

RYDER SYSTEM INC

FORM 8-K (Current report filing)

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Address	11690 N.W. 105TH STREET MIAMI, FL 33178
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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): January 31, 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 January 31, 2013, we issued a press release reporting our financial results for the three and twelve months ended December 31, 2012 (the “Press Release”). We also hosted a conference call and webcast on January 31, 2013 during which we made a presentation on our financial results for the three and twelve months ended December 31, 2012 (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 2012 and 2011, 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 2012, certain vehicle-related losses from Superstorm Sandy, (2) for the full year of 2012, income tax benefits, acquisition-related transaction costs and restructuring charges, (3) for the fourth quarter of 2011, acquisition-related transaction costs and restructuring charges related to the integration of an acquisition and (4) for the 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, 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 January 31, 2013, relating to Ryder System, Inc.’s financial results for the three and twelve months ended December 31, 2012.
Exhibit 99.2	Presentation prepared for a conference call and webcast held on January 31, 2013, relating to Ryder System, Inc.’s financial results for the three and twelve months ended December 31, 2012.

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: January 31, 2013

RYDER SYSTEM, INC.
(Registrant)

By: /s/ Art A. Garcia

Art A. Garcia, Executive Vice President
and Chief Financial Officer

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RYDER REPORTS FOURTH QUARTER AND FULL-YEAR 2012 RESULTS AND PROVIDES 2013 FORECAST

- *Q4 Comparable EPS from Continuing Operations Up 21% to \$1.17*
- *Q4 EPS from Continuing Operations Increase 16% to \$1.07*
- *Q4 Operating Revenue Grows 4%; Total Revenue Up 3%*
- *Full-Year Comparable EPS from Continuing Operations Up 16% to \$4.04*
- *Full-Year EPS from Continuing Operations Up 18% to \$3.91*
- *Full-Year Operating Revenue Up 5%; Total Revenue Grows 3% to \$6.3 Billion*
- *2013 Comparable EPS Forecast of \$4.70 to \$4.85 vs. \$4.41 for 2012; Excludes Non-Operating Pension Expenses of \$0.24 in 2013 and \$0.37 in 2012*

MIAMI, January 31, 2013 - 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, 2012 were \$1.07, compared with \$0.92 in the year-earlier period. Earnings from continuing operations for the fourth quarter of 2012 were \$54.9 million, compared with \$47.7 million in the year-earlier period. Earnings per diluted share for the fourth quarter of 2012 included an after-tax charge of \$0.10 or \$5.1 million associated with certain vehicle-related losses from Superstorm Sandy, for which insurance recoveries remain uncertain and have not been recognized. Earnings per diluted share in the year-earlier period included an after-tax charge of \$0.05 or \$2.4 million for planned restructuring costs related to the integration of an acquisition. Excluding these items in both periods, comparable earnings per diluted share from continuing operations for the fourth quarter of 2012 were \$1.17, up 21% from \$0.97 in the year-earlier period, and comparable earnings from continuing operations of \$60.1 million increased 20% from \$50.1 million in the year-earlier period. The increase in comparable earnings reflects strong performance in both business segments, Fleet Management Solutions (FMS) and Supply Chain Solutions (SCS).

Total revenue for the fourth quarter of 2012 was \$1.58 billion, up 3% from \$1.54 billion in the same period last year. Operating revenue (revenue excluding FMS fuel and all subcontracted transportation) was \$1.29 billion, up 4% from \$1.24 billion in the year-earlier period, reflecting organic full service lease growth as well as increased volumes and new business in the SCS automotive sector. FMS business segment total and operating revenue improved 4% due to higher full service lease revenue. SCS business segment total revenue increased 2% reflecting higher operating revenue. SCS operating

revenue grew 4% largely reflecting improved volumes and new business in both the automotive industry and dedicated services as well as higher fuel cost pass-throughs.

Net earnings per diluted share (including discontinued operations) for the three-month period ended December 31, 2012 were \$1.05 versus \$0.93 in the year-earlier period. Earnings per diluted share from discontinued operations (previously announced in 2009) for the fourth quarter of 2012 totaled a loss of \$0.02 compared with income of \$0.01 in the same period of 2011. Net earnings for the fourth quarter of 2012 were \$53.8 million versus \$48.1 million in the year-earlier period.

Commenting on the Company's fourth quarter and full-year 2012 performance, Ryder Executive Chairman Greg Swienton said, "We closed 2012 with a strong fourth quarter that included higher revenue and double-digit earnings growth. For full-year 2012, we delivered a 5% increase in operating revenue and earnings per share growth of 16%, despite unexpected mid-year challenges in rental demand. In Fleet Management Solutions, we grew our full service lease fleet and expanded our contract maintenance business. Within Supply Chain Solutions, we saw strong performance and growth in our automotive business and dedicated services offering. We are also pleased that both our earnings and return on capital spread have returned to pre-recession levels."

Fourth Quarter Business Segment Operating Results

Fleet Management Solutions

In the FMS business segment, total revenue in the fourth quarter of 2012 was \$1.12 billion, up 4% compared with the year-earlier period, due to higher operating revenue. Fuel services revenue in the fourth quarter of 2012 increased 3%, due to higher fuel prices passed through to customers. Operating revenue (revenue excluding fuel) in the fourth quarter of 2012 was \$849.5 million, up 4%. Full service lease revenue increased 6%, due to higher prices on replacement vehicles and organic fleet growth. Commercial rental revenue decreased 1%, reflecting lower market demand, although pricing was higher.

The FMS business segment's pre-tax earnings were \$86.0 million in the fourth quarter of 2012, up 17% from \$73.8 million in the same period of 2011. Increased earnings reflect improved full service lease results (due to lower maintenance costs on a newer fleet and organic growth), as well as lower compensation-related expenses. Earnings growth was partially offset by lower commercial rental performance, as a result of lower market demand on a 3% smaller average fleet. Rental power fleet utilization was a strong 78% for the fourth quarter of 2012, a decline of only 70 basis points from the year-earlier high demand period. Year-over-year rental utilization comparisons improved significantly versus the first half of 2012. This increase reflects primarily the benefit of fleet right-sizing actions taken earlier in the year, as well as better-than-expected fourth quarter demand, due, in part, to Superstorm

Sandy recovery efforts. Business segment earnings before tax (EBT) as a percentage of operating revenue were 10.1% in the fourth quarter of 2012, up 100 basis points compared with 9.1% in the same quarter a year ago.

Supply Chain Solutions

In the SCS business segment, fourth quarter 2012 total revenue was \$575.3 million, up 2%, as higher operating revenue offset lower subcontracted transportation. Operating revenue (revenue excluding subcontracted transportation) was \$489.1 million, an increase of 4% compared with the same quarter a year ago. SCS operating revenue comparisons primarily benefited from increased volumes and new business in both the automotive sector and dedicated services, as well as higher fuel costs passed through to customers.

The SCS business segment's pre-tax earnings in the fourth quarter of 2012 were \$31.0 million, up 22% from \$25.5 million in the same quarter of 2011. The increase was driven by higher volumes and new business in both the automotive sector and dedicated services. These improvements were partially offset by higher medical benefit costs. Business segment earnings before tax as a percentage of operating revenue were 6.3%, up 90 basis points from 5.4% 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 2012, CSS costs were \$48.7 million, compared with \$51.7 million in the year-earlier period, reflecting primarily lower compensation-related expenses and professional fees.

Non-Operating Pension Costs

Non-operating components of pension costs are excluded from segment earnings before tax in order to more accurately reflect the operating performance of the business segments. Non-operating pension costs totaled \$7.9 million in the fourth quarter of 2012, up from \$4.7 million in the year-earlier period. The increase reflects lower assumed pension asset returns for 2012.

Restructuring and Other Items

In the fourth quarter of 2012, as a direct result of Superstorm Sandy, the Company incurred a liability of \$8.2 million (\$5.1 million after-tax) for property damage to vehicles owned by full service lease customers for which Ryder has liability under certain agreements. The Company is currently

pursuing recovery of these losses under applicable property and casualty insurance programs. However, because recovery of these losses is uncertain, no offsetting benefits were recognized in the fourth quarter. Insurance recoveries will be recognized if and when they are probable of receipt. In December 2012, the Company enhanced its insurance coverage to mitigate this type of risk in the future.

Additionally, Company-owned units with a carrying value of \$15.7 million were damaged or completely destroyed as a direct result of Superstorm Sandy. The Company expects to recover at least the cost of repairs or carrying value of these assets from insurance proceeds and customer billings.

Income Taxes

The Company's effective income tax rate from continuing operations for the fourth quarter of 2012 was 32.9% of earnings before tax compared with 34.8% in the year-earlier period. The decline in effective tax rate reflects a higher proportionate amount of earnings in lower tax rate jurisdictions.

Capital Expenditures

Capital expenditures were \$2.16 billion for 2012, compared with \$1.76 billion in the same period of 2011. Net capital expenditures (including proceeds from the sale of assets) were \$1.62 billion for 2012, up from \$1.42 billion in the same period of 2011. The increase in capital expenditures reflects planned investments to fulfill contractual full service lease sales to customers that are renewing and growing their fleets with Ryder.

Cash Flow

Operating cash flow from continuing operations in 2012 was \$1.13 billion, up 9% from \$1.04 billion in the same period of 2011, due to higher cash-based earnings. Total cash generated (including proceeds from used vehicle sales) from continuing operations in 2012 was \$1.75 billion, up 21% from \$1.44 billion in the same period of 2011. The increase in total cash generated includes a \$130 million sale leaseback of revenue earning equipment as well as higher used vehicle sales proceeds. Free cash flow from continuing operations in 2012 was negative \$384.2 million, down from a negative \$256.8 million in the same period of 2011, due primarily to increased investments in full service lease vehicles to fulfill signed contracts.

Leverage

Balance sheet debt as of December 31, 2012 increased by \$438.7 million compared with year-end 2011, due primarily to increased vehicle investments. The leverage ratio for balance sheet debt as of December 31, 2012 was 260%, compared with 257% at year-end 2011. Total obligations to equity as of December 31, 2012 were 270%, up from 261% at year end 2011. This increase reflects a pension equity

charge and, to a lesser extent, growth in the business. Total obligations to equity remain within Ryder's long-term target range of 250% to 300%.

2013 Earnings Forecast

Commenting on the Company's outlook, Ryder President and Chief Executive Officer Robert Sanchez said, "Our solid execution, along with the fleet right-sizing and other cost initiatives we undertook in 2012, helped us close the year with higher revenue and a double-digit earnings increase. Although customers' confidence levels and their willingness to sign long-term contracts are still affected by soft and uncertain economic conditions, we are confident that we can profitably grow contractual revenue in both of our business segments in 2013.

"In Fleet Management Solutions, we expect continued growth in our full service lease and contract maintenance offerings. Given continued strong lease fleet replacement activity, our fleet is becoming newer and, therefore, less costly to maintain. Although rental demand is expected to be modestly lower, we should see improved utilization levels and pricing on a smaller fleet. In used vehicle sales, we expect higher volumes with continued strong pricing, although modestly lower than 2012. In addition, we expect depreciation benefits associated with strong used vehicle pricing realized over the past few years.

"In Supply Chain Solutions, our growth from new business and improved retention levels is expected to more than offset modest anticipated volume declines in the high-tech and consumer packaged goods sectors. This growth and the resulting overhead leverage is forecast to lead to continued margin expansion this year.

"In addition, we believe our ongoing focus on new capabilities and innovation will continue to enhance our value propositions across both business segments in ways that appeal to companies that have not outsourced before.

