

News of the World

All the News from UPS

Construction Starts on UPS Air Hub in Shanghai

Last April, UPS and the Shanghai Airport Authority conducted a formal groundbreaking ceremony for the UPS International Air Hub at Pudong International Airport.

The new hub will be built on a parcel totalling 1 million square feet and will open next year. Rapid expansion is planned to reach a sorting capacity of 17,000 pieces per hour. The new hub will link all of China via Shanghai to UPS's international network with direct service to the Americas, Europe and Asia.

Over the past five years, UPS has invested approximately \$600 million in China, including a successful transition to become the first wholly-owned foreign express carrier in the country.

Proud about ethics and community service

UPS was proud to be named one of the World's Most Ethical Companies by *Ethisphere Magazine*. The elite companies were recognised for strong leadership in ethics and compliance, advancement of social and ethical issues, and positive engagement in the communities in which they operate. According to Alex Brigham, executive editor of *Ethisphere Magazine*, "These organisations go beyond making statements about doing business ethically; they translate those words into action."

UPS employees gave almost 1 million volunteer hours to community projects around the globe. This dedication to the community is why

UPS is honoured as the only transportation company on the list. To learn more about UPS in the community please visit www.sustainability.ups.com.

The first one is always special



UPS's first 747-400 arrived at the company's global air hub in Louisville for its public debut. UPS will fly the jumbo freighter on its long-range international routes, primarily into the Asia-Pacific region. Regular destinations for UPS's first 747-400 will include Hong Kong; Incheon, South Korea; Sydney, Australia and Shanghai, China.

Mike Eskew, former UPS chairman and CEO said, "It has tremendous range and payload capacity so we can satisfy the need of customers to move packages and freight to overseas markets. In addition, this is a plane that has a strong record in terms of safety, reliability and environmental friendliness."

Using larger, modern aircraft is more efficient and better on the environment than using multiple, smaller aircraft that have to land and take off more often.

Where would you like to go?

UPS announced a new "around the world" flight this summer to further improve service

between markets in the Middle East, Europe and the United States. The new flight will allow UPS to enhance its service by improving pick-up times and providing more airlift in response to customers' demands.

UPS now will operate five additional weekly frequencies that connect the globe using MD-11 aircraft. Each week, the aircraft will connect major trading markets in Europe, the Middle East and the United States by flying from the company's European air hub in Cologne, Germany. From there, the flight connects to Dubai, Bangkok, Singapore and Mumbai. The flight also will connect to the company's international air hub in Louisville, Ky., from Cologne. With UPS's 11 existing "around the world" flights, the total number of worldwide flights now increases to 16 per week.

The Middle East – economically Expedited

Do you think shipping to and from the Middle East has to cost a fortune? UPS is happy to announce a new economical option between Europe and nine countries in the Middle East. With UPS Expedited you get all of the reliability and technology that has made UPS a leader in the transportation industry combined with an economical cost and an excellent service. The new service is available between the EU, Norway and Switzerland and Bahrain, Egypt, Israel, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

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In 2006 the UPS Foundation's global contributions totalled an impressive 45.9 million US dollars.

On the environmental front we have reduced wasted fuel but there is still work to be done. Our total reportable spill volume decreased to 4522 litres. The company's ultimate goal is zero spills. We also recycled over one million kilograms of electronic equipment from our own operations. Since 2000, UPS has recycled almost 10 million kilograms of electronic equipment.

Our fuel consumption per package has increased marginally in 2006, going up 2.2%. This is due in large part to the acquisition of two European transportation companies.

We will work diligently to increase our efficiency in those operations and strengthen our reputation as the most efficient global transportation company.

With more than 94,500 vehicles, 2,909 facilities and as the 9th largest airline worldwide, UPS faces significant challenges to reduce our environmental impact. We take those challenges seriously and have identified specific goals for the company. At the same time, we are working to advance new industry technologies to reduce emissions and conserve energy. Most importantly, environmental concerns are a core part of UPS's daily activities and engineering processes.

