



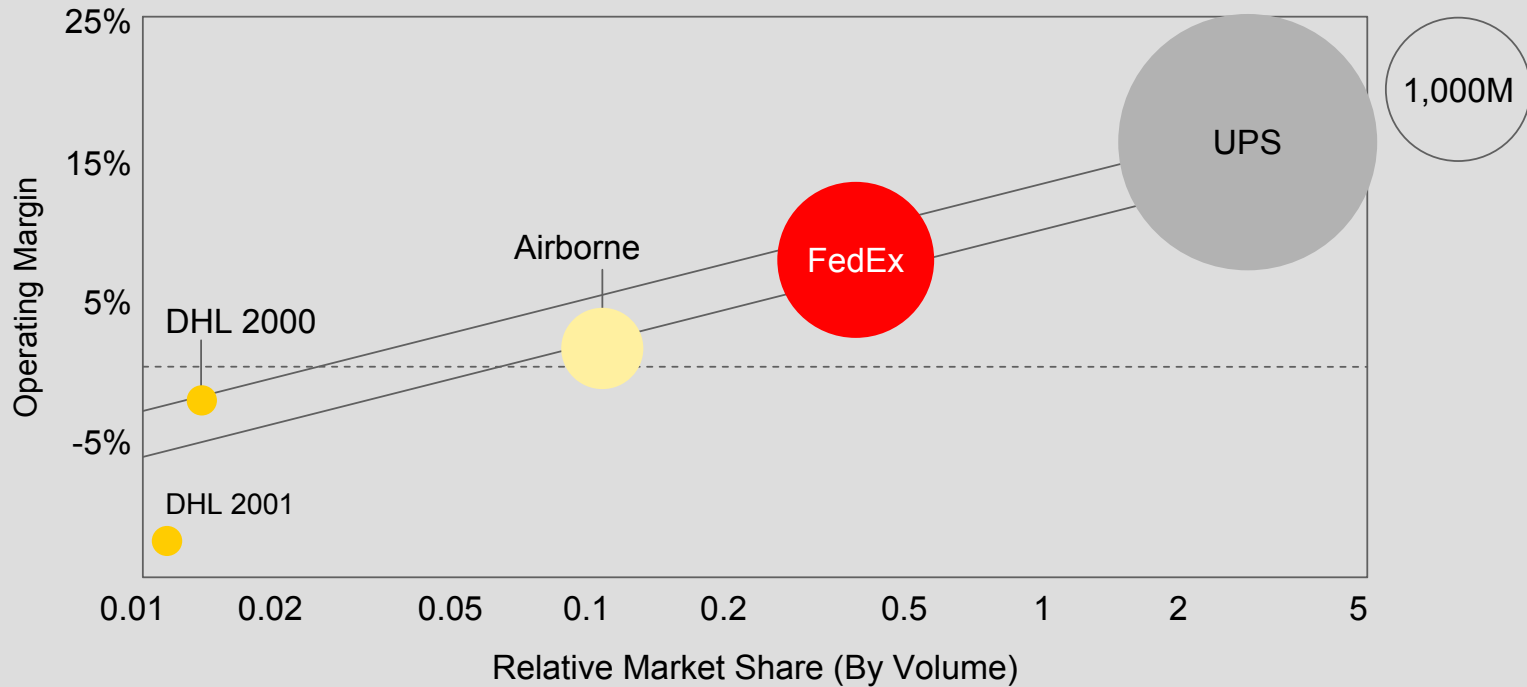
# Strengthening DHL in the Americas

Capital Markets Presentation; November 2003

- DHL Americas Strategy
- Growth through Acquisition
- Integration Progress
- The New DHL

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## U.S. ROS/RMS

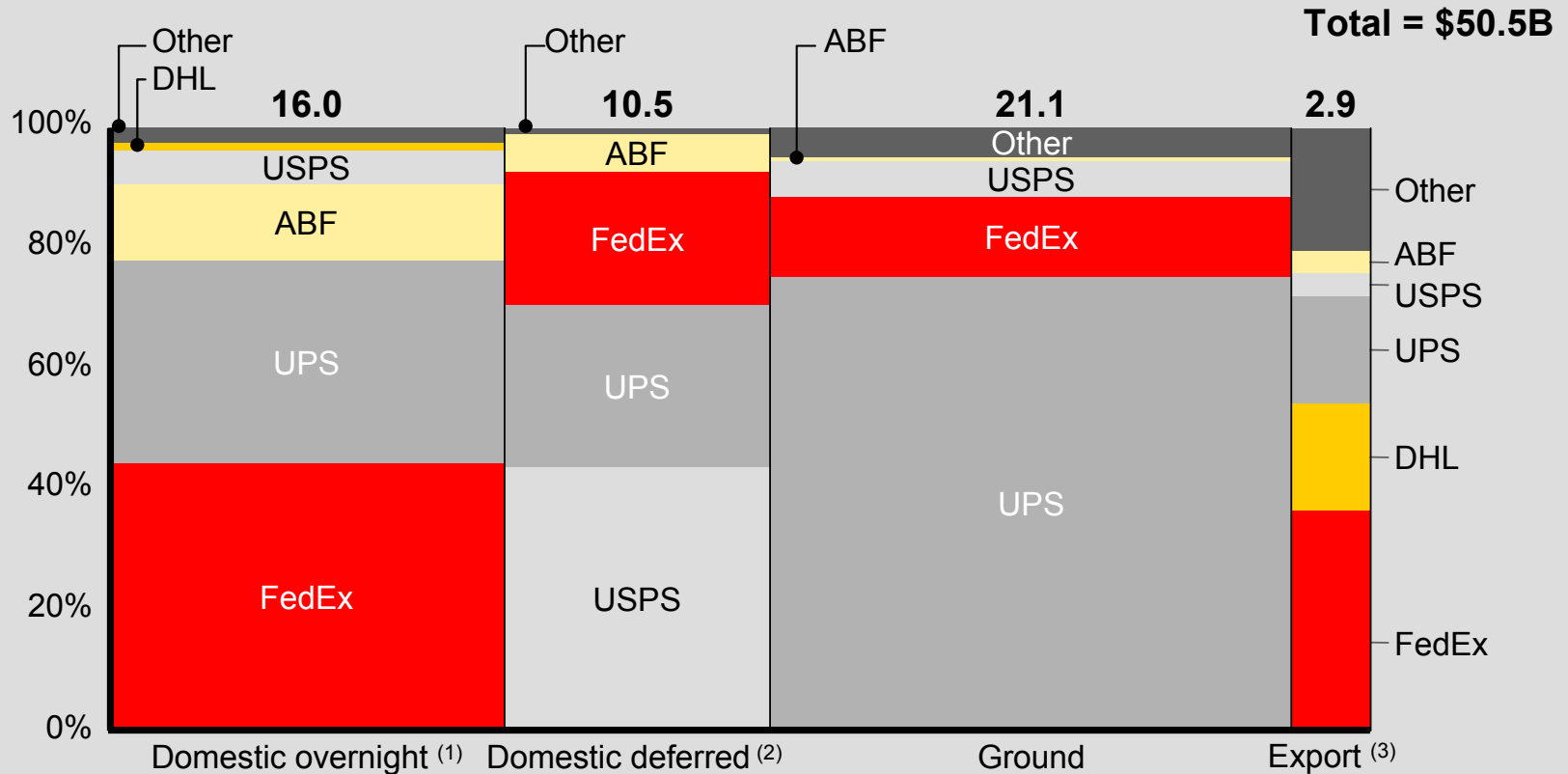


DHL must increase scale **substantially** (5-10x pre-merger)