"Overall, we expect the forward momentum of our business will enable us to deliver organic growth and strong earnings, while continuing strategic investments and overcoming headwinds including higher insurance, medical and compensation costs. Based on this outlook, we expect to deliver record comparable earnings per share in 2013, with significant continued upside in future years."

Ryder forecasts full-year 2013 comparable earnings from continuing operations to be in the range of \$4.70 to \$4.85 per diluted share, up 7% to 10% from \$4.41 per diluted share in 2012. Full-year earnings comparisons exclude non-operating pension costs of \$0.24 per diluted share in 2013, and \$0.37 per diluted share in 2012. The Company is also establishing a first quarter 2013 comparable earnings forecast of \$0.75 to \$0.80 per diluted share, up 9% to 16% from \$0.69 in the first quarter of 2012. First quarter earnings comparisons exclude non-operating pension costs of \$0.06 per diluted share in 2013, and

\$0.10 per diluted share in 2012. Total revenue for the full-year 2013 is forecast to be approximately \$6.50 billion, up 4% from \$6.26 billion in 2012. Operating revenue (revenue excluding FMS fuel and all subcontracted transportation) for the full-year 2013 is forecast to be approximately \$5.29 billion, up 4% from \$5.07 billion in 2012.

Supplemental Company Information

Full-Year 2012 Operating Results

Total revenue from continuing operations for the full-year 2012 was \$6.26 billion, up 3% from \$6.05 billion in 2011. Operating revenue from continuing operations for the full-year 2012 was \$5.07 billion, up 5% from \$4.81 billion in 2011.

Ryder's 2012 earnings from continuing operations were \$200.9 million, compared with \$171.4 million in the year-earlier period. Earnings per diluted share from continuing operations were \$3.91 for 2012, up 18% versus \$3.31 in 2011. Full-year 2012 comparable earnings from continuing operations were \$207.4 million, an improvement of 15% from \$180.6 million in 2011. Comparable 2012 earnings per diluted share from continuing operations of \$4.04 rose 16% from \$3.49 in 2011. Comparable earnings and earnings per share from continuing operations excluded restructuring and other items, and certain tax items in both 2012 and 2011.

Ryder's 2012 net earnings, including discontinued operations, were \$210.0 million, up 24% compared with \$169.8 million in 2011. Earnings per diluted share were \$4.09 for 2012, an improvement of 25% from \$3.28 in 2011.

Business Description

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 two, 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. The segment now includes all activity related to the Company's dedicated solution (dedicated contract carriage). 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.

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 growth, maintenance costs, rental utilization and pricing, used vehicle results, future earnings, and about the economic trends that may affect our future operations and provide upside in future years. 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, increases or decreases in market demand in the commercial rental market, fluctuations in market demand on the sale of used vehicles impacting our pricing and our anticipated proportion of retail versus wholesale sales, higher than expected maintenance costs, lower than expected savings resulting from our company-wide cost savings initiatives, 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 contractual lease demand, competition from other service providers, customer retention levels, unexpected volume declines, 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 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, 2013 comparable earnings forecasts, 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 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. Historical financial information through December 31, 2012 included in this news release is calculated using our old method, which includes non-operating pension costs. Forecast information for 2013 in this news release is calculated using our new method, which excludes non-operating pension costs. For more information on our new calculation method and the differences between our new method and our old method, see our investor presentation for the quarter, which is available in the Investors area of our website at <http://investors.ryder.com> and is filed as an exhibit to our Form 8-K filed as of the date of this news release with the SEC.

Conference Call and Webcast Information:

Ryder's earnings conference call and webcast is scheduled for Thursday, January 31, 2013, from 11:00 a.m. to 12:00 noon Eastern Time. Speakers will be Executive Chairman Greg Swinton, President 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: RG3828610** and **Passcode: RYDER** .
- **To access audio replays of the conference and view a presentation of Ryder's earnings results:** Dial **1-888-568-0403** (**outside U.S. dial 1-203-369-3918**), 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, 2012 and 2011

(In millions, except per share amounts)

	Three Months		Twelve Months	
	2012	2011	2012	2011
Lease and rental revenues	\$ 688.0	664.5	\$ 2,695.4	2,553.9
Services revenue	685.7	666.0	2,707.0	2,609.2
Fuel services revenue	209.8	210.6	854.6	887.5
Total revenues	<u>1,583.5</u>	<u>1,541.1</u>	<u>6,257.0</u>	<u>6,050.5</u>
Cost of lease and rental	476.2	446.6	1,890.7	1,746.1
Cost of services	576.3	560.0	2,274.1	2,186.4
Cost of fuel services	206.1	207.7	838.7	873.5
Other operating expenses	35.0	34.1	135.9	129.2
Selling, general and administrative expenses	198.7	202.9	766.7	771.2
Gains on vehicle sales, net	(21.4)	(16.6)	(89.1)	(62.9)
Interest expense	35.3	33.0	140.6	133.2
Miscellaneous income, net	(4.5)	(2.6)	(11.7)	(9.1)
Restructuring and other charges, net	—	2.9	8.1	3.7
	<u>1,501.7</u>	<u>1,468.0</u>	<u>5,953.9</u>	<u>5,771.1</u>
Earnings from continuing operations before income taxes	81.8	73.1	303.1	279.4
Provision for income taxes	26.9	25.4	102.2	108.0
Earnings from continuing operations	<u>54.9</u>	<u>47.7</u>	<u>200.9</u>	<u>171.4</u>
(Loss) earnings from discontinued operations, net of tax	(1.1)	0.4	9.1	(1.6)
Net earnings	<u>\$ 53.8</u>	<u>48.1</u>	<u>\$ 210.0</u>	<u>169.8</u>
Earnings (loss) per common share - Diluted				
Continuing operations	\$ 1.07	0.92	\$ 3.91	3.31
Discontinued operations	(0.02)	0.01	0.18	(0.03)
Net earnings	<u>\$ 1.05</u>	<u>\$ 0.93</u>	<u>\$ 4.09</u>	<u>3.28</u>
Earnings per share information - Diluted				
Earnings from continuing operations	\$ 54.9	47.7	\$ 200.9	171.4
Less: Distributed and undistributed earnings allocated to nonvested stock	(0.7)	(0.8)	(2.6)	(2.7)
Earnings from continuing operations available to common stockholders	<u>\$ 54.2</u>	<u>46.9</u>	<u>\$ 198.3</u>	<u>168.6</u>
Weighted-average shares outstanding - Diluted	<u>50.8</u>	<u>50.7</u>	<u>50.7</u>	<u>50.9</u>
Memo:				
Depreciation expense	\$ 241.2	227.0	\$ 939.7	872.3
Subcontracted transportation	<u>\$ 86.1</u>	<u>93.5</u>	<u>\$ 336.1</u>	<u>348.5</u>
Comparable earnings per share from continuing operations: *				
EPS from continuing operations	\$ 1.07	0.92	\$ 3.91	3.31
Superstorm Sandy vehicle-related losses	0.10	—	0.10	—
Net tax (benefits) charges	—	—	(0.08)	0.09
Restructuring and other charges	—	0.04	0.11	0.05
Acquisition-related transaction costs	—	0.01	—	0.04
Comparable EPS from continuing operations*	<u>\$ 1.17</u>	<u>0.97</u>	<u>\$ 4.04</u>	<u>3.49</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)

	December 31, 2012	December 31, 2011
Assets:		
Cash and cash equivalents	\$ 66.4	104.6
Other current assets	973.8	983.6
Revenue earning equipment, net	5,754.6	5,049.7
Operating property and equipment, net	624.9	624.2
Other assets	899.3	855.8
	\$ 8,319.0	7,617.8
Liabilities and shareholders' equity:		
Short-term debt and current portion of long-term debt	\$ 368.0	274.4
Other current liabilities	904.7	899.5
Long-term debt	3,452.8	3,107.8
Other non-current liabilities (including deferred income taxes)	2,126.0	2,018.1
Shareholders' equity	1,467.5	1,318.2
	\$ 8,319.0	7,617.8

SELECTED KEY RATIOS AND METRICS

	December 31, 2012	December 31, 2011
Debt to equity	260%	257%
Total obligations to equity *	270%	261%
Effective interest rate (average cost of debt)	3.8%	4.3%

	Twelve months ended December 31,	
	2012	2011
Cash provided by operating activities from continuing operations	\$ 1,134.1	1,042.0
Free cash flow *	(384.2)	(256.8)
Capital expenditures paid	2,133.2	1,698.6
Capital expenditures (accrual basis)	\$ 2,160.8	1,759.9
Less: Proceeds from sales (primarily revenue earning equipment)	(412.8)	(300.2)
Less: Sale and leaseback of revenue earning equipment	(130.2)	(37.4)
Net capital expenditures	\$ 1,617.8	1,422.2

	Twelve months ended December 31,	
	2012	2011
Return on average shareholders' equity	14.9%	11.9%
Return on average assets	2.6%	2.3%
Adjusted return on capital *	5.6%	5.7%
Weighted average cost of capital	4.8%	5.5%

* 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, 2012 and 2011
(Dollars in millions)

	Three Months			Twelve Months		
	2012	2011	B(W)	2012	2011	B(W)
Revenue:						
Fleet Management Solutions:						
Full service lease	\$ 536.7	508.4	6 %	\$ 2,102.2	1,996.3	5 %
Contract maintenance	46.9	46.0	2 %	187.2	182.3	3 %
Contractual revenue	583.7	554.4	5 %	2,289.4	2,178.6	5 %
Contract-related maintenance	49.3	41.8	18 %	187.0	165.6	13 %
Commercial rental	197.4	200.3	(1)%	772.8	722.6	7 %
Other	19.1	16.7	14 %	72.0	69.1	4 %
Fuel	268.2	261.3	3 %	1,084.2	1,082.5	— %
Total Fleet Management Solutions	1,117.7	1,074.7	4 %	4,405.3	4,218.3	4 %
Supply Chain Solutions	575.3	565.3	2 %	2,280.6	2,206.0	3 %
Eliminations	(109.4)	(98.9)	(11)%	(428.9)	(373.8)	(15)%
Total revenue	<u>\$ 1,583.5</u>	<u>1,541.1</u>	<u>3 %</u>	<u>\$ 6,257.0</u>	<u>6,050.5</u>	<u>3 %</u>
Operating Revenue: *						
Fleet Management Solutions	\$ 849.5	813.3	4 %	\$ 3,321.2	3,135.9	6 %
Supply Chain Solutions	489.1	471.8	4 %	1,944.5	1,857.5	5 %
Eliminations	(51.0)	(48.1)	(6)%	(199.3)	(178.8)	(11)%
Total operating revenue	<u>\$ 1,287.6</u>	<u>1,237.0</u>	<u>4 %</u>	<u>\$ 5,066.3</u>	<u>4,814.6</u>	<u>5 %</u>
Business segment earnings:						
Earnings from continuing operations before income taxes:						
Fleet Management Solutions	\$ 86.0	73.8	17 %	\$ 307.6	265.7	16 %
Supply Chain Solutions	31.0	25.5	22 %	115.2	104.9	10 %
Eliminations	(8.6)	(7.1)	(21)%	(29.3)	(24.2)	(21)%
	108.4	92.2	18 %	393.6	346.4	14 %
Unallocated Central Support Services	(10.5)	(11.1)	6 %	(42.3)	(42.5)	— %
Non-operating pension costs	(7.9)	(4.7)	(68)%	(31.4)	(18.7)	(68)%
Restructuring and other charges, net and other items	(8.2)	(3.3)	NM	(16.7)	(5.8)	NM
Earnings from continuing operations before income taxes	81.8	73.1	12 %	303.1	279.4	8 %
Provision for income taxes	26.9	25.4	(6)%	102.2	108.0	5 %
Earnings from continuing operations	<u>\$ 54.9</u>	<u>47.7</u>	<u>15 %</u>	<u>\$ 200.9</u>	<u>171.4</u>	<u>17 %</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 December 31, 2012 and 2011
(Dollars in millions)

