



Coyote Logistics Acquisition

July 31, 2015

Safe Harbor

Cautionary Statement About Forward-Looking Statements

This presentation contains forward-looking statements regarding our intent, belief and current expectations about our strategic direction, prospects and future results. Statements in the future tense, and all statements accompanied by terms such as “believe,” “project,” “expect,” “estimate,” “assume,” “intend,” “anticipate,” “target,” “plan,” and variations thereof and similar terms are intended to be forward-looking statements. Such statements give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts.

Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties include, but are not limited to: general economic conditions, both in the U.S. and internationally; significant competition on a local, regional, national, and international basis; the existing complex and stringent regulation in the U.S. and internationally, changes to which can impact our business; increased security requirements that may increase our costs of operations and reduce operating efficiencies; legal, regulatory or market responses to global climate change; negotiation and ratification at labor contracts, strikes, work stoppages and slowdowns by our employees; the effects of changing prices of energy, including gasoline, diesel and jet fuel, and interruptions in supplies of these commodities; changes in exchange rates or interest rates; our ability to maintain the image of our brand; breaches in data security; disruptions to the Internet or our technology infrastructure; our ability to accurately forecast our future capital investment needs; exposure to changing economic, political and social developments in international and emerging markets; changes in business strategy, government regulations, or economic or market conditions that may result in further substantial impairment write-downs of our assets; increases in our expenses relating to employee health and retiree health and our contributions to pension benefits; the potential for various claims and litigation related to labor and employment, personal injury, property damage, business practices, environmental liability and other matters; our ability to realize the anticipated benefits from acquisitions, joint ventures or strategic alliances; our ability to manage insurance and claims expenses; and other risks discussed in our filings with the Securities and Exchange Commission from time to time, including our Annual Report on Form 10-K for the year ended December 31, 2014.

Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements.

Information included in this presentation, including comparisons to prior periods, may reflect adjusted results. See appendix for reconciliations of adjusted results and other non-GAAP financial measures.

Agenda



Acquisition Rationale

Alan Gershenhorn

UPS Chief Commercial Officer



Coyote Logistics Overview

Jeff Silver

Coyote Chief Executive Officer








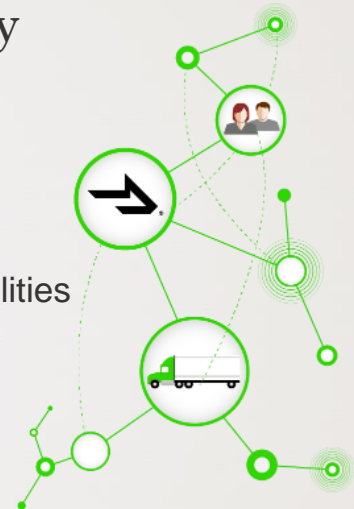
Financial Aspects

Richard Peretz

UPS Chief Financial Officer

Coyote Logistics Acquisition Summary

-  Fast growing asset-light market
-  Innovative, high-quality company
-  Technology-driven network optimization capabilities
-  Unique UPS synergy opportunities
-  Creates value for customers and investors



EPS & Cash Flow Accretive in 2016

Why Truckload Brokerage?

Large Growing Market

\$54 billion
industry growing
7% annually

Highly fragmented
market, consolidating
recently

Part of the
larger \$700b U.S.
trucking market

Adjacent market to existing small package & LTL freight business

Adds a
new capability
in the UPS
portfolio

Broadens the
UPS suite of
solutions from mail
to full truckload

Attractive business model

Asset-light

Technology
driver

Greater
exposure to
new industries
(e.g. Food & Beverage)

Why Coyote Logistics?

New Capability Extension & Scale

- Positions UPS with a leading platform in high-growth adjacent industry
- Complementary to UPS's Supply Chain & Freight solutions
- Largest pure-play truckload broker and brings UPS:
 - Scale with large carrier network (35,000) and 12,000 customers
 - Innovative ability to optimize networks / enable back-haul solutions
 - Proprietary IT systems and a very experienced management team

Increased Control of Critical Service

- Best-in-class service provider
- A trusted vendor since 2012
- Substantial coordination role during peak season

Sound Financial Logic

- Asset-light, technology driven business model
- Significant synergy potential: asset utilization and scale efficiency



