RYDER SYSTEM INC

FORM 8-K
(Current report filing)

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Address	11690 N.W. 105TH STREET MIAMI, FL 33178
Telephone	3055003726
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Industry	Rental & Leasing
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 28, 2005

RYDER SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Florida	1-4364	59-0739250
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

11690 NW 105 th Street Miami, Florida	33178
(Address of Principal Executive Offices)	(Zip Code)

(305) 500-3726

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On July 28, 2005, we issued a press release reporting our financial results for the three months and six months ended June 30, 2005 (the “Press Release”). We also hosted a conference call and webcast on July 28, 2005 during which we made a presentation on our financial results for the three and six months ended June 30, 2005 (the “Presentation”). The Press Release and the Presentation are available on our website at www.ryder.com.

The Press Release and the Presentation include information regarding our (i) net earnings excluding a state income tax benefit (“Tax Benefit”) and the gain on the sale of our headquarters (the “Headquarters Sale”) and (ii) net earnings per share excluding the Tax Benefit and Headquarters Sale, each of which is a non-GAAP financial measure as defined by SEC regulations. We believe that these non-GAAP financial measures provide useful information to investors as the measures exclude from our GAAP earnings gains and benefits unrelated to our ongoing business operations. Information regarding other non-GAAP financial measures we use is included in the Presentation.

The information in this Report, including Exhibits 99.1 and 99.2, is being furnished pursuant to Item 2.02 of Form 8-K and General Instruction B.2 thereunder and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as expressly set forth by specific reference to such filing.

Item 9.01(c) Exhibits

The following exhibits are furnished as part of this Report on Form 8-K:

Exhibit 99.1	Press Release, dated July 28, 2005, relating to Ryder System, Inc.’s financial results for the three and six months ended June 30, 2005.
Exhibit 99.2	Presentation prepared for a conference call and webcast held on July 28, 2005, relating to Ryder System, Inc.’s financial results for the three and six months ended June 30, 2005.

SIGNATURE

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 hereunto duly authorized.

Date: July 28, 2005

RYDER SYSTEM, INC.
(Registrant)

By: /s/ Tracy A. Leinbach
Tracy A. Leinbach, Executive Vice President and Chief Financial Officer

Exhibit 99.1

News Release

Contacts:	Media:	Investor Relations:
	David Bruce	Bob Brunn
	(305) 500-4999	(305) 500-4053

RYDER REPORTS SECOND QUARTER 2005 RESULTS

- Second Quarter Earnings Per Share of $0.98, Include a $0.12 Tax Benefit -

- Comparable Earnings Per Share Up 13% on 10% Higher Revenue -

MIAMI, July 28, 2005 — Ryder System, Inc. (NYSE:R), a global leader in transportation and supply chain management solutions, today reported earnings per diluted share (EPS) were $0.98 for the three-month period ended June 30, 2005, compared with $0.97 in the year-earlier period. EPS in the current period included a $0.12 income tax benefit related to a change in Ohio income tax law. EPS in the year-earlier period included a $0.21 gain from the sale of the Company’s former corporate headquarters facility. Excluding the current tax benefit and previous year’s gain, EPS for the second quarter were up 13% to $0.86. This compares with the Company’s previous EPS forecast range of $0.83 to $0.86 for the second quarter of 2005. Net earnings for the second quarter of 2005 were $63.3 million, compared with $63.6 million in the year-earlier period. Net earnings in the current period included an income tax benefit of $7.6 million related to a change in Ohio income tax law. Net earnings in the year-earlier period included a $14.0 million gain on the sale of the Company’s former headquarters facility. Excluding the current tax benefit and previous year’s gain, second quarter 2005 net earnings were up 12% to $55.7 million. Improved performance was driven primarily by continuing leverage from revenue growth and improved used vehicle sales in the Fleet Management Solutions (FMS) business segment.

Revenue for the second quarter of 2005 was $1.39 billion, up 10% from $1.27 billion in the same period last year, with all business segments reporting revenue growth. The revenue increase for the quarter in the FMS business segment was 9%, reflecting higher fuel revenue due to higher fuel prices, and continued growth in the rental product line. Commercial rental revenue for the quarter increased 8% compared with the year-earlier period. Revenue in the Supply Chain Solutions (SCS) business segment in the second quarter of 2005 increased by 15%

compared with the year-earlier period. Second quarter revenue in the Dedicated Contract Carriage (DCC) business segment increased 7% from the year-earlier period. The SCS and DCC revenue increases were driven by new and expanded business in all industry groups, and pricing increases associated with higher fuel costs.

"We delivered comparable earnings that were 13% higher on a 10% revenue increase, reflecting good earnings leverage on our operating revenue," said Ryder Chairman and Chief Executive Officer Greg Swienton. "Our sales and marketing initiatives generated new business wins and renewals from many companies, including Whirlpool and LG Electronics in our Supply Chain Solutions segment, CVS/pharmacy in our Dedicated Contract Carriage business segment and the *New York Post* in our Fleet Management Solutions business segment."

Year-to-Date Operating Results

Revenue for the six months ended June 30, 2005 was $2.71 billion, up 9% from $2.48 billion in the same period of 2004. Ryder's net earnings in the first half of 2005 were $104.8 million, compared with $98.7 million in the year-earlier period. EPS were $1.61 for the first six months of 2005 compared with $1.50 for the same period of 2004. Excluding the previously discussed income tax benefit and gain on the headquarters sale, year-to-date 2005 net earnings were up 16% to $97.2 million, and EPS were up 17% to $1.50, compared with the year-earlier period. EPS for the first half of 2005 included a one-time recovery of $0.02 associated with the reimbursement of project costs incurred in prior years. EPS in the year-earlier period included a second quarter charge of $0.04 related to net restructuring and other recoveries.

Second Quarter Business Segment Operating Results

Ryder's primary measurement of business segment financial performance, Net Before Tax (NBT), allocates Central Support Services to each business segment.

Fleet Management Solutions

Ryder's Fleet Management Solutions (FMS) business segment combines several capabilities into a comprehensive package that provides one-stop outsourcing of the acquisition, maintenance, management and disposal of vehicles. Ryder's commercial rental service offers customers a method to expand their fleets in order to address specific or short-term capacity needs.

In the FMS business segment, revenue in the second quarter of 2005 was $969.6 million, up 9% compared with $892.1 million in the year-earlier period. Operating revenue (revenue excluding fuel) in the second quarter of 2005 was $719.3 million, up 2% compared with $704.6 million in the year-earlier period. Fuel revenue for the second quarter of 2005 increased 33% compared with the same period in 2004 due primarily to higher fuel pricing as a result of market cost increases. Full service lease revenue for the second quarter of 2005 remained essentially flat. Ryder’s second quarter 2005 commercial rental revenue grew 8% from the year-earlier period, reflecting higher pricing and increased activity levels. Contract maintenance and contract-related maintenance revenue increased 6% in the second quarter of 2005 compared with the same period last year due primarily to the implementation of initiatives aimed at growing these types of services.

The FMS business segment’s NBT increased to $88.9 million in the second quarter of 2005, up 8% compared with $82.0 million in the same period of 2004. This improvement was related primarily to improved commercial rental results and higher used vehicle sales gains resulting from stronger volume and pricing. Business segment NBT as a percentage of operating revenue was 12.4% in the second quarter of 2005, up 80 basis points compared with 11.6% in the same quarter a year ago.

Supply Chain Solutions

Ryder’s Supply Chain Solutions (SCS) business segment enables customers to improve shareholder value and their customers’ satisfaction by enhancing supply chain performance and reducing costs. The solutions involve management of the logistics pipeline as a synchronized, integrated process — from raw material supply to finished goods distribution. By improving business processes and employing new technologies, the flow of goods and cash is made faster and consumes less capital.

In the SCS business segment, second quarter 2005 revenue totaled $374.9 million, up 15% from $327.0 million in the comparable period in 2004. Revenue increased because of new and expanded business in all industry groups, and pricing increases associated with higher fuel costs. Second quarter 2005 operating revenue (revenue excluding freight under management) was $248.3 million, up 9% compared with $227.2 million in the year-earlier period.

The SCS business segment's NBT was $8.3 million in the second quarter 2005, down 4% from $8.7 million in the same quarter of 2004. Business segment earnings were impacted by lower volumes on certain automotive accounts and lower margins in the Company's Brazil operations, partially offset by new and expanded business in all industry groups. Second quarter 2005 NBT for the business segment as a percentage of operating revenue was 3.4%, compared with 3.8% in the same quarter of 2004.