New Rates

New Rates for 2008

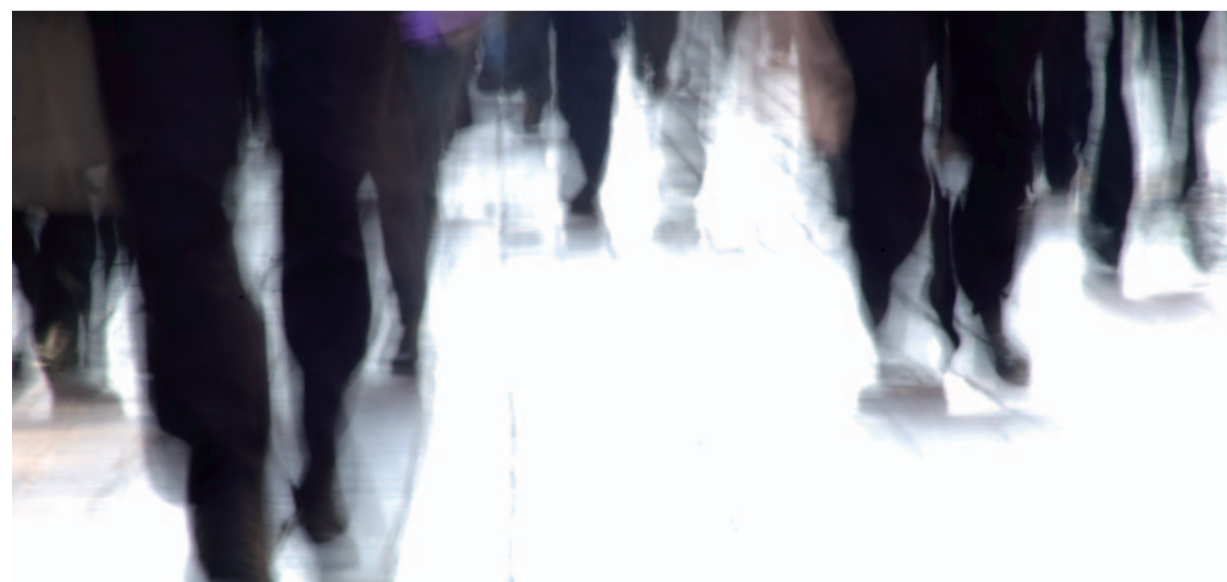
UPS has raised its rates moderately, across all services, with new rates taking effect December 31st, 2007. Consistent cost control has enabled us to keep our overall rate increases marginal, ensuring that our prices remain competitive, while we enhance

the level of service you've grown accustomed to. To see all of our 2008 rates please visit www.ups.com where you can download the 2008 Service and Tariff Guide. The link to download the guide can be found in the 'Shipping' section.

We want to hear from YOU

Remember – this newsletter is just for YOU! Your opinion is important to us and we'd love to hear what you think of UPS Forum, any suggestions you might have and stories (funny or not) that you'd love to share. Send them to tellus@upsforum.com. What's more, if you know of someone who would like to receive UPS Forum regularly, give us their details and we'll make sure they don't miss out!

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Forum



Winter 2007/2008

International Returns

UPS ReturnsSM goes Global

Now your goods can come back as easily as they go – worldwide

It's been more than five years since UPS launched the revolutionary Returns portfolio of services across the EU. Once again UPS is at the forefront of our industry by expanding its Returns service worldwide. Beginning in January 2008, UPS Returns is available in all 27 EU countries and almost 100 countries globally. Now, whether you're dealing with customers or suppliers, you can send and return goods with ease to almost any country your supply chain may touch.

How does it work? Through the newest edition of UPS WorldShipTM, version 10.0, a company can process a UPS Returns shipment from around the world using the right service option for their needs. This produces a return shipping label and if need be a commercial invoice can be prepared as well.



"The key to success is flexibility. For goods that need a periodic replacement a Print Return Label option is ideal."

