



Global Growth Markets and Trade Flows

Georgia State University Robinson College of Business Economic Forecasting Conference
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Kurt Kuehn

Chief Financial Officer



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Today's topics

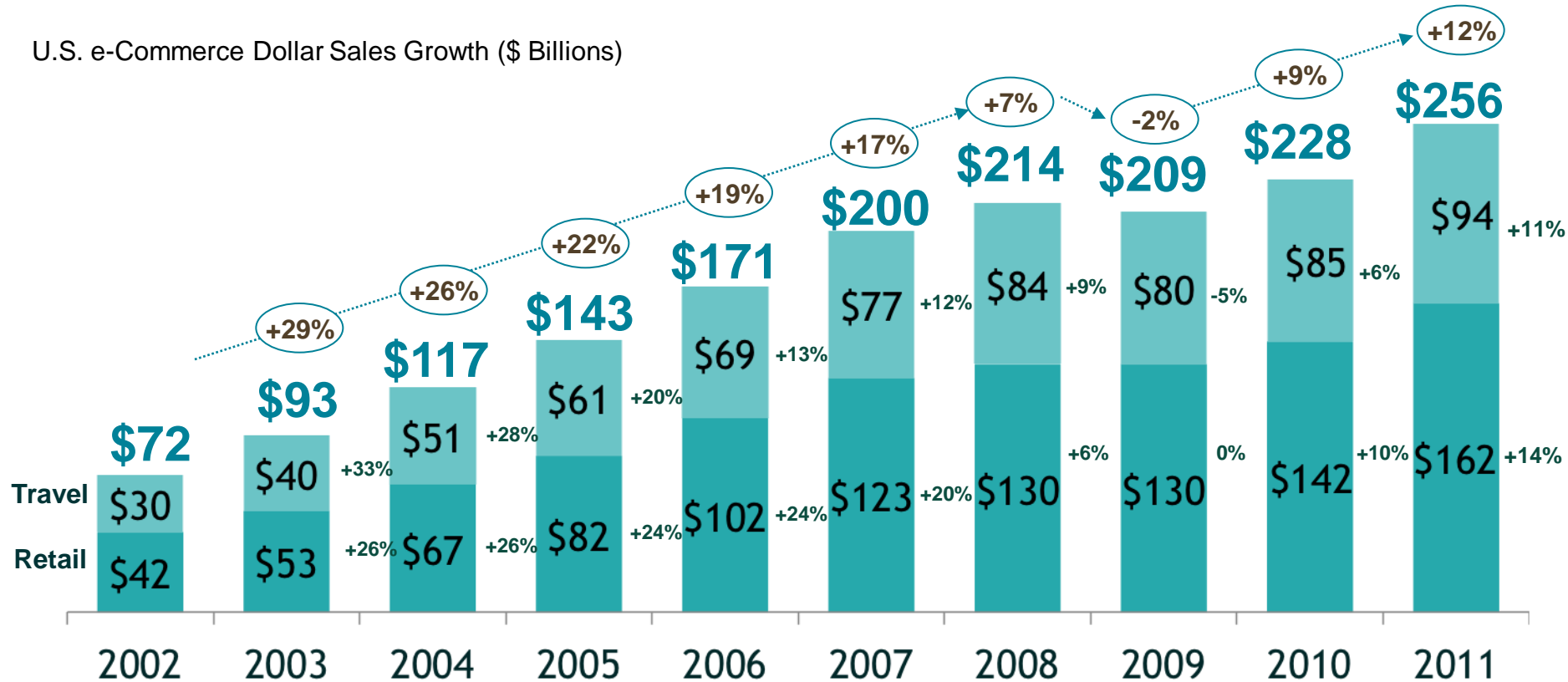
- UPS in 2012 and the e-commerce boom
- Europe as a growth market
- Asia becoming a consumer market
- North America becoming more competitive
- What it means for global business and the economy

Who we are

- More than \$53 billion in revenue
- 4 billion total packages delivered
- 8.8 million daily customers
- 400,000 employees
- One of the world's largest airlines
- Top 5 air freight provider
- Top 10 ocean freight
- Top 5 contract logistics



B2C: the next generation goes digital



Source: comScore e-Commerce Measurement, 2012

Leveraging operational capabilities to bring...