Dedicated Contract Carriage

Ryder's Dedicated Contract Carriage (DCC) business segment provides customers with vehicles, drivers, management and administrative support, with the assets committed to a specific customer for a contractual term. DCC supports customers with both basic and sophisticated logistics and transportation needs including routing and scheduling, specialized driver services, and logistical engineering support.

In the DCC business segment, second quarter 2005 revenue totaled $133.8 million, up 7% compared with $125.4 million in the second quarter of 2004. Operating revenue (revenue excluding freight under management) in the second quarter of 2005 was $129.8 million, up 5% from $123.2 million in the year-earlier period. Revenue increased because of new and expanded business in all U.S. industry groups as well as pricing increases associated with higher fuel costs.

The DCC business segment's NBT in the second quarter of 2005 was $9.7 million, up 16% compared with $8.3 million in the second quarter of 2004. Business segment NBT was positively impacted by earnings associated with new and expanding business, as well as lower safety and other operating costs. Business segment NBT as a percentage of operating revenue was 7.4% in the second quarter of 2005, up 70 basis points from 6.7% in the year-earlier period.

Corporate Financial Information

Central Support Services

Central Support Services (CSS) are overhead costs incurred to support all business segments and product lines. CSS costs are predominantly allocated to the various business segments. In the second quarter of 2005, CSS costs were $51.9 million, compared with $52.9 million in the year-earlier period.

Capital Expenditures

Capital expenditures are used primarily to purchase revenue—earning equipment (trucks, tractors and trailers) to support two product lines within Ryder's Fleet Management Solutions business segment. The full service lease product line utilizes capital for the purchase of new and replacement vehicles to support the needs of customers under long-term contracts that typically run from four-to-six years. The commercial rental product line utilizes capital for the purchase of vehicles to replenish and expand the Company's fleet available for shorter-term use by contractual or occasional customers.

Capital expenditures were $820.9 million for the first half of 2005, compared with $567.8 million in the same period of 2004. Net capital expenditures (including proceeds from the sale of assets) were $648.0 million for the first half of 2005, up from $385.7 million in the same period of 2004. The increase in capital expenditures reflects planned higher spending for replacement of full service lease vehicles and the timing of the purchase of commercial rental vehicles.

Leverage and Free Cash Flow

Balance sheet debt as of June 30, 2005 increased by $440.3 million compared with year-end 2004, primarily due to the funding requirements associated with higher capital spending and income tax payments, which included a $176.0 million payment related to the previously disclosed resolution of the 1998 to 2000 federal tax audit. The leverage ratio for balance sheet debt as of June 30, 2005 was 143%, compared with 118% at year-end 2004. Total obligations to equity as of June 30, 2005 were 152%, up from 129% at year-end 2004. Free cash flow in the second quarter of 2005 was negative $422.4 million compared with negative $38.2 million for the year-earlier period.

Commenting on the Company's corporate financial performance, Ryder Executive Vice President and Chief Financial Officer Tracy Leinbach stated, "We are pleased with the increased level of replacement and renewal activity within our full service lease product line. This allows us to secure customers for longer terms while locking in future revenue and related cash flow streams, thereby increasing the value of our overall lease portfolio."

Tax Update

Earnings for the second quarter include a non-cash income tax benefit of $7.6 million, or $0.12 per share, related to the reduction in deferred income tax liabilities for a recent change in income tax laws in the State of Ohio. On June 30, 2005, the State of Ohio enacted tax legislation, which phases out the Ohio corporate franchise (income) tax and phases in a new gross receipts tax called the Commercial Activity Tax (CAT) over a five-year period. While the corporate franchise (income) tax was generally based on federal taxable income, the CAT is based on current year sales and rentals in Ohio. As required by Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," the elimination of Ohio's corporate franchise (income) tax over the next five years resulted in a favorable adjustment to deferred income taxes .

Outlook

Commenting on Ryder's outlook, Mr. Swienton said, "Our team is focused on generating new business and we are seeing results in our Supply Chain Solutions and Dedicated Contract Carriage business segments. We also have the right initiatives in place within our Fleet Management Solutions segment. We're pleased with continuing growth in Commercial Rental revenue and we remain committed to increasing sales of our Full Service Lease product in 2005."

He continued, "We are reaffirming our previous full-year 2005 forecast which, including the $0.12 second quarter income tax benefit, now results in a range of $3.42 to $3.52 per share. We are also establishing a third quarter 2005 EPS forecast to be in the range of $0.90 to $0.95."

About Ryder

Ryder provides leading-edge transportation, logistics and supply chain management solutions worldwide. Ryder's product offerings range from full service leasing, commercial rental and programmed maintenance of vehicles to integrated services such as dedicated contract carriage and carrier management. Additionally, Ryder offers comprehensive supply chain solutions, consulting, lead logistics management services and e-Business solutions that support customers' entire supply chains, from inbound raw materials and parts through distribution and delivery of finished goods. Ryder serves customer needs throughout North America, in Latin America, Europe and Asia.

The National Safety Council selected Ryder to receive the 2002 Green Cross for Safety Medal — its highest honor — for exemplary commitment to workplace safety and corporate citizenship. For the ninth consecutive year, Ryder was featured in the 2005 *Fortune* Most Admired Companies survey of corporate reputations. *InternetWeek* named Ryder as one of the top 100 U.S. companies for effectiveness in using the Internet to achieve tangible business benefits. For the seventh consecutive year, Ryder has been named a top three third-party logistics provider by *Inbound Logistics* .

Ryder's stock is a component of the Dow Jones Transportation Average and the Standard & Poor's 500 Index. With 2004 revenue of more than $5 billion, Ryder ranks 381 st on the *Fortune* 500.

For more information on Ryder System, Inc., visit www.ryder.com.

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Note Regarding Forward-Looking Statements: Certain statements and information included in this presentation are "forward-looking statements" under the Federal Private Securities Litigation Reform Act of 1995. Accordingly, these forward-looking statements should be evaluated with consideration given to the many risks and uncertainties inherent in our business that could cause actual results and events to differ materially from those in the forward-looking statements. Important factors that could cause such differences include, among others, our ability to obtain adequate profit margins for our services, our inability to maintain current pricing levels due to customer acceptance or competition, customer retention levels, unexpected volume declines, loss of key customers in the Supply Chain Solutions segment, the possibility that changes in customers' business environments will limit their ability to commit to long-term vehicle leases, changes in market conditions affecting the commercial rental market or the sale of used vehicles, increased competition from vehicle manufacturers and large service providers, higher borrowing costs and possible decreases in available funding sources caused by adverse changes in debt ratings, changes in accounting assumptions, adequacy of accounting accruals, changes in general economic conditions, availability of heavy- and medium-duty vehicles, increases in fuel prices, availability of qualified drivers, the Company's ability to create operating synergies in connection with its acquisitions, our ability to manage our cost structure and changes in government regulations, including regulations regarding vehicle emissions, drivers' hours of service and security regulations issued by the Department of Homeland Security. The risks included here are not exhaustive. New risks 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 risks on the Company's business. Accordingly, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Note Regarding Non-GAAP Financial Measures: This news release and the attached financial schedules include certain non-GAAP financial measures as defined under SEC rules. We have denoted each non-GAAP financial measure in the attached financial schedules and have provided a reconciliation of each such measure to the most comparable GAAP measure. Additional information regarding non-GAAP financial measures can be found in our investor presentation for the quarter and in our reports filed with the SEC, which are available in the investors area of our website at www.ryder.com .

Conference Call and Webcast Information:
Ryder's earnings webcast is scheduled for Thursday, July 28, 2005, from 11:00 a.m. to 12:00 noon Eastern Time. Speakers will be Chairman and Chief Executive Officer Greg Swienton and Executive Vice President and Chief Financial Officer Tracy Leinbach.

⇒ **To join the conference call live:** Begin 10 minutes prior to the conference by dialing the audio phone number 1-888-398-5319 (outside U.S. dial 1-773-681-5795) using the **Passcode: RYDER** and **Conference Leader: Bob Brunn** . Then, access the presentation via the Net Conference website at www.mymeetings.com/nc/join/ using the **Conference Number: RG8580794** and **Passcode: RYDER** .

