

RYDER SYSTEM INC

FORM 8-K (Current report filing)

Filed 10/22/13 for the Period Ending 10/22/13

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|-------------|---|
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| Telephone | 3055003726 |
| CIK | 0000085961 |
| Symbol | R |
| SIC Code | 7510 - Automotive Rental And Leasing, Without Drivers |
| Industry | Rental & Leasing |
| Sector | Services |
| Fiscal Year | 12/31 |

**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): October 22, 2013

RYDER SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction
of incorporation)

1-4364
(Commission
File Number)

59-0739250
(I.R.S. Employer
Identification No.)

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

33178
(Zip Code)

Registrant's telephone number, including area code: (305) 500-3726

Not Applicable
(Former name or former address, if changed since last report)

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))
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Item 2.02 Results of Operations and Financial Condition

On October 22, 2013, we issued a press release reporting our financial results for the three and nine months ended September 30, 2013 (the "Press Release"). We also hosted a conference call and webcast on October 22, 2013 during which we made a presentation on our financial results for the three and nine months ended September 30, 2013 (the "Presentation"). The Press Release and the Presentation are available in the Investors area of our website at <http://investors.ryder.com>.

The Press Release and Presentation include information regarding comparable earnings from continuing operations, comparable earnings per share from continuing operations, comparable earnings before income tax and comparable tax rate for both third quarter and year to date 2013 and 2012, which are non-GAAP financial measures as defined by SEC regulations. We believe that these non-GAAP financial measures provide useful information to investors and allow for better year-over-year comparison of operating performance, as the measures exclude non-operating pension costs from our GAAP net earnings from continuing operations, earnings per share from continuing operations, earnings before income tax and tax rate, as we consider non-operating pension costs to be those impacted by financial market performance and outside of the operational performance of the business. These non-GAAP financial measures also exclude, as applicable, (i) a third quarter 2013 pension settlement charge, (ii) third quarter 2013 benefits from Superstorm Sandy recoveries, (iii) a year to date 2013 foreign currency translation benefit, (iv) third quarter 2012 acquisition-related transaction costs, (v) third quarter 2012 charges related to tax law changes, (vi) 2012 tax benefits and (vii) 2013 and 2012 restructuring (recoveries) charges, which are not representative of our ongoing business operations.

Additional information regarding non-GAAP financial measures can be found in the Press Release, the Presentation and our reports filed with the SEC.

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(d) Exhibits

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

| | |
|--------------|--|
| Exhibit 99.1 | Press Release, dated October 22, 2013, relating to Ryder System, Inc.'s financial results for the three and nine months ended September 30, 2013. |
| Exhibit 99.2 | Presentation prepared for a conference call and webcast held on October 22, 2013, relating to Ryder System, Inc.'s financial results for the three and nine months ended September 30, 2013. |

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: October 22, 2013

RYDER SYSTEM, INC.

(Registrant)

By:

/s/ A RT A. G ARCIA

Art A. Garcia

Executive Vice President and

Chief Financial Officer

News Release

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RYDER REPORTS THIRD QUARTER 2013 RESULTS

- *Q3 Comparable EPS from Continuing Operations Increased 7% to \$1.46*
- *Q3 EPS from Continuing Operations Improved 11% to \$1.40*
- *Q3 Operating Revenue Grows 5%; Total Revenue Up 4%*
- *Full-Year 2013 Comparable EPS Forecast Range Narrowed to \$4.78 to \$4.83*

MIAMI, October 22, 2013 - Ryder System, Inc. (NYSE: R), a leader in transportation and supply chain management solutions, today reported earnings per diluted share from continuing operations of \$1.40 for the three-month period ended September 30, 2013, up 11% from \$1.26 in the year-earlier period. Earnings from continuing operations were \$73.9 million, up 15% from \$64.3 million in the year-earlier period. Earnings from continuing operations in the third quarter of 2013 included non-operating pension costs of \$0.06 per diluted share or \$3.0 million. Earnings from continuing operations for the year-earlier period included non-operating pension costs of \$0.09 per diluted share or \$4.8 million, and a charge of \$0.02 per diluted share or \$0.9 million related to tax law changes. Excluding these items and nominal restructuring and other charges, comparable earnings per diluted share from continuing operations for the third quarter of 2013 were \$1.46, up 7% from \$1.37 in the third quarter of 2012. Comparable earnings from continuing operations of \$77.0 million for the third quarter of 2013 were up 9% from \$70.4 million in the year-earlier period. The increase in comparable earnings reflects improved performance in both business segments, Supply Chain Solutions (SCS) and Fleet Management Solutions (FMS).

Total revenue for the third quarter of 2013 was \$1.63 billion, up 4% from \$1.57 billion in the same period last year. Operating revenue (revenue excluding FMS fuel and all subcontracted transportation) was \$1.34 billion, up 5% compared with \$1.28 billion in the year-earlier period,

reflecting new business and higher volumes in SCS, as well as full service lease growth. FMS total and operating revenue increased 2% and 3%, respectively, due primarily to higher full service lease revenue. SCS total and operating revenue increased 8% and 9%, respectively, due to new business and higher volumes.

Ryder Chairman and Chief Executive Officer Robert Sanchez commented, "Ryder's performance in the third quarter was generally in line with our expectations. We are pleased with the strong revenue and earnings growth from our Supply Chain Solutions business, especially the double-digit revenue growth from our dedicated services offering.

"Our Fleet Management Solutions business continued to deliver solid commercial rental results, driven by strong utilization and higher pricing. Used vehicle sales pricing and volumes also remained strong. Our inventory of used vehicles dropped to the lowest levels since 2011 and is approaching our target range. We continue to see strong replacement activity in full service lease and improved new sales, which drove our lease fleet count above our earlier expectations. Fleet Management Solutions results were negatively impacted by lower performance in the U.K., primarily in rental and some one-time charges. Our balance sheet remains strong and, as expected, our leverage declined in the quarter to the mid-point of our target range."

Business Segment Operating Results

Fleet Management Solutions

In the FMS business segment, total revenue in the third quarter of 2013 was \$1.14 billion, up 2% compared with the year-earlier period, due to higher operating revenue. Fuel services revenue was in line with the prior year. Operating revenue (revenue excluding fuel) increased 3% to \$872.2 million. Full service lease revenue increased 3% due primarily to higher prices on replacement vehicles. The average number of full service lease vehicles declined 1% from the year-earlier period, reflecting the anticipated non-renewal of certain low-margin trailers in the U.K., the impact of economic uncertainty, and more efficient redeployment of off-lease vehicles. The quarter-end lease fleet grew sequentially versus last quarter, reflecting stronger than expected sales activity. Commercial rental revenue increased 3% reflecting increased global pricing and increased demand in the U.S., partially offset by lower demand in the U.K.

FMS earnings before tax were \$96.4 million in the third quarter of 2013, up 2% compared with \$94.3 million in the same period of 2012. Earnings in North America increased due to strong commercial rental performance and better full service lease results. Stronger North American results were partially offset by lower earnings in the U.K., including weaker demand and one-time charges. Full service lease results benefited from depreciation changes associated with increased residual values, as well as higher per-vehicle pricing reflecting new engine technology. Commercial rental performance improved as a result of higher pricing and improved utilization on a smaller average fleet, partially offset by lower performance in the U.K. Rental power fleet utilization was 79.7% for the third quarter of 2013, up from 77.4% in the year-earlier period. Used vehicle sales results improved modestly with stable pricing. Used vehicle inventories declined sequentially by 15% to 8,200 units, which is near Ryder's target range of 6,000 to 8,000 vehicles. In addition, the Company incurred higher costs from planned strategic investments, primarily in new product development and customer-facing information technology. FMS earnings before tax (EBT) as a percentage of operating revenue remained at 11.1% in the third quarter of 2013, compared to the same quarter a year ago. Improved U.S. results were offset by lower performance in the U.K., which negatively impacted EBT percentage by 60 basis points.

Supply Chain Solutions

In the SCS business segment, third quarter 2013 total revenue was \$610.8 million, up 8% compared with the same period of 2012, as higher operating revenue offset lower subcontracted transportation. Operating revenue (revenue excluding subcontracted transportation) was \$528.3 million, up 9% compared with the same quarter a year ago. SCS operating revenue grew as a result of new sales and higher volumes. The Company saw strong growth in industrial, consumer packaged goods/retail, and high tech industry vertical groups. In particular, dedicated services saw strong double-digit growth, driven by increased customer outsourcing activity.

SCS earnings before tax were \$38.5 million in the third quarter of 2013, up 21% from \$31.9 million in the same quarter of 2012. Earnings benefited from new business and higher volumes. SCS earnings before tax as a percentage of operating revenue were 7.3% in the third quarter of 2013, up from 6.6% 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. Most CSS costs are allocated to the business segments. In the third quarter of 2013, CSS costs were \$51.2 million, up from \$48.4 million in the year-earlier period, primarily driven by planned higher investments in information technology.

Items Excluded from Comparable Earnings

Non-operating components of pension costs are excluded from both comparable earnings and segment earnings before tax in order to more accurately reflect the operating performance of the business. Non-operating pension costs totaled \$5.1 million (\$3.0 million after tax) or \$0.06 per diluted share in the third quarter of 2013, down from \$7.9 million (\$4.8 million after tax) or \$0.09 per diluted share in the year-earlier period. This decrease primarily reflects the benefit of higher pension asset returns in 2012, as well as contributions, partially offset by a lower discount rate.

Third quarter 2013 results also included other net charges of \$0.4 million (\$0.2 million after tax) primarily associated with a multi-employer pension settlement charge, partially offset by recoveries from Superstorm Sandy losses related to customer-owned vehicles. Third quarter 2012 results also included other net charges of \$0.4 million (\$0.3 million after tax) primarily associated with acquisition-related transaction costs.

Income Taxes

The Company's effective income tax rate from continuing operations for the third quarter of 2013 was 33.7% of pre-tax earnings compared with 35.6% in the year-earlier period. The decline in the tax rate is due to a 2012 tax law change in the U.K., which increased prior-year income taxes by \$0.9 million (0.9% of pre-tax earnings) and reduced earnings per share by \$0.02. The comparable tax rate, which is calculated based on comparable pre-tax earnings, was 34.1% for the third quarter of 2013, compared with 34.9% in the year-earlier period. The decrease in the comparable tax rate was due to a higher proportionate amount of 2013 earnings in lower tax rate jurisdictions.

Capital Expenditures

Year-to-date 2013 capital expenditures from continuing operations decreased to \$1.50 billion, compared with \$1.72 billion in the same period of 2012. Net capital expenditures (including proceeds from the sale of assets) from continuing operations were \$1.16 billion, down from \$1.28 billion in the same period of 2012. The decrease in capital expenditures primarily reflects lower planned investments in the commercial rental fleet.

The Company now expects full-year 2013 capital expenditures from continuing operations to be approximately \$2.1 billion, up from a prior forecast of \$1.8 to \$1.9 billion. This increase is the result of a greater number of new vehicles being used to fulfill full service lease sales and higher lease sales than previously forecasted.

Cash Flow

Operating cash flow from continuing operations through September 30, 2013 was \$890 million, up from \$768 million in the same period of 2012 due to lower working capital needs and higher earnings. Total cash generated (including proceeds from used vehicle sales) from continuing operations through September 30, 2013 was \$1.29 billion, compared with \$1.26 billion in the same period of 2012, as improved operating cash flow was offset by the impact of a sale-leaseback transaction in the prior year. As anticipated, free cash flow from continuing operations through September 30, 2013 was negative \$206 million, up from a negative \$436 million for the same period of 2012, due primarily to higher cash flows from operations and lower cash payments for commercial rental capital spending.

