

RYDER SYSTEM INC

FORM 8-K (Current report filing)

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Industry	Rental & Leasing
Sector	Services
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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): February 2, 2012

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 February 2, 2012, we issued a press release reporting our financial results for the three and twelve months ended December 31, 2011 (the “Press Release”). We also hosted a conference call and webcast on February 2, 2012 during which we made a presentation on our financial results for the three and twelve months ended December 31, 2011 (the “Presentation”). The Press Release and the Presentation are available on our website at www.ryder.com.

The Press Release and Presentation include information regarding comparable earnings from continuing operations and comparable earnings per share from continuing operations for both fourth quarter and full year 2011 and 2010, 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, as the measures exclude from our GAAP earnings from continuing operations and earnings per share from continuing operations, as applicable, (1) for the fourth quarter of 2011, acquisition-related transaction costs and restructuring charges related to the integration of an acquisition, (2) for full year of 2011, charges related to tax law changes, an income tax benefit from prior year acquisition-related transaction costs, acquisition-related transaction costs and restructuring charges, (3) for the fourth quarter and full year of 2010, a gain on the sale of an international asset, tax benefits related to the settlement of prior tax years and the expiration of a statute of limitations, and acquisition-related transaction costs, all of which are unrelated to 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 February 2, 2012, relating to Ryder System, Inc.’s financial results for the three and twelve months ended December 31, 2011. |
| Exhibit 99.2 | Presentation prepared for a conference call and webcast held on February 2, 2012, relating to Ryder System, Inc.’s financial results for the three and twelve months ended December 31, 2011. |

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: February 2, 2012

RYDER SYSTEM, INC.
(Registrant)

By: /s/ Art A. Garcia
Art A. Garcia, Executive Vice President
and Chief Financial Officer

News Release

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RYDER REPORTS FOURTH QUARTER AND FULL YEAR 2011 RESULTS AND PROVIDES 2012 FORECAST

- *Q4 EPS from Continuing Operations Increase 15% to \$0.92*
- *Q4 Comparable EPS from Continuing Operations Up 49% to \$0.97*
- *Q4 Total Revenue Up 17%; Operating Revenue Grows 16%*
- *Full Year EPS from Continuing Operations Up 40% to \$3.31*
- *Full Year Comparable EPS from Continuing Operations Up 57% to \$3.49*
- *Full Year Total Revenue Grows 18% to \$6.1 Billion*
- *2012 Comparable EPS Forecast of \$4.00 to \$4.10*
- *2012 Forecast Includes \$0.18 Increase in Pension Expense*

MIAMI, February 2, 2012 – Ryder System, Inc. (NYSE: R), a leader in transportation and supply chain management solutions, today reported earnings per diluted share from continuing operations for the three-month period ended December 31, 2011 were \$0.92, compared with \$0.80 in the year-earlier period. Earnings from continuing operations for the fourth quarter of 2011 were \$47.7 million, compared with \$41.5 million in the year-earlier period. Earnings per diluted share and earnings from continuing operations in the fourth quarter of 2011 included a charge of \$0.05 and \$2.4 million, respectively, for planned restructuring costs related to the integration of an acquisition. Earnings per diluted share and earnings from continuing operations in the year-earlier period included a net benefit of \$0.15 and \$7.6 million, respectively, related to certain tax benefits, partially offset by restructuring and other items. Excluding these items in both periods, comparable earnings per diluted share from continuing operations for the fourth quarter of 2011 were \$0.97, up 49% from \$0.65 in the year-earlier period, and comparable earnings from continuing operations of \$50.1 million increased 48% from \$33.8 million in the year-earlier period. The increase in comparable earnings primarily reflects strong organic growth in commercial rental, the benefit of acquisitions in all business segments, better used vehicle sales results, as well as organic growth in the Supply Chain Solutions (SCS) segment.

Total revenue for the fourth quarter of 2011 was \$1.54 billion, up 17% from \$1.31 billion in the same period in the prior year, reflecting the benefit of acquisitions, organic growth and

fuel services. Operating revenue (revenue excluding Fleet Management Solutions fuel and all subcontracted transportation) from continuing operations of \$1.24 billion, rose 16% from \$1.06 billion in the year-earlier period. Fleet Management Solutions (FMS) business segment total revenue improved 13% due to higher operating revenue, and to a lesser extent increased fuel services revenue. FMS operating revenue grew 12% due to acquisitions and higher organic commercial rental revenue. In the Company's SCS business segment, total and operating revenue increased 26% due to an acquisition and new business. DCC business segment total revenue grew 29% and operating revenue grew 23% reflecting an acquisition, and the pass-through of higher fuel costs.

Net earnings per diluted share, including discontinued operations for the three-month period ended December 31, 2011 were \$0.93 versus \$0.72 in the year-earlier period. Earnings per diluted share from discontinued operations (previously announced in 2009) for the fourth quarter of 2011 totaled \$0.01 compared with a loss of \$0.08 in the same period of 2010. Net earnings for the fourth quarter of 2011 were \$48.1 million versus \$37.1 million in the year-earlier period.

Commenting on the Company's full-year 2011 performance, Ryder Chairman and CEO Greg Swinton said, "In 2011, we delivered significantly higher, double-digit growth in both revenue and earnings despite volatile economic conditions. Our transactional products, including commercial rental and used vehicle sales, continued to perform exceptionally well, showing improvement not only in volumes, but commanding better pricing as well. In our contractual business, our largest product line, full service lease, began to show organic fleet growth in the latter part of the year, and we also saw significant organic improvement in Supply Chain Solutions. Although Dedicated Contract Carriage earnings showed an increase for the year, segment results were lower than our expectations. We generated very strong performance from the integration of five immediately accretive acquisitions completed since December of 2010. We also achieved a positive spread between our return on capital and cost of capital, and improved our return on equity by 350 basis points to 11.9%. In view of these factors, we have entered 2012 with good momentum, specific initiatives in place to accelerate organic growth, and confidence in our ability to deliver increased revenue and earnings even with only modest economic improvement anticipated in 2012."

Fourth Quarter Business Segment Operating Results

Fleet Management Solutions

In the FMS business segment, total revenue in the fourth quarter of 2011 was \$1.07 billion, up 13%. Fuel services revenue in the fourth quarter of 2011 increased 18%, due to higher fuel prices passed through to customers. Operating revenue (revenue excluding fuel) in the fourth quarter of 2011 was \$813.3 million, up 12%. Full service lease revenue increased 5%, driven by acquisitions. Commercial rental revenue grew 38%, reflecting improving global market demand and higher pricing.

The FMS business segment's earnings before tax (EBT) were \$69.9 million in the fourth quarter of 2011, up 41% from \$49.5 million in the same period of 2010. Increased earnings reflect significantly better commercial rental performance, the benefit of the four FMS acquisitions closed in 2011 and improved used vehicle sales results. These items were partially offset by higher maintenance costs on an older lease fleet, investments in sales and marketing initiatives and higher compensation-related expenses. Commercial rental performance improved as a result of increased market demand on a 31% larger average fleet (13% excluding acquisitions) and higher pricing. Rental power fleet utilization was 79% for the fourth quarter of 2011, an improvement of 100 basis points from the year-earlier period. Used vehicle sales results were favorably impacted by higher pricing. Business segment earnings before tax as a percentage of operating revenue were 8.6% in the fourth quarter of 2011, up 180 basis points compared with 6.8% in the same quarter a year ago.

Supply Chain Solutions

In the SCS business segment, fourth quarter 2011 total revenue was \$408.7 million, up 26%. Fourth quarter 2011 operating revenue (revenue excluding subcontracted transportation) was \$324.7 million, an increase of 26%. SCS total revenue and operating revenue comparisons benefited from the acquisition of Total Logistic Control (TLC) in December of 2010. Operating revenue also benefited from new business.

The SCS business segment's earnings before tax of \$17.8 million in the fourth quarter of 2011 rose 44%, from \$12.3 million in the same quarter of 2010. The improvement was driven by the TLC acquisition, favorable insurance claims development and new business. Fourth quarter 2011 earnings before tax for the business segment as a percentage of operating revenue were 5.5%, up 70 basis points from 4.8% in the same quarter of 2010.

Dedicated Contract Carriage

In the DCC business segment, fourth quarter 2011 total revenue of \$156.6 million improved 29%. Operating revenue (revenue excluding subcontracted transportation) in the fourth quarter of 2011 was \$147.1 million, an increase of 23%. Total revenue and operating revenue increased due to the acquisition of The Scully Companies in January 2011 and the pass-through of higher fuel costs.

The DCC business segment's earnings before tax in the fourth quarter of 2011 were \$7.0 million, up 7% compared with \$6.5 million in the fourth quarter of 2010. The improvement was driven by favorable insurance claims development, partially offset by lower operating performance. Business segment earnings before tax as a percentage of operating revenue were 4.8% in the fourth quarter of 2011, down 70 basis points from 5.5% 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 fourth quarter of 2011, CSS costs were \$52.0 million, compared with \$48.0 million in the year-earlier period, primarily driven by higher compensation-related expenses, investments in information technology initiatives, and increased professional fees.

Restructuring and Other Items

Pre-tax restructuring and other items from continuing operations in the fourth quarter of 2011 totaled \$3.3 million (\$2.4 million after tax), or \$0.05 per diluted share. The charge represents restructuring costs associated with the integration of the Hill Hire acquisition. In the first quarter of 2012, Ryder expects restructuring and other items of approximately \$1.4 million (\$0.9 million after tax), or \$0.02 per diluted share, related to the integration of the Hill Hire acquisition. Pre-tax restructuring and other items from continuing operations in the fourth

quarter of 2010 totaled \$3.2 million (also \$3.2 million after tax), or \$0.06 per diluted share. The charge included costs incurred on the acquisition of Total Logistic Control in December 2010, partially offset by a gain on the sale of an international supply chain facility.

Income Taxes

The Company's effective income tax rate from continuing operations for the fourth quarter of 2011 was 34.8% of pre-tax earnings, compared with 16.4% in the year-earlier period. The year-earlier period income tax rate reflected a benefit of \$10.8 million (21.7% of pre-tax earnings), or \$0.21 per diluted share, related to the favorable settlement of prior tax years as well as the expiration of a statute of limitations. Excluding the prior year benefit, the effective income tax rate from continuing operations decreased in 2011 primarily due to adjustments related to annual foreign and state tax filings.

Capital Expenditures

As planned, capital expenditures from continuing operations were \$1.76 billion for 2011, compared with \$1.09 billion in the same period of 2010. Net capital expenditures (including proceeds from the sale of assets) were \$1.42 billion for 2011, up from \$853.0 million in the same period of 2010. The increase in capital expenditures reflects investments to refresh and grow the lease and commercial rental fleets.

Cash Flow

Operating cash flow from continuing operations in 2011 was \$1.04 billion, up 1% from \$1.03 billion in the same period of 2010, due primarily to higher cash-based earnings, partially offset by changes in working capital needs. Total cash generated (including proceeds from used vehicle sales) from continuing operations in 2011 was \$1.44 billion, up 9% from \$1.33 billion in the same period of 2010. Free cash flow from continuing operations in 2011 was negative \$256.8 million, down from a positive \$257.6 million in the same period of 2010, due primarily to increased vehicle investments.

Leverage

Balance sheet debt as of December 31, 2011 increased by \$635.1 million compared with year-end 2010, due primarily to acquisitions and increased investment in vehicles. The leverage ratio for balance sheet debt as of December 31, 2011 was 257%, compared with 196% at year-end 2010. Total obligations to equity as of December 31, 2011 were 261%, up from 203% at year end 2010. This increase reflects growth in the business and a pension equity charge. Total obligations to equity remain within Ryder's long-term target range of 250% to 300%.

Full-Year 2011 Operating Results

Total revenue from continuing operations for the full-year 2011 was \$6.05 billion, up 18% from \$5.14 billion in 2010. Operating revenue from continuing operations for the full-year 2011 was \$4.81 billion, up 16% from \$4.16 billion in 2010.

Ryder's 2011 earnings from continuing operations were \$171.4 million, compared with \$124.6 million in the year-earlier period. Earnings per diluted share from continuing operations were \$3.31 for 2011, up 40% versus \$2.37 in 2010. Comparable 2011 earnings from continuing operations were \$180.6 million, an improvement of 54% from \$117.0 million in 2010. Comparable 2011 earnings per diluted share from continuing operations of \$3.49 rose 57% from \$2.22 in 2010. Comparable earnings and earnings per share from continuing operations excluded restructuring and other items, and certain tax items in both 2011 and 2010.

