UNITED PARCEL SERVICE INC Form DEF 14A March 27, 2001

UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

ties

		SCHEDULE 14A						
		Proxy Statement Pursuant to Section 14(a) of the Secur Exchange Act of 1934 (Amendment No.)						
Filed	d by the Re	egistrant x						
Filed	l by a Part	y other than the Registrant o						
Che	ck the appi	ropriate box:						
0	Preliminary Proxy Statement							
o	CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))							
X	Definitive Proxy Statement							
o	Definitive Additional Materials							
o	Solicitii	ng Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12						
		UNITED PARCEL SERVICE, INC.						
		(Name of Registrant as Specified In Its Charter)						
Payr	nent of Fil	ing Fee (Check the appropriate box):						
X	No fee	required.						
o	Fee con	nputed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.						
	(1)	Title of each class of securities to which transaction applies:						
	(2)	Aggregate number of securities to which transaction applies:						
	(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):						

	Proposed maximum aggregate value of transaction:				
(5)	Total fee paid:				
Fee pai	d previously with preliminary materials.				
Check box if any part of the fee is offset as provided by Exchange Act Ru 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, the Form or Schedule and the date of its filing.					
(1)	Amount Previously Paid:				
(2)	Form, Schedule or Registration Statement No.:				
(3)	Filing Party:				
(4)	Date Filed:				

55 Glenlake Parkway, NE, Atlanta, Georgia 30328

Notice of Annual Meeting of Shareowners

May 17, 2001

To our Shareowners:

United Parcel Service, Inc. s annual meeting of shareowners will be held at the Hotel du Pont, 11th and Market Streets, Wilmington, Delaware 19801, on May 17, 2001, at 9:00 a.m. The purposes of the meeting are:

- 1. To elect a board of directors to serve until the 2002 annual meeting of shareowners;
- 2. To ratify the appointment of Deloitte & Touche LLP, independent auditors, as our auditors for the year ending December 31, 2001;
- 3. To approve the Discounted Employee Stock Purchase Plan; and
- 4. To transact any other business as may properly come before the meeting.

Our board of directors has fixed the close of business on March 19, 2001 as the record date for determining holders of our common stock entitled to notice of, and to vote at, the annual meeting.

Joseph R. Moderow Secretary

Atlanta, Georgia March 26, 2001

YOUR VOTE IS IMPORTANT. PLEASE SIGN AND RETURN THE ENCLOSED PROXY CARD, VOTE BY TELEPHONE OR VOTE USING THE INTERNET AS SOON AS POSSIBLE TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING. YOUR PROXY CARD CONTAINS INSTRUCTIONS FOR EACH OF THESE VOTING OPTIONS.

<u>CLASS A SHAREOWNERS</u> FIRST UNION NATIONAL BANK DOES NOT HAVE AUTHORITY TO VOTE YOUR SHARES ON YOUR BEHALF. YOU MUST SIGN AND RETURN THE ENCLOSED PROXY CARD, VOTE BY TELEPHONE OR VOTE USING THE INTERNET AS SOON AS POSSIBLE TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING.

55 Glenlake Parkway, NE, Atlanta, Georgia 30328

PROXY STATEMENT FOR THE 2001 ANNUAL MEETING OF SHAREOWNERS

The accompanying proxy is solicited by the board of directors of United Parcel Service, Inc. in connection with the annual meeting of shareowners to be held on May 17, 2001, at 9:00 a.m., at the Hotel du Pont, 11th and Market Streets, Wilmington, Delaware 19801.

There were 902,292,655 shares of our class A common stock (which includes our class A-1, class A-2 and class A-3 common stock) and 223,593,605 shares of our class B common stock outstanding and entitled to vote at the close of business on March 19, 2001. Only shareowners of record at the close of business on March 19, 2001 will be entitled to vote at the annual meeting. Our class A and class B common stock are our only securities entitled to be voted at the annual meeting. Our bylaws provide that the holders of a majority of our issued and outstanding common stock present in person or by proxy constitute a quorum for the transaction of business at the annual meeting.