# Increasing scale requires share growth across the domestic product set



## US Express Shipping Market (2002)



(1) Incl. envelops/ letters and packages

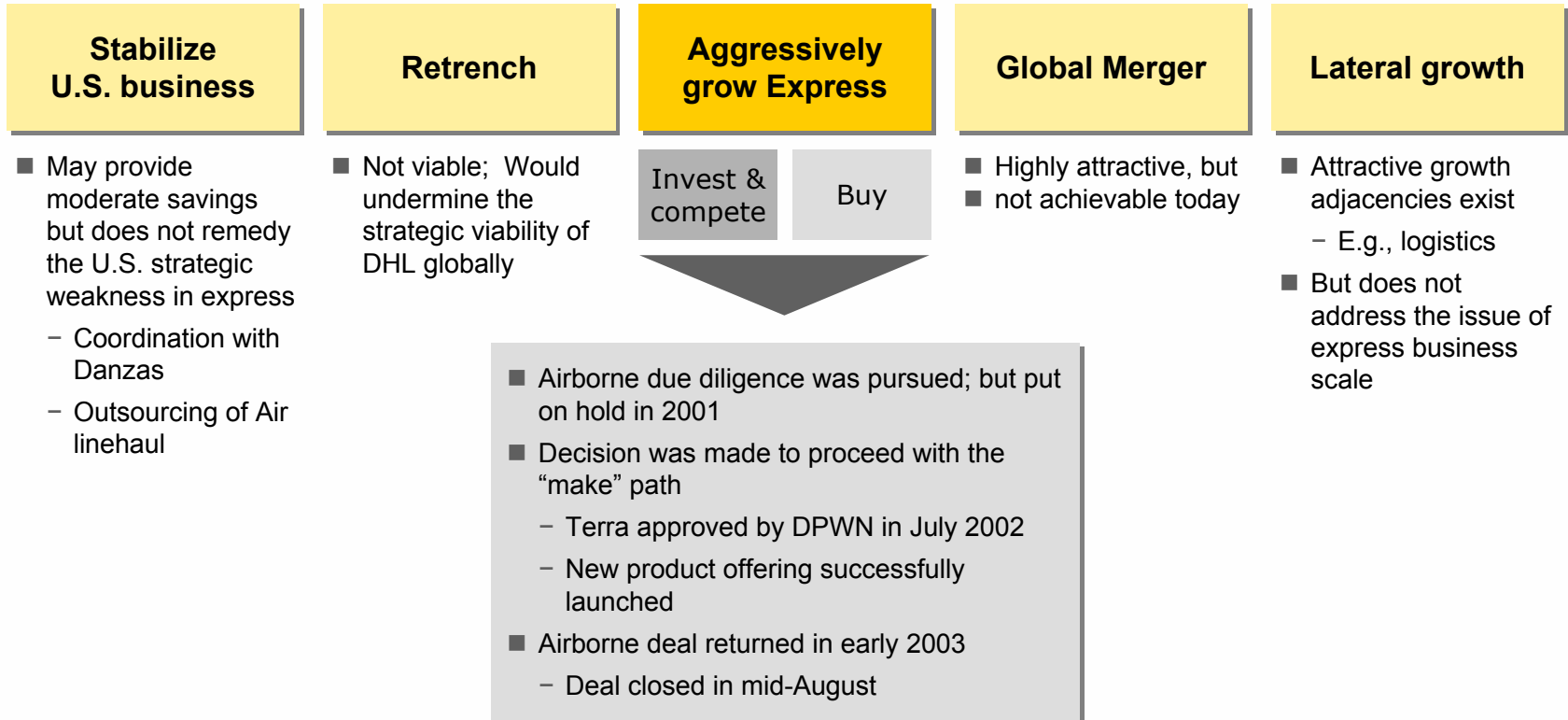
(2) Packages only

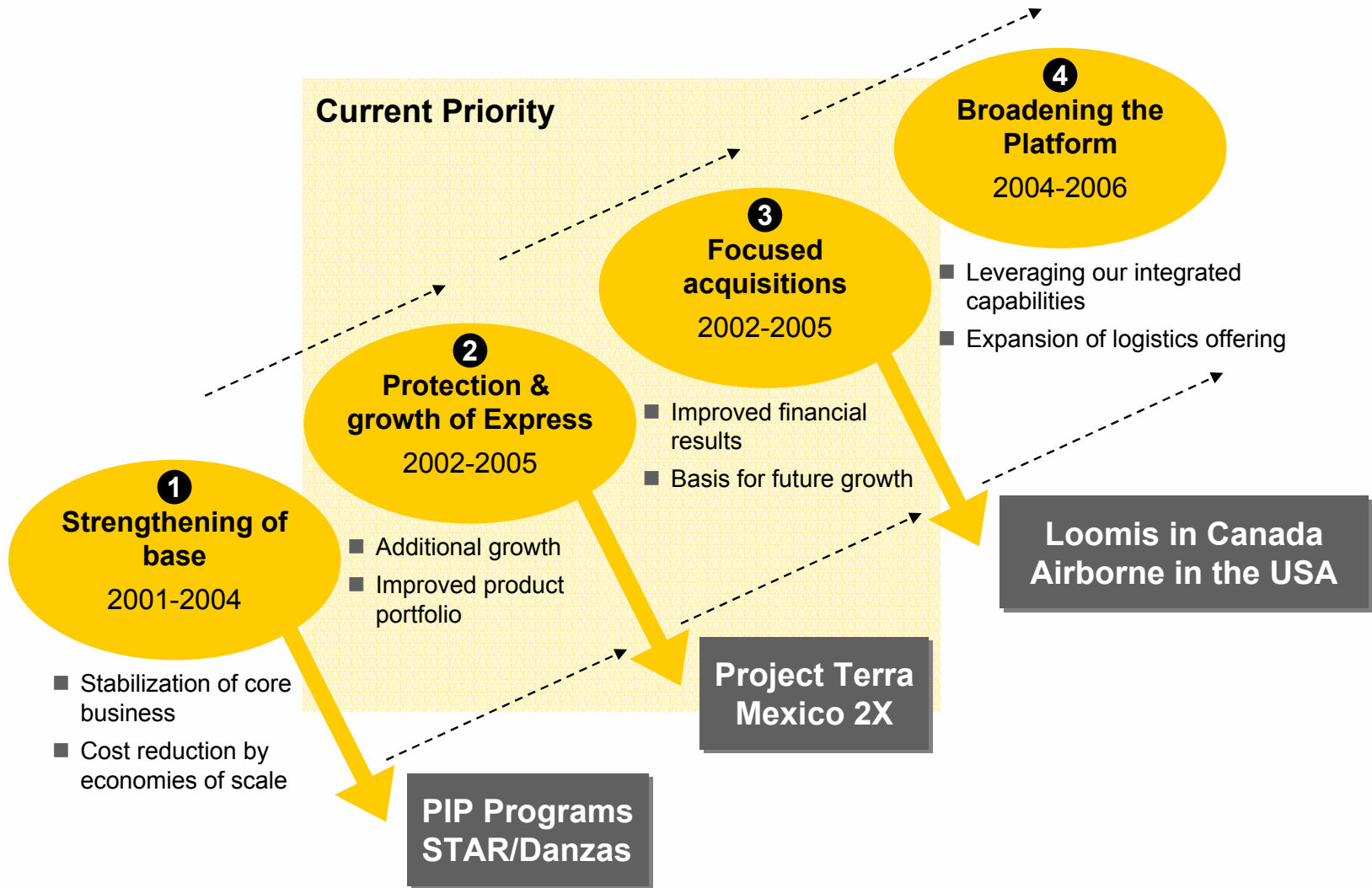
(3) Packages and Documents

# We considered the full range of strategic options in early 2002



## Wingspan Summary





# We have taken numerous actions over the past year to strengthen our business



## Senior Mgmt.

- Hired three new executives to support the new DHL (Marketing, Human Resources, Integration Management)

## Airborne

- Airborne returned in early 2003
- Acquisition closed mid-August

## Terra

- Successful business launch of ground network and domestic bundled product set; Drove us to address key operational gaps (e.g., salesforce capabilities, customer IT solutions, C-view)

## Danzas

- On track to achieve substantial savings next year

## Canada/ Loomis

- Loomis integration on schedule; DHL now #3 in Canada

## LatAm

- Upgraded management team in Mexico
- Completed LatAm Five Year Plan

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**DHL is committed to building a sustainable #3 position in the U.S. market**

- The U.S. market is big and it's growing
- Global customers need DHL to serve them here
- Global competitors are increasingly dominant here

**While DHL is strong in international, it is subscale in domestic products**

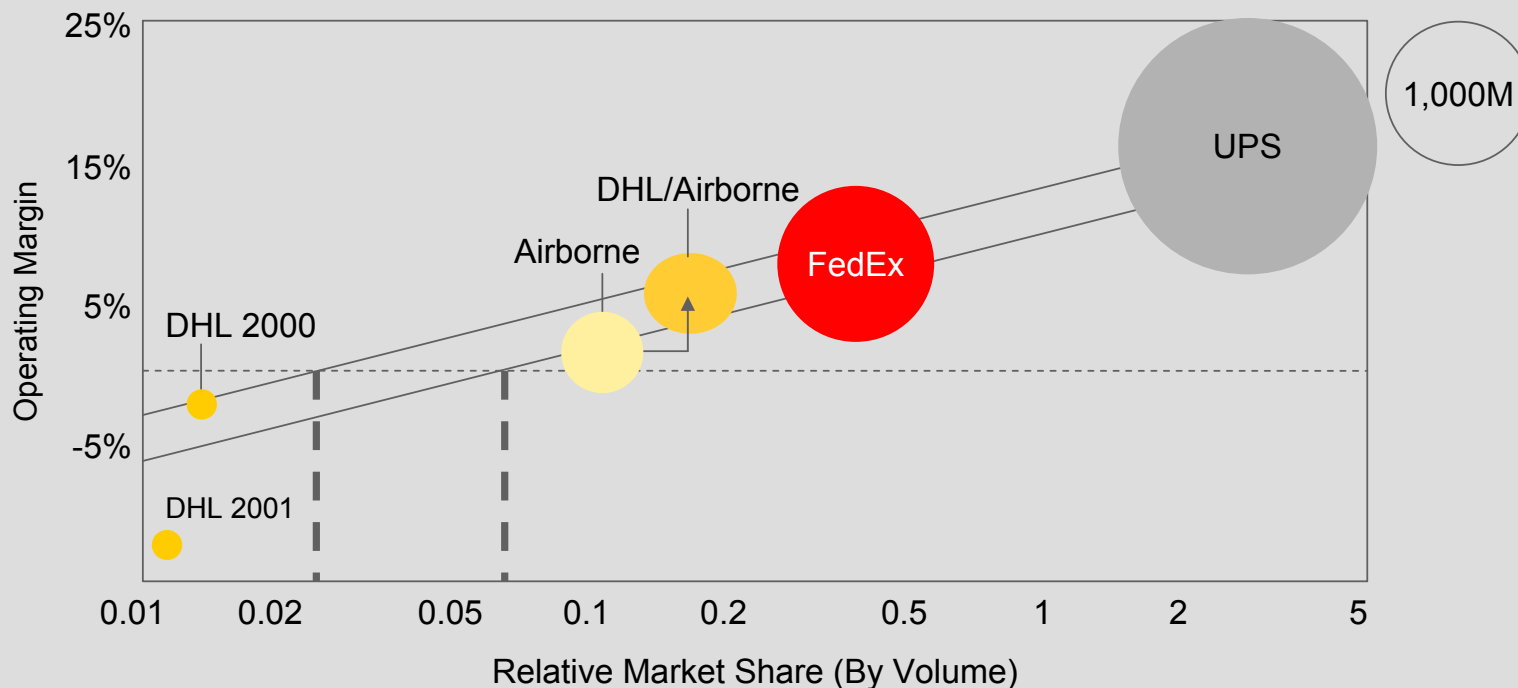
- Lack breadth and depth of domestic products and services