	Three Months			Twelve Months		
	2012	2011	B(W)	2012	2011	B(W)
Fleet Management Solutions						
Total revenue	\$ 1,117.7	1,074.7	4 %	\$ 4,405.3	4,218.3	4 %
Fuel revenue	(268.2)	(261.3)	3 %	(1,084.2)	(1,082.5)	— %
Operating revenue *	\$ 849.5	813.3	4 %	\$ 3,321.1	3,135.9	6 %
Segment earnings before income taxes	\$ 86.0	73.8	17 %	\$ 307.6	265.7	16 %
Earnings before income taxes as % of total revenue	7.7%	6.9%		7.0%	6.3%	
Earnings before income taxes as % of operating revenue*	10.1%	9.1%		9.3%	8.5%	
Supply Chain Solutions						
Total revenue	\$ 575.3	565.3	2 %	\$ 2,280.6	2,206.0	3 %
Subcontracted transportation	(86.1)	(93.5)	(8)%	(336.1)	(348.5)	(4)%
Operating revenue *	\$ 489.1	471.8	4 %	\$ 1,944.5	1,857.5	5 %
Segment earnings before income taxes	\$ 31.0	25.5	22 %	\$ 115.2	104.9	10 %
Earnings before income taxes as % of total revenue	5.4%	4.5%		5.1%	4.8%	
Earnings before income taxes as % of operating revenue*	6.3%	5.4%		5.9%	5.6%	
Memo:						
Dedicated services operating revenue *	\$ 289.4	267.0	8 %	\$ 1,137.4	1,027.2	11 %
Dedicated services subcontracted transportation	33.4	48.1	(31)%	157.7	165.8	(5)%
Dedicated services total revenue	322.8	315.2	2 %	1,295.1	1,193.0	9 %
Fuel costs	\$ 65.9	59.9	(10)%	\$ 258.9	223.7	(16)%

* 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 December 31,		Year ended December 31,		Change 2012/2011	
	2012	2011	2012	2011	Three Months	Twelve Months
Full service lease						
Average fleet count	122,100	120,400	121,900	116,200	1%	5%
End of period fleet count	122,400	121,000	122,400	121,000	1%	1%
Miles/unit per day change - % ^(a)	1.6 %	(2.6)%	1.2%	(0.1)%	420 bps	130 bps
Commercial rental						
Average fleet count	38,600	39,800	40,100	36,600	(3)%	10%
End of period fleet count	38,000	39,600	38,000	39,600	(4)%	(4)%
Rental utilization - power units	78.2 %	78.9 %	74.9%	77.6 %	(70) bps	(270) bps
Rental rate change - % ^(b)	3.2 %	7.7 %	4.3%	10.1 %	(450) bps	(580) bps
Customer vehicles under contract maintenance						
Average fleet count	37,500	35,100	36,500	34,100	7%	7%
End of period fleet count	37,800	35,300	37,800	35,300	7%	7%
SCS						
Average fleet count ^(c)	11,500	11,300	11,500	11,100	2%	4%
Used vehicle sales (UVS)						
Average UVS inventory	9,500	5,700	8,800	5,200	67%	69%
End of period fleet count	9,200	6,300	9,200	6,300	46%	46%
Used vehicles sold	5,400	4,200	22,200	16,900	29%	31%
UVS pricing change - % ^(d)						
Tractors	(9)%	29 %	—%	37 %		
Trucks	2 %	— %	2%	23 %		

Notes:

(a) 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).

(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 December 31,		Year ended December 31,	
	2012	2011	2012	2011
Total revenue	\$ 1,583.5	1,541.1	\$ 6,257.0	6,050.5
Fuel services and subcontracted transportation revenue	(354.4)	(354.8)	(1,420.2)	(1,431.0)
Fuel eliminations	58.4	50.7	229.6	195.0
Operating revenue *	<u>\$ 1,287.6</u>	<u>1,237.0</u>	<u>\$ 5,066.3</u>	<u>4,814.6</u>

DEBT TO EQUITY RECONCILIATION

	December 31, 2012	% to Equity	December 31, 2011	% to Equity
	On-balance sheet debt	\$ 3,820.8	260%	\$ 3,382.1
Off-balance sheet debt - PV of minimum lease payments and guaranteed residual values under operating leases for vehicles ^(a)	148.0		64.0	
Total obligations *	<u>\$ 3,968.8</u>	270%	<u>\$ 3,446.1</u>	261%

CASH FLOW RECONCILIATION

	Year ended December 31,	
	2012	2011
Net cash provided by operating activities from continuing operations	\$ 1,134.1	1,042.0
Proceeds from sales (primarily revenue earning equipment)	412.8	300.2
Sale and leaseback of revenue earning equipment	130.2	37.4
Collections on direct finance leases	71.9	62.2
Total cash generated *	1,749.0	1,441.8
Capital expenditures	(2,133.2)	(1,698.6)
Free cash flow *	<u>\$ (384.2)</u>	<u>(256.8)</u>

RETURN ON CAPITAL RECONCILIATION

	Year ended December 31,	
	2012	2011
Net earnings (12-month rolling period)	\$ 210.0	169.8
+ Restructuring and other items	16.7	5.7
+ Income taxes	90.9	108.4
Adjusted earnings before income taxes	317.6	284.0
+ Adjusted interest expense ^(b)	143.4	135.1
- Adjusted income taxes	(166.6)	(156.6)
= Adjusted net earnings for ROC (numerator)	<u>\$ 294.3</u>	<u>262.5</u>
Average total debt	\$ 3,707.1	3,078.5
Average off-balance sheet debt	126.1	77.6
Average shareholders' equity	1,406.6	1,428.0
Adjustment to equity ^(c)	(2.9)	4.2
Adjusted average total capital (denominator)	<u>\$ 5,236.8</u>	<u>4,588.3</u>
Adjusted ROC *	<u>5.6%</u>	<u>5.7%</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			Twelve Months		
	2012			2012		
	Reported Earnings	Adjustment	Comparable Earnings *	Reported Earnings	Adjustment	Comparable Earnings *
Revenue	\$ 1,583.5	—	\$ 1,583.5	\$ 6,257.0	—	\$ 6,257.0
Cost of lease and rental	476.2	—	476.2	1,890.7	—	1,890.7
Cost of services ^(a)	576.3	(8.2)	568.1	2,274.1	(8.2)	2,265.9
Cost of fuel services	206.1	—	206.1	838.7	—	838.7
Other operating expenses	35.0	—	35.0	135.9	—	135.9
Selling, general and administrative expenses ^(b)	198.7	—	198.7	766.7	(0.4)	766.3
Gains on vehicle sales, net	(21.4)	—	(21.4)	(89.1)	—	(89.1)
Interest expense	35.3	—	35.3	140.6	—	140.6
Miscellaneous income, net	(4.5)	—	(4.5)	(11.7)	—	(11.7)
Restructuring and other charges, net ^(c)	—	—	—	8.1	(8.1)	—
	<u>1,501.7</u>	<u>(8.2)</u>	<u>1,493.5</u>	<u>5,954.0</u>	<u>(16.7)</u>	<u>5,937.3</u>
Earnings from continuing operations before income taxes	81.8	8.2	90.1	303.1	16.7	319.8
Provision for income taxes ^(d)	(26.9)	(3.1)	(30.0)	(102.2)	(10.1)	(112.3)
Earnings from continuing operations	<u>54.9</u>	<u>5.1</u>	<u>60.1</u>	<u>200.9</u>	<u>6.6</u>	<u>207.4</u>
Tax rate on continuing operations	<u>32.9%</u>		<u>33.3%</u>	<u>33.7%</u>		<u>35.1%</u>
Earnings per common share - Diluted:						
Continuing operations	<u>\$ 1.07</u>	<u>0.10</u>	<u>\$ 1.17</u>	<u>\$ 3.91</u>	<u>0.13</u>	<u>\$ 4.04</u>

	Three Months			Twelve Months		
	2011			2011		
	Reported Earnings	Adjustment	Comparable Earnings *	Reported Earnings	Adjustment	Comparable Earnings *
Revenue	\$ 1,541.1	—	\$ 1,541.1	\$ 6,050.5	—	\$ 6,050.5
Cost of lease and rental	446.6	—	446.6	1,746.1	—	1,746.1
Cost of services	560.0	—	560.0	2,186.4	—	2,186.4
Cost of fuel services	207.7	—	207.7	873.5	—	873.5
Other operating expenses	34.1	—	34.1	129.2	—	129.2
Selling, general and administrative expenses ^(b)	202.9	(0.4)	202.5	771.2	(2.1)	769.1
Gains on vehicle sales, net	(16.6)	—	(16.6)	(62.9)	—	(62.9)
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 ^(e)	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 ^(f)	(25.4)	(0.9)	(26.3)	(108.0)	3.5	(104.5)
Earnings from continuing operations	<u>47.7</u>	<u>2.4</u>	<u>50.1</u>	<u>171.4</u>	<u>9.3</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>

Notes regarding adjustments:

- (a) Superstorm Sandy vehicle-related losses
- (b) Transaction costs associated with the acquisition of Euroway (2012) and Hill Hire (2011).
- (c) Restructuring charges for severance and other termination costs due to workforce reductions and a charge associated with non-essential leased facilities assumed in the Hill Hire acquisition.
- (d) Tax law change in the U.K., tax benefit related to favorable resolution of a tax item from prior periods and tax impact of other comparable items.
- (e) Restructuring and other charges for acquisition-related severance and equipment contract termination costs.
- (f) Tax law change in Michigan and tax impact of other comparable items.

* Non-GAAP financial measure.

Note: Amounts may not be additive due to rounding.



Fourth Quarter 2012 & 2013 Forecast

Earnings Conference Call

January 31, 2013



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 assumptions regarding general economic conditions and market conditions in each segment in 2013 and our expectations for 2013 revenue, segment revenue growth, earnings, EPS, comparable EPS, return on capital, capital expenditures, cash flow and leverage. 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, increases or decreases in market demand in the commercial rental market, fluctuations in market demand on the sale of used vehicles impacting our pricing and our anticipated proportion of retail versus wholesale sales, higher than expected maintenance costs, lower than expected savings resulting from our company-wide cost savings initiatives, 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 contractual lease demand, competition from other service providers, customer retention levels, unexpected volume declines, 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 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, 2013 comparable EPS forecasts, 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. Historical financial information through December 31, 2012 on pages 3 - 13 of this presentation is calculated using our old method, which includes non-operating pension costs. Forecast information for 2013 on pages 16 - 26 of this presentation is calculated using our new method, which excludes non-operating pension costs. For more information on our new calculation method and the differences between our new method and our old method, see pages 24 and 37-40.



