivery if the Representatives reasonably disapprove thereof promptly after reasonable notice thereof (*provided, however*, that (i) the Company may make any such further amendment or supplement which, in the opinion of counsel to the Company, is required by law, and (ii) the Company shall only be required to provide the Company's reports to be filed with the Commission pursuant to the Exchange Act to the Representatives on the business day prior to the date on which such filings are to be transmitted for filing with the Commission); the Company will advise the Representatives promptly of any such amendment or supplement after such Time of Delivery and furnish the Representatives with copies thereof; the Company will file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus for so long as the delivery of a prospectus is required in connection

with the offering or sale of the Designated Securities; and during such same period the Company will advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed with the Commission, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus relating to the Designated Securities, of the suspension of the qualification of the Designated Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose or of any examination pursuant to Section 8(e) of the Act concerning the Registration Statement, if the Company becomes the subject of a proceeding under Section 8A of the Act in connection with the offering of the Designated Securities, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any prospectus relating to the Designated Securities or suspending any such qualification, the Company will promptly use its best efforts to obtain the withdrawal of such order.

(b) The Company promptly from time to time will take such action as the Representatives may reasonably request to qualify the Designated Securities for offering and sale under the securities laws of such jurisdictions as the Representatives reasonably may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Designated Securities, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction.

(c) Unless otherwise agreed to by the Representatives, prior to 3:00 p.m., New York City time, on the business day next succeeding the date of this Agreement and from time to time, the Company will furnish the Underwriters with written and electronic copies of the Prospectus as amended or supplemented in New York City in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the issue date of the Prospectus in connection with the offering or sale of the Designated Securities and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Registration Statement or the Prospectus, to notify the Representatives and upon their request to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many written and electronic copies as the Representatives may from time to time reasonably request of an amended Registration Statement or Prospectus or a supplement to the Registration Statement or Prospectus which will correct such statement or omission or effect such compliance.

(d) The Company will make generally available to its securityholders as soon as practicable, but in any event not later than 18 months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158).

(e) During the period beginning from the date hereof and continuing to and including the later of (i) the termination of trading restrictions for such Designated Securities, as notified to the Company by the Representatives and (ii) the Time of Delivery, the Company will not offer, sell, contract to sell or otherwise dispose of any debt securities of the Company which mature more than one year after the Time of Delivery and which are substantially similar to the Designated Securities, without the prior written consent of the Representatives.

(f) The Company shall pay the required Commission filing fees relating to the Designated Securities within the time period required by Rule 456(b)(1)(i) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act, and, if applicable, shall update 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).

(g) The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Designated Securities 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 Sheets in accordance with subsection (h) below, the Underwriters are authorized to use the information with respect to the final terms of the Designated Securities in communications conveying information relating to the offering to investors. Any such free writing prospectus consented to by the Company and the Representatives 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.

(h) The Company will prepare final term sheets containing only a description of the Designated Securities, in a form attached hereto as Schedule IV and approved by the Representatives, and will file such term sheets pursuant to Rule 433(d) within the time required by such rule (such term sheets, the "Final Term Sheets"); each of the Final Term Sheets is an Issuer General Use Free Writing Prospectus for purposes of this Agreement.

5. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Designated Securities under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, the Statutory Prospectus, any General Use Issuer Free

Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, any Indenture, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Designated Securities; (iii) all expenses in connection with the qualification of the Designated Securities for offering and sale under state securities laws as provided in Section 4(b) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any Blue Sky survey and the preparation of any Blue Sky Memorandum; (iv) any fees charged by securities rating services for rating the Designated Securities; (v) any filing fees incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, any required review by the Financial Industry Regulatory Authority of the terms of the sale of the Designated Securities; (vi) the cost of preparing the Designated Securities; (vii) the fees and expenses of any Trustee and any agent of any Trustee and the reasonable fees and disbursements of counsel for any Trustee in connection with any Indenture and the Designated Securities; (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Designated Securities, including without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of aircraft and other transportation chartered in connection with the road show; and (ix) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section 5. It is understood, however, that, except as provided in this Section 5, and Sections 7 and 10 hereof, the Underwriters will pay all of their own costs and expenses, including the fees and expenses of their counsel, transfer taxes on resale of any of the Designated Securities by them, and any advertising or roadshow expenses connected with any offers they may make.

6. The obligations of the Underwriters under this Agreement shall be subject, in the discretion of the Representatives, to the condition that all representations and warranties and other statements of the Company in this Agreement are, at and as of the Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Statutory Prospectus and the Prospectus as amended or supplemented shall each have been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing by the rules and regulations under the Act, without reliance on Rule 424(b)(8), and in accordance with Section 4(a) hereof; no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the Representatives' reasonable satisfaction.

(b) Counsel for the Underwriters shall have furnished to the Representatives such written opinion or opinions, dated the Time of Delivery, with respect to the valid existence of the Company, the validity of the Designated Securities, the Registration Statement, the General Disclosure Package, the Prospectus and such other related matters as the Representatives may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.



(c) The Company shall have paid the required Commission filing fees relating to the Designated Securities within the time period required by Rule 456(b)(1)(i) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act, 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).

(d) King & Spalding LLP, special counsel for the Company, shall have furnished to the Representatives their written opinion, dated the Time of Delivery, in form and substance reasonably satisfactory to the Representatives, to the effect that:

(i) The Company is a corporation validly existing and in good standing under the laws of the State of Delaware with the corporate power and authority under such laws to own its properties and conduct its business as described in the General Disclosure Package and the Prospectus.

(ii) The Indenture has been duly authorized, executed and delivered by the Company; the Indenture 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. The Indenture has been duly qualified under the Trust Indenture Act.

(iii) The Designated Securities have been duly authorized and, when executed, authenticated, issued and delivered in the manner provided for in the Indenture against payment therefor as provided in this Agreement, will (A) 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 and (B) be entitled to the benefits of the Indenture. The Designated Securities and the Indenture conform or will conform, as applicable, in all material respects to the descriptions thereof in the General Disclosure Package and the Prospectus.

(iv) The execution, delivery and performance of the Indenture and this Agreement by the Company, the issuance and sale of the Designated Securities by the Company and the consummation of the transactions contemplated herein and therein by the Company (a) do not and will not result in any violation of the certificate of incorporation or bylaws of the Company and (b) do not and will not result in a breach or violation by the Company of any of the terms and provisions of, or constitute a default by the Company under, any agreement or other instrument binding upon the Company or any Significant Subsidiary filed or incorporated by reference as an exhibit to the Registration Statement or the documents incorporated by reference therein. The Company has the corporate power and authority to issue and sell the Designated Securities as contemplated by this Agreement.

(v) The execution, delivery and performance of the Indenture, this Agreement and the issuance and sale of the Designated Securities by the Company and the consummation of the transactions contemplated herein and therein by the Company do not and will not result in a violation of any existing material law, rule or regulation applicable to the Company.

(vi) No consent, approval, authorization or order of, or filing with, any governmental agency or body or any court is required to be obtained by the Company for the issuance, sale and delivery of the Designated Securities by the Company or for the consummation by the Company of the transactions contemplated by this Agreement, except such as have been obtained and made under the Act and the Trust Indenture Act and such as may be required under state securities laws.

(vii) This Agreement has been duly authorized, executed and delivered by the Company.

(viii) The Registration Statement has become effective under the Act, and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending under the Act; and the Registration Statement, as of its effective date, and the Prospectus, as amended or supplemented as of its issue date and the Time of Delivery, complied as to form in all material respects with the requirements of the Act, the Trust Indenture Act and the Rules and Regulations (in each case other than the financial statements and notes thereto, the financial statement schedules and other financial data and Form T-1 included or incorporated by reference therein).

(ix) The Company is not required, and upon the issuance and sale of the Designated Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus will not be required, to register as an "investment company" under the 1940 Act.

(x) Each document filed pursuant to the Exchange Act, and incorporated by reference in the Prospectus, when such document was filed with the Commission, complied as to form in all material respects with the Exchange Act and the rules and regulations thereunder (in each case other than the financial statements and notes thereto, the financial statement schedules and other financial data included or incorporated by reference therein).

In addition, such counsel shall state that, in its capacity as counsel for the Company, it has rendered legal advice and assistance in connection with the Company's preparation of the Registration Statement, the General Disclosure Package and the Prospectus. Rendering such assistance included, among other things, discussions and inquiries concerning various legal matters, the review of certain documents, and participating in conferences with officers and other representatives of the Company, representatives of the Company's independent auditors and representatives of the Underwriters and their counsel during which the contents of the Registration Statement, the General Disclosure Package and the Prospectus and related matters were discussed and reviewed. Such counsel shall state that although it is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the General Disclosure Package or the Prospectus as amended or supplemented, except as set forth in subsection (d)(iii)

above, on the basis of the information that was developed in the course of the performance of the services referred to above, nothing has come to its attention that causes it to believe that (a) any part of the Registration Statement, when such part became effective, contained an untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading (b) that the General Disclosure Package, as of the Applicable Time, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, or (c) the Prospectus or any further amendment or supplement thereto made by the Company, as of the issue date thereof and as of the Time of Delivery, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that, with respect to clauses (a), (b) and (c), such counsel does not express a belief with respect to the financial statements and notes thereto and the financial statement schedules and other financial data included or incorporated by reference therein or omitted therefrom, and with respect to clause (a), such counsel does not express a belief with respect to the Form T-1.

(e) A representative of the Legal Department of the Company satisfactory to the Representatives shall have furnished to the Representatives his or her written opinion, dated the Time of Delivery, in form and substance reasonably satisfactory to the Representatives, to the effect that:

(i) The Company is duly qualified to do business as a foreign corporation in good standing in each jurisdiction in which it owns or leases material properties or in which the conduct of its business requires such qualification and in which the failure to be so qualified would result in a Material Adverse Change.

(ii) Each subsidiary of the Company that is a "significant subsidiary," as defined in Rule 1-02(w) of Regulation S-X under the Act (each a "Significant Subsidiary"), has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the General Disclosure Package and the Prospectus and is duly qualified to transact business as a foreign corporation and is in good standing in each jurisdiction in which it owns or leases substantial properties or in which the conduct of its business requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not result in a Material Adverse Change.

(iii) The statements in (a) the documents incorporated by reference into the General Disclosure Package or the Prospectus under the captions "Government Regulation" and "Legal Proceedings" in the Company's most recently filed Annual Report on Form 10-K and Part II, Item 1 of the Company's subsequently filed Quarterly Reports on Form 10-Q, if any (or comparable paragraphs under the caption "Liquidity and Capital Resources" in Part I, Item 2 of such Quarterly Reports or Form 10-Q, as the case may be), and (b) the Registration Statement under Item 15, insofar as such statements purport to constitute summaries of the documents (or provisions thereof), statutes (or provisions thereof) or legal

proceedings referred to therein, fairly present the information required to be described with respect to such documents (or provisions thereof), statutes (or provisions thereof) or legal proceedings and accurately summarize in all material respects such documents (or provisions thereof), statutes (or provisions thereof) or legal proceedings.

(iv) To the knowledge of such counsel, (a) there are no legal or governmental proceedings pending or threatened to which the Company or any Significant Subsidiary is a party, or to which any of the properties of the Company or any Significant Subsidiary is subject, that are required to be described in the Registration Statement, the General Disclosure Package or the Prospectus and are not so described, and (b) there are no statutes, regulations or contracts that are required to be described in the Registration Statement, the General Disclosure Package or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(v) The execution, delivery and performance of the Indenture, this Agreement and the issuance and sale of the Designated Securities by the Company and the consummation of the transactions contemplated herein and therein by the Company do not and will not result in a violation of any material judgment, order, writ, injunction or decree known to such counsel of any governmental authority or court having jurisdiction over the Company.

(f) As of the date hereof, the Representatives shall have received from Deloitte & Touche LLP a letter dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the other Underwriters 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.

At the Time of Delivery, the Representatives shall have received from Deloitte & Touche LLP a letter, dated as of the Time of Delivery, to the effect that they reaffirm the statements made in the letter furnished pursuant to the first paragraph of this subsection (f), except that the specified date referred to shall be a date not more than three business days prior to the Time of Delivery.

(g) Since the execution and delivery of this Agreement, neither the Company nor any of its subsidiaries shall have sustained any loss or interference with its business from any calamity, labor dispute or court or governmental action, order or decree, other than as set forth in or contemplated by the Registration Statement, the General Disclosure Package and the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), and there shall not have been any change in the capital stock (other than changes due to (i) repurchases of common stock of the Company pursuant to previously announced stock repurchase programs, (ii) issuances or other transfers of capital stock in the ordinary course of business pursuant to the Company's employee benefit plans and (iii) conversions 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 any change, or any development reasonably likely to result in a change, in or affecting the business, financial condition, stockholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the General Disclosure Package or the Prospectus (exclusive of any amendments or

supplements thereto subsequent to the date of this Agreement) reviewed by the Representatives at the time of execution and delivery of this Agreement, the effect of which in any such case is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Designated Securities on the terms and in the manner contemplated in the General Disclosure Package.

(h) On or after the date of this Agreement (i) no downgrading shall have occurred in the rating accorded the Company's debt securities or preferred stock by any "nationally recognized statistical rating organization" registered with the SEC pursuant to Section 15E of the Exchange Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities or preferred stock.

(i) On or after the date of this Agreement there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any material adverse change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Designated Securities on the terms and in the manner contemplated in the General Disclosure Package.

(j) The Company shall have complied with the provisions of Section 4(c) hereof.

(k) The Company shall have furnished or caused to be furnished to the Representatives at the Time of Delivery a certificate or certificates of officers of the Company satisfactory to the Representatives as to the accuracy of the representations and warranties of the Company herein at and as of the Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to the Time of Delivery, as to the matters set forth in subsections (a) and (h) of this Section 6 and as to such other matters as the Representatives may reasonably request.

7. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Statutory Prospectus, the Prospectus, or any amendment or supplement thereto, or the General Disclosure Package or any Issuer Free Writing Prospectus, or any amendment or supplement thereto or any related preliminary prospectus, relating to the Designated Securities, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any of such documents in reliance upon and in conformity with written information furnished to the Company by such Underwriter of Designated Securities through the Representatives expressly for use therein relating to the Designated Securities.

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(b) Each Underwriter will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, described in the indemnity contained in subsection (a) of this Section 7, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, the Statutory Prospectus or the Prospectus, or any amendment or supplement thereto or any related preliminary prospectus, including any pricing supplement, relating to the Designated Securities, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it 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 to any indemnified party otherwise than under such subsection.

