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RYDER SYSTEM INC

FORM 10-Q
(Quarterly Report)

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Address	11690 N.W. 105TH STREET
	MIAMI, FL 33178
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SIC Code	7510 - Automotive Rental And Leasing, Without Drivers
Industry	Rental & Leasing
Sector	Services
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____TO _____

Commission File Number: 1-4364

RYDER SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Florida	**59-0739250**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
11690 N.W. 105th Street **Miami, Florida 33178**	**(305) 500-3726**
(Address of principal executive offices, including zip code)	*(Registrant's telephone number, including area code)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☑ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☑ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ YES ☑ NO

The number of shares of Ryder System, Inc. Common Stock ($0.50 par value per share) outstanding at June 30, 2010 was 52,417,216.

RYDER SYSTEM, INC.
FORM 10-Q QUARTERLY REPORT

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
	(In thousands, except per share amounts)			
Revenue	**$ 1,286,123**	1,212,036	**$ 2,506,061**	2,386,432
Operating expense (exclusive of items shown separately)	**611,495**	544,027	**1,189,109**	1,078,562
Salaries and employee-related costs	**310,241**	304,854	**614,953**	606,067
Subcontracted transportation	**64,585**	44,826	**124,922**	86,008
Depreciation expense	**206,761**	223,549	**417,766**	445,134
Gains on vehicle sales, net	**(6,587)**	(2,363)	**(11,105)**	(5,766)
Equipment rental	**16,614**	16,751	**33,069**	32,090
Interest expense	**31,152**	36,580	**64,488**	74,717
Miscellaneous income, net	**(345)**	(1,366)	**(1,840)**	(741)
Restructuring and other (recoveries) charges, net	**—**	(154)	**—**	2,598
	1,233,916	1,166,704	**2,431,362**	2,318,669
Earnings from continuing operations before income taxes	**52,207**	45,332	**74,699**	67,763
Provision for income taxes	**21,607**	18,264	**31,227**	29,755
Earnings from continuing operations	**30,600**	27,068	**43,472**	38,008
Loss from discontinued operations, net of tax	**(759)**	(4,180)	**(1,258)**	(8,282)
Net earnings	**$ 29,841**	22,888	**$ 42,214**	29,726
Earnings (loss) per common share — Basic				
Continuing operations	**$ 0.58**	0.48	**$ 0.82**	0.68
Discontinued operations	**(0.01)**	(0.07)	**(0.02)**	(0.15)
Net earnings	**$ 0.57**	0.41	**$ 0.80**	0.53
Earnings (loss) per common share — Diluted				
Continuing operations	**$ 0.58**	0.48	**$ 0.82**	0.68
Discontinued operations	**(0.02)**	(0.07)	**(0.03)**	(0.15)
Net earnings	**$ 0.56**	0.41	**$ 0.79**	0.53
Cash dividends declared and paid per common share	**$ 0.25**	0.23	**$ 0.50**	0.46

See accompanying notes to consolidated condensed financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(unaudited)

	June 30, 2010	December 31, 2009
	(Dollars in thousands, except per share amount)	
Assets:		
Current assets:		
Cash and cash equivalents	**$ 108,414**	$ 98,525
Receivables, net of allowance of $11,622 and $13,808, respectively	**622,773**	598,661
Inventories	**51,214**	50,146
Prepaid expenses and other current assets	**125,145**	133,041
Total current assets	**907,546**	880,373
Revenue earning equipment, net of accumulated depreciation of $3,076,226 and $3,013,179, respectively	**4,245,971**	4,178,659
Operating property and equipment, net of accumulated depreciation of $870,366 and $855,657, respectively	**542,895**	543,910
Goodwill	**216,286**	216,444
Intangible assets	**37,416**	39,120
Direct financing leases and other assets	**387,939**	401,324
Total assets	**$6,338,053**	$6,259,830
Liabilities and shareholders' equity:		
Current liabilities:		
Short-term debt and current portion of long-term debt	**$ 380,909**	$ 232,617
Accounts payable	**363,500**	262,712
Accrued expenses and other current liabilities	**425,970**	354,945
Total current liabilities	**1,170,379**	850,274
Long-term debt	**2,091,167**	2,265,074
Other non-current liabilities	**689,669**	681,613
Deferred income taxes	**1,012,159**	1,035,874
Total liabilities	**4,963,374**	4,832,835
Shareholders' equity:		
Preferred stock of no par value per share — authorized, 3,800,917; none outstanding, June 30, 2010 or December 31, 2009	**—**	—
Common stock of $0.50 par value per share — authorized, 400,000,000; outstanding, June 30, 2010 — 52,417,216; December 31, 2009 — 53,419,721	**26,209**	26,710
Additional paid-in capital	**738,327**	743,026
Retained earnings	**1,014,994**	1,036,178
Accumulated other comprehensive loss	**(404,851)**	(378,919)
Total shareholders' equity	**1,374,679**	1,426,995
Total liabilities and shareholders' equity	**$6,338,053**	$6,259,830

See accompanying notes to consolidated condensed financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	Six months ended June 30,	
	2010	2009
	(In thousands)	
Cash flows from operating activities from continuing operations:		
Net earnings	**$ 42,214**	$ 29,726
Less: Loss from discontinued operations, net of tax	**(1,258)**	(8,282)
Earnings from continuing operations	**43,472**	38,008
Depreciation expense	**417,766**	445,134
Gains on vehicle sales, net	**(11,105)**	(5,766)
Share-based compensation expense	**8,017**	8,068
Amortization expense and other non-cash charges, net	**19,567**	18,700
Deferred income tax (benefit) expense	**(22,994)**	15,831
Changes in operating assets and liabilities, net of acquisitions:		
Receivables	**(30,740)**	42,763
Inventories	**(1,169)**	852
Prepaid expenses and other assets	**4,946**	421
Accounts payable	**17,941**	(24,815)
Accrued expenses and other non-current liabilities	**85,494**	(26,888)
Net cash provided by operating activities from continuing operations	**531,195**	512,308
Cash flows from financing activities from continuing operations:		
Net change in commercial paper borrowings	**187,700**	216,002
Debt proceeds	**13,588**	958
Debt repaid, including capital lease obligations	**(226,411)**	(366,580)
Dividends on common stock	**(26,554)**	(25,733)
Common stock issued	**6,941**	3,016
Common stock repurchased	**(57,665)**	—
Excess tax benefits from share-based compensation	**533**	229
Debt issuance costs	**(156)**	(10,504)
Net cash used in financing activities from continuing operations	**(102,024)**	(182,612)
Cash flows from investing activities from continuing operations:		
Purchases of property and revenue earning equipment	**(544,389)**	(391,246)
Sales of revenue earning equipment	**102,027**	96,772
Sales of operating property and equipment	**1,414**	2,608
Acquisitions	**(2,409)**	(85,499)
Collections on direct finance leases	**30,914**	36,919
Changes in restricted cash	**1,935**	12,752
Other, net	**1,950**	—
Net cash used in investing activities from continuing operations	**(408,558)**	(327,694)
Effect of exchange rate changes on cash	**(3,623)**	2,855
Increase in cash and cash equivalents from continuing operations	**16,990**	4,857
Cash flows from discontinued operations:		
Operating cash flows	**(5,676)**	(19,877)
Financing cash flows	**(2,940)**	(3,273)
Investing cash flows	**1,544**	3,783
Effect of exchange rate changes on cash	**(29)**	(1,270)
Decrease in cash and cash equivalents from discontinued operations	**(7,101)**	(20,637)
Increase (decrease) in cash and cash equivalents	**9,889**	(15,780)
Cash and cash equivalents at January 1	**98,525**	120,305
Cash and cash equivalents at June 30	**$ 108,414**	$ 104,525

See accompanying notes to consolidated condensed financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
(unaudited)

	Preferred Stock Amount	Common Stock Shares	Common Stock Par	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	(Dollars in thousands, except per share amount)						
Balance at December 31, 2009	$ —	53,419,721	$26,710	743,026	1,036,178	(378,919)	1,426,995
Components of comprehensive income:							
Net earnings	—	—	—	—	**42,214**	—	**42,214**
Foreign currency translation adjustments	—	—	—	—	—	**(30,374)**	**(30,374)**
Amortization of pension and postretirement items, net of tax	—	—	—	—	—	**5,410**	**5,410**
Change in net actuarial loss, net of tax	—	—	—	—	—	**(968)**	**(968)**
Total comprehensive income							**16,282**
Common stock dividends declared and paid – $0.50 per share	—	—	—	—	**(26,554)**	—	**(26,554)**
Common stock issued under employee stock option and stock purchase plans [1]	—	**442,902**	**221**	**6,840**	—	—	**7,061**
Benefit plan stock purchases [2]	—	**(2,710)**	**(1)**	**(119)**	—	—	**(120)**
Common stock repurchases	—	**(1,442,697)**	**(721)**	**(20,100)**	**(36,844)**	—	**(57,665)**
Share-based compensation	—	—	—	**8,017**	—	—	**8,017**
Tax benefits from share-based compensation	—	—	—	**663**	—	—	**663**
Balance at June 30, 2010	**$ —**	**52,417,216**	**$26,209**	**738,327**	**1,014,994**	**(404,851)**	**1,374,679**

(1) Net of common shares delivered as payment for the exercise price or to satisfy the option holders' withholding tax liability upon exercise of options.

(2) Represents open-market transactions of common shares by the trustee of Ryder's deferred compensation plans.

See accompanying notes to consolidated condensed financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(unaudited)

(A) INTERIM FINANCIAL STATEMENTS

The accompanying unaudited Consolidated Condensed Financial Statements include the accounts of Ryder System, Inc. (Ryder) and all entities in which Ryder has a controlling voting interest ("subsidiaries"), and variable interest entities (VIEs) required to be consolidated in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accompanying unaudited Consolidated Condensed Financial Statements have been prepared in accordance with the accounting policies described in our 2009 Annual Report on Form 10-K except for the accounting changes described below relating to transfers of financial assets and consolidation of VIEs, and should be read in conjunction with the Consolidated Financial Statements and notes thereto. These financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement have been included and the disclosures herein are adequate. The operating results for interim periods are unaudited and are not necessarily indicative of the results that can be expected for a full year. Prior year amounts have been restated to conform to the current period presentation.

(B) ACCOUNTING CHANGES

In June 2009, the Financial Accounting Standards Board (FASB) issued accounting and disclosure guidance for transfers of financial assets occurring on or after January 1, 2010. The adoption of this accounting guidance did not have a material impact on our consolidated financial position, results of operations or cash flows.

In June 2009, the FASB issued accounting guidance which amends the consolidation principles for variable interest entities by requiring consolidation of VIEs based on which party has control of the entity. The guidance was effective beginning January 1, 2010. The adoption of this accounting guidance did not have a material impact on our consolidated financial position, results of operations or cash flows.

(C) ACQUISITIONS

On February 2, 2009, we acquired the assets of Edart Leasing LLC ("Edart"), which included Edart's fleet of approximately 1,600 vehicles and more than 340 contractual customers from Edart's five locations in Connecticut for a purchase price of $85.2 million, of which $2.1 million and $81.3 million was paid during the six months ended June 30, 2010 and 2009, respectively. Goodwill and customer relationship intangibles related to the Edart acquisition totaled $14.7 million and $4.3 million, respectively. The combined network operates under the Ryder name, complementing our Fleet Management Solutions (FMS) business segment market coverage in the Northeast. We also acquired approximately 525 vehicles for remarketing, the majority of which have been sold.

During the six months ended June 30, 2010 and 2009, we paid $0.3 million and $4.2 million, respectively, related to other acquisitions completed in prior years.

(D) DISCONTINUED OPERATIONS

In 2009, we ceased Supply Chain Solutions (SCS) service operations in Brazil, Argentina, Chile and European markets. Accordingly, results of these operations, financial position and cash flows are separately reported as discontinued operations for all periods presented either in the Consolidated Condensed Financial Statements or notes thereto.

Summarized results of discontinued operations were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
	(In thousands)			
Total revenue	**$ —**	30,872	**$ 110**	59,915
Loss from discontinued operations before income taxes	**$ (832)**	(3,999)	**$ (1,337)**	(8,281)
Income tax benefit (expense)	**73**	(181)	**79**	(1)
Loss from discontinued operations, net of tax	**$ (759)**	(4,180)	**$ (1,258)**	(8,282)

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — (Continued)
(unaudited)

Loss from discontinued operations before income taxes in the second quarter and first half of 2010 included $1.0 million and $1.4 million, respectively, of losses related to adverse legal developments, professional services and administrative costs associated with our discontinued South American operations. Loss from discontinued operations before income taxes in the second quarter and first half of 2010 also included $0.2 million and $0.1 million of restructuring recoveries and other items due to subsequent refinements in prior year estimates.

Loss from discontinued operations before income taxes in the second quarter and first half of 2009 included $3.1 million and $6.1 million, respectively, of operating losses incurred in the wind down of our South American and European operations. Loss from discontinued operations before income taxes in the second quarter of 2009 also included $0.9 million and $2.2 million, respectively, of exit-related restructuring charges and other items associated with these operations.

The following is a summary of assets and liabilities of discontinued operations:

	June 30, 2010	December 31, 2009
	(In thousands)	
Assets:		
Total current assets	**$3,771**	$ 3,671
Total assets	**$5,914**	$ 7,631
Liabilities:		
Total current liabilities	**$1,125**	$ 7,713
Total liabilities	**$5,582**	$12,869

(E) SHARE-BASED COMPENSATION PLANS

Share-based incentive awards are provided to employees under the terms of various share-based compensation plans (collectively, the "Plans"). The Plans are administered by the Compensation Committee of the Board of Directors. Awards under the Plans principally include at-the-money stock options, nonvested stock and cash awards. Share-based compensation expense is generally recorded in "Salaries and employee-related costs" in the Consolidated Condensed Statements of Earnings.

The following table provides information on share-based compensation expense and income tax benefits recognized during the periods:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
	(In thousands)			
Stock option and stock purchase plans	**$ 2,240**	2,226	**$ 4,493**	5,039
Nonvested stock	**1,836**	1,071	**3,524**	3,029
Share-based compensation expense	**4,076**	3,297	**8,017**	8,068
Income tax benefit	**(1,415)**	(1,020)	**(2,741)**	(2,539)
Share-based compensation expense, net of tax	**$ 2,661**	2,277	**$ 5,276**	5,529

During each of the six months ended June 30, 2010 and 2009, approximately 900,000 stock options were granted under the Plans. These awards, which generally vest one-third each year from the date of grant, are fully vested three years from the grant date and have contractual terms of seven years. The fair value of each option award at the date of grant was estimated using a Black-Scholes-Merton option-pricing valuation model. The weighted-average fair value per option granted during the six months ended June 30, 2010 and 2009 was $8.93 and $9.23, respectively.

During each of the six months ended June 30, 2010 and 2009, approximately 200,000 awards of restricted stock rights and restricted stock units (RSUs) were granted under the Plans. The majority of the restricted stock rights granted during the periods included a market-based vesting provision, and the remainder are time-vested awards. Employees only receive the grant of stock if Ryder's cumulative average total shareholder return (TSR) at least meets the S&P 500 cumulative average TSR over an

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — (Continued)
(unaudited)

applicable three-year period. The fair value of the market-based restricted stock rights was estimated using a lattice-based option-pricing valuation model that incorporates a Monte-Carlo simulation. Fair value of the time-vested awards was determined and fixed on the grant date based on Ryder's stock price on the date of grant. The weighted-average fair value per restricted stock right and RSU granted during the six months ended June 30, 2010 and 2009 was $19.73 and $18.19, respectively.

During the six months ended June 30, 2010 and 2009, employees who received market-based restricted stock rights also received market-based cash awards. The awards have the same vesting provisions as the market-based restricted stock rights except that Ryder's TSR must at least meet the TSR of the 33rd percentile of the S&P 500. The cash awards are accounted for as liability awards under the share-based compensation accounting guidance as the awards are based upon the performance of our common stock and are settled in cash. As a result, the liability is adjusted to reflect fair value at the end of each reporting period. The fair value of the cash awards was estimated using a lattice-based option-pricing valuation model that incorporates a Monte-Carlo simulation. During the three months ended June 30, 2010 and 2009, we recognized $0.7 million and $0.3 million, respectively, of compensation expense related to these cash awards in addition to the share-based compensation expense reported in the previous table. During the six months ended June 30, 2010 and 2009, we recognized $0.8 million and $0.6 million, respectively, of compensation expense related to these cash awards in addition to the share-based compensation expense reported in the previous table.

Total unrecognized pre-tax compensation expense related to share-based compensation arrangements at June 30, 2010 was $28.6 million and is expected to be recognized over a weighted-average period of approximately 1.9 years.

(F) EARNINGS PER SHARE

We compute earnings per share using the two-class method. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for common stock and any participating securities according to dividends declared (whether paid or unpaid) and participation rights in undistributed earnings. Our nonvested stock are considered participating securities since the share-based awards contain a non-forfeitable right to dividend equivalents irrespective of whether the awards ultimately vest. Under the two-class method, earnings per common share are computed by dividing the sum of distributed earnings to common shareholders and undistributed earnings allocated to common shareholders by the weighted average number of common shares outstanding for the period. In applying the two-class method, undistributed earnings are allocated to both common shares and participating securities based on the weighted average shares outstanding during the period.