The Company now expects full-year 2013 free cash flow to be approximately negative \$350 million, down from prior expectations of approximately negative \$190 million. The decline is due to increased capital expenditures for full service lease vehicle purchases.

Leverage

Balance sheet debt as of September 30, 2013 increased by \$216 million compared with year-end 2012, resulting from negative free cash flow. Balance sheet debt to equity as of September 30, 2013 was 244% compared with 260% at year-end 2012. Total obligations to

equity as of September 30, 2013 were 251% compared with 270% at year-end 2012. Total obligations to equity remain within Ryder's long-term target range of 225% to 275%.

2013 Outlook

Commenting on Ryder's outlook, Mr. Sanchez said, "In the third quarter, we delivered solid earnings and revenue growth despite an uncertain economic environment. We expect these operating trends to continue in the fourth quarter. We expect our Supply Chain Solutions business to continue to grow, driven by strong new sales and customer volumes. In particular, we anticipate strong ongoing performance in dedicated services driven by both secular outsourcing trends and our sales initiatives. In Fleet Management Solutions, commercial rental and used vehicle sales trends are expected to continue at current strong levels.

"We are encouraged by recent Fleet Management Solutions sales activity, including our traditional full service lease product and new offerings such as on-demand maintenance. In light of improved full service lease sales, we now anticipate our lease fleet will continue to grow over the balance of the year and end well above our mid-year forecast. This fleet growth will primarily benefit 2014 earnings. Although we are realizing maintenance cost benefits from a younger lease fleet, similar to other fleet owners, we continue to face higher maintenance costs associated with new vehicle technology. However, we continue to make progress on maintenance initiatives designed to manage these costs. Based on our current sales activity, we are increasingly confident that the cost and complexity of these new engine technologies will drive more customer outsourcing activity over time.

"Ryder's improved operating performance will continue to be partially offset by a higher share count. The higher share count, which primarily reflects increased issuances from employee stock plans, is expected to negatively impact full-year earnings by approximately \$0.12 per share, compared with the original plan of \$0.06 per share. Considering the continued solid revenue and earnings performance in both segments, partially offset by the impact of our U.K. operations and a higher share count, we have established a fourth quarter earnings forecast range of \$1.25 to \$1.30 per share. This results in a full-year 2013 comparable earnings per share forecast of \$4.78 to \$4.83, narrowed from a previous range of \$4.75 to \$4.85."

Supplemental Company Information

Third Quarter Net Earnings

Net earnings per diluted share (including discontinued operations) for the three-month period ended September 30, 2013 were \$1.35 versus \$1.47 in the year-earlier period. Earnings per diluted share from discontinued operations (previously announced in 2009) totaled a loss of \$0.05 (\$2.8 million) in the third quarter of 2013, compared with earnings of \$0.21 (\$10.8 million) in the same period of the prior year. In the third quarter of 2013, the Company settled an unfavorable tax claim related to discontinued operations for \$2.3 million. In the prior year, the Company recognized a tax benefit of \$11.3 million from discontinued operations related to the lapse of a statute of limitation. Net earnings for the third quarter of 2013 were \$71.1 million versus \$75.1 million in the year-earlier period.

Year-to-Date Operating Results

Total revenue for the nine months ended September 30, 2013, was \$4.80 billion, up 3% from \$4.67 billion in the same period of 2012. Operating revenue (revenue excluding FMS fuel and all subcontracted transportation) for the first nine months of 2013 was \$3.93 billion, up 4% from \$3.78 billion in the first nine months of 2012. Ryder's 2013 year-to-date earnings from continuing operations were \$177.3 million, up 21% compared with \$146.0 million in the year-earlier period. Earnings per diluted share from continuing operations were \$3.39 for the first nine months of 2013, up 19% compared with \$2.84 for the same period of 2012. Comparable 2013 year-to-date earnings from continuing operations of \$184.5 million increased 14% from \$161.9 million in the year-earlier period. Comparable earnings per diluted share from continuing operations for the first nine months of 2013 were \$3.53, up 12% from \$3.15 in the same period of 2012.

Net earnings per diluted share (including discontinued operations) for the nine-month period ended September 30, 2013 were \$3.31 versus \$3.04 in the year-earlier period. Year-to-date earnings per diluted share from discontinued operations (previously announced in 2009) totaled a loss of \$0.08 in 2013, compared with earnings of \$0.20 in the same period of the prior year. Year-to-date net earnings were \$173.2 million in 2013 versus \$156.1 million in the year-earlier period.

Business Description

Ryder System, Inc. is a FORTUNE 500® commercial transportation, logistics and supply chain solutions company. Ryder's stock (NYSE: R) is a component of the Dow Jones Transportation Average and the Standard & Poor's 500 Index. The Company's financial performance is reported in the following two, inter-related business segments:

- **Fleet Management Solutions** - Ryder's FMS business segment provides one-stop outsourcing of a range of solutions for commercial truck fleet operators, including vehicle maintenance, leasing and rental, used vehicle sales, as well as services such as roadside assistance, fueling, safety and financing options.
- **Supply Chain Solutions** - Ryder's SCS business segment offers a broad range of innovative solutions designed to optimize day-to-day logistics operations and synchronize the supply of parts and finished goods with customer demand. Solutions are strategically engineered to address customer requirements, and include lead logistics management, dedicated services, warehousing, transportation management, packaging, and other value-added services.

Notations

Earnings Before Tax (EBT) : Ryder's primary measurement of business segment financial performance, earnings before tax (EBT), allocates Central Support Services to each business segment and excludes restructuring and other items, as well as non-operating pension costs.

Capital Expenditures: In Ryder's business, capital expenditures are generally used to purchase revenue earning equipment (trucks, tractors, and trailers) primarily to support the full service lease product line and secondarily to support the commercial rental product line within Ryder's FMS business segment. The level of capital required to support the full service lease product line varies directly with customer contract signings for replacement vehicles and growth. These contracts are long-term agreements that result in ongoing revenues and cash flows to Ryder, typically over a three- to ten-year term. 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.

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, including our expectations regarding revenue and earnings growth, maintenance costs (including the benefits of a younger fleet and planned maintenance initiatives to offset higher costs of new vehicle technology), rental demand and utilization, used vehicle pricing, benefits from new product initiatives, negative impacts of lower U.K. performance and a higher share count, and about the economic trends that may affect our future operations and financial performance. 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, changes in commercial rental demand, lower than expected lease sales, fluctuations in market demand for used vehicles impacting inventory levels, pricing and our anticipated proportion of retail versus wholesale sales, higher than expected maintenance costs, lower than expected benefits from maintenance initiatives, a further slowdown of the economic recovery, decreases in freight demand or volumes, our ability to obtain adequate profit margins for our services, our inability to maintain current pricing levels due to soft economic conditions, further decline in economic and market conditions in the U.K., competition from other service providers, customer retention levels, loss of key customers, unexpected bad debt reserves or write-offs, changes in customers' business environments that will limit their ability to commit to long-term vehicle leases, a decrease in credit ratings, increased debt costs, adequacy of accounting estimates, reserves and accruals particularly with respect to pension, taxes, insurance and revenue, sudden or unusual changes in fuel prices, our ability to manage our cost structure, and the risks described in our filings with the Securities and Exchange Commission. 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 our business. Accordingly, we undertake 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 includes certain non-GAAP financial measures as defined under SEC rules, including comparable earnings from continuing operations, comparable tax rate, operating revenue, total cash generated, free cash flow, total obligations, and the ratios based on these financial measures, as well as the other financial measures identified in the tables following this release. Additional information as required by Regulation G regarding non-GAAP financial measures can be found in the tables following this release, our investor presentation for the quarter, our most recent Form 10-K, Form 10-Q and our Form 8-K filed as of the date of this news release with the SEC, which are available in the Investors area of our website at <http://investors.ryder.com> .*

Beginning in 2013, comparable earnings and the other financial measures and ratios derived from comparable earnings will exclude non-operating pension costs.

Conference Call and Webcast Information:

Ryder's earnings conference call and webcast is scheduled for Tuesday, October 22, 2013, from 11:00 a.m. to 12:00 noon Eastern Time. Speakers will be Chairman and Chief Executive Officer Robert Sanchez, and Executive Vice President and Chief Financial Officer Art Garcia.

- **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: RH7751243** and **Passcode: RYDER** .

- **To access audio replays of the conference and view a presentation of Ryder’s earnings results:** Dial **1-888-568-0361** (**outside U.S. dial 1-203-369-3911**), then view the presentation by visiting the Investors area of Ryder’s website at <http://investors.ryder.com> . A podcast of the call will also be available online within 24 hours after the end of the call at <http://investors.ryder.com> .

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RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS - UNAUDITED

Periods ended September 30, 2013 and 2012

(In millions, except per share amounts)

| | Three Months | | Nine Months | |
|---|----------------|----------------|-----------------|----------------|
| | 2013 | 2012 | 2013 | 2012 |
| Lease and rental revenues | \$ 709.0 | 693.9 | \$ 2,056.8 | 2,007.4 |
| Services revenue | 718.3 | 667.4 | 2,115.4 | 2,021.3 |
| Fuel services revenue | 207.2 | 212.0 | 629.3 | 644.8 |
| Total revenues | <u>1,634.5</u> | <u>1,573.3</u> | <u>4,801.6</u> | <u>4,673.4</u> |
| Cost of lease and rental | 486.2 | 481.2 | 1,429.8 | 1,414.5 |
| Cost of services | 597.9 | 557.5 | 1,775.6 | 1,697.8 |
| Cost of fuel services | 203.4 | 207.7 | 618.3 | 632.6 |
| Other operating expenses | 32.7 | 33.0 | 104.0 | 100.9 |
| Selling, general and administrative expenses | 195.2 | 183.7 | 580.9 | 568.0 |
| Gains on vehicle sales, net | (22.5) | (23.1) | (68.7) | (67.7) |
| Interest expense | 34.0 | 34.9 | 102.3 | 105.3 |
| Miscellaneous income, net | (3.4) | (1.4) | (11.6) | (7.2) |
| Restructuring and other (recoveries) charges, net | (0.3) | 0.1 | (0.3) | 8.1 |
| | <u>1,523.1</u> | <u>1,473.5</u> | <u>4,530.3</u> | <u>4,452.2</u> |
| Earnings from continuing operations before income taxes | 111.4 | 99.8 | 271.3 | 221.3 |
| Provision for income taxes | 37.5 | 35.5 | 94.0 | 75.3 |
| Earnings from continuing operations | 73.9 | 64.3 | 177.3 | 146.0 |
| (Loss) earnings from discontinued operations, net of tax | (2.8) | 10.8 | (4.1) | 10.2 |
| Net earnings | <u>\$ 71.1</u> | <u>75.1</u> | <u>\$ 173.2</u> | <u>156.1</u> |
| Earnings (loss) per common share - Diluted | | | | |
| Continuing operations | \$ 1.40 | 1.26 | \$ 3.39 | 2.84 |
| Discontinued operations | (0.05) | 0.21 | (0.08) | 0.20 |
| Net earnings | <u>\$ 1.35</u> | <u>1.47</u> | <u>\$ 3.31</u> | <u>3.04</u> |
| Earnings per share information - Diluted | | | | |
| Earnings from continuing operations | \$ 73.9 | 64.3 | \$ 177.3 | 146.0 |
| Less: Distributed and undistributed earnings allocated to nonvested stock | (0.6) | (0.8) | (1.6) | (1.9) |
| Earnings from continuing operations available to common stockholders | <u>\$ 73.2</u> | <u>63.5</u> | <u>\$ 175.6</u> | <u>144.1</u> |
| Weighted-average shares outstanding - Diluted | <u>52.2</u> | <u>50.6</u> | <u>51.8</u> | <u>50.7</u> |
| Memo: | | | | |
| Depreciation expense | \$ 241.8 | 238.4 | \$ 707.8 | 698.5 |
| Subcontracted transportation | <u>\$ 82.4</u> | <u>78.1</u> | <u>\$ 246.4</u> | <u>249.9</u> |
| Comparable earnings per share from continuing operations: * | | | | |
| EPS from continuing operations | \$ 1.40 | 1.26 | \$ 3.39 | 2.84 |
| Non-operating pension costs | 0.06 | 0.09 | 0.18 | 0.28 |
| Pension settlement charge | 0.01 | — | 0.01 | — |
| Foreign currency translation benefit | — | — | (0.04) | — |
| Superstorm Sandy recoveries | (0.01) | — | (0.01) | — |
| Tax charge/(benefits) | — | 0.02 | — | (0.08) |
| Restructuring and other charges | — | — | — | 0.11 |
| Comparable EPS from continuing operations | <u>\$ 1.46</u> | <u>1.37</u> | <u>\$ 3.53</u> | <u>3.15</u> |

* Non-GAAP financial measure.