⇒ **To access audio replays of the conference and view a presentation of Ryder's earnings results:** Dial 1-800-846-5455 (outside U.S. dial 1-203-369-3127) and use the **Passcode: 7285,** then view the presentation by visiting the Investors area of Ryder's website at www.ryder.com .

RYDER SYSTEM, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS - UNAUDITED
Periods ended June 30, 2005 and 2004
(In millions, except per share amounts)

	Three Months		Six Months	
	2005	2004	2005	2004
Revenue	$1,389.8	1,268.9	$2,705.4	2,481.2
Operating expense	635.1	557.4	1,245.6	1,100.0
Salaries and employee-related costs	306.4	310.2	613.9	617.2
Freight under management expense	130.7	102.0	243.3	193.1
Depreciation expense	186.8	175.8	368.2	350.7
Gains on vehicle sales, net	(13.1)	(10.6)	(25.9)	(17.3)
Equipment rental	24.7	27.0	52.1	52.7
Interest expense	30.9	26.2	57.8	50.7
Miscellaneous income, net	(2.1)	(2.8)	(7.2)	(4.6)
Restructuring and other recoveries, net	(0.1)	(18.1)	(0.2)	(19.2)
	1,299.3	1,167.1	2,547.6	2,323.3
Earnings before income taxes	90.5	101.8	157.8	157.9
Provision for income taxes	27.2	38.2	53.0	59.2
Net earnings	$ 63.3	63.6	$ 104.8	98.7
Earnings per common share — Diluted:				
Net earnings	$ 0.98	0.97	$ 1.61	1.50
Weighted-average shares outstanding — Diluted	64.7	65.6	64.9	65.9
Memo:				
Earnings excluding tax change and headquarters complex sale*	$ 55.7	49.6	$ 97.2	84.1
Earnings per share excluding tax change and headquarters complex sale*	$ 0.86	0.76	$ 1.50	1.28

* Non-GAAP financial measure; see reconciliation to closest GAAP financial measure included within this release.

RYDER SYSTEM, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in millions)

	(unaudited) June 30, 2005	December 31, 2004
Assets:		
Cash and cash equivalents	$ 87.3	101.0
Other current assets	1,113.0	1,126.7
Revenue earning equipment, net	3,569.9	3,331.7
Operating property and equipment, net	484.5	479.6
Other assets	589.2	598.9
	$ 5,843.9	5,637.9
Liabilities and shareholders' equity:		
Current liabilities (including current portion of long-term debt)	$ 1,095.4	1,454.8
Long-term debt	1,896.5	1,393.7
Other non-current liabilities (including deferred income taxes)	1,295.0	1,279.2
Shareholders' equity	1,557.0	1,510.2
	$ 5,843.9	5,637.9

SELECTED KEY RATIOS

	June 30, 2005	December 31, 2004
Debt to equity	143%	118%
Total obligations to equity (a) *	152%	129%

	Twelve months ended June 30, 2005	2004
Return on average shareholders' equity(b)	14.9%	13.4%
Return on average assets(b)	3.9%	3.3%
Average asset turnover	95.4%	92.7%
Return on capital*(b)	7.7%	7.2%

(a) Total obligations represent debt plus off-balance sheet equipment obligations.

(b) Includes the effect of accounting change.

* Non-GAAP financial measure; see reconciliation to closest GAAP financial measure included within this release.

RYDER SYSTEM, INC. AND SUBSIDIARIES

BUSINESS SEGMENT REVENUE AND EARNINGS — UNAUDITED
Periods ended June 30, 2005 and 2004
(Dollars in millions)

	Three Months			Six Months		
	2005	2004	B(W)	2005	2004	B(W)
Revenue:						
Fleet Management Solutions:						
Full service lease	$ 445.4	$ 445.3	0.0%	$ 887.1	$ 875.1	1.4%
Contract maintenance	34.5	34.8	(0.8)%	67.9	68.1	(0.3)%
Contract-related maintenance	48.9	44.0	11.2%	98.0	88.4	10.7%
Commercial rental	174.9	162.4	7.7%	327.6	298.3	9.8%
Other	15.6	18.1	(14.0)%	32.1	37.8	(14.9)%
Fuel	250.3	187.5	33.4%	481.5	365.9	31.6%
Total Fleet Management Solutions	969.6	892.1	8.7%	1,894.2	1,733.6	9.3%
Supply Chain Solutions	374.9	327.0	14.7%	721.7	648.1	11.4%
Dedicated Contract Carriage	133.8	125.4	6.7%	261.8	251.8	4.0%
Eliminations	(88.5)	(75.6)	(17.1)%	(172.3)	(152.3)	(13.1)%
Total revenue	$1,389.8	1,268.9	9.5%	$2,705.4	2,481.2	9.0%
Business segment earnings:						
Earnings before income taxes:						
Fleet Management Solutions	$ 88.9	82.0	8.4%	$ 159.8	137.4	16.3%
Supply Chain Solutions	8.3	8.7	(4.3)%	14.8	15.9	(6.8)%
Dedicated Contract Carriage	9.7	8.3	16.1%	15.5	15.1	3.1%
Eliminations	(7.5)	(8.2)	8.2%	(15.0)	(15.4)	2.8%
	99.4	90.8	9.4%	175.1	153.0	14.5%
Unallocated Central Support Services	(9.0)	(7.1)	(26.2)%	(17.5)	(14.3)	(22.9)%
Earnings before restructuring and other recoveries, net and income taxes	90.4	83.7	8.0%	157.6	138.7	13.6%
Restructuring and other recoveries, net	0.1	18.1	(99.3)%	0.2	19.2	(99.0)%
Earnings before income taxes	90.5	101.8	(11.1)%	157.8	157.9	(0.1)%
Provision for income taxes	27.2	38.2	28.7%	53.0	59.2	10.6%
Net earnings	$ 63.3	63.6	(0.5)%	$ 104.8	98.7	6.2%

Note: Certain prior period amounts have been reclassified to conform to current year presentation.

Amounts may not recalculate due to rounding.

RYDER SYSTEM, INC. AND SUBSIDIARIES

BUSINESS SEGMENT INFORMATION — UNAUDITED
Periods ended June 30, 2005 and 2004
(Dollars in millions)

	Three Months			Six Months		
	2005	2004	B(W)	2005	2004	B(W)
Fleet Management Solutions						
Total revenue	$ 969.6	892.1	8.7%	$1,894.2	1,733.6	9.3%
Fuel revenue	(250.3)	(187.5)	33.4%	(481.5)	(365.9)	31.6%
Operating revenue *	$ 719.3	704.6	2.1%	$1,412.7	1,367.7	3.3%
Segment net before tax earnings	$ 88.9	82.0	8.4%	$ 159.8	137.4	16.3%
Earnings before income taxes as % of total revenue	9.2%	9.2%		8.4%	7.9%	
Earnings before income taxes as % of operating revenue *	12.4%	11.6%		11.3%	10.0%	
Supply Chain Solutions						
Total revenue	$ 374.9	327.0	14.7%	$ 721.7	648.1	11.4%
Freight Under Management (FUM) expense	(126.6)	(99.8)	26.8%	(236.0)	(189.5)	24.5%
Operating revenue *	$ 248.3	227.2	9.3%	$ 485.7	458.6	5.9%
Segment net before tax earnings	$ 8.3	8.7	(4.3)%	$ 14.8	15.9	(6.8)%
Earnings before income taxes as % of total revenue	2.2%	2.7%		2.1%	2.5%	
Earnings before income taxes as % of operating revenue *	3.4%	3.8%		3.1%	3.5%	
Dedicated Contract Carriage						
Total revenue	$ 133.8	125.4	6.7%	$ 261.8	251.8	4.0%
Freight Under Management (FUM) expense	(4.0)	(2.2)	86.1%	(7.2)	(3.5)	105.1%
Operating revenue *	$ 129.8	123.2	5.3%	$ 254.6	248.3	2.6%
Segment net before tax earnings	$ 9.7	8.3	16.1%	$ 15.5	15.1	3.1%
Earnings before income taxes as % of total revenue	7.2%	6.6%		5.9%	6.0%	
Earnings before income taxes as % of operating revenue *	7.4%	6.7%		6.1%	6.1%	

* Non-GAAP financial measure

Note: Certain prior period amounts have been reclassified to conform to current year presentation.

Amounts may not recalculate due to rounding.