New solutions to the marketplace

UPS My ChoiceSM - a Success in Progress

- Since launch in October there are more than 1 million subscribers
- Receiving more than 4 million packages so far
- Positive customer reaction from shippers and receivers



B2R ... a new way to serve B2C

Consignees choose to have packages delivered to a neighborhood retail shop for pickup at their convenience

The Idea

Convenience driven... receiver choice

Shipper appeal... win-win flexibility... for shipper & their customer

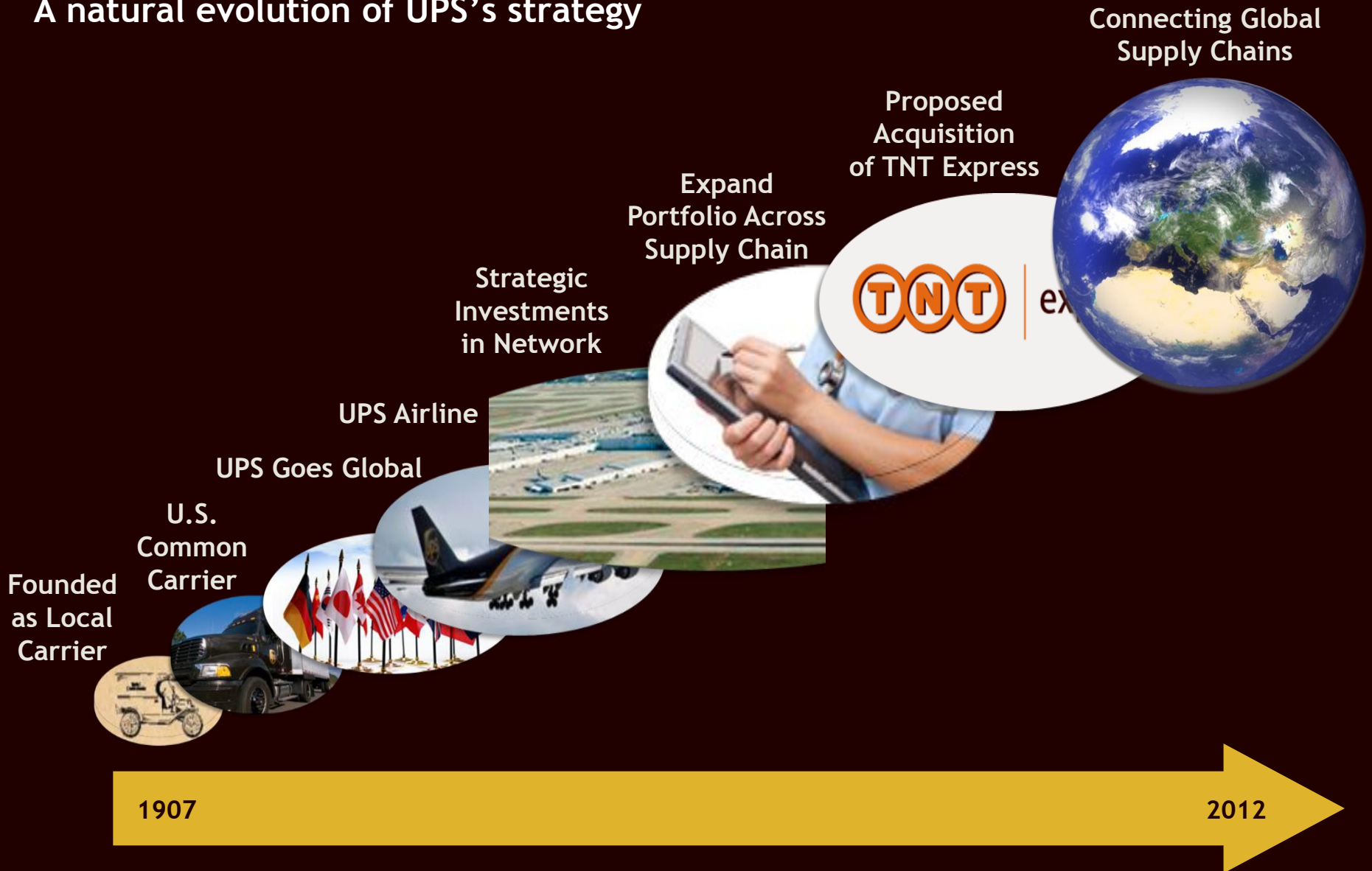
More favorable economics

Proven model

Growth potential worldwide including US

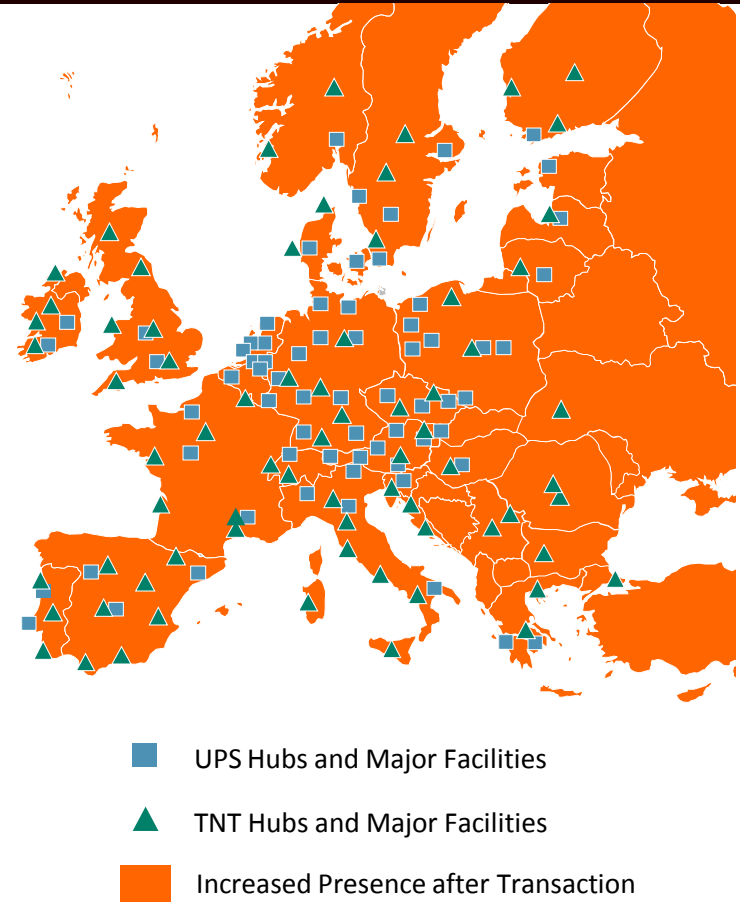
TNT Express

A natural evolution of UPS's strategy



Europe: Growth engine for the global economy

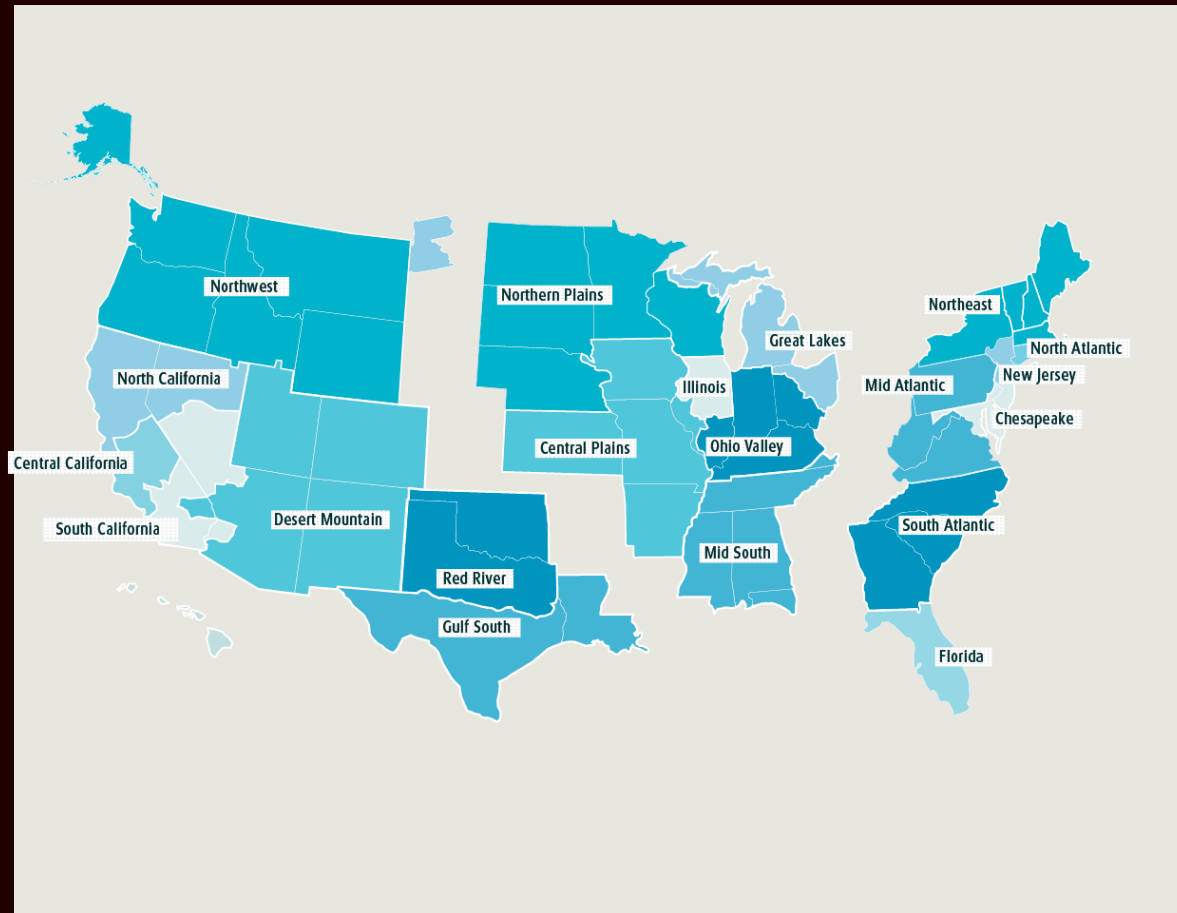
- U.S. and Europe have comparable GDP, but Europe is condensed on a smaller land mass
- European Express market grows at a historical multiple of ~3x to European GDP⁽¹⁾
- Developing small package market with strong intra-Europe activity
- Cross-border trades create natural alignment with our distribution business
- Strong European exports create profitable revenue streams
- Complex supply chain solutions increasingly in demand