Depending on the service the company then emails, posts or sends the return shipping label to their customer with the initial shipment. Return service shipping labels are accepted by any UPS driver, all the customer has to do is arrange a collection.

The key to success is flexibility. For goods that need a periodic replacement a Print Return Label option is ideal.

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Sustainability Report

The Fifth UPS Sustainability Report

Charting the progress we've made and the work left to be done

The results are in for 2006 in our annual report *Operating in Unison* which details our corporate sustainability goals and achievements. The indicators in the report are very different from our normal quality criteria of reaching 100% on time delivery. That's because at UPS, we believe our business success depends upon balancing economic, social and environmental objectives.

UPS provides optimal service and value to our customers by striving for the highest operational efficiencies

and minimising impact to the environment.

The report and accompanying website, www.sustainability.ups.com, detail the status of our key performance indicators (KPIs) as of year end 2006. On the website you can find a chart that outlines our 2002 baseline data, 2006 status and 2007 goals for each KPI. We've also updated each section of the site with new information about major initiatives launched in 2006 to maintain or improve our performance.

Keeping our employees safe has been a priority for UPS throughout our history and we are very proud of our results in this domain. With a concerted effort by UPS and all of our 427,000 employees we have achieved our 2007



goal of a 28% reduction in lost-time injuries one year earlier than expected.

Our employees are also an integral part of our community initiatives. In 2006 more than 23,000 employees volunteered 154,000 hours in more than 50 countries as part of the UPS Global Volunteer Week. When a cause needs more than volunteers the UPS Foundation steps in with valuable funds to help worthy projects worldwide.

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UPS Worldship

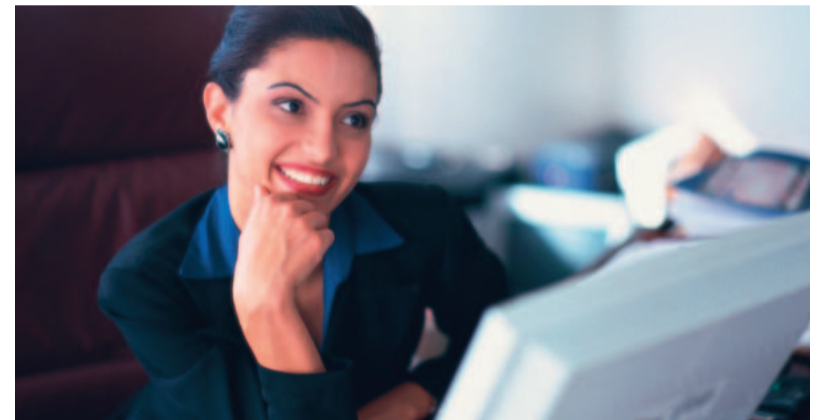
What's New for Shipping in 2008 with UPS WorldShip™ Version 10.0

UPS's industry-leading software gets more enhancements

Explore a world of possibilities when you move up to version 10.0. You'll find eight new features and more that will save you time, money and help you tackle all of your shipping needs from freight to returns services.

- Freight Shipment Processing: Now you can create UPS FreightSM bills of lading in UPS WorldShip, as well as import shipment information, obtain a quote for a rate, and schedule a pickup.
- Negotiated Rates: View your account's negotiated rates with each shipment.
- Simplified Integration: Easily connect your order entry and accounting systems to UPS WorldShip using the new Import/Export Wizard.
- Dry Ice: Process shipments that are packed in dry ice.
- Approved Dangerous Goods: Businesses that ship approved dangerous goods can print shipping documents without additional software.
- UPS ReturnsSM: Take advantage of UPS return services for shipments between almost 100 countries.
- Address Book Search: Expedite address selection with new search functionality.
- Paperless Invoice: This new service allows faster shipment processing on international shipments, eliminates redundant data entry and streamlines the shipment preparation process.

To download the most recent version of WorldShip please visit us at www.ups.com/worldship.