The following table presents the calculation of basic and diluted earnings per common share from continuing operations:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
	(In thousands, except per share amounts)			
Earnings per share — Basic:				
Earnings from continuing operations	**$30,600**	27,068	**$43,472**	38,008
Less: Distributed and undistributed earnings allocated to nonvested stock	**(432)**	(295)	**(584)**	(404)
Earnings from continuing operations available to common shareholders — Basic	**$30,168**	26,773	**$42,888**	37,604
Weighted average common shares outstanding— Basic	**52,044**	55,344	**52,362**	55,291
Earnings from continuing operations per common share — Basic	**$ 0.58**	0.48	**$ 0.82**	0.68
Earnings per share — Diluted:				
Earnings from continuing operations	**$30,600**	27,068	**$43,472**	38,008
Less: Distributed and undistributed earnings allocated to nonvested stock	**(432)**	(295)	**(584)**	(404)
Earnings from continuing operations available to common shareholders — Diluted	**$30,168**	26,773	**$42,888**	37,604
Weighted average common shares outstanding— Basic	**52,044**	55,344	**52,362**	55,291
Effect of dilutive options	**217**	37	**120**	40
Weighted average common shares outstanding— Diluted	**52,261**	55,381	**52,482**	55,331
Earnings from continuing operations per common share — Diluted	**$ 0.58**	0.48	**$ 0.82**	0.68
Anti-dilutive equity awards not included above	**1,391**	3,049	**1,853**	2,850

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — (Continued)
(unaudited)

(G) RESTRUCTURING AND OTHER (RECOVERIES) CHARGES

Restructuring and other recoveries, net of $0.2 million for the three months ended June 30, 2009 represented refinements in previous workforce reduction estimates. Restructuring and other charges, net of $2.6 million for the six months ended June 30, 2009 represented employee severance and benefit costs related to workforce reductions.

As noted in Note (T), "Segment Reporting," our primary measure of segment financial performance excludes, among other items, restructuring and other (recoveries) charges, net; however, the applicable portion of the restructuring and other (recoveries) charges, net that relates to each segment was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
	(In thousands)			
Fleet Management Solutions	**$ —**	169	**$ —**	1,820
Supply Chain Solutions	**—**	(324)	**—**	601
Dedicated Contract Carriage	**—**	—	**—**	46
Central Support Services	**—**	1	**—**	131
Total	**$ —**	(154)	**$ —**	2,598

Activity related to restructuring reserves including discontinued operations were as follows:

	December 31, 2009 Balance	**Additions**	**Deductions**		**Foreign Translation Adjustment**	**June 30, 2010 Balance**
			Cash Payments	**Non-Cash Reductions [1]**		
			(In thousands)			
Employee severance and benefits	$ 1,070	**107**	**785**	**28**	**(15)**	**349**
Contract termination costs	172	**85**	**181**	**—**	**(17)**	**59**
Total	$ 1,242	**192**	**966**	**28**	**(32)**	**408**

(1) Non-cash reductions represent adjustments to the restructuring reserves as actual costs were less than originally estimated.

At June 30, 2010, the majority of outstanding restructuring obligations are required to be paid by year-end.

(H) REVENUE EARNING EQUIPMENT

	June 30, 2010			December 31, 2009		
	Cost	**Accumulated Depreciation**	**Net Book Value [1]**	Cost	Accumulated Depreciation	Net Book Value [1]
			(In thousands)			
Held for use:						
Full service lease	**$5,547,382**	**(2,251,288)**	**3,296,094**	$5,616,102	(2,173,693)	3,442,409
Commercial rental	**1,475,169**	**(601,265)**	**873,904**	1,235,404	(577,839)	657,565
Held for sale	**299,646**	**(223,673)**	**75,973**	340,332	(261,647)	78,685
Total	**$7,322,197**	**(3,076,226)**	**4,245,971**	$7,191,838	(3,013,179)	4,178,659

(1) Revenue earning equipment, net includes vehicles acquired under capital leases of $19.2 million, less accumulated amortization of $7.3 million, at June 30, 2010, and $19.9 million, less accumulated amortization of $6.9 million, at December 31, 2009. Amortization expense attributed to vehicles acquired under capital leases is combined with depreciation expense.

At the end of 2009, we completed our annual review of residual values and useful lives of revenue earning equipment. Based on the results of our analysis, we adjusted the residual values of certain classes of revenue earning equipment effective January 1, 2010. The change in estimated residual values decreased pre-tax earnings for the three and six months ended June 30, 2010 by approximately $3.5 million and $7.0 million, respectively. In addition, in the three months ended June 30, 2010 and 2009 we recognized $1.0 million and $2.3 million, respectively, of accelerated depreciation for select vehicles that are expected to be sold by the end of this year. In the six months ended June 30, 2010 and 2009, we recognized $3.5 million and $2.3 million, respectively, of accelerated depreciation for select vehicles that are expected to be sold by the end of this year.

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(I) GOODWILL

The carrying amount of goodwill attributable to each reportable business segment with changes therein was as follows:

	Fleet Management Solutions	Supply Chain Solutions	Dedicated Contract Carriage	Total
	(In thousands)			
Balance at January 1, 2010:				
Goodwill	$ 202,308	38,457	4,900	245,665
Accumulated impairment losses	(10,322)	(18,899)	—	(29,221)
	191,986	19,558	4,900	216,444
Acquisitions	**25**	**—**	**—**	**25**
Foreign currency translation adjustment	**(79)**	**(104)**	**—**	**(183)**
Balance at June 30, 2010:				
Goodwill	**202,254**	**38,353**	**4,900**	**245,507**
Accumulated impairment losses	**(10,322)**	**(18,899)**	**—**	**(29,221)**
	$ 191,932	**19,454**	**4,900**	**216,286**

We assess goodwill for impairment on April 1st of each year or more often if deemed necessary. On April 1st 2010, we completed our annual goodwill impairment test and determined there was no impairment.

(J) ACCRUED EXPENSES AND OTHER LIABILITIES

	June 30, 2010			December 31, 2009		
	Accrued Expenses	**Non-Current Liabilities**	**Total**	Accrued Expenses	Non-Current Liabilities	Total
			(In thousands)			
Salaries and wages	**$ 60,853**	**—**	**60,853**	$ 45,349	—	45,349
Deferred compensation	**1,625**	**15,422**	**17,047**	5,068	16,970	22,038
Pension benefits	**2,692**	**342,097**	**344,789**	2,695	328,571	331,266
Other postretirement benefits	**3,213**	**42,704**	**45,917**	3,214	46,115	49,329
Employee benefits	**1,353**	**—**	**1,353**	2,346	—	2,346
Insurance obligations, primarily self-insurance	**108,902**	**142,509**	**251,411**	111,144	151,045	262,189
Residual value guarantees	**2,970**	**1,801**	**4,771**	2,177	1,872	4,049
Deferred rent	**3,003**	**24,135**	**27,138**	1,995	16,302	18,297
Deferred vehicle gains	**759**	**1,821**	**2,580**	790	2,259	3,049
Environmental liabilities	**4,737**	**9,806**	**14,543**	5,285	9,578	14,863
Asset retirement obligations	**3,799**	**12,719**	**16,518**	4,881	11,435	16,316
Operating taxes	**73,585**	**—**	**73,585**	70,370	—	70,370
Income taxes	**59,677**	**76,710**	**136,387**	459	73,311	73,770
Interest	**26,800**	**—**	**26,800**	29,123	—	29,123
Deposits, mainly from customers	**30,761**	**7,532**	**38,293**	29,511	7,527	37,038
Deferred revenue	**8,519**	**5,110**	**13,629**	9,136	5,578	14,714
Other	**32,722**	**7,303**	**40,025**	31,402	11,050	42,452
Total	**$425,970**	**689,669**	**1,115,639**	$354,945	681,613	1,036,558

(K) INCOME TAXES

Uncertain Tax Positions

We are subject to tax audits in numerous jurisdictions in the U.S. and foreign countries. Tax audits by their very nature are often complex and can require several years to complete. In the normal course of business, we are subject to challenges from the Internal Revenue Service (IRS) and other tax authorities regarding amounts of taxes due. These challenges may alter the timing or amount of taxable income or deductions, or the allocation of income among tax jurisdictions. As part of our calculation of the provision for income taxes on earnings, we recognize the tax benefit from uncertain tax positions that are at least more likely than not of being sustained upon audit based on the technical merits of the tax position. The tax benefit to be recognized is measured as the

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largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Such calculations require management to make estimates and judgments with respect to the ultimate outcome of a tax audit. Actual results could vary materially from these estimates.

The following is a summary of tax years that are no longer subject to examination:

Federal — audits of our U.S. federal income tax returns are closed through fiscal year 2006. In the first quarter of 2009, the IRS completed their examination of our U.S. income tax returns for 2004 through 2006.

State — for the majority of states, we are no longer subject to tax examinations by tax authorities for tax years before 2006.

Foreign — we are no longer subject to foreign tax examinations by tax authorities for tax years before 2001 in Brazil, 2002 in Canada, 2003 in Mexico and 2007 in the U.K., which are our major foreign tax jurisdictions. In Brazil, we were assessed $14.9 million, including penalties and interest, related to the tax due on the sale of our outbound auto carriage business in 2001. We believe it is more likely than not that our tax position will ultimately be sustained and no amounts have been reserved for this matter.

At June 30, 2010 and December 31, 2009, the total amount of gross unrecognized tax benefits (excluding the federal benefit received from state positions) was $71.7 million and $69.5 million, respectively. Unrecognized tax benefits related to federal, state and foreign tax positions may decrease by $2.3 million by June 30, 2011, if audits are complete or tax years close.

Like-Kind Exchange Program

We have a like-kind exchange program for certain of our revenue earning equipment operating in the U.S. Pursuant to the program, we dispose of vehicles and acquire replacement vehicles in a form whereby tax gains on disposal of eligible vehicles are deferred. To qualify for like-kind exchange treatment, we exchange, through a qualified intermediary, eligible vehicles being disposed of with vehicles being acquired allowing us to generally carryover the tax basis of the vehicles sold (“like-kind exchanges”). The program is expected to result in a material deferral of federal and state income taxes. As part of the program, the proceeds from the sale of eligible vehicles are restricted for the acquisition of replacement vehicles and other specified applications. Due to the structure utilized to facilitate the like-kind exchanges, the qualified intermediary that holds the proceeds from the sales of eligible vehicles and the entity that holds the vehicles to be acquired under the program are required to be consolidated in the accompanying Consolidated Condensed Financial Statements in accordance with U.S. GAAP. At June 30, 2010, these consolidated entities had total assets, primarily revenue earning equipment, and total liabilities, primarily accounts payable, of $68.5 million. At December 31, 2009, these consolidated entities had total assets, primarily revenue earning equipment, and total liabilities, primarily accounts payable, of $28.5 million.

Tax Law Changes

On March 23, 2010, the U.S. enacted the Patient Protection and Affordable Care Act and on March 30, 2010, the U.S. enacted the Health Care and Education Reconciliation Act of 2010 (collectively, the “Act”). The Act will reduce certain tax benefits available to employers for providing prescription coverage to retirees among other tax law changes. We do not provide prescription coverage for our retirees, therefore, the Act had no impact on our deferred income taxes or net earnings.

On February 19, 2009, the State of Wisconsin enacted changes to its tax system, which included mandatory unitary combined reporting. The impact of this change resulted in a favorable non-cash adjustment to deferred income taxes and increased net earnings in the six months ended June 30, 2009 by $0.5 million, or $0.01 per diluted common share.

Effective Tax Rate

Our effective income tax rate from continuing operations for the second quarter of 2010 was 41.4% compared with 40.3% in the same period of the prior year. The effective tax rate in the second quarter of 2010 reflects higher contingent tax accruals partially offset by the benefit of higher earnings. Our effective tax rate from continuing operations for the six months ended June 30, 2010 was 41.8% compared with 43.9% in the same period last year. The decrease in the effective tax rate was mainly due to higher non-deductible foreign losses in the first half of 2009 partially offset by higher contingent tax accruals in 2010.

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(L) DEBT

	Weighted-Average Interest Rate				
	June 30, 2010	December 31, 2009	**Maturities**	**June 30, 2010**	December 31, 2009
				(In thousands)	
Short-term debt and current portion of long-term debt:					
Unsecured foreign obligations	**2.14%**	6.98%	**2010**	**$ 2,884**	$ 5,369
Current portion of long-term debt, including capital leases				**378,025**	227,248
Total short-term debt and current portion of long-term debt				**380,909**	232,617
Long-term debt:					
U.S. commercial paper (1)	**0.45%**	0.43%	**2012**	**379,612**	191,934
Unsecured U.S. notes – Medium-term notes (1)	**6.00%**	5.89%	**2010-2025**	**1,858,146**	2,032,344
Unsecured U.S. obligations, principally bank term loans	**1.55%**	1.45%	**2010-2013**	**106,000**	132,150
Unsecured foreign obligations	**4.55%**	5.22%	**2011-2012**	**98,939**	112,782
Capital lease obligations	**8.20%**	8.26%	**2010-2017**	**10,269**	11,011
Total before fair market value adjustment				**2,452,966**	2,480,221
Fair market value adjustment on notes subject to hedging (2)				**16,226**	12,101
				2,469,192	2,492,322
Current portion of long-term debt, including capital leases				**(378,025)**	(227,248)
Long-term debt				**2,091,167**	2,265,074
Total debt				**$2,472,076**	$2,497,691

(1) We had unamortized original issue discounts of $10.9 million and $11.7 million at June 30, 2010 and December 31, 2009, respectively.

(2) The notional amount of the executed interest rate swap designated as a fair value hedge was $250 million at both June 30, 2010 and December 31, 2009.

We can borrow up to $875 million under a global revolving credit facility with a syndicate of thirteen lending institutions led by Bank of America N.A., Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Corporate Bank, Ltd., Royal Bank of Scotland Plc and Wells Fargo N.A. The global credit facility matures in April 2012 and is used primarily to finance working capital and provide support for the issuance of unsecured commercial paper in the U.S. and Canada. This facility can also be used to issue up to $75 million in letters of credit (there were no letters of credit outstanding against the facility at June 30, 2010). At our option, the interest rate on borrowings under the credit facility is based on LIBOR, prime, federal funds or local equivalent rates. The agreement provides for annual facility fees, which range from 22.5 basis points to 62.5 basis points, and is based on Ryder's long-term credit ratings. The current annual facility fee is 37.5 basis points, which applies to the total facility size of $875 million. The credit facility contains no provisions limiting its availability in the event of a material adverse change to Ryder's business operations; however, the credit facility does contain standard representations and warranties, events of default, cross-default provisions, and certain affirmative and negative covenants. In order to maintain availability of funding, we must maintain a ratio of debt to consolidated tangible net worth, of less than or equal to 300%. Tangible net worth, as defined in the credit facility, includes 50% of our deferred federal income tax liability and excludes the book value of our intangibles. The ratio at June 30, 2010 was 159%. At June 30, 2010, $482.3 million was available under the credit facility, net of the support for commercial paper borrowings.

Our global revolving credit facility permits us to refinance short-term commercial paper obligations on a long-term basis. Settlement of short-term commercial paper obligations not expected to require the use of working capital are classified as long-term as we have both the intent and ability to refinance on a long-term basis. At June 30, 2010 and December 31, 2009, we classified $379.6 million and $191.9 million, respectively, of short-term commercial paper as long-term debt.

We have a trade receivables purchase and sale program, pursuant to which we sell certain of our domestic trade accounts receivable to a bankruptcy remote, consolidated subsidiary of Ryder, that in turn sells, on a revolving basis, an ownership interest in certain of these accounts receivable to a receivables conduit or committed purchasers. The subsidiary is considered a VIE and is consolidated based on our control of the entity's activities. We use this program to provide additional liquidity to fund our operations, particularly when it is cost effective to do so. The costs under the program may vary based on changes in interest rates. The available proceeds that may be received under the program are limited to $175 million. If no event occurs which causes early termination, the 364-day program will expire on October 29, 2010. The program contains provisions restricting its availability in the event of a material adverse change to our business operations or the collectibility of the collateralized receivables. At June 30, 2010 and December 31, 2009, no amounts were outstanding under the program. Sales of receivables under this program are accounted for as secured borrowings based on our continuing involvement in the transferred assets.

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On February 25, 2010, we filed an automatic shelf registration statement on Form S-3 with the Securities and Exchange Commission. The registration is for an indeterminate number of securities and is effective for three years. Under this universal shelf registration statement, we have the capacity to offer and sell from time to time various types of securities, including common stock, preferred stock and debt securities, subject to market demand and ratings status.

At June 30, 2010 and December 31, 2009, we had letters of credit and surety bonds outstanding totaling $257.6 million and $262.7 million, respectively, which primarily guarantee the payment of insurance claims.

(M) FAIR VALUE MEASUREMENTS

The following tables present our assets and liabilities that are measured at fair value on a recurring basis and the levels of inputs used to measure fair value:

		Fair Value Measurements At June 30, 2010 Using			
	Balance Sheet Location	**Level 1**	**Level 2**	**Level 3**	**Total**
			(In thousands)		
Assets:					
Investments held in Rabbi Trusts:					
Cash and cash equivalents		**$ 3,667**	**—**	**—**	**3,667**
U.S. equity mutual funds		**6,001**	**—**	**—**	**6,001**
Foreign equity mutual funds		**1,998**	**—**	**—**	**1,998**
Fixed income mutual funds		**3,133**	**—**	**—**	**3,133**
Investments held in Rabbi Trusts	DFL and other assets	**14,799**	**—**	**—**	**14,799**
Interest rate swap	DFL and other assets	**—**	**16,226**	**—**	**16,226**
Total assets at fair value		**$14,799**	**16,226**	**—**	**31,025**

		Fair Value Measurements At December 31, 2009 Using			
	Balance Sheet Location	Level 1	Level 2	Level 3	Total
			(In thousands)		
Assets:					
Investments held in Rabbi Trusts	DFL and other assets	$19,686	—	—	19,686
Interest rate swap	DFL and other assets	—	12,101	—	12,101
Total assets at fair value		$19,686	12,101	—	31,787

The following is a description of the valuation methodologies used for these items, as well as the level of inputs used to measure fair value:

Investments held in Rabbi Trusts — The investments primarily include mutual funds that invest in equity and fixed income securities. Shares of mutual funds were valued based on quoted market prices, which represents the net asset value of the shares and were therefore classified within Level 1 of the fair value hierarchy.

