Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
United Parcel Service, Inc.
Atlanta, Georgia

We have audited the accompanying consolidated balance sheets of United Parcel Service, Inc. and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related statements of consolidated income, consolidated comprehensive income, and consolidated cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of United Parcel Service, Inc. and subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Atlanta, Georgia
February 28, 2014

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In millions)

	December 31, 2013	December 31, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,665	$ 7,327
Marketable securities	580	597
Accounts receivable, net	6,502	6,111
Deferred income tax assets	684	583
Other current assets	956	973
Total Current Assets	13,387	15,591
Property, Plant and Equipment, Net	17,961	17,894
Goodwill	2,190	2,173
Intangible Assets, Net	775	603
Investments and Restricted Cash	444	307
Derivative Assets	323	535
Deferred Income Tax Assets	110	684
Other Non-Current Assets	1,022	1,076
Total Assets	$ 36,212	$ 38,863
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt and commercial paper	$ 48	$ 1,781
Accounts payable	2,478	2,278
Accrued wages and withholdings	2,325	1,927
Self-insurance reserves	719	763
Other current liabilities	1,561	1,641
Total Current Liabilities	7,131	8,390
Long-Term Debt	10,824	11,089
Pension and Postretirement Benefit Obligations	7,051	11,068
Deferred Income Tax Liabilities	1,244	48
Self-Insurance Reserves	2,059	1,980
Other Non-Current Liabilities	1,415	1,555
Shareowners' Equity:		
Class A common stock (212 and 225 shares issued in 2013 and 2012)	2	3
Class B common stock (712 and 729 shares issued in 2013 and 2012)	7	7
Additional paid-in capital	—	—
Retained earnings	6,925	7,997
Accumulated other comprehensive loss	(460)	(3,354)
Deferred compensation obligations	69	78
Less: Treasury stock (1 share in 2013 and 2012)	(69)	(78)
Total Equity for Controlling Interests	6,474	4,653
Noncontrolling Interests	14	80
Total Shareowners' Equity	6,488	4,733
Total Liabilities and Shareowners' Equity	$ 36,212	$ 38,863

See notes to consolidated financial statements.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME
(In millions, except per share amounts)

	Years Ended December 31,		
	2013	2012	2011
Revenue	$ 55,438	$ 54,127	$ 53,105
Operating Expenses:			
Compensation and benefits	28,557	33,102	27,575
Repairs and maintenance	1,240	1,228	1,286
Depreciation and amortization	1,867	1,858	1,782
Purchased transportation	7,486	7,354	7,232
Fuel	4,027	4,090	4,046
Other occupancy	950	902	943
Other expenses	4,277	4,250	4,161
Total Operating Expenses	48,404	52,784	47,025
Operating Profit	7,034	1,343	6,080
Other Income and (Expense):			
Investment income	20	24	44
Interest expense	(380)	(393)	(348)
Total Other Income and (Expense)	(360)	(369)	(304)
Income Before Income Taxes	6,674	974	5,776
Income Tax Expense	2,302	167	1,972
Net Income	$ 4,372	$ 807	$ 3,804
Basic Earnings Per Share	$ 4.65	$ 0.84	$ 3.88
Diluted Earnings Per Share	$ 4.61	$ 0.83	$ 3.84

STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME
(In millions)

	Years Ended December 31,		
	2013	2012	2011
Net income	$ 4,372	$ 807	$ 3,804
Change in foreign currency translation adjustment, net of tax	(260)	294	(92)
Change in unrealized gain (loss) on marketable securities, net of tax	(7)	—	(6)
Change in unrealized gain (loss) on cash flow hedges, net of tax	67	(82)	35
Change in unrecognized pension and postretirement benefit costs, net of tax	3,094	(463)	(405)
Comprehensive income	$ 7,266	$ 556	$ 3,336

See notes to consolidated financial statements.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(In millions)

	Years Ended December 31,		
	2013	2012	2011
Cash Flows From Operating Activities:			
Net income	$ 4,372	$ 807	$ 3,804
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	1,867	1,858	1,782
Pension and postretirement benefit expense	1,115	5,753	1,660
Pension and postretirement benefit contributions	(212)	(917)	(1,436)
Self-insurance reserves	34	156	53
Deferred tax expense	(246)	(2,083)	314
Stock compensation expense	513	547	524
Other (gains) losses	35	1,082	245
Changes in assets and liabilities, net of effect of acquisitions:			
Accounts receivable	(515)	(124)	(657)
Other current assets	(13)	10	107
Accounts payable	218	(58)	249
Accrued wages and withholdings	416	98	339
Other current liabilities	(140)	206	186
Other operating activities	(140)	(119)	(97)
Net cash from operating activities	7,304	7,216	7,073
Cash Flows From Investing Activities:			
Capital expenditures	(2,065)	(2,153)	(2,005)
Proceeds from disposals of property, plant and equipment	104	95	27
Purchases of marketable securities	(2,948)	(2,357)	(4,903)
Sales and maturities of marketable securities	2,957	2,985	4,490
Net decrease in finance receivables	39	101	184
Cash received (paid) for business acquisitions and dispositions	(22)	(100)	(73)
Other investing activities	(179)	94	(257)
Net cash used in investing activities	(2,114)	(1,335)	(2,537)
Cash Flows From Financing Activities:			
Net change in short-term debt	—	—	(183)
Proceeds from long-term borrowings	100	1,745	279
Repayments of long-term borrowings	(1,875)	(16)	(191)
Purchases of common stock	(3,838)	(1,621)	(2,665)
Issuances of common stock	491	301	290
Dividends	(2,260)	(2,130)	(1,997)
Other financing activities	(425)	(96)	(395)
Net cash used in financing activities	(7,807)	(1,817)	(4,862)
Effect Of Exchange Rate Changes On Cash And Cash Equivalents	(45)	229	(10)
Net Increase (Decrease) In Cash And Cash Equivalents	(2,662)	4,293	(336)
Cash And Cash Equivalents:			
Beginning of period	7,327	3,034	3,370
End of period	$ 4,665	$ 7,327	$ 3,034
Cash Paid During The Period For:			
Interest (net of amount capitalized)	$ 409	$ 381	$ 248
Income taxes	$ 2,712	$ 1,988	$ 1,527

