



Second Quarter 2003

Earnings Conference Call

July 23, 2003

Safe Harbor Language

- ▶ Note: Certain statements and information included in this presentation are "forward-looking statements" under the Federal Private Securities Litigation Reform Act of 1995. Accordingly, we advise that these forward-looking statements be evaluated with consideration given to the many 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, the competitive pricing environment applicable to the Company's businesses, customer retention levels, changes in customers' business environments, changes in market conditions affecting the sale of used vehicles, adverse changes in debt ratings, changes in accounting assumptions, greater than expected expenses associated with the Company's activities and changes in general economic conditions.

- ▶ **Second Quarter Results**
- ▶ Key Initiatives Update
- ▶ Asset Management Update
- ▶ Earnings Outlook
- ▶ FIN 46 Update
- ▶ Q & A

Overview

- ▶ Earnings per diluted share were \$0.55, up from \$0.47 in 2Q02
- ▶ Lease revenue slightly down year-over-year; demand remains slow with signs of modest improvement
- ▶ Continuing year-over-year improvement in commercial rental revenue; improved pricing increasing both revenue and margin
- ▶ Increase in fuel revenue due to higher fuel costs
- ▶ Supply Chain Solutions revenue down as anticipated, although decrease is less than was projected
- ▶ Revenue increases realized in Canada, Latin America and Asia, partially offset by declines in Europe; some benefit from favorable exchange rate changes

2nd Quarter Results (continued)

Overview

- ▶ **Fleet Management Solutions returns negatively impacted by lower lease revenue and absorption of pension expense increase, partially offset by improved rental and asset management results**
- ▶ **Supply Chain Solutions returns positively impacted by overhead reductions and improved operational performance globally**
- ▶ **Dedicated Contract Carriage returns consistent with prior year on flat revenue**
- ▶ **Asset management activities continue to contribute to improved results with 8% year-over-year reduction in non-revenue earning equipment**
- ▶ **Strong cost management in overhead areas continues to positively contribute to results**

Earnings Per Share

Second Quarter Actual Results

	2003	2002
Earnings Per Share (EPS) Before Restructuring	\$ 0.54	\$ 0.47
Restructuring and Other Recoveries, Net	0.01	-
Total EPS	\$ 0.55	\$ 0.47
Memo: EPS Impact of Pension Expense	\$ (0.21)	\$ (0.08)
Average Shares (Millions) - Diluted	63.3	63.0
Tax Rate	36.3%	36.5%

Earnings Per Share

Year-To-Date Actual Results

	2003	2002
Earnings Per Share (EPS) Before Restructuring and Cumulative Effect of Accounting Changes	\$ 0.87	\$ 0.73
Restructuring and Other Recoveries, Net	0.01	0.01
EPS Before Cumulative Effect of Accounting Changes	0.88	0.74
Cumulative Effect of Changes in Accounting Principles	(0.02)	(0.30)
Total EPS	\$ 0.86	\$ 0.44
Memo: EPS Impact of Pension Expense	\$ (0.41)	\$ (0.15)
Average Shares (Millions) - Diluted	63.1	62.4
Tax Rate	36.2%	36.3%



Business Segment

Fully Allocated (\$ Millions)

Second Quarter

	<u>2003</u>	<u>2002</u>	<u>% B/(W)</u>
Revenue:			
Fleet Management Solutions	\$ 800.1	\$ 803.4	0%
Supply Chain Solutions	345.7	358.3	(4)%
Dedicated Contract Carriage	128.0	127.7	0%
Eliminations	(76.4)	(80.1)	5%
Total Revenue	<u>\$ 1,197.4</u>	<u>\$ 1,209.3</u>	<u>(1)%</u>
Segment Net Before Tax Earnings:			
Fleet Management Solutions	\$ 52.1	\$ 55.4	(6)%
Supply Chain Solutions	7.4	(2.2)	NM
Dedicated Contract Carriage	8.3	8.4	(1)%
Eliminations	(8.2)	(8.3)	1%
	<u>59.6</u>	<u>53.3</u>	<u>12%</u>
Central Support Services (Unallocated Share)	<u>(5.9)</u>	<u>(6.8)</u>	<u>13%</u>
Earnings Before Restructuring and Income Taxes	<u>53.7</u>	<u>46.5</u>	<u>15%</u>
Restructuring and Other Recoveries, Net ⁽¹⁾	<u>0.8</u>	<u>-</u>	<u>NM</u>
Earnings Before Income Taxes	54.5	46.5	17%
Provision for Income Taxes	(19.8)	(17.0)	(16)%
Net Earnings	<u>\$ 34.7</u>	<u>\$ 29.5</u>	<u>18%</u>

⁽¹⁾ Allocation of Recoveries, Net across business segments was \$0.6 to FMS and \$0.2 to CSS