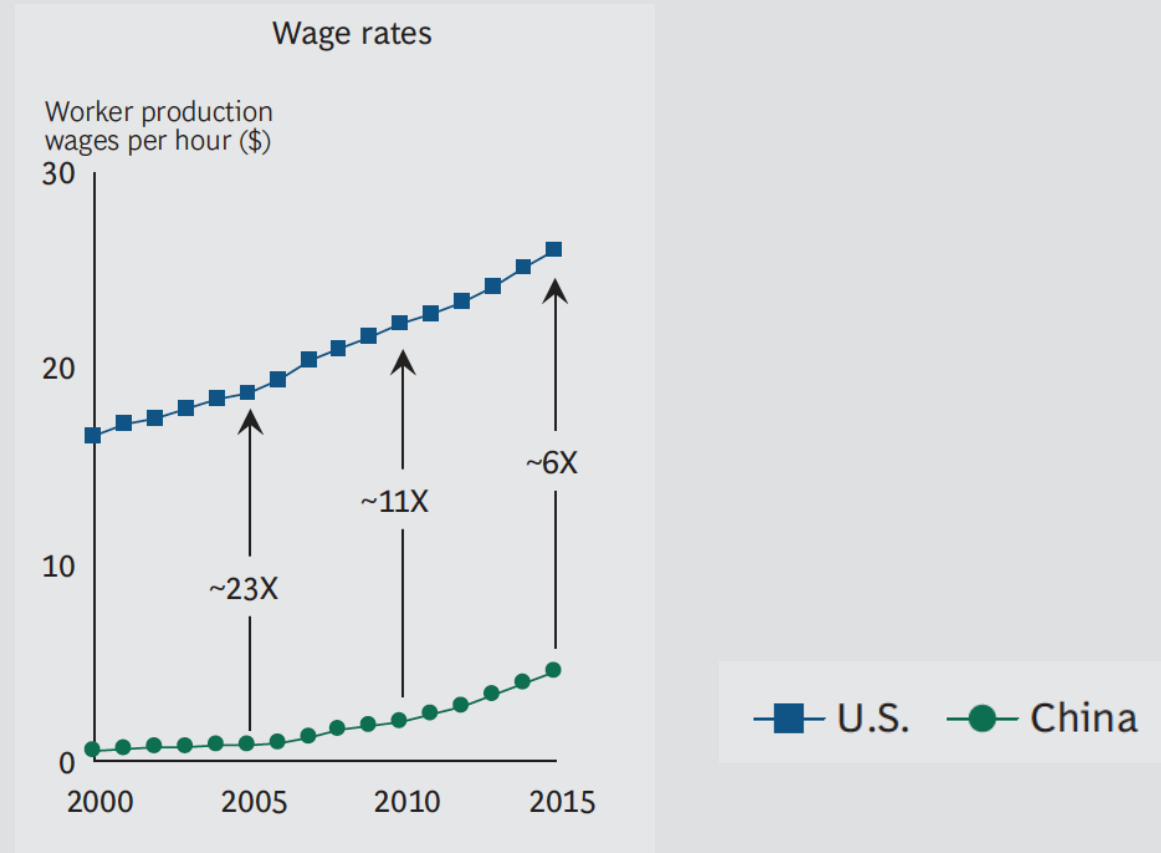
(1) Source: Datamonitor, Wall Street research

America becoming more competitive

- Energy production rising with vast potential
- U.S. manufacturing at \$3.4 trillion—up 22 straight months
- U.S. FTAs with South Korea, Panama, Colombia to increase jobs and exports
- U.S. productivity high and increasing 2% annually
- Lower supply chain risk, more flexibility, faster products to market