Contents

- ▶ **Fourth Quarter 2012 Results Overview**
- ▶ Asset Management Update
- ▶ 2013 Forecast
- ▶ Q & A

4th Quarter Results Overview

- ▶ **Earnings per diluted share from continuing operations were \$1.07 in 4Q12 vs. \$0.92 in 4Q11**
 - 4Q12 included a \$0.10 charge for certain vehicle-related losses from Superstorm Sandy
 - 4Q11 included a \$0.05 charge for acquisition-related restructuring costs

- ▶ **Therefore, comparable earnings per share from continuing operations were \$1.17 vs. \$0.97 in 4Q11**

- ▶ **Total revenue increased 3% (and operating revenue increased 4%) vs. prior year reflecting organic lease revenue growth, as well as increased volume and new business in the SCS automotive sector**

Key Financial Statistics

Fourth Quarter

(\$ Millions, Except Per Share Amounts)

	2012	2011	% B/(W)
Operating Revenue	\$ 1,287.6	\$ 1,237.0	4%
Fuel Services and Subcontracted Transportation Revenue	296.0	304.1	(3)%
Total Revenue	\$ 1,583.5	\$ 1,541.1	3%
Earnings Per Share from Continuing Operations	\$ 1.07	\$ 0.92	16%
Comparable Earnings Per Share from Continuing Operations	\$ 1.17	\$ 0.97	21%
Net Earnings Per Share	\$ 1.05	\$ 0.93	13%
Memo:			
Average Shares (<i>Millions</i>) - Diluted	50.8	50.7	
Tax Rate from Continuing Operations	32.9%	34.8%	
Comparable Tax Rate from Continuing Operations	33.3%	34.4%	
Comparable EPS from Continuing Operations excluding Non-Operating Pension Costs	\$ 1.26	\$ 1.02	24%

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



Key Financial Statistics

(\$ Millions, Except Per Share Amounts)

Full Year

	2012	2011	% B/(W)
Operating Revenue	\$ 5,066.3	\$ 4,814.6	5%
Fuel Services and Subcontracted Transportation Revenue	1,190.6	1,236.0	(4)%
Total Revenue	\$ 6,257.0	\$ 6,050.5	3%
Earnings Per Share from Continuing Operations	\$ 3.91	\$ 3.31	18%
Comparable Earnings Per Share from Continuing Operations	\$ 4.04	\$ 3.49	16%
Net Earnings Per Share	\$ 4.09	\$ 3.28	25%
Memo:			
Average Shares (<i>Millions</i>) - Diluted	50.7	50.9	
Tax Rate from Continuing Operations	33.7%	38.7%	
Comparable Tax Rate from Continuing Operations	35.1%	36.7%	
Adjusted Return on Capital vs Cost of Capital	0.8%	0.2%	
Comparable EPS from Continuing Operations excluding Non-Operating Pension Costs	\$ 4.41	\$ 3.71	19%

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



4th Quarter Results Overview - FMS

- ▶ **Fleet Management Solutions (FMS) total and operating revenue up 4% vs. prior year**
 - Contractual revenue up 5%
 - Full service lease revenue up 6%
 - Contract maintenance revenue up 2%
 - Commercial rental revenue down 1%
 - Fuel revenue up 3%

- ▶ **FMS earnings increased due to improved lease results (from lower maintenance costs and organic growth) as well as lower compensation-related costs**
 - These benefits were partially offset by lower commercial rental results

- ▶ **FMS earnings before tax (EBT) up 17%**
 - FMS EBT percent of operating revenue up 100 basis points to 10.1%

4th Quarter Results Overview – SCS

- ▶ **Supply Chain Solutions (SCS) total revenue was up 2% (and operating revenue up 4%) vs. prior year due to higher operating revenue, partially offset by lower subcontracted transportation**
 - Operating revenue was up 4% vs. prior year due to higher freight volumes and new business in both automotive and dedicated, as well as higher fuel cost pass-throughs
 - Operating revenue growth included 8% growth in dedicated services revenue

- ▶ **SCS earnings were higher due to increased volumes and new business in both the automotive sector and dedicated services, partially offset by higher medical benefit costs**

- ▶ **SCS earnings before tax (EBT) up 22%**
 - SCS EBT percent of operating revenue was up 90 basis points to 6.3%

Business Segments

Fourth Quarter

(\$ Millions)

	2012	2011	% B/(W)	Memo: Total Revenue		
				2012	2011	% B/(W)
Operating Revenue:						
Fleet Management Solutions	\$ 849.5	\$ 813.3	4%	\$ 1,117.7	\$ 1,074.7	4%
Supply Chain Solutions	489.1	471.8	4%	575.3	565.3	2%
Eliminations	(51.0)	(48.1)	(6)%	(109.4)	(98.9)	(11)%
Total	\$ 1,287.6	\$ 1,237.0	4%	\$ 1,583.5	\$ 1,541.1	3%
Segment Earnings Before Tax: ⁽¹⁾						
Fleet Management Solutions	\$ 86.0	\$ 73.8	17%			
Supply Chain Solutions	31.0	25.5	22%			
Eliminations	(8.6)	(7.1)	(21)%			
	108.4	92.2	18%			
Central Support Services (Unallocated Share)	(10.5)	(11.1)	6%			
Non-Operating Pension Costs	(7.9)	(4.7)	(68)%			
Restructuring and Other Charges, Net and Other Items	(8.2)	(3.3)	NM			
Earnings Before Income Taxes	81.8	73.1	12%			
Provision for Income Taxes	(26.9)	(25.4)	(6)%			
Earnings from Continuing Operations	\$ 54.9	\$ 47.7	15%			
Comparable Earnings from Continuing Operations	\$ 60.1	\$ 50.1	20%			
Net Earnings	\$ 53.8	\$ 48.1	12%			

(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

Full Year

(\$ Millions)

	Full Year			Memo: Total Revenue		
	2012	2011	% B/(W)	2012	2011	% B/(W)
Operating Revenue:						
Fleet Management Solutions	\$ 3,321.2	\$ 3,135.9	6%	\$ 4,405.3	\$ 4,218.3	4%
Supply Chain Solutions	1,944.5	1,857.5	5%	2,280.6	2,206.0	3%
Eliminations	(199.3)	(178.8)	(11)%	(428.9)	(373.8)	(15)%
Total	\$ 5,066.3	\$ 4,814.6	5%	\$ 6,257.0	\$ 6,050.5	3%
Segment Earnings Before Tax: ⁽¹⁾						
Fleet Management Solutions	\$ 307.6	\$ 265.7	16%			
Supply Chain Solutions	115.2	104.9	10%			
Eliminations	(29.3)	(24.2)	(21)%			
	393.6	346.4	14%			
Central Support Services (Unallocated Share)	(42.3)	(42.5)	-			
Non-Operating Pension Costs	(31.4)	(18.7)	(68)%			
Restructuring and Other Charges, Net and Other Items	(16.7)	(5.8)	NM			
Earnings Before Income Taxes	303.1	279.4	8%			
Provision for Income Taxes	(102.2)	(108.0)	5%			
Earnings from Continuing Operations	\$ 200.9	\$ 171.4	17%			
Comparable Earnings from Continuing Operations	\$ 207.4	\$ 180.6	15%			
Net Earnings	\$ 210.0	\$ 169.8	24%			

(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)

Full Year

	2012	2011	2012 \$ O/(U) 2011
Full Service Lease	\$ 1,548	\$ 1,067	\$ 481
Commercial Rental	542	622	(80)
Operating Property and Equipment	70	71	(1)
Gross Capital Expenditures	2,161	1,760	401
Less: Proceeds from Sales (Primarily Revenue Earning Equipment)	413	300	113
Less: Sale and Leaseback of Revenue Earning Equipment	130	37	93
Net Capital Expenditures	\$ 1,618	\$ 1,422	\$ 196
Memo: Acquisitions ⁽¹⁾	\$ 5	\$ 362	\$ (357)

(1) 2012 Acquisitions exclude \$20 million of debt assumed in the Euroway, Ltd. acquisition on August 1, 2012.



Cash Flow from Continuing Operations

(\$ Millions)

Full Year

	2012	2011
Earnings from Continuing Operations	\$ 201	\$ 171
Depreciation	940	872
Gains on Vehicle Sales, Net	(89)	(63)
Amortization and Other Non-Cash Charges, Net	68	57
Pension Contributions	(81)	(65)
Changes in Working Capital and Deferred Taxes	96	69
Cash Provided by Operating Activities	1,134	1,042
Proceeds from Sales (Primarily Revenue Earning Equipment)	413	300
Proceeds from Sale and Leaseback of Revenue Earning Equipment	130	37
Collections of Direct Finance Leases	72	62
Total Cash Generated	1,749	1,442
Capital Expenditures ⁽¹⁾	(2,133)	(1,699)
Free Cash Flow ⁽²⁾	\$ (384)	\$ (257)

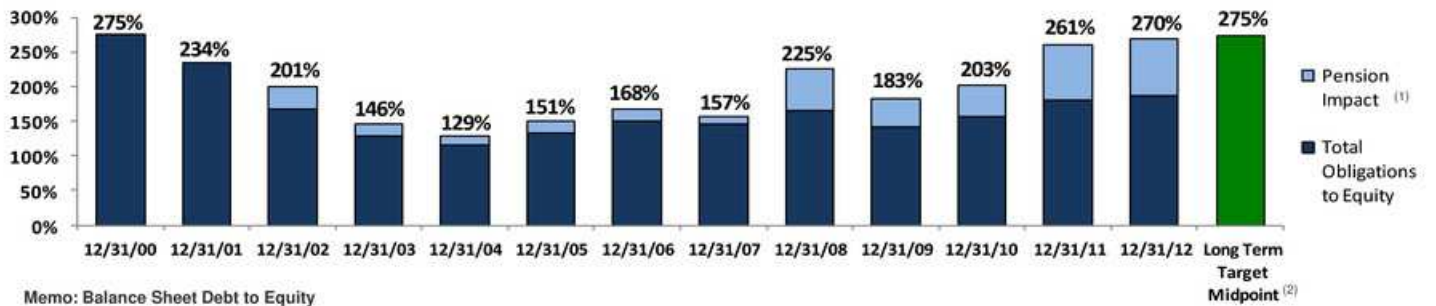
(1) Capital expenditures presented net of changes in accounts payable related to purchases of revenue earning equipment.

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



Debt to Equity Ratio

(\$ Millions)



Memo: Balance Sheet Debt to Equity

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Balance Sheet Debt to Equity	161%	139%	140%	135%	118%	143%	164%	147%	213%	175%	196%	257%	260%

	12/31/12	12/31/11		
Balance Sheet Debt	\$ 3,821	\$ 3,382		
Percent To Equity	260%	257%		
Total Obligations	\$ 3,969	\$ 3,446		
Percent To Equity	270%	261%		
Total Equity ⁽³⁾	\$ 1,467	\$ 1,318		

Change to Total Equity	
2011 Equity	\$ 1,318
Earnings	210
Net Pension Charge	(50)
Dividends & Other	(11)
2012 Equity	\$ 1,467

(1) Illustrates impact of accumulated net pension related equity charge on leverage.
 (2) Represents long term total obligations to equity target of 250 - 300% while maintaining a solid investment grade rating.
 (3) Total Equity includes impact of accumulated net pension related equity charge of \$645 million as of 12/31/12 and \$595 million as of 12/31/11.