In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall 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 such subsection 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 (it being understood, however, that such indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to any local counsel) in any one proceeding or series of related proceedings in the same jurisdiction representing the indemnified parties who are parties to such proceeding).

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No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action 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.

(d) If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Designated Securities to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters of the Designated Securities on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and such Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from such offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by such Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or such Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the applicable Designated Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act)

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shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Underwriters of Designated Securities in this subsection (d) to contribute are several in proportion to their respective underwriting obligations with respect to the Designated Securities and not joint.

(e) The obligations of the Company under this Section 7 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 7 shall be several in proportion to their respective underwriting obligations with respect to the Designated Securities and not joint and in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

8. (a) If any Underwriter shall default in its obligation to purchase the Designated Securities which it has agreed to purchase under this Agreement, the Representatives may in their discretion arrange for themselves or another party or other parties to purchase such Designated Securities on the terms contained herein. If within 36 hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Designated Securities, then the Company shall be entitled to a further period of 36 hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Designated Securities on such terms. In the event that, within the respective prescribed period, the Representatives notify the Company that they have so arranged for the purchase of such Designated Securities, or the Company notifies the Representatives that it has so arranged for the purchase of such Designated Securities, the Representatives or the Company shall have the right to postpone the Time of Delivery for such Designated Securities for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Statutory Prospectus or the Prospectus as amended or supplemented, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement, the Statutory Prospectus or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section 8 with like effect as if such person had originally been a party to this Agreement.

(b) If, after giving effect to any arrangements for the purchase of the Designated Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of such Designated Securities which remains unpurchased does not exceed one-eleventh of the aggregate principal amount of the Designated Securities, then the Company shall have the right to require each non-defaulting Underwriter to purchase the principal amount of Designated Securities which such Underwriter agreed to purchase pursuant to this Agreement and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the principal amount of Designated Securities which such Underwriter agreed to purchase pursuant to this Agreement) of the Designated Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.



(c) If, after giving effect to any arrangements for the purchase of the Designated Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of Designated Securities which remains unpurchased exceeds one-eleventh of the aggregate principal amount of the Designated Securities, as referred to in subsection (b) above, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Designated Securities of a defaulting Underwriter or Underwriters, then this Agreement relating to such Designated Securities shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 5 hereof and the indemnity and contribution agreements in Section 7 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

9. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Designated Securities.

10. If this Agreement shall be terminated pursuant to Section 8 hereof, the Company shall not then be under any liability to any Underwriter with respect to the Designated Securities except as provided in Sections 5 and 7 hereof; but, if for any other reason Designated Securities are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through the Representatives for all out-of-pocket expenses approved in writing by the Representatives, including the reasonable fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of such Designated Securities, but the Company shall then be under no further liability to any Underwriter with respect to such Designated Securities except as provided in Sections 5 and 7 hereof.

11. In all dealings hereunder, the Representatives of the Underwriters of Designated Securities shall act on behalf of each of such Underwriters, and any such action taken by such Representatives shall be binding upon such Underwriters. The parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by such Representatives jointly or by such of the Representatives, if any, as may be designated for such purpose in Schedule I to this Agreement. The execution of this Agreement by each Underwriter constitutes agreement to, and acceptance of, this Section 11.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to the address of the Representatives as set forth in Schedule I to this Agreement; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Registration Statement: Attention: Secretary; provided, however, that any notice to an Underwriter pursuant to Section 7(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company by the Representatives upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

12. The Company acknowledges and agrees that (a) the purchase and sale of the Designated Securities pursuant to this Agreement, including the determination of the public offering price of the Designated Securities and any related discounts and commissions, is an arms-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other hand, (b) in connection with the offering contemplated hereby and the process leading to such transaction each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company, or its stockholders, creditors, employees or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) and no Underwriter has any obligation to the Company with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (d) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

13. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 7 and 9 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Designated Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. Time shall be of the essence of this Agreement. As used herein, "business day" shall mean any day when the Commission's office in Washington, DC is open for business.

**16. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.**

17. This Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

18. The Company is authorized, subject to applicable law, to disclose any and all aspects of this potential transaction that are necessary to support any U.S. federal income tax benefits expected to be claimed with respect to such transaction, and all materials of any kind (including tax opinions and other tax analyses) related to those benefits, without the Underwriters imposing any limitation of any kind.

*[Signature page follows]*

If the foregoing is in accordance with your understanding, please sign and return to us four counterparts hereof, and upon acceptance hereof by you, on behalf of each of the Underwriters, this Agreement shall constitute a binding agreement between each of the Underwriters and the Company. It is understood that your acceptance of this Agreement on behalf of each of the Underwriters is or will be pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on the part of the Representatives as to the authority of the signers thereof.

Very truly yours,

United Parcel Service, Inc.

By: /s/ Richard N. Peretz

Name: Richard N. Peretz

Title: Senior Vice President, Chief Financial Officer and  
Treasurer

[Signature Page to Underwriting Agreement]

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Accepted as of the date hereof:

Goldman, Sachs & Co.

By: /s/ Ryan Gilliam  
Name: Ryan Gilliam  
Title: Vice President

Merrill Lynch, Pierce, Fenner & Smith  
Incorporated

By: /s/ Happy Daily  
Name: Happy Daily  
Title: Managing Director

Morgan Stanley & Co. LLC

By: /s/ Yuriy Slyz  
Name: Yuriy Slyz  
Title: Executive Director

UBS Securities LLC

By: /s/ Andrew Cardamone  
Name: Andrew Cardamone  
Title: Executive Director

By: /s/ Andrew Lee  
Name: Andrew Lee  
Title: Associate Director

[Signature Page to Underwriting Agreement]

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**SCHEDULE I**

**Representatives of the Several Underwriters:**

**Goldman, Sachs & Co.  
200 West Street  
New York, NY 10282  
Attention: Registration Department**

**Merrill Lynch, Pierce, Fenner & Smith Incorporated  
50 Rockefeller Plaza  
NY1-050-12-01  
New York, NY 10020  
Phone: (646) 855-0724  
Fax: (212) 901-7881**

**Morgan Stanley & Co. LLC  
1585 Broadway, 29th Floor  
New York, NY 10036  
Attention: Investment Banking Division  
Phone: (212) 761-6691  
Facsimile: (212) 507-8999**

**UBS Securities LLC  
1285 Avenue of the Americas  
New York, NY 10019  
Attention: Fixed Income Syndicate  
Phone: (203) 719-1088  
Facsimile: (203) 719-0495**

SCHEDULE II

| <u>Underwriter</u>                                    | Principal<br>Amount of<br>2.400% Senior<br>Notes due 2026<br>to be<br>Purchased | Principal<br>Amount of<br>3.400% Senior<br>Notes due 2046<br>to be<br>Purchased |
|---|---|---|
| Goldman, Sachs & Co.                                  | \$ 92,500,000   | \$ 92,500,000   |
| Merrill Lynch, Pierce, Fenner & Smith<br>Incorporated | \$ 92,500,000   | \$ 92,500,000   |
| Morgan Stanley & Co. LLC                              | \$ 92,500,000   | \$ 92,500,000   |
| UBS Securities LLC                                    | \$ 92,500,000   | \$ 92,500,000   |
| Citigroup Global Markets Inc.                         | \$ 42,500,000   | \$ 42,500,000   |
| Wells Fargo Securities, LLC                           | \$ 42,500,000   | \$ 42,500,000   |
| BNY Mellon Capital Markets, LLC                       | \$ 5,000,000  | \$ 5,000,000  |
| CastleOak Securities, L.P.                            | \$ 5,000,000  | \$ 5,000,000  |
| Commerz Markets LLC                                   | \$ 5,000,000  | \$ 5,000,000  |
| Fifth Third Securities, Inc.                          | \$ 5,000,000  | \$ 5,000,000  |
| HSBC Securities (USA) Inc.                            | \$ 5,000,000  | \$ 5,000,000  |
| ING Financial Markets LLC                             | \$ 5,000,000  | \$ 5,000,000  |
| Mizuho Securities USA Inc.                            | \$ 5,000,000  | \$ 5,000,000  |
| MUFG Securities Americas Inc.                         | \$ 5,000,000  | \$ 5,000,000  |
| U.S. Bancorp Investments, Inc.                        | \$ 5,000,000  | \$ 5,000,000  |
| Total   | <u>\$ 500,000,000</u>   | <u>\$ 500,000,000</u>   |

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**SCHEDULE III**

**United Parcel Service, Inc.**

**2.400% Senior Notes due 2026 (the “2026 Senior Notes”)**

The initial public offering price of the 2026 Senior Notes shall be 99.964% of the principal amount thereof, plus accrued interest, if any, from the date of issuance.

The purchase price to be paid by the Underwriters for the 2026 Senior Notes shall be 99.514% of the principal amount thereof, plus accrued interest, if any, from the date of issuance.

**3.400% Senior Notes due 2046 (the “2046 Senior Notes”)**

The initial public offering price of the 2046 Senior Notes shall be 99.123% of the principal amount thereof, plus accrued interest, if any, from the date of issuance.

The purchase price to be paid by the Underwriters for the 2046 Senior Notes shall be 98.248% of the principal amount thereof, plus accrued interest, if any, from the date of issuance.

SCHEDULE IV

Registration Statement  
No. 333-214056  
October 19, 2016

**United Parcel Service, Inc.**

FINAL TERM SHEET

|  |   |
|--|---|
| Security Offered:                          | 2.400% Senior Notes due 2026 (the "2026 Notes")   |
| Issuer:                                    | United Parcel Service, Inc. (the "Company")   |
| Expected Ratings:                          | A1/A+   |
| Principal Amount:                          | \$500,000,000   |
| Trade Date:                                | October 19, 2016  |
| Settlement Date:                           | October 24, 2016 (T+3)  |
| Maturity Date:                             | November 15, 2026   |
| Price to Public:                           | 99.964%   |
| Net Proceeds to Company (before expenses): | \$497,570,000   |
| Benchmark Security:                        | 1.500% UST due August 15, 2026  |
| Benchmark Security Price and Yield:        | 97-23; 1.754%   |
| Spread to Benchmark Security:              | +65 basis points  |
| Yield to Maturity:                         | 2.404%  |
| Coupon (Interest Rate):                    | 2.400%  |
| Record Dates:                              | May 1 and November 1 immediately preceding the interest payment date on May 15 and November 15 of each year   |
| Interest Payment Dates:                    | May 15 and November 15, commencing May 15, 2017 (long first coupon)   |
| Minimum Denominations:                     | The 2026 Notes will be issued in denominations of \$2,000 and in integral multiples of \$1,000.   |
| Optional Redemption:                       | The 2026 Notes will be redeemable at the Company's option at any time prior to August 15, 2026 (three months prior to their maturity), as a whole or in part, at the greater of (i) 100% of the principal amount of such 2026 Notes and (ii) the sum of the present values of remaining scheduled payments of principal and interest on the notes to be redeemed that would be due from the redemption date to August 15, 2026 (three months prior to their maturity), discounted to the redemption date on a semi-annual basis at the discount rate of the Treasury Rate plus 10 basis points, plus accrued interest to the redemption date. |



The 2026 Notes will be redeemable at the Company's option at any time on or after August 15, 2026 (three months prior to their maturity), at a redemption price equal to 100% of the principal amount of such 2026 Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

CUSIP: 911312 AY2  
ISIN: US911312AY27  
Form: DTC, Book-Entry  
Law: New York  
Joint Book-Running Managers: Goldman, Sachs & Co.  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
Morgan Stanley & Co. LLC  
UBS Securities LLC  
Citigroup Global Markets Inc.  
Wells Fargo Securities, LLC  
Co-Managers: BNY Mellon Capital Markets, LLC  
CastleOak Securities, L.P.  
Commerz Markets LLC  
Fifth Third Securities, Inc.  
HSBC Securities (USA) Inc.  
ING Financial Markets LLC  
Mizuho Securities USA Inc.  
MUFG Securities Americas Inc.  
U.S. Bancorp Investments, Inc.

To the extent any underwriter that is not a U.S. registered broker-dealer intends to effect sales of notes in the United States, it will do so through one or more U.S. registered broker-dealers in accordance with the applicable U.S. securities laws and regulations.

**Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.**

**The Issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Issuer has filed with the SEC for more complete information about the Issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Website at [www.sec.gov](http://www.sec.gov).**

**Alternatively, the Issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by contacting Goldman, Sachs & Co. toll-free 866-471-2526; Merrill Lynch, Pierce, Fenner & Smith Incorporated toll-free at 1-800-294-1322 or e-mail [dg.prospectus\\_requests@baml.com](mailto:dg.prospectus_requests@baml.com); Morgan Stanley & Co. LLC toll-free at 1-866-718-1649; or UBS Securities LLC toll-free at 1-888-827-7275.**

ANY DISCLAIMERS OR OTHER NOTICES THAT MAY APPEAR BELOW ARE NOT APPLICABLE TO THIS COMMUNICATION AND SHOULD BE DISREGARDED. SUCH DISCLAIMERS OR OTHER NOTICES WERE AUTOMATICALLY GENERATED AS A RESULT OF THIS COMMUNICATION BEING SENT VIA BLOOMBERG OR ANOTHER EMAIL SYSTEM.