RYDER SYSTEM, INC. AND SUBSIDIARIES

NON-GAAP FINANCIAL MEASURE RECONCILIATIONS — UNAUDITED
Periods ended June 30, 2005 and 2004
(In millions, except per share amounts)

NET EARNINGS RECONCILIATION	Three Months		Six Months	
	2005	2004	2005	2004
Net earnings	$ 63.3	63.6	$ 104.8	98.7
Less: Tax change	7.6	—	7.6	—
Gain on sale of headquarters, after tax	—	14.0	—	14.6
Earnings excluding tax change and headquarters complex sale*	$ 55.7	49.6	$ 97.2	84.1

EPS RECONCILIATION	Three Months		Six Months	
	2005	2004	2005	2004
Earnings per share	$ 0.98	0.97	$ 1.61	1.50
Less: Tax change	0.12	—	0.12	—
Gain on sale of headquarters, after tax	—	0.21	—	0.22
Earnings per share excluding tax change and headquarters complex sale*	$ 0.86	0.76	$ 1.50	1.28

FREE CASH FLOW RECONCILIATION	Six Months	
	2005	2004
Net cash provided by operating activities	$ 166.1	395.2
Net cash used in investing activities	(588.5)	(433.4)
Free cash flow *	$ (422.4)	(38.2)

DEBT TO EQUITY RECONCILIATION	June 30, 2005	% to Equity	December 31, 2004	% to Equity
On-balance sheet debt	$2,223.5	143%	$1,783.2	118%
PV of minimum lease payments and guaranteed residual values under operating leases for vehicles (a)	145.6		161.1	
Total obligations *	$2,369.1	152%	$1,944.3	129%

RETURN ON CAPITAL RECONCILIATION	Twelve months ended June 30, 2005	2004
Earnings before cumulative effect of change in accounting principle [as reported] [1]	$ 221.7	178.6
Restructuring charges (recoveries), net	1.3	(18.4)
Income taxes	109.3	104.6
Earnings before net restructuring charges (recoveries), income taxes and accounting change	332.3	264.8
Interest expense	107.3	102.2
Implied interest expense from off-balance sheet debt	7.3	9.5
Adjusted earnings before income taxes	446.9	376.5
Adjusted income taxes	(170.3)	(138.8)
Adjusted net earnings* [2]	$ 276.6	$ 237.7
Average total debt	$1,930.1	1,781.5
Average shareholders' equity	1,488.3	1,313.5
Total capital [as reported][3]	3,418.4	3,095.0
Average off-balance sheet debt	164.5	202.0
Adjusted total capital *[4]	$3,582.9	$3,297.0
Return on capital [as reported][1]/[3]	6.5%	5.8%
Return on capital *[2]/[4]	7.7%	7.2%

(a) Discounted at the incremental borrowing rate at lease inception.

* Non-GAAP financial measure

Note: Amounts may not foot due to rounding.

EXHIBIT 99.2


Ryder
Second Quarter 2005
Earnings Conference Call
July 28, 2005

Safe Harbor

Certain statements and information included in this presentation are "forward-looking statements" under the Federal Private Securities Litigation Reform Act of 1995. Accordingly, these forward-looking statements should be evaluated with consideration given to the many risks and uncertainties inherent in our business that could cause actual results and events to differ materially from those in the forward-looking statements. Important factors that could cause such differences include, among others, our ability to obtain adequate profit margins for our services, our inability to maintain current pricing levels due to customer acceptance or competition, customer retention levels, unexpected volume declines, loss of key customers in the Supply Chain Solutions segment, the possibility that changes in customers' business environments will limit their ability to commit to long-term vehicle leases, changes in market conditions affecting the commercial rental market or the sale of used vehicles, increased competition from vehicle manufacturers and large service providers, higher borrowing costs and possible decreases in available funding sources caused by adverse changes in debt ratings, changes in accounting assumptions, adequacy of accounting accruals, changes in general economic conditions, availability of heavy- and medium duty vehicles, increases in fuel prices, availability of qualified drivers, the Company's ability to create operating synergies in connection with its acquisitions, our ability to manage our cost structure and changes in government regulations, including regulations regarding vehicle emissions, drivers' hours of service and security regulations issued by the Department of Homeland Security. The risks included here are not exhaustive. New risks emerge from time to time and it is not possible for management to predict all such risks factors or to assess the impact of such risks on the Company's business. Accordingly, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Contents

- **Second Quarter Results Overview**
- Asset Management Update
- Earnings Outlook
- Q & A

2nd Quarter Results Overview

- **Comparable earnings per diluted share were $0.86, up 13% from $0.76 in 2Q04**
- **Reported earnings per diluted share were $0.98 vs. $0.97 in 2Q04**
  - 2Q05 included $0.12 state income tax benefit
  - 2Q04 included $0.21 gain on sale of a portion of the headquarters complex
- **Fleet Management Solutions total revenue up 9% and operating revenue up 2% vs. prior year**
  - Full service lease revenue remained unchanged
  - Maintenance revenue up 6%
  - Commercial rental revenue grew 8%; higher pricing and increases in activity levels
- **Fleet Management Solutions net before tax earnings (NBT) up 8%**
  - FMS NBT percent of operating revenue up 80 basis points to 12.4%

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2nd Quarter Results Overview (cont'd)

- Fleet Management Solutions earnings positively impacted by improved rental results and strong used vehicle sales performance
- Supply Chain Solutions total revenue up 15% (and operating revenue up 9%) vs. prior year reflecting impact of new sales activity and customer expansions
- Supply Chain Solutions earnings down vs. prior year reflecting lower volumes in certain automotive accounts and impact of Brazil operations, partially offset by new and expanded business
- Dedicated Contract Carriage total revenue up 7% (and operating revenue up 5%) vs. prior year; increase due to impact of new and expanded business
- Dedicated Contract Carriage earnings up vs. prior year due to revenue growth from new and expanded business as well as lower safety and other operating costs

Earnings Per Share

Second Quarter

	2005	2004
Earnings Per Share	$ 0.98	$ 0.97
Earnings Per Share Excluding Headquarters Complex Sale and Tax Change [1]	$ 0.86	$ 0.76
Memo:		
EPS Impact of Headquarters Complex Sale	$ -	$ 0.21
EPS Impact of Ohio Tax Change	$ 0.12	$ -
EPS Impact of Restructuring and Other (Charges)/Recoveries Net	$ -	$ (0.04)
Average Shares (Millions) - Diluted	64.7	65.6
Tax Rate	30.1%	37.5%
Return on Capital [1][2]	7.7%	7.2%

(1) Non-GAAP financial measure; refer to Appendix - Non-GAAP Financial Measures
(2) Calculated based on a 12-month rolling period

Earnings Per Share

Year-to-Date

	2005	2004
Earnings Per Share	$ 1.61	$ 1.50
Earnings Per Share Excluding Headquarters Complex Sale and Tax Change [1]	$ 1.50	$ 1.28
Memo:		
EPS Impact of Headquarters Complex Sale	$ -	$ 0.22
EPS Impact of Ohio Tax Change	$ 0.12	$ -
EPS Impact of Restructuring and Other (Charges)/Recoveries Net	$ -	$ (0.04)
Average Shares (Millions) - Diluted	64.9	65.9
Tax Rate	33.6%	37.5%
Return on Capital [1][2]	7.7%	7.2%

(1) Non-GAAP financial measure; refer to Appendix - Non-GAAP Financial Measures
(2) Calculated based on a 12-month rolling period

Business Segment

($ Millions)

Second Quarter

	2005	2004	% B/(W)
Revenue:			
Fleet Management Solutions	$ 969.6	$ 892.1	9%
Supply Chain Solutions	374.9	327.0	15%
Dedicated Contract Carriage	133.8	125.4	7%
Eliminations	(88.5)	(75.6)	(17)%
Total Revenue	$ 1,389.8	$ 1,268.9	10%
Segment Net Before Tax Earnings:			
Fleet Management Solutions	$ 88.9	$ 82.0	8%
Supply Chain Solutions	8.3	8.7	(4)%
Dedicated Contract Carriage	9.7	8.3	16%
Eliminations	(7.5)	(8.2)	8%
	99.4	90.8	9%
Central Support Services (Unallocated Share)	(9.0)	(7.1)	(26)%
Earnings Before Restructuring and Income Taxes [1]	90.4	83.7	8%
Restructuring and Other Recoveries, Net [2]	0.1	18.1	(99)%
Earnings Before Income Taxes	90.5	101.8	(11%)
Provision for Income Taxes	(27.2)	(38.2)	29%
Net Earnings	$ 63.3	$ 63.6	0%
Net Earnings Excluding Headquarters Complex Sale and Tax Change [1]	$ 55.7	$ 49.6	12%