Contents

- ▶ Fourth Quarter 2012 Results Overview
- ▶ **Asset Management Update**
- ▶ 2013 Forecast
- ▶ Q & A

Global Asset Management Update ⁽¹⁾

- ▶ **Units held for sale were 9,200 at quarter end, up from 6,300 units held for sale in the prior year**
 - Sequentially from the third quarter, units held for sale increased by 100 units

- ▶ **The number of used vehicles sold in the fourth quarter was 5,400, up 29% from the prior year**

- ▶ **Proceeds per unit were down 9% for tractors and up 2% for trucks in the fourth quarter compared with prior year (excluding the impact of exchange rates)**
 - Proceeds per unit were down 3% for tractors and up 2% for trucks vs. the third quarter

- ▶ **Vehicles no longer earning revenue were 12,000 at quarter-end, up 3,100 from the prior year due to a larger number of units held for sale**
 - Sequentially from the third quarter, vehicles no longer earning revenue decreased by 400 units

- ▶ **Average fourth quarter total commercial rental fleet was down 3% from the prior year**
 - Average commercial rental fleet was down 4% vs. the third quarter

(1) Units rounded to nearest hundred.



Contents

- ▶ Fourth Quarter 2012 Results Overview
- ▶ Asset Management Update
- ▶ **2013 Forecast**
- ▶ Q & A

2013 Forecast Assumptions

General

- ▶ Continuation of low/modest economic growth in an uncertain environment
- ▶ Continued benefits from 2012 cost reductions

FMS

- ▶ Continued lease and contract maintenance fleet growth resulting from solid sales and better retention rates in current external environment
- ▶ Continued maintenance cost improvements due to a newer lease fleet and maintenance initiatives
- ▶ Lower rental demand; improved utilization and pricing on a smaller fleet
- ▶ Increased volume of used vehicle sales with modestly lower pricing on power units
- ▶ Depreciation residual benefit due to higher historical used vehicle pricing
- ▶ Cost increases due to higher compensation, insurance premiums and strategic investments
- ▶ Increased investment for lease fleet replacement and growth; significantly reduced rental capital spending

2013 Forecast Assumptions

SCS

- ▶ Revenue growth due to new business and improved business retention
- ▶ Customer volumes in High-Tech and CPG projected to decline slightly
- ▶ Margin improvement driven by growth and overhead leverage

Other

- ▶ Temporary pause of anti-dilutive share repurchase program

Key Financial Statistics

(\$ Millions, Except Per Share Amounts)

	2013 Forecast	2012	% B / (W)
Revenue:			
Operating Revenue	\$ 5,290	\$ 5,066	4%
Fuel Services and Subcontracted Transportation	1,210	1,191	2%
Total Revenue	\$ 6,500	\$ 6,257	4%
Earnings From Continuing Operations:			
Earnings Before Income Taxes	\$ 356 - 368	\$ 303	17 - 21%
Earnings	\$ 232 - 239	\$ 201	15 - 19%
Comparable Earnings Before Income Taxes ⁽¹⁾	\$ 377 - 389	\$ 351	7 - 11%
Comparable Earnings ⁽²⁾	\$ 244 - 252	\$ 227	8 - 11%
Earnings Per Share (EPS) From Continuing Operations:			
EPS	\$ 4.46 - 4.61	\$ 3.91	14 - 18%
Comparable EPS ⁽²⁾	\$ 4.70 - 4.85	\$ 4.41	7 - 10%
Memo:			
Average Shares (Millions) - Diluted	51.3	50.7	
Tax Rate from Continuing Operations	34.9%	33.7%	
Comparable Tax Rate from Continuing Operations	35.2%	35.4%	
Adjusted Return on Capital vs. Cost of Capital	1.0%	0.8%	

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

(1) 2013 Comparable Earnings Before Income Taxes Forecast calculated using our new method excludes \$21 million of non-operating pension costs. 2012 Comparable Earnings Before Income Taxes calculated using our new method excludes \$31 million of non-operating pension costs and other items shown on page 44.

(2) 2013 Comparable Earnings and EPS Forecast calculated using our new method excludes \$12 million or \$0.24 of non-operating pension costs. 2012 Comparable Earnings and EPS calculated using our new method excludes \$19 million or \$0.37 of non-operating pension costs and other items shown on page 43.



Business Segment Revenue

2013 Forecast Change % vs. 2012

Fleet Management Solutions:

Total Revenue ⁽¹⁾	3%
Contractual Revenue ⁽²⁾	4%
Commercial Rental Revenue	<u>(2)%</u>
Operating Revenue	3%

Supply Chain Solutions:

Total Revenue ⁽³⁾	5%
Operating Revenue	6%

(1) Includes fuel revenue.

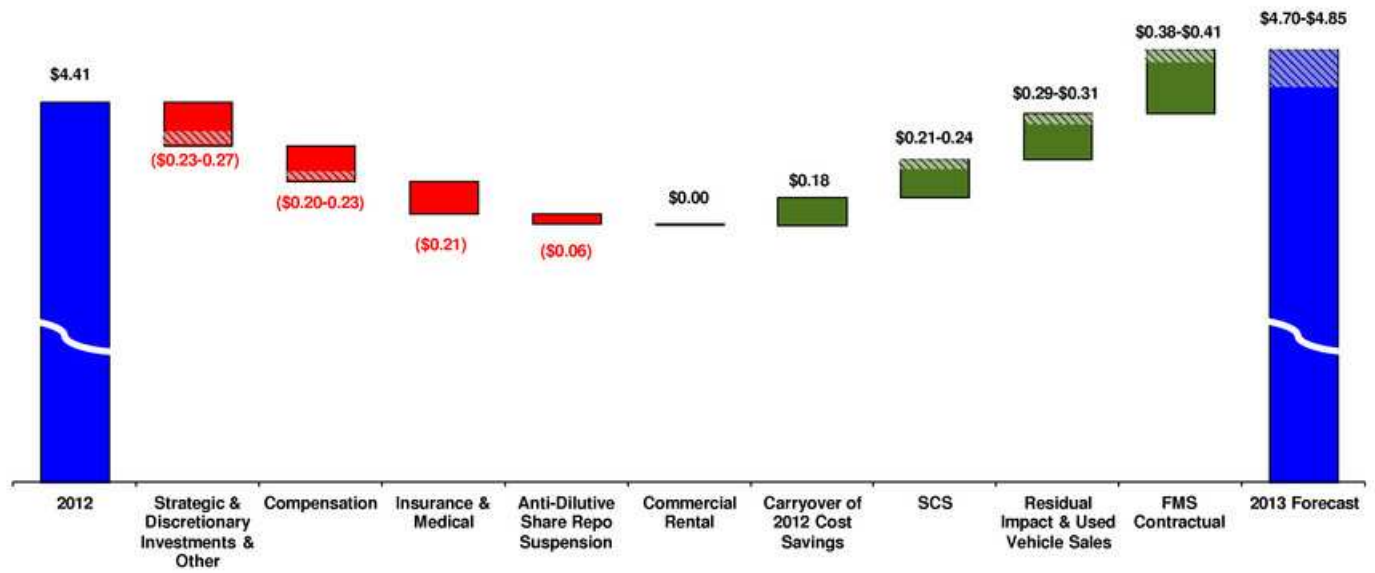
(2) Includes full service lease and contract maintenance.

(3) Includes subcontracted transportation revenue.



2013 Causes of EPS Change

(\$ Earnings Per Share)



Capital Expenditures, Cash Flow & Leverage

Full Year

(\$ Millions)

	2013 Forecast	2012
Full Service Lease - Replacement	\$ 1,075 - 1,125	
Full Service Lease - Growth	450 - 500	
Full Service Lease	1,525 - 1,625	\$ 1,548
Commercial Rental	150	542
Operating Property and Equipment	90	70
Gross Capital Expenditures	1,765 - 1,865	2,161
Less: Proceeds from Sales	430	413
Less: Proceeds from Sale and Leaseback	-	130
Net Capital Expenditures	\$ 1,335 - 1,435	\$ 1,618
Cash Provided by Operating Activities	\$ 1,140 - 1,180	\$ 1,134
Total Cash Generated	\$ 1,640 - 1,680	\$ 1,749
Free Cash Flow ⁽¹⁾	\$ (130) - (190)	\$ (384)
Total Obligations to Equity	241 - 245%	270%

(1) Free Cash Flow excludes acquisitions. Acquisitions totaled \$5 million in 2012.



Adjusted Return on Capital History



ROC O/(U) COC	1.0%	1.2%	0.8%	0.8%	(2.2)%	(1.3)%	0.2%	0.8%	1.0%
Return on Equity	14.6%	15.5%	14.2%	11.2%	4.4%	8.4%	11.9%	14.9%	14.8%
Adjusted Total Capital ⁽¹⁾	\$3,846	\$4,184	\$4,789	\$4,841	\$4,244	\$4,030	\$4,588	\$5,237	\$5,642

(1) Adjusted Total Capital represents Adjusted Average Total Capital in millions.

Financial Reporting Enhancement

▶ **As discussed during our third quarter earnings call, comparable earnings and comparable EPS will exclude non-operating pension costs beginning in 2013**

- Non-operating pension costs consist primarily of interest cost, expected return on plan assets and recognized net actuarial gains/losses
- Provides better transparency to operating results and long-term view of business
- Reduces EPS volatility associated with non-cash/non-operational item

▶ **Implementation Schedule**

- ☑ February 2012 – Provided history of full year Comparable EPS – Excluding Non-Operating Pension Costs in 4Q11 Earnings Call presentation
- ☑ January 2013 – Provided quarterly historical information for comparative purposes
- ☑ January 2013 – Provide 2013 Comparable EPS forecast excluding non-operating pension costs
- ☐ April 2013 – Begin reporting quarterly Comparable EPS excluding non-operating pension costs (in addition to GAAP reporting)

EPS Forecast – Continuing Operations

(\$ Earnings Per Share)

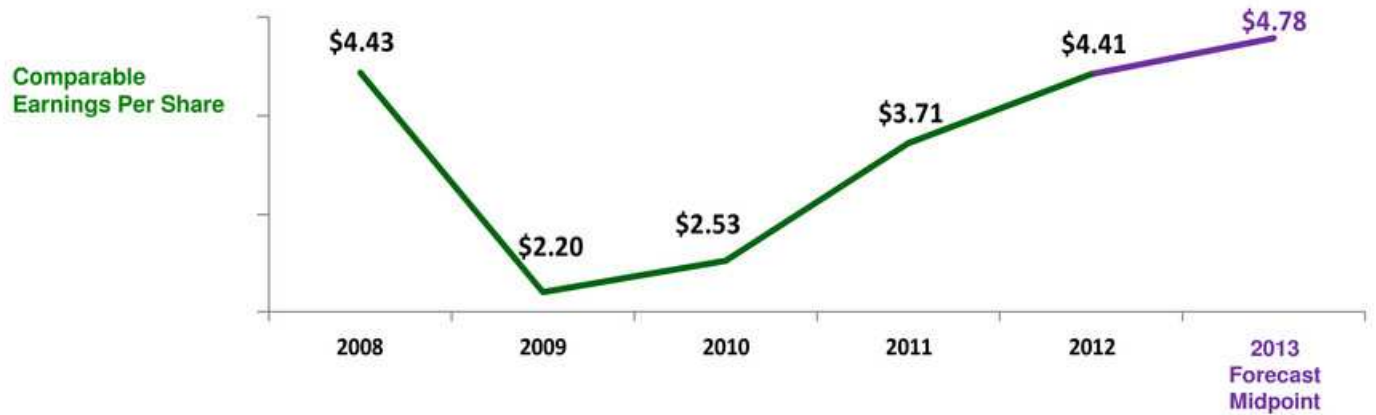
	<u>First Quarter</u>	<u>Full Year</u>
2013 Comparable EPS Forecast⁽¹⁾	<u>\$ 0.75 - 0.80</u>	<u>\$ 4.70 - 4.85</u>
2012 Comparable EPS⁽¹⁾	<u>\$ 0.69</u>	<u>\$ 4.41</u>

(1) 2013 Comparable EPS Forecast, a non-GAAP financial measure, calculated using our new method excludes from EPS forecast \$0.06 and \$0.24 of non-operating pension costs for the first quarter and full year periods, respectively. 2012 Comparable EPS, a non-GAAP financial measure, calculated using our new method excludes from EPS \$0.10 and \$0.37 of non-operating pension costs for the first quarter and full year periods, respectively. 2012 Comparable EPS also excludes \$0.09 for the first quarter and \$0.13 for the full year for items shown on page 38.