Business Segment

Fully Allocated (\$ Millions)

Year-To-Date

	<u>2003</u>	<u>2002</u>	<u>% B/(W)</u>
Revenue:			
Fleet Management Solutions	\$ 1,611.1	\$ 1,568.5	3%
Supply Chain Solutions	679.9	695.4	(2)%
Dedicated Contract Carriage	257.3	253.3	2%
Eliminations	(156.5)	(158.0)	1%
Total Revenue	<u><u>\$ 2,391.8</u></u>	<u><u>\$ 2,359.2</u></u>	<u><u>1%</u></u>
Segment Net Before Tax Earnings:			
Fleet Management Solutions	\$ 85.3	\$ 92.0	(7)%
Supply Chain Solutions	14.7	(4.4)	NM
Dedicated Contract Carriage	15.2	13.4	13%
Eliminations	(16.7)	(16.6)	(1)%
	<u>98.5</u>	<u>84.4</u>	<u>17%</u>
Central Support Services (Unallocated Share)	<u>(12.4)</u>	<u>(12.8)</u>	<u>3%</u>
Earnings Before Restructuring and Income Taxes	<u>86.1</u>	<u>71.6</u>	<u>20%</u>
Restructuring and Other Recoveries, Net⁽¹⁾	<u>1.1</u>	<u>1.2</u>	<u>(8)%</u>
Earnings Before Income Taxes	<u>87.2</u>	<u>72.8</u>	<u>20%</u>
Provision for Income Taxes	<u>(31.6)</u>	<u>(26.5)</u>	<u>(19)%</u>
Earnings Before Cumulative Effect of Accounting Changes	<u>55.6</u>	<u>46.3</u>	<u>20%</u>
Cumulative Effect of Changes in Accounting Principles	<u>(1.1)</u>	<u>(18.9)</u>	<u>94%</u>
Net Earnings	<u><u>\$ 54.5</u></u>	<u><u>\$ 27.4</u></u>	<u><u>99%</u></u>

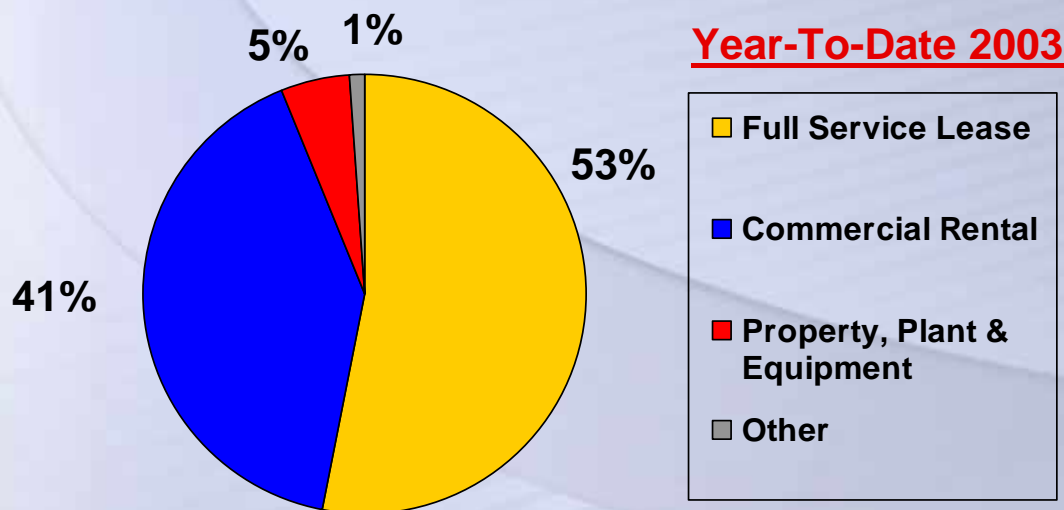
⁽¹⁾ Allocation of Recoveries, Net across business segments was as follows: FMS - \$0.9 in 2003; CSS - \$0.2 in 2003 and \$1.2 in 2002

Capital Expenditures

(\$ Millions)