Interest rate swap — The derivative is a pay-variable, receive-fixed interest rate swap based on the LIBOR rate and is designated as a fair value hedge. Fair value was based on a model-driven income approach using the LIBOR rate at each interest payment date, which was observable at commonly quoted intervals for the full term of the swap. Therefore, our interest rate swap was classified within Level 2 of the fair value hierarchy.

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The following tables present our assets and liabilities that are measured at fair value on a nonrecurring basis and the levels of inputs used to measure fair value:

	Fair Value Measurements At June 30, 2010 Using			Total Losses [2]	
	Level 1	Level 2	Level 3	Three months ended	Six months ended
			(In thousands)		
Assets held for sale:					
Revenue earning equipment: [1]					
Trucks	$ —	—	12,992	$ 3,513	$ 7,882
Tractors	—	—	20,992	2,682	6,492
Trailers	—	—	2,535	680	2,231
Total assets at fair value	$ —	—	36,519	$ 6,875	$ 16,605

	Fair Value Measurements At June 30, 2009 Using			Total Losses [2]	
	Level 1	Level 2	Level 3	Three months ended	Six months ended
			(In thousands)		
Assets held for sale:					
Revenue earning equipment [1]	$ —	—	48,542	$ 15,011	$ 29,731
Total assets at fair value	$ —	—	48,542	$ 15,011	$ 29,731

(1) Represents the portion of all revenue earning equipment held for sale that is recorded at fair value, less costs to sell.

(2) Total losses represent fair value adjustments for all vehicles held for sale throughout the period for which fair value was less than carrying value.

Revenue earning equipment held for sale is stated at the lower of carrying amount or fair value less costs to sell. Losses to reflect changes in fair value are presented within "Depreciation expense" in the Consolidated Condensed Statements of Earnings. For revenue earning equipment held for sale, we stratify our fleet by vehicle type (tractors, trucks, trailers), weight class, age and other relevant characteristics and create classes of similar assets for analysis purposes. Fair value was determined based upon recent market prices obtained from our own sales experience for sales of each class of similar assets and vehicle condition. Therefore, our revenue earning equipment held for sale was classified within Level 3 of the fair value hierarchy.

Fair value of total debt at June 30, 2010 and December 31, 2009 was approximately $2.62 billion and $2.60 billion, respectively. For publicly-traded debt, estimates of fair value were based on market prices. For other debt, fair value was estimated based on rates currently available to us for debt with similar terms and remaining maturities. The carrying amounts reported in the Consolidated Condensed Balance Sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the immediate or short-term maturities of these financial instruments.

(N) DERIVATIVES

In February 2008, we issued $250 million of unsecured medium-term notes maturing in March 2013. Concurrently, we entered into an interest rate swap with a notional amount of $250 million maturing in March 2013. The swap was designated as a fair value hedge whereby we receive fixed interest rate payments in exchange for making variable interest rate payments. The differential to be paid or received is accrued and recognized as interest expense. At June 30, 2010, the interest rate swap agreement effectively changed $250 million of fixed-rate debt with an interest rate of 6.00% to LIBOR-based floating-rate debt at a rate of 2.52%. Changes in the fair value of the interest rate swap are offset by changes in the fair value of the debt instrument. Accordingly, there is no ineffectiveness related to the interest rate swap. Our swap agreement contains provisions that would require us to post collateral in the event that the swap is in a liability position exceeding certain thresholds based on our credit ratings.

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The location and amount of gains (losses) on derivative instruments and related hedged items reported in the Consolidated Condensed Statements of Earnings were as follows:

Fair Value Hedging Relationship	Location of Gain (Loss) Recognized in Income	Three months ended June 30,		Six months ended June 30,	
		2010	2009	**2010**	2009
		(In thousands)			
Derivative: Interest rate swap	Interest expense	**$ 2,098**	(6,802)	**$ 4,125**	(8,074)
Hedged item: Fixed-rate debt	Interest expense	**(2,098)**	6,802	**(4,125)**	8,074
Total		**$ —**	—	**$ —**	—

Refer to Note (M), “Fair Value Measurements,” for disclosures of the fair value and line item caption of derivative instruments recorded on the Consolidated Condensed Balance Sheets.

(O) SHARE REPURCHASE PROGRAMS

In February 2010, our Board of Directors authorized a $100 million discretionary share repurchase program over a period not to exceed two years. Share repurchases of common stock under this plan may be made periodically in open-market transactions and are subject to market conditions, legal requirements and other factors. Management may establish a prearranged written plan for the Company under Rule 10b5-1 of the Securities Exchange Act of 1934 as part of the February 2010 program, which allows for share repurchases during Ryder’s quarterly blackout periods as set forth in the plan. For the three months ended June 30, 2010, we repurchased and retired 585,000 shares under this program at an aggregate cost of $26.2 million. For the six months ended June 30, 2010, we repurchased and retired 1,135,000 shares under this program at an aggregate cost of $45.5 million.

In December 2009, our Board of Directors authorized a share repurchase program intended to mitigate the dilutive impact of shares issued under our various employee stock, stock option and stock purchase plans. Under the December 2009 program, management is authorized to repurchase shares of common stock in an amount not to exceed the number of shares issued to employees under the Company’s various employee stock, stock option and stock purchase plans from December 1, 2009 through December 15, 2011. The December 2009 program limits aggregate share repurchases to no more than 2 million shares of Ryder common stock. Share repurchases of common stock are made periodically in open-market transactions and are subject to market conditions, legal requirements and other factors. Management may establish a prearranged written plan for the Company under Rule 10b5-1 of the Securities Exchange Act of 1934 as part of the December 2009 program, which allows for share repurchases during Ryder’s quarterly blackout periods as set forth in the plan. For the three months ended June 30, 2010, we repurchased and retired 138,098 shares under this program at an aggregate cost of $6.4 million. For the six months ended June 30, 2010, we repurchased and retired 307,697 shares under this program at an aggregate cost of $12.2 million.

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(P) COMPREHENSIVE INCOME

Comprehensive income presents a measure of all changes in shareholders' equity except for changes resulting from transactions with shareholders in their capacity as shareholders. Our total comprehensive income presently consists of net earnings, currency translation adjustments associated with foreign operations that use the local currency as their functional currency, adjustments for derivative instruments accounted for as cash flow hedges and various pension and other postretirement benefits related items.

The following table provides a reconciliation of net earnings as reported in the Consolidated Condensed Statements of Earnings to comprehensive income:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
	(In thousands)			
Net earnings	**$ 29,841**	22,888	**$ 42,214**	29,726
Other comprehensive income (loss):				
Foreign currency translation adjustments	**(28,724)**	65,834	**(30,374)**	44,957
Net unrealized gain on derivative instruments	**—**	13	**—**	156
Amortization of transition obligation [(1)]	**(5)**	(5)	**(9)**	(9)
Amortization of net actuarial loss [(1)]	**3,062**	4,128	**6,219**	8,247
Amortization of prior service credit [(1)]	**(400)**	(377)	**(800)**	(749)
Change in net actuarial loss [(1)]	**(886)**	3,668	**(968)**	3,524
Total comprehensive income	**$ 2,888**	96,149	**$ 16,282**	85,852

(1) Amounts pertain to our pension and/or postretirement benefit plans and are presented net of tax. See Note (Q), "Employee Benefit Plans," for additional information.

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(Q) EMPLOYEE BENEFIT PLANS

Components of net periodic benefit cost were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
	(In thousands)			
Pension Benefits				
Company-administered plans:				
Service cost	**$ 3,063**	5,325	**$ 8,152**	10,529
Interest cost	**23,845**	22,812	**47,942**	45,892
Expected return on plan assets	**(23,120)**	(18,846)	**(46,421)**	(37,287)
Amortization of:				
Transition obligation	**(6)**	(6)	**(12)**	(12)
Net actuarial loss	**4,767**	6,278	**9,499**	12,438
Prior service credit	**(563)**	(533)	**(1,126)**	(1,061)
	7,986	15,030	**18,034**	30,499
Union-administered plans	**1,316**	1,277	**2,591**	2,564
Net periodic benefit cost	**$ 9,302**	16,307	**$ 20,625**	33,063
Company-administered plans:				
U.S.	**$ 8,051**	12,407	**$ 16,867**	25,434
Non-U.S.	**(65)**	2,623	**1,167**	5,065
	7,986	15,030	**18,034**	30,499
Union-administered plans	**1,316**	1,277	**2,591**	2,564
	$ 9,302	16,307	**$ 20,625**	33,063
Postretirement Benefits				
Company-administered plans:				
Service cost	**$ 259**	328	**$ 685**	713
Interest cost	**594**	660	**1,359**	1,401
Amortization of:				
Net actuarial (gain) loss	**(3)**	99	**175**	315
Prior service credit	**(57)**	(57)	**(115)**	(115)
Net periodic benefit cost	**$ 793**	1,030	**$ 2,104**	2,314
Company-administered plans:				
U.S.	**$ 626**	746	**$ 1,567**	1,770
Non-U.S.	**167**	284	**537**	544
	$ 793	1,030	**$ 2,104**	2,314

Pension Contributions

In 2010, we expect to contribute approximately $17 million to our pension plans. During the six months ended June 30, 2010, we contributed $6.5 million to our pension plans.

Pension Curtailments

In July 2009, our Board of Directors approved an amendment to freeze our United Kingdom (UK) retirement plan for all participants effective March 31, 2010. In July 2008, our Board of Directors approved an amendment to freeze the defined benefit portion of our Canadian retirement plan effective January 1, 2010 for current participants who do not meet certain grandfathering criteria.

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Savings Plans

Employees who do not actively participate in our pension plans are eligible to participate in savings plans. The savings plans provide for (i) company contributions even if employees do not make contributions, (ii) a company match of employee contributions of eligible pay, and (iii) in certain cases, a discretionary company match based on our performance. During the three months ended June 30, 2010 and 2009, we recognized total savings plan costs of $6.6 million and $5.5 million, respectively. During the six months ended June 30, 2010 and 2009, we recognized total savings plan costs of $13.3 million and $11.6 million, respectively.

(R) OTHER ITEMS IMPACTING COMPARABILITY

Our primary measure of segment performance excludes certain items that we believe are not representative of the ongoing operations of the segment. We believe that excluding these items from our segment measure of performance allows for better comparison of results.

During the first quarter of 2009, we recognized a pre-tax impairment charge of $3.9 million to write-down a SCS Singapore facility to its estimated fair value. This charge was presented within “Depreciation expense” in our Consolidated Condensed Statements of Earnings.

(S) SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information was as follows:

	Six months ended June 30,	
	2010	2009
	(In thousands)	
Interest paid	**$63,888**	$ 76,725
Income taxes (refunded) paid	**$ (9,061)**	$ 4,052
Changes in accounts payable related to purchases of revenue earning equipment	**$86,021**	$(49,206)
Revenue earning equipment acquired under capital leases	**$ 99**	$ 1,949

(T) SEGMENT REPORTING

Our operating segments are aggregated into reportable business segments based upon similar economic characteristics, products, services, customers and delivery methods. We operate in three reportable business segments: (1) FMS, which provides full service leasing, contract maintenance, contract-related maintenance and commercial rental of trucks, tractors and trailers to customers, principally in the U.S., Canada and the U.K.; (2) SCS, which provides comprehensive supply chain consulting including distribution and transportation services in North America and Asia; and (3) Dedicated Contract Carriage (DCC), which provides vehicles and drivers as part of a dedicated transportation solution in the U.S.

Our primary measurement of segment financial performance, defined as “Net Before Taxes” (NBT), includes an allocation of Central Support Services (CSS) and excludes restructuring and other (recoveries) charges, net described in Note (G), “Restructuring and Other (Recoveries) Charges,” and excludes the items discussed in Note (R), “Other Items Impacting Comparability.” CSS represents those costs incurred to support all business segments, including human resources, finance, corporate services, public affairs, information technology, health and safety, legal and corporate communications. The objective of the NBT measurement is to provide clarity on the profitability of each business segment and, ultimately, to hold leadership of each business segment and each operating segment within each business segment accountable for their allocated share of CSS costs. Certain costs are considered to be overhead not attributable to any segment and remain unallocated in CSS. Included among the unallocated overhead remaining within CSS are the costs for investor relations, public affairs and certain executive compensation.

Our FMS segment leases revenue earning equipment and provides fuel, maintenance and other ancillary services to the SCS and DCC segments. Inter-segment revenue and NBT are accounted for at rates similar to those executed with third parties. NBT related to inter-segment equipment and services billed to customers (equipment contribution) are included in both FMS and the business segment which served the customer and then eliminated (presented as “Eliminations”).

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — (Continued)
(unaudited)

The following tables set forth financial information for each of our business segments and reconciliation between segment NBT and earnings from continuing operations before income taxes for the three and six months ended June 30, 2010 and 2009. Segment results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented.

	FMS	SCS	DCC	Eliminations	Total
			(In thousands)		
For the three months ended June 30, 2010					
Revenue from external customers	**$853,020**	**310,079**	**123,024**	**—**	**1,286,123**
Inter-segment revenue	**78,153**	**—**	**—**	**(78,153)**	**—**
Total revenue	**$931,173**	**310,079**	**123,024**	**(78,153)**	**1,286,123**
Segment NBT	**$ 46,226**	**12,559**	**8,432**	**(5,143)**	**62,074**
Unallocated CSS					**(9,867)**
Earnings from continuing operations before income taxes					**$ 52,207**
Segment capital expenditures [1]	**$338,797**	**1,996**	**379**	**—**	**341,172**
Unallocated CSS					**3,116**
Capital expenditures paid					**$ 344,288**
June 30, 2009					
Revenue from external customers	$820,148	275,853	116,035	—	1,212,036
Inter-segment revenue	71,129	—	—	(71,129)	—
Total revenue	$891,277	275,853	116,035	(71,129)	1,212,036
Segment NBT	$ 41,428	6,245	10,654	(4,808)	53,519
Unallocated CSS					(8,341)
Restructuring and other recoveries, net and other item [2]					154
Earnings from continuing operations before income taxes					$ 45,332
Segment capital expenditures [1]	$134,818	2,321	333	—	137,472
Unallocated CSS					1,782
Capital expenditures paid					$ 139,254

(1) Excludes revenue earning equipment acquired under capital leases.

(2) See Note (R), "Other Items Impacting Comparability," for a discussion of items, in addition to restructuring and other charges, net that are excluded from our primary measure of segment performance.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — (Continued)
(unaudited)

	FMS	SCS	DCC	Eliminations	Total
			(In thousands)		
For the six months ended June 30, 2010					
Revenue from external customers	**$1,662,409**	**604,286**	**239,366**	**—**	**2,506,061**
Inter-segment revenue	**152,747**	**—**	**—**	**(152,747)**	**—**
Total revenue	**$1,815,156**	**604,286**	**239,366**	**(152,747)**	**2,506,061**
Segment NBT	**$ 67,921**	**19,585**	**15,818**	**(9,876)**	**93,448**
Unallocated CSS					**(18,749)**
Earnings from continuing operations before income taxes					**$ 74,699**
Segment capital expenditures (1) (2)	**$ 534,285**	**3,497**	**991**	**—**	**538,773**
Unallocated CSS					**5,616**
Capital expenditures paid					**$ 544,389**
June 30, 2009					
Revenue from external customers	$1,612,225	543,145	231,062	—	2,386,432
Inter-segment revenue	142,587	—	—	(142,587)	—
Total revenue	$1,754,812	543,145	231,062	(142,587)	2,386,432
Segment NBT	$ 71,393	7,764	20,922	(10,453)	89,626
Unallocated CSS					(15,341)
Restructuring and other charges, net and other items (3)					(6,522)
Earnings from continuing operations before income taxes					$ 67,763
Segment capital expenditures (1), (2)	$ 381,866	5,145	543	—	387,554
Unallocated CSS					3,692
Capital expenditures paid					$ 391,246

(1) Excludes acquisition payments of $2.4 million and $85.5 million during the six months ended June 30, 2010 and June 30, 2009, respectively.

(2) Excludes revenue earning equipment acquired under capital leases.

(3) See Note (R), "Other Items Impacting Comparability," for a discussion of items, in addition to restructuring and other charges, net that are excluded from our primary measure of segment performance.

(U) RECENT ACCOUNTING PRONOUNCEMENTS

In July 2010, the FASB issued expanded disclosure requirements surrounding the credit quality of financing receivables and the allowance for credit losses. Certain disclosures regarding the credit quality of our financing receivables as of the end of a period are required in our December 31, 2010 10-K. Disclosures about the changes in the allowance for credit losses that occur during a reporting period are effective for interim and annual periods after January 1, 2011.

In September 2009, the FASB issued accounting guidance which amends the criteria for allocating a contract's consideration to individual services or products in multiple arrangements. The guidance requires that the best estimate of selling price be used when vendor specific objective or third-party evidence for deliverables cannot be determined. This guidance is effective for revenue arrangements entered into or materially modified on or after January 1, 2011, with early adoption permitted. The adoption of this accounting guidance will not have a material impact on our consolidated financial position, results of operations or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009

OVERVIEW

The following discussion should be read in conjunction with the unaudited Consolidated Condensed Financial Statements and notes thereto included under Item 1. In addition, reference should be made to our audited Consolidated Financial Statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2009 Annual Report on Form 10-K.