Financial Reporting Enhancement

▶ Comparable EPS under the new methodology:

(\$ Earnings Per Share)



	2008	2009	2010	2011	2012	2013 Forecast	% B/(W)
Comparable EPS (Prior Method)	\$ 4.68	\$ 1.70	\$ 2.22	\$ 3.49	\$ 4.04	\$ 4.46 - 4.61	10 - 14%
Non-Operating Pension Costs	(0.25)	0.50	0.31	0.22	0.37	0.24 - 0.24	-
Comparable EPS (New Method)	<u>\$ 4.43</u>	<u>\$ 2.20</u>	<u>\$ 2.53</u>	<u>\$ 3.71</u>	<u>\$ 4.41</u>	<u>\$ 4.70 - 4.85</u>	<u>7 - 10%</u>

Q&A

Appendix

Business Segment Detail

Central Support Services

Balance Sheet

Financial Indicators Forecast

Asset Management

Quarterly History of Comparable EPS

Quarterly History of Non-Operating Pension Cost

Non-GAAP Financial Measures & Reconciliations

Fleet Management Solutions (FMS)

(\$ Millions)

Fourth Quarter

	<u>2012</u>	<u>2011</u>	<u>% B/(W)</u>
Full Service Lease	\$ 536.7	\$ 508.4	6%
Contract Maintenance	46.9	46.0	2%
Contractual Revenue	583.7	554.4	5%
Contract-related Maintenance	49.3	41.8	18%
Commercial Rental	197.4	200.3	(1)%
Other	19.1	16.7	14%
Operating Revenue	849.5	813.3	4%
Fuel Services Revenue	268.2	261.3	3%
Total Revenue	<u>\$ 1,117.7</u>	<u>\$ 1,074.7</u>	<u>4%</u>
Segment Earnings Before Tax (EBT)	<u>\$ 86.0</u>	<u>\$ 73.8</u>	<u>17%</u>
Segment EBT as % of Total Revenue	<u>7.7%</u>	<u>6.9%</u>	
Segment EBT as % of Operating Revenue	<u>10.1%</u>	<u>9.1%</u>	



Fleet Management Solutions (FMS)

(\$ Millions)

Full Year

	<u>2012</u>	<u>2011</u>	<u>% B/(W)</u>
Full Service Lease	\$ 2,102.2	\$ 1,996.3	5%
Contract Maintenance	187.2	182.3	3%
Contractual Revenue	2,289.4	2,178.6	5%
Contract-related Maintenance	187.0	165.6	13%
Commercial Rental	772.8	722.6	7%
Other	72.0	69.1	4%
Operating Revenue	3,321.2	3,135.9	6%
Fuel Services Revenue	1,084.2	1,082.5	-
Total Revenue	<u>\$ 4,405.3</u>	<u>\$ 4,218.3</u>	<u>4%</u>
Segment Earnings Before Tax (EBT)	<u>\$ 307.6</u>	<u>\$ 265.7</u>	<u>16%</u>
Segment EBT as % of Total Revenue	<u>7.0%</u>	<u>6.3%</u>	
Segment EBT as % of Operating Revenue	<u>9.3%</u>	<u>8.5%</u>	



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Supply Chain Solutions (SCS)

(\$ Millions)

Fourth Quarter

	<u>2012</u>	<u>2011</u>	<u>% B/(W)</u>
Automotive	\$ 141.7	\$ 123.4	15%
High-Tech	81.7	83.8	(2)%
Retail & CPG	176.7	180.3	(2)%
Industrial & Other	89.0	84.3	6%
Operating Revenue	489.1	471.8	4%
Subcontracted Transportation	86.1	93.5	(8)%
Total Revenue	<u>\$ 575.3</u>	<u>\$ 565.3</u>	<u>2%</u>
Segment Earnings Before Tax (EBT)	<u>\$ 31.0</u>	<u>\$ 25.5</u>	<u>22%</u>
Segment EBT as % of Total Revenue	<u>5.4%</u>	<u>4.5%</u>	
Segment EBT as % of Operating Revenue	<u>6.3%</u>	<u>5.4%</u>	
Memo:			
Dedicated Services - Operating Revenue ⁽¹⁾	<u>\$ 289.4</u>	<u>\$ 267.0</u>	<u>8%</u>
Dedicated Services - Total Revenue	<u>\$ 322.8</u>	<u>\$ 315.2</u>	<u>2%</u>
Fuel Costs	<u>\$ 65.9</u>	<u>\$ 59.9</u>	<u>(10)%</u>

(1) Excludes Dedicated Services Subcontracted Transportation.



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Supply Chain Solutions (SCS)

(\$ Millions)

Full Year

	<u>2012</u>	<u>2011</u>	<u>% B/(W)</u>
Automotive	\$ 563.5	\$ 469.2	20%
High-Tech	317.5	333.6	(5)%
Retail & CPG	711.2	711.0	-
Industrial & Other	<u>352.4</u>	<u>343.7</u>	<u>3%</u>
Operating Revenue	1,944.5	1,857.5	5%
Subcontracted Transportation	<u>336.1</u>	<u>348.5</u>	<u>(4)%</u>
Total Revenue	<u>\$ 2,280.6</u>	<u>\$ 2,206.0</u>	<u>3%</u>
Segment Earnings Before Tax (EBT)	<u>\$ 115.2</u>	<u>\$ 104.9</u>	<u>10%</u>
Segment EBT as % of Total Revenue	<u>5.1%</u>	<u>4.8%</u>	
Segment EBT as % of Operating Revenue	<u>5.9%</u>	<u>5.6%</u>	
Memo:			
Dedicated Services - Operating Revenue ⁽¹⁾	<u>\$ 1,137.4</u>	<u>\$ 1,027.2</u>	<u>11%</u>
Dedicated Services - Total Revenue	<u>\$ 1,295.1</u>	<u>\$ 1,193.0</u>	<u>9%</u>
Fuel Costs	<u>\$ 258.9</u>	<u>\$ 223.7</u>	<u>(16)%</u>

(1) Excludes Dedicated Services Subcontracted Transportation.



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Central Support Services (CSS)

(\$ Millions)

Fourth Quarter

	<u>2012</u>	<u>2011</u>	<u>% B/(W)</u>
Allocated CSS Costs	\$ 38.2	\$ 40.6	6%
Unallocated CSS Costs	10.5	11.1	6%
Total CSS Costs	<u>\$ 48.7</u>	<u>\$ 51.7</u>	<u>6%</u>

Central Support Services (CSS)

(\$ Millions)

Full Year

	<u>2012</u>	<u>2011</u>	<u>% B/(W)</u>
Allocated CSS Costs	\$ 151.7	\$ 160.1	5%
Unallocated CSS Costs	42.3	42.5	-
Total CSS Costs	<u>\$ 194.0</u>	<u>\$ 202.7</u>	<u>4%</u>

Balance Sheet

(\$ Millions)

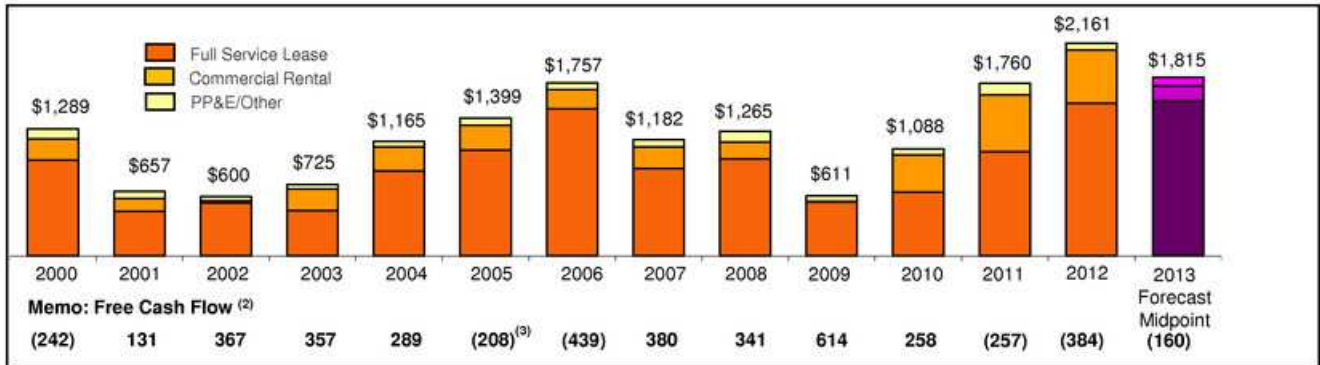
	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Cash and Cash Equivalents	\$ 66	\$ 105
Other Current Assets	974	984
Revenue Earning Equipment, Net	5,755	5,050
Operating Property and Equipment, Net	625	624
Other Assets	899	856
Total Assets	<u>\$ 8,319</u>	<u>\$ 7,618</u>
Short-Term Debt / Current Portion Long-Term Debt	\$ 368	\$ 274
Other Current Liabilities	905	900
Long-Term Debt	3,453	3,108
Other Non-Current Liabilities (including Deferred Income Taxes)	2,126	2,018
Shareholders' Equity	1,467	1,318
Total Liabilities and Shareholders' Equity	<u>\$ 8,319</u>	<u>\$ 7,618</u>



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 250-300% while maintaining a strong investment grade credit rating.