**The Airborne acquisition provides DHL with the opportunity to gain scale in the domestic market**

# The acquisition allows DHL US to improve margins with greater scale



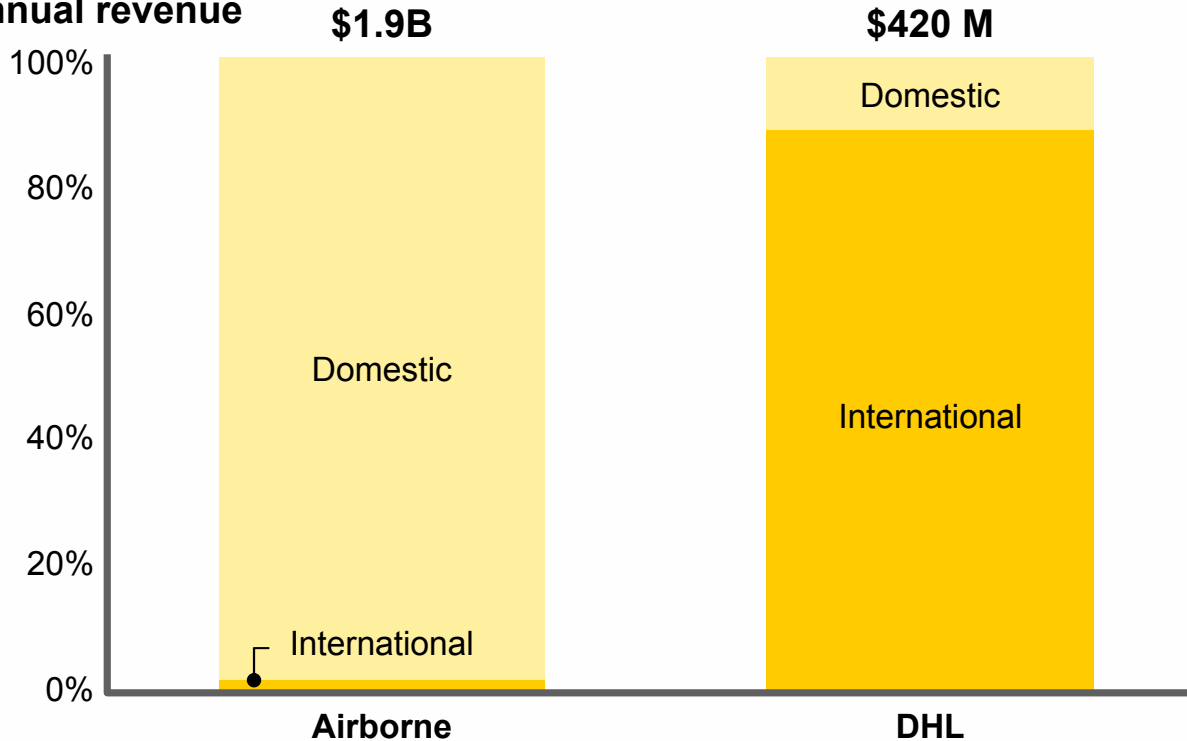
## U.S. ROS/RMS



# The acquisition provides DHL US with a complementary product set



## Large customer annual revenue



# Significant cross selling opportunities exist in the largest accounts

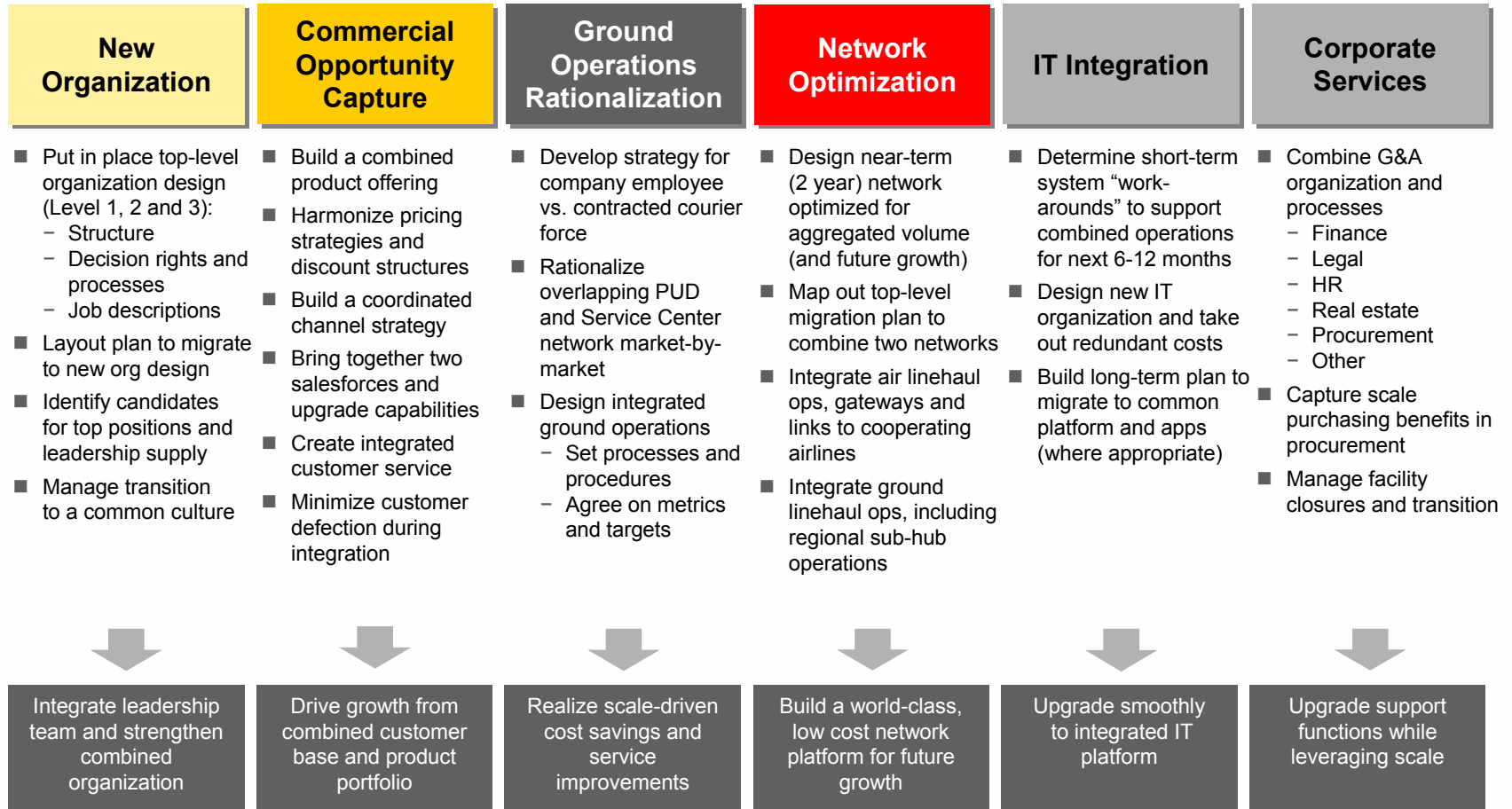


## Shared National/Global Accounts

3Com	Chevron	GM	Proctor & Gamble	TRW
AT&T	CocaCola	GSK	Proquest Co	UBS Warburg
ABN AMRO	Compaq	Hoffman La Roche	Raytheon Co	Union Bank of California
AMEX	Dell	IBM	Reed Elsevier	United News & Media
Amtrex	Dupont	Lucent Technologies	Schering Plough	United Technologies
Apple	Eagle USA Airfreight	Merck & Co	Seagate Technologies	Verizon
B of A	Eastman Kodak	Merril Lynch	Siemens	VIA Xerox
Bank of NY	EDS	Mettler Toledo	Solectron	Wachovia
Bausch&Lomb	First Data	Microsoft	Sprint	Wells Fargo
Baxter	Fluor Daniel Corp	NCR	Symantec	Xerox
Bear Stearns	Ford	Nestle USA	Prudential	
Bertelsmann	Fortune Brands	PPG, Palm	Thermo Electron	
Boeing	GE	Perkin Elmer	Time Warner	
Carlson	Geologistics Services	Pfizer	Toyota	

