PROSPECTUS

$700,000,000

United Parcel Service of America, Inc.

8⅜% Debentures Due April 1, 2020

Interest on the Debentures is payable semi-annually on April 1 and October 1, commencing April 1, 1990. The Debentures are not subject to redemption prior to maturity and are not subject to any sinking fund. See "Description of the Debentures."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public(1)	Underwriting Discount(2)	Proceeds to Company(1)(3)
Per Debenture	99%	.875%	98.125%
Total	$693,000,000	$6,125,000	$686,875,000

(1) Plus accrued interest, if any, from December 20, 1989.

(2) The Company has agreed to indemnify the Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933.

(3) Before deducting expenses payable by the Company estimated at $490,000.

The Debentures are offered by the Underwriters, subject to prior sale, when, as and if delivered to and accepted by the Underwriters, and subject to approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the Debentures will be made in New York, New York on or about December 20, 1989.

Merrill Lynch Capital Markets

The First Boston Corporation

Salomon Brothers Inc

The date of this Prospectus is December 13, 1989.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE DEBENTURES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Company may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the Commission's regional offices located at 75 Park Place, Room 1228, New York, New York 10007, and at the John C. Kluczynski Building, 230 South Dearborn Street, Chicago, Illinois 60604. Copies of such material may be obtained from the Public Reference Section of the Commission, Washington, D.C. 20549, at prescribed rates.

INFORMATION INCORPORATED BY REFERENCE

The Annual Report of the Company on Form 10-K for the year ended December 31, 1988, and the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1989, June 30, 1989, and September 30, 1989 (as amended by a Report on Form 8 dated December 7, 1989) are incorporated herein by reference. All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date hereof and prior to the termination of the offering of the Debentures offered hereby shall be deemed to be incorporated herein by reference.

The Company will furnish without charge to each person to whom this Prospectus is delivered, upon the written or oral request of such person, a copy of any or all the documents described above, other than exhibits to such documents. Requests should be addressed to: Secretary, United Parcel Service of America, Inc., Greenwich Office Park 5, Greenwich, Connecticut 06831; telephone (203) 862-6154.

THE COMPANY

United Parcel Service of America, Inc. is a holding and management company, the principal subsidiaries of which provide transportation services primarily through the delivery of small packages. Service is offered to and from every address in the United States and Western Europe and many addresses in Canada. Service is also provided to locations in the Soviet Union and in certain countries in Eastern Europe, Asia (including the People's Republic of China), the Middle East, Africa and Central and South America (including the Caribbean). The Company is the largest transportation company in the United States in terms of revenue. During 1988, the Company delivered approximately 2.7 billion packages. The Company currently has over 1.0 million customer locations at which it provides automatic daily pickup services. When used herein, the term "Company" refers to United Parcel Service of America, Inc. and its subsidiaries.

The executive offices of the Company are at Greenwich Office Park 5, Greenwich, Connecticut 06831, and the telephone number is (203) 862-6000.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the Debentures offered hereby, estimated at $686,385,000, will be added to the Company's general funds and will be used as working capital and to finance expansion of the Company's operations including acquisition of additional facilities and transportation assets.

CAPITALIZATION

The consolidated capitalization of the Company at September 30, 1989, and as adjusted to give effect to the issuance of the Debentures offered hereby, is as follows:

	September 30, 1989	
	Outstanding	As Adjusted
	(Unaudited) (Dollars in millions)	
Long-Term Debt:		
Industrial Development Bonds due December 1, 2015	$ 100	$ 100
Other	65	65
Debentures offered hereby	—	700
Total Long-Term Debt	165	865
Shareowners' Equity	3,521	3,521
Total Capitalization	$3,686	$4,386

With minor exceptions, all of the Company's common stock is owned by or held for the benefit of managers and supervisors actively employed by the Company, or their families, or by former employees, their estates or heirs, or by charitable foundations established by company founders and their family members. The Company's common stock is not traded on a national securities exchange or in the organized over-the-counter market. To date, the Company has been the principal purchaser of its common stock through the exercise of various contractual purchase rights held by it, and a right of first refusal contained in the Company's Certificate of Incorporation. Shares purchased by the Company are held for distribution to its managers and supervisors pursuant to employee stock incentive plans. During the nine month period ended September 30, 1989, the Company purchased 2.9 million shares of its common stock for an aggregate purchase price of $162.2 million.