Ryder System, Inc. (Ryder) is a global leader in transportation and supply chain management solutions. Our business is divided into three business segments: Fleet Management Solutions (FMS), which provides full service leasing, contract maintenance, contract-related maintenance and commercial rental of trucks, tractors and trailers to customers principally in the U.S., Canada and the U.K.; Supply Chain Solutions (SCS), which provides comprehensive supply chain consulting including distribution and transportation services in North America and Asia; and Dedicated Contract Carriage (DCC), which provides vehicles and drivers as part of a dedicated transportation solution in the U.S. We operate in highly competitive markets. Our customers select us based on numerous factors including service quality, price, technology and service offerings. As an alternative to using our services, customers may choose to provide these services for themselves, or may choose to obtain similar or alternative services from other third-party vendors. Our customer base includes enterprises operating in a variety of industries including automotive, electronics, transportation, grocery, lumber and wood products, food service, and home furnishing.

ACQUISITIONS

On February 2, 2009, we acquired the assets of Edart Leasing LLC ("Edart"), which included Edart's fleet of approximately 1,600 vehicles and more than 340 contractual customers from Edart's five locations in Connecticut for a purchase price of $85.2 million. The combined network operates under the Ryder name, complementing our FMS business segment market coverage in the Northeast. We also acquired approximately 525 vehicles for remarketing, the majority of which have been sold.

CONSOLIDATED RESULTS

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(In thousands, except per share amounts)					
Earnings from continuing operations before income taxes	**$ 52,207**	45,332	**$ 74,699**	67,763	15%	10%
Provision for income taxes	**21,607**	18,264	**31,227**	29,755	18	5
Earnings from continuing operations	**30,600**	27,068	**43,472**	38,008	13	14
Loss from discontinued operations, net of tax	**(759)**	(4,180)	**(1,258)**	(8,282)	82	85
Net earnings	**$ 29,841**	22,888	**$ 42,214**	29,726	30%	42%
Earnings (loss) per common share — Diluted						
Continuing operations	**$ 0.58**	0.48	**$ 0.82**	0.68	21%	21%
Discontinued operations	**(0.02)**	(0.07)	**(0.03)**	(0.15)	71	80
Net earnings	**$ 0.56**	0.41	**$ 0.79**	0.53	37%	49%
Weighted-average shares outstanding — Diluted	**52,261**	55,381	**52,482**	55,331	(6)%	(5)%

Earnings from continuing operations before income taxes (NBT) increased 15% in the second quarter of 2010 to $52.2 million reflecting the impact of stronger results in the SCS and FMS business segments. SCS improvement was driven by higher automotive volumes. FMS results were better due to improved global commercial rental performance and used vehicle sales results. This increase was partially offset by lower full service lease performance reflecting the cumulative effect of ongoing customer fleet downsizing and higher maintenance costs. NBT increased 10% in the first half of 2010 to $74.7 million. NBT in the first half of 2009 was impacted by restructuring and SCS Singapore impairment charges totaling $6.5 million. See Note (G), "Restructuring and Other (Recoveries) Charges" and Note (R), "Other Items Impacting Comparability," for information regarding items excluded from 2009. Excluding these charges, NBT increased 1% in the first half of 2010 primarily due to better used vehicle sales results, improved commercial rental performance and higher SCS results partially offset by lower full service lease performance.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Net earnings increased 30% in the second quarter of 2010 to $29.8 million or $0.56 per diluted common share. Net earnings increased 42% in the first half of 2010 to $42.2 million or $0.79 per diluted common share. Net earnings in the second quarter and first half of 2009 were negatively impacted by losses from discontinued operations from SCS South America and Europe of $4.2 million and $8.3 million, respectively.

EPS growth in the second quarter and first half of 2010 exceeded the net earnings growth reflecting the impact of share repurchase programs. See "Operating Results by Business Segment" for a further discussion of operating results.

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(In thousands)					
Revenue:						
Fleet Management Solutions	**$ 931,173**	891,277	**$1,815,156**	1,754,812	4%	3%
Supply Chain Solutions	**310,079**	275,853	**604,286**	543,145	12	11
Dedicated Contract Carriage	**123,024**	116,035	**239,366**	231,062	6	4
Eliminations	**(78,153)**	(71,129)	**(152,747)**	(142,587)	(10)	(7)
Total	**$1,286,123**	1,212,036	**$2,506,061**	2,386,432	6%	5%
Operating revenue [1]	**$1,037,102**	1,017,835	**$2,024,692**	2,008,673	2%	1%

(1) We use operating revenue, a non-GAAP financial measure, to evaluate the operating performance of our businesses and as a measure of sales activity. FMS fuel services revenue net of related intersegment billings, which is directly impacted by fluctuations in market fuel prices, is excluded from the operating revenue computation as fuel is largely a pass-through to our customers for which we realize minimal changes in profitability during periods of steady market fuel prices. However, profitability may be positively or negatively impacted by rapid changes in market fuel prices during a short period of time as customer pricing for fuel services is established based on market fuel costs. Subcontracted transportation is deducted from total revenue to arrive at operating revenue as subcontracted transportation is typically a pass-through to our customers. We realize minimal changes in profitability as a result of fluctuations in subcontracted transportation. Operating revenue is also a primary internal operating metric used to measure segment performance. Refer to the section titled "Non-GAAP Financial Measures" for a reconciliation of total revenue to operating revenue.

Total revenue increased 6% in the second quarter of 2010 to $1.29 billion and increased 5% in the first half of 2010 to $2.51 billion. Total revenue growth was driven by higher fuel services revenue reflecting higher fuel cost pass-throughs. Operating revenue increased 2% in the second quarter of 2010 to $1.04 billion primarily due to higher commercial rental revenue, higher DCC fuel cost pass-throughs and the favorable movements in foreign currency exchange rates, partially offset by lower full service lease revenue. Operating revenue increased 1% in the first half of 2010 primarily due to favorable movements in foreign exchange rates, higher commercial rental revenue and DCC fuel cost pass-throughs, partially offset by lower full service lease revenue. Both total revenue and operating revenue in the second quarter of 2010 included a favorable foreign exchange impact of 0.8%, primarily due to the strengthening of the Canadian dollar. Both total revenue and operating revenue in the first six months of 2010 included a favorable foreign exchange impact of 1.5% primarily due to the strengthening of the Canadian dollar.

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(Dollars in thousands)					
Operating expense (exclusive of items shown separately)	**$611,495**	544,027	**$1,189,109**	1,078,562	12%	10%
Percentage of revenue	**48%**	45%	**47%**	45%		

Operating expense and operating expense as a percentage of revenue increased in the second quarter and first half of 2010 primarily as a result of higher fuel cost pass-throughs and, to a lesser extent, higher maintenance costs. The increase in fuel costs was driven by an increase in fuel prices and partially offset by reduced gallons pumped at our facilities.

We retain a portion of the accident risk under vehicle liability and workers' compensation insurance programs. Our self-insurance accruals are based on actuarially estimated, undiscounted cost of claims, which includes claims incurred but not reported. While we believe that our estimation processes are well designed, every estimation process is inherently subject to limitations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Fluctuations in the frequency or severity of accidents make it difficult to precisely predict the ultimate cost of claims. During the three months ended June 30, 2010 and 2009, we recorded a charge of $2.2 million and a benefit of $0.9 million, respectively, from developments in estimated prior years' self-insured loss reserves. During the six months ended June 30, 2010 and 2009, we recorded a charge of $2.4 million and a benefit of $3.3 million, respectively, from developments in estimated prior years' self-insured loss reserves.

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(Dollars in thousands)					
Salaries and employee-related costs	**$310,241**	304,854	**$614,953**	606,067	2%	1%
Percentage of revenue	**24%**	25%	**25%**	25%		
Percentage of operating revenue	**30%**	30%	**30%**	30%		

Salaries and employee-related costs increased 2% in the second quarter of 2010 to $310.2 million and increased 1% in the first half of 2010 to $615.0 million primarily due to higher compensation costs. The increases in salaries and employee-related costs were partially offset by lower retirement plans expense of $5.9 million in the second quarter and $10.8 million in the first half of 2010 reflecting higher than expected return on pension assets in 2009 and the favorable impact from voluntary pension contributions made in the fourth quarter of 2009. Salaries and employee-related costs in the first half of 2010 were also impacted by unfavorable changes in foreign currency exchange rates. Average headcount from continuing operations decreased 5% and 7% for the second quarter and first half of 2010, respectively.

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(Dollars in thousands)					
Subcontracted transportation	**$64,585**	44,826	**$124,922**	86,008	44%	45%
Percentage of revenue	**5%**	4%	**5%**	4%		

Subcontracted transportation expense represents freight management costs on logistics contracts for which we purchase transportation from third parties. Subcontracted transportation expense is directly impacted by whether we are acting as an agent or principal in our transportation management contracts. To the extent that we are acting as a principal, revenue is reported on a gross basis and carriage costs to third parties are recorded as subcontracted transportation expense. To the extent we are acting as an agent, revenue is reported net of carriage costs to third parties. The impact to net earnings is the same whether we are acting as an agent or principal in the arrangement. Subcontracted transportation expense increased 44% in the second quarter of 2010 to $64.6 million and 45% in the first half of 2010 to $124.9 million from increased freight volumes particularly in the automotive industry.

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(In thousands)					
Depreciation expense	**$ 206,761**	223,549	**$ 417,766**	445,134	(8)%	(6)%
Gains on vehicle sales, net	**$ (6,587)**	(2,363)	**$ (11,105)**	(5,766)	179%	93%
Equipment rental	**$ 16,614**	16,751	**$ 33,069**	32,090	(1)%	3%

Depreciation expense relates primarily to FMS revenue earning equipment. Revenue earning equipment held for sale is recorded at the lower of fair value less costs to sell or carrying value. Depreciation expense decreased 8% in the second quarter of 2010 to $206.8 million and 6% in the first half of 2010 to $417.8 million because of a smaller fleet and lower write-downs in the carrying value of vehicles held for sale of $8.1 million and $13.1 million, respectively. Depreciation expense in the first half of 2009 also included a SCS Singapore facility impairment charge of $3.9 million. The decreases in depreciation expense in the second quarter and first half of 2010 were partially offset by higher average vehicle investments, as well as, $2.2 million and $8.2 million, respectively, from changes in both residual values of certain classes of our revenue earning equipment effective January 1, 2010 and accelerated depreciation for select vehicles that are expected to be sold by the end of this year.

Gains on vehicle sales, net increased in the second quarter of 2010 to $6.6 million and in the first half of 2010 to $11.1 million due to higher pricing, primarily in our used truck class.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Equipment rental consists primarily of rent expense for FMS revenue earning equipment under lease. Equipment rental decreased 1% in the second quarter of 2010 to $16.6 million due to a lower number of leased vehicles. Equipment rental increased 3% in the first half of 2010 to $33.1 million as higher rental costs associated with investments in material handling equipment to support our SCS operations were partially offset by a lower number of leased vehicles.

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(Dollars in thousands)					
Interest expense	**$31,152**	36,580	**$64,488**	74,717	(15)%	(14)%
Effective interest rate	**5.1%**	5.3%	**5.2%**	5.3%		

Interest expense decreased 15% in the second quarter of 2010 to $31.2 million and decreased 14% in the first half of 2010 to $64.5 million primarily due to lower average debt balances.

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
	(In thousands)			
Miscellaneous income, net	**$ (345)**	(1,366)	**$ (1,840)**	(741)

Miscellaneous income, net consists of investment (income) losses on securities used to fund certain benefit plans, interest income, (gains) losses from sales of operating property, foreign currency transaction (gains) losses, and other non-operating items. Miscellaneous income, net decreased $1.0 million in the second quarter of 2010 primarily due to lower income on our investment securities used to fund benefit plans. Miscellaneous income, net increased $1.1 million in the first half of 2010 primarily due to a gain from the sale of property in our international operations.

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
	(In thousands)			
Restructuring and other (recoveries) charges, net	**$ —**	(154)	**$ —**	2,598

Refer to Note (G), "Restructuring and Other (Recoveries) Charges," for a discussion of the restructuring and other (recoveries) charges recognized in the three and six months ended June 30, 2009.

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(Dollars in thousands)					
Provision for income taxes	**$21,607**	18,264	**$31,227**	29,755	18%	5%
Effective tax rate from continuing operations	**41.4%**	40.3%	**41.8%**	43.9%		

Our effective income tax rate from continuing operations for the second quarter of 2010 was 41.4% compared with 40.3% in the prior year. The effective tax rate in the second quarter of 2010 reflects higher contingent tax accruals partially offset by the benefit of higher earnings. Our effective tax rate from continuing operations for the six months ended June 30, 2010 was 41.8% compared with 43.9% in the prior year. The decrease in the effective tax rate was mainly due to higher non-deductible foreign losses in the first half of 2009 partially offset by higher contingent tax accruals in 2010.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
	(In thousands)			
Loss from discontinued operations, net of tax	**$(759)**	(4,180)	**$(1,258)**	(8,282)

Loss from discontinued operations before income taxes in the second quarter and first half of 2010 included $1.0 million and $1.4 million, respectively, of losses related to adverse legal developments, professional services and administrative costs associated with our discontinued South American operations. Loss from discontinued operations before income taxes in the second quarter and first half of 2010 also included $0.2 million and $0.1 million, respectively, of restructuring recoveries and other items due to subsequent refinements in prior year estimates.

Loss from discontinued operations before income taxes in the second quarter and first half of 2009 included $3.1 million and $6.1 million, respectively, of operating losses incurred in the wind down of our South American and European operations. Loss from discontinued operations before income taxes in the second quarter of 2009 also included $0.9 million and $2.2 million, respectively, of exit-related restructuring charges and other items associated with these operations.

OPERATING RESULTS BY BUSINESS SEGMENT

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	2010	2009	Three Months	Six Months
	(In thousands)					
Revenue:						
Fleet Management Solutions	**$ 931,173**	891,277	**$1,815,156**	1,754,812	4%	3%
Supply Chain Solutions	**310,079**	275,853	**604,286**	543,145	12	11
Dedicated Contract Carriage	**123,024**	116,035	**239,366**	231,062	6	4
Eliminations	**(78,153)**	(71,129)	**(152,747)**	(142,587)	(10)	(7)
Total	**$1,286,123**	1,212,036	**$2,506,061**	2,386,432	6%	5%
Operating Revenue:						
Fleet Management Solutions	**$ 709,000**	712,592	**$1,386,410**	1,405,809	(1)%	(1)%
Supply Chain Solutions	**249,911**	233,544	**488,112**	461,945	7	6
Dedicated Contract Carriage	**118,607**	113,518	**230,618**	226,254	4	2
Eliminations	**(40,416)**	(41,819)	**(80,448)**	(85,335)	3	6
Total	**$1,037,102**	1,017,835	**$2,024,692**	2,008,673	2%	1%
NBT:						
Fleet Management Solutions	**$ 46,226**	41,428	**$ 67,921**	71,393	12%	(5)%
Supply Chain Solutions	**12,559**	6,245	**19,585**	7,764	101	152
Dedicated Contract Carriage	**8,432**	10,654	**15,818**	20,922	(21)	(24)
Eliminations	**(5,143)**	(4,808)	**(9,876)**	(10,453)	(7)	6
	62,074	53,519	**93,448**	89,626	16	4
Unallocated Central Support Services	**(9,867)**	(8,341)	**(18,749)**	(15,341)	(18)	22
Restructuring and other recoveries (charges), net and other items	—	154	—	(6,522)	NM	NM
Earnings from continuing operations before income taxes	**$ 52,207**	45,332	**$ 74,699**	67,763	15%	10%

As part of management's evaluation of segment operating performance, we define the primary measurement of our segment financial performance as "Net Before Taxes" (NBT) from continuing operations, which includes an allocation of Central Support Services (CSS), excludes restructuring and other (recoveries) charges, net, described in Note (G), "Restructuring and Other (Recoveries) Charges," and excludes the items discussed in Note (R), "Other Items Impacting Comparability" in the Notes to Consolidated Condensed Financial Statements. CSS represents those costs incurred to support all business segments, including human resources, finance, corporate services and public affairs, information technology, health and safety, legal and corporate communications. The objective of the NBT measurement is to provide clarity on the profitability of each business segment and,

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

ultimately, to hold leadership of each business segment and each operating segment within each business segment accountable for their allocated share of CSS costs. Segment results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented. Certain costs are considered to be overhead not attributable to any segment and remain unallocated in CSS. Included within the unallocated overhead remaining within CSS are the costs for investor relations, public affairs and certain executive compensation.

The following table provides a reconciliation of items excluded from our segment NBT measure to their classification within our Consolidated Condensed Statements of Earnings:

Description	Consolidated Condensed Statements of Earnings Line Item	Three months ended June 30,		Six months ended June 30,	
		2010	2009	**2010**	2009
		(In thousands)			
Restructuring and other recoveries (charges), net	Restructuring [1]	**$ —**	154	**$ —**	(2,598)
International asset impairment [2]	Depreciation expense	**—**	—	**—**	(3,924)
Restructuring and other recoveries (charges), net and other items		**$ —**	154	**$ —**	(6,522)

(1) Restructuring refers to "Restructuring and other (recoveries) charges, net" on our Consolidated Condensed Statements of Earnings.

(2) See Note (R), "Other Items Impacting Comparability," for additional information.

Our FMS segment leases revenue earning equipment and provides fuel, maintenance and other ancillary services to our SCS and DCC segments. Inter-segment revenue and NBT are accounted for at rates similar to those executed with third parties. NBT related to inter-segment equipment and services billed to customers (equipment contribution) are included in both FMS and the business segment which served the customer and then eliminated (presented as "Eliminations").