Note: Amounts may not be additive due to rounding.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS - UNAUDITED
(Dollars in millions)

| | September 30, 2013 | December 31, 2012 |
|---|--------------------|-------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 74.9 | 66.4 |
| Other current assets | 1,024.6 | 973.8 |
| Revenue earning equipment, net | 6,172.8 | 5,754.6 |
| Operating property and equipment, net | 626.2 | 624.9 |
| Other assets | 909.3 | 899.3 |
| | <u>\$ 8,807.8</u> | <u>8,319.0</u> |
| Liabilities and shareholders' equity: | | |
| Short-term debt and current portion of long-term debt | \$ 351.0 | 368.0 |
| Other current liabilities | 923.3 | 904.7 |
| Long-term debt | 3,686.0 | 3,452.8 |
| Other non-current liabilities (including deferred income taxes) | 2,192.0 | 2,126.0 |
| Shareholders' equity | 1,655.5 | 1,467.5 |
| | <u>\$ 8,807.8</u> | <u>8,319.0</u> |

SELECTED KEY RATIOS AND METRICS

| | September 30, 2013 | December 31, 2012 |
|--|--------------------|-------------------|
| Debt to equity | 244% | 260% |
| Total obligations to equity * | 251% | 270% |
| Effective interest rate (average cost of debt) | 3.4% | 3.8% |

| | Nine months ended September 30, | |
|--|---------------------------------|----------------|
| | 2013 | 2012 |
| Cash provided by operating activities from continuing operations | \$ 890.0 | 767.5 |
| Free cash flow * | (206.2) | (436.1) |
| Capital expenditures paid | 1,495.8 | 1,694.8 |
| Capital expenditures (accrual basis) | \$ 1,497.5 | 1,716.8 |
| Less: Proceeds from sales (primarily revenue earning equipment) | (336.6) | (309.9) |
| Less: Sale and leaseback of revenue earning equipment | — | (130.2) |
| Net capital expenditures | <u>\$ 1,160.9</u> | <u>1,276.7</u> |

| | Twelve months ended September 30, | |
|--|-----------------------------------|-------|
| | 2013 | 2012 |
| Return on average shareholders' equity | 19.9% | 14.7% |
| Return on average assets | 2.7% | 2.6% |
| Adjusted return on capital * | 5.7% | 5.6% |
| Weighted average cost of capital | 4.7% | 4.9% |

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

Note: Amounts may not be additive due to rounding.

RYDER SYSTEM, INC. AND SUBSIDIARIES
BUSINESS SEGMENT REVENUE AND EARNINGS - UNAUDITED
Periods ended September 30, 2013 and 2012
(Dollars in millions)

| | Three Months | | | Nine Months | | |
|---|-------------------|----------------|-------------|-------------------|----------------|-------------|
| | 2013 | 2012 | B(W) | 2013 | 2012 | B(W) |
| Revenue: | | | | | | |
| Fleet Management Solutions: | | | | | | |
| Full service lease | \$ 548.3 | 533.4 | 3 % | \$ 1,622.0 | 1,565.5 | 4 % |
| Contract maintenance | 45.5 | 47.1 | (3)% | 136.9 | 140.6 | (3)% |
| Contractual revenue | 593.9 | 580.5 | 2 % | 1,758.9 | 1,706.1 | 3 % |
| Contract-related maintenance | 49.9 | 44.4 | 12 % | 155.3 | 137.4 | 13 % |
| Commercial rental | 210.7 | 205.4 | 3 % | 580.3 | 575.4 | 1 % |
| Other | 17.7 | 17.8 | — % | 54.2 | 52.9 | 3 % |
| Fuel | 266.0 | 267.3 | — % | 810.4 | 816.0 | (1)% |
| Total Fleet Management Solutions | 1,138.2 | 1,115.4 | 2 % | 3,359.2 | 3,287.6 | 2 % |
| Supply Chain Solutions | 610.8 | 563.2 | 8 % | 1,784.4 | 1,705.3 | 5 % |
| Eliminations | (114.4) | (105.2) | (9)% | (342.1) | (319.5) | (7)% |
| Total revenue | <u>\$ 1,634.5</u> | <u>1,573.3</u> | <u>4 %</u> | <u>\$ 4,801.6</u> | <u>4,673.4</u> | <u>3 %</u> |
| Operating Revenue: * | | | | | | |
| Fleet Management Solutions | \$ 872.2 | 848.1 | 3 % | \$ 2,548.8 | 2,471.7 | 3 % |
| Supply Chain Solutions | 528.3 | 485.1 | 9 % | 1,538.0 | 1,455.4 | 6 % |
| Eliminations | (55.7) | (49.9) | (11)% | (161.0) | (148.3) | (8)% |
| Total operating revenue | <u>\$ 1,344.9</u> | <u>1,283.2</u> | <u>5 %</u> | <u>\$ 3,925.8</u> | <u>3,778.8</u> | <u>4 %</u> |
| Business segment earnings: | | | | | | |
| Earnings from continuing operations before income taxes: | | | | | | |
| Fleet Management Solutions | \$ 96.4 | 94.3 | 2 % | \$ 245.8 | 221.6 | 11 % |
| Supply Chain Solutions | 38.5 | 31.9 | 21 % | 95.0 | 84.2 | 13 % |
| Eliminations | (8.0) | (6.9) | (16)% | (23.7) | (20.6) | (15)% |
| | 126.9 | 119.3 | 6 % | 317.1 | 285.1 | 11 % |
| Unallocated Central Support Services | (10.1) | (11.1) | 10 % | (32.0) | (31.8) | (1)% |
| Non-operating pension costs | (5.1) | (7.9) | 35 % | (15.3) | (23.6) | 35 % |
| Restructuring and other (recoveries) charges, net and other items | (0.4) | (0.4) | NM | 1.5 | (8.4) | NM |
| Earnings from continuing operations before income taxes | 111.4 | 99.8 | 12 % | 271.3 | 221.3 | 23 % |
| Provision for income taxes | 37.5 | 35.5 | (6)% | 94.0 | 75.3 | (25)% |
| Earnings from continuing operations | <u>\$ 73.9</u> | <u>64.3</u> | <u>15 %</u> | <u>\$ 177.3</u> | <u>146.0</u> | <u>21 %</u> |

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

Note: Amounts may not be additive due to rounding.

RYDER SYSTEM, INC. AND SUBSIDIARIES
BUSINESS SEGMENT INFORMATION - UNAUDITED
Periods ended September 30, 2013 and 2012
(Dollars in millions)

| | Three Months | | | Nine Months | | |
|--|--------------|---------|------|-------------|---------|-------|
| | 2013 | 2012 | B(W) | 2013 | 2012 | B(W) |
| Fleet Management Solutions | | | | | | |
| Total revenue | \$ 1,138.2 | 1,115.4 | 2 % | \$ 3,359.2 | 3,287.6 | 2 % |
| Fuel revenue | (266.0) | (267.3) | — % | (810.4) | (816.0) | (1)% |
| Operating revenue * | \$ 872.2 | 848.1 | 3 % | \$ 2,548.8 | 2,471.7 | 3 % |
| Segment earnings before income taxes | \$ 96.4 | 94.3 | 2 % | \$ 245.8 | 221.6 | 11 % |
| Earnings before income taxes as % of total revenue | 8.5% | 8.5% | | 7.3% | 6.7% | |
| Earnings before income taxes as % of operating revenue * | 11.1% | 11.1% | | 9.6% | 9.0% | |
| Supply Chain Solutions | | | | | | |
| Total revenue | \$ 610.8 | 563.2 | 8 % | \$ 1,784.4 | 1,705.3 | 5 % |
| Subcontracted transportation | (82.4) | (78.1) | 6 % | (246.4) | (249.9) | (1)% |
| Operating revenue * | \$ 528.3 | 485.1 | 9 % | \$ 1,538.0 | 1,455.4 | 6 % |
| Segment earnings before income taxes | \$ 38.5 | 31.9 | 21 % | \$ 95.0 | 84.2 | 13 % |
| Earnings before income taxes as % of total revenue | 6.3% | 5.7% | | 5.3% | 4.9% | |
| Earnings before income taxes as % of operating revenue * | 7.3% | 6.6% | | 6.2% | 5.8% | |
| Memo: | | | | | | |
| Dedicated services operating revenue * | \$ 309.2 | 282.1 | 10 % | \$ 902.3 | 848.0 | 6 % |
| Dedicated services subcontracted transportation | 34.0 | 34.8 | (2)% | 104.4 | 124.3 | (16)% |
| Dedicated services total revenue | 343.3 | 316.9 | 8 % | 1,006.8 | 972.3 | 4 % |
| Fuel costs | \$ 67.1 | 62.4 | (8)% | \$ 202.2 | 193.0 | (5)% |

* Non-GAAP financial measure.

Note: Amounts may not be additive due to rounding.