Year-To-Date

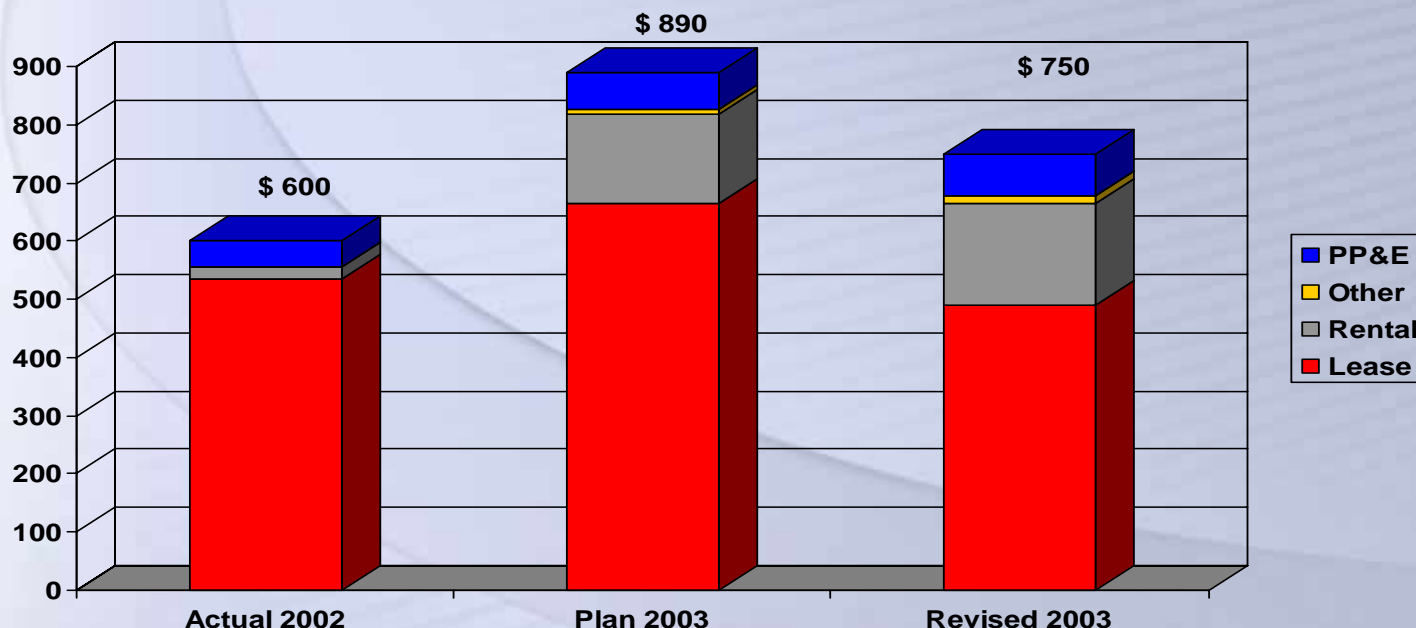
	2003	2002	2003 % O/(U) 2002
Full Service Lease	\$ 218	\$ 247	(12)%
Commercial Rental	171	11	NM
Property, Plant & Equipment	22	22	0%
Other	2	-	NM
Total	\$ 413	\$ 280	48%



Capital Expenditures Update

- ▶ Reduced capital expenditures forecast due to lower lease sales, higher redeployment of used vehicles, and higher term extensions than planned

Capital Expenditures (\$ Millions)



Free Cash Flow

(\$ Millions)

Year-To-Date

	2003	2002
Net Earnings ⁽¹⁾	\$ 54	\$ 27
Cumulative Effect of Accounting Changes	1	19
Depreciation, Net of Gains	279	266
Amortization and Other Non-Cash Charges (Net)	1	7
Capital Expenditures	(413)	(280)
Proceeds from Sales of Assets	99	77
Changes in Working Capital and Deferred Taxes ⁽²⁾	73	50
Collections of Direct Finance Leases	32	32
Free Cash Flow ⁽³⁾	<u>\$ 126</u>	<u>\$ 198</u>

Notes:

(1) Includes non-cash restructuring and other recoveries, net and cumulative effect of changes in accounting principles

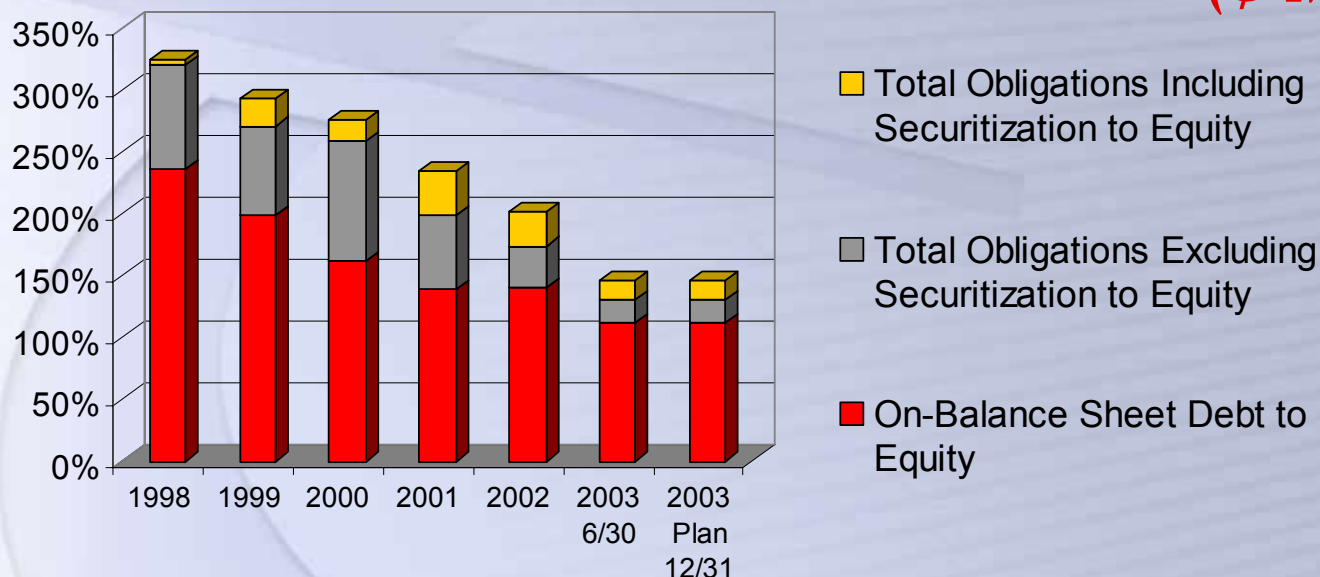
(2) Changes in working capital exclude sale of receivables