Ryder's 2011 net earnings, including discontinued operations, were \$169.8 million, up 44% compared with \$118.2 million in 2010. Earnings per diluted share were \$3.28 for 2011, an improvement of 46% from \$2.25 in 2010.

2012 Earnings Forecast

Commenting on the Company's outlook, Mr. Swienton said, "We expect to build on the significant progress Ryder made in 2011. Even with an economic outlook that calls for only modest growth in 2012, we plan to deliver increased revenue and solid earnings leverage. In Fleet Management Solutions, we are forecasting organic growth in our full service lease fleet, with maintenance costs continuing at somewhat higher levels, resulting from a slightly older fleet. Our commercial rental product should continue to perform very well and we plan to grow

that portion of our fleet, while also maintaining improved pricing. Our used vehicle sales activity is expected to generate higher volumes with stable pricing. During the first half of the year, Fleet Management Solutions earnings comparisons will also reflect the benefit of the Hill Hire acquisition completed in June of 2011. In our Supply Chain Solutions business segment, which is now integrated to include all dedicated activity, we expect 2012 performance to benefit from new business and higher volumes. We are forecasting pension expense to increase by \$0.18, well above our prior assumption. This increase is based on lower actual and projected pension asset returns. The impact of increased pension expense is already included in our forecast. At this early stage of the multi-year vehicle replacement cycle, we plan to invest significant capital to refresh and grow both the lease and commercial rental fleets. These investments will benefit revenue and earnings in 2012 as well as in future years.”

Based on this outlook, Ryder forecasts full-year 2012 comparable earnings to be in the range of \$4.00 to \$4.10 per diluted share, excluding \$0.02 per share of acquisition-related restructuring costs anticipated in the first quarter. This represents a mid-point increase of 16% over Ryder’s comparable full-year 2011 earnings from continuing operations of \$3.49 per diluted share. The Company is also establishing a first quarter 2012 comparable earnings forecast of \$0.55 to \$0.58 per diluted share. Total revenue for the full-year 2012 is forecast to be approximately \$6.3 billion, up 4% from \$6.05 billion in 2011. Operating revenue (revenue excluding FMS fuel and all subcontracted transportation) for the full-year 2012 is forecast to be approximately \$5.1 billion, up 6% from \$4.81 billion in 2011.

About Ryder

Ryder System, Inc. is a FORTUNE 500® commercial transportation, logistics and supply chain management 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 three, inter-related business segments:

- **Fleet Management Solutions** – The FMS business segment combines several capabilities into a comprehensive package that provides one-stop outsourcing of the acquisition, financing, maintenance, management, and disposal of vehicles. Ryder’s commercial rental service offers customers a method to expand their fleets in order to address short-term capacity needs.
- **Supply Chain Solutions** – The SCS business segment offers a broad range of innovative logistics management services that are designed to optimize a customer’s supply chain and address key customer business requirements. These solutions involve strategically designed processes that direct the movement of materials and related information from the acquisition of raw materials to the delivery of finished products to the end user.
- **Dedicated Contract Carriage** – The 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 logistics engineering support.

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.

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. 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, a slowdown of the economic recovery and decreases in freight demand, our ability to obtain adequate profit margins for our services, our inability to maintain current pricing levels due to soft economic conditions, uncertainty or decline in economic and market conditions affecting demand for our services, a decline in the market for used vehicles resulting in a decline in residual values of our lease or rental vehicles, competition from other service providers, customer retention levels, unexpected volatility or declines in automotive or high-tech volume, loss of key customers in the Supply Chain Solutions (SCS) business segment, unexpected reserves or write-offs due to the deterioration of the credit worthiness or bankruptcy of customers, changes in financial, tax or regulatory requirements or 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 resulting from volatile financial markets, inability to achieve planned synergies and customer retention levels or anticipate costs and liabilities from acquisitions, labor strikes or work stoppages affecting our or our customers' business operations, driver and technician shortages and increasing driver costs, adequacy of accounting estimates, reserves and accruals particularly with respect to pension, taxes, insurance and revenue, a decline in pension plan returns, changes in obligations relating to multi-employer plans, sudden or unusual changes in fuel prices, our ability to manage our cost structure, new accounting pronouncements, rules or interpretations, changes in government regulations, new proposed changes in lease accounting rules, the inability to comply with government regulations particularly relating to various state and federal privacy, employment and environmental regulations, new legal proceedings or unanticipated outcomes in existing legal proceedings 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. 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 conference call and webcast is scheduled for Thursday, February 2, 2012, from 11:00 a.m. to 12:00 noon Eastern Time. Speakers will be Chairman and Chief Executive Officer Greg Swinton 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: RG1066944** and **Passcode: RYDER** .
- **To access audio replays of the conference and view a presentation of Ryder's earnings results:** Dial **1-800-925-1940** (**outside U.S. dial 1-402-998-1654**), 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> .

RYDER SYSTEM, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS - UNAUDITED

Periods ended December 31, 2011 and 2010

(In millions, except per share amounts)

	Three Months		Year Ended	
	2011	2010	2011	2010
Revenue	\$1,541.1	1,313.4	\$6,050.5	5,136.4
Operating expense (exclusive of items shown separately)	732.9	628.3	2,924.5	2,441.9
Salaries and employee-related costs	384.7	326.0	1,504.4	1,255.7
Subcontracted transportation	93.5	69.4	348.5	261.3
Depreciation expense	227.0	206.1	872.3	833.8
Gains on vehicle sales, net	(16.6)	(10.7)	(62.9)	(28.7)
Equipment rental	13.2	13.7	56.6	63.2
Interest expense	33.0	33.6	133.2	130.0
Miscellaneous income, net	(2.6)	(2.6)	(9.1)	(7.1)
Restructuring and other charges, net	2.9	—	3.7	—
	<u>1,468.0</u>	<u>1,263.8</u>	<u>5,771.1</u>	<u>4,950.1</u>
Earnings from continuing operations before income taxes	73.1	49.6	279.4	186.3
Provision for income taxes	(25.4)	(8.1)	(108.0)	(61.7)
Earnings from continuing operations	47.7	41.5	171.4	124.6
Earnings/(loss) from discontinued operations, net of tax	0.4	(4.3)	(1.6)	(6.4)
Net earnings	<u>\$ 48.1</u>	<u>37.1</u>	<u>\$ 169.8</u>	<u>118.2</u>
Earnings (loss) per common share - Diluted				
Continuing operations	\$ 0.92	0.80	\$ 3.31	2.37
Discontinued operations	0.01	(0.08)	(0.03)	(0.12)
Net earnings	<u>\$ 0.93</u>	<u>0.72</u>	<u>\$ 3.28</u>	<u>2.25</u>
Earnings per share information (Diluted):				
Earnings from continuing operations	47.7	41.5	171.4	124.6
Less: Distributed and undistributed earnings allocated to nonvested stock	(0.8)	(0.6)	(2.7)	(1.8)
Earnings from continuing operations available to common stockholders	<u>46.9</u>	<u>40.9</u>	<u>168.7</u>	<u>122.8</u>
Weighted-average shares outstanding - Diluted	50.7	51.0	50.9	51.9
Memo:				
Comparable earnings per share from continuing operations:				
EPS from continuing operations	\$ 0.92	0.80	\$ 3.31	2.37
Tax law changes / benefits	—	(0.21)	0.09	(0.21)
Acquisition-related transaction costs	0.01	0.08	0.04	0.08
International asset gain on sale	—	(0.02)	—	(0.02)
Restructuring charges	0.04	—	0.05	—
Comparable EPS from continuing operations	<u>\$ 0.97</u>	<u>0.65</u>	<u>\$ 3.49</u>	<u>2.22</u>

Note: Amounts may not be additive due to rounding.

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

	December 31, 2011	December 31, 2010
Assets:		
Cash and cash equivalents	\$ 104.6	213.1
Other current assets	983.6	810.2
Revenue earning equipment, net	5,049.7	4,201.2
Operating property and equipment, net	624.2	606.8
Other assets	855.8	821.0
	<u>\$ 7,617.8</u>	<u>6,652.4</u>
Liabilities and shareholders' equity:		
Short-term debt and current portion of long-term debt	\$ 274.4	420.1
Other current liabilities	899.5	711.4
Long-term debt	3,107.8	2,326.9
Other non-current liabilities (including deferred income taxes)	2,018.1	1,789.7
Shareholders' equity	1,318.2	1,404.3
	<u>\$ 7,617.8</u>	<u>6,652.4</u>

SELECTED KEY RATIOS AND METRICS

	December 31, 2011	December 31, 2010
Debt to equity	257%	196%
Total obligations to equity *	261%	203%
Effective interest rate (average cost of debt)	4.3%	5.2%
	Twelve months ended December 31,	
	2011	2010
Cash provided by operating activities from continuing operations	\$ 1,042.0	1,028.0
Free cash flow*	(256.8)	257.6
Capital expenditures paid	1,698.6	1,070.1
Capital expenditures (accrual basis)	\$ 1,759.9	1,087.7
Less proceeds from sales (primarily revenue earning equipment)	(300.2)	(234.7)
Less sale and leaseback of revenue earning equipment	(37.4)	—
Net capital expenditures	<u>\$ 1,422.2</u>	<u>853.0</u>
	Twelve months ended December 31,	
	2011	2010
Return on average shareholders' equity	11.9%	8.4%
Return on average assets	2.3%	1.9%
Adjusted return on capital *	5.7%	4.8%

* 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 December 31, 2011 and 2010

(Dollars in millions)

	Three Months			Year Ended		
	2011	2010	B(W)	2011	2010	B(W)
Revenue:						
Fleet Management Solutions:						
Full service lease	\$ 508.4	485.0	5%	\$1,996.3	1,934.3	3%
Contract maintenance	38.8	39.0	(1)%	155.2	158.8	(2)%
Contractual revenue	547.2	524.0	4%	2,151.5	2,093.1	3%
Contract-related maintenance	49.1	39.6	24%	192.7	160.9	20%
Commercial rental	200.3	145.5	38%	722.6	525.1	38%
Other	16.7	17.1	(2)%	69.1	67.4	2%
Fuel	261.3	221.8	18%	1,082.5	865.6	25%
Total Fleet Management Solutions	1,074.7	948.1	13%	4,218.3	3,712.2	14%
Supply Chain Solutions	408.7	325.1	26%	1,605.4	1,252.3	28%
Dedicated Contract Carriage	156.6	121.8	29%	600.7	482.6	24%
Eliminations	(98.9)	(81.6)	(21)%	(373.8)	(310.6)	(20)%
Total revenue	<u>\$1,541.1</u>	<u>1,313.4</u>	<u>17%</u>	<u>\$6,050.5</u>	<u>5,136.4</u>	<u>18%</u>
Operating Revenue: *						
Fleet Management Solutions	\$ 813.3	726.3	12%	\$3,135.9	2,846.5	10%
Supply Chain Solutions	324.7	258.3	26%	1,290.9	1,005.0	28%
Dedicated Contract Carriage	147.1	119.3	23%	566.6	468.5	21%
Eliminations	(48.1)	(41.9)	(15)%	(178.8)	(161.8)	(11)%
Total operating revenue	<u>\$1,237.0</u>	<u>1,061.9</u>	<u>16%</u>	<u>\$4,814.6</u>	<u>4,158.2</u>	<u>16%</u>
Business segment earnings:						
Earnings from continuing operations before income taxes:						
Fleet Management Solutions	\$ 69.9	49.5	41%	\$ 250.1	172.2	45%
Supply Chain Solutions	17.8	12.3	44%	69.5	47.1	47%
Dedicated Contract Carriage	7.0	6.5	7%	32.5	31.0	5%
Eliminations	(7.1)	(4.8)	(49)%	(24.2)	(19.3)	(26)%
Unallocated Central Support Services	87.6	63.6	38%	327.9	231.0	42%
Earnings from continuing operations before restructuring, other items and income taxes	(11.1)	(10.8)	(3)%	(42.7)	(41.5)	(3)%
Restructuring and other charges, net and other items *	76.4	52.8	45%	285.2	189.5	51%
Earnings from continuing operations before income taxes	(3.3)	(3.2)	NM	(5.8)	(3.2)	NM
Provision for income taxes	73.1	49.6	47%	279.4	186.3	50%
Earnings from continuing operations	(25.4)	(8.1)	(212)%	(108.0)	(61.7)	(75)%
Earnings from continuing operations	<u>\$ 47.7</u>	<u>41.5</u>	<u>15%</u>	<u>\$ 171.4</u>	<u>124.6</u>	<u>38%</u>

* Non-GAAP financial measure.