RYDER SYSTEM, INC. AND SUBSIDIARIES
BUSINESS SEGMENT INFORMATION - UNAUDITED
KEY PERFORMANCE INDICATORS

| | Three months ended September 30, | | Nine months ended September 30, | | Change 2013/2012 | |
|---|----------------------------------|---------|---------------------------------|---------|------------------|-------------|
| | 2013 | 2012 | 2013 | 2012 | Three Months | Nine Months |
| | | | | | | |
| Full service lease | | | | | | |
| Average fleet count | 120,700 | 122,100 | 121,200 | 121,800 | (1)% | —% |
| End of period fleet count | 120,800 | 122,700 | 120,800 | 122,700 | (2)% | (2)% |
| Miles/unit per day change - % ^(a) | 1.9 % | 1.9 % | 2.6 % | 1.1% | | |
| Commercial rental | | | | | | |
| Average fleet count | 38,300 | 40,000 | 37,500 | 40,600 | (4)% | (8)% |
| End of period fleet count | 38,500 | 39,200 | 38,500 | 39,200 | (2)% | (2)% |
| Rental utilization - power units | 79.7 % | 77.4 % | 78.0 % | 73.8% | 230 bps | 420 bps |
| Rental rate change - % ^(b) | 3.9 % | 3.3 % | 2.6 % | 3.2% | | |
| Customer vehicles under contract maintenance | | | | | | |
| Average fleet count | 37,400 | 36,700 | 37,700 | 36,100 | 2% | 4% |
| End of period fleet count | 37,700 | 37,000 | 37,700 | 37,000 | 2% | 2% |
| SCS | | | | | | |
| Average fleet count ^(c) | 12,100 | 11,500 | 12,100 | 11,500 | 5% | 5% |
| Used vehicle sales (UVS) | | | | | | |
| Average UVS inventory | 8,800 | 9,300 | 9,500 | 8,600 | (5)% | 10% |
| End of period fleet count | 8,200 | 9,100 | 8,200 | 9,100 | (10)% | (10)% |
| Used vehicles sold | 5,800 | 5,800 | 17,600 | 16,700 | —% | 5% |
| UVS pricing change - % ^(d) | | | | | | |
| Tractors | (6)% | (2)% | (5)% | 4% | | |
| Trucks | 9 % | (4)% | 5 % | 2% | | |

Notes:

- (a) Represents the percentage change compared to prior year period in miles driven per vehicle per workday on US lease power units.
- (b) Represents percentage change compared to prior year period in average global rental rate per day on power units using constant currency.
- (c) These vehicle counts are also included within the average fleet counts for full service lease and commercial rental.
- (d) Represents percentage change compared to prior year period in average sales proceeds on used vehicle sales using constant currency.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NON-GAAP FINANCIAL MEASURE RECONCILIATIONS - UNAUDITED
(Dollars in millions)

OPERATING REVENUE RECONCILIATION

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|----------------------------------|----------------|---------------------------------|----------------|
| | 2013 | 2012 | 2013 | 2012 |
| Total revenue | \$ 1,634.5 | 1,573.3 | \$ 4,801.6 | 4,673.4 |
| Fuel services and subcontracted transportation revenue | (348.4) | (345.4) | (1,056.9) | (1,065.9) |
| Fuel eliminations | 58.8 | 55.3 | 181.1 | 171.2 |
| Operating revenue * | <u>\$ 1,344.9</u> | <u>1,283.2</u> | <u>\$ 3,925.8</u> | <u>3,778.8</u> |

DEBT TO EQUITY RECONCILIATION

| | September 30, 2013 | % to Equity | December 31, 2012 | % to Equity |
|---|--------------------|-------------|-------------------|-------------|
| On-balance sheet debt | \$ 4,037.0 | 244% | \$ 3,820.8 | 260% |
| Off-balance sheet debt - PV of minimum lease payments and guaranteed residual values under operating leases for vehicles ^(a) | <u>118.2</u> | | <u>148.0</u> | |
| Total obligations * | <u>\$ 4,155.2</u> | 251% | <u>\$ 3,968.8</u> | 270% |

CASH FLOW RECONCILIATION

| | Nine months ended September 30, | |
|--|---------------------------------|----------------|
| | 2013 | 2012 |
| Net cash provided by operating activities from continuing operations | \$ 890.0 | 767.5 |
| Proceeds from sales (primarily revenue earning equipment) | 336.6 | 309.9 |
| Sale and leaseback of revenue earning equipment | — | 130.2 |
| Collections on direct finance leases | 54.8 | 51.1 |
| Insurance recoveries | 8.2 | — |
| Total cash generated * | <u>1,289.7</u> | <u>1,258.7</u> |
| Capital expenditures | (1,495.8) | (1,694.8) |
| Free cash flow * | <u>\$ (206.2)</u> | <u>(436.1)</u> |

RETURN ON CAPITAL RECONCILIATION

| | Twelve months ended September 30, | |
|--|-----------------------------------|----------------|
| | 2013 | 2012 |
| Net earnings (12-month rolling period) | \$ 227.0 | 204.2 |
| + Restructuring and other items | 6.7 | 11.7 |
| + Income taxes | 120.8 | 90.1 |
| Adjusted earnings before income taxes | <u>354.5</u> | <u>306.0</u> |
| + Adjusted interest expense (b) | 140.7 | 140.8 |
| - Adjusted income taxes | (176.7) | (161.9) |
| = Adjusted net earnings for ROC (numerator) | <u>\$ 318.5</u> | <u>284.9</u> |
| Average total debt | \$ 3,885.8 | 3,566.1 |
| Average off-balance sheet debt | 142.7 | 104.2 |
| Average shareholders' equity | 1,518.2 | 1,384.6 |
| Adjustment to equity ^(c) | (3.6) | 0.9 |
| Adjusted average total capital (denominator) | <u>\$ 5,543.1</u> | <u>5,055.8</u> |
| Adjusted ROC * | <u>5.7%</u> | <u>5.6%</u> |

Notes:

- (a) Discounted at the incremental borrowing rate at lease inception.
(b) Interest expense includes implied interest on off-balance sheet vehicle obligations.
(c) Represents comparable earnings items for those periods.

* Non-GAAP financial measure.

Note: Amounts may not be additive due to rounding.

RYDER SYSTEM, INC. AND SUBSIDIARIES
NON-GAAP FINANCIAL MEASURE RECONCILIATIONS - UNAUDITED
(In millions, except per share amounts)

| | Three Months | | | Nine Months | | |
|---|-------------------|--------------|-----------------------|-------------------|---------------|-----------------------|
| | 2013 | | | 2013 | | |
| | Reported Earnings | Adjustment | Comparable Earnings * | Reported Earnings | Adjustment | Comparable Earnings * |
| Revenue | \$ 1,634.5 | | \$ 1,634.5 | \$ 4,801.6 | | \$ 4,801.6 |
| Cost of lease and rental | 486.2 | — | 486.2 | 1,429.8 | — | 1,429.8 |
| Cost of services ^(a) | 597.9 | 0.6 | 598.5 | 1,775.6 | 0.6 | 1,776.2 |
| Cost of fuel services | 203.4 | — | 203.4 | 618.3 | — | 618.3 |
| Other operating expenses | 32.7 | — | 32.7 | 104.0 | — | 104.0 |
| Selling, general and administrative expenses ^(b) | 195.2 | (6.3) | 188.9 | 580.9 | (16.6) | 564.3 |
| Gains on vehicle sales, net | (22.5) | — | (22.5) | (68.7) | — | (68.7) |
| Interest expense | 34.0 | — | 34.0 | 102.3 | — | 102.3 |
| Miscellaneous income, net ^(c) | (3.4) | — | (3.4) | (11.6) | 1.9 | (9.7) |
| Restructuring and other (recoveries) charges, net | (0.3) | 0.3 | — | (0.3) | 0.3 | — |
| | <u>1,523.1</u> | <u>(5.4)</u> | <u>1,517.7</u> | <u>4,530.3</u> | <u>(13.8)</u> | <u>4,516.5</u> |
| Earnings from continuing operations before income taxes | 111.4 | 5.4 | 116.8 | 271.3 | 13.8 | 285.1 |
| Provision for income taxes ^(d) | (37.5) | (2.3) | (39.8) | (94.0) | (6.6) | (100.6) |
| Earnings from continuing operations | <u>73.9</u> | <u>3.1</u> | <u>77.0</u> | <u>177.3</u> | <u>7.2</u> | <u>184.5</u> |
| Tax rate on continuing operations | <u>33.7%</u> | | <u>34.1%</u> | <u>34.7%</u> | | <u>35.3%</u> |
| Earnings per common share - Diluted: | | | | | | |
| Continuing operations | <u>\$ 1.40</u> | <u>0.06</u> | <u>\$ 1.46</u> | <u>\$ 3.39</u> | <u>0.14</u> | <u>\$ 3.53</u> |

| | Three Months | | | Nine Months | | |
|---|-------------------|--------------|-----------------------|-------------------|---------------|-----------------------|
| | 2012 | | | 2012 | | |
| | Reported Earnings | Adjustment | Comparable Earnings * | Reported Earnings | Adjustment | Comparable Earnings * |
| Revenue | \$ 1,573.3 | | \$ 1,573.3 | \$ 4,673.4 | | \$ 4,673.4 |
| Cost of lease and rental | 481.2 | — | 481.2 | 1,414.5 | — | 1,414.5 |
| Cost of services | 557.5 | — | 557.5 | 1,697.8 | — | 1,697.8 |
| Cost of fuel services | 207.7 | — | 207.7 | 632.6 | — | 632.6 |
| Other operating expenses | 33.0 | — | 33.0 | 100.9 | — | 100.9 |
| Selling, general and administrative expenses ^(b) | 183.7 | (8.2) | 175.5 | 568.0 | (23.9) | 544.1 |
| Gains on vehicle sales, net | (23.1) | — | (23.1) | (67.7) | — | (67.7) |
| Interest expense | 34.9 | — | 34.9 | 105.3 | — | 105.3 |
| Miscellaneous income, net | (1.4) | — | (1.4) | (7.2) | — | (7.2) |
| Restructuring and other charges, net | 0.1 | — | 0.1 | 8.1 | (8.1) | — |
| | <u>1,473.5</u> | <u>(8.2)</u> | <u>1,465.3</u> | <u>4,452.2</u> | <u>(32.0)</u> | <u>4,420.2</u> |
| Earnings from continuing operations before income taxes | 99.8 | 8.2 | 108.1 | 221.3 | 32.0 | 253.3 |
| Provision for income taxes ^(d) | (35.5) | (2.2) | (37.7) | (75.3) | (16.1) | (91.4) |
| Earnings from continuing operations | <u>64.3</u> | <u>6.0</u> | <u>70.4</u> | <u>146.0</u> | <u>15.9</u> | <u>161.9</u> |
| Tax rate on continuing operations | <u>35.6%</u> | | <u>34.9%</u> | <u>34.0%</u> | | <u>36.1%</u> |
| Earnings per common share - Diluted: | | | | | | |
| Continuing operations | <u>\$ 1.26</u> | <u>0.11</u> | <u>\$ 1.37</u> | <u>\$ 2.84</u> | <u>0.31</u> | <u>\$ 3.15</u> |

Notes regarding adjustments:

- (a) Superstorm Sandy recoveries
- (b) Non-operating pension costs which includes the amortization of actuarial loss, interest cost and expected return on plan assets and pension settlement charge
- (c) Foreign currency translation benefit
- (d) Tax impact of comparable earnings items
- (e) Tax benefit related to favorable resolution of a prior year tax item and tax impact of comparable earnings items

* Non-GAAP financial measure.

Note: Amounts may not be additive due to rounding.