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# There are six key sources of value



# DHL Americas executive team



**COO, DHL Air & Ocean, NA**  
Hans Toggweiler



**CEO, DHL Americas**  
John Fellows



**COO, DHL Air & Ocean, LA**  
Samuel Israel



**EVP Sales**  
Randy Clark



**EVP Marketing**  
Dick Metzler



**EVP Bus. Dev.**  
Rich Corrado



**EVP Operations**  
Fred Beljaars



**EVP Finance & CFO**  
Mary Wood



**EVP IS & CIO**  
Steve Bandrowczak



**EVP HR**  
Scott Northcutt



**SVP Latin America**  
Rafael Couttolenc



**General Counsel**  
Dave Anderson



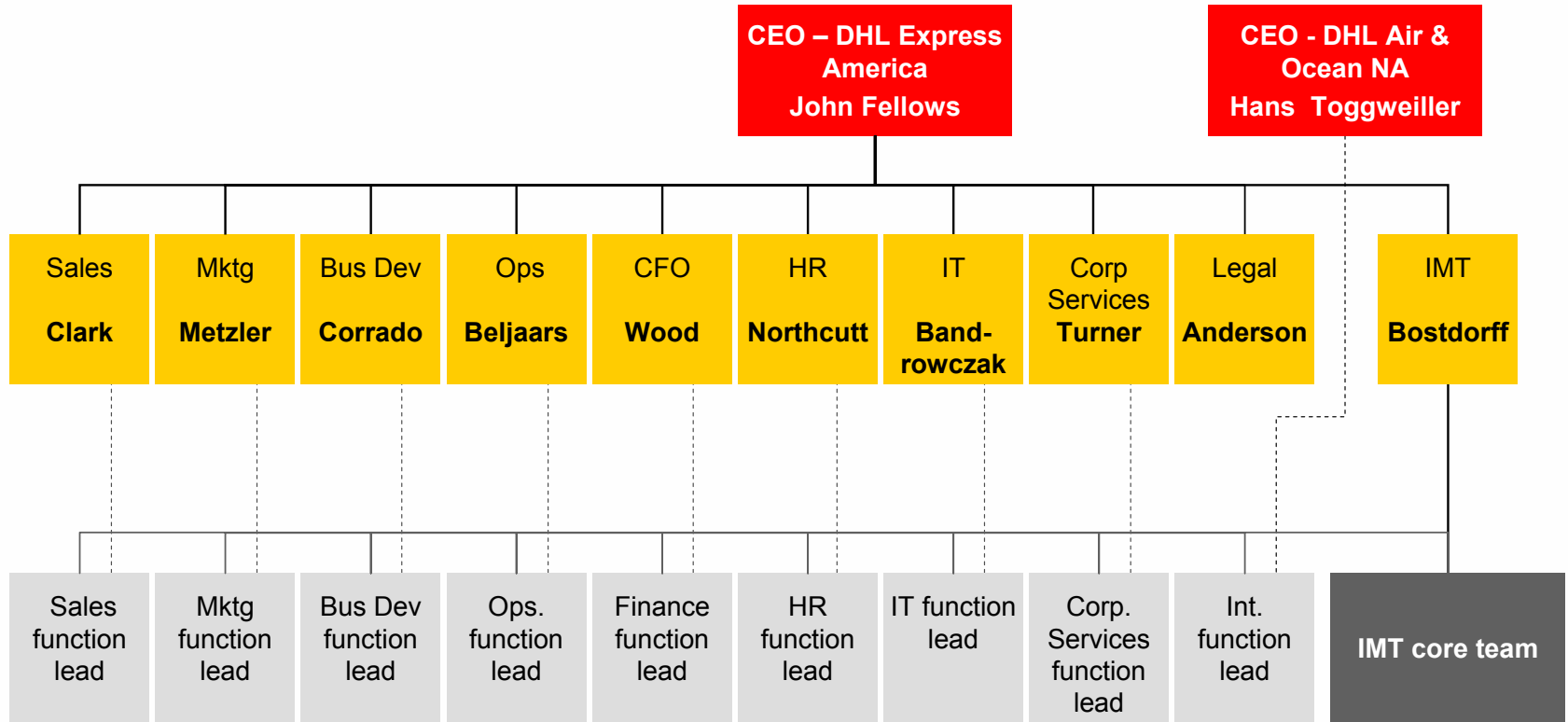
**SVP Corp Services**  
Doug Turner



**SVP Integration**  
Dick Bostdorff



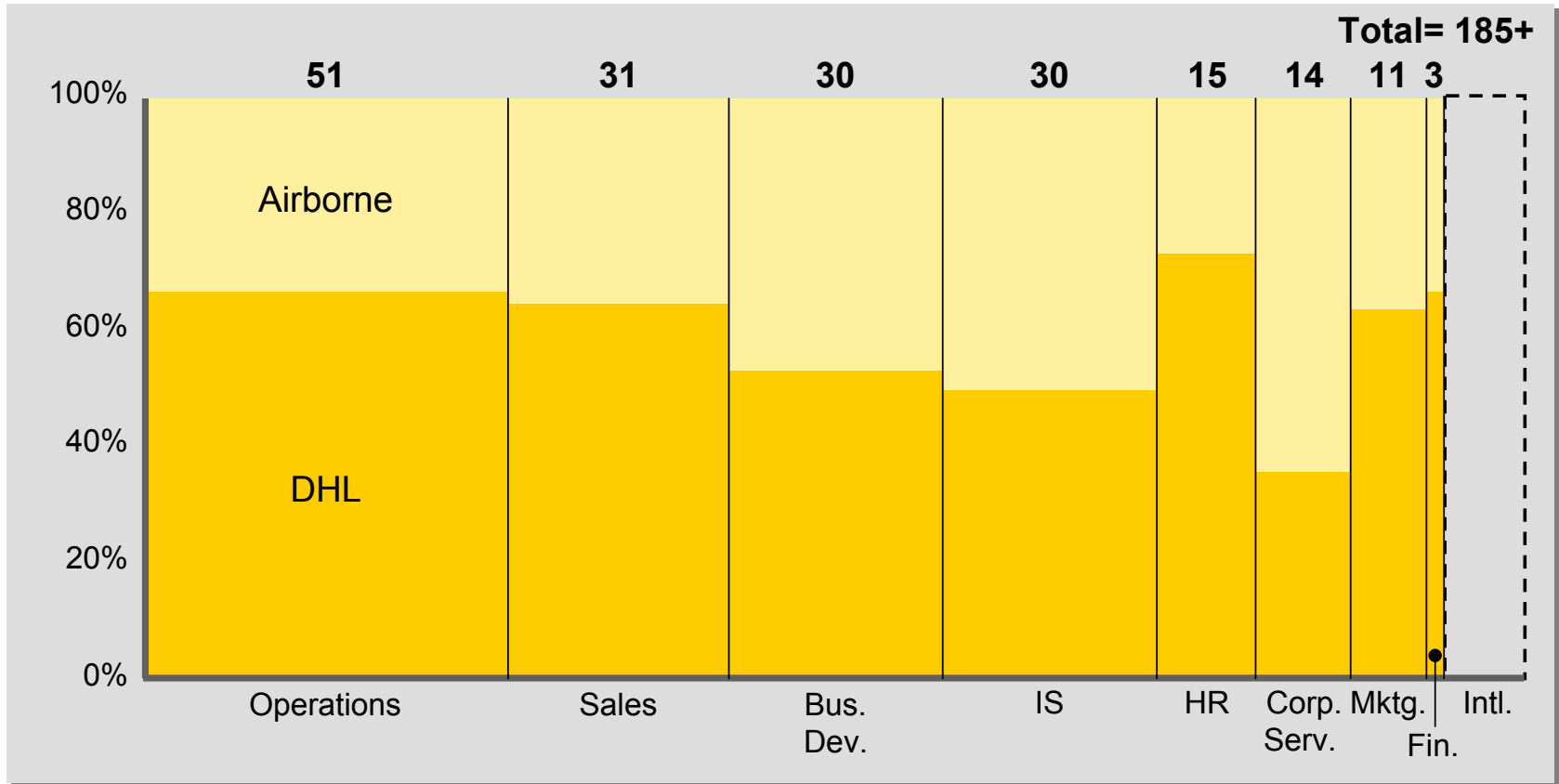
# Temporary "Shadow Organization"



# Cross-functional integration team is mobilized



- 185+ dedicated employees working across function teams with an additional 50 employees assisting in expert capacity
- 60%/40% mix of DHL to Airborne participation



Note: Includes only resources >=50% committed for >= 3mths.