See notes to consolidated financial statements.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

Basis of Financial Statements and Business Activities

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), and include the accounts of United Parcel Service, Inc., and all of its consolidated subsidiaries (collectively "UPS" or the "Company"). All intercompany balances and transactions have been eliminated.

UPS concentrates its operations in the field of transportation services, primarily domestic and international letter and package delivery. Through our Supply Chain & Freight subsidiaries, we are also a global provider of specialized transportation, logistics, and financial services.

Use of Estimates

The preparation of our consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses and the disclosure of contingencies. Estimates have been prepared on the basis of the most current and best information, and actual results could differ materially from those estimates.

Revenue Recognition

U.S. Domestic and International Package Operations—Revenue is recognized upon delivery of a letter or package.

Forwarding and Logistics—Freight forwarding revenue and the expense related to the transportation of freight are recognized at the time the services are performed. Material management and distribution revenue is recognized upon performance of the service provided. Customs brokerage revenue is recognized upon completing documents necessary for customs entry purposes.

Freight—Revenue is recognized upon delivery of a less-than-truckload ("LTL") or truckload ("TL") shipment.

We utilize independent contractors and third-party carriers in the performance of some transportation services. In situations where we act as principal party to the transaction, we recognize revenue on a gross basis; in circumstances where we act as an agent, we recognize revenue net of the cost of the purchased transportation.

Financial Services—Income on loans and direct finance leases is recognized on the effective interest method. Accrual of interest income is suspended at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days delinquent. Income on operating leases is recognized on the straight-line method over the terms of the underlying leases.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments that are readily convertible into cash. We consider securities with maturities of three months or less, when purchased, to be cash equivalents. The carrying amount of these securities approximates fair value because of the short-term maturity of these instruments.

Investments

Marketable securities are classified as available-for-sale and are carried at fair value, with related unrealized gains and losses reported, net of tax, as accumulated other comprehensive income ("AOCI"), a separate component of shareowners' equity. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion is included in investment income, along with interest and dividends. The cost of securities sold is based on the specific identification method; realized gains and losses resulting from such sales are included in investment income.

We periodically review our investments for indications of other than temporary impairment considering many factors, including the extent and duration to which a security's fair value has been less than its cost, overall economic and market conditions and the financial condition and specific prospects for the issuer. Impairment of investment securities results in a charge to income when a market decline below cost is other than temporary.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounts Receivable

Losses on accounts receivable are recognized when they are incurred, which requires us to make our best estimate of the probable losses inherent in our customer receivables at each balance sheet date. These estimates require consideration of historical loss experience, adjusted for current conditions, trends in customer payment frequency, and judgments about the probable effects of relevant observable data, including present economic conditions and the financial health of specific customers and market sectors. Our risk management process includes standards and policies for reviewing major account exposures and concentrations of risk.

Our total allowance for doubtful accounts as of December 31, 2013 and 2012 was $122 and $127 million, respectively. Our total provision for doubtful accounts charged to expense during the years ended December 31, 2013, 2012 and 2011 was $129, $155 and $147 million, respectively.

Inventories

Jet fuel, diesel, and unleaded gasoline inventories are valued at the lower of average cost or market. Fuel and other materials and supplies inventories are recognized as inventory when purchased, and then charged to expense when used in our operations. Total inventories were $ 403 and $393 million as of December 31, 2013 and 2012, respectively, and are included in "other current assets" on the consolidated balance sheet.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. Depreciation and amortization are provided by the straight-line method over the estimated useful lives of the assets, which are as follows: Vehicles—6 to 15 years; Aircraft—12 to 30 years; Buildings—20 to 40 years; Leasehold Improvements—lesser of asset useful life or lease term; Plant Equipment—6 to 8.25 years; Technology Equipment—3 to 5 years. The costs of major airframe and engine overhauls, as well as routine maintenance and repairs, are charged to expense as incurred.

Interest incurred during the construction period of certain property, plant and equipment is capitalized until the underlying assets are placed in service, at which time amortization of the capitalized interest begins, straight-line, over the estimated useful lives of the related assets. Capitalized interest was $ 14, $18 and $17 million for 2013, 2012, and 2011, respectively.

We review long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market values, discounted cash flows, or external appraisals, as applicable. We review long-lived assets for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

Goodwill and Intangible Assets

Costs of purchased businesses in excess of net identifiable assets acquired (goodwill), and indefinite-lived intangible assets are tested for impairment at least annually, unless changes in circumstances indicate an impairment may have occurred sooner. We are required to test goodwill on a "reporting unit" basis. A reporting unit is the operating segment unless, for businesses within that operating segment, discrete financial information is prepared and regularly reviewed by management, in which case such a component business is the reporting unit.