SELECTED FINANCIAL AND OPERATING INFORMATION

Financial Information

The following summary financial information was derived from and is qualified by reference to the financial statements and other information and data contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1988 and its Quarterly Report on Form 10-Q for the quarter ended September 30, 1989. The data at and for the years ended December 31, are derived from the financial statements for such periods which have been audited by Touche Ross & Co., independent certified public accountants. The data at and for the nine months ended September 30 are unaudited; however in the opinion of the management of the Company, all adjustments (consisting only of normal recurring accruals) necessary for a fair statement of the results of operations have been included. Interim results may not necessarily be representative of the full year results of operations. See "Information Incorporated by Reference."

	Nine Months Ended September 30,		Year Ended December 31,				
	1989	1988	1988	1987	1986	1985	1984
	(Unaudited)		(Dollars in millions)				
Income statement data:							
Revenue	$8,970	$7,970	$11,032	$9,682	$8,620	$7,687	$6,833
Operating expense	(8,139)	(7,228)	(9,986)	(8,736)	(7,462)	(6,702)	(6,104)
Operating profit	831	742	1,046	946	1,158	985	729
Other income (expense)	(14)	18	11	42	(11)	48	90
Income before Federal income taxes	817	760	1,057	988	1,147	1,033	819
Federal income taxes	(318)	(227)	(298)	(363)	(478)	(465)	(342)
Net income	$ 499	$ 533	$ 759	$ 784(1)	$ 669	$ 568	$ 477
Ratio of earnings to fixed charges(2)	15.0	21.4	20.7	31.2	38.2	44.1	34.8

	September 30,		December 31,				
	1989	1988	1988	1987	1986	1985	1984
	(Unaudited)		(In millions)				
Balance sheet data(3):							
Current assets	$1,362	$1,736	$1,467	$1,609	$1,297	$1,200	$1,020
Long-term investments	428	364	422	365	610	414	367
Construction funds in escrow	10	40	23	85	97	123	159
Property, plant and equipment, net	5,237	4,445	4,792	3,772	2,894	2,454	1,742
Total assets	7,037	6,585	6,704	5,831	4,898	4,191	3,288
Current liabilities	1,681	1,645	1,886	1,387	1,265	1,190	956
Long-term debt	165	145	140	146	139	176	173
Deferred credits	1,670	1,385	1,497	1,270	1,024	799	519
Shareowners' equity	3,521	3,410	3,181	3,028	2,470	2,026	1,640

(1) Includes $159 million in after-tax income from the cumulative effect of the adoption of Statement of Financial Accounting Standards No. 96 "Accounting for Income Taxes."

(2) The ratio of earnings to fixed charges has been computed by dividing pre-tax income from continuing operations plus fixed charges by fixed charges. Fixed charges consist of interest expense and a portion of rental expense deemed representative of interest.

(3) Certain reclassifications have been made to the balance sheet data to conform with the presentation in the current period.

Operating Information

The following information was derived from management reports prepared by the Company. Information is given as of the dates indicated except delivery volume, which is for the nine months ended September 30 and the years ended on December 31, as indicated.

	September 30,		December 31,				
	1989	1988	1988	1987	1986	1985	1984
Operating data:							
Delivery volume (in millions of packages)	2,003	1,921	2,685	2,492	2,261	2,061	1,956
Customers (locations receiving automatic daily pickup calls)	999,000	925,000	933,000	872,000	804,000	740,000	669,000
Vehicles	112,400	101,200	103,700	94,700	85,500	80,300	72,400
Aircraft:							
Owned	101	96	97	81	69	79	56
Leased	246	216	225	220	200	182	100

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operations

Nine Months Ended September 30, 1989 and September 30, 1988

Revenue for the nine months ended September 30, 1989 increased by $1.0 billion, or 12.5%, compared to the corresponding period of 1988 primarily due to a 5.5% increase in delivery volume and a 4.9% increase in domestic ground service rates and a 5.0% increase in Next Day Air package rates effective February 6, 1989.