# Commercial opportunity is being captured



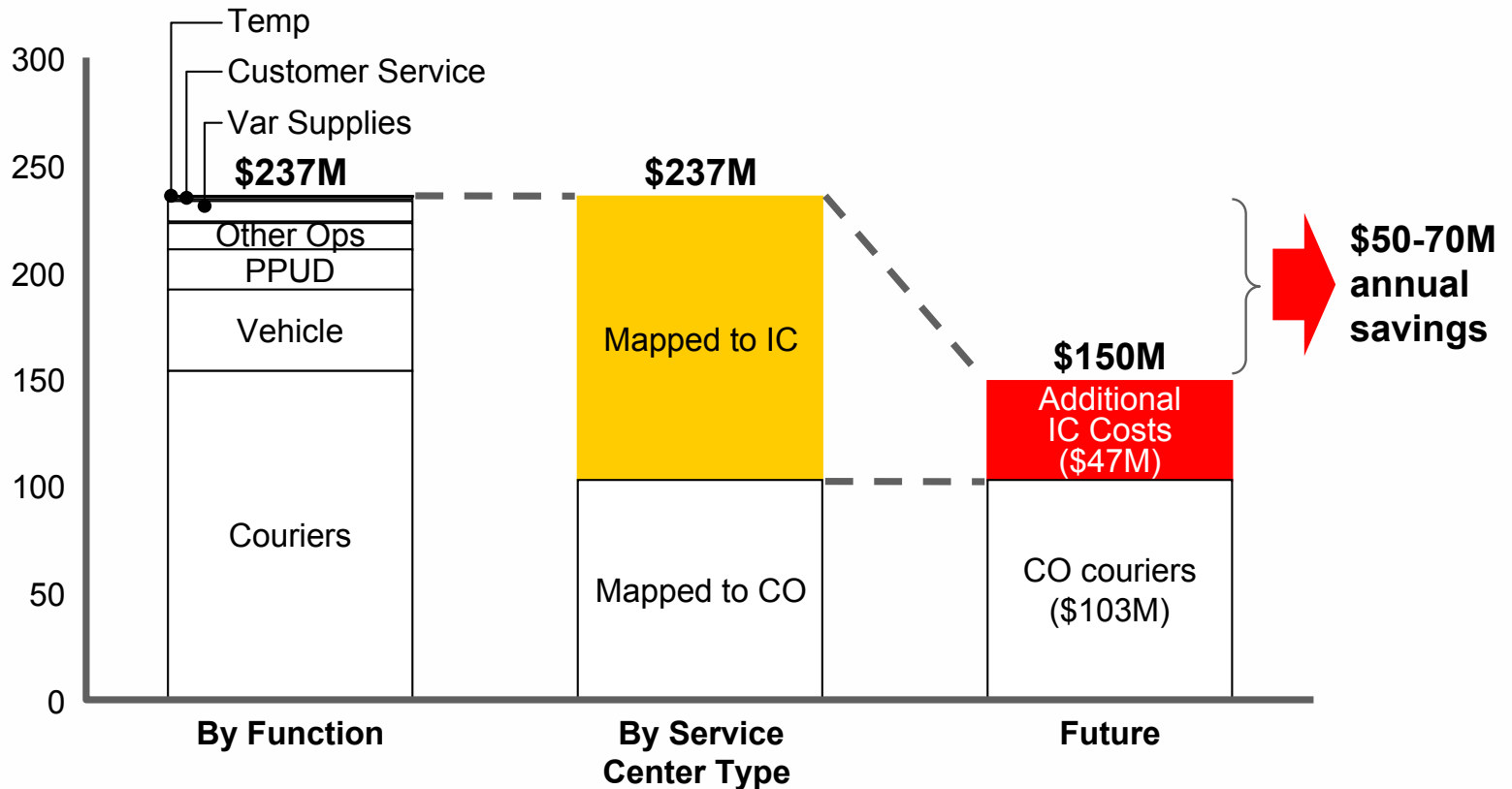
- Launched national account retention program (which covers 50% of the combined company revenues)
- Integrated Field and National Account Sales management
- Multiple customer wins

Customer	DHL/ABF/Joint	Annual Revenue
Dell	ABF	\$ 100M Total/\$25M New
RR Donnely	ABF	\$ 30 Million
Carnival	Joint	\$ 8 Million
West Marine	ABF	\$ 7 Million
Zales	ABF	\$ 6 Million
Icon Labs	Joint	\$ 3 Million
NuSkin	DHL	\$ 3 Million
Underwriter Labs	Joint	\$ 2 Million
Precise Mailing	DHL	\$ 1 Million

# Ground Operations is capturing cost savings



Pickup and Delivery integration will result in \$50-70M annual savings

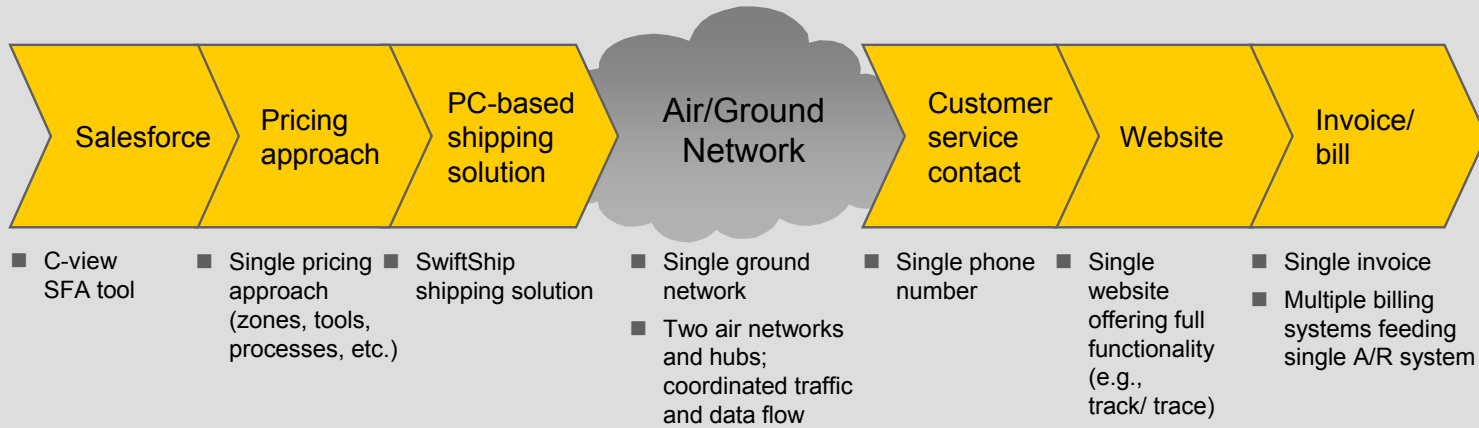


Note: Savings calculations are based on current average Airborne IC costs; expected marginal costs will provide even greater savings

## Expanded, consolidated Americas Information Services Data Center

- Global eCommerce Development Center
- Worldwide Communications Control Center

### Short-term IS milestones on track



# Three things typically go wrong in failed integrations



## Core business performance deteriorates

- Management team distracted by the deal
- Customers defect due to competitor action or deteriorating service
- Focus on obtaining cost savings leads to revenue declines



**Maintain relentless focus on base business revenue**

## Lose key management

- Acquiring company tends to one of two extremes in handling new people:
  - Hands-off approach, with little communication leading to anxiety and uncertainty
  - Aggressive intervention, with wholesale replacement of acquiree's people by "trusted" staff
- Widespread departure of top performers can occur under both scenarios



**Retain key executives and managers**

## Transition process fails

- Overly complex, lengthy process
  - Blizzard of details
- Key value drivers not clearly recognized or emphasized
- Key risk factors not identified
- IT doesn't deliver on time/on spec