In assessing goodwill for impairment, we initially evaluate qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We consider several factors, including macroeconomic conditions, industry and market conditions, overall financial performance of the reporting unit, changes in management, strategy or customers, and relevant reporting unit specific events such as a change in the carrying amount of net assets, a more likely than not expectation of selling or disposing all, or a portion, of a reporting unit, and the testing for recoverability of a significant asset group within a reporting unit. If this qualitative assessment results in a conclusion that it is more likely than not that the fair value of a reporting unit exceeds the carrying value, then no further testing is performed for that reporting unit.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Foreign Currency Translation

We translate the results of operations of our foreign subsidiaries using average exchange rates during each period, whereas balance sheet accounts are translated using exchange rates at the end of each period. Balance sheet currency translation adjustments are recorded in AOCI. Currency transaction gains and losses, net of hedging, included in other operating expenses were pre-tax gains (losses) of $ 76, $10 and $(1) million in 2013, 2012 and 2011, respectively.

Stock-Based Compensation

All share-based awards to employees are measured based on their fair values and expensed over the period during which an employee is required to provide service in exchange for the award (the vesting period). We issue employee share-based awards under the UPS Incentive Compensation Plan that are subject to specific vesting conditions; generally, the awards cliff vest or vest ratably over a three or five year period, "the nominal vesting period," or at the date the employee retires (as defined by the plan), if earlier. Compensation cost is recognized immediately for awards granted to retirement-eligible employees, or over the period from the grant date to the date retirement eligibility is achieved, if that is expected to occur during the nominal vesting period.

Fair Value Measurements

Our financial assets and liabilities measured at fair value on a recurring basis have been categorized based upon a fair value hierarchy. Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities. Level 2 inputs are based on other observable market data, such as quoted prices for similar assets and liabilities, and inputs other than quoted prices that are observable, such as interest rates and yield curves. Level 3 inputs are developed from unobservable data reflecting our own assumptions, and include situations where there is little or no market activity for the asset or liability.

Certain non-financial assets and liabilities are measured at fair value on a nonrecurring basis, including property, plant, and equipment, goodwill and intangible assets. These assets are not measured at fair value on a recurring basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of an impairment. A general description of the valuation methodologies used for assets and liabilities measured at fair value, including the general classification of such assets and liabilities pursuant to the valuation hierarchy, is included in each footnote with fair value measurements present.

Derivative Instruments

All financial derivative instruments are recorded on our consolidated balance sheets at fair value. Derivatives not designated as hedges must be adjusted to fair value through income. If a derivative is designated as a hedge, depending on the nature of the hedge, changes in its fair value that are considered to be effective, as defined, either offset the change in fair value of the hedged assets, liabilities or firm commitments through income, or are recorded in AOCI until the hedged item is recorded in income. Any portion of a change in a hedge's fair value that is considered to be ineffective, or is excluded from the measurement of effectiveness, is recorded immediately in income.

Recently Adopted Accounting Standards

In May 2011, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update to disclosure requirements for fair value measurement. These amendments, which became effective for us in the first quarter of 2012, result in a common definition of fair value and common measurement and disclosure requirements between U.S. GAAP and IFRS. Consequently, the amendments change some fair value measurement principles and disclosure requirements. The implementation of this amended accounting guidance had an immaterial impact on our consolidated financial position and results of operations.

In June 2011, the FASB issued an Accounting Standards Update that increases the prominence of items reported in other comprehensive income in the financial statements. This update requires companies to present comprehensive income in a single statement below net income or in a separate statement of comprehensive income immediately following the income statement. This requirement became effective for us beginning with the first quarter of 2012, and we have included the required presentation in all applicable filings since that date.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In December 2011, the FASB issued an Accounting Standards Update that required entities disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position, as well as instruments and transactions subject to a master netting arrangement. In addition, the update requires disclosure of collateral received and posted in connection with master netting agreements or similar arrangements. This requirement became effective for us beginning with the first quarter of 2013. This update did not have a material effect on our consolidated financial position or results of operations, and we have included the required disclosures in all applicable filings since implementation.

In July 2012, the FASB issued an Accounting Standards Update that added an optional qualitative assessment for determining whether an indefinite-lived intangible asset is impaired. The objective of this update is to reduce the cost and complexity of performing an impairment test for indefinite-lived intangible assets by allowing an entity the option to make a qualitative evaluation about the likelihood of an intangible impairment to determine whether it should calculate the fair value of the asset. This accounting standards update also amends existing guidance by expanding upon the examples of events and circumstances that an entity should consider between annual impairment tests in determining whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. We adopted this accounting standard update and applied its provisions to certain of our intangible assets for our annual impairment testing as of October 1, 2012.

In February 2013, the FASB issued an accounting standards update that adds new disclosure requirements for items reclassified out of accumulated other comprehensive income. This update requires that companies present either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source (e.g., the release due to cash flow hedges from interest rate contracts) and the income statement line items affected by the reclassification (e.g., interest income or interest expense). If a component is not required to be reclassified to net income in its entirety (e.g., the net periodic pension cost), companies would instead cross reference to the related note for additional information (e.g., the pension note). We adopted this accounting standard update in the first quarter of 2013 and have included the required presentation in all applicable filings since that date (see note 9).