Operating expense for the nine month period increased by $911.0 million, or 12.6%, as compared to the corresponding period of 1988. This increase was primarily due to the increase in delivery volume, a 5.3% increase in average wages, bonuses and employee benefits, increased prices of materials and services purchased (including a 7.5% average per gallon increase in fuel costs) and increased air transportation and other expenses associated with expansion of the Company's international services. The Company expects to continue this expansion in 1990 and believes that expenses of international services will continue to exceed revenues from these activities.

Other income and expenses changed to a net charge of $14.2 million from a net credit of $18.5 million primarily as a result of a decline in funds for investment and increased financing costs.

Although income before income taxes increased approximately $57 million, or 7.4%, from the same period of the prior year, net income decreased by $34.1 million, or 6.4%, reflecting the higher effective tax rates which resulted from the reduction of the deferred tax asset which the Company was required to record in 1987 in an amount that was greater than the actual benefit realized as the result of its adoption of Statement of Financial Accounting Standards No. 96 "Accounting for Income Taxes" ("SFAS 96").

1988 Compared to 1987

Revenue increased by $1.35 billion, or 13.9%, primarily due to a 7.7% increase in delivery volume and a 4.9% average billing rate increase effective February 1988.

Operating expense increased by $1.25 billion, or 14.3%, due to the increased delivery volume, a 5.1% increase in average wages, bonuses and employee benefits and increased prices for materials and services purchased.

The Company's net income in 1988 and 1987 was affected by the decrease in the statutory federal income tax rate for 1988 and by the Company's adoption in 1987 of SFAS 96. The statutory federal tax rate decreased to 34% in 1988 from 40% for the prior year. For financial reporting purposes, effective federal income tax rates for those two years were 28.2% and 36.8%, respectively, reflecting in part adjustments required under SFAS 96. Net income in 1987 was increased by $159 million to reflect the cumulative effect of the adoption of SFAS 96 in that year.

1987 Compared to 1986

Revenue increased by $1.06 billion, or 12.3%, primarily due to a 10.2% increase in delivery volume.

Operating expense increased by $1.28 billion, or 17.1%, primarily due to the increased delivery volume, and in part due to a 5.4% increase in average wages, bonuses and employee benefits effective in August 1987. Prices for materials and services purchased by the Company also increased.

Effective January 1, 1987, the Company adopted the provisions of SFAS 96 which requires recognition of the amount of current and deferred taxes payable or refundable at the date of the financial statements as a result of all events that have been recognized in the financial statements and as measured by the provisions of enacted tax laws. The cumulative effect of this change in accounting principle was an increase in net income in 1987 of $159 million. Under the method prescribed by SFAS 96, the Company was required to record a deferred income tax asset in an amount which may be greater than the benefit expected to be realized in the future and this resulted in a higher effective tax rate in 1989.

Net income increased by $115 million in 1987, primarily due to the reduction in the statutory federal income tax rate effected by the 1986 Tax Reform Act and the cumulative effect of the adoption of SFAS 96.

Liquidity and Capital Expenditures

Capital expenditures for 1990 are estimated at approximately $1.4 billion for buildings and facilities, equipment, aircraft and possible international acquisitions. The Company believes that internally generated funds and the proceeds of the sale of the Debentures will provide the Company with sufficient liquidity. No further financings are anticipated in 1990.

BUSINESS

UPS Delivery Service

The Company provides transportation services, primarily through the delivery of small packages. Service is offered to and from every address in the United States and Western Europe and many addresses in Canada. Service is also provided to locations in the Soviet Union and in certain countries in Eastern Europe, Asia (including the People's Republic of China), the Middle East, Africa and Central and South America (including the Caribbean).

In 1988, the Company delivered approximately 2.7 billion packages. During the first nine months of 1989, 2.0 billion packages were delivered, of which over 1.9 billion were delivered domestically. The Company currently has over 1.0 million customer locations at which it provides automatic daily pickup services.