**United Parcel Service, Inc.**

FINAL TERM SHEET

|  |  |
|--|--|
| Security Offered:                          | 3.400% Senior Notes due 2046 (the "2046 Notes")  |
| Issuer:                                    | United Parcel Service, Inc. (the "Company")  |
| Expected Ratings:                          | A1/A+  |
| Principal Amount:                          | \$500,000,000  |
| Trade Date:                                | October 19, 2016   |
| Settlement Date:                           | October 24, 2016 (T+3)   |
| Maturity:                                  | November 15, 2046  |
| Price to Public:                           | 99.123%  |
| Net Proceeds to Company (before expenses): | \$491,240,000  |
| Benchmark Security:                        | 2.500% UST due May 15, 2046  |
| Benchmark Security Price and Yield:        | 99-21; 2.517%  |
| Spread to Benchmark Security:              | +93 basis points   |
| Yield to Maturity:                         | 3.447%   |
| Coupon (Interest Rate):                    | 3.400%   |
| Record Dates:                              | May 1 and November 1 immediately preceding the interest payment date on May 15 and November 15 of each year  |
| Interest Payment Dates:                    | May 15 and November 15, commencing May 15, 2017 (long first coupon)  |
| Minimum Denominations:                     | The 2046 Notes will be issued in denominations of \$2,000 and in integral multiples of \$1,000.  |
| Optional Redemption:                       | The 2046 Notes will be redeemable at the Company's option at any time prior to May 15, 2046 (six months prior to their maturity), as a whole or in part, at the greater of (i) 100% of the principal amount of such 2046 Notes and (ii) the sum of the present values of remaining scheduled payments of principal and interest on the notes to be redeemed that would be due from the redemption date to May 15, 2046 (six months prior to their maturity), discounted to the redemption date on a semi-annual basis at the at the discount rate of the Treasury Rate plus 15 basis points, plus accrued interest to the redemption date. |

The 2046 Notes will be redeemable at the Company's option at any time on or after May 15, 2046 (six months prior to their maturity), at a redemption price equal to 100% of the principal amount of such 2046 Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

CUSIP: 911312 AZ9  
ISIN: US911312AZ91  
Form: DTC, Book-Entry  
Law: New York  
Joint Book-Running Managers: Goldman, Sachs & Co.  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
Morgan Stanley & Co. LLC  
UBS Securities LLC  
Citigroup Global Markets Inc.  
Wells Fargo Securities, LLC  
Co-Managers: BNY Mellon Capital Markets, LLC  
CastleOak Securities, L.P.  
Commerz Markets LLC  
Fifth Third Securities, Inc.  
HSBC Securities (USA) Inc.  
ING Financial Markets LLC  
Mizuho Securities USA Inc.  
MUFG Securities Americas Inc.  
U.S. Bancorp Investments, Inc.

To the extent any underwriter that is not a U.S. registered broker-dealer intends to effect sales of notes in the United States, it will do so through one or more U.S. registered broker-dealers in accordance with the applicable U.S. securities laws and regulations.

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**The Issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Issuer has filed with the SEC for more complete information about the Issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Website at [www.sec.gov](http://www.sec.gov).**

**Alternatively, the Issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by contacting Goldman, Sachs & Co. toll-free 866-471-2526; Merrill Lynch, Pierce, Fenner & Smith Incorporated toll-free at 1-800-294-1322 or e-mail [dg.prospectus\\_requests@baml.com](mailto:dg.prospectus_requests@baml.com); Morgan Stanley & Co. LLC toll-free at 1-866-718-1649; or UBS Securities LLC toll-free at 1-888-827-7275.**

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**SCHEDULE V**

**Issuer General Use Free Writing Prospectuses**

Final Term Sheets dated October 19, 2016 with respect to the 2.400% Senior Notes due 2026 and 3.400% Senior Notes due 2046 filed with the Commission pursuant to Rule 433 of the Act.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR BANK, S.A./N.V., AS OPERATOR OF THE EUROCLEAR SYSTEM ("EUROCLEAR"), AND CLEARSTREAM BANKING, SOCIÉTÉ ANONYME, LUXEMBOURG ("CLEARSTREAM" AND, TOGETHER WITH EUROCLEAR, "EUROCLEAR/CLEARSTREAM"), TO UNITED PARCEL SERVICE, INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF THE BANK OF NEW YORK DEPOSITORY (NOMINEES) LIMITED OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR/CLEARSTREAM (AND ANY PAYMENT IS MADE TO THE BANK OF NEW YORK DEPOSITORY (NOMINEES) LIMITED OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR/CLEARSTREAM), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, INASMUCH AS THE REGISTERED OWNER HEREOF, THE BANK OF NEW YORK DEPOSITORY (NOMINEES) LIMITED, HAS AN INTEREST HEREIN.

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.

No. 1

€500,000,000

CUSIP: 911312 AX4  
ISIN: XS1405767515  
Common Code No.: 140576751

## 1.000% Senior Notes due 2028

United Parcel Service, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the “Company”, which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to The Bank of New York Depository (Nominees) Limited, as nominee of The Bank of New York Mellon (London Branch) as common depository for Euroclear Bank, S.A./N.V. (“Euroclear”), and Clearstream Banking, *société anonyme* (“Clearstream”), or registered assigns, the principal sum of FIVE HUNDRED MILLION EUROS (€500,000,000), or such other principal amount as may be set forth in the records of the Securities Registrar hereinafter referred to in accordance with the Indenture, on November 15, 2028 and to pay interest thereon from October 24, 2016, or from the most recent date to which interest has been paid or duly provided for, annually on November 15 of each year (each an “Interest Payment Date”), commencing November 15, 2017 at the rate of 1.000% per annum, until the principal hereof is paid or made available for payment.

Interest payable on this Security on any Interest Payment Date, redemption date or maturity 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 duly provided for (or from and including the original issue date of this Security, if no interest has been paid or duly provided for) to, but excluding, such Interest Payment Date, redemption date or maturity date, as the case may be. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Markets Association. If any Interest Payment Date falls on a day that is not a Business Day, the interest payment will be made on the next succeeding day that is a Business Day, but no additional interest will accrue as a result of the delay in payment. If the maturity date or any redemption date of this Security falls on a day that is not a Business Day, the related payment of principal, premium, if any, and interest will be made on the next succeeding Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next succeeding Business Day. The rights of Holders of beneficial interests of Security to receive the payments of interest on such Security are subject to the applicable procedures of Euroclear and Clearstream.

The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the close of business on November 1 (whether or not a Business Day) immediately preceding the related Interest Payment Date or, if the Securities are represented by one or more global notes, the close of business on the business day (for this purpose a day on which Clearstream and Euroclear are open for business) immediately preceding

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the related Interest Payment Date; provided, however, that interest payable on the maturity date or any redemption date shall be payable to the Person to whom the principal of this Security shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (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 set by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

A "Business Day" shall mean any day, other than a Saturday or Sunday, (i) which is not a day on which banking institutions in the City of New York or London are authorized or required by law or executive order to close and (ii) on which the Trans-European Automated Real-time Gross Settlement Express Transfer system, or the TARGET2 system, or any successor thereto, operates.

The "Place of Payment" with respect to this Security shall be London, England.

Delivery of the Maturity Consideration and payment of interest on this Security will be made at the office or agency of the Company maintained for that purpose in London, England, which shall initially be One Canada Square, London E14 5AL; provided, however, that at the option of the Company, payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register; provided further, that all payments of Maturity Consideration and interest with respect to the Securities of this series represented by one or more Global Securities deposited with, or on behalf of, a common depository, and registered in the name of the nominee of the common depository for the accounts of Clearstream and Euroclear shall be made through the facilities of the common depository.

All payments of Maturity Consideration and interest will be made in euros. If the euro is unavailable to the Company due to the imposition of exchange controls or other circumstances beyond its control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of this Security will be made in U.S. dollars until the euro is again available to the Company or so used. The amount payable on any date in euros will be converted into U.S. dollars on the basis of the most recently available "Market Exchange Rate" for the euro, which shall mean the noon buying rate in The City of New York for cable transfers of euros as certified for customs purposes (or, if not so certified, as otherwise determined) by the United States Federal Reserve Board. The Market Exchange Rate most recently available on, or prior to, the second Business Day before the relevant determination date will be the basis for determining the equivalent of euro in the currency of the United States of America for any purpose under the Indenture, including for purposes of the definition of "Outstanding" in Section 1.01 of the Indenture. Any payments in respect of the Securities so made in U.S. dollars will not constitute an event of default under the terms of this Security or the Indenture.

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Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.



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IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated: \_\_\_\_\_

UNITED PARCEL SERVICE, INC.

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Name: Richard N. Peretz  
Title: Senior Vice President, Chief Financial Officer and Treasurer

Attest:

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Name: Joseph B. Amsbary, Jr.  
Title: Assistant Secretary

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REVERSE OF SECURITY

This Security is one of a duly authorized issue of securities of the Company (herein called the “Securities”), issued and to be issued in one or more series under an Indenture, dated as of August 26, 2003 (as supplemented, herein called the “Indenture”, which term shall have the meaning assigned to it in such instrument), between the Company and The Bank of New York Mellon Trust Company, N.A. (as successor to Citibank, N.A.), as Trustee (herein called the “Trustee”, which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

Optional Redemption

The Securities are redeemable at any time prior to August 15, 2028 as a whole or in part, at the Company’s option, on at least 30 days’, but not more than 60 days’, prior notice mailed (or otherwise transmitted in accordance with the applicable procedures of Euroclear or Clearstream) to the registered address of each Holder of the Securities to be redeemed, at a redemption price equal to the greater of: (i) 100% of the principal amount of the Securities to be redeemed; and (ii) the sum of the present values of the Remaining Scheduled Payments (as defined below) of principal and interest on the Securities to be redeemed (not including any portion of such payments of interest accrued as of the date of redemption) discounted to the date of redemption on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate (as defined below) plus 15 basis points; together with, in each case, accrued and unpaid interest, if any, on the principal amount of the Securities to be redeemed to, but excluding, the Redemption Date.

The Securities are redeemable at any time on or after August 15, 2028 as a whole or in part, at the Company’s option, on at least 30 days’, but not more than 60 days’, prior notice mailed (or otherwise transmitted in accordance with the applicable procedures of Euroclear or Clearstream) to the registered address of each holder of the Securities to be redeemed, at a redemption price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid interest, if any, on the principal amount of the Securities to be redeemed to, but excluding, the Redemption Date.

“Comparable Government Bond Rate” means the yield to maturity, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), on the third Business Day prior to the date fixed for redemption, of the Comparable Government Bond (as defined below) on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such Business Day as determined by an independent investment bank selected by the Company.

“Comparable Government Bond” means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by the Company, a German government bond whose maturity is closest to the maturity of the Securities

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to be redeemed, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by the Company, determine to be appropriate for determining the Comparable Government Bond Rate.

“Remaining Scheduled Payments” means, with respect to each Security to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if such redemption date is not an Interest Payment Date with respect to such Security, the amount of the next succeeding scheduled interest payment thereon will be deemed to be reduced (solely for the purposes of this calculation) by the amount of interest accrued thereon to such redemption date.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof. In the event of redemption of this Security in part only, Section 11.03 of the Indenture shall apply, provided that if this Security is represented by one or more Global Securities, beneficial interests in this Security shall be selected for redemption by Euroclear and Clearstream in accordance with their respective standard procedures therefor, provided further, however, that no Securities of this series of a principal amount of €100,000 or less shall be redeemed in part.

Unless the Company defaults on the payment of the redemption price, on and after the redemption date, interest will cease to accrue on the principal amount of this Security to be redeemed.

#### Payment of Additional Amounts

Subject to the exceptions and limitations set forth below, the Company will pay to or on account of a beneficial owner of Securities who is not a United States person for U.S. federal income tax purposes such additional amounts as may be necessary to ensure that every net payment by the Company of the principal of and interest on such Securities, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment, by the United States or any political subdivision or taxing authority of the United States, will not be less than the amount that would have been payable had no such deduction or withholding been required. However, the Company will not pay additional amounts for or on account of:

- (a) any such tax, assessment or other governmental charge which would not have been so imposed but for (i) the existence of any present or former connection between the holder or beneficial owner of a Security (or between a fiduciary, settlor, beneficiary, member or shareholder of such person, if such person is an estate, a trust, a partnership or a corporation) and the United States, including, without limitation, such person (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein or (ii) the presentation,

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where required, by the Holder of any such Securities for payment on a date more than 15 calendar days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

- (b) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or governmental charge;
- (c) any tax, assessment or other governmental charge imposed by reason of the Holder or beneficial owner's past or present status as a personal holding company or foreign personal holding company or controlled foreign corporation or passive foreign investment company for U.S. federal income tax purposes or as a corporation which accumulates earnings to avoid United States federal income tax or as a private foundation or other tax-exempt organization;
- (d) any tax, assessment or other governmental charge which is payable otherwise than by withholding from payments on or in respect of any Security;
- (e) any tax, assessment or other governmental charge which would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner of such Security, if such compliance is required by statute or by regulation of the United States or of any political subdivision or taxing authority thereof or therein as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (f) any tax, assessment or other governmental charge that would not have been imposed but for a failure by the holder or beneficial owner (or any financial institution through which the holder or beneficial owner holds any Security or through which payment on the Security is made) to comply with any certification, information, identification, documentation or other reporting requirements (including entering into and complying with an agreement with the Internal Revenue Service) imposed pursuant to, or complying with any requirements imposed under an intergovernmental agreement entered into between the United States and the government of another country in order to implement the requirements of, Sections 1471 through 1474 of the Internal Revenue Code as in effect on the date of issuance of the Securities or any successor or amended version of these provisions, to the extent such successor or amended version is not materially more onerous to comply with than these provisions as enacted on such date;
- (g) any tax, assessment or other governmental charge imposed by reason of such beneficial owner's past or present status as the actual or constructive owner of 10% or more of the total combined voting power of all classes of stock entitled to vote of the Company or as a direct or indirect affiliate of the Company;
- (h) any tax, assessment or other governmental charge required to be deducted or withheld by any Paying Agent from a payment on a Security upon presentation of such Security, where required, if such payment can be made without such deduction or withholding upon presentation of such Security, where required, to any other Paying Agent; or

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any combination of two or more of items (a), (b), (c), (d), (e), (f), (g) and (h),

nor shall additional amounts be paid with respect to any payment on Securities to a United States Alien Holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the United States (or any political subdivision thereof) to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of the Securities.

The term "United States Alien Holder" means any beneficial owner of a Security that is not, for United States federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate whose income is subject to United States federal income tax regardless of its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or if such trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person. Except as specifically provided under this heading "—Payment of Additional Amounts," the Company will not be required to make any payment for any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

To the extent permitted by law, the Company will maintain a paying agent in a Member State of the European Union (if any) that will not require withholding or deduction of tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such European Council Directive.

#### Redemption for Tax Reasons

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States or of any political subdivision or any taxing authority thereof or therein affecting taxation, or any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced and becomes effective on or after October 24, 2016, the Company becomes or will become obligated to pay additional amounts as described above under the heading "Payment of Additional Amounts" with respect to the Securities of this series, then the Company may at any time at the Company's option redeem, in whole, but not in part, the Securities of this series on not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of their principal amount, together with any accrued and unpaid interest and additional amounts on the Securities of this series to, but not including, the redemption date. If the Company exercises its option to redeem the Securities of this series pursuant to this paragraph, it shall deliver to the Trustee an Officer's Certificate stating that it is entitled to redeem the Securities of this series and an opinion of independent tax counsel to the effect that the circumstances described in this paragraph exist.