Other accounting pronouncements adopted during the periods covered by the consolidated financial statements had an immaterial impact on our consolidated financial position and results of operations.

Accounting Standards Issued But Not Yet Effective

Accounting pronouncements issued, but not effective until after December 31, 2013, are not expected to have a significant impact on our consolidated financial position or results of operations.

Changes in Presentation

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on our financial position or results of operations.

NOTE 2. CASH AND INVESTMENTS

The following is a summary of marketable securities classified as available-for-sale at December 31, 2013 and 2012 (in millions):

	Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
2013				
Current marketable securities:				
U.S. government and agency debt securities	$ 355	$ —	$ (1)	$ 354
Mortgage and asset-backed debt securities	76	1	(2)	75
Corporate debt securities	146	1	(1)	146
U.S. state and local municipal debt securities	2	—	—	2
Other debt and equity securities	3	—	—	3
Total marketable securities	$ 582	$ 2	$ (4)	$ 580

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including both owned assets as well as assets subject to capital leases, consists of the following as of December 31 (in millions):

	2013	2012
Vehicles	$ 6,762	$ 6,344
Aircraft	15,772	15,164
Land	1,163	1,122
Buildings	3,260	3,138
Building and leasehold improvements	3,116	3,049
Plant equipment	7,221	7,010
Technology equipment	1,569	1,675
Equipment under operating leases	44	69
Construction-in-progress	244	470
	39,151	38,041
Less: Accumulated depreciation and amortization	(21,190)	(20,147)
	$ 17,961	$ 17,894

We continually monitor our aircraft fleet utilization in light of current and projected volume levels, aircraft fuel prices and other factors. Additionally, we monitor our other property, plant and equipment categories for any indicators that the carrying value of the assets may not be recoverable. In 2013, 2012 and 2011, there were no indicators of impairment in our property, plant and equipment, and no impairment charges were recorded in any period presented.

NOTE 4. COMPANY-SPONSORED EMPLOYEE BENEFIT PLANS

We sponsor various retirement and pension plans, including defined benefit and defined contribution plans which cover our employees worldwide.

U.S. Pension Benefits

In the U.S. we maintain the following single-employer defined benefit pension plans: UPS Retirement Plan, UPS Pension Plan, UPS IBT Pension Plan and the UPS Excess Coordinating Benefit Plan, a non-qualified plan.

The UPS Retirement Plan is noncontributory and includes substantially all eligible employees of participating domestic subsidiaries who are not members of a collective bargaining unit, as well as certain employees covered by a collective bargaining agreement. This plan generally provides for retirement benefits based on average compensation levels earned by employees prior to retirement. Benefits payable under this plan are subject to maximum compensation limits and the annual benefit limits for a tax qualified defined benefit plan as prescribed by the Internal Revenue Service ("IRS").

The UPS Excess Coordinating Benefit Plan is a non-qualified plan that provides benefits to certain participants in the UPS Retirement Plan for amounts that exceed the benefit limits described above.

The UPS Pension Plan is noncontributory and includes certain eligible employees of participating domestic subsidiaries and members of collective bargaining units that elect to participate in the plan. This plan generally provides for retirement benefits based on service credits earned by employees prior to retirement.

The UPS IBT Pension Plan is noncontributory and includes employees that were previously members of the Central States, Southeast and Southwest Areas Pension Fund ("Central States Pension Fund"), a multiemployer pension plan, in addition to other eligible employees who are covered under certain collective bargaining agreements. This plan generally provides for retirement benefits based on service credits earned by employees prior to retirement.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. BUSINESS ACQUISITIONS, GOODWILL AND INTANGIBLE ASSETS

The following table indicates the allocation of goodwill by reportable segment (in millions):

	U.S. Domestic Package	International Package	Supply Chain & Freight	Consolidated
Balance on January 1, 2012	$ —	$ 361	$ 1,740	$ 2,101
Acquired	—	67	—	67
Currency / Other	—	2	3	5
Balance on December 31, 2012	$ —	$ 430	$ 1,743	$ 2,173
Acquired	—	3	20	23
Currency / Other	—	(13)	7	(6)
Balance on December 31, 2013	$ —	$ 420	$ 1,770	$ 2,190

Business Acquisitions

2013 Acquisitions:

The goodwill acquired in the Supply Chain & Freight segment was related to our July 2013 acquisition of Cemelog Ltd. ("Cemelog"), a Hungary-based medical logistics provider that operates in Central and Eastern Europe. The goodwill acquired in the International Package segment was largely related to our October 2013 acquisition of the assets and operations of two Costa Rican-based companies: (1) Union Pak de Costa Rica, S.A., a small package delivery company, and (2) SEISA Brokerage, a customs brokerage company. Both companies have long-standing relationships with UPS as authorized service contractors.

2012 Acquisitions:

The goodwill acquired in the International Package segment was related to our February 2012 acquisition of Kiala S.A. ("Kiala"), a Belgium-based developer of a platform that enables e-commerce retailers to offer their shoppers the option of having goods delivered to a convenient retail location. Kiala currently operates in Belgium, France, Luxembourg, the Netherlands and Spain.

Pro forma results of operations have not been presented for these acquisitions in 2013 and 2012, because the effects of these transactions were not material in either period. The results of operations of these acquired companies have been included in our statements of consolidated income from the date of acquisition.