Note: Amounts may not be additive due to rounding.

RYDER SYSTEM, INC. AND SUBSIDIARIES

BUSINESS SEGMENT INFORMATION - UNAUDITED

Periods ended December 31, 2011 and 2010

(Dollars in millions)

	Three Months			Year Ended		
	2011	2010	B(W)	2011	2010	B(W)
Fleet Management Solutions						
Total revenue	\$ 1,074.7	948.1	13%	\$ 4,218.3	3,712.2	14%
Fuel revenue	(261.3)	(221.8)	18%	(1,082.5)	(865.6)	25%
Operating revenue *	<u>\$ 813.3</u>	<u>726.3</u>	<u>12%</u>	<u>\$ 3,135.9</u>	<u>2,846.5</u>	<u>10%</u>
Segment earnings before income taxes	<u>\$ 69.9</u>	<u>49.5</u>	<u>41%</u>	<u>\$ 250.1</u>	<u>172.2</u>	<u>45%</u>
Earnings before income taxes as % of total revenue	<u>6.5%</u>	<u>5.2%</u>		<u>5.9%</u>	<u>4.6%</u>	
Earnings before income taxes as % of operating revenue *	<u>8.6%</u>	<u>6.8%</u>		<u>8.0%</u>	<u>6.0%</u>	
Supply Chain Solutions						
Total revenue	\$ 408.7	325.1	26%	\$ 1,605.4	1,252.3	28%
Subcontracted transportation	(84.0)	(66.8)	26%	(314.5)	(247.3)	27%
Operating revenue *	<u>\$ 324.7</u>	<u>258.3</u>	<u>26%</u>	<u>\$ 1,290.9</u>	<u>1,005.0</u>	<u>28%</u>
Segment earnings before income taxes	<u>\$ 17.8</u>	<u>12.3</u>	<u>44%</u>	<u>\$ 69.5</u>	<u>47.1</u>	<u>47%</u>
Earnings before income taxes as % of total revenue	<u>4.3%</u>	<u>3.8%</u>		<u>4.3%</u>	<u>3.8%</u>	
Earnings before income taxes as % of operating revenue *	<u>5.5%</u>	<u>4.8%</u>		<u>5.4%</u>	<u>4.7%</u>	
Memo: Fuel costs	<u>\$ 26.2</u>	<u>21.0</u>	<u>(25)%</u>	<u>\$ 96.4</u>	<u>\$ 78.8</u>	<u>(22)%</u>
Dedicated Contract Carriage						
Total revenue	\$ 156.6	121.8	29%	\$ 600.7	482.6	24%
Subcontracted transportation	(9.5)	(2.6)	269%	(34.0)	(14.0)	142%
Operating revenue *	<u>\$ 147.1</u>	<u>119.3</u>	<u>23%</u>	<u>\$ 566.6</u>	<u>468.5</u>	<u>21%</u>
Segment earnings before income taxes	<u>\$ 7.0</u>	<u>6.5</u>	<u>7%</u>	<u>\$ 32.5</u>	<u>31.0</u>	<u>5%</u>
Earnings before income taxes as % of total revenue	<u>4.5%</u>	<u>5.3%</u>		<u>5.4%</u>	<u>6.4%</u>	
Earnings before income taxes as % of operating revenue *	<u>4.8%</u>	<u>5.5%</u>		<u>5.7%</u>	<u>6.6%</u>	
Memo: Fuel costs	<u>\$ 33.7</u>	<u>22.3</u>	<u>(51)%</u>	<u>\$ 127.3</u>	<u>83.9</u>	<u>(52)%</u>

* 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

	<u>Three months ended December 31,</u>		<u>Year ended December 31,</u>		<u>Change 2011/2010</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>Three Months</u>	<u>Twelve Months</u>
Full service lease						
Average fleet count	120,400	111,200	116,200	112,500	8%	3%
End of period fleet count ^(a)	121,000	111,100	121,000	111,100	9%	9%
Miles/unit per day change - % ^(b)	(2.6)%	4.5%	(0.1)%	3.4%	(710) bps	(350) bps
Commercial rental						
Average fleet count	39,800	30,400	36,600	29,800	31%	23%
End of period fleet count ^(a)	39,600	29,700	39,600	29,700	33%	33%
Rental utilization - power units	78.9%	77.9%	77.6%	76.1%	100 bps	150 bps
Rental rate change - % ^(c)	8.1%	9.5%	14.3%	6.1%	(140) bps	820 bps
Used vehicle sales (UVS)						
Average UVS inventory	5,700	4,900	5,200	5,800	16%	(10)%
End of period fleet count ^(a)	6,300	5,200	6,300	5,200	21%	21%
Used vehicles sold	4,200	4,000	16,900	17,700	5%	(5)%
UVS pricing change - % ^(d)						
Tractors	29%	39%	37%	17%	(1,000) bps	2,000 bps
Trucks	0%	56%	23%	35%	(5,560) bps	(1,200) bps
Customer vehicles under contract maintenance						
Average fleet count	35,100	33,400	34,100	33,700	5%	1%
End of period fleet count	35,300	33,400	35,300	33,400	6%	6%

- (a) Includes trailers acquired in Hill Hire acquisition (6,100 full-service lease and 3,400 commercial rental).
(b) Represents the percentage change compared to prior year period in miles driven per vehicle per workday on US lease power units (restated to exclude vehicles not yet earning revenue and vehicles no longer earning revenue)
(c) Represents percentage change compared to prior year period in average global rental rate per day on power units using constant currency.
(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 December 31,		Year ended December 31,	
	2011	2010	2011	2010
Total revenue	\$ 1,541.1	1,313.4	\$ 6,050.5	5,136.4
Fuel services and subcontracted transportation revenue	(354.8)	(291.2)	(1,431.0)	(1,126.9)
Fuel eliminations	50.8	39.7	195.0	148.8
Operating revenue *	\$ 1,237.0	1,061.9	\$ 4,814.6	4,158.2

DEBT TO EQUITY RECONCILIATION

	December 31,	% to	December 31,	% to
	2011	Equity	2010	Equity
On-balance sheet debt	\$ 3,382.1	257%	\$ 2,747.0	196%
Off-balance sheet debt - PV of minimum lease payments and guaranteed residual values under operating leases for vehicles ^(a)	64.0		99.8	
Total obligations *	\$ 3,446.1	261%	2,846.8	203%

CASH FLOW RECONCILIATION

	Year ended December 31,	
	2011	2010
Net cash provided by operating activities from continuing operations	\$ 1,042.0	1,028.0
Proceeds from sales (primarily revenue earning equipment)	300.2	234.7
Collections on direct finance leases	62.2	61.8
Sale and leaseback of revenue earning equipment	37.4	—
Other, net	—	3.2
Total cash generated *	1,441.8	1,327.7
Capital expenditures	(1,698.6)	(1,070.1)
Free cash flow *	\$ (256.8)	257.6

RETURN ON CAPITAL RECONCILIATION

	Year ended December 31,	
	2011	2010
Net earnings (12-month rolling period)	\$ 169.8	118.2
+ Restructuring and other items	5.7	6.2
+ Income taxes	108.4	60.6
Adjusted earnings before income taxes	283.9	185.0
+ Adjusted interest expense ^(b)	135.1	132.8
- Adjusted income taxes	(156.6)	(123.4)
= Adjusted net earnings for ROC (numerator)	\$ 262.5	194.4
Average total debt	\$ 3,078.5	2,512.0
Average off-balance sheet debt	77.6	114.2
Average shareholders' equity	1,428.0	1,401.7
Adjustment to equity ^(c)	4.2	2.1
Adjusted average total capital (denominator)	\$ 4,588.3	4,030.0
Adjusted ROC *	5.7%	4.8%

* Non-GAAP financial measure.

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.

Note: Amounts may not be additive due to rounding.

RYDER SYSTEM, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS - UNAUDITED

Periods ended December 31, 2011 and 2010

(In millions, except per share amounts)

	Three Months		Year Ended	
	2011	2010	2011	2010
Lease and rental revenues	\$ 664.5	594.4	\$2,553.9	2,309.8
Services revenue	666.0	536.9	2,609.2	2,109.7
Fuel services revenue	210.6	182.1	887.5	716.9
Total revenues	<u>1,541.1</u>	<u>1,313.4</u>	<u>6,050.5</u>	<u>5,136.4</u>
Cost of lease and rental	446.6	405.6	1,746.1	1,604.3
Cost of services	560.0	451.2	2,186.4	1,763.0
Cost of fuel services	207.7	178.3	873.5	699.1
Other operating expenses	34.1	30.8	129.2	134.2
Selling, general and administrative expenses	202.9	177.6	771.2	655.4
Gains on vehicle sales, net	(16.6)	(10.7)	(62.9)	(28.7)
Interest expense	33.0	33.6	133.2	130.0
Miscellaneous income, net	(2.6)	(2.6)	(9.1)	(7.1)
Restructuring and other charges, net	2.9	—	3.7	—
	<u>1,468.0</u>	<u>1,263.8</u>	<u>5,771.1</u>	<u>4,950.1</u>
Earnings from continuing operations before income taxes	73.1	49.6	279.4	186.3
Provision for income taxes	(25.4)	(8.1)	(108.0)	(61.7)
Earnings from continuing operations	47.7	41.5	171.4	124.6
Earnings/(loss) from discontinued operations, net of tax	0.4	(4.3)	(1.6)	(6.4)
Net earnings	<u>\$ 48.1</u>	<u>37.1</u>	<u>\$ 169.8</u>	<u>118.2</u>
Earnings (loss) per common share - Diluted				
Continuing operations	\$ 0.92	0.80	\$ 3.31	2.37
Discontinued operations	0.01	(0.08)	(0.03)	(0.12)
Net earnings	<u>\$ 0.93</u>	<u>0.72</u>	<u>\$ 3.28</u>	<u>2.25</u>

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			Year Ended		
	2011			2011		
	Reported Earnings	Adjustments	Comparable Earnings	Reported Earnings	Adjustments	Comparable Earnings
Revenue	\$1,541.1	—	1,541.1	\$6,050.5	—	6,050.5
Operating expense ^(a)	732.9	(0.4)	732.5	2,924.5	(2.1)	2,922.4
Salaries and employee-related costs	384.7		384.7	1,504.4		1,504.4
Subcontracted transportation	93.5		93.5	348.5		348.5
Depreciation expense	227.0		227.0	872.3		872.3
Gains on vehicle sales, net	(16.6)		(16.6)	(62.9)		(62.9)
Equipment rental	13.2		13.2	56.6		56.6
Interest expense	33.0		33.0	133.2		133.2
Miscellaneous income, net	(2.6)		(2.6)	(9.1)		(9.1)
Restructuring and other charges, net ^(b)	2.9	(2.9)	—	3.7	(3.7)	—
	<u>1,468.0</u>	<u>(3.3)</u>	<u>1,464.7</u>	<u>5,771.1</u>	<u>(5.8)</u>	<u>5,765.3</u>
Earnings from continuing operations before income taxes	73.1	3.3	76.4	279.4	5.8	285.2
Provision for income taxes ^(c)	(25.4)	(0.9)	(26.3)	(108.0)	3.4	(104.6)
Earnings from continuing operations	<u>47.7</u>	<u>2.4</u>	<u>50.1</u>	<u>171.4</u>	<u>9.2</u>	<u>180.6</u>
Tax rate on continuing operations	<u>34.8%</u>		<u>34.4%</u>	<u>38.7%</u>		<u>36.7%</u>
Earnings per common share - Diluted:						
Continuing operations	<u>\$ 0.92</u>	<u>0.05</u>	<u>\$ 0.97</u>	<u>\$ 3.31</u>	<u>0.18</u>	<u>\$ 3.49</u>
	Three Months			Year Ended		
	2010			2010		
	Reported Earnings	Adjustments	Comparable Earnings	Reported Earnings	Adjustments	Comparable Earnings
Revenue	\$1,313.4	—	1,313.4	\$5,136.4	—	5,136.4
Operating expense ^(a)	628.3	(4.1)	624.2	2,441.9	(4.1)	2,437.8
Salaries and employee-related costs	326.0		326.0	1,255.7		1,255.7
Subcontracted transportation	69.4		69.4	261.3		261.3
Depreciation expense	206.1		206.1	833.8		833.8
Gains on vehicle sales, net	(10.7)		(10.7)	(28.7)		(28.7)
Equipment rental	13.7		13.7	63.2		63.2
Interest expense	33.6		33.6	130.0		130.0
Miscellaneous income, net ^(d)	(2.6)	0.9	(1.7)	(7.1)	0.9	(6.2)
	<u>1,263.8</u>	<u>(3.2)</u>	<u>1,260.6</u>	<u>4,950.1</u>	<u>(3.2)</u>	<u>4,946.9</u>
Earnings from continuing operations before income taxes	49.6	3.2	52.8	186.3	3.2	189.5
Provision for income taxes ^(e)	(8.1)	(10.8)	(18.9)	(61.7)	(10.8)	(72.5)
Earnings from continuing operations	<u>41.5</u>	<u>(7.6)</u>	<u>33.8</u>	<u>124.6</u>	<u>(7.6)</u>	<u>117.0</u>
Tax rate on continuing operations	<u>16.4%</u>		<u>35.9%</u>	<u>33.1%</u>		<u>38.3%</u>
Earnings per common share - Diluted:						
Continuing operations	<u>\$ 0.80</u>	<u>(0.15)</u>	<u>\$ 0.65</u>	<u>\$ 2.37</u>	<u>(0.15)</u>	<u>\$ 2.22</u>