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Unless the Company defaults on the payment of the redemption price, on and after the redemption date, interest will cease to accrue on the principal amount of this Security to be redeemed.

#### Additional Covenants

The Company will not create, assume, incur or guarantee, and will not permit any Restricted Subsidiary to create, assume, incur or guarantee, any Secured Indebtedness without making provision whereby this Security shall be secured equally and ratably with, or prior to, such Secured Indebtedness, together with, if the Company shall so determine, any other Indebtedness of the Company or any Restricted Subsidiary then existing or thereafter created that is not subordinate to this Security, so long as the Secured Indebtedness shall be outstanding, unless such Secured Indebtedness, when added to (a) the aggregate amount of all Secured Indebtedness then outstanding (not including in this computation Secured Indebtedness if this Security is secured equally and ratably with (or prior to) such Secured Indebtedness and further not including in this computation any Secured Indebtedness that is concurrently being retired) and (b) the aggregate amount of all Attributable Debt then outstanding pursuant to Sale and Leaseback Transactions entered into by the Company after January 26, 1999, or entered into by a Restricted Subsidiary after January 26, 1999 or, if later, the date on which it became a Restricted Subsidiary (not including in this computation any Attributable Debt that is concurrently being retired), would not exceed 10% of Consolidated Net Tangible Assets.

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless (a) the sum of (i) the Attributable Debt to be outstanding pursuant to such Sale and Leaseback Transaction, (ii) all Attributable Debt then outstanding pursuant to all other Sale and Leaseback Transactions entered into by the Company after January 26, 1999, or entered into by a Restricted Subsidiary after January 26, 1999 or, if later, the date on which it became a Restricted Subsidiary, and (iii) the aggregate of all Secured Indebtedness then outstanding (not including in this computation Secured Indebtedness if this Security is secured equally and ratably with (or prior to) such Secured Indebtedness) would not exceed 10% of Consolidated Net Tangible Assets, or (b) an amount equal to the greater of (i) the net proceeds to the Company or the Restricted Subsidiary of the sale of the Principal Property sold and leased back pursuant to such Sale and Leaseback Transaction and (ii) the amount of Attributable Debt to be outstanding pursuant to such Sale and Leaseback Transaction is applied to the retirement of Funded Debt of the Company or any Restricted Subsidiaries (other than Funded Debt that is subordinate to this Security or is owing to the Company or any Restricted Subsidiaries or is scheduled to mature within one year after consummation of such Sale and Leaseback Transaction) within 180 days after the consummation of such Sale and Leaseback Transaction.

Default in the performance, or breach, of either of the covenants set forth in the preceding two paragraphs will be an "Event of Default" under Section 5.01 of the Indenture, and the covenants set forth in the preceding two paragraphs will be subject to defeasance in accordance with Section 13.03 of the Indenture.

“Attributable Debt” means, as of the date of its determination, the present value (discounted semiannually at an interest rate of 7.0% per annum) of the obligation of a lessee for rental payments pursuant to any Sale and Leaseback Transaction (reduced by the amount of the rental obligations of any sublessee of all or part of the same property) during the remaining term of such Sale and Leaseback Transaction (including any period for which the lease relating thereto has been extended), such rental payments not to include amounts payable by the lessee for maintenance and repairs, insurance, taxes, assessments and similar charges and for contingent rents (such as those based on sales). In the case of any Sale and Leaseback Transaction in which the lease is terminable by the lessee upon the payment of a penalty, such rental payments shall be considered for purposes of this definition to be the lesser of the discounted values of (a) the rental payments to be paid under such Sale and Leaseback Transaction until the first date (after the date of such determination) upon which it may be so terminated plus the then applicable penalty upon such termination, and (b) the rental payments required to be paid during the remaining term of such Sale and Leaseback Transaction (assuming such termination provision is not exercised).

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

“Consolidated Net Tangible Assets” means at any date, the total assets appearing on the Company’s most recently prepared consolidated balance sheet as of the end of the Company’s fiscal quarter, prepared in accordance with generally accepted accounting principles, less (a) all current liabilities as shown on such balance sheet and (b) Intangible Assets.

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

“Indebtedness” means (a) any liability of any Person (i) for borrowed money, or under any reimbursement obligation relating to a letter of credit, (ii) evidenced by a bond, note, debenture or similar instrument, including a purchase money obligation, given in connection with the acquisition of any businesses, properties or assets of any kind or with services incurred in connection with capital expenditures, other than a trade payable or a current liability arising in the ordinary course of business, or (iii) for the payment of money relating to a Capitalized Lease Obligation, or (iv) for Interest Rate Protection Obligations; (b) any liability of others described in the preceding clause (a) that the Person has guaranteed or that is otherwise its legal liability; and (c) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b) above.

“Intangible Assets” means at any date the value (net of any applicable reserves), as shown on or reflected in the Company’s most recently prepared consolidated balance sheet, prepared in accordance with generally accepted accounting principles, of: (a) all trade names, trademarks, licenses, patents, copyrights and goodwill; (b) organizational and development costs; (c) deferred charges (other than prepaid items such as insurance, taxes, interest, commissions, rents and similar items and tangible assets being amortized); and (d) unamortized debt discount and expense, less unamortized premium.

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

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

“Principal Property” means any land, land improvements, buildings and associated factory, distribution, laboratory and office equipment (excluding any motor vehicles, aircraft, mobile materials handling equipment, data processing equipment and rolling stock) constituting a distribution facility, operating facility, manufacturing facility, development facility, warehouse facility, service facility or office facility (including any portion thereof), which facility (a) is owned by or leased to the Company or any Restricted Subsidiary, (b) is located within the United States and (c) has an acquisition cost plus capitalized improvements in excess of 0.50% of Consolidated Net Tangible Assets as of the date of such determination, other than (i) any such facility, or portion thereof, which has been financed by obligations issued by or on behalf of a State, a Territory or a possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, the interest on which is excludable from gross income of the holders thereof (other than a “substantial user” of such facility or a “related Person” as those terms are used in Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”)) pursuant to the provisions of Section 103 of the Code (or any similar provision hereafter enacted) as in effect at the time of issuance of such obligations, (ii) any such facility that the Board of Directors may by Board Resolution declare is not of material importance to the Company and the Restricted Subsidiaries taken as a whole and (iii) any such facility, or portion thereof, owned or leased jointly or in common with one or more Persons other than the Company and any Subsidiary and in which the interest of the Company and all Subsidiaries does not exceed 50%.

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

“Restricted Subsidiary” means (a) any Subsidiary (i) which has substantially all its property within the United States of America, (ii) which owns or is a lessee of any Principal Property and (iii) in which the investment of the Company and all other Subsidiaries exceeds 0.50% of Consolidated Net Tangible Assets as of the date of such determination; provided, however, that the term “Restricted Subsidiary” shall not include: (A) any Subsidiary (x) primarily engaged in the business of purchasing, holding, collecting, servicing or otherwise dealing in and with installment sales contracts, leases, trust receipts, mortgages, commercial paper or other financing instruments, and any collateral or agreements relating thereto, including in the business, individually or through partnerships, of financing, whether through long- or short-term borrowings, pledges, discounts or otherwise, the sales, leasing or other operations of the Company and the Subsidiaries or any of them, or (y) engaged in the business of financing the assets and operations of third parties, and (z) in any case, not, except as incidental to such



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financing business, engaged in owning, leasing or operating any property which, but for this proviso, would qualify as Principal Property or (B) any Subsidiary acquired or organized after January 26, 1999, for the purpose of acquiring the stock or business or assets of any Person other than the Company or any Restricted Subsidiary, whether by merger, consolidation, acquisition of stock or assets or similar transaction analogous in purpose or effect, so long as such Subsidiary does not acquire by merger, consolidation, acquisition of stock or assets or similar transaction analogous in purpose or effect all or any substantial part of the business or assets of the Company or any Restricted Subsidiary; and (b) any other Subsidiary that is hereafter designated by the Board of Directors as a Restricted Subsidiary.

“Sale and Leaseback Transaction” means any arrangement with any Person providing for the leasing by the Company or any Restricted Subsidiary of any Principal Property (whether such Principal Property is now owned or hereafter acquired) that has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person, other than (a) leases for a term, including renewals at the option of the lessee, of not more than three years; (b) leases between the Company and a Restricted Subsidiary or between Restricted Subsidiaries and (c) leases of Principal Property executed by the time of, or within 180 days after the latest of, the acquisition, the completion of construction or improvement (including any improvements on property that will result in such property becoming a Principal Property), or the commencement of commercial operation of such Principal Property.

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

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

(b) Indebtedness that is secured by (i) purchase money Liens upon Principal Property acquired after January 26, 1999, (ii) Liens placed on Principal Property after January 26, 1999, during construction or improvement thereof (including any improvements on property which will result in such property becoming Principal Property) or placed thereon within 180 days after the later of acquisition, completion of construction or improvement or the commencement of commercial operation of such Principal Property or improvement, or placed on Restricted Securities acquired after January 26, 1999 or (iii) conditional sale agreements or other title retention agreements with respect to any Principal Property or Restricted Securities acquired after January 26, 1999, if (in each case referred to in this subparagraph (b)) (x) such Lien or agreement secures all or any part of the Indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of construction of such Principal Property or improvement or Restricted Securities and (y) such Lien or agreement does not extend to any Principal Property or Restricted Securities other than the Principal Property so acquired or the Principal Property, or portion thereof, on which the property so

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constructed or such improvement is located; provided, however, that the amount by which the aggregate principal amount of Indebtedness secured by any such Lien or agreement exceeds the cost to the Company or such Restricted Subsidiary of the related acquisition, construction or improvement will be considered to be "Secured Indebtedness;"

(c) Indebtedness that is secured by Liens on Principal Property or Restricted Securities, which Liens exist at the time of acquisition (by any manner whatsoever) of such Principal Property or Restricted Securities by the Company or a Restricted Subsidiary;

(d) Indebtedness of Restricted Subsidiaries owing to the Company or any other Restricted Subsidiary and Indebtedness of the Company owing to any Restricted Subsidiary;

(e) In the case of any corporation that becomes (by any manner whatsoever) a Restricted Subsidiary after January 26, 1999, Indebtedness that is secured by Liens upon, or conditional sale agreements or other title retention agreements with respect to, its property that constitutes Principal Property or Restricted Securities, which Liens exist at the time such corporation becomes a Restricted Subsidiary;

(f) Guarantees by the Company of Secured Indebtedness and Attributable Debt of any Restricted Subsidiaries and guarantees by a Restricted Subsidiary of Secured Indebtedness and Attributable Debt of the Company and any other Restricted Subsidiaries;

(g) Indebtedness arising from any Sale and Leaseback Transaction;

(h) Indebtedness secured by Liens on property of the Company or a Restricted Subsidiary in favor of the United States of America, any State, Territory or possession thereof, or the District of Columbia, or any department, agency or instrumentality or political subdivision of the United States of America or any State, Territory or possession thereof, or the District of Columbia, or in favor of any other country or any political subdivision thereof, if such Indebtedness was incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Lien; provided, however, that the amount by which the aggregate principal amount of Indebtedness secured by any Lien exceeds the cost to the Company or the Restricted Subsidiary of the related acquisition or construction will be considered to be "Secured Indebtedness";

(i) Indebtedness secured by Liens on aircraft, airframes or aircraft engines, aeronautic equipment or computers and electronic data processing equipment; and

(j) The replacement, extension or renewal, or successive replacements, extensions or renewals, of any Indebtedness, in whole or in part, excluded from the definition of "Secured Indebtedness" by subparagraphs (a) through (i) above; provided, however, that no Lien securing, or conditional sale or title retention agreement with respect to, such Indebtedness will extend to or cover any Principal Property or any Restricted Securities,

other than such property that secured the Indebtedness so replaced, extended or renewed, plus improvements on or to any such Principal Property, provided further, however, that to the extent that such replacement, extension or renewal increases the principal amount of Indebtedness secured by such Lien or is in a principal amount in excess of the principal amount of Indebtedness excluded from the definition of "Secured Indebtedness" by subparagraphs (a) through (i) above, the amount of such increase or excess will be considered to be "Secured Indebtedness."

In no event shall the foregoing provisions be interpreted to mean that the same Indebtedness is included more than once in the calculation of "Secured Indebtedness" as that term is used in this Security, nor shall their operation cause this result.

The Indenture contains provisions whereby (i) the Company may be discharged from its obligations with respect to the Securities (subject to certain exceptions) or (ii) the Company may be released from its obligation under specified covenants and agreements in the Indenture, in each case if the Company satisfies certain conditions, all as more fully provided in the Indenture. For purposes of such provisions, German government securities shall be used instead of United States government securities in respect of payments due in euros on the Securities of this series.

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series 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 issued under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding of each series to be affected. 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 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 Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security 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 Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made a written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee indemnity satisfactory to the trustee, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding for 60 days

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after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment or delivery of the Maturity Consideration hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall affect or impair the obligation of the Company, which is absolute and unconditional, to pay the Maturity Consideration and interest on this Security at the times, place and rate, and in the manner, herein prescribed.

As provided in the Indenture and subject to certain limitations set forth therein and in this Security, the transfer of this Security is registrable in the Security Register upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the Maturity Consideration and interest on this Security are payable, 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 his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Company and the Security Registrar 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 Security 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 Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

Except in the limited circumstances described in Section 3.05 of the Indenture, this Security shall be issued in the form of one or more Global Securities and a common depositary for the accounts of Euroclear and Clearstream shall be the Depositary for such Global Security or Securities. Clause 2(A)(ii) of the eighth paragraph of Section 3.05 of the Indenture shall be inapplicable to this Security.

The Securities of this series are issuable only in registered form without coupons in minimum denominations of €100,000 and any integral multiples of €1,000 in excess thereof. As provided in the Indenture and subject to certain limitations set forth therein, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

Notices to Holders of the Securities of this series will be sent by mail or email to the registered Holders, or otherwise in accordance with the procedures of the applicable depositary.

This Security shall be governed by and construed in accordance with the laws of the State of New York without giving effect to principles of conflicts of laws of such state.

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

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This is one of the Securities of the series designated herein referred to in the Indenture.