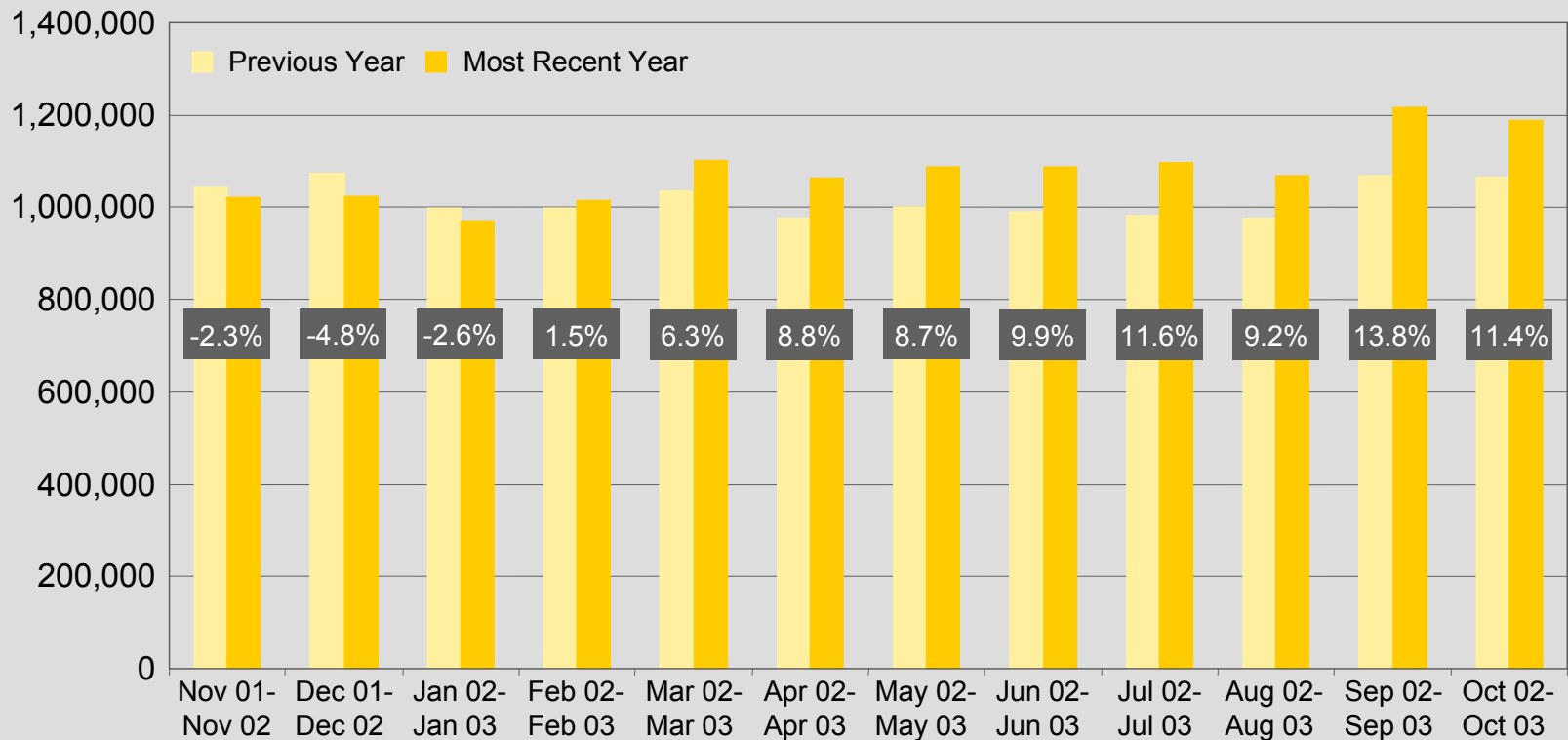
**Focused, swift, disciplined integration**



Duration:	September	Oct-Dec	~1 Year
<b>Key Activities:</b>	<ul style="list-style-type: none"> <li>■ Clarify integration initiatives and plan</li> <li>■ Identify key leaders &amp; organize top mgmt</li> <li>■ Develop synergy estimates &amp; set targets</li> <li>■ Scope, resource &amp; launch initiative teams</li> <li>■ Manage &amp; track base business</li> </ul>	<ul style="list-style-type: none"> <li>■ Complete new org structure and announce "Top 100" leadership</li> <li>■ Create detailed integration plans to capture synergies</li> <li>■ Finalize cost synergy targets and build into annual plan</li> <li>■ Rapidly implement "Quick Wins" (target \$20+M savings in 2003), e.g.:                             <ul style="list-style-type: none"> <li>- PUD</li> <li>- G&amp;A</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Combine organizations</li> <li>■ Execute against detailed integration plans</li> <li>■ Accelerate synergy savings &amp; share growth</li> <li>■ Articulate progress towards new vision</li> </ul>
	<p><b>Set the Stage</b></p>	<p><b>Plan the Integration &amp; Start Acting</b></p>	<p><b>Capture the Value</b></p>

## CVG Hub Core Outbound Weight (Weekday)

Avg. Lbs/Day



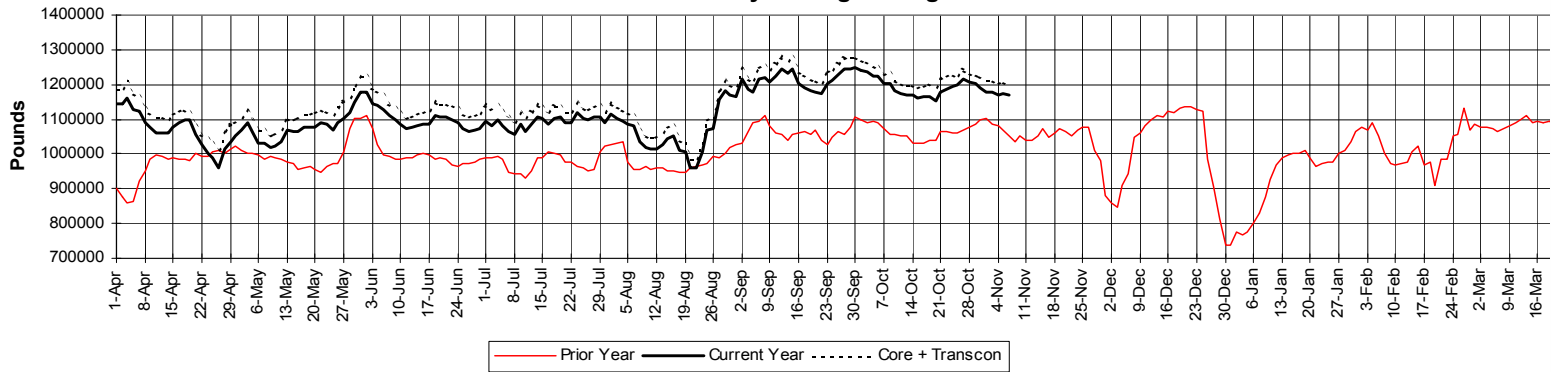
# CVG Hub core outbound weight



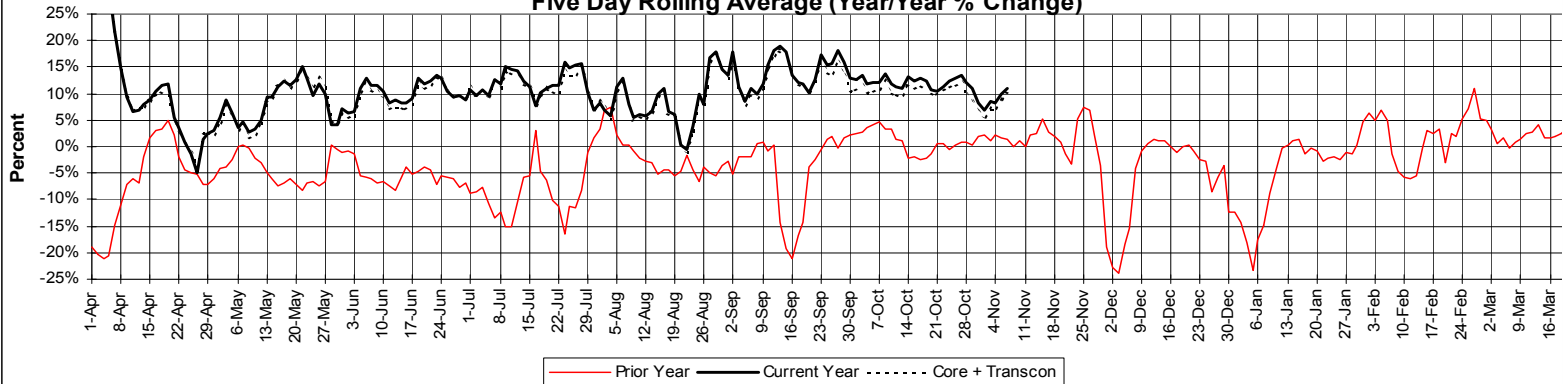
## CVG Hub Core Outbound Weight

	Sort Date: 06-Nov-03		Average		Average
	Today	5 Day Avg	Avg Last 4 Same day	M-T-D	Calendar Y-T-D
2003	1,169,518	1,169,896	1,206,372	1,169,005	1,184,625
2002	1,052,200	1,053,095	1,078,336	1,053,095	1,063,868
% CHG	11.1%	11.1%	11.9%	11.0%	8.0%