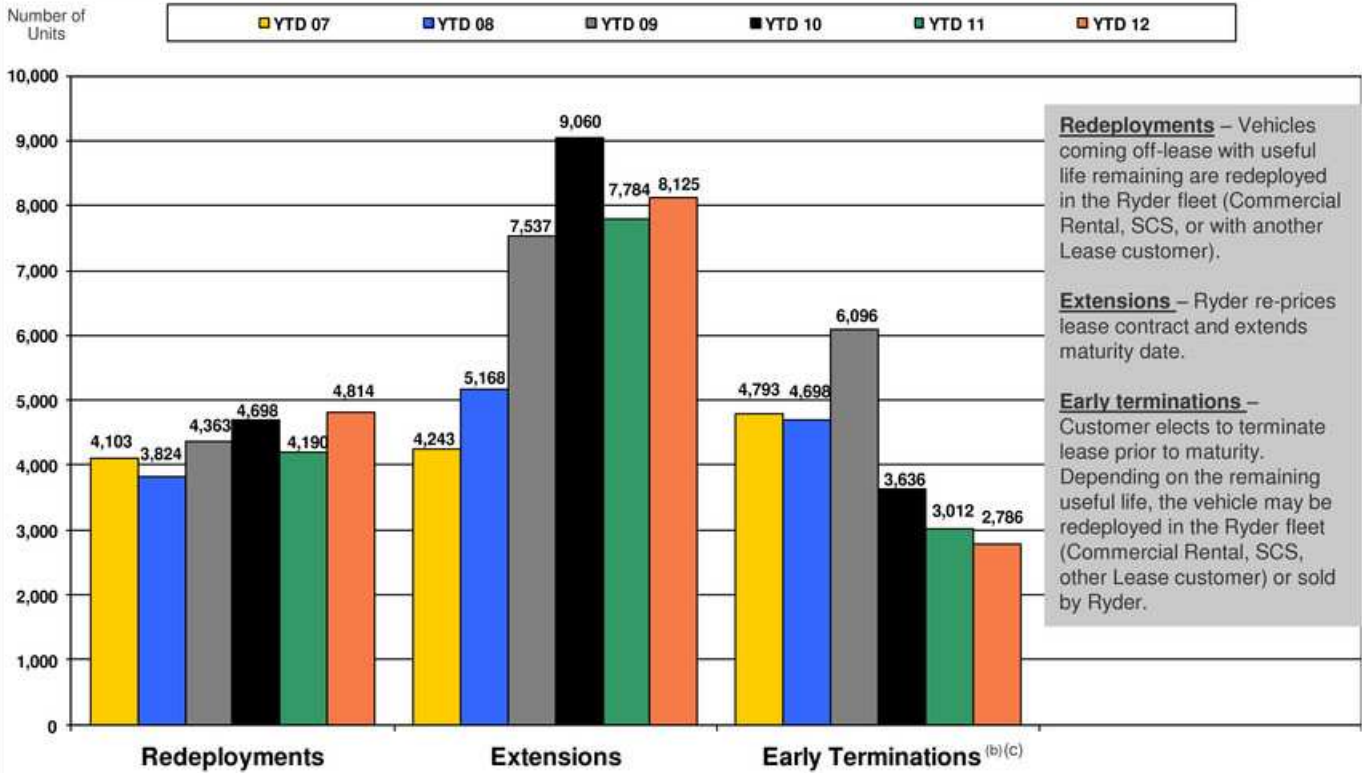


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U.S. Asset Management Update ^(a)



Redeployments – Vehicles coming off-lease with useful life remaining are redeployed in the Ryder fleet (Commercial Rental, SCS, or with another Lease customer).

Extensions – Ryder re-prices lease contract and extends maturity date.

Early terminations – Customer elects to terminate lease prior to maturity. Depending on the remaining useful life, the vehicle may be redeployed in the Ryder fleet (Commercial Rental, SCS, other Lease customer) or sold by Ryder.

- (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



Comparable EPS Quarterly History

(\$ Millions)

	1Q12 - Earnings	2Q12 - Earnings	3Q12 - Earnings	4Q12 - Earnings	FY12 - Earnings	1Q12 - EPS	2Q12 - EPS	3Q12 - EPS	4Q12 - EPS	FY12 - EPS
Reported	\$ 34.9	\$ 46.8	\$ 64.3	\$ 54.9	\$ 200.9	\$ 0.68	\$ 0.91	\$ 1.26	\$ 1.07	\$ 3.91
Superstorm Sandy Vehicle-Related Losses	-	-	-	5.1	5.1	-	-	-	0.10	0.10
Tax Law Changes / (Benefits)	(5.0)	-	0.9	-	(4.1)	(0.10)	-	0.02	-	(0.08)
Restructuring Charges	0.6	4.5	0.1	-	5.3	0.01	0.09	-	-	0.11
Acquisition Related Transaction Costs	-	-	0.3	-	0.3	-	-	-	-	-
Comparable - Old Method ⁽¹⁾	30.6	51.3	65.5	60.1	207.4	0.59	1.00	1.28	1.17	4.04
Non-Operating Pension Costs	4.9	4.8	4.8	4.8	19.4	0.10	0.09	0.09	0.09	0.37
Comparable - New Method ⁽¹⁾⁽²⁾	\$ 35.5	\$ 56.0	\$ 70.4	\$ 64.9	\$ 226.8	\$ 0.69	\$ 1.09	\$ 1.37	\$ 1.26	\$ 4.41

Note: Amounts may not recalculate due to rounding.

- (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 because they exclude from Earnings and EPS from Continuing Operations significant items that are not representative of our ongoing business operations and allow for better year over year comparison.
- (2) Given the potentially significant change in pension expense from year to year and the non-operational nature of pension expense, the Company uses Comparable Earnings and EPS from Continuing Operations, both non-GAAP financial measures, which calculated using our new method also exclude non-operating pension costs and other non-operational items from Earnings and EPS from Continuing Operations to better evaluate year over year operating performance.

Comparable EPS Quarterly History

(\$ Millions)

	1Q11 - Earnings	2Q11 - Earnings	3Q11 - Earnings	4Q11 - Earnings	FY11 - Earnings	1Q11 - EPS	2Q11 - EPS	3Q11 - EPS	4Q11 - EPS	FY11 - EPS
Reported	\$ 25.9	\$ 40.9	\$ 56.9	\$ 47.7	\$ 171.4	\$ 0.50	\$ 0.79	\$ 1.10	\$ 0.92	\$ 3.31
Tax Law Changes / (Benefits)	-	5.4	(0.6)	-	4.8	-	0.10	(0.01)	-	0.09
Restructuring Charges	0.5	-	-	2.0	2.5	0.01	-	-	0.04	0.05
Acquisition Related Transaction Costs	-	1.6	-	0.4	1.9	-	0.03	-	0.01	0.04
Comparable - Old Method ⁽¹⁾	26.3	47.8	56.4	50.1	180.6	0.51	0.92	1.09	0.97	3.49
Non-Operating Pension Costs	2.7	2.9	2.7	2.8	11.1	0.05	0.06	0.06	0.05	0.22
Comparable - New Method ⁽¹⁾⁽²⁾	\$ 29.0	\$ 50.7	\$ 59.1	\$ 52.9	\$ 191.7	\$ 0.56	\$ 0.98	\$ 1.15	\$ 1.02	\$ 3.71

	1Q10 - Earnings	2Q10 - Earnings	3Q10 - Earnings	4Q10 - Earnings	FY10 - Earnings	1Q10 - EPS	2Q10 - EPS	3Q10 - EPS	4Q10 - EPS	FY10 - EPS
Reported	\$ 12.9	\$ 30.6	\$ 39.7	\$ 41.4	\$ 124.6	\$ 0.24	\$ 0.58	\$ 0.76	\$ 0.80	\$ 2.37
Int'l Asset Gain on Sale	-	-	-	(0.9)	(0.9)	-	-	-	(0.02)	(0.02)
Tax Law Benefits	-	-	-	(10.8)	(10.8)	-	-	-	(0.21)	(0.21)
Acquisition Related Transaction Costs	-	-	-	4.1	4.1	-	-	-	0.08	0.08
Comparable - Old Method ⁽¹⁾	12.9	30.6	39.7	33.8	117.0	0.24	0.58	0.76	0.65	2.22
Non-Operating Pension Costs	3.9	3.7	3.8	4.8	16.1	0.07	0.07	0.07	0.10	0.31
Comparable - New Method ⁽¹⁾⁽²⁾	\$ 16.8	\$ 34.3	\$ 43.4	\$ 38.7	\$ 133.1	\$ 0.31	\$ 0.65	\$ 0.83	\$ 0.74	\$ 2.53

Note: Amounts may not recalculate due to rounding.

(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 because they exclude from Earnings and EPS from Continuing Operations significant items that are not representative of our ongoing business operations and allow for better year over year comparison.

(2) Given the potentially significant change in pension expense from year to year and the non-operational nature of pension expense, the Company uses Comparable Earnings and EPS from Continuing Operations, both non-GAAP financial measures, which calculated using our new method also exclude non-operating pension costs and other non-operational items from Earnings and EPS from Continuing Operations to better evaluate year over year operating performance.



Comparable EPS Quarterly History

(\$ Millions)

	1Q09 - Earnings	2Q09 - Earnings	3Q09 - Earnings	4Q09 - Earnings	FY09 - Earnings	1Q09 - EPS	2Q09 - EPS	3Q09 - EPS	4Q09 - EPS	FY09 - EPS
Reported	\$ 10.9	\$ 27.1	\$ 28.4	\$ 23.7	\$ 90.1	\$ 0.20	\$ 0.48	\$ 0.51	\$ 0.43	\$ 1.62
Int'l Asset Impairment	3.9	-	0.2	2.4	6.7	0.07	-	-	0.05	0.12
Tax Benefits	-	-	(2.2)	-	(2.2)	-	-	(0.04)	-	(0.04)
Tax Law Changes	-	-	-	(4.1)	(4.1)	-	-	-	(0.07)	(0.07)
Restructuring Charges	1.8	-	2.3	0.2	4.2	0.03	-	0.04	-	0.07
Comparable - Old Method ⁽¹⁾	16.7	27.1	28.7	22.2	94.6	0.30	0.48	0.51	0.41	1.70
Non-Operating Pension Costs	7.2	6.8	7.1	7.0	28.1	0.13	0.12	0.13	0.12	0.50
Comparable - New Method ⁽¹⁾⁽²⁾	\$ 23.9	\$ 33.8	\$ 35.7	\$ 29.2	\$ 122.7	\$ 0.43	\$ 0.60	\$ 0.64	\$ 0.53	\$ 2.20

	1Q08 - Earnings	2Q08 - Earnings	3Q08 - Earnings	4Q08 - Earnings	FY08 - Earnings	1Q08 - EPS	2Q08 - EPS	3Q08 - EPS	4Q08 - EPS	FY08 - EPS
Reported	\$ 56.0	\$ 78.6	\$ 72.5	\$ 50.5	\$ 257.6	\$ 0.96	\$ 1.37	\$ 1.28	\$ 0.91	\$ 4.51
Int'l Asset Impairment	-	-	-	1.6	1.6	-	-	-	0.03	0.03
Tax Law Changes	-	-	(1.6)	-	(1.6)	-	-	(0.03)	-	(0.03)
Tax Benefits	-	-	-	(7.9)	(7.9)	-	-	-	(0.14)	(0.14)
Restructuring Charges	-	-	-	17.5	17.5	-	-	-	0.30	0.31
Comparable - Old Method ⁽¹⁾	56.0	78.6	70.8	61.6	267.1	0.96	1.37	1.25	1.10	4.68
Non-Operating Pension Costs	(3.2)	(2.9)	(5.5)	(2.8)	(14.4)	(0.06)	(0.05)	(0.09)	(0.05)	(0.25)
Comparable - New Method ⁽¹⁾⁽²⁾	\$ 52.8	\$ 75.8	\$ 65.4	\$ 58.8	\$ 252.7	\$ 0.90	\$ 1.32	\$ 1.16	\$ 1.05	\$ 4.43

Note: Amounts may not recalculate due to rounding.

(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 because they exclude from Earnings and EPS from Continuing Operations significant items that are not representative of our ongoing business operations and allow for better year over year comparison.

(2) Given the potentially significant change in pension expense from year to year and the non-operational nature of pension expense, the Company uses Comparable Earnings and EPS from Continuing Operations, both non-GAAP financial measures, which calculated using our new method also exclude non-operating pension costs and other non-operational items from Earnings and EPS from Continuing Operations to better evaluate year over year operating performance.