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

By: \_\_\_\_\_  
Authorized Signatory

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[FORM OF TRANSFER NOTICE]

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 zip code of assignee)

the within Security and all rights thereunder, hereby irrevocably constituting and appointing  
power of substitution in the premises.

to transfer said Security on the books of the Company with full

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By:  
Date:

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SCHEDULE OF INCREASES OR DECREASES IN SECURITY

The following increases or decreases in this Security have been made:

| Date of<br>Exchange | Amount of decrease in<br>Principal Amount of this<br>Security | Amount of increase in<br>Principal Amount of this<br>Security | Principal Amount of this<br>Security following such<br>decrease or increase | Signature of authorized<br>officer of Trustee or<br>Securities Custodian |
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OPTION TO ELECT REPAYMENT

If you elect to have this Security purchased by the Company pursuant to the terms of the Security, check the box:

If you want to elect to have only part of this Security purchased by the Company pursuant to the terms of the Security, state the amount in principal amount (must be in denominations of €100,000 or an integral multiple of €1,000 in excess thereof): € \_\_\_\_\_ and specify the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Securities to be issued to the Holder for the portion of the Security not being repurchased (in the absence of any such specification, one such Security will be issued for the portion not being repurchased): \_\_\_\_\_ .

Date: \_\_\_\_\_ Your Signature \_\_\_\_\_  
(Sign exactly as your name appears on the other side of the Security)

Signature Guarantee: \_\_\_\_\_  
(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

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: 911312 AY2  
ISIN: US911312AY27

## 2.400% Senior Notes due 2026

United Parcel Service, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of Five Hundred Million Dollars (\$500,000,000), or such other principal amount as may be set forth in the records of the Securities Registrar hereinafter referred to in accordance with the Indenture, on November 15, 2026 and to pay interest thereon from October 24, 2016, or from the most recent date to which interest has been paid or duly provided for, semi-annually on May 15 and November 15 of each year (each an "Interest Payment Date"), commencing May 15, 2017, at the rate of 2.400% per annum, until the principal hereof is paid or made available for payment. 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 Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be May 1 or November 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (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 set by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provide in the Indenture.

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

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“Business Day” means any day (1) that is not a Saturday or Sunday and that is not a day on which banking institutions are authorized or obligated by law or executive order to close in The City of New York and, for any place of payment outside of The City of New York, in such place of payment.

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

Delivery of the Maturity Consideration and payment of interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, and payment of interest on this Security and the Maturity Consideration will be made 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 at the option of the Company, payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated: \_\_\_\_\_

UNITED PARCEL SERVICE, INC.

By: \_\_\_\_\_

Attest:

\_\_\_\_\_

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## REVERSE OF SECURITY

This Security is one of a duly authorized issue of securities of the Company (herein called the “Securities”), issued and to be issued in one or more series under an Indenture, dated as of August 26, 2003 (as supplemented, herein called the “Indenture”, which term shall have the meaning assigned to it in such instrument), between the Company and The Bank of New York Mellon Trust Company, N.A. (as successor to Citibank, N.A.), as Trustee (herein called the “Trustee”, which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

### Optional Redemption

The Securities are redeemable at any time prior to August 15, 2026 as a whole or in part, at the option of the Company, on at least 30 days’, but not more than 60 days’, prior notice mailed to the registered address of each Holder of the Securities to be redeemed, at a Redemption Price equal to the greater of: (i) 100% of the principal amount of the Securities to be redeemed; and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed that would be due after the related Redemption Date to August 15, 2026 (except that, if such Redemption Date is not an Interest Payment Date, the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued thereon to the Redemption Date), discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate of the Treasury Rate plus 10 basis points, plus accrued interest to the date of redemption.

The Securities will be redeemable at any time on or after August 15, 2026 as a whole or in part, at the option of the Company, on at least 30 days’, but not more than 60 days’, prior notice mailed to the registered address of each holder of the Securities to be redeemed, at a Redemption Price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid interest, if any, on the principal amount of the Securities to be redeemed to, but excluding, the Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities (assuming for this purpose, the Securities mature on August 15, 2026).

“Comparable Treasury Price” means, with respect to any Redemption Date, (1) the average of the Reference Treasury Dealer Quotations for the Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all Quotations obtained.

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“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company.

“Reference Treasury Dealer” means Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman, Sachs & Co., Morgan Stanley & Co. LLC and UBS Securities LLC and their respective successors, except that if any of the foregoing ceases to be a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”), the Company is required to designate as a substitute another nationally recognized investment banking firm that is a Primary Treasury Dealer.

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

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

If money sufficient to pay the Redemption Price of all of the Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the trustee or paying agent on or before the Redemption Date and certain other conditions are satisfied, then on and after such Redemption Date, interest will cease to accrue on the Securities or portions of the Securities called for redemption.

The Company may at any time, and from time to time, purchase the Securities at any price or prices in the open market or otherwise.

#### Additional Covenants

The Company will not create, assume, incur or guarantee, and will not permit any Restricted Subsidiary to create, assume, incur or guarantee, any Secured Indebtedness without making provision whereby this Security shall be secured equally and ratably with, or prior to, such Secured Indebtedness, together with, if the Company shall so determine, any other Indebtedness of the Company or any Restricted Subsidiary then existing or thereafter created that is not subordinate to this Security, so long as the Secured Indebtedness shall be outstanding, unless such Secured Indebtedness, when added to (a) the aggregate amount of all Secured Indebtedness then outstanding (not including in this computation Secured Indebtedness if this Security is secured equally and ratably with (or prior to) such Secured Indebtedness and further

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

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless (a) the sum of (i) the Attributable Debt to be outstanding pursuant to such Sale and Leaseback Transaction, (ii) all Attributable Debt then outstanding pursuant to all other Sale and Leaseback Transactions entered into by the Company after January 26, 1999, or entered into by a Restricted Subsidiary after January 26, 1999 or, if later, the date on which it became a Restricted Subsidiary, and (iii) the aggregate of all Secured Indebtedness then outstanding (not including in this computation Secured Indebtedness if this Security is secured equally and ratably with (or prior to) such Secured Indebtedness) would not exceed 10% of Consolidated Net Tangible Assets, or (b) an amount equal to the greater of (i) the net proceeds to the Company or the Restricted Subsidiary of the sale of the Principal Property sold and leased back pursuant to such Sale and Leaseback Transaction and (ii) the amount of Attributable Debt to be outstanding pursuant to such Sale and Leaseback Transaction is applied to the retirement of Funded Debt of the Company or any Restricted Subsidiaries (other than Funded Debt that is subordinate to this Security or is owing to the Company or any Restricted Subsidiaries or is scheduled to mature within one year after consummation of such Sale and Leaseback Transaction) within 180 days after the consummation of such Sale and Leaseback Transaction.

Default in the performance, or breach, of either of the covenants set forth in the preceding two paragraphs will be an "Event of Default" under Section 5.01 of the Indenture, and the covenants set forth in the preceding two paragraphs will be subject to defeasance in accordance with Section 13.03 of the Indenture.

"Attributable Debt" means, as of the date of its determination, the present value (discounted semiannually at an interest rate of 7.0% per annum) of the obligation of a lessee for rental payments pursuant to any Sale and Leaseback Transaction (reduced by the amount of the rental obligations of any sublessee of all or part of the same property) during the remaining term of such Sale and Leaseback Transaction (including any period for which the lease relating thereto has been extended), such rental payments not to include amounts payable by the lessee for maintenance and repairs, insurance, taxes, assessments and similar charges and for contingent rents (such as those based on sales). In the case of any Sale and Leaseback Transaction in which the lease is terminable by the lessee upon the payment of a penalty, such rental payments shall be considered for purposes of this definition to be the lesser of the discounted values of (a) the rental payments to be paid under such Sale and Leaseback Transaction until the first date (after the date of such determination) upon which it may be so terminated plus the then applicable penalty upon such termination, and (b) the rental payments required to be paid during the remaining term of such Sale and Leaseback Transaction (assuming such termination provision is not exercised).



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

“Consolidated Net Tangible Assets” means at any date, the total assets appearing on the Company’s most recently prepared consolidated balance sheet as of the end of the Company’s fiscal quarter, prepared in accordance with generally accepted accounting principles, less (a) all current liabilities as shown on such balance sheet and (b) Intangible Assets.

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

“Indebtedness” means (a) any liability of any Person (i) for borrowed money, or under any reimbursement obligation relating to a letter of credit, (ii) evidenced by a bond, note, debenture or similar instrument, including a purchase money obligation, given in connection with the acquisition of any businesses, properties or assets of any kind or with services incurred in connection with capital expenditures, other than a trade payable or a current liability arising in the ordinary course of business, or (iii) for the payment of money relating to a Capitalized Lease Obligation, or (iv) for Interest Rate Protection Obligations; (b) any liability of others described in the preceding clause (a) that the Person has guaranteed or that is otherwise its legal liability; and (c) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b) above.

“Intangible Assets” means at any date the value (net of any applicable reserves), as shown on or reflected in the Company’s most recently prepared consolidated balance sheet, prepared in accordance with generally accepted accounting principles, of: (a) all trade names, trademarks, licenses, patents, copyrights and goodwill; (b) organizational and development costs; (c) deferred charges (other than prepaid items such as insurance, taxes, interest, commissions, rents and similar items and tangible assets being amortized); and (d) unamortized debt discount and expense, less unamortized premium.

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

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

“Principal Property” means any land, land improvements, buildings and associated factory, distribution, laboratory and office equipment (excluding any motor vehicles, aircraft, mobile materials handling equipment, data processing equipment and rolling stock) constituting a distribution facility, operating facility, manufacturing facility, development facility, warehouse facility, service facility or office facility (including any portion thereof), which facility (a) is owned by or leased to the Company or any Restricted Subsidiary, (b) is located within the United

States and (c) has an acquisition cost plus capitalized improvements in excess of 0.50% of Consolidated Net Tangible Assets as of the date of such determination, other than (i) any such facility, or portion thereof, which has been financed by obligations issued by or on behalf of a State, a Territory or a possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, the interest on which is excludable from gross income of the holders thereof (other than a "substantial user" of such facility or a "related Person" as those terms are used in Section 103 of the Internal Revenue Code of 1986, as amended (the "Code")) pursuant to the provisions of Section 103 of the Code (or any similar provision hereafter enacted) as in effect at the time of issuance of such obligations, (ii) any such facility that the Board of Directors may by Board Resolution declare is not of material importance to the Company and the Restricted Subsidiaries taken as a whole and (iii) any such facility, or portion thereof, owned or leased jointly or in common with one or more Persons other than the Company and any Subsidiary and in which the interest of the Company and all Subsidiaries does not exceed 50%.

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

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

"Sale and Leaseback Transaction" means any arrangement with any Person providing for the leasing by the Company or any Restricted Subsidiary of any Principal Property (whether such Principal Property is now owned or hereafter acquired) that has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person, other than (a) leases for a term, including renewals at the option of the lessee, of not more than three years; (b) leases between the Company and a Restricted Subsidiary or between Restricted Subsidiaries and (c) leases of Principal Property executed by the time of, or within 180 days after the latest of, the acquisition, the completion of construction or improvement (including any improvements on property that will result in such property becoming a Principal Property), or the commencement of commercial operation of such Principal Property.

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

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

(b) Indebtedness that is secured by (i) purchase money Liens upon Principal Property acquired after January 26, 1999, (ii) Liens placed on Principal Property after January 26, 1999, during construction or improvement thereof (including any improvements on property which will result in such property becoming Principal Property) or placed thereon within 180 days after the later of acquisition, completion of construction or improvement or the commencement of commercial operation of such Principal Property or improvement, or placed on Restricted Securities acquired after January 26, 1999 or (iii) conditional sale agreements or other title retention agreements with respect to any Principal Property or Restricted Securities acquired after January 26, 1999, if (in each case referred to in this subparagraph (b)) (x) such Lien or agreement secures all or any part of the Indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of construction of such Principal Property or improvement or Restricted Securities and (y) such Lien or agreement does not extend to any Principal Property or Restricted Securities other than the Principal Property so acquired or the Principal Property, or portion thereof, on which the property so constructed or such improvement is located; provided, however, that the amount by which the aggregate principal amount of Indebtedness secured by any such Lien or agreement exceeds the cost to the Company or such Restricted Subsidiary of the related acquisition, construction or improvement will be considered to be “Secured Indebtedness;”

(c) Indebtedness that is secured by Liens on Principal Property or Restricted Securities, which Liens exist at the time of acquisition (by any manner whatsoever) of such Principal Property or Restricted Securities by the Company or a Restricted Subsidiary;

(d) Indebtedness of Restricted Subsidiaries owing to the Company or any other Restricted Subsidiary and Indebtedness of the Company owing to any Restricted Subsidiary;

(e) In the case of any corporation that becomes (by any manner whatsoever) a Restricted Subsidiary after January 26, 1999, Indebtedness that is secured by Liens upon, or conditional sale agreements or other title retention agreements with respect to, its property that constitutes Principal Property or Restricted Securities, which Liens exist at the time such corporation becomes a Restricted Subsidiary;

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(f) Guarantees by the Company of Secured Indebtedness and Attributable Debt of any Restricted Subsidiaries and guarantees by a Restricted Subsidiary of Secured Indebtedness and Attributable Debt of the Company and any other Restricted Subsidiaries;

(g) Indebtedness arising from any Sale and Leaseback Transaction;

(h) Indebtedness secured by Liens on property of the Company or a Restricted Subsidiary in favor of the United States of America, any State, Territory or possession thereof, or the District of Columbia, or any department, agency or instrumentality or political subdivision of the United States of America or any State, Territory or possession thereof, or the District of Columbia, or in favor of any other country or any political subdivision thereof, if such Indebtedness was incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Lien; provided, however, that the amount by which the aggregate principal amount of Indebtedness secured by any Lien exceeds the cost to the Company or the Restricted Subsidiary of the related acquisition or construction will be considered to be "Secured Indebtedness";

(i) Indebtedness secured by Liens on aircraft, airframes or aircraft engines, aeronautic equipment or computers and electronic data processing equipment; and

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

In no event shall the foregoing provisions be interpreted to mean that the same Indebtedness is included more than once in the calculation of "Secured Indebtedness" as that term is used in this Security, nor shall their operation cause this result.

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

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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 issued under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding of each series to be affected. 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 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 Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made a written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee indemnity satisfactory to the trustee, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment or delivery of the Maturity Consideration hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall affect or impair the obligation of the Company, which is absolute and unconditional, to pay the Maturity Consideration and interest on this Security at the times, place and rate, and in the manner, herein prescribed.