Holders of class A common stock are entitled to ten votes per share and holders of class B common stock are entitled to one vote per share on all matters voted on by shareowners. The voting rights of any shareowner or shareowners as a group, other than any of our employee benefits plans, that beneficially own more than 25% of our voting power are limited so that the shareowner or group may cast only one one-hundredth of a vote with respect to each vote in excess of 25% of the outstanding voting power.

In accordance with Delaware law, a list of shareowners entitled to vote at the meeting will be available at the place of the annual meeting on May 17, 2001 and at our principal place of business, 55 Glenlake Parkway, NE, Atlanta, Georgia 30328, for 10 days prior to the meeting, between the hours of 9:00 a.m. and 5:00 p.m.

You have the right to revoke your proxy at any time before it is voted by giving written notice of revocation to our Secretary, by submitting a subsequent proxy or by voting in person at the meeting.

This proxy statement and the accompanying proxy card are being mailed to our shareowners on or about March 26, 2001.

ELECTION OF DIRECTORS (Proposal No. 1)

There are 13 nominees to our board of directors this year. All nominees have served as directors since our last annual meeting except for John Thompson, who was elected as a director by our board in August 2000, and Cal Darden, who was elected as a director by our board in February 2001. Bob Clanin and Chuck Schaffer announced their respective retirements from the board in November 2000. Their retirements took effect on January 5, 2001. All directors are elected annually to serve until the next annual meeting and until their respective successors are elected.

Vote Required

The election of directors will be decided by a plurality of the votes cast. Accordingly, abstentions and broker non-votes will not affect the outcome of the election of directors.

The board of directors recommends a vote <u>FOR</u> the election to the board of each of the following nominees.

William H. Brown, III Age 73 Director since 1983 Senior Counsel to the law firm of Schnader Harrison Segal & Lewis LLP in Philadelphia, Pennsylvania

Bill received a bachelor s degree from Temple University in 1952 and graduated from the University of Pennsylvania School of Law in 1955. From 1955 to 1968, Bill practiced in a small law firm from which four of seven partners became federal judges, and three others became state judges. In 1968, he became a Deputy District Attorney in Philadelphia. Bill was appointed to the U.S. Equal Employment Opportunity Commission (EEOC) by President Johnson in 1968 and was selected as its Chairman by President Nixon in 1969. While with the EEOC, he won nationwide attention for his work in negotiating a consent decree in the EEOC complaint against AT&T. Bill joined his current firm after leaving his EEOC post in 1973. Since then, his broad experience in litigation and other matters includes handling a number of legal matters on behalf of UPS.

Calvin Darden Age 51 Director since 2001 UPS Senior Vice President of U.S. Operations

Cal joined UPS in 1971 as a part-time package handler. He received a bachelor of science degree in business management from Canisius College in 1972. Cal served as District Manager in the North Jersey, Metro New Jersey and Metro D.C. districts and was later promoted to Pacific Region Manager in 1993. He was named UPS s first Corporate Strategic Quality Coordinator in 1995 and joined the Management Committee in 1997. He was appointed Senior Vice President and assumed responsibility for one-half of U.S. operations in 1998. He assumed responsibility for all of UPS s U.S. operations in January 2001. Cal serves on the Board of Directors of the National Urban League, is a member of the 100 Black Men of North Metro Atlanta and is involved with the United Way.

Michael L. Eskew Age 51
UPS Vice Chairman and Executive Vice President

Director since 1998

Mike joined UPS in 1972, after he received a bachelor of science degree in industrial engineering from Purdue University. He attended graduate school at Butler University and completed the Advanced Management Program at the Wharton School of the University of Pennsylvania. Mike was responsible for all industrial engineering activities in Germany when UPS began its international expansion into Germany. In 1982, he was named Industrial Engineering Manager of our Northwest Region. He was in charge of I.E. for the Air Group from 1984 to 1991. Mike was a District Manager in the Central Jersey District from 1991 to 1993, and was promoted to Corporate I.E. Manager in 1993. He was appointed Executive Vice President in 1999 and Vice Chairman in 2000.