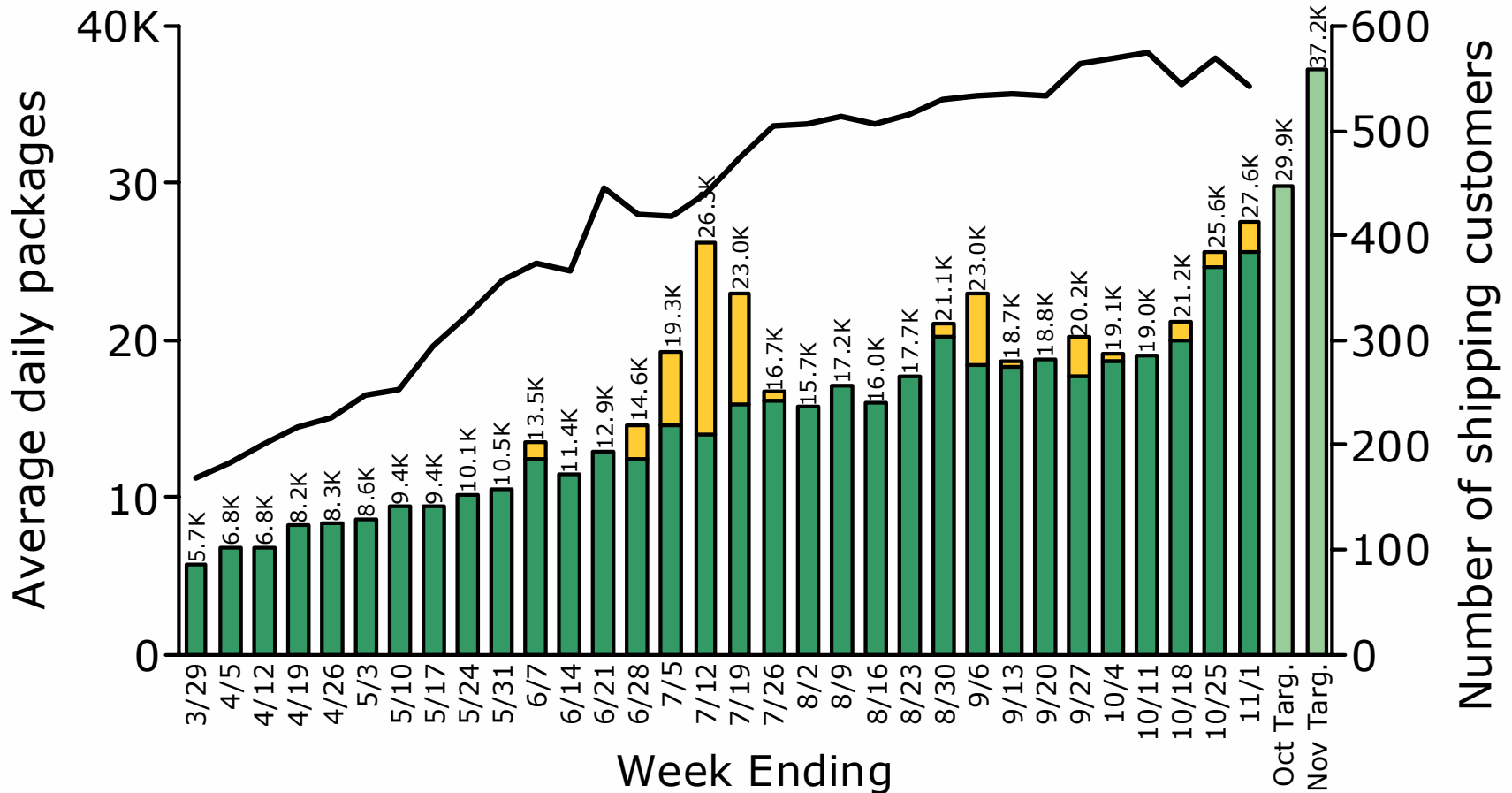
### Five Day Rolling Average




### Five Day Rolling Average (Year/Year % Change)



# Ground volume trend



 - Represents One Time Release Volumes not Ongoing

Note: Number of customers is maximum number of customers shipping ground on any day of the week

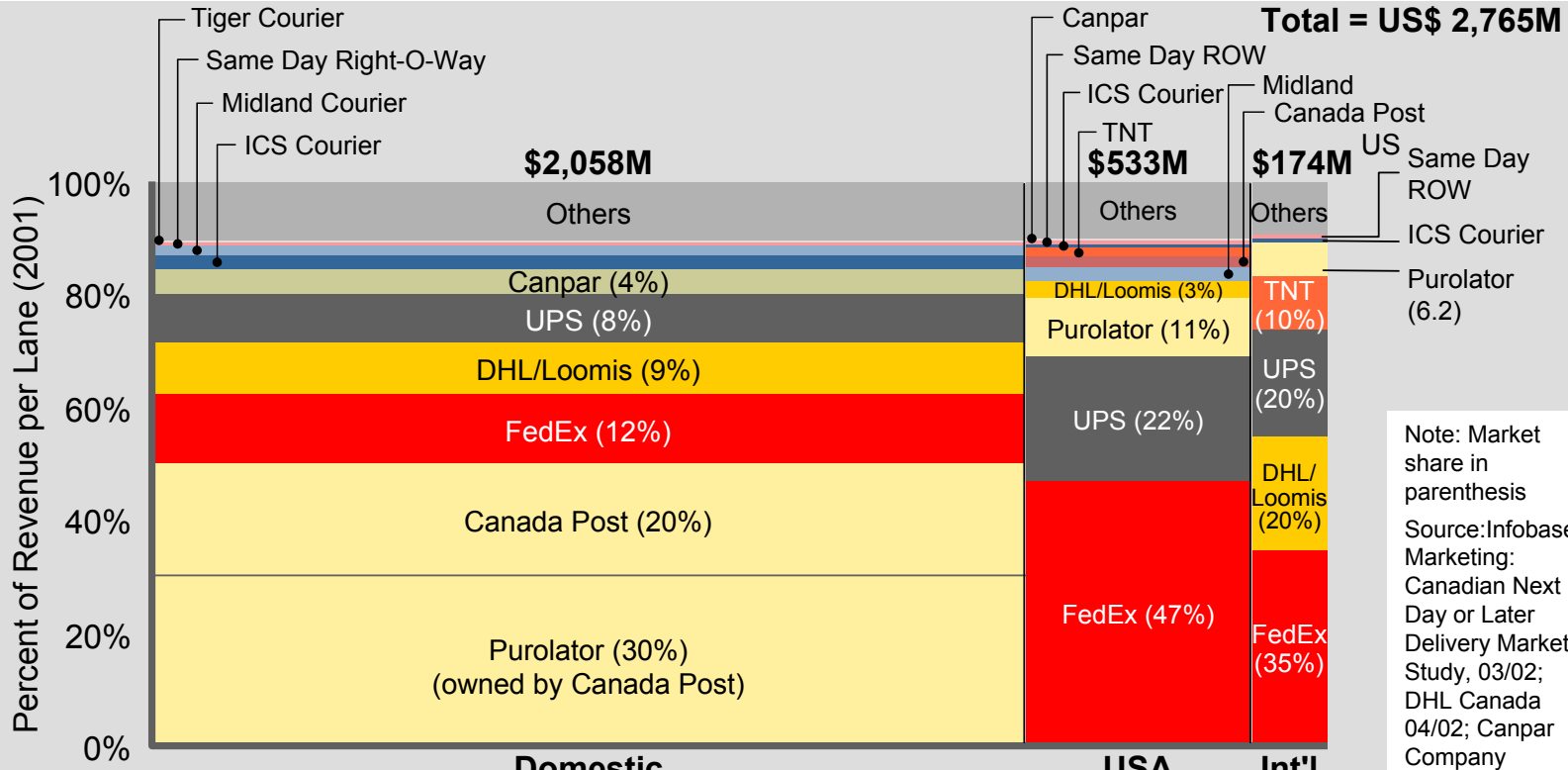
# Revenue statistics



	9/6	9/13	9/20	9/27	10/4	10/11	10/18	10/25	Avg.	Bus. Case
<u>GROUND</u>										
lbs/package	10.2	12.0	11.9	11.5	12.5	12.3	12.2	11.1	11.7	12.0
Revenue/pkg	\$6.36	\$6.50	\$6.55	\$6.60	\$6.46	\$6.35	\$6.39	\$6.05	\$6.39	\$5.70
Revenue/lb	\$0.62	\$0.54	\$0.55	\$0.57	\$0.52	\$0.52	\$0.53	\$0.54	\$0.55	\$0.48
<u>2ND DAY</u>										
lbs/package	11.0	10.6	10.0	11.2	10.8	10.4	11.5	10.4	10.8	8.0
Revenue/pkg	\$16.79	\$16.04	\$15.63	\$16.58	\$15.97	\$16.44	\$17.08	\$16.16	\$16.33	\$10.08
Revenue/lb	\$1.52	\$1.52	\$1.56	\$1.47	\$1.48	\$1.59	\$1.48	\$1.56	\$1.52	\$1.26

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# Loomis acquisition made DHL #3 in Canadian domestic market



Revenue split - Air vs. Ground:	Air	Ground	Air	Ground	Air
	16%	84%	50%	50%	100%

	Domestic	USA	Int'l
Past (99-01) Growth Rate:	4.3%	5.1%	
Estimated (01-03) Growth Rate:	4.2%	6.2%	

Note: Market share in parenthesis  
 Source: Infobase Marketing: Canadian Next Day or Later Delivery Market Study, 03/02; DHL Canada 04/02; Canpar Company Information, 03/02; Loomis Annual Report 05/02 and Individual Company Interviews, DHL SD

# US Market – Three Become One



- Founded in 1969
- Presence in more than 220 countries and territories
- 71,000 employees
- 17,000 vehicles
- 226 gateways
- World's No. 1 in international express market



- Founded in 1946
- 27,000 employees and dedicated contractors
- 15,000 vehicles
- 330 shipping depots
- 19% express market share in US
- Focus on Fortune 500 companies