As provided in the Indenture and subject to certain limitations set forth therein and in this Security, the transfer of this Security is registrable in the Security Register upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the Maturity Consideration and interest on this Security are payable, 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 his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

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The Securities will be issued only in registered form without coupons, in denominations of \$2,000 or integral multiples of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations set forth therein, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor in different authorized denomination, 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 transfer tax or similar governmental charge payable in connection therewith.

Prior to due presentment of this Security 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 Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture contains provisions whereby (i) the Company may be discharged from its obligations with respect to the Securities (subject to certain exceptions) or (ii) the Company may be released from its obligation under specified covenants and agreements in the Indenture, in each case if the Company irrevocably deposits with the Trustee money or U.S. Government Obligations sufficient to pay and discharge the entire indebtedness on all Securities of this series, and satisfies certain other conditions, all as more fully provided in the Indenture.

This Security shall be governed by and construed in accordance with the laws of the State of New York without giving effect to principles of conflicts of laws of such state.

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

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This is one of the Securities of the series designated herein referred to in the Indenture.

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

By: \_\_\_\_\_  
Authorized Signatory

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[FORM OF TRANSFER NOTICE]

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 zip code of assignee)

the within Security and all rights thereunder, hereby irrevocably constituting and appointing  
power of substitution in the premises.

to transfer said Security on the books of the Company with full

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By:  
Date:



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SCHEDULE OF INCREASES OR DECREASES IN SECURITY

The following increases or decreases in this Security have been made:

| Date of<br>Exchange | Amount of decrease in<br>Principal Amount of this<br>Security | Amount of increase in<br>Principal Amount of this<br>Security | Principal Amount of this<br>Security following such<br>decrease or increase | Signature of authorized<br>officer of Trustee or<br>Securities Custodian |
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OPTION TO ELECT REPAYMENT

If you elect to have this Security purchased by the Company pursuant to the terms of the Security, check the box:

If you want to elect to have only part of this Security purchased by the Company pursuant to the terms of the Security, state the amount in principal amount (must be in denominations of \$2,000 or an integral multiple of \$1,000 in excess thereof): \$ \_\_\_\_\_ and specify the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Securities to be issued to the Holder for the portion of the Security not being repurchased (in the absence of any such specification, one such Security will be issued for the portion not being repurchased): \_\_\_\_\_ .

Date: \_\_\_\_\_ Your Signature \_\_\_\_\_  
(Sign exactly as your name appears on the other side of the Security)

Signature Guarantee: \_\_\_\_\_  
(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

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: 911312 AZ9  
ISIN: US911312AZ91

## 3.400% Senior Notes due 2046

United Parcel Service, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the “Company”, which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of Five Hundred Million Dollars (\$500,000,000), or such other principal amount as may be set forth in the records of the Securities Registrar hereinafter referred to in accordance with the Indenture, on November 15, 2046 and to pay interest thereon from October 24, 2016, or from the most recent date to which interest has been paid or duly provided for, semi-annually on May 15 and November 15 of each year (each an “Interest Payment Date”), commencing May 15, 2017, at the rate of 3.400% per annum, until the principal hereof is paid or made available for payment. 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 Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be May 1 or November 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (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 set by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

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

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“Business Day” means any day that is not a Saturday or Sunday and that is not a day on which banking institutions are authorized or obligated by law or executive order to close in The City of New York and, for any place of payment outside of The City of New York, in such place of payment.

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

Delivery of the Maturity Consideration and payment of interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, and payment of interest on this Security and the Maturity Consideration will be made 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 at the option of the Company, payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated: \_\_\_\_\_

UNITED PARCEL SERVICE, INC.

By: \_\_\_\_\_

Attest:

\_\_\_\_\_

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## REVERSE OF SECURITY

This Security is one of a duly authorized issue of securities of the Company (herein called the “Securities”), issued and to be issued in one or more series under an Indenture, dated as of August 26, 2003 (as supplemented, herein called the “Indenture”, which term shall have the meaning assigned to it in such instrument), between the Company and The Bank of New York Mellon Trust Company, N.A. (as successor to Citibank, N.A.), as Trustee (herein called the “Trustee”, which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

### Optional Redemption

The Securities are redeemable at any time prior to May 15, 2046 as a whole or in part, at the option of the Company, on at least 30 days’, but not more than 60 days’, prior notice mailed to the registered address of each Holder of the Securities to be redeemed, at a Redemption Price equal to the greater of: (i) 100% of the principal amount of the Securities to be redeemed; and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities to be redeemed that would be due after the related Redemption Date to May 15, 2046 (except that, if such Redemption Date is not an Interest Payment Date, the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued thereon to the Redemption Date), discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate of the Treasury Rate plus 15 basis points, plus accrued interest to the date of redemption.

The Securities will be redeemable at any time on or after May 15, 2046 as a whole or in part, at the option of the Company, on at least 30 days’, but not more than 60 days’, prior notice mailed to the registered address of each holder of the Securities to be redeemed, at a Redemption Price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued and unpaid interest, if any, on the principal amount of the Securities to be redeemed to, but excluding, the Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities (assuming for this purpose, the Securities mature on May 15, 2046).

“Comparable Treasury Price” means, with respect to any Redemption Date, (1) the average of the Reference Treasury Dealer Quotations for the Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all Quotations obtained.

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“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company.

“Reference Treasury Dealer” means Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman, Sachs & Co., Morgan Stanley & Co. LLC and UBS Securities LLC and their respective successors, except that if any of the foregoing ceases to be a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”), the Company is required to designate as a substitute another nationally recognized investment banking firm that is a Primary Treasury Dealer.

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

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

If money sufficient to pay the Redemption Price of all of the Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the trustee or paying agent on or before the Redemption Date and certain other conditions are satisfied, then on and after such Redemption Date, interest will cease to accrue on the Securities or portions of the Securities called for redemption.

The Company may at any time, and from time to time, purchase the Securities at any price or prices in the open market or otherwise.

#### Additional Covenants

The Company will not create, assume, incur or guarantee, and will not permit any Restricted Subsidiary to create, assume, incur or guarantee, any Secured Indebtedness without making provision whereby this Security shall be secured equally and ratably with, or prior to, such Secured Indebtedness, together with, if the Company shall so determine, any other Indebtedness of the Company or any Restricted Subsidiary then existing or thereafter created that is not subordinate to this Security, so long as the Secured Indebtedness shall be outstanding, unless such Secured Indebtedness, when added to (a) the aggregate amount of all Secured Indebtedness then outstanding (not including in this computation Secured Indebtedness if this Security is secured equally and ratably with (or prior to) such Secured Indebtedness and further not including in this computation any Secured Indebtedness that is concurrently being retired) and (b) the aggregate amount of all Attributable Debt then outstanding pursuant to Sale and Leaseback Transactions entered into by the Company after January 26, 1999, or entered into by a Restricted Subsidiary after January 26, 1999 or, if later, the date on which it became a Restricted Subsidiary (not including in this computation any Attributable Debt that is concurrently being retired), would not exceed 10% of Consolidated Net Tangible Assets.



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The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless (a) the sum of (i) the Attributable Debt to be outstanding pursuant to such Sale and Leaseback Transaction, (ii) all Attributable Debt then outstanding pursuant to all other Sale and Leaseback Transactions entered into by the Company after January 26, 1999, or entered into by a Restricted Subsidiary after January 26, 1999 or, if later, the date on which it became a Restricted Subsidiary, and (iii) the aggregate of all Secured Indebtedness then outstanding (not including in this computation Secured Indebtedness if this Security is secured equally and ratably with (or prior to) such Secured Indebtedness) would not exceed 10% of Consolidated Net Tangible Assets, or (b) an amount equal to the greater of (i) the net proceeds to the Company or the Restricted Subsidiary of the sale of the Principal Property sold and leased back pursuant to such Sale and Leaseback Transaction and (ii) the amount of Attributable Debt to be outstanding pursuant to such Sale and Leaseback Transaction is applied to the retirement of Funded Debt of the Company or any Restricted Subsidiaries (other than Funded Debt that is subordinate to this Security or is owing to the Company or any Restricted Subsidiaries or is scheduled to mature within one year after consummation of such Sale and Leaseback Transaction) within 180 days after the consummation of such Sale and Leaseback Transaction.

Default in the performance, or breach, of either of the covenants set forth in the preceding two paragraphs will be an "Event of Default" under Section 5.01 of the Indenture, and the covenants set forth in the preceding two paragraphs will be subject to defeasance in accordance with Section 13.03 of the Indenture.

"Attributable Debt" means, as of the date of its determination, the present value (discounted semiannually at an interest rate of 7.0% per annum) of the obligation of a lessee for rental payments pursuant to any Sale and Leaseback Transaction (reduced by the amount of the rental obligations of any sublessee of all or part of the same property) during the remaining term of such Sale and Leaseback Transaction (including any period for which the lease relating thereto has been extended), such rental payments not to include amounts payable by the lessee for maintenance and repairs, insurance, taxes, assessments and similar charges and for contingent rents (such as those based on sales). In the case of any Sale and Leaseback Transaction in which the lease is terminable by the lessee upon the payment of a penalty, such rental payments shall be considered for purposes of this definition to be the lesser of the discounted values of (a) the rental payments to be paid under such Sale and Leaseback Transaction until the first date (after the date of such determination) upon which it may be so terminated plus the then applicable penalty upon such termination, and (b) the rental payments required to be paid during the remaining term of such Sale and Leaseback Transaction (assuming such termination provision is not exercised).

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

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“Consolidated Net Tangible Assets” means at any date, the total assets appearing on the Company’s most recently prepared consolidated balance sheet as of the end of the Company’s fiscal quarter, prepared in accordance with generally accepted accounting principles, less (a) all current liabilities as shown on such balance sheet and (b) Intangible Assets.

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

“Indebtedness” means (a) any liability of any Person (i) for borrowed money, or under any reimbursement obligation relating to a letter of credit, (ii) evidenced by a bond, note, debenture or similar instrument, including a purchase money obligation, given in connection with the acquisition of any businesses, properties or assets of any kind or with services incurred in connection with capital expenditures, other than a trade payable or a current liability arising in the ordinary course of business, or (iii) for the payment of money relating to a Capitalized Lease Obligation, or (iv) for Interest Rate Protection Obligations; (b) any liability of others described in the preceding clause (a) that the Person has guaranteed or that is otherwise its legal liability; and (c) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b) above.

“Intangible Assets” means at any date the value (net of any applicable reserves), as shown on or reflected in the Company’s most recently prepared consolidated balance sheet, prepared in accordance with generally accepted accounting principles, of: (a) all trade names, trademarks, licenses, patents, copyrights and goodwill; (b) organizational and development costs; (c) deferred charges (other than prepaid items such as insurance, taxes, interest, commissions, rents and similar items and tangible assets being amortized); and (d) unamortized debt discount and expense, less unamortized premium.

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

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

“Principal Property” means any land, land improvements, buildings and associated factory, distribution, laboratory and office equipment (excluding any motor vehicles, aircraft, mobile materials handling equipment, data processing equipment and rolling stock) constituting a distribution facility, operating facility, manufacturing facility, development facility, warehouse facility, service facility or office facility (including any portion thereof), which facility (a) is owned by or leased to the Company or any Restricted Subsidiary, (b) is located within the United States and (c) has an acquisition cost plus capitalized improvements in excess of 0.50% of Consolidated Net Tangible Assets as of the date of such determination, other than (i) any such

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facility, or portion thereof, which has been financed by obligations issued by or on behalf of a State, a Territory or a possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, the interest on which is excludable from gross income of the holders thereof (other than a "substantial user" of such facility or a "related Person" as those terms are used in Section 103 of the Internal Revenue Code of 1986, as amended (the "Code")) pursuant to the provisions of Section 103 of the Code (or any similar provision hereafter enacted) as in effect at the time of issuance of such obligations, (ii) any such facility that the Board of Directors may by Board Resolution declare is not of material importance to the Company and the Restricted Subsidiaries taken as a whole and (iii) any such facility, or portion thereof, owned or leased jointly or in common with one or more Persons other than the Company and any Subsidiary and in which the interest of the Company and all Subsidiaries does not exceed 50%.

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

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

"Sale and Leaseback Transaction" means any arrangement with any Person providing for the leasing by the Company or any Restricted Subsidiary of any Principal Property (whether such Principal Property is now owned or hereafter acquired) that has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person, other than (a) leases for a term, including renewals at the option of the lessee, of not more than three years; (b) leases between the Company and a Restricted Subsidiary or between Restricted Subsidiaries and (c) leases of Principal Property executed by the time of, or within 180 days after the latest of, the acquisition, the completion of construction or improvement (including any improvements on property that will result in such property becoming a Principal Property), or the commencement of commercial operation of such Principal Property.