(3) Presentation includes non-GAAP financial measure as defined by SEC rules. Please refer to the appendix for a reconciliation to the most directly comparable GAAP measure.

Preliminary

Debt to Equity Ratio

(\$ Millions)



	2Q 2003	1Q 2003	4Q 2002
On-Balance Sheet Debt	\$ 1,496.1	\$ 1,507.2	\$ 1,551.5
Percent To Equity	126%	134%	140%
Total Obligations Excluding Securitization	\$ 1,796.2	\$ 1,844.9	\$ 1,921.9
Percent To Equity	151%	164%	173%
Total Obligations Including Securitization	\$ 2,052.2	\$ 2,128.7	\$ 2,232.9
Percent To Equity	173%	189%	201%

Note: 4Q2002 and beyond includes impact of a pension related equity charge of \$227.6 million.

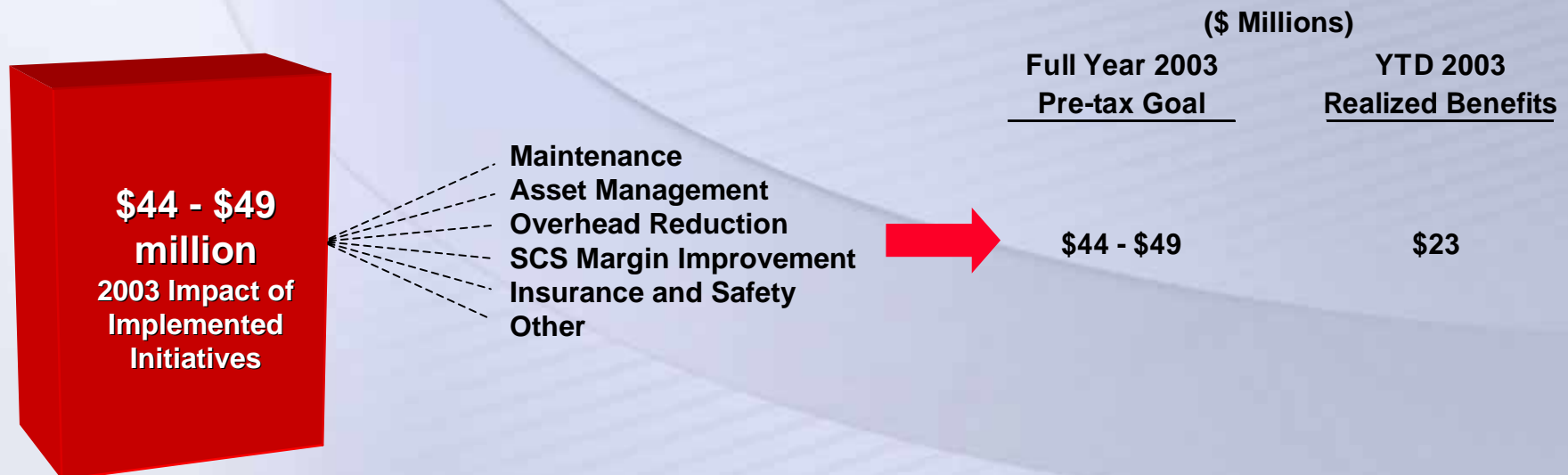
Continued and focused emphasis to strengthen the balance sheet

- ▶ Second Quarter Results
- ▶ **Key Initiatives Update**
- ▶ Asset Management Update
- ▶ Earnings Outlook
- ▶ FIN 46 Update
- ▶ Q & A

2003 Key Initiatives

Status Update

- ▶ **Focus on cost management and process improvement initiatives continues**
 - 2003 new initiatives added an incremental \$23 million in pre-tax earnings