The remaining change in goodwill for both the International Package and Supply Chain & Freight segments was due to the impact of changes in the value of the U.S. Dollar on the translation of non-U.S. Dollar goodwill balances.

Goodwill Impairment

We test our goodwill for impairment annually, as of October 1st, on a reporting unit basis. Our reporting units are comprised of the Europe, Asia, and Americas reporting units in the International Package reporting segment, and the Forwarding, Logistics, UPS Freight, MBE / The UPS Store, and UPS Capital reporting units in the Supply Chain & Freight reporting segment.

In assessing our goodwill for impairment, we initially evaluate qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment is not conclusive and it is necessary to calculate the fair value of a reporting unit, then we utilize a two-step process to test goodwill for impairment. First, a comparison of the fair value of the applicable reporting unit with the aggregate carrying value, including goodwill, is performed. We primarily determine the fair value of our reporting units using a discounted cash flow model, and supplement this with observable valuation multiples for comparable companies, as applicable. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, we perform the second step of the goodwill impairment test to determine the amount of impairment loss. The second step includes comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In 2013, we utilized a qualitative assessment to determine that it was more likely than not that the reporting unit fair value exceeded the carrying value for our Europe, Asia, Americas and MBE / The UPS Store reporting units. For the remaining reporting units, we utilized the two-step process to test goodwill for impairment. We did not have any goodwill impairment charges in 2013, 2012 or 2011. Cumulatively, our Supply Chain & Freight reporting segment has recorded goodwill impairment charges of $622 million, while our International and U.S. Domestic Package segments have not recorded any impairment charges.

Intangible Assets

The following is a summary of intangible assets at December 31, 2013 and 2012 (in millions):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Weighted-Average Amortization Period (in years)
December 31, 2013				
Trademarks, licenses, patents, and other	$ 257	$ (108)	$ 149	6.2
Customer lists	118	(62)	56	12.8
Franchise rights	117	(70)	47	20.0
Capitalized software	2,420	(1,897)	523	5.0
Total Intangible Assets, Net	$ 2,912	$ (2,137)	$ 775	6.0
December 31, 2012				
Trademarks, licenses, patents, and other	$ 163	$ (80)	$ 83	
Customer lists	131	(79)	52	
Franchise rights	117	(64)	53	
Capitalized software	2,197	(1,782)	415	
Total Intangible Assets, Net	$ 2,608	$ (2,005)	$ 603	

Licenses with a carrying value of $5 million as of December 31, 2013 are deemed to be indefinite-lived intangibles, and therefore are not amortized. Impairment tests for indefinite-lived intangibles are performed on an annual basis. All of our other recorded intangible assets are deemed to be finite-lived intangibles, and are thus amortized over their estimated useful lives. Impairment tests for these intangible assets are only performed when a triggering event occurs that indicates that the carrying value of the intangible may not be recoverable. We incurred impairment charges on intangible assets of $13 million during 2013, while there were no impairments of any finite-lived or indefinite-lived intangible assets in 2012 or 2011.

Amortization of intangible assets was $185, $244 and $228 million during 2013, 2012 or 2011, respectively. Expected amortization of finite-lived intangible assets recorded as of December 31, 2013 for the next five years is as follows (in millions): 2014—$239; 2015—$196; 2016—$140; 2017—$90; 2018—$46. Amortization expense in future periods will be affected by business acquisitions, software development, licensing agreements, sponsorships and other factors.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. DEBT AND FINANCING ARRANGEMENTS

The following table sets forth the principal amount, maturity or range of maturities, as well as the carrying value of our debt obligations, as of December 31, 2013 and 2012 (in millions). The carrying value of these debt obligations can differ from the principal amount due to the impact of unamortized discounts or premiums and valuation adjustments resulting from interest rate swap hedging relationships.

	Principal Amount	Maturity	Carrying Value 2013	Carrying Value 2012
Commercial paper	$ —		$ —	$ —
Fixed-rate senior notes:				
4.50% senior notes	1,750	2013	—	1,751
3.875% senior notes	1,000	2014	1,007	1,033
1.125% senior notes	375	2017	367	373
5.50% senior notes	750	2018	821	851
5.125% senior notes	1,000	2019	1,079	1,140
3.125% senior notes	1,500	2021	1,579	1,655
2.45% senior notes	1,000	2022	913	996
6.20% senior notes	1,500	2038	1,481	1,480
4.875% senior notes	500	2040	489	489
3.625% senior notes	375	2042	367	367
8.375% Debentures:				
8.375% debentures	424	2020	479	512
8.375% debentures	276	2030	283	284
Pound Sterling Notes:				
5.50% notes	110	2031	105	103
5.125% notes	750	2050	714	699
Floating rate senior notes	374	2049 – 2053	370	374
Capital lease obligations	473	2014 – 3004	473	440
Facility notes and bonds	320	2015 – 2036	320	320
Other debt	25	2014 - 2022	25	3
Total debt	$ 12,502		10,872	12,870
Less: current maturities			(48)	(1,781)
Long-term debt			$ 10,824	$ 11,089

Commercial Paper

We are authorized to borrow up to $10.0 billion under our U.S. commercial paper program. We also maintain a European commercial paper program under which we are authorized to borrow up to € 5.0 billion in a variety of currencies. No amounts were outstanding under these programs as of December 31, 2013. The amount of commercial paper outstanding under these programs in 2014 is expected to fluctuate.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Capital Lease Obligations

We have certain property, plant and equipment subject to capital leases. Some of the obligations associated with these capital leases have been legally defeased. The recorded value of our property, plant and equipment subject to capital leases is as follows as of December 31 (in millions):

	2013	2012
Vehicles	$ 49	$ 63
Aircraft	2,289	2,282
Buildings	181	65
Plant Equipment	2	2
Technology Equipment	—	3
Accumulated amortization	(727)	(611)
	$ 1,794	$ 1,804

These capital lease obligations have principal payments due at various dates from 2014 through 3004.