(1) Non-GAAP financial measure; refer to Appendix - Non-GAAP Financial Measures

(2) Allocation of Restructuring and Other Charges, Net across business segments was as follows: FMS - $0.1 in 2005 and FMS - $(2.8), SCS - $(1.0), DCC - $(0.3) and CSS - $22.2 in 2004

Business Segment

($ Millions)

Year-to-Date

	2005	2004	% B/(W)
Revenue:			
Fleet Management Solutions	$ 1,894.2	$ 1,733.6	9%
Supply Chain Solutions	721.7	648.1	11%
Dedicated Contract Carriage	261.8	251.8	4%
Eliminations	(172.3)	(152.3)	(13)%
Total Revenue	$ 2,705.4	$ 2,481.2	9%
Segment Net Before Tax Earnings:			
Fleet Management Solutions	$ 159.8	$ 137.4	16%
Supply Chain Solutions	14.8	15.9	(7)%
Dedicated Contract Carriage	15.5	15.1	3%
Eliminations	(15.0)	(15.4)	3%
	175.1	153.0	15%
Central Support Services (Unallocated Share)	(17.5)	(14.3)	(23)%
Earnings Before Restructuring and Income Taxes [1]	157.6	138.7	14%
Restructuring and Other Recoveries, Net [2]	0.2	19.2	(99)%
Earnings Before Income Taxes	157.8	157.9	0%
Provision for Income Taxes	(53.0)	(59.2)	11%
Net Earnings	$ 104.8	$ 98.7	6%
Net Earnings Excluding Headquarters Complex Sale and Tax Change [1]	$ 97.2	$ 84.1	16%

(1) Non-GAAP financial measure; refer to Appendix - Non-GAAP Financial Measures

(2) Allocation of Restructuring and Other Charges, Net across business segments was as follows: FMS - $0.2 in 2005 and FMS - $(2.7), SCS - $(0.9), DCC - $(0.3) and CSS - $23.1 in 2004

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Capital Expenditures

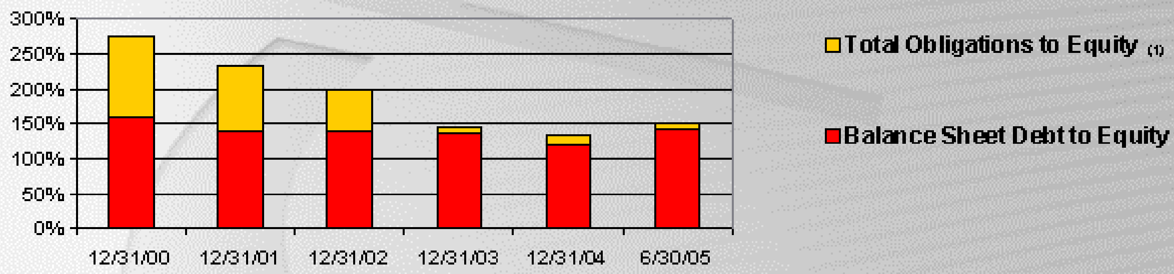
($ Millions)

Year-to-Date

	2005	2004	2005 O/(U) 2004
Full Service Lease	$ 537.1	$ 336.6	$ 200.5
Commercial Rental	242.7	205.7	37.0
Property, Plant & Equipment	41.1	25.5	15.6
Gross Capital Expenditures	820.9	567.8	253.1
Less: Proceeds from Sales of Revenue Earning Equipment	171.2	137.5	33.7
Less: Proceeds from Sales of Operating Property and Equipment	1.7	44.6	(42.9)
Net Capital Expenditures	$ 648.0	$ 385.7	$ 262.3
Memo: Acquisitions	$ 14.7	$ 148.5	$ (133.8)

Debt to Equity Ratio

($ Millions)



	6/30/05	12/31/04	6/30/04
Balance Sheet Debt	$ 2,223.5	$ 1,783.2	$ 1,880.7
Percent To Equity	143%	118%	135%
Total Obligations (1)	$ 2,369.1	$ 1,944.3	$ 2,003.2
Percent To Equity (1)	152%	129%	144%
Total Equity	$ 1,557.0	$ 1,510.2	$ 1,394.5

Note: Includes impact of accumulated net pension related equity charge of $189 million as of 6/30/05 and 12/31/04, and $187 million as of 6/30/04.

(1) Non-GAAP financial measure; refer to Appendix – Non-GAAP Financial Measures.

Strong balance sheet to support profitable growth

Free Cash Flow

($ Millions)

Year-to-Date

	2005	2004
Net Earnings[1]	$ 104.8	$ 98.7
Depreciation	368.2	350.7
Gains on Sale	(25.9)	(17.3)
Amortization and Other Non-Cash Charges/(Gains), Net	4.9	(22.4)
Capital Expenditures [2]	(780.1)	(509.8)
Acquisitions	(14.7)	(148.5)
Proceeds from Sales of Revenue Earning Equipment	171.2	137.5
Proceeds from Sales of Operating Property	1.7	44.6
Proceeds from Sale and Leaseback of Assets	-	11.8
Changes in Working Capital and Deferred Taxes	(285.9)	(14.4)
Collections of Direct Finance Leases	33.4	30.9
Free Cash Flow[3]	$ (422.4)	$ (38.2)

(1) Includes non-cash restructuring and other recoveries, net
(2) Capital expenditures presented net of changes in accounts payable related to purchases of revenue earning equipment
(3) Non-GAAP financial measure; refer to Appendix – Non-GAAP Financial Measures

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- Second Quarter Results Overview
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Asset Management Update

- **The overall number of vehicles sold in second quarter was 5,715; up 22% compared with prior year**
  - Used tractor retail sales proceeds up 13% per unit vs. prior year period
  - Used truck retail sales proceeds up 7% per unit vs. prior year period
- **Vehicles not yet earning revenue are 1,666; down 38 from prior year**
- **Vehicles no longer earning revenue are 7,475; up 1,409 or 23% over prior year driven primarily by a larger used vehicle inventory**
  - 5,556 of these units are held for sale at the used truck centers

Note: U.S. only

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Earnings Outlook

(Earnings Per Share)

- **Reaffirming our full year 2005 earnings forecast, which including the $0.12 state tax benefit is now $3.42- $3.52 per share.**

Prior Forecast	\$ 3.30	-	\$ 3.40
State Tax Benefit	\$ 0.12	-	\$ 0.12
Current Forecast	\$ 3.42	-	\$ 3.52

- **Current forecast for EPS is as follows:**

	3rd Quarter	Full Year
2005 EPS Forecast	\$0.90 - \$0.95	\$3.42 - \$3.52

Note: EPS projections assume no impact from expensing of stock options.

Q & A

Appendix

Business Segment Detail

Central Support Services

Balance Sheet

Financial Indicators Forecast

FMS Revenue History

Asset Management

Non-GAAP Financial Measures & Reconciliations

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Fleet Management Solutions (FMS)

($ Millions)

Second Quarter

	2005	2004	% B/(W)
Full Service Lease	$ 445.4	$ 445.3	0%
Contract Maintenance	34.5	34.8	(1)%
Contract-related Maintenance	48.9	44.0	11%
Commercial Rental	174.9	162.4	8%
Other	15.6	18.1	(14)%
Operating Revenue [a]	719.3	704.6	2%
Fuel Revenue	250.3	187.5	33%
Total Revenue [b]	$ 969.6	$ 892.1	9%
Segment Net Before Tax Earnings (NBT)	$ 88.9	$ 82.0	8%
Segment NBT as % of Total Revenue	9.2%	9.2%	
Segment NBT as % of Operating Revenue [a]	12.4%	11.6%	

(a) The Company uses operating revenue, a non-GAAP financial measure, to evaluate the operating performance of the 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 the operating revenue computation as fuel is largely a pass through to customers for which the Company realizes minimal changes in profitability as a result of fluctuations in fuel services revenue.

(b) Refer to Appendix - FMS Revenue History for additional historical detail.