Notes regarding adjustments:

- (a) Transaction costs related to acquisitions
- (b) Restructuring and other charges for acquisition-related severance and equipment contract termination costs.
- (c) Tax law changes and tax impact of other items
- (d) Gain on sale of building
- (e) Tax benefit related to settlements, reversal of tax reserves, tax law changes and restructuring and other items

Note: Amounts may not be additive due to rounding.



Fourth Quarter 2011 & 2012 Forecast

Earnings Conference Call

February 2, 2012



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, a slowdown of the economic recovery and decreases in freight demand, our ability to obtain adequate profit margins for our services, our inability to maintain current pricing levels due to soft economic conditions, uncertainty or decline in economic and market conditions affecting demand for our services, a decline in the market for used vehicles resulting in a decline in residual values of our lease or rental vehicles, competition from other service providers, customer retention levels, unexpected volatility or declines in automotive or high-tech volume, loss of key customers in the Supply Chain Solutions (SCS) business segment, unexpected reserves or write-offs due to the deterioration of the credit worthiness or bankruptcy of customers, changes in financial, tax or regulatory requirements or 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 resulting from volatile financial markets, inability to achieve planned synergies and customer retention levels or anticipate costs and liabilities from acquisitions, labor strikes or work stoppages affecting our or our customers' business operations, driver and technician shortages and increasing driver cost adequacy of accounting estimates, reserves and accruals particularly with respect to pension, taxes, insurance and revenue, a decline in pension plan returns, changes in obligations relating to multi-employer plans, sudden or unusual changes in fuel prices, our ability to manage our cost structure, new accounting pronouncements, rules or interpretations, changes in government regulations, new proposed changes in lease accounting rules, the inability to comply with government regulations particularly relating to various state and federal privacy, employment and environmental regulations, new legal proceedings or unanticipated outcomes in existing legal proceedings 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.

Contents

- ▶ **Fourth Quarter 2011 Results Overview**
- ▶ Asset Management Update
- ▶ 2012 Forecast
- ▶ Q & A

4th Quarter Results Overview

- ▶ **Earnings per diluted share from continuing operations were \$0.92 in 4Q11 vs. \$0.80 in 4Q10**
 - 4Q11 included a \$0.05 charge for acquisition-related restructuring costs
 - 4Q10 included a \$0.15 net benefit related to income taxes, partially offset by restructuring and other items

- ▶ **Comparable earnings per share from continuing operations were \$0.97 vs. \$0.65 in 4Q10**

- ▶ **Total revenue increased 17% (and operating revenue increased 16%) vs. prior year reflecting the impact of acquisitions and organic revenue growth**

Key Financial Statistics

Fourth Quarter

(\$ Millions, Except Per Share Amounts)

	2011	2010	% B/(W)
Operating Revenue ⁽¹⁾	\$ 1,237.0	\$ 1,061.9	16%
Fuel Services and Subcontracted Transportation Revenue	304.0	251.5	21%
Total Revenue	\$ 1,541.1	\$ 1,313.4	17%
Earnings Per Share From Continuing Operations	\$ 0.92	\$ 0.80	15%
Comparable Earnings Per Share From Continuing Operations ⁽¹⁾	\$ 0.97	\$ 0.65	49%
Earnings Per Share ⁽²⁾	\$ 0.93	\$ 0.72	29%
Memo:			
Average Shares (Millions) -Diluted	50.7	51.0	
Tax Rate From Continuing Operations	34.8%	16.4%	
Comparable Tax Rate From Continuing Operations ⁽¹⁾	34.4%	35.9%	

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

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

(2) Includes discontinued operations and restructuring charges and other items.



Key Financial Statistics

Full Year

(\$ Millions, Except Per Share Amounts)

	2011	2010	% B/(W)
Operating Revenue ⁽¹⁾	\$ 4,814.6	\$ 4,158.2	16%
Fuel Services and Subcontracted Transportation Revenue	1,236.0	978.1	26%
Total Revenue	\$ 6,050.5	\$ 5,136.4	18%
Earnings Per Share From Continuing Operations	\$ 3.31	\$ 2.37	40%
Comparable Earnings Per Share From Continuing Operations ⁽¹⁾	\$ 3.49	\$ 2.22	57%
Earnings Per Share ⁽²⁾	\$ 3.28	\$ 2.25	46%
Memo:			
Average Shares (<i>Millions</i>) Diluted	50.9	51.9	
Tax Rate From Continuing Operations	38.7%	33.1%	
Comparable Tax Rate From Continuing Operations ⁽¹⁾	36.7%	38.3%	
Adjusted Return on Capital (<i>Trailing 12 month</i>) ⁽¹⁾	5.7%	4.8%	

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

(2) Includes discontinued operations and restructuring charges and other items.



4th Quarter Results Overview - FMS

- ▶ **Fleet Management Solutions (FMS) total revenue up 13% (and operating revenue up 12%) vs. prior year**
 - Contractual revenue up 4%
 - Full service lease revenue up 5%
 - Contract maintenance revenue decreased 1%
 - Commercial rental revenue up 38%
 - Fuel revenue up 18% due primarily to increase in fuel pass-throughs

- ▶ **FMS earnings before tax (EBT) up 41%**
 - FMS EBT percent of operating revenue up 180 basis points to 8.6%

- ▶ **FMS earnings positively impacted by better commercial rental performance, acquisitions and improved used vehicle sales results**
 - These benefits were partially offset by higher maintenance costs on an older fleet, investments in sales and marketing, and higher compensation-related expenses

4th Quarter Results Overview – SCS / DCC

- ▶ **Supply Chain Solutions (SCS) total revenue up 26% (and operating revenue up 26%) vs. prior year due to the TLC acquisition and new business**
- ▶ **SCS earnings before tax (EBT) up 44%**
 - SCS EBT percent of operating revenue up 70 basis points to 5.5%
- ▶ **SCS earnings increased due to the TLC acquisition, favorable insurance development and new business**
- ▶ **Dedicated Contract Carriage (DCC) total revenue up 29% (and operating revenue up 23%) due to the Scully acquisition and higher fuel pass-throughs**
- ▶ **DCC earnings before tax (EBT) up 7%**
 - DCC EBT percent of operating revenue down 70 basis points to 4.8%
- ▶ **DCC earnings increased due to favorable insurance development, partially offset by lower operating performance**

Business Segments

(\$ Millions)

Fourth Quarter

				Memo: Total Revenue		
	2011	2010	% B/(W)	2011	2010	% B/(W)
Operating Revenue: ⁽¹⁾						
Fleet Management Solutions	\$ 813.3	\$ 726.3	12%	\$ 1,074.7	\$ 948.1	13%
Supply Chain Solutions	324.7	258.3	26%	408.7	325.1	26%
Dedicated Contract Carriage	147.1	119.3	23%	156.6	121.8	29%
Eliminations	(48.1)	(41.9)	(15)%	(98.9)	(81.6)	(21)%
Total	\$ 1,237.0	\$ 1,061.9	16%	\$ 1,541.1	\$ 1,313.4	17%
Segment Earnings Before Tax:						
Fleet Management Solutions	\$ 69.9	\$ 49.5	41%			
Supply Chain Solutions	17.8	12.3	44%			
Dedicated Contract Carriage	7.0	6.5	7%			
Eliminations	(7.1)	(4.8)	(49)%			
	87.6	63.6	38%			
Central Support Services (Unallocated Share)	(11.1)	(10.8)	(3)%			
Earnings Before Restructuring and Income Taxes ⁽¹⁾	76.4	52.8	45%			
Restructuring and Other Charges, Net and Other Items ⁽²⁾	(3.3)	(3.2)	NM			
Earnings Before Income Taxes	73.1	49.6	47%			
Provision for Income Taxes	(25.4)	(8.1)	(212)%			
Earnings from Continuing Operations	\$ 47.7	\$ 41.5	15%			
Comparable Earnings from Continuing Operations ⁽¹⁾	\$ 50.1	\$ 33.8	48%			
Net Earnings	\$ 48.1	\$ 37.1	30%			

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

(2) Our primary measure of segment financial performance excludes restructuring and other charges, net and other items. The applicable portion of the restructuring and other items that related to each segment was as follows: FMS – (\$3.3) in 2011, and SCS – (\$3.2) in 2010.



02/02/12

Proprietary and Confidential

9

Business Segments

(\$ Millions)

Full Year

	Full Year			Memo: Total Revenue		
	2011	2010	% B/(W)	2011	2010	% B/(W)
Operating Revenue: ⁽¹⁾						
Fleet Management Solutions	\$ 3,135.9	\$ 2,846.5	10%	\$ 4,218.3	\$ 3,712.2	14%
Supply Chain Solutions	1,290.9	1,005.0	28%	1,605.4	1,252.3	28%
Dedicated Contract Carriage	566.6	468.5	21%	600.7	482.6	24%
Eliminations	(178.8)	(161.8)	(11)%	(373.8)	(310.6)	(20)%
Total	\$ 4,814.6	\$ 4,158.2	16%	\$ 6,050.5	\$ 5,136.4	18%
Segment Earnings Before Tax :						
Fleet Management Solutions	\$ 250.1	\$ 172.2	45%			
Supply Chain Solutions	69.5	47.1	47%			
Dedicated Contract Carriage	32.5	31.0	5%			
Eliminations	(24.2)	(19.3)	(26)%			
	327.9	231.0	42%			
Central Support Services (Unallocated Share)	(42.7)	(41.5)	(3)%			
Earnings Before Restructuring and Income Taxes ⁽¹⁾	285.2	189.5	51%			
Restructuring and Other Charges, Net and Other Items ⁽²⁾	(5.8)	(3.2)	NM			
Earnings Before Income Taxes	279.4	186.3	50%			
Provision for Income Taxes	(108.0)	(61.7)	(75)%			
Earnings from Continuing Operations	\$ 171.4	\$ 124.6	38%			
Comparable Earnings from Continuing Operations ⁽¹⁾	\$ 180.6	\$ 117.0	54%			
Net Earnings	\$ 169.8	\$ 118.2	44%			

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

(2) Our primary measure of segment financial performance excludes restructuring and other charges, net and other items. The applicable portion of the restructuring and other items that related to each segment was as follows: FMS – (\$5.7) and DCC – (\$0.01) in 2011, and SCS – (\$3.2) in 2010.