The following table sets forth equipment contribution included in NBT for our SCS and DCC business segments:

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(Dollars in thousands)					
Equipment contribution:						
Supply Chain Solutions	**$ 2,250**	2,164	**$ 4,255**	4,801	4%	(11)%
Dedicated Contract Carriage	**2,893**	2,644	**5,621**	5,652	9	(1)
Total	**$ 5,143**	4,808	**$ 9,876**	10,453	7%	(6)%

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Fleet Management Solutions

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(Dollars in thousands)					
Full service lease	**$482,456**	504,737	**$ 961,878**	996,297	(4)%	(3)%
Contract maintenance	**39,894**	42,293	**79,659**	83,681	(6)	(5)
Contractual revenue	**522,350**	547,030	**1,041,537**	1,079,978	(5)	(4)
Contract-related maintenance	**39,854**	40,807	**80,072**	85,800	(2)	(7)
Commercial rental	**130,086**	108,589	**231,644**	207,790	20	11
Other	**16,710**	16,166	**33,157**	32,241	3	3
Operating revenue [1]	**709,000**	712,592	**1,386,410**	1,405,809	(1)	(1)
Fuel services revenue	**222,173**	178,685	**428,746**	349,003	24	23
Total revenue	**$931,173**	891,277	**$1,815,156**	1,754,812	4%	3%
Segment NBT	**$ 46,226**	41,428	**$ 67,921**	71,393	12%	(5)%
Segment NBT as a % of total revenue	**5.0%**	4.6%	**3.7%**	4.1%	40 bps	(40) bps
Segment NBT as a % of operating revenue [1]	**6.5%**	5.8%	**4.9%**	5.1%	70 bps	(20) bps

(1) We use operating revenue, a non-GAAP financial measure, to evaluate the operating performance of our FMS business segment and as a measure of sales activity. Fuel services revenue, which is directly impacted by fluctuations in market fuel prices, is excluded from our operating revenue computation as fuel is largely a pass-through to customers for which we realize minimal changes in profitability during periods of steady market fuel prices. However, profitability may be positively or negatively impacted by rapid changes in market fuel prices during a short period of time as customer pricing for fuel services is established based on market fuel costs.

Total revenue increased 4% in the second quarter of 2010 to $931.2 million and 3% in the first half of 2010 to $1.82 billion primarily due to higher fuel services revenue. The increase in fuel services revenue was due to higher fuel cost pass-throughs and was partially offset by reduced gallons pumped at our facilities. Operating revenue (revenue excluding fuel) decreased 1% in the second quarter of 2010 to $709.0 million primarily due to lower contractual revenue partially offset by higher commercial rental revenue. Both total revenue and operating revenue in the second quarter of 2010 included a favorable foreign exchange impact of 0.4%. Operating revenue decreased 1% in the first half of 2010 to $1.39 billion due to lower contractual revenue partially offset by higher commercial rental revenue and favorable movements in foreign exchange rates. Total revenue and operating revenue in the first half of 2010 included a favorable foreign exchange impact of 1.1% and 1.2%, respectively.

Full service lease revenue decreased 4% in the second quarter of 2010 to $482.5 million and 3% in the first half of 2010 to $961.9 million. Contract maintenance revenue decreased 6% in the second quarter of 2010 to $39.9 million and 5% in the first half of 2010 to $79.7 million. The decrease in contractual revenue reflects the cumulative effect of ongoing customer fleet downsizing resulting from the long-term economic decline. We expect similar declines in contractual revenue comparisons in the near term based on recent sales activity. Commercial rental revenue increased 20% in the second quarter of 2010 to $130.1 million and 11% in the first half of 2010 to $231.6 million reflecting improved global market demand, and to a lesser extent, improved pricing. In light of current economic conditions, we expect favorable commercial rental revenue comparisons to continue throughout the year driven by higher demand, improved utilization and higher pricing.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

The following table provides commercial rental statistics on our global fleet:

	Three months ended June 30,		Six months ended June 30, 2010		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(Dollars in thousands)					
Non-lease customer rental revenue	**$ 83,745**	68,917	**$ 143,085**	124,875	22%	15%
Lease customer rental revenue [1]	**$ 46,341**	39,672	**$ 88,559**	82,915	17%	7%
Average commercial rental power fleet size – in service [2], [3]	**23,500**	23,200	**22,600**	23,700	1%	(5)%
Commercial rental utilization – power fleet	**77.7%**	68.5%	**73.4%**	64.6%	920 bps	880 bps

(1) Lease customer rental revenue is revenue from rental vehicles provided to our existing full service lease customers, generally during peak periods in their operations.

(2) Number of units rounded to nearest hundred and calculated using quarterly average unit counts.

(3) Fleet size excluding trailers.

FMS NBT increased 12% in the second quarter of 2010 to $46.2 million primarily due to improved global commercial rental performance, better used vehicle results and lower retirement plans expense. Commercial rental performance improved as a result of increased market demand as well as higher pricing. Used vehicle sales results were positively impacted by higher pricing and a lower average quarterly inventory level. Retirement plans cost decreased $5.3 million in the second quarter of 2010 because of improved performance in the overall stock market in 2009. The increase in NBT was partially offset by lower full service lease performance, higher compensation costs and increased vehicle depreciation expense of $2.2 million resulting from residual value changes and accelerated depreciation. Full service lease results were adversely impacted by downsizing of customer fleets and increased maintenance costs on a relatively older fleet.

FMS NBT decreased 5% in the first half of 2010 to $67.9 million primarily due to lower full service lease performance, higher compensation costs and increased depreciation expense of $8.2 million resulting from residual value changes and accelerated depreciation. The decrease in NBT was partially offset by improved global commercial rental performance, better used vehicle sales results from increased market demand and lower retirement plans cost of $9.7 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

Our global fleet of owned and leased revenue earning equipment and contract maintenance vehicles is summarized as follows (number of units rounded to the nearest hundred):

	June 30, 2010	December 31, 2009	June 30, 2009	Jun. 2010/ Dec. 2009	Jun. 2010/ Jun. 2009
End of period vehicle count					
By type:					
Trucks [1]	**64,400**	63,600	66,900	1%	(4)%
Tractors [2]	**50,400**	50,300	51,900	—	(3)
Trailers [3]	**33,900**	35,400	38,000	(4)	(11)
Other	**2,900**	3,100	3,200	(6)	(9)
Total	**151,600**	152,400	160,000	(1)%	(5)%
By ownership:					
Owned	**146,800**	147,200	154,900	—%	(5)%
Leased	**4,800**	5,200	5,100	(8)	(6)
Total	**151,600**	152,400	160,000	(1)%	(5)%
By product line:					
Full service lease	**112,200**	115,100	119,200	(3)%	(6)%
Commercial rental	**30,800**	27,400	28,900	12	7
Service vehicles and other	**2,700**	3,000	2,900	(10)	(7)
Active units	**145,700**	145,500	151,000	—	(4)
Held for sale	**5,900**	6,900	9,000	(14)	(34)
Total	**151,600**	152,400	160,000	(1)%	(5)%
Customer vehicles under contract maintenance	**33,700**	34,400	35,700	(2)%	(6)%
Quarterly average vehicle count					
By product line:					
Full service lease	**112,400**	116,000	120,400	(3)%	(7)%
Commercial rental	**29,800**	27,800	29,600	7	1
Service vehicles and other	**2,800**	2,900	2,800	(3)	—
Active units	**145,000**	146,700	152,800	(1)	(5)
Held for sale	**6,400**	7,300	9,300	(12)	(31)
Total	**151,400**	154,000	162,100	(2)%	(7)%
Customer vehicles under contract maintenance	**33,800**	34,300	35,600	(1)%	(5)%
Year-to-date average vehicle count					
By product line:					
Full service lease	**113,400**	118,800	120,700	(5)%	(6)%
Commercial rental	**28,800**	29,400	30,600	(2)	(6)
Service vehicles and other	**2,900**	2,900	2,800	—	4
Active units	**145,100**	151,100	154,100	(4)	(6)
Held for sale	**6,600**	8,400	9,000	(21)	(27)
Total	**151,700**	159,500	163,100	(5)%	(7)%
Customer vehicles under contract maintenance	**33,900**	35,200	35,800	(4)%	(5)%

(1) Generally comprised of Class 1 through Class 6 type vehicles with a Gross Vehicle Weight (GVW) up to 26,000 pounds.

(2) Generally comprised of over the road on highway tractors and are primarily comprised of Classes 7 and 8 type vehicles with a GVW of over 26,000 pounds.

(3) Generally comprised of dry, flatbed and refrigerated type trailers.

Note: Amounts were computed using a 12-point average based on monthly information.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

The following table provides a breakdown of our non-revenue earning equipment included in our global fleet count (number of units rounded to nearest hundred):

	June 30, 2010	December 31, 2009	June 30, 2009	Change Jun. 2010/ Dec. 2009	Change Jun. 2010/ Jun. 2009
Not yet earning revenue (NYE)	**1,400**	700	500	100%	180%
No longer earning revenue (NLE):					
Units held for sale	**5,900**	6,900	9,000	(14)	(34)
Other NLE units	**2,100**	2,900	3,500	(28)	(40)
Total	**9,400**	10,500	13,000	(10)%	(28)%

NYE units represent new vehicles on hand that are being prepared for deployment to a lease customer or into the rental fleet. Preparations include activities such as adding lift gates, paint, decals, cargo area and refrigeration equipment. For 2010, the number of NYE units increased relecting new lease sales and, to a lesser extent, the refresh and modest growth of the rental fleet. NLE units represent vehicles held for sale and vehicles for which no revenue has been earned in the previous 30 days. For 2010, the number of NLE units decreased because of lower used vehicle inventory levels and higher rental utilization. We expect higher NLE levels throughout the year as we outservice rental units.

Supply Chain Solutions

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(Dollars in thousands)					
U.S. operating revenue:						
Automotive	**$ 91,628**	79,191	**$176,487**	158,301	16%	11%
High-Tech and Consumer	**59,328**	62,413	**116,766**	124,687	(5)	(6)
Industrial and Other	**30,011**	29,793	**59,044**	60,773	1	(3)
U.S. operating revenue	**180,967**	171,397	**352,297**	343,761	6	2
International operating revenue	**68,944**	62,147	**135,815**	118,184	11	15
Operating revenue [1]	**249,911**	233,544	**488,112**	461,945	7	6
Subcontracted transportation	**60,168**	42,309	**116,174**	81,200	42	43
Total revenue	**$310,079**	275,853	**$604,286**	543,145	12	11
Segment NBT	**$ 12,559**	6,245	**$ 19,585**	7,764	101%	152%
Segment NBT as a % of total revenue	**4.1%**	2.3%	**3.2%**	1.4%	180 bps	180 bps
Segment NBT as a % of operating revenue [1]	**5.0%**	2.7%	**4.0%**	1.7%	230 bps	230 bps
Memo: Fuel costs [2]	**$ 19,910**	15,086	**$ 38,405**	29,406	32%	31%

(1) We use operating revenue, a non-GAAP financial measure, to evaluate the operating performance of the SCS business segment and as a measure of sales activity. Subcontracted transportation is deducted from total revenue to arrive at operating revenue as subcontracted transportation is typically a pass-through to customers. We realize minimal changes in profitability as a result of fluctuations in subcontracted transportation. Operating revenue is also a primary internal operating metric and is used to measure segment performance.

(2) Fuel costs are largely a pass-through to customers and therefore have a direct impact on revenue.

Total revenue increased 12% in the second quarter to $310.1 million and 11% in the first half of 2010 to $604.3 million. Operating revenue increased 7% in the second quarter of 2010 to $249.9 million and 6% in the first half of 2010 to $488.1 million. The increase in total revenue and operating revenue was primarily due to improved automotive volumes and favorable foreign exchange rate movements and was partially offset by contract rationalizations from the prior year. In the second quarter of 2010, SCS total revenue and operating revenue included a favorable foreign currency exchange impact of 2.4% and 2.2%, respectively. In the first half of 2010, SCS total revenue and operating revenue included a favorable foreign exchange impact of 3.4% and 3.1%, respectively. We expect less favorable revenue comparisons in the near term as automotive volumes returned to current levels in the latter half of 2009.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

SCS NBT increased 101% in the second quarter of 2010 to $12.6 million and increased 152% in the second half of 2010 to $19.6 million. The increase in NBT was primarily due to improved automotive production volumes, the impact of contract rationalizations and better operating performance in the high-tech and consumer industry. These items were partially offset by higher compensation costs.

Dedicated Contract Carriage

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(Dollars in thousands)					
Operating revenue [1]	**$118,607**	113,518	**$230,618**	226,254	4%	2%
Subcontracted transportation	**4,417**	2,517	**8,748**	4,808	75	82
Total revenue	**$123,024**	116,035	**$239,366**	231,062	6%	4%
Segment NBT	**$ 8,432**	10,654	**$ 15,818**	20,922	(21)%	(24)%
Segment NBT as a % of total revenue	**6.9%**	9.2%	**6.6%**	9.1%	(230) bps	(250) bps
Segment NBT as a % of operating revenue [1]	**7.1%**	9.4%	**6.9%**	9.2%	(230) bps	(230) bps
Memo: Fuel costs [2]	**$ 21,167**	16,653	**$ 40,572**	32,682	27%	24%

(1) We use operating revenue, a non-GAAP financial measure, to evaluate the operating performance of the DCC business segment and as a measure of sales activity. Subcontracted transportation is deducted from total revenue to arrive at operating revenue as subcontracted transportation is typically a pass-through to customers. We realize minimal changes in profitability as a result of fluctuations in subcontracted transportation. Operating revenue is also a primary internal operating metric and is used to measure segment performance.

(2) Fuel costs are largely a pass-through to customers and therefore have a direct impact on revenue.

Total revenue and operating revenue increased in the second quarter and first half of 2010 primarily due to higher fuel cost pass-throughs and higher freight volumes. We expect similar revenue comparisons to continue in the near term.

DCC NBT decreased 21% in the second quarter of 2010 to $8.4 million and decreased 24% in the first half of 2010 to $15.8 million primarily due to higher self-insurance costs from unfavorable developments related to prior year claims, compensation expenses, as well as investments associated with new technology initiatives. These negative impacts were partially offset by earnings on higher customer volumes.

Central Support Services

	Three months ended June 30,		Six months ended June 30,		Change 2010/2009	
	2010	2009	**2010**	2009	Three Months	Six Months
	(In thousands)					
Human resources	**$ 3,678**	3,521	**$ 7,512**	7,166	4%	5%
Finance	**13,252**	12,567	**25,812**	25,009	5	3
Corporate services and public affairs	**2,726**	2,901	**5,646**	5,739	(6)	(2)
Information technology	**14,178**	12,622	**27,789**	25,593	12	9
Health and safety	**1,842**	1,651	**3,497**	3,318	12	5
Other	**9,964**	6,864	**17,745**	11,598	45	53
Total CSS	**45,640**	40,126	**88,001**	78,423	14	12
Allocation of CSS to business segments	**(35,773)**	(31,785)	**(69,252)**	(63,082)	(13)	(10)
Unallocated CSS	**$ 9,867**	8,341	**$ 18,749**	15,341	18%	22%

Total CSS costs increased 14% in the second quarter of 2010 to $45.6 million and increased 12% in the first half of 2010 to $88.0 million primarily due to increased compensation costs, technology investments and professional services. Unallocated CSS costs increased in the second quarter and first half of 2010 due to higher professional service fees and compensation costs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

FINANCIAL RESOURCES AND LIQUIDITY

Cash Flows

The following is a summary of our cash flows from operating, financing and investing activities from continuing operations:

	Six months ended June 30,	
	2010	2009
	(In thousands)	
Net cash provided by (used in):		
Operating activities	**$ 531,195**	512,308
Financing activities	**(102,024)**	(182,612)
Investing activities	**(408,558)**	(327,694)
Effect of exchange rate changes on cash	**(3,623)**	2,855
Net change in cash and cash equivalents	**$ 16,990**	4,857

A detail of the individual items contributing to the cash flow changes is included in the Consolidated Condensed Statements of Cash Flows.

Cash provided by operating activities from continuing operations was $531.2 million in the six months ended June 30, 2010 compared with $512.3 million in 2009 because of improved working capital partially offset by lower cash-based earnings. Cash used in financing activities from continuing operations in the six months ended June 30, 2010 decreased to $102.0 million compared with $182.6 million in 2009 due to higher borrowing needs to fund capital spending. Cash used in investing activities from continuing operations increased to $408.6 million in the six months ended June 30, 2010 compared with $327.7 million in 2009 due to higher vehicle spending in 2010 partially offset by lower acquisition related payments.

We refer to the sum of operating cash flows, proceeds from the sales of revenue earning equipment and operating property and equipment, collections on direct finance leases and other cash inflows from continuing operations as "total cash generated." We refer to the net amount of cash generated from operating and investing activities (excluding changes in restricted cash and acquisitions) from continuing operations as "free cash flow." Although total cash generated and free cash flow are non-GAAP financial measures, we consider them to be important measures of comparative operating performance. We also believe total cash generated to be an important measure of total cash inflows generated from our ongoing business activities. We believe free cash flow provides investors with an important perspective on the cash available for debt service and for shareholders after making capital investments required to support ongoing business operations. Our calculation of free cash flow may be different from the calculation used by other companies and therefore comparability may be limited.