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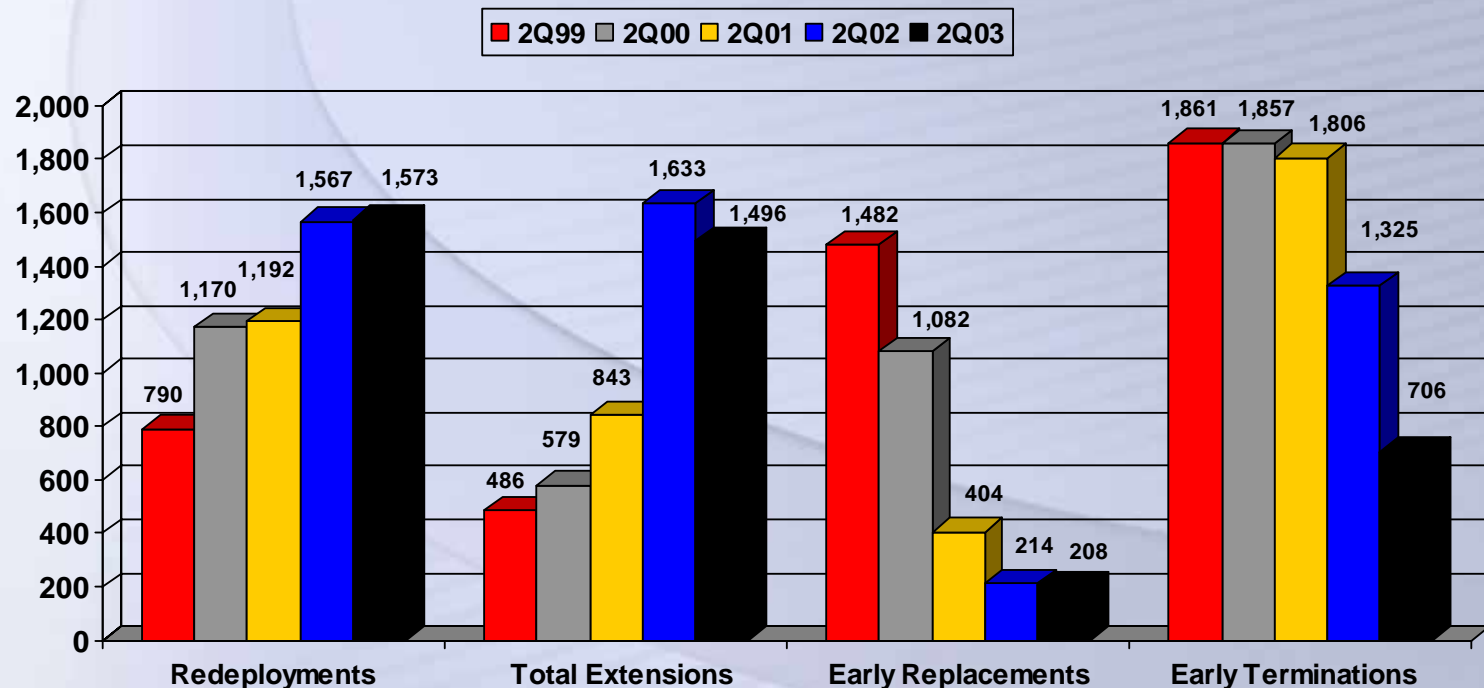
Asset Management Update

- ▶ **Total number of non-revenue earning vehicles of 7,985 is down 706 units or 8% vs. prior year period**
 - Not yet earning (NYE) vehicles are 924
 - No longer earning (NLE) vehicles are 7,061
 - 3,112 of these units are held for sale at the used truck centers
- ▶ **Used tractor sales proceeds continue to show signs of improvement for two consecutive quarters, up 6% from 4Q02**
 - The overall number of vehicles sold increased over 5% compared to 1Q03 at 3,399

Note: U.S. only

Asset Management Update

- ▶ **Focused efforts in the area of asset management continue to positively impact earnings and strengthen free cash flow**
 - Redeployments are flat and total extensions have declined moderately; however, both continue to be higher than plan



Note: U.S. only

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- ▶ **Earnings Outlook**
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Earnings Outlook

(\$ Earnings Per Share)

- ▶ Increasing full year 2003 forecasted earnings to \$2.04 - \$2.10 per share.
- ▶ Current projection for EPS is as follows:

	<u>1st Half</u> ⁽¹⁾	<u>3rd Qtr</u>	<u>4th Qtr</u>	<u>Full Year</u>
2003 Actual/Proj. EPS	0.88	0.59-0.62	0.57-0.60	2.04-2.10

⁽¹⁾ Excludes cumulative effect of change in accounting principle charge of \$0.02. Includes restructuring recoveries of \$0.01.