Exhibit 99.2

Third Quarter 2013 Earnings Conference Call

October 22, 2013



Proprietary and Confidential | 1



Safe Harbor and Non-GAAP Financial Measures

Certain statements and information included in this presentation are "forward-looking statements" under the Federal Private Securities Litigation Reform Act of 1995, including our expectations for future earnings and other financial performance. 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, changes in commercial rental demand, lower than expected lease sales, fluctuations in market demand for used vehicles impacting inventory levels, pricing and our anticipated proportion of retail versus wholesale sales, higher than expected maintenance costs, lower than expected benefits from maintenance initiatives, a further slowdown of the economic recovery, decreases in freight demand or volumes, our ability to obtain adequate profit margins for our services, our inability to maintain current pricing levels due to soft economic conditions, further decline in economic and market conditions in the U.K., competition from other service providers, customer retention levels, loss of key customers, unexpected bad debt reserves or write-offs, changes in customers' business environments that will limit their ability to commit to long-term vehicle leases, a decrease in credit ratings, increased debt costs, adequacy of accounting estimates, reserves and accruals particularly with respect to pension, taxes, insurance and revenue, sudden or unusual changes in fuel prices, our ability to manage our cost structure, and the risks described in our filings with the Securities and Exchange Commission. 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 our business. Accordingly, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

This presentation includes certain non-GAAP financial measures as defined under SEC rules, including operating revenue, comparable earnings, comparable earnings before income tax, comparable tax rate, adjusted return on capital, total cash generated, free cash flow, total obligations and the ratios based on these financial measures. Refer to Appendix – Non-GAAP Financial Measures for more information about the non-GAAP financial measures contained in this presentation. Additional information as required by Regulation G regarding non-GAAP financial measures can be found in our most recent Form 10-K, Form 10-Q and our Form 8-K filed as of the date of this presentation with the SEC, which are available at <http://investors.ryder.com>.

Beginning in 2013, comparable earnings and the other financial measures and ratios derived from comparable earnings will exclude non-operating pension costs.

Contents

- ▶ **Third Quarter 2013 Results Overview**
- ▶ Asset Management Update
- ▶ Earnings Forecast
- ▶ Q & A

3rd Quarter Results Overview

- ▶ Earnings per diluted share from continuing operations were \$1.40 in 3Q13 vs. \$1.26 in 3Q12
 - 3Q13 included a \$0.06 charge from non-operating pension costs
 - 3Q12 included an \$0.11 charge related to non-operating pension costs and tax law changes

- ▶ Comparable earnings per share from continuing operations were \$1.46 vs. \$1.37 in 3Q12

- ▶ Operating revenue increased 5% and total revenue increased 4% vs. prior year reflecting new business and higher volumes in SCS, as well as lease revenue growth



Key Financial Statistics

(\$ Millions, Except Per Share Amounts)

Third Quarter

| | 2013 | 2012 | % B/(W) |
|--|-------------------|-------------------|------------|
| Operating Revenue | \$ 1,345.0 | \$ 1,283.2 | 5% |
| Fuel Services and Subcontracted Transportation Revenue | 289.6 | 290.1 | (0)% |
| Total Revenue | <u>\$ 1,634.6</u> | <u>\$ 1,573.3</u> | <u>4%</u> |
| Earnings Per Share from Continuing Operations | <u>\$ 1.40</u> | <u>\$ 1.26</u> | <u>11%</u> |
| Comparable Earnings Per Share from Continuing Operations | <u>\$ 1.46</u> | <u>\$ 1.37</u> | <u>7%</u> |
| Memo: | | | |
| Average Shares (<i>Millions</i>) - Diluted | 52.2 | 50.6 | |
| Tax Rate from Continuing Operations | 33.7% | 35.6% | |
| Comparable Tax Rate from Continuing Operations | 34.1% | 34.9% | |

Note: Amounts throughout presentation may not be additive due to rounding.



Key Financial Statistics

(\$ Millions, Except Per Share Amounts)

Year-To-Date

| | 2013 | 2012 | % B/(W) |
|--|-------------------|-------------------|-----------|
| Operating Revenue | \$ 3,925.8 | \$ 3,778.8 | 4% |
| Fuel Services and Subcontracted Transportation Revenue | 875.8 | 894.7 | (2)% |
| Total Revenue | \$ 4,801.6 | \$ 4,673.4 | 3% |
| | | | |
| Earnings Per Share from Continuing Operations | \$ 3.39 | \$ 2.84 | 19% |
| Comparable Earnings Per Share from Continuing Operations | \$ 3.53 | \$ 3.15 | 12% |
| | | | |
| Memo: | | | |
| Average Shares (<i>Millions</i>) - Diluted | 51.8 | 50.7 | |
| Tax Rate from Continuing Operations | 34.7% | 34.0% | |
| Comparable Tax Rate from Continuing Operations | 35.3% | 36.1% | |
| Adjusted Return on Capital vs. Cost of Capital (<i>Trailing 12 months</i>) | 1.0% | 0.7% | |

Note: Amounts throughout presentation may not be additive due to rounding.



3rd Quarter Results Overview - FMS

- ▶ Fleet Management Solutions (FMS) operating revenue up 3% and total revenue up 2% vs. prior year
 - Full service lease revenue up 3%
 - Contract maintenance revenue down 3%
 - Contract-related maintenance up 12%
 - Commercial rental revenue up 3%

- ▶ FMS earnings increased due to better commercial rental performance and improved full service lease results
 - Favorable lease results driven by higher lease rates reflecting new technology and vehicle residual value benefits

- ▶ FMS earnings before tax (EBT) up 2%
 - FMS EBT percent of operating revenue remained unchanged at 11.1%

3rd Quarter Results Overview – SCS

- ▶ Supply Chain Solutions (SCS) operating revenue up 9% and total revenue up 8% vs. prior year due to new business and higher volumes
 - Dedicated operating revenue increased 10% vs. prior year due to new sales
- ▶ SCS earnings were higher reflecting new business and stronger volumes
- ▶ SCS earnings before tax (EBT) up 21%
 - SCS EBT percent of operating revenue up 70 basis points to 7.3%



Business Segments

Third Quarter

(\$ Millions)

| | 2013 | 2012 | % B/(W) | Memo: Total Revenue | | |
|--|-------------------|-------------------|-----------|---------------------|-------------------|-----------|
| | | | | 2013 | 2012 | % B/(W) |
| Operating Revenue: | | | | | | |
| Fleet Management Solutions | \$ 872.2 | \$ 848.1 | 3% | \$ 1,138.2 | \$ 1,115.4 | 2% |
| Supply Chain Solutions | 528.3 | 485.1 | 9% | 610.8 | 563.2 | 8% |
| Eliminations | (55.7) | (49.9) | (11)% | (114.4) | (105.2) | (9)% |
| Total | \$ 1,344.9 | \$ 1,283.2 | 5% | \$ 1,634.5 | \$ 1,573.3 | 4% |
| Segment Earnings Before Tax: ⁽¹⁾ | | | | | | |
| Fleet Management Solutions | \$ 96.4 | \$ 94.3 | 2% | | | |
| Supply Chain Solutions | 38.5 | 31.9 | 21% | | | |
| Eliminations | (8.0) | (6.9) | (16)% | | | |
| | 126.9 | 119.3 | 6% | | | |
| Central Support Services (Unallocated Share) | (10.1) | (11.1) | 10% | | | |
| Non-operating pension costs | (5.1) | (7.9) | 35% | | | |
| Restructuring and Other Charges, Net and Other Items | (0.4) | (0.4) | NM | | | |
| Earnings Before Income Taxes | 111.4 | 99.8 | 12% | | | |
| Provision for Income Taxes | (37.5) | (35.5) | (6)% | | | |
| Earnings from Continuing Operations | \$ 73.9 | \$ 64.3 | 15% | | | |
| Comparable Earnings from Continuing Operations | \$ 77.0 | \$ 70.4 | 9% | | | |

(1) Our primary measure of segment financial performance excludes unallocated CSS, non-operating pension costs, restructuring and other charges, net and other items.



Business Segments

Year-To-Date

(\$ Millions)

| | <u>Year-To-Date</u> | | | <u>Memo: Total Revenue</u> | | |
|--|---------------------|-------------------|----------------|----------------------------|-------------------|----------------|
| | <u>2013</u> | <u>2012</u> | <u>% B/(W)</u> | <u>2013</u> | <u>2012</u> | <u>% B/(W)</u> |
| Operating Revenue: | | | | | | |
| Fleet Management Solutions | \$ 2,548.8 | \$ 2,471.7 | 3% | \$ 3,359.2 | \$ 3,287.6 | 2% |
| Supply Chain Solutions | 1,538.0 | 1,455.4 | 6% | 1,784.4 | 1,705.3 | 5% |
| Eliminations | (161.0) | (148.3) | (8)% | (342.1) | (319.5) | (7)% |
| Total | \$ 3,925.8 | \$ 3,778.8 | 4% | \$ 4,801.6 | \$ 4,673.4 | 3% |
| Segment Earnings Before Tax: ⁽¹⁾ | | | | | | |
| Fleet Management Solutions | \$ 245.8 | \$ 221.6 | 11% | | | |
| Supply Chain Solutions | 95.0 | 84.2 | 13% | | | |
| Eliminations | (23.7) | (20.6) | (15)% | | | |
| | 317.1 | 285.1 | 11% | | | |
| Central Support Services (Unallocated Share) | (32.0) | (31.8) | (1)% | | | |
| Non-operating pension costs | (15.3) | (23.6) | 35% | | | |
| Restructuring and Other Charges, Net and Other Items | 1.5 | (8.4) | NM | | | |
| Earnings Before Income Taxes | 271.3 | 221.3 | 23% | | | |
| Provision for Income Taxes | (94.0) | (75.3) | (25)% | | | |
| Earnings from Continuing Operations | \$ 177.3 | \$ 146.0 | 21% | | | |
| Comparable Earnings from Continuing Operations | \$ 184.5 | \$ 161.9 | 14% | | | |

(1) Our primary measure of segment financial performance excludes unallocated CSS, non-operating pension costs, restructuring and other charges, net and other items.



Capital Expenditures

(\$ Millions)

Year-To-Date

| | 2013 | 2012 | 2013 \$ O/(U) 2012 |
|---|----------|----------|-----------------------|
| Full Service Lease | \$ 1,221 | \$ 1,144 | \$ 77 |
| Commercial Rental | 220 | 526 | (306) |
| Operating Property and Equipment | 57 | 47 | 10 |
| Gross Capital Expenditures | 1,497 | 1,717 | (220) |
| Less: Proceeds from Sales (primarily Revenue Earning Equipment) | 337 | 310 | 27 |
| Less: Sale and Leaseback of Assets | - | 130 | (130) |
| Net Capital Expenditures | \$ 1,161 | \$ 1,277 | \$ (116) |
| Memo: Acquisitions | \$ 2 | \$ 4 | \$ (2) |



Cash Flow from Continuing Operations

(\$ Millions)