2

James P. Kelly Age 57 Director since 1991 UPS Chairman of the Board and Chief Executive Officer

Jim joined UPS in 1964 as a package car driver in the Metro Jersey District. He entered supervision two years later and was promoted to Center Manager in 1968. Subsequent assignments included Package Division Manager and Labor Relations Manager in the Metro Jersey District. By attending night school during that period, he earned a degree in management from Rutgers University. Jim was named Atlantic District Manager in 1979 and later served as Pacific Region Labor Relations Manager before being promoted to North Central Region Manager in 1985. In 1988, he was assigned as a Corporate Labor Relations Manager and became U.S. Operations Manager in 1990. In June 1992, Jim became Chief Operating Officer and in February 1994, he became Executive Vice President. From May through December 1996, Jim was Vice Chairman. In January 1997, he was elected the Chief Executive Officer and Chairman of the Board. Jim also is a director of Georgia-Pacific Corporation and BellSouth Corporation.

Ann M. Livermore

Vice President of Hewlett-Packard Company

Age 42

Director since 1997

Ann is Vice President of Hewlett-Packard Company and President of its Business Customer Organization. Ann joined HP in 1982, was named marketing services manager for the Application Support Division in 1985, and was promoted to marketing manager of that division in 1989. Ann became the marketing manager of the Professional Services Division in 1991 and was named sales and marketing manager of the former Worldwide Customer Support Organization. Ann was elected a Vice President of HP in 1995 and was promoted to general manager of Worldwide Customer Support Operations in 1996. In 1997, she took on responsibility for HP s software businesses as general manager of the newly formed Software and Services Group. In 1998, she was named general manager of the new Enterprise Computing Solutions Organization. Born in Greensboro, N.C., Ann holds a bachelor s degree in economics from the University of North Carolina at Chapel Hill and an M.B.A. from Stanford University. Ann is also on the board of visitors of the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill.

Gary E. MacDougal Age 64 Director since 1973
Former Chairman of the Board and Chief Executive Officer of Mark Controls Corporation

From 1963 to 1968, Gary was with McKinsey & Co., an international management consulting firm, where he became a partner. From 1969 to 1987, Gary was Chairman and Chief Executive Officer of Mark Controls Corporation, a control systems products manufacturer. In 1988, he became honorary Chairman. Also in 1988, Gary was assistant campaign manager in the Bush presidential campaign, and in 1989 was appointed by President Bush as a delegate and alternate representative in the U.S. delegation to the United Nations. He is a Director of the Bulgarian American Enterprise Fund and a trustee of the Annie E. Casey Foundation, the world s largest philanthropic foundation dedicated to helping disadvantaged children. From 1993 to 1997, he was Chairman of the Governor s Task Force on Human Service Reform for the State of Illinois. Gary received his bachelor s degree from the University of California at Los Angeles in engineering in 1958. After receiving his degree, he spent three years as a U.S. Navy officer. Following service, Gary attended Harvard Business School where he received his M.B.A. degree. He serves as an advisory director of Saratoga Partners, a New York-based venture capital fund.

Joseph R. Moderow

Age 52

Director since 1988

UPS Senior Vice President, Secretary and Legal & Public Affairs Group Manager

In 1986, Joe was named Legal & Regulatory Group Manager and elected Senior Vice President and Secretary. He assumed additional responsibility for Public Affairs in 1989. Joe began his UPS career in 1968 as a sorter and unloader in the South California District while an undergraduate student. He earned a bachelor s degree in economics from California State University and a law degree from Western State University. He is a member of the State Bar of California. Joe was promoted into supervision in 1973 and later served as the Arizona District Industrial Engineering Manager. In 1977, he was assigned to the National Legal & Regulatory Group. In 1981, Joe participated in the President s Commission on Executive Exchange in Washington, DC, where he served in the U.S. Department of Labor. In 1982, Joe became the West Virginia District Manager. He was then assigned to the National Labor Relations Group and later headed the operations team during the start-up of international air service.

