Global Growth Markets and Trade Flows

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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

U.S. e-Commerce Dollar Sales Growth ($ Billions)

Source: comScore e-Commerce Measurement, 2012
Leveraging operational capabilities to bring...

New solutions to the marketplace

UPS My Choice℠ - 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

<table>
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<th>The Idea</th>
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<td>Convenience driven... receiver choice</td>
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<td>Shipper appeal... win-win flexibility... for shipper &amp; their customer</td>
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<td>More favorable economics</td>
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<td>Proven model</td>
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<td>Growth potential worldwide including US</td>
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TNT Express
A natural evolution of UPS’s strategy

Proposed Acquisition of TNT Express
Expand Portfolio Across Supply Chain
Strategic Investments in Network
UPS Airline
UPS Goes Global
U.S. Common Carrier
Founded as Local Carrier

Connecting Global Supply Chains

1907 2012
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 over one third of the world's containerized trade.
Emerging market middle class: 500 million new customers
Global trade growth

2010

2025

73% $50 Trillion
E-Commerce a catalyst for globalization

2010: $572.5B

- EUROPE $195.2B (13.2%)
- USA $165.8B (12.4%)
- ASIA $155.7B (27.5%)
- ROW $55.8B (29.7%)

2013: Nearly $1 TRILLION

- $283B (27.5%)
- $235.3B (12.4%)
- $323.1B (29.7%)
- $121.7B (13.2%)

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