- ▶ First Quarter Results
- ▶ Key Initiatives Update
- ▶ Asset Management Update
- ▶ Earnings Outlook
- ▶ **FIN 46 Update**
- ▶ Q & A

- ▶ **FIN 46, Consolidation of Variable Interest Entities, is an accounting change mandated by the FASB**
 - Consolidation of entities required based on exposure to losses, right to residual returns if they occur, or both
 - Effective July 1, 2003 for VIEs created before February 1, 2003
 - Upon adoption, measure the assets and liabilities transferred to the VIEs at the same amounts at which the assets and liabilities would have been measured had they not been transferred
 - Results in a transition charge for cumulative effect of change in accounting principle

- ▶ **Ryder will adopt FIN 46 regarding consolidation of Variable Interest Entities (VIEs) effective July 1, 2003**
 - Relates to consolidation of three VIEs from which the Company leases revenue earning equipment under operating lease arrangements
 - Two VIEs have existed since 1999, while the third VIE has existed since 2001
 - VIEs being consolidated have been previously disclosed as off-balance sheet debt

- ▶ **Estimated after-tax charge in 3Q03 of \$0.05 due to the cumulative effect of change in accounting principle**
 - Charge primarily represents the difference between rental payments to the VIEs compared to depreciation and interest expense on the VIEs' revenue earning equipment and debt, respectively
 - Charge is expected to reverse over the next three years

- ▶ **The Company's balance sheet, effective July 1, 2003, will reflect increased revenue earning equipment of \$421 million and increased debt of \$414 million**
 - No effect on the Company's compliance with financial debt covenants

- ▶ **The Company's income statement and cash flow presentation will also change beginning July 1, 2003 as result of VIE consolidation**
 - Equipment rental expense will convert to depreciation and interest
 - Operating and free cash flows will increase due to depreciation add-back
 - Cash used in financing activities will increase due to principal payments on VIE debt

- ▶ **Full year 2003 equipment rental to these VIEs would have been an estimated \$116 million prior to the adoption of FIN 46**
 - After consolidation, depreciation and interest are estimated to be approximately 2/3 and 1/3 of this amount, respectively

Q & A

Business Segment Detail

Free Cash Flow Reconciliation

Non-Revenue Earning Equipment

FIN 46 – Balance Sheet Detail



Fleet Management Solutions (FMS)

(\$ Millions)

Second Quarter

	<u>2003</u>	<u>2002</u>	<u>% B/(W)</u>
Full Service Lease and Program Maintenance (RPM)	\$ 449.6	\$ 452.1	(1)%
Commercial Rental	122.7	116.8	5%
Other	73.4	88.1	(17)%
Dry Revenue	645.7	657.0	(2)%
Fuel Revenue	154.4	146.4	5%
Total Revenue	<u>\$ 800.1</u>	<u>\$ 803.4</u>	<u>0%</u>
Segment Net Before Tax Earnings (NBT)	<u>\$ 52.1</u>	<u>\$ 55.4</u>	<u>(6)%</u>
Segment NBT as % of Dry Revenue	<u>8.1%</u>	<u>8.4%</u>	
Memo: Pension Expense	<u>\$ 17.7</u>	<u>\$ 5.8</u>	<u>(205)%</u>



Fleet Management Solutions (FMS)

(\$ Millions)

Year-To-Date

	<u>2003</u>	<u>2002</u>	<u>% B/(W)</u>
Full Service Lease and Program Maintenance (RPM)	\$ 892.8	\$ 899.6	(1)%
Commercial Rental	229.4	215.8	6%
Other	158.4	172.0	(8)%
Dry Revenue	1,280.6	1,287.4	(1)%
Fuel Revenue	330.5	281.1	18%
Total Revenue	<u>\$ 1,611.1</u>	<u>\$ 1,568.5</u>	<u>3%</u>
Segment Net Before Tax Earnings (NBT)	<u>\$ 85.3</u>	<u>\$ 92.0</u>	<u>(7)%</u>
Segment NBT as % of Dry Revenue	<u>6.7%</u>	<u>7.1%</u>	
Memo: Pension Expense	<u>\$ 35.3</u>	<u>\$ 11.4</u>	<u>(210)%</u>



Supply Chain Solutions (SCS)

(\$ Millions)

Second Quarter

	<u>2003</u>	<u>2002</u>	<u>% B/(W)</u>
U.S. Operating Revenue			
Automotive, Aerospace & Industrial (AAI)	\$ 108.0	\$ 113.3	(5)%
High Tech & Consumer Industries (HCI)	60.4	76.3	(21)%
Other	3.8	3.5	9%
Total U.S. Operating Revenue	<u>172.2</u>	<u>193.1</u>	<u>(11)%</u>
International Operating Revenue	<u>67.3</u>	<u>58.2</u>	<u>16%</u>
Total Operating Revenue	<u>239.5</u>	<u>251.3</u>	<u>(5)%</u>
Freight Under Management	<u>106.2</u>	<u>107.0</u>	<u>(1)%</u>
Gross Revenue	<u>\$ 345.7</u>	<u>\$ 358.3</u>	<u>(4)%</u>
Segment Net Before Tax Earnings (NBT)	<u>\$ 7.4</u>	<u>\$ (2.2)</u>	<u>NM</u>
Segment NBT as % of Operating Revenue	<u>3.1%</u>	<u>(0.9)%</u>	