Capital Expenditures

	<u>Full Year</u>		(\$ Millions)
	2011	2010	2011 \$ O/(U) 2010
Full Service Lease	\$ 1,067	\$ 647	\$ 420
Commercial Rental	622	379	244
Operating Property and Equipment	71	62	8
Gross Capital Expenditures	1,760	1,088	672
Less: Proceeds from Sales (Primarily Revenue Earning Equipment)	300	235	66
Less: Sale and Leaseback of Revenue Earning Equipment	37	-	37
Net Capital Expenditures	\$ 1,422	\$ 853	\$ 569
Memo: Acquisitions	\$ 362	\$ 212	\$ 150

Cash Flow from Continuing Operations

(\$ Millions)

Full Year

	2011	2010
Earnings from Continuing Operations	\$ 171	\$ 125
Depreciation	872	834
Gains on Vehicle Sales, Net	(63)	(29)
Amortization and Other Non-Cash Charges, Net	57	57
Pension Contributions	(65)	(64)
Changes in Working Capital and Deferred Taxes	69	105
Cash Provided by Operating Activities	1,042	1,028
Proceeds from Sales (Primarily Revenue Earning Equipment)	300	235
Proceeds from Sale and Leaseback of Assets	37	-
Collections of Direct Finance Leases	62	62
Other, Net	-	3
Total Cash Generated⁽¹⁾	1,442	1,328
Capital Expenditures⁽²⁾	(1,699)	(1,070)
Free Cash Flow⁽¹⁾⁽³⁾	\$ (257)	\$ 258

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

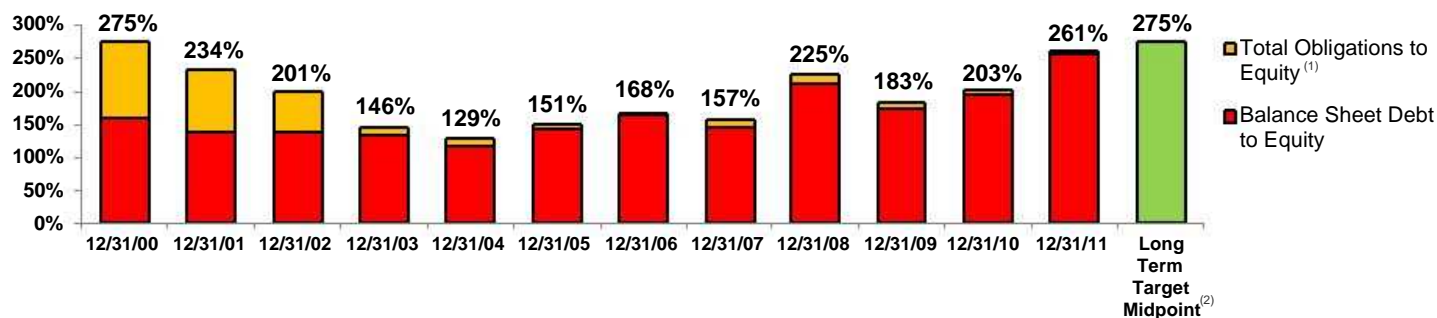
(2) Capital expenditures presented net of changes in accounts payable related to purchases of revenue earning equipment.

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



Debt to Equity Ratio

(\$ Millions)



	12/31/11	12/31/10
Balance Sheet Debt	\$ 3,382	\$ 2,747
Percent To Equity	257%	196%
Total Obligations ⁽¹⁾	\$ 3,446	\$ 2,847
Percent To Equity ⁽¹⁾	261%	203%
Total Equity	\$ 1,318	\$ 1,404

Change to Total Equity	
2010 Equity	\$ 1,404
Earnings	170
Net Pension Charge	(173)
Dividends & Other	(83)
2011 Equity	\$ 1,318

Note: Includes impact of accumulated net pension related equity charge of \$595 million as of 12/31/11 and \$423 million as of 12/31/10.

(1) The Company uses total obligations and total obligations to equity, non-GAAP financial measures; refer to Appendix – Non-GAAP Financial Measures.

(2) Represents long term total obligations to equity target of 250 - 300% while maintaining a strong investment grade rating.



Contents

- ▶ Fourth Quarter 2011 Results Overview
- ▶ **Asset Management Update**
- ▶ 2012 Forecast
- ▶ Q & A

Global Asset Management Update ⁽¹⁾

- ▶ **Units held for sale were 6,300 at quarter end, up 21% from 5,200 units held for sale in the prior year**
 - Used vehicle inventory is at the low end of our target range

- ▶ **The number of used vehicles sold in the fourth quarter were 4,200, up 5% from the prior year**

- ▶ **Proceeds per unit were up 29% for tractors and were unchanged for trucks in the fourth quarter compared with prior year (excluding the impact of exchange rates)**
 - Proceeds per unit were up 5% for tractors and down 3% for trucks vs. the prior quarter

- ▶ **Vehicles no longer earning revenue were 8,900 at quarter-end, up 1,700 or 24% from the prior year**

- ▶ **Average fourth quarter total commercial rental fleet was up 31% year-over-year (13% excluding acquisitions)**

(1) Units rounded to nearest hundred.



Contents

- ▶ Fourth Quarter 2011 Results Overview
- ▶ Asset Management Update
- ▶ **2012 Forecast**
- ▶ Q & A

2012 Forecast Assumptions

General

- ▶ Moderate economic growth
- ▶ Improved new sales in all segments
- ▶ Higher pension costs
- ▶ Foreign exchange rates assume continued strengthening of the dollar

FMS

- ▶ Higher contractual sales and better renewal rates resulting in continued organic fleet growth throughout the year
- ▶ Increased rental pricing and demand, with a larger fleet
- ▶ Higher volume of used vehicle sales with stable pricing
- ▶ Partial carryover benefits from prior year's acquisition
- ▶ Depreciation residual benefit due to higher historical vehicle pricing
- ▶ Margin benefits resulting from organic growth and productivity initiatives will be partially offset by higher maintenance costs on a slightly older lease fleet
- ▶ Increased investment for fleet replacement, growth and higher new vehicle costs

2012 Forecast Assumptions

SCS

- ▶ Revenue growth due to new business and higher volumes
- ▶ Margin improvement driven by revenue growth
- ▶ Operational initiatives in the dedicated service offering contribute to improved margin

Key Financial Statistics

(\$ Millions, Except Per Share Amounts)

	2012 Forecast	2011	% B / (W)
Revenue:			
Operating ⁽¹⁾	\$ 5,100	\$ 4,815	6%
Fuel Services and Subcontracted Transportation	1,200	1,236	(3)%
Total Revenue	\$ 6,300	\$ 6,051	4%
Earnings From Continuing Operations:			
Earnings Before Income Taxes	\$ 320 - 328	\$ 279	15 - 17%
Earnings	\$ 205 - 210	\$ 171	20 - 23%
Comparable Earnings Before Income Taxes ⁽¹⁾	\$ 322 - 329	\$ 285	13 - 15%
Comparable Earnings ⁽¹⁾	\$ 206 - 211	\$ 181	14 - 17%
Earnings Per Share (EPS) From Continuing Operations:			
EPS	\$ 3.98 - 4.08	\$ 3.31	20 - 23%
Comparable EPS ⁽¹⁾	\$ 4.00 - 4.10	\$ 3.49	15 - 17%
Memo:			
Average Shares (Millions) - Diluted	50.9	50.9	
Tax Rate	35.9%	38.7%	
Comparable Tax Rate ⁽¹⁾	35.9%	36.7%	
Adjusted Return on Capital (Trailing 12 Month) ⁽¹⁾	5.9%	5.7%	

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

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



Business Segment Revenue

2012 Forecast Midpoint Change % vs. 2011

Fleet Management Solutions:

Total Revenue ⁽¹⁾	6%
Contractual Revenue ⁽²⁾	5%
Commercial Rental Revenue	17%
Operating Revenue	8%

Supply Chain Solutions: ⁽³⁾

Total Revenue ⁽⁴⁾	1%
Operating Revenue	2%

(1) Includes fuel revenue.

(2) Includes full service lease and contract maintenance.

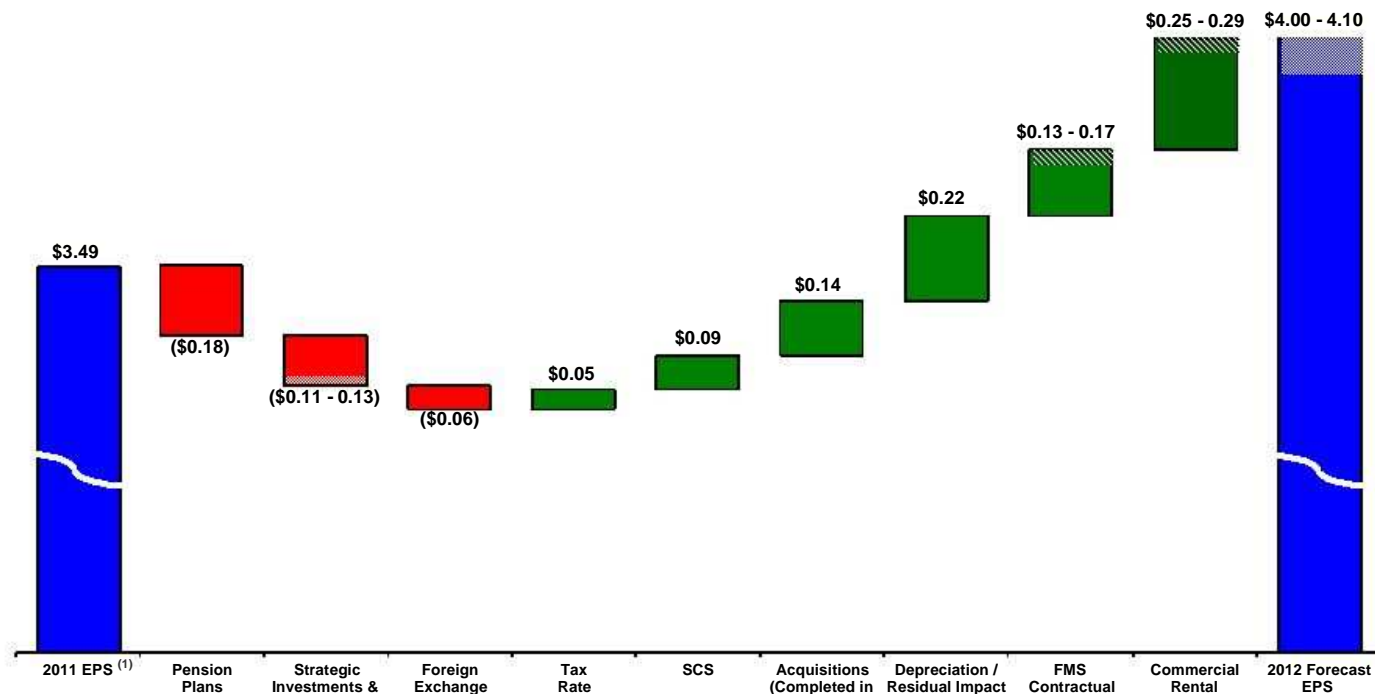
(3) Represents combined reporting of SCS and DCC activity.

(4) Includes subcontracted transportation revenue.



2012 Causes of EPS Change

(\$ Earnings Per Share)



(1) 2011 Comparable EPS is a Non-GAAP financial measure; refer to Appendix Non-GAAP Financial Measures.



Capital Expenditures, Cash Flow & Leverage

Full Year

(\$ Millions)

	2012 Forecast	2011
Full Service Lease - Replacement	\$ 1,120 - 1,200	
Full Service Lease - Growth	290 - 310	
Full Service Lease	1,410 - 1,510	\$ 1,067
Commercial Rental - Replacement	450	
Commercial Rental - Growth	140	
Commercial Rental	590	622
Operating Property and Equipment	100	71
Gross Capital Expenditures	2,100 - 2,200	1,760
Less: Proceeds from Sales	390	300
Less: Proceeds from Sale and Leaseback	-	37
Net Capital Expenditures	1,710 - 1,810	1,422
Cash Provided by Operating Activities	1,215 - 1,255	1,042
Total Cash Generated ⁽¹⁾	1,670 - 1,710	1,442
Free Cash Flow ^{(1) (2)}	(400) - (460)	\$ (257)
Total Obligations to Equity ⁽¹⁾	261% - 265%	261%

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

(2) Free Cash Flow excludes acquisitions. Acquisitions totaled \$ 362 million in 2011.



Adjusted Return on Capital ⁽¹⁾ History



(1) Non-GAAP financial measure; refer to Appendix – Non-GAAP Financial Measures. Adjusted Total Capital represents Adjusted Average Total Capital in millions.