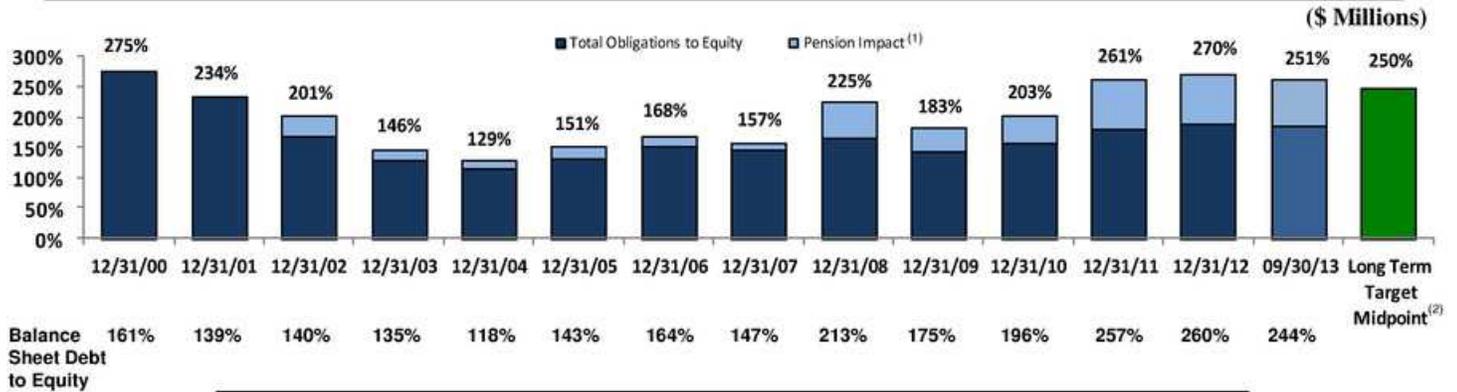
Year-To-Date

| | 2013 | 2012 |
|---|----------|----------|
| Earnings from Continuing Operations | \$ 177 | \$ 146 |
| Depreciation | 708 | 699 |
| Gains on Vehicle Sales, Net | (69) | (68) |
| Amortization and Other Non-Cash Charges, Net | 57 | 51 |
| Pension Contributions | (45) | (77) |
| Changes in Working Capital and Deferred Taxes | 62 | 17 |
| Cash Provided by Operating Activities | 890 | 768 |
| Proceeds from Sales (Primarily Revenue Earning Equipment) | 337 | 310 |
| Proceeds from Sale and Leaseback of Assets | - | 130 |
| Collections of Direct Finance Leases | 55 | 51 |
| Other, Net | 8 | - |
| Total Cash Generated | 1,290 | 1,259 |
| Capital Expenditures ⁽¹⁾ | (1,496) | (1,695) |
| Free Cash Flow ⁽²⁾ | \$ (206) | \$ (436) |

- (1) Capital expenditures presented net of changes in accounts payable related to purchases of revenue earning equipment.
(2) Free Cash Flow excludes acquisitions and changes in restricted cash.



Debt to Equity Ratio



| | 9/30/2013 | 12/31/2012 | 9/30/2012 |
|-----------------------------------|-----------|------------|-----------|
| Balance Sheet Debt | \$ 4,037 | \$ 3,821 | \$ 3,888 |
| Percent To Equity | 244% | 260% | 263% |
| Total Obligations | \$ 4,155 | \$ 3,969 | \$ 4,044 |
| Percent To Equity | 251% | 270% | 274% |
| Total Equity⁽³⁾ | \$ 1,655 | \$ 1,467 | \$ 1,478 |

(1) Illustrates impact of accumulated net pension related equity charge on leverage.

(2) Represents long term total obligations to equity target of 225 - 275% while maintaining a solid investment grade rating.

(3) Total Equity includes impact of accumulated net pension related equity charge of \$633 million as of 9/30/2013, \$645 million as of 12/31/12 and \$584 million as of 9/30/12.

Contents

- ▶ Third Quarter 2013 Results Overview
- ▶ **Asset Management Update**
- ▶ Earnings Forecast
- ▶ Q & A



Global Asset Management Update ⁽¹⁾

- ▶ **Units held for sale were 8,200 at quarter end, down from 9,100 units held for sale in the prior year**
 - Sequentially from the second quarter, units held for sale decreased by 1,400 units

- ▶ **The number of used vehicles sold in the third quarter was 5,800, unchanged from the prior year**
 - Sequentially from the second quarter, units sold were down 3%

- ▶ **Proceeds per unit were down 6% for tractors and up 9% for trucks in the third quarter compared with prior year (excluding the impact of exchange rates)**
 - Proceeds per unit for tractors and trucks were unchanged from the second quarter

- ▶ **Average third quarter total commercial rental fleet was down 4% from the prior year**
 - Average commercial rental fleet was up 3% from the second quarter

(1) Units rounded to nearest hundred.

Contents

- ▶ Third Quarter 2013 Results Overview
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- ▶ **Earnings Forecast**
- ▶ Q & A



EPS Forecast – Continuing Operations

(\$ Earnings Per Share)

- ▶ Narrowed full year Comparable EPS forecast to \$4.78 - \$4.83
- ▶ Current forecast is as follows:

| | <u>Fourth Quarter</u> | <u>Full Year</u> |
|---|-----------------------|-----------------------|
| 2013 Comparable EPS Forecast ⁽¹⁾ | <u>\$ 1.25 - 1.30</u> | <u>\$ 4.78 - 4.83</u> |
| 2012 Comparable EPS ⁽²⁾ | <u>\$ 1.26</u> | <u>\$ 4.41</u> |

- (1) 2013 Comparable EPS Forecast, a non-GAAP financial measure, excludes from EPS forecast \$0.06 and \$0.24 of non-operating pension costs for the fourth quarter and full year periods, respectively. 2013 Comparable EPS Forecast also excludes a \$0.04 benefit for the full year from foreign currency translation.
- (2) 2012 Comparable EPS for the fourth quarter excludes from EPS \$0.10 of Superstorm Sandy Vehicle-Related Losses and \$0.09 of non-operating pension costs. 2012 Comparable EPS for the full year excludes \$0.10 of Superstorm Sandy Vehicle-Related Losses, \$0.08 of tax law benefit, \$0.11 of restructuring charges, and \$0.37 of non-operating pension costs.



Q&A





Appendix

Business Segment Detail

Central Support Services

Balance Sheet

Financial Indicators Forecast

Asset Management

Non-GAAP Financial Measures & Reconciliations



Fleet Management Solutions (FMS)

(\$ Millions)

Third Quarter

| | <u>2013</u> | <u>2012</u> | <u>% B/(W)</u> |
|---------------------------------------|-------------------|-------------------|----------------|
| Full Service Lease | \$ 548.3 | \$ 533.4 | 3% |
| Contract Maintenance | 45.5 | 47.1 | (3)% |
| Contractual Revenue | 593.9 | 580.5 | 2% |
| Contract-related Maintenance | 49.9 | 44.4 | 12% |
| Commercial Rental | 210.7 | 205.4 | 3% |
| Other | 17.7 | 17.8 | - |
| Operating Revenue | 872.2 | 848.1 | 3% |
| Fuel Services Revenue | 266.0 | 267.3 | - |
| Total Revenue | <u>\$ 1,138.2</u> | <u>\$ 1,115.4</u> | <u>2%</u> |
| Segment Earnings Before Tax (EBT) | <u>\$ 96.4</u> | <u>\$ 94.3</u> | <u>2%</u> |
| Segment EBT as % of Total Revenue | <u>8.5%</u> | <u>8.5%</u> | |
| Segment EBT as % of Operating Revenue | <u>11.1%</u> | <u>11.1%</u> | |



Fleet Management Solutions (FMS)

(\$ Millions)

Year-To-Date

| | <u>2013</u> | <u>2012</u> | <u>% B/(W)</u> |
|---------------------------------------|-------------|-------------|----------------|
| Full Service Lease | \$ 1,622.0 | \$ 1,565.5 | 4% |
| Contract Maintenance | 136.9 | 140.6 | (3)% |
| Contractual Revenue | 1,758.9 | 1,706.1 | 3% |
| Contract-related Maintenance | 155.3 | 137.4 | 13% |
| Commercial Rental | 580.3 | 575.4 | 1% |
| Other | 54.2 | 52.9 | 3% |
| Operating Revenue | 2,548.8 | 2,471.7 | 3% |
| Fuel Services Revenue | 810.4 | 816.0 | (1)% |
| Total Revenue | \$ 3,359.2 | \$ 3,287.6 | 2% |
| Segment Earnings Before Tax (EBT) | \$ 245.8 | \$ 221.6 | 11% |
| Segment EBT as % of Total Revenue | 7.3% | 6.7% | |
| Segment EBT as % of Operating Revenue | 9.6% | 9.0% | |



Supply Chain Solutions (SCS)

(\$ Millions)

Third Quarter

| | <u>2013</u> | <u>2012</u> | <u>% B/(W)</u> |
|---|-----------------|-----------------|----------------|
| Automotive | \$ 140.1 | \$ 140.1 | - |
| High-Tech | 85.5 | 77.5 | 10% |
| Retail & CPG | 191.1 | 178.2 | 7% |
| Industrial & Other | <u>111.6</u> | <u>89.3</u> | <u>25%</u> |
| Operating Revenue | 528.3 | 485.1 | 9% |
| Subcontracted Transportation | <u>82.4</u> | <u>78.1</u> | <u>6%</u> |
| Total Revenue | <u>\$ 610.8</u> | <u>\$ 563.2</u> | <u>8%</u> |
| Segment Earnings Before Tax (EBT) | <u>\$ 38.5</u> | <u>\$ 31.9</u> | <u>21%</u> |
| Segment EBT as % of Total Revenue | <u>6.3%</u> | <u>5.7%</u> | |
| Segment EBT as % of Operating Revenue | <u>7.3%</u> | <u>6.6%</u> | |
| Memo: | | | |
| Dedicated Services - Operating Revenue ⁽¹⁾ | <u>\$ 309.2</u> | <u>\$ 282.1</u> | <u>10%</u> |
| Dedicated Services - Total Revenue | <u>\$ 343.3</u> | <u>\$ 316.9</u> | <u>8%</u> |
| Fuel Costs | <u>\$ 67.1</u> | <u>\$ 62.4</u> | <u>(8)%</u> |

(1) Excludes \$34.0 million and \$34.8 million of Dedicated Services Subcontracted Transportation in 2013 and 2012, respectively. Amounts throughout presentation may not be additive due to rounding.



Supply Chain Solutions (SCS)

(\$ Millions)

Year-To-Date

| | <u>2013</u> | <u>2012</u> | <u>% B/(W)</u> |
|---|-------------------|-------------------|----------------|
| Automotive | \$ 433.6 | \$ 421.8 | 3% |
| High-Tech | 245.3 | 235.8 | 4% |
| Retail & CPG | 547.2 | 534.5 | 2% |
| Industrial & Other | 311.9 | 263.3 | 18% |
| Operating Revenue | 1,538.0 | 1,455.4 | 6% |
| Subcontracted Transportation | 246.4 | 249.9 | (1)% |
| Total Revenue | <u>\$ 1,784.4</u> | <u>\$ 1,705.3</u> | <u>5%</u> |
| Segment Earnings Before Tax (EBT) | <u>\$ 95.0</u> | <u>\$ 84.2</u> | <u>13%</u> |
| Segment EBT as % of Total Revenue | <u>5.3%</u> | <u>4.9%</u> | |
| Segment EBT as % of Operating Revenue | <u>6.2%</u> | <u>5.8%</u> | |
| Memo: | | | |
| Dedicated Services - Operating Revenue ⁽¹⁾ | <u>\$ 902.3</u> | <u>\$ 848.0</u> | <u>6%</u> |
| Dedicated Services - Total Revenue | <u>\$ 1,006.8</u> | <u>\$ 972.3</u> | <u>4%</u> |
| Fuel Costs | <u>\$ 202.2</u> | <u>\$ 193.0</u> | <u>(5)%</u> |

(1) Excludes \$104.4 million and \$124.3 million of Dedicated Services Subcontracted Transportation in 2013 and 2012, respectively. Amounts throughout presentation may not be additive due to rounding.