3

Kent C. (Oz) Nelson Age 65 Former UPS Chairman of the Board and Chief Executive Officer Director since 1983

Oz graduated from Ball State University in 1959 with a bachelor s degree in Business Administration. Two days later he began his UPS career as a Sales and Customer Service Representative in Kokomo, Indiana. He served as Customer Service Manager in the Indiana, North Illinois and Metro Chicago Districts, as well as the North Central Region. In 1973, Oz assumed national customer development responsibilities. He served first on the study team and then on the team that implemented our service in Germany in 1976. In 1978, he was named National Customer Service Manager and was also assigned to develop our Marketing Department. Oz was elected Senior Vice President in 1983 and was our Finance Group Manager and Chief Financial Officer from 1984 to 1987. He became Executive Vice President in 1986 and Vice Chairman of the Board in February 1989. In November 1989, Oz succeeded Jack Rogers as Chief Executive Officer and Chairman of the Board. In January 1997, Oz retired as Chief Executive Officer and Chairman of the Board of UPS. He also serves as a director of HCA

The Healthcare Company.

Victor A. Pelson Senior Advisor, UBS Warburg LLC Age 63

Director since 1990

Vic is a Senior Advisor to UBS Warburg LLC, investment bankers, a position he has held since 1996. He was associated with AT&T from 1959 to March 1996, and at the time of his retirement from AT&T was Chairman of Global Operations and a member of the Board of Directors. He is a director of Eaton Corporation, The Dun & Bradstreet Corporation, Acterna Corporation and Carrier 1 International, S.A.

Lea N. Soupata Age 50 UPS Senior Vice President and Human Resources Group Manager

Director since 1998

A native of New York City, Lea joined UPS in 1969 and now is responsible for the human resources function for approximately 359,000 employees worldwide. Following several assignments with UPS in Human Resources, Sales and Operations, Lea became the Human Resources Manager in our North New England and Metro New York Districts. Lea also served as Regional Human Resources Manager for the East and East Central Regions. In 1990, Lea became the District Manager of the Central New York District. She was transferred in 1994 to our corporate office as Vice President of Human Resources prior to being named to her current position. Lea serves as chair of The UPS Foundation, our charitable arm, and has been active in a number of community services programs, including the United Way. She also is a trustee of the Annie E. Casey Foundation, the world s largest philanthropic foundation dedicated to helping disadvantaged children.

Robert M. Teeter President, Coldwater Corporation Age 62

Director since 1990

Bob is a graduate of Albion College and holds a master s degree from Michigan State University. He is President of Coldwater Corporation, a Michigan consulting and research firm that specializes in the areas of strategic planning,

policy development and public opinion analysis. For more than 20 years he has held several management positions, including President of Market Opinion Research Company, one of the nation s largest marketing research firms. Bob also is a director of the Bank of Ann Arbor and Visteon Corporation.

4

John W. Thompson Age 51
Chairman, President and Chief Executive Officer of Symantec Corporation

Director since 2000

John joined Symantec Corporation in April 1999 after a 28-year career with IBM Corporation. In his role as general manager of IBM Americas, he was responsible for sales and support of IBM s technology products and services. Prior to his position with IBM Americas, he was general manager, Personal Software Products, responsible for the development and marketing of OS2, IBM s Intel-based server products and communication product distribution. John also is a member of the board of directors of Seagate Technology, Inc., NiSource Inc. and Parago, Inc. He has served as chairman of the Florida A&M University Cluster and the Illinois Governor s Human Resource Advisory Council. He holds a bachelor s degree in business administration from Florida A&M University and a master s degree in management science from Massachusetts Institute of Technology s Sloan School of Management.

Thomas H. Weidemeyer Age 53
UPS Senior Vice President and Chief Operating Officer; President, UPS Airlines

Director since 1998

Tom joined UPS in 1972 in National Personnel after receiving his law degree from the University of North Carolina School of Law and his bachelor s degree from Colgate University. In 1974, he moved to the Metro Detroit District and worked in various operations assignments. In 1978, he joined our Legal Department. In 1986, he was promoted to District Manager of Arkansas and later helped set up our Northwest Ohio District. Tom became Manager of the Americas Region in 1989, and in that capacity established the delivery network throughout Central and South America. In 1990, Tom became Vice President and Airline Manager of UPS Airlines and in 1994 was elected its President and Chief Operating Officer. Tom became Manager of the Air Group and a member of the Management Committee that same year, and he became Chief Operating Officer of UPS in 2001. He serves on the Board of Directors of the Air Transport Association of America and is a member of the Military Airlift Committee. He also serves on the board of the National Center for Family Literacy and the General Aviation Manufacturers Association.