EPS Forecast – Continuing Operations

(\$ Earnings Per Share)

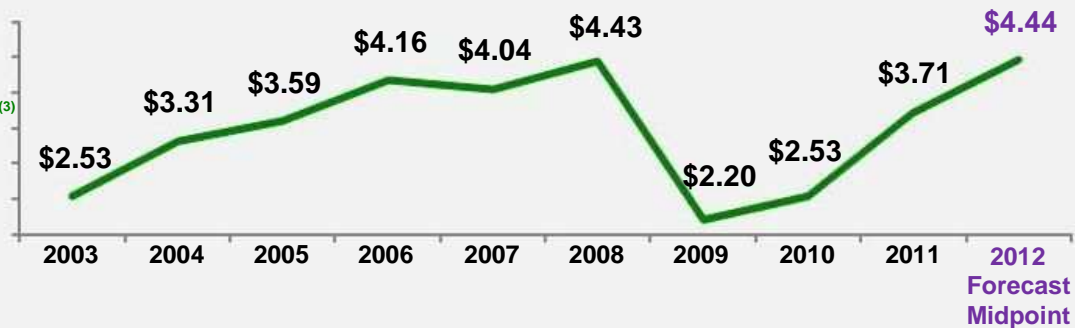
	<u>First Quarter</u>	<u>Full Year</u>
2012 Comparable EPS Forecast ⁽¹⁾	<u>\$ 0.55 - 0.58</u>	<u>\$ 4.00 - 4.10</u>
2011 Comparable EPS ⁽¹⁾	<u>\$0.51</u>	<u>\$3.49</u>

(1) Non-GAAP financial measure; refer to Appendix - Non-GAAP Financial Measures. 2012 Comparable EPS Forecast excludes \$0.02 in restructuring charges.

Comparable EPS – Excluding Non-Service Pension Costs

(\$ Earnings Per Share)

Comparable Earnings Per Share Excluding Pension^{(1) (3)}



GAAP EPS	\$ 2.09	3.27	3.53	3.99	4.19	4.51	1.62	2.37	3.31	4.03
Comparable EPS ⁽¹⁾	\$ 2.09	3.09	3.41	3.94	4.13	4.68	1.70	2.22	3.49	4.05
Non-Service Pension Costs ⁽²⁾	\$ 0.44	0.22	0.18	0.22	(0.09)	(0.25)	0.50	0.31	0.22	0.39
Comparable EPS Excluding Non-Service Pension Costs^{(1) (3)}	\$ 2.53	3.31	3.59	4.16	4.04	4.43	2.20	2.53	3.71	4.44

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

(2) Non-service pension costs primarily represents interest cost, expected return on plan assets and recognized net actuarial gains/losses.

(3) Given the potentially significant change in pension expense from year to year and the non-operational nature of pension expense, the company uses Comparable EPS Excluding Non-Service Pension Costs, a non-GAAP financial measure, which excludes non-service pension costs and other non-operational items, to better evaluate year over year operating performance.



Q&A

Appendix

Business Segment Detail

Central Support Services

Balance Sheet

Asset Management

Return on Capital History

Financial Indicators Forecast

Pension Expense

New Income Statement Format

Non-GAAP Financial Measures & Reconciliations

Fleet Management Solutions (FMS)

(\$ Millions)

Fourth Quarter

	<u>2011</u>	<u>2010</u>	<u>% B/(W)</u>
Full Service Lease	\$ 508.4	\$ 485.0	5%
Contract Maintenance	38.8	39.0	(1)%
Contractual Revenue	547.2	524.0	4%
Contract-related Maintenance	49.1	39.6	24%
Commercial Rental	200.3	145.5	38%
Other	16.7	17.1	(2)%
Operating Revenue	813.3	726.3	12%
Fuel Services Revenue	261.3	221.8	18%
Total Revenue	<u>\$ 1,074.7</u>	<u>\$ 948.1</u>	<u>13%</u>
Segment Earnings Before Tax (EBT)	<u>\$ 69.9</u>	<u>\$ 49.5</u>	<u>41%</u>
Segment EBT as % of Total Revenue	<u>6.5%</u>	<u>5.2%</u>	
Segment EBT as % of Operating Revenue	<u>8.6%</u>	<u>6.8%</u>	



Fleet Management Solutions (FMS)

(\$ Millions)

Full Year

	<u>2011</u>	<u>2010</u>	<u>% B/(W)</u>
Full Service Lease	\$ 1,996.3	\$ 1,934.3	3%
Contract Maintenance	155.2	158.8	(2)%
Contractual Revenue	2,151.5	2,093.1	3%
Contract-related Maintenance	192.7	160.9	20%
Commercial Rental	722.6	525.1	38%
Other	69.1	67.4	2%
Operating Revenue	3,135.9	2,846.5	10%
Fuel Services Revenue	1,082.5	865.6	25%
Total Revenue	<u>\$ 4,218.3</u>	<u>\$ 3,712.2</u>	<u>14%</u>
Segment Earnings Before Tax (EBT)	<u>\$ 250.1</u>	<u>\$ 172.2</u>	<u>45%</u>
Segment EBT as % of Total Revenue	<u>5.9%</u>	<u>4.6%</u>	
Segment EBT as % of Operating Revenue	<u>8.0%</u>	<u>6.0%</u>	
Adjusted Return on Capital	<u>5.8%</u>	<u>5.1%</u>	



Supply Chain Solutions (SCS)

(\$ Millions)

Fourth Quarter

	<u>2011</u>	<u>2010</u>	<u>% B/(W)</u>
Automotive	\$ 123.3	\$ 114.3	8%
High-Tech	59.4	59.3	-
Retail & CPG	103.2	46.0	124%
Industrial & Other	38.8	38.7	-
Operating Revenue	324.7	258.3	26%
Subcontracted Transportation	84.0	66.8	26%
Total Revenue	<u>\$ 408.7</u>	<u>\$ 325.1</u>	<u>26%</u>
Segment Earnings Before Tax (EBT)	<u>\$ 17.8</u>	<u>\$ 12.3</u>	<u>44%</u>
Segment EBT as % of Total Revenue	<u>4.3%</u>	<u>3.8%</u>	
Segment EBT as % of Operating Revenue	<u>5.5%</u>	<u>4.8%</u>	
Memo: Fuel Costs	<u>\$ 26.2</u>	<u>\$ 21.0</u>	<u>(25)%</u>



Supply Chain Solutions (SCS)

(\$ Millions)

Full Year

	<u>2011</u>	<u>2010</u>	<u>% B/(W)</u>
Automotive	\$ 469.2	\$ 449.2	4%
High-Tech	236.1	220.5	7%
Retail & CPG	420.5	177.8	137%
Industrial & Other	165.0	157.5	5%
Operating Revenue	<u>1,290.9</u>	<u>1,005.0</u>	<u>28%</u>
Subcontracted Transportation	<u>314.5</u>	<u>247.3</u>	<u>27%</u>
Total Revenue	<u>\$ 1,605.4</u>	<u>\$ 1,252.3</u>	<u>28%</u>
Segment Earnings Before Tax (EBT)	<u>\$ 69.5</u>	<u>\$ 47.1</u>	<u>47%</u>
Segment EBT as % of Total Revenue	<u>4.3%</u>	<u>3.8%</u>	
Segment EBT as % of Operating Revenue	<u>5.4%</u>	<u>4.7%</u>	
Adjusted Return on Capital	<u>11.2%</u>	<u>16.9%</u>	
Memo: Fuel Costs	<u>\$ 96.4</u>	<u>\$ 78.8</u>	<u>(22)%</u>



Dedicated Contract Carriage (DCC)

(\$ Millions)

Fourth Quarter

	<u>2011</u>	<u>2010</u>	<u>% B/(W)</u>
Operating Revenue	\$ 147.1	\$ 119.3	23%
Subcontracted Transportation	9.5	2.6	269%
Total Revenue	<u>\$ 156.6</u>	<u>\$ 121.8</u>	<u>29%</u>
Segment Earnings Before Tax (EBT)	<u>\$ 7.0</u>	<u>\$ 6.5</u>	<u>7%</u>
Segment EBT as % of Total Revenue	<u>4.5%</u>	<u>5.3%</u>	
Segment EBT as % of Operating Revenue	<u>4.8%</u>	<u>5.5%</u>	
Memo: Fuel Costs	<u>\$ 33.7</u>	<u>\$ 22.3</u>	<u>(51)%</u>

Dedicated Contract Carriage (DCC)

(\$ Millions)

Full Year

	<u>2011</u>	<u>2010</u>	<u>% B/(W)</u>
Operating Revenue	\$ 566.6	\$ 468.5	21%
Subcontracted Transportation	34.0	14.0	142%
Total Revenue	<u>\$ 600.7</u>	<u>\$ 482.6</u>	<u>24%</u>
Segment Earnings Before Tax Earnings (EBT)	<u>\$ 32.5</u>	<u>\$ 31.0</u>	<u>5%</u>
Segment EBT as % of Total Revenue	<u>5.4%</u>	<u>6.4%</u>	
Segment EBT as % of Operating Revenue	<u>5.7%</u>	<u>6.6%</u>	
Adjusted Return on Capital	<u>16.6%</u>	<u>18.2%</u>	
Memo: Fuel Costs	<u>\$ 127.3</u>	<u>\$ 83.9</u>	<u>(52)%</u>

Central Support Services (CSS)

(\$ Millions)

Fourth Quarter

	<u>2011</u>	<u>2010</u>	<u>% B/(W)</u>
Allocated CSS Costs	\$ 40.8	\$ 37.2	(10)%
Unallocated CSS Costs	11.1	10.8	(3)%
Total CSS Costs	<u>\$ 52.0</u>	<u>\$ 48.0</u>	<u>(8)%</u>

Central Support Services (CSS)

(\$ Millions)

Full Year

	<u>2011</u>	<u>2010</u>	<u>% B/(W)</u>
Allocated CSS Costs	\$ 161.1	\$ 142.2	(13)%
Unallocated CSS Costs	42.7	41.5	(3)%
Total CSS Costs	<u>\$ 203.8</u>	<u>\$ 183.7</u>	<u>(11)%</u>

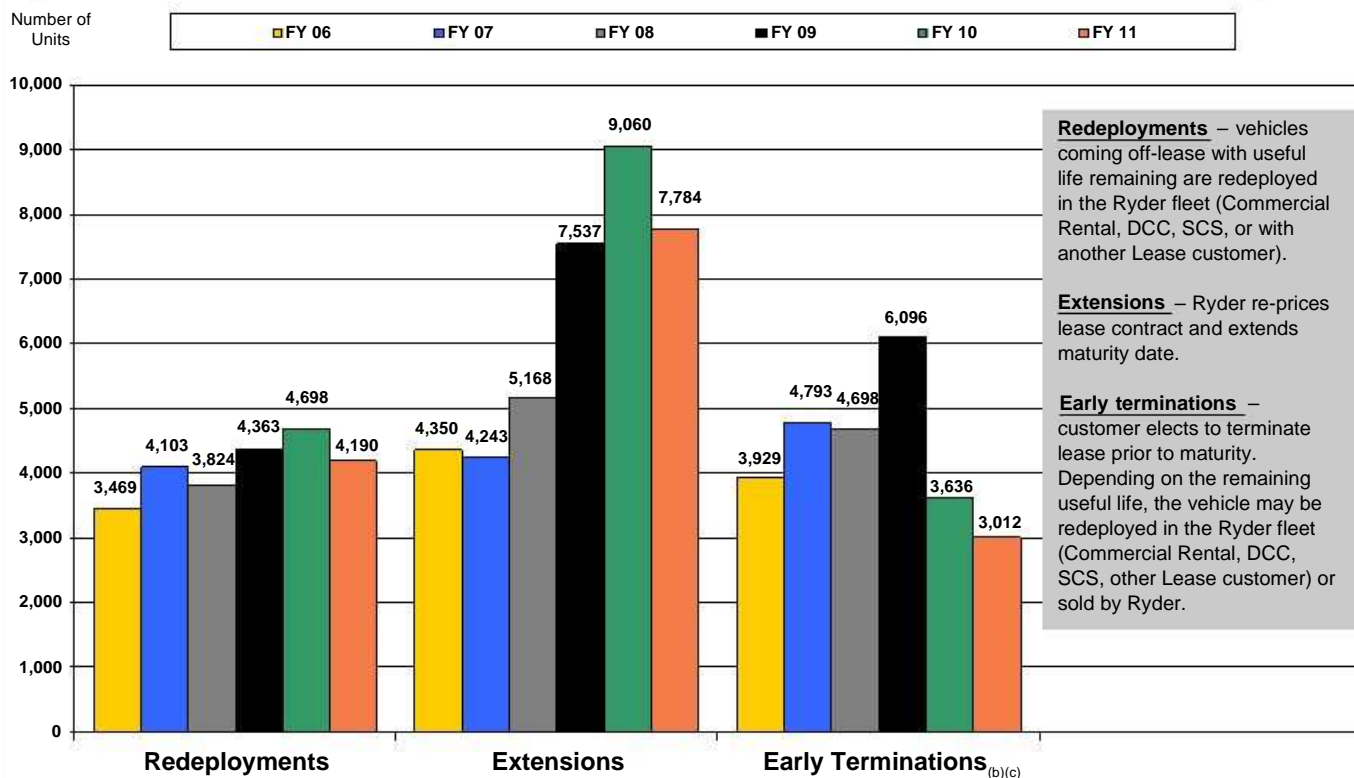
Balance Sheet

(\$ Millions)