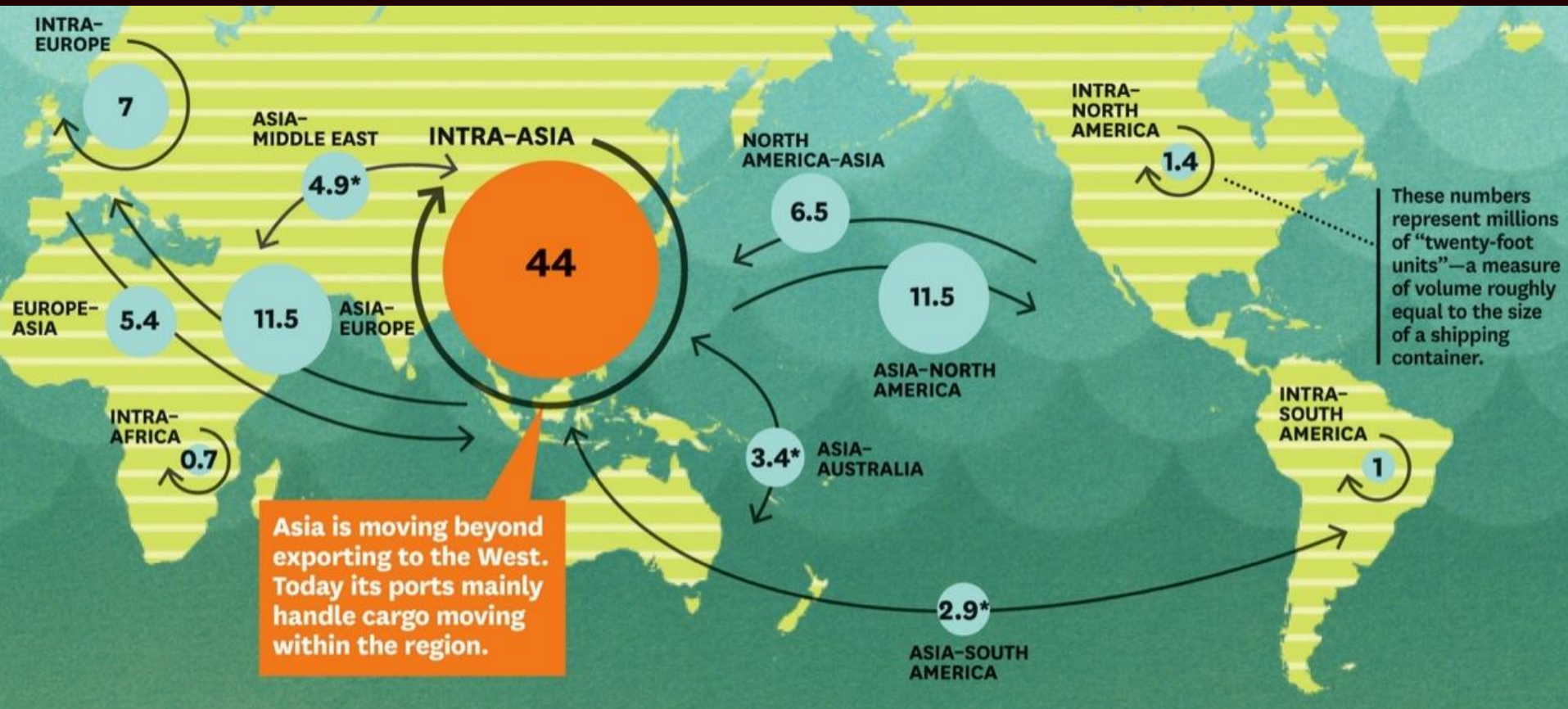


Wage rates: Gap between U.S. and China narrowing



Sources: Economist Intelligence Unit; U.S. Bureau of Economic Analysis; BCG analysis

By 2015, Intra Asia will account for a over third of the world's containerized trade



