

Synchronizing Global Commerce



Chris Robb and Bill Bostock
UPS

100

Celebrating
100 Years
of Service



UPS – Solutions Portfolio

UPS Freight

- LTL and TL
- LTL Urgent
- Consolidation
- LTL Canada & Mexico

Supply Chain

- Logistics and Distribution Services
- Ocean, Air and Ground Freight
- International Trade Management
- Customs Brokerage
- Service Parts Logistics
- Technical Repair and Configuration
- Supply Chain Design and Planning
- Returns Management
- Urgent Parts Delivery
- Consulting



Small Package

- Domestic
- International
- Technology/ e-Commerce Solutions

Retail/ Access Channels


- The UPS Store
- UPS Affiliations/ Partnerships
- Retail Service and Solutions
- UPS Drop Boxes

Financial

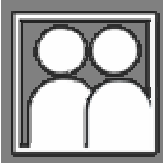
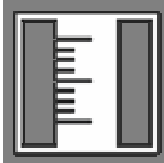
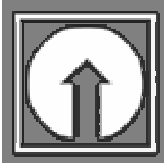
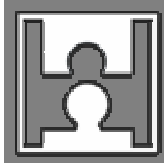
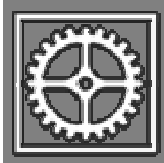
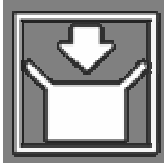

- Fleet Management
- Small Business Loans
- Insurance Solutions
- Credit Card Services
- Global Supply Chain Finance
- UPS Exchange Collect

Think Beyond Transportation:

Logistics and Total Supply Chain Management



Supply chain strategy

						
Customer management	Product design	Planning	Procurement	Production	Fulfillment	Cash management
<ul style="list-style-type: none"> • Customer segmentation • New product/service rollout • Real time order management • Configuration • Service operations • Support management 	<ul style="list-style-type: none"> • Engineering to demand • Collaborative design • Modular-based design • Postponement • Product data management 	<ul style="list-style-type: none"> • Demand planning and forecasting • Collaboration • Operations and inventory planning • Available to promise • Capable to promise • SKU and part rationalization 	<ul style="list-style-type: none"> • Strategic sourcing • Supplier rationalization • E-procurement • Collaborative commerce 	<ul style="list-style-type: none"> • Lean manufacturing • Configurable production • Contract manufacturing • Small lot production • Global siting 	<ul style="list-style-type: none"> • Logistics • Transportation • Network optimization • Asset recovery • DC operations improvement • Outsourcing 	<ul style="list-style-type: none"> • Working capital deployment • Asset management • Order-to-cash cycle

Operations, process outsourcing and technology



- Transportation
- Warehousing
- Fulfillment
- Service Parts Logistics
- Reverse Logistics

- Vendor Managed Inventory
- Demand Planning
- Order Management System
- Warehouse Management System
- Transportation Management System
- Event planner/tracker
- Data repository
- Accounts Receivable

- Asset Holdings
- Inventory Financing
- Accounts Receivable
- Accounts Payable

UPS Capital Trade Protection Services Products

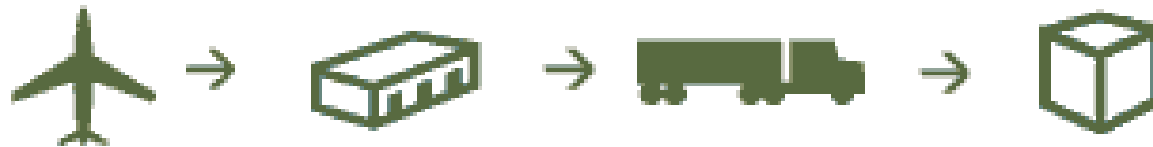
- Cargo Marine Insurance
- Flexible Parcel Insurance
- COD Enhancement Services
- Credit Insurance
- Merchant Services
- Credit Card Services
- Fleet Management

UPS Capital Trade Protection Services Products and Business Partners

- Cargo Marine Insurance -ACE, AIG, LIU, IMU and others
- Flexible Parcel Insurance -ACE and AIG
- COD Enhancement Services -JP Morgan Chase
- Credit Insurance -One Source
- Merchant Services -Chase Paymentech
- Credit Card Services -Chase Bank USA, N.A.
- Fleet Management -GE Capital

Supply Chains. Synchronized.

We don't just synchronize deliveries.
We synchronize global logistics.



About UPS

Through its global business units, UPS provides a broad foundation of expertise, infrastructure and technology to manage global commerce - synchronizing the flow of goods, information, and funds for its customers.