History of Non-Operating Pension Costs

(\$ Thousands except per share amount)

	After Tax Non-Operating Pension Costs	EPS Impact of Non-Operating Pension Costs		After Tax Non-Operating Pension Costs	EPS Impact of Non-Operating Pension Costs
2012			2007		
Q1 2012	4,938	\$ 0.10	Q1 2007	(1,200)	\$ (0.02)
Q2 2012	4,748	\$ 0.09	Q2 2007	(1,510)	\$ (0.02)
Q3 2012	4,846	\$ 0.09	Q3 2007	(1,507)	\$ (0.03)
Q4 2012	4,838	\$ 0.09	Q4 2007	(1,531)	\$ (0.02)
FY 2012	19,370	\$ 0.37	FY 2007	(5,748)	\$ (0.09)
2011			2006		
Q1 2011	2,679	\$ 0.05	Q1 2006	3,631	\$ 0.06
Q2 2011	2,862	\$ 0.06	Q2 2006	3,474	\$ 0.06
Q3 2011	2,747	\$ 0.06	Q3 2006	3,428	\$ 0.06
Q4 2011	2,767	\$ 0.05	Q4 2006	3,095	\$ 0.05
FY 2011	11,055	\$ 0.22	FY 2006	13,628	\$ 0.22
2010			2005		
Q1 2010	3,897	\$ 0.07	Q1 2005	2,656	\$ 0.04
Q2 2010	3,660	\$ 0.07	Q2 2005	3,283	\$ 0.05
Q3 2010	3,772	\$ 0.07	Q3 2005	2,902	\$ 0.04
Q4 2010	4,807	\$ 0.10	Q4 2005	2,483	\$ 0.04
FY 2010	16,135	\$ 0.31	FY 2005	11,324	\$ 0.18
2009			2004		
Q1 2009	7,219	\$ 0.13	Q1 2004	3,953	\$ 0.06
Q2 2009	6,768	\$ 0.12	Q2 2004	3,973	\$ 0.06
Q3 2009	7,091	\$ 0.13	Q3 2004	3,398	\$ 0.05
Q4 2009	6,981	\$ 0.12	Q4 2004	3,081	\$ 0.05
FY 2009	28,057	\$ 0.50	FY 2004	14,405	\$ 0.22
2008			2003		
Q1 2008	(3,235)	\$ (0.06)	Q1 2003	7,185	\$ 0.11
Q2 2008	(2,868)	\$ (0.05)	Q2 2003	7,249	\$ 0.11
Q3 2008	(5,498)	\$ (0.09)	Q3 2003	5,693	\$ 0.09
Q4 2008	(2,800)	\$ (0.05)	Q4 2003	7,950	\$ 0.12
FY 2008	(14,400)	\$ (0.25)	FY 2003	28,076	\$ 0.44



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Non-GAAP Financial Measures

- ▶ This presentation includes “non-GAAP financial measures” as defined by SEC rules. As required by SEC rules, we provide a reconciliation of each non-GAAP financial measure to the most comparable GAAP measure. 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	38-40, 43
Comparable Earnings Before Income Tax / Comparable Tax Rate	Earnings Before Income Tax / Tax Rate	EBT and Tax Rate from Continuing Operations Reconciliation	44-45
Comparable EPS Forecast	EPS Forecast	EPS Forecast – Continuing Operations	26
Adjusted Return on Capital	Net Earnings / Total Capital	Adjusted Return on Capital Reconciliation	46
Total Cash Generated / Free Cash Flow	Cash Provided by Operating Activities	Cash Flow Reconciliation	50-51
Total Obligations / Total Obligations to Equity	Balance Sheet Debt / Debt to Equity	Debt to Equity Reconciliation	48-49
FMS and SCS Operating Revenue	FMS and SCS Total Revenue	Fleet Management Solutions (FMS) / Supply Chain Solutions (SCS)	29-32

Earnings and EPS from Continuing Operations Reconciliation

(\$ Millions or \$ Earnings Per Share)

	4Q12 - Earnings	4Q12 - EPS	4Q11 - Earnings	4Q11 - EPS
Reported	\$ 54.9	\$ 1.07	\$ 47.7	\$ 0.92
Superstorm Sandy Vehicle-Related Losses	5.1	0.10	-	-
Restructuring Charges	-	-	2.0	0.04
Acquisition Related Transaction Costs	-	-	0.4	0.01
Comparable - Old Method ⁽¹⁾	60.1	1.17	50.1	0.97
Non-Operating Pension Costs	4.8	0.09	2.8	0.05
Comparable - New Method ⁽²⁾	\$ 64.9	\$ 1.26	\$ 52.9	\$ 1.02

	FY12 - Earnings	FY12 - EPS	FY11 - Earnings	YTD11 - EPS
Reported	\$ 200.9	\$ 3.91	\$ 171.4	\$ 3.31
Superstorm Sandy Vehicle-Related Losses	5.1	0.10	-	-
Tax (Benefits)/Law Changes	(4.1)	(0.08)	4.8	0.09
Restructuring Charges	5.3	0.11	2.5	0.05
Acquisition Related Transaction Costs	0.3	-	1.9	0.04
Comparable - Old Method ⁽¹⁾	207.4	4.04	180.6	3.49
Non-Operating Pension Costs	19.4	0.37	11.1	0.22
Comparable - New Method ⁽²⁾	\$ 226.8	\$ 4.41	\$ 191.7	\$ 3.71

(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 because they exclude significant items that are not representative of our ongoing business operations and allow for better year over year comparison.

(2) Given the potentially significant change in pension expense from year to year and the non-operational nature of pension expense, the company uses Comparable Earnings and Earnings per Share (EPS), both non-GAAP financial measures, which calculated using our new method also exclude non-operating pension costs and other non-operational items from Earnings and EPS from Continuing Operations to better evaluate year over year operating performance.



EBT and Tax Rate from Continuing Operations Reconciliation

(\$ Millions or \$ Earnings Per Share)

	4Q12 - EBT	4Q12 - Tax	4Q12 - Tax Rate
Reported	\$ 81.8	\$ 26.9	32.9%
Superstorm Sandy Vehicle-Related Losses	8.2	3.1	
Comparable ⁽¹⁾	<u>\$ 90.1</u>	<u>\$ 30.0</u>	<u>33.3%</u>
	FY12 - EBT	FY12 - Tax	FY12 - Tax Rate
Reported	\$ 303.1	\$ 102.2	33.7%
Superstorm Sandy Vehicle-Related Losses	8.2	3.1	
Net Tax Benefits	-	4.1	
Restructuring Charges	8.1	2.8	
Acquisition Related Transaction Costs	0.4	0.1	
Comparable ⁽¹⁾	<u>\$ 319.8</u>	<u>\$ 112.3</u>	<u>35.1%</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 because they exclude from EBT and Tax Rate from Continuing Operations significant items that are not representative of our ongoing business operations and allow for better year over year comparisons.

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 Transaction Costs	0.4	-	
Restructuring Charges	2.9	0.9	
Comparable ⁽¹⁾	<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 Transaction Costs	2.1	0.1	
Restructuring Charges	3.7	1.2	
Comparable ⁽¹⁾	<u>\$ 285.2</u>	<u>\$ 104.5</u>	<u>36.7%</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 because they exclude from EBT and Tax Rate from Continuing Operations significant items that are not representative of our ongoing business operations and allow for better year over year comparisons.

Adjusted Return on Capital Reconciliation

(\$ Millions)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net earnings ⁽¹⁾	\$ 216	\$ 227	\$ 249	\$ 254	\$ 200	\$ 62	\$ 118	\$ 170	\$ 210
Cumulative effect of change in accounting principle	-	2	-	-	-	-	-	-	-
Restructuring and other charges, net and other items	(24)	(2)	-	1	70	30	6	6	17
Income taxes	115	129	144	152	150	54	61	108	91
Adjusted earnings before income taxes	307	357	393	407	420	146	185	284	318
Adjusted interest expense ⁽²⁾	106	127	149	169	165	150	133	135	143
Adjusted income taxes ⁽³⁾	(156)	(186)	(207)	(220)	(230)	(122)	(123)	(157)	(167)
Adjusted net earnings	\$ 257	\$ 298	\$ 332	\$ 356	\$ 355	\$ 174	\$ 194	\$ 262	\$ 294
Average total debt ⁽⁴⁾	\$ 1,811	\$ 2,148	\$ 2,480	\$ 2,848	\$ 2,882	\$ 2,692	\$ 2,512	\$ 3,079	\$ 3,707
Average off-balance sheet debt ⁽⁴⁾	152	148	99	150	171	142	114	78	126
Average total shareholders' equity ⁽⁴⁾	1,412	1,555	1,610	1,791	1,778	1,396	1,402	1,428	1,407
Average adjustments to shareholders' equity ⁽⁵⁾	(16)	(5)	(5)	1	10	16	2	4	(3)
Adjusted average total capital	\$ 3,359	\$ 3,846	\$ 4,184	\$ 4,789	\$ 4,841	\$ 4,244	\$ 4,030	\$ 4,588	\$ 5,237
Adjusted return on capital	7.7%	7.8%	7.9%	7.4%	7.3%	4.1%	4.8%	5.7%	5.6%

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

(2) Interest expense includes interest for 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.



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Segment Adjusted Return on Capital Reconciliation

(\$ Millions)

	<u>2011</u>		<u>2012</u>	
	<u>FMS</u>	<u>SCS</u>	<u>FMS</u>	<u>SCS</u>
Net Earnings ⁽¹⁾	\$ 161	\$ 65	\$ 192	\$ 70
Restructuring and Other Charges, Net and Other Items	6	-	16	1
Income Taxes	99	40	100	45
Adjusted Earnings Before Income Taxes	266	105	308	115
Adjusted Interest Expense ⁽²⁾	135	8	143	9
Adjusted Income Taxes ⁽³⁾	(143)	(44)	(159)	(49)
Adjusted Net Earnings	\$ 258	\$ 69	\$ 292	\$ 76
Average Total Debt ⁽⁴⁾	\$ 3,085	\$ (10)	\$ 3,731	\$ (42)
Average Off-Balance Sheet Debt ⁽⁴⁾	76	220	125	263
Average Total Shareholders' Equity ⁽⁴⁾	1,150	321	1,065	344
Average Adjustments to Shareholders' Equity ⁽⁵⁾	5	-	-	-
Adjusted Average Total Capital	\$ 4,316	\$ 531	\$ 4,921	\$ 565
Adjusted Return on Capital	6.0%	12.9%	5.9%	13.4%

(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.



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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)

	<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>	<u>12/31/12</u>	<u>% to Equity</u>
Balance Sheet Debt	\$2,863	213%	\$2,498	175%	\$2,747	196%	\$3,382	257%	\$3,821	260%
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>		<u>148</u>	
Total Obligations	<u>\$3,026</u>	225%	<u>\$2,617</u>	183%	<u>\$2,847</u>	203%	<u>\$3,446</u>	261%	<u>\$3,969</u>	270%

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)

	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>
Cash Provided by Operating Activities from Continuing Operations	\$ 1,028	\$ 1,042	\$ 1,134
Proceeds from Sales (Primarily Revenue Earning Equipment)	235	300	413
Proceeds from Sale and Leaseback of Assets	-	37	130
Collections of Direct Finance Leases	62	62	72
Other, net	<u>3</u>	<u>-</u>	<u>-</u>
Total Cash Generated	1,328	1,442	1,749
Capital Expenditures ⁽¹⁾	<u>(1,070)</u>	<u>(1,699)</u>	<u>(2,133)</u>
Free Cash Flow ⁽²⁾	<u>\$ 258</u>	<u>\$ (257)</u>	<u>\$ (384)</u>
Memo:			
Depreciation Expense	\$ 834	\$ 872	\$ 940
Gains on Vehicle Sales, Net	\$ 29	\$ 63	\$ 89

(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.