Source: Harvard Business Review, Drewry Shipping Consultants; BCG Analysis

NOTES: 2009 Data, Combined traffic in both directions

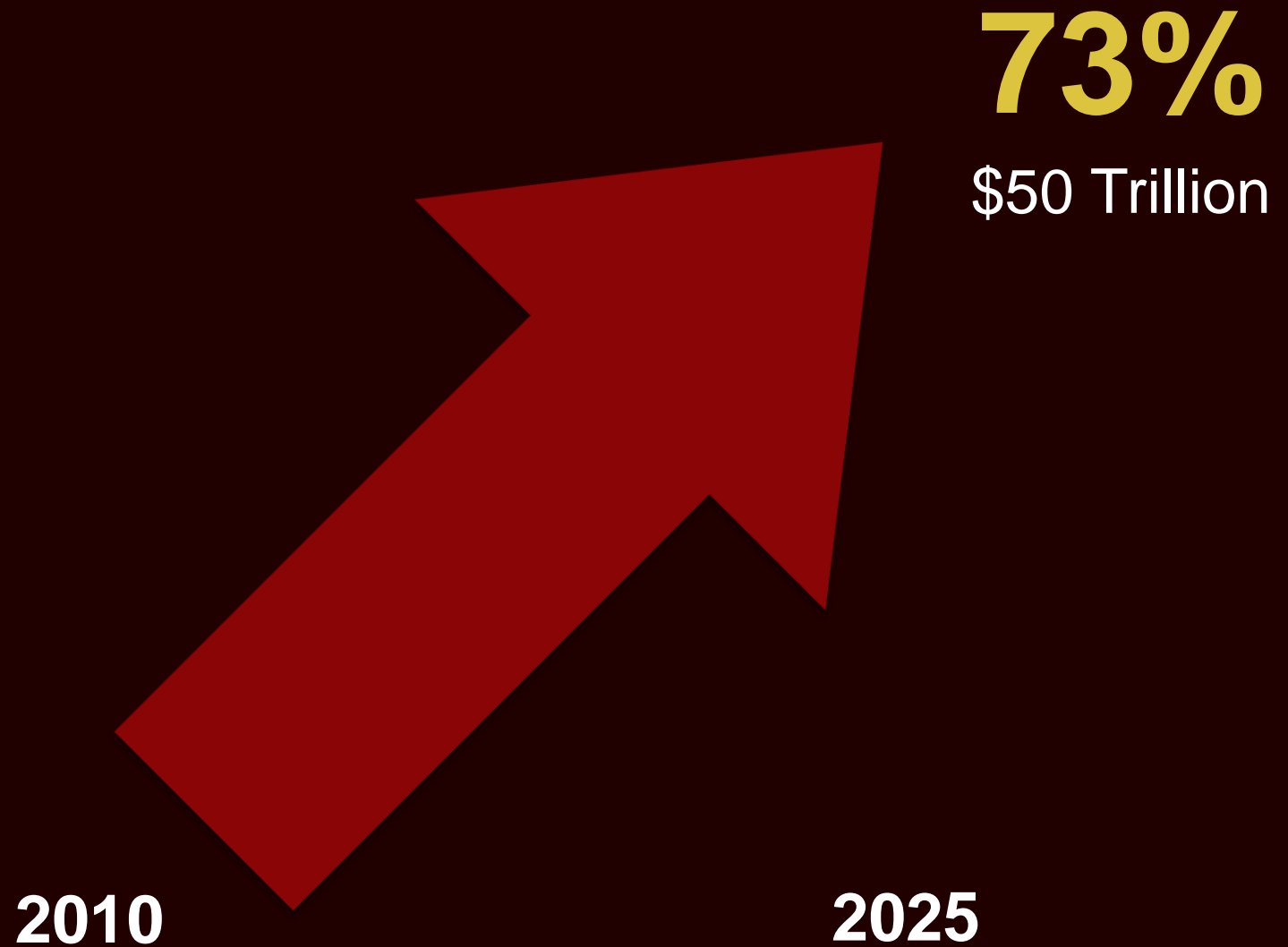
**Emerging market middle class:
500 million new customers**