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Cash and Cash Equivalents	\$ 105	\$ 213
Other Current Assets	984	810
Revenue Earning Equipment, Net	5,050	4,201
Operating Property and Equipment, Net	624	607
Other Assets	856	821
Total Assets	\$ 7,618	\$ 6,652
Short-Term Debt / Current Portion Long-Term Debt	\$ 274	\$ 420
Other Current Liabilities	900	711
Long-Term Debt	3,108	2,327
Other Non-Current Liabilities (including Deferred Income Taxes)	2,018	1,790
Shareholders' Equity	1,318	1,404
Total Liabilities and Shareholders' Equity	\$ 7,618	\$ 6,652



U.S. Asset Management Update ^(a)

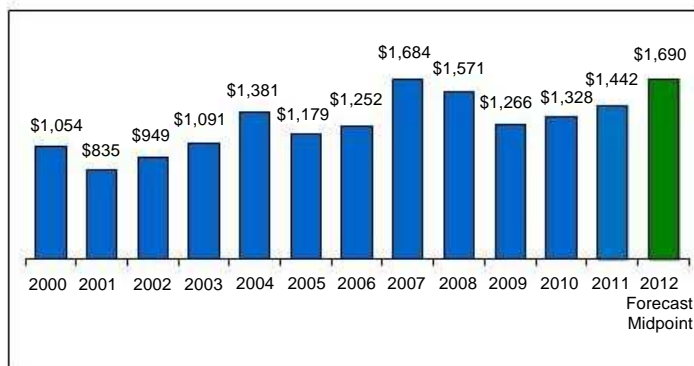


- (a) U.S. only
- (b) Excludes early terminations where customer purchases vehicle
- (c) Current year statistics may exclude some units due to a lag in reporting



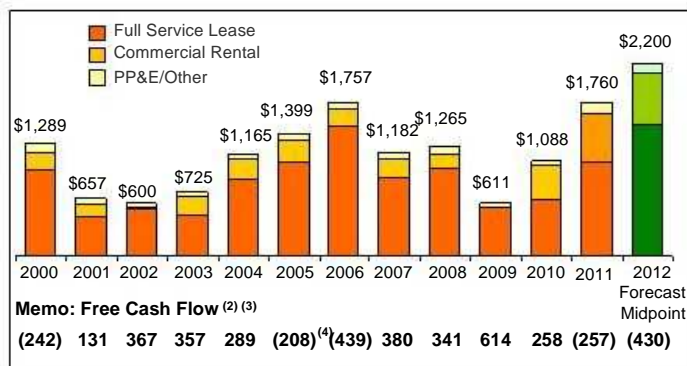
Financial Indicators Forecast ⁽¹⁾

Total Cash Generated ^{(2) (3)}

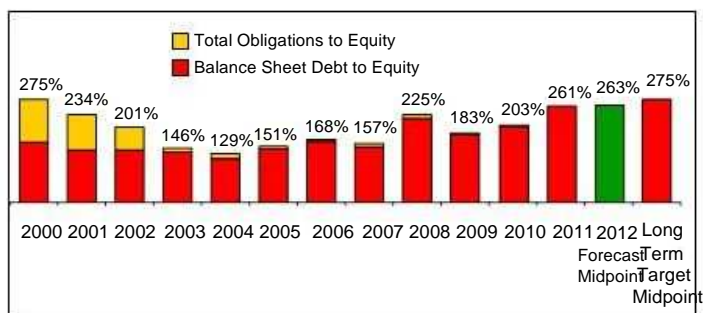


Gross Capital Expenditures ⁽³⁾

(\$ Millions)



Total Obligations to Equity Ratio ⁽²⁾



- ▶ Significant and predictable cash generation
- ▶ Invest in growth (organic, acquisitions)
- ▶ Over time appropriately move financial leverage towards long term target of 250-300% Total Obligations to Equity

(1) Obligations to Equity include acquisitions. Free Cash Flow and Gross Capital Expenditures exclude acquisitions.
 (2) Non-GAAP financial measure; refer to Appendix - Non-GAAP Financial Measures.
 (3) 2000-2004 not restated for operations discontinued in 2009.
 (4) Includes \$176 million payment to the IRS related to full resolution of 1998 - 2000 tax period matters.



Pension Expense

(\$ Millions)

2011 Pension Expense	\$ 38
Lower than Assumed Return on Assets in 2011	11
Lower Expected Return Assumption	7
Benefit of Pension Contributions	(6)
Lower Discount Rate	4
2012 Estimated Pension Expense	\$ 54

New Income Statement Format - 2011

(\$ Millions)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	FY 2011
Lease & Rental Revenues	\$ 579.4	\$ 634.7	\$ 675.3	\$ 664.5	\$ 2,553.9
Services Revenue	632.7	640.5	669.9	666.0	2,609.2
Fuel Services Revenue	213.2	238.1	225.5	210.6	887.5
Total Revenues	<u>1,425.4</u>	<u>1,513.3</u>	<u>1,570.7</u>	<u>1,541.1</u>	<u>6,050.5</u>
Cost of Lease & Rental	408.5	429.2	461.8	446.6	1,746.1
Cost of Services	537.9	533.6	554.9	560.0	2,186.4
Cost of Fuel Services	209.0	233.5	223.3	207.7	873.5
Other Operating Expenses	34.6	30.2	30.3	34.1	129.2
Selling, General & Administrative Expenses	173.1	195.2	200.1	202.9	771.2
Gain on Vehicle Sales, net	(12.3)	(15.7)	(18.3)	(16.6)	(62.9)
Interest Expense	34.4	33.0	32.7	33.0	133.2
Miscellaneous Income, net	(4.1)	(0.6)	(1.7)	(2.6)	(9.1)
Restructuring and Other Charges, net	0.8	-	-	2.9	3.7
	<u>1,381.8</u>	<u>1,438.3</u>	<u>1,483.1</u>	<u>1,468.0</u>	<u>5,771.2</u>
Earnings Before Income Taxes	43.6	75.0	87.6	73.1	279.4
Provision for Income Taxes	17.8	34.1	30.7	25.4	108.0
Earnings from Continuing Operations	<u>\$ 25.9</u>	<u>\$ 40.9</u>	<u>\$ 56.9</u>	<u>\$ 47.7</u>	<u>\$ 171.4</u>



New Income Statement Format - 2010

(\$ Millions)

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	FY 2010
Lease & Rental Revenues	\$ 543.6	\$ 574.4	\$ 597.5	\$ 594.4	\$ 2,309.8
Services Revenue	504.3	527.3	541.2	536.9	2,109.7
Fuel Services Revenue	172.0	184.4	178.3	182.1	716.9
Total Revenues	1,219.9	1,286.1	1,316.9	1,313.4	5,136.4
Cost of Lease & Rental	387.6	396.4	414.7	405.6	1,604.3
Cost of Services	423.0	438.5	450.4	451.2	1,763.0
Cost of Fuel Services	167.6	179.4	173.8	178.3	699.1
Other Operating Expenses	39.8	32.8	30.8	30.8	134.2
Selling, General & Administrative Expenses	152.2	162.6	163.0	177.6	655.4
Gain on Vehicle Sales, net	(4.5)	(6.6)	(6.9)	(10.7)	(28.7)
Interest Expense	33.3	31.2	31.9	33.6	130.0
Miscellaneous Income, net	(1.5)	(0.3)	(2.7)	(2.6)	(7.1)
Restructuring and Other Charges, net	-	(0.0)	0.0	(0.0)	(0.0)
	1,197.4	1,233.9	1,254.9	1,263.8	4,950.1
Earnings Before Income Taxes	22.5	52.2	62.0	49.6	186.3
Provision for Income Taxes	9.6	21.6	22.3	8.1	61.7
Earnings from Continuing Operations	\$ 12.9	\$ 30.6	\$ 39.7	\$ 41.5	\$ 124.6



New Income Statement Format - 2009

(\$ Millions)

	1Q 2009	2Q 2009	3Q 2009	4Q 2009	FY 2009
Lease & Rental Revenues	\$ 551.0	\$ 574.5	\$ 573.7	\$ 566.6	\$ 2,265.9
Services Revenue	481.0	488.1	512.8	513.6	1,995.5
Fuel Services Revenue	142.4	149.4	167.3	166.8	625.9
Total Revenues	<u>1,174.4</u>	<u>1,212.0</u>	<u>1,253.9</u>	<u>1,247.0</u>	<u>4,887.3</u>
Cost of Lease & Rental	378.5	386.6	396.6	391.2	1,553.0
Cost of Services	407.5	402.8	418.3	433.7	1,662.3
Cost of Fuel Services	136.6	145.1	160.7	162.0	604.4
Other Operating Expenses	44.5	42.9	38.4	37.6	163.5
Selling, General & Administrative Expenses	146.7	156.6	161.9	160.3	625.5
Gain on Vehicle Sales, net	(3.4)	(2.4)	(3.3)	(3.2)	(12.3)
Interest Expense	38.1	36.6	35.7	33.9	144.3
Miscellaneous Income, net	0.6	(1.4)	(2.4)	(0.5)	(3.7)
Restructuring and Other Charges, net	2.8	(0.2)	3.7	0.1	6.4
	<u>1,152.0</u>	<u>1,166.7</u>	<u>1,209.6</u>	<u>1,215.2</u>	<u>4,743.5</u>
Earnings Before Income Taxes	22.4	45.3	44.2	31.8	143.8
Provision for Income Taxes	11.5	18.3	15.8	8.1	53.7
Earnings from Continuing Operations	<u>\$ 10.9</u>	<u>\$ 27.1</u>	<u>\$ 28.4</u>	<u>\$ 23.7</u>	<u>\$ 90.1</u>



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 / Operating Revenue Forecast	Total Revenue / Total Revenue Forecast	Key Financial Statistics	5,6,19
Earnings Before Restructuring and Income Taxes	Earnings before Income Taxes	Business Segments	9-10
Comparable EPS Excluding Pension	EPS	Comparable EPS – Excluding Non-Service Pension Costs	25
Comparable Earnings / Comparable EPS	Earnings / EPS from Continuing Operations	Earnings and EPS from Continuing Operations Reconciliation	44
Comparable Earnings Before Income Tax / Comparable Tax Rate	Earnings Before Income Tax / Tax Rate	EBT and Tax Rate from Continuing Operations Reconciliation	45-46
Comparable EPS Forecast	EPS Forecast	EPS Forecast – Continuing Operations	24
Adjusted Return on Capital / Adjusted Total Capital	Net Earnings / Total Capital	Adjusted Return on Capital Reconciliation Segment Adjusted Return on Capital Reconciliation	47-50
Total Cash Generated / Free Cash Flow	Cash Provided by Operating Activities	Cash Flow Reconciliation	53-54
Total Obligations / Total Obligations to Equity	Balance Sheet Debt / Debt to Equity	Debt to Equity Ratio Debt to Equity Reconciliation	51-52
FMS / SCS / DCC Operating Revenue and Segment EBT as % of Operating Revenue	FMS / SCS / DCC Total Revenue and Segment EBT as % of Total Revenue	Fleet Management Solutions / Supply Chain Solutions / Dedicated Contract Carriage	28-33