Supply Chain Solutions (SCS)

(\$ Millions)

Year-To-Date

	<u>2003</u>	<u>2002</u>	<u>% B/(W)</u>
U.S. Operating Revenue			
Automotive, Aerospace & Industrial (AAI)	\$ 213.0	\$ 222.6	(4)%
High Tech & Consumer Industries (HCI)	123.4	150.2	(18)%
Other	7.1	7.0	1%
Total U.S. Operating Revenue	343.5	379.8	(10)%
International Operating Revenue	126.3	117.4	8%
Total Operating Revenue	469.8	497.2	(6)%
Freight Under Management	210.1	198.2	6%
Gross Revenue	\$ 679.9	\$ 695.4	(2)%
Segment Net Before Tax Earnings (NBT)	\$ 14.7	\$ (4.4)	NM
Segment NBT as % of Operating Revenue	3.1%	(0.9)%	



Dedicated Contract Carriage (DCC)

(\$ Millions)

Second Quarter

	<u>2003</u>	<u>2002</u>	<u>% B/(W)</u>
Operating Revenue	\$ 127.1	\$ 126.7	0%
Freight Under Management	0.9	1.0	(10)%
Gross Revenue	<u>\$ 128.0</u>	<u>\$ 127.7</u>	<u>0%</u>
Segment Net Before Tax Earnings (NBT)	<u>\$ 8.3</u>	<u>\$ 8.4</u>	<u>(1)%</u>
Segment NBT as % of Operating Revenue	<u>6.5%</u>	<u>6.6%</u>	



Dedicated Contract Carriage (DCC)

(\$ Millions)

Year-To-Date

	<u>2003</u>	<u>2002</u>	<u>% B/(W)</u>
Operating Revenue	\$ 255.4	\$ 251.3	2%
Freight Under Management	1.9	2.0	(5)%
Gross Revenue	<u>\$ 257.3</u>	<u>\$ 253.3</u>	<u>2%</u>
Segment Net Before Tax Earnings (NBT)	<u>\$ 15.2</u>	<u>\$ 13.4</u>	<u>13%</u>
Segment NBT as % of Operating Revenue	<u>6.0%</u>	<u>5.3%</u>	



Central Support Services (CSS)

(\$ Millions)

Second Quarter

	<u>2003</u>	<u>2002</u>	<u>% B/(W)</u>
Allocated CSS Costs	\$ 49.5	\$ 51.5	4%
Unallocated CSS Costs	<u>5.9</u>	<u>6.8</u>	<u>13%</u>
Total CSS Costs	<u>\$ 55.4</u>	<u>\$ 58.3</u>	<u>5%</u>



Central Support Services (CSS)

(\$ Millions)

Year-To-Date

	<u>2003</u>	<u>2002</u>	<u>% B/(W)</u>
Allocated CSS Costs	\$ 96.9	\$ 102.2	5%
Unallocated CSS Costs	<u>12.4</u>	<u>12.8</u>	<u>3%</u>
Total CSS Costs	<u>\$ 109.3</u>	<u>\$ 115.0</u>	<u>5%</u>



Free Cash Flow Reconciliation

(\$ Millions)

Year-To-Date

	<u>2003</u>	<u>2002</u>
Cash Provided by Operating Activities	\$ 408	\$ 329
Changes in Balance of Trade Receivables Sold	-	40
Collections of Direct Finance Leases	32	32
Proceeds from Sales of Assets	99	77
Capital Expenditures	<u>(413)</u>	<u>(280)</u>
Free Cash Flow	<u>\$ 126</u>	<u>\$ 198</u>