Facility Notes and Bonds

We have entered into agreements with certain municipalities to finance the construction of, or improvements to, facilities that support our U.S. Domestic Package and Supply Chain & Freight operations in the United States. These facilities are located around airport properties in Louisville, Kentucky; Dallas, Texas; and Philadelphia, Pennsylvania. Under these arrangements, we enter into a lease or loan agreement that covers the debt service obligations on the bonds issued by the municipalities, as follows:

- Bonds with a principal balance of $ 149 million issued by the Louisville Regional Airport Authority associated with our Worldport facility in Louisville, Kentucky. The bonds, which are due in January 2029, bear interest at a variable rate, and the average interest rates for 2013 and 2012 were 0.09% and 0.15%, respectively.
- Bonds with a principal balance of $42 million and due in November 2036 issued by the Louisville Regional Airport Authority associated with our air freight facility in Louisville, Kentucky. The bonds bear interest at a variable rate, and the average interest rates for 2013 and 2012 were 0.08% and 0.15%, respectively.
- Bonds with a principal balance of $29 million issued by the Dallas / Fort Worth International Airport Facility Improvement Corporation associated with our Dallas, Texas airport facilities. The bonds are due in May 2032 and bear interest at a variable rate, however the variable cash flows on the obligation have been swapped to a fixed 5.11%.
- Bonds with a principal balance of $ 100 million issued by the Delaware County, Pennsylvania Industrial Development Authority associated with our Philadelphia, Pennsylvania airport facilities. The bonds, which are due in December 2015, bear interest at a variable rate, and the average interest rates for 2013 and 2012 were 0.07% and 0.13%, respectively.

Pound Sterling Notes

The Pound Sterling notes consist of two separate tranches, as follows:

- Notes with a principal amount of £66 million accrue interest at a 5.50% fixed rate, and are due in February 2031. These notes are not callable.
- Notes with a principal amount of £455 million accrue interest at a 5.125% fixed rate, and are due in February 2050. These notes are callable at our option at a redemption price equal to the greater of 100% of the principal amount and accrued interest, or the sum of the present values of the remaining scheduled payout of principal and interest thereon discounted to the date of redemption at a benchmark U.K. government bond yield plus 15 basis points and accrued interest.

We maintain cross-currency interest rate swaps to hedge the foreign currency risk associated with the bond cash flows for both tranches of these bonds. The average fixed interest rate payable on the swaps is 5.79%.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
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Contractual Commitments

We lease certain aircraft, facilities, land, equipment and vehicles under operating leases, which expire at various dates through 2038. Certain of the leases contain escalation clauses and renewal or purchase options. Rent expense related to our operating leases was $ 575, $619 and $629 million for 2013, 2012 and 2011, respectively.

The following table sets forth the aggregate minimum lease payments under capital and operating leases, the aggregate annual principal payments due under our long-term debt, and the aggregate amounts expected to be spent for purchase commitments (in millions).

Year	Capital Leases	Operating Leases	Debt Principal	Purchase Commitments
2014	$ 67	$ 310	$ 1,009	$ 333
2015	65	239	107	100
2016	58	180	6	50
2017	58	146	377	11
2018	53	99	750	—
After 2018	422	242	8,030	—
Total	723	$ 1,216	$ 10,279	$ 494
Less: imputed interest	(250)			
Present value of minimum capitalized lease payments	473			
Less: current portion	(39)			
Long-term capitalized lease obligations	$ 434			

As of December 31, 2013, we had outstanding letters of credit totaling approximately $ 1.023 billion issued in connection with our self-insurance reserves and other routine business requirements. We also issue surety bonds as an alternative to letters of credit in certain instances, and as of December 31, 2013, we had $627 million of surety bonds written.

Available Credit

We maintain two credit agreements with a consortium of banks. One of these agreements provides revolving credit facilities of $ 1.5 billion, and expires on March 28, 2014. Generally, amounts outstanding under this facility bear interest at a periodic fixed rate equal to LIBOR for the applicable interest period and currency denomination, plus an applicable margin. Alternatively, a fluctuating rate of interest equal to the highest of (1) JPMorgan Chase Bank's publicly announced prime rate, (2) the Federal Funds effective rate plus 0.50%, and (3) LIBOR for a one month interest period plus 1.00% , plus an applicable margin, may be used at our discretion. In each case, the applicable margin for advances bearing interest based on LIBOR is a percentage determined by quotations from Markit Group Ltd. for our 1-year credit default swap spread, subject to a minimum rate of 0.10% and a maximum rate of 0.75%. The applicable margin for advances bearing interest based on the prime rate is 1.00% below the applicable margin for LIBOR advances (but not lower than 0.00%). We are also able to request advances under this facility based on competitive bids for the applicable interest rate. There were no amounts outstanding under this facility as of December 31, 2013.