Philips Medical

UPS takes the lead for Philips Medical Systems

A correction & the full story on UPS Supply Chain Solutions & Philips Medical Systems

In the September 2007 issue of *Forum* we mistakenly said that NXP was formerly known as Philips Medical. This is not the case. NXP was formerly known as Philips Semiconductors and is not related to Philips Medical in any way. *Forum* greatly regrets the error and any inconvenience it may have caused.

Some time ago Philips Medical Systems chose UPS Supply Chain Solutions to be the cornerstone of their Service Parts Supply Chain. The challenge was considerable – make sure customers in 50 countries receive vital parts when they need them, can return them when they don't need them and can expect delivery within 4 hours from order. In addition, Philips Medical Systems wanted to replace 12 logistics providers in 40 locations.

The decision for Philips Medical Systems was not easy. They needed a partner whose reliability and technical expertise could be counted on to rationalise and improve their Service Parts Supply Chain. After a six-month search they decided that UPS Supply Chain Solutions was the most trustworthy company to take over a substantial part of Philips Medical Systems after-sales and transportation processes.



"Philips Medical Systems is leading the way for service in its industry and UPS is excited by the opportunity to be part of this effort," said Bob Stoffel,

Senior Vice President, UPS, Engineering, Strategy and Supply Chain. "We already have a close relationship with Philips Medical Systems and we look forward to helping Philips further streamline its complex transportation and logistics operations."

UPS has begun improving the Philips Medical Systems Service Parts Supply Chain distribution network and will also provide material storage and inventory management, order fulfilment, inbound and outbound transportation, global visibility and reporting, as well as inspection, repackaging and labelling, in years to come. The Service Parts Supply Chain network was initially designed as a regional response system that provided next business day service from 12 providers. Going forward UPS will build one global system for Philips Medical Systems that provides four-hour delivery of

service parts. This new system can function because of the vast geographic coverage of UPS SCS's 1,000 international facilities, over 100 field stocking locations and numerous PickUp and DropOff (PUDO) points. Currently three central distribution centres-located on different continents in Louisville, USA; Singapore and Roermond, the Netherlands-are in use to provide Philips Medical Systems with reliable and fast service.

Roermond is the location of the flagship European Logistics Campus of UPS SCS. It has excellent transportation links and is in close proximity to many major European cities and consumers. Perhaps the most important city is Cologne in Germany, where UPS has its state-of-the-art European air hub ensuring continual access to markets and suppliers around the globe.

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The return label and invoice can be included in the box with the outbound part. For unscheduled returns an Electronic Return Label can be emailed to the customer to be printed out at their convenience. And for rare and expensive goods UPS 3 Attempts Returns Plus option gives you the confidence of knowing a UPS driver will show up three times if necessary to make the pickup.

Most return shipments are not urgent and can be shipped using UPS StandardTM. There are times however, that there is a risk of production facilities grinding to a halt for want of a part and customers expect the quickest turn-around possible. In those cases return labels using our ExpressTM or Express PlusTM services show your customers you take their business seriously by ensuring their goods are delivered at the beginning of the business day.

All of these Returns options can be combined with UPS visibility solutions such as Quantum ViewTM or CampusShipTM so you can keep things running smoothly by being able to plan when goods will arrive back in your operations. To learn about the UPS Returns options available for you please visit www.ups.com.

Air Freight

Shipping International Freight is easier than ever before

Point, click and ship with the air freight service that works best for you with our new streamlined freight portfolio



Put the responsiveness back in your supply chain and sales network with UPS's flexible and reliable global air freight portfolio, which serves major business centres worldwide quickly and efficiently and is backed by UPS's advanced online visibility and tracking services.

Global air freight is flexible because it comes in three distinct service levels to suit your needs. When your goods absolutely have to get to your best customer as soon as possible depend on UPS ExpressSM Freight. UPS ExpressSM Freight has

guaranteed door-to-door, time-definite delivery in just one to three days depending on the destination. The transport is fast and it offers peace of mind as shipment collection, delivery, and customs clearance are all included.