Preliminary

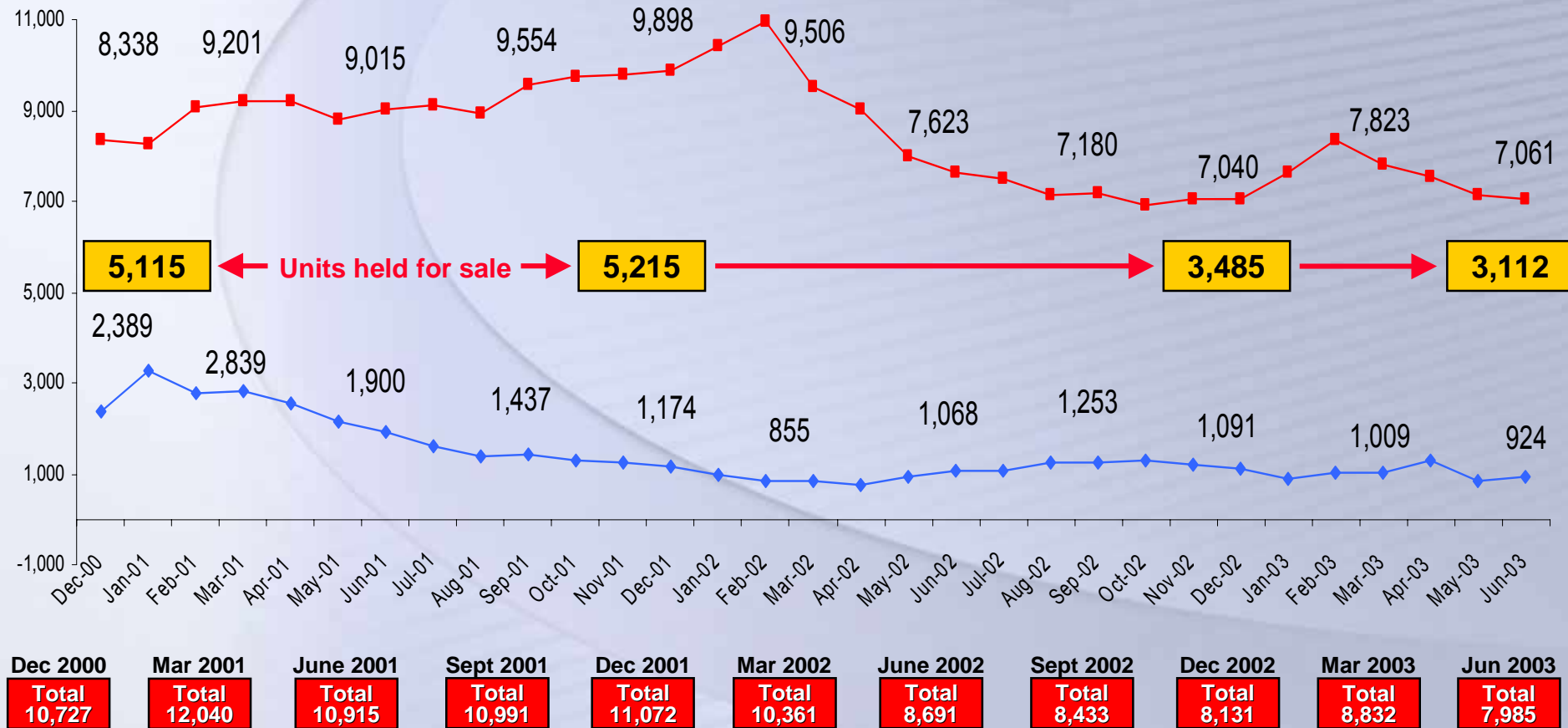


Non-Revenue Earning Equipment

Status

■ No Longer Earning - "NLE"

◆ Not Yet Earning - "NLE"



Note: U.S. only



FIN 46 – Balance Sheet Detail

Balance Sheet Impact of Consolidating VIEs

As of July 1, 2003 (Preliminary)

(\$ Millions)

	<u>Pre Consolidation</u>	<u>VIE Impact</u>	<u>Post Consolidation</u>
Assets:			
Current Assets	\$ 1,044.1	17.3	\$ 1,061.4
Revenue Earning Equipment	2,618.7	421.4	3,040.1
Other Assets	1,194.1	(35.3)	1,158.8
	<u>\$ 4,856.9</u>	<u>\$ 403.4</u>	<u>\$ 5,260.3</u>
Liabilities and Shareholders' Equity:			
Current Liabilities (excluding current portion of LT Debt)	\$ 706.5	\$ (3.5)	\$ 703.0
Debt	1,496.1	414.0	1,910.1
Other Liabilities	1,465.9	(3.7)	1,462.2
Shareholders' Equity	1,188.4	(3.4)	1,185.0
	<u>\$ 4,856.9</u>	<u>\$ 403.4</u>	<u>\$ 5,260.3</u>

Debt	\$ 1,496.1	\$ 414.0	\$ 1,910.1
Off-Balance Sheet Obligations	300.1	(68.2)	231.9
Securitizations	256.0	(256.0)	-
Total Obligations Including Securitization	<u>\$ 2,052.2</u>	<u>\$ 89.8</u> (1)	<u>\$ 2,142.0</u>
Shareholders' Equity	\$ 1,188.4	\$ (3.4)	\$ 1,185.0
On Balance Sheet Debt to Equity	126%	NM	161%
Total Obligations Incl. Securitization to Equity	173%	NM	181%

(1) Represents the impact of the unguaranteed residual value of vehicles financed.