Fleet Management Solutions (FMS)

($ Millions)

Year-to-Date

	2005	2004	% B/(W)
Full Service Lease	$ 887.2	$ 875.1	1%
Contract Maintenance	67.9	68.1	0%
Contract-related Maintenance	97.9	88.4	11%
Commercial Rental	327.6	298.3	10%
Other	32.1	37.8	(15)%
Operating Revenue [(a)]	1,412.7	1,367.7	3%
Fuel Revenue	481.5	365.9	32%
Total Revenue [(b)]	$ 1,894.2	$ 1,733.6	9%
Segment Net Before Tax Earnings (NBT)	$ 159.8	$ 137.4	16%
Segment NBT as % of Total Revenue	8.4%	7.9%	
Segment NBT as % of Operating Revenue [(a)]	11.3%	10.0%	

(a) The Company uses operating revenue, a non-GAAP financial measure, to evaluate the operating performance of the 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 the operating revenue computation as fuel is largely a pass through to customers for which the Company realizes minimal changes in profitability as a result of fluctuations in fuel services revenue.

(b) Refer to Appendix - FMS Revenue History for additional historical detail.

Supply Chain Solutions (SCS)

($ Millions)

Second Quarter

	2005	2004	% B/(W)
U.S. Operating Revenue			
Automotive, Aerospace & Industrial	$ 112.7	$ 106.5	6%
High Tech & Consumer Industries	61.1	55.9	9%
Transportation Management	6.2	4.9	25%
U.S. Operating Revenue	180.0	167.3	8%
International Operating Revenue	68.3	59.9	14%
Operating Revenue [a]	248.3	227.2	9%
Freight Under Management (FUM)	126.6	99.8	27%
Total Revenue	$ 374.9	$ 327.0	15%
Segment Net Before Tax Earnings (NBT)	$ 8.3	$ 8.7	(4)%
Segment NBT as % of Total Revenue	2.2%	2.7%	
Segment NBT as % of Operating Revenue [a]	3.4%	3.8%	

[a] The Company uses operating revenue, a non-GAAP financial measure, to evaluate the operating performance of the SCS business segment and as a measure of sales activity. FUM expense is deducted from total revenue to arrive at operating revenue as FUM expense is largely a pass through to customers. The Company realizes minimal changes in profitability as a result of fluctuations in FUM expense.

Supply Chain Solutions (SCS)

($ Millions)

Year-to-Date

	2005	2004	% B/(W)
U.S. Operating Revenue			
Automotive, Aerospace & Industrial	$ 218.4	$ 208.8	5%
High Tech & Consumer Industries	119.1	111.4	7%
Transportation Management	12.3	9.2	34%
U.S. Operating Revenue	349.8	329.4	6%
International Operating Revenue	135.9	129.2	5%
Operating Revenue (a)	485.7	458.6	6%
Freight Under Management (FUM)	236.0	189.5	25%
Total Revenue	$ 721.7	$ 648.1	11%
Segment Net Before Tax Earnings (NBT)	$ 14.8	$ 15.9	(7)%
Segment NBT as % of Total Revenue	2.1%	2.5%	
Segment NBT as % of Operating Revenue (a)	3.1%	3.5%	

(a) The Company uses operating revenue, a non-GAAP financial measure, to evaluate the operating performance of the SCS business segment and as a measure of sales activity. FUM expense is deducted from total revenue to arrive at operating revenue as FUM expense is largely a pass through to customers. The Company realizes minimal changes in profitability as a result of fluctuations in FUM expense.

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Dedicated Contract Carriage (DCC)

($ Millions)

Second Quarter

	2005	2004	% B/(W)
Operating Revenue [a]	$ 129.8	$ 123.2	5%
Freight Under Management (FUM)	4.0	2.2	86%
Total Revenue	$ 133.8	$ 125.4	7%
Segment Net Before Tax Earnings (NBT)	$ 9.7	$ 8.3	16%
Segment NBT as % of Total Revenue	7.2%	6.6%	
Segment NBT as % of Operating Revenue [a]	7.4%	6.7%	

[a] The Company uses operating revenue, a non-GAAP financial measure, to evaluate the operating performance of the DCC business segment and as a measure of sales activity. FUM expense is deducted from total revenue to arrive at operating revenue as FUM expense is largely a pass through to customers. The Company realizes minimal changes in profitability as a result of fluctuations in FUM expense.

Dedicated Contract Carriage (DCC)

($ Millions)

Year-to-Date

	2005	2004	% B/(W)
Operating Revenue [a]	$ 254.6	$ 248.3	3%
Freight Under Management (FUM)	7.2	3.5	105%
Total Revenue	$ 261.8	$ 251.8	4%
Segment Net Before Tax Earnings (NBT)	$ 15.5	$ 15.1	3%
Segment NBT as % of Total Revenue	5.9%	6.0%	
Segment NBT as % of Operating Revenue [a]	6.1%	6.1%	

[a] The Company uses operating revenue, a non-GAAP financial measure, to evaluate the operating performance of the DCC business segment and as a measure of sales activity. FUM expense is deducted from total revenue to arrive at operating revenue as FUM expense is largely a pass through to customers. The Company realizes minimal changes in profitability as a result of fluctuations in FUM expense.

Central Support Services (CSS)

($ Millions)

Second Quarter

	2005	2004	% B/(W)
Allocated CSS Costs	$ 42.9	$ 45.8	6%
Unallocated CSS Costs	9.0	7.1	(26)%
Total CSS Costs	$ 51.9	$ 52.9	2%

Central Support Services (CSS)

($ Millions)

Year-to-Date

	2005	2004	% B/(W)
Allocated CSS Costs	$ 85.2	$ 86.9	2%
Unallocated CSS Costs	17.6	14.3	(23)%
Total CSS Costs	$ 102.8	$ 101.2	(2)%

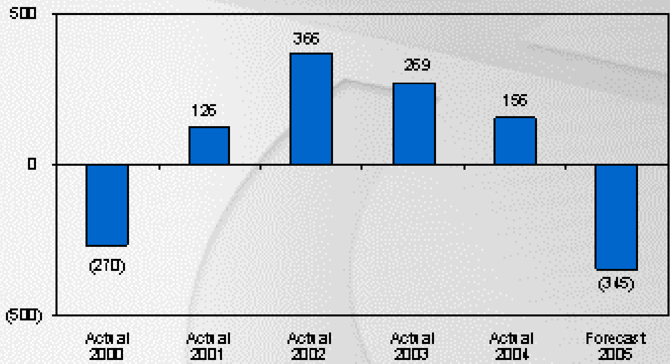
Balance Sheet

($ Millions)

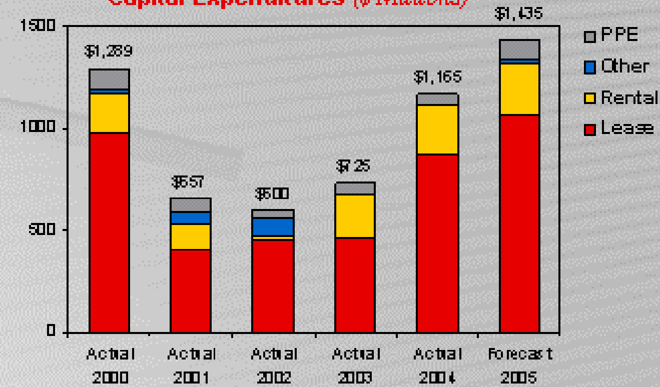
	June 30, 2005	December 31, 2004
Cash and Cash Equivalents	$ 87.3	$ 101.0
Other Current Assets	1,113.0	1,126.7
Revenue Earning Equipment, Net	3,569.9	3,331.7
Operating Property and Equipment, Net	484.5	479.6
Other Assets	589.2	598.9
Total Assets	$5,843.9	$5,637.9
Current Liabilities	$1,095.4	$1,454.8
Long-Term Debt	1,896.5	1,393.7
Other Non-Current Liabilities	1,295.0	1,279.2
Shareholders' Equity	1,557.0	1,510.2
Total Liabilities and Shareholders' Equity	$5,843.9	$5,637.9

Financial Indicators Forecast [1]

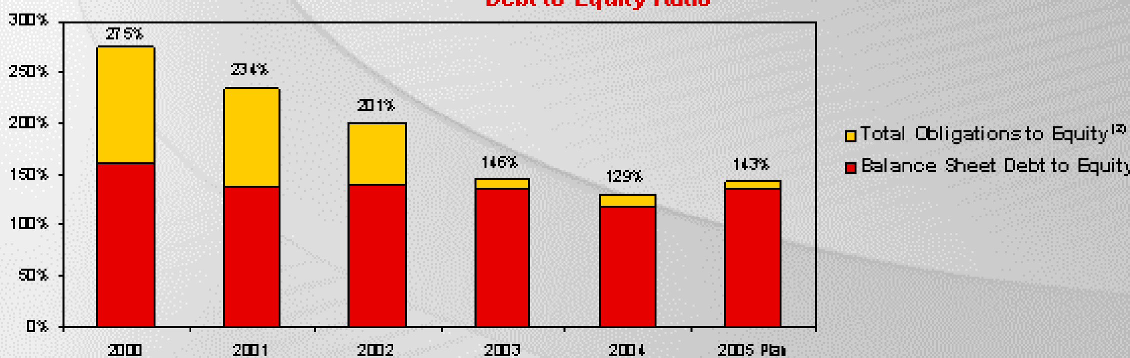
Free Cash Flow [2] *($ Millions)*



Capital Expenditures *($ Millions)*



Debt to Equity Ratio



(1) Free Cash Flow and Debt to Equity include acquisitions. Capital Expenditures exclude acquisitions.
(2) Non-GAAP financial measure; refer to Appendix – Non-GAAP Financial Measures.