Central Support Services (CSS)

(\$ Millions)

Third Quarter

| | <u>2013</u> | <u>2012</u> | <u>% B/(W)</u> |
|-----------------------|----------------|----------------|----------------|
| Allocated CSS Costs | \$ 41.1 | \$ 37.3 | (10)% |
| Unallocated CSS Costs | 10.1 | 11.1 | 9% |
| Total CSS Costs | <u>\$ 51.2</u> | <u>\$ 48.4</u> | <u>(6)%</u> |



Central Support Services (CSS)

(\$ Millions)

Year-To-Date

| | <u>2013</u> | <u>2012</u> | <u>% B/(W)</u> |
|-----------------------|-----------------|-----------------|----------------|
| Allocated CSS Costs | \$ 122.6 | \$ 113.5 | (8)% |
| Unallocated CSS Costs | <u>32.0</u> | <u>31.8</u> | <u>(1)%</u> |
| Total CSS Costs | <u>\$ 154.6</u> | <u>\$ 145.3</u> | <u>(6)%</u> |



Balance Sheet

(\$ Millions)

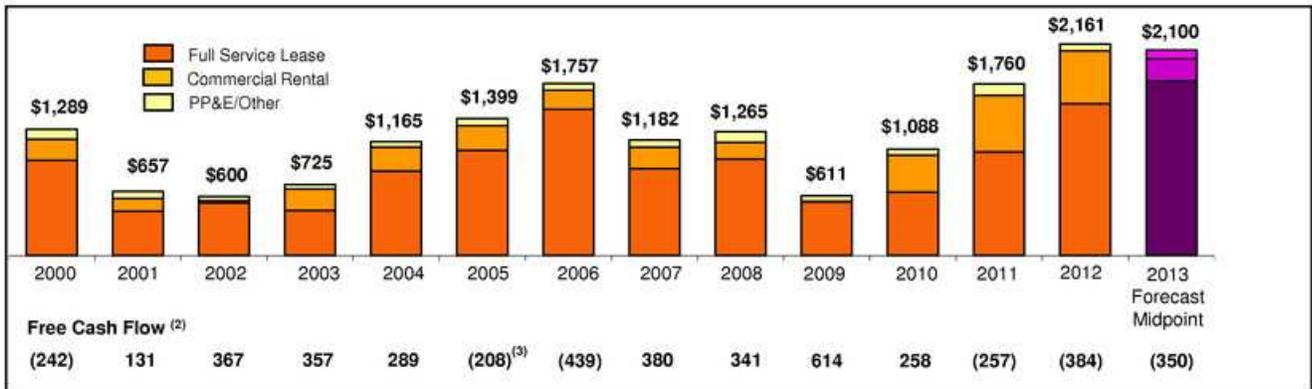
| | September 30, 2013 | December 31, 2012 |
|---|-----------------------|----------------------|
| Cash and Cash Equivalents | \$ 75 | \$ 66 |
| Other Current Assets | 1,025 | 974 |
| Revenue Earning Equipment, Net | 6,173 | 5,755 |
| Operating Property and Equipment, Net | 626 | 625 |
| Other Assets | 909 | 899 |
| Total Assets | \$ 8,808 | \$ 8,319 |
| | | |
| Short-Term Debt / Current Portion Long-Term Debt | \$ 351 | \$ 368 |
| Other Current Liabilities | 923 | 905 |
| Long-Term Debt | 3,686 | 3,453 |
| Other Non-Current Liabilities (including Deferred Income Taxes) | 2,192 | 2,126 |
| Shareholders' Equity | 1,655 | 1,467 |
| Total Liabilities and Shareholders' Equity | \$ 8,808 | \$ 8,319 |



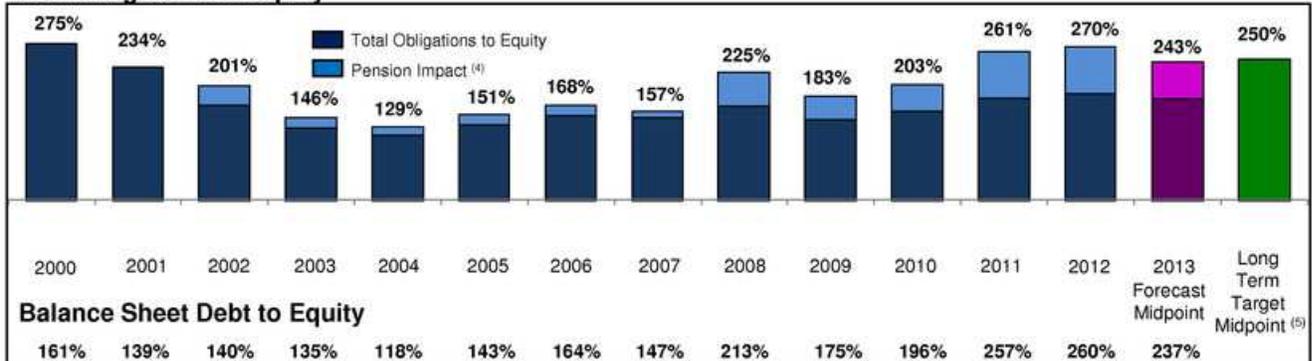
Financial Indicators Forecast ⁽¹⁾

Gross Capital Expenditures ⁽²⁾

(\$ Millions)



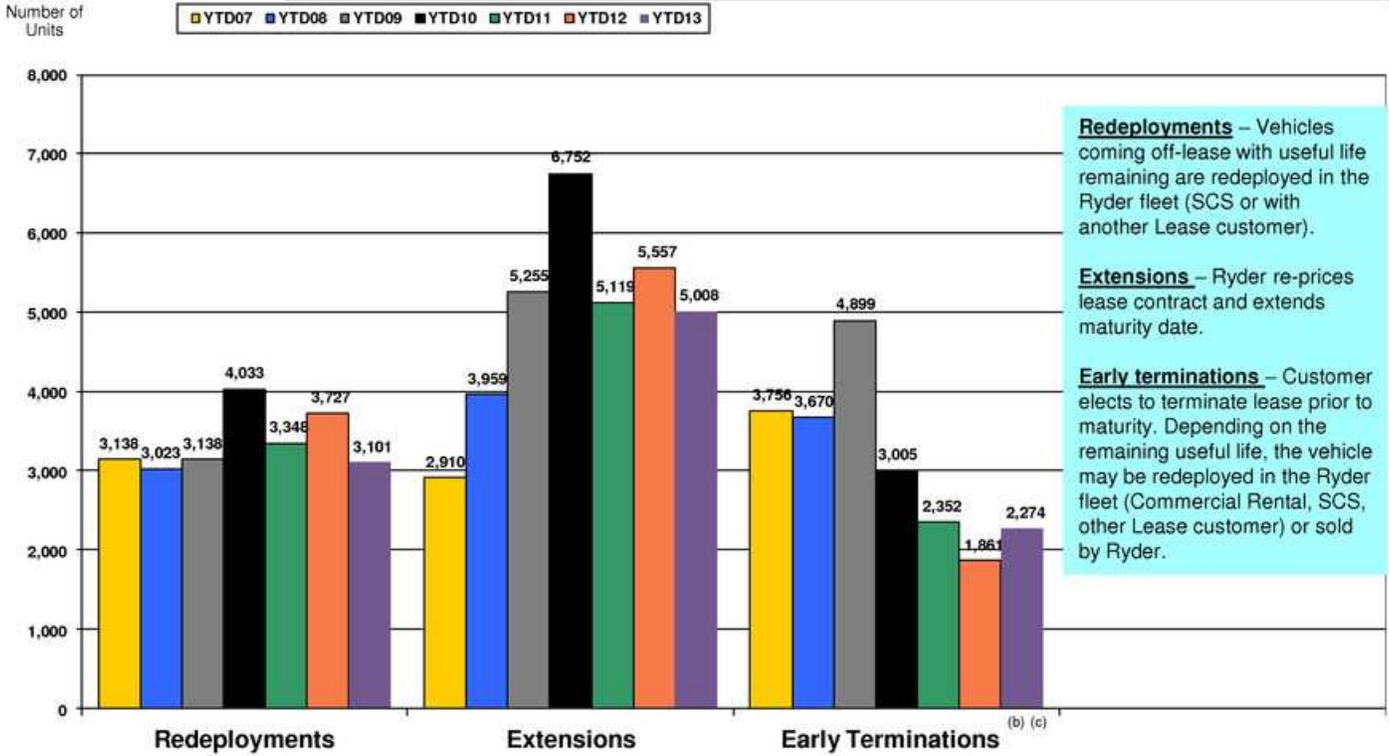
Total Obligations to Equity



- (1) Total Obligations to Equity includes acquisitions. Free Cash Flow and Gross Capital Expenditures exclude acquisitions.
- (2) 2000-2004 not restated for operations discontinued in 2009.
- (3) Includes \$176 million payment to the IRS related to full resolution of 1998 - 2000 tax period matters.
- (4) Illustrates impact of accumulated net pension related equity charge on leverage.
- (5) Represents long term obligations to equity target of 225-275% while maintaining a solid investment grade credit rating.



Asset Management Update (a)



- (a) U.S. only
- (b) Excludes early terminations where customer purchases vehicle
- (c) Current year statistics may exclude some units due to a lag in reporting



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. 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 | Page |
|--|--|---|-------|
| Operating Revenue | Total Revenue | Key Financial Statistics | 5-6 |
| Comparable Earnings / Comparable EPS | Earnings / EPS from Continuing Operations | Earnings and EPS from Continuing Operations Reconciliation | 30 |
| Comparable Earnings Before Income Tax / Comparable Tax Rate | Earnings Before Income Tax / Tax Rate | EBT and Tax Rate from Continuing Operations Reconciliation | 31 |
| Comparable EPS Forecast | EPS Forecast | EPS Forecast – Continuing Operations | 17 |
| Adjusted Return on Capital | Net Earnings / Total Capital | Adjusted Return on Capital Reconciliation | 32 |
| Total Cash Generated / Free Cash Flow | Cash Provided by Operating Activities | Cash Flow Reconciliation | 35-36 |
| Total Obligations / Total Obligations to Equity | Balance Sheet Debt / Debt to Equity | Debt to Equity Reconciliation | 33-34 |
| FMS Operating Revenue / SCS and Dedicated Services Operating Revenue | FMS Total Revenue / SCS and Dedicated Services Total Revenue | Fleet Management Solutions (FMS) / Supply Chain Solutions (SCS) | 20-23 |



Earnings and EPS from Continuing Operations Reconciliation

(\$ Millions or \$ Earnings Per Share)

| | 3Q13 - Earnings | 3Q13 - EPS | 3Q12 - Earnings | 3Q12 - EPS |
|---------------------------------------|-----------------------------|------------------------|-----------------------------|------------------------|
| Reported | \$ 73.9 | \$ 1.40 | \$ 64.3 | \$ 1.26 |
| Non-Operating Pension Costs | 3.0 | 0.06 | 4.8 | 0.09 |
| Pension settlement charge | 0.8 | 0.01 | - | - |
| Superstorm Sandy vehicle-related gain | (0.4) | (0.01) | - | - |
| Tax Law Changes | - | - | 0.9 | 0.02 |
| Restructuring Charges | (0.2) | - | 0.1 | - |
| Acquisition Related Transaction Costs | - | - | 0.3 | - |
| Comparable ⁽¹⁾ | <u>\$ 77.0</u> | <u>\$ 1.46</u> | <u>\$ 70.4</u> | <u>\$ 1.37</u> |
| | <u>YTD13 - Earnings</u> | <u>YTD13 - EPS</u> | <u>YTD12 - Earnings</u> | <u>YTD12 - EPS</u> |
| Reported | \$ 177.3 | \$ 3.39 | \$ 146.0 | \$ 2.84 |
| Non-Operating Pension Costs | 9.0 | 0.18 | 14.5 | 0.28 |
| Pension settlement charge | 0.8 | 0.01 | - | - |
| Superstorm Sandy vehicle-related gain | (0.4) | (0.01) | - | - |
| Tax Benefits | - | - | (4.1) | (0.08) |
| Foreign Currency Translation Benefit | (1.9) | (0.04) | - | - |
| Restructuring Charges | (0.2) | - | 5.2 | 0.11 |
| Acquisition Related Transaction Costs | - | - | 0.3 | - |
| Comparable ⁽¹⁾ | <u>\$ 184.5</u> | <u>\$ 3.53</u> | <u>\$ 161.9</u> | <u>\$ 3.15</u> |

(1) The company uses Comparable Earnings and Comparable Earnings per Share (EPS) from Continuing Operations, both non-GAAP financial measures, which provide useful information to investors and allow for better year over year comparison of operating performance because they exclude from Earnings and EPS from Continuing Operations non-operating pension costs, which we consider to be costs outside of the operational performance of the business and can significantly change from year to year. Comparable Earnings and Comparable EPS also exclude other significant items that are not representative of our ongoing business operations and allow for better year over year comparison.