The second agreement provides revolving credit facilities of $ 1.0 billion, and expires on March 29, 2018. Generally, amounts outstanding under this facility bear interest at a periodic fixed rate equal to LIBOR for the applicable interest period and currency denomination, plus an applicable margin. Alternatively, a fluctuating rate of interest equal to the highest of (1) JPMorgan Chase Bank's publicly announced prime rate, (2) the Federal Funds effective rate plus 0.50%, and (3) LIBOR for a one month interest period plus 1.00%, plus an applicable margin, may be used at our discretion. In each case, the applicable margin for advances bearing interest based on LIBOR is a percentage determined by quotations from Markit Group Ltd. for our credit default swap spread, interpolated for a period from the date of determination of such credit default swap spread in connection with a new interest period until the latest maturity date of this facility then in effect (but not less than a period of one year). The applicable margin is subject to certain minimum rates and maximum rates based on our public debt ratings from Standard & Poor's Rating Service and Moody's Investors Service. The minimum applicable margin rates range from 0.100% to 0.375%, and the maximum applicable margin rates range from 0.750% to 1.250% per annum. The applicable margin for advances bearing interest based on the prime rate is 1.00% below the applicable margin for LIBOR advances (but not less than 0.00%). We are also able to request advances under this facility based on competitive bids. There were no amounts outstanding under this facility as of December 31, 2013.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Debt Covenants

Our existing debt instruments and credit facilities subject us to certain financial covenants. As of December 31, 2013 and for all prior periods presented, we have satisfied these financial covenants. These covenants limit the amount of secured indebtedness that we may incur, and limit the amount of attributable debt in sale-leaseback transactions, to 10% of net tangible assets. As of December 31, 2013, 10% of net tangible assets is equivalent to $2.612 billion; however, we have no covered sale-leaseback transactions or secured indebtedness outstanding. We do not expect these covenants to have a material impact on our financial condition or liquidity.

Fair Value of Debt

Based on the borrowing rates currently available to the Company for long-term debt with similar terms and maturities, the fair value of long-term debt, including current maturities, is approximately $ 11.756 and $14.658 billion as of December 31, 2013 and 2012, respectively. We utilized Level 2 inputs in the fair value hierarchy of valuation techniques to determine the fair value of all of our debt instruments.

NOTE 8. LEGAL PROCEEDINGS AND CONTINGENCIES

We are involved in a number of judicial proceedings and other matters arising from the conduct of our business activities.

Although there can be no assurance as to the ultimate outcome, we have generally denied, or believe we have a meritorious defense and will deny, liability in all litigation pending against us, including (except as otherwise noted herein) the matters described below, and we intend to defend vigorously each case. We have accrued for legal claims when, and to the extent that, amounts associated with the claims become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts accrued for those claims.

For those matters as to which we are not able to estimate a possible loss or range of loss, we are not able to determine whether the loss will have a material adverse effect on our business, financial condition or results of operations or liquidity. For matters in this category, we have indicated in the descriptions that follow the reasons that we are unable to estimate the possible loss or range of loss.

Judicial Proceedings

We are a defendant in a number of lawsuits filed in state and federal courts containing various class action allegations under state wage-and-hour laws. At this time, we do not believe that any loss associated with these matters would have a material adverse effect on our financial condition, results of operations or liquidity.

UPS and our subsidiary Mail Boxes Etc., Inc. are defendants in a lawsuit in California Superior Court about the rebranding of The UPS Store franchises. In the Morgate case, the plaintiffs are (1) 125 individual franchisees who did not rebrand to The UPS Store and (2) a certified class of all franchisees who did rebrand. With respect to the 125 individual franchisees described in (1) above, the trial court entered judgment against a bellwether individual plaintiff, which was affirmed in January 2012. In March 2013, we reached a settlement in principle with the remaining individual plaintiffs who did not rebrand. We believe this settlement will not have a material adverse effect on our financial condition, results of operations or liquidity. The trial court granted our motion for summary judgment against the certified class described in (2) above, which was reversed in January 2012. We have not reached a settlement with this class of franchisees, and the claims of the class remain pending.

There are multiple factors that prevent us from being able to estimate the amount of loss, if any, that may result from the remaining aspects of this case, including: (1) we are vigorously defending ourselves and believe we have a number of meritorious legal defenses; and (2) it remains uncertain what evidence of damages, if any, plaintiffs will be able to present. Accordingly, at this time, we are not able to estimate a possible loss or range of loss that may result from this matter or to determine whether such loss, if any, would have a material adverse effect on our financial condition, results of operations or liquidity.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
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In January 2008, a class action complaint was filed in the United States District Court for the Eastern District of New York alleging price-fixing activities relating to the provision of freight forwarding services. UPS was not named in this case. In July 2009, the plaintiffs filed a First Amended Complaint naming numerous global freight forwarders as defendants. UPS and UPS Supply Chain Solutions are among the 60 defendants named in the amended complaint. The plaintiffs filed a Second Amended Complaint in October 2010, which we moved to dismiss. In August 2012, the Court granted our motion to dismiss all claims relevant to UPS in the Second Amended Complaint, with leave to amend. The plaintiffs filed a Third Amended Complaint in November 2012. We filed another motion to dismiss. On September 20, 2013, the Magistrate Judge recommended to the Court that UPS be dismissed from one of the claims in the Third Amended Complaint, with prejudice, but recommended that UPS's motion to dismiss with respect to other claims in the Third Amended Complaint be denied. UPS and other defendants filed objections to the recommendations of the Magistrate Judge to the extent they recommended denial of UPS's motion to dismiss. Those objections are currently pending before the Court. There are multiple factors that prevent us from being able to estimate the amount of loss, if any, that may result from these matters including: (1) the Court's pending review of the adequacy of the Third Amended Complaint; (2) the scope and size of the proposed class is ill-defined; (3) there are significant legal questions about the adequacy and standing of the putative class representatives; and (4) we believe that we have a number of meritorious legal defenses. Accordingly, at this time, we are not able to estimate a possible loss or range of loss that may result from these matters or to determine whether such loss, if any, would have a material adverse effect on our financial condition, results of operations or liquidity.