FMS Revenue History

($ Millions)

	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Full Year 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Full Year 2004
Full Service Lease	$ 414.7	$ 418.9	$ 417.4	$ 418.0	$ 1,669.0	$ 429.8	$ 445.3	$ 444.0	$ 447.6	$ 1,766.7
Contract Maintenance	42.3	33.3	33.3	33.6	142.5	33.3	34.8	34.5	33.7	136.3
Contract-related Maintenance	41.5	39.7	40.7	41.0	162.9	44.5	44.0	43.1	46.5	178.1
Commercial Rental	118.5	134.7	144.6	142.9	540.7	135.9	162.4	176.7	174.8	649.8
Other	18.0	19.1	19.3	19.5	75.9	19.6	18.1	15.3	16.7	69.7
Operating Revenue	635.0	645.7	655.3	655.0	2,591.0	663.1	704.6	713.6	719.3	2,800.6
Fuel Revenue	176.0	154.4	154.0	156.3	640.7	178.4	187.5	205.1	231.2	802.2
Total Revenue	$ 811.0	$ 800.1	$ 809.3	$ 811.3	$ 3,231.7	$ 841.5	$ 892.1	$ 918.7	$ 950.5	$ 3,602.8

Note: FMS revenue presentation revised to: (1) report both Contract Maintenance and Non-contractual Maintenance individually, and (2) to report trailer pool revenue previously included in the other product line in Full Service Lease and Commercial Rental.

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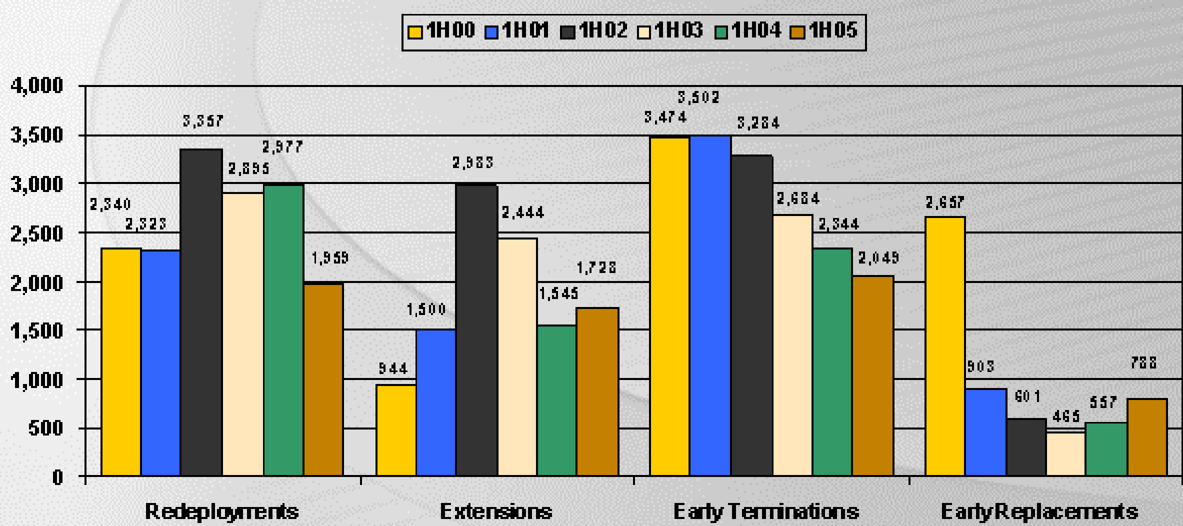
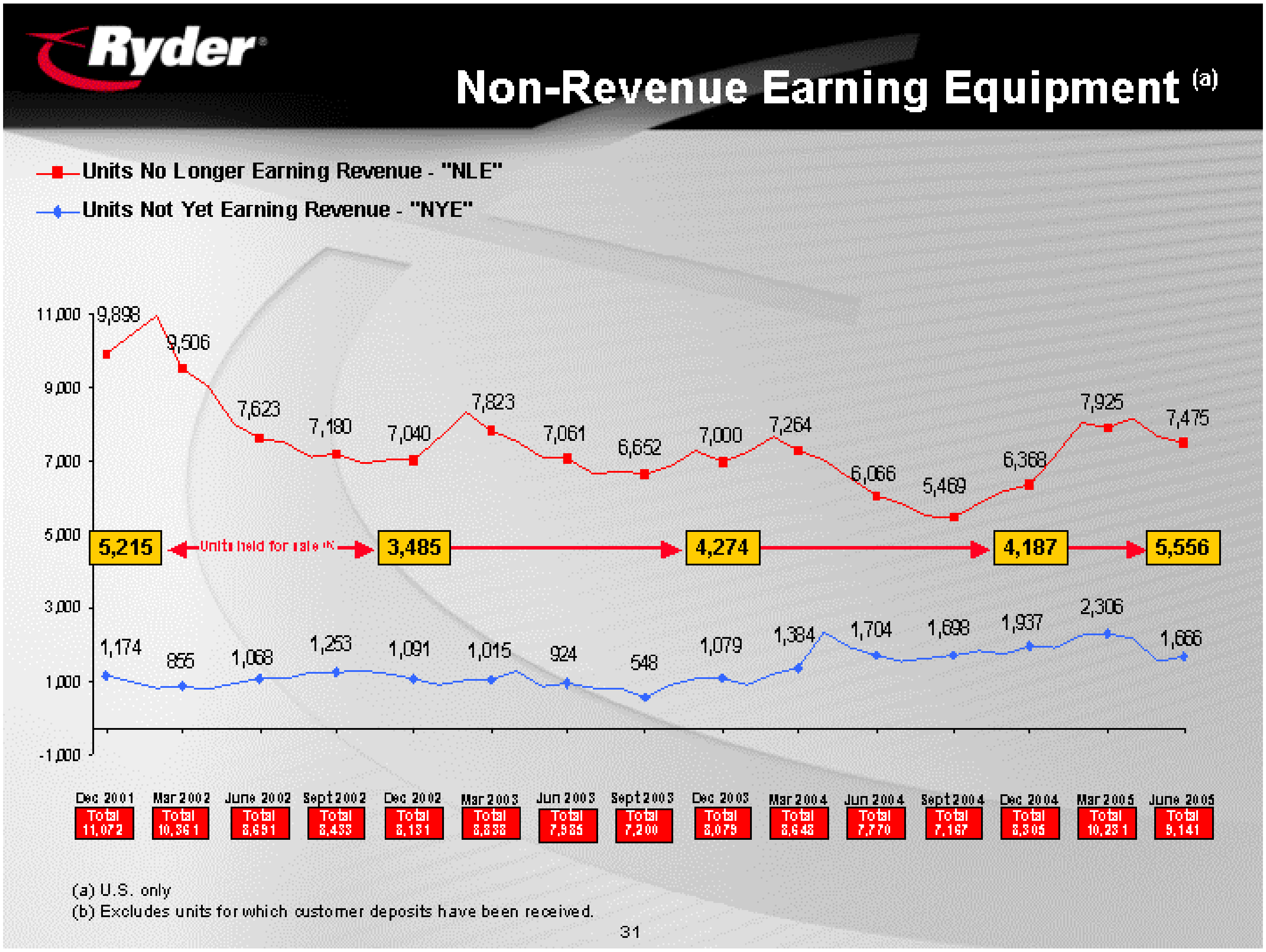
Asset Management Update