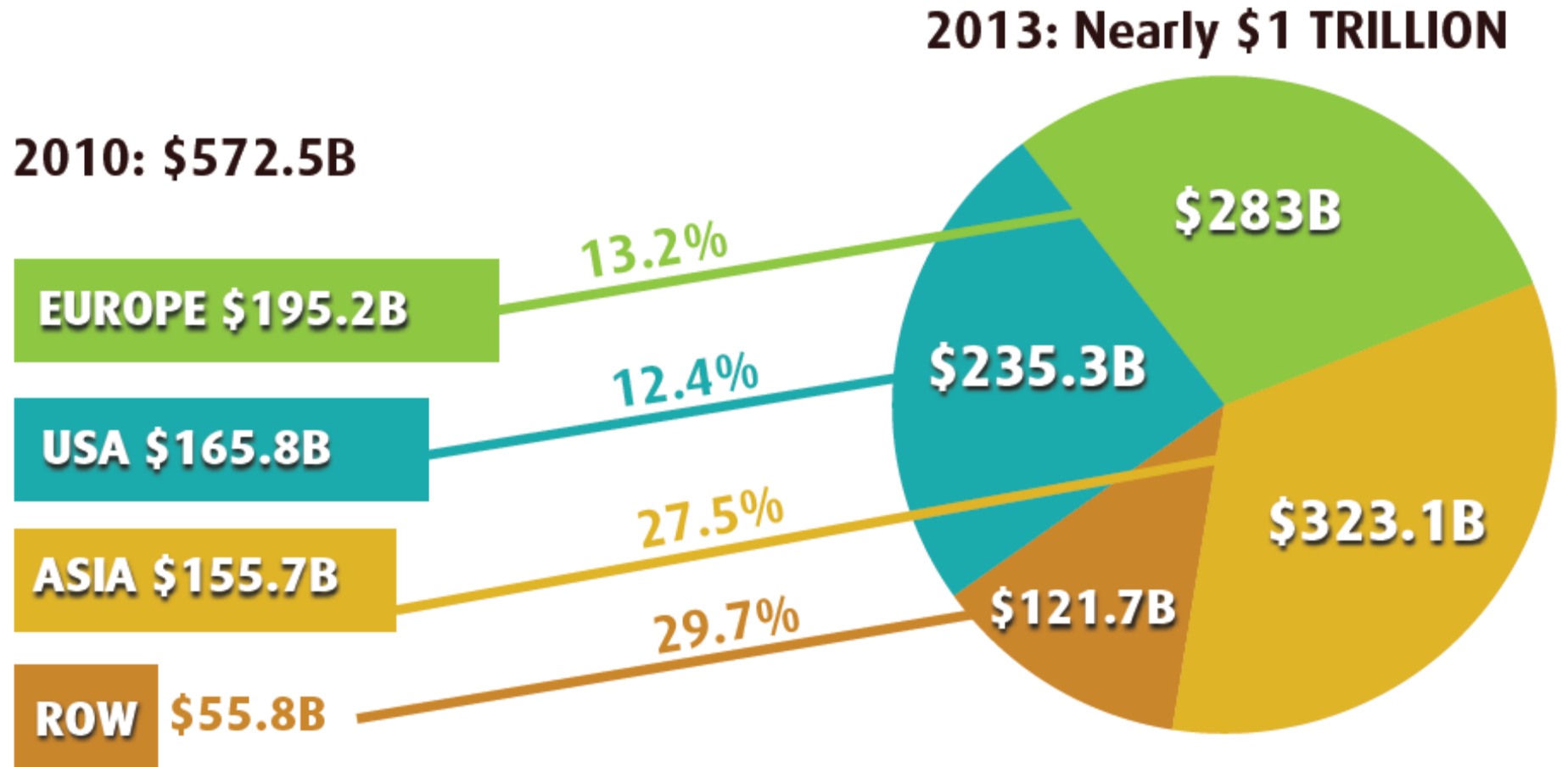
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Global trade growth



E-Commerce a catalyst for globalization



E-commerce share of total retail sales is expected to triple over the next 10 years (from 5% in 2010 to 15% in 2020)

Source: Goldman Sachs

Closing thoughts: What does it all mean?

Look past the headlines...and hold onto your hats!

Despite turbulence today, Europe will drive growth tomorrow

Resilience of U.S. economy coming to the forefront

Asia's economy rebalancing and maturing with huge emerging middle class of consumers

Digital technology changing the game globally

The world is getting smaller with more regional trade flows and accelerated globalization