EBT and Tax Rate from Continuing Operations Reconciliation

(\$ Millions or \$ Earnings Per Share)

| | 3Q13 - EBT | 3Q13 - Tax | 3Q13 - Tax Rate | YTD13 - EBT | YTD13 - Tax | YTD13 - Tax Rate |
|---------------------------------------|-----------------|----------------|--------------------|-----------------|-----------------|---------------------|
| Reported | \$ 111.4 | \$ 37.5 | 33.7% | \$ 271.3 | \$ 94.0 | 34.7% |
| Non-operating Pension Costs | 5.1 | 2.1 | | 15.3 | 6.3 | |
| Pension settlement charge | 1.3 | 0.5 | | 1.3 | 0.5 | |
| Superstorm Sandy vehicle-related gain | (0.6) | (0.2) | | (0.6) | (0.2) | |
| Restructuring and other charges | (0.3) | (0.1) | | (0.3) | (0.1) | |
| Foreign currency translation benefit | - | - | | (1.9) | - | |
| Comparable ⁽¹⁾ | <u>\$ 116.8</u> | <u>\$ 39.8</u> | <u>34.1%</u> | <u>\$ 285.1</u> | <u>\$ 100.5</u> | <u>35.3%</u> |
| | 3Q12 - EBT | 3Q12 - Tax | 3Q12 - Tax Rate | YTD12 - EBT | YTD12 - Tax | YTD12 - Tax Rate |
| Reported | \$ 99.8 | \$ 35.5 | 35.6% | \$ 221.3 | \$ 75.3 | 34.0% |
| Non-operating Pension Costs | 7.9 | 3.0 | | 23.6 | 9.0 | |
| Restructuring and other charges | 0.1 | - | | 8.1 | 2.9 | |
| Acquisition transaction costs | 0.4 | 0.1 | | 0.4 | 0.1 | |
| Tax benefit/(charge) | - | (0.9) | | - | 4.1 | |
| Comparable ⁽¹⁾ | <u>\$ 108.1</u> | <u>\$ 37.8</u> | <u>34.9%</u> | <u>\$ 253.3</u> | <u>\$ 91.4</u> | <u>36.1%</u> |

(1) The company uses Comparable Earnings Before Income Tax (EBT) and Comparable Tax Rate from Continuing Operations, both non-GAAP financial measures, which provide useful information to investors and allow for better year over year comparison of operating performance because they exclude from EBT and Tax Rate from Continuing Operations non-operating pension costs, which we consider to be costs outside of the operational performance of the business and can significantly change from year to year. Comparable EBT and Comparable Tax Rate also exclude other significant items that are not representative of our ongoing business operations and allow for better year over year comparison.



Adjusted Return on Capital Reconciliation

(\$ Millions)

| | 9/30/13 | 9/30/12 |
|--|----------|----------|
| Net Earnings ⁽¹⁾ | \$ 227 | \$ 204 |
| Restructuring and Other Charges, Net and Other Items | 7 | 12 |
| Income Taxes | 121 | 90 |
| Adjusted Earnings Before Income Taxes | 355 | 306 |
| Adjusted Interest Expense ⁽²⁾ | 141 | 141 |
| Adjusted Income Taxes ⁽³⁾ | (177) | (162) |
| Adjusted Net Earnings | \$ 319 | \$ 285 |
| Average Total Debt ⁽⁴⁾ | \$ 3,886 | \$ 3,566 |
| Average Off-Balance Sheet Debt ⁽⁴⁾ | 143 | 104 |
| Average Total Shareholders' Equity ⁽⁴⁾ | 1,518 | 1,385 |
| Average Adjustments to Shareholders' Equity ⁽⁵⁾ | (4) | 1 |
| Adjusted Average Total Capital | \$ 5,543 | \$ 5,056 |
| Adjusted Return on Capital | 5.7% | 5.6% |

(1) Earnings calculated based on a 12-month rolling period.

(2) Interest expense includes interest on and off-balance sheet vehicle obligations.

(3) Income taxes were calculated by excluding taxes related to comparable earnings items and interest expense.

(4) The average is calculated based on the average GAAP balances.

(5) Represents comparable earnings items for those periods.



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 | 12/31/05 | % to Equity | 12/31/06 | % to Equity | 12/31/07 | % to Equity |
|---|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Balance Sheet Debt | \$2,017 | 161% | \$1,709 | 139% | \$1,552 | 140% | \$1,816 | 135% | \$1,783 | 118% | \$2,185 | 143% | \$2,817 | 164% | \$2,776 | 147% |
| Receivables Sold | 345 | | 110 | | - | | - | | - | | - | | - | | - | |
| PV of minimum lease payments and guaranteed residual values under operating leases for vehicles | 879 | | 625 | | 370 | | 153 | | 161 | | 117 | | 78 | | 178 | |
| PV of contingent rentals under securitizations | 209 | | 441 | | 311 | | - | | - | | - | | - | | - | |
| Total Obligations | \$3,450 | 275% | \$2,885 | 234% | \$2,233 | 201% | \$1,969 | 146% | \$1,944 | 129% | \$2,302 | 151% | \$2,895 | 168% | \$2,954 | 157% |

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.



Debt to Equity Reconciliation

(\$ Millions)

| | 12/31/2008 | % to Equity | 12/31/2009 | % to Equity | 12/31/2010 | % to Equity | 12/31/2011 | % to Equity | 12/31/2012 | % to Equity | 9/30/2013 | % to Equity | 9/30/2012 | % to Equity |
|---|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Balance Sheet Debt | \$2,863 | 213% | \$2,498 | 175% | \$2,747 | 196% | \$3,382 | 257% | \$3,821 | 260% | \$4,037 | 244% | \$3,888 | 263% |
| Receivables Sold | - | | - | | - | | - | | - | | | | | |
| PV of minimum lease payments and guaranteed residual values under operating leases for vehicles | 163 | | 119 | | 100 | | 64 | | 148 | | 118 | | 155 | |
| Total Obligations | \$3,026 | 225% | \$2,617 | 183% | \$2,847 | 203% | \$3,446 | 261% | \$3,969 | 270% | \$4,155 | 251% | \$4,043 | 274% |

Note: Amounts may not recalculate due to rounding.



Cash Flow Reconciliation

(\$ Millions)

| | 12/31/00 ⁽¹⁾ | 12/31/01 ⁽¹⁾ | 12/31/02 ⁽¹⁾ | 12/31/03 ⁽¹⁾ | 12/31/04 ⁽¹⁾ | 12/31/05 | 12/31/06 | 12/31/07 | 12/31/08 | 12/31/09 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------|-----------------|---------------|---------------|---------------|
| Cash Provided by Operating Activities | \$ 1,023 | \$ 365 | \$ 617 | \$ 803 | \$ 867 | \$ 776 | \$ 852 | \$ 1,097 | \$ 1,248 | \$ 985 |
| Less: Changes in Bal. of Trade Rec. Sold | (270) | 235 | 110 | - | - | - | - | - | - | - |
| Collections of Direct Finance Leases | 67 | 66 | 66 | 61 | 64 | 69 | 65 | 62 | 61 | 65 |
| Proceeds from Sale (Prim. Rev. Earn. Equip.) | 230 | 173 | 152 | 210 | 331 | 333 | 332 | 373 | 262 | 216 |
| Proceeds from Sale & Leaseback of Assets | - | - | - | 13 | 118 | - | - | 150 | - | - |
| Other Investing, Net | 4 | (4) | 4 | 4 | 1 | - | 2 | 2 | - | - |
| Total Cash Generated | 1,054 | 835 | 949 | 1,091 | 1,381 | 1,179 | 1,252 | 1,684 | 1,571 | 1,266 |
| Capital Expenditures ⁽²⁾ | (1,296) | (704) | (582) | (734) | (1,092) | (1,387) | (1,691) | (1,304) | (1,230) | (652) |
| Free Cash Flow ⁽³⁾ | \$ (242) | \$ 131 | \$ 367 | \$ 357 | \$ 289 | \$ (208) | \$ (439) | \$ 380 | \$ 341 | \$ 614 |
| Memo: | | | | | | | | | | |
| Depreciation Expense | \$ 580 | \$ 545 | \$ 552 | \$ 625 | \$ 706 | \$ 735 | \$ 739 | \$ 811 | \$ 836 | \$ 881 |
| Gains on Vehicle Sales, Net | \$ 19 | \$ 12 | \$ 14 | \$ 16 | \$ 35 | \$ 47 | \$ 51 | \$ 44 | \$ 39 | \$ 12 |

(1) Amounts have not been recasted for discontinued operations

(2) Capital expenditures presented net of changes in accounts payable related to purchases of revenue earning equipment.

(3) Free Cash Flow excludes acquisitions and changes in restricted cash.



Cash Flow Reconciliation

(\$ Millions)

| | 12/31/10 | 12/31/11 | 12/31/12 | 9/30/13 | 9/30/12 |
|--|---------------|-----------------|-----------------|-----------------|-----------------|
| Cash Provided by Operating Activities from Continuing Operations | \$ 1,028 | \$ 1,042 | \$ 1,134 | \$ 890 | \$ 768 |
| Proceeds from Sales (Primarily Revenue Earning Equipment) | 235 | 300 | 413 | 337 | 310 |
| Proceeds from Sale and Leaseback of Assets | - | 37 | 130 | - | 130 |
| Collections of Direct Finance Leases | 62 | 62 | 72 | 55 | 51 |
| Other, net | 3 | - | - | 8 | - |
| Total Cash Generated | 1,328 | 1,442 | 1,749 | 1,290 | 1,259 |
| Capital Expenditures ⁽¹⁾ | (1,070) | (1,699) | (2,133) | (1,496) | (1,695) |
| Free Cash Flow ⁽²⁾ | \$ 258 | \$ (257) | \$ (384) | \$ (206) | \$ (436) |
| Memo: | | | | | |
| Depreciation Expense | \$ 834 | \$ 872 | \$ 940 | \$ 708 | \$ 699 |
| Gains on Vehicle Sales, Net | \$ 29 | \$ 63 | \$ 89 | \$ 69 | \$ 68 |

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

(2) Free Cash Flow excludes acquisitions and changes in restricted cash.