5

Meetings of the Board of Directors

Our board of directors held five meetings during 2000. Each of our directors attended at least 75% of the total number of meetings of the board and any committees of which he or she was a member.

Committees of the Board of Directors

Our board of directors has five committees: the Executive Committee, the Audit Committee, the Compensation Committee, the Salary Committee and the Nominating and Corporate Governance Committee.

Executive Committee. Bob Clanin, Mike Eskew, Jim Kelly, Joe Moderow, Chuck Schaffer, Lea Soupata and Tom Weidemeyer served as members of the Executive Committee throughout 2000. Bob Clanin and Chuck Schaffer resigned from the Executive Committee effective January 5, 2001. The Executive Committee may exercise all powers of the board of directors in the management of our business and affairs, except for those powers expressly reserved to the board under Delaware law. In 2000, the Executive Committee held seventeen meetings.

Audit Committee. Bill Brown and Ann Livermore served as members of the Audit Committee throughout 2000. John Thompson joined the Audit Committee, and Vic Pelson resigned from the Audit Committee, in August 2000. The primary responsibilities of the Audit Committee are set forth in its charter, which is attached as Appendix A to this proxy statement. In 2000, the Audit Committee held six meetings.

Compensation Committee. Ann Livermore and Vic Pelson served as members of the Compensation Committee throughout 2000. Bob Teeter joined the Compensation Committee, and Gary MacDougal resigned from the Compensation Committee, in February 2000. The primary responsibility of the Compensation Committee is to set the compensation of our Chairman and Chief Executive Officer and to set the compensation of other executive officers based upon the recommendation of our Chief Executive Officer. The Compensation Committee also is responsible for administering the United Parcel Service, Inc. Incentive Compensation Plan. In 2000, the Compensation Committee held two meetings.

Salary Committee. Bob Clanin, Mike Eskew, Jim Kelly and Lea Soupata served as members of the Salary Committee throughout 2000. Bob Clanin resigned from the Salary Committee effective January 5, 2001. The Salary Committee determines the compensation for all management employees other than executive officers. In 2000, the Salary Committee held twelve meetings.

Nominating and Corporate Governance Committee. Oz Nelson and Bob Teeter served as members of the Nominating and Corporate Governance Committee throughout 2000. Gary MacDougal joined the Nominating and Corporate Governance Committee in February 2000. The Nominating and Corporate Governance Committee assists the board of directors in identifying, screening and recommending qualified candidates to serve as directors and in maintaining oversight of the board of directors operations and effectiveness.

The Nominating and Corporate Governance Committee will consider nominees proposed by shareowners. Any shareowner who wishes to recommend a prospective nominee for the board of directors for the Nominating and Corporate Governance Committee's consideration may do so by submitting the candidate's name and qualifications in writing to the following address: United Parcel Service, Inc., 55 Glenlake Parkway, N.E., Atlanta, Georgia 30328, Attn: Secretary. In 2000, the Nominating and Corporate Governance Committee held two meetings.

6

BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table describes the beneficial ownership of our common stock, as of February 1, 2001, by each of our directors, our Chief Executive Officer, each of our other four highest paid executive officers during 2000, all of our directors and executive officers as a group and each person or entity that, to our knowledge, beneficially owned more than five percent of the outstanding shares of either our class A common stock or class B common stock.