- UPS Centennial August 28, 2007
- Nearly 428k employees worldwide; 2900+ operating facilities worldwide
- 8th largest airline in the world
- Over 101k vehicles (package cars, vans, tractors, motorcycles)
- 3.9 billion packages and documents in 2006
- UPS handles nearly 6% of U.S. Gross Domestic Product

UPS Charter and Mission

Create the future through One Company. One Vision. One Brand

Our Strategy

- We will continue to **expand** our distribution and supply chain solutions to synchronize the world of commerce - the flow of goods, information, and funds
- We will expand our position as a **trusted broker** between buyers and sellers worldwide
- We will **harness** the appropriate technology to create new services and to strengthen our operations and networks
- We will attract and **develop** the most talented people whose initiative, good judgment, and loyalty will help realize our company's mission
- We will continually study customers' behavior, anticipate their needs, and design our products and services to **exceed their expectations**
- We will create a practice of innovation that leads to sustainable growth
- We maintain an environment that enables us to treat every customer as if they are our only one
- We will leverage the UPS brand to maximize brand loyalty among all constituencies

UPS Strengths

- UPS brand stands for quality, service, reliability, and product innovation
- World's largest package delivery company and global leader in supply chain services
- One integrated operations network- the most extensive in the industry
- Named one of the 2007 "World's Most Admired Companies" by *FORTUNE*
- UPS is one of eight AAA-rated U.S. companies
- Consistently recognized for service excellence and sustainability
- Largest contributor to United Way for the seventh year in a row
- The UPS alternative fuel fleet - at 1,500 vehicles- is one of the largest in the U.S.

UPS Worldport Expansion Project

- \$1 billion expansion project; increase sort capacity by 60%
- The facility will continue to feature the latest in technology and state-of-the-art equipment.
- Increase Worldport's footprint by 1.1 million square feet to 4.6 million square feet or the equivalent of 80 football fields.
- Additional ramp construction is being proposed to accommodate the giant 747-400 cargo plane now on order



Carrier Selection Process

- UPS-SCS Core Carrier Approval Process
 - Carrier solicits UPS Corporate Carrier Relations (CCR), Non-Disclosure is sent to Carrier for Signature, CCR countersigns and returns a copy to Carrier for their files
 - CCR forwards “Carrier Profile” to carrier
 - Upon completion, Profile is returned to CCR, reviewed for possible opportunities, and then vetted through the UPS Finance, Risk Management, and Security and Hazmat Groups
 - Approved “Carrier Profile” is returned to CCR for final approval
 - CCR forwards “Contract Package” to carrier
 - Carrier returns signed documents and is then considered an approved UPS-SCS carrier.

Carrier Selection Process

Selection Criteria

- Selection of carriers is based on best value and market reasonableness
- Carrier must be able to ensure capacity, service, quality, and equipment requirements of customer

Carrier Requirements

- Shipping requirements vary for different UPS customers
- Some special certifications include:
 - Hazardous Materials
 - High Risk / High Value
 - CTPAT / TSA (IAC) / etc.
- Carriers must be able to perform EDI transmissions or web-based updates for visibility requirements

Carrier Requirements

Insurance

- General Liability: \$1,000,000.00 each occurrence, \$2,000,000.00 in the aggregate
- Automotive Liability: (\$1,000,000.00)
- Motor Truck Cargo Liability: from \$100,000 to \$1,000,000.00 per incident (Based on Customer Requirements)
- Worker's Compensation: not less than the statutory limits for the state(s), country or province in which the Services are to be performed, including employer's liability insurance in an amount not less than three hundred thousand dollars (\$300,000);

Carrier Performance & Continuous Improvement Expectations

- Formalized Carrier Quality Program that is reviewed quarterly with top 80% of carrier spend.
- Carrier Executive Sponsorship is required at all quarterly reviews.

Carrier Quality Reviews

- Carriers are ranked in four categories depending on mode (TL vs. LTL) and must at least meet the standard in order to be awarded points in that category:
 - On Time Percentage - 97%**
 - Claims (LTL) - <1% instances of claims / Compliance (TL) – subjective rank of 7**
 - Safety - <0.5 accidents per million mile**
 - Subjective Scorecard – overall survey rank of 7**

Supplier Diversity Program

- Just as in our workforce, UPS strives to have diversity among its business partners
- Through involvement in various women and minority business organizations, the UPS Supplier Diversity Program works to ensure that all companies have the opportunity to do business with us
- Formally launched in 1992, the UPS Supplier Diversity Program is committed to **providing business opportunities** to small, minority- and women-owned businesses
- UPS met its 20 percent goal of **minority and women-owned** business participation in Worldport, which includes \$250 million in construction and supplier contracts

Diversity Awards

- Teri McClure, UPS Senior Vice President of Legal, Compliance and Public Affairs, General Counsel and Corporate Secretary, was named by Atlanta Woman magazine to their list of Top 25 Power Women
- “The 40 Best Companies for Diversity”- Black Enterprise Magazine, July 2006
- One of America's most supportive companies of both black and Hispanic engineer students -US Black Engineer and Information Technology & *Hispanic Engineer and Information Technology* , 2006
- 2006 Women Impacting Public Policy (WIPP) Corporate Partner Award



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