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

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

(b) Indebtedness that is secured by (i) purchase money Liens upon Principal Property acquired after January 26, 1999, (ii) Liens placed on Principal Property after January 26, 1999, during construction or improvement thereof (including any improvements on property which will result in such property becoming Principal Property) or placed thereon within 180 days after the later of acquisition, completion of construction or improvement or the commencement of commercial operation of such Principal Property or improvement, or placed on Restricted Securities acquired after January 26, 1999 or (iii) conditional sale agreements or other title retention agreements with respect to any Principal Property or Restricted Securities acquired after January 26, 1999, if (in each case referred to in this subparagraph (b)) (x) such Lien or agreement secures all or any part of the Indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of construction of such Principal Property or improvement or Restricted Securities and (y) such Lien or agreement does not extend to any Principal Property or Restricted Securities other than the Principal Property so acquired or the Principal Property, or portion thereof, on which the property so constructed or such improvement is located; provided, however, that the amount by which the aggregate principal amount of Indebtedness secured by any such Lien or agreement exceeds the cost to the Company or such Restricted Subsidiary of the related acquisition, construction or improvement will be considered to be “Secured Indebtedness;”

(c) Indebtedness that is secured by Liens on Principal Property or Restricted Securities, which Liens exist at the time of acquisition (by any manner whatsoever) of such Principal Property or Restricted Securities by the Company or a Restricted Subsidiary;

(d) Indebtedness of Restricted Subsidiaries owing to the Company or any other Restricted Subsidiary and Indebtedness of the Company owing to any Restricted Subsidiary;

(e) In the case of any corporation that becomes (by any manner whatsoever) a Restricted Subsidiary after January 26, 1999, Indebtedness that is secured by Liens upon, or conditional sale agreements or other title retention agreements with respect to, its property that constitutes Principal Property or Restricted Securities, which Liens exist at the time such corporation becomes a Restricted Subsidiary;

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(f) Guarantees by the Company of Secured Indebtedness and Attributable Debt of any Restricted Subsidiaries and guarantees by a Restricted Subsidiary of Secured Indebtedness and Attributable Debt of the Company and any other Restricted Subsidiaries;

(g) Indebtedness arising from any Sale and Leaseback Transaction;

(h) Indebtedness secured by Liens on property of the Company or a Restricted Subsidiary in favor of the United States of America, any State, Territory or possession thereof, or the District of Columbia, or any department, agency or instrumentality or political subdivision of the United States of America or any State, Territory or possession thereof, or the District of Columbia, or in favor of any other country or any political subdivision thereof, if such Indebtedness was incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Lien; provided, however, that the amount by which the aggregate principal amount of Indebtedness secured by any Lien exceeds the cost to the Company or the Restricted Subsidiary of the related acquisition or construction will be considered to be "Secured Indebtedness";

(i) Indebtedness secured by Liens on aircraft, airframes or aircraft engines, aeronautic equipment or computers and electronic data processing equipment; and

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

In no event shall the foregoing provisions be interpreted to mean that the same Indebtedness is included more than once in the calculation of "Secured Indebtedness" as that term is used in this Security, nor shall their operation cause this result.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series 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 issued under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of

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the Securities at the time Outstanding of each series to be affected. 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 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 Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security 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 Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made a written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee indemnity satisfactory to the trustee, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment or delivery of the Maturity Consideration hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall affect or impair the obligation of the Company, which is absolute and unconditional, to pay the Maturity Consideration and interest on this Security at the times, place and rate, and in the manner, herein prescribed.

As provided in the Indenture and subject to certain limitations set forth therein and in this Security, the transfer of this Security is registrable in the Security Register upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the Maturity Consideration and interest on this Security are payable, 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 his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities will be issued only in registered form without coupons, in denominations of \$2,000 or integral multiples of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations set forth therein, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor in different authorized denomination, 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 transfer tax or similar governmental charge payable in connection therewith.

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Prior to due presentment of this Security 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 Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture contains provisions whereby (i) the Company may be discharged from its obligations with respect to the Securities (subject to certain exceptions) or (ii) the Company may be released from its obligation under specified covenants and agreements in the Indenture, in each case if the Company irrevocably deposits with the Trustee money or U.S. Government Obligations sufficient to pay and discharge the entire indebtedness on all Securities of this series, and satisfies certain other conditions, all as more fully provided in the Indenture.

This Security shall be governed by and construed in accordance with the laws of the State of New York without giving effect to principles of conflicts of laws of such state.

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

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This is one of the Securities of the series designated herein referred to in the Indenture.

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

By: \_\_\_\_\_  
Authorized Signatory



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[FORM OF TRANSFER NOTICE]

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 zip code of assignee)

the within Security and all rights thereunder, hereby irrevocably constituting and appointing  
power of substitution in the premises.

to transfer said Security on the books of the Company with full

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By:  
Date:

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SCHEDULE OF INCREASES OR DECREASES IN SECURITY

The following increases or decreases in this Security have been made:

| Date of<br>Exchange | Amount of decrease in<br>Principal Amount of this<br>Security | Amount of increase in<br>Principal Amount of this<br>Security | Principal Amount of this<br>Security following such<br>decrease or increase | Signature of authorized<br>officer of Trustee or<br>Securities Custodian |
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OPTION TO ELECT REPAYMENT

If you elect to have this Security purchased by the Company pursuant to the terms of the Security, check the box:

If you want to elect to have only part of this Security purchased by the Company pursuant to the terms of the Security, state the amount in principal amount (must be in denominations of \$2,000 or an integral multiple of \$1,000 in excess thereof): \$ \_\_\_\_\_ and specify the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Securities to be issued to the Holder for the portion of the Security not being repurchased (in the absence of any such specification, one such Security will be issued for the portion not being repurchased): \_\_\_\_\_ .

Date: \_\_\_\_\_ Your Signature \_\_\_\_\_  
(Sign exactly as your name appears on the other side of the Security)

Signature Guarantee: \_\_\_\_\_  
(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

Dated: October 24, 2016

**United Parcel Service, Inc.**

as Issuer

and

**The Bank of New York Mellon, London Branch**

as London Paying Agent

**PAYING AGENCY AGREEMENT**

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**THIS AGREEMENT** is made as of October 24, 2016 between United Parcel Service, Inc., a corporation organized under the laws of the State of Delaware (the “**Issuer**”), and The Bank of New York Mellon (London Branch) (sometimes referred to herein as “**BNYM**”), as London Paying Agent (the “**Paying Agent**”), located at One Canada Square, London E14 5AL.

WHEREAS, the Issuer proposes to issue Euro denominated 1.000% Senior Notes due 2028 in the form attached hereto as Annex A (the “**Notes**” and individually, a “**Note**”) in the aggregate principal amount of €500,000,000, on the date hereof, pursuant to the Indenture, dated as of August 26, 2003 (the “**Indenture**”), as supplemented from time to time, between the Issuer and The Bank of New York Mellon Trust Company, N.A. (as successor to Citibank, N.A.), a national banking association, as Trustee (the “**Trustee**”);

WHEREAS, solely with respect to the Notes, the Issuer wishes to appoint the Paying Agent, as set forth above, upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties hereto agree as follows:

**1 Definitions**

**1.1** All capitalized terms used herein, but not defined, shall have the meanings given to them in the Indenture.

**1.2** In addition, the following terms shall have the following meanings:

“**Business Day**” means each Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which (i) banking institutions in The City of New York or London are authorized or required by law or executive order to close and (ii) the Trans-European Automated Real-time Gross Settlement Express Transfer system, or the TARGET2 system, or any successor thereto, operates.

“**Clearstream**” means Clearstream Banking, société anonyme, Luxembourg (or any successor securities clearing agency).

“**Euroclear**” means Euroclear Bank S.A./N.V. (or any successor securities clearing agency), as operator of the Euroclear system.

“**Holder(s)**” means the person(s) in whose name(s) the Note(s) are registered in the Security Register.

References to the records of Euroclear and Clearstream shall be to the records that each of Euroclear and Clearstream holds for its customers which reflect the amount of such customers’ interests in the Notes.

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**2 Appointment of Paying Agent**

The Issuer hereby appoints The Bank of New York Mellon (London Branch) at its office specified above as the paying agent in respect of the Notes, upon the terms and conditions herein contained, and The Bank of New York Mellon (London Branch) accepts such appointment. In the event of any inconsistency between the Indenture and this Agreement with respect to the Paying Agent, the terms of this Agreement shall prevail.

**3 Payment**

- 3.1** In order to provide for all payments due on the Notes as the same shall become due, the Issuer shall cause to be paid to the Paying Agent, no later than 4:00 p.m. London time one Business Day prior to the due date for the payment of the Notes, at such bank as the Paying Agent shall previously have notified to the Issuer, immediately available funds sufficient to meet all payments due on the Notes on such due date.
- 3.2** The Issuer hereby authorizes and directs the Paying Agent, from the amounts paid to it pursuant to this Section 3, to make or cause to be made all payments on the Notes in accordance with the terms thereof and the terms of the Indenture. Such payments shall be made to the Holder or Holders of the Notes in accordance with the terms of the Notes and the Indenture, the provisions contained in this Agreement, and the procedures of Euroclear and Clearstream. All interest payments in respect of the Notes will be made by the Paying Agent on the interest payment dates (as set forth in the Notes) to the Holders in whose names the of Notes are registered at the close of business (New York) on the record date specified in the Notes next preceding the interest payment date or such other date as is provided in the Notes. So long as the Notes are represented by a single global certificate and registered in the name of Euroclear and Clearstream or its nominee, all interest payments on the Notes shall be made by the Paying Agent by wire transfer of immediately available funds in Euros to Euroclear and Clearstream.
- 3.3** The Paying Agent will pay the principal amount of the Notes on the maturity date or upon any redemption date with respect thereto, together with accrued and unpaid interest due at maturity or such redemption date, if any, upon presentation and surrender of the Notes on or after the maturity date or redemption date thereof to the Paying Agent, or as specified in the Notes.
- 3.4** If for any reason the amounts received by the Paying Agent are insufficient to satisfy all claims in respect of all payments then due on the Notes, the Paying Agent shall forthwith notify the Issuer, and the Paying Agent shall not be obliged to pay any such claims until the Paying Agent has received the full amount of the monies then due and payable in respect of the Notes. If, however, the Paying Agent in its sole discretion shall make payment on the Notes on their maturity, redemption, payments of interest or such other payments when otherwise due (it being understood that the Paying Agent shall have no obligation whatsoever to make any such payment) and the amount which

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should have been received is not received on such date, the Issuer agrees forthwith on demand to pay, or procure the payment of, to the Paying Agent, in addition to the amount which should have been paid hereunder, interest thereon from the day following the date when the amount unpaid should have been received under this Agreement to the date when such amount is actually received (inclusive) at a rate equal to the cost of the Paying Agent of funding such amount, as certified by the Paying Agent and expressed as a rate per annum.

**3.5** The Paying Agent hereby agrees that:

- (i) it will hold all sums held by it as Paying Agent for the payment of the principal or interest, if any, on the Notes in trust for the benefit of the Holders of the Notes, or for the benefit of the Trustee, as the case may be, until such sums shall be paid out to such Holders or otherwise as provided in Section 3.6 below and in the Indenture;
- (ii) it will promptly give the Trustee notice of: (x) an Issuer deposit for the payment of principal of or interest, if any, on the Notes, (y) any failure by the Issuer in the making of any deposit for the payment of principal of or interest, if any, on the Notes that shall have become payable, and (z) any default by the Issuer in making any payment of the principal of or interest, if any, on the Notes where the same shall be due and payable as provided in the Notes;
- (iii) At any time after an Event of Default in respect of the Notes shall have occurred, the Paying Agent shall, if so required by notice in writing given by the Trustee to the Paying Agent: (y) thereafter, until otherwise instructed by the Trustee, act as agent of the Trustee under the terms of the Indenture; and/or (z) deliver the Notes and all sums, documents and records held by the Paying Agent in respect of the Notes to the Trustee or as the Trustee shall direct in such notice; provided that such notice shall be deemed not to apply to any document or record which the Paying Agent is obliged not to release by any applicable law or regulation.
- (iv) Subject to Section 10.03 of the Indenture, the Paying Agent will (1) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (2) during the continuance of any default by the Issuer (or any other obligor upon the Notes) in the making of any payment in respect of the Notes, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by the Paying Agent for payment in respect of such Notes.
- (v) This Agreement may be delivered to and filed with the Trustee and the agreements in this Section 3.5 shall also be deemed to be agreed with the Trustee.

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**3.6** Notwithstanding the foregoing,

- (i) if any Note is presented or surrendered for payment to the Paying Agent and the Paying Agent has delivered a replacement therefor or has been notified that the same has been replaced, the Paying Agent shall as soon as is reasonably practicable notify the Issuer in writing of such presentation or surrender and shall not make payment against the same until it is so instructed by the Issuer and has received the amount to be so paid; and
- (ii) the Paying Agent shall cancel the Note against surrender of which it has made full payment and shall deliver the Note so cancelled by it to the Trustee.

**3.7** In no event, shall the Paying Agent be obliged to make any payments hereunder if it has not received the full amount of any payment.

**3.8** The Notes may be presented or surrendered for registration of transfer or exchange at the London office of the Paying Agent (which shall initially be the office specified in the introductory paragraph of this Agreement), and notices and demands to or upon the Issuer in respect to the Notes and the Indenture may be served at such London office of the Paying Agent. Upon receipt of the Notes, notice or demand for such purposes, the Paying Agent shall promptly notify the Issuer and the Trustee and shall not be required to take any action other than in accordance with the instructions of the Issuer or the Trustee, as the case may be.

#### **4 Indemnity**

**4.1** The Issuer shall indemnify and keep indemnified the Paying Agent against any losses, liabilities, costs, claims, actions or demands which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement or in respect of the Issuer's issue of Notes, except to the extent that such has resulted from the Paying Agent's gross negligence, bad faith or wilful misconduct or the gross negligence, bad faith or wilful misconduct of its officers or employees. Promptly after the receipt by the Paying Agent of notice of any demand or claim or the commencement of any action, suit, proceeding or investigation, the Paying Agent shall provide such notice to the Issuer; provided, however, that the Paying Agent's failure to provide such notice shall not relieve the Issuer of its obligation to indemnify and keep indemnified the Paying Agent pursuant to this Section 4.1.

**4.2** The indemnity contained in this Section shall survive the termination or expiry of this Agreement and the resignation or removal of the Paying Agent.

#### **5 General**

**5.1** In acting under this Agreement, the Paying Agent shall not (a) be under any fiduciary duty towards any Holder of Notes, (b) be responsible for or liable in respect of the authorization, validity or legality of any Note amount paid by it hereunder (except to



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the extent that any such liability is determined by a court of competent jurisdiction to have been resulted from the Paying Agent's gross negligence, bad faith or wilful misconduct), (c) be under any obligation towards any person other than the Trustee and Issuer or (d) assume any relationship of agency or trust for or with any Holder.