The following table shows the sources of our free cash flow computation:

	Six months ended June 30,	
	2010	2009
	(In thousands)	
Net cash provided by operating activities from continuing operations	**$ 531,195**	512,308
Sales of revenue earning equipment	**102,027**	96,772
Sales of operating property and equipment	**1,414**	2,608
Collections on direct finance leases	**30,914**	36,919
Other, net	**1,950**	—
Total cash generated	**667,500**	648,607
Purchases of property and revenue earning equipment	**(544,389)**	(391,246)
Free cash flow	**$ 123,111**	257,361

Free cash flow decreased to $123.1 million in the six months ended June 30, 2010 compared with $257.4 million in 2009 primarily due to higher vehicle spending. We anticipate our full year free cash flow to be approximately at or near our original forecast range of $225-$275 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

The following table provides a summary of capital expenditures:

	Six months ended June 30,	
	2010	2009
	(In thousands)	
Revenue earning equipment: [1]		
Full service lease	**$302,456**	307,180
Commercial rental	**293,916**	4,743
	596,372	311,923
Operating property and equipment	**34,038**	30,117
Total capital expenditures	**630,410**	342,040
Changes in accounts payable related to purchases of revenue earning equipment	**(86,021)**	49,206
Cash paid for purchases of property and revenue earning equipment	**$544,389**	391,246

(1) Capital expenditures exclude revenue earning equipment acquired under capital leases of $0.1 million and $1.9 million during the six months ended June 30, 2010 and 2009, respectively.

Capital expenditures (accrual basis) increased 84% in the first half of 2010 to $630.4 million principally as a result of increased commercial rental spending to refresh and modestly grow the rental fleet. We anticipate full-year 2010 accrual basis capital expenditures to be consistent with our previous forecast of $1.10 billion.

Financing and Other Funding Transactions

We utilize external capital primarily to support working capital needs and growth in our asset-based product lines. The variety of debt financing alternatives typically available to fund our capital needs include commercial paper, long-term and medium-term public and private debt, asset-backed securities, bank term loans, leasing arrangements and bank credit facilities. Our principal sources of financing are issuances of commercial paper and medium-term notes.

Our ability to access unsecured debt in the capital markets is impacted by both our short-term and long-term debt ratings. These ratings are intended to provide guidance to investors in determining the credit risk associated with particular Ryder securities based on current information obtained by the rating agencies from us or from other sources. Lower ratings generally result in higher borrowing costs as well as reduced access to unsecured capital markets. A significant downgrade of our short-term debt ratings would impair our ability to issue commercial paper and likely require us to rely on alternative funding sources. A significant downgrade would not affect our ability to borrow amounts under our revolving credit facility described below.

Our debt ratings at June 30, 2010 were as follows:

	Short-term	Long-term	Outlook
Moody's Investors Service	**P2**	**Baa1**	**Stable (reaffirmed February 2010)**
Standard & Poor's Ratings Services	**A2**	**BBB+**	**Negative (lowered January 2009)**
Fitch Ratings	**F2**	**A –**	**Stable (reaffirmed March 2010)**

We believe that our operating cash flows, together with our access to commercial paper markets and other available debt financing, will be adequate to meet our operating, investing and financing needs in the foreseeable future. However, there can be no assurance that unanticipated volatility and disruption in commercial paper markets would not impair our ability to access these markets on terms commercially acceptable to us or at all. If we cease to have access to commercial paper and other sources of unsecured borrowings, we would meet our liquidity needs by drawing upon contractually committed lending agreements as described below and/or by seeking other funding sources.

We can borrow up to $875 million under a global revolving credit facility with a syndicate of thirteen lending institutions led by Bank of America N.A., Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Corporate Bank, Ltd., Royal Bank of Scotland Plc and Wells Fargo N.A. The global credit facility matures in April 2012 and is used primarily to finance working capital and provide support for the issuance of unsecured commercial paper in the U.S. and Canada. This facility can also be used to issue up to $75 million in letters of credit (there were no letters of credit outstanding against the facility at June 30, 2010). At our option, the interest rate on borrowings under the credit facility is based on LIBOR, prime, federal funds or local equivalent rates. The agreement provides for annual facility fees, which range from 22.5 basis points to 62.5 basis points, and is based on Ryder's long-term credit ratings. The

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

credit facility's current annual facility fee is 37.5 basis points, which applies to the total facility size of $875 million. The credit facility contains no provisions limiting its availability in the event of a material adverse change to Ryder's business operations; however, the credit facility does contain standard representations and warranties, events of default, cross-default provisions, and certain affirmative and negative covenants. In order to maintain availability of funding, we must maintain a ratio of debt to consolidated tangible net worth, of less than or equal to 300%. Tangible net worth, as defined in the credit facility, includes 50% of our deferred federal income tax liability and excludes the book value of our intangible assets. The ratio at June 30, 2010 was 159%. At June 30, 2010, $482.3 million was available under the credit facility, net of the support for commercial paper borrowings.

Our global revolving credit facility permits us to refinance short-term commercial paper obligations on a long-term basis. Settlement of short-term commercial paper obligations not expected to require the use of working capital are classified as long-term as we have both the intent and ability to refinance on a long-term basis. At June 30, 2010 and December 31, 2009, we classified $379.6 million and $191.9 million, respectively, of short-term commercial paper as long-term debt. During the second quarter of 2010, commercial paper balances increased $239.6 million due to the funding of scheduled debt retirements and capital expenditures.

We have a trade receivables purchase and sale program, pursuant to which we sell certain of our domestic trade accounts receivable to a bankruptcy remote, consolidated subsidiary of Ryder, that in turn sells, on a revolving basis, an ownership interest in certain of these accounts receivable to a receivables conduit or committed purchasers. We use this program to provide additional liquidity to fund our operations, particularly when it is cost effective to do so. The costs under the program may vary based on changes in interest rates. The available proceeds amount that may be received under the program are limited to $175 million. If no event occurs which causes early termination, the 364-day program will expire on October 29, 2010. The program contains provisions restricting its availability in the event of a material adverse change to our business operations or the collectibility of the collateralized receivables. At June 30, 2010 and December 31, 2009, no amounts were outstanding under the program.

Historically, we have established asset-backed securitization programs whereby we have sold beneficial interests in certain long-term vehicle leases and related vehicle residuals to a bankruptcy-remote special purpose entity that in turn transfers the beneficial interest to a special purpose securitization trust in exchange for cash. The securitization trust funds the cash requirement with the issuance of asset-backed securities, secured or otherwise collateralized by the beneficial interest in the long-term vehicle leases and the residual value of the vehicles. The securitization provides us with further liquidity and access to additional capital markets based on market conditions. On June 18, 2008, Ryder Funding II LP, a special purpose bankruptcy-remote subsidiary wholly-owned by Ryder, filed a registration statement on Form S-3 with the Securities and Exchange Commission (SEC) for the registration of $600 million in asset-backed notes. The registration statement became effective on November 6, 2008 and remains effective until November 6, 2011.

On February 25, 2010, Ryder filed an automatic shelf registration statement on Form S-3 with the SEC. The registration is for an indeterminate number of securities and is effective for three years. Under this universal shelf registration statement, we have the capacity to offer and sell from time to time various types of securities, including common stock, preferred stock and debt securities, subject to market demand and ratings status.

At June 30, 2010, we had the following amounts available to fund operations under the aforementioned facilities:

	(In millions)
Global revolving credit facility	**$482**
Trade receivables program	**$175**

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

The following table shows the movements in our debt balance:

	Six months ended June 30,	
	2010	2009
	(In thousands)	
Debt balance at January 1	**$2,497,691**	2,862,799
Cash-related changes in debt:		
Net change in commercial paper borrowings	**187,700**	216,002
Proceeds from issuance of other debt instruments	**13,588**	958
Retirement of medium-term notes and debentures	**(175,000)**	(173,000)
Other debt repaid, including capital lease obligations	**(51,411)**	(193,580)
Net change from discontinued operations	**(2,940)**	(3,273)
	(28,063)	(152,893)
Non-cash changes in debt:		
Fair market value adjustment on notes subject to hedging	**4,125**	(8,074)
Addition of capital lease obligations, including acquisitions	**99**	1,949
Changes in foreign currency exchange rates and other non-cash items	**(1,776)**	8,517
Total changes in debt	**(25,615)**	(150,501)
Debt balance at June 30	**$2,472,076**	2,712,298

In accordance with our funding philosophy, we attempt to balance the aggregate average remaining re-pricing life of our debt with the aggregate average remaining re-pricing life of our assets. We utilize both fixed-rate and variable-rate debt to achieve this match and generally target a mix of 25% to 45% variable-rate debt as a percentage of total debt outstanding. The variable-rate portion of our total obligations (including notional value of swap agreements) was 32% and 26% at June 30, 2010 and December 31, 2009, respectively.

Ryder's leverage ratios and a reconciliation of on-balance sheet debt to total obligations were as follows:

	June 30, 2010	**% to Equity**	December 31, 2009	% to Equity
		(Dollars in thousands)		
On-balance sheet debt	**$2,472,076**	**180%**	2,497,691	175%
Off-balance sheet debt—PV of minimum lease payments and guaranteed residual values under operating leases for vehicles [1]	**112,683**		118,828	
Total obligations	**$2,584,759**	**188%**	2,616,519	183%

(1) Present value (PV) does not reflect payments Ryder would be required to make if we terminated the related leases prior to the scheduled expiration dates.

On-balance sheet debt to equity consists of balance sheet debt divided by total equity. Total obligations to equity represents balance sheet debt plus the present value of minimum lease payments and guaranteed residual values under operating leases for vehicles, discounted based on our incremental borrowing rate at lease inception, all divided by total equity. Although total obligations is a non-GAAP financial measure, we believe that total obligations is useful as it provides a more complete analysis of our existing financial obligations and helps better assess our overall leverage position. Our leverage ratios at June 30, 2010 increased compared with our ratios at year end due to share repurchases and currency translation adjustments.

Off-Balance Sheet Arrangements

We periodically enter into sale-leaseback transactions in order to lower the total cost of funding our operations, to diversify our funding among different classes of investors and to diversify our funding among different types of funding instruments. These sale-leaseback transactions are often executed with third-party financial institutions. In general, these sale-leaseback transactions result in a reduction in revenue earning equipment and debt on the balance sheet, as proceeds from the sale of revenue earning equipment are primarily used to repay debt. Accordingly, sale-leaseback transactions will result in reduced depreciation and interest expense and increased equipment rental expense. These leases contain limited guarantees by us of the residual values of the leased vehicles (residual value guarantees) that are conditioned upon disposal of the leased vehicles prior to the end of their lease term. The amount

of future payments for residual value guarantees will depend on the market for used vehicles and the condition of the vehicles at time of disposal. We did not enter into any sale-leaseback transactions during the six months ended June 30, 2010 or 2009.

Pension Information

The funded status of our pension plans is dependent upon many factors, including returns on invested assets and the level of certain market interest rates. We review pension assumptions regularly and we may from time to time make voluntary contributions to our pension plans, which exceed the amounts required by statute. In 2010, we expect to contribute approximately $17 million to our pension plans. During the six months ended June 30, 2010, we contributed $6.5 million to our pension plans. Changes in interest rates and the market value of the securities held by the plans during 2010 could materially change, positively or negatively, the funded status of the plans and affect the level of pension expense and required contributions in 2011 and beyond. See Note (Q), "Employee Benefit Plans," in the Notes to Consolidated Condensed Financial Statements for additional information.

Share Repurchases and Cash Dividends

See Note (O), "Share Repurchase Programs," in the Notes to Consolidated Condensed Financial Statements for a discussion of share repurchases.

In May 2010, our Board of Directors declared a quarterly cash dividend of $0.25 per share of common stock. In July 2010, our Board of Directors declared a quarterly cash dividend of $0.27. This dividend reflects a $0.02 increase from the $0.25 quarterly cash dividend we had been paying since September of 2009.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note (U), "Recent Accounting Pronouncements," in the Notes to Consolidated Condensed Financial Statements for a discussion of recent accounting pronouncements.

NON-GAAP FINANCIAL MEASURES

This Quarterly Report on Form 10-Q includes information extracted from consolidated condensed financial information but not required by generally accepted accounting principles (GAAP) to be presented in the financial statements. Certain of this information are considered "non-GAAP financial measures" as defined by SEC rules. Specifically, we refer to operating revenue, salaries and employee-related costs as a percentage of operating revenue, FMS operating revenue, FMS NBT as a % of operating revenue, SCS operating revenue, SCS NBT as a % of operating revenue, DCC operating revenue, DCC NBT as a % of operating revenue, total cash generated, free cash flow, total obligations and total obligations to equity. As required by SEC rules, we provide a reconciliation of each non-GAAP financial measure to the most comparable GAAP measure and an explanation why management believes that presentation of the non-GAAP financial measure provides useful information to investors. Non-GAAP financial measures should be considered in addition to, but not as a substitute for or superior to, other measures of financial performance prepared in accordance with GAAP.

The following table provides a numerical reconciliation of total revenue to operating revenue which was not provided within the MD&A discussion:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	**2010**	2009
	(In thousands)			
Total revenue	**$1,286,123**	1,212,036	**2,506,061**	2,386,432
FMS fuel services and SCS/DCC subcontracted transportation [1]	**(286,758)**	(223,511)	**(553,668)**	(435,011)
Fuel eliminations	**37,737**	29,310	**72,299**	57,252
Operating revenue	**$1,037,102**	1,017,835	**2,024,692**	2,008,673

(1) Includes intercompany fuel sales.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

FORWARD-LOOKING STATEMENTS

Forward-looking statements (within the meaning of the Federal Private Securities Litigation Reform Act of 1995) are statements that relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends concerning matters that are not historical facts. These statements are often preceded by or include the words "believe," "expect," "intend," "estimate," "anticipate," "will," "may," "could," "should" or similar expressions. This Quarterly Report on Form 10-Q contains forward-looking statements including, but not limited to, statements regarding:

- our expectations as to anticipated revenue and earnings trends in each business segment and the future status of current trends in economic conditions, particularly reduced contractual lease demand, increased commercial rental demand and automotive volumes;
- the appropriateness of excluding certain items from our primary measure of segment performance;
- our expectations regarding commercial rental pricing trends and fleet utilization;
- our expectations of the long-term residual values of revenue earning equipment;
- our ability to sell certain revenue earning vehicles before the end of this year;
- the number of NLE vehicles in inventory for the remainder of the year;
- our expectations of free cash flow, operating cash flow, total cash generated and capital expenditures for the remainder of 2010;
- the adequacy of our accounting estimates and reserves for pension expense, depreciation and residual value guarantees, self-insurance reserves, goodwill impairment, accounting changes and income taxes;
- the adequacy of our fair value estimates of employee incentive awards under our share-based compensation plans;
- the adequacy of our fair value estimates of total debt;
- our ability to fund all of our operations for the foreseeable future through internally generated funds and outside funding sources;
- the anticipated impact of foreign exchange rate movements;
- the anticipated impact of fuel price fluctuations;
- our expectations as to return on pension plan assets, future pension expense and estimated contributions;
- our expectations regarding the completion and ultimate resolution of tax audits;
- our expectations regarding the ultimate resolution of a disputed foreign tax assessment;
- the anticipated deferral of tax gains on disposal of eligible revenue earning equipment pursuant to our vehicle like-kind exchange program;
- our expectations regarding the impact of recently adopted accounting pronouncements;
- our ability to access unsecured debt in the capital markets;
- our expectations regarding the future use and availability of funding sources;
- our anticipated use of our share repurchase programs; and
- the appropriateness of our long-term target leverage range and our expectations regarding meeting that range.

These statements, as well as other forward-looking statements contained in this Quarterly Report, are based on our current plans and expectations and are subject to risks, uncertainties and assumptions. We caution readers that certain important factors could cause actual results and events to differ significantly from those expressed in any forward-looking statements. These risk factors include, but are not limited to, the following:

- Market Conditions:
    - Changes in general economic and financial conditions in the U.S. and worldwide leading to decreased demand for our services, lower profit margins, increased levels of bad debt and reduced access to credit
    - Unfavorable financial market conditions that would limit our ability to execute share repurchases
    - Significant decrease in freight demand which would severely impact both our transactions and variable-based contractual business
    - Changes in our customers' operations, financial condition or business environment that may limit their need for, or ability to purchase, our services
    - Changes in market conditions affecting the commercial rental market or the sale of used vehicles

- Volatility in automotive volumes and shifting customer demand in the automotive industry
- Less than anticipated growth rates in the markets in which we operate
- Changes in current financial, tax or regulatory requirements that could negatively impact the leasing market

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — (Continued)

- Competition:
  - Competition from other service providers, some of which have greater capital resources or lower capital costs
  - Continued consolidation in the markets in which we operate which may create large competitors with greater financial resources
  - Our inability to maintain current pricing levels due to economic conditions, demands for services, customer acceptance or competition
- Profitability:
  - Our inability to obtain adequate profit margins for our services
  - Lower than expected customer volumes or retention levels
  - Continuing lower full service lease sales
  - Loss of key customers in our SCS and DCC business segments
  - Our inability to adapt our product offerings to meet changing consumer preferences on a cost-effective basis
  - The inability of our business segments to create operating efficiencies
  - The inability of our legacy information technology systems to provide timely access to data
  - Sudden changes in fuel prices and fuel shortages
  - Higher prices for vehicles, diesel engines and fuel as a result of new exhaust emissions standards
  - Our inability to successfully implement our asset management initiatives
  - Our key assumptions and pricing structure of our SCS contracts prove to be invalid
  - Increased unionizing, labor strikes, work stoppages and driver shortages
  - Our inability to manage our cost structure
  - Our inability to limit our exposure for customer claims
- Financing Concerns:
  - Higher borrowing costs and possible decreases in available funding sources caused by an adverse change in our debt ratings
  - Unanticipated interest rate and currency exchange rate fluctuations
  - Negative funding status of our pension plans caused by lower than expected returns on invested assets and unanticipated changes in interest rates
  - Increased instability in U.S. and worldwide credit markets, resulting in higher borrowing costs and/or reduced access to credit
- Accounting Matters:
  - Impact of unusual items resulting from ongoing evaluations of business strategies, asset valuations, acquisitions, divestitures and our organizational structure
  - Reductions in residual values or useful lives of revenue earning equipment
  - Increases in compensation levels, retirement rate and mortality resulting in higher pension expense; regulatory changes affecting pension estimates, accruals and expenses
  - Increases in healthcare costs resulting in higher insurance costs
  - Changes in accounting rules, assumptions and accruals
  - Impact of actual insurance claim and settlement activity compared to historical loss development factors used to project future development
- Other risks detailed from time to time in our SEC filings

The risks included here are not exhaustive. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business. As a result, no assurance can be given as to our future results or achievements. You should not place undue reliance on the forward-looking statements contained herein, which speak only as of the date of this Quarterly Report. We do not intend, or assume any obligation, to update or revise any forward-looking statements contained in this Quarterly Report, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to Ryder's exposures to market risks since December 31, 2009. Please refer to the 2009 Annual Report on Form 10-K for a complete discussion of Ryder's exposures to market risks.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the second quarter of 2010, we carried out an evaluation, under the supervision and with the participation of management, including Ryder's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of Ryder's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of the end of the second quarter of 2010, Ryder's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective.