Ground service is provided throughout the United States, in all of West Germany and in many locations in Canada. During the first nine months of 1989, the total number of packages delivered within West Germany increased by 14.9% over the same period of the prior year to more than 44.6 million packages. Delivery volume in Canada grew to over 15.4 million packages in the first nine months of 1989, 25.4% more than in the same period of 1988. In 1988, the Company began offering ground service in Italy. The Company is seeking to add ground service in and between other countries.

The Company also provides domestic and international air delivery services, which together accounted for approximately 21.8% of operating revenues for the nine month period ended September 30, 1989, 19.1% of operating revenues for all of 1988 and 17.6% of operating revenues for all of 1987. The domestic services, known as "UPS Next Day Air" and "UPS 2nd Day Air", are available throughout the United States and Puerto Rico. Packages sent by UPS Next Day Air are delivered before noon in all major metropolitan areas.

International air delivery service began in 1985. In some cases, service is provided in conjunction with other delivery companies that act as service partners with the Company. During 1988, the Company expanded to 41 the number of countries and territories to which it provides delivery service. In 1989, the number of countries and territories served increased to over 175. Of the countries added in 1988 and 1989, 23 were in the Pacific Rim, 60 were in the Middle East and Africa, 41 were in Central and South America (including the Caribbean) and the balance were in Europe. In each of the over 175 countries and territories the Company now serves, except the People's Republic of China, the Soviet Union, East Germany, Poland and Hungary, service to every address is offered.

As of September 30, 1989, the Company owned and operated a fleet of 112,398 vehicles, and utilized 347 aircraft. Of these aircraft, 36 Boeing 727's, 15 Boeing 757's, 39 DC-8's and 11 smaller aircraft were owned and the balance, including 6 Boeing 747's, were leased. The Company has ordered 15 additional Boeing 757 aircraft to be added to the Company's fleet by 1993. The Company maintains operating hubs throughout the areas it serves for the sorting and transferring of parcels. In 1989, the Company commenced operations at a $128 million air hub in Philadelphia, Pennsylvania. This hub and the one under development in Ontario, California are intended to supplement the Company's national air hub in Louisville, Kentucky. The Company is also expanding its capabilities to service aircraft in Louisville, including the construction of a 241 thousand square foot hanger. The Company continuously modernizes and adds to its facilities, aircraft and vehicles in keeping with changes in technology and volume.

Airline Certification

Prior to 1988, the Company's aircraft had been operated by several service companies under contract with it. In order to achieve greater reliability, efficiency and flexibility, during 1988, the Company obtained its operating certificate as a cargo airline from the Federal Aviation Administration.

Competition

The Company is the largest transportation company in the United States in terms of revenue. It competes with many companies and services which operate on a national, regional or local basis in the United States and internationally, and its business is affected by the availability and the use of numerous alternate methods of service. These include the parcel post service and other classes of mail (including air service) of the United States Postal Service (the "Postal Service") and the postal services of other nations, various other motor carriers and express companies, freight forwarders, air forwarders, air couriers, and shipper-owned or leased delivery vehicles. Competition is intense within the United States and throughout the world in parcel delivery and expedited document delivery services. The ability of the Company to compete for delivery service business is dependent upon its providing low cost transportation service with desirable and dependable service features and delivery schedules.

In many respects the Company's principal competitor in the delivery of small packages is the Postal Service and the postal services of other nations. The Company believes the Postal Service is maintaining rates for its parcel services and international express letter services at levels below the Postal Service's costs of providing those services. The efforts of the Postal Service to keep its parcel rates and international express letter rates as low as possible represent a serious competitive challenge for the Company.

In the summer of 1989, the Postal Service reduced its international express letter rate from $18 to $10.75, significantly under the rate charged by the Company and other international carriers. The Company has joined six other package delivery companies in a lawsuit challenging the new rate. The suit contends that the rate is unfairly subsidized by revenues from domestic first-class mail where the Postal Service has a monopoly. The Company believes that this lower rate substantially contributed to a 67% increase in the Postal Service's express mail international service volume for the quarter ended September 30, 1989 compared with the same period in 1988.