"Global air freight is flexible because it comes in three distinct service levels to suit your needs."

UPS Air Freight DirectSM combines speed, flexibility

and value with a day-definite airport-to-airport service in one to three days globally. The shipment collection, delivery, and customs clearance are optional so you can decide what services you need.

UPS Air Freight ConsolidatedSM maximises frequent flights and flexible scheduling to offer day-definite airport-to-airport service within three to five days globally. Again, UPS gives you the option of deciding if you want to include shipment collection, delivery, and customs clearance services with our most economical of air freight options.

Three New Services*

A Trio of new services

UPS innovation makes global business easier than ever

UPS is the first carrier that enables you to submit your commercial invoice electronically when you ship internationally.

With UPS Paperless Invoice you'll significantly reduce the chance of errors and delays in the shipping process. This exciting new service requires you to submit all necessary information, reducing the likelihood that packages will be detained in Customs due to incomplete entries – one of the most common reasons for packages to be delayed.

UPS Paperless Invoice works seamlessly with UPS shipping systems – beginning in January 2008 on WorldShip 10.0, UPS CampusShip, and UPS Internet Shipping systems. There's no need for any additional software. Any company, regardless of size or industry segment, can use UPS Paperless Invoice. Best of all, UPS Paperless Invoice is free of charge.

With UPS Paperless Invoice, information about your shipment is shared promptly and correctly. All you have to do is input the shipment commodity details into your UPS shipping system. The information is then available electronically and used to clear your shipment through Customs. With this electronic transmission, shipment processing can begin earlier, enabling timely Customs clearance, faster shipment processing, eliminating redundant data entry, reducing the risk of lost paperwork and ensuring that customs values are kept confidential when shipping directly to customers.

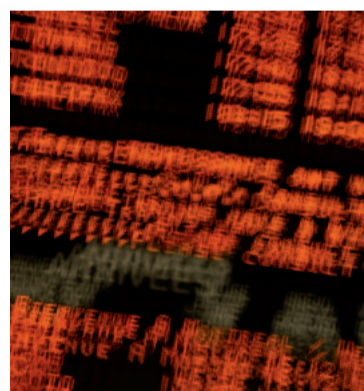
With UPS Broker of ChoiceSM, importers select their own customs broker for customs clearance of their UPS international shipments.

This service is available with the full portfolio of UPS shipping services and ensures that the

established relationship with a Customs Broker remains in place while the importer works with UPS to save time and increase efficiencies in shipping and customs processes. Using UPS Broker of Choice enables importers to reduce fees and errors incurred while using multiple customs clearance processes.

Importers have two options:

1. UPS Broker of Choice OnSite is for shipments that remain in UPS possession while the importer's customs broker completes customs clearance procedures prior to UPS completing delivery of the shipment.
2. UPS Broker of Choice OffSite is for shipments moved "in-bond" directly to a customs controlled (bonded) warehouse (at the importer's direction) where the importer's customs broker completes the customs clearance procedures.



With UPS Paperless Invoice you'll significantly reduce the chance of errors and delays in the shipping process.

The UPS transport is complete upon delivery of the shipment to the warehouse.

UPS FTZ FacilitatorSM gives importers and exporters the ability to use UPS to transport international shipments "in-bond" to and from a global Free/Foreign Trade Zone (FTZ).

This allows the shipment of goods to and from an FTZ without using other transportation providers. Having a single source transportation provider enables importers and exporters to increase visibility and tracking, and reduce the chance for errors and costs associated with utilising multiple transportation providers.

The process is really very simple. Importers will choose UPS FTZ Facilitator to direct shipments to be delivered, in-bond, to a designated Free Trade Zone rather than being cleared through customs. On the other side, exporters will choose UPS FTZ Facilitator to ship goods in-bond from an FTZ to an international destination. So whether you are importing or exporting this service can help you go global with confidence.

All three services are available on a contractual basis.