Changes in Internal Controls over Financial Reporting

During the three months ended June 30, 2010, there were no changes in Ryder's internal control over financial reporting that have materially affected or are reasonably likely to materially affect such internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information with respect to purchases we made of our common stock during the three months ended June 30, 2010:

	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares That May Yet Be Purchased Under the Anti-Dilutive Program [2]	Approximate Dollar Value That May Yet Be Purchased Under the Discretionary Program [3]
April 1 through April 30, 2010	**135,990**	**$ 44.48**	**135,000**	**1,800,401**	**$ 76,115,279**
May 1 through May 31, 2010	**442,948**	**45.61**	**438,098**	**1,692,303**	**61,142,585**
June 1 through June 30, 2010	**150,390**	**43.88**	**150,000**	**1,692,303**	**54,560,403**
Total	**729,328**	**$ 45.04**	**723,098**		

(1) During the three months ended June 30, 2010, we purchased an aggregate of 6,230 shares of our common stock in employee-related transactions. Employee-related transactions may include: (i) shares of common stock delivered as payment for the exercise price of options exercised or to satisfy the option holders' tax withholding liability associated with our share-based compensation programs and (ii) open-market purchases by the trustee of Ryder's deferred compensation plans relating to investments by employees in our common stock, one of the investment options available under the plans.

(2) In December 2009, our Board of Directors authorized a share repurchase program intended to mitigate the dilutive impact of shares issued under our various employee stock, stock option and stock purchase plans. Under the December 2009 program, management is authorized to repurchase shares of common stock in an amount not to exceed the number of shares issued to employees under our various employee stock, stock option and stock purchase plans from December 1, 2009 through December 15, 2011. The December 2009 program limits aggregate share repurchases to no more than 2 million shares of Ryder common stock. Share repurchases of common stock are made periodically in open-market transactions and are subject to market conditions, legal requirements and other factors. Management may establish a prearranged written plan for the Company under Rule 10b5-1 of the Securities Exchange Act of 1934 as part of the December 2009 program, which allows for share repurchases during Ryder's quarterly blackout periods as set forth in the trading plan. For the three months ended June 30, 2010, we repurchased and retired 138,098 shares under this program at an aggregate cost of $6.4 million.

(3) In February 2010, our Board of Directors authorized a $100 million discretionary share repurchase program over a period not to exceed two years. Share repurchases of common stock may be made periodically in open-market transactions and are subject to market conditions, legal requirements and other factors. Management may establish a prearranged written plan for the Company under Rule 10b5-1 of the Securities Exchange Act of 1934 as part of the February 2010 program, which allows for share repurchases during Ryder's quarterly blackout periods as set forth in the trading plan. For the three months ended June 30, 2010, we repurchased and retired 585,000 shares under this program at an aggregate cost of $26.2 million.

ITEM 6. EXHIBITS

10.1	Terms and Conditions applicable to the 2010 Performance Incentive Plan financial metric program granted under the Ryder System, Inc. 2005 Equity Compensation Plan for the performance period July 1, 2010 through December 31, 2010.
10.2	Terms and Conditions applicable to the 2010 Performance Incentive Plan individual performance program granted under the Ryder System, Inc. 2005 Equity Compensation Plan for the performance period July 1, 2010 through December 31, 2010.
31.1	Certification of Gregory T. Swienton pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31.2	Certification of Robert E. Sanchez pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32	Certification of Gregory T. Swienton and Robert E. Sanchez pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RYDER SYSTEM, INC.
(Registrant)

Date: July 23, 2010

By: /s/ Robert E. Sanchez
Robert E. Sanchez
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

Date: July 23, 2010

By: /s/ Art A. Garcia
Art A. Garcia
Senior Vice President and Controller
(Principal Accounting Officer)

Exhibit 10.1

2010 PERFORMANCE INCENTIVE PLAN
GRANTED UNDER
RYDER SYSTEM, INC. 2005 EQUITY COMPENSATION PLAN

TERMS AND CONDITIONS
FINANCIAL PERFORMANCE AWARDS
(July 1, 2010 THROUGH December 31, 2010)

The following terms and conditions apply to the 2010 annual incentive cash awards (the "Awards") granted by Ryder System, Inc. under the Ryder System, Inc. 2005 Equity Compensation Plan (the "Plan") a description of which is set forth in the relevant Guide to the Annual Incentive Compensation Program (the "Guide") to which these terms and conditions are appended. No individual shall receive an Award unless the Company has notified the individual of the Award and delivered these Terms and Conditions and the Guide to the individual. Certain terms of the Award, including the performance goals and target payout amounts, are also set forth in the Guide and the payout grids titled "Incentive Payout Components by Position" ("Payout Grid") applicable to the Participant. The Compensation Committee of the Company's Board of Directors (the "Committee") shall administer the Awards in accordance with the Plan. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Plan or the Guide.

1. ***General*** . The Award represents the right to receive a cash payment based on the attainment of certain financial performance goals, on the terms and conditions set forth herein, in the Guide and in the Plan, the applicable terms, conditions and other provisions of which are incorporated by reference herein (collectively, the "Award Documents"). It is intended that any Awards granted to "Covered Employees" as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, including any successor provisions and regulations (the "Code"), shall qualify as "performance-based compensation" for purposes of Section 162 (m).

   The Award Documents supersede any and all prior oral representations, promises or guarantees relating to short-term incentives or annual bonuses. All provisions of the Award Documents shall apply unless otherwise prohibited by law.

   In the event there is an express conflict between the provisions of the Plan and those set forth in the Guide or in these terms and conditions, the terms and conditions of the Plan shall govern. Unless otherwise approved by the Committee, individuals who have written agreements which specifically provide for annual incentive compensation other than that which is provided under the Award or who are participants in any other short-term incentive compensation plan of the Company or its subsidiaries and affiliates are not eligible to receive an Award hereunder. The Company may, in its sole discretion, provide discretionary or other bonuses to Company employees, whether or not they receive an Award.

   The terms and conditions contained herein may be amended by the Committee as permitted by the Plan; none of the terms and conditions of the Award may be amended or waived without the prior approval of the Committee. Any amendment or waiver not approved by the Committee will be void and have no force or effect. Any employee or officer of the Company who authorizes any such amendment or waiver without the prior approval of the Committee will be subject to disciplinary action up to and including forfeiture of an Award and/or termination of employment (unless otherwise prohibited by law). All decisions and determinations made by the Committee relating to the Awards shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under the Plan.

2. ***Financial Performance Goals; Performance Period*** . The Awards are intended to reward Participants for the attainment by the Company of certain performance goals during the period beginning onJuly 1, 2010 and ending on December 31, 2010 (the "Performance Period"). The performance metrics (the "Performance Metrics") and performance goals (the "Performance Goals") applicable to a Participant, the weight given to each of the Performance Metrics and any other requirements or limitations of the Awards are approved by the Committee, may vary based on the Participant's Management Level, position and responsibilities and will be set forth in the Guide and the Payout Grid applicable to such Participant.

   Once established, Performance Goals shall not be changed during the Performance Period; provided, however, if the Committee determines that external changes or other unanticipated business conditions have materially affected the fairness of the Performance Goals, to the extent permitted by Section 162(m) of the Code if applicable, appropriate adjustments may be made to the Performance Goals (either up or down) during the Performance Period.

   The amount of the payment that the Participant is eligible to receive (the "Payout Amount") (expressed as a percentage of the Participant's Eligible Base Salary) in the event that the Performance Goals are achieved is also set forth in the Guide.

   For purposes of the Award, Eligible Base Salary means the annual rate of pay for the Performance Period, excluding all other compensation paid to the Participant during the year, including but not limited to bonuses, incentives, commissions, car allowance, employee benefits, relocation expenses, and any imputed income for which the Participant may be eligible (all as more fully described in the Guide). As soon as practicable after the end of the Performance Period, the Committee will determine the attainment of the Performance Goals, to the extent applicable, in accordance with generally accepted accounting principles ("GAAP"), provided that, the Committee may, in its sole discretion and to the extent permitted under Section 162(m) of the Code, if applicable, exclude or include certain items from actual results in determining performance including (i) changes in accounting principle, standard or policy; (ii) changes in law or regulation; (iii) asset impairments; (iv) restructuring charges; (v) discontinued operations; and (vi) significant non-operational or non-recurring items, in each case, other than those included in the Company's 2010 business plan.

3. ***Payment .*** Subject to Sections 4 and 5 below and the provisions of the Guide, amounts payable with respect to the Award will be payable in cash to the Participant following the determination that the Performance Goals have been satisfied and the Committee's (or Board, as the case may be) approval of the payout. Payment shall be made during the 2011 calendar year, but in no event later than March 15, 2011 (the applicable date, the "Payment Date"), provided that the Participant is, on the Payment Date, and has been from the first day of the Performance Period through the Payment Date, continuously employed in good standing by the Company or a Subsidiary. No Participant shall have a vested or accrued right to any payment under the Award. For purposes of these terms and conditions, the Participant shall not be deemed to have terminated his or her employment with the Company and its Subsidiaries if he or she is then immediately thereafter employed by the Company or another Subsidiary. Notwithstanding anything to the contrary set forth herein, (i) the Company retains the right, in its sole and absolute discretion, to withhold payment and participation, from any Participant who violates or has violated any Company value, principle, agreement, plan, procedure, protocol, policy or the rules contained in the Award Documents even if there are no documented performance issues in the Participant's personnel file and (ii) if the Company has any claim against the Participant for money or assets owed that have not been satisfied by the Participant, the amount otherwise payable pursuant to the Award shall be reduced by any such unpaid claims unless otherwise prohibited by law. The calculation of amounts payable pursuant to the Award with respect to Participants outside of the U.S. will be set forth in the Guide.

4. ***New Hire, Promotion or Transfer.*** Participants who are newly hired, promoted, or transferred into or out of eligible positions, and those who move from one eligibility level to another, will receive a pro-rata incentive based on the terms in effect for his/her Management Level position, the portion of time spent in each position during the Performance Period, the annual rate of pay and the target incentive award for the eligible position(s).

5. ***Termination of Employment; Temporary Leave.*** Except as specifically set forth below, the Award will terminate and no amounts will be paid under the Award following the termination of the Participant's employment as follows:

   (a) Resignation by the Participant or Termination by the Company or a Subsidiary : Notwithstanding anything herein to the contrary, (i) with respect to Participants who are entitled to severance benefits under the terms and conditions of any individual agreement or under the Company's Executive Severance Plan, any amounts due will be calculated in accordance with such agreement or plan and (ii) with respect to Participants who are not otherwise entitled to severance benefits under the terms of any individual agreement or the Company's Executive Severance Plan, the Award will terminate and no amounts will be paid under the Award, provided that if a Participant's employment is terminated by the Company after October 1, 2010 but before the Payment Date as a result of a reduction in force by the Company, or a location closing or loss of business, as determined by the Committee, in its sole and absolute discretion, the Participant shall be eligible to receive a payment hereunder, if the Participant would have received a payment under the Award but for his or her termination. Payment made to a terminated employee pursuant to the preceding sentence shall only be made if the Participant has executed and delivered to the Company a release in favor of the Company in form and substance satisfactory to the Company, which has not been revoked, and shall not be made prior to the effective date of such release.

   Notwithstanding the foregoing, if the Participant is terminated by the Company or a Subsidiary prior to the Payment Date and is subsequently re-employed by the Company or a Subsidiary prior to the Payment Date, such Participant shall be eligible to receive a pro-rata payment on the Payment Date based on the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company, provided that, any such payment shall be reduced by any amounts previously paid to Participant in connection with his or her termination of employment pursuant to the preceding paragraph or otherwise in lieu of amounts earned under the Award.

   In the event that the Participant voluntarily terminates his or her employment with the Company prior to the Payment Date, (i) if the Participant is re-employed by the Company or a Subsidiary within 90 days of the effective date of such termination, but in any event prior to the Payment Date, the Participant shall be eligible to receive a pro-rata payment on the Payment Date based on the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company, provided that, any such payment shall be reduced by any amounts previously paid to Participant in connection with his or her termination of employment pursuant to the preceding paragraph or otherwise in lieu of amounts earned under the Award; or (ii) unless otherwise provided for herein, if the Participant is re-employed by the Company or a Subsidiary more than 90 days after the effective date of such resignation, but in any event before the end of the Performance Period, the Participant shall be eligible to receive a pro-rata payment on the Payment Date based on the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company, after the Participant was re-employed.

(b) Death or Disability (including Disability Retirement) : If the death or Disability occurs after the end of the Performance Period, the Participant (or his or her Beneficiary, in the event of death) shall receive all amounts otherwise payable to him or her under the Award on the Payment Date. If the death or Disability occurs during the Performance Period and the Participant would have received a payment under the Award but for his or her death or Disability, the Participant (or his or her Beneficiary, in the event of death) will be eligible to receive a pro-rata payment based on the amount otherwise payable to the Participant on the Payment Date and the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company.

(c) Workers' Compensation or Approved Leave of Absence : Except as otherwise set forth herein, a Participant who takes an approved workers' compensation leave or an approved leave of absence during any portion of the Performance Period and is actively employed for at least one hundred and eighty (180)days during 2010, as determined by the Company, will be eligible to receive a payment on the Payment Date (to the extent the Participant would have received a payment under the Award but for his or her leave of absence), which will be pro-rated based on the number of days during the Performance Period that the Participant is considered to be an active employee, as determined by the Company.

(d) Military Leave of Absence : A Participant who takes an approved military leave of absence will be eligible to receive a payment on the Payment Date (to the extent the Participant would have received a payment under the Award but for his or her military leave of absence) based on the Participant's full Eligible Base Salary regardless of the number of days worked during the Performance Period.

(e) Retirement : If the Retirement occurs after December 31, 2010 and before the Payment Date, the Participant shall receive all amounts due to him or her under the Award on the Payment Date. If the Retirement occurs on or prior to December 31, 2010, the Award will terminate and no amounts will be paid under the Award.

As used herein, the term "Retirement" means termination of employment for any reason (other than for Cause or by reason of death or Disability) upon or following attainment of age 55 and completion of 10 years of service, or upon or following attainment of age 65 without regard to years of service. As used herein, the term "Cause" shall have the meaning set forth in any individual, valid, written agreement between the Participant and the Company or any Subsidiary, or, if none exists, shall mean a determination of "Cause" under any applicable Severance Plan, as in effect on the date hereof.

6. ***Withholding Taxes; Section 409A.*** Payment of the Award will be taxable to the Participant as ordinary income, subject to wage-based withholding and reporting. The Company will satisfy this withholding obligation by reducing the cash to be delivered in an amount sufficient to satisfy the withholding obligations. This Section 6 shall only apply with respect to the Company's U.S. federal, state and local income tax withholding obligations. The Company may satisfy any tax obligations it may have in any other jurisdiction in any manner it deems, in its sole and absolute discretion, to be necessary or appropriate. All payments made under the Award are intended to constitute short-term deferral amounts excludible from the requirements of Section 409A of the Code.

7. ***Change of Control .*** Notwithstanding anything herein to the contrary, in the event of a Change in Control of the Company during the Performance Period, (i) with respect to Participants who are entitled to Change of Control benefits under the terms of any individual agreement or any severance plan or arrangement, the amount payable pursuant to this Award will be calculated in accordance with such agreement or plan and (ii) with respect to Participants who are not otherwise entitled to Change of Control benefits under the terms of any individual agreement or any severance plan or arrangement, and whose employment is terminated in connection with or as a result of the Change of Control, upon approval by the Committee, the Participant will be entitled to receive a pro-rata payment based on the number of days during the Performance Period that the Participant is considered to be an active employee, as determined by the Company, assuming target performance. This payment shall be made no later than March 15, 2011.

8. ***Sale of Business .*** If a business unit is sold during the Performance Period, the Participants that are employees of such business unit will receive a pro-rata payment. Such payment will be made over time or in one lump sum, as determined by the Committee, provided that in any event all payments will be made on or before March 15, 2011.

9. ***Statute of Limitations and Conflicts of Laws.*** All rights of action by, or on behalf of the Company or by any shareholder against any past, present, or future member of the Board of Directors, officer, or employee of the Company arising out of or in connection with the Award or the Award Documents, must be brought within three years from the date of the act or omission in respect of which such right of action arises. The Awards and the Award Documents shall be governed by the laws of the State of Florida, without giving effect to principles of conflict of laws, and construed accordingly.