- Early terminations down 14% reflecting improved customer retention levels



Note: U.S. only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Non-Revenue Earning Equipment (a)
Units No Longer Earning Revenue - "NLE"
Units Not Yet Earning Revenue - "NYE"
11,000
9,000
7,000
5,000
3,000
1,000
-1,000
9,898
9,506
7,623
7,180
7,040
7,823
7,061
6,652
7,000
7,264
6,066
5,469
6,368
7,925
7,475
5,215
Units held for sale (b)
3,485
4,274
4,187
5,556
1,174
855
1,068
1,253
1,091
1,015
924
548
1,079
1,384
1,704
1,698
1,937
2,306
1,666
Dec 2001 Total 11,072
Mar 2002 Total 10,361
June 2002 Total 8,691
Sept 2002 Total 8,433
Dec 2002 Total 8,131
Mar 2003 Total 8,838
Jun 2003 Total 7,985
Sept 2003 Total 7,200
Dec 2003 Total 8,079
Mar 2004 Total 8,648
Jun 2004 Total 7,770
Sept 2004 Total 7,167
Dec 2004 Total 8,305
Mar 2005 Total 10,231
June 2005 Total 9,141
(a) U.S. only
(b) Excludes units for which customer deposits have been received.
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Non-GAAP Financial Measures

- This presentation includes "non-GAAP financial measures" as defined by SEC rules. 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.

- Specifically, the following non-GAAP financial measures are included in this presentation:

Non-GAAP Financial Measure	Comparable GAAP Measure	Reconciliation & Additional Information Presented on Slide Titled
EPS / Net Earnings Excluding Headquarters Complex Sale and Tax Change	EPS / Net Earnings	Appendix - Net Earnings and EPS Reconciliation
Earnings Before Restructuring and Income Taxes	Net Earnings	Business Segment
Return on Capital	Return on Capital	Appendix - Return on Capital Reconciliation
Free Cash Flow	Cash Provided by Operating Activities	Appendix - Free Cash Flow Reconciliation
Total Obligations	Balance Sheet Debt	Appendix - Debt to Equity Reconciliation
Total Obligations to Equity	Debt to Equity	Appendix - Debt to Equity Reconciliation
FMS Operating Revenue and Segment NBT as % of Operating Revenue	FMS Total Revenue and Segment NBT as % of Total Revenue	Fleet Management Solutions
SCS Operating Revenue and Segment NBT as % of Operating Revenue	SCS Gross Revenue and Segment NBT as % of Total Revenue	Supply Chain Solutions
DCC Operating Revenue and Segment NBT as % of Operating Revenue	DCC Gross Revenue and Segment NBT as % of Total Revenue	Dedicated Contract Carriage
Tax Rate Excluding State Tax Benefit	Tax Rate	Appendix - Tax Rate Reconciliation

Net Earnings and EPS Reconciliation

($ Millions or $ Earnings Per Share)

	2Q05 - Net Earnings	2Q05 - EPS	YTD05 - Net Earnings	YTD05 - EPS*
Net Earnings	$ 63.3	$ 0.98	$ 104.8	$ 1.61
Less: Tax Change	7.6	0.12	7.6	0.12
Net Earnings Excluding Headquarters Complex Sale and Tax Change	$ 55.7	$ 0.86	$ 97.2	$ 1.50

	2Q04 - Net Earnings	2Q04 - EPS	YTD04 - Net Earnings	YTD04 - EPS
Net Earnings	$ 63.6	$ 0.97	$ 98.7	$ 1.50
Less: Gain on Sale of Headquarters, After Tax	14.0	0.21	14.6	0.22
Net Earnings Excluding Headquarters Complex Sale and Tax Change	$ 49.6	$ 0.76	$ 84.1	$ 1.28

* Earnings per share amounts are calculated independently for each component and may not be additive due to rounding

Tax Rate Reconciliation

	2Q05 - Tax Rate	YTD05 - Tax Rate
Tax Rate	30.1%	33.6%
Effect of Net Ohio Tax Change on Tax Rate	8.4%	4.8%
Tax Rate Excluding Net Tax Benefit	38.5%	38.4%

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Return on Capital Reconciliation

($ Millions)

	6/30/05	6/30/04
Earnings Before Cumulative Effect of Change in Accounting Principle (GAAP) [1]	$ 221.7	$ 178.6
Restructuring Charges/(Recoveries), Net	1.3	(18.4)
Income Taxes	109.3	104.6
Earnings Before Net Restructuring, Income Taxes and Cumulative Effect of Change in Accounting Principle	332.3	264.8
Interest Expense	107.3	102.2
Implied Interest Expense from Off-Balance Sheet Debt	7.3	9.5
Adjusted Earnings Before Income Taxes	446.9	376.5
Adjusted Income Taxes	(170.3)	(138.8)
Adjusted Net Earnings (Non-GAAP) [1]	$ 276.6	$ 237.7
Average Total Debt	$ 1,930.1	$ 1,781.5
Average Shareholders' Equity	1,488.3	1,313.5
Total Capital (GAAP)	3,418.4	3,095.0
Average Off-Balance Sheet Debt	164.5	202.0
Adjusted Total Capital (Non-GAAP) [2] [3]	$ 3,582.9	$ 3,297.0
Return on Capital (GAAP)	6.5%	5.8%
Return on Capital (Non-GAAP) [3] [4]	7.7%	7.2%

(1) Adjusted earnings calculated based on a 12-month rolling period.
(2) Average shareholders' equity and average debt are calculated quarterly using a weighted average.
(3) Shareholders' equity reflects impact of accumulated net pension related equity charge of $189 million as of 6/30/05 and $187 million as of 6/30/04.
(4) The Company adopted return on capital, a non-GAAP financial measure, to determine how effectively capital is utilized across the business.

Note: Totals may not foot due to rounding differences.

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Free Cash Flow Reconciliation

($ Millions)

	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	6/30/04	6/30/05
Cash Provided by Operating Activities	$ 1,023	$ 357	$ 615	$ 812	$ 883	$ 396	$ 167
Changes in Balance of Trade Receivables Sold	(270)	235	110	-	-	-	-
Collections of Direct Finance Leases	67	66	66	61	64	31	33
Proceeds from Sales of Assets	230	175	153	223	352	182	173
Capital Expenditures [1]	(1,296)	(704)	(582)	(734)	(1,092)	(510)	(780)
Proceeds from Sale and Leaseback of Assets	-	-	-	-	97	12	-
Acquisitions	(28)	-	-	(97)	(149)	(149)	(15)
Other Investing, Net	4	(3)	4	4	1	-	-
Free Cash Flow [2]	$ (270)	$ 126	$ 366	$ 269	$ 156	$ (38)	$ (422)

[1] Capital expenditures presented net of changes in accounts payable related to purchases of revenue earning equipment.

[2] The Company uses free cash flow, a non-GAAP financial measure, because management considers it to be an important measure of comparative operating performance. Management believes free cash flow provides investors with an important perspective on the cash available for debt service and shareholders after making capital investments required to support ongoing business operations. The calculation of free cash flow may be different from the calculation used by other companies and therefore comparability may be limited.

Debt to Equity Reconciliation

($ Millions)

	12/31/00	% to Equity	12/31/01	% to Equity	12/31/02	% to Equity	12/31/03	% to Equity	12/31/04	% to Equity	6/30/04	% to Equity	6/30/05	% to Equity
Balance Sheet Debt	$2,017	161%	$1,709	139%	$1,552	140%	$1,816	135%	$1,783	118%	$1,881	135%	$2,223	143%
Receivables Sold	345		110		-		-		-		-		-	
PV of minimum lease payments and guaranteed residual values under operating leases for vehicles	879		625		370		153		161		122		146	
PV of contingent rentals under securitizations	209		441		311		-		-		-		-	
Total Obligations (1)	$3,450	275%	$2,885	234%	$2,233	201%	$1,969	146%	$1,944	129%	$2,003	144%	$2,369	152%

(1) The Company uses total obligations and total obligations to equity, non-GAAP financial measures, which include certain off-balance sheet financial obligations relating to revenue earning equipment. Management believes these non-GAAP financial measures are useful to investors as they are more complete measures of the Company's existing financial obligations and help investors better assess the Company's overall leverage position.

Note: In connection with adopting FIN 46 effective July 1, 2003, the Company consolidated the vehicle securitization trusts previously disclosed as off-balance sheet debt.