The Company regularly participates in postal rate proceedings before the United States Postal Rate Commission in efforts to secure what the Company believes to be at least minimum fairness in the Postal Service's competition for package delivery business.

Rates

Rates and service features for domestic ground common carrier service are subject to prior filings with federal regulatory authorities and the regulatory authorities of most states. In some circumstances implementation of rate charges may be affected by protests, although this rarely has occurred.

On February 6, 1989, the Company increased its rates for interstate ground service by 4.9% overall. Similar increases in intrastate rates became effective on the same day in most states. As of May 1, 1989, the new rates were effective in all states. UPS Next Day Air rates were also increased on February 6, 1989. The last rate change for 2nd Day Air Service was a 1.8% decrease in May 1983.

Frequent users of the UPS Next Day Air Letter service can receive a lower rate per letter based on their average weekly volume. For ground shipments, the Company began testing a new Hundredweight Service in 1988 and has since expanded this service throughout the continental United States. Under this service, contract rates are established for shipments of packages with an aggregate weight of 200 pounds or more that are addressed to one consignee at one location. Customers can expect savings on such shipments of up to 50% compared with general freight rates.

As of November 30, 1989, the Company had introduced in cities located in 66 of the Company's 71 United States service districts the UPS GroundSaver Incentive Program under which reduced rates are offered to large volume business-to-business shippers for shipments to zip codes specified by the Company.

Two types of incentives are available for international air shipments. One incentive provides specified percentage reductions of published rates for customers generating from $2,000 to $7,000 in revenue for international shipments during 13 consecutive week periods. The other offers rate reductions for multiple-package shipments made on the same day to a single consignee.

Technological Developments

In order to meet the challenges of its competition, the Company seeks to utilize technology to improve service, to improve communications both internally and externally and to lower the cost of doing business. Technologically based service improvements being implemented include improved package tracing capabilities and software designed to assist customers in automating their shipping function. The Company also is implementing computerized routing to make service more efficient and to facilitate an On Call Air Pickup Service presently being tested. The Company has under construction a new computer and telecommunications center in New Jersey, expected to be fully operational by 1991. Since 1986, the Company has acquired two small high-technology companies: Roadnet Systems Corporation, which was a pioneer in computerized mapping and computer-assisted vehicle routing and scheduling, and II Morrow, Inc., which manufactures on-board tracking systems for both the aviation and marine industries and for land-based equipment.

Employees

On September 30, 1989, the Company had approximately 231,000 employees, a 5.3% increase from September 30, 1988. Most hourly employees are represented by unions, principally by locals of the International Brotherhood of Teamsters ("IBT").

The Company's three-year labor agreement with the IBT, which covers more than 125,000 employees in 220 IBT locals, expires on July 31, 1990. The Company expects negotiations on a new contract will begin in March 1990. The issues on which negotiations will focus have not been defined, and no assurance can be given that agreement on a new contract will be reached without service disruptions.

The Independent Pilots Association ("IPA") has filed approximately 700 authorization cards with the National Mediation Board to have the Company's airline crew members represented by the IPA. Crew members are presently represented by the IBT. Since that date, the number of crew members who have signed and returned authorization cards has increased to approximately 800 out of the Company's 900 employee crew members. The National Mediation Board has appointed a mediator and ballots in an election to decide whether these employees should be represented by the IPA have been mailed. The IBT has objected to the certification of the IPA as the representative of crew members.

The Company considers its relations with employees generally to be satisfactory.