10. ***No Employment Right*** . Neither the grant of the Award, nor any action taken hereunder, shall be construed as giving any employee or any Participant any right to be retained in the employ of the Company. The Company is under no obligation to grant Awards hereunder. Nothing contained in the Award Documents shall limit or affect in any manner or degree the normal and usual powers of management, exercised by the officers and the Board of Directors or committees thereof, to change the duties or the character of employment of any employee of the Company or to remove the individual from the employment of the Company at any time, all of which rights and powers are expressly reserved.

11. ***No Assignment*** . A Participant's rights and interest under the Award may not be assigned or transferred, except as otherwise provided herein, and any attempted assignment or transfer shall be null and void and shall extinguish, in the Company's sole discretion, the Company's obligation under the Award to make any payment thereunder.

12. ***Unfunded Plan*** . Any amounts owed under the Award shall be unfunded. The Company shall not be required to establish any special or separate fund, or to make any other segregation of assets, to assure payment of any amounts payable under the Award.

13. ***Definitions .*** Capitalized terms used above that are not defined below have the meanings set forth in the Plan.

    (a) "Change of Control" occurs when

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") becomes the beneficial owner, directly or indirectly, of thirty percent (30%) or more of the combined voting power of the Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of the Company and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) below; or

(ii) the individuals who, as of January 1, 2007, constituted the Board of Directors of the Company (the "Board" generally and as of January 1, 2007 the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to January 1, 2007 whose election, or nomination for election, was approved by a vote of the persons comprising at least a majority of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) (as in effect on January 23, 2000)) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or

(iii) there is a reorganization, merger or consolidation of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company's outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company's outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) there is a liquidation or dissolution of the Company approved by the shareholders; or

(v) there is a sale of all or substantially all of the assets of the Company.

(b) "Disability" means (i) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; (ii) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan of the Company; or (iii) a determination by the Social Security Administration that a Participant is totally disabled.

Exhibit 10.2

2010 PERFORMANCE INCENTIVE PLAN
GRANTED UNDER
RYDER SYSTEM, INC. 2005 EQUITY COMPENSATION PLAN

TERMS AND CONDITIONS
INDIVIDUAL PERFORMANCE AWARDS
(July 1, 2010 THROUGH December 31, 2010)

The following terms and conditions apply to the 2010 annual incentive cash awards (the "Awards") granted by Ryder System, Inc. under the Ryder System, Inc. 2005 Equity Compensation Plan (the "Plan") a description of which is set forth in the relevant Guide to the Annual Incentive Compensation Program (the "Guide") to which these terms and conditions are appended. No individual shall receive an Award unless the Company has notified the individual of the Award and delivered these Terms and Conditions and the Guide to the individual. Certain terms of the Award, including the performance goals and target payout amounts, are also set forth in the Guide and the payout grids titled "Incentive Payout Components by Position" ("Payout Grid") applicable to the Participant. The Compensation Committee of the Company's Board of Directors (the "Committee") shall administer the Awards in accordance with the Plan. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Plan or the Guide.

1. ***General*** . The Award represents the right to receive a cash payment based on the attainment of certain financial performance goals, on the terms and conditions set forth herein, in the Guide and in the Plan, the applicable terms, conditions and other provisions of which are incorporated by reference herein (collectively, the "Award Documents"). It is intended that any Awards granted to "Covered Employees" as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, including any successor provisions and regulations (the "Code"), shall qualify as "performance-based compensation" for purposes of Section 162 (m).

   The Award Documents supersede any and all prior oral representations, promises or guarantees relating to short-term incentives or annual bonuses. All provisions of the Award Documents shall apply unless otherwise prohibited by law.

   In the event there is an express conflict between the provisions of the Plan and those set forth in the Guide or in these terms and conditions, the terms and conditions of the Plan shall govern. Unless otherwise approved by the Committee, individuals who have written agreements which specifically provide for annual incentive compensation other than that which is provided under the Award or who are participants in any other short-term incentive compensation plan of the Company or its subsidiaries and affiliates are not eligible to receive an Award hereunder. The Company may, in its sole discretion, provide discretionary or other bonuses to Company employees, whether or not they receive an Award.

   The terms and conditions contained herein may be amended by the Committee as permitted by the Plan; none of the terms and conditions of the Award may be amended or waived without the prior approval of the Committee. Any amendment or waiver not approved by the Committee will be void and have no force or effect. Any employee or officer of the Company who authorizes any such amendment or waiver without the prior approval of the Committee will be subject to disciplinary action up to and including forfeiture of an Award and/or termination of employment (unless otherwise prohibited by law). All decisions and determinations made by the Committee relating to the Awards shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under the Plan.

2. ***Financial Performance Goals; Performance Period*** . The Awards are intended to reward Participants for the attainment by the Company of certain performance goals and individual performance during the period beginning onJuly 1, 2010 and ending on December 31, 2010 (the "Performance Period"). The performance metrics (the "Performance Metrics") and performance goals (the "Performance Goals") applicable to a Participant, the weight given to each of the Performance Metrics and any other requirements or limitations of the Awards are approved by the Committee, may vary based on the Participant's Management Level, position and responsibilities and will be set forth in the Guide and the Payout Grid applicable to such Participant.

   Once established, Performance Goals shall not be changed during the Performance Period; provided, however, if the Committee determines that external changes or other unanticipated business conditions have materially affected the fairness of the Performance Goals, to the extent permitted by Section 162(m) of the Code if applicable, appropriate adjustments may be made to the Performance Goals (either up or down) during the Performance Period.

   The amount of the payment that the Participant is eligible to receive (the "Payout Amount") (expressed as a percentage of the Participant's Eligible Base Salary) in the event that the Performance Goals are achieved is also set forth in the Guide.

   For purposes of the Award, Eligible Base Salary means the annual rate of pay for the Performance Period, excluding all other compensation paid to the Participant during the year, including but not limited to bonuses, incentives, commissions, car allowance, employee benefits, relocation expenses, and any imputed income for which the Participant may be eligible (all as more fully described in the Guide). As soon as practicable after the end of the Performance Period, the Committee will determine the attainment of the Performance Goals, to the extent applicable, in accordance with generally accepted accounting principles ("GAAP"), provided that, the Committee may, in its sole discretion and to the extent permitted under Section 162(m) of the Code, if applicable, exclude or include certain items from actual results in determining performance including (i) changes in accounting principle, standard or policy; (ii) changes in law or regulation; (iii) asset impairments; (iv) restructuring charges; (v) discontinued operations; and (vi) significant non-operational or non-recurring items, in each case, other than those included in the Company's 2010 business plan.

   The Committee may, in its sole discretion, decrease a Participant's Payout Amount hereunder based on such factors as the Committee, in its sole discretion, deems appropriate, including but not limited to, the Participant's attainment of individual performance objectives established by the Committee.

3. ***Payment .*** Subject to Sections 4 and 5 below and the provisions of the Guide, amounts payable with respect to the Award will be payable in cash to the Participant following the determination that the Performance Goals have been satisfied and the Committee's (or Board, as the case may be) approval of the payout. Payment shall be made during the 2011 calendar year, but in no event later than March 15, 2011 (the applicable date, the "Payment Date"), provided that the Participant is, on the Payment Date, and has been from the first day of the Performance Period through the Payment Date, continuously employed in good standing by the Company or a Subsidiary. No Participant shall have a vested or accrued right to any payment under the Award. For purposes of these terms and conditions, the Participant shall not be deemed to have terminated his or her employment with the Company and its Subsidiaries if he or she is then immediately thereafter employed by the Company or another Subsidiary. Notwithstanding anything to the contrary set forth herein, (i) the Company retains the right, in its sole and absolute discretion, to withhold payment and participation, from any Participant who violates or has violated any Company value, principle, agreement, plan, procedure, protocol, policy or the rules contained in the Award Documents even if there are no documented performance issues in the Participant's personnel file and (ii) if the Company has any claim against the Participant for money or assets owed that have not been satisfied by the Participant, the amount otherwise payable pursuant to the Award shall be reduced by any such unpaid claims unless otherwise prohibited by law. The calculation of amounts payable pursuant to the Award with respect to Participants outside of the U.S. will be set forth in the Guide.

4. ***New Hire, Promotion or Transfer.*** Participants who are newly hired, promoted, or transferred into or out of eligible positions, and those who move from one eligibility level to another, will receive a pro-rata incentive based on the terms in effect for his/her Management Level position, the portion of time spent in each position during the Performance Period, the annual rate of pay and the target incentive award for the eligible position(s).

5. ***Termination of Employment; Temporary Leave.*** Except as specifically set forth below, the Award will terminate and no amounts will be paid under the Award following the termination of the Participant's employment as follows:

   (a) Resignation by the Participant or Termination by the Company or a Subsidiary : Notwithstanding anything herein to the contrary, (i) with respect to Participants who are entitled to severance benefits under the terms and conditions of any individual agreement or under the Company's Executive Severance Plan, any amounts due will be calculated in accordance with such agreement or plan and (ii) with respect to Participants who are not otherwise entitled to severance benefits under the terms of any individual agreement or the Company's Executive Severance Plan, the Award will terminate and no amounts will be paid under the Award, provided that if a Participant's employment is terminated by the Company after October 1, 2010 but before the Payment Date as a result of a reduction in force by the Company, or a location closing or loss of business, as determined by the Committee, in its sole and absolute discretion, the Participant shall be eligible to receive a payment hereunder, if the Participant would have received a payment under the Award but for his or her termination. Payment made to a terminated employee pursuant to the preceding sentence shall only be made if the Participant has executed and delivered to the Company a release in favor of the Company in form and substance satisfactory to the Company, which has not been revoked, and shall not be made prior to the effective date of such release.

   Notwithstanding the foregoing, if the Participant is terminated by the Company or a Subsidiary prior to the Payment Date and is subsequently re-employed by the Company or a Subsidiary prior to the Payment Date, such Participant shall be eligible to receive a pro-rata payment on the Payment Date based on the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company, provided that, any such payment shall be reduced by any amounts previously paid to Participant in connection with his or her termination of employment pursuant to the preceding paragraph or otherwise in lieu of amounts earned under the Award.

   In the event that the Participant voluntarily terminates his or her employment with the Company prior to the Payment Date, (i) if the Participant is re-employed by the Company or a Subsidiary within 90 days of the effective date of such termination, but in any event prior to the Payment Date, the Participant shall be eligible to receive a pro-rata payment on the Payment Date based on the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company, provided that, any such payment shall be reduced by any amounts previously paid to Participant in connection with his or her termination of employment pursuant to the preceding paragraph or otherwise in lieu of amounts earned under the Award; or (ii) unless otherwise provided for herein, if the Participant is re-employed by the Company or a Subsidiary more than 90 days after the effective date of such resignation, but in any event before the end of the Performance Period, the Participant shall be eligible to receive a pro-rata payment on the Payment Date based on the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company, after the Participant was re-employed.

(b) Death or Disability (including Disability Retirement) : If the death or Disability occurs after the end of the Performance Period, the Participant (or his or her Beneficiary, in the event of death) shall receive all amounts otherwise payable to him or her under the Award on the Payment Date. If the death or Disability occurs during the Performance Period and the Participant would have received a payment under the Award but for his or her death or Disability, the Participant (or his or her Beneficiary, in the event of death) will be eligible to receive a pro-rata payment based on the amount otherwise payable to the Participant on the Payment Date and the number of days during the Performance Period that the Participant was considered to be an active employee, as determined by the Company.

(c) Workers' Compensation or Approved Leave of Absence : Except as otherwise set forth herein, a Participant who takes an approved workers' compensation leave or an approved leave of absence during any portion of the Performance Period and is actively employed for at least one hundred and eighty (180) days during 2010, as determined by the Company, will be eligible to receive a payment on the Payment Date (to the extent the Participant would have received a payment under the Award but for his or her leave of absence), which will be pro-rated based on the number of days during the Performance Period that the Participant is considered to be an active employee, as determined by the Company.

(d) Military Leave of Absence : A Participant who takes an approved military leave of absence will be eligible to receive a payment on the Payment Date (to the extent the Participant would have received a payment under the Award but for his or her military leave of absence) based on the Participant's full Eligible Base Salary regardless of the number of days worked during the Performance Period.

(e) Retirement : If the Retirement occurs after December 31, 2010 and before the Payment Date, the Participant shall receive all amounts due to him or her under the Award on the Payment Date. If the Retirement occurs on or prior to December 31, 2010, the Award will terminate and no amounts will be paid under the Award.

As used herein, the term "Retirement" means termination of employment for any reason (other than for Cause or by reason of death or Disability) upon or following attainment of age 55 and completion of 10 years of service, or upon or following attainment of age 65 without regard to years of service. As used herein, the term "Cause" shall have the meaning set forth in any individual, valid, written agreement between the Participant and the Company or any Subsidiary, or, if none exists, shall mean a determination of "Cause" under any applicable Severance Plan, as in effect on the date hereof.

6. ***Withholding Taxes; Section 409A.*** Payment of the Award will be taxable to the Participant as ordinary income, subject to wage-based withholding and reporting. The Company will satisfy this withholding obligation by reducing the cash to be delivered in an amount sufficient to satisfy the withholding obligations. This Section 6 shall only apply with respect to the Company's U.S. federal, state and local income tax withholding obligations. The Company may satisfy any tax obligations it may have in any other jurisdiction in any manner it deems, in its sole and absolute discretion, to be necessary or appropriate. All payments made under the Award are intended to constitute short-term deferral amounts excludible from the requirements of Section 409A of the Code.

7. ***Change of Control .*** Notwithstanding anything herein to the contrary, in the event of a Change in Control of the Company during the Performance Period, (i) with respect to Participants who are entitled to Change of Control benefits under the terms of any individual agreement or any severance plan or arrangement, the amount payable pursuant to this Award will be calculated in accordance with such agreement or plan and (ii) with respect to Participants who are not otherwise entitled to Change of Control benefits under the terms of any individual agreement or any severance plan or arrangement, and whose employment is terminated in connection with or as a result of the Change of Control, upon approval by the Committee, the Participant will be entitled to receive a pro-rata payment based on the number of days during the Performance Period that the Participant is considered to be an active employee, as determined by the Company, assuming target performance. This payment shall be made no later than March 15, 2011.

8. ***Sale of Business .*** If a business unit is sold during the Performance Period, the Participants that are employees of such business unit will receive a pro-rata payment. Such payment will be made over time or in one lump sum, as determined by the Committee, provided that in any event all payments will be made on or before March 15, 2011.

9. ***Statute of Limitations and Conflicts of Laws.*** All rights of action by, or on behalf of the Company or by any shareholder against any past, present, or future member of the Board of Directors, officer, or employee of the Company arising out of or in connection with the Award or the Award Documents, must be brought within three years from the date of the act or omission in respect of which such right of action arises. The Awards and the Award Documents shall be governed by the laws of the State of Florida, without giving effect to principles of conflict of laws, and construed accordingly.

10. ***No Employment Right*** . Neither the grant of the Award, nor any action taken hereunder, shall be construed as giving any employee or any Participant any right to be retained in the employ of the Company. The Company is under no obligation to grant Awards hereunder. Nothing contained in the Award Documents shall limit or affect in any manner or degree the normal and usual powers of management, exercised by the officers and the Board of Directors or committees thereof, to change the duties or the character of employment of any employee of the Company or to remove the individual from the employment of the Company at any time, all of which rights and powers are expressly reserved.

11. ***No Assignment*** . A Participant's rights and interest under the Award may not be assigned or transferred, except as otherwise provided herein, and any attempted assignment or transfer shall be null and void and shall extinguish, in the Company's sole discretion, the Company's obligation under the Award to make any payment thereunder.

12. ***Unfunded Plan*** . Any amounts owed under the Award shall be unfunded. The Company shall not be required to establish any special or separate fund, or to make any other segregation of assets, to assure payment of any amounts payable under the Award.

13. ***Definitions .*** Capitalized terms used above that are not defined below have the meanings set forth in the Plan.

(a) "Change of Control" occurs when

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) (a "Person") becomes the beneficial owner, directly or indirectly, of thirty percent (30%) or more of the combined voting power of the Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; provided, however, that for purposes of this subparagraph (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan or plans (or related trust) of the Company and its subsidiaries and affiliates or (B) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subparagraph (iii) below; or

(ii) the individuals who, as of January 1, 2007, constituted the Board of Directors of the Company (the "Board" generally and as of January 1, 2007 the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to January 1, 2007 whose election, or nomination for election, was approved by a vote of the persons comprising at least a majority of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) (as in effect on January 23, 2000)) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or

(iii) there is a reorganization, merger or consolidation of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company's outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities ordinarily having the right to vote for the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company's outstanding Shares and outstanding voting securities ordinarily having the right to vote for the election of directors of the Company, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan or plans (or related trust) of the Company or such corporation resulting from such Business Combination and their subsidiaries and affiliates) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the corporation resulting from such Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) there is a liquidation or dissolution of the Company approved by the shareholders; or

(v) there is a sale of all or substantially all of the assets of the Company.

(b) "Disability" means (i) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; (ii) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan of the Company; or (iii) a determination by the Social Security Administration that a Participant is totally disabled.

EXHIBIT 31.1

CERTIFICATION

I, Gregory T. Swienton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ryder System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 23, 2010

/s/ Gregory T. Swienton
Gregory T. Swienton
Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Robert E. Sanchez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ryder System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 23, 2010

/s/ Robert E. Sanchez
Robert E. Sanchez
Executive Vice President and Chief Financial Officer

EXHIBIT 32

CERTIFICATION

In connection with the Quarterly Report of Ryder System, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Gregory T. Swienton, Chief Executive Officer of the Company, and Robert E. Sanchez, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory T. Swienton

Gregory T. Swienton
Chairman and Chief Executive Officer
July 23, 2010

/s/ Robert E. Sanchez

Robert E. Sanchez
Executive Vice President and Chief Financial Officer
July 23, 2010