- 5.2** The Paying Agent shall be entitled to treat the registered Holder of any Note as the absolute owner of such Note for all purposes and make payments thereon accordingly.
- 5.3** The Paying Agent may exercise any of its rights or duties hereunder by or through agents or attorneys, and shall not be responsible for any misconduct thereof, provided such agent or attorney has been appointed by due care and each such agent making any payment on the Notes is a United States person (as defined in Section 7701(a)(30) of the Code) that is a "financial institution" within the meaning of Treasury Regulation Section 1.1441-1T(c)(5) and a U.S. financial institution within the meaning of Treasury Regulation Section 1.1471-1(b)(136).
- 5.4** The Paying Agent shall not exercise any lien, right of set-off or similar claim against any Holder of a Note in respect of moneys payable by it under this Agreement; however, should the Paying Agent elect to make a payment pursuant to Section 3.4 hereof, it shall be entitled to appropriate for its own account out of the funds received by it under Section 3 an amount equal to the amount so paid by it.
- 5.5** The Paying Agent may (at the expense of the Issuer) consult on any matter concerning its duties hereunder any legal adviser or other expert selected by it, and the Paying Agent shall not be liable in respect of anything done, or omitted to be done, in good faith in accordance with that legal adviser's written opinion. At any time, the Paying Agent may apply to any duly authorized representative of the Issuer for a written instruction, and shall not be liable for action taken or omitted to be taken in good faith in accordance with such instruction. Notwithstanding anything to the contrary herein, in no event shall the Paying Agent be entitled to reimbursement of the expenses of such legal adviser or expert with respect to any matter arising from the Paying Agent's gross negligence, bad faith or wilful misconduct. The Paying Agent shall notify the Issuer with reasonable promptness of any action taken or omitted by the Paying Agent in reliance upon such advice.
- 5.6** The Paying Agent shall be entitled to rely, and shall not be liable in respect of anything done or suffered by it in reliance, on any notice, document, communication or information reasonably believed in good faith by it to be genuine and given by the proper parties.
- 5.7** The Paying Agent shall be obliged to perform only such duties as are specifically set forth herein and in the Notes, and no implied duties or obligations shall be read into this Agreement or the Notes against the Paying Agent.
- 5.8** The Paying Agent shall not be liable to account to the Issuer for any interest or other amounts in respect of funds received by it from the Issuer. Money held by the Paying Agent need not be segregated except as required by law.

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- 5.9** No provision of this Agreement or the Notes shall require the Paying Agent to risk or expend its own funds, or to take any action which in its reasonable judgment would result in any expense or liability accruing to it.
- 5.10** In no event will the Paying Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God; it being understood that the Paying Agent will use commercially reasonable best efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.
- 5.11** The Paying Agent shall have no duty to inquire as to the performance of the covenants of the Issuer, nor shall it be charged with knowledge of any default or Event of Default under the Indenture.
- 5.12** Notwithstanding any provision of this Agreement to the contrary, the Paying Agent will not in any event be liable for special, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), whether or not foreseeable, even if the Paying Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.
- 5.13** The Paying Agent shall incur no liability hereunder except to the extent such liability has resulted from the Paying Agent's gross negligence, bad faith or wilful misconduct.
- 5.14** Notwithstanding any other provision of this Agreement, the Paying Agent shall be entitled to make a deduction or withholding from any payment which it makes under this Agreement for or on account of any present or future taxes, duties or charges if and to the extent so required by any applicable law and any current or future regulations or official interpretations thereof or any law implementing an intergovernmental approach thereto or by virtue of the relevant holder failing to satisfy any certification or other requirements in respect of the Notes, in which event the Paying Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so withheld or deducted and shall have no obligation to gross up any payment hereunder or pay any additional amount as a result of such withholding tax except as provided in the Indenture and provided the amount of the gross up is paid by the Issuer to the Paying Agent prior to such payment. The terms of this section shall survive the termination of this Agreement.
- 5.15** [Reserved.]
- 5.16** The Paying Agent, its officers, directors, employees and shareholders may become the owners of, or acquire any interest in, the Notes, with the same rights that it or they would have if it were not the Paying Agent, and may engage or be interested in any financial or other transaction with the Issuer as freely as if it were not the Paying Agent.
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5.17 [Reserved].

5.18 The Paying Agent shall retain the right not to act and shall not be held liable for refusing to act unless it has received clear and reasonable documentation which complies with the terms of this Agreement.

5.19 The Issuer will supply the Paying Agent with the names and specimen signatures of its authorized persons.

## 6 Change of Paying Agent

6.1 Resignation or Removal of Paying Agent. Subject to Section 6.2, any time, other than on a day during the forty-five (45) day period preceding any payment date for Issuer's Notes, the Paying Agent may resign by giving at least forty-five (45) days' prior written notice to Issuer; and the Paying Agent's agency shall be terminated and its duties shall cease upon expiration of such forty-five (45) days or such lesser period of time as shall be mutually agreeable to Paying Agent and Issuer. Subject to Section 6.2, at any time, following at least forty-five (45) days' prior written notice (or such lesser period of time as shall be mutually agreeable to the Paying Agent and the Issuer) from the Issuer, the Paying Agent may be removed from its agency. Subject to Section 6.2, such removal shall become effective upon the expiration of the forty-five (45) day or agreed lesser time period, and upon payment to the Paying Agent of all amounts payable to it in connection with its agency. In such event, following payment of its fees and expenses, the Paying Agent shall deliver to the Issuer, or to the Issuer's designated representative, all Notes (if any) and cash (if any) belonging to the Issuer and, at the Issuer's expense, shall furnish to the Issuer, or to the Issuer's designated representative, such information regarding the status of the Issuer's outstanding Notes reasonably requested by the Issuer.

6.2 (a) Notwithstanding anything to the country in Section 6.2 and subject to Section 6.2(b), no resignation or removal of the Paying Agent shall take effect if there would not then be a paying agent with respect to the Notes in London and a paying agent in London is required under the Indenture or the Notes. If a successor paying agent in London is required under the Indenture or the Notes but shall not have been appointed and accepted before the expiration of 45-day period (or other period of time mutually agreed by the Issuer and the Paying Agent) set forth in Section 6.1, the resigning or terminated Paying Agent may petition any court of competent jurisdiction for the appointment of a successor London paying agent with respect to the Notes.

(b) Automatic Termination: Notwithstanding anything to the country in Sections 6.1 and 6.2(a), the appointment of the Paying Agent shall forthwith terminate if the Paying Agent becomes incapable of acting, is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes an assignment for the benefit of its creditors, consents to the appointment of a receiver, administrator or other similar official of all

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or a substantial part of its property or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the winding-up or dissolution of the Paying Agent, a receiver, administrator or other similar official of the Paying Agent or all or a substantial part of its property is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the Paying Agent or its property or affairs for the purpose of rehabilitation, conservation or liquidation.

- 6.3** Any corporation into which a Paying Agent may be merged or consolidated or any corporation resulting from any merger or consolidation to which such Paying Agent is a party or any corporation to which such Paying Agent shall sell or otherwise transfer all or substantially all of its corporate trust or agency assets shall on the date on which such merger, consolidation or transfer becomes effective, become the successor to such Paying Agent under this Agreement upon due notice to the Issuer hereunder without the further execution or filing of any paper or any further act on the part of the parties hereto; provided that such corporation provides the information required by Section 10.2 of this Agreement.
- 6.4** If the Paying Agent changes the address of its specified office in London, it shall give the Issuer and the Trustee at least 60 days' notice of the change, giving the new address and the date on which the change is to take effect.

**7 Compensation, Fees and Expenses**

- 7.1** The Issuer will pay to the Paying Agent the compensation, fees and expenses in respect of the Paying Agent's services as separately agreed with the Paying Agent.
- 7.2** The Issuer will also pay as incurred all reasonable and documented out-of-pocket expenses (including reasonable and documented legal expenses) incurred by the Paying Agent in connection with its services hereunder, together with any applicable value added tax and stamp, issue, or other documentary taxes and duties.

**8 Notices**

- 8.1** Each notice or communication under this Agreement shall be made in writing, by fax or otherwise in accordance with this Section 8. Each communication or document to be delivered to any party under this Agreement shall be sent to that party at the fax number or address, and marked for the attention of the person (if any), from time to time designated by that party to the Paying Agent (or, in the case of the Paying Agent, by it to each other party) for the purpose of this Agreement. The initial telephone number, fax number, address and person so designated are:

in the case of the Issuer, at:

United Parcel Service, Inc.  
55 Glenlake Parkway, N.E.  
Atlanta, GA 30328  
Attn: Legal Department  
Fax no.:

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With copies to:

King & Spalding LLP  
1180 Peachtree Street, N.E.  
Atlanta, GA 30309  
Attn: Jeffrey M. Stein  
Fax no.: 404-572-5133

in the case of the Paying Agent, to it at:

The Bank of New York Mellon (London Branch)  
One Canada Square, London E14 5AL  
Attention: Corporate Trust Administration  
Fax no:

All notices under this Agreement shall be effective (if by fax) when good receipt is confirmed by the recipient following enquiry by the sender and (if in writing) when delivered, except that a communication received outside normal business hours shall be deemed to be received on the next business day in the city in which the recipient is located.

- 8.2** In no event, shall the Paying Agent be liable for any losses arising from the Paying Agent receiving or transmitting any data from or to an authorized person via any non-secure method of transmission or communication, such as but without limitation, by facsimile or email, in the absence of fraud, gross negligence or wilful misconduct of the Paying Agent. The Issuer accepts that some methods of communication are not secure and the Paying Agent shall not incur any liability for receiving instructions via any such non-secure method. The Paying Agent is authorized to comply with and rely upon any such notice, instruction or other communications believed by it to have been sent or given by an authorized person. The Issuer shall use all reasonable endeavours to ensure that instructions transmitted to the Paying Agent pursuant to this Agreement are complete and correct. Any instructions shall be conclusively deemed to be valid instructions from the Issuer to the Paying Agent for the purposes of this Agreement.

**9 Governing Law and Jurisdiction; Waiver of Jury Trial**

- 9.1** The interpretation, validity and enforcement of this Agreement, and all legal actions brought under or in connection with the subject matter of this Agreement, shall be governed by the laws of the State of New York.

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- 9.2 Any court action brought under or in connection with the subject matter of this Agreement shall be brought only in the United States District Court for the Southern District of New York or, if such court would not have jurisdiction over the matter, then only in a New York State court sitting in the Borough of Manhattan, City of New York. Each Party submits to the exclusive jurisdiction of these courts and agrees not to commence any legal action under or in connection with the subject matter of this Agreement in any other court or forum.
- 9.3 Each Party waives any objection to the laying of the venue of any legal action brought under or in connection with the subject matter of this Agreement in the Federal or state courts sitting in the Borough of Manhattan, City of New York, and agrees not to plead or claim in such courts that any such action has been brought in an inconvenient forum.
- 9.4 THE ISSUER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY.

**10 Withholding and Tax Forms.**

- 10.1 In order to comply with applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) in effect from time to time to which a foreign financial institution, issuer, trustee, paying agent, holder or other institution is or has agreed to be subject related to the Notes (“**Applicable Law**”), the Issuer agrees: (i) to provide to BNYM sufficient information about Holders or other applicable parties and/or transactions in its possession (including any modification to the terms of such transactions), so BNYM can determine whether it has tax related obligations under Applicable Law; and (ii) that BNYM shall be entitled to make any withholding or deduction from payments under the transaction documents to the extent required to comply with Applicable Law. The terms of this section shall survive the termination of this Agreement.
- 10.2 The Paying Agent shall deliver to the Issuer a properly completed and executed original (or electronic copy) of IRS Form W-9 (or appropriate successor form) upon entering into this agreement (and from time to time thereafter upon reasonable request of the Issuer). The Paying Agent agrees that if any form or certification that it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification promptly or promptly notify the Issuer in writing of its legal inability to do so.

**11 Counterparts**

This Agreement may be signed in any number of counterparts, each of which shall be deemed an original.

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In witness whereof the parties hereto have caused this Agreement to be duly executed the day and year first above written.

**United Parcel Service, Inc., as Issuer**

By: \_\_\_\_\_  
Name:  
Title:

**Paying Agent**

The Bank of New York Mellon (London Branch)

By: \_\_\_\_\_  
Name:  
Title:

*[Signature to Paying Agency Agreement]*





October 24, 2015

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

Re: United Parcel Service, Inc. Senior Notes

Ladies and Gentlemen:

We have acted as counsel for United Parcel Service, Inc., a Delaware corporation (the "Company"), in connection with the offering by the Company of €500,000,000 aggregate principal amount of the Company's 1.000% Senior Notes due 2028 (the "2028 Notes"), \$500,000,000 aggregate principal amount of the Company's 2.400% Senior Notes due 2026 (the "2026 Notes") and \$500,000,000 aggregate principal amount of the Company's 3.400% Senior Notes due 2046 (the "2046 Notes" and, collectively with the 2028 Notes and the 2026 Notes, the "Notes"). The Notes will be issued pursuant to a Registration Statement on Form S-3 (Registration Statement No. 333-214056) (the "Registration Statement"), filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), the related prospectus dated October 11, 2016 (the "Base Prospectus"), and, in the case of the 2028 Notes, a Prospectus Supplement relating to the 2028 Notes, dated October 19, 2016 (the "Euro Prospectus Supplement" and collectively with the Base Prospectus, the "Euro Prospectus"), and, in the case of the 2026 Notes and the 2046 Notes, a Prospectus Supplement relating to the 2026 Notes and the 2046 Notes, dated October 19, 2016 (the "U.S. Prospectus Supplement" and collectively with the Base Prospectus, the "U.S. Prospectus"), in each case, filed with the Commission pursuant to Rule 424(b) of the rules and regulations promulgated under the Act. This opinion is being provided at your request for incorporation by reference into the Registration Statement.

In connection with this opinion, 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. We have relied, as to the matters set forth therein, on certificates of public officials. As to certain matters of fact material to this opinion, we have relied, without independent verification, upon certificates of certain officers of the Company.

We have assumed that the Indenture dated as of August 26, 2003 (as supplemented, the “Indenture”), between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (as successor to Citigroup, N.A.) (the “Trustee”), is enforceable against the Trustee in accordance with its terms.

The opinions expressed herein are limited in all respects to the federal laws of the United States of America and the corporate law of the State of Delaware (which includes the Delaware General Corporation Law, applicable provisions of the Delaware Constitution and reported judicial interpretations concerning those laws), and no opinion is expressed with respect to the laws of any other jurisdiction or any effect which 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, upon issuance and sale thereof as described in the Euro Prospectus and the U.S. Prospectus, as applicable, and, when executed and delivered by the Company and authenticated by the Trustee under the Indenture and delivered and paid for by the purchasers thereof, will be validly issued and will constitute valid and binding obligations of the Company enforceable against the Company in accordance with their terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the rights and remedies of creditors generally and to the effect of general principles of equity.

This opinion is given as of the date hereof, and we assume no obligation to advise you after the date hereof of facts or circumstances that come to our attention or changes in law that occur which could affect the opinions contained herein. This opinion is being rendered solely for the benefit of the Company in connection with the matters addressed herein.

We hereby consent to the filing of this opinion as an Exhibit to the Current Report on Form 8-K that you will file on October 24, 2016 and to the reference to us under the caption “Legal Opinions” in the Euro Prospectus Supplement and the U.S. Prospectus Supplement.

/s/ King & Spalding LLP