- Founded in 1815
- Active in 150 countries
- 44,000 employees
- 430 terminals/ warehouses
- Market leader in global airfreight and TOP 3 market position in ocean freight





+



+



**Excellence in  
International product  
offering**

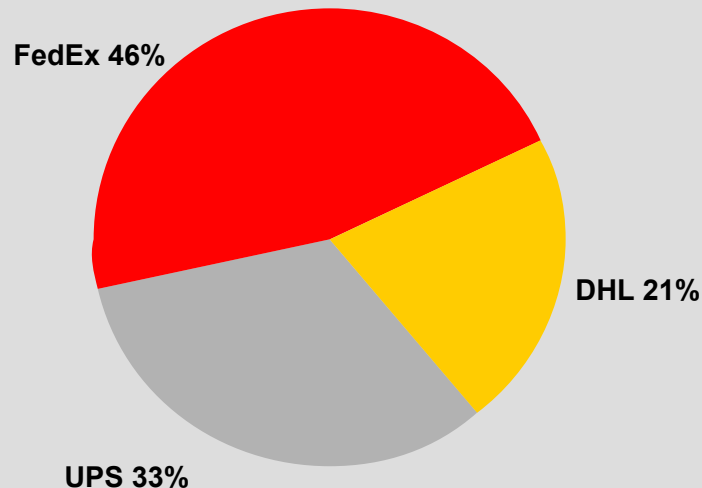
**Strength in Domestic  
products and services**

**Leader in worldwide  
Freight and Logistics  
solutions**

## The new DHL will be a strong competitor in the expedited door-to-door delivery of small packages and documents

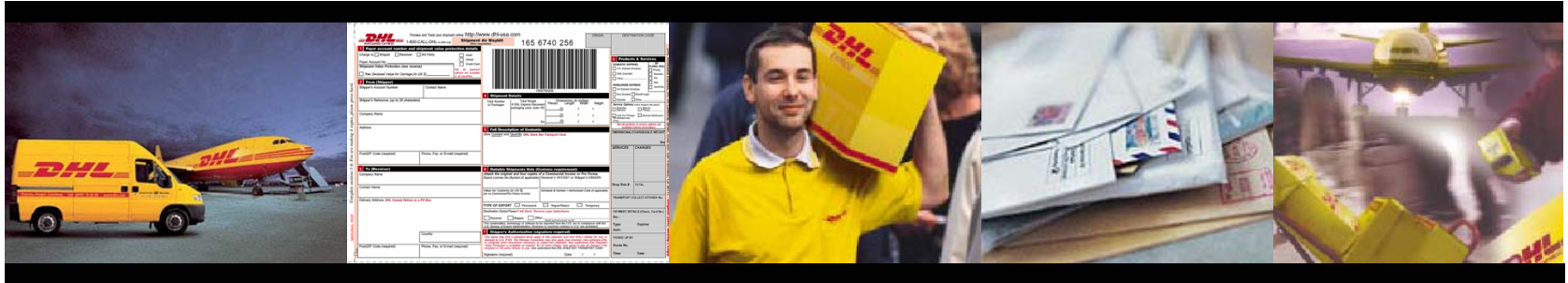
- Combined entity has scale and resources to compete more effectively
- Will bring stronger competition through improved services and a stronger brand
- DHL U.S. will target the under-served medium-sized business segments previously not targeted by Airborne

### U.S. Air Express Delivery Market\* (Shipments)



\*Source: Colography Group U.S. Domestic and Export Air Traffic and Yield Analysis for 3QYTD 2002  
(1) Incl. International Express freight

# An expanded product offering to fulfill all our customers shipping needs



1

## Overnight

- Domestic
- Services
  - Same day
  - Guaranteed next day delivery by 8:30 am, 10:30 am, noon, and 3:00 pm
- Transport
  - Primarily air

2

## Deferred

- Domestic
- Services
  - Guaranteed 2nd day delivery by 3:00 pm and 5:00 pm
- Transport
  - Air
  - Ground

3

## Ground

- Domestic
- 1-5 business days (depending on distance)
- Transport
  - Ground
- Cheapest option (vs. Overnight & Deferred)

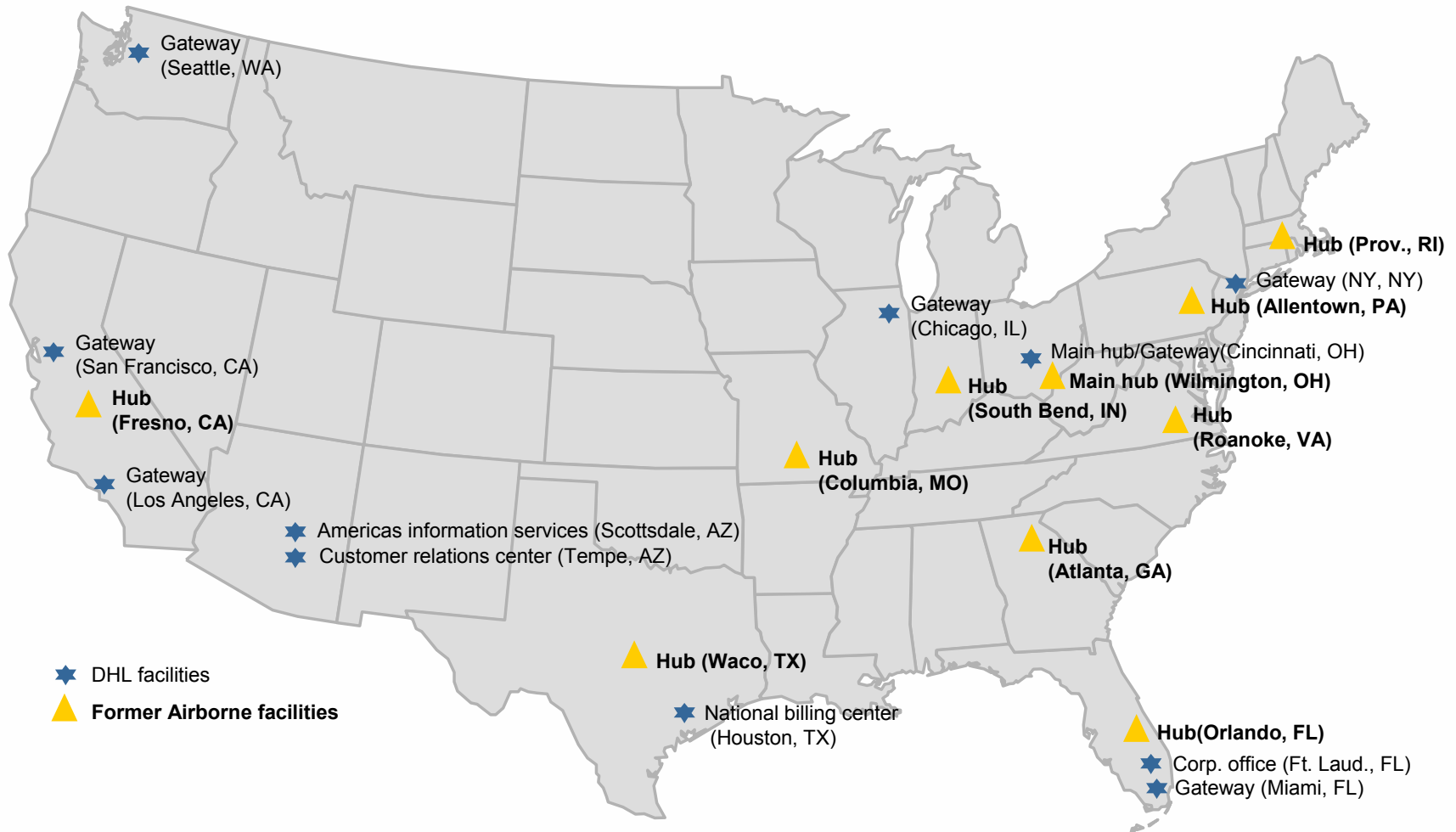
4

## Export

- Delivery originating from the U.S. to international destinations
- Transport
  - Air
  - Ground

\* **DDA&O services include:** Air Freight, Ocean Freight, Domestic Heavyweight, Industrial Projects, Customer Program Management, Warehousing, Distribution and Logistics Outsourcing

# DHL facilities throughout the nation



\* DDA&O has 79 facilities and 10 distribution centers in the US

# DHL is increasing its brand awareness



DHL and Airborne. An overnight success.



**DHL is proud to announce its merger with Airborne.**

You couldn't ask for a better match. DHL, the number one air express company in the world, has joined forces with Airborne Express, one of America's largest air and ground parcel delivery companies. Together, we're a powerful new shipping choice for your business. Current Airborne customers will now be connected to DHL's extensive international delivery system in more than

220 countries. While DHL customers gain award-winning customer service to every zip code in the United States. Yesterday, we were two companies. Today, we're a major new force in the shipping industry. Not bad for a night's work. For more information, contact us at 1-800-CALL-DHL or 1-800-AIRBORNE, or visit [www.dhlairborne.com](http://www.dhlairborne.com).

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