DESCRIPTION OF THE DEBENTURES

General

The Debentures will be issued under an indenture (the "Indenture") dated as of December 1, 1989 between the Company and Chemical Bank (the "Trustee") and are limited to $700,000,000 in aggregate principal amount. The Debentures will bear interest from December 20, 1989 at the rate shown on the cover page of this Prospectus, payable on April 1 and October 1 in each year, commencing April 1, 1990, to holders of record at the close of business on the 15th day of the month preceding such interest payment date. The Debentures will be due on April 1, 2020, will be issued only in fully registered form in denominations of $1,000 and in integral multiples of $1,000. The Debentures are unsecured and will rank pari passu with all other unsecured, unsubordinated debt of the Company. However, since United Parcel Service of America, Inc. is a holding company, the right of United Parcel Service of America, Inc., and hence the right of creditors of United Parcel Service of America, Inc. (including the Holders of the Debentures), to participate in any distribution of the assets of any subsidiary of the Company upon liquidation or reorganization or otherwise is necessarily subject to the prior claims of creditors of such subsidiary, except to the extent that claims of United Parcel Service of America, Inc. itself as a creditor of such subsidiary may be recognized. The provisions of the Indenture described below under "Certain Covenants of the Company" are the only provisions that restrict the ability of the Company to incur additional debt, including debt incurred in the event of a highly leveraged transaction involving the Company. While such covenants give the Board of Directors of the Company some discretion to exclude from Principal Property, as defined below, properties which are not of material importance to the Company and its Restricted Subsidiaries taken as a whole, the Board has no ability to waive the applicability of these covenants.

The Debentures are not subject to redemption prior to maturity and are not subject to any sinking fund.

The Debentures will be issued in fully registered form without coupons. Principal of and interest on the Debentures will be payable and the Debentures may be transferred or exchanged at the office or agency of the Company to be maintained in the Borough of Manhattan, The City of New York, which will be located initially at 55 Water Street, New York, New York 10041. The Debentures may be transferred or exchanged, subject to the limitations provided in the Indenture, without the payment of any service charge, other than any tax or other governmental charge payable in connection therewith. (Section 305 of the Indenture)

The statements in this Prospectus relating to the Debentures and the Indenture are subject to the detailed provisions of the Indenture, copies of which are incorporated by reference as an exhibit hereto. Whenever particular provisions of the Indenture are referred to, such provisions are incorporated by reference as part of the statement made, and the statement is qualified in its entirety by such reference. Whenever a defined term is referred to and has not been herein defined, the definition thereof is contained in the Indenture.

Certain Covenants of the Company

Limitation on Secured Indebtedness. The Company will covenant that it will not, and will not permit any Restricted Subsidiary (as defined below) to, create, assume, incur or guarantee any Secured Indebtedness (as defined below) without securing the Debentures equally and ratably with such Secured Indebtedness unless immediately thereafter the aggregate amount of all Secured Indebtedness (exclusive of Secured Indebtedness with which the Debentures are equally and ratably secured and Secured Indebtedness which is then concurrently being retired) and the discounted present value of all net rentals payable under leases entered into in connection with Sale and Leaseback Transactions (as defined below) would not exceed 10% of Consolidated Net Tangible Assets (as defined below). (Section 1005 of the Indenture)

Limitation on Sale and Leaseback Transactions. The Company will covenant that it will not, and will not permit any Restricted Subsidiary to, enter any lease longer than three years (excluding leases of newly acquired, improved or constructed property) covering any Principal Property (as defined below) of the Company or any Restricted Subsidiary that is sold to any other person in connection with such lease (a "Sale and Leaseback Transaction"), unless either (a) immediately thereafter, the sum of (i) the discounted present value of all net rentals payable under all such leases entered into after December 1, 1989 (except any such leases entered into by a Restricted Subsidiary before the time it became a Restricted Subsidiary) and (ii) the aggregate amount of all Secured Indebtedness (exclusive of Secured Indebtedness with which the Debentures are equally and ratably secured) does not exceed 10% of Consolidated Net Tangible Assets, or (b) an amount equal to the greater of (x) the net proceeds to the Company or a Restricted Subsidiary from such sale and (y) the discounted present value of all net rentals payable thereunder, is applied within 180 days to the retirement of long-term debt of the Company or a Restricted Subsidiary (other than such debt which is subordinated to the Debentures or which is owing to the Company or a Restricted Subsidiary). (Section 1006 of the Indenture)

Limitation on Merger, Consolidation and Certain Sales of Assets. The Company will covenant that it will not merge or consolidate with or into, or convey or transfer its property substantially as an entirety to, any person unless (a) the successor corporation is a U.S. corporation, (b) the successor corporation assumes all the Debentures on the same terms and conditions as contained in the Indenture and (c) there is no default under the Indenture. (Section 801 of the Indenture)

