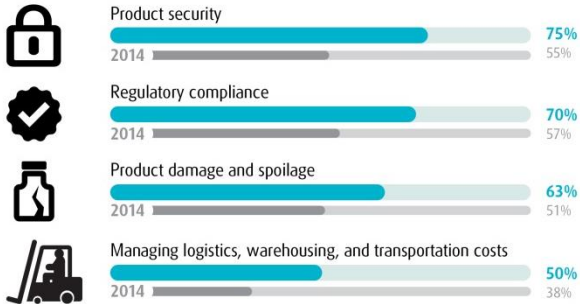




2015 UPS® Pain in the Chain charts and insights

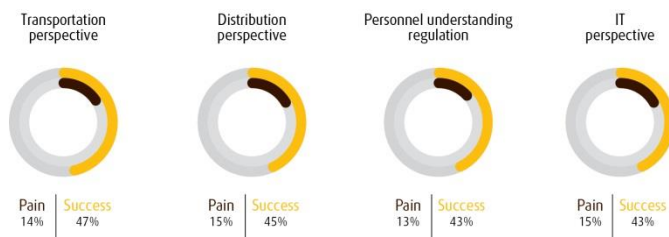
Supply Chain Success



Q. On a scale of 1 to 7 (where "1" is not at all successful and "7" is completely successful), please rate your level of success in addressing the following issues. Answers of 6 and 7 are illustrated.

Robin Hooker: "While healthcare companies have seen overall improvements in cost management, product security, compliance, and product damage and spoilage, cost management is still a substantial supply chain issue. Top factors making this a challenge include rapid business growth and fluctuating fuel and materials costs."

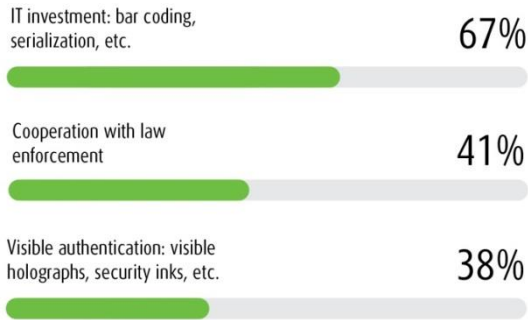
Regulatory Compliance



Q. On a scale of 1 to 7 (where "1" is not at all successful and "7" is completely successful), how successful do you feel your company has been at addressing these aspects? Answers of 6 and 7 are illustrated.

Robin Hooker: "Healthcare companies are becoming more successful with regulatory compliance. This is particularly welcome because the industry can expect only more scrutiny, regulations and compliance burdens moving forward."

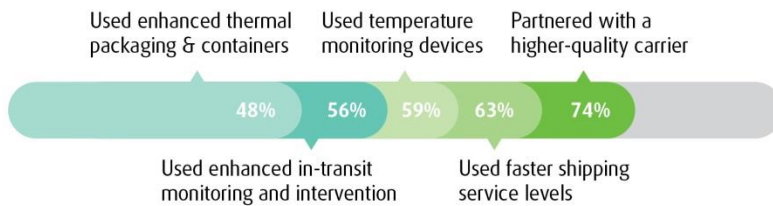
Product Security



Q. You indicated that you've been successful at addressing product security. What strategies have made you successful?

Robin Hooker: “This is one of the strongest areas of success this year for healthcare decision makers. Their reported success rate is 20 percentage points higher from 2014, and they credited serialization, IT investments, cooperation with law enforcement agencies and reinforced product security measures.”

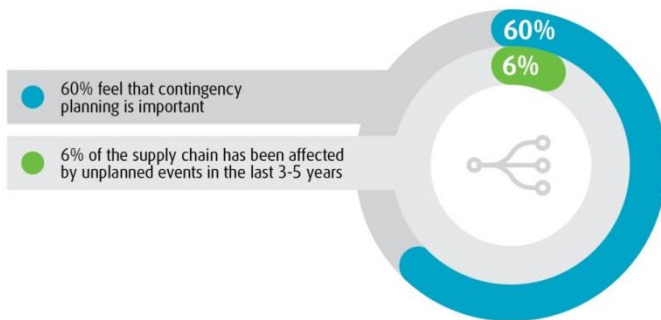
Product Damage and Spoilage



Q. You indicated that you've been successful at addressing product damage and spoilage. What are the strategies that have made you successful?

Robin Hooker: “More than a third of healthcare companies aren't succeeding with product protection. Among the challenges are more products that require temperature control, more challenging environments, limited visibility, or inability to intervene. Healthcare companies are seeing steady progress in this area, however, by partnering with higher-quality shipping companies and using faster shipping service levels.”

Contingency Planning



Q. On a scale of 1 to 7 (where "1" is not at all important and "7" is extremely important), how much importance does your company place on contingency planning? Answers of 6 and 7 illustrated.

Q. Thinking about unplanned events that have affected your supply chain (such as natural disasters or civil unrest) in the last 3-5 years, what percentage of your supply chain was impacted?

Robin Hooker: "Contingency planning remains a prevalent pain point in the healthcare supply chain. While unplanned events, such as adverse weather and power outages, have impacted healthcare supply chains in recent years, the subject remains a low priority. One medical device manufacturer noted in the survey, 'We understand the need for contingency planning, but we don't treat it seriously. So you lose a container full of product off a ship in a storm. How can you model for that?'"