	Number of Shares Directly Owned(1)		Options Exercisable within	Additional Shares in which the Beneficial Owner	Total Shares Beneficially	Percent of Outstanding Shares(5)	
Name	Class A Shares	Class B Shares	60 Days(2)	Has or Participates in the Voting or Investment Power(3)	Owned(4)		
William H. Brown, III(6)	83,046	0	1,946	0	84,992	*	
Robert J. Clanin(7)	242,176	132,743	27,366	36,376,813(9)(10)	36,779,098	3.25	
Calvin Darden (8)	177,740	0	16,218	0	193,958	*	
Michael L. Eskew	227,163	0	13,886	36,376,813(9)(10)	36,617,862	3.24	
James P. Kelly	407,099	1	44,596	36,376,813(9)(10)	36,828,509	3.26	
Ann M. Livermore	14,458	0	0	0	14,458	*	
Gary E. MacDougal(6)	53,735	0	1,946	34,893,271(9)	34,948,952	3.09	
Joseph R. Moderow	302,496	0	30,406	38,912,480(9)(11)	39,245,382	3.47	
Kent C. Nelson	420,041	0	62,838	38,912,480(9)(11)	39,395,359	3.48	
Victor A. Pelson(6)	25,383	1,321	1,946	0	28,650	*	
Charles L. Schaffer(7)	348,853	0	30,406	0	379,259	*	
Lea N. Soupata	203,216	0	16,218	40,396,022(9)(10)(11)	40,615,456	3.59	
Robert M. Teeter(6)	67,016	0	1,946	0	68,962	*	
John W. Thompson	0	1,000	0	0	1,000	*	
Thomas H. Weidemeyer	325,511	0	23,312	1,483,542(10)	1,832,365	*	
Shares held by all directors and executive							
officers as a group (22 persons) Capital Research and Management	4,172,211	152,216	365,196	40,396,022(12)	45,085,645	3.99	
Company(13)				10,625,530	10,625,530	*	

^{*} Less than 1%.

- (1) Includes shares for which the named person has sole voting and investment power or has shared voting and investment power with his or her spouse. Also includes shares held by immediate family members as follows: Clanin 152,076; Darden 1,455; Eskew 41,800; Kelly 55,624; MacDougal 1,821; Moderow 41,481; Nelson 27,945; Schaffer 38,696; Weidemeyer 9,428; all directors and officers as a group 503,275. Each named individual disclaims all beneficial ownership of such shares. Excludes shares that may be acquired through stock option exercises.
- (2) Represents class A shares that may be acquired through stock option exercises through April 2, 2001.
- (3) All shares listed in this column are class A shares. None of the individuals listed, nor members of their families, has any direct ownership rights in the shares listed. See footnotes 9 through 11 to this table.
- (4) Calculated based on the number of outstanding class A and class B shares as of February 1, 2001, plus the number of shares that may be acquired by the named individual upon the exercise of outstanding stock options through April 2, 2001.
- (5) Based on an aggregate of 1,130,678,431 shares of class A and class B common stock issued and outstanding as of February 1, 2001. Assumes that all options exercisable through April 2, 2001 owned by the person are exercised. The total number of shares outstanding used in calculating this percentage also assumes that none of the options owned by other persons are exercised.
- (6) To satisfy the obligations accrued under a previous retirement plan, our board of directors allocated to Bill Brown, Gary MacDougal, Vic Pelson and Bob Teeter dollar amounts that appreciate or depreciate in tandem with the changes in the share price of our common stock, inclusive of dividends. At the time each director ceases to serve on our board, the then-current value of the account will be payable to him, or his designated beneficiary, either in cash or shares of our class A common stock. The value of these accounts at December 31, 2000 was as follows: Brown \$1,388,216; MacDougal \$1,388,216; Pelson \$694,108; and Teeter \$694,108.

7

- (7) Bob Clanin and Chuck Schaffer retired as directors and executive officers effective January 5, 2001.
- (8) Calvin Darden was elected as a director by our board effective February 15, 2001.
- (9) Includes 34,893,271 class A shares owned by the Annie E. Casey Foundation, Inc., of which Bob Clanin, Mike Eskew, Jim Kelly, Gary MacDougal, Joe Moderow, Oz Nelson, Lea Soupata, and other non-UPS persons constitute the corporate Board of Trustees.
- (10) Includes 1,483,542 class A shares held by the UPS Foundation, Inc., a UPS-sponsored charitable foundation of which Bob Clanin, Mike Eskew, Jim Kelly, Lea Soupata, Tom Weidemeyer and an executive officer not listed above are trustees.
- (11) Includes 4,019,209 class A shares held by various trusts of which Joe Moderow, Oz Nelson and Lea Soupata are co-fiduciaries.
- (12) Includes shares held by the foundations, employee benefit plans and trusts of which directors and executive officers listed are trustees or fiduciaries. Eliminates duplications in the reported number of shares arising from the fact that several directors and executive officers share in the voting power with respect to these shares.
- (13) The address of Capital Research and Management Company is 333 South Hope Street, Los Angeles, California 90071. Capital Research has sole dispositive power with respect to 10,625,530 shares of class B common stock, which constitute 6.5% of the class B common stock. This information is based on a Schedule 13G that was filed with the SEC on February 13, 2001.