We are a defendant in various other lawsuits that arose in the normal course of business. We do not believe that the eventual resolution of these other lawsuits (either individually or in the aggregate), including any reasonably possible losses in excess of current accruals, will have a material adverse effect on our financial condition, results of operations or liquidity.

Tax Matters

In June 2011, we received an IRS Revenue Agent Report ("RAR") covering excise taxes for tax years 2003 through 2007, in addition to the income tax matters described in note 12 to the consolidated financial statements. The excise tax RAR proposed two alternate theories for asserting additional excise tax on transportation of property by air. We disagreed with these proposed excise tax theories and related adjustments. We filed protests and, in the third quarter of 2011, the IRS responded to our protests and forwarded the case to IRS Appeals.

Beginning in the third quarter of 2012 and continuing through the first quarter of 2013, we had settlement discussions with the Appeals team. In the first quarter of 2013, we reached settlement terms for a complete resolution of all excise tax matters and correlative income tax refund claims for the 2003 through 2007 tax years. The final resolution of these matters did not materially impact our financial condition, results of operations or liquidity.

NOTE 9. SHAREOWNERS' EQUITY

Capital Stock, Additional Paid-In Capital, and Retained Earnings

We maintain two classes of common stock, which are distinguished from each other by their respective voting rights. Class A shares of UPS are entitled to 10 votes per share, whereas class B shares are entitled to one vote per share. Class A shares are primarily held by UPS employees and retirees, as well as trusts and descendants of the Company's founders, and these shares are fully convertible into class B shares at any time. Class B shares are publicly traded on the New York Stock Exchange ("NYSE") under the symbol "UPS." Class A and B shares both have a $0.01 par value, and as of December 31, 2013, there were 4.6 billion class A shares and 5.6 billion class B shares authorized to be issued. Additionally, there are 200 million preferred shares authorized to be issued, with a par value of $0.01 per share; as of December 31, 2013, no preferred shares had been issued.

UNITED PARCEL SERVICE, INC. AND SUBSIDIARIES
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Our effective tax rate increased to 34.5% in 2013, compared with 17.1% in 2012, primarily due to an increase in total pre-tax income and the decrease in U.S. Federal and state tax credits relative to total pre-tax income. The impact of these factors was partially offset by a portion of the gain from liquidating a foreign subsidiary in early 2013 not being taxable (see note 15).

Beginning in 2012, we were granted a tax incentive for certain of our non-U.S. operations, which is effective through December 31, 2017 and may be extended through December 31, 2022 if additional requirements are satisfied. The tax incentive is conditional upon our meeting specific employment and investment thresholds. The impact of this tax incentive decreased non-U.S. tax expense by $ 20 million ($0.02 per share) and $22 million ($0.02 per share) for 2013 and 2012, respectively.

Deferred tax liabilities and assets are comprised of the following at December 31 (in millions):

	2013	2012
Property, plant and equipment	$ (3,613)	$ (3,624)
Goodwill and intangible assets	(1,116)	(1,035)
Other	(651)	(617)
Deferred tax liabilities	(5,380)	(5,276)
Pension and postretirement benefits	3,086	4,608
Loss and credit carryforwards (non-U.S. and state)	279	258
Insurance reserves	765	737
Vacation pay accrual	224	209
Stock compensation	70	159
Other	709	708
Deferred tax assets	5,133	6,679
Deferred tax assets valuation allowance	(251)	(220)
Deferred tax asset (net of valuation allowance)	4,882	6,459
Net deferred tax asset (liability)	$ (498)	$ 1,183
Amounts recognized in the consolidated balance sheets:		
Current deferred tax assets	$ 684	$ 583
Current deferred tax liabilities (included in other current liabilities)	(48)	(36)
Non-current deferred tax assets	110	684
Non-current deferred tax liabilities	(1,244)	(48)
Net deferred tax asset (liability)	$ (498)	$ 1,183

The valuation allowance increased by $31, $15 and $2 million during the years ended December 31, 2013, 2012 and 2011, respectively.

We have U.S. state and local operating loss and credit carryforwards as follows (in millions):

	2013	2012
U.S. state and local operating loss carryforwards	$ 546	$ 608
U.S. state and local credit carryforwards	$ 42	$ 61

The operating loss carryforwards expire at varying dates through 2033. The state credits can be carried forward for periods ranging from three years to indefinitely.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareowners
United Parcel Service, Inc.
Atlanta, Georgia

We have audited the internal control over financial reporting of United Parcel Service, Inc. and subsidiaries (the "Company") as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated February 28, 2014 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Atlanta, Georgia
February 28, 2014