

UNITED PARCEL SERVICE INC

Form 8-K

April 18, 2008

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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): April 17, 2008**

**United Parcel Service, Inc.
(Exact name of registrant as specified in its charter)**

**Delaware
(State or other jurisdiction
of incorporation)**

**001-15451
(Commission File Number)**

**58-2480149
(IRS Employer
Identification No.)**

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

**30328
(Zip Code)**

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

Not Applicable

(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

The information included pursuant to Item 2.03 is incorporated under this Item 1.01.

Item 1.02. Termination of a Material Definitive Agreement.

As of April 17, 2008, in connection with our entry into the new credit facility described in Item 2.03 hereof, United Parcel Service, Inc. (we , us or our) terminated two existing credit facilities: (1) the \$1.0 billion 364-day revolving credit facility, dated as of April 19, 2007, with the banks, financial institutions and other institutional lenders signatory thereto, and Citibank, N.A as administrative agent (which credit facility was scheduled to expire, unless renewed or converted to a term loan, on April 17, 2008); and (2) the \$7.0 billion 364-day revolving credit facility, dated as of October 19, 2007, with the banks, financial institutions, and other institutional lenders signatory thereto, and Citibank, N.A., as administrative agent (which credit facility was scheduled to expire on October 17, 2008).

Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

On April 17, 2008, we entered into a new \$4.5 billion 364-day revolving credit facility (the 364-Day Facility) with a syndicate of commercial banks, including Citibank, N.A. as administrative agent (Citibank or the Agent). The material terms and conditions of the 364-Day Facility are as set forth below.

Generally, amounts outstanding under the 364-Day Facility as U.S. Dollar advances bear interest either at a periodic fixed rate of interest equal to LIBOR for U.S. Dollar deposits for the applicable interest period of one, two, three, six or, subject to availability from the lenders, nine or twelve months, plus a margin equal to 0.13%, or at a fluctuating rate of interest equal to Citibank, N.A. s publicly announced base rate, in each case as selected by us. Amounts outstanding under the 364-Day Facility as non-U.S. Dollar advances bear interest at a periodic fixed rate of interest equal to LIBOR for deposits in the applicable currency for the selected interest period, plus a margin equal to 0.13%. We are also able to request advances under the 364-Day Facility based on competitive bids for the applicable interest rate as set forth below. Interest on advances based on LIBOR is payable at the end of each applicable interest period and, if such interest period is longer than three months, at the end of each three-month period occurring during such interest period. Interest on advances based on the base rate is payable quarterly in arrears.

We may request the Agent to solicit competitive bids from the lenders under the 364-Day Facility for advances with requested maturities of at least seven days. Each of the lenders may bid at its discretion. We may accept one or more of such bids, provided that the aggregate outstanding advances on the date of, and after giving effect to, the competitive bid advance do not exceed the aggregate commitments of all lenders under the 364-Day Facility. Each such competitive bid advance must be at least \$25 million (or the approximate equivalent in any non-U.S. currency for non-U.S. Dollar advances) and may be increased in multiples of \$1.0 million (or the approximate equivalent in any non-U.S. currency for non-U.S. Dollar advances). While any such borrowing is outstanding, it will be deemed a usage of the 364-Day Facility with regard to availability thereunder.

The 364-Day Facility will mature and all amounts outstanding thereunder will be due and payable on April 18, 2009, provided, however, that we may request renewal of the facility for an additional 364-day period or convert all amounts outstanding thereunder into a term loan for a period up to one year which would mature not later than April 18, 2010. Should we exercise our option to convert advances under the 364-Day Facility into such a term loan, the amounts outstanding as such term loan would bear interest based on the applicable LIBOR or base rate as described above, except that the margin applicable to advances bearing interest based on LIBOR would increase from 0.13% to 0.25%. We are required to pay certain fees in connection with the 364-Day Facility. For example, we must pay an annual facility fee quarterly in arrears equal to 0.02% of the aggregate \$4.5 billion commitment of the lenders under the 364-Day Facility. Generally, however, we may reduce the aggregate commitment of

such lenders by terminating any unused amounts under the 364-Day Facility on three business days notice. Such reductions must be at least \$25 million and are subject to certain restrictions. We may also be required to pay certain fees to the Agent, as we and the Agent may agree on from time-to-time, such as an annual administration fee and additional administrative fees in connection with competitive bid advances.

The 364-Day Facility contains customary covenants regarding the preservation and maintenance of our corporate existence, material compliance with laws, payment of taxes, and maintenance of insurance and of our properties. The 364-Day Facility also generally restricts us and our subsidiaries from incurring any secured indebtedness without making provision for indebtedness under the Credit Facility to be secured equally and ratably with such secured indebtedness, to the extent all such secured indebtedness would exceed an amount equal to 10% of our consolidated net tangible assets, and from entering into certain sale-leaseback transactions. Further, the 364-Day Facility restricts us from transferring all or substantially all of our assets to a third party, and from merging or consolidating with a third party where we are not the surviving corporation in such transaction. The 364-Day Facility includes customary events of default, including, but not limited to, the failure to pay any interest, principal or fees when due, the failure to perform any covenant or agreement, materially inaccurate or false representations or warranties, insolvency or bankruptcy, change of control, the occurrence of certain ERISA events, and judgment defaults.

We plan to use the proceeds from the 364-Day Facility for general corporate purposes, including commercial paper backstop.

Signatures

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

UNITED PARCEL SERVICE, INC.

Date: April 18, 2008

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