Certain Definitions. "Secured Indebtedness" will mean Indebtedness of the Company or any Restricted Subsidiary for borrowed money secured by any Lien upon (or in respect of any conditional sale or other title retention agreement covering) any Principal Property or any stock or indebtedness of a Restricted Subsidiary, but excluding from such definition all Indebtedness: (i) outstanding on December 1, 1989, secured by Liens (or arising from conditional sale or other title retention agreements) existing on that date; (ii) incurred after December 1, 1989 to finance the acquisition, improvement or construction of such property and either secured by purchase money mortgages or Liens placed on such property within 180 days of acquisition, improvement or construction or arising from conditional sale or other title retention agreements; (iii) secured by Liens on Principal Property or on the stock or indebtedness of Restricted Subsidiaries, and, in either case, existing at the time of acquisition thereof; (iv) owing to the Company or any other Restricted Subsidiary; (v) secured by Liens (or conditional sale or other title retention devices) existing at the time a corporation becomes a Restricted Subsidiary; (vi) constituting guarantees by the Company or a Restricted Subsidiary of Secured Indebtedness; (vii) arising from any Sale and Leaseback Transaction; (viii) incurred to finance the acquisition or construction of property secured by Liens in favor of any country or any political subdivision thereof; (ix) secured by Liens on aircraft (including airframes and engines) or computers and electronic data processing equipment; and (x) constituting any replacement, extension or renewal of any such Indebtedness (to the extent such Indebtedness is not increased). "Principal Property" will mean land, land improvements, buildings and associated factory, laboratory and office equipment (excluding all products marketed by the Company or any of its Subsidiaries) constituting a manufacturing, development, warehouse, service or office facility owned by or leased to the Company or a Restricted Subsidiary, located within the United States and having an acquisition cost plus capitalized improvements in excess of 0.5% of Consolidated Net Tangible Assets as of the date of such determination, other than any such property financed through the issuance of tax-exempt governmental obligations, or which the Board of Directors determines is not of material importance to the Company and its Restricted Subsidiaries taken as a whole, or in which the interest of the Company and all of its Subsidiaries does not exceed 50%. "Consolidated Net Tangible Assets" will mean the total assets of the Company and its Subsidiaries, less current liabilities and certain intangible assets. "Restricted Subsidiary" will mean (i) any Subsidiary of the Company which has substantially all its property in the United States, which owns or is a lessee of any Principal Property and in which the investment of the Company and all its Subsidiaries exceeds 0.5% of Consolidated Net Tangible Assets as of the date of such determination, other than certain financing Subsidiaries and Subsidiaries formed or acquired after December 1, 1989 for the purpose of acquiring the business or assets of another person and that do not acquire all or any substantial part of the business or assets of the Company or any Restricted Subsidiary and (ii) any other Subsidiary designated by the Board of Directors as a Restricted Subsidiary. (Section 101 of the Indenture)

Defeasance

The Indenture provides that the Company, at its option, (a) will be discharged from any and all obligations in respect of the Debentures (except for certain obligations to register the transfer or exchange of Debentures, to replace stolen, lost or mutilated Debentures, to maintain paying agencies and to hold moneys for payment in trust) or (b) need not comply with certain restrictive covenants of the Indenture (including those described under "Certain Covenants of the Company"), in each case if the Company deposits with the Trustee, in trust, money, or U.S. Government Obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide money, in an amount sufficient to pay all the principal of, and interest on, the Debentures on the dates such payments are due in accordance with the terms of the Debentures. To exercise any such option, the Company is required to deliver to the Trustee an opinion of counsel to the effect that the deposit and related defeasance would not cause Holders to recognize income, gain or loss for Federal income tax purposes. (Article Four of the Indenture)

Events of Default, Notice and Waiver

The Indenture provides that, if an Event of Default specified therein with respect to the Debentures shall have happened and be continuing, either the Trustee or the Holders of 25% in principal amount of the outstanding Debentures may declare the principal of all the Debentures to be due and payable. (Section 502 of the Indenture)