8

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

The following table shows the cash compensation paid or to be paid by us or any of our subsidiaries, and other compensation paid or accrued, during the last three fiscal years to our Chief Executive Officer and our other four highest paid executive officers who were serving as executive officers at the end of 2000. We refer to these four executive officers (Bob Clanin, Mike Eskew, Joe Moderow and Chuck Schaffer) as our named executive officers.

Long Term Compensation

				Awards		
		Annual Compensation		Securities Underlying	All Other Compensation(2)	
Name and Principal Position	Year	Salary	Bonus(1)	Stock Options		
James P. Kelly	2000	\$963,000	\$569,400	0	\$52,053	
Chairman of the Board and	1999	\$882,000	\$614,806	159,517	\$ 25,348	
Chief Executive Officer	1998	\$771,500	\$319,277	100,936	\$ 4,800	
Robert J. Clanin(3)	2000	\$531,500	\$313,900	0	\$ 19,197	
Senior Vice President, Treasurer and	1999	\$494,000	\$342,448	69,012	\$ 17,322	
Chief Financial Officer	1998	\$450,500	\$194,620	58,168	\$ 4,800	

				Long Term Compensation Awards	
Michael L. Eskew	2000	\$515,500	\$328,500	0	\$ 15,348
Vice Chairman and	1999	\$379,000	\$290,479	51,722	\$ 6,270
Executive Vice President	1998	\$313,000	\$136,737	39,348	\$ 4,800
Joseph R. Moderow	2000	\$496,000	\$292,000	0	\$ 23,031
Senior Vice President, Secretary and	1999	\$471,000	\$325,285	66,645	\$ 18,720
Legal & Public Affairs Group Manager	1998	\$442,000	\$189,360	58,168	\$ 4,800
Charles L. Schaffer(3)	2000	\$592,000	\$350,400	0	\$ 43,663
Senior Vice President and	1999	\$542,000	\$376,638	75,022	\$ 21,337
Chief Operating Officer	1998	\$492,000	\$210,400	59,878	\$ 4,800

⁽¹⁾ Reflects the value of awards accrued under the United Parcel Service, Inc. Incentive Compensation Plan for 2000 and UPS Managers Incentive Plan for 1999 and 1998, based upon the prices of our class B common stock on the dates the awards were granted.

9

Stock Option Grants

We did not grant any options to our Chief Executive Officer or named executive officers during 2000.

Stock Option Exercises and Holdings

The following table sets forth information about stock option exercises during 2000 by our Chief Executive Officer and our named executive officers and the value of these officers unexercised options as of December 31, 2000:

Name	Class A Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at December 31, 2000(1) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at December 31, 2000(2) Exercisable/Unexcisable	
James P. Kelly	43,794	\$2,260,865	0/348,291	\$0/\$12,696,185	
Robert J. Clanin	20,744	\$1,070,909	0/182,148	\$0/\$ 6,894,020	
Michael L. Eskew	13,484	\$ 696,112	0/122,438	\$0/\$ 4,481,288	
Joseph R. Moderow	31,692	\$1,636,100	0/184,661	\$0/\$ 7,055,504	
Charles L. Schaffer	30,540	\$1,576,628	0/195,208	\$0/\$ 7,367,869	

⁽²⁾ Includes \$4,800 for 1998 and 1999, and \$5,100 for 2000, which reflects the value of class A common stock contributed by us to the accounts of the named individuals pursuant to the UPS Savings*PLUS* plan. The additional amounts for 1999 and 2000 relate to income imputed based on life insurance premiums paid by us on behalf of these executive officers pursuant to a distribution election option under the UPS Excess Coordinating Benefit Plan.

⁽³⁾ Bob Clanin and Chuck Schaffer retired as directors and executive officers effective January 5, 2001.