Significant UPS Synergy Potential

Operational
Efficiency

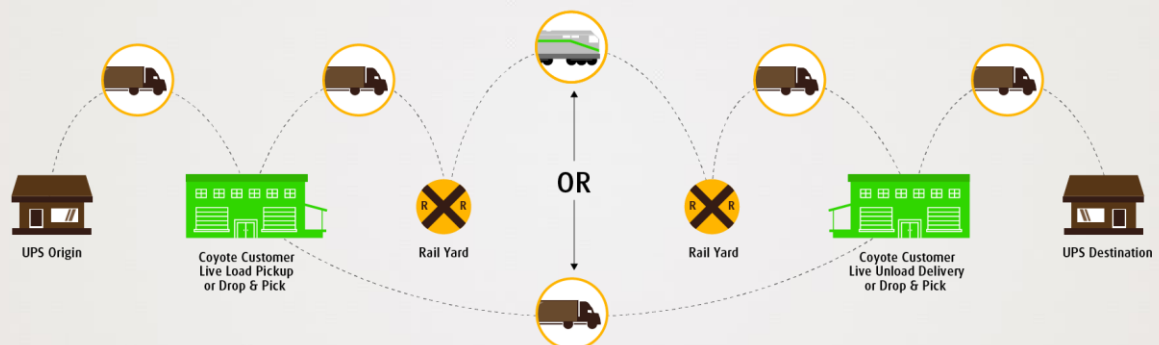
Cross-Sales
Opportunities

Information
Technology



Significant Synergy Potential – Asset Utilization

Example: Match of UPS Network Empty Leg to Existing Coyote Moves



Greater utilization of excess capacity



Coyote History

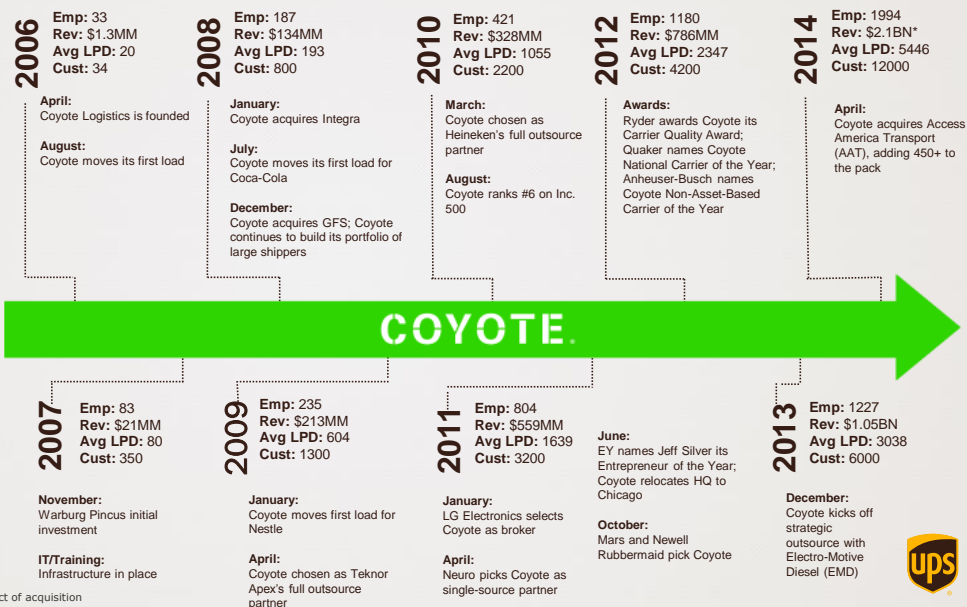
■ **2006:**
Coyote Launched →
IT and training systems
built, first customers and
carriers started

■ **2007–2008:**
WP Investment →
2 acquisitions add scale,
density, capabilities

■ **2008:**
**Coca-Cola and
Heineken** →
Word of mouth fuels
growth of large strategic
accounts

■ **2009–2013: Organic
Growth** → \$213MM to
\$1BN

■ **2014:**
AAT →
Fully integrated in 6 weeks



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*Pro-forma – 2014 adjusted to reflect impact of acquisition

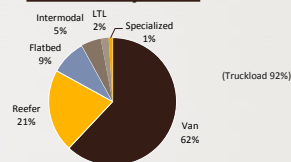


Coyote Logistics Overview – The Opportunity

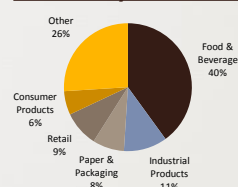
Scale	<ul style="list-style-type: none"> Leading truckload brokerage provider in the 3PL market Scale increases density, lowers rates and improves margins
Network	<ul style="list-style-type: none"> Large network, arranging 6,000 loads per day for 12,000 customers using 35,000 carriers
Customers & Suppliers	<ul style="list-style-type: none"> Customer base with significant growth potential Centralized business model with structured sales process
Technology	<ul style="list-style-type: none"> Proprietary technology with unique capabilities In-house purpose-built platform
Financial Performance	<ul style="list-style-type: none"> 5 year organic gross revenue CAGR of 50% EBITDA margin stability with further upside potential Non-asset business model generating high ROIC
Management	<ul style="list-style-type: none"> Experienced management team led by industry veteran Culture focused organization encouraging growth

Coyote 2014 Revenue: \$2.1b*






Revenue by Mode

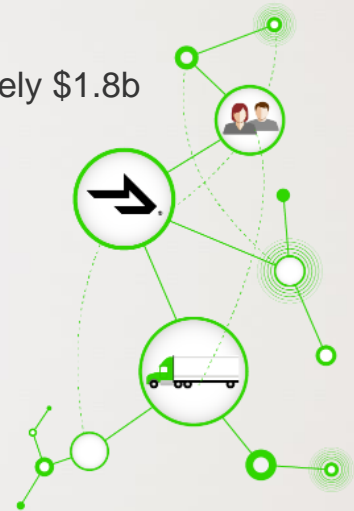


Revenue by End Market



Transaction Overview

-  UPS acquiring Coyote Logistics for approximately \$1.8b
-  Transaction is not conditional on financing
-  Paid for with cash and debt
-  Customary regulatory approval expected
-  Projected to close in third quarter 2015



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Long-Term Fundamentals Drive Value

Opportunity

to leverage rapid
growth market

Valuation

of Coyote as a
stand-alone company
– Rapid top-line growth
– Strong EBITDA

Capitalize

on unique UPS
synergies



Unique UPS Synergy Opportunities

Operational Efficiency

- Utilization of spare capacity
- Leverage capacity during peak periods
- Savings on combined truckload spend

Cross-Sales Opportunities

- Sales teams position expansive solutions with new truckload capabilities

Information Technology

- Accessing UPS and Coyote's IT capabilities
- UPS.com visibility

Total expected run-rate synergies of \$100 to \$150 million

Balancing Connectivity with Integration

- Coyote to retain independent operating model
- Retain CEO, key Coyote Executive Team and management
- Minimal integration costs beyond 2016
- Leverage unique operational synergies

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Networked for Growth