Earnings and EPS from Continuing Operations Reconciliation

(\$ Millions or \$ Earnings Per Share)

	<u>4Q11 - Earnings</u>	<u>4Q11 - EPS</u>	<u>4Q10 - Earnings</u>	<u>4Q10 - EPS</u>
Reported	\$ 47.7	\$ 0.92	\$ 41.4	\$ 0.80
Int'l Asset Gain on Sale	-	-	(0.9)	(0.02)
Tax Benefits	-	-	(10.8)	(0.21)
Acquisition Related Transaction Costs	0.4	0.01	4.1	0.08
Restructuring Charges	2.0	0.04	-	-
Comparable	<u>\$ 50.1</u>	<u>\$ 0.97</u>	<u>\$ 33.8</u>	<u>\$ 0.65</u>
	<u>FY11 - Earnings</u>	<u>FY11 - EPS</u>	<u>FY10 - Earnings</u>	<u>FY10 - EPS</u>
Reported	\$ 171.4	\$ 3.31	\$ 124.6	\$ 2.37
Int'l Asset Gain on Sale	-	-	(0.9)	(0.02)
Tax Law Changes/Benefits	4.8	0.09	(10.8)	(0.21)
Acquisition Related Transaction Costs	1.9	0.04	4.1	0.08
Restructuring Charges	2.5	0.05	-	-
Comparable	<u>\$ 180.6</u>	<u>\$ 3.49</u>	<u>\$ 117.0</u>	<u>\$ 2.22</u>

EBT and Tax Rate from Continuing Operations Reconciliation

(\$ Millions or \$ Earnings Per Share)

	4Q11 - EBT	4Q11 - Tax	4Q11 - Tax Rate
Reported	\$ 73.1	\$ 25.4	34.8%
Acquisition Related Transaction Costs	0.4	-	
Restructuring Charges	2.9	0.9	
Comparable	<u>\$ 76.4</u>	<u>\$ 26.3</u>	<u>34.4%</u>
	FY11 - EBT	FY11 - Tax	FY11 - Tax Rate
Reported	\$ 279.4	\$ 108.0	38.7%
Tax Law Changes / Benefits	-	(4.8)	
Acquisition Related Transaction Costs	2.1	0.2	
Restructuring Charges	3.7	1.2	
Comparable	<u>\$ 285.2</u>	<u>\$ 104.6</u>	<u>36.7%</u>

EBT and Tax Rate from Continuing Operations Reconciliation

(\$ Millions or \$ Earnings Per Share)

	4Q10 - EBT	4Q10 - Tax	4Q10 - Tax Rate
Reported	\$ 49.6	\$ 8.1	16.4%
Gain on Sale of Building	(0.9)	-	
Tax Benefits	-	10.8	
Acquisition Costs	4.1	-	
Comparable	<u>\$ 52.7</u>	<u>\$ 18.9</u>	<u>35.9%</u>
	FY10 -	FY10 -	FY10 -
	EBT	Tax	Tax Rate
Reported	\$ 186.3	\$ 61.7	33.1%
Gain on Sale of Building	(0.9)	-	
Tax Benefits	-	10.8	
Acquisition Costs	4.1	-	
Comparable	<u>\$ 189.4</u>	<u>\$ 72.6</u>	<u>38.3%</u>

Adjusted Return on Capital Reconciliation

(\$ Millions)

	2004	2005	2006	2007	2008	2009
Net earnings ⁽¹⁾	\$ 216	\$ 227	\$ 249	\$ 254	\$ 200	\$ 62
Cumulative effect of change in accounting principle	-	2	-	-	-	-
Restructuring and other charges, net and other items	(24)	(2)	-	1	70	30
Income taxes	115	129	144	152	150	54
Adjusted earnings before income taxes	307	357	393	407	420	146
Adjusted interest expense ⁽²⁾	106	127	149	169	165	150
Adjusted income taxes ⁽³⁾	(156)	(186)	(207)	(220)	(230)	(122)
Adjusted net earnings	\$ 257	\$ 298	\$ 332	\$ 356	\$ 355	\$ 174
Average total debt ⁽⁴⁾	\$ 1,811	\$ 2,148	\$ 2,480	\$ 2,848	\$ 2,882	\$ 2,692
Average off-balance sheet debt ⁽⁴⁾	152	148	99	150	171	142
Average total shareholders' equity ⁽⁴⁾	1,412	1,555	1,610	1,791	1,778	1,396
Average adjustments to shareholders' equity ⁽⁵⁾	(16)	(5)	(5)	1	10	16
Adjusted average total capital	\$ 3,359	\$ 3,846	\$ 4,184	\$ 4,789	\$ 4,841	\$ 4,245
Adjusted return on capital ⁽⁶⁾	7.7%	7.8%	7.9%	7.4%	7.3%	4.1%

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

(2) Interest expense includes interest on 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.

(6) The Company adopted adjusted return on capital, a non GAAP financial measure, as the Company believes that both debt (includes off-balance sheet debt) and equity should be included in evaluated how effectively capital is utilized across the business.



Adjusted Return on Capital Reconciliation

(\$ Millions)

	2010	2011
Net Earnings ⁽¹⁾	\$ 118	\$ 170
Restructuring and Other Charges, Net and Other Items	6	6
Income Taxes	61	108
Adjusted Earnings Before Income Taxes	185	284
Adjusted Interest Expense ⁽²⁾	133	135
Adjusted Income Taxes ⁽³⁾	(124)	(157)
Adjusted Net Earnings	\$ 194	\$ 262
Average Total Debt ⁽⁴⁾	\$ 2,512	\$ 3,079
Average Off-Balance Sheet Debt ⁽⁴⁾	114	78
Average Total Shareholders' Equity ⁽⁴⁾	1,402	1,428
Average Adjustments to Shareholders' Equity ⁽⁵⁾	2	4
Adjusted Average Total Capital	\$ 4,030	\$ 4,588
Adjusted Return on Capital ⁽⁶⁾	4.8%	5.7%

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

(2) Interest expense includes interest on 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.

(6) The Company adopted adjusted return on capital, a non GAAP financial measure, as the Company believes that both debt (includes off-balance sheet debt) and equity should be included in evaluated how effectively capital is utilized across the business.



Segment Adjusted Return on Capital Reconciliation

(\$ Millions)

2011

	FMS	SCS	DCC
Net Earnings ⁽¹⁾	\$ 152	\$ 43	\$ 20
Restructuring and Other Charges, Net and Other Items	6	-	-
Income Taxes	92	26	13
Adjusted Earnings Before Income Taxes	250	69	33
Adjusted Interest Expense ⁽²⁾	135	5	3
Adjusted Income Taxes ⁽³⁾	(136)	(29)	(15)
Adjusted Net Earnings	\$ 249	\$ 46	\$ 21
Average Total Debt ⁽⁴⁾	\$ 3,085	\$ 43	\$ (53)
Average Off-Balance Sheet Debt ⁽⁴⁾	76	93	127
Average Total Shareholders' Equity ⁽⁴⁾	1,144	270	50
Average Adjustments to Shareholders' Equity ⁽⁵⁾	5	-	-
Adjusted Average Total Capital	\$ 4,310	\$ 406	\$ 125
Adjusted Return on Capital ⁽⁶⁾	5.8%	11.2%	16.6%

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

(2) Interest expense includes interest on 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.

(6) The Company adopted adjusted return on capital, a non GAAP financial measure, as the Company believes that both debt (includes off-balance sheet debt) and equity should be included in evaluated how effectively capital is utilized across the business.



Segment Adjusted Return on Capital Reconciliation

(\$ Millions)

2010

	<u>FMS</u>	<u>SCS</u>	<u>DCC</u>
Net Earnings⁽¹⁾	\$ 118	\$ 26	\$ 19
Restructuring and Other Charges, Net and Other Items	-	3	-
Income Taxes	<u>54</u>	<u>18</u>	<u>12</u>
Adjusted Earnings Before Income Taxes	172	47	31
Adjusted Interest Expense⁽²⁾	134	5	2
Adjusted Income Taxes⁽³⁾	<u>(103)</u>	<u>(20)</u>	<u>(14)</u>
Adjusted Net Earnings	<u>\$ 203</u>	<u>\$ 32</u>	<u>\$ 19</u>
Average Total Debt⁽⁴⁾	\$ 2,565	\$ (6)	\$ (41)
Average Off-Balance Sheet Debt⁽⁴⁾	111	81	116
Average Total Shareholders' Equity⁽⁴⁾	1,283	115	30
Average Adjustments to Shareholders' Equity⁽⁵⁾	-	1	-
Adjusted Average Total Capital	<u>\$ 3,959</u>	<u>\$ 191</u>	<u>\$ 75</u>
Adjusted Return on Capital⁽⁶⁾	<u>5.1%</u>	<u>16.9%</u>	<u>18.2%</u>

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

(2) Interest expense includes interest on 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.

(6) The Company adopted adjusted return on capital, a non GAAP financial measure, as the Company believes that both debt (includes off-balance sheet debt) and equity should be included in evaluated how effectively capital is utilized across the business.



Debt to Equity Reconciliation

(\$ Millions)

	% to 12/31/00 Equity		% to 12/31/01 Equity		% to 12/31/02 Equity		% to 12/31/03 Equity		% to 12/31/04 Equity		% to 12/31/05 Equity		% to 12/31/06 Equity		% to 12/31/07 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)

	<u>12/31/08</u>	<u>% to Equity</u>	<u>12/31/09</u>	<u>% to Equity</u>	<u>12/31/10</u>	<u>% to Equity</u>	<u>12/31/11</u>	<u>% to Equity</u>
Balance Sheet Debt	\$2,863	213%	\$2,498	175%	\$2,747	196%	\$3,382	257%
Receivables Sold	-		-		-		-	
PV of minimum lease payments and guaranteed residual values under operating leases for vehicles	<u>163</u>		<u>119</u>		<u>100</u>		<u>64</u>	
Total Obligations	<u>\$3,026</u>	<u>225%</u>	<u>\$2,617</u>	<u>183%</u>	<u>\$2,847</u>	<u>203%</u>	<u>\$3,446</u>	<u>261%</u>

Note: Amounts may not recalculate due to rounding.



Cash Flow Reconciliation

(\$ Millions)

	12/31/00 ⁽⁴⁾	12/31/01 ⁽⁴⁾	12/31/02 ⁽⁴⁾	12/31/03 ⁽⁴⁾	12/31/04 ⁽⁴⁾	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⁾	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⁾⁽⁵⁾	\$ (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) The Company uses total cash generated, a non-GAAP financial measure, because management considers it to be an important measure of comparative operating performance. Management believes total cash generated provides investors with an important measure of total cash inflows generated from our on-going business activities which include sales of revenue earning equipment, sales of operating property and equipment, sale and leaseback of revenue earning equipment, collections on direct finance leases and other cash inflows.
- (2) Capital expenditures presented net of changes in accounts payable related to purchases of revenue earning equipment.
- (3) 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.
- (4) Amounts have not been recasted for discontinued operations.
- (5) Free Cash Flow excludes acquisitions and changes in restricted cash.



Cash Flow Reconciliation

(\$ Millions)

	12/31/10	12/31/11
Cash Provided by Operating Activities from Continuing Operations	\$ 1,028	\$ 1,042
Proceeds from Sales (Primarily Revenue Earning Equipment)	235	300
Proceeds from Sale and Leaseback of Assets	-	37
Collections of Direct Finance Leases	62	62
Other, Net	3	-
Total Cash Generated ⁽¹⁾	1,328	1,442
Capital Expenditures ⁽²⁾	(1,070)	(1,699)
Free Cash Flow ⁽³⁾⁽⁴⁾	\$ 258	\$ (257)

Memo:

Depreciation Expense	\$ 834	\$ 872
Gains on Vehicle Sales, Net	\$ 29	\$ 63

- (1) The Company uses total cash generated, a non-GAAP financial measure, because management considers it to be an important measure of comparative operating performance. Management believes total cash generated provides investors with an important measure of total cash inflows generated from our on-going business activities which include sales of revenue earning equipment, sales of operating property and equipment, sale and leaseback of revenue earning equipment, collections on direct finance leases and other cash inflows.
- (2) Capital expenditures presented net of changes in accounts payable related to purchases of revenue earning equipment.
- (3) 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.
- (4) Free Cash Flow excludes acquisitions and changes in restricted cash.