Events of Default are defined in the Indenture as being: default for 30 days in payment of any interest installment when due; default in payment of principal of the Debentures when due at their stated maturity, by declaration or otherwise; default for 90 days after notice to the Company by the Trustee or by Holders of 25% in principal amount of the outstanding Debentures in the performance of any covenant in the Debentures or in the Indenture with respect to Debentures; and certain events of bankruptcy, insolvency and reorganization. (Section 501 of the Indenture)

The Indenture provides that the Trustee will, within 90 days after the occurrence of a default with respect to the Debentures, give to the Holders of the Debentures notice of all uncured and unwaived defaults known to it; provided that, except in the case of default in the payment of principal of or interest on any of the Debentures, the Trustee will be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the Holders of the Debentures. The term "default" for the purpose of this provision only means any event which is, or after notice or lapse of time or both would become, an Event of Default. (Section 602 of the Indenture)

The Indenture contains provisions entitling the Trustee, subject to the duty of the Trustee during an Event of Default to act with the required standard of care, to be indemnified by the Holders of the Debentures before proceeding to exercise any right or power under the Indenture at the request of Holders of the Debentures. (Section 603 of the Indenture)

The Indenture provides that the Holders of a majority in principal amount of the outstanding Debentures may direct the time, method and place of conducting proceedings for remedies available to the Trustee or exercising any trust or power conferred on the Trustee. (Section 512 of the Indenture)

The Indenture includes a covenant that the Company will file annually with the Trustee a certificate of no default or specifying any default that exists. (Section 1007 of the Indenture)

In certain cases, the Holders of a majority in principal amount of the outstanding Debentures may on behalf of the Holders of all the Debentures waive any past default or Event of Default with respect to the Debentures or compliance with certain provisions of the Indenture, except, among other things, a default in payment of the principal of or interest on any of the Debentures. (Sections 513 and 1008 of the Indenture)

Modification of the Indenture

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the Holders of 66⅔% in principal amount of the outstanding Debentures to be affected, to execute supplemental indentures adding any provisions to or changing or eliminating any of the provisions of the Indenture or modifying the rights of the Holders of the Debentures to be affected, except that no such supplemental indenture may, without the consent of the Holders of all affected Debentures, among other things, change the fixed maturity of any Debentures, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce the aforesaid percentage of Debentures the consent of the holders of which is required for any supplemental indenture. (Section 902 of the Indenture)

Concerning the Trustee

The Company may from time to time maintain lines of credit, and have other customary banking relationships, with Chemical Bank, the Trustee under the Indenture.

UNDERWRITING

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement") among the Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated, The First Boston Corporation and Salomon Brothers Inc (the "Underwriters"), the Company has agreed to sell to the Underwriters, and the Underwriters have severally agreed to purchase, the respective principal amounts of the Debentures set forth after their names below. The Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Debentures if any are purchased.

Underwriter	Principal Amount
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$234,000,000
The First Boston Corporation	233,000,000
Salomon Brothers Inc	233,000,000
Total	$700,000,000

The Underwriters have advised the Company that they propose initially to offer the Debentures to the public at the public offering price set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of .5% of the principal amount. The Underwriters may allow and such dealers may reallow a discount not in excess of .25% of the principal amount of the Debentures to certain other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

LEGAL OPINIONS

The validity of the issuance of the Debentures offered hereby will be passed upon for the Company by Schnader, Harrison, Segal & Lewis, Philadelphia, Pennsylvania, and for the Underwriters by Brown & Wood, New York, New York.

EXPERTS

The consolidated financial statements of UPS incorporated herein by reference have been so incorporated in reliance upon the report of Touche Ross & Co., independent certified public accountants, to the extent indicated in their report and upon their authority as experts in auditing and accounting.

No dealer, salesperson or other individual has been authorized to give any information or to make any representation not contained or incorporated by reference in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or the Underwriters. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdicition. Neither the delivery of this Prospectus nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that the information herein or therein is correct as of any time subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

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$700,000,000

United Parcel Service of America, Inc.

8⅜% Debentures Due April 1, 2020

PROSPECTUS

Merrill Lynch Capital Markets

The First Boston Corporation

Salomon Brothers Inc

December 13, 1989